花样年
FANTASIA

Fantasia Holdings Group Co., Limited
花樣年控股集團有限公司

(established under the laws of the Cayman Islands with limited liability)
Stock Code:1777

GLOBAL OFFERING

Joint Sponsors
(In alphabetical order)

CITIC Securities International 中信証券國際
Deutsche Bank

Joint Global Coordinators and Joint Bookrunners
(In alphabetical order)

BOC INTERNATIONAL
CITIC Securities International 中信証券國際
Deutsche Bank
Goldman Sachs

Joint Lead Managers
(In alphabetical order)

BOC INTERNATIONAL
CITIC Securities International 中信証券國際
Deutsche Bank
Goldman Sachs
ICBC INTERNATIONAL 工銀國際

IMPORTANT

If you are in any doubt about any of the contents of this prospectus, you should seek independent professional advice.

花樣年

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花樣年控股集團有限公司

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GLOBAL OFFERING

Number of Offer Shares under the Global Offering	:	1,458,000,000 Shares (subject to adjustment and the Over-allotment Option)
Number of International Offer Shares	:	1,312,200,000 Shares (comprising 1,069,200,000 new Shares and 243,000,000 Sale Shares, subject to adjustment and the Over-allotment Option)
Number of Hong Kong Public Offer Shares	:	145,800,000 new Shares (subject to adjustment)
Maximum Offer Price	:	HK$2.20 per Offer Share payable in full on application subject to refund on final pricing, plus brokerage of 1%, Stock Exchange trading fee of 0.005% and SFC transaction levy of 0.004%
Nominal value	:	HK$0.10 per Share
Stock code	:	1777

Joint Sponsors
(in alphabetical order)

中信証券國際 CITIC Securities International

Deutsche Bank

Joint Global Coordinators and Joint Bookrunners
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工銀國際 ICBC INTERNATIONAL

Co-Lead Managers
(in alphabetical order)

Daiwa Securities SMBC

英皇證券(香港)有限公司 Emperor Securities Limited

國泰君安(香港) GUOTAI JUNAN (HONG KONG)

Hong Kong Exchanges and Clearing Limited, the Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this prospectus.

A copy of this prospectus, having attached thereto the documents specified in "Appendix IX — Documents Delivered to the Registrar of Companies and Available for Inspection" to this prospectus, has been registered by the Registrar of Companies in Hong Kong as required by section 342C of the Hong Kong Companies Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission and the Registrar of Companies in Hong Kong take no responsibility as to the contents of this prospectus or any of the other documents referred to above.

The Offer Price is expected to be fixed by agreement between the Joint Global Coordinators (on behalf of the Underwriters) and us on the Price Determination Date which is expected to be on or around November 18, 2009 and, in any event, not later than November 24, 2009. The Offer Price will not be more than HK$2.20 and is currently expected not to be less than HK$1.75 per Offer Share unless otherwise announced. Applicants for Hong Kong Public Offer Shares are required to pay, on application, the maximum offer price of HK$2.20 for each Hong Kong Public Offer Share together with brokerage of 1%, SFC transaction levy of 0.004% and Stock Exchange trading fee of 0.005%, which together amount to 1.009% of the Offer Price, which shall be payable in full on application, subject to refund if the Offer Price should be lower than HK$2.20.

The Joint Global Coordinators (on behalf of the Underwriters) may reduce the indicative Offer Price range and/or the number of Hong Kong Public Offer Shares below that stated in this prospectus at any time prior to the morning of the last day for lodging applications under the Hong Kong Public Offer. In the case of such reduction, notices of the reduction in the indicative Offer Price range and/or the number of Hong Kong Public Offer Shares will be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the day which is the last day for lodging applications under the Hong Kong Public Offer. Further details are set out in the sections entitled "Structure of the Global Offering" and "How to Apply for Hong Kong Public Offer Shares" in this prospectus.

The obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement are subject to termination by the Joint Global Coordinators (on behalf of the Underwriters) if certain grounds arise prior to 8:00 a.m. on the day that trading in the Offer Shares commences on the Stock Exchange of Hong Kong Limited. Such grounds are set out in the section entitled "Underwriting — Underwriting Arrangements and Expenses — Hong Kong Public Offer — Grounds for Termination" of this prospectus.

The Offer Shares have not been and will not be registered under the U.S. Securities Act and may not be offered, sold, pledged or transferred within the United States except to QIBs in reliance on Rule 144A or another exemption from registration under the U.S. Securities Act or outside the United States in accordance with Regulation S. Further details are set forth in the sections entitled "Structure of the Global Offering" and "How to apply for Hong Kong Public Offer Shares" in this prospectus.

November 12, 2009

Application lists open[2]	11:45 a.m. on Tuesday, November 17, 2009
Latest time to lodge white and yellow Application Forms	12:00 noon on Tuesday, November 17, 2009
Latest time to complete electronic applications under White Form eIPO service through the designated website **www.eipo.com.hk**[3]	11:30 a.m. on Tuesday, November 17, 2009
Latest time to complete payment of White Form eIPO applications by effecting internet banking transfer(s) or PPS payment transfer(s)	12:00 noon on Tuesday, November 17, 2009
Latest time to give electronic application instructions to HKSCC[4]	12:00 noon on Tuesday, November 17, 2009
Application lists close	12:00 noon on Tuesday, November 17, 2009
Expected Price Determination Date	Wednesday, November 18, 2009
Announcement of the level of applications in the Hong Kong Public Offer, the level of indications of interest in the International Offer, and the basis of allotment of the Hong Kong Public Offer Shares, to be published in South China Morning Post (in English) and Hong Kong Economic Times (in Chinese) on or before	Tuesday, November 24, 2009
Results of allocations in the Hong Kong Public Offer (with successful applicants' identification document numbers, where appropriate) to be available through a variety of channels as described in the section entitled "How to Apply for Hong Kong Public Offer Shares — Publication of Result; Dispatch/Collection of Share Certificates/e-Refund Payment Instructions/Refund Checks" on	Tuesday, November 24, 2009
Results of allocations in the Hong Kong Public Offer will be available at **www.iporesults.com.hk** with a "search by ID" function	Tuesday, November 24, 2009
Dispatch of Share certificates in respect of wholly or partially successful applications on or before[5]	Tuesday, November 24, 2009
Dispatch of White Form eIPO Refund Payment Instructions/refund check(s) in respect of wholly successful (where applicable) or wholly or partially unsuccessful applications on or before[6]	Tuesday, November 24, 2009
Dealings in Shares on the Stock Exchange expected to commence at	Wednesday, November 25, 2009

Notes:

(1) All times refer to Hong Kong local time.

(2) If there is a "black" rainstorm warning or a tropical cyclone warning signal number 8 or above in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Tuesday, November 17, 2009, the application lists will not open on that day. See the section entitled "How to Apply for Hong Kong Public Offer Shares — Effect of Bad Weather on the Opening of the Application Lists" in this prospectus.

(3) You will not be permitted to submit your application through the designated website at **www.eipo.com.hk** after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained an application reference number from the designated website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.

(4) Applicants who apply for Hong Kong Public Offer Shares by giving electronic application instructions to HKSCC should refer to the section entitled "How to Apply for Hong Kong Public Offer Shares — Applying by Giving Electronic Application Instructions to HKSCC via CCASS" in this prospectus.

(5) Share certificates are expected to be issued on Tuesday, November 24, 2009 but will only become valid if the Global Offering becomes unconditional and neither of the Underwriting Agreements is terminated in accordance with its terms before 8:00 a.m. on the Listing Date, which is expected to be Wednesday, November 25, 2009.

(6) e-Refund payment instructions/refund checks will be issued in respect of wholly or partially unsuccessful applications and in respect of successful applications if the Offer Price is less than the price payable on application.

You should read carefully the sections entitled "Underwriting," "How to Apply for Hong Kong Public Offer Shares" and "Structure of the Global Offering" for details relating to the structure of the Global Offering, how to apply for Hong Kong Public Offer Shares and the expected timetable, including, among other things, conditions, effect of bad weather and the dispatch of refund checks and share certificates.

CONTENTS

You should rely only on the information contained in this prospectus and the Application Forms to make your investment decision. We have not authorized anyone to provide you with information that is different from what is contained in this prospectus. Any information not given or representation not made in this prospectus must not be relied on by you as having been authorized by us, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners and the Joint Lead Managers, any of the Underwriters, any of their respective directors, officers or representatives, or any other person or party involved in the Global Offering.

This summary aims to give you an overview of the information contained in this prospectus. As it is a summary, it does not contain all the information that may be important to you. You should read the whole document before you decide to invest in our Shares.

There are risks associated with any investment. Some of the particular risks in investing in our Shares are set forth in the section entitled "Risk Factors" in this prospectus. You should read that section carefully before you decide to invest in our Shares.

OVERVIEW

We are a leading property developer and property related service provider in China. We are the only property company in China with members of our Group being ranked among the 2009 China Top 100 Real Estate Developers (2009中國房地產百強企業), the 2009 China Top 100 Real Estate Agencies (2009中國房地產策劃代理百強企業), and the 2008 China Top 100 Property Management Companies (2008中國物業服務百強企業) by the China Real Estate Top 10 Research Team[1]. We first commenced our property development business in Shenzhen in 1996. Leveraging on our broad experience and capabilities, we have successfully expanded into and currently focus our real estate activities in four of the fastest-growing economic regions in China, namely the Chengdu-Chongqing Economic Zone, the Pearl River Delta region, the Yangtze River Delta region and the Beijing-Tianjin metropolitan region.

Our target customers are affluent middle- to upper-class individuals and families and high-growth small- to medium-sized enterprises. We envisage that the demand for properties designed for these customers will increase as such customers' household income and purchasing power continue to rise. To cater to the diverse needs of our target customers, we develop a portfolio of property development projects with a focus on the following types of properties:

- *Urban Complexes*

  These urban complexes are mostly located in the peripheral areas of existing central business districts in major cities or in the emerging new business districts under city development plans of local governments. These complexes integrate various types of properties, such as offices, apartments, retail shops and/or boutique hotels, into one property development project. For example, our urban complex Chengdu Hailrun Plaza (成都喜年廣場), which has received several awards, will be the tallest building and a local landmark in Chengdu when completed in November 2009 as currently expected, and we believe our Meinian International Plaza (美年國際廣場) is one of the largest urban complexes currently under development in Chengdu.

(1) The China Real Estate Top 10 Research Team has conducted research on the Top 100 Real Estate Enterprises in the PRC since 2004. Its research has been quoted by various Hong Kong and PRC-listed companies in their prospectuses and annual reports. Data used by the China Real Estate Top 10 Research Team includes data derived from surveys completed by the individual real estate companies, publicly available information of the individual real estate companies, statistical data from institutions such as China Real Estate Index System (中國房地產指數系統), Real Estate Searching Academy (搜房研究院) and China Villas Index System (中國別墅指數系統) and from relevant government ministries and bureaus. The research conducted considers factors such as the size, profitability, debt payment ability, growth potential, operating efficiency and social responsibility of researched companies and has established minimum thresholds in which companies must meet before being considered, such as the minimum of RMB300 million in annual revenue or 100,000 in annual square meters sold for property developers for three consecutive years, property management companies that have received first class qualification from the relevant government authorities or property agency services companies that have sold more than 100,000 annual square meters for three consecutive years as to their primary property agency services. The China Real Estate Top 10 Research Team conducts analysis on 500 property developers, 500 property management companies and 200 property agency services companies annually, and has awarded 100 awards to property developers, 50 awards to property management companies and 50 awards to property agency services companies in connection with its annual ranking.

- *Boutique Upscale Residences*

  These boutique upscale residences are located in urban and suburban areas with natural scenic surroundings or cultural landmarks. They are linked by roads or expressways to the centers of major metropolitan areas. These boutique upscale residences include high- and low-rise apartment buildings, townhouses and individual houses and cater to the residential and investment needs of our high-end consumers. We typically develop our boutique upscale residential projects in several phases so that we can manage our capital resources more efficiently and increase the average selling price as the project becomes more developed and attractive to our customers. Examples of such boutique upscale residential projects include Grand Valley (大溪谷), a large scale residential complex that is adjacent to a planned ecological and sports park in Pujiang County of Chengdu, and Chengdu Mont Conquerant (成都君山), a large scale residential community located in a famous tourist attraction in Xinjin County of Chengdu.

As of the Latest Practicable Date, our portfolio of land bank consisted of 57.7% of boutique upscale residences, 29.5% of urban complexes and 12.8% of other properties in terms of GFA. We plan to continue to focus our property development activities on developing a portfolio of products that caters to our target customers across four of China's most economically prosperous regions. We plan to achieve this objective by continuing to selectively acquire low-cost land in the four regions. We conduct comprehensive and in-depth market research and analysis as to the land that we intend to acquire and the surrounding areas. We consider the geographic as well as marketing factors when evaluating a target parcel, including development potentials, size and suitability of the land for developments that can fit into our existing portfolio, convenience and availability of infrastructure support, purchasing power of our potential customers in relevant areas, development costs and the estimated return on investment. We budget for the cost of land acquisition as well as the overall development costs, which are subject to strict internal procedures and are closely monitored and adjusted throughout the construction process. All relevant departments of our Group, including our chief executive officer and our board of directors, will review and approve the proposed acquisition. We usually acquire land using our own capital within a pre-set budget and arrange project loans with banks in China at a later stage to support the subsequent development of the property.

In addition to our property development business, we are also engaged in providing property operation services, property agency services and hotel services to our own properties and properties of third parties. We believe such property related services enable us to strengthen our property development capabilities. For example, our property operation services enhance the value of our developments while our property agency services enable us to maximize our marketing and selling efforts. We plan to continue to enhance such real estate services that we offer and to further enhance the intrinsic synergies between our real estate products and services. We will in particular focus on enhancing our property operation services and hotel services which we believe will serve as relatively stable and growing revenue sources to our Group on the one hand, and will continue to increase the attractiveness and the average selling price of the properties developed by us on the other.

We have received numerous accolades for our property development and services capabilities. Our subsidiary, Fantasia Group (China), won the 2008 Corporate Citizen Award of Golden Brick for Real Estate of China (中國地產金磚獎2008年度中國地產企業公民大獎) presented by the Boao 21st Century Real Estate Forum (博鰲21世紀房地產論壇) and the 21st Century Economy Review (21世紀經濟報導). Our subsidiary, Fantasia Chengdu Development, was awarded the Real Estate Corporate of the Year for the Golden Hibiscus Prize in Chengdu in 2008 (2008金芙蓉杯成都地產年度企業金獎) by Chengdu Real Estate Bureau (成都市房地產管理局) and Sichuan Daily Press Group (四川日報報業集團). Our property development projects have also won numerous awards and recognitions for their design and quality. For example, our project Shenzhen Future Plaza (深圳香年廣場) won the 2008 Real Estate Design Award of Golden Brick for Real Estate of China (中國地產金磚獎2008年度地產設計大獎) presented by the Boao 21st Century Real Estate Forum (博鰲21世紀房地產論壇) and the 21st Century Economy Review (21世紀經濟報導). Chengdu Hailrun Plaza (成都喜年廣場), our urban complex project which is under development, was recognized as the Star Property of the Year and the Driving Force of Real Estate Industry in Chengdu in 2008 (2008成都房地產推動力大獎年度明星樓盤) and won the Gingko Prize as the

Office Building with the Greatest Industrial Momentum in Chengdu in 2008 (銀杏杯2008成都最具行業推動力寫字樓大獎) presented by Chengdu Media Group (成都傳媒集團) and Chengdu Television Station (成都電視臺), respectively. Self Life (趣園), our completed residential project in Shenzhen, was awarded the Golden Bull Prize in 2005 (2005年度金牛獎), one of the most prestigious awards in the real estate industry in Shenzhen, by the Shenzhen Construction Industry Association (深圳市建築業協會).

As of the Latest Practicable Date, we had a total of 29 projects at various stages of development (i.e. completed projects, projects under development and projects held for future development), including 11 projects located in the Chengdu-Chongqing Economic Zone, 14 projects located in the Pearl River Delta region, two projects located in the Yangtze River Delta region and two projects located in the Beijing-Tianjin metropolitan region.

As of the Latest Practicable Date, we had a total land bank of approximately 10,714,794 square meters, which consists of:

(i) an aggregate planned GFA of approximately 5,125,172 square meters of properties with land use rights obtained (consisting of an aggregate planned GFA of approximately 1,247,504 square meters of properties under development and an aggregate planned GFA of approximately 3,877,668 square meters of properties held for future development for which we have obtained land use rights); and

(ii) an aggregate planned GFA of approximately 5,589,622 square meters of properties for which we had not obtained the land use rights or property rights (consisting of an aggregate planned GFA of approximately 620,759 square meters of properties held for future development for which properties rights are yet to be acquired and an aggregate planned GFA of approximately 4,968,863 square meters for which we had entered into preliminary framework agreements with the local government authorities and relevant third parties). The preliminary framework agreements are legally binding but, before we are able to obtain the relevant land use right certificates, we are still required by the relevant PRC laws and regulations (i) in respect of our Pixian and Yunnan projects, to successfully complete the public tender, auction or listing-for-sale process, enter into a land grant contract and pay relevant land grant premium; and (ii) in respect of our Beijing Tongzhou project, to enter into and perform our obligations under a formal share transfer agreement and duly complete registration procedures for such transfer of equity ownership with the relevant government authorities.

Of our total land bank, approximately 7,603,675 square meters, or 70.9%, were held in the Chengdu-Chongqing Economic Zone; approximately 1,185,355 square meters, or 11.1%, were held in the Pearl River Delta region; approximately 574,553 square meters, or 5.4%, were held in the Yangtze River Delta region; approximately 354,680 square meters, or 3.3%, were held in the Beijing-Tianjin metropolitan region; and approximately 996,531 square meters, or 9.3%, were held in other regions. We develop most of our properties, including properties that are currently under development, for sale but will hold certain of these developed properties for investment.

In 2006, 2007, 2008 and for the six months ended June 30, 2009, our revenue was RMB342.3 million, RMB772.1 million, RMB1,174.2 million and RMB1,343.0 million, respectively. Our revenue during the Track Record Period consists of revenue derived from (i) the sales of our developed properties, (ii) the lease of investment properties, (iii) the provision of property agency and related services, (iv) the provision of property operation and related services, (v) the provision of hotel management and related services, and (vi) other operations. The following table sets forth our revenue for each of the components described above and the percentage of total revenue represented for the periods indicated with the fluctuations of the percentage due primarily to the different product mix delivered to customers in respective period:

	Year Ended December 31,						Six Months Ended June 30,	
	2006		2007		2008		2009	
	RMB	%	RMB	%	RMB	%	RMB	%
	(in thousands, except percentages)							
Property development	241,209	70.5	619,168	80.2	1,064,604	90.7	1,287,470	95.9
Non-residential properties(1)	97,231	28.4	13,643	1.8	517,768	44.1	379,898	28.3
Residential properties	143,978	42.1	605,525	78.4	546,836	46.6	907,572	67.6
Property investment	7,283	2.1	10,649	1.4	11,029	0.9	5,454	0.4
Property agency services	74,899	21.9	97,151	12.6	40,224	3.5	22,396	1.7
Property operation services	14,986	4.4	41,857	5.4	57,875	4.9	26,001	1.9
Hotel services	—	—	—	—	479	0.0	1,673	0.1
Others	3,962	1.1	3,232	0.4	—	—	—	—
Total	342,339	100.0	772,057	100.0	1,174,211	100.0	1,342,994	100.0

Note:
(1) Comprised mainly of commercial and industrial properties and certain car parking spaces.

COMPETITIVE STRENGTHS

We believe that our primary competitive strengths are:

- property development portfolio strategically located across four of China's most economically prosperous regions;
- ability to acquire low-cost land;
- strong replicable business model;
- well-known brand name with strong value-accretion property development and service capabilities; and
- experienced and stable management team with proven track record supported by seasoned professional employees.

BUSINESS STRATEGIES

Our business strategies are:

- continue to expand in fast-growing economic regions in China and selectively acquire low-cost land;
- focus on further elevating the intrinsic synergies of our real estate products and services;
- continue to enhance our property operation service and hotel service capabilities to further increase the attractiveness and value of our properties; and
- continue to enhance our brand equity.

SUMMARY HISTORICAL FINANCIAL INFORMATION

The following summary historical consolidated statements of comprehensive income data for the years ended December 31, 2006, 2007 and 2008 and the six months ended June 30, 2008 and 2009 and the summary historical consolidated statements of financial position as of December 31, 2006, 2007 and 2008 and June 30, 2009 set forth below have been derived from the Accountants' Report issued by Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, and included in Appendix I to this prospectus. You should read the summary historical financial information below in conjunction with our consolidated financial statements included in "Appendix I — Accountants' Report," which have been prepared in accordance with HKFRS.

Summary Data from Historical Consolidated Statements of Comprehensive Income

	Year Ended December 31,			Six Months Ended June 30,	
	2006	2007	2008	2008	2009
	(in RMB thousands)				
				(unaudited)	
Revenue	342,339	772,057	1,174,211	334,337	1,342,994
Cost of sales	(187,859)	(549,220)	(704,734)	(235,912)	(786,858)
Gross profit	154,480	222,837	469,477	98,425	556,136
Other income, gains and losses	145,313	2,726	59,034	49,097	7,601
Gain (loss) on fair value changes of investment properties	81,608	86,875	13,807	(23,546)	(10,019)
Recognition of change in fair value of completed properties for sale upon transfer to investment properties	—	2,170	302	289	—
Selling and distribution expenses	(15,206)	(39,616)	(49,837)	(31,202)	(34,561)
Administrative expenses	(71,353)	(94,458)	(162,677)	(78,232)	(89,899)
Finance costs	(8,056)	(12,167)	(69,941)	(49,256)	(15,127)
Impairment loss recognised in respect of goodwill	(22,515)	—	(2,305)	—	—
Share of results of associates	(416)	(1,548)	(3,789)	(1,767)	(1,227)
Profit (loss) before taxation	263,855	166,819	254,071	(36,192)	412,904
Income tax expense	(86,268)	(82,552)	(156,550)	(12,123)	(195,537)
Profit (loss) and total comprehensive income (loss) for the year/period	177,587	84,267	97,521	(48,315)	217,367
Profit (loss) for the year/period attributable to:					
Owners of the Company	91,094	68,797	84,259	(30,910)	235,650
Minority interests	86,493	15,470	13,262	(17,405)	(18,283)
	177,587	84,267	97,521	(48,315)	217,367

Summary Data from Historical Consolidated Statements of Financial Position

	As of December 31,			As of June 30,
	2006	2007	2008	2009
	(in RMB thousands)			
Total Assets				
Non-current assets	441,354	590,859	639,163	762,873
Current assets	1,586,213	3,618,193	4,318,159	5,646,757
Total assets	2,027,567	4,209,052	4,957,322	6,409,630
Equity and Liabilities				
Current liabilities	1,157,855	1,970,321	3,098,224	3,192,470
Non-current liabilities	249,631	836,928	412,741	1,537,436
Total liabilities	1,407,486	2,807,249	3,510,965	4,729,906
Total equity	620,081	1,401,803	1,446,357	1,679,724
Total liabilities and equity	2,027,567	4,209,052	4,957,322	6,409,630

PROFIT FORECAST FOR THE YEAR ENDING DECEMBER 31, 2009

All statistics in this table are based on the assumptions that the Over-allotment Option is not exercised and no options are granted under the Share Option Scheme.

Forecast	
Profit attributable to owners of the Company before revaluation of investment properties	not less than RMB323 million
Less: Revaluation loss on investment properties (net of deferred tax effect)	RMB3 million
Profit attributable to owners of the Company	not less than RMB320 million

Note:
The bases and assumptions on which the above profit forecast has been prepared are set out in Appendix III to this prospectus.

The forecast is presented on a basis consistent in all material respects with the accounting policies currently adopted by us as set out in the Accountants' Report dated November 12, 2009 (the text of which is set forth in "Appendix I — Accountants' Report" to this prospectus). For discussion as to the bases and assumptions used in the forecast of changes in fair value of investment properties, see "Financial Information — Profit Forecast for the Year Ending December 31, 2009."

Completed properties and properties under development expected to be completed in 2009

There are five completed projects (namely, Flower Harbor (花港家園), Shenzhen Future Plaza (深圳香年廣場), Chengdu Love Forever (成都花郡), Phase 1.1 of Fantasia Town (花樣城) and Phase 1.1 of Grand Valley (大溪谷)) and one project under development (namely, Phase 1.2 of Grand Valley (大溪谷)) which are expected to contribute to the revenue for the year ending December 31, 2009. The construction of Phase 1.2 of Grand Valley (大溪谷) commenced in September 2008 and is expected to be completed in November 2009. Phase 1.2 of Grand Valley (大溪谷) is expected to be comprised of 54 three- to four-storey buildings. It occupies a site area of approximately 61,609 square meters with a planned GFA of approximately 61,800 square meters. The Group has obtained the land use rights certificate, the required construction works commencement permit and the pre-sale permit for Phase 1.2 of Grand Valley (大溪谷). The last block was topped out in May 2009 and the interior decoration was completed in August 2009. The Directors confirm that the construction progress of Phase 1.2 of Grand Valley (大溪谷) is in accordance with the construction schedule and the project is expected to be completed and delivered to the purchasers within schedule.

Sensitivity Analysis

Sensitivity analysis on targeted average selling price

The following table illustrates the sensitivity of the profit attributable to owners of our Company for the year ending December 31, 2009 to the targeted average selling price for properties sold from September 1, 2009 to December 31, 2009.

% change in targeted selling prices per sq.m.	-15%	-10%	-5%	+5%	+10%
Impact on the profit attributable to owners of our Company targeted for the year 2009 (in RMB thousands)	(15,828)	(10,011)	(4,750)	4,116	8,232

If the targeted average selling prices for projects sold from September 1, 2009 to December 31, 2009 rise by 10%, the profit attributable to owners of our Company for the year ending December 31, 2009 will be RMB328,232,000, i.e. 2.6% higher than our targeted 2009 profit attributable to owners of our Company.

If the targeted average selling prices for projects sold from September 1, 2009 to December 31, 2009 rise by 5% the profit attributable to owners of our Company for the year ending December 31, 2009 will be RMB324,116,000, i.e. 1.3% higher than our targeted 2009 profit attributable to owners of our Company.

If the targeted average selling prices for projects sold from September 1, 2009 to December 31, 2009 decline by 5%, the profit attributable to owners of our Company for the year ending December 31, 2009 will be RMB315,250,000, i.e. 1.5% lower than our targeted 2009 profit attributable to owners of our Company.

If the targeted average selling prices for projects sold from September 1, 2009 to December 31, 2009 decline by 10%, the profit attributable to owners of our Company for the year ending December 31, 2009 will be RMB309,989,000, i.e. 3.1% lower than our targeted 2009 profit attributable to owners of our Company.

If the targeted average selling prices for projects sold from September 1, 2009 to December 31, 2009 decline by 15%, the profit attributable to owners of our Company for the year ending December 31, 2009 will be RMB304,172,000, i.e. 4.9% lower than our targeted 2009 profit attributable to owners of our Company.

Sensitivity analysis on targeted GFA sold and delivered

The following table illustrates the sensitivity of the profit attributable to owners of our Company for the year ending December 31, 2009 to the targeted GFA sold and delivered from September 1, 2009 to December 31, 2009.

% change in targeted GFA sold and delivered	-15%	-10%	-5%
Impact on the profit attributable to owners of our Company targeted for the year 2009 (in RMB thousands)	(3,890)	(2,593)	(1,297)

If the targeted GFA sold and delivered for projects sold from September 1, 2009 to December 31, 2009 decline by 5%, the profit attributable to owners of our Company for the year ending December 31, 2009 will be RMB318,703,000, i.e. 0.4% lower than our targeted 2009 profit attributable to owners of our Company.

If the targeted GFA sold and delivered for projects sold from September 1, 2009 to December 31, 2009 decline by 10%, the profit attributable to owners of our Company for the year ending December 31, 2009 will be RMB317,407,000, i.e. 0.8% lower than our targeted 2009 profit attributable to owners of our Company.

If the targeted GFA sold and delivered for projects sold from September 1, 2009 to December 31, 2009 decline by 15%, the profit attributable to owners of our Company for the year ending December 31, 2009 will be RMB316,110,000, i.e. 1.2% lower than our targeted 2009 profit attributable to owners of our Company.

Sensitivity analysis on fair value changes of investment properties

The following table illustrates the sensitivity of the profit attributable to owners of our Company for the year ending December 31, 2009 to levels of revaluation increase/decrease on investment properties as at June 30, 2009:

Changes in percentage on investment properties as at June 30, 2009	-15%	-10%	-5%	5%	10%	15%
Impact on the profit attributable to owners of our Company targeted for the year 2009 (in RMB thousands)	(33,338)	(22,225)	(11,113)	11,113	22,225	33,338

If the fair value of investment properties as at June 30, 2009 rises or declines by 5%, the profit attributable to owners of our Company for the year ending December 31, 2009 will not be less than RMB331,113,000 or RMB308,887,000, respectively, i.e. 3.5% higher or lower, respectively, than our targeted 2009 profit attributable to owners of our Company.

If the fair value of investment properties as at June 30, 2009 rises or declines by 10%, the profit attributable to owners of our Company for the year ending December 31, 2009 will not be less than RMB342,225,000 or RMB297,775,000, respectively, i.e. 6.9% higher or lower, respectively, than our targeted 2009 profit attributable to owners of our Company.

If the fair value of investment properties as at June 30, 2009 rises or declines by 15%, the profit attributable to owners of our Company for the year ending December 31, 2009 will not be less than RMB353,338,000 or RMB286,662,000, respectively, i.e. 10.4% higher or lower, respectively, than our targeted 2009 profit attributable to owners of our Company.

The above illustrations are intended to be for reference only and any variation could exceed the ranges given. The above sensitivity analyses are not meant to be exhaustive. While we have considered for the purposes of the profit forecast what we believe is the best estimate of the targeted average selling price, GFA to be sold and delivered, and fair value changes of investment properties for the year ending December 31, 2009, the average selling price, GFA to be sold and delivered, and fair value changes of investment properties as at the relevant time may differ materially from our estimate and are dependent on market conditions and other factors which are beyond our control.

OFFER STATISTICS

All statistics in this table are based on the assumptions that the Over-allotment Option is not exercised and no options are granted under the Share Option Scheme.

	Based on an Offer Price of HK$1.75 per Share	Based on an Offer Price of HK$2.20 per Share
Market capitalization(1)	HK$8,505 million	HK$10,692 million
Prospective price/earnings multiple		
(a) Pro forma fully diluted basis(2)	23.4 times	29.4 times
(b) Weighted average basis(3)	18.2 times	22.8 times
Pro forma adjusted net tangible assets attributable to owners of the Company per Share(4)	HK$0.72	HK$0.83

Notes:

(1) The calculation of market capitalization is based on 4,860,000,000 Shares expected to be in issue and outstanding following the Global Offering but takes no account of the Over-allotment Option or the options which may be granted under the Share Option Scheme.

(2) The calculation of the prospective price/earnings multiple on a pro forma fully diluted basis is based on the forecast earnings per Share for the year ending December 31, 2009 on a pro forma fully diluted basis at the respective indicative Offer Prices of HK$1.75 per Share and HK$2.20 per Share assuming a total of 4,860,000,000 Shares were in issue during the entire year.

(3) The calculation of the prospective price/earnings multiple on a weighted average basis is based on the forecast earnings per Share for the year ending December 31, 2009 on a weighted average basis at the respective indicative Offer Prices of HK$1.75 per Share and HK$2.20 per Share assuming a total of 3,768,164,383 Shares were in issue during the entire year.

(4) The pro forma adjusted net tangible assets attributable to owners of the Company per Share is arrived at after the adjustments referred to in the section entitled "Financial Information — Unaudited Pro Forma Adjusted Net Tangible Assets" of this prospectus and on the basis of 4,860,000,000 Shares in issue at the respective indicative Offer Prices of HK$1.75 per Share and HK$2.20 per Share.

DIVIDEND AND DIVIDEND POLICY

Subject to the Companies Law, through a general meeting we may declare dividends in any currency but no dividend shall be declared in excess of the amount recommended by the Board. The Board may also from time to time, without a general meeting, pay such interim dividends as appear to the Board to be justified by the profits of our Company. Our Articles of Association provide that dividends may be declared and paid out of our profit, realized or unrealized, or from any reserve set aside from profits which the Board determines is no longer needed. With the sanction of an ordinary resolution, dividends may also be declared and paid out of share premium account or any other fund or account which can be authorized for this purpose in accordance with the Companies Law.

Our Company has not distributed any dividends since its incorporation on October 17, 2007. Certain subsidiaries of our Company paid dividends of approximately RMB1.0 million in each of the years ended December 31, 2007 and 2008. The sources of funding for payment of such dividends are our operating cash flow.

USE OF PROCEEDS

We estimate that we will receive net proceeds from the Global Offering of approximately HK$2,210 million (assuming an Offer Price of HK$1.98 per Share, being the mid-point of the estimated Offer Price range), after deducting the underwriting fees and commissions and estimated expenses payable by us in relation to the Global Offering and assuming the Over-allotment Option is not exercised.

We intend to use the net proceeds from the Global Offering as follows:

- approximately 55%, or approximately HK$1,215 million, to acquire additional land reserves, including the property rights that we intend to acquire for Shenzhen Meinian Plaza (深圳美年廣場) for approximately RMB300 million. See "Our Business — Our

Property Development Projects — Pearl River Delta Region — Shenzhen — Shenzhen Meinian Plaza (深圳美年廣場).” We may also use the net proceeds from the Global Offering to acquire land sites for our potential new property development projects or other property development opportunities we may identify in the future. See “Our Business — Our Property Development Projects — Potential New Property Development Projects”;

- approximately 35%, or approximately HK$774 million, to finance the development of our existing projects, with approximately HK$182 million for phase 1.1 to phase 1.3 of Meinian International Plaza (美年國際廣場), approximately HK$182 million for additional phases of Grand Valley (大溪谷), approximately HK$91 million for Huizhou Endless Blue (惠州碧雲天), approximately HK$91 million for Dongguan Mont Conquerant (東莞君山), approximately HK$91 million for Chengdu Mont Conquerant (成都君山) and approximately HK$137 million for Chengdu Future Plaza (成都香年廣場); and
- approximately 10%, or approximately HK$221 million, for general working capital purposes.

In the event that the Offer Price is fixed at the highest point of the indicative Offer Price range, the net proceeds from the Global Offering to us will be approximately HK$2,468 million (assuming an Offer Price of HK$2.20 per Share and the Over-allotment option is not exercised). In the event that Offer Price is fixed at the lowest point of the indicative Offer Price range, the net proceeds from the Global Offering to us will be approximately HK$1,941 million (assuming an Offer Price of HK$1.75 per Share and the Over-allotment option is not exercised). We will adjust the allocation of the net proceeds for the above mentioned purposes on a *pro rata* basis.

In the event that the Over-allotment Option is exercised in full, we estimate that we will receive additional net proceeds ranging from approximately HK$244 million (assuming an Offer Price of HK$1.75 per Share) to HK$307 million (assuming an Offer Price of HK$2.20 per Share). We intend to apply the additional net proceeds in the same manner and in the same proportions as described above.

To the extent that the net proceeds of the Global Offering are not immediately applied to the above purposes and to the extent permitted by applicable laws and regulations, we intend to deposit the net proceeds into short-term demand deposits and/or money market instruments under the name of our Company or our wholly owned subsidiaries.

We estimate the net proceeds of the Global Offering to the Selling Shareholders ranging from approximately HK$412 million (assuming an Offer Price of HK$1.75 per Share) to HK$519 million (assuming an Offer Price of HK$2.20 per Share), after deducting the underwriting fees and commissions and estimated expenses payable by the Selling Shareholders in relation to the Global Offering and assuming the Over-allotment Option is not exercised. In the event that the Over-allotment Option is exercised in full, the Selling Shareholders will receive additional net proceeds ranging from approximately HK$62 million (assuming an Offer Price of HK$1.75 per Share) to HK$78 million (assuming an Offer Price of HK$2.20 per Share). We will not receive any of the net proceeds of the Global Offering from the sale of the Shares by the Selling Shareholders.

We will issue an announcement if there is any material change in the above proposed use of proceeds.

In order to successfully repatriate the proceeds we receive from the Global Offering to China, we are subject to various rules and regulations and control measures imposed on foreign invested property developers in China and are required to complete requisite filings and registrations with relevant authorities. In particular, we must, in accordance with the Circular on Further Strengthening and Regulating the Approval and Supervision of Real Estate Industry with Direct Foreign Investment (關於進一步加強、規範外商直接投資房地產業審批和監管的通知) and the Circular on Distribution of List of the First Group of Foreign-Invested Real Estate Projects Filed with the Ministry of Commerce

(關於下發第一批通過商務部備案的外商投資房地產項目名單的通知), complete filings with and receive approval from MOFCOM or, where relevant, local branches of MOFCOM. In addition, in accordance with a circular promulgated by the SAFE in August 2008 with respect to the administration of conversion of foreign exchange capital contribution of foreign invested enterprise into Renminbi (關於完善外商投資企業外匯資本金支付結匯管理有關業務操作問題的通知), unless otherwise permitted by PRC laws or regulations, Renminbi capital converted from foreign exchange capital contribution cannot be used for domestic equity investment or acquisition. We will comply with all relevant laws and regulations in relation to the remittance. See "Risk Factors — Risks Relating to Our Industry — PRC government policies, regulations and measures intended to curtail the overheating of the property market may adversely affect our business", "Risk Factors — Risks Relating to Our Industry — The PRC government has imposed restrictions on the ability of PRC property developers to receive offshore funds which may delay or prevent us from deploying the funds raised in this offering to our business in China and therefore materially and adversely affect our liquidity and our ability to fund and expand our business" and "Summary of PRC Laws Relating to the Property Sector — I. Legal Supervision Relating to Property Sector in the PRC — B. Foreign-invested Property Enterprises" in Appendix VII to this prospectus for further details.

RISK FACTORS

There are certain risks relating to an investment in our Shares. These can be categorized into (i) risks relating to our business; (ii) risks relating to our industry; (iii) risks relating to the PRC; and (iv) risks relating to the Global Offering. A detailed discussion of the risk factors is set forth in the section entitled "Risk Factors."

Risks Relating to Our Business

- We rely heavily on the strong performance of the property market in China, particularly in the Chengdu-Chongqing Economic Zone, the Pearl River Delta region, the Yangtze River Delta region and the Beijing-Tianjin metropolitan region
- We require substantial capital resources to fund our land acquisition and property development
- We may be adversely affected by the slowdown of China's economy caused by the recent global financial and economic crisis
- Our business may be adversely affected by changes in interest rates
- We may not always be able to obtain land sites that are suitable for property development within our budget
- We may not be able to obtain land use rights certificates with respect to certain parcels of land or property rights with respect to certain project in which we have acquired an interest
- We face uncertainties when obtaining land sites through the acquisition of project companies
- We have entered into several preliminary framework agreements for potential new property development projects which are subject to significant risks and uncertainties
- Our results of operations may be materially and adversely affected if we fail to obtain, or there are material delays in obtaining, requisite governmental approvals for our property developments
- We face intense competition with respect to our property development, property operation services, property agency services and hotel services businesses
- The terms on which mortgages are available, if at all, may affect our sales
- Changes in laws and regulations in relation to pre-sales of properties may adversely affect our business, financial condition and results of operations

- We cannot assure you that services performed by independent contractors will always meet our quality standards and timing requirement or will be available within our budget
- If we are not properly insulated from the rising cost of labor, construction materials or building equipment, our results of operations may be adversely affected
- We may be subject to legal and business risks if we fail to obtain, renew or keep necessary qualification certificates for our property development, property operation services, hotel services and property investment businesses
- We may not be able to complete our property development projects on time or at all
- We may not be successful in expanding our business into new geographical regions or cities
- We may expand our business into new segments of the real estate industry which may not be successful
- Our profitability may fluctuate due to fair value gains or losses on our investment properties because certain portion of our net profits were and are expected to be attributable to fair value gains or losses on our investment properties, which are likely to fluctuate from time to time
- The illiquid nature and the lack of alternative uses of investment properties could limit our ability to respond to adverse changes in the performance of our properties
- If we fail to obtain or keep licenses and permits applicable to our property agency business or obtain necessary approvals to expand our property agency business, we may incur significant financial penalties and other government sanctions
- Property owners may terminate our engagement as the provider of property management services
- Any failure to protect our brand and trademarks could have a negative impact on our business
- If the value of our brand or image diminishes, our business and results of operations may be materially and adversely affected
- Our indebtedness could have an adverse effect on our financial condition, diminish our ability to raise additional capital to fund our operations and limit our ability to explore business opportunities
- We guarantee mortgage loans provided to our purchasers and may be liable to the mortgagee banks if our purchasers default on their mortgage loans
- Our results of operations may fluctuate from period to period
- Disputes with joint venture or our project development partners may materially and adversely affect our business
- We may be required to forfeit land to the PRC government for failure to comply with the terms of the land grant contracts
- We are required to deliver individual property ownership certificates in a timely manner and the failure to do so may result in damages
- The relevant PRC tax authorities may challenge the basis on which we have been paying our LAT obligations and our results of operations and cash flows may be materially and adversely affected
- We are subject to multiple regulations of the PRC governmental authorities and any non-compliance or perceived non-compliance with these regulations may have a material and adverse effect on our business, financial condition and results of operations

- Our success depends on the continuing services of our senior management team and other key personnel
- We face competition for qualified employees in the real estate industry which may make it difficult for us to retain and recruit enough employees for the expansion of our business
- We may suffer losses arising from uninsured risks
- The total GFA of some of our property developments exceeds the original authorized area and the excess GFA is subject to governmental approval and payment of additional land premium
- The ancillary facilities in residential projects developed by us may not always be available to residents in the projects
- The interests of our Controlling Shareholders may not align with those of our other shareholders
- We may be involved in legal and other proceedings arising out of our operations from time to time and may incur substantial losses and face significant liabilities as a result
- We are subject to potential environmental liability that could result in substantial costs
- The valuation attached to our property interests contains assumptions that may or may not materialize
- We may be deemed a PRC resident enterprise under the EIT Law and be subject to PRC taxation on our worldwide income
- Dividends payable by us to our foreign investors and gains on the sale of our Shares may become subject to withholding taxes under PRC tax laws
- We rely principally on dividends paid by our subsidiaries to fund any cash and financing requirements we may have; any limitation on the ability of our PRC subsidiaries to pay dividends to us could have a material adverse effect on our ability to conduct our business and such dividends may be subject to PRC taxation
- Dividends paid in the past should not be treated as indicative of our future dividend payments or policy

Risks Relating to Our Industry

- PRC government policies, regulations and measures intended to curtail the overheating of the property market may adversely affect our business
- The PRC government has imposed restrictions on the ability of PRC property developers to receive offshore funds which may delay or prevent us from deploying the funds raised in this offering to our business in China and therefore materially and adversely affect our liquidity and our ability to fund and expand our business
- We are heavily dependent on the performance of the property market in China, which is at a relatively early stage of development
- Increase in resettlement costs and the inability to reach resettlement agreements associated with certain property developments may materially and adversely affect our business, financial condition and results of operations

Risks Relating to the PRC

- Changes in PRC economic, political and social conditions, as well as government policies, could have a material adverse effect on our business, financial condition, results of operations and prospects

- Uncertainties with respect to the PRC legal system could have a material adverse effect on us
- Fluctuation in the exchange rates of the Renminbi may have a material adverse effect on your investment
- Governmental control over currency conversion may affect the value of your investment and limit our ability to utilize our cash effectively
- Failure to comply with PRC regulations in respect of the registration of our PRC citizen employees' share options and restricted share units may subject such employees or us to fines and legal or administrative sanctions
- You may experience difficulty in effecting service of legal process, enforcing foreign judgments or bringing original actions in China based on foreign laws against us, our directors and our senior management
- The national and regional economies may be adversely affected by a recurrence of SARS or an outbreak of other epidemics, natural disasters or severe weather conditions, thereby affecting our business prospects

Risks Relating to the Global Offering

- There has been no prior public market for our Shares and the liquidity and market price of the Shares may be volatile
- The trading price of our Shares may be volatile, which could result in substantial losses to you
- The sale or availability for sale of substantial amounts of our Shares could adversely affect the market price of our Shares
- You will incur immediate and substantial dilution and may experience further dilution if we issue additional Shares in the future
- We cannot guarantee the accuracy of facts, forecasts and other statistics derived from official government publications with respect to the PRC and any provinces, cities or regions thereof or with respect to the economy and the property industry of the PRC and any provinces, cities or regions thereof contained in this prospectus
- You should read the entire prospectus carefully and we strongly caution you not to place any reliance on any information contained in press articles or other media regarding us and the Global Offering

"171 Opinion"	Opinion on Regulating the Access and Management of Foreign Capital in the Property Market (關於規範房地產市場外資准入和管理的意見) jointly issued by the MOC, MOFCOM, the NDRC, the PBOC, SAIC and SAFE on July 11, 2006
"Ace Link Pacific"	Ace Link Pacific Limited, a limited liability company incorporated under the laws of the BVI on September 3, 2007 and in which we have a 100% equity interest
"Agreed Payment"	an agreed payment the Controlling Shareholders shall pay to the Investors pursuant to the Restructuring Deed, details of which are described in the section entitled "History, Reorganization and Group Structure — Pre-IPO Investment" of this prospectus
"Application Form(s)"	**WHITE** application form(s), **YELLOW** application form(s) and **GREEN** application form(s), or where the context so requires, any of them, relating to the Hong Kong Public Offer
"Articles of Association" or "Articles"	the articles of association of our Company, adopted on October 27, 2009 and as amended from time to time, a summary of which is set forth in Appendix VI to this prospectus
"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Beijing Taibo"	Beijing Taibo Real Estate Development Co., Ltd. (北京泰博房地產開發有限責任公司), a limited liability company established under the laws of the PRC on February 21, 2001 and owned by two individual Independent Third Parties
"Beijing Tonglu Tiandi"	Beijing Tonglu Tiandi Advertising Co, Ltd. (北京同路天地廣告有限公司), a limited liability company established under the laws of the PRC on October 7, 2008 and in which Shenzhen Tiankuo has an attributable equity interest of 51% with the remaining 49% equity interest owned by Lv Lin (呂璘), Ms. Zeng's mother
"Board" or "Board of Directors"	the board of Directors
"BOCI"	BOCI Asia Limited
"Bonds"	an aggregate of US$100,000,000 secured bonds with interest of 12% per annum, due on the earlier of the Listing Date or November 30, 2009, issued by the Company pursuant to the Subscription Agreement
"Business Day"	a day on which banks in Hong Kong are generally open for business to the public and which is not a Saturday, Sunday or public holiday in Hong Kong
"BVI"	British Virgin Islands
"Capitalization Issue"	the issue of 3,644,900,000 Shares upon capitalization of certain sums standing to the credit of the share premium account of our Company referred to in the paragraph entitled "Resolutions of our Shareholders" under the section entitled "A. Further

	Information about the Company" in Appendix VIII to this prospectus
"CAGR"	compound annual growth rate, a method of assessing the average growth of a value overtime
"CBRC"	the China Banking Regulatory Commission (中國銀行業監督管理委員會)
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"CCASS Clearing Participant"	a person admitted to participate in CCASS as a direct clearing participant or general clearing participant
"CCASS Custodian Participant"	a person admitted to participate in CCASS as a custodian participant
"CCASS Investor Participant"	a person admitted to participate in CCASS as an investor participant, who may be an individual or joint individuals or a corporation
"CCASS Participant"	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant
"CCB Asia"	China Construction Bank (Asia) Corporation Limited (中國建設銀行(亞洲))
"CCB Shenzhen"	China Construction Bank Corporation Shenzhen sub branch (中國建設銀行深圳分行)
"Chengdu Fantasia Wangcong Culture"	Chengdu Fantasia Wangcong Culture Development Co., Ltd. (成都花樣年望叢文化發展有限公司), a limited liability company established under the laws of the PRC on August 6, 2008 and in which we have a 100% equity interest
"Chengdu Huabaili"	Chengdu Gaojiazhuang Hot Spring Leisure Center (成都高家莊溫泉休閒中心), a joint stock company established under the laws of the PRC on November 6, 2002, subsequently renamed as Sichuan Gaojiazhuang Investment Co., Ltd. (四川高家莊投資有限公司) and converted to a limited liability company under the laws of the PRC on May 22, 2003, and later renamed as Chengdu Huabaili Real Estate Co., Ltd. (成都花百里置業有限公司) in 2007 and in which we have a 100% equity interest
"Chengdu Huaqianli"	Chengdu Huaqianli Real Estate Co., Ltd. (成都花千里置業有限公司), a limited liability company established under the laws of the PRC on November 6, 2006 and in which we have a 100% equity interest
"Chengdu Huawanli"	Chengdu Huawanli Real Estate Co., Ltd. (成都花萬里置業有限公司), a limited liability company established under the laws of the PRC on October 25, 2005 and in which we have a 100% equity interest

"Chengdu Jiurong"	Chengdu Jiurong Real Estate Development Co., Ltd. (成都九蓉房地產開發有限公司), a limited liability company established under the laws of the PRC on August 22, 2007 in which we have a 100% equity interest
"Chengdu Tonghe"	Chengdu Tonghe Real Estate Co., Ltd. (成都通和置業有限公司), a limited liability company established under the laws of the PRC on October 18, 2001 and in which we have a 100% equity interest
"Chengdu Xinjin Youbang"	Chengdu Xinjin Youbang Real Estate Development Co., Ltd. (成都新津友幫房地產開發有限責任公司), a limited liability company established under the laws of the PRC on May 9, 2004 and in which we have a 100% equity interest
"Chi Fu Development"	Chi Fu Development China Limited (置富發展中國有限公司), a limited liability company incorporated under the laws of Hong Kong on September 15, 2000. It is 80% owned by Ms. Zeng and 20% owned by Mr. Pan
"China" or "PRC"	the People's Republic of China excluding, for the purpose of this prospectus, the Hong Kong Special Administrative Region of the PRC, the Macau Special Administrative Region of the PRC and Taiwan
"China Real Estate Top 10 Research Team"	China Real Estate Top 10 Research Team (中國房地產Top10研究組), a research team jointly established in 2003 by the Enterprise Research Institute of the Development Research Center of the State Council (國務院發展研究中心企業研究所), the Institute of Real Estate Studies of Tsinghua University (清華大學房地產研究所) and the China Index Academy (中國指數研究院) and joined by the China Real Estate Association (中國房地產業協會) in 2007. The China Real Estate Top 10 Research Team has conducted research on the Top 100 Real Estate Enterprises in the PRC since 2004. Its research has been quoted by various Hong Kong and PRC-listed companies in their prospectuses and annual reports. Data used by the China Real Estate Top 10 Research Team includes data derived from survey completed by the individual real estate companies, publicly available information of the individual real estate companies, statistical data from institutions such as China Real Estate Index System (中國房地產指數系統), Real Estate Searching Academy (搜房研究院) and China Villas Index System (中國別墅指數系統) and from relevant government ministries and bureaus. The research conducted considers factors such as the size, profitability, debt payment ability, growth potential, operating efficiency and social responsibility of researched companies and has established minimum thresholds that companies must meet before being considered, such as the minimum of RMB300 million in annual revenue or 100,000 in annual square meters sold for property developers for three consecutive years, property management companies that have, as to their

	primary property agency services, received first class qualification from the relevant government authorities or property agency services companies that have sold more than 100,000 annual square meters for three consecutive years. The China Real Estate Top 10 Research Team analyzed 500 property developers, 500 property management companies and 200 property agency services companies annually, and grants 100 awards to property developers, 50 awards to property management companies and 50 awards to property agency services companies in connection with its annual ranking
"CITIC Securities"	CITIC Securities Corporate Finance (HK) Limited
"Companies Law"	The Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
"Companies Ordinance"	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong)
"Company" and "our Company"	Fantasia Holdings Group Co., Limited (花樣年控股集團有限公司), a company incorporated on October 17, 2007 as an exempted company under the laws of the Cayman Islands, the shares of which will be listed on the main board of the Stock Exchange
"Connected Person"	has the meaning ascribed thereto under the Listing Rules
"construction land planning permit"	construction land planning permit (建設用地規劃許可證), a permit authorizing a developer to begin the survey, planning and design of a parcel of land
"construction works commencement permit"	construction works commencement permit (建築工程施工許可證), a permit required for commencement of construction
"construction works planning permit"	construction works planning permit (建設工程規劃許可證), a certificate indicating government approval for a developer's overall planning and design of the project and allowing a developer to apply for a construction works commencement permit
"Control"	means, in respect of a company, corporation, body corporate, partnership or unincorporated association (whether or not having separate legal personality), possession, directly or indirectly, of the power to direct or cause the direction of the management or affairs or policies of such company, corporation, body corporate, partnership or unincorporated association (whether or not having separate legal personality), whether through the ownership of voting securities, by contract or otherwise
"Controlling Shareholders" or "Founding Shareholders"	Ms. Zeng, Ice Apex, Mr. Pan, Graceful Star and Fantasy Pearl
"Corporate Investors"	corporate investors who entered into corporate investor agreements with the Company and the Joint Global

	Coordinators, details of which are set out in the section entitled "Corporate Investors" in this prospectus
"Corporate Placing"	corporate investor agreements entered into by the Company, the Joint Global Coordinators and the Corporate Investors, details of which are set out in the section entitled "Corporate Investors" of this prospectus
"CSRC"	China Securities Regulatory Commission (中國證券監督管理委員會)
"C.T.E.W."	C.T.E.W. Hospitality (Asia) Limited (基榮寶酒店管理(亞洲)有限公司), an Independent Third Party
"Cube Architecture"	Shenzhen Cube Architecture Design and Consultancy Co., Ltd. (深圳市立方建築設計顧問有限公司), a limited liability company established under the laws of the PRC on May 21, 2001. Cube Architecture is currently owned by Shenzhen Tiankuo as to 31%, and therefore an associate of Ms. Zeng
"Cube Architecture Design Agreement"	design services agreement dated May 15, 2009 in relation to Shenzhen Love Forever (深圳花郡) between Shenzhen Fantasia Investment and Cube Architecture
"Deed of Non-Competition Undertaking"	a deed of non-competition undertaking dated October 26, 2009 given by the Controlling Shareholders in favor of the Company
"Deutsche Bank"	Deutsche Bank AG, Hong Kong Branch
"Director(s)"	the director(s) of our Company
"Dong Dong (董東)"	a director and a holder of 4% equity interest in Shenzhen Fantasia Colour, one of our subsidiaries
"Dongguan Fantasia"	Dongguan Fantasia Real Estate Investment Co., Ltd. (東莞市花樣年房地產投資有限公司), a limited liability company established under the laws of the PRC on December 4, 2006 and in which we have a 100% equity interest
"Dongguan Xingyan Property"	Dongguan Xingyan Property Consultancy Co., Ltd. (東莞市星彥地產顧問有限公司), a limited liability company established under the laws of the PRC on December 18, 2006 and in which we have an attributable equity interest of 85%. It is wholly owned by one of our other subsidiaries, Xingyan Property Consultancy
"Dongguan Zuoting Youyuan"	Dongguan Zuoting Youyuan Industry Investment Co., Ltd. (東莞市左庭右院實業投資有限公司), a limited liability company established under the laws of the PRC on October 27, 2006 and in which we have a 37.5% equity interest with the remaining 62.5% equity interest owned by Shenzhen Meijiangnan
"DZY Fantasia Loan"	loan to Dongguan Zuoting Youyuan originally obtained from Shenzhen Tiankuo pursuant to the DZY Loan Agreement and

	subsequently assigned to Shenzhen Huaqianli and then to Fantasia Group (China) pursuant to the DZY Loan Assignments
"DZY Loan Agreement"	loan agreement dated October 31, 2006 entered into by and among Dongguan Zuoting Youyuan, Shenzhen Tiankuo and Shenzhen Meijiangnan, details of which are described in the section entitled "Connected Transactions" of this prospectus
"DZY Loan Assignments"	loan assignment dated December 31, 2006 where Shenzhen Tiankuo assigned the DZY Fantasia Loan to Shenzhen Huaqianli and loan assignment dated June 28, 2008 where Shenzhen Huaqianli assigned the DZY Fantasia Loan to Fantasia Group (China), details of which are described in the section entitled "Connected Transactions" of this prospectus
"DZY Meijiangnan Loan"	loan to Dongguan Zuoting Youyuan obtained from Shenzhen Meijiangnan pursuant to the DZY Loan Agreement
"EIT Law"	the PRC Enterprise Income Tax Law (中華人民共和國企業所得稅法) promulgated on March 16, 2007 and with effect from January 1, 2008
"Enco Development"	Enco Development Limited (雅浩發展有限公司), a limited liability company incorporated under the laws of Hong Kong on November 21, 1995. It is 80% owned by Ms. Zeng and 20% owned by Mr. Pan
"Fantasia (Cayman)"	Fantasia (Cayman) Ltd., a company incorporated on November 9, 2007 as an exempted company under the laws of the Cayman Islands with limited liability and is an affiliate of Goldman Sachs
"Fantasia Chengdu Development"	Fantasia (Chengdu) Development Co., Ltd. (花樣年實業發展(成都)有限公司), a limited liability company established under the laws of the PRC on July 4, 2001 in which we have a 58.8% attributable equity interest and Qiu Qiong Ming (邱瓊明) has a 31.2% attributable equity interest. Two of our subsidiaries, Shenzhen Fantasia Investment and Fantasia HK, own 65% equity interest and 25% equity interest, respectively, and the remaining 10% equity interest owned by Sichuan Zhong Xu
"Fantasia Chengdu Ecological"	Fantasia Chengdu Ecological Tourism Development Co., Ltd. (花樣年(成都)生態旅遊開發有限公司), a limited liability company established under the laws of the PRC on September 7, 2006 and in which we have a 100% equity interest
"Fantasia Group (China)"	Shenzhen Fantasia Technology Co., Ltd. (深圳市花樣年科技有限公司), a limited liability company established under the laws of the PRC on January 20, 2006 and subsequently renamed as Shenzhen Fantasia Group Co., Ltd. (深圳市花樣年集團有限公司) in 2006 then Fantasia Group (China) Co., Ltd. (花樣年集團(中國)有限公司) in 2007 and in which we have a 100% equity interest

"Fantasia HK"	Fantasia Investment Holdings Company Limited (香港花樣年投資控股集團有限公司), a limited liability company incorporated under the laws of Hong Kong on February 19, 2001 and in which we have a 100% equity interest
"Fantasia Hotel Management International"	Fantasia Hotel Management (International) Company Limited (花樣年酒店管理(國際)有限公司), a limited liability company incorporated under the laws of Hong Kong on July 15, 2009 and in which we have a 100% equity interest
"Fantasy Pearl"	Fantasy Pearl International Limited, a limited liability company incorporated under the laws of the BVI on July 12, 2007. It is 80% owned by Ice Apex and 20% owned by Graceful Star, Ice Apex and Graceful Star being ultimately owned by Ms. Zeng and Mr. Pan respectively
"Fantasia Property Management International"	Fantasia Property Management (International) Company Limited (花樣年物業管理(國際)有限公司), a limited liability company incorporated under the laws of Hong Kong on July 15, 2009 and in which we have a 100% equity interest
"Fantastic Victory"	Fantastic Victory Limited, a limited liability company incorporated under the laws of the BVI on September 3, 2007 and in which we have a 100% equity interest
"GFA"	gross floor area
"Global Offering"	the Hong Kong Public Offer and the International Offer
"Gold Genius"	Gold Genius Holdings Limited (金展集團有限公司), a limited liability company incorporated under the laws of Hong Kong on November 8, 2007 and in which we have a 100% equity interest
"Goldman Sachs"	The Goldman Sachs Group, Inc., a corporation duly organized under the laws of the State of Delaware in the United States and listed on the New York Stock Exchange
"Goldman Sachs (Asia)"	Goldman Sachs (Asia) L.L.C.
"Graceful Star"	Graceful Star Overseas Limited, a limited liability company incorporated under the laws of the BVI on August 3, 2007 which is 100% owned by Mr. Pan
"Green Application Form(s)"	the application form(s) to be completed by the White Form eIPO Service Provider designated by the Company
"Group", "our Group", "we", "our" and "us"	our Company and its subsidiaries or, where the context so requires in respect of the period before our Company became the holding company of our present subsidiaries, the present subsidiaries of our Company and the businesses carried on by such subsidiaries or (as the case may be) their predecessors
"Group Company"	of the Investor means any other company, corporation, body corporate, partnership or unincorporated association (whether or not having separate legal personality) that, directly or

	indirectly, through one or more intermediaries, Controls or is Controlled by, or is under common Control with the Investor
"HK$" and "Hong Kong dollar"	Hong Kong dollars, the lawful currency of Hong Kong
"HKAS"	Hong Kong Accounting Standards and their interpretations issued by the HKICPA
"HKICPA"	Hong Kong Institute of Certified Public Accountants
"HKFRS"	Hong Kong Financial Reporting Standards
"HKSCC"	Hong Kong Securities Clearing Company Limited
"HKSCC Nominees"	HKSCC Nominees Limited
"HK Kangnian"	Hong Kong Kangnian Trading Co., Limited (香港康年貿易有限公司), a limited liability company incorporated under the laws of Hong Kong on September 24, 2009 and in which we have a 100% equity interest
"HK Sunyeer"	Sunyeer Properties Holdings Company Limited (香港星彥置業集團有限公司), a limited liability company incorporated under the laws of Hong Kong on February 19, 2001. It is 60% owned by Ms. Zeng and 40% owned by Mr. Pan
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the People's Republic of China
"Hong Kong Public Offer"	the offer of the Hong Kong Public Offer Shares for subscription by the public in Hong Kong for cash at the Offer Price, on and subject to the terms and conditions described in this prospectus and in the Application Forms relating thereto
"Hong Kong Public Offer Shares"	145,800,000 Shares being initially offered by our Company for subscription under the Hong Kong Public Offer at the Offer Price (subject to adjustment as described in the section entitled "Structure of the Global Offering" in this prospectus)
"Hong Kong Underwriters"	the underwriters of the Hong Kong Public Offer listed in the section entitled "Underwriting — Hong Kong Underwriters" in this prospectus
"Hong Kong Underwriting Agreement"	the underwriting agreement dated November 11, 2009 relating to the Hong Kong Public Offer entered into among us, the Controlling Shareholders and the Hong Kong Underwriters
"Huizhou Daya Bay"	Huizhou Daya Bay Huawanli Industry Co., Ltd. (惠州大亞灣花萬里實業有限公司), a limited liability company established under the laws of the PRC on June 8, 2007 and in which we have a 100% equity interest
"Huizhou Huaqianli"	Huizhou Huiyang Huaqianli Industry Co., Ltd. (惠州市惠陽區花千里實業有限公司), a limited liability company

	established under the laws of the PRC on August 14, 2009 and in which we have a 100% equity interest
"Huizhou Xingyan Property"	Huizhou Xingyan Property Consultancy Co., Ltd. (惠州市星彥地產顧問有限公司), a limited liability company established under the laws of the PRC on November 2, 2006 and in which we have an attributable equity interest of 85%. It is wholly owned by one of our other subsidiaries, Xingyan Property Consultancy
"ICBCIS"	ICBC International Securities Limited, licensed to conduct Type 1 (dealing in securities) regulated activity under the SFO
"Ice Apex"	Ice Apex Limited, a limited liability company incorporated under the laws of the BVI on July 12, 2007 which is 100% owned by Ms. Zeng
"Independent Third Party"	persons who are not Connected Persons
"International Offer"	the conditional offering of the International Offer Shares (a) in the United States to QIBs in reliance on Rule 144A under the U.S. Securities Act or another exemption from the registration requirement under the U.S. Securities Act, and (b) outside the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act, including to professional investors in Hong Kong, as further set forth in the section entitled "Structure of the Global Offering" in this prospectus
"International Offer Shares"	1,312,200,000 Shares (comprising 1,069,200,000 new Shares to be issued by the Company and 243,000,000 Shares to be sold by the Selling Shareholders) being initially offered for subscription under the International Offer together, where relevant, with any additional Shares that may be issued by the Company and sold by the Selling Shareholders pursuant to any exercise of the Over-allotment Option, subject to adjustment as set forth in the section entitled "Structure of the Global Offering" in this prospectus
"International Underwriters"	the group of underwriters, led by the Joint Global Coordinators, which is expected to enter into the International Underwriting Agreement to underwrite the International Offer
"International Underwriting Agreement"	the underwriting agreement relating to the International Offer and expected to be entered into among us, the Controlling Shareholders, the Selling Shareholders, the International Underwriters and the Joint Global Coordinators on or around November 18, 2009
"Investors"	Fantasia (Cayman) and Wellluck
"Investors' Agreement"	an investors' agreement dated December 12, 2007 entered into by and among the Founding Shareholders and the Investors in defining the rights and obligations of Fantasy Pearl and the

	Investors with respect to the Company, details of which are described in the section entitled "History, Reorganization and Group Structure — Pre-IPO Investment" of this prospectus
"Investors' Share Charge"	the security given by Fantasy Pearl to the Investors in respect of the Agreed Payment, details of which are described in the section entitled "History, Reorganization and Group Structure — Pre-IPO Investment" of this prospectus
"Jing Liu (敬柳)"	JING Liu (敬柳), holder of 40% equity interest in and a director of one of our subsidiaries, Yixing Jiangnan Shuixiang
"Joint Bookrunners" or "Joint Global Coordinators"	BOCI, CITIC Securities, Deutsche Bank and Goldman Sachs (Asia)
"Joint Lead Managers"	BOCI, CITIC Securities, Deutsche Bank, Goldman Sachs (Asia) and ICBCIS
"Joint Sponsors"	CITIC Securities and Deutsche Bank
"Joytime"	Joytime Investments Limited (悦泰投資有限公司), a limited liability company incorporated under the laws of Hong Kong on November 6, 2007 and in which we have a 100% equity interest
"land grant contract"	an agreement relating to the grant of state-owned land use rights (國有土地使用權出讓合同) between a developer and the relevant local government land administrative authorities in China, typically the local state-owned land bureaus
"land use rights certificate"	land use rights certificate (國有土地使用證), a transferable certification of the right of a party to use a parcel of land, or realty title certificate (房地產權證), which is the certification issued in place of land use rights certificate in Shenzhen and certain other cities in China
"LAT"	Land Appreciation Tax (土地增值稅), as defined in the Provisional Regulations of the People's Republic of China on Land Appreciation Tax (中華人民共和國土地增值稅暫行條例) and the Detailed Implementation Rules on the Provisional Regulations of the People's Republic of China on Land Appreciation Tax (中華人民共和國土地增值稅暫行條例實施細則) as described in "Appendix VII — Summary of PRC Laws Relating to the Property Sector" to this prospectus
"LAT Notice"	Notice on Administration of the Settlement of Land Appreciation Tax of Property Development Enterprises (國家稅務總局關於房地產開發企業土地增值稅清算管理有關問題的通知) issued by the SAT on December 28, 2006
"Latest Practicable Date"	November 6, 2009, being the latest practicable date prior to the printing of this prospectus for the purpose of ascertaining certain information contained in this prospectus

"Listing"	the listing of the Shares on the Main Board of the Stock Exchange
"Listing Committee"	the listing committee of the Stock Exchange
"Listing Date"	the date, expected to be on or about November 25, 2009, on which our Shares are first listed and from which dealings therein are permitted to take place on the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended
"Lock-up Period"	a period from and including the Listing Date in connection with a Qualified IPO up to and including the earlier of (i) the date falling six months after the Listing Date in connection with a Qualified IPO and (ii) June 30, 2010
"Lu Ying (路瑩)"	LU Ying (路瑩), holder of 15% equity interest in Xingyan Property Consultancy and Shenzhen Xingyanhang, both of which are our subsidiaries. She is the general manager and a director of Xingyan Property Consultancy and also a director of our other subsidiaries, Huizhou Xingyan Property, Dongguan Xingyan Property and Shenzhen Xingyanhang
"M&A Rules"	Provisions Regarding Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (關於外國投資者併購境內企業的規定) jointly issued by the MOFCOM, SAT, SASAC, CSRC, SAIC and SAFE on August 8, 2006 and came into effect on September 8, 2006
"Memorandum" or "Memorandum of Association"	the memorandum of association of the Company, adopted on October 17, 2007 and as amended from time to time
"MLR"	the Ministry of Land and Resources of the PRC (中華人民共和國國土資源部)
"MOC"	the Ministry of Construction (中華人民共和國建設部) (now known as the Ministry of Housing and Urban-Rural Development of the PRC (中華人民共和國住房和城鄉建設部))
"MOF"	the Ministry of Finance of the PRC (中華人民共和國財政部)
"MOFCOM"	the Ministry of Commerce of the PRC (中華人民共和國商務部)
"Mr. Pan"	PAN Jun (潘軍), our Chairman, chief executive officer and an executive Director
"Ms. Zeng"	ZENG, Jie Baby (曾寶寶, 別名曾洁), one of our executive Directors
"NDRC"	the National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)
"Offer Price"	the final price per Share in Hong Kong dollars (exclusive of brokerage, SFC transaction levy and the Stock Exchange

	trading fee) at which the Offer Shares are to be subscribed for and issued, or purchased and sold pursuant to the Global Offering, to be determined as further set forth in the section entitled "Structure of the Global Offering — Determination of the Office Price" in this prospectus
"Offer Shares"	the Hong Kong Public Offer Shares and the International Offer Shares
"Over-allotment Option"	the option to be granted by our Company and the Selling Shareholders to the International Underwriters exercisable by the Stabilizing Manager on behalf of the International Underwriters, pursuant to which our Company may be required to allot and issue additional new Shares, and the Selling Shareholders may be required to sell additional Shares which, together, represent 15% of the Shares initially available under the Global Offering at the Offer Price, to, among other things, cover over-allocations in the International Offer (if any) as further set forth in the section entitled "Structure of the Global Offering"
"PBOC"	the People's Bank of China (中國人民銀行), the central bank of the PRC
"Precise Idea"	Precise Idea Limited, a limited liability company incorporated under the laws of the BVI on June 17, 2009 and in which we have a 100% equity interest
"Pre-IPO Investment"	the investment made by Fantasia (Cayman) and Wellluck in the Group pursuant to the Subscription Agreement, details of which are described in the section entitled "History, Reorganization and Group Structure — Pre-IPO Investment" of this prospectus
"pre-sale permit"	pre-sale permit (預售許可證), a permit authorizing a developer to start the pre-sale of property still under construction
"Price Determination Date"	the date, expected to be on or around November 18, 2009 but no later than November 24, 2009, on which the Offer Price is fixed for the purposes of the Global Offering
"QIBs"	"qualified institutional buyers" as such term is defined in Rule 144A
"Qiu Qiong Ming (邱瓊明)"	Qiu Qiong Ming (邱瓊明), holder of 48% equity interest and a director of one of our subsidiaries, Shenzhen Fantasia Investment
"Qualified IPO"	an initial public offering of the Company and listing of and permission to deal in the shares of the Company on the Main Board of the Stock Exchange on or before December 31, 2009, where the market capitalization of the Company calculated at the Offer Price as of the Listing Date is not less than US$1.0 billion or such lesser amount as may be specified by the Investors and proceeds to the Company from such initial public

	offering are not less than US$250 million or such lesser amount as may be specified by the Investors
"Regulation S"	Regulation S under the U.S. Securities Act
"Reorganization"	the corporate reorganization of our Group in preparation for the listing of the Shares on the Stock Exchange, details of which are set forth in the section entitled "The Reorganization" in "Appendix VIII — Statutory and General Information" to this prospectus
"Restructuring Deed"	a restructuring deed dated October 10, 2009 entered into by and among the Company, the Founding Shareholders and the Investors in connection with a consensual restructuring of the Shares and Bonds subscribed by the Investors pursuant to the Subscription Agreement, details of which are described in the section entitled "History, Reorganization and Group Structure — Pre-IPO Investment" of this prospectus
"Rhombus"	Rhombus (Hong Kong) Management Ltd. (隆堡(香港)酒店管理有限公司), an Independent Third Party
"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC
"Rule 144A"	Rule 144A under the U.S. Securities Act
"SAFE"	the State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
"SAIC"	the State Administration for Industry and Commerce of the PRC (中華人民共和國國家工商行政管理總局)
"Sale Shares"	243,000,000 Shares offered by the Selling Shareholders as part of the International Offer Shares, representing 5% of our enlarged share capital immediately after the completion of the Global Offering and the Capitalization Issue, without taking into account any Shares that may be issued or sold pursuant to the exercise of the Over-allotment Option
"San Jiao Zhou"	Huidong County Daya Bay San Jiao Zhou Island Club Co., Ltd. (惠東縣大亞灣三角洲島俱樂部有限公司), a limited liability company established under the laws of the PRC on March 20, 1998 which is 100% owned by Xi Fu Hui
"San Jiao Zhou Island Management Services Agreement"	management services agreement dated January 1, 2008 in relation to San Jiao Zhou Island between San Jiao Zhou and Shenzhen Colour Life Network
"SASAC"	State-owned Assets Supervision and Administration Commission of the State Council (國務院國有資產監督管理委員會)
"SAT"	the State Administration of Taxation of the PRC (中華人民共和國國家稅務總局)

"Selling Shareholders"	the Investors
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	ordinary share(s) with nominal value of HK$0.10 each in the share capital of our Company
"Share Option Scheme"	the share option scheme conditionally adopted by our Company on October 27, 2009, the principal terms of which are summarized in the paragraph entitled "Share Option Scheme" in Appendix VIII to this prospectus
"Shareholder(s)"	holder(s) of Share(s)
"Shenzhen Caiyue Hotel"	Shenzhen Caiyue Hotel Co., Ltd. (深圳市彩悦酒店有限公司), a limited liability company established under the laws of the PRC on January 15, 2009 and in which we have an attributable equity interest of 70%. It is wholly owned by one of our other subsidiaries, Shenzhen Caiyue Hotel Management
"Shenzhen Caiyue Hotel Management"	Shenzhen Caiyue Hotel Management Co., Ltd. (深圳市彩悦酒店管理有限公司), a limited liability company established in the PRC on August 20, 2008 and in which we have an attributable equity interest of 70%. It is wholly owned by one of our other subsidiaries, Shenzhen Fantasia Colour
"Shenzhen Colour Life Network"	Shenzhen Colour Life Network Services Co., Ltd. (深圳市彩生活網絡服務有限公司), a limited liability company established under the laws of the PRC on June 12, 2007 and in which we have an attributable equity interest of 70%. It is wholly owned by one of our subsidiaries, Shenzhen Fantasia Colour
"Shenzhen Fantasia Business Management"	Shenzhen Fantasia Business Management Co., Ltd. (深圳花樣年商業管理有限公司), a limited liability company established in the PRC on June 3, 2009 and in which we have a 100% equity interest
"Shenzhen Fantasia Colour"	Shenzhen Fantasia Colour Life Technology Co., Ltd. (深圳市花樣年彩生活科技有限公司), a limited liability company established in the PRC on August 25, 2006 and in which we have a 70% equity interest, Tang Xue Bin (唐學斌) has a 13% equity interest, Dong Dong (董東) has a 4% equity interest and the remaining 13% equity interests are owned by Independent Third Parties
"Shenzhen Fantasia Hotel Management"	Shenzhen Fantasia Hotel Management Co., Ltd. (深圳市花樣年酒店管理有限公司), a limited liability company established in the PRC on June 3, 2009 and in which we have a 100% equity interest
"Shenzhen Fantasia Investment"	Shenzhen Xingyan Investment Development Co., Ltd. (深圳市星彥投資發展有限公司), a limited liability company

	established under the laws of the PRC on September 28, 1996 and subsequently renamed as Shenzhen Fantasia Investment Development Co., Ltd. (深圳市花樣年投資發展有限公司) in 2001 and in which we have a 52% equity interest with the remaining 48% equity interest owned by Qiu Qiong Ming (邱瓊明)
"Shenzhen Fantasia Management"	Shenzhen Xingyan Property Management Co., Ltd. (深圳市星彥物業管理有限公司), a limited liability company established under the laws of the PRC on December 11, 2000 and subsequently renamed as Shenzhen Fantasia Property Management Co., Ltd. (深圳市花樣年物業管理有限公司) in 2001 and in which we have an attributable equity interest of 70%. It is wholly owned by one of our subsidiaries, Shenzhen Fantasia Colour
"Shenzhen Hongwei"	Shenzhen Hongwei Decoration & Designing Co. Ltd. (深圳宏威裝飾設計工程有限公司), a limited liability company established under the laws of the PRC on May 25, 1994 and in which we have a 100% equity interest
"Shenzhen Huaqianli"	Shenzhen Huaqianli Real Estate Development Co., Ltd. (深圳市花千里房地產開發有限公司), a limited liability company established under the laws of the PRC on August 28, 2006 and in which we have a 100% equity interest
"Shenzhen Huiheng"	Shenzhen Huiheng Real Estate Co., Ltd. (深圳市匯恒置業有限公司), a limited liability company established under the laws of the PRC on April 20, 2006 and in which we have a 100% equity interest
"Shenzhen Kaiyuan"	Shenzhen Kaiyuan Tongji Building Science & Technology Co., Ltd. (深圳市開元同濟樓宇科技有限公司), a limited liability company established under the laws of the PRC on November 15, 2001 and in which we have an attributable equity interest of 70%. It is wholly owned by one of our subsidiaries, Shenzhen Fantasia Colour
"Shenzhen Kangnian"	Shenzhen Kangnian Technology Co., Ltd. (深圳市康年科技有限公司), a limited liability company established under the laws of the PRC on February 9, 2007 and in which we have a 100% equity interest
"Shenzhen Liantang Management"	Shenzhen Liantang Property Management Co., Ltd. (深圳市蓮塘物業管理有限公司), a limited liability company established under the laws of the PRC on November 16, 1999 and in which we have an attributable equity interest of 70%. It is wholly owned by one of our other subsidiaries, Shenzhen Fantasia Colour
"Shenzhen Meijiangnan"	Shenzhen Meijiangnan Investment Development Co., Ltd. (深圳梅江南投資發展有限公司), a limited liability company established under the laws of the PRC on April 16, 2004 and holds 62.5% equity interest of our associate, Dongguan Zuoting Youyuan

"Shenzhen Tiankuo"	Shenzhen Tiankuo Investment Co., Ltd. (深圳市天闊投資有限公司), a limited liability company established under the laws of the PRC and owned by Ms. Zeng and Mr. Pan as to 80% and 20%, respectively. Shenzhen Tiankuo is an associate of Ms. Zeng
"Shenzhen Xingyanhang"	Shenzhen Xingyanhang Property Co., Ltd. (深圳市星彥行置業有限公司), a limited liability company established under the laws of the PRC on April 23, 2007 and in which we have an attributable equity interest of 72.25%. It is owned as to 85% by one of our other subsidiaries, Xingyan Property Consultancy with the remaining 15% equity interest owned by Lu Ying (路瑩)
"Shenzhen Yahao"	Yahao Technology Development (Shenzhen) Co., Ltd. (雅浩科技發展(深圳)有限公司), a limited liability company established under the laws of the PRC on August 25, 2005 and in which we have a 100% equity interest
"Shenzhen Zhifu"	Shenzhen Zhifu Real Estate Investment Development Co., Ltd. (深圳置富房地產投資開發有限公司), a limited liability company established under the laws of the PRC on July 1, 1994 and subsequently renamed as Shenzhen Zhifu Investment Development Co., Ltd. (深圳置富擔保有限公司), in 2004 and subsequently renamed as Shenzhen Zhifu Real Estate Development Co., Ltd. (深圳置富房地產開發有限公司) in 2008 and in which we have a 100% equity interest
"Sichuan Zhong Xu"	Sichuan Zhong Xu Investment Co., Ltd. (四川中旭投資有限公司), a limited liability company established under the laws of the PRC on March 12, 2001, holder of a 10% equity interest of Fantasia Chengdu Development
"Sichuan Ximei"	Sichuan Ximei Real Estate Development Co., Ltd. (四川西美房地產開發有限公司), a company established under the laws of the PRC on June 7, 2004 and subsequently renamed as Sichuan Ximei Investment Co., Ltd. (四川西美投資有限公司) in 2005 and in which we have a 100% equity interest
"Stabilizing Manager"	Goldman Sachs (Asia)
"Stock Borrowing Agreement"	the stock borrowing agreement in the agreed form to be entered into between Fantasy Pearl and the Stabilizing Manager on or about the Price Determination Date
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Subscription Agreement"	a subscription agreement dated December 12, 2007 (as amended on December 19, 2007, January 16, 2008, February 28, 2008 and by the Restructuring Deed) entered into by and among the Company, the Investors and the Controlling Shareholders relating to the subscription of an aggregate of 12,900 Shares and the subscription of the Bonds by the Investors for a total consideration of US$200,000,000, details of

	which are described in the section entitled "History, Reorganization and Group Structure — Pre-IPO Investment" of this prospectus
"Subsidiary"	has the meaning ascribed to it under Section 2 of Companies Ordinance
"Suzhou Huawanli"	Suzhou Huawanli Real Estate Development Co., Ltd. (蘇州市花萬里房地產開發有限公司), a limited liability company established under the laws of the PRC on September 9, 2009 and in which CITIC Shenzhen (Group) Limited (中信深圳（集團）有限公司) has a 90% equity interest and the remaining 10% equity interest owned by CITIC Shenzhen Group Real Estate Development Co., Ltd. (中信深圳集團房地產開發有限公司)
"Suzhou LKN"	Suzhou LKN Real Estate Development Co., Ltd. (蘇州林甲岩房產發展有限公司), a limited liability company established under the laws of the PRC on September 5, 1994 and in which CITIC Shenzhen (Group) Limited (中信深圳（集團）有限公司) has a 90% equity interest and the remaining 10% equity interest owned by Suzhou CITIC Investment Co., Ltd. (蘇州中信投資有限公司)
"Talent Bright"	Talent Bright International Limited, a company incorporated under the laws of the BVI on June 17, 2009 and in which we have a 100% equity interest
"Tang Xue Bin (唐學斌)"	TANG Xue Bin (唐學斌), holder of a 13% equity interest in Shenzhen Fantasia Colour, one of our subsidiaries. He is the general manager and a director of Shenzhen Fantasia Management and also a director of our other subsidiaries, Shenzhen Fantasia Colour, Shenzhen Colour Life Network, Shenzhen Kaiyuan, Shenzhen Liantang Management, Shenzhen Caiyue Hotel Management and Shenzhen Caiyue Hotel
"Tianjin Fantasia Investment"	Tianjin Fantasia Investment Co., Ltd. (天津市花樣年投資有限公司), a limited liability company established under the laws of the PRC on June 12, 2006 and in which we have a 100% equity interest
"Tianjin Fuda"	Tianjin Fuda Property Transaction Co., Ltd. (天津福大房地產銷售有限公司), a company established under the laws of the PRC on October 18, 2004 and in which we have a 100% equity interest
"Tianjin Songjiang-Fantasia"	Tianjin Songjiang-Fantasia Real Estate Co., Ltd. (天津松江花樣年置業有限公司), a limited liability company established under the laws of the PRC on May 29, 2006 and in which we have a 60% equity interest with the remaining 40% equity interest owned by Tianjin Songjiang Group
"Tianjin Songjiang Group"	Tianjin Songjiang Group Co., Ltd. (天津松江集團有限公司), holder of 40% equity interests in the registered capital of one of our subsidiaries, Tianjin Songjiang-Fantansia

"Track Record Period"	the financial period comprising the three years ended December 31, 2008 and the six months ended June 30, 2009
"Underwriters"	collectively, the Hong Kong Underwriters and the International Underwriters
"Underwriting Agreements"	the Hong Kong Underwriting Agreement and the International Underwriting Agreement
"United States" or "U.S."	the United States of America
"U.S. Exchange Act"	the United States Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder
"U.S. Securities Act"	the United States Securities Act of 1933, as amended
"US$" or "U.S. dollar"	U.S. dollars, the lawful currency of United States
"Wellluck"	Wellluck Properties Ltd (駿運物業有限公司), a company incorporated in the BVI on February 5, 2007 with limited liability and a majority owned subsidiary of HSBC NF China Investors Limited, which is the general partner of the HSBC NF China Real Estate Fund L.P.
"White Form eIPO"	the application for Hong Kong Public Offer Shares to be issued in the applicant's own name by submitting applications online through the designated website of White Form eIPO **www.eipo.com.hk**
"White Form eIPO Service Provider"	Computershare Hong Kong Investor Services Limited
"Winning Sky"	Winning Sky International Limited, a limited liability company established under the laws of the BVI on March 8, 2006 and in which we have a 100% equity interest
"Wisdom Regal"	Wisdom Regal Limited, a limited liability company incorporated under the laws of the BVI on September 3, 2007 and in which we have a 100% equity interest
"WTO"	the World Trade Organization
"Xi Fu Hui"	Shenzhen Xi Fu Hui Private Club Management Co., Ltd. (深圳喜福會私人會所管理有限公司), a limited liability company established in the PRC on March 4, 2004. It is 75% owned by Shenzhen Tiankuo and 25% equity interest owned by HK Sunyeer, both of which are ultimately owned by Ms. Zeng and Mr. Pan
"Xi Fu Hui Tenancy Agreement"	tenancy agreement dated August 31, 2008 in relation to a community club between Shenzhen Fantasia Investment and Xi Fu Hui
"Xingyan Property Consultancy"	Shenzhen Xingyan Real Estate Agency and Valuation Co., Ltd. (深圳市星彥房地產經紀評估有限公司), a limited liability company

	established in the PRC on February 21, 2000 and subsequently renamed as Shenzhen Xingyan Property Consultancy Co., Ltd. (深圳市星彥地產顧問有限公司) in 2003 and in which we have a 85% equity interest with the remaining 15% equity interest owned by Lu Ying (路瑩)
"Xinshengji Construction"	Ningxia Hui Nationality Autonomous Region Xingshengji Construction Co., Ltd. (寧夏回族自治區新聖基建築工程有限公司), a company established under the laws of the PRC on July 22, 2009 and in which we have a 100% equity interest
"Yixing Jiangnan Shuixiang"	Yixing Jiangnan Shuixiang Tourism Resort Co., Ltd. (宜興市江南水鄉度假村有限公司), a company established under the laws of the PRC on April 19, 2005 and in which we have a 60% equity interest with the remaining 40% equity interest owned by Jing Liu (敬柳)
"%"	per cent

This prospectus contains forward-looking statements that are, by their nature, subject to significant risks and uncertainties. The forward-looking statements are contained principally in the sections entitled "Summary", "Risk Factors", "Use of Proceeds", "Industry Overview", "Our Business" and "Financial Information." These statements relate to events that involve known and unknown risks, uncertainties and other factors, including those listed under "Risk Factors", which may cause our actual results, performance or achievements to be materially different from performance or achievements expressed or implied by the forward-looking statements. These forward-looking statements include, without limitation, statements relating to:

- our business and operating strategies and our future business development;
- the expected growth and market opportunities as to the real estate property industry in China in general and the cities in which we operate;
- our capital expenditure and our ability to secure adequate financing for our project developments;
- projects under construction or planning;
- our financial condition;
- our dividend policy;
- our ability to enter into new geographic markets and expand our operations;
- our expectations with respect to our ability to acquire adequate suitable land use rights for future development;
- changes in competitive conditions and our ability to compete under these conditions;
- the performance of the obligations and undertakings of the independent contractors;
- our ability to obtain permits and licenses to carry on our business;
- the expected commencement and completion date of our property development projects and the planned details of such projects;
- our ability to successfully sell or complete our property projects in a timely manner;
- the timely repayment by our customers of mortgage loans guaranteed by us;
- the interpretation and implementation of the existing rules and regulations relating to LAT and any future changes to LAT;
- changes in the political, economic, legal and social conditions in the PRC, including the specific policies of the PRC government which affect land supply, availability and finance costs, and pre-sale, pricing and volume of our property development projects;
- fluctuations in general economic and business conditions in China;
- changes in currency exchange rates; and
- our property valuation set forth in "Appendix IV — Property Valuation" to this prospectus.

The words "aim", "anticipate", "believe", "consider", "could", "estimate", "expect", "going forward", "intend", "may", "ought to", "plan", "potential", "project", "seek", "should", "will", "would" and the negative of these terms and other similar expressions, as they relate to us, are intended to identify a number of these forward-looking statements. These forward-looking statements reflect our current views with respect to future events and are not a guarantee of future performance. Actual results may differ materially from information contained in the forward-looking statements as a result of a number of uncertainties and factors, including but not limited to:

- any changes in the laws, rules and regulations of the central and local governments in the PRC and the rules, regulations and policies of the relevant government authorities relating to all aspects of our business;

- general economic, market and business conditions in China;
- macroeconomic policies of the PRC government;
- changes or volatility in interest rates, foreign exchange rates, equity prices or other rates or prices;
- the effects of competition in the real estate industry;
- various business opportunities that we may pursue; and
- the risk factors discussed in this prospectus as well as other factors beyond our control.

Subject to the requirements of applicable laws, rules and regulations, we do not have any obligation to update or otherwise revise the forward-looking statements in this prospectus, whether as a result of new information, future events or otherwise. As a result of these and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this prospectus might not occur in the way we expect, or at all. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements contained in this prospectus are qualified by reference to the cautionary statements set forth in this section as well as the risks and uncertainties discussed in section entitled "Risk Factors."

You should carefully consider all of the information in this prospectus including the risks and uncertainties described below before making an investment in our Shares. You should pay particular attention to the fact that we conduct our operations in the PRC, the legal and regulatory environment of which may differ in some respects from that which prevails in other countries. Our business, financial condition and results of operations could be materially and adversely affected by any of these risks. The trading price of our Shares could decline due to any of these risks, and you may lose all or part of your investment. For more information concerning the PRC and certain related matters discussed below, see "Summary of PRC Laws Relating to the Property Sector" in Appendix VII to this prospectus.

RISKS RELATING TO OUR BUSINESS

We rely heavily on the strong performance of the property market in China, particularly in the Chengdu-Chongqing Economic Zone, the Pearl River Delta region, the Yangtze River Delta region and the Beijing-Tianjin metropolitan region

Our growth in the past has benefited from the strong demand for properties in China, particularly in the Chengdu-Chongqing Economic Zone, the Pearl River Delta region, the Yangtze River Delta region and the Beijing-Tianjin metropolitan region, where a majority of our past and current property development projects are located. As we intend to continue to focus our efforts in these four regions, we will continue to depend in the near future on the continuous growth and performance of the property market in such regions. Market demand for residential and commercial properties and office spaces could be affected by various factors, many of which are beyond our control. We cannot assure you that such demand will continue to grow or remain at previous levels in the future, especially in light of the current global financial and economic crisis. See "— We may be adversely affected by the slowdown of China's economy caused by the recent global financial and economic crisis." Any adverse developments in the supply and demand of properties or in property prices in China, particularly in the Chengdu-Chongqing Economic Zone, the Pearl River Delta region, the Yangtze River Delta region and the Beijing-Tianjin metropolitan region, could have a material adverse effect on our business, financial condition and results of operations.

We require substantial capital resources to fund our land acquisition and property development

Property development is capital intensive. To date, we have funded our projects primarily through borrowings, proceeds from pre-sales and sales of our properties and capital contributions from our shareholders. Our ability to secure sufficient financing for land acquisition and property development depends on a number of factors that are beyond our control, including market conditions in the capital markets, investors' perception of our securities, lenders' perception of our creditworthiness, the PRC economy and the PRC regulations that affect the availability and finance costs for real estate companies.

Various PRC regulations restrict our ability to raise capital through external financing and other methods, including without limitation, the following:

- we cannot pre-sell uncompleted units in a project prior to achieving certain development milestones;
- PRC banks are prohibited from extending loans to real estate companies to fund the purchase of land use rights;
- we cannot borrow from a PRC bank for a particular project unless we fund at least 20% of the total investment amount of that project from our own capital;
- we cannot borrow from a PRC bank for a particular project if we do not obtain the land use rights certificate, construction land planning permit, construction works planning permit and construction works commencement permit for that project;

- PRC banks are restricted from granting loans for the development of luxury residential properties;
- property developers are strictly prohibited from using the proceeds from a loan obtained from a local bank to fund property developments outside the region where that bank is located; and
- PRC banks are prohibited from accepting properties that have been vacant for more than three years as collateral for loans.

In addition, the PBOC increased the reserve requirement ratio for commercial banks several times prior to June 25, 2008, from 7.5% as of July 5, 2006 to 17.5%. Changes in the reserve requirement ratio affect the amount of funds that banks must hold in reserve against deposits made by their customers. Although the PBOC has subsequently decreased the reserve requirement ratio several times in response to the global financial and economic crisis, any future increase in such reserve requirement ratio will reduce the amount of commercial bank credit available to businesses in China, including us.

The PRC government may introduce other measures that limit our access to additional capital. For example, in November 2007, the CBRC provided policy guidelines to PRC banks and Chinese subsidiaries of foreign banks that loans outstanding as of December 31, 2007 should not exceed the level of outstanding loans as of October 31, 2007. This lending freeze may limit our ability to access additional loans or to rollover existing loans as they mature, and may also prevent or delay potential customers' ability to secure mortgage loans to purchase residential properties. In addition, on July 10, 2007, the General Department of the SAFE issued the Circular on Distribution of List of the First Group of Foreign-Invested Real Estate Projects Filed with the Ministry of Commerce (關於下發第一批通過商務部備案的外商投資房地產項目名單的通知) which restricts a foreign invested property developer's ability to raise capital through foreign debt, if such developer is established after June 1, 2007 or increases its registered capital after June 1, 2007. Under this circular, our ability to utilize the proceeds of this offering to provide funding to our PRC operations is further limited. See "Regulatory Overview — Real Estate Development — New regulations aimed at regulating the entry and administration of foreign investment in the real estate market" and "Appendix VII — Summary of PRC Laws Relating to the Property Sector — I. Legal Supervision Relating to Property Sector in the PRC — F. Property Credit" to this prospectus for further details.

We cannot assure you that we will be able to obtain sufficient funding to finance intended purchases of land use rights, develop future projects or meet other capital needs as and when required at a commercially reasonable cost or at all. Failure to obtain adequate funding at a commercially reasonable cost may limit our ability to commence new projects or to continue the development of existing projects. Such failure may also increase our finance costs.

We may be adversely affected by the slowdown of China's economy caused by the recent global financial and economic crisis

Since early 2008, there has been a significant deterioration in the U.S. and global economy, which may worsen or be prolonged. In addition, liquidity has contracted significantly. As a result, China's economy has experienced a similar economic slowdown. The slowdown in economic activities in China has affected and may continue to affect consumer and business spending generally, which may result in decreased demand for real estate properties or services. As a result of this slowdown in economic activities in China, certain of our projects that were scheduled to begin pre-sale in 2008 were delayed until 2009 or 2010, and the expected average selling price of our properties were also adjusted downward in response to the economic slowdown. However, such slowdown in economic activities has only had a minimal effect as to the rental income received from our investment properties or our financing activities for our property development projects. Although the PRC government has announced in November 2008 an economic stimulus package in the amount of RMB4.0 trillion and adopted other macroeconomic measures and monetary policies, such stimulus package, measures and policies may not work effectively or quickly enough to avert a continued slowdown in economic activities in China. While there are signs to show that such stimulus package, measures and policies adopted by the PRC government may have helped China's economy to rebound from its worst growth in a decade since the second quarter of 2009, it is still unclear whether the economic downturn in China has been reversed. If the economic downturn in China continues, we may experience continuing slowdown in the sales of our properties, increase in finance costs, or reduction of the amount of borrowings that are available to us, which may adversely affect our business, financial condition, results of operation and prospect.

Our business may be adversely affected by changes in interest rates

We rely on borrowings to finance a substantial part of our project developments. Many of our customers also need to finance their purchase of our properties through mortgage loans. Interest rates in the PRC have decreased several times recently. In 2008, the PBOC lowered the benchmark one-year lending rate five times from 7.47% in January to 5.31% in December in response to the current global financial and economic crisis. We cannot assure you that the PBOC will further decrease the benchmark one-year lending rate or that the interest rates at which financing will be available to us or our customers will continue to decrease in the future. In addition, we cannot predict if and when interest rate in the PRC may begin to increase. Any increase in the interest rates will increase our finance costs and also increase the costs of our customers to purchase our properties with mortgages and therefore adversely affect our business, financial conditions and results of operation. See "— The terms on which mortgages are available, if at all, may affect our sales."

We may not always be able to obtain land sites that are suitable for property development within our budget

We derive a significant portion of our revenue from sales of properties that we have developed. This revenue stream depends on the completion of, and our ability to sell, our property developments. To maintain or grow our business in the future we will need to replenish our land reserves with suitable development sites. Our ability to identify and acquire suitable land sites is subject to a number of factors, some of which are beyond our control. Our business, financial condition and results of operations may be materially and adversely affected if we are unable to obtain land sites for development at prices that allow us to achieve reasonable returns upon the sale of developed properties to our customers.

The PRC government controls all new land supply in the PRC and regulates land sales in the secondary market. As a result, the policies of the PRC government towards land supply may adversely affect our ability to acquire land use rights for sites we seek to develop and could increase the costs of any acquisition. The PRC central and local governments may regulate the means by which property developers, including ourselves, obtain land sites for property developments. In recent years, the PRC government has promulgated policies that restrict banks from granting loans to finance the construction of luxury apartments and limit or prohibit the supply of land available for projects such as villa-style developments, low density housing developments and golf courses. Although we will continue to seek suitable development opportunities, the current or future regulatory climate may restrict our ability to engage in such developments in the future. See also "— Risks Relating to Our Industry — PRC government policies, regulations and measures intended to curtail the overheating of the property market may adversely affect our business."

We may not be able to obtain land use rights certificates with respect to certain parcels of land or property rights with respect to certain project in which we have acquired an interest

As of the Latest Practicable Date, we entered into contractual arrangements as to certain parcels of land that occupy an aggregate site area of approximately 29,546 square meters and 379,635 square meters in Shenzhen, Guangdong Province and Suzhou, Jiangsu Province, respectively, and in which we have not obtained the relevant land use rights certificates or property rights. To obtain the land use rights for such land, we must successfully complete the auction or listing-for-sale in accordance with the relevant PRC regulations. We are not sure if we will be able to obtain the land use rights for such land through the required auction or listing-for-sale process or the property rights for such projects. For additional information, see "Our Business — Our Property Development Projects — Pearl River Delta Region — Shenzhen — Shenzhen Meinian Plaza (深圳美年廣場)" and "Our Business — Our Property Development Projects — Yangtze River Delta Zone — Suzhou Project (蘇州項目)." If we fail to obtain the land use rights certificates for these parcels of land or other parcels of land in which we may acquire an interest in the future, we will not be able to develop and sell properties on such land. We may not be able to acquire replacement parcels of land on terms acceptable to us, or at all, which could have a material adverse effect on our future prospects, business, financial condition and results of operations.

We face uncertainties when obtaining land sites through the acquisition of project companies

In addition to increasing our land reserve through public tender, auction and listing-for-sale, we have obtained land sites for eight of our projects through acquisition of project companies that held the land use rights. We may continue to obtain land sites through such acquisitions in the future. We cannot assure you that we have discovered, or will be able to discover, all existing or potential liabilities of the target companies. In addition, the government may change the permitted use of the land sites to which the target companies own the land use rights after we have acquired the target companies, rendering the land sites unsuitable for our property development purposes. If any of the undiscovered existing or potential liabilities of the acquired companies are found to be material, or if we are unable to develop properties on the land sites to which the acquired companies have the land use rights, our business, financial conditions and results of operations may be materially and adversely affected. In addition, we may acquire such project companies for an amount that is less than their fair market value, resulting in gains recognized on our consolidated statements of comprehensive income. However, such gains do not give rise to any change to our cash position and therefore we may experience constraints on our liquidity even though our profitability increased.

We have entered into several preliminary framework agreements for potential new property development projects which are subject to significant risks and uncertainties

As of the Latest Practicable Date, we had entered into preliminary framework agreements for three potential new projects with a total site area of approximately 1,984,083 square meters with an aggregate planned GFA of approximately 4,968,863 square meters with third parties or with local governments in which the projects are located. There are significant risks with respect to these potential new projects as further agreements are required to be entered into in order for us to obtain the respective land use rights certificates for the land parcels specified in the preliminary framework agreements. In addition, in order to obtain the land use rights for the land parcels of these potential new projects, we will be required to go through public tender, auction or listing-for-sale processes in accordance with the relevant PRC regulations. We may not be able to successfully obtain the land use rights for the lands specified in the preliminary framework agreements through such required processes or obtain the land use rights that can be used for the same purpose as those indicated in the preliminary framework agreements. We also may not be able to enter into future agreements to obtain the land parcels due to reasons that are beyond our control. Changes in the PRC regulatory environment or policies or changes in the general economic environment or property market in China may result in the other parties' unwillingness to implement the transactions contemplated under the preliminary framework agreements, or result in changes to the general understanding of the preliminary framework agreements that may be adverse to us, including changes in the price of the land use rights to the specified land parcels. The preliminary framework agreements may not be considered as enforceable by the relevant PRC courts for the purpose of entering into future agreements to obtain the relevant land parcels. If we cannot obtain the relevant land parcels contemplated under the preliminary framework agreements in accordance with the understanding of the preliminary framework agreements or at all, our business and future prospects could be materially and adversely affected.

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

The property industry in the PRC is heavily regulated by the PRC government. Property developers in China must comply with various requirements mandated by national and local laws and regulations, including the policies and procedures established by local authorities designed for the implementation of such laws and regulations. In order to develop and complete a property development, at various stages of the property development, a property developer must obtain various permits, licenses, certificates and other approvals from the relevant administrative authorities including a land use rights certificate, a construction land planning permit, a construction works planning permit, a construction works commencement permit and a pre-sale permit or confirmation of completion and acceptance. Each approval may depend on the satisfaction of certain conditions. See "Regulatory Overview — Real Estate Development" and "Summary of PRC Laws Relating to the Property Sector — I. Legal Supervision Relating to Property Sector in the PRC" in Appendix VII to this prospectus for further details. We cannot assure you that we will not encounter material delays or other impediments in fulfilling the conditions precedent to the approvals, or that we will be able to adapt to new laws, regulations or policies that may come into effect from time to time with respect to the property industry in general or the particular processes with respect to regulatory approvals. There may also be delays on the part of the relevant regulatory bodies in reviewing our applications and granting approvals. If we fail to obtain, or encounter material delays in obtaining, the requisite governmental approvals, the schedule of the completion and sale of our developments could be substantially disrupted and any such disruption would materially and adversely affect our business, results of operations and financial condition. Furthermore, the relevant regulatory bodies may not approve the development plans for our projects and we may need to amend such development plans to obtain the necessary permits. Amendment to our development plans may have a material and adverse effect on our business and results of operations.

We face intense competition with respect to our property development, property operation services, property agency services and hotel services businesses

The property industry in the PRC is highly competitive and we face competition as to our property development business from major domestic developers and, to a lesser extent, foreign developers primarily from Asia, including several leading developers from Hong Kong. Competition among property developers may result in increased costs for the acquisition of land for development, increased costs for raw materials, shortages of skilled contractors, oversupply of properties, decrease in property prices in certain parts of the PRC, a slowdown in the rate at which new property developments will be approved and/or reviewed by the relevant government authorities and an increase in administrative costs for hiring or retaining qualified personnel, any of which may adversely affect our business and financial condition. In addition, the PRC government's recent measures designed to reduce land supply further increased competition for land among property developers. Certain of our competitors are well capitalized and have greater financial, marketing and other resources than we have. Some also have larger land banks, greater economies of scale, broader name recognition, a longer track records and more established relationships with contractors, suppliers and customers in certain markets. Such property developers may be able to respond to changes in market conditions more promptly and effectively than we can, or may be more competitive in acquiring land through auction or other processes. If we are unable to maintain a competitive position with respect to the acquisition of land, adapt to changing market conditions or otherwise compete successfully with our competitors, our prospects, business, financial condition and results of operations may be materially and adversely affected.

In addition, we face intense competition as to our property operation services business, property agency services business and hotel services business at the national, regional and local levels. Competition in such businesses are based on quality of services, brand name recognition, geographic coverage, commission rates and range of services. As compared to property development, providing such services does not require significant capital commitments. This low entry barrier allows new competitors to enter into the market with relative ease. New and existing competitors may offer competitive rates, greater convenience or superior services, which could attract customers away from us, resulting in lower revenues. Competition among companies providing such services may cause a decrease in commission rates we receive and higher costs to attract or retain talented employees. Furthermore, our relative competitive position varies significantly by service type and geographic area. Certain of our competitors may be smaller than us but may be more established and have greater market presence and brand name recognition on a local or regional basis, while certain competitors are large national and international firms that may have more financial or other resources than us. If we fail to compete effectively, our property operation services business, property agency services business and hotel services business may suffer and our results of operations may be materially and adversely affected. For our property agency services, in addition to competition from traditional property agency service providers, the advent of the internet has introduced new ways of providing property services, as well as new entrants and competitors in our industry. If our property agency business is not successful in developing strategies to address the challenges and to capture the business opportunities presented by technological changes and the emergence of e-business, our property agency business and our results of operations could be materially and adversely affected.

The terms on which mortgages are available, if at all, may affect our sales

Most of our purchasers rely on mortgages to fund their purchases. An increase in interest rates may significantly increase the cost of mortgage financing, thus reducing the attractiveness of mortgages as a source of financing for property purchases and adversely affecting the affordability of residential properties. In addition, the PRC government and commercial banks may also increase down payment requirements, impose other conditions or otherwise change the regulatory framework in a manner that would make mortgage financing unattractive or unavailable to potential property purchasers.

The CBRC issued a regulation on September 2, 2004 to limit mortgage loans on properties to no more than 80% of the sale price of the underlying properties. On March 17, 2005, the PBOC set forth the minimum property mortgage loan rates to be equal to 0.9 times the corresponding bench mark lending rates, resulting in increase in the minimum rate for property mortgages. In May 2006, the PRC government increased the minimum amount of down payment to 30% of the purchase price for properties with a GFA of more than 90 square meters. In September 2007, the minimum down payment for any purchase of second or subsequent residential property was increased to 40% of the purchase price if the purchaser had obtained a bank loan to finance the purchase of his or her first property. Moreover, the interest rate for bank loans for such purchases shall not be less than 110% of the PBOC benchmark rate of the same term and category. For further purchases of properties, there would be upward adjustments on the minimum down payment and interest rate for any bank loan. In addition, mortgagee banks may not lend to any individual borrower if the monthly repayment of the anticipated mortgage loan would exceed 50% of the individual borrower's monthly income or if the total debt service of the individual borrower would exceed 55% of such individual's monthly income. In December 2007, the PBOC and CBRC issued another notice to clarify that, in determining the applicability of relevant restrictions, the number of housing loans deemed to have been borrowed by a borrower shall include housing loans borrowed by any member of his or her family. In October 2008, in response to the global financial and economic crisis, the PBOC issued a circular which decreased the minimum amount of down payment for residential property purchases to 20% and reduced the minimum mortgage loan rates for such purchases to 70% of the benchmark interest rate. However, despite the decrease in lending requirements, certain financial institutions in China have implemented their own internal restrictive conditions which limited the number of borrowers that can take advantage of the reduced requirements as announced by the PBOC. See "Appendix VII — Summary of PRC Laws Relating to the Property Sector — I. Legal Supervision Relating to Property Sector in the PRC — F. Property Credit" to this prospectus for further details. In the event mortgage financing for property purchases becomes more difficult to obtain or if the costs of such financing increases, many of our prospective customers who rely on such mortgage financing may not be able to purchase our properties, which in turn will materially and adversely affect our business, financial condition and results of operations.

In line with industry practice, we provide guarantees to banks for mortgages they offer to our purchasers. If there are changes in laws, regulations, policies and practices that would prohibit property developers from providing guarantees to banks in respect of mortgages offered to property purchasers and these banks would not accept any alternative guarantees by other third parties, or if no third party is available in the market to provide such guarantees, it may become more difficult for property purchasers to obtain mortgages from banks during pre-sales. Such difficulties in financing could result in a substantially lower rate of pre-sales of our properties, which could adversely affect our business, financial condition and results of operations. We are not aware of any impending changes in laws, regulations, policies or practices which will prohibit such practice in the PRC. However, we cannot assure you that such changes in laws, regulations, policies or practices will not occur in the future.

Changes in laws and regulations in relation to pre-sales of properties may adversely affect our business, financial condition and results of operations

Proceeds from the pre-sales of our properties are an important source of funds for our property developments and have an impact on our cash flow and liquidity position. On August 5, 2005, the PBOC recommended in a report entitled "2004 Real Estate Financing Report (2004中國房地產金融報告)" that the practice of pre-selling uncompleted properties be discontinued, on the grounds that such practice creates significant market risks and generates transactional irregularities. While the recommendation has not been adopted by any PRC government authorities and has no mandatory effect, we cannot assure you that the PRC government will not ban or impose material limitations on the practice of pre-selling uncompleted properties in the future. Future implementation of any restrictions on our ability to pre-sell our properties, including any requirements to increase the amount of up-front expenditure we must incur prior to obtaining the pre-sale permit, would extend the time required for recovery of our capital outlay and would force us to seek alternative means to finance the various stages of our property development. This, in turn, could have a material and adverse effect on our business, financial condition and results of operations.

We cannot assure you that services performed by independent contractors will always meet our quality standards and timing requirement or will be available within our budget

We engage independent contractors to provide various services, including but not limited to construction, piling and foundation, engineering, interior decoration, mechanical and electrical installation and utilities installation. We generally select independent contractors through an open tender process. We cannot assure you that the services rendered by any of these independent contractors or subcontractors will always be satisfactory or meet our quality and safety standards and our timing requirement. If the performance of any independent contractor is not satisfactory or is delayed, we may need to replace such contractor or take other actions to remedy the situation, which could adversely affect the cost and construction progress of our projects. Moreover, the completion of our property developments may be delayed, and we may incur additional costs due to a contractor's financial or other difficulties. Any of these factors could have a material adverse effect on our business, financial condition and results of operations.

If we are not properly insulated from the rising cost of labor, construction materials or building equipment, our results of operations may be adversely affected

As the result of economic growth and the boom in the property development industry in the PRC, wages for construction workers and the prices of construction materials and building equipment have experienced substantial increases in recent years. In addition, the PRC Labor Contract Law (中華人民共和國勞動合同法) that came into effect on January 1, 2008 enhanced the protection for employees and increased employers' liability in many circumstances which may further increase our labor costs. Under the terms of most of our construction contracts, our construction contractors are responsible for the wages of construction workers and procuring construction materials for our property development and would bear the risk of fluctuations in wages and construction material prices during the term of the relevant contract as we generally enter into fixed or capped unit price contracts with them. However, we are exposed to the price volatility of labor and construction materials to the extent that we periodically enter into new or renew our construction contracts during the life of a project, which may span over several years, or that we hire the employees directly or purchase the construction materials directly from suppliers. We are also exposed to the price volatility of building equipment used in properties developed by us because we usually procure such equipment ourselves. Furthermore, we typically pre-sell our properties prior to their completion and we will be unable to pass the increased costs on to our customers if construction costs increase subsequent to the time of such pre-sale. If we are unable to pass on any increase in the cost of labor, construction materials and building equipment to either our construction contractors or to the purchasers of our properties, our results of operations may be negatively affected.

We may be subject to legal and business risks if we fail to obtain, renew or keep necessary qualification certificates for our property development, property operation services, hotel services and property investment businesses

Property developers in the PRC must obtain a qualification certificate in order to engage in property development businesses in the PRC. Property developers in the PRC must also produce a valid qualification certificate when they apply for a pre-sale permit. According to the Provisions on Administration of Qualifications of Property Developers (房地產開發企業資質管理規定), newly established property developers must first apply for a provisional qualification certificate, which is valid for one year and can be renewed for a maximum of two additional years. A property developer is required to obtain a formal qualification certificate before its provisional qualification certificate expires. All formal qualification certificates are subject to verification on an annual basis. In the annual verification of a qualification certificate, we believe the local authority considers the property developer's registered capital, property development investments, history of property development, quality of property construction, expertise of the developer's management, as well as whether the property developer has any illegal or inappropriate operations. See "Regulatory Overview — Real Estate Development — Real estate developer" and "Summary of PRC Laws Relating to the Property Sector — I. Legal Supervision Relating to Property Sector in the PRC — C. Qualifications of a Property Developer" in Appendix VII to this prospectus for further details.

As of the Latest Practicable Date, we have 18 project companies that are, or expect to be engaged in property development business of which eight have obtained formal qualification certificates, seven have obtained provisional qualification certificates, and three are in the progress of applying for or renewing relevant qualification certificates. If any of our project companies that are, or expect to be, engaged in property development business is unable to meet the relevant requirements and therefore unable to obtain or renew its provisional qualification certificate, obtain its formal qualification certificate when its provisional qualification certificate expires, or pass the annual verification of its formal qualification certificate, such project company will be given a deadline within which it has to meet these requirements and it will also be subject to a penalty of between RMB50,000 and RMB100,000. Failure to meet the requirements within the specified time period could result in the revocation of the qualification certificate and the business license of the relevant project company. We cannot assure you that we will be able to pass the annual verification of the qualification certificates of each of our project companies or that we will be able to renew our provisional qualification certificates or obtain formal qualification certificates in a timely manner, or at all, as and when the provisional qualification certificates expire.

Our PRC subsidiaries engaged in the provision of property operation services, including property management services, building equipment installation, maintenance and repair services and information network services, hotel services and the property investment business are required to obtain relevant qualification certificates from competent PRC government agencies for the provision of their services and such qualification certificates are usually subject to annual verifications. As of the Latest Practicable Date, all of our PRC subsidiaries engaged in the provision of property operation services, hotel services and the property investment business have obtained the required qualification certificates. If we are to establish additional subsidiaries to expand our property operation services, hotel services and property operation businesses in the future, those subsidiaries will also need to obtain relevant qualification certificates. We cannot assure you that our PRC subsidiaries engaged in the provision of property operation services, hotel services and the property investment business will be able to pass the annual verification of their qualification certificates or that we will be able obtain new qualification certificates for our subsidiaries that may engage in the provision of property operation services, hotel services and the property investment business in the future.

If our project companies or our PRC subsidiaries engaged in the provision of property operation services, hotel services and the property investment business are unable to obtain, renew or keep their qualification certificates, they may not be permitted to continue their business, which could materially and adversely affect our business, financial condition, results of operations and reputation.

We may not be able to complete our property development projects on time or at all

Property development projects require substantial capital expenditures prior to and during the construction period and the construction of a property project may take longer than a year before it generates positive cash flows through pre-sales, sales or leases. The progress and costs for a development project can be adversely affected by many factors, including, without limitation:

- delays in obtaining necessary licenses, permits or approvals from government agencies or authorities;
- relocation of existing residents and/or demolishment of existing structures;
- shortages of materials, equipment, contractors and skilled labor;
- labor disputes;
- construction accidents;
- natural catastrophes;
- adverse weather conditions;
- discovery of artifacts in the construction site; and
- changes in government policies.

Construction delays or failure to complete the construction of a project according to its planned specifications, schedule or budget as a result of the above factors may affect our financial condition and results of operations and may also cause damage to our reputation. We cannot assure you that we will not experience any significant delays in completion or delivery or that we will not be subject to any liabilities for any such delays. In addition, if a pre-sold property development is not completed on time, the purchaser may be entitled to compensation for late delivery. If the delay extends beyond the contractually specified period, the purchaser would be entitled to terminate the purchase contract and claim damages. Therefore, any delay in completion of our property developments could have a material adverse impact on our business, financial condition, results of operations and reputation.

We may not be successful in expanding our business into new geographical regions or cities

Historically, our revenues were mainly derived from our property development projects and the provision of real estate services in the Pearl River Delta region and Chengdu-Chongqing Economic Zone. Since 2008, we have significantly expanded our business into markets such as Tianjin in the Beijing-Tianjin metropolitan region and Yixing in the Yangtze River Delta region. We may expand into additional cities in these regions or expand into new regions in the future. Such new regions or cities may differ from our existing markets in terms of the level of economic development, demography, topography, property trends and regulatory practices. Therefore, we may not be able to replicate our successful business model in our existing markets to these other regions or cities. In addition, as we enter into new markets, we may not have the same level of familiarity with contractors, business practices and customs and customer tastes, behavior and preferences. Therefore, we may not be able to successfully leverage our existing experience to expand our property development, property operation services business, property agency services business and hotel services business into these other markets. We may also face intense competition from other developers, other companies that provide property operation services and other property agency companies with more established experience or presence in those markets.

We may expand our business into new segments of the real estate industry which may not be successful

We may expand our business into new segments of the real estate industry in China as well as continue to expand the real estate services businesses that we currently operate. While we have accumulated experience in property development and in providing property operation services and property agency services, we cannot assure you that we will be able to leverage such experiences and replicate our historical success when entering into new businesses. For example, we entered into the hotel services business in December 2008, in which we have limited experience. Although we currently do not have any plans to enter into other new segments of the real estate industry, we may do so in the future. The expansion of our existing real estate services businesses and the expansion into new businesses may require a significant amount of capital investment and involve various risks and uncertainties including the risk of operating in a new environment, the difficulties of integrating new businesses into our existing businesses and the diversion of resources and attention of our management. Any failure to address these risks and uncertainties may adversely affect our business, financial condition and results of operations.

Our profitability may fluctuate due to fair value gains or losses on our investment properties because certain portion of our net profits were and are expected to be attributable to fair value gains or losses on our investment properties, which are likely to fluctuate from time to time

We are required to reassess the fair value of our completed investment properties at every statements of financial position date for which we issue financial statements. Our valuations are generally based on a direct comparison approach, under which our investment properties are directly compared with other comparable properties of similar size, character and location, in order to provide a fair comparison of capital values, and an income approach by taking into account the net rental income of properties. See the Property Valuation Report included as Appendix IV to this prospectus. Under HKFRS, gains or losses arising from changes in the fair value of our investment properties are included in our consolidated statements of comprehensive income in the period in which they arise. Our investment properties were revalued as of December 31, 2006, 2007 and 2008 and June 30, 2008 and 2009, respectively, on an open market, existing use basis which reflected market conditions at those dates. Based on such valuation, we recognized the aggregate fair market value of our investment properties on our consolidated statements of financial position and recognized fair value gains or losses on investment properties and the relevant deferred tax on our consolidated statements of comprehensive income. Gains on fair value changes of our investment properties were RMB81.6 million, RMB86.9 million and RMB13.8 million in 2006, 2007 and 2008, respectively, representing 46.0%, 103.1% and 14.2% of the profit and total comprehensive income in 2006, 2007 and 2008. We recognized loss on fair value changes of investment properties of RMB10.0 million for the six months ended June 30, 2009.

As our investment properties increase in the future, the volatility of our profitability may increase as a result of fair value gains or losses. In addition, fair value gains or losses do not give rise to any change to our cash position unless the relevant investment property is sold and therefore we may experience constraints on our liquidity even though our profitability increased. The amount of revaluation adjustments has been, and may continue to be, significantly affected by the prevailing property market conditions and may be subject to market fluctuations. Any decrease in the fair value of our investment properties would adversely affect our profitability.

The illiquid nature and the lack of alternative uses of investment properties could limit our ability to respond to adverse changes in the performance of our properties

Investment properties are relatively illiquid compared to other types of investments such as publicly traded equity securities. As a result, our ability to promptly sell one or more of our investment properties in response to changing economic, financial and investment conditions is limited. The property market is affected by many factors that are beyond our control, including general economic conditions, the availability of mortgage financing and interest rates, and we cannot accurately determine the market price of our investment properties nor are we able to predict whether we will be able to sell any of our investment properties for the price or on the terms set by us, or whether any price or other terms offered by a prospective purchaser would be acceptable to us. The time that it would take for investment properties to be sold is also uncertain. In addition, investment properties may not be readily convertible for alternative uses without substantial capital expenditure if the original function of such investment property became unprofitable due to competition, age, decreased demand or other factors. Similarly, for certain investment properties to be sold, substantial capital expenditure may be required to correct defects or make improvements to the property due to factors such as change in building regulations or as a result of age, compounding the effort and time required. These factors and any others that would impede our ability to respond to adverse changes in the performance of our investment properties could materially and adversely affect our business, financial condition and results of operations.

If we fail to obtain or keep licenses and permits applicable to our property agency business or obtain necessary approvals to expand our property agency business, we may incur significant financial penalties and other government sanctions

We are subject to numerous national, regional and local laws and regulations specific to the property agency services performed by our subsidiary Xingyan Property Consultancy. If we fail to properly file records or to obtain or maintain the licenses and permits for conducting property agency services, Xingyan Property Consultancy may be ordered to cease conducting the relevant real estate services and be subject to warning, fines and revocation of its licenses. As the size and scope of real estate sale transactions have increased significantly during the past several years, both the difficulty of ensuring compliance with the multiple levels of licensing regimes and the possible loss resulting from non-compliance have increased. In addition, the PRC government revised the Foreign Investment Industrial Guidance Catalogue (外商投資產業指導目錄) in December 2007 which included property agency services into the category of businesses that are restricted for foreign investments. Although the current scope of our business operations is in full compliance with the Catalogue, this revision would subject us to approvals of higher-level governmental authorities and heightened scrutiny if we want to expand our property agency business by acquiring other property agency companies, establishing new subsidiaries to provide property agency services or increasing our investment in Xingyan Property Consultancy. We cannot assure you that we will be able to obtain such approvals when we want to expand our property agency business. See "Summary of PRC Laws Relating to the Property Sector — III. Legal Supervision Relating to Real Estate Intermediate Services in the PRC" in Appendix VII to this prospectus for further details.

Property owners may terminate our engagement as the provider of property management services

We provide property management services through our subsidiary Shenzhen Fantasia Management to our own developed projects and the projects of other developers. We believe that property management is an integral part of our business and critical to the successful marketing and promotion of our property developments as well as an important source of revenue. Under PRC laws and regulations, the home owners of a residential community of certain scale have the right to change the property management service provider upon the consent of a certain percentage of the home owners. If homeowners of the properties that we manage choose to terminate our property management services, or property buyers dislike our property management services, our reputation and results of operations could be materially and adversely affected.

Any failure to protect our brand and trademarks could have a negative impact on our business

We believe our brands and trademarks are critical to our success. Any unauthorized use of our brands, trademarks and other intellectual property rights could harm our competitive advantages and business. Historically, China has not protected intellectual property rights to the same extent as certain other countries, and infringement of intellectual property rights continues to pose a serious risk of doing business in China. Monitoring and preventing unauthorized use is difficult. The measures we take to protect our intellectual property rights may not be adequate. Furthermore, the application of laws governing intellectual property rights in China and abroad is uncertain and evolving, and could involve substantial risks to us. If we are unable to adequately protect our brand, trademarks and other intellectual property rights, we may lose these rights and our business may suffer materially.

If the value of our brand or image diminishes, our business and results of operations may be materially and adversely affected

Our brands and images play an integral role in all of our business operations. Our continued success in maintaining and enhancing our brands and images depends to a large extent on our ability to satisfy customer needs by further maintaining and improving our product quality or quality of services across our operations, as well as our ability to respond to competitive pressures. If we are unable to satisfy customer needs or if our public image or reputation were otherwise diminished, our business transactions with our customers may decline which could in turn adversely affect our results of operations.

In addition, as we provide property operation services and property agency services to third party developers, our brand and images may be adversely affected as a result of significant quality defects as to the products of third party developers or negative publicity or other problems related to third party developers. The ability of our subsidiary to successfully sell or manage the properties of such third party developers may be materially and adversely affected, which may in turn adversely affect our long-term ability to attract buyers for the properties we are contracted to sell, including those properties developed by us, or to attract management opportunities in respect of properties belonging to third party developers or residents.

Our indebtedness could have an adverse effect on our financial condition, diminish our ability to raise additional capital to fund our operations and limit our ability to explore business opportunities

We maintain a certain level of indebtedness to finance our operations. As of September 30, 2009, the outstanding balance of our total debt (including aggregate outstanding borrowings, amounts due to directors, amounts due to related parties and loans from Shareholders) amounted to RMB2,986.9 million. Our indebtedness described above could have an adverse effect on us, such as:

- requiring us to dedicate a large portion of our cash flow from operations to fund repayments on our debt, thereby reducing the availability of our cash flow to expand our business;
- increasing our vulnerability to adverse general economic or industry conditions;
- limiting our flexibility in planning for, or reacting to, changes in our business or the industry in which we operate;
- limiting our ability to raise additional debt or equity capital in the future or increase the cost of such funding;
- restricting us from making strategic acquisitions or exploring business opportunities; and
- making it more difficult for us to satisfy our obligations with respect to our debt.

In addition, as our indebtedness will require us to maintain an adequate level of cash flow from operations to satisfy our debt obligations as they become due, any decrease in our cash flow from operations in the future may have a material and adverse effect on our financial condition.

We have incurred and will continue to incur a significant amount of finance costs in relation to our indebtedness. A significant portion of our finance costs are capitalized rather than being expensed at the time it is incurred to the extent such costs are directly attributable to the acquisition and construction of a project or a projected phase. The amounts of capitalized finance costs under completed properties for sales were approximately RMB0.1 million, RMB29,000, RMB22.4 million and RMB91.5 million as of December 31, 2006, 2007, 2008 and June 30, 2009, respectively. The amounts of capitalized finance costs for properties for sales — under development were approximately RMB5.3 million, RMB8.3 million, RMB29.7 million and RMB21.7 million as of December 31, 2006, 2007, 2008 and June 30, 2009, respectively. Our capitalized finance costs included in our cost of sales in 2006, 2007, 2008 and for the six months ended June 30, 2009 was RMB1.7 million, RMB5.5 million, RMB13.5 million and RMB6.4 million, respectively.

We guarantee mortgage loans provided to our purchasers and may be liable to the mortgagee banks if our purchasers default on their mortgage loans

We arrange for various domestic banks to provide mortgage loans to our purchasers. According to market practice, domestic banks require us to guarantee these mortgage loans until the relevant property ownership certificates are issued, which generally takes place within one to two years after we deliver possession of the relevant property to the purchasers, or until the loans are fully repaid, at which time such guarantees are released. In line with industry practice, we do not conduct independent credit checks on our customers but rely instead on the credit checks conducted by the mortgagee banks. As of December 31, 2006, 2007 and 2008, June 30, 2009 and September 30, 2009, our outstanding guarantees over mortgage loans of our customers amounted to RMB297.2 million, RMB661.2 million, RMB719.3 million, RMB476.5 million and RMB1,175 million, respectively, which were approximately 14.7%, 15.7%, 14.5%, 7.4% and 16.5% of our total assets, respectively. The default rate on the repayment of our purchasers against the total guarantees we provided in connection with mortgage loans of our purchasers was approximately 0.02% during the Track Record Period. In the same period, we incurred a total loss of approximately RMB0.5 million on our guarantees of mortgage loans due to default on the underlying mortgages by certain of our purchasers. If a purchaser defaults under the mortgage loan and the mortgagee bank calls on our relevant guarantee after it deals with the relevant property through a default auction, we are required to repay the outstanding amount owed by the purchaser to the mortgagee bank under the loan, the mortgagee bank will assign its rights under the loan and the mortgage to us and we have full recourse to the property. Our business, results of operations and financial condition could be materially and adversely affected to the extent that there is a material depreciation in the value of the mortgaged properties or if we are unable to re-sell such properties due to unfavorable market conditions or other reasons.

Our results of operations may fluctuate from period to period

Our results of operations tend to fluctuate from period to period. The number of properties that we can develop or complete during any particular period may be limited due to the substantial capital required for land acquisition and construction, as well as the lengthy development periods required before positive cash flows may be generated. In addition, several properties that we have developed or that are under development are large scale and are developed in multiple phases over the course of one to several years. The selling prices of the residential units in larger scale property developments tend to change over time, which may impact our sales proceeds and, accordingly, our revenues for any given period.

Disputes with joint venture or our project development partners may materially and adversely affect our business

We carry out some of our business through joint ventures or in collaboration with other third parties. Such joint venture arrangements or collaboration involve a number of risks, including:

- disputes with our partners in connection with the performance of their obligations under the relevant project, joint venture or cooperative property development agreements;
- disputes as to the scope of each party's responsibilities under these arrangements;
- financial difficulties encountered by our partners affecting their ability to perform their obligations under the relevant project, joint venture or cooperative property development agreements with us; or
- conflicts between the policies or objectives adopted by our partners and those adopted by us.

Any of these and other factors may materially and adversely affect our business.

We may be required to forfeit land to the PRC government for failure to comply with the terms of the land grant contracts

Under PRC laws and regulations, if a property developer fails to develop land according to the terms of the land grant contract, including those relating to payment of fees, designated use of land, time for commencement and completion of the developments of the land, the relevant government authorities may issue a warning to or impose a penalty on the developer or require the developer to forfeit the land. Specifically, under current PRC laws and regulations, if property developers fail to commence development for more than one year from the commencement date stipulated in the land grant contract, the relevant PRC land bureau may serve a warning notice to the property developers and impose an idle land fee on the land of up to 20% of the land premium. If property developers fail to commence development for more than two years from the commencement date stipulated in the land grant contract, the land may be subject to forfeiture to the PRC government. Moreover, even if the commencement of the land development is in compliance with the land grant contract, the land will nonetheless be treated as idle land if (i) the developed GFA on the land is less than one-third of the total GFA of the project under the land grant contract or the total capital invested is less than one-fourth of the total estimated investment of the project under the land grant contract and (ii) the suspension of the development of the land has been over one year without governmental approval. On January 3, 2008, the State Council of the PRC promulgated the Circular on Conservation of Intensive Land Use (關於促進節約集約用地的通知) (Guo Fa (2008) No. 3) which reiterated the government's intent to enforce the above laws and regulations. See "Summary of PRC Laws Relating to the Property Sector — I. Legal Supervision Relating to Property Sector in the PRC — D. Development of a Property Project" in Appendix VII to this prospectus for further details.

During the Track Record Period and up to the Latest Practicable Date, we were not subject to any penalty for late payment of land premiums and were not required to forfeit any land nor have we received any warning from the relevant governmental authorities or paid any penalties as a result of failing to commence development within two years of the relevant land grant contract. While we have complied with all development plans and payment obligations, there have been circumstances where the development of a portion of land for which our Group was granted land use rights was delayed beyond the date stipulated in the relevant land grant contract. As confirmed by relevant government authorities, in each case such delays were caused by force majeure, acts of government or preliminary work that was required to be undertaken prior to the commencement of development. According to relevant PRC laws and regulations, any delay in the commencement of development that can be attributed to any of the above factors will not result in the forfeiture of idle land and land grant deposits, or the imposition of any other penalty. Accordingly, Commerce & Finance Law Offices, our PRC legal counsel, are of the opinion that no such penalty has been imposed on us in respect of the above-mentioned delays. However, we cannot assure you that circumstances leading to forfeiture of land or delays in the completion of a property development may not arise in the future. If we are required to forfeit land, we will not be able to continue our property development on the forfeited land or recover the costs incurred for the initial acquisition of the forfeited land or recover development costs and other costs incurred up to the date of forfeiture.

We are required to deliver individual property ownership certificates in a timely manner and the failure to do so may result in damages

Property developers are typically required to deliver to purchasers the relevant individual property ownership certificates within one to two years after delivery of the property or within a time frame set out in the relevant sale and purchase agreement. Property developers, including us, generally elect to specify the deadline for the delivery of the individual property ownership certificates in the sale and purchase agreements to allow sufficient time for the application and approval processes. Under current regulations, property developers are required to submit requisite governmental approvals in connection with their property developments, including a land use rights certificate, a certificate evidencing the construction has met the requirements of relevant planning permits, a certificate evidencing the construction has completed, a property survey report, to the local bureau of land resources and housing administration after the receipt of the completion and acceptance certificate for the relevant properties and to apply for the general property ownership certificate in respect of these properties. Property developers are then required to submit, within regulated periods after delivery of the properties, the relevant property sale and purchase agreements, identification documents of the purchasers, proof for payment of deed tax, and the general property ownership certificate, to the bureau for review prior to the issuance of the individual property ownership certificates in respect of the properties purchased by the respective purchasers. Delays by the various administrative authorities in reviewing the application and granting approval as well as other factors may affect timely delivery of the general as well as individual property ownership certificates. Property developers, including us, may become liable for monetary penalties to purchasers for late delivery of the individual property ownership certificates due to delays in the administrative approval processes or for any other reason beyond our control. We cannot assure you that we will be able to timely deliver all property ownership certificates in the future or that we will not be subject to any liabilities as a result of any late deliveries of property ownership certificates.

The relevant PRC tax authorities may challenge the basis on which we have been paying our LAT obligations and our results of operations and cash flows may be materially and adversely affected

All income from the sale or transfer of state-owned land use rights, buildings and their attached facilities in the PRC is subject to LAT at progressive rates ranging from 30% to 60% of the "appreciated value of the property," as such term is defined in the relevant tax laws. See "Summary of PRC Laws Relating to the Property Sector — I. Legal Supervision Relating to Property Sector in the PRC — J. Major Taxes Applicable to Property Developers — (iii) Land Appreciation Tax" in Appendix VII to this prospectus for further details. No LAT is payable for the sale of ordinary residential properties if the appreciation value does not exceed 20% of the "total deductible items," as such term is defined in the relevant tax laws. Under relevant PRC regulations, property developers were also exempted from the payment of LAT on the first transfer of land and buildings made during the five years commencing on January 1, 1994, subject to certain conditions. The period of LAT exemption was subsequently extended to the end of 2000. In 2006, 2007 and 2008 and for the six months ended June 30, 2009, we recorded a LAT expense in the amount of RMB46.1 million, RMB2.6 million, RMB104.2 million and RMB102.4 million, respectively, and we paid LAT in the amount of RMB1.3 million, RMB9.8 million, RMB17.6 million and RMB10.9 million, respectively.

On December 28, 2006, the SAT issued the LAT Notice, which became effective on February 1, 2007. The LAT Notice sets forth, among other things, methods of calculating LAT and a time frame for settlement of LAT. On May 12, 2009, the SAT issued the Provisions on Administration of the Settlement of Land Appreciation Tax (土地增值稅清算管理規程), which became effective on June 1, 2009 and stipulates in detail the procedures for settlement of LAT and methods of calculating LAT. See

"Summary of PRC Laws Relating to the Property Sector — I. Legal Supervision Relating to Property Sector in the PRC — J. Major Taxes Applicable to Property Developers — (iii) Land Appreciation Tax" in Appendix VII to this prospectus for further details. We believe we have accrued all LAT payable on our property sales and transfers in accordance with the progressive rates specified in relevant PRC tax laws, less amounts previously paid under the levy method applied by relevant PRC local tax authorities. However, provisioning for LAT requires our management to use a significant amount of 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 land value and the various deductible items. As a result, the relevant PRC local tax authorities may not agree with our estimates or the basis on which we calculate our LAT liabilities. If the LAT provisions we have made are substantially lower than the actual LAT amounts assessed by the relevant PRC local tax authorities in the future, our results of operations and cash flows will be materially and adversely affected.

We are subject to multiple regulations of the PRC governmental authorities and any non-compliance or perceived non-compliance with these regulations may have a material and adverse effect on our business, financial condition and results of operations

Our business is regulated by various PRC governmental authorities and departments. If any PRC authority believes that we or any of our suppliers or contractors in the course of our operations are not in compliance with PRC regulations, it could delay or even shut down our construction or sales operations, refuse to grant or renew any necessary approvals or licenses, institute legal proceedings to seize our properties, enjoin future actions or impose civil and/or criminal penalties, pecuniary or otherwise, against us, our officers or our employees. Any such action by the PRC governmental authorities would have a material adverse effect on our business, causing delays to our development projects, or terminating them altogether. In recent years, the PRC Government has implemented many new laws and regulations or made amendments to existing regulations concerning real estate developers. We cannot guarantee that our development projects are fully compliant with the laws and regulations. If we are found to have breached, or are accused of having not complied with, or in the future do not comply with, any applicable PRC laws and regulations, we may be subject to the imposition of penalties or even suspension of business and confiscation of any acquired land. In such event, our business and reputation may be materially and adversely affected.

Our success depends on the continuing services of our senior management team and other key personnel

Our future success depends heavily upon the continuing services of our executive Directors and members of our senior management team, in particular, our chairman, executive Director and chief executive officer, Mr. Pan and our executive Director, Ms. Zeng. If one or more of our senior executives or other personnel are unable or unwilling to continue in their present positions, we may not be able to replace them easily or at all, and our business may be disrupted and our financial condition and results of operations may be materially and adversely affected. As competition in the PRC for senior management and key personnel with experience in property development is intense, and the pool of qualified candidates is very limited, we may not be able to retain the services of our senior executives or key personnel, or attract and retain high-quality senior executives or key personnel in the future. If we fail to attract and retain qualified personnel, our business and prospects may be adversely affected.

We face competition for qualified employees in the real estate industry which may make it difficult for us to retain and recruit enough employees for the expansion of our business

Our long-term success depends on our ability to attract and retain qualified employees. We require a large number of qualified employees for each stage of our property development process and for our property operation services, property agency services and hotel services businesses. We expect to recruit more qualified employees as we continue to strengthen our existing business or expand our business into new geographical regions and into other segments of the real estate industry. The growth of the real estate industry in China has created an increasing demand for qualified employees in each segment of the real estate industry. While we have implemented certain measures aimed to promote effective recruitment and retention of our employees, we cannot assure you that these measures will be effective. If we are unable to recruit or retain a sufficient number of qualified employees for the continuation and expansion of our business, our business and prospects may be adversely affected.

We may suffer losses arising from uninsured risks

In line with industry practice, we do not maintain insurance for destruction of or damage to our property developments (whether they are under development or have been completed and are pending delivery) other than with respect to those buildings over which our lending banks have security interests, for which we are required to maintain insurance coverage under the relevant loan agreements. Similarly, we do not carry insurance covering construction-related personal injuries. In addition, we do not carry insurance for any liability arising from allegedly tortious acts committed on work sites. We cannot assure you that we would not be sued or held liable for damages due to such tortious acts. Moreover, there are certain losses for which insurance is not available on commercially practicable terms, such as losses suffered due to earthquake, typhoon, flooding, war and civil disorder. If we suffer from any losses, damages or liabilities in the course of our operations and property development, we may not have sufficient funds to cover any such losses, damages or liabilities or to replace any property development that has been destroyed. In addition, any payment we make to cover any losses, damages or liabilities may have a material adverse effect on our business, financial condition and results of operations.

The total GFA of some of our property developments exceeds the original authorized area and the excess GFA is subject to governmental approval and payment of additional land premium

When the PRC government grants the land use rights for a piece of land, it will specify in the land grant contract the use of the land and the total GFA that the developer may develop on this land. The actual GFA constructed, however, might have exceeded the total GFA authorized in the land grant contract due to factors such as subsequent planning and design adjustments. The amount of GFA in excess of the authorized amount is subject to approval when the relevant authorities inspect the properties after their completion and the developer may be required to pay additional land premium in respect of this excess GFA. If we fail to obtain the completion certificate due to such excess GFA, we will not be allowed to deliver the relevant properties or recognize the revenue from the relevant pre-sold properties and may also be subject to liabilities under the pre-sale contracts. We cannot assure you that the total constructed GFA of our existing projects under development or any future property developments will not exceed the relevant authorized GFA upon completion or that we will be able to pay the additional land premium and obtain the completion certificate on a timely basis.

The ancillary facilities in residential projects developed by us may not always be available to residents in the projects

Many of the residential projects developed by us have ancillary facilities such as schools that enhance the value of properties in such projects by providing convenience and a better living environment to residents. We do not, however, own or operate any of these ancillary facilities except for clubhouses and therefore cannot guarantee that these ancillary facilities will continue to operate and provide services to residents in the properties developed by us. In the event that any of these ancillary facilities cease to operate and we cannot arrange for replacement services, properties in the affected project will become less attractive to potential purchasers, which will adversely affect our business to the extent that we have properties unsold or held for investment purposes in such project. In addition, our reputation may also be adversely affected as a result of the unavailability of such ancillary facilities.

The interests of our Controlling Shareholders may not align with those of our other shareholders

Immediately following the Global Offering and the Capitalization Issue, the Controlling Shareholders will beneficially own approximately 65.325% of our outstanding Shares on a fully diluted basis, or approximately 62.964% of our outstanding Shares if the Over-allotment Option is exercised in full. The interests of our Controlling Shareholders may differ from the interests of our other shareholders. The Controlling Shareholders could have significant influence in determining the outcome of any corporate transaction or other matter submitted to our shareholders for approval, including mergers, consolidations and the sale of all or substantially all of our assets, the election of Directors and other significant corporate actions. In cases where their interests are aligned and they vote together, the Controlling Shareholders will also have the power to prevent or cause a change in control. Without the consent of our Controlling Shareholders, we may be prevented from entering into transactions that could be beneficial to us and our other Shareholders. We cannot assure you that our Controlling Shareholders will act completely in our interests or that conflicts of interest will be resolved in our favor.

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

We may be involved in disputes with various parties involved in the development and sale of our properties, including business partners, contractors, suppliers, construction workers and purchasers. These disputes may lead to legal or other proceedings and may result in substantial costs, delays in our development schedule, and the diversion of resources and management's attention, regardless of the outcome. Furthermore, if we fail to resolve these disputes in our favor, we may incur substantial losses and face significant liabilities. For example, in June 2007 and April 2009, Shenzhen Fantasia Investment filed civil complaints in the People's Court of Futian District, Shenzhen against Shenzhen Shengfu Real Estate Management Co., Ltd. (深圳市盛孚物業管理有限公司), the property manager of the Shenzhen Endless Blue (深圳碧雲天) project since December 2006, relating to the 177 car parking spaces in our Shenzhen Endless Blue (深圳碧雲天) project which we have retained for investment purposes. The complaints assert that Shenzhen Shengfu Real Estate Management Co., Ltd. (深圳市盛孚物業管理有限公司) has illegally occupied those car parking spaces and collected parking fees without our consent since December 2006. The civil complaint filed in June 2007 requested the court to (i) confirm that Shenzhen Fantasia Investment has property interests in the contended car parking spaces including the rights to use and lease the contended car parking spaces and the right to all benefits and profits generated from the contended car parking spaces; (ii) order Shenzhen Shengfu Real Estate Management Co., Ltd. (深圳市盛孚物業管理有限公司) to return the contended car parking spaces to Shenzhen Fantasia Investment; (iii) order Shenzhen Shengfu Real Estate Management Co., Ltd. (深圳市盛孚物業管理有限公司) to return to Shenzhen Fantasia Investment all revenues that it has generated from the contended car parking spaces since December 2006, plus interest; and (iv) freeze RMB756,164 in the bank accounts of Shenzhen Shengfu Real Estate Management Co., Ltd. (深圳市盛孚物業管理有限公司). The court granted our application to freeze RMB756,164 in the bank accounts of Shenzhen Shengfu Real Estate Management Co., Ltd. (深圳市盛孚物業管理有限公司) and on February 6, 2009, the court issued its judgment in respect of the claim filed in June 2007, which confirmed that Shenzhen Fantasia Investment has the right to all benefits and profits from the contended car parking spaces. The court ordered Shenzhen Shengfu Real Estate Management Co., Ltd. (深圳市盛孚物業管理有限公司) to return RMB526,575 to Shenzhen Fantasia Investment and an additional RMB3,914 in interest. However, on the basis that (i) a single property development such as Shenzhen Endless Blue (深圳碧雲天) may only have one property manager at any one time; and (ii) the local government in Shenzhen has not issued rules on registration of property rights in car parking spaces, the court did not grant our other requests in the complaint. On March 3, 2009, we appealed to the Intermediate People's Court of Shenzhen and asked for the reversal of the judgment insofar as the judgment is not in our favor. Shenzhen Shengfu Real Estate Management Co., Ltd. (深圳市盛孚物業管理有限公司) has also appealed the judgment. The Intermediate People's Court of Shenzhen held an appeal hearing on July 6, 2009, but has not yet issued its judgment. On April 21, 2009, we filed a separate claim at the People's Court of Futian District, Shenzhen in respect of the revenue for the contended car parking spaces for the period May 1, 2008 until November 30, 2009 as well as an application to freeze RMB845,196 in the bank accounts of Shenzhen Shengfu Real Estate Management Co., Ltd. (深圳市盛孚物業管理有限公司). While the court has granted our application to freeze RMB845,196 in the bank accounts of Shenzhen Shengfu Real Estate Management Co., Ltd. (深圳市盛孚物業管理有限公司), the hearing has been suspended pending the outcome of the appeal with the Intermediate People's Court of Shenzhen. As of the Latest Practicable Date, the total amount claimed by us in respect of the two separate claims was RMB1,601,360.

Commerce & Finance Law Offices, our PRC legal counsel, has advised us that we have valid ownership rights of the contended car parking spaces and have the rights to use and lease the contended car parking spaces. In addition, notwithstanding the lack of a public registration system for property rights in car parking spaces in Shenzhen, our interests in car parking spaces in Shenzhen, including the right to all income derived from leasing the contended car parking spaces, are protected on the basis that we have legally obtained a Shenzhen City Permit for Car Park Business Operations (深圳市經營性停車場許可證) from local government authorities. However, our rights to lease or transfer the contented car parking spaces are restricted in that (i) when leasing or transferring the right to derive economic interests with respect to the contended car parking spaces, we are required to give preference to property owners in the project, and (ii) any transfer of ownership rights with respect to the contended car parking spaces cannot be registered because the local government in Shenzhen has not issued rules on registration of property rights in car parking spaces. We cannot assure you that we can obtain the judgment in favor of us and obtain the property interest and amounts claimed by us. For additional information, see "Our Business — Legal Proceedings." In addition, our relationship with Shenzhen Shengfu Real Estate Management Co., Ltd. (深圳市盛孚物業管理有限公司) may deteriorate as a result of the dispute, which may potentially damage the property management services provided by Shenzhen Shengfu Real Estate Management Co., Ltd. (深圳市盛孚物業管理有限公司) to Shenzhen Endless Blue (深圳碧雲天).

We may have disagreements with regulatory bodies in the course of our operations, which may subject us to administrative proceedings and unfavorable decisions that result in penalties and/or delay our property developments. In such cases, our results of operations and cash flow could be materially and adversely affected.

We are subject to potential environmental liability that could result in substantial costs

Property developers in the PRC are subject to a variety of laws and regulations concerning the protection of health and the environment. The particular environmental laws and regulations which apply to any given project development site vary greatly according to the site's location, the site's environmental condition, the present and former uses of the site, as well as adjoining properties. Efforts taken to comply with environmental laws and regulations may result in delays in development, and substantial compliance and other costs and can prohibit or severely restrict project development activities in environmentally-sensitive regions or areas. In addition, as required by PRC laws and regulations, each property development project is required to undergo environmental assessments and an environmental impact assessment report is required to be submitted to the relevant government authorities for approval before commencement of construction. Failure to receive approval on the environmental impact assessment report prior to construction may result in suspension of construction and a penalty amounting to RMB50,000 to RMB200,000 for each project.

The environmental investigations conducted relating to each of our property development projects to date have not revealed any material environmental liability. However, it is possible that these investigations did not reveal all environmental liabilities and there may be environmental liabilities of which we are unaware that may have a material adverse effect on our business, financial condition or results of operations. For additional information, see "Our Business — Environmental Matters."

The valuation attached to our property interests contains assumptions that may or may not materialize

Under HKFRS, gains or losses arising from changes in the fair value of our investment properties are included in our consolidated statements of comprehensive income for the period in which they arise. The valuation of our properties as of September 30, 2009, prepared by Jones Lang LaSalle Sallmanns Limited, is contained in the Property Valuation Report in Appendix IV to this prospectus.

The valuations are based on certain assumptions which, by their nature, are subjective and uncertain and may differ materially from actual results. For example, with respect to properties under development and planned for future development, the valuations are based on assumptions that (1) the properties will be developed and completed in accordance with the development proposals, (2) regulatory and governmental approvals for the proposals have been obtained, (3) all premiums in connection with the properties have been paid and the properties are free of encumbrances and other restrictions and (4) we are in possession of the proper legal titles and are entitled to transfer the properties at no extra land premium. For properties owned by the project companies in which we have an attributable interest of less than 100%, the valuation assumes that the interest of the relevant project companies in the aggregate value of the property or business is equal to our proportionate ownership interest in the relevant company or business. Accordingly, the valuations are not a prediction of the actual value we expect to realize from these properties. Unanticipated results or changes in particular property developments, or changes in general or local economic conditions or other relevant factors, including changes in government regulations, could affect such values.

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

The EIT Law and the implementation regulations to the EIT Law issued by the PRC State Council became effective on January 1, 2008. Under the EIT Law, enterprises established outside of China whose "de facto management bodies" are located in China are considered "resident enterprises" and will generally be subject to the uniform 25% enterprise income tax rate as to their global income. It is, however, currently unclear under what situations an enterprise's "de facto management body" would be considered to be located in China. The SAT promulgated the Circular on Identifying Chinese-Controlled Offshore Enterprises as Chinese Resident Enterprises in Accordance with Criteria for Determining Place of Effective Management (關於境外註冊中資控股企業依據實際管理機構標準認定為居民企業有關問題的通知) in April 2009 which defines the term "management body" in respect of enterprises that are established offshore by PRC enterprises. However, no definition of "management body" is provided for enterprises established offshore by private individuals or foreign enterprises like us. As such, Commerce & Finance Law Offices, our PRC legal counsel, has advised us that there is uncertainty whether we will be deemed as a PRC "resident enterprise" for the purpose of the EIT Law. Substantially all of our management is currently based in China, and therefore, we may be treated as a PRC "resident enterprise" for enterprise income tax purposes. The tax consequences of such treatment are currently unclear, as they will depend on the implementation regulations and on how local tax authorities apply or enforce the EIT Law or the implementation regulations. See " — Dividends payable by us to our foreign investors and gain on the sale of our Shares may become subject to withholding taxes under PRC tax laws."

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

Under the EIT Law and implementation regulations issued by the State Council, PRC income tax at the rate of 10% is applicable to dividends payable to investors that are "non-resident enterprises" (and that do not have an establishment or place of business in the PRC, or that have such establishment or place of business but the relevant income is not effectively connected with the establishment or place of business) to the extent such dividends have their source within the PRC. Similarly, any gain realized on the transfer of shares by such investors is also subject to 10% PRC income tax if such gain is regarded as income derived from sources within the PRC. The PRC income tax rate is reduced from 10% to 5% for investors who are "non-resident enterprises" established in Hong Kong. As advised by Commerce & Finance Law Offices, our PRC legal counsel, there is uncertainty whether we will be considered a PRC "resident enterprise" for the purpose of the EIT Law. If we are considered a PRC "resident enterprise," the dividends we pay in respect to our Shares, and the gain you may realize from the transfer of our Shares, would be treated as income derived from sources within the PRC and be subject to PRC tax, which may materially and adversely affect the value of investment in our Shares.

We rely principally on dividends paid by our subsidiaries to fund any cash and financing requirements we may have; any limitation on the ability of our PRC subsidiaries to pay dividends to us could have a material adverse effect on our ability to conduct our business and such dividends may be subject to PRC taxation

We are a holding company and rely principally on dividends paid by our subsidiaries for cash requirements, including the funds necessary to service any debt we may incur. If any of our subsidiaries incurs debt in its own name in the future, the instruments governing the debt may restrict dividends or other distributions on its equity interest to us. Furthermore, applicable PRC laws, rules and regulations permit payment of dividends by our consolidated PRC entities only out of their retained earnings, if any, determined in accordance with PRC accounting standards. Under PRC laws, rules and regulations, all of our PRC entities are required to set aside at least 10% of their after-tax profit based on PRC accounting standards each year to their respective statutory capital reserve funds until the accumulative amount of such reserves reaches 50% of their respective registered capital. As a result, all of our PRC entities are restricted in their ability to transfer a portion of their net income to us whether in the form of dividends, loans or advances. As of June 30, 2009, our restricted reserves totaled RMB30.5 million. Our restricted reserves are not distributable as cash dividends. Any limitation on the ability of our subsidiaries to pay dividends to us could materially and adversely limit our ability to grow, pay dividends or otherwise fund and conduct our business.

Under the EIT Law and implementation regulations issued by the State Council, PRC income tax at the rate of 10% is applicable to dividends paid by Chinese enterprises to "non-resident enterprises," subject to the application of any relevant income tax treaty that the PRC has entered into. As advised by Commerce & Finance Law Offices, our PRC legal counsel, there is uncertainty whether we or any of our non-PRC subsidiaries will be considered "non-resident enterprises" for the purpose of the EIT Law. If we or our non-PRC subsidiaries are considered "non-resident enterprises," any dividend that we or any such subsidiary receive from our PRC subsidiaries may be subject to PRC taxation at the rate of 10% (or a lower treaty rate, if any).

Dividends paid in the past should not be treated as indicative of our future dividend payments or policy

Our Company has not distributed any dividends since its incorporation on October 17, 2007. Certain subsidiaries of our Company paid dividends of approximately RMB1.0 million in each of the years ended December 31, 2007 and 2008.

In the future, the amount of any dividends that we may declare and pay will be subject to, among other things, the full discretion of our directors, and will depend upon our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors which our directors may deem relevant. The amounts of distributions that any company within our Group has declared and made in the past are not indicative of the dividends that we may pay in the future.

RISKS RELATING TO OUR INDUSTRY

PRC government policies, regulations and measures intended to curtail the overheating of the property market may adversely affect our business

Along with the economic growth in China, investments in the property sectors have increased significantly in the past few years. In response to concerns over the scale of the increase in property investments, the PRC government has introduced policies to curtail property development. On March 26, 2005, the General Office of the State Council promulgated the Circular on Duly Stabilizing the Prices of Residential Properties (關於切實穩定住房價格的通知) requiring measures to be taken to restrain the prices of residential properties from increasing too fast. On May 9, 2005, the General Office of the State Council approved the Opinion on Improving the Works on Stabilizing the Prices of Residential Properties (關於做好穩定住房價格工作的意見) issued by seven departments of the State

Council, setting out guidelines for the relevant PRC authorities to control the rapid growth in the residential property market. On May 24, 2006, the General Office of the State Council approved the Opinions on Adjusting Housing Supply Structure and Stabilization of Housing Prices (關於調整住房供應結構穩定住房價格的意見) issued by nine departments of the State Council. On September 27, 2007, PBOC and CBRC issued the Notice on Strengthening the Management of Commercial Real Estate Credit and Loans (關於加強商業性房地產信貸管理的通知). These measures, among others, imposed various restrictions on lending funds to property developers and extending mortgage loans to property purchasers. These measures also provide that the total area of units with a GFA of less than 90 square meters must equal at least 70% of a residential housing project's total GFA. See "Summary of PRC Laws Relating to the Property Sector — I. Legal Supervision Relating to Property Sector in the PRC — K. Measures on Stabilizing Housing Price" in Appendix VII to this prospectus for further details. We cannot assure you that the governmental authorities will not require us to modify our development plans or that these new measures will not adversely impact our business due to the uncertainties involved in implementing these new measures.

On July 11, 2006, the MOC, MOFCOM, the NDRC, the PBOC, SAIC and SAFE jointly issued the 171 Opinion which aims to regulate access by foreign investors to the domestic property market and to strengthen supervision over property purchases by foreign-invested enterprises. The 171 Opinion provides for, among other things, stricter standards for a foreign institution or an individual when purchasing real property in the PRC which is not intended for personal use. On May 23, 2007, MOFCOM and SAFE promulgated the Circular on Further Strengthening and Regulating the Approval and Supervision of Real Estate Industry with Direct Foreign Investment (關於進壹步加強、規範外商直接投資房地產業審批和監管的通知), or the "Notice 50", which imposed additional restrictions and requirements on foreign investment in the real estate industry. See "Summary of PRC Laws Relating to the Property Sector — I. Legal Supervision Relating to Property Sector in the PRC — B. Foreign-invested Property Enterprises" in Appendix VII to this prospectus for further details.

Although the various control measures are intended to promote more balanced property development in the long-term, we cannot assure you that these measures will not adversely affect the development and sales of our properties. In addition, although the PRC government has, due to the recent global financial and economic crisis, introduced an offsetting stimulus package, which included the reduction of deed taxes for first-time purchasers of ordinary residential property of less than 90 square meters, the waiver of stamp duty fees for individuals who are purchasing or selling ordinary residential properties, and the exemption of land appreciation tax for individuals who are selling ordinary residential properties, among other benefits, there is no assurance that such policy would remain and that the various control measures would not be re-implemented once the economy stabilizes, which may adversely affect our business, results of operations and financial condition.

The PRC government has imposed restrictions on the ability of PRC property developers to receive offshore funds which may delay or prevent us from deploying the funds raised in this offering to our business in China and therefore materially and adversely affect our liquidity and our ability to fund and expand our business

On July 10, 2007, the General Affairs Department of SAFE issued the Circular on Distribution of List of the First Group of Foreign-Invested Real Estate Projects Filed with the Ministry of Commerce (關於下發第一批通過商務部備案的外商投資房地產項目名單的通知), or the "SAFE notice". The notice stipulates, among other things, (i) that SAFE will no longer process foreign debt registrations or applications for the purchase of foreign exchange submitted by real estate enterprises with foreign investment who obtained authorization certificates from and registered with MOFCOM on or after June 1, 2007 and (ii) that SAFE will no longer process foreign exchange registrations (or alteration of such registrations) or applications for the sale and purchase of foreign exchange submitted by real estate enterprises with foreign investment which obtained approval certificates from local government commerce departments on or after June 1, 2007 but which did not register with MOFCOM. This new regulation restricts the ability of foreign-invested real estate companies to raise funds offshore for the purpose of injecting such funds into the companies by way of shareholder loans. Nonetheless the SAFE notice does not restrict property developers from receiving foreign capital by way of increasing the registered capital of existing foreign-invested companies or through the establishment of new foreign-invested real estate companies, provided that such registered capital increase or new company establishment has been duly approved by local branches of MOFCOM and registered with MOFCOM or duly approved by MOFCOM.

Like other foreign-invested PRC property developers we are subject to the notice. We intend to repatriate any offshore funds we may raise in the future through the establish of new subsidiaries or the subscription to increases in the registered capital of our existing subsidiaries. Following the implementation of the SAFE notice, we have successfully remitted foreign funds from our offshore holding entities into Fantasia Group (China), Fantasia Chengdu Ecological and Shenzhen Zhifu through the increase of registered capital that were registered with MOFCOM. However, we cannot assure you that we will be able to obtain in a timely manner, if at all, all necessary foreign-exchange approval certificates for the deployment of offshore funds, or that we will be able to obtain in a timely manner, if at all, any registration of new foreign-invested subsidiaries or additional registered capital increases in the future. Further, we cannot assure you that the PRC government will not introduce new policies that further restrict our ability to repatriate to China the funds raised in this offering. If we fail to repatriate to China any or all of the net proceeds raised in this offering, our liquidity and our ability to fund and expand our business could be adversely and materially affected.

In addition, any capital contributions made to our operating subsidiaries in China are also subject to the foreign investment regulations and foreign exchange regulations in the PRC. For example, in accordance with a circular promulgated by the SAFE in August 2008 with respect to the administration of conversion of foreign exchange capital contribution of foreign invested enterprises into Renminbi (關於完善外商投資企業外匯資本金支付結匯管理有關業務操作問題的通知), unless otherwise permitted by PRC laws or regulations, Renminbi capital converted from foreign exchange capital contribution can only be applied to the activities within the approved business scope of such foreign invested enterprise and cannot be used for domestic equity investment or acquisition. Pursuant to this circular, we may encounter difficulties in increasing the capital contribution to our project companies and subsequently converting such capital contribution into Renminbi for equity investment or acquisition in China. We cannot assure you that we will be able to obtain these approvals on a timely basis, or at all. If we fail to obtain such approvals, our ability to make capital contributions to our project companies as their general working capital or to fund their operations may be negatively affected, which could materially and adversely affect our results of operations.

We are heavily dependent on the performance of the property market in China, which is at a relatively early stage of development

The property development industry and the ownership of private property in the PRC are still in a relatively early stage of development. Although demand for private property in the PRC has been growing rapidly in recent years, such growth is often coupled with volatility in market conditions and fluctuation in property prices. It is extremely difficult to predict how much and when demand will develop, as many social, political, economic, legal and other factors, all of which are beyond our control, may affect market development. The level of uncertainty is increased by the limited availability of accurate financial and market information as well as the overall low level of transparency in the PRC.

The lack of a liquid secondary market for private property may discourage the acquisition of new properties as resale is not only difficult, but can also be a long and costly process. The limited amount of property mortgage financing available to PRC individuals, compounded by the lack of security of legal title and enforceability of property rights may inhibit demand for property developments, property operation services and property agency services.

Increase in resettlement costs and the inability to reach resettlement agreements associated with certain property developments may materially and adversely affect our business, financial condition and results of operations

Land parcels acquired by property developers for future development may have existing buildings or other structures or be occupied by third parties. In accordance with the City Housing Resettlement Administration Regulations (城市房屋拆遷管理條例) and applicable local regulations, a property developer in the PRC is required to enter into a written agreement with the owners or residents of existing buildings subject to demolition for development, directly or indirectly through the local government, and to provide compensation for their relocation and resettlement. The compensation payable by the property developer is calculated in accordance with a pre-set formula determined by the relevant provincial authorities, which may be subject to change. If such compensation formula is changed and the levels of compensation increased, land acquisition costs for property developers may be subject to substantial increases. In addition, if property developers or the local government fail to reach an agreement over compensation with the owners or residents of the buildings subject to demolition, any party may apply to the relevant housing resettlement authorities for a ruling on the amount of compensation, which may delay a project's timetable. Such delays may lead to an increase in cost and a delay in the expected cash inflow resulting from pre-sales of the relevant projects. If we experience an increase in resettlement costs or experience delay due to our inability to reach a resettlement agreement, our business, financial condition and results of operations may be materially and adversely affected.

RISKS RELATING TO THE PRC

Changes in PRC economic, political and social conditions, as well as government policies, could have a material adverse effect on our business, financial condition, results of operations and prospects

Substantially all of our business and operations are conducted in China. Accordingly, our business, financial condition, results of operations and prospects are, to a significant degree, subject to economic, political and social developments in China. The Chinese economy differs from the economies of most developed countries in many respects, including the extent of government involvement, level of development, growth rate, control of foreign exchange and allocation of resources. Although the PRC government has implemented measures since the late 1970s emphasizing the utilization of market forces for economic reform, the reduction of state ownership of productive assets and the establishment of improved corporate governance in business enterprises, a substantial portion of productive assets in China is still owned by the PRC government. In addition, the PRC government continues to play a significant role in regulating industry development by imposing industrial policies. The PRC government also exercises significant control over China's economic growth through allocation of resources, controlling payment of foreign currency denominated obligations, setting monetary policy and providing preferential treatment to particular industries or companies. Certain measures taken by the PRC government to guide the allocation of resources may benefit the overall economy of China but may, however, also have a negative effect on us. For example, our business, financial condition, results of operations and prospects may be adversely affected by government control over capital investments, changes in tax regulations that are applicable to us, change in interest rates and statutory reserve rates for banks or government control in bank lending activities.

Uncertainties with respect to the PRC legal system could have a material adverse effect on us

Our business and operations are primarily conducted in China and governed by PRC laws, rules and regulations. The PRC legal system is a civil law system based on written statutes. Prior court decisions may be cited for reference but have limited precedential value. Since the late 1970s, the PRC government has significantly enhanced PRC legislation and regulations to provide protection to various forms of foreign investments in China. However, China has not developed a fully integrated legal system and recently-enacted laws and regulations may not sufficiently cover all aspects of economic activities in China. As many of these laws, rules and regulations are relatively new, and because of the limited volume of published decisions and their non-binding nature, the interpretation and enforcement of these laws, rules and regulations may involve uncertainties and may not be as consistent or predictable as in other more developed jurisdictions. Furthermore, the legal protections available to us under these laws, rules and regulations may be limited. Any litigation or regulatory enforcement action in China may be protracted and could result in substantial costs and diversion of resources and management attention.

Fluctuation in the exchange rates of the Renminbi may have a material adverse effect on your investment

The exchange rates between the Renminbi and the Hong Kong dollar, the U.S. dollar and other foreign currencies is affected by, among other things, changes in China's political and economic conditions. On July 21, 2005, the PRC government changed its decade-old policy of pegging the value of the Renminbi to the U.S. dollar. Under the new policy, the Renminbi is pegged against a basket of currencies, determined by the PBOC, against which it can rise or fall by as much as 0.5% each day. This change in policy has resulted in the value of the Renminbi appreciating against U.S. dollar by approximately 21.5% over the following three years.

There remains significant international pressure on the PRC government to adopt a more flexible currency policy, which could result in a further and more significant appreciation of the Renminbi against the U.S. dollar, the Hong Kong dollar or other foreign currency. As we rely on dividends paid to us by our operating subsidiaries, any significant revaluation of the Renminbi may have a material adverse effect on the value of dividends payable in foreign currency terms. To the extent that we need to convert the proceeds from the Global Offering and future financing into the Renminbi for our operations, appreciation of the Renminbi against the relevant foreign currencies would have an adverse effect on the Renminbi amount we would receive from the conversion. Conversely, if we decide to convert our Renminbi into Hong Kong dollars for the purpose of making payments for dividends on our Shares or for other business purposes, appreciation of the Hong Kong dollar against the Renminbi would have a negative effect on the Hong Kong dollar amount available to us.

Governmental control over currency conversion may affect the value of your investment and limit our ability to utilize our cash effectively

Substantially all of our revenue is denominated in Renminbi. The PRC government imposes controls on the convertibility of Renminbi into foreign currencies and, in certain cases, the remittance of currency out of China. Under existing PRC foreign exchange regulations, payments of current account items, including profit distributions, interest payments and expenditures from trade related transactions, can be made in foreign currencies without prior approval from SAFE by complying with certain procedural requirements. However, approval from SAFE or its local branch is required where Renminbi is to be converted into foreign currency and remitted out of China to pay capital expenses such as the repayment of loans denominated in foreign currencies. The PRC government may also at its discretion restrict access in the future to foreign currencies for current account transactions.

Under our current corporate structure, our income is primarily derived from dividend payments from our PRC subsidiaries. Shortages in the availability of foreign currency may restrict the ability of our PRC subsidiaries to remit sufficient foreign currency to pay dividends or other payments to us, or otherwise satisfy their foreign currency-denominated obligations. If the foreign exchange control system prevents us from obtaining sufficient foreign currency to satisfy our currency demands, we may not be able to pay dividends in foreign currencies to our Shareholders. In addition, since a significant amount of our future cash flow from operations will be denominated in Renminbi, any existing and future restrictions on currency exchange may limit our ability to purchase goods and services outside of China or otherwise fund our business activities that are conducted in foreign currencies.

Failure to comply with PRC regulations in respect of the registration of our PRC citizen employees' share options and restricted share units may subject such employees or us to fines and legal or administrative sanctions

Pursuant to the Implementation Rules of the Administration Measure for Individual Foreign Exchange (個人外匯管理辦法實施細則), or the Individual Foreign Exchange Rules, issued on January 5, 2007 by SAFE and relevant guidance issued by SAFE in March 2007, PRC citizens who are granted shares or share options by an overseas listed company according to its employee share option or share incentive plan are required, through the PRC subsidiary of such overseas listed company or other qualified PRC agents, to obtain the approval of SAFE and complete certain other procedures related to the share options or other share incentive scheme. However, no requirements or administrative rules have been issued by SAFE in connection with the registration process for employees of overseas non-listed companies that participate in employee stock holding plans or stock option plans. In addition, foreign exchange income from the sale of shares or dividends distributed by the overseas listed company must be remitted into a foreign currency account of such PRC citizen or exchanged into Renminbi. Our PRC citizen employees who may be granted share options or restricted share units in the future, or our future PRC option holders, will be subject to the Individual Foreign Exchange Rules. If we or our future PRC option holders fail to comply with these regulations, we or our future PRC option holders may be subject to fines and legal or administrative sanctions.

You may experience difficulty in effecting service of legal process, enforcing foreign judgments or bringing original actions in China based on foreign laws against us, our directors and our senior management

We conduct substantially all of our operations in China and substantially all of our assets are located in China. In addition, the substantial majority of our directors and senior management reside within China. As a result, it may not be possible for investors to effect service of process outside China upon the substantial majority of our directors and senior management. Moreover, China does not have treaties with the United States, the United Kingdom or many other countries providing for the reciprocal recognition and enforcement of judgment of courts. As a result, recognition and enforcement in China of judgments of a court in any of these jurisdictions may be difficult.

The national and regional economies may be adversely affected by a recurrence of SARS or an outbreak of other epidemics, natural disasters or severe weather conditions, thereby affecting our business prospects

In May 2008, a major earthquake and aftershocks struck Sichuan province in southwestern China. The epicenter was approximately 80 kilometers from Chengdu, where we have 11 development projects comprised of five developed projects and six projects that are currently under development or held for future development. While none of these projects suffered any material physical damages from the earthquake, some completed properties in the projects suffered minor damages such as cracks on the walls. While we do not have any legal liability to our customers for such damages as they were caused by the earthquake, which constitutes force majeure, we decided to repair such cracks for our customers at our own costs in order to increase our customer satisfaction and enhance our reputation as a responsible property developer. Construction of our projects in Chengdu was also suspended for about two months in compliance with orders issued by the local government that were applicable to all construction projects in Chengdu after the earthquake. Sale of our properties in Chengdu also dropped significantly during the few months after the earthquake. Our business could be materially adversely affected if any other natural disasters occur in the regions that we have business. In addition, certain areas of China are susceptible to epidemics, such as Severe Acute Respiratory Syndrome ("SARS"), the H1N1 influenza, also known as swine flu, or avian influenza, natural disasters or severe weather conditions. A recurrence of SARS, an outbreak of H1N1 or avian influenza or any other epidemics, natural disasters or severe weather conditions in China could adversely affect the regional and national economies of Asia, including China, and could also result in material disruptions to our property developments and property related services and reduce the value of our investment properties, which in turn would adversely affect our financial condition and results of operations.

RISKS RELATING TO THE GLOBAL OFFERING

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

Prior to the Global Offering, no public market for our Shares existed. Following the completion of the Global Offering, the Stock Exchange will be the only market on which our Shares are listed. We cannot assure you that an active public trading market for our Shares will develop or be sustained. In addition, our Shares may be traded in the public market subsequent to the Global Offering below the Offer Price. The Offer Price will be determined by agreement among us (for ourselves and on behalf of the Selling Shareholders) and the Joint Global Coordinators on behalf of the Underwriters, and may differ significantly from the market price of our Shares following the completion of the Global Offering. If an active trading market for our Shares does not develop or is not sustained after the Global Offering, the market price and liquidity of our Shares could be materially and adversely affected.

The trading price of our Shares may be volatile, which could result in substantial losses to you

The trading price of our Shares may be volatile and could fluctuate widely in response to factors beyond our control, including general market conditions of the securities markets in Hong Kong, China, the United States and elsewhere in the world. In particular, the performance and fluctuation of the market prices of other companies with business operations located mainly in China that have listed their securities in Hong Kong may affect the volatility in the price of and trading volumes for our Shares. Recently, a number of PRC-based companies have listed their securities, or are in the process of preparing for listing their securities, in Hong Kong. Some of these companies have experienced significant volatility, including significant price declines after their initial public offerings. The trading performances of the securities of these companies at the time of or after their offerings may affect the overall investor sentiment towards PRC-based companies listed in Hong Kong and consequently may impact the trading performance of our Shares. These broad market and industry factors may significantly affect the market price and volatility of our Shares, regardless of our actual operating performance.

In addition to market and industry factors, the price and trading volume for our Shares may be highly volatile for specific business reasons. In particular, factors such as variations in our revenues, earnings and cash flow could cause the market price of our Shares to change substantially. Any of these factors may result in large and sudden changes in the volume and trading price of our Shares.

The sale or availability for sale of substantial amounts of our Shares could adversely affect the market price of our Shares

Future sales by the Controlling Shareholders and/or the Investors of substantial amounts of our Shares in the public markets after the Global Offering could adversely affect prevailing market price of our Shares from time to time. Please refer to the section entitled "Underwriting" of this prospectus for more detailed discussion of the restrictions that may apply to future sales of our Shares. After these restrictions lapse, the market price of our Shares may decline as a result of future sales of substantial amounts of our Shares or other securities relating to our Shares in the public market, the issuance of new Shares or other securities relating to our Shares, or the perception that such sales or issuances may occur. This could also materially and adversely affect our ability to raise capital in the future at a time and at a price we deem appropriate.

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

The Offer Price of our Shares is higher than the net tangible assets value per Share immediately prior to the Global Offering. Therefore, purchasers of our Shares in the Global Offering will experience an immediate dilution in pro forma consolidated net tangible assets value to HK$0.83 per Share, based on the maximum Offer Price of HK$2.20, assuming that the Over-allotment Option is not exercised.

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

We cannot guarantee the accuracy of facts, forecasts and other statistics derived from official government publications with respect to the PRC and any provinces, cities or regions thereof or with respect to the economy and the property industry of the PRC and any provinces, cities or regions thereof contained in this prospectus

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

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

You should read the entire prospectus carefully and we strongly caution you not to place any reliance on any information contained in press articles or other media regarding us and the Global Offering

Prior to the publication of this prospectus, there has been press and media coverage regarding us and the Global Offering, including but not limited to, coverage in the 21st Century Business Herald, Apple Daily, Hong Kong Daily News, Hong Kong Economic Times, Oriental Daily News and Sing Tao Daily in October 2009, among others, certain financial information, industry comparisons, and/or other information about the Global Offering and the Group that does not appear in this prospectus. There may continue to be additional press and media coverage on us and this Global Offering. We do not accept any responsibility for any such press or media coverage or the accuracy or completeness of any such information. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication. To the extent that any such information appearing in publications other than this prospectus is inconsistent with, or conflicts with, the information contained in this prospectus, we disclaim it, and accordingly you should not rely on any such information. In making your decision as to whether to purchase our Shares, you should rely only on the information included in this prospectus.

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus includes particulars given in compliance with the Hong Kong Companies Ordinance, the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the Laws of Hong Kong) and the Listing Rules for the purpose of giving information to the public with regard to us. Our Directors collectively and individually accept full responsibility for the accuracy of the information contained in this prospectus and confirm, having made all reasonable enquiries that, to the best of their knowledge and belief, there are no other facts the omission of which would make any statement in this prospectus misleading.

THE HONG KONG PUBLIC OFFER AND THIS PROSPECTUS

This prospectus is published solely in connection with the Hong Kong Public Offer. For applicants under the Hong Kong Public Offer, this prospectus and the Application Forms contain all the terms and conditions of the Hong Kong Public Offer.

The Hong Kong Public Offer Shares are offered solely on the basis of the information contained and the representations made in this prospectus. No person is authorized in connection with the Hong Kong Public Offer to give any information or to make any representation not contained in this prospectus. Any information or representation not contained in this prospectus must not be relied upon as having been authorized by our company, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, any of the Underwriters, any of our and their respective directors, officers, affiliates or advisors or any other person involved in the Global Offering.

Neither the delivery of this prospectus nor any subscription or acquisition made under it shall, under any circumstances, create any implication that there has been no change or development reasonably likely to involve a change in our affairs since the date of this prospectus or that the information contained in it is correct as of any date subsequent to the date of this prospectus.

UNDERWRITING

The Hong Kong Public Offer is part of the Global Offering which comprises the Hong Kong Public Offer of initially 145,800,000 Hong Kong Public Offer Shares and the International Offer of initially 1,312,200,000 International Offer Shares, assuming the Over-allotment Option is not exercised.

The application for the listing of the Shares is sponsored by the Joint Sponsors. The Hong Kong Public Offer will be fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement, subject to us (for ourselves and on behalf of the Selling Shareholders) and the Joint Global Coordinators, on behalf of the Underwriters, agreeing on the Offer Price. The Global Offering is managed by the Joint Global Coordinators.

If, for whatever reason, the Offer Price is not agreed between us and the Joint Global Coordinators on or around November 18, 2009 but no later than November 24, 2009, the Global Offering will not become unconditional and will lapse immediately. If our market capitalization calculated at the Offer Price as of the Listing Date is less than US$1.0 billion or proceeds to the Company from such initial public offering are less than US$250 million, then in accordance with the terms of the Restructuring Deed, we will not proceed with the Global Offering. Further information about the Underwriters and the underwriting arrangements is set forth in the section entitled "Underwriting" of this prospectus.

RESTRICTIONS ON THE OFFER AND SALE OF OFFER SHARES

Each person acquiring the Hong Kong Public Offer Shares under the Hong Kong Public Offer will be required to confirm, or be deemed by his acquisition of Hong Kong Public Offer Shares to confirm, that he is aware of the restrictions on offers of the Offer Shares described in this prospectus.

No action has been taken to permit a public offer of the Offer Shares, other than in Hong Kong, or the distribution of this prospectus in any jurisdiction other than Hong Kong. Accordingly, this prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this prospectus and the offering and sales of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption from applicable securities laws.

LISTING

We have applied to the Listing Committee of the Stock Exchange for listing of, and permission to deal in, the Shares in issue and to be issued and sold pursuant to the Capitalization Issue, Global Offering and upon the exercise of the Over-allotment Option and any Shares which may be issued pursuant to the exercise of the options which may be granted under the Share Option Scheme.

No part of our share or loan capital is listed on or dealt in on any other stock exchange and no such listing or permission to deal is being or proposed to be sought in the near future.

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the granting of listing of, and permission to deal in, the Shares on the Stock Exchange and our compliance with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares on the Stock Exchange or any other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second business day after any trading day. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements have been made for the Shares to be admitted into CCASS.

HONG KONG REGISTER

All Shares issued by us pursuant to applications made in the Hong Kong Public Offer will be registered on our register of members to be maintained in Hong Kong. Our principal register of members will be maintained by our company's principal share registrar in the Cayman Islands.

STAMP DUTY

Dealings in the Shares registered on our Hong Kong register will be subject to Hong Kong stamp duty. See the section entitled "Hong Kong Taxation — Stamp Duty" in "Appendix V — Taxation and Foreign Exchange" to this prospectus.

PROFESSIONAL TAX ADVICE RECOMMENDED

If you are unsure about the taxation implications of subscribing for, purchasing, holding or disposing of, and dealing in, the Shares, you should consult an expert.

We emphasize that none of the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters or us, any of our or their respective directors, officers, affiliates or advisors, nor any other person involved in the Global Offering accepts responsibility for your tax affairs or liability resulting from your subscription for, purchase, holding or disposing of, or dealing in, the Shares or your exercise of any rights attaching to our Shares.

DIVIDEND PAYABLE TO HOLDERS OF OUR SHARES

Unless we determine otherwise, dividends will be paid to our shareholders, as recorded in our Share register, by ordinary post at our shareholders' risk to the registered address of each shareholder.

STABILIZATION

Stabilization is a practice used by underwriters to facilitate the distribution of securities. To stabilize, the underwriters may bid for, or purchase, the newly issued securities in the secondary market during a specified period of time to retard and, if possible, prevent a decline in the initial public offering price of the securities.

Further details with respect to stabilization and the Over-allotment Option are set out in the section headed "Structure of the Global Offering — The Global Offering" and "Structure of the Global Offering — Over-allotment and Stabilization."

PROCEDURE FOR APPLICATION FOR HONG KONG PUBLIC OFFER SHARES

The procedure for applying for the Hong Kong Public Offer Shares is set forth in the section entitled ''How to Apply for the Hong Kong Public Offer Shares'' in this prospectus and on the relevant Application Forms.

STRUCTURE OF THE GLOBAL OFFERING

Details of the structure of the Global Offering, including its conditions, are set forth in the section entitled "Structure of the Global Offering" in this prospectus.

CURRENCY TRANSLATIONS

Unless otherwise specified or for transactions that have occurred at historical exchange rates, amounts denominated in Renminbi and U.S. dollars have been translated, for the purpose of illustration only, into Hong Kong dollars in this prospectus at the following rates:

HK$1.00 to RMB0.8810

US$1.00 to RMB6.8376

US$1.00 to HK$7.7502

No representation is made that any amounts in Renminbi, U.S. dollars or Hong Kong dollars can be or could have been at the relevant dates converted at the above rates or any other rates or at all.

LANGUAGE

The English names of the PRC nationals, entities, departments, facilities, projects, locations, certificates, titles, laws, regulations and the like are translations of their Chinese names and are included for identification purposes only. If there is any inconsistency, the Chinese name prevails.

ROUNDING

Certain amounts and percentage figures included in this prospectus have been subject to rounding adjustments, or have been rounded to one decimal place. Any discrepancies in any table or chart between the total shown and the sum of the amounts listed are due to rounding.

Unless otherwise specified, all references to any shareholdings in our Company assume no exercise of the Over-allotment Option.

DIRECTORS

Name	Residential Address	Nationality
Executive Directors		
Mr. PAN Jun (潘軍) (Chairman)	Flat D, 10th Floor, Block 10 Xiangyu Zhongyang Huayuan 66 Nongyuan Road Futian District Shenzhen, Guangdong Province PRC	Chinese
Ms. ZENG, Jie (曾寶寶)	Flat 25A, Block C Yuanzhong Huayuan Yuanling Futian District Shenzhen, Guangdong Province PRC	Chinese
Mr. FENG Hui Ming (馮輝明)	Flat 3C, Block 4 Bo Hai Ming Yuan Gao Xin South Eleventh Road Nanshan District Shenzhen, Guangdong Province PRC	Chinese
Mr. CHAN Sze Hon (陳思翰), ACCA, CPA	Flat H, 26/F, Tower 3 Ocean Shores 88 O King Road Tseung Kwan O New Territories Hong Kong	Chinese
Independent Non-Executive Directors		
Mr. HO Man (何敏)	Flat E-F, 21/F, Block Three Tierra Verde 33 Tsing King Road Tsing Yi New Territories Hong Kong	Chinese
Mr. LIAO Martin Cheung Kong, JP (廖長江)	Flat B, 9/F, Rose Garden 9 Magazine Gap Road Hong Kong	Chinese
Mr. HUANG Ming (黃明)	3-018 Rits Garden Shunyi District Beijing 101312 PRC	United States
Mr. XU Quan (許權)	Room 2801, Block C Stars Plaza Huaqiang North Road Futian District Shenzhen, Guangdong Province PRC	Chinese

PARTIES INVOLVED

Joint Sponsors *(in alphabetical order)*

CITIC Securities Corporate Finance (HK) Limited
26/F, CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

Deutsche Bank AG, Hong Kong Branch
48/F, Cheung Kong Center
2 Queen's Road Central
Hong Kong

Joint Global Coordinators and Joint Bookrunners *(in alphabetical order)*

BOCI Asia Limited
26/F, Bank of China Tower
1 Garden Road
Central, Hong Kong

CITIC Securities Corporate Finance (HK) Limited
26/F, CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

Deutsche Bank AG, Hong Kong Branch
48/F, Cheung Kong Center
2 Queen's Road Central
Hong Kong

Goldman Sachs (Asia) L.L.C.
68/F, Cheung Kong Center
2 Queen's Road Central
Hong Kong

Joint Lead Managers *(in alphabetical order)*

BOCI Asia Limited
26/F, Bank of China Tower
1 Garden Road
Central, Hong Kong

CITIC Securities Corporate Finance (HK) Limited
26/F, CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

Deutsche Bank AG, Hong Kong Branch
48/F, Cheung Kong Center
2 Queen's Road Central
Hong Kong

Goldman Sachs (Asia) L.L.C.
68/F, Cheung Kong Center
2 Queen's Road Central
Hong Kong

ICBC International Securities Limited
Levels 17 & 18, Three Pacific Place,
1 Queen's Road East
Hong Kong

Legal Advisors to the Company

as to Hong Kong law:

Richards Butler
in association with Reed Smith LLP
20th Floor, Alexandra House
16-20 Chater Road
Central, Hong Kong

	as to United States law:
	Simpson Thacher & Bartlett LLP 35th Floor, ICBC Tower 3 Garden Road Central, Hong Kong
	as to PRC law:
	Commerce & Finance Law Offices 6th Floor, NCI Tower A12 Jianguomenwai Avenue Chaoyang District Beijing 100022, PRC
	as to Cayman Islands law:
	Conyers Dill & Pearman Cricket Square, Hutchins Drive PO Box 2681 Grand Cayman KY1-1111 Cayman Islands
Legal Advisors to the Underwriters	*as to Hong Kong law and United States law:*
	Sidley Austin Level 39, Two International Finance Centre 8 Finance Street Central, Hong Kong
	as to PRC law:
	King & Wood 40th Floor, Office Tower A, Beijing Fortune Plaza, 7 Dongsanhuan Zhonglu, Chaoyang District Beijing 100020, PRC
Auditors and Reporting Accountants	Deloitte Touche Tohmatsu Certified Public Accountants 35th Floor, One Pacific Place, 88 Queensway, Hong Kong
Property Valuer	Jones Lang LaSalle Sallmanns Limited 17/F Dorset House, Taikoo Place 979 King's Road Quarry Bay, Hong Kong
Receiving Bankers	The Bank of East Asia, Limited 10 Des Voeux Road Central Hong Kong
	Industrial and Commercial Bank of China (Asia) Limited 33/F, ICBC Tower, 3 Garden Road, Central, Hong Kong

Registered Office	Cricket Square, Hutchins Drive PO Box 2681 Grand Cayman KY1-1111 Cayman Islands
Corporate Headquarters	F/27, Block A, Hailrun Complex No.6021 Shennan Boulevard Shenzhen 518040, Guangdong Province China
Company Website	www.cnfantasia.com (The contents of this website do not form part of this prospectus.)
Place of business in Hong Kong registered under Part XI of the Hong Kong Companies Ordinance	Room 1103 Top Glory Tower 262 Gloucester Road Causeway Bay Hong Kong
Company Secretary	Mr. CHAN Sze Hon (陳思翰), ACCA, CPA
Qualified Accountant	Mr. CHAN Sze Hon (陳思翰), ACCA, CPA
Authorized Representatives	Mr. CHAN Sze Hon (陳思翰) Flat H, 26/F, Tower 3 Ocean Shores 88 O King Road Tseung Kwan O New Territories Hong Kong Mr. FENG Hui Ming (馮輝明) Flat 3C, Block 4 Bo Hai Ming Yuan Gao Xin South Eleventh Road Nanshan District, Shenzhen Guangdong Province PRC
Members of the Audit Committee	Mr. HO Man (何敏) (Chairman) Mr. LIAO Martin Cheung Kong, JP (廖長江) Mr. HUANG Ming (黃明) Mr. XU Quan (許權)
Members of the Remuneration Committee	Mr. HUANG Ming (黃明) (Chairman) Mr. HO Man (何敏) Mr. LIAO Martin Cheung Kong, JP (廖長江) Mr. XU Quan (許權) Mr. PAN Jun (潘軍)
Members of the Nomination Committee	Ms. ZENG, Jie (曾寶寶) (Chairlady) Mr. HO Man (何敏) Mr. LIAO Martin Cheung Kong, JP (廖長江) Mr. HUANG Ming (黃明) Mr. XU Quan (許權) Mr. PAN Jun (潘軍)

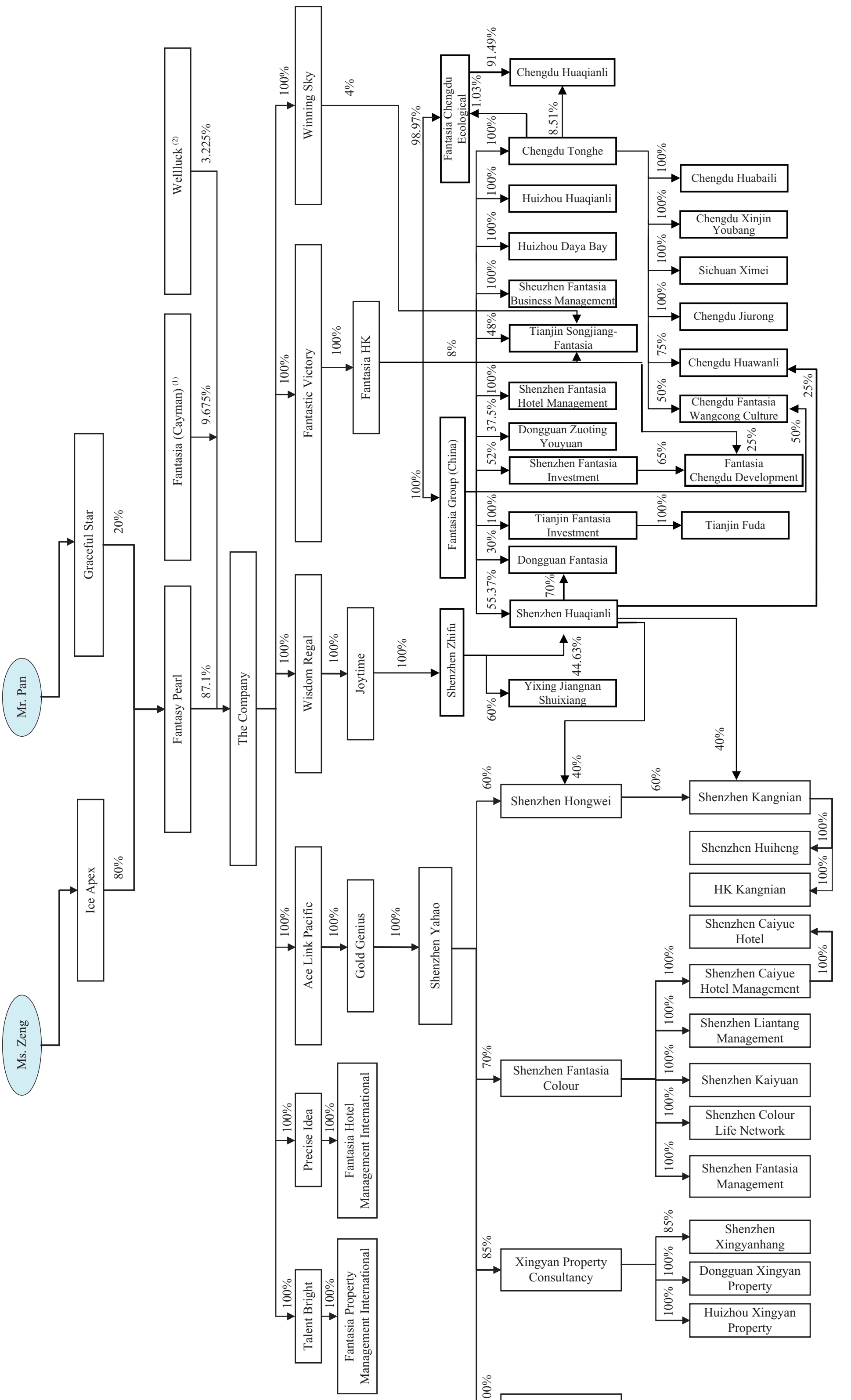
Cayman Islands Principal Share Registrar and Transfer Office	Butterfield Fulcrum Group (Cayman) Limited Butterfield House 68 Fort Street P.O. Box 609 Grand Cayman KY1-1107 Cayman Islands
Hong Kong Share Registrar	Computershare Hong Kong Investor Services Limited Shops 1712-1716 17th Floor, Hopewell Centre 183 Queen's Road East Wanchai, Hong Kong
Compliance Advisor	Partners Capital International Limited Unit 3906, 39th Floor COSCO Tower 183 Queen's Road Central Hong Kong
Principal Bankers in China (in alphabetical order)	China Agricultural Bank China Construction Bank China Merchants Bank China Minsheng Bank Huaxia Bank Industrial and Commercial Bank of China The Hongkong and Shanghai Banking Corporation

OUR COMPANY

Our Company was incorporated on October 17, 2007 as an exempted company under the laws of the Cayman Islands. As a result of our corporate reorganization effected in anticipation of the listing of our Shares on the Stock Exchange, our Company became the ultimate holding company of our Group. Further details of our corporate structure and reorganization are set out in the section entitled "The Reorganization" in "Appendix VIII — Statutory and General Information" to this prospectus.

Group's Structure After the Corporate Reorganization

The following diagram illustrates our Group's structure (including our associated company) after the corporate reorganization and immediately prior to the Global Offering and the Capitalization Issue and does not take into account of any Shares which may be issued or sold upon exercise of the Over-allotment Option or any option to be granted under the Share Option Scheme:



Notes:

(1) Fantasia (Cayman) is an affiliate of The Goldman Sachs Group, Inc.

(2) Wellluck is a majority owned subsidiary of HSBC NF China Investors Limited, which is the general partner of HSBC NF China Real Estate Fund, L.P.

Note: Our non-wholly owned subsidiaries are:

a. Xingyan Property Consultancy and Shenzhen Xingyanhang where the remaining 15% equity interest is owned by Lu Ying (路瑩), who joined us in 2002. She is the general manager and a director of Xingyan Property Consultancy and also a director of our other subsidiaries, Huizhou Xingyan Property, Dongguan Xingyan Property and Shenzhen Xingyanhang. As of the Latest Practicable Date and save for the relationships disclosed herein, Lu Ying (路瑩) has no other relationship with the Group and its connected persons.

b. Shenzhen Fantasia Colour where the remaining 30% equity interest is owned by Tang Xue Bin (唐學斌) as to 13%, four other individuals as to 4% each and one remaining individual as to 1%. Tang Xue Bin (唐學斌) joined us in 2002, is the general manager and a director of Shenzhen Fantasia Management and also a director of our other subsidiaries, Shenzhen Fantasia Colour, Shenzhen Colour Life Network, Shenzhen Kaiyuan, Shenzhen Liantang Management, Shenzhen Caiyue Hotel Management and Shenzhen Caiyue Hotel. The background of the five other individuals who hold an aggregate of a 17% interest in Shenzhen Fantasia Colour are employees of our other subsidiaries comprising two employees of Shenzhen Kaiyuan with a 4% and 1% interest, respectively, and as to 4% each by (i) an employee of Shenzhen Fantasia Management, (ii) an employee of Shenzhen Colour Life Network, and (iii) Dong Dong (董東), an employee of Shenzhen Fantasia Management and a director and assistant general manager of Shenzhen Fantasia Colour. As of the Latest Practicable Date and save for the relationships disclosed herein, these minority equity holders have no other relationship with the Group and its connected persons.

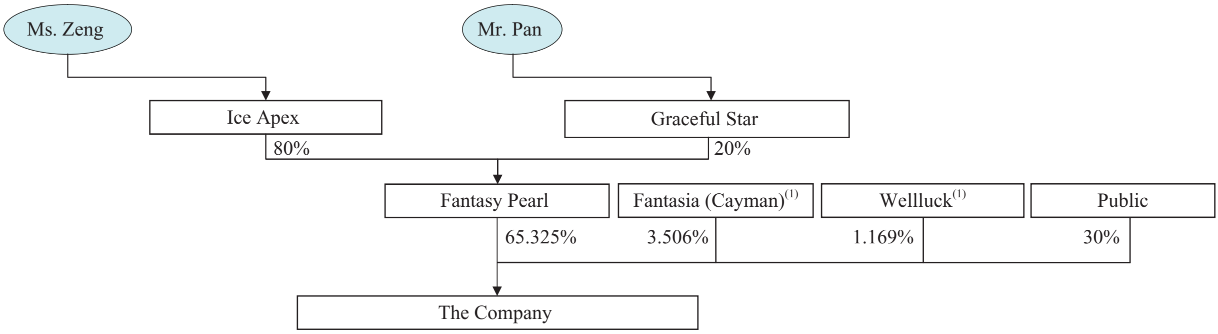
c. Yixing Jiangnan Shuixiang where the remaining 40% equity interest is owned by Jing Liu (敬柳) who is also a director of Yixing Jiangnan Shuixiang. He has been an employee of other property development companies in China previously and has been our joint venture partner since the establishment of Yixing Jiangnan Shuixiang in April 2005. As of the Latest Practicable Date and save for the relationships disclosed herein, Jing Liu (敬柳) has no other relationship with the Group and its connected persons.

d. Shenzhen Fantasia Investment where the remaining 48% equity interest is owned by Qiu Qiong Ming (邱瓊明), a director of Shenzhen Fantasia Investment and an employee of Shenzhen Kingkey Property Holdings Co., Ltd. (深圳市京基房地產股份有限公司), formerly known as Shenzhen Kingkey Property Development Company Limited (深圳市京基房地產開發有限公司). Prior to September 24, 2009, the 48% equity interest was held by Shenzhen Kingkey Property Holdings Co., Ltd. As of the Latest Practicable Date and save for the relationships disclosed herein, Qiu Qiong Ming (邱瓊明) has no other relationship with the Group and its connected persons.

e. Fantasia Chengdu Development where the remaining 10% equity interest is owned by Sichuan Zhong Xu, established in China since 2001 and which provides consultancy services for investment projects, human resources training and information services. It has been our joint venture partner since the establishment of Fantasia Chengdu Development in June 2001. As of the Latest Practicable Date and save for the relationships disclosed herein, Sichuan Zhong Xu has no other relationship with the Group and its connected persons.

f. Tianjin Songjiang-Fantasia where the remaining 40% equity interest is owned by Tianjin Songjiang Group, a Chinese property developer and investor and has been our joint venture partner since Tianjin Songjiang-Fantasia was established in April 2006. Tianjin Songjiang Group's controlling equity holder, Huatong Tianxiang Group Holdings Co., Ltd. (華通天香集團股份有限公司), via Shenzhen Meijiangnan, is also the indirect controlling equity holder of our associated company, Dongguan Zuoting Youyuan in which we have a 37.5% equity interest. Tianjin Songjiang Group and one of our subsidiaries, Fantasia Group (China), has signed a cooperative framework agreement on April 27, 2007 with the People's Government of Pixian County (郫縣人民政府) in connection with Wangcong Ancient Sichuan Culture Park (望叢古蜀文化產業園). As of the Latest Practicable Date and save for the relationships disclosed herein, Tianjin Songjiang Group has no other relationship with the Group and its connected persons.

Immediately following the Global Offering and the Capitalization Issue, there will be no change to our interests in the companies comprising our Group and our associated company. The following diagram illustrates the Company's shareholding structure, immediately following the Global Offering and the Capitalization Issue, but taking no account of any Shares which may be issued or sold upon the exercise of the Over-allotment Option or any option to be granted under the Share Option Scheme:



Note:

(1) As Fantasia (Cayman) and Wellluck are Independent Third Parties, their Shares are counted towards the "public" as referred to in Rule 8.24 of the Listing Rules and are in addition to the above-mentioned 30% under public shareholders.

Commerce & Finance Law Offices, the legal advisors as to PRC law to the Company, is of the opinion that:

(1) With the exception of Fantasia HK's acquisition of 25% equity interest in Chengdu Huawanli in 2006 (for which remedial measures have already been completed), the M&A Rules jointly promulgated by six ministries and commissions of the PRC, including MOFCOM, which became effective on September 8, 2006, are not applicable to any steps undertaken for the Reorganization. The M&A Rules are not applicable on the basis that approval for each of the six foreign invested PRC enterprises established by the Group, namely Fantasia Group (China), Shenzhen Yahao, Shenzhen Zhifu, Fantasia Chengdu Development, Fantasia Chengdu Ecological and Tianjin Songjiang-Fantasia, was received from the relevant commerce authorities prior to the effective date of the M&A Rules. Moreover, any subsequent alteration to the shareholding of these companies or any investment in the equity or assets of a PRC domestic company undertaken by these companies, even if completed after the effective date of the M&A Rules, do not come within the scope of an "equity acquisition" or an "asset takeover" of a domestic company by a foreign investor as defined in Article 2 of the M&A Rules. Accordingly, the M&A Rules are not applicable to any steps of the Reorganization;

(2) With the exception of the approval issued in 2006 by the Chengdu Municipal Bureau of Commerce in respect of Fantasia HK's acquisition of 25% equity interest in Chengdu Huawanli (which approval, in accordance with the then newly promulgated M&A Rules, should have been issued by MOFCOM), requisite approvals for all steps undertaken for the Reorganization within the PRC for the purpose of the Global Offering have been obtained from all PRC governmental authorities pursuant to applicable PRC laws and regulations. All such governmental authorities have been granted authority to issue the corresponding approvals. As Fantasia HK transferred its 25% equity interest in Chengdu Huawanli to Shenzhen Huaqianli in 2008, the abovementioned failure to obtain approval from MOFCOM in accordance with the M&A Rules was properly cured and will not cause the business license of Chengdu Huawanli to be revoked and will not expose the Group to any material legal risk;

(3) The M&A Rules are not applicable to the Global Offering and no approval or consent from the CSRC or any other PRC governmental authority is required in relation to the Global Offering.

HISTORY AND DEVELOPMENT

History

Our Group's history dates back to September 28, 1996 with the establishment of Shenzhen Fantasia Investment, a company which engaged in the business of property development in China. Shenzhen Fantasia Investment was established by Ms. Zeng, our executive Director who has 13 years of experience in senior management and entrepreneurship, as its majority shareholder. The remaining minority shareholder at that time was Shenzhen Kingkey Property Development Company Limited (深圳市京基房地產開發有限公司).

After the commencement of the construction of the Group's first residential development project, Shenzhen Endless Blue (深圳碧雲天), in 1999, Mr. Pan, our Chairman, executive Director and chief executive officer, joined Shenzhen Fantasia Investment as an assistant general manager. Since then, our core management team has consisted of Mr. Pan and Ms. Zeng.

With Mr. Pan's experience in the property market in China prior to joining our Group, our Group expanded its scope of business to include property operation services including property management services and property agency services. Therefore, two companies, Shenzhen Fantasia Management and Xingyan Property Consultancy, were established in 2000. Services provided by these two companies include property management, selling and marketing our Group's properties as well as properties developed by other developers.

We continued to expand in the following business segments, namely property development, property investment, property operation services including property management services, building equipment installation, maintenance and repair services, information network services and also property agency services including primary property agency services, secondary property brokerage services and property consulting and advisory services in various cities and regions in China. In 2006, we established more subsidiaries in Chengdu, Dongguan, Shenzhen, Huizhou and Tianjin including the following companies: Chengdu Huaqianli, Dongguan Fantasia, Dongguan Xingyan Property, Fantasia Chengdu Ecological, Fantasia Group (China), Huizhou Xingyan Property, Shenzhen Fantasia Colour, Shenzhen Huaqianli, Tianjin Fantasia Investment, and Tianjin Songjiang-Fantasia.

As we also intend to develop and expand our hotel services including hotel management and operation services, the Group established Shenzhen Caiyue Hotel Management in 2008, and Shenzhen Caiyue Hotel, Shenzhen Fantasia Hotel Management, Fantasia Hotel Management International, Shenzhen Fantasia Business Management and Fantasia Property Management International in 2009.

Business Development Milestones

The following events are the key business milestones of our Group since its establishment:

1998 We commenced construction of our first residential property development project Shenzhen Endless Blue (深圳碧雲天) in Futian District, Shenzhen, the PRC.

2000 Shenzhen Endless Blue (深圳碧雲天) was completed. We began to engage in property management business which provides property management services including security services, the maintenance of properties and facilities, gardening and other property management services to residential properties and office spaces. We also commenced construction of our first boutique, partially furnished residential project Fairy Land (芳鄰) in Luohu District, Shenzhen, the PRC.

Xingyan Property Consultancy was established on February 21, 2000.

2001 Fairy Land (芳鄰) was completed.

We diversified our property portfolio to include office building development. We commenced construction of our first office building development project, Hailrun Complex (喜年中心), in Futian District, Shenzhen, the PRC.

Geographically, we expanded our property development business to Chengdu and Chengdu Tonghe was established on October 18, 2001.

2002 Construction of Shenzhen Pair Life (深圳錦上花), a residential project in Luohu District, Shenzhen, the PRC commenced.

2003 Hailrun Complex (喜年中心) and Shenzhen Pair Life (深圳錦上花), a residential project in Luohu District, Shenzhen, the PRC were completed. Construction of another residential project in Shenzhen, Self Life (趣園), commenced.

We commenced construction of our first residential development project in Chengdu, Chengdu Pair Life (成都錦上花), in Jinjiang District, Chengdu, the PRC.

We also commenced construction of our first residential and commercial building development project in Chengdu, Human Art Wisdom (藝墅花鄉), in Chengnan District, Chengdu, the PRC.

2004 Self Life (趣園) was completed.

Commenced construction of Shenzhen My Place (深圳花好園), a residential project in Futian District, Shenzhen, the PRC.

In Chengdu, both Chengdu Pair Life (成都錦上花) and Human Art Wisdom (藝墅花鄉) were completed.

2005 Shenzhen My Place (深圳花好園) was completed.

Commenced construction of Phases I and II of Fantasia Special Town (別樣城), a residential community development project, located in Gongxing Town, Chengdu, the PRC.

Phase I of Fantasia Special Town (別樣城) was completed.

2006 In Chengdu, construction of Phases I and II of a large scale residential community project, Chengdu Love Forever (成都花郡) in Chenghua District, Sichuan, the PRC commenced.

Construction of Phase III of Fantasia Special Town (別樣城) commenced.

Fantasia Group (China) was established on January 20, 2006 and in the same year became the holding company of the respective equity interests of Shenzhen Fantasia Investment, Shenzhen Fantasia Management, Xingyan Property Consultancy and Chengdu Tonghe.

Shenzhen Fantasia Colour was established on August 25, 2006 and became the holding company of Shenzhen Fantasia Management on November 13, 2006 and Shenzhen Kaiyuan on December 5, 2006.

2007 Geographically, we expanded our property development business to include the Yangtze River Delta region. We commenced construction of Town on the Water (雲海間), a community of upscale residences, in Xizhu Town, Yixing, Jiangsu Province, the PRC. The project is expected to be completed in January 2010.

In Chengdu, Phases II and III of Fantasia Special Town (別樣城) and Phases I and II of Chengdu Love Forever (成都花郡) were completed.

Construction of a residential building, Flower Harbor (花港家園), commenced in Yantian District, Shenzhen, the PRC.

Construction of an industrial project, Shenzhen Future Plaza (深圳香年廣場), commenced in Nanshan District, Shenzhen, the PRC.

In Chengdu, construction for Chengdu My Place (成都花好園), a residential and commercial community property development located in Wuhou District and Phase 1.1 of Grand Valley (大溪谷), a large scale residential complex property development project located in Guangming village, Heshan Town, Pujiang County commenced.

2008 Apart from Shenzhen, Chengdu and Yixing, we also expanded our property development business to other cities in the Pearl River Delta region to include Dongguan and Huizhou.

Expanded our property development business to the Beijing-Tianjin metropolitan region. We began work on the general design and the planning of Yingcheng Lake (營城湖), a residential community property development project in Hangu District of Tianjin, the PRC. In Tianjin, construction of Tianjin Hailrun Plaza (天津喜年廣場), an urban complex, also commenced. The whole project is expected to be completed in December 2010.

In Shenzhen, construction of a residential community project, Shenzhen Love Forever (深圳花郡), commenced. This project is expected to be completed in March 2011.

In Chengdu, construction of the following projects commenced:

(i) Chengdu Hailrun Plaza (成都喜年廣場), a large urban complex. The 49-storey building will be the tallest building and a local landmark in Chengdu upon completion in November 2009 as currently expected.

(ii) Phase I of Chengdu Mont Conquerant (成都君山), a large scale residential community property development project located in a famous tourist attraction in Yongshang Town. Phase I of this project is expected to be completed in August 2010;

(iii) Phase 1.1 of Fantasia Town (花樣城), a large scale residential community property development project; and

(iv) Phase 1.2 of Grand Valley (大溪谷). This is expected to be completed in November 2009.

Phase III of Chengdu Love Forever (成都花郡), Phase 1.1 of Grand Valley (大溪谷), Chengdu My Place (成都花好園), Flower Harbor (花港家園) and Shenzhen Future Plaza (深圳香年廣場) were completed.

2009 In Dongguan, construction of a residential community development project, Dongguan Mont Conquerant (東莞君山), commenced. The whole project is expected to be completed in June 2011. In Chengdu, construction of Phases 1.1 to 1.3 of Meinian International Plaza (美年國際廣場), a large urban complex, commenced. Phases 1.1 and 1.2 of this project are expected to be completed in October 2010 and Phase 1.3 in October 2011.

In Chengdu, construction of Phase 2.1.1 of Grand Valley (大溪谷) commenced and is expected to be completed by December 2010. Construction of Phase 2 of Fantasia Town (花樣城) also commenced and is expected to be completed by May 2011.

Phase 1.1 of Fantasia Town (花樣城), Phases IV and V of Chengdu Love Forever (成都花郡) were completed.

As of the Latest Practicable Date, we had 29 property development projects at various stages of development, including 11 projects located in the Chengdu-Chongqing Economic Zone, 14 projects located in the Pearl River Delta area, two projects located in the Yangtze River Delta Region and two projects located in the Beijing-Tianjin metropolitan region. We have also entered into several preliminary framework agreements relating to three potential new projects.

Our Shareholding Structure

On October 17, 2007, our Company was incorporated as an exempted company under the laws of the Cayman Islands. The companies comprising our Group underwent a reorganization to rationalize our Group's structure in preparation for the listing of our Shares on the Stock Exchange. As a result, our Company became the holding company of our Group by December 31, 2007. A diagram showing our Group's structure after Reorganization as of the date of this prospectus is set forth under the paragraph entitled "Group Structure After the Corporate Reorganization" in this section.

Further details of the shareholding history of our Company, reorganization, and our subsidiaries are set out in the paragraphs headed "Changes in Share Capital of our Company" "The Reorganization", and "Changes in the Share Capital of our Subsidiaries" in the "Statutory and General Information" section in Appendix VIII in this prospectus.

Commerce & Finance Law Offices, our PRC legal counsel, has advised that, with the exception of the registration of the transfer of 16.67% equity interests in Huizhou Huaqianli, formalities for which are currently being undertaken and in respect of which there is expected to be no legal impediment, all necessary consents and approvals from the relevant PRC governmental authorities for consummation of the transfers and changes in registered capital as described above have been obtained.

Pre-IPO Investment

We entered into the Subscription Agreement on December 12, 2007 with Fantasia (Cayman) and Wellluck as investors and Ms. Zeng, Mr. Pan, Ice Apex, Graceful Star and Fantasy Pearl as Founding Shareholders in relation to the issue of an aggregate of 12,900 Shares and the Bonds for a total consideration of US$200 million, 50% of which represented subscription price of the 12,900 new Shares and the remaining 50% represented subscription price of the Bonds. Interest on the Bonds accrues at 12% per annum, the Bonds are not convertible into Shares and the relevant terms were agreed after arm's length negotiations with the Investors.

Fantasia (Cayman) is an exempted company incorporated in the Cayman Islands with limited liability and is an affiliate of Goldman Sachs. Goldman Sachs is a corporation duly organized under the laws of the State of Delaware in the U.S. and listed on the New York Stock Exchange.

Wellluck is a majority owned subsidiary of HSBC NF China Investors Limited, which is the general partner of HSBC NF China Real Estate Fund, L.P. It is incorporated in the British Virgin Islands and its business is investment in equity and fixed income securities. HSBC NF China Real Estate Fund is a private equity real estate opportunity fund focused on Greater China, established as a joint venture between HSBC Specialist Investments Limited and the Nan Fung Group.

We believed that the introduction of the Investors would complement the Group's business development. The proceeds from the Subscription Agreement had been used to increase our land bank and repay indebtedness. As of the Latest Practicable Date, approximately 68.5% of the proceeds had been applied to increase our land bank in China, approximately 20.2% of the proceeds had been applied to repay indebtedness and approximately 11.3% of the proceeds had been used for general corporate purposes.

As part of the terms of the Subscription Agreement, among other things, security was given to each of the Investors over Shares held directly or indirectly by Mr. Pan and Ms. Zeng, shares in our non-PRC subsidiaries, the registered capital in some of our principal subsidiaries in China and certain inter-company loans. Such security will be discharged no later than the Listing Date in connection with a Qualified IPO.

Fantasia (Cayman) and Wellluck paid an aggregate of US$100 million for 12,900 Shares, then comprising 12.9% of the Shares then in issue. Taking into account the Capitalization Issue, such 12.9% shareholding would be represented by 470,205,000 Shares and consequently, the price per Share paid by each of Fantasia (Cayman) and Wellluck is approximately HK$1.648 per Share. Assuming an offer price of HK$1.98 (being the mid-point of the offer price range), the price paid by Fantasia (Cayman) and Wellluck is equivalent to a discount of approximately 16.8% to such price per Offer Share.

Pursuant to an Investors' Agreement, the Founding Shareholders have undertaken that certain major decisions of the Company, including any change in the share capital of any company in our Group, incorporation of any new subsidiary, entry into new joint venture, any amendment of memorandum and articles of association of the Company, cessation of any business operation, disposal of or creation of any charge or security over substantial assets, payment or declaration of dividend and dissolution or liquidation of any company in our Group, shall be subject to prior written consent of the majority investors. In addition, none of the Founding Shareholders may, directly or indirectly, carry on or be engaged or concerned or interested in any activities which are or may be in competition with the business of our Group or solicit or contact with a view to the engagement or employment of any senior employees or officers of a company in our Group within the previous two-year period. However, no undertaking given under the Investors' Agreement shall continue after the Listing Date.

Fantasia (Cayman) had also appointed a director to our Board upon completion of the Subscription Agreement but such director had, in accordance with the terms of the Restructuring Deed (referred to below), resigned on the date of entering into the Restructuring Deed.

Prior to the Latest Practicable Date, we, our Controlling Shareholders and the Investors entered into negotiations whereby, in consideration of the consensual restructuring of the Shares and the Bonds, the Parties agreed to the terms and waivers as set forth below. Following such negotiations, the relevant parties entered into the Restructuring Deed on October 10, 2009. According to the material terms agreed in the Restructuring Deed:-

(a) we had, on October 13, 2009, paid US$30 million to the Investors to redeem Bonds in the principal amount of US$28,920,308.48 together with accrued interest of US$1,079,691.52, representing interest at 12% per annum accrued from the immediately preceding interest payment date;

(b) the remainder of the Bonds in the principal amount of US$71,079,691.52 shall be redeemed by the Company (together with interest at 12% per annum accrued to the date of receipt of all sums due in respect of the Bonds) on the earlier of the Listing Date and November 30, 2009. With effect from such payment and conditional on us completing a Qualified IPO, the Investors shall waive any rights and claims they may have had prior to the date of the Restructuring Deed against the Controlling Shareholders and us pursuant to the transaction documents signed with the Investors;

(c) the Investors shall sell an aggregate of 243,000,000 Shares as part of the Global Offering in a Qualified IPO at the Offer Price, representing 5% of the number of Shares in issue immediately following the Global Offering and the Capitalization Issue but taking no account of any Shares which may be issued upon the exercise of the Over-allotment Option and would further sell additional Shares pursuant to the exercise of the Over-allotment Option. Such number of additional Shares sold by the Investors shall be equal to the total number of Shares to be sold pursuant to each and any exercise of the Over-allotment Option multiplied by a fraction, the numerator of which shall be the total number of Shares sold and to be sold by the Investors pursuant to the Global Offering in a Qualified IPO (but not taking into account the Shares which may be sold by the Investors pursuant to any exercise of the Over-allotment Option) and the denominator of which shall be the sum of the total number of new Shares sold pursuant to the Global Offering in a Qualified IPO (but not taking into account any new Shares which may be issued pursuant to any exercise of the Over-allotment Option) and the number of Shares specified in the numerator; and

(d) we shall only proceed with an initial public offering if our market capitalization by reference to the Offer Price is a Qualified IPO.

Prior to the date of this prospectus, we had paid US$74,378,973.87 to the Investors to redeem the remainder of the Bonds in the principal amount of US$71,079,691.52 together with accrued interest of US$3,299,282.35. For information on the sources of funding for redeeming the Bonds, please see "Financial Information — Indebtedness, Contingent Liabilities and Capital Expenditures" in this prospectus.

Although the Investors' Agreement lapses after the Listing Date and no party shall have any claim against the other after the Listing Date in respect of agreements previously entered into between them provided that a Qualified IPO occurs and redemption of the Bonds takes place in accordance with paragraphs (a) and (b) above, a continuing obligation after the Listing Date and a term of the Restructuring Deed provides that the Controlling Shareholders shall pay to each Investor an amount equivalent to the Agreed Payment on a date no later than the 10th payment business day immediately after the 20 trading day period following the end of the Lock-up Period. The "Agreed Payment" means the amount in U.S. dollars:-

(i) in the event that the Investors retain Shares immediately after the Listing Date, an amount in cash received by such Investor equivalent to an internal rate of return of 18.5% per annum on its investment in the Shares from the date of its investment until the settlement date after accounting for any net proceeds received by it in respect of Shares sold pursuant to the Global Offering and any exercise of the Over-allotment Option, gross proceeds from any Shares sold after expiration of the Lock-up Period referred to below and the volume weighted average price of the Shares for the 20 trading day period after expiration of the Lock-up Period and which are still held by such Investor immediately prior to the settlement date. The settlement date is the date on which the Agreed Payment is received in full by the relevant Investor; or

(ii) in the event that all of the Investors' Shares are sold as part of the Global Offering, an amount in cash received by such Investor equivalent to an internal rate of return of 18.5% per annum on its investment in the Shares from the date of its investment until the settlement date after accounting for any net proceeds received by it in respect of the Shares sold pursuant to the Global Offering.

Any remaining Shares not sold by the Investors in the Global Offering shall be the subject of an undertaking from the Investors that in the Lock-up Period, the Investors shall not dispose of or enter into any agreement to dispose of or otherwise create any options, rights, interests, or encumbrances in respect of those Shares other than pursuant to the Global Offering, the Over-allotment Option and/or any permitted transfer. The Investors may sell their Shares after the Lock-up Period but each Investor has agreed that it shall not sell all and not part only of its Shares in an off market trade knowingly to our competitors, the identities of whom have been agreed between us and the Investors.

Prior to the entry into the Restructuring Deed, the Investors were of the view that delays in obtaining certain land use rights or property certificates constituted potential events of default under the Investors' Agreement and the Bonds. However, the Investors had not exercised their rights to call for an event of default under the Investors' Agreement and the Bonds. If there had been an event of default, (i) interest under the Bonds shall accrue on the overdue sum at the rate of 5% per annum over and above the rate of interest 12% of per annum from the due date and (ii) the Investors would be entitled to exercise rights to require the Controlling Shareholders to acquire their Shares at an amount equal to an internal rate of return of 25% per annum of the Investors' investment in the Shares and the Bonds at 110% of the sum of principal outstanding together with all accrued interest. We have always maintained that we had a legitimate and reasonable basis for the delays to obtain the relevant land use rights or property certificates. After arms length negotiations with the Investors, an internal rate of return of 18.5% per annum was agreed in respect of the Investors' investment in the Shares and a revised repayment schedule for the Bonds in accordance with paragraphs (a) and (b) above was agreed in respect of the Investors' investment in the Bonds. The Investors shall also waive any rights and claims they may have had prior to the date of the Restructuring Deed against the Controlling Shareholders and us pursuant to the transaction documents signed with the Investors and with effect from the partial payment of the Bond as mentioned in paragraph (a) above and conditional on us completing a Qualified IPO. If we fail to redeem the Bonds in accordance with the terms of the Restructuring Deed or complete a Qualified IPO, the Investors' waiver of potential breaches under the Subscription Agreement and the Investors' Agreement does not become unconditional.

As security for the Controlling Shareholders' obligation to pay the Agreed Payment, Fantasy Pearl has charged 470,205,000 Shares to the Investors (the "Investors' Share Charge"), representing 9.675% of the number of Shares in issue immediately following the Global Offering and the Capitalization Issue, but taking no account of any Shares which may be issued upon the exercise of the Over-allotment Option. Once the Agreed Payment is received in full by each Investor or if each Investor has received an amount in cash equivalent to an internal rate of return of 18.5% per annum on its investment in the Shares, the security granted by Fantasy Pearl to the Investors shall be released unconditionally. Save for this, any and all security granted in favour of the Investors as part of their investment will be released no later than the Listing Date, provided that the Underwriting Agreements have become unconditional on the Listing Date in connection with a Qualified IPO and subject to the Bonds being redeemed in accordance with the terms of the Restructuring Deed.

We shall bear, among other things, the costs and expenses of ourselves, the Controlling Shareholders and the Investors in the preparation and negotiation of the Restructuring Deed and related documents.

Registration with the PRC Government Authorities

Pursuant to the SAFE's Notice on Relevant Issues Concerning Foreign Exchange Administration for PRC Residents to Engage in Financing and Inbound Investment via Overseas Special Purpose Vehicles (國家外匯管理局關於境內居民通過境外特殊目的公司融資及返程投資外匯管理有關問題的通知), or the SAFE Circular No. 75, issued on October 21, 2005, (i) a PRC citizen residing in the PRC, or a PRC resident, shall register with the local branch of the SAFE before he or she establishes or controls an overseas special purpose vehicle, or an overseas SPV, for the purpose of overseas equity financing (including convertible debt financing); (ii) when a PRC resident contributes the assets of or its equity interests in a domestic enterprise into an overseas SPV, or engages in overseas financing after contributing assets or equity interests into an overseas SPV, such PRC resident shall register his or her interest in the overseas SPV and the change thereof with the local branch of the SAFE; and (iii) when the overseas SPV undergoes a material event outside of China, such as a change in share capital or merger and acquisition, the PRC resident shall, within 30 days from the occurrence of such event, register such change with the local branch of the SAFE. In May 2007, the SAFE issued the guidance to its local branches with respect to the procedures for the SAFE registration, which strengthen the supervision on registrations pursuant to the SAFE Circular No. 75 and imposes obligations on onshore subsidiaries of the overseas SPVs to coordinate and supervise the relevant PRC residents to complete registration. Under the SAFE Circular No. 75, failure to comply with the registration procedures set forth above may result in penalties, including the imposition of fines or restrictions on a PRC subsidiary's foreign exchange activities and its ability to distribute dividends to the overseas SPV. Commerce & Finance Law Offices, our PRC legal counsel, are of the opinion that Ms. Zeng and Mr. Pan have completed their registration with the relevant local branch of the SAFE with respect to their interests in our Group and have complied with Circular No. 75 and the guidance.

The Corporate Placing

In November 2009, the Company and the Joint Global Coordinators entered into corporate investor agreements with six corporate investors (the "**Corporate Investors**" and each a "**Corporate Investor**") who in aggregate have agreed to subscribe at the Offer Price for such number of Offer Shares that may be purchased with an aggregate amount of approximately HK$488 million (collectively, the "**Corporate Placing**"). Assuming an Offer Price of HK$2.20 (being the highest point of the indicative Offer Price range), the total number of Shares subscribed by the Corporate Investors would be approximately 221,818,500 Shares, which represents approximately (i) 4.55% of the Shares issued and outstanding upon completion of the Global Offering and (ii) 15.23% of the Offer Shares, in each case assuming that the Over-allotment Option is not exercised. Assuming an Offer Price of HK$1.75 (being the lowest point of the indicative Offer Price range), the total number of Shares subscribed by the Corporate Investors would be approximately 278,857,500 Shares, which represents approximately (i) 5.74% of the Shares issued and outstanding upon completion of the Global Offering and (ii) 19.14% of the Offer Shares, in each case assuming that the Over-allotment Option is not exercised.

Each of the Corporate Investors is an independent third party vis-à-vis our Company, our Directors and/or their associates and not a connected person as defined under the Listing Rules. The Corporate Placing forms part of the International Offer. None of the Corporate Investors will subscribe for any Offer Shares under the Global Offering other than pursuant to the respective corporate investor agreements. Immediately following the completion of the Global Offering, no Corporate Investor will have any board representation in our Company, nor will any Corporate Investor become our substantial shareholder. The Offer Shares to be subscribed for by the Corporate Investors will rank pari passu in all respects with the fully paid Shares in issue, will be counted towards the public float of the Company, and will not be affected by any reallocation of the Offer Shares between the International Offer and the Hong Kong Public Offer in the event of over-subscription under the Hong Kong Public Offer as described in the "Structure of the Global Offering — Hong Kong Public Offer" nor by any exercise of the Over-allotment Option.

Our Corporate Investors

Corporate Investors	Maximum investment amount (in millions)	Number of Shares(1)	Percentage of total number of Offer Shares(1)	Percentage of shareholding interest in our Company immediately following the Global Offering(1)	Number of Shares(2)	Percentage of total number of Offer Shares(2)	Percentage of shareholding interest in our Company immediately following the Global Offering(2)
Hero Path Limited	HK$100	45,454,500	3.12%	0.94%	57,142,500	3.92%	1.18%
Rouy Chai International Investment (Group) Company Limited . . .	HK$ 78	35,454,000	2.43%	0.73%	44,571,000	3.06%	0.92%
Bondic International Holdings Limited	US$ 10	35,227,500	2.42%	0.72%	44,286,000	3.04%	0.91%
Dr. Choi Chee Ming . . .	US$ 10	35,227,500	2.42%	0.72%	44,286,000	3.04%	0.91%
Mr. Huang De-Lin Benny	US$ 10	35,227,500	2.42%	0.72%	44,286,000	3.04%	0.91%
Mr. Joseph Lau, Luen Hung	US$ 10	35,227,500	2.42%	0.72%	44,286,000	3.04%	0.91%

Notes:-

(1) Rounded down to the nearest board lot of Shares and assuming an Offer Price of HK$2.20 (being the highest point of the indicative Offer Price range) and assuming the Over-allotment Option is not exercised.

(2) Rounded down to the nearest board lot of Shares and assuming an Offer Price of HK$1.75 (being the lowest point of the indicative Offer Price range) and assuming the Over-allotment Option is not exercised.

A brief description of each of the Corporate Investors is as follows:

Hero Path Limited

Hero Path Limited has agreed to subscribe for such number of Shares (rounded down to the nearest board lot) which may be purchased for up to approximately HK$100 million at the Offer Price.

Hero Path Limited, a company incorporated in the British Virgin Islands with limited liability, is a wholly-owned subsidiary of China Poly Group Corporation ("China Poly") (中國保利集團公司), which is a state-owned enterprise under the supervision of the State-owned Assets Supervision and Administration Commission of the State Council of the People's Republic of China.

China Poly was established by registration at the National Trade and Industry Bureau in February 1993 and its predecessor was Poly Technologies, Inc. After more than 25 years of development, China Poly now has four core businesses including international trading, real estate development, culture and arts business and mineral resources investment. Its subsidiaries and projects are located in Beijing, Tianjin, Shanghai, Chongqing, Harbin, Shenyang, Changchun, Baotou, Jinan, Qingdao, Wuhan, Changsha, Nanchang, Hangzhou, Chengdu, Guangzhou, Shenzhen, Guiyang, Nanning and Hong Kong. It has also established overseas subsidiaries and offices.

Rouy Chai International Investment (Group) Company Limited

Rouy Chai International Investment (Group) Company Limited ("Rouy Chai") has agreed to subscribe for such number of Shares (rounded down to the nearest board lot) which may be purchased for up to approximately HK$78 million at the Offer Price.

Rouy Chai was established in Hong Kong on June 23, 1993. It is beneficially owned as to 99.99% by Dr. Ruayrungruang Chanchai. Rouy Chai has established itself as a conglomerate with investments in functional beverage, sports and culture, high-end services and financial services. Major projects that Rouy Chai has invested in the PRC include the Reignwood Pine Valley Golf Resort and Country Club, the Reignwood Center in Beijing, the Beijing Fairmont Hotel, the Red Bull brand of functional beverages, and other financial leasing, media and advertising businesses. Rouy Chai has branch offices in Singapore, Thailand and Australia.

Bondic International Holdings

Bondic International Holdings Limited ("Bondic International") has agreed to subscribe for such number of Shares (rounded down to the nearest board lot) which may be purchased for up to approximately US$10 million at the Offer Price.

Bondic International is a company incorporated in the British Virgin Islands and is wholly and beneficially owned by Mr. Cheung Chung Kiu ("Mr. Cheung"). Mr. Cheung is the founder and Chairman of Yugang International Limited and Chairman of C C Land Holdings Limited, Y.T. Realty Group Limited and The Cross-Harbour (Holdings) Limited. All of these companies are publicly listed on the Stock Exchange.

Dr. Choi Chee Ming

Dr. Choi Chee Ming ("Dr. Choi") has agreed to subscribe for such number of Shares (rounded down to the nearest board lot) which may be purchased for up to approximately US$10 million at the Offer Price.

Dr. Choi is the chairman of Early Light International (Holdings) Limited and a member of the National Committee of Chinese People's Political Consultative Conference. He is also a non-executive director and vice chairman of Regal Hotels International Holdings Limited (stock code: 78), the shares of which are listed on the main board of Stock Exchange. Dr. Choi is also the vice chairman and non-executive director of Town Health International Holdings Company Limited (stock code: 3886), a company listed on the main board of the Stock Exchange.

Mr. Huang De-Lin Benny

Mr. Huang De-Lin Benny, a merchant, has agreed to subscribe for such number of Shares (rounded down to the nearest board lot) which may be purchased for up to approximately US$10 million at the Offer Price.

Mr. Joseph Lau, Luen Hung

Mr. Joseph Lau, Luen Hung ("Mr. Lau") has agreed to subscribe for such number of Shares (rounded down to the nearest board lot) which may be purchased for up to approximately US$10 million at the Offer Price.

Mr. Lau is the Chairman and Chief Executive Officer of Chinese Estates Holdings Limited ("Chinese Estates"). Chinese Estates is publicly listed on the Stock Exchange and its core businesses comprise property investment and property development.

Conditions Precedent

The subscription obligation of each Corporate Investor is conditional upon, among others, the Hong Kong Underwriting Agreement and the International Underwriting Agreement being entered into and having become effective and unconditional and not having been terminated.

Restrictions on Disposals by the Corporate Investors

Each of the Corporate Investors has agreed that, without the prior written consent of the Company and the Joint Global Coordinators, it will not, at any time during the period of six months following the Listing Date, whether directly or indirectly, dispose of any Shares subscribed for pursuant to the respective corporate investor agreement (or any interest in any company or entity holding any of the Shares), other than transfers to any of its eligible wholly-owned subsidiary of such Corporate Investor and strictly on the basis that the transferee will be subject to the restrictions on disposal imposed on such Corporate Investor.

The information in the section below has been derived, in part, from official government sources unless otherwise indicated. We believe that the sources of this information are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. The information has not been independently verified by us, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners and the Joint Lead Managers, any of the Underwriters, any of their respective directors, officers or representatives, or any other person or party involved in the Global Offering and no representation is given as to its accuracy.

THE ECONOMY OF CHINA

Overview

The economy of China has grown significantly since the PRC government introduced economic reforms in the late 1970's. China's accession to the WTO in 2001 has further accelerated the reform of the PRC economy. China's nominal GDP has increased from approximately RMB13,582.3 billion in 2003 to approximately RMB30,067.0 billion in 2008 at a CAGR of approximately 17.2%.

The Chengdu-Chongqing Economic Zone, the Pearl River Delta region, the Yangtze River Delta region and the Beijing-Tianjin metropolitan region are four of the most economically prosperous and vibrant regions in China. The table below sets forth the GDP data for China and the aforementioned four regions for the years indicated:

	Nominal GDP (in RMB billions)						CAGR
	2003	2004	2005	2006	2007	2008	2003 to 2008
PRC	13,582.3	15,987.8	18,308.5	21,087.1	24,661.9	30,067.0	17.2%
Chengdu-Chongqing Economic Zone	397.8	472.4	544.1	624.2	743.6	899.8	17.7%
Pearl River Delta region	1,295.7	1,548.5	1,824.5	2,160.9	2,560.7	2,974.6	18.1%
Yangtze River Delta region	2,884.2	3,472.5	4,090.8	4,775.4	5,671.0	6,394.0	17.3%
Beijing-Tianjin metropolitan region	741.1	899.2	1,055.0	1,220.8	1,402.4	1,684.2	17.8%

Sources: National Bureau of Statistics of China, Bureau of Statistics of respective cities

The table below sets forth the per capita disposable annual income for urban households for China and the aforementioned four regions for the years indicated:

	Per capita disposable income of urban households (in RMB)					
	2003	2004	2005	2006	2007	2008
PRC	8,472	9,422	10,493	11,760	13,786	15,781
Chengdu-Chongqing Economic Zone	8,514	9,544	10,555	11,914	14,065	16,090
Pearl River Delta region	15,333(1)	17,886	19,372	21,330	23,245	23,496
Yangtze River Delta region	11,286	12,640	14,489	16,369	18,764	21,119
Beijing-Tianjin metropolitan region	12,420	14,034	15,627	17,673	19,704	22,553

Sources: National Bureau of Statistics of China, Bureau of Statistics of respective cities

Note:

(1) Exclude data for Jiangmen in Guangdong province

Importance of Small- and Medium-Enterprises in the Economy of China

Small and medium enterprises[(1)] are important pillars in the PRC economy. According to the industry report prepared by China Real Estate Top 10 Research Team, the number of employees in small- and medium-enterprises represents over 77% of the total employees of "above-scale enterprises"[(2)], revenues from small- and medium-enterprises represent over 62% of the total revenues of above-scale enterprises; and gross output value of small- and medium-enterprises represents over 63% of such value of above-scale enterprises.

THE PROPERTY MARKET IN CHINA

Overview

We believe the economic growth of China, the increase in disposable income, the emergence of the mortgage lending market and the increase in the urbanization rate, are key factors in sustaining the growth of China's property market. Government housing reforms continue to encourage private ownership and it is expected that an increasing proportion of urban residents who will own private properties will continue to increase over the coming years in the near future. The table below sets forth selected figures showing China's urbanization rate and the increase in disposable income levels of the urban population in China for the periods indicated:

	2003	2004	2005	2006	2007	2008
Urban population (in millions)	523.8	542.8	562.1	577.1	593.8	606.7
Total population (in millions)	1,292.3	1,299.9	1,307.6	1,314.5	1,321.3	1,328.0
Urbanization rate (%)	40.5%	41.8%	43.0%	43.9%	44.9%	45.7%
Annual disposable income of urban households (in RMB millions)	4,437.6	5,114.3	5,898.1	6,786.1	8,186.1	9,574.3

Sources: National Bureau of Statistics of China, Bureau of Statistics of respective cities

Pearl River Delta region is the earliest area in China that has experienced real estate marketization. As China's economy continues to develop and mature, there was an increasing shift in real estate activities from the southern part of China to the north. As a result, the Yangtze River Delta region and Beijing-Tianjin metropolitan region has joined the Pearl River Delta region to form three of the most prosperous zones in China. Due to various factors that include varying regional economic development level, city development characteristics and maturity of the different real estate markets, the property markets in the PRC possesses distinct regional differences. However, major cities in the three traditional economic zones of the Yangtze River Delta region, the Pearl River Delta region and the Beijing-Tianjin metropolitan region are still recognized as leading cities in the real estate market in China. The historical and recent development and trend in the real estate market in China has also shown an increase of activities from the eastern part of China to the west and from the coastal regions to the inland regions. Such trend, along with the implementation of the Western Development Policy by the PRC government to promote the development of China's western region, the Chengdu-Chongqing Economic Zone has in recent years gradually attracted significant investment and has become the business hub of western China.

(1) According to the Notice on Issuance of Interim Provisions of Standards for Small- and Medium-Enterprises (關於印發中小企業標準暫行規定的通知) issued by the State Economic and Trade Commission, State Development Planning Commission (now known as NDRC), MOF and National Bureau of Statistics of China, small- and medium-enterprises are defined based on the number of employees, revenues and the total asset value of such enterprises.

(2) According to the section entitled "Description" in 2005 Statistic Yearbook of Small and Medium Enterprises, 2006 Statistic Yearbook of Small and Medium Enterprises, and 2007 Statistic Yearbook of Small and Medium Enterprises, "above-scale enterprises" refer to all of the state-owned enterprises and the non-state-owned enterprises with annual revenue of over RMB5.0 million.

The table below sets forth the property development investment for China and the aforementioned four regions for the years indicated:

	Property Development Investment						
	2003	2004	2005	2006	2007	2008	2005-2008 CAGR
			(in RMB billions)				
PRC	1,015.4	1,315.8	1,590.9	1,942.2	2,528.0	3,058.0	24.3%
Chengdu-Chongqing Economic Zone	57.3	68.5	96.8	124.9	176.0	190.4	25.3%
Pearl River Delta region	72.6	126.7	137.8	165.7	223.2	265.2	24.4%
Yangtze River Delta region	269.1	374.0	424.8	475.7	564.5	643.1	14.8%
Beijing-Tianjin metropolitan region	141.4	173.7	185.3	212.2	250.1	256.2	11.4%

Sources: National Bureau of Statistics of China, Bureau of Statistics of respective cities

Property Price and Supply

The average price per square meter for the property market in China was approximately RMB3,877 in 2008, compared to approximately RMB2,379 in 2003. Supply of properties in China also increased from approximately 414.6 million square meters in 2003 to approximately 585.0 million square meters in 2008.

The table below sets forth selected data relating to the PRC property market for the years indicated:

	2003	2004	2005	2006	2007	2008
Total GFA completed (in million square meters)	395.1	424.6	487.9	530.2	582.4	585.0
Total GFA sold (in million square meters)	337.2	382.3	557.7	606.3	761.9	620.9
GFA of residential properties sold (in million square meters)	285.0	338.2	497.9	543.9	691.0	558.9
GFA of office buildings sold (in million square meters)	6.0	6.9	11.1	12.1	14.5	11.1
Average price of properties (in RMB per square meter)	2,379	2,714	2,997	3,383	3,885	3,877
Average price of residential properties (in RMB per square meter)	2,212	2,549	3,010	3,132	3,665	3,655
Average price of office buildings (in RMB per square meter)	4,293	5,533	6,995	8,155	8,701	8,595

Sources: National Bureau of Statistics of China, Bureau of Statistics of respective cities

THE PROPERTY MARKET IN THE CHENGDU-CHONGQING ECONOMIC ZONE

The Chengdu-Chongqing Economic Zone centers around the cities of Chengdu and Chongqing and occupies an area of approximately 155,000 square meters. The region has a GDP close to RMB900 billion in 2008 and has a population of over 40 million. The Chinese government plans to construct various water conservancy facilities and energy supply system in the Chengdu-Chongqing Economic Zone and also plans to develop the region into a comprehensive transportation hub and logistics center. The Chengdu-Chongqing Economic Zone is an important base for China’s advanced equipment manufacturing industry, modern service industry, high-tech industry and agriculture industry. The region is also a national pilot area for the co-ordination of urban and rural comprehensive reform and was classified as a national protected ecological security zone. The Chengdu-Chongqing Economic Zone serves as the primary success model as to western China’s development potential.

Sale of properties in the Chengdu-Chongqing Economic Zone has experienced an upward trend in recent years. The total GFA of properties sold in the Chengdu-Chongqing Economic Zone increased from approximately 22.8 million square meters in 2003 to approximately 41.5 million square meters in

2008, representing a CAGR of approximately 12.7%. The table below sets forth selected data relating to the property market in the Chengdu-Chongqing Economic Zone for the years indicated:

	2003	2004	2005	2006	2007	2008
Total GFA sold (in million square meters)	22.8	20.7	21.2	37.7	58.0	41.5
Total sales revenue (in RMB billions)	41.3	41.8	47.0	105.6	192.4	142.7
Average price of properties (in RMB per square meter)	1,806	2,017	2,220	2,800	3,320	3,441
Investment in properties (in RMB billions)	57.3	68.5	96.8	124.9	176.0	190.4

Sources: National Bureau of Statistics of China, Bureau of Statistics of respective cities

Chengdu

Chengdu is the capital city of Sichuan Province and is located at the western edge of the Sichuan Basin, with an area of approximately 12,390 square kilometers. In 2007, the central government of the PRC designated Chengdu as a National Experimental Zone of Comprehensive Coordinated Reforms for Balanced Urban and Rural Development in recognition of Chengdu's comprehensive strength and development potential in western China. It had a population of approximately 12.7 million in 2008. Chengdu has experienced significant GDP growth rate in recent years from approximately RMB170.5 billion in 2003 to approximately RMB390.1 billion in 2008, representing a CAGR of approximately 18.0%, exceeding the CAGR of national GDP of approximately 17.2% over the same period.

In line with the rapid economic growth of Chengdu, the volume of sales of local properties has experienced an upward trend in recent years. According to the Chengdu Bureau of Statistics, the total GFA of properties sold in Chengdu increased from approximately 9.7 million square meters in 2003 to approximately 12.7 million square meters in 2008, representing a CAGR of approximately 5.6%. The table below sets forth data relating to the property market in Chengdu for the periods indicated:

	2003	2004	2005	2006	2007	2008
Total GFA of sold (in million square meters)	9.7	7.6	5.6	15.3	22.4	12.7
Total sales revenue (in RMB billions)	20.3	18.6	15.8	55.1	95.7	62.7
Average price of properties (in RMB per square meter)	2,096	2,452	2,818	3,592	4,267	4,921
Investment in properties (in RMB billions)	24.5	29.1	45.1	61.9	91.0	91.3
Total GFA of office buildings sold (in thousand square meters)	63.0	87.0	164.2	166.0	367.9	244.9
Total sales revenue from office buildings (in RMB billions)	0.21	0.37	0.86	0.76	2.14	1.41
Average price of office buildings (in RMB per square meter)	3,381	4,279	5,964	4,578	5,828	5,745
Investment in office buildings (in RMB billions)	0.83	0.99	1.46	1.52	1.85	1.75

Sources: National Bureau of Statistics of China, Chengdu Bureau of Statistics

THE PROPERTY MARKET IN THE PEARL RIVER DELTA REGION

The Pearl River Delta region is one of the leading economic regions and a major manufacturing center of China. It covers nine prefectures of the province of Guangdong, namely Guangzhou, Shenzhen, Zhuhai, Dongguan, Zhongshan, Foshan, Huizhou, Jiangmen and Zhaoqing, and is adjacent to Hong Kong and Macau. It had a population of approximately 40 million in 2008 and occupies an area of approximately 41,500 square meters. The Chinese government aims to make the Pearl River Delta region a shipping, logistics, trade, exhibition, tourism and innovation center for mutual development with Hong Kong and Macau, and position the region as a pioneer for carrying out various reforms and a key economic center of China.

Sale of properties in the Pearl River Delta region has experienced an upward trend in recent years. The total GFA of properties sold in the Pearl River Delta region increased from approximately 26.8 million square meters in 2003 to approximately 37.7 million square meters in 2008, representing a CAGR of approximately 7.1%. The table below sets forth selected data relating to the property market in the Pearl River Delta region for the years indicated:

	2003	2004	2005	2006	2007	2008
Total GFA of sold (in million square meters)	26.8	25.0	34.1	42.2	50.0	37.7
Total sales revenue (in RMB billions)	115.5	99.1	169.8	232.5	337.8	262.3
Average price of properties (in RMB per square meter)	4,314	3,958	4,985	5,505	6,756	6,967
Investment in properties (in RMB billions)	72.6	126.7	137.8	165.7	223.2	265.2

Sources: National Bureau of Statistics of China, Bureau of Statistics of respective cities

Shenzhen

Shenzhen is located in the southern part of Guangdong Province and borders Hong Kong with an area of approximately 1,953 square kilometers. It had a population of approximately 8.8 million in 2008. Shenzhen has experienced GDP growth in recent years from approximately RMB358.6 billion in 2003 to approximately RMB780.7 billion in 2008, representing a CAGR of approximately 16.8%. Shenzhen's GDP has ranked fourth in all cities in China from 2001 to 2006. Furthermore, in 2007, Shenzhen became the first and only city in China with a per capita GDP of over US$10,000 according to various news reports.

In line with the economic growth of Shenzhen, property price has increased significantly in recent years. According to the Shenzhen Bureau of Statistics, the average price of properties increased from approximately RMB6,255 per square meters in 2003 to RMB12,665 per square meters in 2008, representing a CAGR of approximately 15.2%. The table below sets forth data relating to the property market in Shenzhen for the periods indicated:

	2003	2004	2005	2006	2007	2008
Total GFA of sold (in million square meters)	4.1	3.8	11.2	7.6	5.6	4.7
Total sales revenue (in RMB billions)	25.8	25.8	85.1	71.0	78.0	59.1
Average price of properties (in RMB per square meter)	6,255	6,756	7,582	9,384	14,050	12,665
Investment in properties (in RMB billions)	41.0	43.2	42.4	46.1	46.1	44.0

Sources: National Bureau of Statistics of China, Shenzhen Bureau of Statistics

Dongguan

Dongguan is a prefecture-level city located in central Guangdong province. It is an important industrial city located in the Pearl River Delta region and borders the provincial capital of Guangzhou with an area of approximately 2,465 square kilometers. It had a population of approximately 6.9 million in 2008. Dongguan has experienced significant GDP growth in recent years from approximately RMB145.3 billion in 2003 to approximately RMB370.3 billion in 2008, representing a CAGR of approximately 20.6% and exceeding the CAGR of national GDP of approximately 17.2% over the same period.

In line with the economic growth of Dongguan, the volume of sales of local properties has experienced an upward trend in recent years. According to the Dongguan Bureau of Statistics, the total GFA of properties sold in Dongguan increased from approximately 1.6 million square meters in 2003 to approximately 5.1 million square meters in 2008, representing a CAGR of approximately 25.3%. The table below sets forth data relating to the property market in Dongguan for the years indicated:

	2003	2004	2005	2006	2007	2008
Total GFA of sold (in million square meters)	1.6	2.6	3.2	3.8	5.7	5.1
Total sales revenue (in RMB billions)	5.4	8.5	11.9	15.9	29.5	28.4
Average price of properties (in RMB per square meter)	3,288	3,336	3,710	4,187	5,148	5,567
Investment in properties (in RMB billions)	5.5	11.4	14.4	16.4	20.9	27.0

Sources: National Bureau of Statistics of China, Dongguan Bureau of Statistics

Huizhou

Huizhou is a prefecture-level city located in the south-eastern part of Guangdong Province with an area of approximately 11,200 square kilometers. It had a population of approximately 3.9 million in 2008. Huizhou has experienced GDP growth rate in recent years from approximately RMB58.7 billion in 2003 to approximately RMB129.0 billion in 2008, representing a CAGR of approximately 17.1%.

In line with the economic growth of Huizhou , the volume of sales of local properties has experienced an upward trend in recent years. According to the Huizhou Bureau of Statistics, the total GFA of properties sold in Huizhou increased from approximately 0.7 million square meters in 2003 to approximately 3.0 million square meters in 2008, representing a CAGR of approximately 32.4%. The table below sets forth data relating to the property market in Huizhou for the years indicated:

	2003	2004	2005	2006	2007	2008
Total GFA sold (in million square meters)	0.7	1.0	1.4	2.3	3.9	3.0
Total Sales Revenue (in RMB billions)	1.6	2.3	3.6	6.7	15.6	12.2
Average price in properties (in RMB per square meter)	2,143	2,263	2,597	2,942	3,998	4,120
Investment in properties (in RMB billions)	2.3	3.0	4.4	6.8	13.8	18.7

Sources: National Bureau of Statistics of China, Huizhou Bureau of Statistics

THE PROPERTY MARKET IN THE YANGTZE RIVER DELTA REGION

The Yangtze River Delta region has one of the strongest regional economies in China. It includes two provinces, Jiangsu and Zhejiang, and one city, Shanghai. Its land area accounts for approximately 1.0% of China's total land area while its population accounts for approximately 11.1% of China's total population and its GDP accounts for approximately 21.3% of China's total GDP. The Chinese government has positioned the Yangtze River Delta region as China's strongest economic, financial, trading and shipping centers.

Sale of properties in the Yangtze River Delta region has experienced an upward trend in recent years. The total GFA of properties sold in the Yangtze River Delta region increased from approximately 52.8 million square meters in 2003 to approximately 105.9 million square meters in 2008, representing a CAGR of approximately 14.9%. The table below sets forth selected data relating to the property market in the Yangtze River Delta Region for the years indicated:

	2003	2004	2005	2006	2007	2008
Total GFA of sold (in million square meters)	52.8	92.7	116.0	126.7	158.4	105.9
Total sales revenue (in RMB billion)	187.0	364.4	530.1	606.1	877.5	598.1
Average price of properties (in RMB per square meter)	3,539	3,929	4,570	4,783	5,542	5,649
Investment in properties (in RMB billions)	269.1	374.0	424.8	475.7	564.5	643.1

Sources: National Bureau of Statistics of China, Bureau of Statistics of respective cities

Yixing

Yixing is a county-level city in Wuxi, Jiangsu Province, with an area of approximately 2,177 square kilometers. It had a population of approximately 1.3 million as of December 31, 2008. Yixing has experienced significant GDP growth in recent years from approximately RMB25.4 billion in 2003 to approximately RMB60.0 billion in 2008, representing a CAGR of approximately 18.8% and exceeding the CAGR of national GDP of approximately 17.2% over the same period.

In line with the economic growth of Yixing, the volume of sales of local properties has experienced an upward trend in recent years. According to the Yixing Bureau of Statistics, the total GFA of properties sold in Yixing increased from approximately 0.6 million square meters in 2003 to approximately 1.6 million square meters in 2008, representing a CAGR of approximately 21.4%. The table below sets forth data relating to the property market in Yixing for the periods indicated:

	2003	2004	2005	2006	2007	2008
Total GFA of sold (in million square meters)	0.6	0.7	0.9	1.3	0.7	1.6
Total sales revenue (in RMB billions)	0.9	1.4	2.0	3.8	2.3	5.1
Average price of properties (in RMB per square meter)	n/a(1)	1,855	2,207	2,919	3,226	3,417
Investment in properties (in RMB billions)	1.3	2.0	2.4	3.4	3.8	3.6

Sources: National Bureau of Statistics of China, Yixing Bureau of Statistics

Note:
(1) Data not available

THE PROPERTY MARKET IN THE BEIJING-TIANJIN METROPOLITAN REGION

Beijing-Tianjin metropolitan region centers around two cities, Beijing and Tianjin, which are the most economically vibrant cities in northern China. In 2008, the region has a GDP of RMB1,684 billion and accounts for approximately 5.6% of China's total GDP.

Sale of properties in the Beijing-Tianjin metropolitan region has experienced an upward trend in recent years. The average price of properties increased from approximately RMB4,102 per square meter in 2003 to approximately RMB9,320 per square meter in 2008, representing a CAGR of approximately 17.8%. The table below sets forth selected data relating to the property market in the Beijing-Tianjin metropolitan region for the years indicated:

	2003	2004	2005	2006	2007	2008
Total GFA of sold (in million square meters)	26.8	33.2	45.3	40.7	37.3	25.9
Total sales revenue (in RMB billions)	110.0	151.3	269.1	285.5	341.4	241.1
Average price of properties (in RMB per square meter)	4,102	4,558	5,939	7,022	9,156	9,320
Investment in properties (in RMB billions)	141.4	173.7	185.3	212.2	250.1	256.2

Sources: National Bureau of Statistics of China, Bureau of Statistics of respective cities

Tianjin

Tianjin is one of the four municipalities of China that are directly under the central government and have provincial-level status, with an area of approximately 11,920 square kilometers. It had a population of approximately 11.8 million as of December 31, 2008. The city's urban area is located along the Haihe River and its ports are located on Bohai Gulf in the Pacific Ocean. Tianjin has experienced significant GDP growth in recent years from approximately RMB238.7 billion in 2003 to approximately RMB635.4 billion in 2008, representing a CAGR of approximately 21.6% and exceeding the CAGR of national GDP of approximately 17.2% over the same period.

In line with the economic growth of Tianjin, the volume of sales of local properties has experienced an upward trend in recent years. According to the Tianjin Bureau of Statistics, the total GFA of properties sold in Tianjin increased from approximately 7.9 million square meters in 2003 to approximately 12.5 million square meters in 2008, representing a CAGR of approximately 9.6%. The table below sets forth selected data relating to the property market in Tianjin for the years indicated:

	2003	2004	2005	2006	2007	2008
Total GFA of sold (in million square meters)	7.9	8.5	14.1	14.6	15.5	12.5
Total sales revenue (in RMB billions)	20.2	26.4	57.1	69.6	89.9	75.3
Average price of properties (in RMB per square meters)	2,572	3,115	4,055	4,774	5,794	6,015
Investment in properties (in RMB billions)	21.1	26.4	32.8	40.2	50.5	65.4
Total GFA of office buildings sold (in thousand square meters)	157.0	169.0	434.7	371.0	429.5	293.0
Total sales revenue from office buildings (in RMB billions)	0.89	0.94	2.18	2.29	3.18	2.87
Average price of office buildings (in RMB per square meter)	5,663	5,551	4,976	6,171	7,411	9,783
Investment in office buildings (in RMB billions)	0.76	1.58	1.20	2.37	3.46	3.10

Sources: National Bureau of Statistics of China, Tianjin Bureau of Statistics

THE PROPERTY AGENCY SERVICES INDUSTRY IN CHINA

As a result of the real estate market growth in China, the property agency services industry in China has experienced significant growth as well in recent years. However, the property consulting and advisory services market in China is at an early stage of development. Sales, marketing and other commercial data relating to transferable land use rights or development projects are scattered among various governmental agencies and private parties with varying degrees of transparency. Top property agency services companies who can provide services that encompass the entire project development, marketing and sales process have a visible competitive advantage, as competition for these projects is based primarily on a property agency services company's market research capability and its ability to provide a full range of services. As a result, we believe there is a strong market demand for professional property agency services companies that can provide consolidated information and analysis of unprocessed real estate market data covering a broad range of geographic markets in China.

THE PROPERTY MANAGEMENT INDUSTRY IN CHINA

Against the backdrop of the development of the underlying property market and the improvement in living standards as a result of rapid economic growth, there has been a growing demand for property management services in China in recent years. However, the industry remains at an early stage of development, characterized by an industry structure that is highly fragmented with a large number of relatively small participants operating in a competitive environment. According to the Survey Report on Property Management Industry (物業管理行業生存狀況調查報告) issued by the China Property Management Association (中國物業管理協會) in May 2008, of the 4,600 property management companies in China that participated in the survey, approximately 5.8% were established between 1981 to 1994, approximately 76.0% were established between 1994 to 2004, and approximately 18.2% were established between 2004 to 2007.

Our Directors are optimistic that, while competition is intense, the long-term growth prospects for the property management industry in China are promising as the underlying property market continues to develop along with China's economic growth. Our Directors also expect that, as the industry continues to develop, there will be a growing demand for quality and reliable services from property management companies with industry consolidation that eliminates small and inefficient companies and allowing companies with sufficient resources operating on economies of scale to eventually emerge as market leaders.

THE HOTEL SERVICES INDUSTRY IN CHINA

The growth of the PRC economy and its tourism industry has led to a rapid development of the hotel industry in China in recent years. According to the National Bureau of Statistics of China and the National Tourism Administration of China (中國國家旅遊局), total tourism volume grew from 962 million visits in 2003 to 1,742 million visits in 2007 with a CAGR of 16.0% and total tourism revenue in China grew from RMB485 billion in 2003 to RMB1,084 billion in 2007 with a CAGR of 22.3%. As a result of the desire to benefit from an increasingly affluent domestic population as well as the influx of visitors, many foreign corporate and hotel investors, developers and operators have entered into the hotel industry in China with a hope of securing a presence in the industry. In addition, China's entry into the WTO in 2002, Beijing's successful organization of the 2008 Olympic games and Shanghai's successful bid to hold the World Expo in 2010, have served to illustrate China's importance in the world stage, have thereby furthering the strong interest and growth of the hotel industry in China, especially in major cities.

OVERVIEW

We are a leading property developer and property related service provider in China. We are the only property company in China with members of our Group being ranked among the 2009 China Top 100 Real Estate Developers (2009中國房地產百強企業), the 2009 China Top 100 Real Estate Agencies (2009中國房地產策劃代理百強企業), and the 2008 China Top 100 Property Management Companies (2008中國物業服務百強企業) by the China Real Estate Top 10 Research Team.[1] We first commenced our property development business in Shenzhen in 1996. Leveraging on our broad experience and capabilities, we have successfully expanded into and currently focus our real estate activities in four of the fastest-growing economic regions in China, namely the Chengdu-Chongqing Economic Zone, the Pearl River Delta region, the Yangtze River Delta region and the Beijing-Tianjin metropolitan region.

Our target customers are affluent middle- to upper-class individuals and families and high-growth small- to medium-sized enterprises. We envisage that the demand for properties designed for these customers will increase as such customers' household income and purchasing power continue to rise. To cater to the diverse needs of our target customers, we develop a portfolio of property development projects with a focus on the following types of properties:

- *Urban Complexes*

  These urban complexes are mostly located in the peripheral areas of existing central business districts in major cities or in the emerging new business districts under city development plans of local governments. These complexes integrate various types of properties, such as offices, apartments, retail shops and/or boutique hotels, into one property development project. For example, our urban complex Chengdu Hailrun Plaza (成都喜年廣場), which has received several awards, will be the tallest building and a local landmark in Chengdu when completed in November 2009 as currently expected, and we believe our Meinian International Plaza (美年國際廣場) is one of the largest urban complexes currently under development in Chengdu.

- *Boutique Upscale Residences*

  These boutique upscale residences are located in urban and suburban areas with natural scenic surroundings or cultural landmarks. They are linked by roads or expressways to the centers of major metropolitan areas. These boutique upscale residences include high- and low-rise apartment buildings, townhouses and individual houses and cater to the residential and investment needs of our high-end consumers. We typically develop our boutique upscale residential projects in several phases so that we can manage our capital resources more efficiently and increase the average selling price as the project becomes more developed and attractive to our customers. Examples of such boutique upscale residential projects include Grand Valley (大溪谷), a large scale residential complex that is adjacent to a planned ecological and sports park in Pujiang County of Chengdu, and Chengdu Mont Conquerant (成都君山), a

(1) The China Real Estate Top 10 Research Team has conducted research on the Top 100 Real Estate Enterprises in the PRC since 2004. Its research has been quoted by various Hong Kong and PRC-listed companies in their prospectuses and annual reports. Data used by the China Real Estate Top 10 Research Team includes data derived from survey completed by the individual real estate companies, publicly available information of the individual real estate companies, statistical data from institutions such as China Real Estate Index System (中國房地產指數系統), Real Estate Searching Academy (搜房研究院) and China Villas Index System (中國別墅指數系統) and from relevant government ministries and bureaus. The research conducted considers factors such as the size, profitability, debt payment ability, growth potential, operating efficiency and social responsibility of researched companies and has established minimum thresholds in which companies must meet before being considered, such as the minimum of RMB300 million in annual revenue or 100,000 in annual square meters sold for property developers for three consecutive years, property management companies that have received first class qualification from the relevant government authorities or property agency services companies that have sold more than 100,000 annual square meters for three consecutive years as to their primary property agency services. The China Real Estate Top 10 Research Team conducts analysis on 500 property developers, 500 property management companies and 200 property agency services companies annually, and has awarded 100 awards to property developers, 50 awards to property management companies and 50 awards to property agency services companies in connection with its annual ranking.

large scale residential community located in a famous tourist attraction in Xinjin County of Chengdu.

As of the Latest Practicable Date, our portfolio of land bank consisted of 57.7% of boutique upscale residences, 29.5% of urban complexes and 12.8% of other properties in terms of GFA. We plan to continue to focus our property development activities on developing a portfolio of products that caters to our target customers across four of China's most economically prosperous regions. We plan to achieve this objective by continuing to selectively acquire low-cost land in the four regions. We conduct comprehensive and in-depth market research and analysis as to the land that we intend to acquire and the surrounding areas. We consider the geographic as well as marketing factors when evaluating a target parcel, including development potentials, size and suitability of the land for developments that can fit into our existing portfolio, convenience and availability of infrastructure support, purchasing power of our potential customers in relevant areas, development costs and the estimated return on investment. We budget for the cost of land acquisition as well as the overall development costs, which are subject to strict internal procedures and are closely monitored and adjusted throughout the construction process. All relevant departments of our Group, including our chief executive officer and our board of directors, will review and approve the proposed acquisition. We usually acquire land using our own capital within a pre-set budget and arrange project loans with banks in China at a later stage to support the subsequent development of the property.

In addition to our property development business, we are also engaged in providing property operation services, property agency services and hotel services to our own properties and properties of third parties. We believe engaging in such property related services strengthens our property development capabilities. For example, our property operation services enhance the value of our developments while our property agency services enable us to maximize our marketing and selling efforts. We plan to continue to enhance such real estate services that we offer and to further enhance the intrinsic synergies between our real estate products and services. We will in particular focus on enhancing our property operation services and hotel services which we believe will serve as relatively stable and growing revenue sources to our Group on the one hand, and will continue to increase the attractiveness and the average selling price of the properties developed by us on the other.

We have received numerous accolades for our property development and service capabilities. Our subsidiary, Fantasia Group (China), won the 2008 Corporate Citizen Award of Golden Brick for Real Estate of China (中國地產金磚獎2008年度中國地產企業公民大獎) presented by the Boao 21st Century Real Estate Forum (博鰲21世紀房地產論壇) and the 21st Century Economy Review (21世紀經濟報導). Our subsidiary, Fantasia Chengdu Development, was awarded the Real Estate Corporate of the Year for the Golden Hibiscus Prize in Chengdu in 2008 (2008金芙蓉杯成都地產年度企業金獎) by Chengdu Real Estate Bureau (成都市房地產管理局) and Sichuan Daily Press Group (四川日報報業集團). Our property development projects have also won numerous awards and recognitions for their design and quality. For example, our project Shenzhen Future Plaza (深圳香年廣場) won the 2008 Real Estate Design Award of Golden Brick for Real Estate of China (中國地產金磚獎2008年度地產設計大獎) presented by the Boao 21st Century Real Estate Forum (博鰲21世紀房地產論壇) and the 21st Century Economy Review (21世紀經濟報導). Chengdu Hailrun Plaza (成都喜年廣場), our urban complex project which is under development, was recognized as the Star Property of the Year and the Driving Force of Real Estate Industry in Chengdu in 2008 (2008成都房地產推動力大獎年度明星樓盤) and won the Gingko Prize as the Office Building with the Greatest Industrial Momentum in Chengdu in 2008 (銀杏杯2008成都最具行業推動力寫字樓大獎) presented by Chengdu Media Group (成都傳媒集團) and Chengdu Television Station (成都電視臺), respectively. Self Life (趣園), our completed residential project in Shenzhen, was awarded the Golden Bull Prize in 2005 (2005年度金牛獎), one of the most prestigious awards in the real estate industry in Shenzhen, by the Shenzhen Construction Industry Association (深圳市建築業協會).

As of the Latest Practicable Date, we had a total of 29 projects at various stages of development (i.e. completed projects, projects under development and projects held for future development), including 11 projects located in the Chengdu-Chongqing Economic Zone, 14 projects located in the Pearl River Delta region, two projects located in the Yangtze River Delta region and two projects located in the Beijing-Tianjin metropolitan region.

As of the Latest Practicable Date, we had a total land bank of approximately 10,714,794 square meters, which consists of:

(i) an aggregate planned GFA of approximately 5,125,172 square meters of properties with land use rights obtained (consisting of an aggregate planned GFA of approximately 1,247,504 square meters of properties under development and an aggregate planned GFA of approximately 3,877,668 square meters of properties held for future development for which we have obtained land use rights); and

(ii) an aggregate planned GFA of approximately 5,589,622 square meters of properties for which we had not obtained the land use rights or property rights (consisting of an aggregate planned GFA of approximately 620,759 square meters of properties held for future development for which properties rights are yet to be acquired and an aggregate planned GFA of approximately 4,968,863 square meters for which we had entered into preliminary framework agreements with the local government authorities and relevant third parties). The preliminary framework agreements are legally binding but, before we are able to obtain the relevant land use right certificates, we are still required by the relevant PRC laws and regulations (i) in respect of our Pixian and Yunnan projects, to successfully complete the public tender, auction or listing-for-sale process, enter into a land grant contract and pay relevant land grant premium; and (ii) in respect of our Beijing Tongzhou project, to enter into and perform our obligations under a formal share transfer agreement and duly complete registration procedures for such transfer of equity ownership with the relevant government authorities.

Of our total land bank, approximately 7,603,675 square meters, or 70.9%, were held in the Chengdu-Chongqing Economic Zone; approximately 1,185,355 square meters, or 11.1%, were held in the Pearl River Delta region; approximately 574,553 square meters, or 5.4%, were held in the Yangtze River Delta region; approximately 354,680 square meters, or 3.3%, were held in the Beijing-Tianjin metropolitan region; and approximately 996,531 square meters, or 9.3%, were held in other regions. We develop most of our properties, including properties that are currently under development, for sale but will hold certain of these developed properties for investment.

In 2006, 2007, 2008 and for the six months ended June 30, 2009, our revenue was RMB342.3 million, RMB772.1 million, RMB1,174.2 million and RMB1,343.0 million, respectively. Our revenue during the Track Record Period consists of revenue derived from (i) the sales of our developed properties, (ii) the lease of investment properties, (iii) the provision of property agency and related services, (iv) the provision of property operation and related services, (v) the provision of hotel management and related services, and (vi) other operations. The following table sets forth our revenue for each of the components described above and the percentage of total revenue represented for the periods indicated with the fluctuations of the percentage due primarily to the different product mix delivered to customers in respective period:

	Year Ended December 31,						Six Months Ended June 30,	
	2006		2007		2008		2009	
	RMB	%	RMB	%	RMB	%	RMB	%
	(in thousands, except percentages)							
Property development	241,209	70.5	619,168	80.2	1,064,604	90.7	1,287,470	95.9
Non-residential properties(1)	97,231	28.4	13,643	1.8	517,768	44.1	379,898	28.3
Residential properties	143,978	42.1	605,525	78.4	546,836	46.6	907,572	67.6
Property investment	7,283	2.1	10,649	1.4	11,029	0.9	5,454	0.4
Property agency services	74,899	21.9	97,151	12.6	40,224	3.5	22,396	1.7
Property operation services	14,986	4.4	41,857	5.4	57,875	4.9	26,001	1.9
Hotel services	—	—	—	—	479	0.0	1,673	0.1
Others	3,962	1.1	3,232	0.4	—	—	—	—
Total	342,339	100.0	772,057	100.0	1,174,211	100.0	1,342,994	100.0

Note:
(1) Comprised namely of commercial and industrial properties and certain car parking spaces.

COMPETITIVE STRENGTHS

Property development portfolio strategically located across four of China's most economically prosperous regions

We focus our business activities across four of the most economically prosperous and vibrant regions in China, namely, the Chengdu-Chongqing Economic Zone, the Pearl River Delta region, the Yangtze River Delta region and the Beijing-Tianjin metropolitan region. Each of the four regions has experienced strong growth over the past several years. As of the Latest Practicable Date, planned GFA under development and held for future development in the Chengdu-Chongqing Economic Zone, the Pearl River Delta region, the Yangtze River Delta region and the Beijing-Tianjin metropolitan region were approximately 3,686,343 square meters, 1,185,355 square meters, 574,553 square meters and 299,680 square meters, respectively. We have already established a strong market position in certain of our targeted regions, such as in the Chengdu-Chongqing Economic Zone and the Pearl River Delta region, and several of our developments in those regions are well-regarded award-winning properties. We believe that these four regions are where a significant portion of our target customers operate and reside. As a result, our geographically diversified property development portfolio across our targeted regions will position us well to capture the growing real estate needs and consumption power of our target customers.

Ability to acquire low-cost land

During the Track Record Period, our average unit land cost based on GFA was approximately 11% of our average unit selling price. We believe our ability to acquire low-cost land is primarily due to our business focus on developing urban complexes in the peripheral areas of existing central business districts or emerging new business districts and boutique upscale residences in the countryside. As a result, we have a wider range of choices when selecting land sites for our property developments than other property developers who focus on developing properties in existing central business districts or well-established residential areas in major cities. We believe our wide range of choices of land sites allows us to avoid intense competition in the land acquisition process and thereby reduces our land acquisition costs. In addition, we believe our ability to acquire low-cost land is attributed to our property development capabilities that have enabled us to develop different kinds of land and properties. We believe our operating flexibility as to the size and location of the land that we can develop enables us to take each opportunity presented to us to acquire land site at low cost. Furthermore, our scientific and disciplined approach as to land selection and evaluation has contributed to our low-cost land as well. We conduct thorough research and analysis and try to identify the future growth potential of a land site for our property development ahead of our competitors so as to avoid price competition. We believe our ability to acquire low-cost land will allow us to use our working capital more efficiently, maintain a healthy profit margin and respond more effectively to changing market conditions.

Strong replicable business model

We have a strong property development capability to develop a wide range of properties in different regions. We focus our development capabilities on urban complexes and boutique upscale residences to meet the demand of our target customers. We have replicated our success in various markets in China while continue to be able to quickly and effectively develop a diverse range of high-quality properties that meet the need of our target customers. For example, we have successfully developed Shenzhen Future Plaza (深圳香年廣場) in Shenzhen in 2007, a multi-building complex that has received several awards, and were able to translate such success to the development of Chengdu Hailrun Plaza (成都喜年廣場), an urban complex that will be the tallest building and a local landmark in Chengdu when completed in November 2009 as currently expected. Our ability to develop such large scale complexes has also led to the development of Meinian International Plaza (美年國際廣場), one of the largest urban complexes currently under development in Chengdu, and Tianjin Hailrun Plaza (天津喜年廣場), an urban complex in Tianjin. Similarly, we were able to expand from developing boutique upscale residences in Chengdu with our Grand Valley (大溪谷) to developing Chengdu Mont Conquerant (成都君山) in Chengdu, Dongguan Mont Conquerant (東莞君山) in Dongguan to Town on the Water (雲海間) in Yixing. We believe such strong development capabilities provide us with significant leverage for our future business growth.

Well-known brand name with strong value-accretion property development and service capabilities

We believe we have established a strong brand name in the property market in China. We have focused our property development efforts on developing a portfolio of properties as well as provide real estate services that cater to the diverse need of our targeted customers, which we believe have allowed us to achieve strong track records in the sale of our properties. We have also focused our efforts on developing properties with distinctive design or features that can help to raise our company profile and have worked closely with leading domestic and international architecture and design firms to achieve such goal. We believe our customers associate our brand image with high-quality and customer-oriented real estate products and services, as well as the modern and trend-setting design of our properties. As a result of these efforts, we have received numerous accolades for our property development and service capabilities, as well as for the design of our properties, and have achieved a strong market position in certain of our targeted regions. We have also established an annual program named as Happiness Discovery Trip (發現幸福之旅) to cooperate with artists to create inspiring cultural programs and artworks. We believe such effort attaches an artistic and cultural image to our brand and our properties in the mind of our target customers, separating us from other real estate developers.

We believe that our urban complex developments help to facilitate the creation of new urban centers, which will foster increased property development activities by others and increased government investment in enhancing the public infrastructure and benefits provided in surrounding neighborhoods, which will in turn increase the value of our developments. We also provide real estate services that consist of property operation services and property agency services. We believe our property operation services enhance the value and attractiveness of our properties, ultimately enabling us to increase average selling and rental prices. Our property agency services business allows us to gain a deeper understanding of the market place in order to improve our marketing and pricing strategies, thereby assisting us in establishing premium pricing for our properties. We believe our real estate services provide us with benefits that cannot be easily replicated by typical relationships between developers and third party real estate service providers, which positions us well in the competitive real estate market in China.

Experienced and stable management team with proven track record supported by seasoned professional employees

The significant growth of our business since our inception is in large part due to our experienced and stable management team. Mr. Pan, our chairman and chief executive officer and Ms. Zeng, our executive Director, each has over 13 years of experience in real estate development in China, and, along with other members of our senior management team and employees, have established strong relationships with key industry participants. Ms. Zeng was also recognized as one of the leading figures in the real estate industry in Shenzhen in 2002. We believe the experience of our senior management team and our seasoned professional employees will continue to successfully lead the future growth of our business, as well as provide us with the ability to effectively respond to changes and challenges in the competitive real estate industry environment in China and the evolving PRC regulatory framework.

BUSINESS STRATEGIES

Continue to expand in fast-growing economic regions in China and selectively acquire low-cost land

We plan to continue to concentrate the growth of our business in the four economically prosperous regions in China in which we currently operate. We believe each of the Chengdu-Chongqing Economic Zone, the Pearl River Delta region, the Yangtze River Delta region and the Beijing-Tianjin metropolitan region continues to provide an attractive environment for property development. We intend to procure more low-cost land in each of these regions by adhering to our disciplined approach. Decision as to land acquisition will be made only after comprehensive and in-depth market research and analysis and strict internal review procedures are performed. We also intend to continue to leverage upon the insights and expertise of our property agency services in the evaluation and acquisition of potential properties. We believe the professionals in our property agency services, by being part of our Group and sharing the same vision as the rest of the Group, allow us to more effectively shape the direction of our property development projects, an advantage that cannot be easily replicated by other property agency companies. Our property agency services also allows us to further enhance our project cost management capabilities. In addition, because of our property development capabilities, we are afforded flexibility as to the types of land that we can acquire. As a result, we are better positioned to ensure that the acquired land parcel is at a reasonable price and will be able to generate attractive returns.

Focus on further elevating the intrinsic synergies of our real estate products and services

We intend to continue to explore potential values of our real estate products and services as well as for our investment properties. We intend to focus on realizing increased synergies between each aspect of our businesses, a crucial part to our Group's overall success. We intend to continue to concentrate our efforts on developing urban complexes and boutique upscale residences. We believe our focus on these two types of property development projects provides us with a better and more efficient use of our resources to address our target customers' diverse needs and to develop long-term business relationship with such customers. Our development focus also serves to increase the synergies that can be achieved among each aspect of our businesses. We plan to expand our property investment portfolio by holding boutique hotels in the properties that we develop, thereby increasing our recurring income as well as increasing the real estate solutions that we provide to customers. We have also established subsidiaries dedicated to providing hotel services, which we believe also helps to enhance the capabilities of our property operation services provided to more traditional properties, as well as to our urban complexes. We plan to continue to enhance cooperation among each of our businesses. For example, we plan to enhance the consulting and advisory services that our property agency services provides, which we believe will enhance our ability in gathering market intelligence and identifying potential opportunities for our property development business. We plan to integrate our property operation services' internet information platform with our own secondary property brokerage information database to provide real estate property market information to tenants and residents. This effort will connect the large customer base of our property operation services with our property agency services, further expanding the customer base of our property agency services. We expect that our efforts will allow us to increase the breadth and stability of our revenue streams, reduce our overall exposure to volatility within and reliance on one sector of the real estate property industry and create cross-selling opportunities.

Continue to enhance our property operation service and hotel service capabilities to further increase the attractiveness and value of our properties

Our property operation services are an important part of our business and serve a critical role in enhancing the value and environment of our developments, which serve to increase rental income and the average selling price of our properties. We will continue to strengthen our property operation services, striving to offer the highest level of services to tenants and residents and to achieve industry-leading customer satisfaction. We have also started our hotel service business in 2008 by establishing our own hotel management companies. We have entered into agreements with third party international professionals as to the operation and management of one of our boutique hotels that is currently under development and have recruited highly qualified professionals to operate such business. We believe such agreements will allow us to be exposed to the inner workings of operating and managing a boutique hotel and refine the level of hotel services that we provide. In addition, we believe as our hotel services continue to strengthen, the capabilities of our property operation services will also be enhanced as well. Our goal is to establish high quality and distinctive property operation services and hotel services. We will also continue to improve the internet information platform of our property operation services to offer additional value-added services such as online payment options, customizable online service ordering for goods and services or access to real estate market information or brokerage listings. Furthermore, we will actively expand the GFA under management, as well as enhance the capabilities of our building and equipment installation, maintenance and repair services. Finally, we will continue to improve the membership program for purchasers of our properties, the Fantasia Club, by fostering increased support and communication with our purchasers. As the aim of our business is to provide a wide range of real estate products and services to our targeted customers, we consider each of them a potential repeat customer and a source of future business. Continuing to enhance the quality and offering of our property operation services will also serve us well in strengthening our relationship with our key clients, thus strengthening the long-term relationship with such customers or increasing potential referrals among our target customers.

Continue to enhance our brand equity

We place significant emphasis on developing our brand image and will continue to focus on introducing real estate products and service offerings that will enhance our profile, reputation and image. We have in the past worked closely with leading domestic and international architecture and design firms, such as Huayi Designing Consultancy (Shenzhen) Co., Ltd., Belt Collins International (HK) Ltd., Peddle Thorp Architects-Melbourne of Australia, Architecture Urbanism Building Engineer Co., Ltd. of France and The Collaborative West Co., Ltd. and atta + K Inc. of the United States, in creating products that reflect the spirit and essence of our vision and assimilate the latest trends and elements, and will continue to do so in the future. We intend to continue to implement strict quality control standards and closely monitor the product quality and the workmanship of our contractors throughout the development process. We also plan to continue to actively participate in the selection of the materials used in our projects in order to achieve desired quality levels and to maintain a cohesive brand image for our properties. In addition, we intend to continue to rigorously monitor, protect and register our trademarks that we consider essential to our brand image. We will also continue our annual program, Happiness Discovery Trip (發現幸福之旅), to cooperate with artists in the creation of cultural programs and artworks, as well as participate in other similar events, to further foster customer awareness as to the artistic and cultural aspect of our brand image. We believe by cultivating a distinctive brand image, we will be able to further enhance our ability to attract our target customers and reinforce such customers' perception of the quality, distinctiveness and comprehensiveness of our products and services.

OUR PROPERTY DEVELOPMENT PROJECTS

Overview

As of the Latest Practicable Date, we had 29 property development projects at various stages of development. As of the Latest Practicable Date, we had an aggregate site area of approximately 3,055,647 square meters with an aggregate GFA of approximately 6,944,718 square meters. Based on the stage of development, we divide our property developments projects into three categories:

- completed projects, comprising of properties for which we have received the requisite completion inspection report from the relevant government construction authorities;
- projects under development, comprising of properties for which we have obtained the requisite construction works commencement permits but are yet to receive the requisite completion inspection report; and
- future development projects, comprising of properties for which we have obtained the relevant land use rights certificates and started preliminary design work but have not yet received the required construction works commencement permits, as well as properties for which we have not obtained land use rights certificates but have entered into contractual agreements to obtain the relevant land use rights certificates and started preliminary design work.

In addition to our property development projects under various stages that are included in the above categories, we have also been actively exploring additional property development opportunities. As of the Latest Practicable Date, we had also entered into preliminary framework agreements with the local government authorities and relevant third parties in relation to three potential new projects which occupy an aggregate site area of approximately 1,984,083 square meters with an aggregate planned GFA of approximately 4,968,863 square meters. We have not yet entered into any detailed agreements to obtain the relevant land use rights certificates for these three potential new projects.

For development projects that are comprised of multiple-phase developments on a rolling basis, each phase is considered individually and classified as completed, under development or for future development, depending on whether the relevant completed construction work certified report or the required construction works commencement permit has already been obtained for such phase.

We calculate the site area of our projects or phases as follows:

- for projects or phases for which we have obtained land use rights, based on the relevant land use rights certificates, and
- for projects or phases for which we have not obtained land use rights, based on the relevant contractual agreements.

We calculate the total GFA of our projects or phases as follows:

- for projects or phases that are completed, based upon relevant property surveying reports;
- for projects or phase that are not completed but for which pre-sale has commenced, based upon relevant inspection reports requisite for pre-sale;
- for projects or phases that are under development and for which we have not obtained relevant inspection reports but have obtained the relevant construction works planning permits, based on such construction works planning permits; and
- for projects or phases for which we have not received the relevant construction works planning permits, based on the total GFA indicated in property master plans approved by relevant government authorities or based on our internal records and development plans, which may be subject to change.

We calculate the site area and the total GFA for each phase in a project based on our own internal records and estimates except in circumstances where such information for a particular phase is contained in the relevant land use rights certificate, construction works planning permit, or completion inspection report.

Total GFA as used in this prospectus is comprised of saleable GFA and non-saleable GFA. Saleable GFA as used in this prospectus refers to the internal floor areas exclusive of non-saleable GFA. Non-saleable GFA as used in this prospectus refers to certain communal facilities and ancillary facilities, such as certain underground GFA and spaces for local community management committees and public security offices. Saleable GFA is divided into saleable GFA sold or pre-sold and saleable GFA unsold. A property is considered sold after we have executed the purchase contract with a customer and have delivered the property to the customer. The property is delivered to the customer upon the property being completed, inspected and accepted as qualified. Properties are pre-sold when we have executed the purchase contract but have not yet delivered the properties to the customer. Saleable GFA unsold is further divided into GFA unsold held for sale and GFA unsold held for investment.

We calculate the saleable GFA for our projects or phases as follows:

- for projects or phases that are completed, based on the saleable GFA as determined upon relevant property surveying reports;

- for projects or phases that have not received the completion inspection report upon completion but have obtained the relevant inspection reports requisite for pre-sale, based on the saleable GFA in the relevant inspection reports requisite for pre-sale;
- for projects or phases that have not received the relevant inspection reports requisite for pre-sale but have received relevant construction works planning permits, based on the construction works planning permits; and
- for projects or phases that have not received relevant construction works planning permits, based on the total GFA indicated in property master plans approved by relevant government authorities or based on our internal records and development plans, which may be subject to change.

Furthermore, the following information that appears in this prospectus is also based on our internal records and estimates: (i) saleable GFA sold or pre-sold, saleable GFA unsold, saleable GFA unsold held for sale, saleable GFA unsold held for investment, and (ii) information regarding expected completion and pre-sale commencement date and number of residential units, office space, commercial units and car parking spaces.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any delay in delivering properties to our customers as based on the timeframe set forth in the respective purchase contracts. In addition, development costs for each of our projects were within their respective budgets during the Track Record Period. However, as a result of the slowdown of China's economy caused by the recent global financial and economic crisis, we have delayed certain of our projects that were scheduled to be launched for pre-sale in 2008 until 2009 or 2010.

The following table sets forth information as to the site area and the GFA in square meters for each of our property development projects or its respective phases and its completion date or expected completion as of dates indicated:

Projects/Phases	Site Area	Total GFA Completed	Total GFA Under Development	Total GFA for Future Development	Total or Total Planned GFA	Total Saleable or Total Planned Saleable GFA	Total Saleable GFA Unsold: Held for Sale	Total Saleable GFA Unsold: Held for Investment or for Hotel Management	Total Saleable GFA Sold	Total Saleable GFA Pre-sold	Our Interest in the Project	Actual or Expected Construction Commencement Date	Actual or Expected Completion Date	Pre-sale Commencement Date	Types of Properties[1]	Ref. to Property Valuation Report
	As of the Latest Practicable Date						As of September 30, 2009									
Completed Projects/ Phases																
Chengdu:																
Chengdu Pair Life (成都錦上花)	3,000	13,178	—	—	13,178	12,893	—	184	12,709	—	58.8%[2]	April 2003	March 2004	n/a	R,C	30
Human Art Wisdom (藝墅花鄉)	4,897	27,780	—	—	27,780	27,780	—	6,411	21,369	—	58.8%[2]	September 2003	October 2004	n/a	R,C,P	31
Fantasia Special Town (別樣城) (All phases)	136,343	207,987	—	—	207,987	204,723	—	2,765	201,958	—	100%	February 2005	Phase I: December 2005 Phase II: April 2007 Phase III: August 2007	n/a	R,C,P	32
Chengdu Love Forever (成都花郡) (All phases)	71,989	354,967	—	—	354,967	328,361	37,789	—	290,572	—	100%	May 2006	Phase I: September 2007 Phase II: December 2007 Phase III: November 2008 Phase IV: June 2009 Phase V: January 2009	n/a	R,C,P	36
Chengdu My Place (成都花好園)	9,249	49,846	—	—	49,846	48,463	461	5,862	42,140	—	100%	April 2007	October 2008	n/a	R,C,O,P	33, 37
Fantasia Town (花樣城) (Phase 1.1)	126,667[3]	109,892	—	—	109,892	105,962	31,169	—	71,940	2,853	100%	March 2008	March 2009	n/a	R,C,P	35
Grand Valley (大溪谷) (Phase 1.1)	62,564	50,839	—	—	50,839	50,635	9,935	—	34,675	6,025	100%	November 2007	December 2008	n/a	R,C	34
Shenzhen:																
Shenzhen Endless Blue (深圳碧雲天)	11,944	50,696	—	—	50,696	43,130	—	—	43,130	—	52%[4]	April 1998	January 2000	n/a	R,C,P	27
Fairy Land (芳鄰)	1,481	16,976	—	—	16,976	15,192	—	385	14,807	—	52%[4]	February 2000	September 2001	n/a	R,C	21
Hailrun Complex (喜年中心)	4,907	51,659	—	—	51,659	43,953[5]	—	43	39,830	—	52%[4]	September 2001	February 2003	n/a	O,C,P	1, 26
Shenzhen Pair Life (深圳錦上花)	4,501	49,595	—	—	49,595	40,620	136	1,235	39,249	—	52%[4]	January 2002	November 2003	n/a	R,C,P	24, 43
Self Life (趣園)	3,394	19,035	—	—	19,035	15,112	172	1,483	13,457	—	52%[4]	June 2003	June 2004	n/a	R,C,P	25, 42
Shenzhen My Place (深圳花好園)	13,162	94,956	—	—	94,956	82,949	—	11,100	71,849	—	52%[4]	January 2004	November 2005	n/a	R,C,P	22
Flower Harbor (花港家園)	5,335	27,033	—	—	27,033	22,402	2,379	—	15,715	4,308	100%	June 2007	December 2008	n/a	R,C,P	29, 39
Shenzhen Future Plaza (深圳香年廣場)	15,145	74,348	—	—	74,348	60,590	15,266	—	41,379	3,945	100%	March 2007	October 2008	n/a	O	28, 38
Subtotal	n/a	1,198,787	—	—	1,198,787	1,102,765	97,307	29,468	954,779	17,131						

Projects/Phases	As of the Latest Practicable Date						As of September 30, 2009									
							Total Saleable GFA Unsold									
	Site Area	Total GFA Completed	Total GFA Under Development	Total GFA for Future Development	Total or Total Planned GFA	Total Saleable or Total Planned Saleable GFA	Held for Sale	Held for Investment or for Hotel Management	Total Saleable GFA Sold	Total Saleable GFA Pre-sold	Our Interest in the Project	Actual or Expected Construction Commencement Date	Actual or Expected Completion Date	Pre-sale Commencement Date	Types of Properties[1]	Ref. to Property Valuation Report
Projects/Phases Under Development																
Chengdu:																
Chengdu Hailrun Plaza (成都喜年廣場)	9,039	—	132,218	—	132,218	114,787	49,409	20,331	—	45,047	100%	January 2008	November 2009	September 2008	R,O,H,C,P	13
Meinian International Plaza (美年國際廣場) (Phases 1.1, 1.2 and 1.3)	170,032[6]	—	424,440	—	424,440	412,793	411,689	—	—	1,104	100%	January 2009	Phase 1.1: October 2010 Phase 1.2: October 2010 Phase 1.3: October 2011	Phase 1.1: September 2009 Phase 1.2: September 2009 Phase 1.3: n/a	R,O,C,P	14
Fantasia Town(花樣城) (Phase 1.2 and 2)	126,667[3]	—	113,613	—	113,613	110,368	110,368	—	—	—	100%	Phase 1.2: March 2008 Phase 2: October 2009	Phase 1.2: May 2011 Phase 2: May 2011	n/a	R, C, P	5, 35
Chengdu Mont Conquerant (成都君山) (Phase I)	491,209[7]	—	50,560	—	50,560	48,176	46,467	—	—	1,709	100%	November 2008	August 2010	July 2009	R,C	12
Grand Valley (大溪谷) (Phase 1.2 and 2.1.1)	87,920	—	78,636	—	78,636	77,172	40,991	—	—	36,181	100%	Phase 1.2: September 2008 Phase 2.1.1: September 2009	Phase 1.2: November 2009 Phase 2.1.1: December 2010	Phase 1.2: September 2008 Phase 2.1.1: September 2009	R	16
Shenzhen:																
Shenzhen Love Forever (深圳花郡)	23,955	—	132,336	—	132,336	100,441	100,441	—	—	—	52%[4]	October 2008	Southern area: October 2010 Northern area: March 2011	Southern area: September 2009 Northern: n/a	R,C,P	18
Dongguan:																
Dongguan Mont Conquerant (東莞君山) (All phases)	52,853	—	142,928	—	142,928	116,899	99,254	—	—	17,645	100%	Phase I: June 2009 Phase II: September 2009	Phase I: March 2010 Phase II: June 2011	Phase I: July 2009 Phase II: n/a	R,P	17
Yixing:																
Town on the Water (雲海間)	66,664	—	41,432	—	41,432	40,240	22,339	7,095	—	10,806	60%[8]	November 2007	January 2010	November 2008	R,H	19
Tianjin:																
Tianjin Hailrun Plaza (天津喜年廣場) (All phases)	21,410	—	131,341	—	131,341	79,051	59,278	—	—	19,773	60%[9]	September 2008	Phase I: June 2010 Phase II: December 2010	Phase I: April 2009 Phase II: n/a	R,O,C,P	20
Subtotal	n/a	—	1,247,504	—	1,247,504	1,099,927	940,236	27,426	—	132,265						

Projects/Phases	Site Area	Total GFA Completed	Total GFA Under Development	Total GFA for Future Development	Total or Total Planned GFA	Total Saleable or Total Planned Saleable GFA	Total Saleable GFA Unsold (As of September 30, 2009): Held for Sale	Total Saleable GFA Unsold (As of September 30, 2009): Held for Investment or for Hotel Management	Total Saleable GFA Sold (As of September 30, 2009)	Total Saleable GFA Pre-sold (As of September 30, 2009)	Our Interest in the Project	Actual or Expected Construction Commencement Date	Actual or Expected Completion Date	Pre-sale Commencement Date	Types of Properties[1]	Ref. to Property Valuation Report
	As of the Latest Practicable Date															
Future Development Projects/Phases — Land Use Rights Obtained																
Chengdu:																
Meinian International Plaza (美年國際廣場)(All phases except phases 1.1, 1.2 and 1.3)	170,032[6]	—	—	449,845	449,845	389,800	n/a	n/a	—	—	100%	n/a	n/a	n/a	H,O,C,P	4
Fantasia Town (花樣城)(All phases except phase 1.1, 1.2 and 2)	126,667[3]	—	—	370,149	370,149	347,194	n/a	n/a	—	—	100%	n/a	n/a	n/a	R,C,P	5
Chengdu Mont Conquerant (成都君山)(All phases except phase I)	491,209[7]	—	—	296,383	296,383	292,576	n/a	n/a	—	—	100%	n/a	n/a	n/a	R,H,C,P	3
Grand Valley (大溪谷) (All remaining phases)	909,225	—	—	1,525,251	1,525,251	1,525,251	n/a	n/a	—	—	100%	n/a	n/a	n/a	R,C	7,51
Chengdu Future Plaza (成都香年廣場)	13,863	—	—	245,248	245,248	235,246	n/a	n/a	—	—	100%	January 2010	May 2012	n/a	R,O,C,P	6
Shenzhen:																
Shenzhen Futian Free Trade Zone Project (深圳福田保稅區項目)	18,718	—	—	67,908	67,908	46,795	n/a	n/a	—	—	100%	December 2009	December 2010	n/a	O	10
Huizhou:																
Huizhou Endless Blue (惠州碧雲天)	35,000	—	—	168,545	168,545	136,921	n/a	n/a	—	—	100%	December 2009	August 2011	n/a	R,C,P	9
Huiyang Project (All phases) (惠陽項目)	172,000	—	—	586,000	586,000	510,205	n/a	n/a	—	—	100%	Phase I: December 2009 Remaining phases: n/a	Phase I: December 2010 Remaining phases: n/a	n/a	R,C,P	8
Tianjin:																
Yingcheng Lake (營城湖)	100,000	—	—	168,339	168,339	139,192	n/a	n/a	—	—	100%	n/a	n/a	n/a	R,O,C	11
Subtotal	n/a	—	—	3,877,668	3,877,668	3,623,180	n/a	n/a	—	—						

Projects/Phases	As of the Latest Practicable Date: Site Area	Total GFA Completed	Total GFA Under Development	Total GFA for Future Development	Total or Total Planned GFA	Total Saleable or Total Planned Saleable GFA	As of September 30, 2009: Total Saleable GFA Unsold: Held for Sale	Held for Investment or for Hotel Management	Total Saleable GFA Sold	Total Saleable GFA Pre-sold	Our Interest in the Project	Actual or Expected Construction Commencement Date	Actual or Expected Completion Date	Pre-sale Commencement Date	Types of Properties[1]	Ref. to Property Valuation Report
Future Development Projects/ Phases — Property Rights to be Acquired																
Shenzhen:																
Shenzhen Meinian Plaza (深圳美年廣場) (Incubation Park)[10]	29,546	—	—	87,638[10]	87,638	73,466	n/a	n/a	—	—	100%	May 2007	August 2009	n/a	O	44
Jiangsu:																
Suzhou Project (蘇州項目) (All phases)[11]	379,635	—	—	533,121	533,121	533,121	n/a	n/a	—	—	100%	Phase I: June 2010 Remaining phases: n/a	Phase I: November 2011 Remaining phases: n/a	n/a	R,P	47
Subtotal	409,181	—	—	620,759	620,759	606,587	n/a	n/a	—	—						
Total	3,055,647	1,198,787	1,247,504	4,498,427	6,944,718	6,432,459	1,037,543	56,894	954,779	149,396						

Notes:

(1) Types of properties include: (i) "R", which stands for "residential", (ii) "C", which stands for "commercial", (iii) "O", which stands for "office and others", including office, industrial and warehouse, (iv) "H", which stands for "hotel", and (v) "P", which stands for "car park" and "basement area" of Dongguan Mont Conquerant (東莞君山) and Suzhou Project (蘇州項目), for additional information, see "Our Business — Our Property Development Projects — Pearl River Delta Region — Outside Shenzhen — Dongguan Mont Conquerant (東莞君山)" and "Our Business — Our Property Development Projects — Yangtze River Delta Region — Suzhou Project (蘇州項目)."

(2) The project was developed by Fantasia Chengdu Development, a project company in which we hold 58.8% equity interest with the remaining 31.2% held by Qiu Qiong Ming (邱瓊明) indirectly and 10% held by Sichuan Zhong Xu directly.

(3) This includes site area for all phases of Fantasia Town (花樣城). Specific site area information for each phase of this project is not available.

(4) The project was developed by Shenzhen Fantasia Investment, a project company in which we held 52% equity interest, with the remaining 48% held by Qiu Qiong Ming (邱瓊明), at the time of development of the project.

(5) This includes an aggregate saleable GFA of 4,080 square meters retained for our own office spaces.

(6) This includes site area for all phases of Meinian International Plaza (美年國際廣場), including site area of approximately 56,711 square meters zoned for educational use. Specific site area information for each phase of this project is not available.

(7) This includes site area for all phases of Chengdu Mont Conquerant (成都君山). Specific site area information for each phase of this project is not available.

(8) The project was developed by Yixing Jiangnan Shuixiang, a project company in which we hold 60% equity interest, with the remaining 40% held by Jing Liu.

(9) The project was developed by Tianjin Songjiang-Fantasia, a project company in which we hold 60% equity interest with the remaining 40% held by Tianjin Songjiang Group.

(10) The Incubation Park of the Shenzhen Meinian Plaza (深圳美年廣場) was developed by Shenye Pengji (Group) Co., Ltd. (深業鵬基（集團）有限公司), an Independent Third Party. Construction of the Incubation Park was completed in August 2009. We have entered into a property transfer agreement with Shenye Pengji (Group) Co., Ltd. (深業鵬基（集團）有限公司) which agreed to sell the Incubation Park to us when the construction is completed. We plan to hold the Incubation Park partly for lease and partly for sale. Before we acquire the property interest of the Incubation Park, the relevant GFA is considered as total GFA for future development by us. For additional information, see "Our Business — Our Property Development Projects — Pearl River Region — Shenzhen — Shenzhen Meinian Plaza (深圳美年廣場)."

(11) We have entered into relevant share transfer agreement in relation to the acquisition of two project companies that held the land use rights for this project. However, as of the Latest Practicable Date, we had not entered into any further share transfer agreements and had not acquired relevant land use rights certificates for this project. For additional information, see "Our Business — Our Property Development Projects — Yangtze River Delta Region — Suzhou Project (蘇州項目)."

The classification of properties in this prospectus is different from the classification of properties in the Property Valuation Report set out in Appendix IV and the Accountants' Report set out in Appendix I to this prospectus. Both reports were prepared in accordance with the standards applicable to their respective professions and are consistent in terms of the classification of properties.

Some of the information contained in the above table and the following descriptions of the individual projects or phases and elsewhere in this prospectus may differ from the Property Valuation Report in Appendix IV to this prospectus because, among other things:

- certain phase of Grand Valley (大溪谷) for which land use rights had been obtained in October 2009 is classified as a future development phase — land use rights obtained while the Property Valuation Report in Appendix IV classified such parcel as other property interests held by the Group as the valuation date was September 30, 2009;
- certain phase of Fantasia Town (花樣城) for which construction works commencement permits had been obtained in October 2009 is classified as a phase under development while the Property Valuation Report in Appendix IV classified such phase as property interests held for future development by the Group as the valuation date was September 30, 2009;
- the Property Valuation Report in Appendix IV excludes property interests sold where the legal title to such property interests have been transferred to various third parties;
- property interests held for sale by the Group in the Property Valuation Report in Appendix IV include both properties which have not been contracted to be sold and properties which have been contracted to be sold but the legal title of which have not been transferred to the purchasers; and
- the Property Valuation Report in Appendix IV does not distinguish between saleable GFA planned to be held for sale and saleable GFA planned to be held for investment for projects or phases under development and future development projects or phases.

In addition, some of the information contained in the above table and the following descriptions of the individual projects and elsewhere in this prospectus may differ from the Accountants' Report in Appendix I to this prospectus because, among other things:

- properties that have been sold are not included in the consolidated statements of financial position in the Accountants' Report in Appendix I;
- saleable GFA unsold under our classification only include saleable GFA that have not been sold or pre-sold while "completed properties for sales" as used in the Accountants' Report in Appendix I, which is recorded under "properties for sales" on the consolidated statements of financial position, include properties that have not been contracted to be sold and properties pre-sold but have not been delivered to customers; and
- "properties for sales" and "investment properties" as recorded on the consolidated statements of financial position in the Accountants' Report in Appendix I include "completed properties for sales", "properties under development", "completed investment properties" and "investment properties under development" which will include all properties that we classified as projects or phases under development whether we intend to hold such properties for sales or for investment after completion.

The table below sets forth our classification of properties and the corresponding classification of properties in the Property Valuation Report in Appendix IV to this prospectus and the Accountant's Report in Appendix I to this prospectus:

Types of Properties	Prospectus	Property Valuation Report	Accountant's Report
• Properties for which we have received the completed construction works certified report from the relevant government construction authorities	• Completed projects	• Property interest held and occupied by the Group in the PRC • Property interests held for investment by the Group in the PRC • Property interests held for sale by the Group in the PRC	• Completed properties for sales (excludes completed properties that have been sold) • Completed investment properties
• Properties for which we have obtained the required construction works commencement permits but are yet to receive the completed construction works certified report	• Properties under development	• Property interests held under development by the Group in the PRC	• Properties for sales — Under development • Investment properties under development
• Properties for which we have obtained the relevant land use rights certificates and started preliminary design work but have not yet received the required construction works commencement permits	• Future development projects — land use rights obtained	• Property interests held for future development by the Group in the PRC	• Properties for sales — Under development • Investment properties under development
• Properties for which we have not obtained land use rights certificates but have entered into contractual agreements to obtain the relevant land use rights certificates and started preliminary design work	• Future development projects — property rights to be acquired and potential new property development projects	• Property interest contracted to be acquired by the Group in the PRC and other property interests to be acquired by the Group in the PRC	• Properties for sales — Under development • Investment properties under development

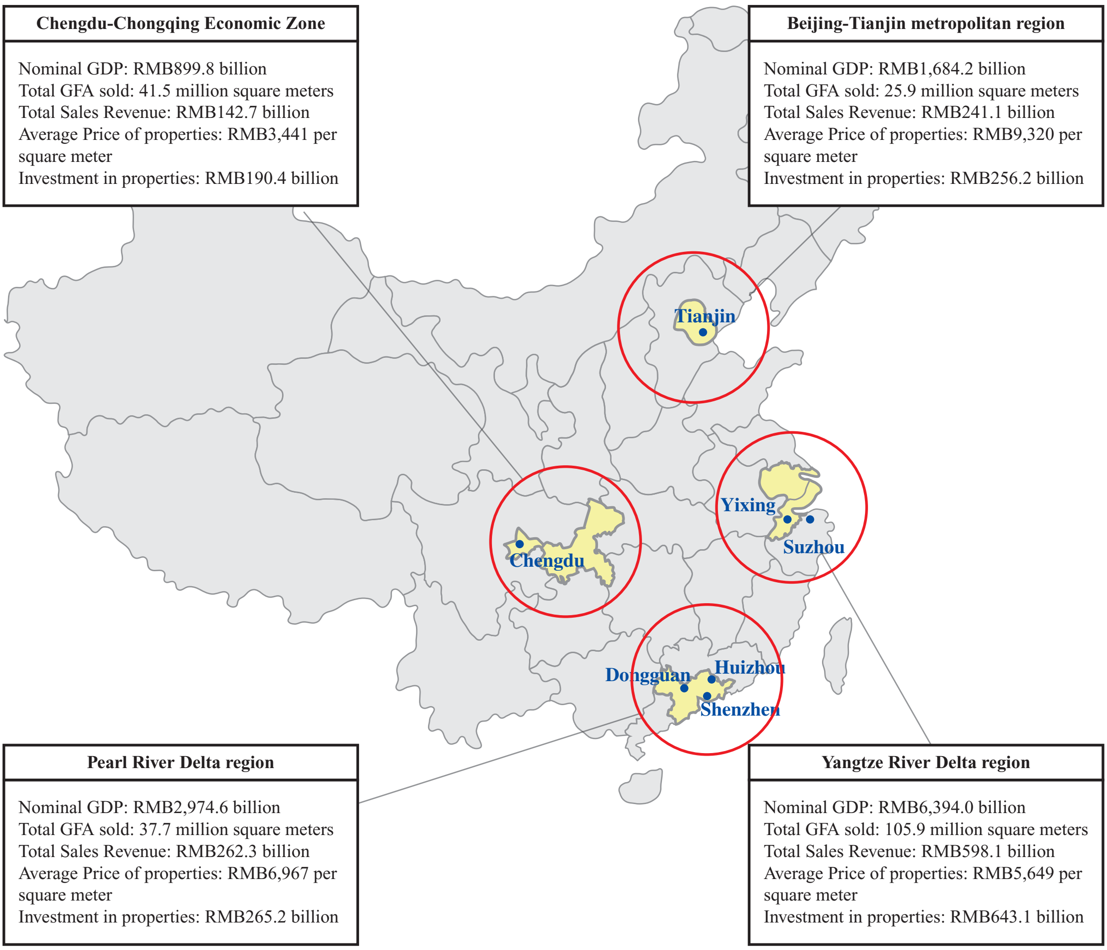
The table below sets forth information as to the saleable GFA for each of our projects in terms of the use or planned use of the properties as of the Latest Practicable Date but does not include three potential new projects for which we have only entered into preliminary framework agreements:

	Completed Properties	Properties Under Development	Properties for Future Development — Land Use Rights Obtained	Properties for Future Development — Property Rights to be Acquired
Residential (in square meters)	852,621	653,194	2,749,638	418,009
Office and others (in square meters)(1)	117,899	212,373	499,813	73,466
Commercial (in square meters)	65,743	24,892	118,013	—
Hotel (in square meters)	—	38,321	88,946	—
Car parking spaces and basement area (in square meters)	66,502	171,147	166,770	115,112
Total	1,102,765	1,099,927	3,623,180	606,587

Note:
(1) Include certain projects with land use rights granted for industrial and warehouse purposes.

As of September 30, 2009, we had not experienced any depreciation in the value of our properties that are currently unsold.

The following map illustrates and sets forth certain information in 2008 as to four of the fastest-growing economic regions in China:



The following table sets forth information as to the GFA of our property development projects by location as of the Latest Practicable Date but does not include three potential new projects for which we have only entered into preliminary framework agreements:

	Total GFA Completed	Total GFA Under Development	Total GFA for Future Development — Land Use Rights Obtained	Total GFA for Future Development — Property Rights to be Acquired
Chengdu-Chongqing Economic Zone (in square meters)				
— Chengdu	814,489	799,467	2,886,876	—
Pearl River Delta region (in square meters)				
— Shenzhen	384,298	132,336	67,908	87,638
— Other cities(1)	—	142,928	754,545	—
Yangtze River Delta region (in square meters)				
— Yixing	—	41,432	—	—
— Suzhou	—	—	—	533,121
Beijing-Tianjin metropolitan region (in square meters)				
— Tianjin	—	131,341	168,339	—
	1,198,787	1,247,504	3,877,668	620,759

Note:
(1) Include Dongguan and Huizhou.

The following are detailed descriptions of each of our projects as of September 30, 2009, unless otherwise dated. For certain of these projects, we share land use and development rights with other entities in a prescribed proportion according to the relevant agreements. The commencement date relating to each project or each phase of a project refers to the date construction commenced on the first building of the project or phase. The completion date set out in the descriptions of our completed projects or phases refers to the date on which the completed construction works certified report was obtained for each project or each phase of a multi-phase project. For projects or phases under development or for future development, the completion date of a project or phase reflects our best estimate based on our current development plans.

Chengdu

Chengdu Pair Life (成都錦上花)

Chengdu Pair Life (成都錦上花) is an 11-storey residential apartment building located at No. 8, Dachuan Lane, Jinjiang District, Chengdu, Sichuan Province. It is located in the central urban district of Chengdu, close to a landmark building and two universities and overlooks a river. The project occupies a total site area of approximately 3,000 square meters with an aggregate completed GFA of approximately 13,178 square meters. Commenced in April 2003, this project was completed in March 2004. The project was developed by Fantasia Chengdu Development, a project company in which we hold 58.8% equity interest. Fantasia Chengdu Development holds a 100% interest in the project. The land use rights for the project were granted for residential and commercial purposes. We obtained the land use rights for the project through acquisition of the entire project from an Independent Third Party that held the land use rights. Details of the project as of September 30, 2009 are set forth below:

	Residential	Commercial
Total saleable GFA (in square meters)	11,381	1,512
Number of units	229	18
Total GFA sold (in square meters)	11,381	1,328
Total GFA retained for investment (in square meters)	—	184

As of June 30, 2009, we had incurred approximately RMB40.0 million in connection with the project.

Human Art Wisdom (藝墅花鄉)

Human Art Wisdom (藝墅花鄉) is a 16-storey residential and commercial building located on Jiangxi Street and Ximanqian Street in Wuhou District, Chengdu, Sichuan Province. It is located within a prosperous commercial district, close to a large ecological square, a park and three universities and has easy access to public transportation and other facilities such as banks, restaurants, shopping malls and hospitals. The building also features a transparent lobby and a distinctive quintuple-layered ecologic garden. The project occupies a total site area of approximately 4,897 square meters with an aggregate completed GFA of approximately 27,780 square meters. Commenced in September 2003, the project was completed in October 2004. The project was developed by Fantasia Chengdu Development, a project company in which we hold 58.8% equity interest. Fantasia Chengdu Development holds a 100% interest in the project. The land use rights for the project were granted for residential and commercial purposes. We obtained the land use rights for the project through government-organized listing-for-sale. Details of the project as of September 30, 2009 are set forth below:

	Residential	Commercial	Car park
Total saleable GFA (in square meters)	16,378	4,671	6,731
Number of units	323	n/a(1)	180
Total GFA sold (in square meters)	16,378	4,671	320
Total GFA retained for investment (in square meters)	—	—	6,411

Note:
(1) Not divided into individual units.

As of June 30, 2009, we had incurred approximately RMB86.7 million in connection with the project.

Fantasia Special Town (別樣城)

Fantasia Special Town (別樣城) is a large residential community located on Huanglong Road, Gongxing Town, Shuangliu County, Chengdu, Sichuan Province. The project features ancillary facilities that include a swimming pool, a basketball court, a tennis court, a badminton court, a table-tennis center, and other gym facilities. The project occupies a total site area of approximately 136,343 square meters with an aggregate completed GFA of approximately 207,987 square meters. Commenced in February 2005, the final phase of the project was completed in August 2007. The construction of the project was divided into three phases. All three phases of the project were developed by Chengdu Tonghe, our currently wholly owned project company. Chengdu Tonghe holds a 100% interest in the project. The land use rights for the project were granted for residential purposes. Based on relevant construction land planning permit, we were allowed to develop residential and ancillary commercial properties for this project. We obtained the land use rights for the project through acquisition of a project company that held the land use rights. Details of the project as of September 30, 2009 are set forth below:

	Residential	Commercial	Car Park
Total saleable GFA (in square meters)	198,059	6,388	276
Number of units	1,755	82	15
Total GFA sold (in square meters)	198,059	3,899	—
Total GFA retained for investment (in square meters)	—	2,489	276

As of June 30, 2009, we had incurred approximately RMB306.2 million in connection with the project.

Chengdu Love Forever (*成都花郡*)

Chengdu Love Forever (*成都花郡*) is a large scale residential community located at No.99, Shuangqing Road, Chenghua District, Chengdu, Sichuan Province. It is also linked to the city center and the Third Ring Road of Chengdu by expressways and therefore has easy access to all parts of the city. The project was awarded the Property of the Year for the Golden Hibiscus Prize in Chengdu in 2006 (2006金芙蓉杯成都年度樓盤金獎) presented by the Chengdu Real Estate Bureau (成都市房地產管理局) and was recognized as a Model Property for the Rediscovery of the City Center in Chengdu in 2008 (2008成都城市地理再發現中心城代言樓盤) by Chengdu Business Daily (成都商報). The project occupies a total site area of approximately 71,989 square meters with an aggregate completed GFA of approximately 354,967 square meters. The project is divided into five phases and is comprised of in the aggregate 3,202 residential units with a total saleable GFA of approximately 277,322 square meters, 207 retail units with a total saleable GFA of approximately 18,479 square meters and 1,013 car parking spaces with a total saleable GFA of approximately 32,560 square meters. In addition, the project includes approximately 10,238 square meters of car parking spaces equipped with mechanical parking systems that are non-saleable with respect to the individual units and we intend to retain these non-saleable spaces for investment. Commenced in May 2006, the final phase of the project was completed in June 2009. All phases of the project were developed by Chengdu Huawanli, our currently wholly owned project company. Chengdu Huawanli holds a 100% interest in the project. We have obtained the land use rights certificates for all phases of the project. The land use rights for the project were granted for residential and commercial purposes. We obtained the land use rights for the project through government-organized listing-for-sale. Details of the project as of September 30, 2009 are set forth below:

	Residential	Commercial	Car park
Total saleable GFA (in square meters)	277,322	18,479	32,560
Number of units	3,202	207	1,013
Total GFA sold (in square meters)	277,322	10,231	3,019
Total GFA pre-sold (in square meters)	—	—	—
Total GFA retained for investment (in square meters)	—	—	—

As of June 30, 2009, we had incurred approximately RMB1,160.6 million in connection with the project.

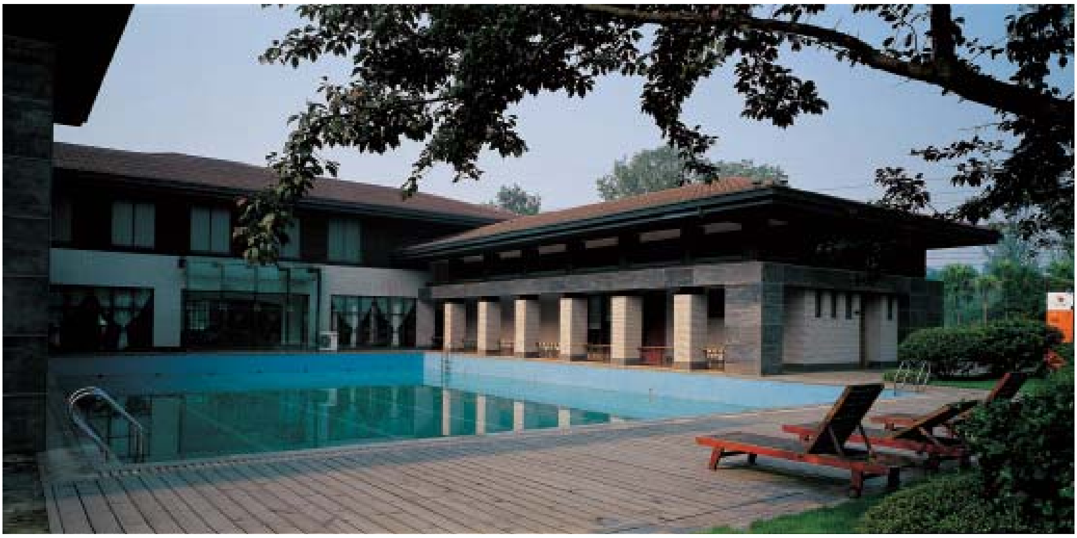
Chengdu My Place (成都花好園)

Chengdu My Place (成都花好園) is a residential and commercial community located at No.9 Wuqing South Road, Wuhou District, Chengdu, Sichuan Province. The project is comprised of four 20-storey buildings with a simple and modern style. The project occupies a total site area of approximately 9,249 square meters with an aggregate completed GFA of approximately 49,846 square meters. Commenced in April 2007, the project was completed in October 2008. The project was developed by Chengdu Huaqianli, our wholly owned project company. We hold a 100% interest in the project. The land use rights for the project were granted for residential and commercial purposes. Based on relevant pre-sale permits, we were allowed to sell residential, commercial properties and office spaces for this project. We obtained the land use rights for the project through establishing a joint venture project company with an Independent Third Party that held the land use rights. Details of the project as of September 30, 2009 are set forth below:

	Residential	Commercial	Office	Car park
Total saleable GFA (in square meters)	22,657	1,204	18,740	5,862
Number of units	263	19	369	180
Total GFA sold (in square meters)	22,657	1,088	18,395	—
Total GFA pre-sold (in square meters)	—	—	—	—
Total GFA retained for investment (in square meters)	—	—	—	5,862

As of June 30, 2009, we had incurred approximately RMB129.4 million in connection with the project. We expect to incur additional costs of approximately RMB5.4 million in connection with the project.

Fantasia Town (花樣城)



Fantasia Town (花樣城) is expected to be a large scale residential community located at Guangming Community, Jinma Town, Wenjiang District, Chengdu, Sichuan Province. Wenjiang District is one of the most developed residential areas in the suburbs of Chengdu. It has an established municipal infrastructure system and is linked by four main roads to the center of Chengdu. It also enjoys a rich biological environment and beautiful scenery and is the site of several hot springs. The project was recognized as a Model Property for High Quality Living Environment in Chengdu in 2008 (2008成都優居示範樓盤) by the Chengdu Real Estate Bureau (成都市房地產管理局). The project occupies a total site area of approximately 126,667 square meters with a planned aggregate GFA of approximately 593,654 square meters. The project is divided into several phases and is expected to have a total saleable GFA of approximately 563,524 square meters with approximately 440,014 square meters for residences, approximately 23,546 square meters for commercial use and approximately 99,964 square meters for car parking spaces. All phases of the project are being, or are expected to be, developed by Chengdu Huabaili, our wholly owned project company. We hold a 100% interest in the project. As of September 30, 2009, we had obtained the land use rights certificates for all phases of the project. The land use rights for the project were granted for residential purposes. Based on relevant construction works planning permits, we were allowed to develop residential and ancillary commercial properties for this project. We obtained the land use rights for the project through acquisition of a project company that held the land use rights.

Phase 1.1 of the project is comprised of six 13-storey buildings with an completed aggregate GFA of approximately 109,892 square meters. Commenced in March 2008, construction of Phase 1.1 was completed in March 2009. Details of Phase 1.1 of the project as of September 30, 2009 are set forth below:

	Residential	Commercial	Car park
Total saleable GFA (in square meters)	81,469	3,420	21,073
Number of units	924	49	600
Total GFA sold (in square meters)	71,940	—	—
Total GFA pre-sold (in square meters)	2,853	—	—
Total GFA retained for investment (in square meters)	—	—	—

Phase 1.2 of the project is comprised of two buildings with a planned total GFA of approximately 8,144 square meters. It is expected to have an aggregate saleable GFA of approximately 8,144 square meters for commercial use. As of September 30, 2009, we had obtained the construction works commencement permits for Phase 1.2. Commenced in March 2008, construction of Phase 1.2 is expected to be completed in May 2011.

In addition, in October 2009, we had further obtained relevant construction works commencement permits for Phase 2 of this project which has a planned total GFA of approximately 105,469 square meters. Phase 2 is expected to have an aggregate saleable GFA of approximately 102,224 square meters with approximately 87,374 square meters for residences and approximately 14,850 square meters for car parking spaces. Commenced in October 2009, construction of Phase 2 is expected to be completed in May 2011.

Remaining phases of the project have a planned total GFA of approximately 370,149 square meters. These phases are expected to have an aggregate saleable GFA of approximately 347,194 square meters with approximately 271,171 square meters for residences, approximately 11,982 square meters for commercial use and approximately 64,041 square meters for car parking spaces. As of September 30, 2009, we had obtained the construction land planning permit for these remaining phases.

We also plan to develop additional phases of the project in the future.

Total development costs for the project are expected to be approximately RMB1,480.5 million upon completion. As of June 30, 2009, we had incurred approximately RMB376.5 million in connection with the project.

Grand Valley (大溪谷)

Grand Valley (大溪谷) is a large scale residential complex located in Jinhua and Qixin Villages, Heshan Town, Pujiang County, Chengdu, Sichuan Province. It is about one kilometer away from the exit of the Chengdu-Ya'an Expressway and is about a 40 minutes drive to the city center of Chengdu. Pujiang County is also a national ecological model county and enjoys an exceptional advantage as to its natural surroundings. The project is surrounded by pristine natural sceneries, including Changqiu mountain with an area of about 20 square kilometers, and pristine lakes and wetland with an area of about 200,000 square meters. The project is divided into several phases. Each phase of the project was, is being, or is expected to be, developed by Fantasia Chengdu Ecological, our wholly owned project company. Fantasia Chengdu Ecological holds a 100% interest in the project. We position the project as the "No. 1 Valley for Vacation in China" and plan to develop the project in cooperation with famous designing teams, including Architecture Urbanism Building Engineer Co., Ltd. of France and The Collaborative West Co., Ltd. and atta + K Inc. of the United States. The project occupies a total site area of approximately 1,059,709 square meters with a total planned GFA of approximately 1,654,726 square meters. As of the Latest Practicable Date, we had obtained the land use rights for all parcels of land for this project. We obtained the land use rights through several government-organized listings and auctions.

We completed construction of Phase 1.1 of the project on one of the parcels of land for which we have obtained the relevant land use rights certificates. Phase 1.1 of the project is comprised of 55 3- to 6-storey buildings. It occupies a site area of approximately 62,564 square meters with an aggregate completed GFA of approximately 50,839 square meters. Commenced in November 2007, construction of Phase 1.1 of the project was completed in December 2008. The land use rights for Phase 1.1 were granted for residential and commercial purposes. Details of Phase 1.1 of the project as of September 30, 2009 are set forth below:

	Residential	Commercial
Total saleable GFA (in square meters)	46,982	3,653
Number of units	460	57
Total GFA sold (in square meters)	34,483	192
Total GFA pre-sold (in square meters)	5,306	719
Total GFA retained for investment (in square meters)	—	—

We have begun construction of Phase 1.2 of the project on another parcel of land for which we have obtained the land use rights certificate. Phase 1.2 of the project is expected to be comprised of 54 three- to four-storey buildings. It occupies a site area of approximately 61,609 square meters with a planned GFA of approximately 61,800 square meters. Commenced in September 2008, construction of Phase 1.2 of the project is expected to be completed in November 2009. As of September 30, 2009, we had obtained the land use rights certificate and the required construction works commencement permit. The land use rights for this phase were granted for residential purposes. We had also obtained the pre-sale permit for Phase 1.2 of the project. Details of Phase 1.2 of the project as of September 30, 2009 are set forth below:

	Residential
Total saleable GFA (in square meters)	60,336
Number of units	193
Total GFA pre-sold (in square meters)	36,181

We also obtained the land use rights certificates for Phase 2.1.1 of the project. Commenced in September 2009, construction of Phase 2.1.1 is expected to be completed in December 2010. Phase 2.1.1 occupies a site area of 26,311 square meters with a planned GFA of approximately 16,836 square meters. Phase 2.1.1 of the project is expected to be comprised of 35 low-rise boutique residences with an aggregate saleable GFA of approximately 16,836 square meters. The land use rights for Phase 2.1.1 were granted for residential purpose. As of September 30, 2009, we had also obtained the relevant pre-sale permit for certain portion of Phase 2.1.1.

We plan to further develop several additional phases of the project on the remaining parcels of land, which occupy an aggregate site area of 909,225 square meters with a total planned GFA of approximately 1,525,251 square meters. These remaining phases are expected to have an aggregate saleable GFA of approximately 1,525,251 square meters with approximately 1,489,912 square meters for residences and approximately 35,339 square meters for commercial use. The land use rights for these phases were granted for residential use. Based on relevant opinion on design and planning issued by local urban planning bureau, we were allowed to develop residential and ancillary commercial properties for this project.

Total development costs for the whole project are not currently available as the planning and design of certain phases are at a very preliminary stage. Total development costs for all phases that have been and are currently under development are expected to be approximately RMB754.5 million upon completion. As of June 30, 2009, we had incurred approximately RMB292.5 million in connection with the project.

Chengdu Hailrun Plaza (*成都喜年廣場*)

Chengdu Hailrun Plaza (成都喜年廣場) is located on Dongda Street in the peripheral area of the central business district of Chengdu, Sichuan Province. All land parcels along Dongda Street have been planned for commercial uses and the surrounding area is expected to become a new commercial and financial center that will merge into the existing central business district of Chengdu. The project is designed to be a large urban complex comprised of a 49-storey building and a 32-storey building which will include prime office space, luxury apartments, a boutique hotel and a shopping mall. The 49-storey building will become the tallest building in Chengdu and a local landmark upon completion in November 2009 as currently expected. The project is close to the largest three shopping centers and two famous tourism and recreational zones in the center area of Chengdu and also has easy access to public transportation. A new subway line along Dongda Street is also expected to be completed in 2011 which we believe will further increase the value of the project. The project was awarded the Star Property of the Year and the Driving Force of Real Estate Industry in Chengdu in 2008 (2008成都房地產推動力大獎年度明星樓盤) presented by Chengdu Media Group (成都傳媒集團), the Gingko Prize as the Office Building with the Greatest Industrial Momentum in Chengdu in 2008 (銀杏杯2008年成都最具行業推動力寫字樓大獎) presented by Chengdu Television Station (成都電視臺), and the Most Anticipated Property in Chengdu in 2009 (成都地產2009值得期待樓盤), presented by Sichuan Daily Press Group (四川日報報業集團). The project occupies a total site area of approximately 9,039 square meters with a planned aggregate GFA of approximately 132,218 square meters. Commenced in January 2008, the project is expected be completed in November 2009. The project is being developed by Chengdu Tonghe, our wholly owned project company. We holds a 100% interest in the project. As of September 30, 2009, we had obtained the land use rights certificate for this project. The land use rights for the project were granted for commercial and service purposes. We obtained the land use rights for the project through government-organized auction. We had also obtained the relevant pre-sale permits for the project. Details of the project as of September 30, 2009 are set forth below:

	Residential	**Office**	**Hotel**	**Commercial**	**Car park**
Total saleable GFA (in square meters)	23,049	64,238	20,331	2,759	4,410
Number of units	468	334	n/a(1)	9	140
Total GFA pre-sold (in square meters)	21,908	22,473	—	666	—
Total GFA retained for hotel management (in square meters)	—	—	20,331	—	—

Note:
(1) Not divided into individual units.

In addition, the project includes approximately 11,153 square meters of car parking spaces equipped with mechanical parking systems that are non-saleable and we also intend to retain these non-saleable spaces for investment.

Total development costs for the project are expected to be approximately RMB844.6 million upon completion. As of June 30, 2009, we had incurred approximately RMB528.5 million in connection with the project.

Meinian International Plaza (美年國際廣場)

Meinian International Plaza (美年國際廣場) is expected to be a large urban complex located near the Fu river in the New and High-Technology Zone, Chengdu, Sichuan Province. We believe the New and High-Technology District offers great development potential as several agencies of the city government of Chengdu have relocated to this district. The project occupies a total site area of approximately 170,032 square meters with a planned GFA of approximately 874,285 square meters. We have obtained the land use rights certificate for all phases of the project. The land use rights for approximately 113,321 square meters of the land were granted for residential and commercial purposes and the land use rights for the remaining 56,711 square meters were allocated for educational purposes which are unsaleable. The project is divided into several phases and is expected to have an aggregate saleable GFA of approximately 186,896 square meters for residences , an aggregate saleable GFA of approximately 80,000 square meters for hotel, an aggregate saleable GFA of approximately 341,260 square meters for office spaces, an aggregate saleable GFA of approximately 15,100 square meters for commercial use and an aggregate saleable GFA of approximately 179,337 square meters for car parking spaces. In addition, the project is expected to include non-saleable GFA of approximately 29,033 square meters for educational purposes. All phases of the project are being, or are expected to be, developed by Sichuan Ximei, our wholly owned project company. We hold a 100% interest in the project. As of September 30, 2009, we had obtained land use rights certificates and the construction works commencement permits for all phases of this project. We obtained the land use rights for the project through government-organized listing-for-sale.

Phase 1.1 of the project is comprised of four 18-storey residential buildings. It has a planned GFA of approximately 89,591 square meters. Commenced in January 2009, construction of Phase 1.1 is expected to be completed in October 2010. We had also obtained the relevant pre-sale permits for Phase 1.1. Details of Phase 1.1 of the project as of September 30, 2009 are set forth below:

	Residential	Car park
Total planned saleable GFA (in square meters)	58,354	27,160
Number of units	n/a[1]	n/a[1]
Total GFA pre-sold (in square meters)	960	—

Note:
(1) Not available.

Phase 1.2 of the project is comprised of one 12-storey office building. It has a planned GFA of approximately 136,710 square meters. Commenced in January 2009, construction of Phase 1.2 is expected to be completed in October 2010. We had also obtained relevant pre-sale permits for Phase 1.2. Details of Phase 1.2 of the project as of September 30, 2009 are set forth below:

	Office	Car park	Commercial
Total planned saleable GFA (in square meters)	96,666	33,038	3,334
Number of units	n/a[1]	n/a[1]	n/a[1]
Total GFA pre-sold (in square meters)	144	—	—

Note:
(1) Not available.

Phase 1.3 of the project is comprised of five high rise residential buildings. It has a planned GFA of approximately 198,139 square meters. Commenced in January 2009, construction of Phase 1.3 is expected to be completed in October 2011. Details of Phase 1.3 of the project as of September 30, 2009 are set forth below:

	Residential	Car park
Total planned saleable GFA (in square meters)	128,542	65,699
Number of units	n/a[1]	n/a[1]

Note:
(1) Not available.

We also plan to develop additional phases of the project in the future. These additional phases are expected to have a total planned GFA of approximately 449,845 square meters, with an aggregate saleable GFA of approximately 80,000 square meters for hotel, approximately 244,594 square meters for office spaces, approximately 11,766 square meters for commercial use and an aggregate saleable GFA of approximately 53,440 square meters for car parking spaces. As of September 30, 2009, we had obtained the construction land planning permit for these additional phases.

Total development costs for the project are expected to be approximately RMB3,536.6 million upon completion. As of June 30, 2009, we had incurred approximately RMB702.1 million in connection with the phases that have been or currently under development.

Chengdu Mont Conquerant (*成都君山*)

Chengdu Mont Conquerant (成都君山) is expected to be a large scale, low density residential community located in a famous tourist attraction in Yongshang Town, Xin Jin County, Chengdu, Sichuan Province. It is about three kilometers away from the center of Yongshang Town, about seven kilometers away from Chengdu-Ya'an Express Way, about 18 kilometers away from the airport, and about 39 kilometers away from the city center of Chengdu. The project occupies a total site area of approximately 491,209 square meters. The project is divided into several phases. All phases of the project are being, or are expected to be, developed by Chengdu Xinjin Youbang, our wholly owned project company. We hold a 100% interest in the project. We have obtained the land use rights certificate for all phases of the project. The land use rights for the project were granted for residential and commercial purposes. We obtained the land use rights for the project through acquisition of a project company that held the land use rights.

Phase I of the project is comprised of 65 three-storey buildings. It has a planned GFA of approximately 50,560 square meters. Commenced in November 2008, construction of Phase I is expected to be completed in August 2010. As of September 30, 2009, we had obtained the pre-sale permit for Phase I. Details of Phase I of the project as of September 30, 2009 are set forth below:

	Residential	Commercial
Total planned saleable GFA (in square meters)	47,228	948
Number of units	151	1
Total GFA pre-sold (in square meters)	1,709	—
Total GFA retained for investment (in square meters)	—	—

We also plan to develop additional phases of the project which are expected to have a total planned GFA of approximately 296,383 square meters in the future. These phases are planned to have an aggregate saleable GFA of 8,946 square meters for hotel, approximately 267,348 square meters for residences, approximately 9,501 square meters for commercial use and approximately 6,781 square meters for car parking spaces. As of September 30, 2009, we had obtained the construction land planning permit for these additional phases.

Total development costs for the project are expected to be approximately RMB1,362.1 million upon completion. As of June 30, 2009, we had incurred approximately RMB345.3 million in connection with the project.

Chengdu Future Plaza (成都香年廣場)

Chengdu Future Plaza (成都香年廣場) is expected to be two or more high-rise office buildings located in Jianshe, Shuangtu and Minle Villages, High-Technology Zone, Chengdu, Sichuan Province. The project occupies a total site area of approximately 13,863 square meters with a planned GFA of approximately 245,248 square meters. The project is planned to have an aggregate saleable GFA of approximately 235,246 square meters with an aggregate saleable GFA of 147,938 square meters for office spaces, approximately 40,140 square meters for residences, approximately 4,660 square meters for commercial use and approximately 42,508 square meters for basement area most of which we intend to retain for car parking spaces.

The development of the project is expected to commence in January 2010 and to be completed in May 2012. The project is expected to be developed by Chengdu Jiurong. As of September 30, 2009, we had obtained the land use rights certificate and construction land planning permit for this project. The land use rights for the project were granted for commercial and service use.

Chengdu Jiurong obtained the land use rights certificate for this project in October 2007. Our wholly owned subsidiary, Chengdu Tonghe, entered into equity transfer agreements with an Independent Third Party in June 2008 and September 2008 pursuant to which Chengdu Tonghe acquired 100% equity interest in Chengdu Jiurong from such Independent Third Party. We hold a 100% interest in this project.

Total development costs for the project are expected to be approximately RMB952.4 million upon completion. As of June 30, 2009, we had incurred approximately RMB140.9 million in connection with the project.

Pearl River Delta Region — Shenzhen

Shenzhen Endless Blue (深圳碧雲天)

Shenzhen Endless Blue (深圳碧雲天), our first completed project, is a residential community of eleven 9- to 16-storey apartment buildings located on Xiameilin Road and North Ring in Futian District, Shenzhen, Guangdong Province. It is located in a well-established residential area with easy access to public transportation. It occupies a total site area of approximately 11,944 square meters with a total completed GFA of approximately 50,696 square meters. Commenced in April 1998, the project was completed in January 2000. The project was developed by Shenzhen Fantasia Investment, a project company in which we held 52% equity interest. The land use rights for the project were granted for residential purposes. Based on relevant construction works planning permit, we were allowed to develop residential and ancillary commercial properties for this project. We obtained the land use rights for the project through cooperatively developing the project with an Independent Third Party that held the land use rights. Details of the project as of September 30, 2009 are set forth below:

	Residential	Commercial
Total saleable GFA (in square meters)	42,189	941
Number of units	464	8
Total GFA sold (in square meters)	42,189	941
Total GFA retained for investment (in square meters)	—	—

The project also includes 177 car parking spaces which are not included in the total saleable GFA of the project. Shenzhen does not have a public registration system for property rights in car parking spaces and therefore, in practice, car parking spaces are not saleable in Shenzhen and we intend to retain these car parking spaces for investment. We are, however, currently involved in a civil complaint relating to the 177 car parking spaces in the project. We believe we have the property interests in these car parking spaces and that Shenzhen Shengfu Real Estate Management Co., Ltd. (深圳市盛孚物業管理有限公司), the current property management company of the project, has illegally occupied the car parking spaces and collected parking fees without our consent since November 2006. For additional information, see "— Legal Proceedings" and "Risk Factors — We may be involved in legal and other proceedings arising out of our operations from time to time and may incur substantial losses and face significant liabilities as a result."

As of June 30, 2009, we had incurred approximately RMB173.1 million in connection with the project.

Fairy Land (芳鄰)

Fairy Land (芳鄰) is a 27-storey residential and commercial project located on Renmin North Road, Luohu District, Shenzhen, Guangdong Province. It is located in a well-established residential area with easy access to public transportation and close to various banks, hospitals, schools, shopping malls and a public park. The project occupies a total site area of approximately 1,481 square meters with an aggregate completed GFA of approximately 16,976 square meters. Commenced in February 2000, the project was completed in September 2001. The project was developed by Shenzhen Fantasia Investment, a project company in which we held 52% equity interest. The land use rights for the project were granted for residential and commercial purposes. We obtained the land use rights for the project through cooperatively developing the project with an Independent Third Party that held the land use rights. Details of the project as of September 30, 2009 are set forth below:

	Residential	Commercial
Total saleable GFA (in square meters)	14,038	1,154
Number of units	288	28
Total GFA sold (in square meters)	14,038	769
Total GFA retained for investment (in square meters)	—	385

As of June 30, 2009, we had incurred approximately RMB102.7 million in connection with the project.

Hailrun Complex (喜年中心)

Hailrun Complex (喜年中心) is a 28-storey commercial office building located on Shennan Boulevard in Futian District, Shenzhen, Guangdong Province. The area surrounding the project is called the "western central district" of Shenzhen, which is a rising business and commercial center that has attracted a large number of private enterprises. The project has a modern design and won the Superior Quality Project Award (深圳市優質工程獎) issued by the Shenzhen Construction Industry Association (深圳市建築業協會) in 2003. The project occupies a total site area of approximately 4,907 square meters, with an aggregate completed GFA of approximately 51,659 square meters. Commenced in September 2001, the project was completed in February 2003. The project was developed by Shenzhen Fantasia Investment, a project company in which we held 52% equity interest. The land use rights for the project were granted for commercial office use. We obtained the land use rights for the project through cooperatively developing the project with an Independent Third Party that held the land use rights. Details of the project as of September 30, 2009 are set forth below:

	Office	Commercial
Total saleable GFA (in square meters)	38,569	5,384
Number of units	398	9
Total GFA sold (in square meters)	34,489	5,341
Total GFA retained for investment (in square meters)	—	43
Total GFA retained for self use (in square meters)	4,080	—

We have kept the remaining unsold office units with a total saleable GFA of 4,080 square meters as our own office space. The project also includes 200 car parking spaces which are not included in the total saleable GFA of the project. Shenzhen does not have a public registration system for property rights in car parking spaces and therefore, in practice, car parking spaces are not saleable in Shenzhen and we have retained these car parking spaces for investment purposes.

As of June 30, 2009, we had incurred approximately RMB194.0 million in connection with the project.

Shenzhen Pair Life (深圳錦上花)

Shenzhen Pair Life (深圳錦上花) is a 33-storey residential project located at Wenjindu in Luohu District, Shenzhen, Guangdong Province. It is located very close to the border between Hong Kong and Shenzhen and adjacent to the Wenjindu border control station and therefore appeals to buyers from both Hong Kong and Shenzhen. The project occupies a total site area of approximately 4,501 square meters with an aggregate completed GFA of approximately 49,595 square meters. Commenced in January 2002, the project was completed in November 2003. The project was developed by Shenzhen Fantasia Investment, a project company in which we held 52% equity interest. The land use rights for the project were granted for residential and commercial purposes. We obtained the land use rights for the project through cooperatively developing the project with an Independent Third Party that held the land use rights. Details of the project as of September 30, 2009 are set forth below:

	Residential	Commercial
Total saleable GFA (in square meters)	38,608	2,012
Number of units	610	4
Total GFA sold (in square meters)	38,472	777
Total GFA retained for investment (in square meters)	—	1,235

The project also includes 191 car parking spaces which are not included in the total saleable GFA of the project. Shenzhen does not have a public registration system for property rights in car parking spaces and therefore, in practice, car parking spaces are not saleable in Shenzhen and we have retained these car parking spaces for investment purposes.

As of June 30, 2009, we had incurred approximately RMB187.3 million in connection with the project.

Self Life (*趣園*)

Self Life (趣園) is a 24-storey residential project located at Fuhua Road and Binhe Road, adjacent to the south-east of Shenzhen Golf Court in Futian District, Shenzhen, Guangdong Province. It is adjacent to Shenzhen Convention & Exhibition Center in the central business district of Shenzhen and has panoramic view of a golf course. The project was awarded as the Shenzhen High Quality Structural Engineering Prize in 2003 (2003下半年度深圳市優質結構工程獎) and the Golden Bull Prize in 2005 (2005年度金牛獎), one of the most prestigious awards in the real estate industry in Shenzhen, both awarded by the Shenzhen Construction Industry Association (深圳市建築業協會). The project occupies a total site area of approximately 3,394 square meters with an aggregate completed GFA of approximately 19,035 square meters. Commenced in June 2003, this project was completed in June 2004. The project was developed by Shenzhen Fantasia Investment, a project company in which we held 52% equity interest. The land use rights for the project were granted for residential purposes. Based on relevant construction works planning permit, we were allowed to develop residential and ancillary commercial properties. We obtained the land use rights for the project through cooperatively developing the project with two Independent Third Parties that held the land use rights. Details of the project as of September 30, 2009 are set forth below:

	Residential	Commercial[(1)]
Total saleable GFA (in square meters)	13,860	1,252
Number of units	249	—
Total GFA sold (in square meters)	13,457	—
Total GFA retained for investment (in square meters)	231	1,252

Note:
(1) We retained such commercial unit for our club house.

The project also includes 100 car parking spaces which are not included in the total saleable GFA of the project. Shenzhen does not have a public registration system for property rights in car parking spaces and therefore, in practice, car parking spaces are not saleable in Shenzhen and we have retained these car parking spaces for investment purposes.

As of June 30, 2009, we had incurred approximately RMB115.5 million in connection with the project.

Shenzhen My Place (*深圳花好園*)

Shenzhen My Place (深圳花好園) is a residential community of five 29- to 32-storey apartment buildings located at Xiasha Village, South Binghe Road in Futian District, Shenzhen, Guangdong Province. It is on the border of the west central district of Shenzhen and Red-Tree Bay residential area and has easy access to public transportation. The project won various awards and recognition in 2004, including as a Top Ten Original Design Properties in Shenzhen (中國深圳十大創新設計樓盤) according to the International Think Tank Forum Organization Committee (全球腦庫論壇組委會), Top Ten Gold Medal Champion Properties (十大金牌冠軍樓盤) according to the Chinese Olympic Committee (Shenzhen) News Center (中國奧委會(深圳)新聞中心) and Top Ten Leisure and Health Community (十大健康休閒社區) according to the China Architectural Culture Center under the MOC (建設部中國建築文化中心). The project occupies a total site area of approximately 13,162 square meters with an aggregate completed GFA of approximately 94,956 square meters. Commenced in January 2004, the project was completed in November 2005. The project was developed by Shenzhen Fantasia Investment, a project company in which we held 52% equity interest. The land use rights for the project were granted for residential and commercial purposes. We obtained the land use rights for the project through cooperatively developing the project with an Independent Third Party that held the land use rights. Details of the project as of September 30, 2009 are set forth below:

	Residential	Commercial
Total saleable GFA (in square meters)	69,499	13,450
Number of units	1,466	41
Total GFA sold (in square meters)	69,499	2,350
Total GFA retained for investment (in square meters)	—	11,100

The project also includes 200 car parking spaces which are not included in the total saleable GFA of the project. Shenzhen does not have a public registration system for property rights in car parking spaces and therefore, in practice, car parking spaces are not saleable in Shenzhen and we have retained these car parking spaces for investment purposes.

As of June 30, 2009, we had incurred approximately RMB291.3 million in connection with the project.

Flower Harbor (花港家園)

Flower Harbor (花港家園) is a 33-storey residential building with a 2-storey skirt building located on Mingzhu Avenue and Yong'an North Road in Yantian District, Shenzhen, Guangdong Province. It is located within the Yantian Harbor area which is currently in its third phase of expansion to develop an international warehousing and logistic center. We believe the growing shipping, warehousing and other logistic business in the Yantian Harbor area will result in significant growth in population and greater demand for properties in the area. Flower Harbor (花港家園) has a sea view and is surrounded by mountains. The project occupies a total site area of approximately 5,335 square meters with an aggregate completed GFA of approximately 27,033 square meters. Commenced in June 2007, the project was completed in December 2008. The project was developed by Shenzhen Zhifu, our wholly owned project company. We held a 100% interest in the project. The land use rights for the project were granted for residential and commercial purposes. We obtained the land use rights for the project through acquisition of a project company that held the land use rights. Details of the project as of September 30, 2009 are set forth below:

	Residential	Commercial
Total saleable GFA (in square meters)	20,179	2,223
Number of units	440	43
Total GFA sold (in square meters)	15,715	—
Total GFA pre-sold (in square meters)	4,308	—
Total GFA retained for investment (in square meters)	—	—

The project also includes 145 car parking spaces which are not included in the total saleable GFA of the project. Shenzhen does not have a public registration system for property rights in car parking spaces and therefore, in practice, car parking spaces are not saleable in Shenzhen and we have retained these car parking spaces for investment purposes.

As of June 30, 2009, we had incurred approximately RMB148.8 million in connection with the project. We expect to incur additional costs of approximately 10.9 million in connection with the project.

Shenzhen Future Plaza (深圳香年廣場)

Shenzhen Future Plaza (深圳香年廣場) is located to the north of Qiaocheng Road and to the north-west of Overseas Chinese Town East Industrial Zone in Nanshan District, Shenzhen, Guangdong Province. The location's surrounding area is part of the bigger Overseas Chinese Town which has been zoned for residential, tourism and high-tech businesses. The project was awarded the 2008 Real Estate Design Award of Golden Brick for Real Estate of China (中國地產金磚獎2008年度地產設計大獎) and the Shenzhen Innovative Space Design Award (深圳創新空間設計獎) in 2008, by Boao 21st Century Real Estate Forum (博鰲21世紀房地產論壇) and 21st Century Economy Review (21世紀經濟報導), and Shenzhen Economic Daily (深圳商報) and Hong Kong Commercial Daily (香港商報), respectively. The project is comprised of two 20-storey main buildings and two two- to eight-storey attached buildings in a simple and modern style. The project occupies a total site area of approximately 15,145 square meters with an aggregate completed GFA of approximately 74,348 square meters. Commenced in March 2007, the project was completed in October 2008. The project was developed by Shenzhen Kangnian, a project company in which we used to own a majority equity interest and currently own 100% equity interest. Shenzhen Kangnian holds a 100% interest in the project. The land use rights for the project were granted for industrial purposes. We obtained the land use rights for the project through establishing a joint venture project company with an Independent Third Party that held the land use rights. Details of the project as of September 30, 2009 are set forth below:

	Industrial(1)
Total saleable GFA (in square meters)	60,590
Number of units	170
Total GFA sold (in square meters)	41,379
Total GFA pre-sold (in square meters)	3,945
Total GFA retained for investment (in square meters)	—

Note:

(1) The land use rights for the projects were granted for industrial purposes, and the respective land use rights certificates state that the buildings are for "Industrial Workshop (Production Research and Development)" use. Accordingly, the sales contracts between us and our customers at Shenzhen Future Plaza (深圳香年廣場) stipulated that the buildings were for industrial production use. Once a property has been sold by us and the legal title to the property vests in the owner, we are unable to control or restrict the use made by the owner of the property. We are not liable if a customer uses a property purchased from us for a purpose that does not conform to the purpose stated on the relevant land use rights certificate. In the event that customers purchase and use such properties as office space, so long as such use conforms to the use of the building as stated in the respective land use rights certificates, the use is legal. In addition, certain portion of the project is used as retail shops by our customers to service the needs of other property users in the project.

The project also includes 336 car parking spaces which are not included in the total saleable GFA of the project. Shenzhen does not have a public registration system for property rights in car parking spaces and therefore, in practice, car parking spaces are not saleable in Shenzhen and we have retained these car parking spaces for investment purposes.

As of June 30, 2009, we had incurred approximately RMB413.8 million in connection with the project.

Shenzhen Love Forever (深圳花郡)

Shenzhen Love Forever (深圳花郡) is designed to be a residential community project comprised of eight 20- to 27-storey apartment buildings with a modernist style. The project is located at Xincheng Avenue, Bao'an District, Shenzhen and is within short walking distance to Bao'an Sports Center and has easy access to public transportation. The project occupies a total site area of approximately 23,955 square meters with a planned aggregate GFA of approximately 132,336 square meters. The construction of this project was commenced in October 2008 and the southern area is expected to be completed in October 2010 with the northern area expected to be completed in March 2011. The project is divided into a northern area, which is also named as Hua Xiang Jia Yuan (花鄉家園), with two 25-storey and two 20-storey buildings and a southern area, which is also named as Hua Jun Jia Yuan (花郡家園), with one 27-storey and three 20-storey buildings. Both areas of this project are being developed by Shenzhen Fantasia Investment, a project company in which we own 52% equity interests. Shenzhen Fantasia Investment holds a 100% interest in the project. Details of the project as of September 30, 2009 are set forth below:

	Residential	Commercial
Total planned saleable GFA (in square meters)	91,745	8,696
Number of units	2,280	133

The project also includes 1,034 car parking spaces which are not included in the total saleable GFA of the project. Shenzhen does not have a public registration system for property rights in car parking spaces and therefore, in practice, car parking spaces are not saleable in Shenzhen and we have retained these car parking spaces for investment purposes.

As of September 30, 2009, we had obtained all land use rights certificates for the project and the pre-sale permit for the southern area. The land use rights for the project were granted for residential purposes. Based on relevant construction works planning permit, we were allowed to develop residential and ancillary commercial properties for this project. We obtained the land use rights for the project through cooperatively developing the project with an Independent Third Party that held the land use rights.

Total development costs for the project are expected to be approximately RMB510.9 million upon completion. As of June 30, 2009, we had incurred approximately RMB197.7 million in connection with the project.

Shenzhen Meinian Plaza (*深圳美年廣場*)

On June 1, 2009, Fantasia Group (China) entered into a property transfer agreement with Shenye Pengji (Group) Co., Ltd. (深業鵬基（集團）有限公司), an Independent Third Party, under which Shenye Pengji (Group) Co., Ltd. (深業鵬基（集團）有限公司) agreed to transfer to us an industrial building named as Pengji Times Enterprise Incubation Park (鵬基時代創業園) (the "Incubation Park") located on the south-west corner of Nanhai Avenue and Dongbin Road in Nanshan District, Shenzhen, Guangdong Province and the land use rights for the underlying land with a total site area of approximately 29,546 square meters. The Incubation Park is currently under development by Shenye Pengji (Group) Co., Ltd. (深業鵬基（集團）有限公司). The Incubation Park has a planned GFA of approximately 87,638 square meters and is expected to have a saleable GFA of approximately 73,466 square meters. The land use rights for the Incubation Park were granted for industrial purposes. Construction of the Incubation Park was commenced in May 2007 and was completed in August 2009. Pending our successful completion of the auction or listing for sale process and payment of the relevant transfer premium, Shenye Pengji (Group) Co., Ltd. (深業鵬基（集團）有限公司) is expected to transfer its ownership of the Incubation Park and land use rights for the underlying land to us and complete the relevant properties registration procedures by the end of January 2010. We plan to hold approximately half of the total GFA of the Incubation Park for lease and approximately half of the total GFA of the Incubation Park for sale.

We also acquired a factory building located at No. 3, Pengji Longdian Industrial City, Shekou Industrial Avenue, Nanshan District, Shenzhen, Guangdong Province (the "No. 3 Factory Building") from Shenye Pengji (Group) Co., Ltd. (深業鵬基（集團）有限公司) and plan to convert the No. 3 Factory Building into a hotel and other ancillary facilities to service the Incubation Park after obtaining all necessary governmental approvals. The No. 3 Factory Building occupies a site area of approximately 3,123 square meters with a total GFA of approximately 12,571 square meters. We are required to pay a total consideration of RMB718.5 million for the Incubation park and the No. 3 Factory Building. As of September 30, 2009, we have paid approximately RMB80.0 million and are expected to pay the remaining amount of approximately RMB638.5 million in four installments by February 2010 with internal funds of approximately RMB288.5 million and bank loans of approximately RMB350.0 million.

***Shenzhen Futian Free Trade Zone Project** (深圳福田保稅區項目)*

Shenzhen Futian Free Trade Zone Project (深圳福田保稅區項目) is located in Shenzhen Futian Free Trade Zone, which has an easy access to the transportation network around Huanggang Border and Guangzhou-Shenzhen Expressway. The project occupies a total site area of approximately 18,718 square meters with a planned total GFA of approximately 67,908 square meters. The project is expected to have an aggregate saleable GFA of approximately 46,795 square meters. It is also expected to include 407 car parking spaces which are not included in the total saleable GFA of the project. The construction of the project is expected to be commenced in December 2009 and completed in December 2010. The project is expected to be developed by Shenzhen Huiheng, a project company in which we own 100% equity interest through our wholly owned subsidiary Shenzhen Kangnian. Shenzhen Huiheng holds a 100% interest in the project. The land use rights for this project were granted for warehouse purposes. We obtained the land use rights for the project through acquisition of a project company that held the land use rights in September 2009.

Pearl River Delta Region — Outside Shenzhen

Dongguan Mont Conquerant (東莞君山)

Dongguan Mont Conquerant (東莞君山) is located at Huanggouluo Huangkeng Village, Liaobu Town, Dongguan, Guangdong Province, which is adjacent to the Fengjing Golf Course and enjoys view of Huying Park and Huangqi Hill. The project is expected to be a large scale residential community comprised of seventeen low rise buildings and ten 18- to 32-storey buildings and a clubhouse. The project occupies a total site area of approximately 52,853 square meters with a planned GFA of approximately 142,928 square meters. The project is divided into two phases, both of which are being, or are expected to be, developed by Dongguan Fantasia, our wholly owned project company. We hold a 100% interest in the project. We had obtained the land use rights certificate for both phases of the project. The land use rights for the project were granted for residential and commercial purposes. We obtained the land use rights for the project through acquisition of the entire project from an Independent Third Party that held the land use rights.

Phase I of the project is expected to be comprised of seventeen 3-storey buildings. Phase I has a planned GFA of approximately 19,945 square meters. Commenced in June 2009, construction of Phase I is expected to be completed in March 2010. As of September 30, 2009, we had obtained the pre-sale permit for certain portion of the residences and have begun pre-sale in July 2009. Details of Phase I of the project as of September 30, 2009 are set forth below:

	Residential
Total planned saleable GFA (in square meters)	19,885
Number of units	41
Total GFA pre-sold (in square meters)	17,645
Total GFA retained for investment (in square meters)	—

Phase II of the project is expected to be comprised of ten 18- to 32-storey buildings with a total planned GFA of approximately 122,983 square meters, including an aggregate of saleable GFA of approximately 71,024 square meters for residences and approximately 25,990 square meters for basement area, most of which we intend to retain for car parking spaces. Phase II of the project was commenced in September 2009 and is expected to be completed in June 2011. As of September 30, 2009, we had also obtained the construction works commencement permit for Phase II. We plan to begin pre-sale in October 2010.

Total development costs for the project are expected to be approximately RMB613.7 million upon completion. As of June 30, 2009, we had incurred approximately RMB264.1 million in connection with the project.

Huizhou Endless Blue (惠州碧雲天)

Huizhou Endless Blue (惠州碧雲天) is expected to be a residential community located in Huangyuyong, Daya Bay, Huizhou, Guangdong Province. It is linked by several roads to the city center of Daya Bay and the petroleum and chemical industrial zone of Huizhou. The project is designed to be comprised of eleven 24- to 30-storey buildings. The project occupies a total site area of approximately 35,000 square meters with a planned GFA of approximately 168,545 square meters. It is planned to have an aggregate saleable GFA of 132,277 square meters for residences, 4,644 square meters for commercial use. The project is also expected to include 1,003 car parking spaces which are not included in the total saleable GFA approximately 18,665 square meters for car parking spaces. The project is planned to be commenced in December 2009 and completed in August 2011. The project is expected to be developed by Huizhou Daya Bay, our wholly owned project company. We hold a 100% in the project.

As of September 30, 2009, we had obtained the land use rights certificate and construction land planning permit for this project. The land use rights for the project were granted for residential and commercial purposes. We obtained the land use rights for the project through government-organized listing-for-sale.

Total development costs for the project are expected to be approximately RMB442.2 million upon completion. As of June 30, 2009, we had incurred approximately RMB68.3 million in connection with the project.

Huiyang Project (惠陽項目)

Huiyang Project (惠陽項目) is located to the east of Huinan Avenue in Huiyang, Huizhou, Guangdong Province. It is adjacent to Huiyang bus terminus and is within walking distance to Danshui central business areas. The project occupies a total site area of approximately 172,000 square meters with a planned total GFA of approximately 586,000 square meters. The project is expected to have an aggregate saleable GFA of 510,205 square meters with approximately 486,205 square meters for residences and approximately 24,000 square meters for commercial use. It is also expected to include 2,040 car parking spaces which are not included in the total saleable GFA of the project. Construction of Phase I of the project is expected to be commenced in December 2009 and completed in December 2010. The project is expected to be developed by Huizhou Huaqianli, our wholly owned project company. Huizhou Huaqianli holds a 100% interest in the project. We had obtained the land use rights certificate for the project and the land use rights were granted for comprehensive purposes including for residential and commercial use. We obtained the land use rights for the project through government-organized listing-for-sale in September 2009.

Yangtze River Delta Region

Town on the Water (雲海間)

Town on the Water (雲海間) is expected to be a low density community of upscale residences located in Lianyi Village, Xizhu Town, Yixing, a county-level city in Wuxi, Jiangsu Province. It is adjacent to the Hengshan Reservoir which is one the six largest reservoirs in Jiangsu Province and a new tourist attraction in the Yangzi River Delta area. It is located about 15 kilometers away from the Nanjing- Hangzhou expressway and is within two hours drive to major cities in the surrounding region such as Shanghai, Nanjing and Hangzhou.

The project occupies a total site area of approximately 66,664 square meters with a planned aggregate GFA of approximately 41,432 square meters. The project is expected to be comprised of 71 upscale low rise buildings with a total saleable GFA of approximately 22,250 square meters and four hotel buildings with a total saleable GFA of approximately 17,990 square meters. The project is developed by Yixing Jiangnan Shuixiang, a project company in which we hold a 60% equity interest. Yixing Jiangnan Shuixiang holds a 100% interest in the project. We had obtained the land use rights certificate for the project. The land use rights for the project were granted for comprehensive purposes including residential and commercial use. We obtained the land use rights for the project through acquisition of a project company that held the land use rights.

Commenced in November 2007, construction of the project is expected to be completed in January 2010. As of September 30, 2009, we had obtained the required construction works commencement permit for the project, and had obtained the pre-sale permit for certain portion of the project and we have begun pre-sale in November 2008. Details of the project as of September 30, 2009 are set forth below:

	Residential	Hotel
Total planned saleable GFA (in square meters)	22,250	17,990
Number of units	71	276
Total GFA pre-sold (in square meters)	5,247	5,559
Total GFA retained for hotel management (in square meters)	—	7,095

Of all the saleable GFA of this project, we intend to retain approximately 7,095 square meters for investment.

Total development costs for the project are expected to be approximately RMB222.7 million upon completion. As of June 30, 2009, we had incurred approximately RMB74.2 million in connection with the project.

Suzhou Project (蘇州項目)

Suzhou Project is located in the Suzhou Taihu National Tourism Vacation Zone (蘇州太湖國家旅遊度假區), a famous tourist attraction in Suzhou, Jiangsu Province. In August 2009, Fantasia Group (China) entered into a share transfer framework agreement with Suzhou CITIC Investment Co., Ltd. (蘇州中信投資有限公司) in connection with the transfer of 100% equity interest in Suzhou Huawanli, a project company newly incorporated and Suzhou LKN, both of which are currently under the control of Suzhou CITIC Investment Co., Ltd. (蘇州中信投資有限公司). Upon the completion of the share transfer, we will own the land use rights for our Suzhou Project for certain parcels of land which are currently possessed by Suzhou LKN. In addition, we will also, through the share transfer, obtain certain parcels of land which are expected to be acquired by Suzhou Huawanli for our Suzhou Project. Suzhou Huawanli and Suzhou LKN are expected to be the project companies for this project. Except for the possession of such parcels of land, we believe Suzhou Huawanli and Suzhou LKN currently do not engage in any other business operating activities. As of the Latest Practicable Date, we had paid a deposit of RMB30.0 million upon the execution of the framework agreement and also paid a consideration of approximately RMB393.0 million for the share transfer under the framework agreement. Total consideration for the project as stated in the framework agreement is approximately RMB785.8 million. The project occupies a total site area of 379,635 square meters, comprising of: (i) approximately 90,860 square meters currently owned by Suzhou LKN which has a planned aggregate GFA and saleable GFA of approximately 83,864 square meters, and (ii) approximately 288,775 square meters expected to be acquired by Suzhou Huawanli which has a planned aggregate GFA and saleable GFA of approximately 449,257 square meters. The project is expected to have a total GFA of approximately 418,009 square meters for boutique residences and approximately 115,112 square meters for basement area, some of which we intend to retain for car parking spaces. Our property valuer, Jones Lang LaSalle Sallmanns Limited, is of the opinion that, as of September 30, 2009, the reference capital value of such parcels of land would be RMB2,740,000,000, assuming all relevant title certificates of the property have been obtained by the Group, the property could be freely transferred, the old buildings have been demolished and the Group has no liability to the relocation and resettlement costs. Since the relevant agreements are currently under internal review process by both parties and the completion of such proposed share transfer may be subject to requisite legal procedures, including listing and posting a public notice because the equity interest in the target project companies are state-owned, we expect to complete the share transfer in the first half of 2010 when Suzhou Huawanli is expected to complete the acquisition of such parcels of land as agreed under the share transfer framework agreement. The construction of Phase I of this project is expected to be commenced in June 2010 and completed in November 2011.

Beijing-Tianjin metropolitan region — Tianjin

Tianjin Hailrun Plaza (天津喜年廣場)

Tianjin Hailrun Plaza (天津喜年廣場) is expected to be an urban complex. The centerpiece of the project is expected to be five high-rise buildings of 19- to 30-storey. The project is located on Jiefang South Road, Jinnan District, Tianjin. The project occupies a total site area of approximately 21,410 square meters with a planned total GFA of approximately 131,341 square meters. The project is divided into several phases, all of which are being, or expected to be, developed by Tianjin Songjiang-Fantasia, a project company in which we own 60% equity interest. Tianjin Songjiang-Fantasia holds a 100% interest in the project. We had obtained the land use rights certificate for all phases of the project. The land use rights for the project were granted for general construction purpose including for office spaces and commercial use. We obtained the land use rights for the project through acquisition of the entire project from an Independent Third Party that held the land use rights.

Phase I of the project is comprised of two 19- to 20-storey buildings with a planned total GFA of approximately 48,547 square meters. Commenced in September 2008, construction of Phase I is expected to be completed in June 2010. As of September 30, 2009, we had obtained the construction works commencement permit for Phase I. We had also obtained the pre-sale permit for this phase. Details of Phase I of the project as of September 30, 2009 are set forth below:

	Office	Commercial
Total saleable GFA (in square meters)	25,935	1,011
Number of units	502	8
Total GFA pre-sold (in square meters)	19,773	—
Total GFA retained for investment (in square meters)	—	—

In addition, Phase I of the project is expected to include 900 car parking spaces that are non-saleable and we also intend to retain these non-saleable car parking spaces for investment.

Phase II of the project has a planned GFA of 82,794 square meters. It is expected to have an aggregate saleable GFA of 26,571 square meters for residences and approximately 25,534 square meters for office spaces. It was commenced in September 2008 and is expected to be completed in December 2010. As of September 30, 2009, we had obtained the construction works commencement permit for Phase II.

Total development costs for the project are expected to be approximately RMB708.6 million upon completion. As of June 30, 2009, we had incurred approximately RMB367.4 million in connection with the project.

Yingcheng Lake (营城湖)

Yingcheng Lake (营城湖) is expected to be a residential community located to the south of Yingcheng Reservoir, Hangu District, Tianjin. The project is located within the New Coastal Area of Tianjin, which is a national level key development area in Tianjin, and is further within the sub-area of the New Coastal Area designated for leisure and tourism purposes. We believe the project may have a great prospect for value appreciation as an increasing number of tourist attractions and facilities are planned in the surrounding area. The project occupies a total site area of approximately 100,000 square meters with a planned total GFA of approximately 168,339 square meters, including an aggregate saleable GFA of approximately 62,585 square meters for residences, approximately 60,486 square meters for office spaces and approximately 16,121 square meters for commercial use. The project is expected to be developed by Tianjin Fuda, our wholly owned project company. We will hold 100% interest in the project.

As of September 30, 2009, we had obtained the land use rights certificate for the project, but have not obtained the other certificates and permits required for the project. The land use rights for the project were granted for residential, commercial, service and tourism purposes. We obtained the land use rights for the project through acquisition of a project company that held the land use rights. We are currently working on the general design and planning of the project.

Total development costs for the project are expected to be approximately RMB673.0 million upon completion. As of June 30, 2009, we had incurred approximately RMB113.0 million in connection with the project.

Potential New Property Development Projects

In addition to our existing property development projects, we are actively exploring opportunities for additional property development projects in China. We have entered into preliminary framework agreements with the local government authorities or relevant third parties related to certain potential new projects but have not yet entered into any further agreements and have not obtained relevant land use rights certificates for such projects. Commerce & Finance Law Offices, our PRC legal advisor, has advised us that, before we are able to obtain the relevant land use right certificates, we are still required by the relevant PRC laws and regulations (i) in respect of our Pixian and Yunnan projects, to successfully complete the public tender, auction or listing-for-sale process, enter into a land grant contract and pay relevant land grant premium; and (ii) in respect of our Beijing Tongzhou project, to enter into and perform our obligations under a formal share transfer agreement and duly complete registration procedures for such transfer of equity ownership with the relevant government authorities. We can not assure you that we will obtain any land use rights or any or all of the requisite governmental approvals for the development of these potential new projects. For more details on the risks associated with these potential new projects, please see "Risk Factors — Risks Relating to Our Business — We have entered into several preliminary framework agreements for potential new property development projects which are subject to significant risks and uncertainties" and "Our results of operations may be materially and adversely affected if we fail to obtain, or there are material delays in obtaining, requisite governmental approvals for our property developments" in this prospectus. Because these potential new property development projects are still at a very preliminary stage, we are not able to estimate the total development costs or set target completion dates for these potential new projects yet. The following table sets forth relevant information of our potential new projects as of the Latest Practicable Date:

Potential New Property Development Projects	Site Area (in square meters)	Total GFA Completed (in square meters)	Total GFA Under Development (in square meters)	Total GFA for Future Development (in square meters)	Total Planned GFA (in square meters)	Total Planned Saleable GFA (in square meters)	Expected Interest in the Project	Ref. to Property Valuation Report
Chengdu:								
Pixian Project (郫縣項目)	979,333	—	—	3,917,332	3,917,332	3,917,332	100%	49
Yunnan:								
Yunnan Project (雲南項目)	996,531	—	—	996,531	996,531	996,531	100%	50
Beijing:								
Beijing Tongzhou Project (北京通州項目)	8,219	—	—	55,000	55,000	n/a	100%	48
Total	1,984,083	—	—	4,968,863	4,968,863	4,913,863		

Pixian Project (郫縣項目)

In April 2007, Fantasia Group (China) and Tianjin Songjiang Group entered into a framework agreement with the People's Government of Pixian County (郫縣人民政府) (the "Pixian Government") relating to the development of the Wangcong Ancient Sichuan Culture Park (望叢古蜀文化產業園) located in Pixian County, Chengdu, Sichuan Province. Under the framework agreement, we were in charge of preparing overall plans and detailed designs of the culture park pursuant to the guidelines set by the Pixian Government. Pixian Government was expected to further enter into a cooperative agreement with us for the development of the culture park after it approved the overall plans and detailed designs prepared by us. We had submitted draft plans to the Pixian Government. Upon the initial approval of our draft plan granted by the Pixian Government, in September 2009, Fantasia Group (China) further entered into a cooperative agreement with the local government in relation to the detailed design, arrangement and improvement for parcels of land for the culture park and its ancillary facilities. Pursuant to the agreement, the local government agreed, among other things, to grant parcels of state-owned land in three years from 2010 to 2013 to developers through procedures in accordance with applicable laws and regulations, which are expected to occupy an aggregate site area of approximately 979,333 square meters. We are eligible and intend to acquire such lands for our Pixian Project through the relevant procedures. We expect the project to have an estimated aggregate saleable GFA of approximately 3,917,332 square meters. As of the Latest Practicable Date, we had not obtained any land use rights or enter into any land grant contract with the local government for the Pixian Project.

Yunnan Project (*雲南項目*)

In June 2009, Fantasia Group (China), our subsidiary, entered into an agreement with the Administrative Committee of the Dali Provincial Tourism and Vacation Zone (大理省級旅遊度假區管理委員會) for the development of the Dali Bai Ethnic Culture Resort (大理白族民俗文化度假村) (the "Yunnan Project"), which will be located near Butterfly Spring (蝴蝶泉), a famous tourist attraction, in Dali, Yunnan Province. Under the agreement, we will be responsible for the feasibility study, environmental impact assessment, overall planning and designs and will bear the costs of certain infrastructure construction of the resort. In September 2009, Fantasia Group (China) entered into a cooperative agreement with the local government in relating to the detailed design, arrangement and improvement for parcels of land for the Dali Provincial Tourism and Vacation Zone (大理白族民俗文化度假村) and its ancillary facilities. Pursuant to the agreement, the local government agreed, among other things, to grant parcels of state-owned land in three years from 2010 to 2013 to developers through procedures in accordance with applicable laws and regulations. We are eligible and intend to acquire such lands for our Yunnan Project through the relevant procedures. We expect the project to occupy a total site area of approximately 996,531 square meters with an estimated aggregate saleable GFA of approximately 996,531 square meters. As of the Latest Practicable Date, we had not obtained any land use rights or enter into any land grant contract with the local government for the Yunnan Project. If we are successful in acquiring the land, we will apply for the requisite governmental approvals for the development for this project.

Beijing Tongzhou Project (*北京通州項目*)

In August 2009, Fantasia Group (China), our subsidiary, entered into a share transfer framework agreement with two individual Independent Third Parties in connection with the transfer of their 100% equity interest in Beijing Taibo to Fantasia Group (China) at the total consideration of RMB150.0 million. Upon the completion of the transfer, we will acquire the land use rights for certain parcels held by Beijing Taibo located at Xinhua Avenue, Tongzhou District, Beijing, which occupy a total site area of approximately 8,219 square meters with an estimated aggregate GFA of approximately 55,000 square meters. Our property valuer, Jones Lang LaSalle Sallmanns Limited, is of the opinion that, as of September 30, 2009, the reference capital value of these parcels of land would be RMB337,000,000, assuming all relevant title certificates of the property have been obtained by the Group, the property could be freely transferred, the old buildings have been demolished and the Group has no liability to the relocation and resettlement costs. In addition to the parcels of land for which Beijing Taibo has obtained land use rights, these two Independent Third Parties also agreed, under the framework agreement, to negotiate with relevant government authorities to facilitate Beijing Taibo in legally obtaining the land use rights for certain additional parcels of land, which, if successful, will also be acquired by us upon our acquisition of the 100% interest in Beijing Taibo. Except for the possession of such parcels of land, we believe Beijing Taibo currently does not engage in any other business operating activities. As of the Latest Practicable Date, we had not yet entered into any further share transfer agreements in connection with the share transfer. We expect to complete the share transfer in the second half of 2010 when Beijing Taibo is expected to complete the acquisition of those additional parcels of land as agreed under the framework agreement.

OUR BUSINESS SEGMENTS

Our business includes (i) property development, (ii) property investment, (iii) property operation services, (iv) property agency services and (v) hotel services. Our property operation services include property management services, building equipment installation, maintenance and repair services, and information network services. Our property agency services include primary property agency services, secondary property brokerage services, and property consulting and advisory services. Our hotel services include hotel management and operation services.

During the Track Record Period and as of the Latest Practicable Date, we and our PRC subsidiaries were in possession of all of the relevant approvals and qualification certificates required under PRC laws and regulations in order to conduct our businesses.

PROPERTY DEVELOPMENT

Overview

Although the nature and sequences of specific planning and execution activities will vary among our different property development projects, the core stages typically involved in the development of our properties include opportunity identification, site selection and project planning, land acquisition, pre-construction preparations, project design, project construction and management, pre-sale, sales and marketing, and provision of after-sales services, which are illustrated below:

Opportunity Identification

- Strategic planning
- Business analysis (geographic and marketing)
- Financial analysis

⇨

Site Selection and Project Planning

- Site evaluation and identification
- Due diligence and feasibility study
- Preliminary plan and design
- Risk, costing and financial evaluation

⇨

Land Acquisition

- Internal review and approval
- Bidding process
- Auction
- Negotiation and execution of contract

⇨

Pre-construction Preparation

- Obtain relevant permits and certificates
- Outsource contractor
- Financial arrangement

⇩

Project Design

- Schematic design
- Construction design
- Mechanical and electrical design
- Interior design

⇦

Project Construction and Management

- Construction
- Supervision and management
- Completion and inspection
- Decoration and installation

⇦

Pre-sale, Sales and Marketing

- Marketing and promotional activities
- Obtain pre-sale permit
- Sales and sales management
- Mortgage and registration assistance
- Delivery of property

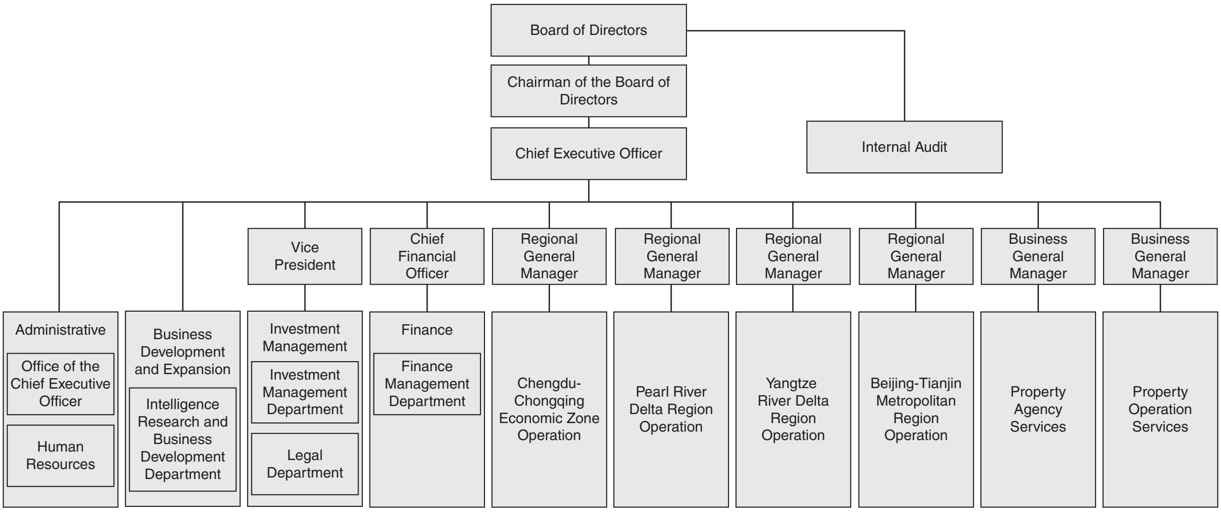
⇦

After-sales Services

- Property management
- Customer feedback and response
- Customer services
- Fantasia Club membership

Project Management

We have established project companies to supervise and manage our property development projects in different cities or regions in China that we believe will best allow us to address the unique market associated with such cities or regions. The senior management of our Group works closely with the senior management of each of our project companies to provide guidance as to the overall strategic directions of our Group as well as to supervise and oversee the activities of each of the project companies. The following chart illustrates the management structure of our Group:



Our project companies have further established specialized divisions to supervise and manage the major stages of our property development activities. The divisions include the construction management division, market planning division, marketing management division, project budgeting division, finance management division and product design division. However, depending on the size and the type of projects, the specialized divisions between each project company may vary and for certain projects, the relevant market research, site selection and other pre-construction, design and construction decisions may be directly carried out by the senior management of the Group or through one of its divisions instead of by the project companies. Our project companies generally enjoy a certain level of autonomy as to daily business operating decisions without the prior approval of the Group's senior management, which we believe enhances our operating efficiency and allows us to optimize our capacities and resources as well as to leverage on the local knowledge of the management of each project company. However, major operating decisions, such as the purchase of land, the approval of projects for development and financing, are subject to the decision of the Group's senior management. We believe our management structure provides us with the ability to consolidate the resources of the Group to enhance our negotiating powers with certain suppliers and contractors and facilitate the sharing of expertise among various projects in areas such as design, construction, marketing and sales.

Opportunity Identification

The first stage of our development process involves the identification of new opportunities for forthcoming land auctions or sales in strategic cities or regions in China. Our senior management and our business expansion and development division of our Group determine our strategic direction and our future project development plans. The business intelligence research and development department of our Group also conducts in-depth demographic and market research as to potential cities or regions in China into which we may consider entering. The selection criteria for suitable expansion opportunities is based on certain indicators, including, among others:

- population and urbanization growth rate;
- general economic condition and growth rate;

- disposable income and purchasing power of consumers;
- anticipated demand for residential and commercial properties and office spaces;
- availability of future land supply and land prices;
- cultural heritage of such city;
- local business environment and opportunities;
- availability of qualified personnel in such city or region and the willingness of our existing management personnel to relocate to such city or region;
- governmental urban planning and development policies; and
- overall competitive landscape.

Site Selection

We, through our property agency services subsidiary Xingyan Property Consultancy, as well as certain divisions of our property development business, are constantly engaged in the research of property market conditions in the Pearl River Delta region, the Chengdu-Chongqing Economic Zone, the Yangtze River Delta region and the Beijing-Tianjin metropolitan region in an effort to identify and assess potential property development opportunities. Before selecting a parcel of land for development, we engage in comprehensive and in-depth market research and analysis to evaluate the market potential and value of the areas surrounding the land and the development potential of the land. Key factors that are considered during land selection include, but are not limited to:

- size, shape and location of the parcel;
- transportation access and availability of infrastructural support;
- prospects of economic development in the area, government income GDP and social, economic and environmental conditions of the area;
- demand for properties in the relevant area, including pricing potentials;
- existing and potential property developments in the area;
- convenience of the site, such as proximity to the city center, airport, subway and commercial facilities;
- suitability of the site for our products;
- cost, investment and financial return, including cash flow and capital appreciation;
- the status of the land use rights with respect to the targeted site in acquiring on the secondary market; and
- government development plans for the relevant site and neighboring area.

Furthermore, during land selection, we also consult with the relevant local authorities as to how the development of the targeted land can fit within the overall development plan of the region, city or area in which the land is located.

Land Acquisition

We follow a strict procedure in the acquisition of properties. Prior to acquiring a property, our business intelligence research and development department, investment management department, legal department, financial management department and certain other departments must all review and approve such proposed acquisition. The proposed project, once vetted and approved by various departments and our chief executive officer, will be submitted to our board of directors for approval. If the proposed project is approved by the board of directors, we will then seek to acquire the land use rights within a pre-set budget.

We have historically obtained our land and will continue to obtain land through (i) acquisition of land use rights through government-organized tender, auction and listing-for-sale; (ii) establishing joint venture project companies; (iii) cooperatively developing projects with third parties; (iv) acquiring target companies which have acquired land use rights themselves; and (v) acquisition of projects under development from third party project companies, representing 65.6%, nil, 2.6%, 26.4% and 5.4%, respectively, of our land bank acquired through these acquisition channels in terms of GFA for which we had obtained relevant land use rights as of the Latest Practicable Date. In both government bids and purchases in the secondary market, the purchase price typically includes all expenses required to deliver the land use rights.

The Rules Regarding the Grant of State-Owned Land Use Rights by Way of Tender, Auction and Listing-for-sale (招標拍賣掛牌出讓國有土地使用權規定) issued by the MLR, revised on September 21, 2007 with the new title the Rules regarding the Grant of State-Owned Construction Land Use Rights by Way of Tender, Auction and Listing-for-sale (招標拍賣掛牌出讓國有建設用地使用權規定), which came into force on November 1, 2007, provide that state-owned land use rights for commercial use, tourism, entertainment and commodity housing development may be granted by the government only through competitive bidding, auction or listing-for-sale. Where land use rights are granted by way of competitive bidding, the relevant land administration authority will issue a bidding announcement, inviting individuals, corporations and other organizations to participate in the tender. When deciding the grantee of the land use rights, the relevant authorities consider not only the tender price, but also the credit history and qualifications of the tenderer and the tender proposal. Where land use rights are granted by way of auction, the relevant land administration authority will issue an auction announcement, and the bidders can, at a specified time and location, openly bid for the relevant parcel of land. When land use rights are granted by way of listing-for-sale, the relevant land administration authorities announce the conditions for granting the land use rights at designated land transaction centers and bidders are invited to submit their bids in writing. The land use rights are granted to the bidder submitting the highest bid by the end of the listing-for-sale period. See "Regulatory Overview — Real Estate Development — Land for real estate development" and "Summary of PRC Laws Relating to the Property Sector — I. Legal Supervision Relating to the Property Sector in the PRC — D. Development of a Property Project" in Appendix VII to this prospectus for further details.

Under current regulations, original grantees of land use rights are typically allowed to transfer the land use rights granted to them provided that (i) the assignment price payable to the relevant government authorities has been fully paid in accordance with the assignment contract and a land use rights certificate has been obtained; and (ii) development has been carried out according to the assignment contract and, in the event of a project in which properties are being developed, development representing more than 25% of the total investment has been completed. If the land use rights are obtained by way of allocation, such land may be transferable upon approval by the relevant government authority. See "Summary of PRC Laws Relating to the Property Sector — I. Legal Supervision Relating to the Property Sector in the PRC — E. Transfer and Sale of Property — (i) Transfer of property" in Appendix VII to this prospectus for further details.

Under current PRC laws and regulations, property development should be started no later than one year from the project commencement date stipulated in the relevant land grant contract and the development of the land should not be suspended for more than one year before we have completed one-third of the total GFA and invested more than one-fourth of the total estimated investment of the project. See "Summary of PRC Laws Relating to the Property Sector — I. Legal Supervision Relating to the Property Sector in the PRC — D. Development of a Property Project" in Appendix VII to this prospectus for further details.

Under current PRC laws and regulations, we may also obtain land use rights through the acquisition of project companies that already hold the relevant land use rights. We have obtained land use rights through such method for the following projects: Flower Harbor (花港家園), Shenzhen Futian Free Trade Zone Project (深圳福田保稅區項目), Fantasia Special Town (別樣城), Fantasia Town (花樣城), Chengdu Mont Conquerant (成都君山), Chengdu Future Plaza (成都香年廣場), Town on the Water (雲海間) and Yingcheng Lake (營湖城).

Pre-Construction

Permits and Certificates

Once we have obtained the rights to develop a parcel of land, we then begin to apply for the various permits and license that we need in order to begin construction and sale of our properties, which includes:

- land use rights certificate, which is a certification of the right of a party to use a parcel of land;
- construction land planning permit, which is a permit authorizing a developer to begin the survey, planning and design of a parcel of land;
- construction works planning permit, which is a certificate indicating government approval for a developer's overall planning and design of the project and allowing a developer to apply for a construction works commencement permit;
- construction works commencement permit, which is a permit required for commencement of construction; and
- pre-sale permit, which is a permit authorizing a developer to start the pre-sale of property still under construction.

As of the Latest Practicable Date, we have obtained all the required land use rights certificates and permits for our existing properties under development, taking into account the respective stages of development at such date. In addition, we have obtained all land use rights certificates for our properties that are held for future development, except for a parcel of land with a site area of approximately 29,546 square meters in Shenzhen Meinian Plaza (深圳美年廣場) and certain parcels of land with a total site area of 379,635 square meters located in Suzhou for our Suzhou Project (蘇州項目). We expect to obtain such land use rights certificates after completing all requisite legal procedures. In addition, we have also entered into preliminary framework agreements with the local government authorities and relevant third parties related to three potential new projects located in Pixian County, Chengdu, Sichuan Province, Dali, Yunnan Province and Beijing. We expect to enter into detailed agreements related to those three projects in order to obtain the land use rights certificates.

Financing of Property Development

Our financing methods vary from project to project and are subject to limitations imposed by PRC regulations and monetary policies. We finance the acquisition of land reserves from internal funds, while our property development costs, including construction costs and additional financing for existing projects, are typically financed by internal funds and project loans from PRC banks. The following summarize our main financing methods for our projects:

- Internal funds. Our internal funds are primarily from shareholder contributions, which include the US$200 million raised in connection with the Pre-IPO Investment. As of the Latest Practicable Date, approximately 68.5% of the proceeds from the Pre-IPO Investment has been applied to increase our land banks in China. Our internal funds also include proceeds from pre-sale of properties, which are proceeds we receive when we enter into contracts to sell properties prior to their completion. Under relevant PRC regulations, we may engage in such pre-selling activities subject to satisfaction of certain requirements. See "— Pre-sale, Sales and Marketing." We typically receive an initial payment of at least 30% of the purchase price at the execution of the pre-sale contracts and the balance typically within 30 days of the execution of the pre-sale contracts, by which time the customer is required to have obtained a bank mortgage. Proceeds from the pre-sale are typically used to repay borrowings as well as to fund the development of the project from that stage.
- Borrowings. As of September 30, 2009, we had total secured borrowings of RMB1,763.4 million. We usually obtain project-specific borrowings that are secured by our properties under development and our land use rights, and usually repay the borrowings using a

portion of our pre-sale proceeds of the specific property. Since June 2003, commercial banks in China have been prohibited under PBOC guidelines from granting loans to fund the payment of land premiums and for the development of luxury residential properties. In September 2007, the PBOC and the CBRC issued a notice prohibiting commercial banks in China from granting loans to a property development project before the project has obtained all necessary permits for the commencement of its construction. As a result, property developers may only use their own internal funds instead of borrowings from PRC banks to pay for land premiums and other costs incurred prior to obtaining all necessary permits for the commencement of the relevant projects. In addition, pursuant to the Guidance on Risk Management of Property Loans of Commercial Banks (商業銀行房地產貸款風險管理指引) promulgated by the CBRC on September 2, 2004, the internal capital ratio, calculated by dividing the internal funds available by the total project capital required for a project, of a property developer who intends to borrow from commercial banks shall be no less than 35%, an increase of five percentage points from 30%, as previously required. Furthermore, under guidelines jointly issued by the MOC and other PRC government authorities in May 2006, commercial banks in China may not lend funds to property developers with an internal capital ratio of less than 35%. However, on May 25, 2009, the State Council issued the Notice on Adjusting the Minimum Capital Requirement for Fixed Assets Investment (關於調整固定資產投資項目資本金比例的通知) and lowered the minimum capital requirement for projects of affordable residential housing and regular commodity residential houses from 35% to 20% and, for other property projects, to 30%. In July 2007, the General Department of SAFE also issued a circular to restrict a foreign invested property developer's ability to raise capital through foreign debt. See "Summary of PRC Laws Relating to the Property Sector — I. Legal Supervision Relating to the Property Sector in the PRC — F. Property Credit" in Appendix VII to this prospectus for further details.

In the future, we expect to fund our projects by using a combination of sources, including internally generated cash flow, borrowings, and funds raised from the capital markets from time to time. In particular, as of June 30, 2009, the total contracted capital commitment of our projects amounted to RMB1,773.5 million. For details of the capital commitment we have made relating to our projects as of June 30, 2009, please refer to "Financial Information — Indebtedness, Contingent Liabilities and Capital Expenditures — Commitments" in this prospectus.

Our internal funds used to finance the acquisition of land reserves and property development costs will also include fund raised through the Global Offering, and repatriate through the establishment of new subsidiaries or through the subscription to increases in the registered capital of our existing subsidiaries. See "Future Plan and Use of Proceeds — Use of Proceeds" in this prospectus for details. On May 23, 2007, MOFCOM and SAFE promulgated the Notice 50 which imposed additional restrictions and requirements on foreign investment in the real estate industry. As advised by our PRC legal advisor, Commerce & Finance Law Offices, Notice 50 requires that foreign invested real estate companies newly approved and established must comply with certain registration requirements with MOFCOM. As none of the foreign invested enterprises of our Group was newly approved and established after effective date of Notice 50, our PRC legal advisor is of the view that such requirement does not apply to our Group. In addition, Notice 50 requires that foreign invested real estate companies with property projects or property business newly added must also comply with the relevant approval requirements pursuant to Notice 50. As all of the foreign invested enterprises of our Group with newly added projects and businesses have obtained the requisite approvals required by Notice 50 and obtained the new approval certificates, our PRC legal advisor is of the view that our Group has also complied with such relevant approval requirement stipulated under Notice 50. In accordance with Notice 50, if we propose to establish new foreign-invested real estate enterprises in China using the proceeds from our Global Offering, we must complete the requisite filing procedures with MOFCOM in addition to obtaining the approval of local authorities for the establishment of such foreign-invested real estate enterprises. Following the implementation of the SAFE notice, we have successfully remitted foreign funds from our offshore holding entities into Fantasia Group (China), Tianjin Songjiang-Fantasia, Fantasia Chengdu Ecological and Shenzhen Zhifu through the increase of registered capital that were registered with MOFCOM. Our PRC legal advisor, Commerce & Finance Law Offices, is of the view that our Group has complied with such registration requirements under the SAFE notice. Based on the SAFE notice, if we intend to use the proceeds from our Global Offering to increase the registered capital of existing foreign-invested real estate enterprises or establish new foreign-invested real estate enterprises, we must complete the requisite filing procedures with MOFCOM before we can apply for foreign exchange registration to allow the proceeds to be remitted into China for such purpose. However, even if requisite filing procedures have been completed with MOFCOM, we are not permitted to use proceeds from the Global Offering to provide shareholder loans to newly established foreign- invested real estate enterprises or those that have increased their registered capital after June 2007 on the basis that the SAFE will not register such foreign loans or allow such proceeds to be remitted into China as a foreign loan. In addition, in accordance with a circular promulgated by the SAFE in August 2008 with respect to the administration of conversion of foreign exchange capital contribution of foreign invested enterprise into Renminbi (關於完善外商投資企業外匯資本金支付結匯管理有關業務操作問題的通知), unless otherwise permitted by PRC laws or regulations, Renminbi capital converted from foreign exchange capital contribution cannot be used for domestic equity investment or acquisition. See "Risk Factors — Risks Relating to Our Industry — PRC government policies, regulations and measures intended to curtail the overheating of the property market may adversely affect our business", "Risk Factors — Risks Relating to Our Industry — The PRC government has imposed restrictions on the ability of PRC property developers to receive offshore funds which may delay or prevent us from deploying the funds raised in this offering to our business in China and therefore materially and adversely affect our liquidity and our ability to fund and expand our business" in this prospectus and "Summary of PRC Laws Relating to the Property Sector — I. Legal Supervision Relating to the Property Sector in the PRC — B. Foreign-invested Property Enterprises" in Appendix VII to this prospectus for further details. Such proceeds from pre-sales, together with internal funds and project loans, are the major sources of funds for the construction of our projects.

Design

In order to provide our customers with distinctive designs and also to achieve operating efficiency, we outsource the design of substantially all of our property development projects to third party domestic or international architecture and design firms. We have in the past worked closely with leading domestic and international architecture and design firms, such as Huayi Designing Consultancy (Shenzhen) Co., Ltd., Belt Collins International (HK) Ltd., Peddle Thorp Architects-Melbourne of Australia, Architecture Urbanism Building Engineer Co., Ltd. of France and The Collaborative West Co., Ltd. and atta+K Inc. of the United States. Our product design divisions are responsible for selecting third party architecture and design firms, taking into consideration their reputation, proposed designs and their past relationship with us. From time to time, we also engage in a tender process in which the architecture and design firms submit proposals which we determine whether they can be translated into commercially viable projects. Our product design divisions supervise and provide the outside architecture and design firms with certain directions and design criteria in which we aim to market our property development projects. In addition, our product design divisions work closely with the architecture and design firms in major aspects of the design process, from master planning, design specifications and adjustments, raw material selection, to ensuring that the designs are in compliance with local regulations. Our product design divisions monitor closely the work of the architecture and design firms to ensure that the project designs meet our specifications and work together with our project directors and our construction management divisions to ensure that any problems encountered with the proposed design during construction are resolved in a timely manner.

From time to time, we have engaged and may in the future continue to engage Cube Architecture, in which Ms. Zeng and Mr. Pan indirectly held a 31% equity interest, to design our property development projects, such as for the Phases II and III of Fantasia Special Town (別樣城) and for Shenzhen Future Plaza (深圳香年廣場). During the Track Record Period, agreements entered into with Cube Architecture are similar in terms and conditions with agreements entered into with other third party architecture and design firms for similar projects. Agreements entered into in the future with Cube

Architecture will continue to be under the same terms and conditions with other third party architecture and design firms for similar projects. Except for Cube Architecture, all other architecture and design firms engaged by our Group are Independent Third Parties.

In 2006, 2007 and 2008 and for the six months ended June 30, 2009, payments to external architecture and design firms to engage in master planning of our projects amounted to approximately RMB7.7 million, RMB13.1 million, RMB13.7 million and RMB4.5 million, respectively.

Project Construction and Management

Construction and Procurement

We outsource our project construction activities entirely to independent third party contractors and subcontractors. To ensure the smooth cooperation between third party contractors and us and a high quality of construction work, we usually invite contractors to participate in a tender process. When selecting contractors, we consider the contractors' reputation, past performance, work quality, proposed delivery schedules, costs and current project type and profile and seek to maintain our construction costs at a reasonable level without sacrificing quality.

Our construction contracts are typically fixed price contracts that, except for certain provisions relating to the procurement of construction materials, provide for periodic payments during construction until a specified maximum percentage of the total contract sum is paid upon the completion of quality inspection. We generally retain a small portion of the contract price until the end of the warranty period as specified under the construction contracts to cover any potential expenses incurred as a result of any construction defects. However, under certain circumstances, the construction contracts also provide for bonus payment to the contractors if the construction is completed ahead of schedule. The construction contracts we enter into with construction companies also typically contain warranties with respect to quality and timely completion of the construction projects. We require construction companies to comply with PRC laws and regulations relating to the quality of construction as well as our own standards and specifications. A project director from our project companies is assigned to each project to monitor quality and cost control and construction progress closely during construction. In the event of a delay in construction or unsatisfactory quality of workmanship, we may require the construction companies to pay a penalty or provide other remedies. During the Track Record Period, we have not experienced delay in construction or unsatisfactory quality of workmanship. In addition, as of the Latest Practicable Date, we had not historically experienced any material disputes with any of our contractors.

A significant portion of the equipment and material used during construction are purchased by the contractors in accordance with the specifications provided by the design plan of the architecture and design firms and us. Certain materials, however, are purchased based on the joint consultation and selection between our contractors and us, such as cement. Furthermore, certain other equipment and materials, such as elevators, interior decoration materials and air conditioning systems, are purchased by us through our construction management divisions. Each transaction is initiated by a purchase order and the suppliers are asked to deliver the supplies to locations specified by the relevant property development projects. Depending on factors such as costs, shipping expenses, convenience, quality and the type of equipment and materials needed for a particular project, each of our construction management divisions may purchase the same equipment and material from different suppliers or may combine to purchase from the same supplier to enhance our negotiating powers.

In 2006, 2007 and 2008 and for the six months ended June 30, 2009, payments to our largest supplier accounted for approximately 18.8%, 18.1%, 23.0% and 13.0%, respectively, of our total cost of sales for the respective period. For the same periods, payments to our five largest suppliers accounted for approximately 48.5%, 45.3%, 76.4% and 37.1%, respectively, of our total cost of sales for the respective period. None of our Directors, their associates nor any shareholder holding more than 5% of our issued share capital has any interest in our five largest suppliers.

Quality Control and Supervision

We place a strong emphasis on quality control to ensure that our properties comply with relevant regulations, meet the specified standards and are of a high quality. Each project is assigned a project director with its own project management team, which is comprised of qualified engineers, including civil engineers, electrical engineers and sanitary engineers. Depending on the size and the nature of the project, there could be one or more than one such engineer in a given project. Our project management team perform on-site inspections and supervision on a day-to-day basis so as to ensure the workmanship and the quality of the material used by the contractors. The contractors are also subject to our quality control procedures, including appointment of internal onsite quality control engineers, examination of materials and supplies and on-site inspection. To maintain quality control, we employ strict procedures for the selection, inspection and testing of the equipment and materials that are purchased. Our project management teams inspect equipment and materials to ensure compliance with the contractual specifications before accepting the materials onsite and approving payment. We reject equipment and materials that are below our standards or that do not comply with our specifications. We also engage independent supervisory companies to conduct quality and safety control checks on all building materials and workmanship on site. Finally, prior to handing over a property to a purchaser, our sales and customer service departments, together with our engineers and the relevant property management company, inspect the property to ensure the quality of the completed property.

Pre-sale, Sales and Marketing

We typically conduct pre-sales of our property units prior to the completion of a project or a project phase. As of September 30, 2009, we had obtained the relevant pre-sale permits for all or certain portions of our nine projects/phases that are currently under development, only except for Phase 1.2 and Phase 2 of Fantasia Town (花樣城). Under relevant PRC regulations, we may engage in such pre-selling activities subject to satisfaction of certain requirements set forth in laws and regulations governing pre-sales of properties. These requirements include:

- the land premium must have been fully paid and the relevant land use rights certificates must have been obtained;
- the required construction works planning permits and the construction works commencement permits must have been obtained;
- the funds contributed to the property developments where property units are pre-sold may not be less than 25% of the total amount invested in a project and the progress and the expected completion date and delivery date of the construction work have been confirmed;
- pre-sale permits have been obtained from the construction bureaus at local levels; and
- the completion of certain milestones in the construction processes or other requirements as specified by the local government authorities.

These mandatory conditions are designed to require a certain level of capital expenditure and substantial progress in project construction before the commencement of pre-sales. Generally, the local governments also require developers and property purchasers to use standard pre-sale contracts prepared under the supervision of the local government. Developers are required to file all pre-sale contracts with local land bureaus and real estate administrations after entering into such contracts. We have complied with all the relevant pre-sale rules and regulations in the past in all material respects. See “Regulatory Overview — Real Estate Development — Sales and Pre-sales” in this prospectus and “Summary of PRC Laws Relating to the Property Sector — I. Legal Supervision Relating to the Property Sector in the PRC — E. Transfer and Sale of Property — (ii) Sale of commodity buildings” in Appendix VII to this prospectus for further details, including further details on pre-sale regulations in Guangdong, Shenzhen, Sichuan and Tianjin.

The pre-sale, sales and marketing of our properties are conducted by our marketing management divisions and our subsidiary Xingyan Property Consultancy, a dedicated property agency services company with over 410 employees as of September 30, 2009 that provides project planning and sales for our properties as well as the properties of other developers. The Xingyan Property Consultancy primary property agency team works closely with our marketing management divisions from the beginning of the development process to conduct market research and formulate the stylistic direction of the project and the signature identity and brand that the project aim to achieve, conduct feasibility studies based on market analysis, conduct design sales and pricing strategies and determine appropriate advertising and sales plans for a particular property development and for a particular phase of the sales cycle. When our development projects are ready for pre-sale, Xingyan Property Consultancy will establish a dedicated sales team specifically for the project who will then carry out the actual selling activities. Such dedicated sales team will work closely and under the supervision of our marketing management divisions in order to ensure an efficient and orderly onsite sales process as well as to collect purchaser data and comments. Trainings for the Xingyan Property Consultancy primary property agency team are conducted periodically as well as for specific development projects. The Xingyan Property Consultancy primary property agency team will also suggest and recommend various marketing campaigns and promotional activities that will be considered and executed by our marketing management divisions. Marketing efforts cover the print media, television, internet, billboards, housing exhibits and entertainment events. Our marketing management divisions regularly review the sales performance of our properties by comparing our actual sales results against our sales plan and work with the Xingyan Property Consultancy primary property agency team to adjust our sales plan as appropriate. Consistent with third party developers that engage the services of Xingyan Property Consultancy, our project development companies also enter into sales contracts with typical market terms and conditions with Xingyan Property Consultancy to engage in the selling of our properties. For additional information, see "— Our Property Agency Business — Primary Property Agency Services."

Our principal customers are affluent middle-to upper-class individuals and families and high-growth small- to medium-sized enterprises in high-growth regions in China. The percentage of revenue attributable to our five largest customers was less than 30% of our total revenue in 2006, 2007 and 2008 and for the six months ended June 30, 2009. During the Track Record Period, none of our Group's directors, their associates nor any of the Shareholders that hold more than 5.0% of our Company's issued capital had any interest in our five largest customers.

After-sales Services

Payment Arrangements

We typically require our purchasers to pay a non-refundable deposit that is typically between 5% and 10% of the purchase price before entering into formal purchase contracts. If the purchasers later renege on the purchase contract, they will forfeit such deposit. Upon executing the purchase contracts, the purchasers are typically required to pay not less than 30% of the total purchase price of the property. If purchasers elect to make a lump-sum payment, the remaining purchase price balance is typically required to be paid no later than three months after the execution of the purchase contracts. Purchasers of our properties, including those purchasing pre-sale properties, may also arrange for mortgage loans with banks. As part of our sales efforts, we will assist our customers in arranging and providing information related to obtaining financing. If the purchasers elect to fund their purchases by mortgages, under current PRC laws and regulations, they may obtain mortgages of up to a maximum of 80% of the purchase price with a repayment period of up to 30 years. However, if the purchase is for a second or subsequent residential property and a bank loan was obtained to finance the purchaser's first property, then such purchaser may only obtain mortgages of up to 60%. For further purchases of properties, there would be continued downward adjustments on the percentage of the purchase price in which such purchaser can obtain a mortgage. In addition, banks may not lend to any individual borrower if the monthly repayment of the anticipated mortgage loan would exceed 50% of the individual borrower's monthly income or if the total debt service of the individual borrower would exceed 55% of such individual's monthly income. Purchasers are typically required to pay the remaining balance of the purchase price that is not covered by mortgages prior to the disbursement of mortgages from the banks. The payment terms of sales and pre-sales of properties are substantially identical. See “Summary of PRC Laws Relating to the Property Sector — I. Legal Supervision Relating to the Property Sector in the PRC — E. Transfer and Sale of Property — (iii) Mortgages of Property” and “Summary of PRC Laws Relating to the Property Sector — I. Legal Supervision Relating to the Property Sector in the PRC — F. Property Credit” in Appendix VII to this prospectus for further details on PRC laws and regulations on mortgages.

In accordance with industry practice, we provide guarantees to banks with respect to the mortgages offered to our purchasers upon requests of the banks. These guarantees are released upon (i) the relevant property certificates being delivered to the banks and completion of the relevant mortgage registrations, or (ii) the settlement of mortgage loans between the mortgagee banks and the purchasers of our projects. As of December 31, 2006, 2007 and 2008, June 30, 2009 and September 30, 2009, our outstanding guarantees on the mortgage loans of our purchasers amounted to RMB297.2 million, RMB661.2 million, RMB719.3 million, RMB476.5 million and RMB1,175 million, respectively, which were approximately 14.7%, 15.7%, 14.5%, 7.4% and 16.5%, respectively, of our total assets. The default rate on the repayment of our purchasers against the total guarantees we provided in connection with mortgage loans of our purchasers was approximately 0.02% during the Track Record Period. See “Risk Factors — Risks Relating to Our Business — We guarantee mortgage loans provided to our purchasers and may be to the mortgagee banks if our purchasers default on their mortgage loans.” We do not conduct independent credit checks and due diligences as to our purchasers when providing guarantees but instead rely on the credit checks conducted by the mortgage banks, and will typically require a higher initial payments to purchasers with less than ideal credit histories or purchasers whose mortgage is considered too high as compared to their income. In addition, for certain purchasers that have been delinquent in their other financing obligations, we may refuse to provide such guarantees. We incurred a total loss of RMB0.5 million in the Track Record Period on our guarantees of mortgage loans due to default on the underlying mortgages by certain of our purchasers. We believe that our outstanding guarantees on the mortgage loans of our purchasers are over-secured as we believe the aggregate fair value of the underlying properties exceeds the aggregate amount of outstanding guarantees.

Delivery and Other After-sales Services

In addition to assisting our customers in arranging for and providing information relating to financing, we also assist our customers in various title registration procedures relating to their properties, including assisting them to obtain their property ownership certificates. We offer various communication channels to customers to obtain timely feedback about our products or services. Furthermore, we have established a membership program, the Fantasia Club (花樣會), in which purchasers of our properties are automatically enrolled. Such membership program provides our members with points when they purchase properties from us or recommend new customers to purchase our properties. In addition, membership points are provided through promotional activities and campaigns that we run from time to time. Membership points are redeemable for gifts or cash. We believe by establishing such membership program, we are better able to establish relationships with our customers and build customer loyalty, solicit customer feedbacks, generate sales lead and provide our members with forum to share information relating to our properties and events and activities that are happening within our property communities.

We endeavor to deliver the units to our customers on a timely basis. We closely monitor the progress of construction of our property projects and conduct pre-delivery property inspections to ensure timely delivery. The time frame for delivery is set out in the purchase contracts entered into with our customers, and we are subject to penalty payments to the purchasers for any delay in delivery caused by us. Once a property development has been completed, it must undergo inspection and receive relevant approvals from local authorities including planning bureaus, fire safety authorities and environmental protection authorities. Thereafter, the construction contractors arrange for final inspection by the property development authority. Within 15 days of the completion of the final inspection, the property developers must file a completion inspection report upon the completion of properties with the relevant property development authority, at which time the property is ready for delivery and we may hand over keys and possession of the properties to our customers. For additional information regarding the process of completion of a property project, please see "Summary of PRC Laws relating to the Property Sector — I. Legal Supervision Relating to the Property Sector in the PRC — D. Development of a Property Project" in Appendix VII to this prospectus. During the Track Record Period and up to the Latest Practicable Date, we have completed our construction and delivered the units to our customers based on our development schedule and the time frame for delivery set out in the purchase contracts.

We engage the services of our subsidiary, Shenzhen Fantasia Management, to provide property management services to our properties, including security services, maintenance of properties and facilities, gardening as well as to solicit customer feedback as to our products. Our property Shenzhen Endless Blue (深圳碧雲天) is not currently serviced by Shenzhen Fantasia Management, however, Shenzhen Endless Blue (深圳碧雲天) was our first project and Shenzhen Fantasia Management was not established at the time to provide property management services to such project.

For additional information as to our property management services, see "— Our Property Operation Business — Property Management Services."

Commitments and Undertakings

Our purchase contracts entered into with our purchasers typically require the properties to meet certain standards and also provide certain warranties to our purchasers. We typically guarantee to our purchasers that our properties are constructed in accordance with the current standards of construction and design, have passed quality inspection by the relevant local authorities and all components, equipment and facilities of the properties are performing in accordance with relevant standards. We also provide warranties to our purchasers to cover the foundations, primary structures, designs, roofs, exterior walls, wire, gas and water pipes, lighting and other electrical systems of our properties for a certain number of years in accordance with relevant local requirements and standards of the cities where our properties are located. For example, in Shenzhen, we warrant to our purchasers the foundations and the primary structures and designs of our properties for a term of 50 years, water leakage for roofs and exterior walls for a term of five years, wires and gas and water pipes for a term of two years and lighting and certain electrical systems for a period of six months, provided that the properties and such wires, pipes, lighting and systems are used under normal wear and tear conditions. However, such warranties do not cover damages that are the result of improper usage or changes made to the units or equipment by the unit owners or damages that are caused by force majeure. In special circumstances, however, we may decide to provide free repair services to our customers for damages that are not covered by our warranties. For example, some of our completed properties in Chengdu suffered minor damages such as cracks on the walls during the major earthquake that struck Sichuan province in China in May 2008. While such damages are not covered by our warranties because the earthquake constitutes force majeure, we decided to repair such cracks for our customers at our own costs in order to increase our customer satisfaction and enhance our reputation as a responsible property developer.

OUR PROPERTY INVESTMENT BUSINESS

We currently hold certain commercial, industrial and residential units, office spaces, retail shops and car parking spaces, which we consider to be properties held for investment. Such properties are held and managed by us in order to provide us with recurring rental income as well as for capital appreciation potentials. Our investment properties are typically located in prosperous city business areas or areas around city centers as well as in large communities that we develop. In addition, by holding certain properties for lease in the projects that we develop, we believe we have the ability to introduce certain tenants that may potentially increase the attractiveness of our properties. For example, Shenzhen Fantasia Investment have entered into an agreement with Shenzhen Suibao Chain-Store Business Development Co., Ltd. (深圳歲寶連鎖商業發展有限公司), a large-scale department store operator based in Shenzhen, who has leased retail spaces with a total GFA of approximately

10,888 square meters in our Shenzhen My Place (深圳花好園) project, which will provide the residents or tenants of Shenzhen My Place (深圳花好園) the ability to conveniently purchase household products and clothings within minutes from their home. In selecting tenants, we generally consider factors such as the business of the tenant, the attractiveness of such business to the residents or tenants of our properties, competing business in the surrounding area and reputation, among others. The table below sets forth our investment properties as of September 30, 2009:

	Office and Industrial	Residential	Commercial	Car park
	(square meters)			(units)
Total GFA retained for investment	450	231	16,689	1,709

The car parking spaces that we hold for investment in Shenzhen contributed approximately RMB6.8 million to our total revenue, accounting for an insignificant portion, during the Track Record Period. Among the car parking spaces that we hold for investment, 177 car parking spaces in our Shenzhen Endless Blue (深圳碧雲天) project are the subject of a civil complaint that we filed against Shenzhen Shengfu Real Estate Management Co., Ltd. (深圳市盛孚物業管理有限公司) in 2007. We believe we have the property interests in the contended car parking spaces and claimed that Shenzhen Shengfu Real Estate Management Co., Ltd. (深圳市盛孚物業管理有限公司) has illegally occupied the contended car parking spaces and collected parking fees without our consent since November 2006. The court granted a judgment partially in our favor in February 2009. We and Shenzhen Shengfu Real Estate Management Co., Ltd. (深圳市盛孚物業管理有限公司) have both appealed the judgment to the higher-level court. For additional information, see "— Legal Proceedings" and "Risk Factors — Risks Relating to Our Business — We may be involved in legal and other proceedings arising out of our operations from time to time and may incur substantial losses and face significant liabilities as a result."

In June 2009, we entered into an agreement for the purchase of the Incubation Park in Shenzhen Meinian Plaza (深圳美年廣場) after construction of the Incubation Park is completed. We plan to hold approximately half of the total GFA of the Incubation Park for investment. For additional information, see "— Our Property Development Projects — Shenzhen — Shenzhen Meinian Plaza (深圳美年廣場)."

As additional properties are developed, we will continue to hold a certain percentage of our developed properties as investment properties. However, we may also decide to sell such investment properties from time to time when we believe that sales would generate a better return on investment than through rental or holding for capital appreciation.

As a result of holding investment properties, our profitability may fluctuate substantially due to changes in fair value of our investment properties because certain portion of our net profits were, during the Track Record Periods, and will continue to be, attributable to changes in fair value of our investment properties. The fair value of our investment properties is likely to fluctuate from time to time in accordance with local real property market conditions and factors that are beyond our control and may decrease significantly in the future. See "Risk Factors — Risks Relating to Our Business — Our profitability may fluctuate due to fair value gains or losses on our investment properties because certain portion of our net profits were and are expected to be attributable to fair value gains or losses on our investment properties, which are likely to fluctuate from time to time."

OUR PROPERTY OPERATION BUSINESS

Overview

We provide property operation services to our properties through the subsidiaries of Shenzhen Fantasia Colour, a subsidiary of our Group in which we own 70% equity interest, with the remaining equity interests owned by the senior management of Shenzhen Fantasia Colour and employees of the subsidiaries of Shenzhen Fantasia Colour. Property operation services provided include property management services, building equipment installation, maintenance and repair services and information network services. In addition to servicing properties developed by us, our Group's property operation services are also provided to properties of other developers. As of September 30, 2009, there are over 2,000 employees for our property operation business.

Shenzhen Fantasia Colour and each of its operating subsidiaries have received the relevant certifications and qualifications to provide the respective property operation services.

Property Management Services

Property management services are primarily provided by our subsidiary, Shenzhen Fantasia Management. Shenzhen Fantasia Management was awarded as one of the Top Ten Property Management Companies in China for Customer Satisfaction in 2007 (2007年度中國十大業主最滿意物業管理企業) by the Real Estate Market Experts Committee of the China Real Estate Association (中國房地產協會房地產市場專業委員會) and one of the Top Ten Property Management Brands in Shenzhen (深圳物管十大品牌) in 2008 jointly presented by Shenzhen Special Zone Daily (深圳特區報), Hong Kong Commercial Daily (香港商報) and Sunshine Daily (晶報). We also acquired Shenzhen Liantang Management, a company that is engaged in the provision of property management services, in September 2008.

We currently provide property management services to all of the properties developed by us, except for Shenzhen Endless Blue (深圳碧雲天), which is managed by Shenzhen Shengfu Real Estate Management Co., Ltd. (深圳市盛孚物業管理有限公司). We also provide property management services to properties developed by other developers. We aim to provide the properties that we manage with a comprehensive property management services that range from security services, general maintenance of properties and facilities, gardening and other property management services. We also coordinate with the developers, including our property development project companies, to collect customer feedbacks and address concerns the customers may have as to the development. We typically provides services to other developers under our own brand name.

The typical property management contracts entered into between us and the owners of the properties, including the properties developed by our Group, set out the scope and the quality requirements of the services provided and the management fee arrangements. Fees are typically fixed at a pre-determined rate within the price range determined by the relevant local authorities that may not be increased without the prior consent of a majority of the owners of the properties. In addition, the contracts also typically allow us to subcontract some of the services, such as security or cleaning services, to third parties. However, under PRC laws and regulations, the home owners of a residential community of certain scale have the right to change property management companies pursuant to certain procedures. See "Risk Factors — Risks Relating to Our Business — Property owners may terminate our engagement as the provider of property management services." As of the Latest Practicable Date, we have not been terminated from any of the properties that we manage.

In addition to providing conventional property management services, we also provide the owners of certain of the properties developed by our Group with daily house-keeping, travel arrangements and other fee-based services that are similar to those offered in hotels.

As we have gained our reputation for providing high quality property management services, other property management companies have retained us to help them improve the property management services they provide to their clients. We receive a consulting fee in return for the advisory services we provide to such third party property management companies.

The following table sets forth the total GFA managed by us and total GFA to which we provided advisory services as of the dates indicated:

	As of December 31,			As of June 30,
	2006	2007	2008	2009
	(in thousands of square meters)			
GFA under management	1,591	4,871	6,374	6,760
GFA to which advisory services are provided	94	673	2,736	3,099
Total	1,685	5,544	9,110	9,859

As of June 30, 2009, of the total GFA under management by us, approximately 1.0 million square meters, or 15.3%, were properties developed by us and approximately 5.7 million square meters, or 84.7%, were properties developed by Independent Third Parties. All GFA to which we provide advisory services were properties developed by Independent Third Parties.

In addition, as of June 30, 2009, we entered into contractual arrangements for the management of additional properties with a total GFA of approximately 3,384,432 square meters and for the provision of advisory services to additional properties with a total GFA of approximately 598,717 square meters.

Building Equipment Installation, Maintenance and Repair Services

In October 2006, Shenzhen Fantasia Colour acquired 100% equity interest in Shenzhen Kaiyuan, a company with qualifications to engage in the installation, repair and maintenance of building equipment. Shenzhen Kaiyuan currently installs, repairs and maintains certain building equipment of the properties that are managed by us as well as properties developed or managed by others, including China Vanke Co., Ltd. (萬科企業股份有限公司). By having an in-house team of experts who are able to install, repair and maintain building equipment, we believe we are better able to respond to customers' property servicing need, reduce building equipment downtime and control installation, maintenance and servicing costs. In addition, by having our own team of experts in providing building equipment installation, maintenance and repair services, we believe we are also better able to control the image and reputation of our properties by being able to respond quickly to repair and maintenance servicing needs as well as strengthen the management services provided by us. Shenzhen Kaiyuan will continue to enhance its expertise and capabilities by servicing more properties as well as by hiring additional personnel when appropriate.

Information Network Services

In order to provide a broader range of property operation services, Shenzhen Fantasia Colour established a wholly owned subsidiary, Shenzhen Colour Life Network, in June 2007 aimed to connect residents or tenants of properties managed by Shenzhen Fantasia Management with third party vendors through an internally developed internet information platform that provides a variety of value-added services. Such value-added services currently include online ordering for household products, which provide convenience and reduce the costs of household purchases for the residents and tenants due to bulk orders. In addition, we believe such information platform also enhances the communications between residents or tenants with the property manager. Shenzhen Colour Life Network aims to continue to improve its information platform and offer additional services such as online payment options or customizable online service orders, as well as integrating its information platform with Xingyan Property Consultancy's own secondary property brokerage information database to provide real estate market information, thereby connecting the large customer base of Shenzhen Fantasia Management with Xingyan Property Consultancy's secondary property brokerage services. We believe such large audiences that our information platform reaches will also attract third party vendors to work with Shenzhen Colour Life Network to provide other additional services that will further enhance our offering. Shenzhen Colour Life Network generates revenue through the collection of fees and commissions from vendors that use our information network to offer their products or services.

OUR PROPERTY AGENCY BUSINESS

Overview

Our Group provides dedicated property agency services through our subsidiary Xingyan Property Consultancy in which we owned 85% equity interest, with the remaining equity interests owned by Lu Ying (路瑩), the general manager and a director of Xingyan Property Consultancy. Xingyan Property Consultancy offers three principal types of services, (i) primary property agency services that engage in the selling of properties that we develop as well as properties developed by others, (ii) secondary property brokerage services and (iii) property consulting and advisory services. As of September 30, 2009, Xingyan Property Consultancy had over 410 employees with offices in Chengdu, Shenzhen, Dongguan, Huizhou and three other cities in Hebei, Henan and Anhui provinces in China.

Xingyan Property Consultancy has established a research and development center in January 2008 that focuses on real estate market and policy research, establishing property development project operational and technical standards, the development and improvement of system applications for real estate companies and to support and enhance the services provided by Xingyan Property Consultancy. We believe that this research and development center provides Xingyan Property Consultancy with a more systematic and in-depth research and development capability than its competitors as well as better equipped to identify changes in market conditions. We believe such advantages enhance Xingyan Property Consultancy's ability to provide services to its customers as well as increase the reliability of the information and analysis that are available to our property development business.

Xingyan Property Consultancy and its operating subsidiary, Shenzhen Xingyanhang, have received the relevant registration certificate for real estate agencies by the relevant local authority. As a sales agent for property developers, the main responsibility of Xingyan Property Consultancy is to utilize a range of measures to act as intermediary between property developer and property purchasers in reaching agreements over the purchase of properties. Xinyang Property Consultancy does not assume any legal liability or obligation in respect of the sale or purchase of properties. If there is any dispute relating to delays in a transaction or the quality of the sold properties, all legal liability and/or obligations arising from such disputes are between the property developers and the purchasers.

Primary Property Agency Services

Xingyan Property Consultancy's principal business has traditionally been, and we expect will continue in the foreseeable future to be, the marketing and selling of properties that the Group develops as well as properties developed by others. The following table sets forth the total GFA and value of properties sold for the periods indicated:

	Year Ended December 31,			Six Months Ended June 30,
	2006	2007	2008	2009
GFA of new properties sold (thousands of square meters):				
Our properties	218	223	114	118
Properties of other developers	733	1,123	266	330
Total	951	1,346	380	448
Value of new properties sold (in RMB thousands):				
Our properties	753,024	1,107,218	1,149,042	775,249
Properties of other developers	4,708,473	7,064,022	1,786,448	2,314,943
Total	5,461,497	8,171,240	2,935,490	3,090,192

Xingyan Property Consultancy usually commences services by preparing a customized marketing plan for the project. Xingyan Property Consultancy typically works closely with developers from an early stage to develop a signature identity that is distinctive to a project and to position the project and establish awareness of the project among prospective purchasers in the primary market. Xingyan Property Consultancy collects profiles of typical buyers and selects advertising companies to design the marketing materials and marketing venues based on the profiles. Marketing efforts cover the print media, television, internet, billboards at public spaces, housing exhibits and entertainment events. Certain marketing efforts are carried out by the sales personnel of Xingyan Property Consultancy, while other marketing efforts are recommended to the developers and executed by the developers. For discussion as to the sales and marketing of our property development projects, see "— Property Development — Pre-sale, Sales and Marketing."

Once a development project is ready to enter the sales phase, Xingyan Property Consultancy establishes functional sales offices on-site for each development project. Xingyan Property Consultancy stations sales personnel specially trained for the project at the project site until most of the units are sold. Xingyan Property Consultancy's sales personnel provide prospective buyers with a presentation of the architectural, design and construction aspects of the project as well as provide information on the surrounding community and amenities, recommend appropriate units based on their purchase criteria and accompany the prospective buyers to tour the units and the project amenities. Xingyan Property Consultancy's sales personnel also pursue sales leads and provide further assistance to interested buyers. Xingyan Property Consultancy continuously monitors the inventory level of unsold units as well as customer feedbacks to enable the sales personnel and developers to adjust strategies for the sales of unsold units as well as the construction and sale of the units to be built.

Contracts between Xingyan Property Consultancy and developers usually specify the sales period, the minimum average sales price and the sales commissions. Typically, Xingyan Property Consultancy receives a fixed or progressive percentage as a commission based on total sales amount. Some contracts also provide for bonus commissions for sales achieved above the pre-determined levels. The contracts entered into with our Group's project companies are similar in terms and conditions to those entered into with other developers.

Secondary Property Brokerage Services

Xingyan Property Consultancy's secondary property brokerage services include offering advisory services on choices of properties, accompanying potential buyers and tenants on house viewing trips, negotiating price and other terms, providing preliminary proof of title, coordinating with the notary, the bank and the title transfer agency. In addition to selling properties in the secondary real estate market, our brokerage storefronts also support Xingyan Property Consultancy's sales effort in the primary property agency services market primarily by promoting and selling any remaining unsold units of certain primary real estate projects. This not only generates additional transactions and revenues for Xingyan Property Consultancy's secondary property brokerage business but also enhances the primary real estate agency services offered to its clients.

Under applicable PRC law, we are permitted to represent both the seller and the purchaser and are entitled to receive up to 1.5% of the transaction value as sales commission from each side in a secondary real estate sales transaction. We typically represent both the seller and the purchaser in our secondary real estate sales transactions in accordance with customary practice in China. For rental units, we typically charge a one-time commission that is equal to 100% of the contracted monthly rent.

Property Consulting and Advisory Services

Xingyan Property Consultancy provides property consulting and advisory services tailored to meet the needs of third party developers at various stages of the project development and sales process. Consulting and advisory services are generally offered for a fixed and pre-negotiated fee which is recognized when the obligations under the relevant service contracts are fulfilled. These obligations typically involve providing clients with the results of studies or other deliverables as agreed in the service contracts.

OUR HOTEL SERVICES BUSINESS

We are developing boutique hotels within several projects that we are developing, including Chengdu Hailrun Plaza (成都喜年廣場), Meinian International Plaza (美年國際廣場), Chengdu Mont Conquerant (成都君山) and Town on the Water (雲海間). We plan to convert part of the No. 3 Factory Building in Shenzhen Meinian Plaza (深圳美年廣場) into a hotel. As we intend to retain these hotels after their completion, we have established Shenzhen Fantasia Hotel Management, a wholly owned subsidiary of Fantasia Group (China), Shenzhen Caiyue Hotel Management, a wholly owned subsidiary of Shenzhen Fantasia Colour, and Shenzhen Caiyue Hotel, a wholly owned subsidiary of Shenzhen Caiyue Hotel Management, to engage in the hotel management and operation business.

Shenzhen Caiyue Hotel Management and Shenzhen Caiyue Hotel have been managing and operating Colorful Inn (彩悦酒店) since December 2008, which is an economy hotel with 110 guest rooms located in Shenzhen. We lease the building for the hotel from an Independent Third Party. As of the Latest Practicable Date, Shenzhen Fantasia Hotel Management is involved in the design of boutique hotels being developed by us, but had not yet started its hotel management business.

We have entered into agreements relating to the operation and management of the boutique hotel within Chengdu Hailrun Plaza (成都喜年廣場). In October 2007, Chengdu Tonghe entered into a supporting and consulting services agreement with C.T.E.W. in which C.T.E.W. will provide consulting and technical support services relating to our boutique hotel within Chengdu Hailrun Plaza (成都喜年廣場). C.T.E.W. agrees to establish a dedicated working group to provide services such as advising on architectural and interior designs, supervising decoration, and recommending the procurement of furniture, tableware and other hotel necessities. C.T.E.W. also agrees to provide professional consulting services relating to human resource recruitment and management, employee training, and the operation of an internal financial system for the daily management of a hospitality business. C.T.E.W. will in return receive a consulting fee, which is a fixed sum payable by us in three installments as specified in the services agreement. Chengdu Tonghe has also entered into a hospitality management contract in October 2007 with Rhombus, a subsidiary of C.T.E.W., relating to the daily operation of the boutique hotel within Chengdu Hailrun Plaza (成都喜年廣場). Rhombus currently operates several hotels in Hong Kong and North America, including the boutique hotel Hotel LKF in Hong Kong. The hospitality management contract is for a term of 10 years and Rhombus will operate our boutique hotel within Chengdu Hailrun Plaza (成都喜年廣場) and provide high quality hotel management services. We believe that by partnering with Rhombus, we will be able to benefit from their hotel operation experience, their reputation, marketing services, reservation systems and employee training programs and improve the hotel services to be provided by our subsidiaries in the future.

AWARDS AND CERTIFICATES

Set forth below is a summary of the key awards and certificates of our Group or our property developments since 2003:

Year of Grant	Awards	Awarding Organization
2003	Superior Quality Project Award (深圳市優質工程獎) for Hailrun Complex (喜年中心) in Shenzhen	Shenzhen Construction Industry Association (深圳市建築業協會)
	Shenzhen High Quality Structural Engineering Prize in 2003 (2003下半年度深圳市優質結構工程獎) for Self Life (趣園) in Shenzhen	Shenzhen Construction Industry Association (深圳市建築業協會)
2004	Top Ten Gold Medal Champion Properties (十大金牌冠軍樓盤) for Shenzhen My Place project (深圳花好園) in Shenzhen	Chinese Olympic Committee (Shenzhen) News Center (中國奧委會（深圳）新聞中心)
	Top Ten Original Design Properties in Shenzhen (中國深圳十大創新設計樓盤) for Shenzhen My Place project (深圳花好園) in Shenzhen	International Think Tank Forum Organization Committee (全球腦庫論壇組委會)
	Top Ten Leisure and Health Community (十大健康休閒社區) for Shenzhen My Place project (深圳花好園) in Shenzhen	China Architectural Culture Center under the MOC (建設部中國文化中心)
2005	Golden Bull Prize in 2005 (2005年度金牛獎) for Self Life (趣園) in Shenzhen	Shenzhen Construction Industry Association (深圳市建築業協會)
	China's Real Estate Agency of the Year (中國房地產仲介代理年度大獎) for Xingyan Property Consultancy	China International Real Estate & Archi-tech Fairs Organization Committee (中國住交會組委會)
	Top Ten Most Influential and Reliable Real Estate Agency Brand in Shenzhen (深圳地產最具影響力的十大誠信仲介品牌) for Xingyan Property Consultancy	Shenzhen Special Zone Daily (深圳特區報)
2006	Property of the Year for the Golden Hibiscus Prize in Chengdu in 2006 (2006金芙蓉杯成都年度樓盤金獎) for Chengdu Love Forever (成都花郡)	Chengdu Real Estate Bureau (成都市房地產管理局)
	Top 20 Property Sales Enterprises in Chengdu in 2006 (2006成都商品房銷售企業20強) for Fantasia Chengdu Development	Chengdu Real Estate Bureau (成都市房產管理局)
2007	Annual Most Competitive Real Estate Company in Chengdu in 2007 (2007成都地產年度競爭力企業) for Fantasia Chengdu Development	Chengdu Real Estate Bureau (成都市房產管理局)
	Top 50 Real Estate Company in Western China (Sichuan) Ranking in 2007 (2007中國華西TOP50四川房地產綜合實力排行榜) for Chengdu Tonghe	Sichuan Daily Press Group (四川日報報業集團)
	Top Ten Property Management Companies in China for Customer Satisfaction in 2007 (2007年度中國十大業主最滿意物業管理企業) for Shenzhen Fantasia Management	Real Estate Market Experts Committee of the China Real Estate Association (中國房地產協會房地產專業委員會)

Year of Grant	Awards	Awarding Organization
2008	2008 China Top 100 Property Management Companies (2008中國物業服務百強企業) for Shenzhen Fantasia Management	China Real Estate Top 10 Research Team (中國房地產Top10研究組)
	2008 Real Estate Design Award of Golden Brick for Real Estate of China (中國地產金磚獎2008年度地產設計大獎) for Shenzhen Future Plaza (深圳香年廣場) in Shenzhen	Boao 21st Century Real Estate Forum (博鰲21世紀房地產論壇) and 21st Century Economy Review (21世紀經濟報導)
	Shenzhen Innovative Space Design Award (深圳創新空間設計獎) for Shenzhen Future Plaza (深圳香年廣場) in Shenzhen	Shenzhen Economic Daily (深圳商報) and Hong Kong Commercial Daily (香港商報)
	Model Property for the Rediscovery of City Center in Chengdu in 2008 (2008成都城市地理再發現中心城代言樓盤) for Chengdu Love Forever (成都花郡)	Chengdu Business Daily (成都商報)
	Model Property for High Quality Living Environment in Chengdu in 2008 (2008成都優居示範樓盤) for Fantasia Town (花樣城)	Chengdu Real Estate Bureau (成都市房地產管理局)
	Gingko Prize as the Office Building with the Greatest Industrial Momentum in Chengdu in 2008 (銀杏杯2008年成都最具行業推動力寫字樓大獎) for Chengdu Hailrun Plaza (成都喜年廣場)	Chengdu Television Station (成都電視臺)
	Star Property of the Year and the Driving Force of Real Estate Industry in Chengdu in 2008 (2008成都房地產推動力大獎年度明星樓盤) for Chengdu Hailrun Plaza (成都喜年廣場)	Chengdu Media Group (成都傳媒集團)
	2008 Corporate Citizen Award of Golden Brick for Real Estate of China (中國地產金磚獎2008年度中國地產企業公民大獎) for Fantasia Group (China)	Boao 21st Century Real Estate Forum (博鰲21世紀房地產論壇) and 21st Century Economy Review (21世紀經濟報導)
	Real Estate Corporate of the Year for the Golden Hibiscus Prize in Chengdu in 2008 (2008金芙蓉杯成都地產年度企業金獎) for Fantasia Chengdu Development	Chengdu Real Estate Bureau (成都市房地產管理局) and Sichuan Daily Press Group (四川日報報業集團)
	Top 50 Non-local Real Estate Company in Western China (Sichuan) Ranking in 2008 (華西TOP50強2008四川房地產綜合實力排行榜外來企業) for Fantasia Chengdu Development	Sichuan Daily Press Group (四川日報報業集團)
	Top Ten Property Management Brands in Shenzhen (深圳物管十大品牌) in 2008 for Shenzhen Fantasia Management	Shenzhen Special Zone Daily (深圳特區報), Hong Kong Commercial Daily (香港商報) and Sunshine Daily (晶報)
2009	2009 China Top 100 Real Estate Developers (2009中國房地產百強企業) for Fantasia Group (China)	China Real Estate Top 10 Research Team (中國房地產Top10研究組)
	2009 China Top 100 Real Estate Agencies (2009中國房地產策劃代理百強企業) for Xingyan Property Consultancy	China Real Estate Top 10 Research Team (中國房地產Top10研究組)
	Most Anticipated Property in Chengdu in 2009 (成都地產2009值得期待樓盤) for Chengdu Hailrun Plaza (成都喜年廣場)	Sichuan Daily Press Group (四川日報報業集團)

PROPERTIES USED OR OCCUPIED BY US

Our corporate headquarters are located on the 4th, 27th and 28th floor of Block A, Hailrun Complex, #6021 Shennan Boulevard, Shenzhen 518040, with a GFA of approximately 4,080 square meters. Such property is owned by Shenzhen Fantasia Investment, a project company in which we own 52% equity interest. In addition, we currently own and lease a number of other properties that are used as our offices.

We acquired the No. 3 Factory Building located at No. 3, Pengji Longdian Industrial City, Shekou Industrial Avenue, Nanshan District, Shenzhen, Guangdong Province from Shenye Pengji (Group) Co., Ltd. (深業鵬基（集團）有限公司), an Independent Third Party, in July 2009. The No. 3 Factory Building occupies a site area of approximately 3,123 square meters and has a total GFA of approximately 12,571 square meters. The land use rights for the No. 3 Factory Building were granted for industrial purposes. We plan to convert the No. 3 Factory Building into a hotel and other ancillary facilities to service the Incubation Park in our Shenzhen Meinian Plaza (深圳美年廣場) after obtaining all necessary governmental approvals.

As of the Latest Practicable Date, properties owned and used by us have an aggregate GFA of approximately 16,652 square meters. We have obtained the relevant land use rights certificates in respect of such owned properties. As of September 30, 2009, the properties that we lease have an aggregate GFA of approximately 17,625 square meters, with an aggregate GFA of approximately 17,439 square meters located in the PRC and an aggregate GFA of approximately 186 square meters located in Hong Kong. As of September 30, 2009, we, as lessees, have signed 28 tenancy agreements with the relevant lessors. We lease such properties primarily for offices of the local branches of our subsidiaries and staff dormitories of our employees, which we believe are not crucial to our main business operation. We have completed registration of 8 out of the 28 tenancy agreements as of September 30, 2009 and are in the process of applying for, and/or requesting the relevant lessors to assist in, the registration of the remaining tenancy agreements. As advised by our PRC legal advisor, Commerce & Finance Law Offices, the failure of registering a tenancy agreement would not affect the validity and enforceability of such tenancy agreement under the applicable laws and regulations. In addition, for 16 properties for which the registrations have not been completed yet, our Company has not been provided with the relevant title certificates, and as a result, the validity of the tenancy agreements with respect to such properties is uncertain. We believe that in the event there is any future dispute due to lessor's title defect to the leased property and/or in connection with the validity of the tenancy agreements, we will be able to find alternative premises within a short timeframe and with minimal adverse impact on or disruption to our business operations. For additional information on properties used or occupied by us, see sections entitled "Group I — Property interests held and occupied by the Group in the PRC", "Group VII — Property interests rented and occupied by the Group in the PRC" and "Group VIII — Property interest rented and occupied by the Group in Hong Kong" in "Appendix IV — Property Valuation" to this prospectus.

INTELLECTUAL PROPERTY

We place significant emphasis on developing our brand image and resort to extensive trademark registrations to protect all aspects of our brand image. We have registered in the PRC the trademarks of "花樣年" and "花樣年 FANTASIA" to protect our corporate name in Chinese and English. We have also registered the "花樣年" trademark in Hong Kong and have applied for the registration of the "花樣年 FANTASIA" trademark in Hong Kong. In addition, we have registered trademarks and trademark registration applications in Hong Kong and the PRC that cover the names of our important subsidiaries and property development projects and services. For additional information, see the section entitled "Intellectual Property" in the "Appendix VIII — Statutory and General Information" to this prospectus.

We have also registered the domain name of www.cnfantasia.com for the website of our Group on the Internet.

COMPETITION

There are many property developers that undertake property development projects in the Chengdu-Chongqing Economic Zone, the Pearl River Delta region, the Yangtze River Delta region and the Beijing-Tianjin metropolitan region and elsewhere in the PRC. Our major competitors include large national and regional property developers, including local property developers that focus on one or more of the regions in which we operate. We endeavour to further strengthen our leading position in these regions. Our competitors, however, may have a better track record, greater financial, marketing and land resources, broader name recognition and greater economies of scale than us in the regions where we operate.

We also face competition for our real estate services businesses from other real estate service providers in China as well as certain international real estate service providers. The competition in the real estate services businesses is rapidly evolving, highly fragmented and competitive and our competitors and competitive factors differ depending on the type of services provided and the geographic market in which we provide such services. Compared to property development, real estate services businesses require a smaller commitment of capital resources and have a relatively lower barrier of entry. Our competitors may have more experience and resources than us.

For more information on competition, see "Risk Factors — Risks Relating to Our Business — We face intense competition as to our property development business, property operation services business, property agency services business and hotel services business."

INSURANCE

We do not maintain insurance policies for properties that we have delivered to our customers, nor do we maintain insurance coverage against potential losses or damages with respect to our properties before their delivery to customers. In addition, our contractors typically do not maintain insurance coverage on our properties under construction. Based on industry practice in the PRC, we believe that third party contractors should bear liabilities from tortious acts or other personal injuries on our project sites, and we do not maintain insurance coverage against such liabilities. The construction companies, however, are responsible for quality and safety control during the course of the construction and are required to maintain accident insurance for their construction workers pursuant to PRC laws and regulations. To help ensure construction quality and safety, we have established a set of standards and specifications to be complied with during the construction process. Furthermore, we engage qualified supervision companies to oversee the construction process. Under PRC laws, the owner or manager of properties under construction bears civil liability for personal injuries arising out of construction work unless the owner or manager can prove that he/she is not at fault. Since we have taken the above steps to prevent construction accidents and personal injuries, we believe that we would generally be able to demonstrate that we were not at fault as the property owner if a personal injury claim is brought against us. To date, we have not experienced any material destruction of or damage to our property developments nor have any material personal injury-related claims been brought against us.

Our Directors believe our practice with respect to insurance are sufficient and in line with the industry practice in the PRC. However, there are risks that we may not have sufficient insurance coverage for losses, damages and liabilities that may arise in our business operations. See "Risk Factors — Risks Relating to Our Business — We may suffer losses arising from uninsured risks."

ENVIRONMENTAL MATTERS

We are subject to PRC environmental laws and regulations as well as environmental regulations promulgated by local governments. As required by PRC laws and regulations, each project developed by a property developer is required to undergo an environmental impact assessment, and an environmental impact assessment report is required to be submitted to the relevant government authorities for approval before commencement of construction. When there is a material change in respect of the construction site, scale or nature of a given project, a new environmental impact assessment report must be submitted for approval. During the course of construction, the property developer must take measures to prevent air pollution, noise emissions and water and waste discharge. In addition, as we contract our construction works to independent third party contractors and pursuant to the terms of the construction contracts, the contractors and subcontractors are required to comply with the environmental impact assessment and the conditions of the subsequent approval granted by the relevant government authority. During construction, our project directors and project management teams will supervise the implementation of the environmental protection measures.

In addition, PRC environmental laws and regulations provide that if a construction project includes environmental facilities (including engineering projects, devices, monitors and other facilities that were constructed or equipped in order to prevent pollution and protect the environment), such facilities will have to pass an inspection by the environmental authorities and an approval must be obtained before the environmental facilities can commence operations. If a construction project does not include any environmental facilities, no such approval is required. Our business is of such a nature that we are not required to construct environmental facilities and, therefore no approval in respect of environmental facilities from the environmental authorities is necessary.

We believe that our operations are in compliance with currently applicable national and local environmental and safety laws and regulations in all material respects. See "Risk Factors — Risks Relating to Our Business — We are subject to potential environmental liability that could result in substantial costs."

HEALTH AND SAFETY MATTERS

Under PRC laws and regulations, we, as a property developer, have very limited potential liabilities to the workers on and visitors to our construction sites, most of which rest with our contractors. Under the Construction Law of the People's Republic of China (中華人民共和國建築法), the construction contractor assumes responsibility for the safety of the construction site. The main contractor will take overall responsibility for the site, and the subcontractors are required to comply with the protective measures adopted by the main contractor. Under the Environmental and Hygienic Standards of Construction Work Site (建築工地現場環境和衛生標準), a contractor is required to adopt effective occupational injuries control measures, to provide workers with necessary protective devices, and to offer regular physical examinations and training to workers who are exposed to the risk of occupational injuries. To our knowledge, there has been no material non-compliance with the health and safety laws and regulations by our contractors or subcontractors during the course of their business dealings with the Group. During the earthquake that struck Sichuan province in China in May 2008, neither our Group nor our contractors suffered any loss of lives or injury to our respective employees as a result of the earthquake.

In addition, our project directors and project management teams will engage in a weekly safety inspection to ensure the safety of the work environment of our construction sites.

LEGAL PROCEEDINGS

From time to time we are involved in legal proceedings or disputes in the ordinary course of business including claims relating to our guarantees for mortgage loans provided to our purchasers, contract disputes with our purchasers and suppliers and employment disputes.

In June 2007 and April 2009, Shenzhen Fantasia Investment filed civil complaints in the People's Court of Futian District, Shenzhen against Shenzhen Shengfu Real Estate Management Co., Ltd. (深圳市盛孚物業管理有限公司), the current property manager of the Shenzhen Endless Blue (深圳碧雲天) project, relating to the 177 car parking spaces in our Shenzhen Endless Blue (深圳碧雲天) project which we have retained for investment purposes. The complaints assert that Shenzhen Shengfu Real Estate Management Co., Ltd. (深圳市盛孚物業管理有限公司) has illegally occupied those car parking spaces and collected parking fees without our consent since December 2006. At the time Shenzhen Fantasia Investment sold property rights in Shenzhen Endless Blue (深圳碧雲天), it entered into agreements with the property owners of Shenzhen Endless Blue (深圳碧雲天), according to which the ownership rights of, and the rights to use, lease and derive income from, the car park and all the car parking spaces at Shenzhen Endless Blue (深圳碧雲天) vest in our Group. Beginning in May 1998, our Group authorized Zhonghai Property Management (Shenzhen) Co., Ltd (中海物業管理（深圳）有限公司), property manager of Shenzhen Endless Blue (深圳碧雲天) at the time, to operate and manage the car park on our behalf. In December 2006, Shenzhen Shengfu Real Estate Management Co., Ltd. (深圳市盛孚物業管理有限公司) replaced Zhonghai Property Management (Shenzhen) Co., Ltd. (中海物業管理（深圳）有限公司) as the property manager of Shenzhen Endless Blue (深圳碧雲天). As our authorization to Zhonghai Property Management (Shenzhen) Co., Ltd. (中海物業管理（深圳）有限公司) expired at the same time, the operation and management of the car park reverted to our Group. However, without receiving any authorization from us and without the approval of the local government, Shenzhen Shengfu Real Estate Management Co., Ltd. (深圳市盛孚物業管理有限公司) occupied the car park and proceeded to collect parking fees. The civil complaint filed in June 2007 requested the court to (i) confirm that Shenzhen Fantasia Investment has property interests in the contended car parking spaces including the rights to use and lease the contended car parking spaces and the right to all benefits and profits generated from the contended car parking spaces; (ii) order Shenzhen Shengfu Real Estate Management Co., Ltd. (深圳市盛孚物業管理有限公司) to return the contended car parking spaces to Shenzhen Fantasia Investment; (iii) order Shenzhen Shengfu Real Estate Management Co., Ltd. (深圳市盛孚物業管理有限公司) to return to Shenzhen Fantasia Investment all revenues that it has generated from the contended car parking spaces since December 2006, plus interest; and (iv) freeze RMB756,164 in the bank accounts of Shenzhen Shengfu Real Estate Management Co., Ltd. (深圳市盛孚物業管理有限公司). The court granted our application to freeze RMB756,164 in the bank accounts of Shenzhen Shengfu Real Estate Management Co., Ltd. (深圳市盛孚物業管理有限公司) and on February 6, 2009, the court issued its judgment in respect of the claim filed in June 2007, which confirmed that Shenzhen Fantasia Investment has the right to all benefits and profits from the contended car parking spaces. The court ordered Shenzhen Shengfu Real Estate Management Co., Ltd. (深圳市盛孚物業管理有限公司) to return RMB526,575, representing 70% of all revenues collected from the contended car parking spaces during the period December 1, 2006 to April 30, 2008, plus interest to Shenzhen Fantasia Investment. The court determined that the remaining 30% of revenues represent the cost of management fees for the period and that such amount should be retained by Shenzhen Shengfu Real Estate Management Co., Ltd. (深圳市盛孚物業管理有限公司). However, on the basis that (i) a single property development such as Shenzhen Endless Blue (深圳碧雲天) may only have one property manager at any one time; and (ii) the local government in Shenzhen has not issued rules on registration of property rights in car parking spaces, the court did not grant our other requests in the complaint. On March 3, 2009, we appealed to the Intermediate People's Court of Shenzhen and asked for the reversal of the judgment insofar as the judgment is not in our favor. Shenzhen Shengfu Real Estate Management Co., Ltd. (深圳市盛孚物業管理有限公司) has also appealed the judgment. The Intermediate People's Court of Shenzhen held an appeal hearing on July 6, 2009, but has not yet issued its judgment. On April 21, 2009, we filed a separate claim at the People's Court of Futian District, Shenzhen in respect of the revenue for the contended car parking spaces for the period May 1, 2008 until November 30, 2009 as well as an application to freeze RMB845,196 in the bank accounts of Shenzhen Shengfu Real Estate Management Co., Ltd. (深圳市盛孚物業管理有限公司), representing the total amount of lost revenue for the car parking spaces for the relevant period as well as other costs that have accrued to us as a result of the dispute. While the court has granted our application to freeze RMB845,196 in the bank accounts Shenzhen Shengfu Real Estate Management Co., Ltd. (深圳市盛孚物業管理有限公司), the hearing has been suspended pending the outcome of the appeal with the Intermediate People's Court of Shenzhen. The total amount claimed by us in respect of the two separate claims is RMB1,601,360, which is comprised of RMB756,164 for lost revenue for the period from December 1, 2006 to April 30, 2008 and RMB845,196 for lost revenue and other expenses for the period from May 1, 2008 to November 30, 2009.

Commerce & Finance Law Offices, our PRC legal counsel, has advised us that we have valid ownership rights of the contended car parking spaces and have the rights to use and lease the contended car parking spaces. In addition, notwithstanding the lack of a public registration system for property rights in car parking spaces in Shenzhen, our interests in car parking spaces in Shenzhen, including the right to all income derived from leasing the contended car parking spaces, are protected on the basis that we have legally obtained a Shenzhen City Permit for Car Park Business Operations (深圳市經營性停車場許可證) from local government authorities for all our interests in our parking spaces in Shenzhen. However, our rights to lease or transfer the contented car parking spaces are restricted in that (i) when leasing or transferring the right to derive economic interests with respect to the contended car parking spaces, we are required to give preference to property owners in the project, and (ii) any transfer of ownership rights with respect to the contended car parking spaces cannot be registered because the local government in Shenzhen has not issued rules on registration of property rights in car parking spaces. For additional information as to our Shenzhen Endless Blue (深圳碧雲天) project, see "— Our Property Development Projects — Pearl River Delta Region — Shenzhen — Shenzhen Endless Blue (深圳碧雲天)." We have since the development of Shenzhen Endless Blue (深圳碧雲天) managed all of the other car parking spaces in our projects through the subsidiaries of Shenzhen Fantasia Colour, a subsidiary of our Group in which we own 70% equity interest. As a result, we do not believe any of our other car parking spaces will be illegally occupied in the future.

Except for the foregoing, we are not aware of any other material legal proceedings, claims or disputes currently existing or pending against us. However, we cannot assure you that other material legal proceedings, claims or disputes will not arise in the future. See "Risk Factors — Risks Relating to Our Business — We may be involved in legal and other proceedings arising out of our operations from time to time and may incur substantial losses and face significant liabilities as a result."

RELATIONSHIPS WITH CONTROLLING SHAREHOLDERS

In addition to holding equity interests in our Group, our Controlling Shareholders, Mr. Pan and Ms. Zeng, also beneficially own equity interests in certain other companies. The following discussion sets forth relationships between our Controlling Shareholders and such other companies.

San Jiao Zhou

San Jiao Zhou is a limited liability company established in the PRC on March 20, 1998 and is 100% beneficially owned by Mr. Pan and Ms. Zeng. San Jiao Zhou has been wholly owned by Xi Fu Hui since its acquisition in 2006. Xi Fu Hui is owned by HK Sunyeer as to 25% and Shenzhen Tiankuo as to 75%. HK Sunyeer is currently owned by Ms. Zeng as to 60% and Mr. Pan as to 40% whereas Shenzhen Tiankuo is currently owned by Ms. Zeng as to 80% and Mr. Pan as to 20%.

San Jiao Zhou currently owns and operates the island resorts and the associated marine entertainment facilities on San Jiao Zhou Island located in Xunliao Town, Huidong County, Huizhou, Guangdong Province, PRC (中國廣東省惠州市惠東縣巽寮三角洲島) and organizes related recreational activities for visitors to the island. According to San Jiao Zhou's business license, San Jiao Zhou is licensed to engage in the business of marine entertainment projects, marine technology development and farming, the production and sales of marine products, marine tourism and the research, production and sale of related products, the operation of restaurant and general tourism.

Since San Jiao Zhou operates a resort hotel on San Jiao Zhou Island targeting tourists travelling on leisure or recreational purpose, its nature of business and target customers are different from the Group's business which includes property development, property investment, property operation services such as property management, property agency services and hotel services. Hotels operated by the Group are mainly boutique hotels that primarily serve business and frequent travellers. Therefore, we are of the view that the business carried on by San Jiao Zhou does not compete or is unlikely to compete, either directly or indirectly, with our business.

Our Group, through Shenzhen Colour Life Network, currently provides and will continue to provide certain advertising, consultancy and management services to San Jiao Zhou pursuant to an advertising, consultancy and management services agreement entered into between Shenzhen Colour Life Network and San Jiao Zhou. For detailed information of this agreement, see "Connected Transactions — San Jiao Zhou Island Management Services Agreement".

Xi Fu Hui

Xi Fu Hui is a limited liability company established in the PRC on March 4, 2004 and is 100% beneficially owned by Mr. Pan and Ms. Zeng. It is currently owned as to 25% by HK Sunyeer and 75% by Shenzhen Tiankuo. HK Sunyeer is currently owned as to 60% by Ms. Zeng and 40% by Mr. Pan whereas Shenzhen Tiankuo is currently owned as to 80% by Ms. Zeng and 20% by Mr. Pan.

Xi Fu Hui operates a restaurant and organizes conferences for business users. It does not provide any hotel services or property management services. Accordingly, our Directors consider that Xi Fu Hui does not compete or is unlikely to compete, either directly or indirectly, with our Group's business.

Right of First Refusal

So as to give assurances to our Group that there is no intention on the part of our Controlling Shareholders to compete with our Group, each of our Controlling Shareholders has undertaken under the Deed of Non-Competition Undertaking to give us the right of first refusal in the event they, in future, dispose of their interests in these companies. Any such right of first refusal and relevant transaction will be exercised or proceeded with in accordance with the Listing Rules.

In respect of the abovementioned rights of first refusal, we have also adopted some internal corporate governance guidelines as follows:

- *Independent non-executive Director review* — if and when the opportunity for exercising the rights of first refusal granted to us by our Controlling Shareholders arises, our independent non-executive Directors will review the relevant terms and decide whether or not to exercise such rights.
- *Increased transparency* — Our Controlling Shareholders have undertaken to provide all information necessary for the enforcement of the rights of first refusal.
- *Public disclosure of decisions* — in our annual report, we will disclose the relevant decisions to exercise (or not, as the case may be) the rights of first refusal.

NON-COMPETITION

Each of our Controlling Shareholders has, under the Deed of Non-Competition Undertaking, undertaken and covenanted with our Company that for so long as they and/or their respective associates, directly or indirectly, whether individually or taken together, remain our Controlling Shareholders, each of them will not, and will procure his associates not to directly or indirectly (including through any controlled company, associate, body corporate, partnership, joint venture or other contractual arrangement) carry on, engage, invest, participate or otherwise be interested in the (i) property development, (ii) property investment, (iii) property operation services including property management services, building equipment installation, maintenance and repair services and information network services, (iv) property agency services including primary property agency services, secondary property brokerage services and property consulting and advisory services and (v) hotel services including hotel management and operation services (other than through our Group) (the "Restricted Business").

Such undertaking is conditional upon Listing and does not apply to:

(a) any interests in the shares of any member of our Group; or

(b) interests in the shares of a company other than our Group which shares are listed on a recognized stock exchange provided that:

  (i) any Restricted Business conducted or engaged in by such company (and assets relating thereto) accounts for less than 10% of that company's consolidated turnover or consolidated assets, as shown in that company's latest audited accounts which are prepared according to the applicable accounting principles and standards; or

  (ii) the total number of the shares held by the Controlling Shareholders and/or his/its associates in aggregate does not exceed 5% of the issued shares of the company in question and our Controlling Shareholders and/or their associates are not entitled to appoint a majority of the directors of that company and at any time there should exist at least another shareholder of that company whose shareholdings in that company should be more than the total number of shares held by the Controlling Shareholders and their associates in aggregate.

Such undertaking will lapse or terminated upon the earlier of (i) Mr. Pan and Ms. Zeng ceasing to be a Controlling Shareholder under the applicable laws and Listing Rules, and (ii) the Shares are no longer listed on the Main Board of the Stock Exchange.

None of our Controlling Shareholders and our Directors have an interest in a business (including those acquired from our Group) which competes or is likely to compete, either directly or indirectly, with our Group's business in accordance with Rule 8.10 of the Listing Rules.

Save for the roles of Mr. Pan and Ms. Zeng as our Directors, we can carry on our businesses independently of our Controlling Shareholders for the following reasons:-

- Management and operational independence — apart from Mr. Pan and Ms. Zeng, there are two other executive Directors and a team of senior management with clearly delineated responsibilities for our daily operations; and
- Financial independence — the historical loans from our Controlling Shareholders will in the ordinary course be settled prior to our Listing and our bankers have also agreed in principle that any guarantees provided by the Controlling Shareholders prior to the Listing will be released with effect from the Listing. In all other respects, we have our usual operating cash flow and banks and other third party investors who are providing finance to us.

The following discussion and analysis of our financial condition and results of operations are based on and should be read in conjunction with our financial information for each of the three years ended December 31, 2006, 2007 and 2008 and for the six months ended June 30, 2009, including the notes thereto, as set forth in Appendix I — "Accountants' Report" and other financial information appearing elsewhere in this prospectus. Our financial information has been prepared in accordance with HKFRS, which may differ in material respects from generally accepted accounting principles in other jurisdictions, including the United States.

This discussion contains forward-looking statements that involve risks and uncertainties. Our actual results and the timing of selected events could differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth under "Risk Factors" and elsewhere in this prospectus.

BASIS OF PRESENTATION

The consolidated statements of comprehensive income, statements of financial position, cash flow statements and statements of changes in equity and other financial and operational data of the Group and the companies now comprising the Group as a result of the Reorganization as of or for each of the years ended on December 31, 2006, 2007 and 2008 and as of and for the six months ended June 30, 2009, to which the following discussion relates, have been prepared as if our Group's structure had been in existence since January 1, 2006, or since their respective dates of incorporation or establishment or acquisition, whichever is later. All significant intra-Group transactions and balances between the companies now comprising our Group have been eliminated. However, the financial and operational data and results of our Group presented in this prospectus does not purport to be indicative of what our Group's actual financial and operational data and results would have been if the Group in its current structure had been in existence since January 1, 2006.

OVERVIEW

We are a leading property developer and property related service provider in many of China's most economically vibrant regions targeting affluent middle- to upper-class individuals and families and small- to medium-sized enterprises. Our regions of focus are currently the Chengdu-Chongqing Economic Zone, the Pearl River Delta region, the Yangtze River Delta region and the Beijing-Tianjin metropolitan region. As of the Latest Practicable Date, we had a total of 29 projects at various stages of development (i.e. completed projects, projects under development and projects held for future development), including 11 projects located in the Chengdu-Chongqing Economic Zone, 14 projects located in the Pearl River Delta region, two projects located in the Yangtze River Delta region and two projects located in the Beijing-Tianjin metropolitan region.

As of the Latest Practicable Date, we had a total land bank of approximately 10,714,794 square meters, which consists of:

(i) an aggregate planned GFA of approximately 5,125,172 square meters of properties with land use rights obtained (consisting of an aggregate planned GFA of approximately 1,247,504 square meters of properties under development and an aggregate planned GFA of approximately 3,877,668 square meters of properties held for future development for which we have obtained land use rights); and

(ii) an aggregate planned GFA of approximately 5,589,622 square meters of properties for which we had not obtained the land use rights or property rights (consisting of an aggregate planned GFA of approximately 620,759 square meters of properties held for future development for which properties rights are yet to be acquired and an aggregate planned GFA of approximately 4,968,863 square meters for which we had entered into preliminary framework agreements with the local government authorities and relevant third parties). The preliminary framework agreements are legally binding but, before we are able to obtain the relevant land use right certificates, we are still required by the relevant PRC laws and regulations (i) in respect of our

Pixian and Yunnan projects, to successfully complete the public tender, auction or listing-for-sale process, enter into a land grant contract and pay relevant land grant premium; and (ii) in respect of our Beijing Tongzhou project, to enter into and perform our obligations under a formal share transfer agreement and duly complete registration procedures for such transfer of equity ownership with the relevant government authorities.

Of our total land bank, approximately 7,603,675 square meters, or 70.9%, were held in the Chengdu-Chongqing Economic Zone; approximately 1,185,355 square meters, or 11.1%, were held in the Pearl River Delta region; approximately 574,553 square meters, or 5.4%, were held in the Yangtze River Delta region; approximately 354,680 square meters, or 3.3%, were held in the Beijing-Tianjin metropolitan region; and approximately 996,531 square meters, or 9.3%, were held in other regions. As of the Latest Practicable Date, our portfolio of land bank consisted of 57.7% of boutique upscale residences, 29.5% of urban complexes and 12.8% of other properties in terms of GFA.

In addition to property development, we also provide property operation services and property agency services to both properties that are developed by us and by others, as well as hold certain properties as investments to provide us with recurring income. We have also, since 2008, begun providing hotel services and plan to increase such services in the future to operate the boutique hotels within several of our properties that are currently under development.

We finance the acquisition of land reserves from internal funds, while our property development costs, including construction costs and additional financing for existing projects, are typically financed by internal funds and project loans from PRC banks. Our financing methods vary from project to project and are subject to limitations imposed by PRC regulations and monetary policies. The following summarize our main financing methods for our projects:

- Internal funds. Our internal funds are primarily from shareholder contributions, which include the US$200.0 million raised in connection with the Pre-IPO Investment. As of the Latest Practicable Date, approximately 68.5% of the proceeds from the Pre-IPO Investment has been applied to increase our land banks in China. Our internal funds also include proceeds from pre-sale of properties, which are proceeds we receive when we enter into contracts to sell properties prior to their completion. We typically receive an initial payment of at least 20% to 30% of the purchase price at the execution of the pre-sale contracts and the balance typically within 30 days of the execution of the pre-sale contracts, by which time the customer is required to have obtained a bank mortgage. Proceeds from the pre-sale are typically used to repay borrowings as well as to fund the development of the project from that stage.

- Borrowings. As of September 30, 2009, we had total secured borrowings of RMB1,763.4 million. We usually obtain project-specific borrowings that are secured by our properties under development and our land use rights, and usually repay the borrowings using a portion of our pre-sale proceeds of the specific property.

In the future, we expect to fund our projects by using a combination of sources, including internally generated cash flow, borrowings, and funds raised from the capital markets from time to time. In particular, as of June 30, 2009, the total contracted capital commitment of our projects amounted to RMB1,135.0 million. For details of the capital commitments we have made relating to our projects as of September 30, 2009, please refer to "— Indebtedness, Contingent Liabilities and Capital Expenditures — Commitments" in this prospectus.

KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Economic Conditions and the Regulatory Environment in the PRC

Our results of operations are subject to political, economic, fiscal, legal and social developments in the PRC in general and in cities and regions in which we operate, such as in the Chengdu-Chongqing Economic Zone, the Pearl River Delta region, the Yangtze River Delta region and the Beijing-Tianjin metropolitan region, as well as economic, fiscal, legal and social developments specifically affecting the real estate sector in the PRC and in cities and regions in which we operate, including:

- continued growth in the economy, population and rate of urbanization in the PRC and in the cities and regions in which we operate as such factors drive the demand for purchase or rental of real estate properties;
- the regulatory and fiscal environment of the PRC, specifically, the regulatory and fiscal environment affecting the property development industry, including tax policies, land grant and land use rights policies, pre-sale policies, policies on bank financing and interest rates and the availability of mortgage financing and other macro-economic policies; and
- the performance of the PRC's property market, in particular, the supply and demand for real estate properties and pricing trends in the medium to high-end property sector in the cities and regions in which we operate.

For example, changes in the economic conditions and the regulatory environment in the PRC in general or in cities and regions in which we operate may affect the selling price of our properties as well as the length in which our properties are on the market before they are pre-sold or sold. Selling prices that are lower than expected will adversely affect our gross profit without a corresponding decrease in costs as well as reduce cash flow generated from the sale of properties, which may increase our reliance on external financing and negatively impact our ability to finance the continuing growth of our business. A prolonged selling period will increase our selling and distribution costs as well as reduce the cash flow generated from the sale of our properties for a particular period. On the other hand, higher selling price than expected and a shorter than expected selling period may increase our gross profit, reduce selling and distribution costs and increase cash flow to fund the continuing growth of our business. In 2004, due to concerns that investment in the PRC property market may become excessive, the PRC government introduced a series of measures to curb speculative investments in the property market, regulate real estate project lending and promote the development of more low- and mid-priced housing. These policies have included, among others, clarification of the measurement and enforcement of LAT, 40% minimum down payment for any purchase of second or subsequent residential property, the increase of the loan interest rate for such purchases to no less than 110% of the benchmark interest rate, the tightening of money supply and the lifting of bank lending rates. However, due to the financial crisis beginning in late 2008, the PRC government has introduced an offsetting stimulus package, which included the reduction of deed taxes for first-time purchasers of ordinary residential property of less than 90 square meters, the waiver of stamp duty fees for individuals who are purchasing or selling ordinary residential properties, and the waiver of LAT for individuals who are selling ordinary residential properties, among other benefits.

Costs of Labor, Construction Materials and Building Equipment

Our results of operations are affected by the costs of labor, construction materials such as steel and cement, and building equipment. As the result of the economic growth and the boom in the property development industry in the PRC, wages for construction workers and the prices of construction materials and building equipment have experienced substantial increase in recent years. Such costs are expected to continue to increase in the future as China's economy continues to grow and the property development industry in the PRC continues to remain healthy. In addition, the PRC Labor Contract Law (中華人民共和國勞動合同法) that came into effect on January 1, 2008 enhanced the protection for employees and increased employers' liability in many circumstances which may further increase our labor cost. If our construction costs continue to increase and we are unable to pass such increasing costs to our customers, our gross margin and our results of operations may be adversely affected.

We protect our company from construction material prices volatility during the life of a project by entering into contracts with our construction contractors pursuant to which the construction contractors are responsible for procuring most of the construction materials for our property development. Such construction contracts are typically fixed or capped unit price contracts where the unit price of the materials is fixed or capped and the total price payable depends on our quantity requirement. Similarly, labor wages are typically paid by the construction contractors under the terms of most of our construction contracts, and increasing costs of labor are born by the contractors as well. However, we are exposed to the price volatility of labor and construction materials to the extent that we periodically enter into new or renew our construction contracts during the life of a project, which may span over several years, or if we hire construction workers directly or purchase the construction materials directly from suppliers that may increase our cost of sales and decrease our gross margin. Furthermore, we typically pre-sell our properties prior to their completion and we will be unable to pass the increased costs on to our customers if construction costs increased subsequent to the time of such pre-sale. In addition, as we typically procure building equipment ourselves, such as elevators, interior decoration materials and air conditioning systems, directly from suppliers, we are directly exposed to the price volatility of building equipment.

Availability and Cost of Land in Appropriate Locations

Our continued growth will depend in large part on our ability to secure land in locations suitable for our projects at prices that are commercially acceptable. Land acquisition costs are one of the primary components of our cost of sales for property development, which is consisted of land premium and where necessary, the cost of demolition of existing buildings and relocation of residents. Although our business model enables us to develop a wide variety of land, the increasing demand for properties in China in recent years have resulted in an increase in land acquisition costs in general, which also has affected us. In addition, in order to increase the transparency of the system for granting state-owned land, the PRC government has introduced in July 2002 regulations requiring government departments and agencies to grant state-owned land use rights for residential or commercial property or office space development through competitive processes, including public tenders, public auctions or listings at land exchanges administered by local governments. These competitive processes have significantly intensified competition among developers for available land and have increased our land acquisition costs. In order to participate in these competitive processes, we are required to pay a deposit upfront, which typically represents a substantial portion of the actual cost of the relevant land, which has accelerated the timing of our payment for land acquisition costs, which, in turn, has had a significant impact on our cash flow.

LAT

All income from the sale or transfer of state-owned land use rights, buildings and their attached facilities in the PRC is subject to LAT at progressive rates ranging from 30% to 60% of the “appreciated value of the property,” as such term is defined in the relevant tax laws. No LAT is payable for the sale of ordinary residential properties if the appreciation value does not exceed 20% of the “total deductible items,” as such term is defined in the relevant tax laws. Whether a property qualifies for the ordinary standard residential property exemption is determined by the local government taking into consideration the property’s plot ratio, aggregate GFA and sale price. However, sales of luxury residences and commercial properties are generally subject to higher LAT rates as they typically have higher appreciation values, and thus are not eligible for such an exemption. As a result, depending on the type of properties that we develop, our LAT expenses will be affected, which will impact our results of operations. We incurred LAT expenses of RMB46.1 million, RMB2.6 million, RMB104.2 million and RMB102.4 million in 2006, 2007, 2008 and for the six months ended June 30, 2009, respectively. We believe we have accrued all LAT payable on our property sales and transfers in accordance with the progressive rates specified in relevant PRC tax laws, less amounts previously paid under the levy method applied by relevant PRC local tax authorities. However, the provision for LAT requires our management to use a significant amount of judgment and estimates with respect to, among other things, the anticipated proceeds to be derived from the sale of the entire phase of the project or the entire project, the total appreciation of land value and the various deductible items. The relevant PRC local tax authorities may not agree with our estimates or the basis on which we calculate our LAT liabilities. If the LAT provisions we have made are substantially lower than the actual LAT amounts assessed by the relevant PRC local tax authorities in the future, our results of operations and cash flows will be materially and adversely affected.

Availability and Cost of Financing

Financing is an important source of funding for our property developments. As of December 31, 2006, 2007, 2008 and June 30, 2009, our outstanding borrowings amounted to RMB286.2 million, RMB367.9 million, RMB726.8 million and RMB1,799.3 million, respectively. As commercial banks in China link the interest rates on their bank loans to benchmark lending rates published by PBOC, any increase in such benchmark lending rates will increase the interest costs for financing our developments. The effective weighted average interest rate for our fixed rate borrowings were 6.61%, 7.42%, 8.96% and 4.37% as of December 31, 2006, 2007, 2008 and June 30, 2009, respectively, and for our variable rate borrowings were 6.69%, 4.70%, 8.36% and 5.44% as of December 31, 2006, 2007, 2008 and June 30, 2009, respectively. In addition, we also had loans from shareholders outstanding as of June 30, 2009 in an aggregate principal amount of US$100.0 million (equivalent to approximately RMB683.2 million) bearing an interest rate of 12% per annum, which will be repaid upon the earlier of our Group's listing on the Stock Exchange or November 30, 2009. Our access to capital and finance costs are affected by restrictions imposed from time to time by the PRC government on bank lending for property development. A significant portion of our finance costs are capitalized rather than being expensed at the time it is incurred to the extent such costs are directly attributable to the acquisition and construction of a project or a projected phase. The amounts of capitalized finance costs under completed properties for sales were approximately RMB0.1 million, RMB29,000, RMB22.4 million and RMB91.5 million as of December 31, 2006, 2007, 2008 and June 30, 2009, respectively. The amounts of capitalized finance costs for properties for sales – under development were approximately RMB5.3 million, RMB8.3 million, RMB29.7 million and RMB21.7 million as of December 31, 2006, 2007, 2008 and June 30, 2009, respectively. Our capitalized finance costs included in our cost of sales in 2006, 2007, 2008 and for the six months ended June 30, 2009 was RMB1.7 million, RMB5.5 million, RMB13.5 million and RMB6.4 million, respectively. An increase in our finance costs will negatively affect our profitability and results of operations and the availability of financing will affect our ability to engage in our project development activities, which will negatively affect our results of operations.

The Mix and Timing of Our Properties under Development and Revenue Source

The number of property developments that a developer can undertake during any particular period is limited due to substantial capital requirements for land acquisitions and construction costs as well as limited land supply. Therefore, our results of operations and cash flows will vary depending on the type and GFA of properties that are developed and sold during the relevant period and when our projects under development are to be completed. Certain land use rights of properties under development are acquired at a lower cost, thus increasing our gross margin during the period in which such properties are completed and sold, while certain other projects have incurred a higher land acquisition costs, thereby lowering our overall gross margin when such projects are completed and sold. Selling prices of properties in larger scale projects may increase as the overall development approaches completion due to the attractiveness of a more established developments, thereby increasing the gross margin during the relevant period. Commercial properties and office spaces in general command higher selling prices than residential properties, and the proportion of commercial/office and residential properties sold may affect our revenue and profitability during the relevant period. In 2006, 2007, 2008 and for the six months ended June 30, 2009, the gross margin for our commercial/office properties was 87.3%, 54.3%, 61.1% and 63.3%, respectively, and the gross margin for our residential properties was 24.1%, 26.6%, 27.2% and 32.4%, respectively. In addition, significant time is required for a property development project to be completed and it may take many months or probably years before pre-sales can occur. Market demand fluctuates and revenue in a particular period can depend on our ability to determine the expected market demand at the expected launch time or completion of a particular project. Delays in construction, regulatory approval processes and other factors can adversely affect the timetable of our projects as well. As a result, our results of operations have fluctuated in the past and are likely to continue to fluctuate in the future.

We also receive commissions and fees from our property operation services, property agency services and hotel services and generate recurring income from the lease of investment properties. Revenue derived from these activities will depend on various factors, including market supply and demand conditions for real estate properties in the cities and regions in which we operate, the rental and occupancy rates of our investment properties and our reputation. Revenue generated from such source may also affect our gross margin depending on the percentage of such revenue as a percentage of our total revenue, which will vary from period to period depending on the progress of our property development activities and the GFA completed and sold during such period. In addition, our results of operations are also affected by change in the fair value of our investment properties. Under HKFRS, gains or losses arising from changes in the fair value of our investment properties are included in our consolidated statements of comprehensive income in the period in which they occur. Fluctuation in the real estate property market in the cities or regions in which our investment properties are located may thus result in significant changes to our results of operations that are due to factors beyond our control. Therefore, prospective investors should be aware that property values are subject to market fluctuations, and we cannot assure you that continued favorable fair value adjustments on investment properties will occur in the future. Also, gain in fair value of our investment properties do not generate cash inflow to our Group unless such investment properties are disposed of and the capital gains are realized. As we are currently focused on developing urban complexes and boutique upscale residences in urban and suburban areas which differ from our historical activities of developing more conventional properties, our results of operations in the future may differ significantly from those in the past. In addition, our urban complex developments will include several boutique hotels that we intend to hold as investments and we will continue to strengthen and expand our real estate services, which will also change the composition of our results of operations in the future.

Change in Fair Value of Our Investment Properties

Under HKFRS, we are required to reassess the fair value of our completed investment properties at every statements of financial position date for which we issue financial statements, and gains or losses arising from changes in the fair value of our investment properties are included in our consolidated statements of comprehensive income in the period in which they arise. As of December 31, 2006, 2007 and 2008 and June 30, 2009, the fair value of our investment properties, which include investment properties that are under development, were RMB340.9 million, RMB459.0 million, RMB476.1 million and RMB502.2 million, respectively. In 2006, 2007, 2008, we experienced a gain on fair value changes of investment properties of RMB81.6 million, RMB86.9 million and RMB13.8 million, respectively, and for the six months ended June 30, 2009, we experienced a loss on fair value changes of investment properties of RMB10.0 million. The fair value of each of our investment properties is likely to continue to fluctuate from time to time in the future, and volatility of our results of operations may increase as a result of fair value gains or losses. Any decrease in the fair value of our investment properties would adversely affect our profitability. In addition, fair value gains or losses do not give rise to any change to our cash position unless the relevant investment property is sold. Therefore, we may experience constraints on our liquidity even though our profitability increases.

Pre-sales

Proceeds from pre-sales of properties under development constitute the most important source of our operating cash inflow during our project development process. PRC law allows us to pre-sell properties before their completion upon satisfaction of certain conditions and requires us to use the pre-sale proceeds to develop the projects that are pre-sold. The amount and timing of cash received from pre-sales are affected by a number of factors, including timing and other restrictions on pre-sales imposed by the relevant PRC laws and regulations, market demand and the number for our properties that are available for pre-sale. A restriction on our ability to engage in the pre-selling of our properties could result in a reduced cash inflow, which would increase our reliance on external financing and increase our finance costs, which could have an adverse effect on our ability to finance our continuing property developments and our results of operations.

Recent Global Financial and Economic Crisis

China's economy has experienced a slowdown as a result of the recent global economic and financial crisis. Recently there have been signs showing that China's economy has rebounded from its worst growth in a decade since the second quarter of 2009 and in particular, we have seen signs of recovery in China's property market since the second quarter of 2009. However, it is still unclear whether the economic downturn in China has been reversed. If the economic slowdown in China continues or worsens, it will have a negative effect on the sales of our properties and our ability to obtain borrowings, which may adversely affect our business, financial condition, results of operation and prospect.

CRITICAL ACCOUNTING POLICIES

We have identified certain accounting policies that are significant to the preparation of our consolidated financial statements. Our significant accounting policies, which are important for an understanding of our financial condition and results of operation, are set forth in detail in Note 3 to our consolidated financial statements included in Appendix I to this prospectus. Some of our accounting policies involve subjective assumptions and estimates, as well as complex judgments relating to accounting items such as revenue recognition, cost or expense allocation and provision. In each case, the determination of these items requires management judgments based on information and financial data that may change in future periods. When reviewing our consolidated financial statements, you should consider (i) our selection of critical accounting policies; (ii) the judgment and other uncertainties affecting the application of such policies; and (iii) the sensitivity of reported results to changes in conditions and assumptions. We set forth below those accounting policies that we believe involve the most significant estimates and judgments used in the preparation of our consolidated financial statements.

Revenue

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for properties sold and services provided in the normal course of business, net of discounts.

Revenue from sales of properties is recognized when the risks and rewards of properties are transferred to the purchasers, which is when the construction of relevant properties has been completed and the possession of the properties has been delivered to the purchasers and collectibility of related receivables is reasonably assured. Deposits received on properties sold prior to the date of revenue recognition are included in the consolidated statements of financial position as deposits received on sale of properties under current liabilities.

Cost of Sales and Properties for Sales

We recognize the cost of sales of our properties for a given period to the extent that revenue from such properties has been recognized in such period. Prior to their delivery, properties under development and properties for sales are included on our consolidated statements of financial position as "properties for sales" at the lower of cost and net realizable value.

Cost of sales for each property we sell includes construction costs, costs of land and capitalized finance costs on related borrowed funds during the period of construction, based upon the total GFA of properties expected to be sold in each project, which are allocated to each property based on the estimated relative GFA of each property sold. We make such estimates based on the information available at the time of completion of the relevant sales contracts, including the development plan and budget for the project. If there is any change to the estimated total development cost subsequent to the initial sale of a project such as fluctuations in construction costs or changes in development plans, we will need to finalize the cost with the contractor and allocate the increased or decreased cost to all the properties in the project, which will increase or decrease the unit costs of, and erode or improve the margins realizable on, the properties of the project during the period in which such change occurs.

We record the cost of properties for sales on our consolidated statements of financial position based on the costs of acquired land for development and the invoices and construction progress reports of our construction contractors and the construction supervisory companies in respect of the completion of construction projects.

Properties for sales which have either been pre-sold or which are intended for sale and are expected to be completed within the normal operating cycle from the consolidated statements of financial position date are classified as current assets.

Net realizable value for our properties under development is determined by reference to management estimates of the selling prices based on prevailing market conditions, less applicable variable selling expenses and the anticipated costs of completion. Net realizable value for our completed properties for sales is determined by reference to management estimates of the selling price based on prevailing market prices, less applicable variable selling expenses. We are required to revise these estimates if there is a change in market condition or demand. If actual market conditions are less favorable than those projected by our management, additional adjustments to the value of properties under development may be required.

Valuation of Our Investment Properties

Our investment properties are stated at fair value based on the valuation performed by independent professional valuers. In determining the fair value, the valuers used valuation methods that involve certain estimates. In relying on the valuation report, our management team has exercised its judgment and is satisfied that these valuation methods current market conditions. See "— Description of Certain Financial Statement Items — Changes in Fair Value of Investment Properties" and Note 16 to the Accountants' Report in Appendix I to this prospectus.

Capitalized Finance Costs

We capitalize a significant portion of our finance costs to the extent that such costs are directly attributable to the acquisition and construction of a project or a project phase. In general, we capitalize finance costs incurred from the commencement of development of a relevant project until the completion of construction. For purposes of capitalization of finance costs, development commences when we begin the planning and design of a project with the relevant loan proceeds and ends after the relevant construction has been completed. For any given project, the finance costs incurred after the end of the month in which construction on the project is completed are not capitalized, but are instead accounted for in our consolidated statements of comprehensive income as finance costs in the period in which they are incurred.

DESCRIPTION OF CERTAIN STATEMENTS OF COMPREHENSIVE INCOME ITEMS

The following summarizes components of certain financial statement items that we believe to be helpful to an understanding of our consolidated financial statements and the management's discussion and analysis of our results of operations during the Track Record Period.

Revenue

Our revenue during the Track Record Period consists of revenue derived from (i) the sales of our developed properties, (ii) the lease of investment properties, (iii) the provision of property agency and related services, (iv) the provision of property operation and related services, (v) the provision of hotel management and related services, and (vi) other operations. The following table sets forth our revenue for each of the components described above and the percentage of total revenue represented for the periods indicated:

	Year Ended December 31,						Six Months Ended June 30,	
	2006		2007		2008		2009	
	RMB	%	RMB	%	RMB	%	RMB	%
	(in thousands, except percentages)							
Property development	241,209	70.5	619,168	80.2	1,064,604	90.7	1,287,470	95.9
Property investment	7,283	2.1	10,649	1.4	11,029	0.9	5,454	0.4
Property agency services	74,899	21.9	97,151	12.6	40,224	3.5	22,396	1.7
Property operation services	14,986	4.4	41,857	5.4	57,875	4.9	26,001	1.9
Hotel services	—	—	—	—	479	0.0	1,673	0.1
Others	3,962	1.1	3,232	0.4	—	—	—	—
Total	342,339	100.0	772,057	100.0	1,174,211	100.0	1,342,994	100.0

Property Development

We recognize revenue from the sale of a property when the significant risks and rewards of ownership have been transferred to the purchaser, which is when the relevant property has been completed and the possession of the property has been delivered to the purchaser. Revenue from property development represents proceeds from sales of our properties held for sales. As we derive a majority of our revenue from property development, our results of operations for a given period depend upon the GFA of properties we have available for sale during that period, the market demand for those properties and the selling prices of such properties. Conditions of the property markets in which we operate change from period to period and are affected by the economic, political and regulatory developments in the PRC in general as well as in the cities and regions in which we operate. See "— Key Factors Affecting Our Results of Operations." During the Track Record Period, we focused on the sale of different projects, and the GFA sold fluctuated from period to period depending on the size of the projects and the stage of their development. The table below sets forth, for the periods and projects indicated, total revenue derived from each of the projects, the aggregate GFA of properties sold, the average selling prices per square meter for these properties, as measured by dividing the revenue by the aggregate GFA sold and the types of properties sold:

	Years Ended December 31,									Six Months Ended June 30,						
	2006			2007			2008			2008			2009			
	Total Revenue	GFA Sold	Avg. Selling Price / Square Meter	Total Revenue	GFA Sold	Avg. Selling Price / Square Meter	Total Revenue	GFA Sold	Avg. Selling Price / Square Meter	Total Revenue	GFA Sold	Avg. Selling Price / Square Meter	Total Revenue	GFA Sold	Avg. Selling Price / Square Meter	Types of Properties Sold[(1)]
	(in RMB thousands)	(square meters)	(in RMB)	(in RMB thousands)	(square meters)	(in RMB)	(in RMB thousands)	(square meters)	(in RMB)	(in RMB thousands)	(square meters)	(in RMB)	(in RMB thousands)	(square meters)	(in RMB)	
Shenzhen																
Shenzhen My Place (深圳花好園)	97,231	2,350	41,375	—	—	—	—	—	—	—	—	—	—	—	—	R, C
Shenzhen Pair Life (深圳錦上花)	—	—	—	1,136	168	6,762	—	—	—	—	—	—	—	—	—	R, C
Self Life (趣園)	—	—	—	1,280	53	24,151	—	—	—	—	—	—	—	—	—	R
Flower Harbor (花港家園)	—	—	—	—	—	—	64,402	7,640	8,430	—	—	—	69,124	7,241	9,547	R
Shenzhen Future Plaza (深圳香年廣場)	—	—	—	—	—	—	432,495	22,618	19,122	—	—	—	284,165	15,812	17,971	O
Chengdu																
Fantasia Special Town (別樣城)	143,978	73,752	1,952	316,489	127,646	2,479	—	—	—	—	—	—	—	—	—	R, C
Chengdu Love Forever (成都花郡)	—	—	—	300,263	73,207	4,102	281,628	56,396	4,994	281,628	56,396	4,994	724,903	105,927	6,843	R, C
Chengdu My Place (成都花好園)	—	—	—	—	—	—	179,924	42,601	4,223	—	—	—	—	—	—	R, C, O
Grand Valley (大溪谷)	—	—	—	—	—	—	106,155	27,881	3,807	—	—	—	28,776	7,012	4,104	R, C
Fantasia Town (花樣城)	—	—	—	—	—	—	—	—	—	—	—	—	180,502	59,512	3,033	R
	241,209	76,102		619,168	201,074		1,064,604	157,136		281,628	56,396		1,287,470	195,504		

Note:

(1) Types of properties include: (i) "R", which stands for "residential", (ii) "C", which stands for "commercial", (iii) "O", which stands for "office and others", including office and industrial.

Consistent with industry practice, we typically enter into purchase contracts with customers while the properties are still under development but after satisfying the conditions for pre-sales in accordance with PRC laws and regulations. See "Business — Property Development — Pre-sale, Sales and Marketing." In general, there is a time difference, typically ranging from several months to one year, between the time we commence pre-selling properties under development and the completion of the construction of such properties. We do not recognize any revenue from the pre-sales of our properties until such properties are completed and the possession of the properties has been delivered to the purchasers, even though we receive payments at various stages prior to delivery. Before the delivery of a pre-sold property, payments received from purchasers are recorded as "Deposits received on sale of properties" under "Current Liabilities" on our consolidated statements of financial position. As our revenue from sales of properties are recognized upon the delivery of properties, the timing of such delivery may affect not only the amount and growth rate of our property development revenue but may also cause changes in other payables and accruals to fluctuate from period to period.

Property Investment

Revenue derived from our properties held for investment represents revenue received and receivable from our investment properties, which has historically been generated from the rental of offices, retail shops and car parking spaces, and recognized on a straight-line basis over the relevant lease period. In the future, we expect that our revenue from investment properties will increase as we develop additional properties and as we expand the properties that are held for investment. We believe the increase of such recurring revenue will help us reduce over-reliance on a particular sector of the property market, diversify our risk exposure and provide us with a stable recurring revenue.

Property Agency Services

Revenue derived from property agency services provided by our subsidiary Xingyan Property Consultancy is recognized when services are provided. This means that for primary property agency services, revenue is recognized when a successful sale of property has occurred, which is defined in each contract and is usually achieved after the purchaser has executed the purchase contract, made the required down payment, and the purchase contract has been registered with the relevant government authorities. Each of the agency contracts specifies commission rates that are expressed as percentages of transaction value, which is defined as the aggregate of the sales proceeds of all property units we have sold for the project. The agency contracts stipulate that the developer clients are responsible for the cost of promotion and advertising, either by paying the costs directly or reimbursing the promotion and advertising costs incurred. The settle of payment of commissions are typically done at the end of a sales period based on successful sales achieved during the period, which typically lasts several months. The commissions due from clients between the time when the sales are actually made and the time of collection are recorded as “trade and other receivables” on our consolidated statement of financial position. Additional revenue may also be earned if certain sales and other performance targets are achieved, which are recognized when the required targets are accomplished. Services are considered provided and revenue is recognized for secondary property brokerage services upon execution of a transaction agreement between the buyer/lessee and the seller/lessor and for property consulting and advisory services when performance obligations under the relevant service contract are completed and the customer accepts the contracted deliverable.

Property Operation Services

Revenue derived from property operation services is recognized when the related services are provided. Our subsidiary Shenzhen Fantasia Colour and its subsidiaries provide property operation services, which include property management, building equipment installations, maintenance and repair and other value-added services, to our properties as well as properties developed by other developers. The time lag between when the invoices are sent to clients and the time of collection is reflected in “trade and other receivables” on our consolidated statement of financial position.

Hotel Services

Revenue derived from hotel management and related services is recognized when such services are provided. Our subsidiaries Shenzhen Caiyue Hotel Management and Shenzhen Caiyue Hotel, started providing hotel services in December 2008. We expect our revenue from hotel services to increase in the future as we intend to provide our hotel services to additional hotels, including our own boutique hotels that are currently under development.

Cost of Sales

Cost of sales for our property development business primarily represents the costs we incur directly for our property development activities. The principal component of cost of sales for our property development business is cost of properties sold, which includes the direct cost of construction, costs of land and capitalized finance costs on related borrowed funds during the period of construction.

Construction costs include all of the costs for the design and construction of a project, including payments to third-party contractors and designers and costs of construction materials. Historically, construction material costs, which are generally included in the payments to the construction contractors, particularly the cost of steel and cement, has been a major cause of fluctuations in our construction costs. Price movements of other supplies in relation to property developments, including elevators, interior decoration materials and air conditioning systems, may also increase our construction costs. Costs associated with design and construction of the foundation are another major component of our construction costs and will vary according to the area and height of the buildings as well as the geological conditions of the site. Therefore, construction costs of a property development may be higher if the conditions of a site require more complex designs and processes or more expensive materials in order to provide the necessary foundation support. In addition, with the PRC government's recent policies aiming to enhance the protection for employees and increased employers' liability in many circumstances, our labor costs may increase in the future which in turn will increase our construction costs.

Costs of land include costs relating to acquisition of the rights to occupy, use and develop land, and primarily represent land premiums incurred in connection with a land grant from the government or land obtained in the secondary market by transfer, cooperative arrangement, corporate acquisition or otherwise. Our costs of land are influenced by a number of factors, including the location of the property, the timing of the acquisition, the project's plot ratios, the method of acquisition and changes in PRC regulations. We may also be required to pay demolition and resettlement costs.

We capitalize a significant portion of our finance costs to the extent that such costs are directly attributable to the acquisition and construction of a project. In general, we capitalize finance costs incurred from the commencement of the planning and design of a project, which typically precedes the receipt of a construction works commencement permit, until the completion of construction. For any given project, the finance costs incurred after the end of the month in which construction on the project is completed are not capitalized, but are instead accounted for as finance costs in the period in which they are incurred.

Our cost of sales for our property investment, property agency services, property operation services and hotel services primarily consists of direct costs related to such business activities, which primarily include, depending on the type of businesses, salaries and commissions, costs of rental, utility and consumable products for our on-site sales offices for our primary property agency services, certain office expenses and advertising and marketing expenses.

The table below sets forth information relating to our cost of sales for each of our business segments and as percentage of total cost of sales for the periods indicated:

	Year Ended December 31,						Six Months Ended June 30,	
	2006		2007		2008		2009	
	RMB	%	RMB	%	RMB	%	RMB	%
	(in thousands, except percentages)							
Property development								
Construction costs	106,735	56.8	368,974	67.2	478,215	67.9	630,515	80.1
Land use rights	12,954	6.9	78,409	14.3	133,187	18.9	115,825	14.7
Capitalized finance costs	1,773	0.9	5,527	1.0	13,533	1.9	6,425	0.8
Total property development	121,462	64.6	452,910	82.5	624,935	88.7	752,765	95.6
Property investment	668	0.4	324	0.1	615	0.1	448	0.1
Property agency services	59,270	31.6	74,723	13.6	46,734	6.6	18,830	2.4
Property operation services	5,801	3.1	20,513	3.7	29,683	4.2	12,847	1.6
Hotel services	—	—	—	—	2,767	0.4	1,968	0.3
Others	658	0.3	750	0.1	—	—	—	—
Total	187,859	100.0	549,220	100.0	704,734	100.0	786,858	100.0

Changes in Fair Value of Investment Properties

Investment properties are properties held to earn rental income and/or for capital appreciation. On initial recognition, investment properties are measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values using the fair value model. Property that is being constructed or developed for future use as investment property is classified as investment property. We have concluded the fair value of the investment properties under development cannot be measured reasonably, therefore, our investment properties under development continue to be measured at cost until such time as fair value can be determined or construction is completed. Our investment properties currently comprised primarily of office units, retail spaces and car parking spaces. Once an investment property is sold or if the investment property is permanently withdrawn from use and no future economic benefits are expected, gains or losses on disposals of such investment property are recognized as "Gain/loss on disposal of investment properties."

Gains or losses arising from changes in the fair values of investment properties are included in our consolidated statements of comprehensive income in the period in which they arise. Our investment properties were revalued as of December 31, 2006, 2007, 2008 and June 30, 2009 on a market value existing use basis by independent professional valuers. Based on such valuation, we recognized the aggregate fair market value of our investment properties on our consolidated statements of financial position and recognized changes in fair value of our investment properties and the relevant deferred tax on our consolidated statements of comprehensive income.

Selling and Distribution Expenses

Selling and distribution expenses include sales commissions, advertising and promotion expenses related to the sale of our properties and the promotion of our brand and services, which include advertisements on television and in newspapers, magazines, on billboards, promotional offers made directly to our customers and certain other promotional events.

Administrative Expenses

Administrative expenses include staff costs, office rental payments, depreciation and amortization, traveling and entertainment expenses, professional fees and general office expenses. We have experienced significant increase in our administrative expenses in connection with the continued growth of our property development business during the Track Record Period, which primarily relates to an increase in the number of our employees and the increase in the average salaries for our employees. In addition, we have also experienced increase in professional fees during the Track Record Period relating to the Listing and the Global Offering.

Finance Costs

Finance costs consist primarily of interest costs on borrowings net of capitalized finance costs. We capitalize a portion of our finance costs to "properties for sales" on our consolidated statements of financial position to the extent that such costs are directly attributable to the construction of a project. Finance costs fluctuate from period to period due primarily to fluctuations in our level of outstanding indebtedness and the interest rates on such indebtedness. Since the development period for a property development does not necessarily coincide with the repayment period of the relevant loan, not all of the finance costs related to a property development can be capitalized. As a result, the period to period fluctuation of our finance costs is also attributable to the amount and timing of capitalization. See "— Cost of Sales."

Income Tax Expenses

Income tax expenses represent PRC corporate income tax and LAT payable by our subsidiaries in China. The corporate income tax rate that was generally applicable in China during the Track Record

Period was 33% of taxable income prior to 2008 and 25% to taxable income from 2008. Prior to January 1, 2008, our subsidiaries located in Shenzhen and Fantasia Chengdu Development were subject to 15% tax rate while our other subsidiaries were subject to 33% tax rate. Under the EIT Law that became effective on January 1, 2008, the ordinary income tax rate for all PRC resident enterprises, including foreign-invested enterprises, is 25%. However, there will be a transitional period for enterprises that currently receive preferential tax treatments granted by relevant tax authorities. Enterprises that were subject to an enterprise income tax rate lower than 25% may continue to enjoy the lower rate and gradually transition to the new tax rate within five years after implementation of the EIT Law. As a result of the EIT Law, applicable enterprise income tax rate for our subsidiaries in Shenzhen will transition to the new tax rate of 25% at the tax rate of 18%, 20%, 22%, 24% and 25% in 2008, 2009, 2010, 2011 and 2012, respectively. In addition, Fantasia Chengdu Development will also transition to the new tax rate of 25% although the schedule of such transition has not been determined as of the Latest Practicable Date by the relevant tax authorities. The tax rate for our other subsidiaries in China will be reduced to 25%. During the Track Record Period, our effective income tax rate has fluctuated in accordance with the geographic region in which the sale of our property development had occurred during the period. For example, most of our subsidiaries in Chengdu were subject to a higher tax rate during the Track Record Period, which was 33% prior to 2008 and 25% thereafter, as compared to our subsidiaries in Shenzhen, where the tax rate was 15% prior to 2008, 18% in 2008 and 20% in 2009. As a result, if we derived a higher portion of our revenue from our subsidiaries in Chengdu that were subjected to the higher tax rate in a period of the Track Record Period, our effective income tax rate for that period will be higher, such as in 2007, where we derived almost all of our property development revenue from our subsidiaries in Chengdu, as compared to 2006 and 2008, where a higher percentage of our property development revenue was derived from our subsidiaries in Shenzhen.

We are currently not subject to Cayman Islands income tax pursuant to an undertaking obtained from the Governor in Cabinet. See "Summary of Constitution of the Company and Cayman Islands Company Law" in Appendix VI to this prospectus.

LAT expenses represent provisions for the estimated LAT payable in relation to our properties delivered during a period. Property developers in China that receive income from the sale or transfer of state-owned land use rights, buildings and their attached facilities is subject to LAT at progressive rates ranging from 30% to 60% of the "appreciated value of the property." However, no LAT is payable for the sale of ordinary residential properties if the appreciation value does not exceed 20% of the "total deductible items," as such term is defined in the relevant tax laws. Whether a property qualifies for the ordinary standard residential property exemption is determined by the local government taking into consideration the property's plot ratio, aggregate GFA and sale price.

We provided for deferred tax, using the balance sheet liability method, on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Our Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the statements of financial position date. Deferred taxation liabilities are generally recognized for all taxable temporary differences, and deferred taxation assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. Significant management estimation is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

RESULTS OF OPERATIONS

The following table sets forth our results of operations for the periods indicated which are derived from the consolidated statements of comprehensive income included in Appendix I to this prospectus. Our historical results presented below are not necessarily indicative of the results that may be expected for our fiscal year ending December 31, 2009 or any other future period.

	Year Ended December 31,			Six Months Ended June 30,	
	2006	2007	2008	2008	2009
	RMB	RMB	RMB	RMB (unaudited)	RMB
			(in thousands)		
Revenue	342,339	772,057	1,174,211	334,337	1,342,994
Cost of sales	(187,859)	(549,220)	(704,734)	(235,912)	(786,858)
Gross profit	154,480	222,837	469,477	98,425	556,136
Other income, gains and losses	145,313	2,726	59,034	49,097	7,601
Gain (loss) on fair value changes of investment properties	81,608	86,875	13,807	(23,546)	(10,019)
Recognition of change in fair value of completed properties for sale upon transfer to investment properties	—	2,170	302	289	—
Selling and distribution expenses	(15,206)	(39,616)	(49,837)	(31,202)	(34,561)
Administrative expenses	(71,353)	(94,458)	(162,677)	(78,232)	(89,899)
Finance costs	(8,056)	(12,167)	(69,941)	(49,256)	(15,127)
Impairment loss recognized in respect of goodwill	(22,515)	—	(2,305)	—	—
Share of results of associates	(416)	(1,548)	(3,789)	(1,767)	(1,227)
Profit (loss) before taxation	263,855	166,819	254,071	(36,192)	412,904
Income tax expense	(86,268)	(82,552)	(156,550)	(12,123)	(195,537)
Profit (loss) and total comprehensive income (loss) for the year/period	177,587	84,267	97,521	(48,315)	217,367
Profit (loss) for the year/period attributable to:					
Owners of the Company	91,094	68,797	84,259	(30,910)	235,650
Minority interests	86,493	15,470	13,262	(17,405)	(18,283)
	177,587	84,267	97,521	(48,315)	217,367

Comparison of Six Months Ended June 30, 2009 to June 30, 2008

Revenue. Our revenue increased by 301.7% to RMB1,343.0 million for the six months ended June 30, 2009 from RMB334.3 million for the same period in 2008. This was due primarily to an increase in revenue derived from our property development business and property agency services.

The below table and discussion set forth a summary of revenues derived from each of our business segments:

	Six Months Ended June 30,			
	2008		2009	
	RMB (unaudited)	%	RMB	%
	(in thousands, except for percentages)			
Property development	281,628	84.2	1,287,470	95.9
Property investment	5,300	1.6	5,454	0.4
Property agency services	17,595	5.3	22,396	1.7
Property operation services	29,814	8.9	26,001	1.9
Hotel services	—	—	1,673	0.1
Total	334,337	100.0	1,342,994	100.0

Property development. Revenue derived from property development increased by 357.2% to RMB1,287.5 million for the six months ended June 30, 2009 from RMB281.6 million for the same period in 2008. This increase was due primarily to an increase in total GFA sold to our customers and an increase in the average selling prices of properties sold to our customers for the six months ended June 30, 2009 as compared to the same period in 2008. The increase in average selling prices of properties sold for the six months ended June 30, was due to the higher average selling price of Shenzhen Future Plaza (深圳香年廣場), a project that is usually purchased by customers as office space, and the commercial space portion of Chengdu Love Forever (成都花郡) that was sold as compared to residential properties. The following table sets forth the revenue generated from each project for the six months ended in June 30, 2008 and 2009, respectively:

	Six Months Ended June 30,			
	2008		2009	
	RMB	%	RMB	%
	(in thousands, except for percentages)			
Chengdu Love Forever (成都花郡)	281,628	100	724,903	56.3
Shenzhen Future Plaza (深圳香年廣場)	—	—	284,165	22.1
Fantasia Town (花樣城)	—	—	180,502	14.0
Flower Harbor (花港家園)	—	—	69,124	5.4
Grand Valley (大溪谷)	—	—	28,776	2.2
Total	281,628	100.0	1,287,470	100.0

Property investment. Revenue derived from property investment increased slightly by 2.9% to RMB5.5 million for the six months ended June 30, 2009 from RMB5.3 million for the same period in 2008. This increase was due primarily to a slight increase in the number of investment properties that generated rental income for the six months ended June 30, 2009 as compared to the same period in 2008.

Property agency services. Revenue derived from property agency services increased by 27.3% to RMB22.4 million for the six months ended June 30, 2009 from RMB17.6 million for the same period in 2008. This increase was due primarily to an increase in the aggregate sale price of the properties that our property agency services business sold for the six months ended June 30, 2009 as a result of an increase in general real estate activities for the six months ended June 30, 2009 as compared to the same period in 2008.

Property operation services. Revenue derived from property operation services decreased by 12.8% to RMB26.0 million for the six months ended June 30, 2009 from RMB29.8 million for the same period in 2008. This decrease was due primarily to an overall decrease in revenue from our building equipment installation, maintenance and repair service as a result of a decrease in the equipment installation services that were provided.

Hotel services. Revenue derived from hotel services was RMB1.7 million for the six months ended June 30, 2009. Revenue derived from hotel services for the six months ended in June 30, 2008 was nil.

Cost of sales. Our cost of sales increased by 233.5% to RMB786.9 million for the six months ended June 30, 2009 from RMB235.9 million for the same period in 2008. This increase was due primarily to an overall increase in construction costs, land costs and finance costs as a result of the increase in the total GFA sold for the six months ended June 30, 2009 as compared to the same period in 2008.

Gross profit. As the result of the foregoing, our gross profit increased by 465.0% to RMB556.1 million for the six months ended June 30, 2009 from RMB98.4 million for the same period in 2008. Our gross margin increased to 41.4% for the six months ended June 30, 2009 from 29.4% for the same period in 2008. This increase was due primarily to revenue derived from Shenzhen Future Plaza (深圳香年廣場) and the commercial space portion of Chengdu Love Forever (成都花郡) for the six months ended June 30, 2009 which had a higher gross margin as compared to the residential properties that was sold in the same period in 2008.

Other income, gains and losses. Our other income, gains and losses decreased by 84.5% to RMB7.6 million for the six months ended June 30, 2009 from RMB49.1 million for the same period in 2008. This decrease was due primarily to a RMB33.3 million exchange gain recognized for the six months ended June 30, 2008 that was not incurred for the same period in 2009, a decrease in interest income and a decrease in government grant for the six months ended June 30, 2009 as compared to the same period in 2008. The exchange gain recognized for the six months ended June 30, 2008 was due to the appreciation of Renminbi against the U.S. dollar related to the Bonds, which are denominated in U.S. dollars. The exchange rate between Renminbi and the U.S. dollar was relatively stable for the six months ended June 30, 2009. The decrease in interest income was due to a decrease in average bank balances and cash deposits for the six months ended June 30, 2009 as compared to the same period in 2008.

Loss on fair value changes of investment properties. Our loss on fair value changes of investment properties decreased by 57.4% to RMB10.0 million for the six months ended June 30, 2009 from RMB23.5 million for the same period in 2008. This decrease was due primarily to the more stable real estate market which resulted in a smaller decrease in the fair value of our investment properties for the six months ended June 30, 2009 as compared to the same period in 2008.

Recognition of change in fair value of completed properties for sale upon transfer to investment properties. We did not transfer any completed properties for sales to investment properties for the six months ended June 30, 2009. As such, change in fair value of completed properties for sales upon transfer to investment properties for the six months ended June 30, 2009 was nil.

Selling and distribution expenses. Our selling and distribution expenses increased by 10.8% to RMB34.6 million for the six months ended June 30, 2009 from RMB31.2 million for the same period in 2008. This increase was due primarily to an increase in general sales, marketing and advertising activities resulting from an increase in the number of properties that were pre-sold for the six months ended June 30, 2009 as compared to the same period in 2008.

Administrative expenses. Our administrative expenses increased by 14.9% to RMB89.9 million for the six months ended June 30, 2009 from RMB78.2 million for the same period in 2008. This increase was due primarily to an increase in professional fees to RMB24.1 million for the six months ended June 30, 2009 incurred in connection with the Listing from RMB8.2 million for the same period in 2008.

Finance costs. Our finance costs decreased by 69.3% to RMB15.1 million for the six months ended June 30, 2009 from RMB49.3 million for the same period in 2008. This decrease was due primarily to an increase in interests capitalized in properties for sales, which was partially offset by an increase in interest expense as a result of an increase in borrowing.

Share of results of associates. Our share of loss of associates decreased slightly to RMB1.2 million for the six months ended June 30, 2009 from RMB1.8 million for the same period in 2008.

Income tax expense. Our income tax expense increased by 1,512.9% to RMB195.5 million for the six months ended June 30, 2009 from RMB12.1 million for the same period in 2008. This increase was due primarily to LAT expenses of RMB102.4 million incurred for the six months ended June 30, 2009 while we incurred nil LAT expense in the same period in 2008 as the appreciated value of the property sold during the period, Chengdu Love Forever (成都花郡), did not meet the threshold requirement for paying LAT, and a RMB99.2 million increase in EIT expenses incurred for the six months ended June 30, 2009 from the same period in 2008 as a result of higher income before tax generated for the six months ended June 30, 2009 than the same period in 2008. The effective income tax rate in relation to EIT decreased from 33.5% for the six months ended June 30, 2008 to 22.6% for the six months ended June 30, 2009. The decrease in effective income tax rate was due to the higher portion of our revenue derived from our subsidiaries in Shenzhen, which were subject to a lower tax rate as compared to revenue derived from our subsidiaries in Chengdu, for the six months ended June 30, 2009 as compared to the same period in 2008.

Profit (loss) for the period attributable to owners of the Company. Profit attributable to owners of the Company was RMB235.7 million for the six months ended June 30, 2009 as compared to a loss attributable to owners of the Company of RMB30.9 million for the same period 2008. Our net profit margin was 17.5% for the six months ended June 30, 2009 as compared to a net loss margin of 9.2% for the same period in 2008, which was in line with the increase in our gross profit margin in the six months ended June 30, 2009.

Loss for the period attributable to minority interests. Loss attributable to minority interests was RMB18.3 million for the six months ended June 30, 2009 and RMB17.4 million for the same period in 2008. The loss for the six months ended June 30, 2009 represented the share of minority shareholders' interest in Shenzhen Fantasia Investment, a 52% owned subsidiary of the Group, as a result of loss incurred during the period by Shenzhen Fantasia Investment.

Comparison of Year Ended December 31, 2008 to December 31, 2007

Revenue. Our revenue increased by 52.1% to RMB1,174.2 million in 2008 from RMB772.1 million in 2007. This was due primarily to an increase in revenue derived from our property development business and property operation services business, which was partially offset by a decrease in revenue from our property agency services.

The below table and discussion set forth a summary of revenues derived from each of our business segments:

	Year Ended December 31,			
	2007		2008	
	RMB	%	RMB	%
	(in thousands, except for percentages)			
Property development	619,168	80.2	1,064,604	90.7
Property investment	10,649	1.4	11,029	0.9
Property agency services	97,151	12.6	40,224	3.5
Property operation services	41,857	5.4	57,875	4.9
Hotel services	—	—	479	0.0
Others	3,232	0.4	—	—
Total	772,057	100.0	1,174,211	100.0

Property development. Revenue derived from property development increased by 71.9% to RMB1,064.6 million in 2008 from RMB619.2 million in 2007. This increase was due primarily to an

120.0% increase in the average selling price of properties sold to our customers in 2008 as compared to 2007, which was partially offset by a decrease in total GFA sold to our customers in 2008 as compared to 2007. Average selling price of properties sold to our customers increased in 2008 due to the overall increase of property values in Shenzhen and Chengdu at the time such property was pre-sold and the higher average selling price of Shenzhen Future Plaza (深圳香年廣場), a project that is usually purchased by customers as office space which has higher market price than residential properties, as compared to the other more residential oriented properties. The following table sets forth the revenue generated from each project in 2007 and 2008:

	Year Ended December 31,			
	2007		2008	
	RMB	%	RMB	%
	(in thousands, except for percentages)			
Fantasia Special Town (別樣城)	316,489	51.1	—	—
Chengdu Love Forever (成都花郡)	300,263	48.5	281,628	26.5
Shenzhen Pair Life (深圳錦上花)	1,136	0.2	—	—
Self Life (趣園)	1,280	0.2	—	—
Shenzhen Future Plaza (深圳香年廣場)	—	—	432,495	40.6
Chengdu My Place (成都花好園)	—	—	179,924	16.9
Grand Valley (大溪谷)	—	—	106,155	10.0
Flower Harbor (花港家園)	—	—	64,402	6.0
Total	619,168	100.0	1,064,604	100.0

Property investment. Revenue derived from property investment increased by 3.6% to RMB11.0 million in 2008 from RMB10.6 million in 2007. This increase was due primarily to an increase in the number of investment properties in 2008 as compared to 2007.

Property agency services. Revenue derived from property agency services decreased by 58.6% to RMB40.2 million in 2008 from RMB97.2 million in 2007. This decrease was due primarily to a decrease in the aggregate sale price of the properties that our property agency services business sold in 2008 as a result of a decrease in general real estate activities in 2008 as compared to 2007.

Property operation services. Revenue derived from property operation services increased by 38.3% to RMB57.9 million in 2008 from RMB41.9 million in 2007. This increase was due primarily to an increase in the GFA of properties that we managed during 2008, which increased from approximately 4.4 million square meters at the end of 2007 to approximately 7.6 million square meters at the end of 2008. This increase in GFA under management was due to an increase in the number of properties under management.

Hotel services. Revenue derived from hotel services was RMB0.5 million in 2008, which was mainly derived from hotel management and other related services provided by us that began in December 2008. We derived nil revenue from hotel services in 2007 as we did not provide hotel services until 2008.

Cost of sales. Our cost of sales increased by 28.3% to RMB704.7 million in 2008 from RMB549.2 million in 2007. This increase was due primarily to an overall increase in construction costs, land costs and financing costs as a result of the increase in material and labor costs and higher interest rate on capitalized finance costs in 2008 as compared to 2007.

Gross profit and margin. As the result of the foregoing, our gross profit increased by 110.7% to RMB469.5 million in 2008 from RMB222.8 million in 2007. Our gross margin increased to 40.0% in 2008 from 28.9% in 2007. This increase was due primarily to a higher percentage of revenue derived from Shenzhen Future Plaza (深圳香年廣場), which have a higher gross margin as compared to our other residential oriented properties, in 2008 as compared to 2007.

Other income, gains and losses. Our other income, gains and losses increased by 2,065.6% to RMB59.0 million in 2008 from RMB2.7 million in 2007. This increase was due primarily to RMB35.6 million in exchange gain and RMB14.1 million in government grant in 2008, which we did not experience in 2007. The exchange gain was due to the appreciation of Renminbi against the U.S. dollar related to the Bonds, which are denominated in U.S. dollars. The government grant was due to refund of a certain portion of taxes paid during the year from the local government in Chengdu as an incentive to promote investment activities. In addition, the increase in other income was also due in part to an increase in interest income to RMB8.0 million in 2008 from RMB2.4 million in 2007 as a result of an increase in average bank balances and cash holdings in 2008 as compared to 2007.

Gain on fair value changes of investment properties. Our gain on fair value changes of investment properties decreased by 84.1% to RMB13.8 million in 2008 from RMB86.9 million in 2007. This decrease was due primarily to the more favourable property market condition in 2007 as compared to 2008.

Recognition of change in fair value of completed properties for sale upon transfer to investment properties. Our recognition of change in fair value of completed properties for sale upon transfer to investment properties decreased by 86.1% to RMB0.3 million in 2008 from RMB2.2 million in 2007. This decrease was primarily due to the decrease in the GFA of properties for sales completed in 2008 that we transferred to investment properties as compared to 2007.

Selling and distribution expenses. Our selling and distribution expenses increased by 25.8% to RMB49.8 million in 2008 from RMB39.6 million in 2007. This increase was primarily due to an increase in general sales, marketing and advertising activities resulting from an increase in the number of properties that are pre-sold in 2008 as compared to 2007 and an increase in marketing expenses related to the attendance of real estate property exhibitions.

Administrative expenses. Our administrative expenses increased by 72.2% to RMB162.7 million in 2008 from RMB94.5 million in 2007. This increase was due primarily to an increase in the total number of our employees and an increase in average salaries in connection with the continued growth of our property development business in 2008 that amounted to RMB81.7 million as compared to RMB40.8 million in 2007, an increase in professional fees to RMB19.1 million in 2008 from RMB6.5 million in 2007 incurred in connection with the Pre-IPO Investment and the Listing and an increase in traveling, accommodation and entertainment expenses to RMB15.3 million from RMB12.0 million as a result of an increase in the number and the geographic diversity of properties that are under development.

Finance costs. Our finance costs increased by 474.8% to RMB69.9 million in 2008 from RMB12.2 million in 2007. This increase was due primarily to interest expense associated with the Bonds issued at the end of 2007.

Impairment loss recognized in respect of goodwill. Our impairment loss recognized in respect of goodwill was RMB2.3 million in 2008 while the impairment loss recognized in respect of goodwill in 2007 was nil. Impairment loss recognized in respect of goodwill was incurred in 2008 as a result of impairment to the goodwill associated with our acquisition of Shenzhen Liantang Management.

Share of results of associates. Our share of loss of associates was RMB1.5 million and RMB3.8 million in 2007 and 2008, respectively, due primarily to loss incurred by our associates.

Income tax expense. Our income tax expense increased by 89.6% to RMB156.6 million in 2008 from RMB82.6 million in 2007. This increase was due primarily to an increase in LAT expenses to RMB104.2 million in 2008 from RMB2.6 million in 2007, which was offset by a decrease in EIT expense (including the deferred tax) from RMB80.0 million in 2007 to RMB52.3 million in 2008. LAT expenses were significantly higher in 2008 as compared to 2007 due primarily to the higher appreciated value of Shenzhen Future Plaza (深圳香年廣場) sold in 2008, a project that is usually purchased by customers as office space which has a higher market price, as compared to the primarily residential development projects that was sold in 2007 that had a lower appreciated value. The effective tax rate in relation to EIT expense decreased from 47.9% in 2007 to 20.6% in 2008. The decrease in effective tax rate was due primarily to: (i) the decrease in tax rate in Chengdu from 33% in 2007 to 25% in 2008; and (ii) the fact that we derived a larger portion of our revenue in 2008 from our subsidiaries in Shenzhen, which were subject to a lower tax rate than our subsidiaries in Chengdu. The exceptionally high effective tax rate in 2007 was also due to a deferred tax liability of RMB29.5 million recognized in that year.

Profit for the year attributable to owners of the Company. Our profit attributable to owners of the Company increased by 22.5% to RMB84.3 million in 2008 from RMB68.8 million in 2007. This increase was due primarily to increase in properties sold in 2008 as compared to 2007. Our net profit margin decreased slightly to 7.2% in 2008 from 8.9% in 2007.

Profit for the year attributable to minority interests. Our profit attributable to minority interests decreased by 14.3% to RMB13.3 million in 2008 from RMB15.5 million in 2007. Profit attributable to minority interests represented the profit shared by the minority shareholders of our subsidiaries. From 2007 to 2008, we acquired the minority interests in some of our subsidiaries from their minority shareholders. As a result, a smaller portion of our profit and total comprehensive income were attributed to such minority shareholders in 2008 as compared to 2007. The decrease in profit attributable to minority interests from 2007 to 2008 is also due in part to a larger portion of our profits derived from Shenzhen Fantasia Investment, in which we owned a 52% equity interest, in 2007 compared to 2008.

Comparison of Year Ended December 31, 2007 to December 31, 2006

Revenue. Our revenue increased by 125.5% to RMB772.1 million in 2007 from RMB342.3 million in 2006. This increase was due primarily to an increase in revenue derived from our property development business, property operation services business and property agency business.

The below table and discussion set forth a summary of revenues derived from each of our business segments:

	Year Ended December 31,			
	2006		2007	
	RMB	%	RMB	%
	(in thousands, except for percentages)			
Property development	241,209	70.5	619,168	80.2
Property investment	7,283	2.1	10,649	1.4
Property agency services	74,899	21.9	97,151	12.6
Property operation services	14,986	4.4	41,857	5.4
Others	3,962	1.1	3,232	0.4
Total	342,339	100.0	772,057	100.0

Property development. Revenue derived from property development increased by 156.7% to RMB619.2 million in 2007 from RMB241.2 million in 2006. This increase was due primarily to a 164.2% increase in total GFA sold in 2007 as compared to 2006. The following table sets forth the revenue generated from each project in 2006 and 2007:

	Year Ended December 31,			
	2006		2007	
	RMB	%	RMB	%
	(in thousands, except for percentages)			
Fantasia Special Town (别樣城)	143,978	59.7	316,489	51.1
Shenzhen My Place (深圳花好園)	97,231	40.3	—	—
Chengdu Love Forever (成都花郡)	—	—	300,263	48.5
Shenzhen Pair Life (深圳錦上花)	—	—	1,136	0.2
Self Life (趣園)	—	—	1,280	0.2
Total	241,209	100.0	619,168	100.0

Property investment. Revenue derived from property investment increased by 46.2% to RMB10.6 million in 2007 from RMB7.3 million in 2006. This increase was due primarily to an increase in the number of investment properties in 2007 as compared to 2006.

Property agency services. Revenue derived from property agency services increased by 29.7% to RMB97.2 million in 2007 from RMB74.9 million in 2006. This increase was due primarily to an increase in the aggregate sale price of the properties that our property agency services business sold in 2007 as compared to 2006.

Property operation services. Revenue derived from property operation services increased by 179.3% to RMB41.9 million in 2007 from RMB15.0 million in 2006. This increase was due primarily to an increase in the GFA of properties that we managed during 2007, which increased from approximately 1.7 million square meters at the end of 2006 to approximately 4.4 million square meters at the end of 2007. This increase in GFA under management was due to an increase in the number of properties under management.

Cost of sales. Our cost of sales increased by 192.4% to RMB549.2 million in 2007 from RMB187.9 million in 2006. This increase was due primarily to an overall increase in construction costs, land costs and financing costs as a result of the increase in total GFA completed in 2007 as compared to 2006.

Gross profit and margin. As the result of the foregoing, our gross profit increased by 44.2% to RMB222.8 million in 2007 from RMB154.5 million in 2006. Our gross margin decreased to 28.9% in 2007 from 45.1% in 2006. Without taking into account the sale of the commercial spaces of Shenzhen My Place (深圳花好園) in 2006, which had a higher gross margin than residential properties, our gross margin in 2006 would be 26.2%.

Other income, gains and losses. Our other income, gains and losses decreased by 98.1% to RMB2.7 million in 2007 from RMB145.3 million in 2006. This decrease was due primarily to the recognition of gain on disposal of a subsidiary in 2006 of RMB133.4 million that did not occur in 2007. Such subsidiary and its associated project were sold in 2006 as we believed the cash inflows of the project would not be as fast as we expected and thus when there was an interested buyer, we sold the subsidiary and its associated project to the interested buyer to lock up the return. This decrease was also due in part to a decrease in gain recognized on the disposal of certain held-for-trading investments to RMB0.3 million in 2007 from RMB4.2 million in 2006. We have currently disposed of all held-for-trading investments and will no longer continue to generate income or experience any loss from held-for-trading investments in the future.

Gain on fair value changes of investment properties. Our gain on fair value changes of investment properties increased by 6.5% to RMB86.9 million in 2007 from RMB81.6 million in 2006. This increase was due primarily to the more favourable property market condition in 2007 as compared to 2006 and an increase in the number of properties that were held for investment in 2007 as compared to 2006.

Recognition of change in fair value of completed properties for sale upon transfer to investment properties. Our recognition of change in fair value of completed properties for sales upon transfer to investment properties was RMB2.2 million in 2007. This recognition was primarily due to a transfer of properties completed in 2007 to investment properties. Our recognition of change in fair value of completed properties for sale upon transfer to investment properties in 2006 was nil, because we did not transfer any completed properties for sales to investment properties in 2006.

Selling and distribution expenses. Our selling and distribution expenses increased by 160.5% to RMB39.6 million in 2007 from RMB15.2 million in 2006. This increase was primarily due to an increase in general sales, marketing and advertising activities resulting from an increase in the number of properties that are pre-sold in 2007 as compared to 2006.

Administrative expenses. Our administrative expenses increased by 32.4% to RMB94.5 million in 2007 from RMB71.4 million in 2006. This increase was primarily due to an increase in total staff costs to RMB40.8 million in 2007 from RMB30.6 million in 2006 resulting from an increase in the total number of our employees in response to the continued growth of our property development business, an increase in professional fees to RMB6.5 million in 2007 from RMB2.2 million in 2006 in connection with the Pre-IPO Investment at the end of 2007 and an increase in traveling, accommodation and entertainment expense to RMB12.0 million in 2007 from RMB9.5 million in 2006.

Finance costs. Our finance costs increased by 51.0% to RMB12.2 million in 2007 from RMB8.1 million in 2006. This increase was due primarily to an increase in borrowings outstanding in 2007 as compared to 2006.

Impairment loss recognized in respect of goodwill. We did not experience any impairment loss recognized in respect of goodwill in 2007 while we recognized such impairment of RMB22.5 million in 2006. Impairment loss recognized in respect of goodwill was incurred in 2006 as a result of impairment to the goodwill associated with our acquisition of San Jiao Zhou and Shenzhen Hongwei in 2006. We have subsequently disposed of San Jiao Zhou during 2007 to Xi Fu Hui, a company in which Ms. Zeng and Mr. Pan has beneficial interest.

Share of results of associates. Our share of loss of associates was RMB0.4 million and RMB1.5 million in 2006 and 2007, respectively, due primarily to loss incurred by our associates.

Income tax expense. Our income tax expense decreased by 4.3% to RMB82.6 million in 2007 from RMB86.3 million in 2006. This decrease was due primarily to a decrease in LAT expenses to RMB2.6 million in 2007 from RMB46.1 million in 2006, which was partially offset by an increase in enterprise income tax and an increase in deferred tax expense. Effective income tax rate increased to 47.9% in 2007 from 15.2% in 2006. The increase was due to the generally higher tax rate for our Chengdu subsidiaries in 2007 of 33%, where we derive almost all of our revenue in 2007, as compared to 2006 where we derive a portion of our property development revenue from our subsidiaries in Shenzhen, which were subject to 15% tax rate, and a deferred tax liability recognized in 2007 of RMB29.5 million.

Profit for the year attributable to owners of the Company. Our profit attributable to owners of the Company decreased by 24.5% to RMB68.8 million in 2007 from RMB91.1 million in 2006. Our net profit margin decreased to 8.9% in 2007 from 26.6% in 2006. This decrease was due primarily to the one-time gain of RMB133.4 million from the disposal of subsidiaries in 2006.

Profit for the year attributable to minority interests. Our profit attributable to minority interests decreased by 82.1% to RMB15.5 million in 2007 from RMB86.5 million in 2006. In 2006, a large portion of our profits were derived from Shenzhen Fantasia Investment, our subsidiary in which 48.0% equity interest was held by minority shareholders, from the disposal of a subsidiary owned by Shenzhen Fantasia Investment and the development of Shenzhen My Place (深圳花好園).

LIQUIDITY AND CAPITAL RESOURCES

To date, we have financed our working capital, capital expenditures and other capital requirements primarily through borrowings, proceeds from sales and pre-sales of our properties and capital contributions from shareholders. Our financing methods vary from project to project and are subject to limitations imposed by PRC regulations and monetary policies. We expect to continue to fund our future development, working capital and other cash requirements from existing financial resources and cash generated from operations, as well as from a portion of the net proceeds from the Global Offering. We may however, need to raise additional funds in the future through debt or equity offerings or sales or other dispositions of assets to finance all or a portion of our future development. See "Risk Factors — Risk Relating to Our Business — We require substantial capital resources to fund our land acquisition and property developments."

Cash Flows

The following table sets forth our net cash flow for the periods indicated:

	Year Ended December 31,			Six Months Ended June 30,	
	2006	2007	2008	2008	2009
				(unaudited)	
	(in RMB thousands)				
Net cash from (used in) operating activities	131,105	(88,372)	(1,037,416)	(445,804)	(70,905)
Net cash from (used in) investing activities	17,117	(258,328)	(460,247)	(174,038)	(65,828)
Net cash from financing activities	176,937	1,290,161	491,671	354,615	1,034,992
Net increase (decrease) in cash and cash equivalents	325,159	943,461	(1,005,992)	(265,227)	898,259
Cash and cash equivalents at end of year/period	386,266	1,320,657	303,046	1,045,882	1,200,929

Cash Flows from Operating Activities

Our cash used in operating activities principally comprises amounts we pay for our property development activities, which are reflected on our consolidated statements of financial position as an increase in our properties for sales. Our cash provided by operating activities is generated principally from the proceeds from the sales of our properties, including pre-sales of properties under development, as well as commissions and fees received from our property agency services, property operation services and hotel services businesses.

For the six months ended June 30, 2009, our net cash used in operating activities was RMB70.9 million. Cash used in operating activities for the six months ended June 30, 2009 consisted primarily of an increase in properties for sales of RMB235.9 million, a decrease in deposits received on sale of properties of RMB241.0 million, an increase in trade and other receivables of RMB130.8 million and interest payment of RMB81.1 million, which was partially offset by an increase in trade and other payables of RMB298.4 million. Our net cash used in operating activities for the six months ended June 30, 2009 was primarily due to cash outflow associated with the development of Chengdu Hailrun Plaza (成都喜年廣場), Tianjin Hailrun Plaza (天津喜年廣場), Dongguan Mont Conquerant (東莞君山) and Grand Valley (大溪谷), which was partially offset by deposits received from the pre-sale of Chengdu Love Forever (成都花郡), Chengdu Hailrun Plaza (成都喜年廣場), Grand Valley (大溪谷) and other projects. For the same period in 2008, our net cash used in operating activities was RMB445.8 million, which consisted primarily of an increase in properties for sales of RMB561.8 million, which was partially offset by an increase in deposits received on sale of properties of RMB169.8 million. Net cash used in operating activities for the six months ended June 30, 2008 was due primarily to cash outflow associated with the development of Shenzhen Future Plaza (深圳香年廣場), Flower Harbor (花港家園), Chengdu Hailrun Plaza (成都喜年廣場), Chengdu Love Forever (成都花郡) and Town on the Water (雲海間), which was partially offset by deposits received from the pre-sale of Chengdu Love Forever (成都花郡) and other projects.

In 2008, our net cash used in operating activities was RMB1,037.4 million. Cash used in operating activities in 2008 consisted primarily of an increase in properties for sales of RMB1,358.3 million and a decrease in deposits received on sale of properties of RMB33.9 million, which was partially offset by an increase in trade and other payables of RMB223.9 million and a decrease in trade and other receivables of RMB89.3 million. Our net cash used in operating activities in 2008 was primarily due to cash outflow associated with construction of Chengdu Hailrun Plaza (成都喜年廣場), Shenzhen Future Plaza (深圳香年廣場), Chengdu Love Forever (成都花郡) and other projects, which was partially offset by deposits received from the pre-sale of our Chengdu Love Forever (成都花郡) and other projects.

In 2007, our net cash used in operating activities was RMB88.4 million. Cash used in operating activities in 2007 consisted primarily of an increase in properties for sales of RMB559.0 million and a decrease in trade and other payables of RMB52.9 million, which was partially offset by an increase in deposits received on sale of properties of RM520.5 million. Our net cash used in operating activities in 2007 was primarily due to cash outflow associated with construction commencement of Phase 1.1 of Grand Valley (大溪谷), Shenzhen Future Plaza (深圳香年廣場), Flower Harbor (花港家園) and Chengdu My Place (成都花好園), which was partially offset by deposits received from the pre-sale of Phase 1.1 of Grand Valley (大溪谷), certain phases of Chengdu Love Forever (成都花郡) and Chengdu My Place (成都花好園).

In 2006, our net cash from operating activities was RMB131.1 million. Cash from operating activities in 2006 consisted primarily of an increase in deposits received on sale of properties of RMB479.7 million and decrease in trade and other receivables of RMB130.0 million, which was partially offset by increase in properties for sales of RMB507.7 million. Our net cash from operating activities in 2006 was primarily due to deposits received as a result of the pre-sale of Fantasia Special Town (別樣城) and Phase I of Chengdu Love Forever (成都花郡) and cash received from the sale of retail spaces in our Shenzhen My Place (深圳花好園) project, which was partially offset by cash outflow associated with construction commencement of Fantasia Special Town (別樣城) and Phase I of Chengdu Love Forever (成都花郡).

Cash Flows from Investing Activities

For the six months ended June 30, 2009, our net cash used in investing activities was RMB65.8 million. The primary factors affecting net cash used in investing activities during the period included: an increase in investment properties of RMB39.4 million, advance to a director of RMB13.3 million, an increase in restricted bank deposits of RMB11.4 million and advance to associates of RMB8.4 million. For the same period in 2008, net cash used in investing activities was RMB174.0 million. The primary factors affecting net cash used in investing activities during the period included: the acquisition of the project company for our Chengdu Future Plaza (成都香年廣場) that amounted to RMB74.5 million, the acquisition of additional equity interests in our subsidiaries that amounted to RMB43.6 million, an increase in restricted bank deposits of RMB30.7 million and the prepaid lease payments of RMB15.1 million.

In 2008, our net cash used in investing activities was RMB460.2 million. The primary factors affecting net cash used in investing activities in 2008 included: the acquisition of additional equity interests in our subsidiaries that amounted to RMB241.8 million, the acquisition of the project company for our Chengdu Future Plaza (成都香年廣場) that amounted to RMB157.8 million, the purchase of property, plant and equipment that amounted to RMB26.2 million, an increase in restricted bank deposits of RMB19.8 million and the prepaid lease payments of RMB15.1 million.

In 2007, our net cash used in investing activities was RMB258.3 million. The primary factors affecting net cash used in investing activities in 2007 included: the acquisition of equity interests in certain project companies, including the project companies for our Town on the Water (雲海間) project in Yixing, Yingcheng Lake (營城湖) project in Tianjin and Chengdu Mont Conquerant (成都君山) in Chengdu, that amounted to RMB371.4 million, the acquisition of additional interests in our subsidiaries that amounted to RMB75.8 million and an increase in investment properties of RMB27.4 million, which was partially offset by decrease in amounts due from associates of RMB192.0 million, a decrease in restricted bank deposits of RMB15.0 million and proceeds from disposal of associates that amounted to RMB11.6 million.

In 2006, our net cash from investing activities was RMB17.1 million. The primary factors affecting net cash from investing activities in 2006 included: proceeds from the sale of equity interests in certain subsidiaries of RMB196.9 million and repayment from related parties of RMB101.8 million, as partially offset by advance to associates of RMB257.2 million, net cash used in acquisition of assets and liabilities through acquisition of subsidiaries of RMB26.0 million.

Cash Flows from Financing Activities

For the six months ended June 30, 2009, our net cash from financing activities was RMB1,035.0 million. The primary factors affecting net cash from financing activities during the period included: an increase in borrowings of RMB1,302.0 million and contribution from minority shareholders of RMB16.0 million, which was partially offset by repayment of borrowings of RMB229.6 million and repayment to directors of RMB53.5 million. For the same period in 2008, net cash from financing activities was RMB354.6 million. The primary factors affecting net cash from financing activities during the period included: an increase in borrowings of RMB584.4 million, which was partially offset by repayment of borrowings of RMB224.1 million.

In 2008, our net cash from financing activities was RMB491.7 million. The primary factors affecting net cash from investing activities in 2008 included: an increase in borrowings of RMB800.0 million, advance from related parties of RMB98.6 million and advance from directors of RMB35.0 million, which was partially offset by repayment of borrowings of RMB440.9 million.

In 2007, our net cash from financing activities was RMB1,290.2 million. The primary factors affecting net cash from investing activities in 2007 included: loans from shareholders of RMB735.7 million, proceeds from issuance of Shares of RMB734.9 million and an increase in borrowings of RMB447.5 million, which was partially offset by a repayment of borrowings of RMB365.4 million, a repayment to related parties of RMB151.7 million, a distribution to shareholders of RMB79.4 million and a repayment to directors of RMB66.4 million.

In 2006, our net cash from financing activities was RMB176.9 million. The primary factors affecting net cash from investing activities in 2006 included: an increase in borrowings of RMB424.0 million, advance from directors of RMB145.9 million and advance from related parties of RMB143.2 million, which was partially offset by a repayment of borrowings of RMB488.4 million and distribution to shareholders of RMB64.1 million.

Net Current Assets

As of September 30, 2009, we had net current assets of RMB2,588.8 million, consisting of RMB6,176.4 million of current assets and RMB3,587.6 million of current liabilities, which represented a increase of RMB134.5 million from June 30, 2009. This increase was mainly a consequence of an increase in current assets as a result of RMB320.1 million increase in properties for sales, RMB98.7 million increase in bank balances and cash, RMB94.8 million increase in restricted deposits and RMB28.9 million increase in trade and other receivables. This increase in current assets was partially offset by an increase in current liabilities as a result of RMB277.7 million increase in deposit received on sales of properties and RMB96.8 million increase in borrowings due within one year.

As of June 30, 2009, we had net current assets of RMB2,454.3 million, consisting of RMB5,646.8 million of current assets and RMB3,192.5 million of current liabilities, which represented an increase of RMB1,234.4 million from December 31, 2008. This increase was mainly a consequence of a RMB897.9 million increase in bank balances and cash, a RMB303.4 million increase in properties for sales, a RMB241.0 million decrease in deposits received on sale of properties and a RMB130.5 million increase in trade and other receivables. The increase in net current assets was partially offset by a RMB299.9 million increase in trade and other payables, a RMB145.5 million increase in tax payable and a RMB43.0 million increase in borrowings due within one year. As of December 31, 2008, we had net current assets of approximately RMB1,219.9 million, consisting of RMB4,318.2 million of current assets and RMB3,098.2 million of current liabilities, which represented a RMB427.9 million decrease from the level at the end of 2007. This decrease was mainly a consequence of a RMB1,017.6 million decrease in bank balances and cash, a RMB683.5 million increase in loans from shareholders, a RMB228.9 million increase in trade and other payables, a RMB96.4 million increase in amounts due to related parties, a RMB71.3 million increase in tax payable, a RMB67.8 million decrease in trade and other receivables and a RMB55.1 million increase in borrowings due within one year. The decrease in net current assets was partially offset by a RMB1,742.0 million increase in properties for sales and a RMB33.9 million decrease in deposits received on sale of properties.

Restricted Bank Deposits

A portion of our cash are restricted bank deposits that are restricted for use of property development. These restricted bank deposits will be released upon completion of the development of the relevant properties in which such deposits relate to. As of December 31, 2006, 2007, 2008 and June 30, 2009, our restricted bank deposits were RMB33.1 million, RMB18.0 million, RMB37.8 million and RMB49.3 million, respectively.

Working Capital

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

ANALYSIS OF CERTAIN STATEMENTS OF FINANCIAL POSITION ITEMS

Investment Properties

As of December 31, 2006, 2007, 2008 and June 30, 2009, we had investment properties of RMB340.9 million, RMB459.0 million, RMB476.1 million and RMB502.2 million, respectively. Our investment properties increased from December 31, 2008 to June 30, 2009 due primarily to additions of RMB39.4 million in construction costs for investment properties under development, which was partially offset by a decrease in the fair value of our investment properties of RMB10.0 million, for the six months ended June 30, 2009. Our investment properties increased from December 31, 2007 to December 31, 2008 due primarily to an RMB0.7 million transfer from properties for sales, additions of RMB2.5 million in construction costs for investment properties under development and an increase in the fair value of our investment properties of RMB13.8 million in 2008. Our investment properties increased from December 31, 2006 to December 31, 2007 due primarily to an increase in the fair value of our investment properties in 2007 of RMB86.9 million, additions of RMB27.4 million in construction cost for investment properties under development and an RMB3.9 million transfer from properties for sales, in 2007. We transferred completed properties for sales to investment properties in 2007 and 2008, and commenced construction of a car park in Shenzhen, an investment property, in 2007 which was completed in 2008, in an effort to increase investment properties to generate increased recurring rental income.

Properties for Sales

Properties for sales include completed properties that have not been contracted to be sold, which are identified as “properties for sales — completed properties for sales” in the Accountants’ Report in

Appendix I — "Accountants' Report" of this prospectus, and properties pre-sold but have not been delivered to customers, identified as "properties for sales — under development" in the Accountants' Report. Our properties for sales were RMB796.3 million, RMB2,027.9 million, RMB3,769.8 million and RMB4,073.2 million as of December 31, 2006, 2007 and 2008 and June 30, 2009, respectively. Properties for sales under development increased from RMB781.9 million as of December 31, 2006 to RMB2,013.3 million as of December 31, 2007 to RMB3,337.7 million as of December 31, 2008 as a result of the continued expansion of our property development business and the increase in the number of projects that are under development. Properties for sales under development slightly decreased to RMB3,258.9 million as of June 30, 2009 from RMB3,337.7 million as of December 31, 2008 because we had slightly more properties for sales that were completed for the six months ended June 30, 2009 than properties for sales that commenced construction in the same period.

Trade and Other Receivables

Trade and other receivables were RMB276.2 million as of June 30, 2009, compared to RMB145.7 million as of December 31, 2008. This increase was due primarily to an increase in deposits for the acquisition of properties for sale of RMB80 million, an increase in trade receivable of RMB28.5 million, an increase in prepayment for construction materials of RMB26.3 million, an increase in prepayments and other deposits of RMB21.7 million and an increase in other receivables of RMB15.6 million, which was partially offset by an decrease in other tax prepayment of RMB22.1 million and an decrease in deposits for the acquisition of land use right of RMB19.4 million. The increase in deposits for the acquisition of properties for sales was the result of RMB80.0 million deposit payment for the purchase of properties in our Shenzhen Meinian Plaza (深圳美年廣場). The increase in trade receivable was due primarily to an increase in sales of properties which resulted in more outstanding payments from our customers or their mortgage banks for properties that we sold as of June 30, 2009 than as of December 31, 2008.

The increase in prepayment for construction materials and the increase in other receivables were due primarily to the increase in our property development activities. The increase in prepayments and other deposits was due primarily to an increase in payments by our customers with their bank cards, which resulted in more receivables from the card issuing banks before we received the payments, as well as the increase in payments made by us on behalf of the property owners or their committees to which we provided property management services. The decrease in other tax prepayment was a result of decrease in prepayment of business tax in respect of our pre-sale of properties under development and the decrease in deposits for the acquisition of land use right was a result of decrease in our land acquisitions in the first half of 2009.

Trade and other receivables decreased to RMB145.7 million as of December 31, 2008 from RMB213.6 million as of December 31, 2007, due primarily to a decrease in prepayments and other deposits from RMB74.7 million as of December 31, 2007 to RMB8.6 million as of December 31, 2008 and a decrease in deposits for the acquisition of land use right from RMB58.0 million as of December 31, 2007 to RMB19.4 million as of December 31, 2008. The decrease in prepayments and other deposits was a result of decrease in escrowed deposits of US$10.0 million related to the payment of interest expense for the Bonds. The decrease in deposits for the acquisition of land use right was a result of the completion of our acquisition of certain land sites for our Grand Valley (大溪谷) project and the transfer of deposits associated with such acquisition to properties for sales and the return of deposits for a previously planned project. The decrease in trade and other receivables was partially offset by an increase in trade receivables, which was comprised of receivables from the sale of our properties, from RMB16.8 million as of December 31, 2007 to RMB45.1 million as of December 31, 2008 as a result of increase in the number of properties that was sold in 2008 as compared to 2007. The decrease in trade and other receivables was also partially offset by an increase in other receivables from RMB25.2 million to RMB34.5 million as a result of increase in our property development activities.

Trade and other receivables increased to RMB213.6 million as of December 31, 2007 from RMB98.0 million as of December 31, 2006, due primarily to an increase in prepayments and other deposits from RMB6.6 million as of December 31, 2006 to RMB74.7 million as of December 31, 2007, an increase in other tax prepayment from RMB9.8 million as of December 31, 2006 to RMB37.2 million as of December 31, 2007 and an increase in deposits for the acquisition of land use right from RMB43.0 million as of December 31, 2006 to RMB58.0 million as of December 31, 2007. The increase in prepayments and other deposits was a result of an increase in escrowed deposits of US$10.0 million related to the payment of interest expense for the Bonds. The increase in other tax payment was a result of increase in properties sold in 2007 as compared to 2006 that led to the increase in tax obligations, and the increase in acquisition of land use right was a result of deposits made to acquire land sites for our project Grand Valley (大溪谷).

Prepayment

We recorded prepayment of RMB68.0 million as non-current assets as of June 30, 2009. The prepayment was made to Shenzhen Press Group (深圳報業集團) and Guangdong Nanfang Press and Media Group Co., Ltd. (廣東南方報業傳媒集團有限公司) for advertisements that we may place on certain newspapers and other medias owned by these two companies prior to the end of 2011 and May 2014, respectively. We made the prepayment through transfer of certain properties in our Shenzhen Future Plaza (深圳香年廣場) to these two companies.

Advances to Associates

The advances to associates represent advance payments that were made to our associates in which we have a minority equity interest for the purchase of land. We had advances to associates of RMB261.4 million, RMB65.4 million, RMB58.2 million and RMB64.8 million as of December 31, 2006, 2007 and 2008 and June 30, 2009, respectively. The advances to associates decreased from 2006 to 2007 due primarily to our acquisition of the remaining ownership interest in Dongguan Fantasia and Shenzhen Huaqianli in 2006.

Amounts Due from/to Related Parties

The amounts due from related parties decreased to RMB23.2 million as of June 30, 2009 from RMB26.9 million as of December 31, 2008, due primarily to repayment of RMB16.7 million short term loan that was made to Pujiang Daxigu Ecological Tourism Development Company Limited (蒲江縣大溪谷生態旅遊經營管理有限公司), which was partially offset by an increase of RMB12.0 million short-term loan that was made to Tianjin Songjiang Group. The amounts due from related parties increased to RMB26.9 million as of December 31, 2008 from RMB10.3 million as of December 31, 2007, due primarily to an increase of RMB16.7 million in short term loan that was made to Pujiang Daxigu Ecological Tourism Development Company Limited (蒲江縣大溪谷生態旅遊經營管理有限公司). The amounts due from related parties increased to RMB10.3 million as of December 31, 2007 from nil as of December 31, 2006, due primarily to an outstanding balance of RMB9.5 million in consideration for the sale of our equity interest in San Jiao Zhou to Xi Fu Hui that was not at the time settled.

The amounts due to related parties as of June 30, 2009 remained the same as that of December 31, 2008, which was RMB99.3 million. The amounts due to related parties increased to RMB99.3 million as of December 31, 2008 from RMB2.9 million as of December 31, 2007, due primarily to an increase of RMB99.3 million in advance payment that was made by Tianjin Songjiang Group for the development of our Tiajin Hailrun Plaza (天津喜年廣場). The amounts due to related parties decreased to RMB2.9 million as of December 31, 2007 from RMB123.6 million as of December 31, 2006, due primarily to a decrease of RMB122.9 million due to Shenzhen Tiankuo that was repaid as part of our Reorganization, which was partially offset by an increase in advance to Jing Liu (敬柳) of RMB2.1 million.

Trade and Other Payables

Trade and other payables increased to RMB866.0 million as of June 30, 2009 from RMB566.1 million as of December 31, 2008, due primarily to an increase in trade payables from RMB325.5 million as of December 31, 2008 to RMB675.8 million as of June 30, 2009, which was partially offset by a decrease of other payables from RMB139.1 million as of December 31, 2008 to RMB98.6 million as of June 30, 2009. The increase in trade payables, which comprised primarily of increase in construction costs payable, was a result of a significant increase in our construction activities in first half of 2009. The decrease in other payables was comprised primarily of decrease in payables relating to assistance that we provided to purchasers of our properties to obtain their property ownership certificates, which was due to completion of more properties for the six months ended June 30, 2009 and the resulting completion of more property ownership certificate applications.

Trade and other payables increased to RMB566.1 million as of December 31, 2008 from RMB337.3 million as of December 31, 2007, due primarily to an increase in trade payables from RMB173.3 million as of December 31, 2007 to RMB325.5 million as of December 31, 2008 and an increase in other payable from RMB58.9 million as of December 31, 2007 to RMB139.1 million as of December 31, 2008. The increase in trade payables, which comprised primarily of increase in construction costs payable, and the increase in other payable, which comprised primarily of increase in deposits payable for the tender and auction of land sites, was a result of a significant increase in our construction and property development activities in 2008 as compared to 2007.

Trade and other payables increased to RMB337.3 million as of December 31, 2007 from RMB116.3 million as of December 31, 2006, due primarily to an increase in trade payables from RMB33.5 million as of December 31, 2006 to RMB173.3 million as of December 31, 2007, an increase in other tax payables from RMB4.9 million as of December 31, 2006 to RMB24.3 million as of December 31, 2007, an increase in other payable from RMB43.4 million as of December 31, 2006 to RMB58.9 million as of December 31, 2007 and an increase in retention payable from RMB2.7 million as of December 31, 2006 to RMB11.9 million as of December 31, 2007. The increase in trade payables, the increase in other payable, and the increase in retention payable, which comprised primarily of quality assurance deposits, was all a result of an increase in our construction and property development activities in 2007 as compared to 2006. The increase in other tax payable, which was comprised primarily of increases in business taxes payable, was a result of the higher revenue from sales of properties in 2007 than 2006.

Deposits Received on Sale of Properties

We record payments received from purchasers for our pre-sold properties as "deposits received on sale of properties" within our current liabilities in our consolidated statement of financial position. We do not recognize these deposits as revenue until we have completed the construction of the projects and have delivered the relevant properties to the purchasers. As of December 31, 2006, 2007 and 2008 and June 30, 2009, our "deposits received on sale of properties" arising from various development projects amounted to approximately RMB605.8 million, RMB1,126.3 million, RMB1,092.5 million and RMB851.5 million, respectively. Our deposits received on sale of properties decreased from December 31, 2008 to June 30, 2009 due primarily to an increase in properties completed for the six months ended June 30, 2009 that led to an increase in recognition of deposits as revenue that outpaced the increase in the number of properties that were launched for pre-sale for the six months ended June 30, 2009 and our deposits received on sale of properties decreased from 2007 to 2008 due primarily to similar reasons. Our deposits received on sale of properties increased from 2006 to 2007 was due primarily to the significant number of properties that were launched for pre-sale in 2007.

KEY FINANCIAL RATIOS

The table below sets forth certain of our key financial ratios for the periods indicated:

	Year Ended December 31, 2006	2007	2008	Six Months Ended June 30, 2009
Return on equity[(1)]	27.8%	6.5%	7.4%	17.1%
Current ratio[(2)]	1.37	1.84	1.39	1.77
Gearing ratio[(3)]	25.2%	26.8%	31.5%	40.3%

Notes:

(1) Profit attributable to owners of the Company/shareholders' equity x 100%.

(2) Current assets/current liabilities.

(3) Total debt/total assets x 100%; total debt comprises short-term borrowings, amounts due to directors, amounts due to related parties, loans from shareholders and long-term borrowings.

Return on equity fluctuated during the Track Record Period due primarily to the level of our net profits during the relevant period which will in part depend on the mix and timing of our properties that are under development and for sale during the relevant period. Our return on equity was higher in 2006 due to the higher net profits as a result of gain derived from the disposal of subsidiaries, while our return on equity was higher for the six months ended June 30, 2009 due to the increase in our revenue from our property development business as a result of higher average selling prices of our properties and an increase in the GFA sold.

Our current ratio increased from 2006 to 2007 due primarily to the increase in the number of properties for sales in 2007 from 2006 and an increase in our bank balances and cash in 2007 from 2006 as a result of loans from shareholders in connection with the Pre-IPO Investment. Our current ratio decreased in 2008 as the loans from shareholders was accounted for as our current liabilities in 2008 while such loan was accounted for as our non-current liabilities in 2007. Our current ratio increased for the six months ended June 30, 2009 because of the increase in our bank balances and cash from long-term borrowings.

Change in gearing ratio was primarily a result of the change in our total debt during the Track Record Period, which has increased in conjunction with the increase in the growth of our business since 2006.

INDEBTEDNESS, CONTINGENT LIABILITIES AND CAPITAL EXPENDITURES

Indebtedness

As of September 30, 2009, the date being the latest practicable date for the purpose of the indebtedness statement, we had total debt of about RMB2,986.9 million, the detail of which is set forth in the table below:

	Secured	Unsecured	Total
	(in RMB thousands)		
Short-term borrowings	312,750	200,000	512,750
Amounts due to directors[(1)]	—	45,186	45,186
Amounts due to related parties	—	99,340	99,340
Loans from shareholders[(2)]	682,900	—	682,900
Long-term borrowings	1,450,691	196,000	1,646,691
Total	2,446,341	540,526	2,986,867

Notes:

(1) As of the Latest Practicable Date, the balance had been fully settled.

(2) This loan is represented by the Bonds that is repayable on the earlier of the date of the Listing or November 30, 2009. As of the Latest Practicable Date, US$28.92 million of the Bonds was redeemed. Prior to the date of this prospectus, we had paid US$71.08 million to redeem the remainder of the Bonds.

As of September 30, 2009, we had outstanding loans from shareholders of approximately RMB682.9 million (which was secured by all shares, interests, participations or other equivalents in equity, registered capital or other ownership interest of certain of our subsidiaries), borrowings of approximately RMB2,159.4 million (of which RMB1,763.4 million was secured by fixed charges on certain of our assets, including properties, plant and equipment, investment properties, prepaid lease payments and properties for sales) and amounts due to directors of approximately RMB45.2 million. In addition, as of September 30, 2009, we had contingent liabilities in respect of mortgage facilities granted to purchasers of our properties and borrowings to Shenzhen Funian Property Estate Company Limited, an entity that our executive director, Ms. Zeng, has beneficial interests in, of approximately RMB1,175.1 million and RMB20.0 million, respectively. As of the Latest Practicable Date, the RMB20.0 million borrowings to Shenzhen Funian had been fully repaid.

Our banking facilities are also secured by personal guarantees given by Ms. Zeng and Mr. Pan, our Directors. As of the Latest Practicable Date, the guarantees had been released and replaced by guarantees from our Company.

Borrowings

The table below sets forth the principal amounts of our borrowings and loans from Shareholders as of the dates indicated:

	As of December 31,			As of June 30, 2009	As of September 30, 2009
	2006	2007	2008		
	(in RMB thousands)				
Secured borrowings					
— bank loans	276,215	277,873	460,550	1,599,250	1,713,441
— other loans[1]	—	—	—	—	50,000
Unsecured borrowings					
— bank loans	10,000	90,000	266,250	—	—
— other loans[1]	—	—	—	200,000	396,000
Loans from shareholders[2]	—	730,460	683,460	683,190	682,900
Total	286,215	1,098,333	1,410,260	2,482,440	2,842,341

Notes:

(1) These loans are represented by entrusted loans.

(2) This loan is represented by the Bonds that is repayable on the earlier of the date of the Listing or November 30, 2009. As of the Latest Practicable Date, US$28.92 million of the Bonds was redeemed. Prior to the date of this prospectus, we had paid US$71.08 million to redeem the remainder of the Bonds.

The following table sets forth the maturity profiles of our borrowings, loans from Shareholders and amounts due to directors or related parties as of the dates indicated:

	As of December 31,			As of June 30, 2009	As of September 30, 2009
	2006	2007	2008		
	(in RMB thousands)				
Bank loans					
Due within one year	65,117	317,943	373,050	216,000	262,750
Due more than one year but not exceeding two years	135,143	286	37,000	1,015,500	1,054,250
Due more than two years but not exceeding five years	80,673	45,074	279,750	336,750	365,441
Due more than five years	5,282	4,570	37,000	31,000	31,000
Other loans					
Due within one year	—	—	—	200,000	250,000
Due more than one year but not exceeding two years	—	—	—	—	196,000
Loans from shareholders[(1)]	—	730,460	683,460	683,190	682,900
Amounts due to directors	100,966	27,456	54,012	554	45,186
Amounts due to related parties	123,601	2,892	99,340	99,340	99,340
Total	510,782	1,128,681	1,563,612	2,582,334	2,986,867

Note:

(1) This loan is represented by the Bonds that is repayable on the earlier of the date of the Listing or November 30, 2009. As of the Latest Practicable Date, US$28.92 million of the Bonds was redeemed. Prior to the date of this prospectus, we had paid US$71.08 million to redeem the remainder of the Bonds.

We had borrowings with the carrying amounts of nil, RMB90.0 million, RMB157.0 million, RMB661.0 million and 616.4 million as of December 31, 2006, 2007, 2008, June 30, 2009 and September 30, 2009 respectively, that were guaranteed by Ms. Zeng and Mr. Pan, our Directors. As of the Latest Practicable Date, the guarantees had been released.

During the six months ended June 30, 2009, San Jiao Zhou, an entity that our executive Director, Ms. Zeng, has beneficial interests in, has pledged its land use right to secure a bank loan granted to Dongguan Fantasia. As of the Latest Practicable Date, the pledge had been released.

The effective weighted average interest rate for our fixed rate borrowings were 6.61%, 7.42%, 8.96% and 4.37% as of December 31, 2006, 2007, 2008 and June 30, 2009, respectively, and for our variable rate borrowings are 6.69%, 4.70%, 8.36% and 5.44% as of December 31, 2006, 2007, 2008 and June 30, 2009, respectively. The loans from shareholders carry an interest rate of 12.00% per annum.

On September 28, 2009, our subsidiary, Fantasia Group (China), entered into two trust and loan agreements with Bohai International Trust Co., Ltd. (渤海國際信託有限公司) for a total amount of RMB288 million and RMB104 million, respectively. These unsecured loans are for a term of two years and carry an interest rate at the benchmark two-year lending rate published by the PBOC, as adjusted. As agreed in these agreements, we plan to apply the proceeds from such loans to the purchase of the 100% equity interests in Suzhou Huawanli. As of the Latest Practicable Date, we had drawn down RMB196 million granted under these agreements.

On September 30, 2009, we entered into a loan facility with a subsidiary of Industrial and Commercial Bank of China Limited for US$30 million. The loan is for a term of three months and is required to be repaid in full, together with accrued interest and all outstanding amount, on December 30, 2009, or within 3 days after the Listing Date. Pursuant to this facility agreement, if either of the following conditions, among others, occur, it would constitute an event of default under the facility and the loan will, become immediately due and payable: (a) Mr. Pan and Ms. Zeng, collectively, do not or cease to have controlling ownership of our Company; (b) after the Listing, the listing of our Shares on the Stock Exchange (i) is suspended for 7 or more consecutive days or (ii) is terminated or otherwise ceases; or (c) Mr. Pan or Ms. Zeng dies or by reason of any illness or incapacity becomes incapable of managing his or her own affairs or becomes a patient under any mental health legislation. As of the Latest Practicable Date, we had drawn down the US$30 million granted under the facility agreement. The proceeds obtained from this facility had been applied in redeeming part of the Bonds issued to the Investors. The facility is also guaranteed by Mr. Pan and Ms. Zeng but such guarantee will be released upon the Listing Date.

On September 30, 2009, our subsidiary, Shenzhen Kangnian, obtained a loan commitment letter from CCB Shenzhen in connection with its initial approval as to the issuance of a financing letter of guarantee or a standby letter of credit. Subject to additional credit investigation and assessment, CCB Shenzhen provides in the commitment letter to issue a financing letter of guarantee or a standby letter of credit for the account of HK Kangnian in favor of CCB Asia, and to recommend and facilitate Shenzhen Kangnian to obtain a credit facility in total principal amount of US$100 million from CCB Asia, as long as the following considerations are satisfied: (1) Shenzhen Kangnian, as chargor, agrees to charge the land use rights it owns to CCB Shenzhen; (2) Shenzhen Kangnian agrees to pay a security deposit; and (3) Fantasia Group (China) agrees to provide full joint liability guarantee for the proposed credit facility. On October 28, 2009, HK Kangnian had obtained the credit facility from CCB Asia which was secured by the standby letter of credit issued to Shenzhen Kangnian by CCB Shenzhen. As of the Latest Practicable Date, we had drawn down the US$100 million granted under the credit facility. Prior to the date of this prospectus, we had redeemed the US$71.08 million of the remainder of the Bonds issued to the Investors through the proceeds from this facility and expect to use the remaining proceeds as general working capital.

On October 7, 2009, our subsidiary HK Kangnian obtained a facility letter from China Merchants Bank Co., Ltd., Hong Kong Branch, agreeing to offer the general bank facilities in the total amount of HK$230 million, or the amount of a standby letter of credit issued by China Merchants Bank Co., Ltd., Shenzhen Branch, whichever is lower. The applicable interest rate for each drawdown for each interest period, which is for the duration of three months, should be the annual rate as determined by the bank, to be the aggregate of HIBOR applicable for relevant interest period, or the China Merchants Bank Co., Ltd.'s cost of fund, whichever is higher, plus 1% p.a. We are required to repay the facility in full together will all unpaid interest on the maturity date, which is the date falling one year from the acceptance of the facility letter by HK Kangnian, or three banking days prior to the expiry date of the letter of credit above mentioned. As of the Latest Practicable Date, we had drawn down the HK$230 million granted under the facility letter. As provided in the facility letter, we had applied the proceeds from this bank facility as general working capital as well as to settle the amounts due to directors. As of the Latest Practicable Date, the amounts due to directors were settled.

Commitments

As of June 30, 2009, our contractual obligations in connection with our property development activities, other than loans and borrowings, amounted to RMB1,806.6 million, primarily arising from contracted construction fees or other capital commitments for future property developments. The following table sets forth our contractual obligations, other than loans and borrowings, as of the dates indicated:

	As of December 31,			As of June 30,
	2006	2007	2008	2009
	(in RMB thousands)			
Operating lease commitments:				
Within one year	6,526	7,422	5,785	5,933
In the second to the fifth year inclusive	7,527	7,703	15,952	15,887
After the fifth year	—	—	18,537	11,240
Total operating lease commitments	14,053	15,125	40,274	33,060
Other commitments contracted but not provided for:				
Construction commitments	220,023	412,696	1,012,435	1,135,023
Capital commitments in respect of the acquisition of additional interest in subsidiaries	2,000	—	—	—
Capital commitments in respect of the acquisition of a subsidiary	—	6,000	—	—
Capital commitments in respect of the acquisition of properties for sales	—	—	—	638,500
Total other commitments	222,023	418,696	1,012,435	1,773,523

Contingent Liabilities

As of June 30 and September 30, 2009, we provided guarantees to PRC banks for loans with an aggregate principal amount of RMB476.5 million and RMB1,175.1 million, respectively, in respect of mortgages provided by the banks to purchasers of the properties we developed and sold. Our guarantees are issued from the dates of grant of the relevant mortgages and released upon issuance of property ownership certificates or after the full repayment of the underlying mortgages by the purchasers.

As of June 30 and September 30, 2009, Fantasia Chengdu Ecological had pledged certain of our land use rights for properties under development that amounted to approximately RMB51.0 million to secure a RMB20.0 million bank loan granted to Shenzhen Funian Property Estate Company Limited, an entity that our executive director, Ms. Zeng, has beneficial interests in. As of the Latest Practicable Date, the pledge had been released.

No Material Changes

Save as otherwise disclosed in this prospectus, and apart from intra-group liabilities, we did not have outstanding as of September 30, 2009 any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptable credits, debentures, mortgages, charges, hire purchases commitments, guarantees or other material contingent liabilities.

Save as otherwise disclosed in the sub-section entitled “Borrowings” above in this section, our Directors have confirmed that there has not been any material change in the indebtedness and contingent liabilities of our Group since September 30, 2009.

Capital Expenditures

The following table sets forth a summary of our capital expenditures during the Track Record Period:

	As of December 31,			As of June 30,
	2006	2007	2008	2009
	(in RMB thousands)			
Purchase of property, plant and equipment	6,648	11,262	26,192	1,611

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

Except for the contingent liabilities set forth above, we have not entered into any off-balance sheet guarantees or other commitments to guarantee the payment obligations of any third parties. 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.

PROPERTY INTERESTS AND PROPERTY VALUATION REPORT

The value of our property interests as of September 30, 2009 as valued by Jones Lang LaSalle Sallmanns Limited, an independent property valuer of our Company, was RMB15,181.7 million. There was a net revaluation surplus, representing the excess market value of the properties over their book value as of September 30, 2009 (after adjusting for properties acquired or sold during the period from July 1, 2009 to September 30, 2009). Further details of our property interests and the text of the letter and valuation certificates of these property interests prepared by Jones Lang LaSalle Sallmanns Limited are set out in Appendix IV to this document.

Disclosure of the reconciliation of the valuation of the interests in properties attributable to us as of September 30, 2009 and such property interests in our consolidated statements of financial position as of June 30, 2009 as required under Rule 5.07 of Listing Rules is set forth below:

	In RMB Millions
Net book value as of June 30, 2009	
Prepaid lease payments	1.6
Buildings included in property, plant and equipment	19.8
Properties under development	3,258.9
Completed properties for sales	814.4
Investment properties	502.2
	4,596.9
Movement for the period from July 1, 2009 to September 30, 2009[(1)]	475.4
Net book value as of September 30, 2009	5,072.3
Valuation surplus	10,109.4
Valuation as of September 30, 2009	15,181.7

Note:

(1) Movement for the period from July 1, 2009 to September 30, 2009 mainly represented RMB421.1 million in acquisition of land use rights, RMB54.3 million of costs incurred for construction of properties under development and investment properties, offset by sales of completed properties, depreciation and amortization.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISKS

We are exposed to various types of market risks, including changes in interest rate risks, foreign exchange risks and inflation risks in the normal course of business.

Commodities Risk

We are exposed to fluctuations in the prices of raw materials for our property developments, primarily steel and cement. We purchase most of our supplies of steel and cement at market prices. Such purchase costs are generally accounted for as part of contractors' fees pursuant to our arrangements with the relevant contractors. Rising prices for construction materials will therefore 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

Our business is sensitive to fluctuations in interest rates. Our indebtedness are typically fixed rate borrowings that are subject to negotiation in interest rate on an annual basis and any increase in interest rates will increase our finance costs. We currently do not hedge our interest rate risk but may do so in the future.

An increase in interest rates may also adversely affect our prospective purchasers' ability to obtain financing and depress overall housing demand. Higher interest rates may adversely affect our revenue, gross profits and profits. The PBOC published benchmark one-year lending rates in China (which directly affect the property mortgage rates offered by commercial banks in the PRC) as of December 31, 2006, 2007 and 2008 were 6.12%, 7.47% and 5.31%, respectively.

Foreign Exchange Rate Risk

We conduct our business exclusively in Renminbi. The value of Renminbi against the U.S. dollar and other currencies may fluctuate and is affected by, among other things, changes in China's political and economic conditions. The conversion of Renminbi into foreign currencies, including the U.S. dollar and the Hong Kong dollar, has been based on rates set by the PBOC. On July 21, 2005, the PRC government changed its decade-old policy of pegging the value of Renminbi to the U.S. dollar. Under the new policy, Renminbi is permitted to fluctuate within a narrow and managed band against a basket of certain foreign currencies. While the international reaction to the Renminbi revaluation has generally been positive, there remains significant international pressure on the PRC government to adopt an even more flexible currency policy, which could result in a further and more significant appreciation of Renminbi against the U.S. dollar. Fluctuations in the value of Renminbi to the U.S. dollar may adversely affect our cash flows, revenue, earnings and financial position. For example, if the value of Renminbi appreciates, we would record foreign exchange losses on bank balances and other assets we maintain in non-Renminbi currencies. Following the Global Offering, we may also maintain a significant portion of the proceeds from the offering in Hong Kong and U.S. dollars before they are used in our PRC operations. See "Risk Factors — Risks Relating to the PRC — Fluctuation in the exchange rates of the Renminbi may have a material adverse effect on your investment." We currently do not hedge our foreign exchange risk but may do so in the future.

Inflation

In recent years, China has not experienced significant inflation, and thus inflation has not had a material impact on our results of operations. According to the National Bureau of Statistics of China, the change in Consumer Price Index in China was 1.8%, 4.8% and 5.9% in 2006, 2007 and 2008 respectively.

DIVIDENDS AND DIVIDEND POLICY

Subject to the Companies Law, through a general meeting we may declare dividends in any currency but no dividend shall be declared in excess of the amount recommended by the Board. The Board may also from time to time, without a general meeting, pay such interim dividends as appear to the Board to be justified by the profits of our Company. Our Articles of Association provide that dividends may be declared and paid out of our profits, realized or unrealized, or from any reserve set aside from profits which the Board determine is no longer needed. With the sanction of an ordinary resolution, dividends may also be declared and paid out of share premium account or any other fund or account which can be authorized for this purpose in accordance with the Companies Law.

Except in so far as the rights attaching to, or the terms of issue of, any Share may otherwise provide, (i) all dividends shall be declared and paid according to the amounts paid up on the Shares in respect whereof the dividend is paid but no amount paid up on a Share in advance of calls shall for this purpose be treated as paid up on the Share and (ii) all dividends shall be apportioned and paid pro rata according to the amount paid up on the Shares during any portion or portions of the period in respect of which the dividend is paid. The Directors may deduct from any dividend or other monies payable to any member or in respect of any Shares all sums of money (if any) presently payable by him to us on account of calls or otherwise.

In addition, the declaration of dividends is subject to the discretion of our Directors, and the amounts of dividends actually declared and paid will also depend upon the following factors:

- our general business conditions;
- our financial results;
- our capital requirements;
- interests of our shareholders; and
- any other factors which the Board may deem relevant.

Our Directors have absolute discretion to declare any dividend in the future. Our Directors will declare dividends, if any, in Hong Kong dollars with respect to Shares on a per Share basis and will pay such dividends in Hong Kong dollars. Any final dividend for a fiscal year will be subject to our shareholders' approval.

Our Company has not distributed any dividends since its incorporation on October 17, 2007. Certain subsidiaries of our Company paid dividends of approximately RMB1.0 million in each of the years ended December 31, 2007 and 2008. The sources of funding for payment of such dividends are our operating cash flow.

DISTRIBUTABLE RESERVE

As of June 30, 2009, we had reserves available for distribution to the Shareholders of the Company in the amount of RMB743.7 million.

PROFIT FORECAST FOR THE YEAR ENDING DECEMBER 31, 2009

All statistics in this table are based on the assumptions that the Over-allotment Option is not exercised.

We forecast that, in the absence of unforeseen circumstances and on the bases and assumptions set out in "Appendix III — Profit Forecast" to this prospectus, our forecast consolidated profit attributable to our owners for the year ending December 31, 2009 will be as follows:

Forecast	
Profit attributable to owners of the Company before revaluation of investment properties	not less than RMB323 million
Less: Revaluation loss on investment properties (net of deferred tax effect)	RMB3 million
Profit attributable to owners of the Company	not less than RMB320 million

Notes:

The bases on which the above profit forecast for the year ending December 31, 2009 has been prepared are summarized in Appendix III to this prospectus.

The forecast consolidated profit attributable to owners of the Company for the year ending December 31, 2009 prepared by the Directors is based on the audited results of the Group for six months ended June 30, 2009 and the Group's unaudited management accounts for two months ended August 31, 2009. The estimate has been prepared on the basis of the accounting policies being consistent in all material aspects with those currently adopted by the Group as set out in Note 3 to the Accountants' Report, contained in Appendix I to this prospectus.

The forecast is presented on a basis consistent in all material respects with the accounting policies currently adopted by us as set out in the Accountants' Report dated November 12, 2009 (the text of which is set out in "Appendix I — Accountants' Report" to this prospectus).

Completed properties and properties under development expected to be completed in 2009

There are five completed projects (namely, Flower Harbor (花港家園), Shenzhen Future Plaza (深圳香年廣場), Chengdu Love Forever (成都花郡), Phase I of Fantasia Town (花樣城) and Phase 1.1 of Grand Valley (大溪谷)) and one project under development (namely, Phase 1.2 of Grand Valley (大溪谷)) which are expected to contribute to the revenue for the year ending December 31, 2009. The construction of Phase 1.2 of Grand Valley (大溪谷) commenced in September 2008 and is expected to be completed in November 2009. Phase 1.2 of Grand Valley (大溪谷) is expected to be comprised of fifty- four 3- to 4-storey buildings. It occupies a site area of approximately 61,609 square meters with a planned GFA of approximately 61,800 square meters. The Group has obtained the land use rights certificate, the required construction works commencement permit and the pre-sale permit for Phase 1.2 of Grand Valley (大溪谷). The last block was topped out in May 2009 and the interior decoration was completed in August 2009. The Directors confirm that the construction progress of Phase 1.2 of Grand Valley (大溪谷) is in accordance with the construction schedule and the project is expected to be completed and delivered to the purchasers within schedule.

Sensitivity Analysis

Sensitivity analysis on targeted average selling price

The following table illustrates the sensitivity of the profit attributable to owners of our Company for the year ending December 31, 2009 to the targeted average selling price for properties sold from September 1, 2009 to December 31, 2009.

% change in targeted selling prices per sq.m.	-15%	-10%	-5%	+5%	+10%
Impact on the profit attributable to owners of our Company targeted for the year 2009 (in RMB thousands)	(15,828)	(10,011)	(4,750)	4,116	8,232

If the targeted average selling prices for projects sold from September 1, 2009 to December 31, 2009 rise by 10%, the profit attributable to owners of our Company for the year ending December 31, 2009 will be RMB328,232,000, i.e. 2.6% higher than our targeted 2009 profit attributable to owners of our Company.

If the targeted average selling prices for projects sold from September 1, 2009 to December 31, 2009 rise by 5%, the profit attributable to owners of our Company for the year ending December 31, 2009 will be RMB324,116,000, i.e. 1.3% higher than our targeted 2009 profit attributable to owners of our Company.

If the targeted average selling prices for projects sold from September 1, 2009 to December 31, 2009 decline by 5%, the profit attributable to owners of our Company for the year ending December 31, 2009 will be RMB315,250,000, i.e. 1.5% lower than our targeted 2009 profit attributable to owners of our Company.

If the targeted average selling prices for projects sold from September 1, 2009 to December 31, 2009 decline by 10%, the profit attributable to owners of our Company for the year ending December 31, 2009 will be RMB309,989,000, i.e. 3.1% lower than our targeted 2009 profit attributable to owners of our Company.

If the targeted average selling prices for projects sold from September 1, 2009 to December 31, 2009 decline by 15%, the profit attributable to owners of our Company for the year ending December 31, 2009 will be RMB304,172,000, i.e. 4.9% lower than our targeted 2009 profit attributable to owners of our Company.

Sensitivity analysis on targeted GFA sold and delivered

The following table illustrates the sensitivity of the profit attributable to owners of our Company for the year ending December 31, 2009 to the targeted GFA sold and delivered from September 1, 2009 to December 31, 2009.

% change in targeted GFA sold and delivered	-15%	-10%	-5%
Impact on the profit attributable to owners of our Company targeted for the year 2009 (in RMB thousands)	(3,890)	(2,593)	(1,297)

If the targeted GFA sold and delivered for projects sold from September 1, 2009 to December 31, 2009 decline by 5%, the profit attributable to owners of our Company for the year ending December 31, 2009 will be RMB318,703,000, i.e. 0.4% lower than our targeted 2009 profit attributable to owners of our Company.

If the targeted GFA sold and delivered for projects sold from September 1, 2009 to December 31, 2009 decline by 10%, the profit attributable to owners of our Company for the year ending December 31, 2009 will be RMB317,407,000, i.e. 0.8% lower than our targeted 2009 profit attributable to owners of our Company.

If the targeted GFA sold and delivered for projects sold from September 1, 2009 to December 31, 2009 decline by 15%, the profit attributable to owners of our Company for the year ending December 31, 2009 will be RMB316,110,000, i.e. 1.2% lower than our targeted 2009 profit attributable to owners of our Company.

Sensitivity analysis on fair value changes of investment properties

The following table illustrates the sensitivity of the profit attributable to owners of our Company for the year ending December 31, 2009 to levels of revaluation increase/decrease on investment properties as at June 30, 2009:

Changes in percentage on investment Properties as at June 30, 2009	-15%	-10%	-5%	5%	10%	15%
Impact on the profit attributable to owners of our Company targeted for the year 2009 (in RMB thousands)	(33,338)	(22,225)	(11,113)	11,113	22,225	33,338

If the fair value of investment properties as at June 30, 2009 rises or declines by 5%, the profit attributable to owners of our Company for the year ending December 31, 2009 will not be less than RMB331,113,000 or RMB308,887,000, respectively, i.e. 3.5% higher or lower, respectively, than our targeted 2009 profit attributable to owners of our Company.

If the fair value of investment properties as at June 30, 2009 rises or declines by 10%, the profit attributable to owners of our Company for the year ending December 31, 2009 will not be less than RMB342,225,000 or RMB297,775,000, respectively, i.e. 6.9% higher or lower, respectively, than our targeted 2009 profit attributable to owners of our Company.

If the fair value of investment properties as at June 30, 2009 rises or declines by 15%, the profit attributable to owners of our Company for the year ending December 31, 2009 will not be less than RMB353,338,000 or RMB286,662,000, respectively, i.e. 10.4% higher or lower, respectively , than our targeted 2009 profit attributable to owners of our Company.

The above illustrations are intended to be for reference only and any variation could exceed the ranges given. The above sensitivity analyses are not meant to be exhaustive. While we have considered for the purposes of the profit forecast what we believe is the best estimate of the targeted average selling price, GFA to be sold and delivered, and fair value changes of investment properties for the year ending December 31, 2009, the average selling price, GFA to be sold and delivered, and fair value changes of investment properties as at the relevant time may differ materially from our estimate and are dependent on market conditions and other factors which are beyond our control.

NO MATERIAL ADVERSE CHANGE

The Directors have confirmed that there has been no material adverse change in our financial or trading position since June 30, 2009 (being the date to which our latest financial results were prepared) as set forth in Appendix I — "Accountants' Report" to this prospectus.

DISCLOSURE REQUIRED UNDER THE LISTING RULES

We confirm that as of the Latest Practicable Date, save for the US$30 million loan facility set out in the section headed "Indebtedness, Contingent Liabilities and Capital Expenditure", we are not aware of any circumstances that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

The following is an illustrative and unaudited pro forma statement of adjusted net tangible assets of our company, which has been prepared on the basis of the notes set out below for the purpose of illustrating the effect of the Global Offering as if it had taken place on June 30, 2009. This unaudited pro forma statement of adjusted net tangible assets has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of our financial position had the Global Offering been completed as at June 30, 2009 or at any future date.

	Audited consolidated net tangible assets of our company attributable to owners of our Company as of June 30, 2009(1)	Estimated net proceeds from the Global Offering(2)	Unaudited pro forma adjusted net tangible assets of our company attributable to owners of our Company	Unaudited pro forma adjusted net tangible assets attributable to owners of our Company per Share(3)(4)(5)	
	(in RMB thousands)			RMB	HK$
Based on an Offer Price of HK$1.75 per Share	1,381,097	1,709,759	3,090,856	0.64	0.72
Based on an Offer Price of HK$2.20 per Share	1,381,097	2,174,543	3,555,640	0.73	0.83

Notes:

(1) The unadjusted audited consolidated net tangible assets attributable to owners of our company as of June 30, 2009 is extracted, with adjustment of goodwill of RMB517,000 included in the cost of investment in associates, from "Appendix I — Accountants' Report."

(2) The forecast net proceeds from the Global Offering are based on 1,215,000,000 new Shares at the indicative Offer Price of HK$1.75 per Share and HK$2.20 per Share, respectively, after deduction of the underwriting fees and other related expenses payable by our company and takes no account of any Shares which may be issued upon the exercise of the Over-allotment Option.

(3) The unaudited pro forma net tangible assets attributable to owners of the Company as of June 30, 2009 per Share is based on 4,860,000,000 Shares expected to be in issue immediately following completion of the Global Offering. No account has been taken of the Shares that may be issued pursuant to any exercise of Over-allotment Option.

(4) The unaudited pro forma adjusted net tangible asset attributable to owners of the Company per Share is translated into Hong Kong dollar at an exchange rate of RMB0.8810 to HK$1, the rate of the People's Bank of China prevailing on November 6, 2009. No representation is made that the Renminbi amounts have been, could have been or may be converted to Hong Kong dollars, or vice versa, at that rate.

(5) By comparing the valuation of the Group's property interests of RMB15,181.7 million as set out in Appendix IV to this prospectus and the unaudited net book value of these properties, including buildings held for own use, properties for sales, investment properties and prepaid lease payments of RMB5,072.3 million as of September 30, 2009, the net valuation surplus is approximately RMB10,109.4 million, which has not been included in the above net tangible assets attributable to owners of the Company as of June 30, 2009. The revaluation of the Group's property interests other than investment properties will not be incorporated in the Group's financial statements. If the revaluation surplus is to be included in the Group's financial statements, an additional depreciation charge for the year of approximately RMB2.4 million related to buildings held for own use would be recorded.

FUTURE PLANS

See "Our Business — Business Strategies" for a detailed description of our future plans.

USE OF PROCEEDS

We estimate that we will receive net proceeds from the Global Offering of approximately HK$2,210 million (assuming an Offer Price of HK$1.98 per Share, being the mid-point of the estimated Offer Price range), after deducting the underwriting fees and commissions and estimated expenses payable by us in relation to the Global Offering and assuming the Over-allotment Option is not exercised.

We intend to use the net proceeds from the Global Offering as follows:

- approximately 55%, or approximately HK$1,215 million, to acquire additional land reserves, including the property rights that we intend to acquire for Shenzhen Meinian Plaza (深圳美年廣場) for approximately RMB300 million. See "Our Business — Our Property Development Projects — Pearl River Delta Region — Shenzhen — Shenzhen Meinian Plaza (深圳美年廣場)." We may also use the net proceeds from the Global Offering to acquire land sites for our potential new property development projects or other property development opportunities we may identify in the future. See "Our Business — Our Property Development Projects — Potential New Property Development Projects";

- approximately 35%, or approximately HK$774 million, to finance the development of our existing projects, with approximately HK$182 million for phase 1.1 to phase 1.3 of Meinian International Plaza (美年國際廣場), approximately HK$182 million for additional phases of Grand Valley (大溪谷), approximately HK$91 million for Huizhou Endless Blue (惠州碧雲天), approximately HK$91 million for Dongguan Mont Conquerant (東莞君山), approximately HK$91 million for Chengdu Mont Conquerant (成都君山) and approximately HK$137 million for Chengdu Future Plaza (成都香年廣場); and

- approximately 10%, or approximately HK$221 million, for general working capital purposes.

In the event that Offer Price is fixed at the highest point of the indicative Offer Price range, the net proceeds from the Global Offering to us will be approximately HK$2,468 million (assuming an Offer Price of HK$2.20 per Share and the Over-allotment option is not exercised). In the event that Offer Price is fixed at the lowest point of the indicative Offer Price range, the net proceeds of the Global Offering to us will be approximately HK$1,941 million (assuming an Offer Price of HK$1.75 per Share and the Over-allotment option is not exercised). We will adjust the allocation of the net proceeds for the above mentioned purposes on a *pro rata* basis.

In the event that the Over-allotment Option is exercised in full, we estimate that we will receive additional net proceeds ranging from approximately HK$244 million (assuming an Offer Price of HK$1.75 per Share) to HK$307 million (assuming an Offer Price of HK$2.20 per Share). We intend to apply the additional net proceeds in the same manner and in the same proportions as described above.

To the extent that the net proceeds of the Global Offering are not immediately applied to the above purposes and to the extent permitted by applicable laws and regulations, we intend to deposit the net proceeds into short-term demand deposits and/or money market instruments under the name of our Company or our wholly owned subsidiaries.

We estimate the net proceeds of the Global Offering to the Selling Shareholders ranging from approximately HK$412 million (assuming an Offer Price of HK$1.75 per Share) to HK$519 million (assuming an Offer Price of HK$2.20 per Share), after deducting the underwriting fees and commissions and estimated expenses payable by the Selling Shareholders in relation to the Global

Offering and assuming the Over-allotment Option is not exercised. In the event that the Over-allotment Option is exercised in full, the Selling Shareholders will received additional net proceeds ranging from approximately HK$62 million (assuming an Offer Price of HK$1.75 per Share) to HK$78 million (assuming an Offer Price of HK$2.20 per Share). We will not receive any of the net proceeds of the Global Offering from the sale of the Shares by the Selling Shareholders.

We will issue an announcement if there is any material change in the above proposed use of proceeds.

In order to successfully repatriate the proceeds we received from the Global Offering to China, we are subject to various rules and regulations and control measures imposed on foreign invested property developers in China and are required to complete requisite filings and registrations with relevant authorities. In particular, we must, in accordance with the Circular on Further Strengthening and Regulating the Approval and Supervision of Real Estate Industry with Direct Foreign Investment (關於進一步加強、規範外商直接投資房地產業審批和監管的通知) and the Circular on Distribution of List of the First Group of Foreign-Invested Real Estate Projects Filed with the Ministry of Commerce (關於下發第一批通過商務部備案的外商投資房地產項目名單的通知), complete filings with and receive approval from MOFCOM or, where relevant, local branches of MOFCOM. In addition, in accordance with a circular promulgated by the SAFE in August 2008 with respect to the administration of conversion of foreign exchange capital contribution of foreign invested enterprise into Renminbi (關於完善外商投資企業外匯資本金支付結匯管理有關業務操作問題的通知), unless otherwise permitted by PRC laws or regulations, Renminbi capital converted from foreign exchange capital contribution cannot be used for domestic equity investment or acquisition. We will comply with all relevant laws and regulations in relation to the remittance. See "Risk Factors — Risks Relating to Our Industry — PRC government policies, regulations and measures intended to curtail the overheating of the property market may adversely affect our business", "Risk Factors — Risks Relating to Our Industry — The PRC government has imposed restrictions on the ability of PRC property developers to receive offshore funds which may delay or prevent us from deploying the funds raised in this offering to our business in China and therefore materially and adversely affect our liquidity and our ability to fund and expand our business" and "Summary of PRC Laws Relating to the Property Sector — I. Legal Supervision Relating to Property Sector in the PRC — B. Foreign-invested Property Enterprises" in Appendix VII to this prospectus for further details.

Summary of Our Continuing Connected Transactions and Connected Transaction

We have entered into the following agreements which will continue after the Listing Date and thus will constitute continuing connected transactions or a connected transaction for us under the Listing Rules. The table below gives a summary of these transactions.

Transaction	Connected relationship	Nature of connected transaction	Goods/services provided	Annual Caps for year ending December 31,	Duration of agreement
Loan provided by Fantasia Group (China) to Dongguan Zuoting Youyuan	Financial assistance to an associate of Tianjin Songjiang Group, a Connected Person	Connected Transaction	Loan to an associate of a connected person	For the amount of RMB55,000,000 plus interest	Agreement dated October 31, 2006 and until after designated sales target has been achieved
Tenancy agreement between Shenzhen Fantasia Investment and Xi Fu Hui in relation to a community club (Unit 101) at Self Life (趣園), Shenzhen	Ms. Zeng, a Director and one of our Controlling Shareholders as one of the ultimate owners of the connected party	Continuing Connected Transaction	Lease of a community club (Unit 101) at Self Life (趣園), Shenzhen	2009: RMB300,552 2010: RMB300,552 2011: RMB300,552 2012: RMB300,552	From January 1, 2008 until December 31, 2012
Management services agreement in relation to San Jiao Zhou Island made between San Jiao Zhou and Shenzhen Colour Life Network	Ms. Zeng, a Director and one of our Controlling Shareholders as one of the ultimate owners of the connected party	Continuing Connected Transaction	Advertising, consultancy and management services in respect of the operation of San Jiao Zhou	2009: HK$880,000 2010: HK$980,000	From January 1, 2008 until December 31, 2010
Design agreement in relation to Shenzhen Love Forever (深圳花郡) between Shenzhen Fantasia Investment and Cube Architecture	Ms. Zeng, a Director and one of our Controlling Shareholders as the ultimate owner of 31% of the connected party	Connected Transaction	Architectural design services in respect of Shenzhen Love Forever (深圳花郡)	N.A.	Agreement dated May 15 2009 and until the end of project
Guarantees for mortgage loans granted to employees	Financial assistance to certain Directors and directors of our subsidiaries	Continuing connected transaction	Guarantees for mortgages	Less than 0.1% of the relevant percentage ratios prescribed under Chapter 14A of the Listing Rules	N.A.

Details of the abovementioned continuing connected transactions and connected transaction are set out below. None of them are subject to further announcement or waiver requirements under the Listing Rules.

DZY Loan

According to the DZY Loan Agreement, it is noted that Dongguan Zuoting Youyuan was set up as a project company for the construction of the project, Zuoting Youyuan (左庭右院). The amount of the registered capital of Dongguan Zuoting Youyuan is RMB18,000,000 and of this, approximately 37.5% equity interest is owned by one of the Group's wholly owned subsidiary, Fantasia Group (China), and the remaining approximately 62.5% equity interest is owned by Shenzhen Meijiangnan.

Dongguan Zuoting Youyuan is an associate of Tianjin Songjiang Group, a substantial shareholder of one of our subsidiaries, Tianjin Songjiang-Fantasia.

Pursuant to the DZY Loan Agreement and the DZY Loan Assignments, until August 20, 2006, Shenzhen Tiankuo and Shenzhen Meijiangnan had provided the DZY Fantasia Loan of RMB55,000,000 and the DZY Meijiangnan Loan of RMB93,750,000 respectively to Dongguan Zuoting Youyuan in relation to the working capital for the property construction and development project, Zuoting Youyuan (左庭右院). In other words, the respective investors in Dongguan Zuoting Youyuan had procured the advance of loans to Dongguan Zuoting Youyuan roughly pro rata to their capital contribution and in the case of our loan, it was slightly less than our pro rata equity share. The principal amount of both loans are re-payable within 7 days from the day where 90% of the GFA of the project Zuoting Youyuan (左庭右院) has been sold, which is expected to be around the end of 2012. Based on a confirmation by Shenzhen Huaqianli, the amount of interest on the DZY Fantasia Loan was subsequently fixed at RMB14,338,800 for the term of the loan and this amount is payable within 15 days after the day of completion of the above project, which is expected to be around 2011. Our Directors are of the view that the DZY Loan Agreement is on normal and commercial terms.

As the DZY Fantasia Loan is for the benefit of an associate of one of the substantial shareholder's of one our subsidiaries and the consideration ratio is less than 2.5%, the provision of such loan constitutes a connected transaction of the Company which, having taken into account the disclosure in this prospectus, is not subject to further announcement and independent shareholders' approval requirements pursuant to the Listing Rules.

Xi Fu Hui Tenancy Agreement

Shenzhen Fantasia Investment is our subsidiary. Xi Fu Hui (a company ultimately controlled by Ms. Zeng and therefore her associate) is a connected person of the Company as Ms. Zeng is our executive Director and one of our Controlling Shareholders.

Xi Fu Hui entered into the Xi Fu Hui Tenancy Agreement with Shenzhen Fantasia Investment on August 31, 2008, pursuant to which Shenzhen Fantasia Investment as landlord has agreed to lease to Xi Fu Hui as tenant a community club (Unit 101) with a total gross floor area of approximately 1,252.3 square meters in a 24-storey residential building known as Self Life (趣園) for a term of five years from January 1, 2008 to December 31, 2012. Self Life (趣園) is located at the junction of Fuhua Road and Binhe Road, Futian District, Shenzhen City, Guandgong Province, PRC. The monthly rent, exclusive of management fees, water and electricity charges, payable by Xi Fu Hui to Shenzhen Fantasia Investment is RMB25,046. The Xi Fu Hui Tenancy Agreement was entered in the arm's length basis and referenced to market value and the location of rental premises at the time of the signing of the Xi Fu Hui Tenancy Agreement.

The Xi Fu Hui Tenancy Agreement will terminate on December 31, 2012. Thereafter, we shall comply with the applicable requirements under Chapter 14A of the Listing Rules.

For the year ended December 31, 2008, the annual rental paid by Xi Fu Hui to Shenzhen Fantasia Investment amounted to RMB300,552 which represented 0.026% of all the Group's revenues.

Since the amounts payable annually are less than HK$1 million, it constitutes a continuing connected transaction for the Company which is not subject to further announcement and independent shareholders' approval requirements pursuant to the Listing Rules.

San Jiao Zhou Island Management Services Agreement

Shenzhen Colour Life Network is our subsidiary. San Jiao Zhou (a company ultimately controlled by Ms. Zeng and therefore her associate) is a connected person of the Company as Ms. Zeng is our executive Director and one of our Controlling Shareholders.

San Jiao Zhou entered into the San Jiao Zhou Island Management Services Agreement with Shenzhen Colour Life Network on January 1, 2008 pursuant to which Shenzhen Colour Life Network has agreed to provide certain advertising, consultancy and management services to San Jiao Zhou in respect of the operation of San Jiao Zhou Island (三角洲海島). The amount of the management fees Shenzhen Colour Life Network has agreed to pay San Jiao Zhou is based on 10% of the targeted net cash flow (after deducting all costs, fees and taxes) of San Jiao Zhou. Once the target net cash flow of San Jiao Zhou reaches RMB1 million, RMB1.2 million and RMB1.4 million for each of the year ended December 31, 2008, 2009 and 2010, respectively, the management fees of 10% of the target cash flow becomes payable to Shenzhen Colour Life Network and in any event the annual amount of management fees shall not exceed an amount equivalent to HK$780,000, HK$880,000 and HK$980,000, respectively. If the abovementioned annual target net cash flow is not met for a particular year, then San Jiao Zhou shall pay Shenzhen Colour Life management fees equivalent to HK$300,000 for the respective year. For the period ended December 31, 2008, San Jiao Zhou was not expected to be profit making and therefore the management fees were negotiated on a cash flow basis, which the Company believes is to its benefit.

The San Jiao Zhou Island Management Services Agreement will terminate on December 31, 2010. Thereafter, we shall comply with the applicable requirements under Chapter 14A of the Listing Rules.

For the year ended December 31, 2008, provision of such management services by Shenzhen Colour Life Network to San Jiao Zhou amounted to approximately RMB400,000 which represented 0.034% of all the Group's revenues.

Our Directors estimate that the maximum amount of fees for management services provided by Shenzhen Colour Life Network to San Jiao Zhou pursuant to the San Jiao Zhou Island Management Services Agreement will not exceed HK$880,000 and HK$980,000 for each of the years ending December 31, 2009 and 2010.

Since each of the percentage ratios (other than the profits ratio) for the annual amount of management services under the San Jiao Zhou Island Management Services Agreement will be less than 0.1%, the provision of management services by Shenzhen Colour Life Network constitutes continuing connected transactions for the Company which are exempt from the reporting, announcement and independent shareholders' approval requirements pursuant to the Listing Rules.

Cube Architecture Design Agreement

Shenzhen Fantasia Investment is our subsidiary. Cube Architecture (a company ultimately controlled by Ms. Zeng and therefore her associate) is a connected person of the Company as Ms. Zeng is an executive Director and one of the Controlling Shareholders.

Cube Architecture entered into the Cube Architecture Design Agreement with Shenzhen Fantasia Investment on May 15, 2009, pursuant to which Cube Architecture has agreed to provide architectural design services to Shenzhen Fantasia Investment in respect of the development of Shenzhen Love Forever (深圳花郡) a residential community project. The total amount of the design service fees Shenzhen Fantasia Investment agreed to pay Cube Architecture is RMB180,000 payable by installments. The Cube Architecture Design Agreement was entered in the arm's length basis and referenced to market value.

The Cube Architecture Design Agreement will terminate once the design has been confirmed by the engineers of Shenzhen Fantasia Investment.

As services provided by Cube Architecture is on a project by project basis, we shall comply with the applicable requirements under Chapter 14A of the Listing Rules for future transactions between the Group and Cube Architecture.

Guarantees for mortgage loans granted to employees

As of the Latest Practicable Date, we had sold our properties to employees of the Group, including our Directors and certain directors of our subsidiaries. Such sales were on normal commercial terms save that a discount of not more than 4% was applied in line with policies applicable to all employees of the Group. In line with industry practice, our Company provides guarantees in favour of the banks that grant mortgage financing to the purchasers of our properties. In some cases where our related parties have purchased properties from us and we have guaranteed their mortgages, as at the Latest Practicable Date, the amount guaranteed did not exceed 0.1% of the ratios prescribed under Chapter 14A of the Listing Rules in respect of each related party. After the Listing Date, any such new transactions will be subject to the disclosure and other requirements of the Listing Rules relating to connected transactions.

Previous transactions with related parties

During the Track Record Period, we entered into various related party transactions that are set forth in the section entitled "Related Party Transactions" in Appendix I to this prospectus. The Directors are of the opinion that these transactions were conducted in the ordinary and usual course of our business and, save for the sale of property referred to below, were on normal commercial terms. In March 2008, we disposed of a residential property in Hong Kong to Ms. Zeng at a consideration of HK$9.6 million (or RMB8.4 million), being the cost of acquisition. This Hong Kong property that is for the sole use of our Directors was transferred to Ms. Zeng because it is not our principal business to invest in private residential property in Hong Kong. Other subsidiaries transferred to related parties during the Track Record Period were not considered as core to our principal businesses. The majority of such companies were marginally loss making for the financial year prior to their disposal.

On or about October 12, 2009, Fantasia Group (China) entered into an advertising agreement with our associate, Beijing Tonglu Tiandi, in relation to television advertisements on the Chinese Channel (中文台) and InfoNews Channel (資訊台) of Phoenix TV, operated by the subsidiaries of Phoenix Satellite Television Holdings Limited. Beijing Tonglu Tiandi is 51% indirectly owned by Shenzhen Tiankuo, and the remaining 49% equity interest is owned by Lv Lin (呂磷), Ms. Zeng's mother. The service provided by Beijing Tonglu Tiandi is on a one-off basis and will end prior to Listing. The Directors are of the view such services were on normal commercial terms. After the Listing Date, any new transactions between the Group and Beijing Tonglu Tiandi will be subject to the disclosure and other requirements of the Listing Rules relating to connected transactions.

REGULATORY OVERVIEW OF THE PRC REAL ESTATE INDUSTRY

Real estate reform in the PRC commenced in the 1990s, prior to which the PRC government provided housing for its urban population. The PRC government owned, and was responsible for the development of, all property in the PRC. In the 1990's, China's real estate and housing sector began its transition to a market-based system. A brief timeline of key housing reforms is set out below:

1988	The PRC government amended the Constitution of the PRC to permit the transfer of state-owned land use rights
1991	Public housing sales in major cities commenced
1994	The PRC government implemented further reforms and established an employer/ employee funded housing fund
1995	The PRC government issued regulations regarding the sales and pre-sales of property, thereby establishing a regulatory framework for property sales
1998	The PRC government abolished state-allocated housing policies
	The Guangdong government issued regulations on the administration of pre-sales of commodity properties in Guangdong Province
1999	The PRC government extended the maximum mortgage term to 30 years
	The PRC government increased the maximum mortgage financing from 70% to 80%
	The PRC government formalized procedures for the sale of real property in the secondary market
	The PRC government promulgated the Measures on Disposing Idle Land (閒置土地處置辦法)
2000	The PRC government issued regulations to standardize the quality of construction projects, establishing a framework for administering construction quality
2001	The PRC government issued regulations relating to sales of commodity properties
2002	The PRC government promulgated the Rules Regarding the Grant of State-Owned Land Use Rights by Way of Tender, Auction and Listing-For-Sale (招標拍賣掛牌出讓國有土地使用權規定)
	The PRC government eliminated the dual system for domestic and overseas home buyers in China
2003	The PRC government promulgated rules for more stringent administration of property loans with a view to reducing the credit and systemic risks associated with such loans
	The State Council issued a notice for sustained and healthy development of the property market
2004	The CBRC issued the Guidelines for Commercial Banks on Risks of Real Estate Loans (商業銀行房地產貸款風險管理指引) in order to further strengthen risk management of commercial banks, tightening regulations governing mortgage lending and restricting approval of new large-scale development zones
	The State Council issued a notice requiring real estate developers to finance 35% instead of 20% of the total projected capital outlay of any property development with their capital funds
2005	The State Council issued a notice requiring municipal governments and relevant authorities to curb the rapid growth in selling prices in an effort to sustain healthy development of the property market
	Measures to eliminate speculation in regional markets were implemented, including increasing the minimum down payment to 30% of the purchase price, retracting the preferential mortgage interest rate for residential housing, enforcing a limit on the amount of monthly repayments for individual mortgage loans, imposing a business tax for sales within two years of purchase, and prohibiting the resale of properties prior to their completion

	Policies to strictly enforce the imposition of a land idle fee for land which has not been developed for one year or longer and cancellation of land use rights for land idle for two years or longer, and to stop and cancel projects not in compliance with the planning permits
2006	The PRC government introduced measures to slow the rapid economic growth of the economy, with a particular emphasis on high growth sectors including the property market
	Policy announcements aimed at discouraging excessive growth in the high-end residential property market and stimulating growth in the affordable mass residential property markets were announced by the State Council and other related government agencies
	From May 30, 2006, banks were prohibited from providing loans to property developers whose total capital funds are less than 35% of the total investment amount in an intended development project
	Restrictions on the land supply for high-end residential property developments were put in place by the MLR from May 30, 2006
	Additional measures to adjust the housing supply structure and curb soaring housing prices, including: (1) the requirement that the ratio of residential housing with a GFA of less than 90 square meters reach more than 70% of the total GFA for development and construction; (2) a business tax of 5% being levied on the value of the sale of residential housing purchased and held for less than five years.
2007	Measures aimed at strengthening the collection of land appreciation tax implemented by the SAT took effect from February 1, 2007
	Local branches of SAFE ceased to process any foreign debt registration application or conversion of foreign debt for any Real Estate FIE (including both newly incorporated enterprises and those which increased their registered capital) that obtained a Certificate of Approval from local MOFCOM authorities and completed registration with the central MOFCOM on or after June 1, 2007; all SAFE branches ceased to process foreign exchange registrations (or change registration) and the sale and settlement of foreign exchange under capital items for any Real Estate FIE that has obtained Certificate of Approval from local MOFCOM authorities, yet has not registered with the MOFCOM on or after June 1, 2007
2008	The State Council issued the Circular on Conservation of Intensive Land Use (關於促進節約集約用地的通知) aimed at promoting the economic and intensive use of land
	MOFCOM delegated provincial MOFCOM authorities the authority to register matters concerning foreign investment in real property projects after approving the legality, authenticity and accuracy of the project from July 1, 2008
	MOFCOM issued Several Opinions on Promoting the Sound Development of the Real Estate Market (關於促進房地產市場健康發展的若干意見), and set out certain policies intended to promote the construction of affordable residential housing, encourage the purchase of ordinary commodity houses for residential purposes and support real estate developers in dealing with changing market conditions
	In response to the global financial and economic crisis, the PBOC issued a circular which decreased the minimum amount of down payment for residential property purchases to 20% and reduced the minimum mortgage loan rates for such purchases to 70% of the benchmark interest rate.
2009	The State Council lowered the minimum capital requirement for affordable residential housing projects and ordinary commodity residential housing projects from 35% to 20%, and to 30% for other property projects; when providing credit financing services, financial institutions shall determine, at their own discretion, whether to grant a loan and the amount of the loan having regard to the minimum capital requirements as regulated by the state

All the land in the PRC is either state-owned or collectively owned, depending on the location of the land. In general, land in the urban areas of a city or town is state-owned, and land in the rural areas of a city or town and all rural land is, unless otherwise specified by law, collectively owned. The state has the right to reclaim land in accordance with law if required for the benefit of the public. Although all the land in the PRC is owned by the state or by collectives, private individuals and businesses and other organizations are permitted to hold, lease and develop land for which they are granted land use rights.

National legislation

Under the Provisional Regulations of the People's Republic of China on the Grant and Transfer of Land Use Rights over State-owned Urban Land (中華人民共和國城鎮國有土地使用權出讓和轉讓暫行條例) (the "Provisional Regulations on Grant and Transfer") promulgated by the State Council on May 19, 1990, a land user shall pay a premium to the State as consideration for the grant of the land use rights within certain terms, and a land user may transfer, lease, mortgage or otherwise commercially exploit the land use rights within the terms of use.

Grant

Under PRC law, land use rights can be granted by the state to the user to entitle the user to the exclusive use of a piece of land for a specified purpose within a specified term and on such other terms and conditions as may be prescribed. Under the Provisional Regulations on Grant and Transfer, all local and foreign enterprises are permitted to acquire land use rights unless the law provides otherwise. A premium is payable on the grant of land use rights. As set out in the following table, the maximum term for land use rights are specified depending on the purpose for which the land is used:

Use of land	Maximum Period in Years
Commercial, office, tourism, entertainment	40
Residential	70
Industrial	50
Education, science, cultural, health and sports	50
Mixed and others	50

Under PRC law, there are four methods by which land use rights may be granted, namely by agreement, tender, auction or listing-for-sale. See "Summary of PRC Laws Relating to the Property Sector — D. Development of a Property Project — (i) Land for property development" in Appendix VII to this prospectus for further details.

Where land use rights are granted by way of tender, auction or listing-for-sale, a public notice will be issued by the local land bureau to specify the location, area and purpose of use of the land; and the initial bidding price, period for receiving bids and terms and conditions upon which the land use rights are proposed to be granted. The land use rights are granted to the bidder with the highest bid who satisfies the terms and conditions. The successful bidder will enter into a land grant contract with the local land bureau and pay the relevant land premium within a prescribed period.

Upon signing the land grant contract, the grantee is required to pay the land premium pursuant to the terms of the contract and go through registration procedures with the relevant local land bureau for the issue of the land use rights certificate. The grantee may apply for a renewal at the expiration of the term of the grant, in which case, upon approval by the relevant local land bureau, a new contract is entered into to renew the grant, and a grant premium is payable. If the term of the grant is not renewed, the land use rights and ownership of any buildings erected on the land will revert to the state without compensation.

In order to control and facilitate the procedure for obtaining land use rights, several local governments have stipulated standard provisions for state-owned construction land use rights grant contracts. Such provisions generally include terms such as use of land, land premium and manner of payment, building restrictions including site coverage, total GFA and height limitations, constructions of public facilities, submission of building plans and approvals, deadlines for commencement and completion of construction, town planning requirements, restrictions against alienation before payment of premiums and completion of prescribed development and liabilities for breach of contract. After the execution of a land grant contract, any request by the land user to change the specified use of land will be subject to approvals from the relevant land bureau and the relevant urban planning department. Where approval is forthcoming, a new land grant contract may have to be signed and the land premium may have to be adjusted to reflect the value of the new use of the land. Registration procedures must be carried out immediately.

Transfers and leases

After land use rights relating to a particular parcel of land have been granted by the State, unless any restriction is imposed, the party to whom such land use rights have been granted may transfer, lease or mortgage such land use rights for a term not exceeding the term which has been granted. The difference between a transfer and a lease is that a transfer involves the vesting of the land use rights by the transferor in the transferee during the term for which such land use rights are vested in the transferor. A lease, on the other hand, does not involve a transfer of such rights by the lessor to the lessee. Furthermore, a lease, unlike a transfer, does not usually involve the payment of a premium, with rent generally being payable during the term of a lease. Land use rights cannot be transferred, leased or mortgaged in circumstances where the provisions with respect to the prescribed period, conditions of investment and development and use of the land under the land grant contract have not been complied with.

According to the Law of the People's Republic of China on the Administration of Urban Property (中華人民共和國城市房地產管理法) (the "Urban Property Law") promulgated by the Standing Committee of the National People's Congress and the Provisions on Administration of Transfer of Urban Property (城市房地產轉讓管理規定) promulgated by the MOC on August 7, 1995 and as amended in August 2007, a property owner may sell, bequeath or otherwise legally transfer property to another person or legal entity. When transferring a building, the ownership of the building and the land use rights to the site on which the building is situated are transferred simultaneously. The parties to a transfer shall enter into a property transfer contract in writing and register the transfer with the property administration authority having jurisdiction over the location of the property within 90 days of the execution of the transfer contract.

Under article 39 of the Urban Property Law, if land use rights are acquired by means of grant, the following conditions must have been met before the property may be transferred: (i) the premium for the grant of land use rights must have been paid in full in accordance with the land grant contract; (ii) a land use rights certificate must have been obtained; and (iii) investment or development as to the land must have been made or carried out in accordance with the terms of the land grant contract. In respect of condition (iii): (a) where the investment or development involves building construction projects, more than 25% of the total amount of investment or development must have been made or completed; and (b) where the investment or development involves a large tract of land, conditions for use of the land for an industrial or other construction purpose must have been confirmed.

All transfers and mortgages of land use rights must be evidenced by a written contract registered with the relevant local land bureau. Upon a transfer of land use rights, all rights and obligations contained in the contract pursuant to which the land use rights were originally granted by the state are deemed to be incorporated as part of the terms and conditions of such transfer. Under article 38 of the Urban Property Law promulgated by the Standing Committee of the National People's Congress on July 5, 1994 and revised in August 2007, real estate property that has not been registered and for which a title certificate has not been obtained in accordance with the law cannot be transferred. Under the Measures for the Administration of Leases of Property in Urban Areas (城市房屋租賃管理辦法) promulgated by the MOC on May 9, 1995 and in effect from June 1, 1995, the parties to a lease of a building shall enter into a lease contract in writing.

Termination

A grant of land use rights terminates upon the expiry of the term of grant specified in the land grant contract and the resumption by the state of that right.

The State will generally not withdraw a grant of land use rights before the expiration of the term of the grant. If the State does withdraw a grant for some special reason, such as where the public interest demands, it must offer proper compensation to the land user.

A land user may apply for renewal of the land use rights and, if the application is granted, the land user is required to enter into a new land grant contract, pay a premium and effect appropriate registration for the renewal of the grant.

Document of Title

There are two registers for real estate property in the PRC; one for land registration and one for property registration. Land registration is acknowledged by the issue to the land user of a land use rights certificate by the local governments. It is the evidence that the land user has obtained land use rights which can be transferred, mortgaged or leased. Property registration is acknowledged by the issue of a real estate certificate to the owner. It is the evidence that the owner has obtained building ownership rights in respect of the buildings erected on that piece of land. According to the Law of Land Administration (中華人民共和國土地管理法) (the "Land Law") promulgated by the Standing Committee of the National People's Congress on June 25, 1986, and as amended on August 28, 2004, and the Rules on Registration of Real Estate Property (房屋登記辦法) promulgated by the MOC on February 15, 2008, and implemented as from July 1, 2008, all duly registered land use rights and building ownership rights are protected by the law. Real estate and land registries have been established in the PRC in connection with these registration systems. In most cities in the PRC, the above systems are maintained separately. However, in Shanghai, Shenzhen and Guangzhou, the two systems have been consolidated and a single composite real estate and land use rights certificate will be issued evidencing both the land use rights and the ownership rights of the buildings erected on the land.

REAL ESTATE DEVELOPMENT

Foreign investment in real estate development

Under the Foreign Investment Industrial Guidance Catalogue (外商投資產業指導目錄) amended jointly by the MOFCOM and the NDRC in October 2007 and effective as of December 1, 2007, foreign investment in the following areas is subject to restriction: the development of a whole land lot; the construction and operation of high-end hotels, villas, premium office buildings, international conference centers and large theme parks; transactions in the real estate secondary market; and investment in real estate intermediary or broker companies. Foreign investment in other areas relating to real estate development is permitted.

A foreign investor intending to engage in the development and sale of real estate may establish a wholly foreign owned enterprise, equity joint venture or cooperative joint venture in accordance with the Law of the PRC on Wholly Foreign-owned Enterprises (中華人民共和國外資企業法), the Law of the PRC on Sino-Foreign Equity Joint Ventures (中華人民共和國中外合資經營企業法) or the Law of the PRC on Sino-Foreign Cooperative Joint Ventures (中華人民共和國中外合作經營企業法), respectively.

New regulations aimed at regulating the entry of foreign investment in the real estate market

From July 2006, several Ministries implemented a series of regulations aimed at strengthening and further regulating the approval, entry and administration process for foreign direct investment in the real estate market. See "Summary of PRC Laws Relating to the Property Sector — B. Foreign-invested Property Enterprises" in Appendix VII to this prospectus for further details.

Real estate developer

According to the Urban Property Law, a real estate developer is defined as an enterprise which engages in the development and sale of real estate for the purpose of making profits. Under the

Regulations on the Administration of Urban Real Estate Development (城市房地產開發經營管理條例) (the "Development Regulations") issued by the State Council on July 20, 1998, an enterprise which is to engage in the development of real estate must have a registered capital of at least RMB1 million and must employ at least four professional real estate/construction technicians and at least two accounting officers, each of whom shall hold the relevant qualification certificate. The Development Regulations also stipulate that the local government of a province, autonomous region or municipality directly under the central government may, base on local circumstances, impose more stringent requirements in respect of the minimum registered capital and the number or qualifications of professional of a real estate developer. For details specific to Guangdong, Shenzhen, Sichuan, Tianjin and Yixing, see "Summary of PRC Laws Relating to the Property Sector — A. Establishment of a Property Development Enterprise" in Appendix VII to this prospectus.

To establish a real estate development enterprise, the promoter should apply for registration with the Administration for Industry and Commerce at the county level or above. The real estate developer must also report its establishment to the real estate development authority in the location of the registration authority within 30 days upon the receipt of its business license.

Under the Provisions on the Administration of Qualifications of Real Estate Developers (房地產開發企業資質管理規定) (the "Provisions on the Administration of Qualifications") promulgated by the MOC and implemented on March 29, 2000, a real estate developer must apply for a qualification certificate and an enterprise may not engage in development and sale of real estate without such qualification certificate. The construction authority under the State Council oversees the qualifications of real estate developers throughout the country, and the real estate development authority under a local government on or above the county level shall oversee the qualifications of local real estate developers. A developer that passes the qualification examination will be issued a qualification certificate of the relevant class by the qualification examination authority.

Land for real estate development

According to the Land Law and the Implementation Rules of the Law of the People's Republic of China on Land Administration (中華人民共和國土地管理法實施條例) promulgated by the State Council in December 1998, the state regulates and controls the use of land, the land register and the system of the issuance of land certificates. When an approved construction project involves the use of state-owned land, the construction entity should first apply to the land administration authorities of county level or higher that have the authorization to approve projects on construction land by submitting the requisite documents as prescribed by relevant laws and regulations. After examination by the local land administration authorities, the application must be reported to and approved by the government of the same level. Where the occupation of land for construction purposes involves the conversion of agricultural land into construction land, specific examination and approval procedures must be undertaken.

The Urban Property Law and the Development Regulations both provides that, except for land use rights which may be obtained through appropriation pursuant to PRC laws or the stipulations of the State Council, land for property development shall be obtained by means of grant.

Prior to the acquisition of land use rights, a real estate developer may carry out a feasibility study for a proposed construction project on the land to be acquired. When carrying out the feasibility study for a proposed construction project, a construction entity shall, in accordance with the Administrative Measures for Examination and Approval of Use of Land for Construction (建設用地審查報批管理辦法) and the Administrative Measures for the Pre-Examination on the Use of Land for Construction Projects (建設項目用地預審管理辦法) promulgated by the MLR in March 1999 and in July 2001 respectively (and amended in 2004 and 2008), make a preliminary application for construction on the relevant site at the land administration authority of the same level as the project approval authority. After receiving the preliminary application, the land administration authority shall carry out preliminary approval of various matters relating to the proposed construction project in compliance with the overall zoning plans and land supply policy of the state, and shall then issue a preliminary approval report in respect of the project site. The preliminary approval report is the requisite document of approval for the proposed construction project. The land administration authority under the people's government of the relevant city or county may then enter into a land use rights grant contract with the land user and issue a notice of approval for construction projects to the construction entity.

The Regulations on the Grant of State-owned Land use Rights through Competitive Bidding, Auction and Listing-for-Sale (招標拍賣掛牌出讓國有土地使用權規範), provide that competitive bidding for land use rights involves the issue by the relevant land administration authority (the "grantor") of a bidding announcement, pursuant to which individuals, legal persons or other organizations (whether specified or otherwise) are invited to participate in a tender for the land use rights of a particular parcel of land. The successful bidder is determined according to the results of the tender. Auction for land use rights is where the grantor issues an auction announcement, and the bidders can at a specified time and location openly bid for a parcel of land. Listing-for-sale is where the grantor issues a listing-for-sale announcement, and in accordance with the announcement, the grant conditions of the land use right are listed at a specified land grant exchange during a specified period. Bidders list their payment applications in response to the conditions, and the successful bidder is determined at the end of such listing period. According to the Measures on Disposing Idle Land (閒置土地處置辦法) promulgated by the MLR on April 28, 1999, with respect to land which is obtained by grant and is within the scope of city planning, if the construction work has not yet started after one year from the granting of the relevant approvals and since the duration in which construction may be commenced has elapsed, a fine for idle land which is equivalent to less than 20% of the assignment price may be imposed on the land user. If the construction work has not started after two years have elapsed, the right to use the land can be taken back by the PRC government without any compensation. However, the above sanctions shall not apply when the delay in commencement of construction is caused by force majeure or acts of government or indispensable preliminary work before commencement of construction.

Project Planning and Pre-construction

The Development Regulations provide that a real estate development project may be carried out having regard to an overall land use plan, annual construction land schedule, applicable municipal zoning plans and an annual property development scheme. Those projects which should be approved by the planning control authorities in accordance with the relevant rules should also be included in the annual planning of the investment in fixed assets. Under the State Council's Notice on Stringent Control Over High Class Real Estate Development Projects (國務院關於嚴格控制高檔房地產開發項目的通知) issued by the State Council in May 1995, project proposals and commencement of works shall be subject to approval by the State Development Planning Commission (now known as NDRC) in respect of high class real estate projects with a total GFA of more than 100,000 square meters, projects with a total investment of more than RMB200 million and foreign invested high class real estate projects with a total investment of US$30 million or more. For high class real estate projects with a total GFA of more than 20,000 square meters but less than 100,000 square meters, or projects with a total investment of more than RMB30 million but less than RMB200 million, the project proposal and commencement of works shall be subject to approval by the Development Planning Commission of the relevant province, autonomous region, municipality directly under the central government or separate-planning city and the submission of a report to the State Development Planning Commission. A high class real estate project with foreign investment of more than US$100 million is subject to approval by the State Council based on the recommendation of the State Development Planning Commission.

According to the Measures for the Control and Administration of the Assignment and Transfer of the Right to Use of Urban State-owned Land (城市國有土地使用權出讓轉讓規劃管理辦法) promulgated by the MOC on December 4, 1992 and implemented on January 1, 1993 and the Notice of the Ministry of Construction on Strengthening the Planning Administration of the Assignment and Transfer of the Right to the Use of State-owned Land (建設部關於加強國有土地使用權出讓規劃管理工作的通知) promulgated by the MOC and implemented on December 26, 2002, after signing the grant contract of land use rights, a property developer shall apply for a construction land planning permit from the municipal planning authority. Once a construction land planning permit has been obtained, a real estate developer shall organize the necessary survey, planning and design work. Once these are in line with relevant planning and design requirements, the developer may apply for a construction works planning permit from the municipal planning authority.

In accordance with the Regulations for the Administration of Demolition and Removal of Urban Housing (城市房屋拆遷管理條例), which were promulgated by the State Council on June 13, 2001, upon obtaining approvals for a construction project, a construction land planning permit and approvals for State-owned land use rights; a developer must prepare a demolition and relocation plan as well as proof issued by a financial institution evidencing the proper payment of compensation to displaced inhabitants. Application must then be made to the municipal or county people's government of the place where the real estate is located (i.e. the Administration Bureau of State-owned Land Resources and Housing of the relevant city, district or county) for a property demolition and removal permit. Upon the granting of an approval and the issuance of the permit, the real estate administration department shall issue a demolition and removal notice to the inhabitants of the area to be demolished. The demolition and removal party shall implement the demolition and removal within the area and period specified in the property demolition and removal permit. If the demolition and removal party fails to complete the demolition and removal works within the permitted period, it shall, within 15 days prior to the expiry of the permit, apply to the original approval authority, which means local government, for an extension.

Construction

After a real estate developer has obtained the construction land planning permit and the construction works planning permit, the site is ready for the commencement of construction works. On the basis that the progress of demolition and relocation of existing buildings complies with the relevant requirements and funding for the construction project is available, the real estate developer shall, in accordance with the Measures for the Administration of Construction Works Commencement Permits for Construction Projects (建築工程施工許可管理辦法) promulgated by the Ministry of Construction on October 15, 1999 and as amended and implemented on July 4, 2001, apply for a construction works commencement permit from the construction authority under the local people's government at the county level or above.

Completion

According to the Development Regulations, the Regulation on the Quality Management of Construction Projects (建設工程質量管理條例) promulgated by the State Council on January 30, 2000, the Interim Measures for Reporting Details Regarding Acceptance Examination Upon Completion of Buildings and Municipal Infrastructure (房屋建築工程和市政基礎設施工程竣工驗收備案管理暫行辦法) promulgated by the MOC in April 2000 and the Interim Provisions on Acceptance Examination Upon Completion of Buildings and Municipal Infrastructure (房屋建築工程和市政基礎設施工程竣工驗收暫行規定) promulgated by the MOC on June 30, 2000, after completion of a construction project, the property developer shall apply for an acceptance examination to the property development authority under the people's government at the county level or above. For residential housing or other building complex projects, a comprehensive completion inspection shall be conducted upon completion of the whole project and where such a project is developed in phases, a completion inspection may be carried out for each completed phase. The real estate developer should register the project completion inspection and acceptance within 15 days from passing the completion inspection, after which time a completion inspection report shall be prepared and filed with the relevant government authority.

Sales and Pre-sales

Under the Regulatory Measures on the Sale of Commodity Buildings (商品房銷售管理辦法) promulgated by the MOC on April 4, 2001 and implemented on June 1, 2001, the sale of commodity buildings can include both pre-completion sales (pre-sales) and post-completion sales.

(a) Permit for Pre-sales of Commodity Buildings

According to the Development Regulations and the Measures for the Administration of the Pre-sale of Commodity Buildings (城市商品房預售管理辦法) (the "Pre-sale Measures") promulgated by the MOC on November 15, 1994 and as amended on August 15, 2001 and July 20, 2004, the pre-sale of commodity buildings shall be subject to a licensing system. A property developer intending to sell a commodity building before its completion shall make the necessary pre-sale registration with the property development authority of the relevant city or county to obtain a pre-sale permit. A commodity building may be sold before completion only if: a) the assignment price has been paid in full for the assignment of the land use rights involved and a land use rights certificate has been obtained; b) a construction works planning permit and a construction works commencement permit have been obtained; c) the funds invested in the development of commodity buildings eligible for pre-sales represent at least 25% of the total investment in the project and the progress of works and the completion and delivery dates have been ascertained; and d) the pre-sale has been registered and a permit for the pre-sale of commodity buildings has been obtained.

For details specific to Guangdong, Shenzhen, Sichuan, Tianjin and Yixing, see "Summary of PRC Laws Relating to the Property Sector — E. Transfer and Sale of Property — (ii) Sale of commodity buildings — (a) Permit of Pre-sale of Commodity Buildings" in Appendix VII to this prospectus.

(b) Supervision of pre-sale income of commodity buildings

According to the Pre-sale Measures, the income of a property developer from the pre-sale of commodity buildings must be used for the construction of the relevant projects. The specific measures for the supervision of the income from the pre-sale of commodity buildings shall be formulated by the property administrative authorities.

(c) Conditions on the sale of post-completion commodity buildings

Under the Pre-sale Measures, commodity buildings may be put to post-completion sale only when the following preconditions have been satisfied: a) the property development enterprise shall have a business license and a qualification certificate of a property developer; b) the enterprise shall obtain a land use rights certificate and other approval documents related to land use; c) the enterprise shall have a construction works planning permit and a construction works commencement permit; d) The commodity building shall have been completed, inspected and accepted; e) the original residents shall have been well settled after their relocation; f) the essential facilities for the supply of water, electricity, heating, gas, communication etc. shall have been installed and ready for use, and other essential facilities and public facilities shall have been made ready for use, or the schedule of construction and delivery date shall have been specified; g) and the property management plan shall have been completed.

Before the post-completion sale of a commodity building, a property developer shall submit the Property Development Project Manual and other documents evidencing the satisfaction of the preconditions for post-completion sales to the property development authority.

(d) Regulations on transfer of commodity buildings

According to the Development Regulations and the Pre-sale Measures, for any pre-sale of a commodity building, the developer shall sign a contract for the pre-sale with the purchaser. Within 30 days of signing the contract, the developer shall apply for registration and filing of the pre-sale commodity building to the relevant property administration authorities.

See "Summary of PRC Laws Relating to the Property Sector — E. Transfer and Sale of Property — (ii) Sale of commodity buildings — (d) Regulations on transactions of commodity buildings" in Appendix VII to this prospectus for further details.

Mortgages of real estate

In accordance with the Urban Property Law, the Guarantee Law of the People's Republic of China (中華人民共和國擔保法) promulgated by Standing Committee of the National People's Congress on June 30,1995 and implemented on October 1, 1995, and the Measures on the Administration of Mortgages of Property in Urban Areas (城市房地產抵押管理辦法) promulgated by the MOC in May 1997 and as amended on August 15, 2001, when a mortgage is lawfully created over a building, a mortgage is simultaneously created on the land use rights of the land on which the building is situated. In the case that a mortgage is created over the land use rights of State-owned land acquired through means of grant, the buildings on the land shall also be mortgaged. The land use rights owned by town and village enterprises cannot be mortgaged; however, when buildings owned by town and village enterprises are mortgaged, the land use rights over the land occupied by the buildings shall also be mortgaged. The mortgagor and the mortgagee must sign a mortgage contract in writing. Within 30 days after a property mortgage contract is signed, the parties to the mortgage must register the mortgage with the property administration authority at the location where the property is situated. A property mortgage contract comes into effect on the date of registration of the mortgage. If a mortgage is created on the property in respect of which a house ownership certificate has been obtained, the registration authority shall make an entry under the "third party rights" item on the original house ownership certificate and then issue a certificate of third party rights to the mortgagee. If a mortgage is created on a pre-sale or under-construction commodity building, the registration authority shall record the details on the mortgage contract. If construction of a real property is completed during the term of a mortgage, the parties involved shall re-register the mortgage of the real property after issuance of the certificates evidencing the ownership of the property.

Recent measures on PRC property market

Over the past few years, property developers have invested heavily in the PRC property market, intensifying concerns that certain parts of the market have started to overheat. Since 2004, to reduce the growth rate of China's economy and achieve balanced and sustainable economic growth, the PRC central government implemented measures to control money supply, credit availability and fixed assets investment. The PRC central government also took measures to discourage speculation in the residential property market and to increase the supply of affordable housing to meet the needs of middle to low income families. In response to concerns over the scale and rate of the increase in real estate investment, the PRC government has introduced policies to restrict future real estate development, including:

- allowing banks to cap the amount of mortgage backed loans they are willing to provide depending on the market conditions of different regions, but setting a maximum amount of 80% of the purchase price;
- limiting the monthly mortgage payment to no more than 50% of an individual borrower's monthly income and limiting the total monthly debt repayments of an individual borrower to 55% of his or her monthly income;
- requiring that the minimum capital contribution of real estate developers be increased from 20% to 35% of the total projected capital outlay of any property development;
- increasing the required reserve ratio of funds that a commercial bank must hold on deposit from 7% to 14.5%, effectively reducing the amount of money a bank is able to lend; and
- tightening regulations governing mortgage lending and restricting approval of new development zones.

More recently, since 2008 the Chinese central government has implemented a series of policies intended to strengthen and improve the sound development of the real estate market, particularly the development and construction of affordable residential housing and regular commodity residential housing. Such policies include:

- reducing the minimum capital requirements for affordable residential housing and regular commodity residential projects from 35% to 20%; and reducing the minimum capital requirements of capital funding for other property projects to 30%;
- allowing financial institutions to determine, at their own discretion, whether to grant a loan and the amount having regard to the minimum capital requirements as regulated by the state;
- allowing individuals with an existing house with the per-person floor area smaller than the local average to buy a second apartment for self residence purposes under similar favourable loan terms to those that apply to first-time buyers;
- starting from November 1, 2008, temporarily reducing the deed tax rate for individuals buying their first ordinary residence with GFA of less than 90 square meters to a unified rate of 1% and temporarily exempting stamp duty and land appreciation tax for individuals selling or buying residential properties;
- temporarily introducing preferential policies on business tax related to the transfer of residential properties which will be effective until December 31, 2009;
- increasing credit financing services and financial support for real estate developers; and
- unifying building taxes by abolishing city building taxes and applying the Interim Regulations of the People's Republic of China on Building Tax to both domestic and foreign-funded enterprises and individuals.

See "Summary of PRC Laws Relating to the Property Sector — I. Legal Supervision Relating to the Property Sector in the PRC — F. Property Credit — K. Measures on Stabilizing Housing Price" in Appendix VII to this prospectus for further details.

DIRECTORS

Our Board is responsible and has general powers for the management and conduct of our business. The table below shows certain information in respect of the members of our Board:

Name	Age	Position
PAN Jun (潘軍)	38	Chairman, executive Director and chief executive officer
ZENG, Jie (曾寶寶)	38	Executive Director
FENG Hui Ming (馮輝明)	38	Executive Director
CHAN Sze Hon (陳思翰), ACCA, CPA	36	Executive Director, chief financial officer and company secretary
HO Man (何敏)	39	Independent non-executive Director
LIAO Martin Cheung Kong, JP (廖長江)	52	Independent non-executive Director
HUANG Ming (黃明)	45	Independent non-executive Director
XU Quan (許權)	67	Independent non-executive Director

DIRECTORS

Executive Directors

Mr. PAN Jun (潘軍), aged 38, is the chairman of our board, an executive Director, the chief executive officer, and a member of each of our Company's remuneration committee and nomination committee, respectively. He joined our Group in 1999 and is responsible for the overall operation of our Group's projects, the formulation of our development strategies, as well as supervising the project planning, business and operation management of our Group. He is also currently the president of Fantasia Group (China), the chairman of Xingyan Property Consultancy, the general manager of Shenzhen Fantasia Investment and the director of a number of the Group's subsidiaries. Mr. Pan has over 13 years of experience in the real estate development industry in China and prior to joining our Group, Mr. Pan was the project manager, the manager of the marketing department, the manager of the valuation department and the assistant to the general manager of World Union Real Estate Consultancy (Shenzhen) Ltd. (世聯地產顧問(深圳)有限公司). Mr. Pan obtained a Bachelor's degree in conservancy and hydropower engineering from Chengdu University of Science and Technology (成都科技大學) in 1992 and holds an EMBA degree from Tsinghua University. Mr. Pan is also a registered property valuer in China and a member of the Shenzhen Institution of Real Estate Appraisers (深圳市不動產估價學會). Mr. Pan was appointed as a Director on October 17, 2007.

Mr. Pan, through a wholly owned corporation, Graceful Star, has a 20% attributable interest in Fantasy Pearl, the Controlling Shareholder of the Company. Save as aforesaid, Mr. Pan has no interests in the Shares within the meaning of Part XV of the SFO. Save as disclosed above, Mr. Pan is independent from and not related to any other Directors, senior management, substantial shareholders or Controlling Shareholders of the Company. Mr. Pan has not held any directorship in any other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the past three years. Save as disclosed above, there is no other information which is required to be disclosed pursuant to any of the requirements under Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules nor are there any matters which need to be brought to the attention of the Shareholders in connection with Mr. Pan's appointment as an executive Director of our Company.

Ms. ZENG, Jie (曾寶寶), aged 38, is an executive Director of our Company. She is also the Chairlady of our Company's nomination committee. She has been involved in the property industry since 1995. After her 13 years of experience in senior management, entrepreneurship and management, she was recognized as one of "the leading figures of artistic property" (藝術地產掌門人) in 2001. From 1994 to 1996, Ms. Zeng was the general manager of Shenzhen Kingkey Property Development Company Limited (深圳京基房地產開發有限公司) and was responsible for the overall operations of property projects and the management of the company. In 1996, Ms. Zeng established Fantasia Group (China), and gradually became involved in property development, property management and agency services businesses. Since 2006, Ms. Zeng has been the chairlady of

Fantasia Group (China) and Shenzhen Fantasia Investment. She is also the director of a number of the Group's subsidiaries. She is one of the Controlling Shareholders and the largest Shareholder of the Company. Ms. Zeng is currently studying for an EMBA degree with Cheung Kong Graduate School of Management (長江商學院). Ms. Zeng was appointed as a Director on October 17, 2007.

Ms. Zeng is beneficially interested in 3,174,795,000 shares in the Company through Ice Apex. Save as aforesaid, Ms. Zeng has no interests in the Shares within the meaning of Part XV of the SFO. Save as disclosed above, Ms. Zeng is independent from and not related to any other Directors, senior management, substantial shareholders or Controlling Shareholders of the Company. Ms. Zeng has not held any directorship in any other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the past three years. Save as disclosed above, there is no other information which is required to be disclosed pursuant to any of the requirements under Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules nor are there any matters which need to be brought to the attention of the Shareholders in connection with Ms. Zeng's appointment as an executive Director of our Company.

Mr. FENG Hui Ming (馮輝明), aged 38, is an executive Director of our Company. He is also the vice president of Fantasia Group (China) and the director of a number of the Group's subsidiaries. Mr. Feng joined our Group in 2005 as a deputy general manager of Shenzhen Fantasia Investment and is primarily responsible for the investment management of our Group. Prior to joining our Group, he was the manager of the investment department and later the chief financial officer of Jia Zhao Ye Properties (Shenzhen) Co., Ltd. (佳兆業地產(深圳)有限公司) from 2003 to 2004 and the general manager of Suzhou Fuyin Investment Development Co., Ltd. (蘇州市富銀投資發展有限公司) from 2004 to 2005. Mr. Feng received a Bachelor's degree in forestry economics and management from Northeast Forestry University (東北林業大學) in 1993 and a Master's degree in economics from Zhongnan University of Economics and Law (中南財經大學) in 1996. Mr. Feng was appointed as a Director on November 4, 2008.

Mr. Feng has no interests in the Shares within the meaning of Part XV of the SFO. Save as disclosed above, Mr. Feng is independent from and not related to any other Directors, senior management, substantial shareholders or Controlling Shareholders of the Company. Mr. Feng has not held any directorship in any other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the past three years. Save as disclosed above, there is no other information which is required to be disclosed pursuant to any of the requirements under Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules nor are there any matters which need to be brought to the attention of the Shareholders in connection with Mr. Feng's appointment as an executive Director of our Company.

Mr. CHAN Sze Hon (陳思翰), ACCA, CPA, aged 36, is an executive Director and the chief financial officer of our Group. Mr. Chan joined our Group in March 2008 and is responsible for supervising the financial reporting, corporate finance, treasury, tax and other finance related matters of our Group. Mr. Chan is a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants and a fellow member of The Association of Chartered Certified Accountants. Mr. Chan holds a Bachelor of Arts Degree in Accountancy from City University of Hong Kong and a Master Degree in Corporate Finance from the Hong Kong Polytechnic University. He has over 13 years of experience in accounting and financial management and had worked for an international accounting firm in Hong Kong for over 8 years. He is currently a non-executive director of Greater China Holdings Limited (大中華實業控股有限公司) ("Greater China"), a company listed on the Main Board of the Stock Exchange. During the period from July 18, 2005 to October 12, 2008, Mr. Chan was an executive director of Greater China. Mr. Chan is also an independent non-executive director of China Mining Resources Group Limited (中國礦業資源集團有限公司), a company listed on the Main Board of the Stock Exchange, and an independent non-executive director of each of Blu Spa Holdings Limited (富麗花 • 譜控股有限公司) and ERA Holdings Global Limited (年代國際控股有限公司) respectively, both of which are listed on the Growth Enterprise Market of the Stock Exchange. Mr. Chan was appointed as a Director on November 4, 2008.

Mr. Chan has no interests in the Shares within the meaning of Part XV of the SFO. Save as disclosed above, Mr. Chan is independent from and not related to any other Directors, senior management, substantial shareholders or Controlling Shareholders of the Company. Save as disclosed above, Mr. Chan has not held any directorship in any other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the past three years. Save as disclosed above, there is no other information which is required to be disclosed pursuant to any of the requirements under Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules nor are there any matters which need to be brought to the attention of the Shareholders in connection with Mr. Chan's appointment as an executive Director of our Company.

Independent Non-executive Directors

Mr. HO Man (何敏), aged 39, is an independent non-executive Director. He is also the chairman of our Company's audit committee and a member of each of our Company's remuneration committee and nomination committee, respectively. Mr. Ho holds an EMBA degree from Tsinghua University, a Master of Science degree in Finance from the London Business School and is a Chartered Financial Analyst and Certified Public Accountant. Mr. Ho has over 13 years of experience in private equity and he has been responsible for deal sourcing, evaluation and structuring, negotiation, post investment monitoring and realization, with particular emphasis on Hong Kong and the PRC. Mr. Ho joined CLSA Capital Partners (HK) Limited ("CLSA") in August 1997 and until recently was the Managing Director, Head of China Growth and Expansion Capital of CLSA. Mr. Ho was a non-executive director and a member of the audit committee of SCUD Group Limited (飛毛腿集團有限公司), a company listed on the Main Board of the Stock Exchange, and a non-executive director and an audit committee member of Shanghai Tonva Petrochemical Co., Ltd. (上海棟華石油化工股份有限公司), a company listed on the Growth Enterprise Market of the Stock Exchange, until October 2009. Mr. Ho was appointed as an independent non-executive Director on October 12, 2009.

Mr. Ho has no interests in the Shares within the meaning of Part XV of the SFO. Save as disclosed above, Mr. Ho is independent from and is not related to any Directors, senior management, substantial shareholders or Controlling Shareholders of the Company. Mr. Ho does not hold any other position with the Company or its subsidiaries. Save as disclosed above, Mr. Ho has not held any directorship in any other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the past three years. Save as disclosed above, there is no other information to be disclosed pursuant to any of the requirements under Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules, nor are there any matters which need to be brought to the attention of the Shareholders in connection with Mr. Ho's appointment as an independent non-executive Director of our Company.

Mr. LIAO Martin Cheung Kong, JP (廖長江), aged 52, is an independent non-executive Director. He is also a member of each of our Company's audit committee, remuneration committee and nomination committee, respectively. Mr. Liao was appointed a Justice of the Peace in 2004. He is also a Deputy (representing Hong Kong) to the 11th National People's Congress of the People's Republic of China and a Member of the 11th Shanghai Municipal Committee of the Chinese People's Political Consultative Conference. In Hong Kong, Mr. Liao serves as a Part-time Member of the Central Policy Unit of the Government of the Hong Kong, Vice Chairman of the Hong Kong Council for Accreditation of Academic and Vocational Qualifications. Mr. Liao chairs the Appeal Board (Amusement Game Centres) and serves as a director on the board of directors of the Hong Kong Sports Institute Limited. He also sits on a number of other statutory and advisory bodies set up by the Hong Kong SAR Government and is active in community service. Mr. Liao graduated with a Bachelor of Economic Science degree and a Master of Laws degree from University College London. Mr. Liao was admitted to the Bar in England and Wales in 1984 and to the High Court of Hong Kong in 1985 and has been a practising barrister in Hong Kong since 1985. Mr. Liao is also an advocate and solicitor admitted to the Supreme Court of Singapore in 1992. Mr. Liao was appointed as an independent non-executive Director on October 12, 2009.

Mr. Liao has no interests in the Shares within the meaning of Part XV of the SFO. Mr. Liao is independent from and not related to any other Directors, senior management, substantial shareholders or Controlling Shareholders of the Company. He does not hold any other position with the Company or its subsidiaries. Mr. Liao has not held any directorship in any other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the past three years. Save as disclosed above, there is no other information which is required to be disclosed pursuant to any of the requirements under Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules nor are there any matters which needs to be brought to the attention of the Shareholders in connection with Mr. Liao's appointment as an independent non-executive Director of our Company.

Mr. HUANG Ming (黃明), aged 45, is an independent non-executive Director. He is also the chairman of the Company's remuneration committee and a member of each of our Company's audit committee and nomination committee, respectively. He has been a Professor of Finance at the Johnson Graduate School of Management at Cornell University since July 2005 and the Head of School of Finance of Shanghai University of Finance & Economics from 2006 to April 2009. Mr. Huang was an Assistant Professor of Finance at Stanford University, Graduate School of Business from 1998 to 2002. Mr. Huang was also the Associate Dean and visiting Professor of Finance and the Professor of Finance at the Cheung Kong Graduate School of Business (長江商學院) from 2004 to 2005 and since 2008 respectively. Mr. Huang graduated from Peking University in 1985 majoring in Physics. Mr. Huang then obtained a Ph.D in Physics and a Ph.D in Business from Cornell University and Stanford University respectively. Mr. Huang is a non-executive director of the Annuity Fund Management Board of China National Petroleum Corporation (中國石油天然氣集團年金理事會) and Aegon-Industrial Fund Management Co., Ltd. (興業全球人壽基金管理有限公司) since 2007 and 2008 respectively. Mr. Huang is currently on the editorial board of the American Economics Review (美國經濟評論). Mr. Huang was appointed as an independent non-executive Director on October 12, 2009.

Mr. Huang is an independent non-executive director and a member of each of the audit committee and remuneration committee of Yingli Green Energy Holding Company Limited, respectively, the securities of which are listed on the New York Stock Exchange. Mr. Huang has no interests in the Shares within the meaning of Part XV of the SFO. Save as disclosed above, Mr. Huang is independent from and not related to any other Directors, senior management, substantial shareholders or Controlling Shareholders of the Company. He does not hold any other position with the Company or its subsidiaries. Save as disclosed above, Mr. Huang has not held any directorship in any other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the past three years. Save as disclosed above, there is no other information which is required to be disclosed pursuant to any of the requirements under Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules nor are there any matters which need to be brought to the attention of the Shareholders in connection with Mr. Huang's appointment as an independent non-executive Director of our Company.

Mr. XU Quan (許權), aged 67, is an independent non-executive Director. He is also a member of each of our Company's audit committee, remuneration committee and nomination committee, respectively. Mr. Xu is a qualified real estate senior engineer and real estate valuer. Mr. Xu had later obtained a Postgraduate Programme Diploma in Shenzhen Real Property at Jinan University (暨南大學) in 1992. In 1993, Mr. Xu qualified as a real estate senior engineer (房地產高級工程師) and later in 1995, obtained his qualification as an individual member (個人會員) in the Guangdong Real Property Valuer Association (廣東省房地產估價師學會). Since 2003, Mr. Xu has been the Chairman of Shenzhen Real Estate Association (深圳市房地產業協會). Mr. Xu was appointed as an independent non-executive Director on October 12, 2009.

Mr. Xu has no interests in the Shares within the meaning of Part XV of the SFO. Mr. Xu is independent from and not related to any other Directors, senior management, substantial shareholders or Controlling Shareholders of the Company. Mr. Xu does not hold any other position with the Company or its subsidiaries. Mr. Xu has not held any directorship in any other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the past three years. Save as disclosed above, there is no other information which is required to be disclosed pursuant to any of the requirements under Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules nor are there any matters which need to be brought to the attention of the Shareholders in connection with Mr. Xu's appointment as an independent non-executive Director of our Company.

SENIOR MANAGEMENT

Mr. WANG Liang (王亮), aged 40, is the chief financial officer of Fantasia Group (China). Mr. Wang joined our Group in 2006 and is primarily responsible for financial reporting, corporate financial administration, tax and other financial related affairs of the Group, except for Hong Kong subsidiaries. Prior to joining our Group, he was the director of the financial management department of Huafu HK Co. Limited (香港華孚集團) and the general manager of the financial management department of one of its subsidiaries from 2005 to 2006, the assistant to general manager of the financial management department of Shenzhen Feishang Industry Group Co., Ltd. (深圳市飛尚實業發展(集團)有限公司) in 2005 and the deputy manager of the finance department of Shenzhen Southern Zhongji Containers Manufacture Co. Ltd. (深圳南方中集集裝箱製造有限公司) from 1994 to 2001. Mr. Wang received a Bachelor's degree in business economics (商業經濟學) from Yangzhou Normal University (揚州師範學院) in 1992.

Mr. TANG Xue Bin (唐學斌), aged 41, is the general manager of Shenzhen Fantasia Management. Mr. Tang joined our Group in 2002 and is responsible for the operation of Shenzhen Fantasia Management. Prior to joining our Group, he was the deputy general manager of China Overseas Property Management Ltd. (中海物業管理有限公司) from 1997 to 2001. Mr. Tang obtained a Bachelor's degree in industrial electrical automation (工業電氣自動化) from Tongji University (同濟大學) in 1993. Mr. Tang is currently studying for an EMBA degree in China Europe International Business School (中歐國際工商學院).

Ms. LU Ying (路瑩), aged 54, is the general manager of Xingyan Property Consultancy. Ms. Lu joined our Group in 2002 and is responsible for the operation of Xingyan Property Consultancy. Prior to joining our Group, she was the operation director of Shenzhen Centaline Property Consultancy Limited (深圳中原物業顧問有限公司) from 1997 to 2002. Ms. Lu received a Bachelor's degree in computer science from Jilin University (吉林大學) in 1980. Ms. Lu is currently studying for an EMBA degree with China Europe International Business School (中歐國際工商學院).

Mr. LIU Zongbao (劉宗保), aged 40, is the general manager of Chengdu Tonghe. Mr. Liu joined our Group in 2005 and is responsible for the operation of Chengdu Tonghe. Prior to joining our Group, he was the deputy general manager of Shenzhen Zhonglian Real Estate Development Co., Ltd. (深圳市中聯房地產企業發展有限公司) from 2004 to 2005 and the manager of the marketing and sales department of Shenzhen Xinghe Real Estate Development Co., Ltd. (深圳市星河房地產開發公司) from 2001 to 2003. Mr. Liu received his Bachelor's degree in construction management engineering from Southeast University (東南大學) in 1991.

Mr. JIN Jianglin (金江林), aged 44, is the general manager of Dongguan Fantasia. Mr. Jin joined our Group in 2001 and is currently responsible for the operation of Dongguan Fantasia. From 2001 to 2006, he was the manager of the engineering division, manager of the business division and an assistant to the general manager of Shenzhen Fantasia Investment. Prior to joining our Group, he was a chief supervisor of Shenzhen Huaxi Construction Supervision Co., Ltd. (深圳市華西建設監理有限公司) from 1993 to 2001. Mr. Jin received his Bachelor's degree in conservancy and hydropower engineering from Jiangxi Industrial University (江西工業大學) in 1987.

Ms. SONG Xiangmei (宋湘梅), aged 39, is the general manager of Fantasia Chengdu Ecological. She is also currently the operation director of Shenzhen Fantasia Investment and the deputy general manager of Fantasia Chengdu Development. Ms. Song joined our Group in 2001 and is primarily responsible for the operation of Fantasia Chengdu Ecological. Prior to joining our Group, she was the director of sales department and the manager of development department of Chengdu Sinde Enterprises Ltd. (成都信德實業有限公司) from 1996 to 2001 and a designer of Chengdu Seamless Steel Pipe Factory (currently known as Chengdu Pancheng Steel Metallurgical Engineering Technology Co., Ltd.) (成都無縫鋼管廠設備設計研究所 (currently known as 成都攀成鋼冶金工程技術有限公司)) from 1992 to 1996. Ms. Song obtained her Bachelor's degree in civil engineering from Chengdu University of Technology and Science (成都科學技術大學) in 1992. Ms. Song is currently studying for an EMBA degree with Tsinghua University.

Mr. FENG Zhe (馮哲), aged 39, joined our Group in 2008 as the vice president of Fantasia Group (China) and the deputy executive general manager of Shenzhen Fantasia Investment and was re-designated as the general manager of Tianjin Songjiang-Fantasia in March 2009. Prior to joining our Group, he was a partner of Adfaith Management Consulting Inc. (北京正略鈞策管理諮詢有限公司) from 2002 to 2007, a vice president of Beijing Landsky Engineering Co., Ltd. (北京良業照明工程有限公司) from 2001 to 2002, and an engineer of China Architecture Design & Research Group (中國建築設計研究院) from 1993 to 2001. Mr. Feng received a Bachelor's degree in industrial electrical automation from Tongji University (同濟大學) in 1993 and an MBA degree from the School of Business of Renmin University of China (中國人民大學商學院) in 2002.

Mr. CHEN Geng (陳耕), aged 39, is the operational manager of Shenzhen Fantasia Investment. Mr. Chen joined our Group in 2001 and is currently responsible for the operation of Shenzhen Fantasia Investment. From 2001 to 2008, he was the manager of business division, assistant to the general manager and deputy general manager of Chengdu Tonghe, and from 2008 to 2009 the manager of construction management division of Shenzhen Fantasia Investment. Prior to joining our Group, he was an engineer of Sichuan Water Conservation and Hydropower Survey and Design Institute (四川省水利水電勘測設計研究院) from 1992 to 2001. Mr. Chen obtained his Bachelor's degree in conservancy and hydropower engineering from Chengdu University of Science and Technology (成都科技大學) in 1992.

QUALIFIED ACCOUNTANT AND COMPANY SECRETARY

Mr. CHAN Sze Hon (陳思翰), ACCA, CPA, aged 36, joined our Group as the chief financial officer in March 2008 and as the Qualified Accountant and the Company Secretary of our Group on a full time basis. For details regarding Mr. Chan's experience, see the paragraph entitled "Directors" above in this section.

BOARD COMMITTEES

Audit Committee

Our Company established an audit committee on October 12, 2009 with written terms of reference in compliance with the Listing Rules. The primary duties of the audit committee are, among other things, to review and supervise the financial reporting process and internal control systems of our Company.

The audit committee comprises four members, namely, Mr. HO Man (何敏), Mr. LIAO Martin Cheung Kong, JP (廖長江), Mr. HUANG Ming (黃明) and Mr. XU Quan (許權). They are all independent non-executive Directors. The audit committee is chaired by Mr. HO Man (何敏).

Remuneration Committee

Our Company established a remuneration committee on October 12, 2009 with written terms of reference in compliance with the Listing Rules. The primary duties of the remuneration committee are to evaluate and make recommendations to our Board regarding the compensation of the chief executive officer and other executive Directors. In addition, the remuneration committee conducts reviews of the performance, and determines the compensation structure of our senior management.

The remuneration committee comprises five members, namely, Mr. HUANG Ming (黃明), Mr. HO Man (何敏), Mr. LIAO Martin Cheung Kong, JP (廖長江), Mr. XU Quan (許權) and Mr. PAN Jun (潘軍). The remuneration committee is chaired by Mr. HUANG Ming (黃明).

Nomination Committee

Our Company established a nomination committee on October 12, 2009 with written terms of reference in compliance with the Listing Rules. The primary duties of the nomination committee are to make recommendations to our Board regarding candidates to fill vacancies on our Board.

The nomination committee comprises six members, namely, Ms. ZENG, Jie (曾寶寶), Mr. HO Man (何敏), Mr. LIAO Martin Cheung Kong, JP (廖長江), Mr. HUANG Ming (黃明), Mr. XU Quan (許權) and Mr. PAN Jun (潘軍). The nomination committee is chaired by Ms. ZENG, Jie (曾寶寶).

COMPENSATION OF DIRECTORS AND SENIOR MANAGEMENT

The Group's remuneration policies are formulated based on qualifications, years of experiences and the performance of individual employees and are reviewed regularly. The same policies will be adopted after Listing Date.

The aggregate amount of compensation (including any salaries, fees, discretionary bonuses and other allowances and benefits in kind) paid by us during the years ended December 31, 2006, 2007 and 2008 and the six months ended June 30, 2009, to those persons who have been or are our Directors, was approximately RMB2,443,000, RMB3,206,000, RMB4,673,000 and RMB2,413,000, respectively.

The five highest paid individuals of the Group for the two years ended 31 December, 2006 and 2007 included two directors while for the year ended 31 December, 2008, the six months ended June 30, 2008 included three directors, and the six months ended June 30, 2009 included four directors. The aggregate amount of fees, salaries, discretionary bonuses and contributions to retirement benefit plans of the remaining three individuals for the two years ended December 31, 2006 and 2007, the remaining two individuals for the year ended December 31, 2008 and the six months ended June 30, 2008 and the remaining one individual for the six months ended 30 June, 2009 was approximately RMB2,079,000, RMB2,298,000, RMB2,236,000 and RMB630,000, respectively.

Except as disclosed above, no other payments have been paid or are payable, in respect of the three years ended December 31, 2006, 2007 and 2008 and the six months ended June 30, 2009 by us or any of our subsidiaries to our Directors or the five highest paid individuals of our Group. It is estimated that under the current arrangements presently in force, the Directors will be entitled to receive remuneration and benefits in kind which, for the year ending December 31, 2009 is expected to be approximately RMB5.0 million, excluding the discretionary bonuses payable to the executive Directors.

PARTICULARS OF DIRECTORS' SERVICE CONTRACTS

Details of service contracts entered into between us and each of our Directors are summarized in the section headed "Statutory and General Information — D. Other Information — 3. Directors' Service Contracts" in Appendix VIII to this prospectus.

EMPLOYEES

As of September 30, 2009, our Group had 2,893 full-time employees. Breakdowns of employees by function as of the same date were as follows:

	As of September 30, 2009				
	Property development	Property agency services	Property operation services	Hotel services	Total
Management	32	4	15	1	52
Administration	69	45	18	—	132
Finance	56	8	16	—	80
Human resources	15	4	8	—	27
Engineering	207	—	56	—	263
Sales and marketing	66	27	11	—	104
Agency	—	325	—	—	325
Property management	8	—	1,882	20	1,910
Total	453	413	2,006	21	2,893

Our Group has not experienced any significant problems with its employees or disruption to its operations due to labor disputes nor has it experienced any difficulty with the recruitment and retention of experienced staff. The Directors believe that our Group maintains a good working relationship with its employees.

COMPLIANCE ADVISOR

In addition, we will appoint Partners Capital International Limited as our compliance advisor pursuant to Rule 3A.19 of the Listing Rules. Pursuant to Rule 3A.23 of the Listing Rules, the compliance advisor will advise us under the following circumstances:

- before the publication of any regulatory announcement, circular or financial report;
- where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues and share repurchases;
- where we propose to use the proceeds of the Global Offering in a manner different from that detailed in this prospectus or where our business activities, developments or results deviate from any forecast, estimate or other information in this prospectus; and
- where the Stock Exchange makes an inquiry of us regarding unusual movements in the price or trading volume of our Shares.

The term of the appointment will commence on the Listing Date and end on the date on which we distribute our annual report of our financial results for the first full financial year commencing after the Listing Date and such appointment may be extended by mutual agreement.

MANAGEMENT PRESENCE IN HONG KONG AND RELATED WAIVER FROM THE STOCK EXCHANGE

Waiver from Rule 8.12 of the Listing Rules

Rule 8.12 of the Listing Rules requires that a new applicant applying for the listing on the Stock Exchange must have sufficient management presence in Hong Kong. This normally means that at least two of its executive directors must be ordinarily resident in Hong Kong. Substantially all of the Group's business and assets are located in the PRC and headquarters and central management of the Group are all located in Shenzhen, the PRC. The Board consists of eight members, including four executive Directors and four independent non-executive Directors of the Company. Save for Mr. Chan Sze Hon (陳思翰), Mr. Ho Man (何敏) and Mr. Liao Martin Cheung Kong, JP (廖長江), all of our Directors are ordinarily resident in the PRC. Each of Mr. Pan, Ms. Zeng, and Mr. Feng Hui Ming (馮輝明), being all of our executive Directors ordinarily resident in the PRC, as well as Mr. Huang Ming (黃明) and Mr. Xu Quan (許權), two of our independent non-executive Directors, are ordinarily resident in the PRC and possess travel permits which will enable each of them to travel to Hong Kong to meet with the Stock Exchange within a reasonable period of time, if required. The Group's senior management are all located in the PRC. If additional executive Directors were to be appointed and are not physically resident in the PRC most of the time merely for purposes of satisfying Rule 8.12 of the Listing Rules, they may not be able to efficiently monitor the business operations and development of the Group and thus may not be able to make informed judgments or exercise discretion in a timely manner that would be most beneficial to our Group. This would hinder the overall effectiveness and responsiveness of the decision-making process of our executive Directors, particularly when management or business decisions are required to be made within a short period of time. Each of the 3 executive Directors who are not ordinarily resident in Hong Kong has a vital role in the Group's business and it is necessary for them to remain closer to the Group's operations in the PRC. As a result, the Company has applied to the Stock Exchange for, and the Stock Exchange has agreed to grant, a waiver from compliance with Rule 8.12 of the Listing Rules on the following conditions:

(a) the Company has appointed Mr. Chan Sze Hon (陳思翰) (an executive Director, Company Secretary and Qualified Accountant) and Mr. Feng Hui Ming (馮輝明) (an executive Director) who will serve as the Company's authorized representatives under Rule 3.05 of the Listing Rules. Mr. Chan Sze Hon (陳思翰) and Mr. Feng Hui Ming (馮輝明) will act as the principal channel of communication with the Stock Exchange. Mr. Chan Sze Hon (陳思翰) is ordinarily resident in Hong Kong and will accept service of processes and notices in Hong Kong for and on behalf of the Company. He will also be available to meet with the Stock Exchange in Hong Kong within a reasonable time frame at the request of the Stock Exchange and will be readily contactable by telephone, facsimile or email. Mr. Feng Hui Ming (馮輝明), who is not ordinarily resident in Hong Kong, will be readily contactable by the Stock Exchange and be able to make himself available in Hong Kong on reasonable notice to deal with enquiries from the Stock Exchange from time to time;

(b) the authorized representatives of the Company will have means to contact all members of the Board (including our independent non-executive Directors) promptly at all times as and when the Stock Exchange wishes to contact our Directors for any matter. In order to enhance communication between the Company and the Stock Exchange, all Directors have provided to the authorized representatives and the Stock Exchange their contact details such as mobile and office telephone numbers, facsimile numbers and email addresses (except for Mr. Xu Quan (許權) who does not have an e-mail address);

(c) all our Directors (including the executive Directors and independent non-executive Directors) who are not ordinarily resident in Hong Kong have valid travel documents to visit Hong Kong and will be able to meet with the Stock Exchange within a reasonable period of time, when required; and

(d) the Company proposes to engage Partners Capital International Limited to act as its compliance advisor and as the Company's alternative authorized representative, and as such, will also serve as an additional channel of communication with the Stock Exchange for the period commencing on the Listing Date and ending on the date on which the Company complies with Rule 13.46 in respect of its financial results for the first full financial year commencing after the Listing Date. The compliance adviser will assist the Company in communicating with the Stock Exchange and will ensure that the Company is properly guided and advised as to compliance with the Listing Rules and all other applicable laws, rules, codes and guidelines.

SUBSTANTIAL SHAREHOLDERS

So far as the Directors are aware, the following persons will, immediately following the completion of the Global Offering, and the Capitalization Issue and assuming no exercise of the Over-allotment Option and Shares issued under the Share Option Scheme, have an interest or short position in the Shares or underlying shares of our Company which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of Shareholder	Nature of Interest	Number of Shares	Approximate percentage of interest in our Company immediately after the Global Offering
Fantasy Pearl	Beneficial interest(1)	3,174,795,000 Shares	65.325%
	Short Position	470,205,000 Shares	9.675%
Ice Apex	(Interest of controlled corporation)(2)	3,174,795,000 Shares	65.325%
	Short Position	470,205,000 Shares	9.675%
Fantasia (Cayman)	Beneficial interest(3)	170,403,750 Shares	3.506%
	Security Interest(3)	470,205,000 Shares	9.675%
Goldman Sachs RE Investments Holdings Limited	(Interest of controlled corporation)(3a)	640,608,750 Shares	13.181%
Goldman Sachs	(Interest of controlled corporation)	640,608,750 Shares	13.181%
Fantasia Holding (Cayman) Ltd	(Interest of controlled corporation)(4)	640,608,750 Shares	13.181%
Goldman Sachs Developing Markets Real Estate Partners (US) Coopertief U.A.	(Interest of controlled corporation)(5)	640,608,750 Shares	13.181%
Goldman Sachs Developing Markets Real Estate Coopertief U.A.	(Interest of controlled corporation)(6)	640,608,750 Shares	13.181%
Goldman Sachs Developing Markets Real Estate Company	(Interest of controlled corporation)(6a)	640,608,750 Shares	13.181%
Goldman Sachs Developing Markets Real Estate Company Voteco, LLC	(Interest of controlled corporation)(6b)	640,608,750 Shares	13.181%
Goldman Sachs Developing Markets Real Estate Partners (US), L.P.	(Interest of controlled corporation)(7)	640,608,750 Shares	13.181%
Goldman Sachs Developing Markets Real Estate Partners (US) GP, LLC	(Interest of controlled corporation)(7a)	640,608,750 Shares	13.181%
Goldman, Sachs & Co.	(Interest of controlled corporation)(8)	640,608,750 Shares	13.181%
Wellluck	Beneficial Interest(9)	56,801,250 Shares	1.169%
	Security Interest(9)	470,205,000 Shares	9.675%
Rich Fame Investment Ltd	(Interest of controlled corporation)(10)	527,006,250 Shares	10.844%
HSBC NF China Real Estate Fund LP	(Interest of controlled corporation)(11)	527,006,250 Shares	10.844%

Name of Shareholder	Nature of Interest	Number of Shares	Approximate percentage of interest in our Company immediately after the Global Offering
HSBC NF China Investors Ltd	(Interest of controlled corporation)(12)	527,006,250 Shares	10.844%
HSBC NF China Holdings Ltd	(Interest of controlled corporation)(13)	527,006,250 Shares	10.844%
HSIL Investments Ltd	(Interest of controlled corporation)(14)	527,006,250 Shares	10.844%
HSBC Specialist Investments Ltd	(Interest of controlled corporation)(15)	527,006,250 Shares	10.844%
HSBC Group Investment Ltd	(Interest of controlled corporation)(16)	527,006,250 Shares	10.844%
HSBC Investment Bank Holdings plc	(Interest of controlled corporation)(17)	527,006,250 Shares	10.844%
HSBC Holdings plc	(Interest of controlled corporation)	527,006,250 Shares	10.844%
Nan Fung Consolidated Investments Ltd	(Interest of controlled corporation)(18)	527,006,250 Shares	10.844%
Nan Fung China Development Holdings Ltd	(Interest of controlled corporation)(19)	527,006,250 Shares	10.844%
Nan Fung Enterprises Ltd	(Interest of controlled corporation)(20)	527,006,250 Shares	10.844%
Crosby Investment Holdings Inc	(Interest of controlled corporation)(21)	527,006,250 Shares	10.844%
CHEN Wai Wai Vivien	(Interest of controlled corporation)	527,006,250 Shares	10.844%
Golden Success Profits Ltd	(Interest of controlled corporation)(22)	527,006,250 Shares	10.844%
Sheng Fung Co. Ltd	(Interest of controlled corporation)(23)	527,006,250 Shares	10.844%
CHEN Din Hwa	(Interest of controlled corporation)	527,006,250 Shares	10.844%

Notes:

(1) Fantasy Pearl is owned as to 80% by Ice Apex and 20% by Graceful Star. Ice Apex is deemed to be interested in the Shares held by and short position of Fantasy Pearl for the purpose of Part XV of the SFO. Graceful Star is entitled to a pre-emptive right over shares in the capital of Fantasy Pearl pursuant to an agreement made between, among others, Ms. Zeng, Mr. Pan, Ice Apex and Graceful Star.

(2) Ice Apex is wholly owned by Ms. Zeng. Ms. Zeng is deemed to be interested in the Shares held by Ice Apex for the purpose of Part XV of the SFO.

(3) Fantasia (Cayman) is owned as to 46.67% by Fantasia Holding (Cayman) Ltd and as to 53.33% by Goldman Sachs RE Investments Holdings Limited. Fantasia Holding (Cayman) Ltd and Goldman Sachs RE Investments Holdings Limited are each deemed to be interested in the Shares in which Fantasia (Cayman) is interested for the purpose of Part XV of the SFO.

(3a) Goldman Sachs RE Investments Holdings Limited is a wholly owned subsidiary of Goldman Sachs. Goldman Sachs is deemed to be interested in the Shares in which Goldman Sachs RE Investments Holdings Limited is interested for the purpose of Part XV of the SFO.

(4) Fantasia Holding (Cayman) Ltd is owned as to 36.0508% by Goldman Sachs Developing Markets Real Estate Partners (US) Coopertief U.A. and as to 57.8879% by Goldman Sachs Developing Markets Real Estate Coopertief U.A.. Goldman Sachs Developing Markets Real Estate Partners (US) Coopertief U.A. and Goldman Sachs Developing Markets Real Estate Coopertief U.A. are each deemed to be interested in the Shares in which Fantasia Holding (Cayman) Ltd is interested for the purpose of Part XV of the SFO.

(5) Goldman Sachs Developing Markets Real Estate Partners (US) Coopertief U.A. is owned as to more than one-third by Goldman Sachs Developing Markets Real Estate Partners (US), L.P. and as more than one-third by Goldman Sachs. Each of Goldman Sachs Developing Markets Real Estate Partners (US), L.P. and Goldman Sachs is deemed to be

interested in the Shares in which Goldman Sachs Developing Markets Real Estate Partners (US) Coopertief U.A. is interested for the purpose of Part XV of the SFO.

(6) Goldman Sachs Developing Markets Real Estate Coopertief U.A. is owned as to more than one-third by Goldman Sachs Developing Markets Real Estate Company and as to more than one-third by Goldman Sachs. Each of Goldman Sachs Developing Markets Real Estate Company and Goldman Sachs is deemed to be interested in the Shares in which Goldman Sachs Developing Markets Real Estate Coopertief U.A. is interested for the purpose of Part XV of the SFO.

(6a) All of the voting shares of Goldman Sachs Developing Markets Real Estate Company are owned by Goldman Sachs Developing Markets Real Estate Company Voteco, LLC. Goldman, Sachs & Co, a wholly-owned subsidiary of Goldman Sachs held by Goldman Sachs directly and indirectly through intermediate subsidiaries, is the investment manager to Goldman Sachs Developing Markets Real Estate Company. Each of Goldman Sachs Developing Markets Real Estate Company Voteco, LLC and Goldman, Sachs & Co is deemed to be interested in the Shares in which Goldman Sachs Developing Markets Real Estate Company is interested for the purpose of Part XV of the SFO.

(6b) Goldman Sachs Developing Markets Real Estate Company Voteco, LLC is wholly owned by Goldman Sachs. Goldman Sachs is deemed to be interested in the Shares in which Goldman Sachs Developing Markets Real Estate Company Voteco, LLC is interested for the purpose of Part XV of the SFO.

(7) The general partner of Goldman Sachs Developing Markets Real Estate Partners (US), L.P. is Goldman Sachs Developing Markets Real Estate Partners (US) GP, LLC. Goldman, Sachs & Co., a wholly-owned subsidiary of Goldman Sachs, held by Goldman Sachs directly and indirectly through intermediate subsidiaries, is the investment manager to Goldman Sachs Developing Markets Real Estate Partners (US), L.P.. Each of Goldman Sachs Developing Markets Real Estate Partners (US) GP, LLC. and Goldman, Sachs & Co. is deemed to be interested in the shares in which Goldman Sachs Developing Markets Real Estate Partners (US), L.P. is interested for the purpose of Part XV of the SFO.

(7a) Goldman Sachs Developing Markets Real Estate Partners (US) GP, LLC is wholly owned by Goldman Sachs. Goldman Sachs is deemed to be interested in the Shares in which Goldman Sachs Developing Markets Real Estate Partners (US) GP, LLC is interested for the purpose of Part XV of the SFO.

(8) Goldman, Sachs & Co., is a wholly-owned subsidiary of Goldman Sachs, held by Goldman Sachs directly and indirectly through intermediate subsidiaries. Goldman Sachs is deemed to be interested in the Shares in which Goldman, Sachs & Co., is interested for the purpose of Part XV of the SFO.

(9) Wellluck is wholly owned by Rich Fame Investment Ltd. Rich Fame Investment Ltd is deemed to be interested in the Shares in which Wellluck is interested for the purpose of Part XV of the SFO.

(10) Rich Fame Investment Ltd is owned as to 80% by HSBC NF China Real Estate Fund LP. HSBC NF China Real Estate Fund LP is deemed to be interested in the Shares in which Rich Fame Investment Ltd is interested for the purpose of Part XV of the SFO.

(11) The general partner of HSBC NF China Real Estate Fund LP is HSBC NF China Investors Ltd. HSBC NF China Investors Ltd is deemed to be interested in the Shares in which HSBC NF China Real Estate Fund LP is interested for the purpose of Part XV of the SFO.

(12) HSBC NF China Investors Ltd is wholly owned by HSBC NF China Holdings Ltd. HSBC NF China Holdings Ltd is deemed to be interested in the Shares in which HSBC NF China Investors Ltd is interested for the purpose of Part XV of the SFO.

(13) HSBC NF China Holdings Ltd is owned as to 50% by HSIL Investments Ltd and as to 50% by Nan Fung Consolidated Investments Ltd. Each of HSIL Investments Ltd and Nan Fung Consolidated Investments Ltd is deemed to be interested in the Shares in which HSBC NF China Holdings Ltd is interested for the purpose of Part XV of the SFO.

(14) HSIL Investments Ltd is wholly owned by HSBC Specialist Investments Ltd. HSBC Specialist Investments Ltd is deemed to be interested in the Shares in which HSIL Investments Ltd is interested for the purpose of Part XV of the SFO.

(15) HSBC Specialist Investments Ltd is wholly owned by HSBC Group Investment Ltd. HSBC Group Investment Ltd is deemed to be interested in the Shares in which HSBC Specialist Investments Ltd is interested for the purpose of Part XV of the SFO.

(16) HSBC Group Investment Ltd is wholly owned by HSBC Investment Bank Holdings plc. HSBC Investment Bank Holdings plc is deemed to be interested in the Shares in which HSBC Group Investment Ltd is interested for the purpose of Part XV of the SFO.

(17) HSBC Investment Bank Holdings plc is wholly owned by HSBC Holdings plc. HSBC Holdings plc is deemed to be interested in the Shares in which HSBC Investment Bank Holdings plc is interested for the purpose of Part XV of the SFO.

(18) Nan Fung Consolidated Investments Ltd is owned by 50% by Nan Fung China Development Holdings Ltd and as to 50% by Golden Success Profits Ltd. Each of Nan Fung China Development Holdings Ltd and Golden Success Profits Ltd is deemed to be interested in the Shares in which Nan Fung Consolidated Investments Ltd is interested for the purpose of Part XV of the SFO.

(19) Nan Fung China Development Holdings Ltd is wholly owned by Nan Fung Enterprises Ltd. Nan Fung Enterprises Ltd is deemed to be interested in the Shares in which Nan Fung China Development Holdings Ltd is interested for the purpose of Part XV of the SFO.

(20) Nan Fung Enterprises Ltd is wholly owned by Crosby Investment Holdings Inc. Crosby Investment Holdings Inc is deemed to be interested in the Shares in which Nan Fung Enterprises Ltd is interested for the purpose of Part XV of the SFO.

(21) Crosby Investment Holdings Inc is wholly owned by CHEN Wai Wai Vivien. CHEN Wai Wai Vivien is deemed to be interested in the Shares in which Crosby Investment Holdings Inc is interested for the purpose of Part XV of the SFO.

(22) Golden Success Profits Ltd is wholly owned by Sheng Fung Co. Ltd. Sheng Fung Co. Ltd is deemed to be interested in the Shares in which Golden Success Profits Ltd is interested for the purpose of Part XV of the SFO.

(23) Sheng Fung Co. Ltd is wholly owned by CHEN Din Hwa. CHEN Din Hwa is deemed to be interested in the Shares in which Sheng Fung Co. Ltd is interested for the purpose of Part XV of the SFO.

In addition to the above and so far as our Directors are aware, immediately following completion of the Capitalization Issue and the Global Offering (without taking into account any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option and the Share Option Schemes), the following persons (other than members of the Group) are directly and/or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our subsidiaries:

Name of Company's subsidiary	Substantial shareholder of such subsidiary	Nature of Interest	Amount of paid up registered capital	Percentage of registered capital
Xingyan Property Consultancy	Lu Ying (路瑩)	Beneficial	RMB3,000,000	15%
Huizhou Xingyan Property	Lu Ying (路瑩)	Corporate	RMB500,000	15%
Dongguan Xingyan Property	Lu Ying (路瑩)	Corporate	RMB500,000	15%
Shenzhen Xinyanhang	Lu Ying (路瑩)	Beneficial	RMB4,000,000	15%
	Lu Ying (路瑩)	Corporate	RMB4,000,000	12.75%
Shenzhen Fantasia Colour	Tang Xue Bin (唐學斌)	Beneficial	RMB10,000,000	13%
Shenzhen Fantasia Management	Tang Xue Bin (唐學斌)	Corporate	RMB5,000,000	13%
Shenzhen Colour Life Network	Tang Xue Bin (唐學斌)	Corporate	RMB10,000,000	13%
Shenzhen Kaiyuan	Tang Xue Bin (唐學斌)	Corporate	RMB5,000,000	13%
Shenzhen Liantang Management	Tang Xue Bin (唐學斌)	Corporate	RMB3,000,000	13%
Shenzhen Caiyue Hotel Management	Tang Xue Bin (唐學斌)	Corporate	RMB100,000	13%
Shenzhen Caiyue Hotel	Tang Xue Bin (唐學斌)	Corporate	RMB100,000	13%
Yixing Jiangnan Shuixiang	Jing Liu (敬柳)	Beneficial	RMB28,000,000	40%
Shenzhen Fantasia Investment	Qiu Qiong Ming (邱瓊明)	Beneficial	RMB100,000,000	48%
Fantasia Chengdu Development	Qiu Qiong Ming (邱瓊明)	Corporate	RMB50,000,000	31.2%
Fantasia Chengdu Development	Sichuan Zhong Xu	Beneficial	RMB50,000,000	10%
Tianjin Songjiang-Fantasia	Tianjin Songjiang Group	Beneficial	RMB50,000,000	40%

Save as disclosed above, the Directors are not aware of any person (other than members of the Group) who will, immediately following the completion of the Global Offering and the Capitalization Issue and assuming no exercise of the Over-allotment Option and no shares issued pursuant to the Share Option Schemes, have an interest or short position in Shares or underlying Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group.

If the Over-allotment Option is fully exercised, the shareholding of each of Fantasy Pearl, Fantasia (Cayman) and Wellluck, will be 62.964%, 3.379% and 1.127%, respectively. The interests of persons who, under the SFO are deemed to have interest in the Shares held by or short positions of Fantasy Pearl, Fantasia (Cayman) and Wellluck will also correspondingly decrease. Except as disclosed in this prospectus, the Directors are not aware of any person who will, immediately following the completion of the Global Offering and the Capitalization Issue, be directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group. The Directors are not aware of any arrangement which may at a subsequent date result in a change of control of the Company.

Undertakings given by our Controlling Shareholders and Investors not to dispose of the Shares they hold as at the Listing Date for a period of six months after the Listing Date are further described in the section entitled "Underwriting" of this prospectus.

The authorized and issued share capital of our Company is as follows:

Our share capital immediately following the Global Offering and the Capitalization Issue will be as follows:

		HK$
Authorised share capital:		
8,000,000,000	Shares	800,000,000

Shares issued or to be issued, fully paid or credited as fully paid upon completion of the Capitalization Issue and the Global Offering:

100,000	Shares in issue as at the date of this prospectus	10,000
3,644,900,000 (Note 1)	Shares to be issued pursuant to the Capitalization Issue	364,490,000
1,215,000,000	Shares to be issued pursuant to the Global Offering	121,500,000
4,860,000,000	Total in full (assuming the Over-allotment Option is not exercised)	486,000,000
182,250,000	Shares to be issued by the Company pursuant to the exercise (in full) of the Over-allotment Option (Note 2)	18,225,000
5,042,250,000	Total (assuming the Over-allotment Option is exercised is full)	504,225,000

Notes:

(1) A total of 243,000,000 Shares issued to Fantasia (Cayman) and Wellluck pursuant to the Capitalization Issue will be offered for sale by the Selling Shareholders under the International Offer.

(2) Pursuant to the Over-allotment Option, the Joint Global Coordinators may exercise at any time from the date of commencement of trading of the Shares on the Stock Exchange until 30 days after the last day for the lodging of applications under the Hong Kong Public Offering, to require the Company to issue up to 182,250,000 Shares and the Selling Shareholders to offer up to 36,450,000 Shares; representing in aggregate 15% of the Offer Shares initially available under the Global Offering, at the Offer Price, among other things, to cover over-allocations in the International Offer, if any.

According to Rule 8.08 of the Listing Rules, at the time of the listing and at all times thereafter, we must maintain the "minimum prescribed percentage" of 25% of our issued share capital in the hands of the public.

Assumption

The above table assumes that the Global Offering and the Capitalization Issue become unconditional and issue of Shares is made pursuant thereto.

It does not take into account any Shares which may be allotted and issued pursuant to Over-allotment Options or the exercise of the options which may be granted under the Share Option Scheme or any Shares which may be allotted and issued or repurchased by our Company pursuant to the general mandate given to the Directors to allot and issue or repurchase Shares referred to in the paragraph entitled "General Mandate to Issue Shares" or the paragraph entitled "General Mandate to Repurchase Shares" below, as the case may be.

Ranking

The Offer Shares and the Shares that may be issued pursuant to the Over-allotment Option rank pari passu with all existing Shares in issue on the date of the allotment and issue of such shares, and in particular will be entitled to all dividends or other distributions declared, made or paid after the date of this prospectus.

The Share Option Scheme

We have adopted the Share Option Scheme. The principal terms of the Share Option Scheme are summarized in the section entitled "Share Option Scheme" in Appendix VIII to this prospectus.

General Mandate to Issue Shares

Assuming the Global Offering becomes unconditional, the Directors have been granted a general mandate to allot, issue and deal with Shares with an aggregate nominal value of not more than the sum of:

(a) 20% of the aggregate nominal value of the share capital of our Company in issue immediately following completion of the Global Offering and the Capitalization Issue (excluding the Shares which may be issued under the Over-allotment Option Shares which may be allotted); and

(b) the aggregate nominal value of share capital of our Company repurchased by our Company (if any).

Such mandate will expire:

- at the conclusion of the next annual general meeting of our Company;
- at the end of the period within which the next annual general meeting of our Company is required to be held by the Articles of Association or applicable laws of the Cayman Islands; and
- when revoked or varied by ordinary resolution of the Shareholders at a general meeting of our Company;

whichever occurs first.

For further details of this general mandate, please refer to the paragraph entitled "Resolutions of our Shareholders" in Appendix VIII to this prospectus.

General Mandate to Repurchase Shares

Assuming the Global Offering becomes unconditional, the Directors have been granted a general mandate to exercise all the powers of our Company to repurchase Shares with an aggregate nominal value of not more than 10% of the aggregate nominal amount of the share capital of our Company in issue following the completion of the Global Offering and the Capitalization Issue (excluding the Shares which may be issued under the Over-allotment Option Shares).

This mandate only relates to repurchase made on the Stock Exchange or on any other stock exchange on which the Shares may be listed (and which is recognized by the SFC and the Stock Exchange for this purpose) and which are in accordance with all applicable laws and regulations. Such mandate will expire:

- at the conclusion of the next annual general meeting of our Company;
- at the end of the period within which the next annual general meeting of our Company is required to be held by the Articles of Association, or applicable laws of the Cayman Islands; and
- when revoked or varied by ordinary resolution of the Shareholders at a general meeting of our Company.

For further details of this general mandate, please refer to the paragraph entitled "Written Resolutions of our Shareholders" in Appendix VIII to this prospectus.

HONG KONG UNDERWRITERS

Joint Lead Managers *(in alphabetical order)*

BOCI Asia Limited

CITIC Securities Corporate Finance (HK) Limited

Deutsche Bank AG, Hong Kong Branch

Goldman Sachs (Asia) L.L.C.

ICBC International Securities Limited

Co-lead managers *(in alphabetical order)*

Emperor Securities Limited

Guotai Junan Securities (Hong Kong) Limited

Co-managers *(in alphabetical order)*

CAF Securities Company Limited

CIMB Securities Limited

Grand Investment (Securities) Limited

United Simsen Securities Ltd.

INTERNATIONAL UNDERWRITERS

Joint Lead Managers *(in alphabetical order)*

BOCI Asia Limited

CITIC Securities Corporate Finance (HK) Limited

Deutsche Bank AG, Hong Kong Branch

Goldman Sachs (Asia) L.L.C.

ICBC International Securities Limited

Co-lead managers *(in alphabetical order)*

Daiwa Securities SMBC Hong Kong Limited

Emperor Securities Limited

Guotai Junan Securities (Hong Kong) Limited

Co-manager

Mizuho Securities Asia Limited

UNDERWRITING ARRANGEMENTS AND EXPENSES

Hong Kong Public Offer

We, the Controlling Shareholders, the Hong Kong Underwriters and the Joint Global Coordinators, among others, entered into the Hong Kong Underwriting Agreement on November 11, 2009. As described in the Hong Kong Underwriting Agreement, we are offering the Hong Kong Public Offer

Shares for subscription on the terms and subject to the conditions of this prospectus and the Application Forms at the Offer Price. Subject to the Listing Committee granting the listing of, and permission to deal in, our Shares in issue and to be issued, and to certain other conditions described in the Hong Kong Underwriting Agreement (including the Joint Global Coordinators, on behalf of the Underwriters, and us agreeing to the Offer Price), the Hong Kong Underwriters have agreed severally to subscribe or procure subscribers for the Hong Kong Public Offer Shares which are being offered but are not taken up under the Hong Kong Public Offer on the terms and subject to the conditions of this prospectus and the Application Forms.

The Hong Kong Underwriting Agreement is conditional upon and subject to the International Underwriting Agreement having been signed and becoming unconditional.

Grounds for termination

The Joint Global Coordinators (acting for themselves and on behalf of all of the Hong Kong Underwriters) shall, if acting unanimously, have the absolute right by giving notice in writing to us, to terminate the Hong Kong Underwriting Agreement with immediate effect if, at any time prior to 8:00 a.m. on the Listing Date:

(a) there shall develop, occur, exist or come into force:

(i) any change or development involving a prospective change in, or any event or series of events resulting or likely to result in or representing any change or development in local, national, regional or international financial, political, military, industrial, legal, economic, currency market, credit, fiscal or regulatory or market matters or conditions (including, without limitation, conditions in stock and bond markets, money and foreign exchange markets, credit markets, and inter-bank markets, a change in the system under which the value of the Hong Kong currency is linked to that of the currency of the United States or a devaluation of the Renminbi against any foreign currencies) in or affecting Hong Kong, the PRC, Japan, the Cayman Islands, the British Virgin Islands, the United States, the United Kingdom, the European Union (or any member thereof), or any other jurisdiction relevant to the Group or the Global Offering (each a "Relevant Jurisdiction"); or

(ii) any new law or regulation or any change or development involving a prospective change in any existing law or regulation, or any change or development involving a prospective change in the interpretation or application thereof by any court or other competent authority in or affecting any Relevant Jurisdiction; or

(iii) any event or series of events in the nature of force majeure (including, without limitation, acts of government, outbreak or escalation of hostilities whether or not war is or has been actually declared or threat of hostilities, state of emergency, strikes, lock-outs, lockdown of airspace and other modes of transportation, fire, explosion, flooding, earthquake, civil commotion, acts of war, riot, public disorder, acts of terrorism (whether or not responsibility has been claimed), acts of God, epidemic, outbreak of infectious disease (including without limitation Severe Acute Respiratory Syndrome, H5N1 and H1N1) in or affecting any of the Relevant Jurisdictions; or

(iv) any local, national, regional or international outbreak or escalation of hostilities (whether or not war is or has been declared) or other state of emergency or calamity or crisis in or affecting any of the Relevant Jurisdictions; or

(v) (A) any moratorium, restriction, suspension or limitation on trading in securities generally on the Hong Kong Stock Exchange, the New York Stock Exchange, the Nasdaq, the London Stock Exchange, Euronext, the Shanghai Stock Exchange or the Tokyo Stock Exchange or (B) a general moratorium on commercial banking activities in any of the Relevant Jurisdictions declared by the relevant authorities, or a disruption in commercial banking activities or foreign exchange trading or securities settlement or clearance services procedures or matters in or affecting any of the Relevant Jurisdictions; or

(vi) any change or development or event involving a prospective change or event or series of events resulting or likely to result in any change or development in taxation or exchange controls (or the implementation of any exchange control), currency exchange rates or foreign investment regulations in any of the Relevant Jurisdictions; or

(vii) imposition of any economic sanction or withdrawal of trading privileges, in whatever form, directly or indirectly against any of the Relevant Jurisdictions;

(viii) any change or development or event involving a prospective change in the assets, liabilities, profit, losses, performance, condition, business, properties, financial, earnings, trading position or prospects of the Company and its subsidiaries as a whole or affecting an investment in the Shares; or

(ix) the commencement by any judicial, law enforcement agency or regulatory or governmental or political body or organization of any public action against a Director or an announcement by any judicial or regulatory body or organization that it intends to take any such action; or

(x) a petition is presented for the winding up or liquidation of the Company or any of its subsidiaries, or the Company or any of its subsidiaries makes any compromise or arrangement with its creditors or enter into a scheme of arrangement or any resolution is passed for the winding-up of the Company or any of its subsidiaries or a provisional liquidator, receiver or manager is appointed over all or part of the assets or undertaking of the Company or of any of its subsidiaries or anything analogous thereto occurs in respect of the Company or any of its subsidiaries; or

(xi) a valid demand by any creditor for repayment or payment of any of the indebtedness of the Company or any of its subsidiaries or in respect of which the Company or any of its subsidiaries is liable prior to its stated maturity, or any loss or damage sustained by the Company or any of its subsidiaries (howsoever caused and whether or not the subject of any insurance or claim against any person); or

(xii) any litigation or claim being threatened or instigated against the Company, any of its subsidiaries or the Controlling Shareholders; or

(xiii) the chairman and chief executive officer of the Company vacating his office; or

(xiv) a contravention by any member of the Group of the Listing Rules or applicable laws; or

(xv) a prohibition by any judicial, regulatory or governmental authority or any stock exchange on the Company for whatever reason from issuing, allotting, offering or selling the Shares pursuant to the terms of the Global Offering; or

(xvi) the issue or requirement to issue by the Company of any supplement or amendment to Prospectus (or to any other documents used in connection with the contemplated subscription and sale of the Shares) pursuant to the Companies Ordinance or the Listing Rules or any requirement or request of the Stock Exchange and/or the SFC (other than any supplement or amendment to this prospectus in connection with the Offer Price and/or expected timetable of the Global Offering approved by the Joint Global Coordinators (acting for themselves and on behalf of all the Hong Kong Underwriters)); or

(xvii) any executive Director being charged with an indictable offence or prohibited by operation of law or otherwise disqualified from taking part in the management of a company,

and which, in any such case and in the sole opinion of the Joint Global Coordinators acting unanimously (for each of itself and on behalf of the other Hong Kong Underwriters),

(A) is or will be or is likely to have a material adverse effect, whether directly or indirectly, on the business, management or financial or trading position, results of operation or prospects of the Company or its subsidiaries; or

(B) has or will have or is likely to have a material adverse effect on the pricing, marketability, level of applications or interest in or success of the Global Offering and/or makes it impracticable or inadvisable for any part of the Hong Kong Underwriting Agreement, the Hong Kong Public Offer or the Global Offering to be performed or implemented as envisaged; or

(C) makes or will or is likely to make it impracticable, inadvisable, inexpedient or commercially not viable to (A) for the Hong Kong Underwriting Agreement to be preformed; or (B) proceed with the Hong Kong Public Offer and/or the Global Offering or the delivery of the Offer Shares on the terms and in the manner contemplated by this prospectus; or

(b) there has come to the notice of the Joint Global Coordinators or any of the Hong Kong Underwriters after the date of the Hong Kong Underwriting Agreement:

(i) that any statement contained in this prospectus or the Application Forms, the formal notice required under Rule 12.02 of the Listing Rules to be published in connection with the Hong Kong Public Offering or any announcements in the agreed form issued by the Company in connection with the Hong Kong Public Offer (including any supplement or amendment thereto) was or has or may become untrue or incorrect or misleading in a material respect or that any forecast, expression of opinion, intention or expectation contained in this prospectus and the Application Forms and/or any announcements issued by the Company in connection with the Hong Kong Public Offer (including any supplement or amendment thereto) is not fair and honest in any material respect and, by reference to the circumstances existing at the time this prospectus, the Application Forms and/or announcements were issued, is not based on reasonable assumptions, when taken as a whole; or

(ii) any matter has arisen or has been discovered which, had it arisen immediately before the date of this prospectus and not having been disclosed in this prospectus, which would or might constitute a material omission in the context of the Global Offering; or

(iii) any of the warranties given by the Company and the Controlling Shareholders as set out in the Hong Kong Underwriting Agreement or the International Underwriting Agreement is (or would when repeated be) untrue, inaccurate or misleading or having been breached; or

(iv) any matter, event, act or omission which gives or is likely to give rise to any material liability of the Company or the Controlling Shareholders out of or in connection with any breach, inaccuracy and/or incorrectness of the warranties as set out in the Hong Kong Underwriting Agreement and/or pursuant to the indemnities given by the Company, the Controlling Shareholders or any of them under such agreement; or

(v) any material breach of any of the obligations or undertakings of the Company and the Controlling Shareholders under the Hong Kong Underwriting Agreement or the International Underwriting Agreement; or

(vi) any material adverse change or prospective adverse change in the condition, business, assets and liabilities, properties, results of operations, in the financial or trading position or prospects of the Company and/or its subsidiaries as a whole; or

(vii) the Company withdraws this prospectus, the Application Forms or the Global Offering.

International Offer

In connection with the International Offer, we expect to enter into the International Underwriting Agreement with the Joint Global Coordinators and the International Underwriters, among others. Under the International Underwriting Agreement, the International Underwriters will, subject to certain conditions, severally agree to purchase the International Offer Shares or procure purchasers for the International Offer Shares initially being offered pursuant to the International Offer.

Under the International Underwriting Agreement, we and the Selling Shareholders intend to grant to the International Underwriters the Over-allotment Option, exercisable in whole or in part at one or more times, at the sole and absolute discretion of the Stabilizing Manager on behalf of the International Underwriters from the day on which trading of our Shares commences on the Stock Exchange until 30 days after the last day for lodging of applications under the Hong Kong Public Offer, to require us to allot and issue, and to require the Selling Shareholders to offer, up to an aggregate of 218,700,000 Shares, representing 15% of the number of Offer Shares initially available under the Global Offering, at the Offer Price to cover, among other things, over-allocations in the International Offer, if any. See "Structure of the Global Offering — Over-allotment and Stabilization."

Commission and Expenses

We will pay the Hong Kong Underwriters a commission of 3% of the aggregate Offer Price payable for the Hong Kong Public Offer Shares initially offered under the Hong Kong Public Offer, out of which they will pay any sub-underwriting commissions. For unsubscribed Hong Kong Public Offer Shares reallocated to the International Offer, we will pay to the International Underwriters an underwriting commission at the rate applicable to the International Offer Shares. We will pay such fee and commission in connection with the International Offer. We will pay the Stock Exchange listing fees, the Stock Exchange transaction levy, certain legal and other professional fees, printing, and other expenses relating to the Global Offering, which are estimated to be approximately HK$195 million in aggregate (based on the mid-point of the offer price range and assuming the Over-allotment Option is not exercised). We may pay additional fees and expenses relating to specific professional services rendered to their own benefit in connection with the Global Offering.

We have agreed to indemnify the Hong Kong Underwriters for certain losses which they may suffer, including losses arising from the performance of their obligations under the Hong Kong Underwriting Agreement and any breach by us of the Hong Kong Underwriting Agreement. We will agree to indemnify the International Underwriters against certain liabilities, including certain liabilities under the U.S. Securities Act.

Underwriting Agreement with BOCI

We and BOCI have entered into an agreement pursuant to which BOCI agreed to assume, on a fully underwritten basis, an underwriting commitment of US$60 million worth of the Offer Shares (without taking into account the exercise of the Over-allotment Option). This underwriting commitment will be exercisable only when the Offer Price is being fixed at the lowest point of the indicative Offer Price range disclosed in this prospectus (as may be reduced in accordance with the Listing Rules) and the obligations of the Underwriters under the Underwriting Agreements having become unconditional in accordance with their terms.

UNDERTAKINGS GIVEN TO THE STOCK EXCHANGE PURSUANT TO THE LISTING RULES

Undertaking by Us

Pursuant to Rule 10.08 of the Listing Rules, we have undertaken to the Stock Exchange that no further Shares or securities convertible into our equity securities (whether or not a class already listed) may be issued by us or form the subject of any agreement to such an issue by us within six months from the Listing Date (whether or not such issue of Shares or our securities will be completed within six months from the commencement of dealing), except in certain circumstances prescribed by Rule 10.08 of the Listing Rules.

Undertaking by the Controlling Shareholders

Pursuant to Rule 10.07(1) of the Listing Rules, each of the Controlling Shareholders has undertaken to the Stock Exchange that except pursuant to the Global Offering, the Stock Borrowing Agreement, the Investors' Share Charge or the Over-allotment Option, it will not, and will procure that any other registered holder (if any) of our Shares in which any Controlling Shareholder has a beneficial interest will not, without the prior written consent of the Stock Exchange or unless otherwise in compliance with the requirements of the Listing Rules:

(a) in the period commencing on the date by reference to which disclosure of its shareholding is made in this prospectus and ending on the date which is six months from the date on which dealings in our Shares commence on the Stock Exchange (the "First Six-month Period"), dispose of, or enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances (other than security, including a charge or a pledge, in favor of an authorized institution for a bona fide commercial loan as permitted under Note (2) to Rule 10.07 of the Listing Rules) in respect of any of our Shares in respect of which it is shown in this prospectus to be issued by us in respect of the Hong Kong Public Offer to be the beneficial owner; (the "Relevant Shares") and

(b) in the six month period commencing from the expiry of the First Six-month Period (the "Second Six-month Period") dispose of, or enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances (other than security, including a charge or a pledge, in favor of an authorized institution for a bona fide commercial loan as permitted under Note (2) to Rule 10.07 of the Listing Rules) in respect of any of the Relevant Shares and to such extent that immediately following such disposal, or upon the exercise or enforcement of such options, rights, interests or encumbrances, it would then cease to be a controlling shareholder of our company.

UNDERTAKINGS PURSUANT TO THE HONG KONG UNDERWRITING AGREEMENT

Undertaking by Us

We undertake to each of the Joint Global Coordinators (acting on behalf of all the Hong Kong Underwriters) that, and the Controlling Shareholders have further undertaken to procure that we will not, without the Joint Global Coordinators' prior written consent and unless in compliance with the Listing Rules, at any time after the date of the Hong Kong Underwriting Agreement up to and including the date falling six months after the Listing Date:

(a) offer, accept subscription for, pledge, charge, allot, issue, sell, mortgage, assign, contract to allot, issue or sell, sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, make any short sale, lend or otherwise transfer or dispose of, either directly or indirectly, conditionally or unconditionally, or repurchase, any of our share capital, debt capital or any of our securities or any interest therein (including but not limited to any securities convertible into or exercisable or exchangeable for or that represent the right to receive any such share capital or securities or interest therein);

(b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of such share capital or securities or interest therein;

(c) enter into any transaction with the same economic effect as any transaction described in paragraphs (a) or (b) above; or

(d) agree or contract to, or publicly announce any intention to enter into, any transaction described in paragraphs (a), (b) or (c) above,

whether any of the foregoing transactions described in paragraphs (a), (b) or (c) above is to be settled by delivery of share capital or such other securities, in cash or otherwise, provided that the foregoing restrictions shall not apply to the issue of Shares by us pursuant to the Global Offering (including upon the exercise of the Over-allotment Option and options that may be granted under the Share Option Scheme).

Undertaking by the Controlling Shareholders

Each of the Controlling Shareholders has jointly and severally undertaken to each of us and the Joint Global Coordinators (acting and on behalf of all the Hong Kong Underwriters) that save for the arrangements pursuant to the Stock Borrowing Agreement and the Investors' Share Charge, it will not, and will procure that none of its respective subsidiaries or any nominee or trustee holding in trust for it will, without our prior written consent or that of the Joint Global Coordinators and unless in compliance with the requirements of the Listing Rules in the period commencing on the date by reference to which disclosure of its shareholding is made in this prospectus and ending on the date which is six months from the Listing Date (the "Controlling Shareholders First Lock-up Period"):

(a) offer, pledge, charge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase for, lend or otherwise transfer or dispose of, either directly or indirectly, conditionally or unconditionally, any of our share capital, debt capital or other securities or any interest therein held by it (including, but not limited to any securities that are convertible into or exercisable or exchangeable for, or that represent the right to receive, any such share capital or other securities of the Company or any interest therein), or

(b) enter into any swap or other arrangement that transfers, in whole or in part, any of the economic consequences of ownership of such share capital; or

(c) enter into any transaction with the same economic effect as any transaction described in (a) and (b) above, whether any of the foregoing transactions is to be settled by delivery of share capital, debt capital or such other securities, in cash or otherwise, or offer to or agree to do any of the foregoing or announce any intention to do so.

In addition, each of the Controlling Shareholders has jointly and severally undertaken to each of us and the Joint Global Coordinators (acting on behalf of all the Hong Kong Underwriters) that, except with the prior written consent of the Joint Global Coordinators, and unless in compliance with the requirements of the Listing Rules, he or she or it will not at any time during the period of six months commencing on the date on which the Controlling Shareholder First Lock-up Period expires (the "Controlling Shareholders Second Lock-up Period"):

(a) offer, pledge, charge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, lend or otherwise transfer or dispose of, either directly or indirectly, conditionally or unconditionally, any of our share capital, debt capital or other securities or any interest therein held by such Controlling Shareholder (including, but not limited to any securities that are convertible into, exercisable or exchangeable for, or that represent the right to receive, any such share capital or other securities of the Company or any interest therein);

(b) enter into any swap or other arrangement that transfers, in whole or in part, any of the economic consequences of ownership of such share capital; or

(c) enter into any transaction with the same economic effect as any transaction described in (a) and (b), whether any of the foregoing transactions are to be settled by delivery of share capital or such other securities, in cash or otherwise, or offer to or agree to do any of the foregoing or announce any intention to do so if, immediately following such transaction, he or it would cease to be the controlling shareholder (as defined in the Listing Rules) of the Company; and

in the event of a disposal by such Controlling Shareholder of any share capital or any interest therein during the Controlling Shareholders Second Lock-up Period, he or she or it will take all reasonable steps to ensure that such a disposal will not create a disorderly or false market for the Shares or other securities of the Company.

Each of the Controlling Shareholders has further undertaken to each of us and the Joint Global Coordinators (for themselves and on behalf of each of the Underwriters) that it will, within the period commencing on the date of this prospectus and ending on the date which is twelve months from the

Listing Date, immediately inform us and the Joint Global Coordinators (for themselves and on behalf of each of the Underwriters) and the Stock Exchange of:

(i) any pledges or charges of any Shares or other securities of our company beneficially owned by it and the number of such Shares or other securities so pledged or charged and the purpose for which such pledge or charge is to be created; and

(ii) any indication received by it, whether verbal or written, from any pledgee or chargee of any Shares or other securities of our company pledged or charged that such Shares or other securities of our company so pledged or charged will be disposed of.

Undertaking by the Selling Shareholders

Each of the Selling Shareholders has undertaken to each of us and the Joint Global Coordinators (for itself and on behalf of the Underwriters) ("the Lockup Undertaking") that, except pursuant to (A) the Global Offering, (B) the Over-allotment Option, and/or (C) any transfer of any Lock-up Shares by the Selling Shareholders (i) as a *bona fide* gift or gifts to any group company of the Selling Shareholders, provided that the donee or donees thereof agree to be bound in writing by all of the restrictions in the Lock-up Undertaking, (ii) to any group company of the Selling Shareholders, provided that such group company agrees to be bound in writing by all of the restrictions in the Lock-up Undertaking, or (iii) any trust for the direct or indirect benefit of the Selling Shareholders, provided that the trustee of the trust agrees to be bound in writing by all of the restrictions in the Lock-up Undertaking and provided further that any such transfer shall not involve a disposition for value, the Selling Shareholders shall not, without the prior written consent of the Joint Global Coordinators, at any time during the Lock-up Period:

(i) offer, pledge, charge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, lend, make any short sale or otherwise transfer or dispose of (nor enter into any agreement to transfer or dispose of or otherwise create any options, rights, interests or encumbrances in respect of), any of the share capital or other securities of the Company or any interest therein (including but not limited to any securities that are convertible or exercisable into or exchangeable for, or that represent the right to receive, any such share capital or other securities of the Company or any interest therein, but excluding the Bonds, since none of the Bonds will be outstanding after Listing Date) held by the Selling Shareholders or with respect to which the Selling Shareholders have beneficial ownership in each case immediately after the completion of the Global Offering (collectively the "Lock-up Shares"); or

(ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any Lock-up Shares; or

(iii) enter into any transaction with the same economic effect as any transaction described in (i) or (ii) above; or

(iv) agree or contract to, or publicly announce any intention to enter into, any transaction described in (i), (ii) or (iii) above, whether any such transaction described in (i), (ii) or (iii) above is to be settled by delivery of Lock-up Shares or such other securities, in cash or otherwise.

INDEPENDENCE OF THE JOINT SPONSORS

Each Joint Sponsor has declared its independence from us pursuant to Rule 3A.08 of the Listing Rules that they are independent pursuant to Rule 3A.07 of the Listing Rules.

PRICE PAYABLE ON APPLICATION

The Offer Price will not be more than HK$2.20 and is expected to be not less than HK$1.75, unless otherwise announced by no later than the morning of the last day for lodging applications under the Hong Kong Public Offer as further explained below. If you apply for the Offer Shares under the Hong Kong Public Offer, you must pay the maximum offer price of HK$2.20 per Offer Share plus a 1.0% brokerage fee, 0.005% Stock Exchange trading fee and 0.004% SFC transaction levy. This means that, for every board lot of 1,500 Offer Shares, you must pay HK$3,333.30 at the time of your application.

If the Offer Price, as finally determined in the manner described below, is lower than HK$2.20, we will refund the difference, including the brokerage fee, Stock Exchange trading fee and SFC transaction levy attributable to the surplus application monies. We will not pay interest on any refunded amounts. You may find further details in the section entitled "How to Apply for Hong Kong Public Offer Shares" in this prospectus.

DETERMINATION OF THE OFFER PRICE

We expect the Offer Price to be fixed by agreement among us (for ourselves and on behalf of the Selling Shareholders) and the Joint Global Coordinators, on behalf of the Underwriters, on the Price Determination Date when market demand for the Offer Shares will be determined. We expect the Price Determination Date to be on or around November 18, 2009 and in any event, no later than November 24, 2009. The Offer Price will not be more than HK$2.20 per Offer Share and is expected to be not less than HK$1.75 per Offer Share. You should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the indicative Offer Price range stated in this prospectus.

The Joint Global Coordinators, on behalf of the Underwriters, may, where considered appropriate based on the level of interest expressed by prospective professional, institutional and other investors during the book-building process, and with our consents (for ourselves and on behalf of the Selling Shareholders), reduce the number of Offer Shares and/or the indicative Offer Price range below that described in this prospectus prior to the morning of the last day for lodging applications under the Hong Kong Public Offer. In such a case, we will as soon as practicable following the decision to make such reduction and in any event not later than the morning of the last day for lodging applications under the Hong Kong Public Offer publish a notice in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) of the reduction in the number of Offer Shares and/or the indicative Offer Price range.

Upon issue of such a notice, the revised number of Offer Shares and/or Offer Price range will be final and conclusive and the Offer Price, if agreed upon among the Joint Global Coordinators, on behalf of the Underwriters, and us (for ourselves and on behalf of the Selling Shareholders), will be fixed within such revised Offer Price range. In this notice, we will also confirm or revise, as appropriate, the working capital statement as currently disclosed in the section entitled "Financial Information" of this prospectus, the offering statistics as currently disclosed in the section entitled "Summary" of this prospectus, the use of proceeds in the section entitled "Future Plans and Use of Proceeds" and any other financial information which may change as a result of such reduction. If we do not publish a notice in the South China Morning Post or the Hong Kong Economic Times of a reduction in the number of Offer Shares and/or the indicative Offer Price range stated in this prospectus on or before the morning of the last day for lodging applications under the Hong Kong Public Offer, the number of Offer Shares and/or the Offer Price, if agreed upon by us (for ourselves and on behalf of the Selling Shareholders), will under no circumstances be fewer than the number of Offer Shares or be set outside the offer price range as stated in this prospectus.

If we (for ourselves and on behalf of the Selling Shareholders) are unable to reach an agreement with the Joint Global Coordinators, on behalf of the Underwriters, on the Offer Price by November 24, 2009, the Global Offering will not proceed and will lapse.

We expect to publish an announcement of the Offer Price, together with the level of interest in the International Offer and the application results and basis of allotment of the Hong Kong Public Offer Shares, on or around November 24, 2009.

CONDITIONS OF THE GLOBAL OFFERING

Acceptance of all applications for the Offer Shares will be conditional on, among other things:

- the Listing Committee granting the listing of and permission to deal in our Shares in issue and to be issued as described in this prospectus (including any additional Shares issuable pursuant to the exercise of the Over-allotment Option), and such listing and permission not having been subsequently revoked prior to the commencement of dealings in our Shares on the Stock Exchange;
- the Offer Price having been duly determined and the execution and delivery of the International Underwriting Agreement on or about the Price Determination Date; and
- the obligations of the Underwriters under the Underwriting Agreements becoming and remaining unconditional (including, if relevant, as a result of the waiver of any conditions by the Joint Global Coordinators, on behalf of the Underwriters) and such obligations not being terminated in accordance with the terms of the respective Underwriting Agreements,

in each case, on or before the dates and times specified in the Underwriting Agreements (unless and to the extent such conditions are validly waived on or before such dates and times) and in any event not later than the date that is 30 days after the date of this prospectus.

The consummation of each of the International Offer and the Hong Kong Public Offer is conditional upon, among other things, the other becoming unconditional and not having been terminated in accordance with its terms.

If the above conditions are not fulfilled or waived prior to the times and dates specified, the Global Offering will not proceed and will lapse and the Stock Exchange will be notified immediately. We will publish a notice of the lapse of the Global Offering in the South China Morning Post and the Hong Kong Economic Times on the day after such lapse.

In the above situation, we will return all application monies to the applicants, without interest and on the terms described in the section entitled "How to Apply for Hong Kong Public Offer Shares — IX. Publication of Results, Dispatch/Collection of Share Certificates/e-Refund Payment Instructions/ Refund Checks — Refund of application monies" in this prospectus. In the meantime, we will hold all application monies in a separate bank account or separate bank accounts with the receiving banker or other banks licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong).

We expect to dispatch share certificates for the Offer Shares on November 24, 2009. However, these share certificates will only become valid certificates of title on 8:00 a.m. on the Listing Date provided that (i) the Global Offering has become unconditional in all respects and (ii) the right of termination as described in the section entitled "Underwriting" in this prospectus has not been exercised.

The Global Offering

Our Global Offering consists of the Hong Kong Public Offer and the International Offer.

We intend to initially make available up to 1,458,000,000 Offer Shares under the Global Offering, of which 1,312,200,000 Offer Shares will be conditionally placed at the Offer Price pursuant to the

International Offer and the remaining 145,800,000 Offer Shares will be offered to the public in Hong Kong at the Offer Price under the Hong Kong Public Offer, in each case, subject to the reallocation on the basis described under "— Hong Kong Public Offer" below.

Of the total 1,458,000,000 Offer Shares under the Global Offering, assuming no exercise of the Over-allotment Option, we are allotting and offering 1,215,000,000 Shares and our Selling Shareholders are offering the Sale Shares amounting to 243,000,000 Shares. The 1,458,000,000 Offer Shares in the Global Offering will represent approximately 30% of our enlarged share capital immediately after the completion of the Global Offering, without taking into account any Shares which may be issued upon the exercise of the Over-allotment Option.

You may apply for Offer Shares under the Hong Kong Public Offer or indicate an interest for Offer Shares under the International Offer, but you may not apply in both offerings for the Offer Shares. In other words, you may only apply for and receive either Hong Kong Public Offer Shares under the Hong Kong Public Offer or International Offer Shares under the International Offer, but not under both offerings. The Hong Kong Public Offer is open to members of the public in Hong Kong as well as to institutional and professional investors. The International Offer will involve private placements of the Offer Shares to QIBs in the United States in reliance on Rule 144A or another exemption from registration under the U.S. Securities Act and to institutional and professional investors and other investors anticipated to have a sizeable demand for our Offer Shares in Hong Kong and other jurisdictions outside the United States in offshore transactions in reliance on Regulation S. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities. Prospective professional, institutional and other investors will be required to specify the number of the Offer Shares under the International Offer they would be prepared to acquire either at different prices or at a particular price. This process, known as "book-building," is expected to continue up to the Price Determination Date.

Allocation of the International Offer Shares to investors under the International Offer will be determined by the Joint Global Coordinators and will be based on a number of factors including the level and timing of demand, total size of the relevant investor's invested assets or equity assets in the relevant sector and whether or not the relevant investor is likely to buy further, and/or hold or sell its International Offer Shares after the listing of our Shares on the Stock Exchange. Such allocation is intended to result in a distribution of the International Offer Shares on a basis which would lead to the establishment of an appropriate shareholder base to our benefit and the benefit of our shareholders as a whole.

Allocation of Hong Kong Public Offer Shares to investors under the Hong Kong Public Offer will be based on the level of valid applications received under the Hong Kong Public Offer. The basis of allocation may vary depending on the number of Hong Kong Public Offer Shares validly applied for by applicants. We intend to make the allocation on a pro-rata basis although we may, if necessary, allocate the Hong Kong Public Offer Shares on the basis of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Public Offer Shares and that those applicants who are not successful in the ballot may not receive any Hong Kong Public Offer Shares.

In connection with the Global Offering, we and the Selling Shareholders intend to grant the Over-allotment Option to the Joint Global Coordinators on behalf of the International Underwriters. The Over-allotment Option gives the Joint Global Coordinators the right, exercisable at any time from the day on which trading of our Shares commences on the Stock Exchange until 30 days after the last day for lodging of applications under the Hong Kong Public Offer, to require the Selling Shareholders to offer an additional 36,450,000 Shares, and to require us to allot and issue up to an aggregate of 182,250,000 additional Shares, representing in aggregate 15% of the initial size of the Global Offering at the Offer Price to cover, among other things, over-allocations in the International Offer, if any. Joint Global Coordinators may also cover any over-allocations by purchasing Shares in the secondary market or by a combination of purchases in the secondary market and a partial exercise of the Over-allotment Option. Any such secondary market purchase will be made in compliance with all applicable laws, rules and regulations. If the Stabilizing Manager exercises the Over-allotment Option in full, the additional Offer Shares will represent approximately 4.3% of our enlarged issued share capital following the completion of the Global Offering and the exercise of the Over-allotment Option. In the event that the Over-allotment Option is exercised, we will make a press announcement.

In order to facilitate the settlement of over-allocations in connection with the International Offer, the Joint Global Coordinators may choose to borrow Shares from Fantasy Pearl under the Stock Borrowing Agreement or acquire Shares from other sources. Such stock borrowing arrangement will not be subject to the restrictions of Rule 10.07(1) of the Listing Rules provided that the following requirements as set out in Rule 10.07(3) are complied with:

(a) the stock borrowing arrangement with Fantasy Pearl will only be for the sole purpose of settling over-allocations in the International Offer prior to the exercise of the Over-allotment Option;

(b) the maximum number of Shares to be borrowed from Fantasy Pearl will be limited to the maximum number of new Shares which may be issued upon full exercise of the Over-allotment Option;

(c) the same number of Shares so borrowed from Fantasy Pearl is returned to Fantasy Pearl or its nominees (as the case may be) within three business days following the earlier of (i) after the last day on which the Over-allotment Option may be exercised; or (ii) the date on which the Over-allotment Option is exercised in full;

(d) the borrowing of Shares pursuant to the stock borrowing arrangement with Fantasy Pearl will be effected in compliance with applicable provisions of the Listing Rules, laws and other regulatory requirements; and

(e) no payments will be made to Fantasy Pearl by the stabilizing manager in relation to such stock borrowing arrangement.

The Hong Kong Public Offer is fully underwritten by the Hong Kong Underwriters and the International Offer is expected to be fully underwritten by the International Underwriters. The Hong Kong Public Offer and the International Offer are subject to the conditions set forth in the section entitled "Underwriting — Underwriting Arrangements and Expenses — Grounds for termination" in this prospectus. In particular, we (for ourselves and on behalf of the Selling Shareholders) and the Joint Global Coordinators, on behalf of the Underwriters, must agree on the Offer Price for the Global Offering. The Hong Kong Underwriting Agreement was entered into on November 11, 2009, subject to an agreement on the Offer Price between the Joint Global Coordinators (on behalf of the Underwriters) and us (for ourselves and on behalf of the Selling Shareholders) for purposes of the Hong Kong Public Offer. The International Underwriting Agreement (including the agreement on the Offer Price for purposes of the International Offer) is expected to be entered into on or around November 18, 2009, the Price Determination Date. The Hong Kong Underwriting Agreement and the International Underwriting Agreement are inter-conditional upon each other.

HONG KONG PUBLIC OFFER

The Hong Kong Public Offer is a fully underwritten public offering (subject to agreement as to pricing and satisfaction or waiver of the other conditions contained in the Hong Kong Underwriting Agreement and described in "— Conditions of the Global Offering" above in this prospectus) for the subscription in Hong Kong of, initially 145,800,000 Offer Shares at the Offer Price to be allotted and offered by us, representing approximately 10% of the total number of the Offer Shares initially available under the Global Offering. Subject to the reallocation of Offer Shares between the International Offer and the Hong Kong Public Offer described below, the Hong Kong Public Offer Shares will represent approximately 3.0% of our enlarged issued share capital immediately after completion of the Global Offering, assuming that the Over-allotment Option is not exercised.

The total number of the Offer Shares available under the Hong Kong Public Offer is to be divided equally into two pools for allocation purposes:

- Pool A: The Offer Shares in pool A will be allocated on an equitable basis to applicants who have applied for Hong Kong Public Offer Shares with an aggregate subscription price of HK$5 million (excluding the brokerage, the Stock Exchange trading fee and the SFC transaction levy payable) or less; and
- Pool B: The Offer Shares in pool B will be allocated on an equitable basis to applicants who have applied for Hong Kong Public Offer Shares with an aggregate subscription price of more than HK$5 million (excluding the brokerage, the Stock Exchange trading fee and the SFC transaction levy payable) and up to the value of pool B.

You should be aware that applications in pool A and applications in pool B may receive different allocation ratios. If the Offer Shares in one (but not both) of the pools are under subscribed, the surplus Offer Shares will be transferred to the other pool to satisfy demand in that pool and be allocated accordingly. For the purpose of this subsection only, the "subscription price" for the Offer Shares means the price payable on application therefor (without regard to the Offer Price as finally determined).

You can only receive an allocation of Hong Kong Public Offer Shares from either pool A or pool B but not from both pools. We will reject multiple applications between the two pools and reject multiple applications within pool A or pool B. In addition, any application for more than 50% of the 145,800,000 Offer Shares initially included in the Hong Kong Public Offer (that is, 72,900,000 Offer Shares) will be rejected. You are required to give an undertaking and confirmation in the application submitted by you that you and any person(s) for whose benefit you are making the application have not indicated an interest for or taken up and will not indicate an interest for or take up any Offer Shares under the International Offer, and your application will be rejected if such undertaking and/or confirmation is breached and/or untrue, as the case may be. We and the Hong Kong Underwriters will take reasonable steps to identify and reject applications under the Hong Kong Public Offer from investors who have indicated interest in or have received Offer Shares in the International Offer, and to identify and reject indications of interest in the International Offer from investors who have applied for or have received Offer Shares in the Hong Kong Public Offer.

The allocation of the Offer Shares between the Hong Kong Public Offer and the International Offer is subject to the following adjustments in the event of over-subscription under the Hong Kong Public Offer:

- if the number of the Offer Shares validly applied for under the Hong Kong Public Offer represents 15 times or more but less than 50 times the number of the Offer Shares initially available for subscription under the Hong Kong Public Offer, then International Offer Shares will be reallocated to the Hong Kong Public Offer from the International Offer, so that the total number of the Hong Kong Public Offer Shares available under the Hong Kong Public Offer will be 437,400,000 Offer Shares, representing approximately 30% of the Offer Shares initially available under the Global Offering;
- if the number of the Offer Shares validly applied for under the Hong Kong Public Offer represents 50 times or more but less than 100 times the number of the Offer Shares initially available for subscription under the Hong Kong Public Offer, then the number of International Offer Shares to be reallocated to the Hong Kong Public Offer from the International Offer will be increased so that the total number of the Hong Kong Public Offer Shares available under the Hong Kong Public Offer will be 583,200,000 Offer Shares, representing approximately 40% of the Offer Shares initially available under the Global Offering; and
- if the number of the Offer Shares validly applied for under the Hong Kong Public Offer represents 100 times or more the number of the Offer Shares initially available for subscription under the Hong Kong Public Offer, then the number of International Offer

Shares to be reallocated to the Hong Kong Public Offer from the International Offer will be increased, so that the total number of the Hong Kong Public Offer Shares available under the Hong Kong Public Offer will be 729,000,000 Offer Shares, representing approximately 50% of the Offer Shares initially available under the Global Offering.

In addition, despite the above-described claw-back provisions, the Joint Global Coordinators may reallocate Offer Shares from the International Offer to the Hong Kong Public Offer to satisfy valid applications under the Hong Kong Public Offer. If the Hong Kong Public Offer is not fully subscribed, however, the Joint Global Coordinators may reallocate to the International Offer all or any unsubscribed Hong Kong Public Offer Shares in such numbers as it deems appropriate.

INTERNATIONAL OFFER

The number of the Offer Shares to be initially offered for sale under the International Offer will be 1,312,200,000 Offer Shares (comprising 1,069,200,000 Offer Shares to be allotted and offered by us and 243,000,000 Offer Shares to be offered by the Selling Shareholders), representing approximately 90% of the Offer Shares initially available under the Global Offering and approximately 27% of our enlarged issued share capital immediately after completion of the Global Offering, assuming the Over-allotment Option is not exercised.

Pursuant to the International Offer, the International Offer Shares will be conditionally placed on our behalf and on behalf of the Selling Shareholders by the International Underwriters or through selling agents appointed by them. International Offer Shares will be placed with certain professional and institutional investors and other investors anticipated to have a sizeable demand for the International Offer Shares in Hong Kong, Europe and other jurisdictions outside the United States (other than mainland China) in offshore transactions meeting the requirements of, and in reliance on, Regulation S, and with QIBs in the United States in reliance on Rule 144A or another exemption from registration under the U.S. Securities Act. The International Offer is subject to the Hong Kong Public Offer becoming unconditional.

The Joint Global Coordinators (on behalf of the Underwriters) may require any investor who has been offered Offer Shares under the International Offer and who has also made an application under the Hong Kong Public Offer to provide sufficient information to the Joint Global Coordinators so as to allow them to identify the relevant applications under the Hong Kong Public Offer and to ensure that such investor is excluded from any application of Hong Kong Public Offer Shares under the Hong Kong Public Offer.

OVER-ALLOTMENT AND STABILIZATION

In connection with the Global Offering, the Stabilizing Manager or any person acting for it on behalf of the Underwriters may over-allocate or effect transactions with a view to stabilizing or maintaining the market price of our Shares at a level higher than that which might otherwise prevail in the open market for a limited period after the Listing Date. Any market purchases will be effected in compliance with all applicable laws and regulatory requirements. However, there is no obligation on the Stabilizing Manager or any person acting for it to conduct any such stabilizing activity which, if commenced, may be terminated at the absolute discretion of the Stabilizing Manager or any person acting for it at any time. Any such stabilizing activity is required to be brought to an end on the 30th day after the last day for lodging of applications under the Hong Kong Public Offer. The number of Shares that may be over-allocated will not exceed the number of Shares that may be issued or sold upon exercise of the Over-allotment Option in full, being 218,700,000 Shares in aggregate, comprising 182,250,000 additional Shares to be allotted and issued by us and an additional 36,450,000 Shares to be offered by the Selling Shareholders. The number of Shares that may be over-allocated accounts for 15% of the number of Offer Shares initially available under the Global Offering.

Stabilizing actions permitted in Hong Kong pursuant to the Securities and Futures (Price Stabilization) Rules (Chapter 571W of the Laws of Hong Kong) include:

(i) over-allocation of Shares for the purpose of preventing or minimizing any reduction in the market price;

(ii) selling or agreeing to sell Shares so as to establish a short position in them for the purpose of preventing or minimizing any reduction in the market price of the Shares;

(iii) purchasing, subscribing, or agreeing to subscribe, for Shares pursuant to the Over-allotment Option in order to close out any position established as a result of over-allocation or short position described above in (i) and (ii);

(iv) purchasing, or agreeing to purchase, Shares for the sole purpose of preventing or minimizing any reduction in the market price;

(v) selling or agreeing to sell Shares acquired by the Stabilizing Manager or any person acting for it to liquidate a long position held as a result of those purchases in (iv); and

(vi) offering or attempting to do anything described in (ii), (iii), (iv) and (v) above.

As a result of effecting transactions to stabilize or maintain the market price of our Shares, the Stabilizing Manager or any person acting for it may maintain a long position in our Shares. The size of the long position and the period for which the Stabilizing Manager or any person acting for it will maintain the long position is at the discretion of the Stabilizing Manager and is uncertain. In the event that the Stabilizing Manager or any person acting for it liquidates its long position by making sales in the open market, this may lead to a decline in the market price of our Shares.

Stabilizing action by the Stabilizing Manager or any person acting for it is not permitted to support the price of our Shares for a period longer than the stabilizing period, which begins on the Listing Date on which trading of our Shares first commences on the Stock Exchange and ends on the 30th day after the last day for lodging of applications under the Hong Kong Public Offer. Therefore, the stabilizing period is expected to end within 30 days of the last day for the lodging of applications under the Hong Kong Public Offering. As a result, demand for our Shares and their market price may fall after the end of the stabilizing period. Stabilising bids or market purchases effected in the course of stabilising action may be made at any price at or below the Offer Price.

We will ensure or procure that a public announcement in compliance with the Securities and Futures (Price Stabilizing) Rules (Chapter 571W of the Laws of Hong Kong) be made within seven days of the expiration of the stabilizing period.

Any stabilizing action taken by the Stabilizing Manager or any person acting for it may not necessarily result in the market price of our Shares staying at or above the Offer Price either during or after the stabilizing period. Bids for or market purchases of our Shares by the Stabilizing Manager or any person acting for it may be made at a price at or below the Offer Price and therefore at or below the price paid by you for our Shares.

There are three ways to make an application for the Hong Kong Public Offer Shares. You may either (i) use a **WHITE** or **YELLOW** Application Form; (ii) apply online through the designated website of the **White Form eIPO** Service Provider, referred to herein as the "**White Form eIPO**" service; or (iii) electronically instruct HKSCC to cause HKSCC Nominees to apply for the Hong Kong Public Offer Shares on your behalf.

Except where you are a nominee and provide the required information in your application, you or your joint applicant(s) may not make more than one application (whether individually or jointly) by applying on a **WHITE** or **YELLOW** Application Form or applying online through **White Form eIPO service** or by giving **electronic application instructions to HKSCC.**

I. WHO CAN APPLY FOR HONG KONG PUBLIC OFFER SHARES

You can apply for the Hong Kong Public Offer Shares available for subscription by the public on a **WHITE** or **YELLOW** Application Form if you or any person(s) for whose benefit you are applying, are an individual, and:

- are 18 years of age or older;
- have a Hong Kong address;
- are outside the United States; and
- are not a United States person (as defined in Regulation S), or a legal or natural person of the PRC (except qualified domestic institutional investors).

If the applicant is a firm, the application must be in the names of the individual members, not the firm's name. If the applicant is a body corporate, the application form must be signed by a duly authorized officer, who must state his or her representative capacity.

If an application is made by a person duly authorized under a valid power of attorney, the Joint Global Coordinators (or their respective agents or nominees) may accept it at its discretion, and subject to any conditions it thinks fit, including production of evidence of the authority of the attorney.

The number of joint applicants may not exceed four.

If you wish to apply for Hong Kong Public Offer Shares online through the **White Form eIPO service (www.eipo.com.hk), you must also:**

- have a valid Hong Kong identity card number; and
- be willing to provide a valid e-mail address and a contact telephone number.

You may only apply by means of the **White Form eIPO service if you are an individual applicant. Corporations or joint applicants may not apply by means of White Form eIPO.**

We and the Joint Global Coordinators or the designated White Form eIPO Service Provider (where applicable), in their capacity as our agents, have full discretion to reject or accept any application, in full or in part, without assigning any reason.

The Hong Kong Public Offer Shares are not available to existing beneficial owners of Shares, our Directors or chief executive or their respective associates as defined in the Listing Rules or any other connected persons as defined in the Listing Rules of our Company or persons who will become our connected persons immediately upon completion of the Global Offering.

You may apply for Hong Kong Public Offer Shares under the Hong Kong Public Offer or indicate an interest for International Offer Shares under the International Offer, but may not do both.

II. APPLYING BY USING AN APPLICATION FORM

Which Application Form to use

Use a **WHITE** Application Form if you want the Hong Kong Public Offer Shares issued in your own name.

Use a **YELLOW** Application Form if you want the Hong Kong Public Offer Shares issued in the name of HKSCC Nominees and deposited directly into CCASS for credit to your CCASS Investor Participant stock account or your designated CCASS Participant's stock account.

Hong Kong Public Offer Shares are not available to existing beneficial owners of Shares in our Company, the Directors or chief executive of our Company or any of our subsidiaries, or associates of any of them (as "associate" is defined in the Listing Rules) or United States persons (as defined in Regulation S) or persons who do not have a Hong Kong address.

Where to collect Application Forms

You can collect a **WHITE** Application Form and this prospectus during normal business hours from 9:00 a.m. on Thursday, November 12, 2009 until 12:00 noon on Tuesday, November 17, 2009 from:

Any of the following addresses of the Hong Kong Underwriters:

Joint Lead Managers *(in alphabetical order)*

BOCI Asia Limited
26/F, Bank of China Tower
1 Garden Road, Central
Hong Kong

CITIC Securities Corporate Finance (HK) Limited
26/F, CITIC Tower
1 Tim Mei Avenue, Central
Hong Kong

Deutsche Bank AG, Hong Kong Branch
48/F, Cheung Kong Center
2 Queen's Road Central
Hong Kong

Goldman Sachs (Asia) L.L.C.
68/F, Cheung Kong Center
2 Queen's Road Central
Hong Kong

ICBC International Securities Limited
Levels 17 & 18, Three Pacific Place
1 Queen's Road East
Hong Kong

Co-lead managers *(in alphabetical order)*

Emperor Securities Limited
23-24, Emperor Group Centre
288 Hennessy Road, Wanchai
Hong Kong

Guotai Junan Securities (Hong Kong) Limited
27/F, Low Block, Grand Millennium Plaza
181 Queen's Road, Central
Hong Kong

Co-managers *(in alphabetical order)*

CAF Securities Company Limited
1302B, Fairmont House
8 Cotton Tree Road, Central
Hong Kong

CIMB Securities Limited
25/F, Central Tower
28 Queen's Road, Central
Hong Kong

Grand Investment (Securities) Limited
22/F, Entertainment Building
30 Queen's Road, Central
Hong Kong

United Simsen Securities Ltd.
Room 1906-10, 19/F, The Center
99 Queen's Road, Central
Hong Kong

or any of the following branches of:

(a) The Bank of East Asia, Limited

	Branch Name	Branch Address
Hong Kong Island	Main Branch	10 Des Voeux Road Central, HK
	Wanchai Branch	Shop A-C, G/F, Easey Commercial Building, 253-261 Hennessy Road, Wanchai
	North Point Branch	326-328 King's Road
	Shau Kei Wan Branch	G/F, Ka Fook Building, 289-293 Shau Kei Wan Road
Kowloon	Mongkok Branch	638 - 640 Nathan Road
	Yaumatei Branch	G/F, 526 Nathan Road
	East Tsim Sha Tsui Branch	Shop G3 - G5, G/F, East Ocean Centre, 98 Granville Road, Tsim Sha Tsui
	Kwun Tong Branch	7 Hong Ning Road
New Territories	Shatin Plaza Branch	Shop 3 - 4, Level 1, Shatin Plaza
	Tsuen Wan Branch	239-243 Sha Tsui Road
	Tuen Mun Town Plaza Branch	Shop 2 - 10, UG/F, Tuen Mun Town Plaza Phase II, 3 Tuen Lung Street, Tuen Mun

(b) Industrial and Commercial Bank of China (Asia) Limited

	Branch Name	Branch Address
Hong Kong Island	Queen's Road Central Branch	122-126 Queen's Road Central, Central
	West Point Branch	242-244 Queen's Road West, Sai Ying Pun
	Wanchai Branch	117-123 Hennessy Road, Wanchai
	North Point Branch	G/F, 436-438 King's Road, North Point
	Aberdeen Branch	Shop 7A, G/F, Site 1, Aberdeen Centre
Kowloon	Mongkok Branch	G/F., Belgian Bank Building, 721-725 Nathan Road, Mongkok
	Hung Hom Branch	Shop 2A, G/F, Hung Hom Shopping Mall, 2-34E Tak Man Street, Hung Hom
	Kwun Tong Branch	G/F., Lemmi Centre, 50 Hoi Yuen Road, Kwun Tong
New Territories	Tseung Kwan O Branch	Shop Nos. 2011-2012, Level 2, Metro City, Plaza II, 8 Yan King Road, Tseung Kwan O
	Kwai Fong Branch	C63A-C66, 2/F, Kwai Chung Plaza, Kwai Fong
	Tai Po Branch	Shop F, G/F, Mee Fat Building, No 34-38 Tai Wing Lane, Tai Po

You can collect a **YELLOW** Application Form and this prospectus during normal business hours from 9:00 a.m. on Thursday, November 12, 2009 until 12:00 noon on Tuesday, November 17, 2009 from:

(1) The Depository Counter of HKSCC at 2nd Floor, Vicwood Plaza, 199 Des Voeux Road Central, Hong Kong; or

(2) Your stockbrokers, who may have such application forms and this prospectus available.

How to apply by using a WHITE or YELLOW Application Form

There are detailed instructions on each Application Form. You should read these instructions carefully. If you do not follow the instructions your application may be rejected and returned by ordinary post together with the accompanying check(s) or banker's cashier order(s) to you (or the first-named applicant in the case of joint applicants) at your own risk at the address stated in the Application Form.

(a) Obtain an Application Form as set forth in the sub-paragraph entitled "Where to collect Application Forms" above.

(b) Complete the Application Form in English in ink, and sign it. There are detailed instructions on each Application Form. You should read these instructions carefully. If you do not follow the instructions, your application may be rejected and returned by ordinary post together with the accompanying check(s) or banker's cashier order(s) to you (or the first-named applicant in the case of joint applicants) at your own risk at the address stated in the Application Form.

(c) Each Application Form must be accompanied by payment, in the form of either one check or one banker's cashier order. You should read the detailed instructions set out on the Application Form carefully, as an application is liable to be rejected if the check or banker's cashier order does not meet the requirements set out on the Application Form.

(d) Lodge the Application Form in one of the collection boxes by the time and at one of the branches of the receiving bankers as set forth in the sub-paragraph entitled "Where to collect Application Forms" above.

In order for the **YELLOW** Application Forms to be valid:

You, as the applicant(s), must complete the form as indicated below and sign on the first page of the application form. Only written signatures will be accepted.

(a) **If the application is made through a designated CCASS Participant** (other than a CCASS Investor Participant):

  (i) the designated CCASS Participant must endorse the form with its company chop (bearing its company name) and insert its participant I.D. in the appropriate box in the Application Form.

(b) **If the application is made by an individual CCASS Investor Participant**:

  (i) the Application Form must contain the CCASS Investor Participant's name and Hong Kong Identity Card Number; and

  (ii) the CCASS Investor Participant must insert its participant I.D. in the appropriate box in the Application Form.

(c) **If the application is made by joint individual CCASS Investor Participants:**

  (i) the Application Form must contain all joint CCASS Investor Participants' names and Hong Kong Identity Card Numbers; and

  (ii) the participant I.D. must be inserted in the appropriate box in the Application Form.

(d) **If the application is made by a corporate CCASS Investor Participant:**

  (i) the Application Form must contain the CCASS Investor Participant's company name and its Hong Kong Business Registration number; and

  (ii) the participant I.D. and company chop (bearing its company name) must be inserted in the appropriate box in the Application Form.

Incorrect or omission of details of the CCASS Participant (including participant I.D. and/or company chop bearing its company name) or other similar matters may render the application invalid.

Nominees who wish to submit separate applications in their names on behalf of different beneficial owners are requested to designate on each Application Form in the box marked "For nominees" account numbers or other identification codes for each beneficial owner or, in the case of joint beneficial owners, for each joint beneficial owner.

If your application is made through a duly authorized attorney, we, the Joint Sponsors and the Joint Global Coordinators, as our agent, may accept it at our discretion, and subject to any conditions we think fit, including evidence of the authority of your attorney. We, the Joint Sponsors and the Joint Global Coordinators, as our agent, will have full discretion to reject or accept any application, in full or in part, without assigning any reason.

III. APPLYING THROUGH WHITE FORM eIPO

General

(a) If you are an individual and meet the criteria set out above in "Who can Apply for Hong Kong Public Offer Shares", you may apply through **White Form eIPO** by submitting an application through designated website at www.eipo.com.hk. If you apply through **White Form eIPO**, the Shares will be issued in your own name.

(b) Detailed instructions for application through the **White Form eIPO** service are set out on the designated website at www.eipo.com.hk. You should read these instructions carefully. If you do not follow the instructions, your application may be rejected by the designated **White Form eIPO** Service Provider and may not be submitted to our company.

(c) In addition to the terms and conditions set out in this Prospectus, the designated **White Form eIPO** Service Provider may impose additional terms and conditions upon you for the use of the **White Form eIPO** service. Such terms and conditions are set out on the designated website at **www.eipo.com.hk**. You will be required to read, understand and agree to such terms and conditions in full prior to making any application.

(d) By submitting an application to the designated **White Form eIPO** Service Provider through the **White Form eIPO** service (**www.eipo.com.hk**), you are deemed to have authorized the designated **White Form eIPO** Service Provider to transfer the details of your application to our Company and our Hong Kong Share Registrar.

(e) You may submit an application through the **White Form eIPO** service in respect of a minimum of 1,500 Hong Kong Public Offer Shares. Each electronic application instruction in respect of more than 1,500 Hong Kong Public Offer Shares must be in one of the numbers set out in the table in the Application Forms, or as otherwise specified on the designated website at **www.eipo.com.hk**.

(f) You may submit your application to the designated White Form eIPO Service Provider through the designated website at **www.eipo.com.hk** from 9:00 a.m. on Thursday, November 12, 2009 until 11:30 a.m. on Tuesday, November 17, 2009 or such later time as set forth in the sub-paragraph entitled "V. When May Applications Be Made — Effect of bad weather on the opening of the application lists" below (24 hours daily, except on the last application day). The latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Tuesday, November 17 2009, the last application day, or, if the application lists are not open on that day, then by the time and date set forth in the subparagraph entitled "V. When may Applications be Made — Effect of bad weather on the opening of the application lists" below.

(g) You will not be permitted to submit your application to the designated **White Form eIPO** Service Provider through the designated website at **www.eipo.com.hk** after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained an application reference number from the website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close. If you do not make complete payment of the application monies (including any related fees) on or before 12:00 noon on Tuesday, November 17, 2009, or such later time as set forth in the section entitled "V. When May Applications Be Made — Effect of bad weather on the opening of the application lists", the designated **White Form eIPO** Service Provider will reject your application and your application monies will be returned to you in the manner described in the designated website at **www.eipo.com.hk**.

(h) Warning: The application for Hong Kong Public Offer Shares through the **White Form eIPO** service (**www.eipo.com.hk**) is only a facility provided by the designated White Form eIPO Service Provider to public investors. Our company, our Directors, the Joint Sponsors and the Underwriters take no responsibility for such applications, and provide no assurance that applications through the **White Form eIPO** service (**www.eipo.com.hk**) will be submitted to our Company or that you will be allotted any Hong Kong Public Offer Shares.

Environmental Protection

The obvious advantage of **White Form eIPO** is to save the use of paper via the self-serviced and electronic application process. Computershare Hong Kong Investor Services Limited being the designated White Form eIPO Service Provider will contribute HK$2 per each "**Fantasia Holdings Group Co., Limited**" **White Form eIPO** application submitted via **www.eipo.com.hk** to support the funding of the "Source of DongJiang — Hong Kong Forest" project initiated by Friends of Earth (HK).

Please note that Internet services may have capacity limitations and/or be subject to service interruptions from time to time. To ensure that you can submit your applications through the **White**

Form eIPO service (**www.eipo.com.hk**), you are advised not to wait until the last day for submitting applications in the Hong Kong Public Offer to submit your electronic application instructions. In the event that you have problems connecting to the designated website for the **White Form eIPO** service (**www.eipo.com.hk**), you should submit a **WHITE** Application Form. However, once you have submitted electronic application instructions and completed payment in full using the application reference number provided to you on the designated website, you will be deemed to have made an actual application and should not submit a **WHITE** Application Form. See the sub-paragraph entitled "VI. How Many Applications may You Make" below.

Additional information

For the purposes of allocating Hong Kong Public Offer Shares, each applicant giving electronic application instructions through **White Form eIPO** service to the **White Form eIPO** Service Provider through the designated website at **www.eipo.com.hk** will be treated as an applicant. If your payment of application monies is insufficient, or in excess of the required amount, having regard to the number of Hong Kong Public Offer Shares for which you have applied, or if your application is otherwise rejected by the designated **White Form eIPO** Service Provider, the designated **White Form eIPO** Service Provider may adopt alternative arrangements for the refund of monies to you. Please refer to the additional information provided by the designated **White Form eIPO** Service Provider on the designated website at **www.eipo.com.hk**.

IV. APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC VIA CCASS

General

CCASS Participants may give **electronic application instructions** via CCASS to HKSCC to apply for the Hong Kong Public Offer Shares and to arrange payment of the monies due on application and payment of refunds. This will be in accordance with their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures in effect from time to time.

If you are a **CCASS Investor Participant,** you may give **electronic application instructions** through the CCASS Phone System by calling 2979-7888 or through the CCASS Internet System (**https://ip.ccass.com**) (according to the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time).

HKSCC can also input **electronic application instructions** for you if you go to:

Hong Kong Securities Clearing Company Limited
Customer Service Centre
2/F, Vicwood Plaza
199 Des Voeux Road Central
Hong Kong

and complete an input request form.

Prospectuses are available for collection from the above address.

If you are **not a CCASS Investor Participant,** you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Hong Kong Public Offer Shares on your behalf.

You are deemed to have authorized HKSCC and/or HKSCC Nominees to transfer the details of your application, whether submitted by you or through your broker or custodian, to our Company, the Joint Sponsors and our Hong Kong Share Registrar.

Application for Hong Kong Public Offer Shares by HKSCC Nominees on your behalf

Where a **WHITE** Application Form is signed by HKSCC Nominees on behalf of persons who have given **electronic application instructions** to apply for the Hong Kong Public Offer Shares:

(a) HKSCC Nominees is only acting as a nominee for those persons and shall not be liable for any breach of the terms and conditions of the **WHITE** Application Form or this prospectus;

(b) HKSCC Nominees does the following on behalf of each such person:

(i) agrees that the Hong Kong Public Offer Shares to be allotted shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the stock account of the CCASS Participant who has inputted **electronic application instructions** on that person's behalf or that person's CCASS Investor Participant stock account;

(ii) undertakes and agrees to accept the Hong Kong Public Offer Shares in respect of which that person has given **electronic application instructions** or any lesser number of such Offer Shares;

(iii) undertakes and confirms that that person has not indicated an interest for, applied for or taken up any Offer Shares under the International Offer nor otherwise participated in the International Offer;

(iv) (if the **electronic application instructions** are given for that person's own benefit) declares that only one set of **electronic application instructions** has been given for that person's benefit;

(v) (if that person is an agent for another person) declares that that person has only given one set of **electronic application instructions** for the benefit of that other person and that that person is duly authorized to give those instructions as that other person's agent;

(vi) understands that the above declaration will be relied upon by us, our Directors and the Joint Global Coordinators in deciding whether or not to make any allotment of Hong Kong Public Offer Shares in respect of the **electronic application instructions** given by that person and that that person may be prosecuted if he makes any false declaration;

(vii) authorizes us to place the name of HKSCC Nominees on the register of members of our Company as the holder of the Hong Kong Public Offer Shares allotted in respect of that person's **electronic application instructions** and to send share certificate(s) and/or refund monies in accordance with the arrangements separately agreed between our Company and HKSCC;

(viii) confirms that that person has read the terms and conditions and application procedures set out in this prospectus and agrees to be bound by them;

(ix) confirms that that person has only relied on the information and representations in this prospectus in giving that person's **electronic application instructions** or instructing that person's broker or custodian to give **electronic application instructions** on that person's behalf and will not rely on any other information and representations save as set out in any supplement to this prospectus, and that person agrees that neither our Company, our Directors, the Joint Sponsors, the Joint Global Coordinators, the Underwriters or any of the parties involved in the Global Offering will have any liability for any such other information or representation;

(x) agrees that our Company, the Joint Global Coordinators, the Joint Sponsors, the Joint Bookrunners, the Underwriters and any of their respective directors, officers, employees, partners, agents or advisors are not liable for the information and representations not contained in this prospectus and any supplement thereto;

(xi) agrees to disclose that person's personal data to our Company, our Hong Kong Share Registrar, receiving bankers, the Joint Global Coordinators, the Underwriters and any of their respective advisors and agents and any information which they may require about that person for whose benefit the application is made;

(xii) agrees (without prejudice to any other rights which that person may have) that once the application of HKSCC Nominees is accepted, the application cannot be rescinded for innocent misrepresentation;

(xiii) agrees that any application made by HKSCC Nominees on behalf of that person pursuant to the **electronic application instructions** given by that person agrees that application cannot be revoked on or before the expiration of the fifth day of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong) unless if a person responsible for this prospectus under section 40 of the Companies Ordinance gives a public notice under that section which excludes or limits the responsibility of that person for this prospectus;

(xiv) agrees that once the application of HKSCC Nominees is accepted, neither that application nor that person's **electronic application instructions** can be revoked, and that acceptance of that application will be evidenced by the announcement of the results of the Hong Kong Public Offer made by our Company;

(xv) agrees to the arrangements, undertakings and warranties specified in the participant agreement between that person and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, in respect of the giving of **electronic application instructions** relating to Hong Kong Public Offer Shares;

(xvi) agrees with our Company, for ourselves and for the benefit of each of our shareholders (and so that we will be deemed by our acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for ourselves and on behalf of each of our shareholders, with each CCASS Participant giving **electronic application instructions**) to observe and comply with the Companies Law, the Companies Ordinance and the Articles of Association; and

(xvii) agrees that that person's application, any acceptance of it and the resulting contract will be governed by and construed in accordance with the laws of Hong Kong.

Effect of giving electronic application instructions to HKSCC

By giving **electronic application instructions** to HKSCC or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and if you are joint applicants, each of you jointly and severally) are deemed to have taken the following actions. Neither HKSCC nor HKSCC Nominees shall be liable to our Company or any other person in respect of the actions mentioned below:

- instructed and authorized HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Hong Kong Public Offer Shares on your behalf;
- instructed and authorized HKSCC to arrange payment of the maximum offer price, and the related brokerage fee, the SFC transaction levy, and the Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or the Offer Price is less than the initial price per Offer Share paid on application, refund of the application monies (in each case including brokerage fee, the SFC transaction levy, and the Stock Exchange trading fee) by crediting your designated bank account; and
- instructed and authorized HKSCC to cause HKSCC Nominees to take on your behalf all the actions which it is stated to take on your behalf in the **WHITE** Application Form.

Minimum application amount and permitted numbers

You may give or cause your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** in respect of a minimum of 1,500 Hong Kong Public Offer Shares. Such instructions in respect of more than 1,500 Hong Kong Public Offer Shares must be in one of the number of shares in the table in the Application Forms.

No application for any other number of Hong Kong Public Offer Shares will be considered and any such application is liable to be rejected.

Allocation of Hong Kong Public Offer Shares

For the purposes of allocating Hong Kong Public Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives **electronic application instructions** or each person for whose benefit each such instruction is given will be treated as an applicant.

Section 40 of the Companies Ordinance

For the avoidance of doubt, we and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under section 40 of the Companies Ordinance.

Personal Data

The section of the Application Form headed "Personal Data" applies to any personal data held by us, our Hong Kong Share Registrar, receiving bankers, the Joint Global Coordinators, the Underwriters and any of their respective advisors and agents about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

Warning

The application for the Hong Kong Public Offer Shares by giving **electronic application instructions** to HKSCC is only a facility provided to CCASS Participants. We, our Directors, the Joint Sponsors, the Joint Global Coordinators and the Underwriters take no responsibility for the application and provide no assurance that any CCASS Participant will be allotted any Hong Kong Public Offer Shares. To ensure that CCASS Investor Participants can give their **electronic application instructions** to HKSCC through the CCASS Phone System or the CCASS Internet System, CCASS Investor Participants are advised not to wait until the last minute to input their **electronic application instructions** to the systems. In the event that CCASS Investor Participants have problems connecting to the CCASS Phone System or the CCASS Internet System to submit their **electronic application instructions**, they should either: (i) submit a **WHITE** or **YELLOW** Application Form; or (ii) go to HKSCC's Customer Service Centre to complete an input request form for **electronic application instructions** before 12:00 noon on Tuesday, November 17, 2009 or such later time as set forth in the paragraph entitled "V. When may Applications be Made — Effect of bad weather on the opening of the application lists" below.

V. WHEN MAY APPLICATIONS BE MADE

Applications on WHITE or YELLOW Application Forms

Completed **WHITE** and **YELLOW** Application Forms, with payment attached, must be lodged by 12:00 noon on Tuesday, November 17, 2009, or, if the application lists are not open on that day, then by such later time as set forth in the paragraph entitled "V. When may Applications be Made — Effect of bad weather on the opening of the application lists" below.

Your completed Application Form, together with a check attached and marked payable to "The Bank of East Asia (Nominees) Limited — Fantasia Public Offer" for the payment, should be deposited in the special collection boxes provided at any of the branches of the receiving bankers listed under the section entitled "II. Applying by Using an Application Form — Where to collect Application Forms" above at the following times:

Thursday, November 12, 2009 – 9:00 a.m. to 5:00 p.m.
Friday, November 13, 2009 – 9:00 a.m. to 5:00 p.m.
Saturday, November 14, 2009 – 9:00 a.m. to 1:00 p.m.
Monday, November 16, 2009 – 9:00 a.m. to 5:00 p.m.
Tuesday, November 17, 2009 – 9:00 a.m. to 12:00 noon

The application lists will be open from 11:45 a.m. to 12:00 noon on Tuesday, November 17, 2009.

No proceedings will be taken on applications for the Hong Kong Public Offer Shares and no allotment of any such Hong Kong Public Offer Shares will be made until the closing of the application lists.

White Form eIPO

You may submit your application to the designated **White Form eIPO** Service Provider through the designated website at **www.eipo.com.hk** from 9:00 a.m. on Thursday, November 12, 2009 until 11:30 a.m. on Tuesday, November 17, 2009 or such later time as set forth in the sub-paragraph entitled "Effect of bad weather on the opening of the application lists" below (24 hours daily, except on the last application day). The latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Tuesday, November 17, 2009, the last application day, or, if the application lists are not open on that day, then by the time and date set forth in the sub-paragraph entitled "Effect of bad weather on the opening of the application lists" below. You will not be permitted to submit your application to the designated **White Form eIPO** Service Provider through the designated website at **www.eipo.com.hk** after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained an application reference number from the website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.

Electronic Application Instructions to HKSCC via CCASS

CCASS Clearing/Custodian Participants can input **electronic application instructions** at the following times on the following dates:

Thursday, November 12, 2009 – 9:00 a.m. to 8:30 p.m.[1]
Friday, November 13, 2009 – 8:00 a.m. to 8:30 p.m.[1]
Saturday, November 14, 2009 – 8:00 a.m. to 1:00 p.m.[1]
Monday, November 16, 2009 – 8:00 a.m. to 8:30 p.m.[1]
Tuesday, November 17, 2009 – 8:00 a.m.[1] to 12:00 noon

Note:

(1) These times are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants.

CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m. on Thursday, November 12, 2009 until 12:00 noon on Tuesday, November 17, 2009 (24 hours daily, except the last application day).

The latest time for inputting **electronic application instructions** via CCASS will be 12:00 noon on Tuesday, November 17, 2009, the last application day, or if the application lists are not open on that day, by the time and date set forth in the sub-paragraph entitled "Effect of bad weather on the opening of the application lists" below.

Effect of bad weather on the opening of the application lists

The application lists will not open if there is:

- a tropical cyclone warning signal number 8 or above, or
- a "black" rainstorm warning signal,

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on November 17, 2009. Instead the last application day will be postponed and the application lists will open between 11:45 a.m. and 12:00 noon on the next business day which does not have either of those warning signals in force in Hong Kong at anytime between 9:00 a.m. and 12:00 noon on such day.

If the application lists of the Hong Kong Public Offer do not open and close on November 17, 2009 or if there is a tropical cyclone warning signal number 8 or above or a "black" rainstorm warning signal in force in Hong Kong on the other dates set forth in the section entitled "Expected Timetable" in this prospectus, such dates set forth the section entitled "Expected Timetable" in this prospectus may be affected. An announcement will be made in such event.

VI. HOW MANY APPLICATIONS MAY YOU MAKE

Multiple applications or suspect multiple applications are liable to be rejected.

You may make more than one application for the Hong Kong Public Offer Shares only if you are a nominee, in which case you may both give **electronic application instructions** to HKSCC (if you are a CCASS Participant) and lodge more than one Application Form in your own name on behalf of different beneficial owners. In the box on the Application Form marked "For nominees" you must include:

- an account number, or
- some other identification code

for **each** beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.

Otherwise, multiple applications are not allowed and will be rejected.

If you have made an application by giving **electronic application instructions** to HKSCC and you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Hong Kong Public Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Hong Kong Public Offer Shares in respect of which you have given such instructions and/or in respect of which such instructions have been given for your benefit. Any **electronic application instructions** to make an application for the Hong Kong Public Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purposes of considering whether multiple applications have been made. No application for any other number of Hong Kong Public Offer Shares will be considered and any such application is liable to be rejected.

If you apply by means of **White Form eIPO**, once you complete payment in respect of any electronic application instruction given by you or for your benefit to the designated **White Form eIPO** Service Provider to make an application for Hong Kong Public Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an electronic application instruction under **White Form eIPO** more than once and obtaining different application reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you are suspected of submitting more than one application through the **White Form eIPO** service by giving electronic application instructions through the designated website at **www.eipo.com.hk** and completing payment in respect of such electronic application instructions, or of submitting one application through the **White Form eIPO** service and one or more applications by any other means, all of your applications are liable to be rejected.

It will be a term and condition of all applications that by completing and delivering a **WHITE** or **YELLOW** Application Form or submitting an **electronic application instruction**, you:

- (if the application is made for your own benefit) warrant that the application made pursuant to a **WHITE** or **YELLOW** Application Form or **electronic application instructions** is the only application which will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or to the designated **White Form eIPO Service Provider** through **White Form eIPO** service (**www.eipo.com.hk**); or
- (if you are an agent for another person) warrant that reasonable enquiries have been made of that other person which confirm that this is the only application which will be made for the benefit of that other person on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or to the designated **White Form eIPO Service Provider** through **White Form eIPO** service (**www.eipo.com.hk**), and that you are duly authorized to sign the Application Form or give **electronic application instructions** as that other person's agent.

Save as referred to above, all of your applications will be rejected as multiple applications if you, or you and your joint applicant(s) together:

- make more than one application (whether individually or jointly) on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or to the designated **White Form eIPO Service Provider** through **White Form eIPO** service (**www.eipo.com.hk**); or
- both apply (whether individually or jointly) on one **WHITE** Application Form and one **YELLOW** Application Form or on one **WHITE** or **YELLOW** Application Form and give **electronic application instructions** to HKSCC or to the designated **White Form eIPO Service Provider** through **White Form eIPO** service (**www.eipo.com.hk**); or
- apply on one **WHITE** or **YELLOW** Application Form (whether individually or jointly) or by giving **electronic application instructions** to HKSCC or to the designated **White Form eIPO Service Provider** through **White Form eIPO** service (**www.eipo.com.hk**) for more than 72,900,000 Hong Kong Public Offer Shares, (being 50% of the Hong Kong Public Offer Shares initially available for subscription under the Hong Kong Public Offer); or
- have indicated an interest for or have been or will be placed any of the International Offer Shares.

All of your applications will also be rejected as multiple applications if more than one application is made for **your benefit** (including the part of an application made by HKSCC Nominees acting on **electronic application instructions**). If an application is made by an unlisted company and:

- the principal business of that company is dealing in securities; and
- you exercise statutory control over that company,

then the application will be treated as being made for your benefit.

"Unlisted company" means a company with no equity securities listed on the Stock Exchange.

"Statutory control" means you:

- control the composition of the board of directors of the company; or
- control more than one-half of the voting power of the company; or
- hold more than one-half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

VII. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED HONG KONG PUBLIC OFFER SHARES

Full details of the circumstances in which you will not be allotted Hong Kong Public Offer Shares are set out in the notes attached to the Application Forms, and you should read them carefully. You should note in particular the following situations in which Hong Kong Public Offer Shares will not be allotted to you:

(a) If your application is revoked:

By completing and submitting an Application Form or submitting an **electronic application instruction** you agree that your application or the application made by HKSCC Nominees or to the designated **White Form eIPO Service Provider** through **White Form eIPO** service (**www.eipo.com.hk**) on your behalf cannot be revoked on or before the expiration of the fifth day of the opening of the application list (excluding for this purpose which is a Saturday, Sunday or public holiday in Hong Kong), unless a person responsible for this prospectus under section 40 of the Companies Ordinance gives a public notice under that section which excludes or limits the responsibility of that person for this prospectus.

If any supplement to this prospectus is issued, applicant(s) who have already submitted an application may or may not (depending on the information contained in the supplement) be notified that they can withdraw their applications. If applicant(s) have not been so notified, or if applicant(s) have been notified but have not withdrawn their applications in accordance with the procedure to be notified, all applications that have been submitted remain valid and may be accepted. Subject to the above, an application once made is irrevocable and applicants shall be deemed to have applied on the basis of the prospectus as supplemented.

If your application or the application made by HKSCC Nominees on your behalf or to the designated **White Form eIPO Service Provider** through **White Form eIPO** service (**www.eipo.com.hk**) has been accepted, it cannot be revoked or withdrawn. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the press of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot respectively.

(b) Full discretion of our Company, the Joint Global Coordinators or our or their respective agents or nominees to reject or accept:

We, the Joint Global Coordinators, the White Form eIPO Service Provider (where applicable) or our or their respective agents or nominees have full discretion to reject or accept any application, or to accept only part of any application. No reasons have to be given for any rejection or acceptance.

(c) If the allotment of Hong Kong Public Offer Shares is void:

The allotment of Hong Kong Public Offer Shares to you or to HKSCC Nominees (if you give **electronic application instructions** to HKSCC or apply by a **YELLOW** Application Form) will be void if the Listing Committee does not grant permission to list the Hong Kong Public Offer Shares either:

- within three weeks from the closing of the application lists; or
- within a longer period of up to six weeks if the Listing Committee notifies us of that longer period within three weeks of the closing date of the application lists.

(d) You will not receive any allotment if:

- you make multiple applications or you are suspected to have made multiple applications;
- you or the person whose benefits you apply for have taken up or indicated an interest or applied for or received or have been or will be placed or allocated (including conditionally and/or provisionally) International Offer Shares. By filling in any of the Application Forms or submitting **electronic application instructions**, you agree not to apply for or indicate an interest for Offer Shares in the International Offer. Reasonable steps will be taken to identify and reject applications in the Hong Kong Public Offer from investors who have received Offer Shares in the International Offer, and to identify and reject indications of interest in the International Offer from investors who have received Hong Kong Public Offer Shares in the Hong Kong Public Offer;
- your payment is not made correctly or you pay by check or banker's cashier order and the check or banker's cashier order is dishonored upon its first presentation;
- your Application Form is not completed in accordance with the instructions as stated in the Application Form (if you apply by an Application Form);
- your electronic application instructions through the **White Form eIPO** service are not completed in accordance with the instructions, terms and conditions set out in the designated website at **www.eipo.com.hk**;
- you apply for more than 72,900,000 Hong Kong Public Offer Shares (being 50% of the Hong Kong Public Offer Shares initially available for subscription under the Hong Kong Public Offer);
- our Company believes that by accepting your application, we would violate the applicable securities or other laws, rules or regulations of the jurisdiction in which your application is received or your address overleaf is located;
- the Underwriting Agreements do not become unconditional; or
- the Hong Kong Underwriting Agreement and/or the International Underwriting Agreement are/is terminated in accordance with their respective terms.

You should also note that you may apply for Offer Shares under the Hong Kong Public Offer or indicate an interest for Offer Shares under the International Offer, but may not do both.

VIII. HOW MUCH ARE THE HONG KONG PUBLIC OFFER SHARES

The maximum offer price is HK$2.20 per Hong Kong Public Offer Share. You must also pay a brokerage fee of 1%, SFC transaction levy of 0.004%, and Stock Exchange trading fee of 0.005%. This means that for every board lot of 1,500 Hong Kong Public Offer Shares, you will pay approximately HK$3,333.30. The Application Forms have tables showing the exact amount payable for the numbers of Hong Kong Public Offer Shares that may be applied for. You must pay the maximum offer price and related brokerage fee, SFC transaction levy, and the Stock Exchange trading fee in full when you apply for the Hong Kong Public Offer Shares. You must pay the amount payable upon application for Hong

Kong Public Offer Shares in accordance with the terms set out in the Application Forms or this prospectus.

If your application is successful, the brokerage fee will be paid to participants of the Stock Exchange or the Stock Exchange, and the SFC transaction levy and Stock Exchange trading fee will be paid to the Stock Exchange (in the case of the SFC transaction levy collected by the Stock Exchange on behalf of the SFC).

IX. PUBLICATION OF RESULTS; DISPATCH/COLLECTION OF SHARE CERTIFICATES/ e-REFUND PAYMENT INSTRUCTIONS/REFUND CHECKS

Publication of results

We expect to announce the Offer Price, the level of indication of interest in the International Offer, the basis of allocation of the Hong Kong Public Offer Shares on Tuesday, November 24, 2009 in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese), on the website of the Stock Exchange (**www.hkexnews.hk**) and on the website of the Company (**www.cnfantasia.com**).

In addition, we expect to announce the results of applications and the Hong Kong identity card/ passport/Hong Kong business registration numbers of successful applicants under the Hong Kong Public Offer at the times and dates and in the manner specified below:

- Results of allocations for the Hong Kong Public Offer will be available from our designated results of allocations website at **www.iporesults.com.hk** on a 24-hour basis from 8:00 a.m. on Tuesday, November 24, 2009 to 12:00 midnight on Monday, November 30, 2009. The user will be required to key in the Hong Kong identity card/passport/Hong Kong business registration number provided in his/her/its application to search for his/her/its own allocation result;
- Results of allocations will be available from our Hong Kong Public Offer allocation results telephone enquiry line. Applicants may find out whether or not their applications have been successful and the number of offer Shares allocated to them, if any, by calling 2862 8669 between 9:00 a.m. and 10:00 p.m. from Tuesday, November 24, 2009 to Friday, November 27, 2009; and

Special allocation results booklets setting out the results of allocations will be available for inspection during opening hours of individual branches and sub-branches from Tuesday, November 24, 2009 to Thursday, November 26, 2009 at all the receiving bank branches and sub-branches at the addresses set forth in the section entitled "— II. Applying by Using an Application Form — Where to Collect Application Forms" above.

Dispatch/collection of share certificates/e-Refund payment instructions/refund checks

If an application is rejected, not accepted or accepted in part only, or if the Offer Price as finally determined is less than the initial price per Offer Share (excluding brokerage fee, SFC transaction levy, and Stock Exchange trading fee thereon) paid on application, or if the conditions of the Global Offering are not fulfilled in accordance with the section entitled "Structure of the Global Offering — Conditions of the Global Offering" or if any application is revoked or any allotment pursuant thereto has become void, the application monies, or the appropriate portion thereof, together with the related brokerage fee, SFC transaction levy, and Stock Exchange trading fee, will be refunded, without interest. It is intended that special efforts will be made to avoid any undue delay in refunding application monies where appropriate. No temporary document of title will be issued in respect of the Hong Kong Public Offer Shares. No receipt will be issued for sums paid on application.

If you apply by **WHITE** or **YELLOW** Application Form, subject as mentioned below, in due course, the following will be sent to you (or, in the case of joint applicants, to the first-named applicant) by ordinary post, at your own risk, to the address specified on the application:

(a) (i) share certificate(s) for all the Hong Kong Public Offer Shares applied for, if the application is wholly successful; or (ii) share certificate(s) for the number of Hong Kong Public Offer Shares successfully applied for, if the application is partially successful (except for wholly successful and partially successful applicants on **YELLOW** Application Forms whose share certificates will be deposited into CCASS as described below); and/or

(b) refund check(s) crossed "Account Payee Only" in favor of the applicant (or, in the case of joint applicants, the first-named applicant) for (i) the surplus application monies for the Hong Kong Public Offer Shares unsuccessfully applied for, if the application is partially unsuccessful; or (ii) all the application monies, if the application is wholly unsuccessful; and/or (iii) the difference between the Offer Price and the initial price per Offer Share paid on application in the event that the Offer Price is less than the initial price per Offer Share paid on application, in each case including related brokerage fee at the rate of 1%, SFC transaction levy of 0.004% and Stock Exchange trading fee of 0.005% but without interest.

Part of your Hong Kong Identity Card number/passport number, or, if you are joint applicants, part of the Hong Kong identity card number/passport number of the first-named applicant, provided by you may be printed on your refund check, if any. Such data would also be transferred to a third party for refund purposes. Your banker may require verification of your Hong Kong identity card number/ passport number before encashment of your refund check. Inaccurate completion of your Hong Kong Identity Card number/passport number may lead to delay in encashment of or may invalidate your refund check.

Subject as mentioned below, refund checks for surplus application monies (if any) in respect of wholly and partially unsuccessful applications and the difference between the Offer Price and the initial price per Offer Share paid on application in the event that the Offer Price is less than the initial price per Offer Share paid on application and share certificates for successful applicants under **WHITE** Application Forms are expected to be posted on or before Tuesday, November 24, 2009. The right is reserved to retain any share certificates and any surplus application monies pending clearance of check(s).

If you apply by giving **electronic application instructions** to HKSCC, and your application is wholly or partially successful:

(a) your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of the stock account of the CCASS Participant which you have instructed to give electronic application instructions on your behalf or your CCASS Investor Participant stock account at the close of business on Tuesday, November 24, 2009 or, in the event of a contingency, on any other date as shall be determined by HKSCC or HKSCC Nominees; and

(b) refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or difference between the Offer Price and the initial price per Hong Kong Public Offer Share paid on application, in each case including the related brokerage fee of 1% SFC transaction levy of 0.004%, and Stock Exchange trading fee of 0.005%, will be credited to your designated bank account or the designated bank account of your broker or custodian on Tuesday, November 24, 2009. No interest will be paid thereon.

If you apply using a WHITE Application Form:

If you have applied for 1,000,000 Hong Kong Public Offer Shares or more and you have elected on your **WHITE** Application Form to collect your refund check(s) (where applicable) and/or share certificate(s) (where applicable) in person, you may collect your refund check(s) (where applicable) and/or share certificate(s) (where applicable) from our Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's

Road East, Wanchai, Hong Kong from 9:00 a.m. to 1:00 p.m. on Tuesday, November 24, 2009. If you are an individual, you must not authorize any other person to make collection on your behalf. If you are a corporate applicant, you must attend by your authorized representative bearing a letter of authorization from your corporation stamped with your company chop. Both individuals and authorized representatives (if applicable) must produce, at the time of collection, evidence of identity acceptable to Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited. If you do not collect your refund check(s) and share certificate(s) within the time period specified for collection, they will be dispatched thereafter to you by ordinary post to the address as specified in your Application Form at your own risk.

If you have applied for 1,000,000 Hong Kong Public Offer Shares or above and have not indicated on your application forms that you will collect your share certificate(s) and/or refund check(s) (if any) in person, or you have applied for less than 1,000,000 Hong Kong Public Offer Shares or if your application is rejected, not accepted or accepted in part only, or if the conditions of the Hong Kong Public Offer are not fulfilled in accordance with the section entitled "Structure of the Global Offering — Conditions of the Hong Kong Public Offer" in this prospectus, or if your application is revoked or any allotment pursuant thereto has become void, your share certificate(s) (where applicable) and/or refund check(s) (where applicable) in respect of the application monies or the appropriate parties thereof, together with the related brokerage fee, Stock Exchange trading fee, and SFC transaction levy, if any, (without interest) will be sent to the address on your Application Form on Tuesday, November 24, 2009 by ordinary post and at your own risk.

If you apply using a **YELLOW** Application Form:

If you apply for Hong Kong Public Offer Shares using a **YELLOW** Application Form and your application is wholly or partially successful, your share certificates will be issued in the name of HKSCC Nominees and deposited into CCASS for credit to your CCASS Investor Participant stock account or the stock account of your designated CCASS Participant as instructed by you in your Application Form at the close of business on Tuesday, November 24, 2009, or under contingent situation, on any other date as shall be determined by HKSCC or HKSCC Nominees.

If you are applying through a designated CCASS Participant (other than a CCASS Investor Participant), for Hong Kong Public Offer Shares credited to the stock account of your designated CCASS Participant (other than a CCASS Investor Participant), you can check the number of Hong Kong Public Offer Shares allotted to you with that CCASS Participant.

If you are applying as a CCASS Investor Participant, we expect to announce the results of CCASS Investor Participants' applications together with the results of the Hong Kong Public Offer on Tuesday, November 24, 2009 in the manner set forth in the paragraph entitled "IX. Publication of Results; Dispatch/ Collection of Share Certificates/e-Refund Payment Instructions/Refund Checks — Publication of results" above. You should check the results made available by us and report any discrepancies to HKSCC before 5:00 p.m. on Tuesday, November 24, 2009 or such other date as shall be determined by HKSCC or HKSCC Nominees. Immediately after the credit of the public offer shares to your stock account, You can also check your new account balance via the CCASS Phone System and CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time). HKSCC will also make available to you an activity statement showing the number of Hong Kong Public Offer Shares credited to your stock account.

If you apply for 1,000,000 Hong Kong Public Offer Shares or more and you have elected on your **YELLOW** Application Form to collect your refund check (where applicable) in person, please follow the same instructions as those for **WHITE** Application Form applicants as described above.

If you have applied for 1,000,000 Hong Kong Public Offer Shares or above and have not indicated on your application forms that you will collect your refund check(s) (if any) in person, or you have applied for less than 1,000,000 Hong Kong Public Offer Shares or if your application is rejected, not accepted or accepted in part only, or if the conditions of the Hong Kong Public Offer are not fulfilled in accordance with the section entitled "Structure of the Global Offering — Conditions of the Global Offering" in this prospectus, or if your application is revoked or any allotment pursuant thereto has become void, your refund check(s) (where applicable) in respect of the application monies or the appropriate portion thereof, together with the related brokerage fee, Stock Exchange trading fee, SFC transaction levy, if any, (without interest) will be sent to the address on your Application Form on Tuesday, November 24, 2009 by ordinary post and at your own risk.

If you apply through **White Form eIPO**:

If you apply for 1,000,000 Hong Kong Public Offer Shares or more through the **White Form eIPO** service by submitting an electronic application to the designated **White Form eIPO** Service Provider through the designated website at **www.eipo.com.hk** and your application is wholly or partially successful, you may collect your share certificate(s) (where applicable) in person from our Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Tuesday, November 24, 2009, or such other date as notified by our Company in the newspapers as the date of dispatch/collection of e-Refund payment instructions/refund check(s)/share certificate(s).

If you do not collect your share certificate(s) personally within the time specified for collection, they will be sent to the address specified in your application instructions to the designated **White Form eIPO** Service Provider promptly thereafter by ordinary post and at your own risk.

If you apply for less than 1,000,000 Hong Kong Public Offer Shares, your share certificate(s) (where applicable) will be sent to the address specified in your application instructions to the designated **White Form eIPO** Service Provider through the designated website at **www.eipo.com.hk** on Tuesday, November 24, 2009, by ordinary post and at your own risk.

If you paid the application monies from a single bank account and your application is wholly or partially unsuccessful and/or the Offer Price is different from the initial price paid on your application, e-Refund payment instructions (if any) will be dispatched to your application payment bank account on or around Tuesday, November 24, 2009.

If you used multi-bank accounts to pay the application monies and your application is wholly or partially unsuccessful and/or the Offer Price is different from the initial price paid on your application, refund check(s) will be sent to the address specified in your application instructions to the designated **White Form eIPO** Service Provider on or around Tuesday, November 24, 2009, by ordinary post and at your own risk.

Please also note the additional information relating to refund of application monies overpaid, application money underpaid or applications rejected by the designated **White Form eIPO** Service Provider set forth in this section entitled "III. Applying through White Form eIPO — Additional information" of this prospectus.

If you apply by giving electronic application instructions to HKSCC via CCASS:

We expect to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, we will include information relating to the relevant beneficial owner), your Hong Kong identity card/passport number or other identification code (Hong Kong business registration number for corporations) and the basis of allotment of the Hong Kong Public Offering in the newspaper on Tuesday, November 24, 2009, you should check the announcement made by us and report any discrepancies to HKSCC before 5:00 p.m. on Tuesday, November 24, 2009 or such other date as shall be determined by HKSCC or HKSCC Nominees.

If you have instructed your broker or custodian to give **electronic application instructions** on your behalf, you can also check the number of Hong Kong Public Offer Shares allotted to you and the amount of refund monies (if any) payable to you with that broker or custodian.

If you have applied as a CCASS Investor Participant, you can also check the number of Hong Kong Public Offer Shares allotted to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time) on Tuesday, November 24, 2009. Immediately following the credit of the public offer shares to your stock account and the credit of the refund monies to your bank account, HKSCC will also make available to you an activity statement showing the number of Hong Kong Public Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.

Refund of application monies

If you do not receive any Hong Kong Public Offer Shares for any reason, we will refund your application monies, including related brokerage of 1%, SFC transaction levy of 0.004% and Stock Exchange trading fee of 0.005%. No interest will be paid thereon.

If your application is accepted only in part, we will refund to you the appropriate portion of your application monies (including the related brokerage fee of 1%, SFC transaction levy of 0.004%, and Stock Exchange trading fee of 0.005%) without interest.

If the Offer Price as finally determined is less than the initial price per Hong Kong Public Offer Share (excluding brokerage fee, SFC transaction levy, and Stock Exchange trading fee thereon) paid on application, we will refund to you the surplus application monies, together with the related brokerage fee of 1%, SFC transaction levy of 0.004% and Stock Exchange trading fee of 0.005%, without interest.

All such interest accrued prior to the date of dispatch of refund will be retained for our benefit.

In a contingency situation involving a substantial over-application, at the discretion of us and the Joint Global Coordinators, applications made on Application Forms for certain small denominations of Hong Kong Public Offer Shares (apart from successful applications) may not be cleared.

Refund of your application monies (if any) is expected to be made on Tuesday, November 24, 2009 in accordance with the various arrangements as described above.

X. COMMENCEMENT OF DEALINGS IN THE SHARES

Dealings in the Shares on the Stock Exchange are expected to commence on November 25, 2009. The Shares will be traded in board lots of 1,500 Shares. The stock code of the Shares is 1777.

XI. SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the Shares and we comply with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or any other date HKSCC chooses. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second business day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Investors should seek the advice of their stockbroker or other professional advisor for details of the settlement arrangements as such arrangements will affect their rights and interests.

All necessary arrangements have been made for the Shares to be admitted into CCASS.

The following is the text of a report, prepared for the purpose of incorporation in this Prospectus, received from Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, the reporting accountants to the Company.

Deloitte.
德勤

德勤・關黃陳方會計師行
香港金鐘道88號
太古廣場一座35樓

Deloitte Touche Tohmatsu
35/F, One Pacific Place
88 Queensway
Hong Kong

12 November 2009

The Directors
Fantasia Holdings Group Co., Limited
CITIC Securities Corporate Finance (HK) Limited
Deutsche Bank AG, Hong Kong Branch

Dear Sirs,

We set out below our report on the financial information (the "Financial Information") regarding Fantasia Holdings Group Co., Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") for each of the three years ended 31 December 2008 and the six months ended 30 June 2009 (the "Relevant Periods") for inclusion in the prospectus of the Company dated 12 November 2009 (the "Prospectus").

The Company was incorporated in the Cayman Islands on 17 October 2007 as an exempted company with limited liability under the Companies Law of the Cayman Islands. The Company is an investment holding company and has not carried on any other business since its incorporation. Through a group reorganisation (the "Group Reorganisation"), as more fully explained in the paragraph headed The Reorganisation in Appendix VIII to the Prospectus, the Company became the holding company of the Group on 6 December 2007.

As at the date of this report, the Company has the following indirectly held, unless otherwise stated, subsidiaries:

Name of subsidiary	Place and date of incorporation/ establishment	Issued and fully paid share/ registered capital	Effective equity interest attributable to the Group					Principal activities	Legal form
			as at 31 December			30 June 2009	Date of this report		
			2006	2007	2008				
Winning Sky International Limited ("Winning Sky")	The British Virgin Islands ("The BVI") 8 March 2006	US$100	100%	100% (directly)	100% (directly)	100% (directly)	100% (directly)	Investment holding	Private limited liability
Fantastic Victory Limited ("Fantastic Victory")	The BVI 3 September 2007	US$100	N/A	100% (directly)	100% (directly)	100% (directly)	100% (directly)	Investment holding	Private limited liability
Wisdom Regal Limited ("Wisdom Regal")	The BVI 3 September 2007	US$100	N/A	100% (directly)	100% (directly)	100% (directly)	100% (directly)	Investment holding	Private limited liability
Ace Link Pacific Limited ("Ace Link Pacific")	The BVI 3 September 2007	US$100	N/A	100% (directly)	100% (directly)	100% (directly)	100% (directly)	Investment holding	Private limited liability
香港花樣年投資控股集團有限公司 Fantasia Investment Holdings Company Limited ("Fantasia Investment")	Hong Kong 19 February 2001	HK$10,000	100%	100%	100%	100%	100%	Investment holding	Private limited liability
置富發展中國有限公司 Chi Fu Development China Limited ("Chi Fu Development")	Hong Kong 15 September 2000	HK$10,000	100%	100%	N/A(1)	N/A	N/A	Investment holding	Private limited liability

Name of subsidiary	Place and date of incorporation/ establishment	Issued and fully paid share/ registered capital	Effective equity interest attributable to the Group					Principal activities	Legal form
			as at 31 December			30 June 2009	Date of this report		
			2006	2007	2008				
雅浩發展有限公司 Enco Development Limited ("Enco Development")	Hong Kong 21 November 1995	HK$10	100%	100%	N/A[(1)]	N/A	N/A	Investment holding	Private limited liability
悅泰投資有限公司 Joytime Investment Limited ("Joytime")	Hong Kong 6 November 2007	HK$10,000	N/A	N/A	100%	100%	100%	Investment holding	Private limited liability
金展集團有限公司 Gold Genius Holdings limited ("Gold Genius")	Hong Kong 8 November 2007	HK$10,000	N/A	N/A	100%	100%	100%	Investment holding	Private limited liability
花樣年集團(中國)有限公司 Fantasia Group (China) Company Limited* ("Fantasia Group (China)")	The People's Republic of China ("The PRC") 20 January 2006	RMB408,843,500	100%	100%	100%	100%	100%	Investment holding	Limited liability company
天津松江花樣年置業有限公司 Tianjin Songjiang Fantasia Real Estate Company Limited* ("Tianjin Songjiang Fantasia")	The PRC 29 May 2006	RMB50,000,000	60%	60%	60%	60%	60%	Property development	Limited liability company
深圳市花樣年投資發展有限公司 Shenzhen Fantasia Investment Development Company Limited* ("Shenzhen Fantasia Investment")	The PRC 28 September 1996	RMB100,000,000	52%	52%	52%	52%	52%	Investment holding, property development and investment	Limited liability company
深圳市星彥地產顧問有限公司 Shenzhen Xingyan Property Consultancy Company Limited* ("Shenzhen Xingyan")	The PRC 21 February 2000	RMB3,000,000	85%	85%	85%	85%	85%	Provision of property agency services	Limited liability company
東莞市星彥地產顧問有限公司 Dongguan Xingyan Property Consultancy Company Limited* ("Dongguan Xingyan")	The PRC 18 December 2006	RMB500,000	85%	85%	85%	85%	85%	Provision of property agency services	Limited liability company
惠州市星彥地產顧問有限公司 Huizhou Xingyan Property Consultancy Company Limited* ("Huizhou Xingyan")	The PRC 2 November 2006	RMB500,000	85%	85%	85%	85%	85%	Provision of property agency services	Limited liability company
天津市星彥地產顧問有限公司 Tianjin Xingyan Property Consultancy Company Limited* ("Tianjin Xingyan")	The PRC 3 January 2008	RMB1,000,000	N/A	N/A	85%	85%	N/A[(4)]	Provision of property agency services	Limited liability company
深圳市花樣年彩生活科技有限公司 Shenzhen Fantasia Colour Life Technology Company Limited* ("Shenzhen Fantasia Colour")	The PRC 25 August 2006	RMB10,000,000	100%	70%	70%	70%	70%	Investment holding	Limited liability company
惠州大亞灣花萬里實業有限公司 Huizhou Daya Bay Huawanli Industry Company Limited* ("Huizhou Daya Bay")	The PRC 8 June 2007	RMB51,000,000	N/A	51%	100%	100%	100%	Property development and investment	Limited liability company
天津市花樣年投資有限公司 Tianjin Fantasia Investment Company Limited* ("Tianjin Fantasia")	The PRC 12 June 2006	RMB100,000,000	100%	100%	100%	100%	100%	Property development	Limited liability company
成都通和置業有限公司 Chengdu Tonghe Real Estate Company Limited* ("Chengdu Tonghe Investment")	The PRC 18 October 2001	RMB75,610,000	100%	99.49%	100%	100%	100%	Property development	Limited liability company
深圳市花千里房地產開發有限公司 Shenzhen Huaqianli Real Estate Development Company Limited* ("Shenzhen Huaqianli")	The PRC 28 August 2006	RMB660,339,487	30%[(2)]	100%	100%	100%	100%	Investment holding	Limited liability company

Name of subsidiary	Place and date of incorporation/ establishment	Issued and fully paid share/ registered capital	Effective equity interest attributable to the Group: as at 31 December 2006	2007	2008	30 June 2009	Date of this report	Principal activities	Legal form
深圳置富房地產開發有限公司 Shenzhen Zhifu Real Estate Development Company Limited* ("Shenzhen Zhifu")	The PRC 1 July 1994	RMB418,843,500	100%	100%	100%	100%	100%	Property development and investment	Limited liability company
深圳宏威裝飾設計工程有限公司 Shenzhen Hongwei Decoration & Designing Company Limited* ("Shenzhen Hongwei")	The PRC 25 May 1994	RMB10,000,000	60%	60%	100%	100%	100%	Provision of interior design services	Limited liability company
深圳市花樣年物業管理有限公司 Shenzhen Fantasia Property Management Company Limited* ("Shenzhen Fantasia Management")	The PRC 11 December 2000	RMB5,000,000	100%	70%	70%	70%	70%	Provision of property operation services	Limited liability company
深圳市彩生活網絡服務有限公司 Shenzhen Colour Life Network Services Company Limited* ("Shenzhen Colour Life Network")	The PRC 12 June 2007	RMB10,000,000	N/A	70%	70%	70%	70%	Provision of property operation services	Limited liability company
深圳市開元同濟樓宇科技有限公司 Shenzhen Kaiyuan Tongji Building Science & Technology Company Limited* ("Shenzhen Kaiyuan")	The PRC 15 November 2001	RMB5,000,000	100%	70%	70%	70%	70%	Provision of security system design, installation and maintenance services	Limited liability company
深圳市蓮塘物業管理有限公司 Shenzhen Liantang Property Management Company Limited* ("Shenzhen Liantang")	The PRC 16 November 1999	RMB3,000,000	N/A	N/A	70%	70%	70%	Provision of property operation services	Limited liability company
花樣年實業發展(成都)有限公司 Fantasia (Chengdu) Development Company Limited* ("Fantasia Chengdu Development")	The PRC 4 July 2001	RMB50,000,000	58.8%	58.8%	58.8%	58.8%	58.8%	Property development and investment	Limited liability company
花樣年(成都)生態旅遊開發有限公司 Fantasia (Chengdu) Ecological Tourism Development Company Limited* ("Fantasia Chengdu Ecological")	The PRC 7 September 2006	RMB666,214,100	100%	99.99%	100%	100%	100%	Property development	Limited liability company
成都花萬里置業有限公司 Chengdu Huawanli Real Estate Company Limited* (Chengdu Huawanli")	The PRC 25 October 2005	RMB100,000,000	100%	99.62%	100%	100%	100%	Property development	Limited liability company
成都花千里置業有限公司 Chengdu Huaqianli Real Estate Company Limited* ("Chengdu Huaqianli")	The PRC 6 November 2006	RMB704,680,000	89.5%	99.49%	100%	100%	100%	Property development	Limited liability company
成都花百里置業有限公司 Chengdu Huabaili Real Estate Company Limited* ("Chengdu Huabaili")	The PRC 22 May 2003	RMB30,000,000	100%	99.49%	100%	100%	100%	Property development	Limited liability company
東莞市花樣年房地產投資有限公司 Dongguan Fantasia Real Estate Investment Company Limited* ("Dongguan Fantasia")	The PRC 4 December 2006	RMB30,000,000	30%[(2)]	100%	100%	100%	100%	Property development	Limited liability company
雅浩科技發展(深圳)有限公司 Yahao Technology Development (Shenzhen) Company Limited* ("Shenzhen Yahao")	The PRC 25 August 2005	HKD1,000,000	100%	100%	100%	100%	100%	Investment holding	Limited liability company
深圳市康年科技有限公司 Shenzhen Kangnian Technology Company Limited* ("Shenzhen Kangnian")	The PRC 9 February 2007	RMB87,250,000	N/A	76%	100%	100%	100%	Property development and investment	Limited liability company

Name of subsidiary	Place and date of incorporation/ establishment	Issued and fully paid share/ registered capital	Effective equity interest attributable to the Group					Principal activities	Legal form
			as at 31 December			30 June 2009	Date of this report		
			2006	2007	2008				
四川西美投資有限公司 Sichuan Ximei Investment Company Limited* ("Sichuan Ximei")	The PRC 7 June 2004	RMB500,000,000	N/A	66.36%	100%	100%	100%	Property development	Limited liability company
天津福大房地產銷售有限公司 Tianjin Fuda Real Estate Development Company Limited* ("Tianjin Fuda")	The PRC 18 October 2004	RMB45,000,000	N/A	100%	100%	100%	100%	Property development	Limited liability company
宜興市江南水鄉度假村有限公司 Yixing Jiangnan Shuixiang Tourism Resort Company Limited* ("Yixing Jiangnan Shuixiang")	The PRC 19 April 2005	RMB28,000,000	N/A	60%	60%	60%	60%	Property development	Limited liability company
深圳市星彥行置業有限公司 Shenzhen Xingyanhang Property Company Limited* ("Shenzhen Xingyanhang")	The PRC 23 April 2007	RMB4,000,000	N/A	72.25%	72.25%	72.25%	72.25%	Provision of agency services	Limited liability company
成都新津友幫房地產開發有限責任公司 Chengdu Xinjin Youbang Real Estate Development Company Limited* ("Chengdu Xinjin Youbang")	The PRC 9 May 2004	RMB85,000,000	N/A	94.52%	100%	100%	100%	Property development	Limited liability company
成都花樣年望叢文化發展有限公司 Chengdu Fantasia Wangcong Culture Development Company Limited* ("Chengdu Wangcong")	The PRC 6 August 2008	RMB10,000,000	N/A	N/A	100%	100%	100%	Property development	Limited liability company
成都九蓉房地產開發有限公司 Chengdu Jiurong Real Estate Development Limited* ("Chengdu Jiurong")	The PRC 22 August 2007	RMB68,600,000	N/A	N/A	100%	100%	100%	Property development	Limited liability company
深圳市花朵同路廣告有限公司 Shenzhen Flower Advertisement Company Limited* ("Shenzhen Flower")	The PRC 30 October 2002	RMB1,000,000	41.60%(3)	N/A(1)	N/A	N/A	N/A	Provision of advertising services	Limited liability company
深圳市富年置業有限公司 Shenzhen Funian Property Real Estate Company Limited* ("Shenzhen Funian")	The PRC 28 August 2006	RMB10,000,000	70%	N/A(1)	N/A	N/A	N/A	Investment holding	Limited liability company
深圳市天藍投資有限公司 Shenzhen Tianlan Investment Company Limited* ("Shenzhen Tianlan")	The PRC 25 August 2006	RMB10,000,000	70%	N/A(1)	N/A	N/A	N/A	Investment holding	Limited liability company
惠東縣大亞灣三角洲島俱樂部有限公司 Huidong Dayawan San Jiao Zhou Recreation Company limited* ("San Jiao Zhou")	The PRC 20 March 1998	RMB10,000,000	90%	N/A(1)	N/A	N/A	N/A	Provision of tourism and entertainment services	Limited liability company
蒲江縣大溪谷生態旅遊經營管理有限公司 Pujiang Daxigu Ecological Tourism Development Company Limited* ("Pujiang Daxigu")	The PRC 22 November 2007	RMB1,000,000	N/A	99.99%	N/A(1)	N/A	N/A	Property development	Limited liability company
深圳花樣年商業管理有限公司 Shenzhen Fantasia Business Management Company Limited* ("Shenzhen Business Management")	The PRC 3 June 2009	RMB100,000,000	N/A	N/A	N/A	100%	100%	Property operation services	Limited liability company
深圳市花樣年酒店管理有限公司 Shenzhen Fantasia Hotel Management Company Limited* ("Shenzhen Fantasia Hotel Management")	The PRC 3 June 2009	RMB50,000,000	N/A	N/A	N/A	100%	100%	Hotel services	Limited liability company

Name of subsidiary	Place and date of incorporation/ establishment	Issued and fully paid share/ registered capital	Effective equity interest attributable to the Group: as at 31 December 2006	2007	2008	30 June 2009	Date of this report	Principal activities	Legal form
深圳市彩悅酒店管理有限公司 Shenzhen Caiyue Hotel Management Company Limited* ("Shenzhen Caiyue Hotel Management")	The PRC 20 August 2008	RMB100,000	N/A	N/A	70%	70%	70%	Hotel services	Limited liability company
深圳市彩悅酒店有限公司 Shenzhen Caiyue Hotel Company Limited* (Shenzhen Caiyue Hotel)	The PRC 15 January 2009	RMB100,000	N/A	N/A	N/A	70%	70%	Hotel services	Limited liability company
Precise Idea Limited ("Precise Idea")	The BVI 17 June 2009	US$1	N/A	N/A	N/A	N/A	100%	Investment holding	Private limited liability
Talent Bright International Limited ("Talent Bright")	The BVI 17 June 2009	US$1	N/A	N/A	N/A	N/A	100%	Investment holding	Private limited liability
花樣年酒店管理(國際)有限公司 Fantasia Hotel Management (International) Company Limited ("Fantasia Hotel Management International")	Hong Kong 15 July 2009	HK$1	N/A	N/A	N/A	N/A	100%	Investment holding	Private limited liability
花樣年物業管理(國際)有限公司 Fantasia Property Management (International) Company Limited ("Fantasia Property Management International")	Hong Kong 15 July 2009	HK$1	N/A	N/A	N/A	N/A	100%	Investment holding	Private limited liability
寧夏回族自治區新聖基建築工程有限公司 Ningxia Hui Nationality Autonomous Region Xingshengji Construction Company Limited* ("Xingshengji Construction")	The PRC 22 July 2009	RMB20,000,000	N/A	N/A	N/A	N/A	100%	Provision of construction services	Company limited liability
深圳市滙恒置業有限公司 Shenzhen Huiheng Property Company Limited* ("Shenzhen Huiheng")	The PRC 20 April 2006	RMB10,000,000	N/A	N/A	N/A	N/A	100%	Property development	Limited liability company
香港康年貿易有限公司 Hong Kong Kangnian Trading Company Limited ("HK Kangnian")	Hong Kong 24 September 2009	US$500,000	N/A	N/A	N/A	N/A	100%	Investment holding	Private limited liability
惠州市惠陽區花千里實業有限公司 Huizhou Huiyang Huaqianli Industry Company Limited*	The PRC 14 August 2009	RMB1,200,000	N/A	N/A	N/A	N/A	100%	Property development	Limited liability company

* The English name is for identification purpose only.

(1) These companies had been disposed of during the Relevant Periods.

(2) These associates became subsidiaries in 2007. Details are set out in note 40 (a).

(3) This company was subsidiary since it was controlled by Shenzhen Fantasia Investment, a 52% owned subsidiary of the Company, before the disposal by the Group in 2007.

(4) This company was deregistered on 24 August 2009.

The financial year end of the Company and its subsidiaries is 31 December. No statutory audited financial statements have been prepared for the Company, Fantastic Victory, Wisdom Regal and Ace Link Pacific since their respective dates of incorporation as there are no statutory requirements for these entities to prepare audited financial statements.

No statutory audited financial statements have been prepared for Shenzhen Flower, Shenzhen Funian, Shenzhen Tianlan, San Jiao Zhou, Dongguan Xingyan, Huizhou Xingyan, Tianjin Xingyan and Pujiang Daxigu as they were domestic enterprises established in the PRC and not subject to the statutory audit requirement. Audited financial statements of Winning Sky, Fantasia Group (China), Tianjin Songjiang Fantasia, Shenzhen Fantasia Investment, Shenzhen Xingyan, Shenzhen Fantasia Colour, Tianjin Fantasia, Chengdu Tonghe Investment, Shenzhen Huaqianli, Shenzhen Zhifu, Shenzhen Fantasia Management, Shenzhen Kaiyuan, Fantasia Chengdu Development, Fantasia Chengdu Ecological, Chengdu Huawanli, Chengdu Huaqianli, Chengdu Huabaili, Dongguan Fantasia and Shenzhen Yahao for the year ended 31 December 2006, or since their respective dates of incorporation or establishment to 31 December 2006, where this is a shorter period, in accordance with the Hong Kong Financial Reporting Standards ("HKFRS(s)") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") are prepared for management purposes.

The statutory financial statements of the following Company's subsidiaries for the Relevant Periods, or since their respective dates of establishment or incorporation, where there is a shorter period, were prepared in accordance with HKFRS or relevant accounting principles and financial regulations in the PRC and were audited by the following certified public accountants in Hong Kong or the PRC:

Name of company	Financial year	Name of auditors
Fantasia Investment	Year ended 31 December 2006	Dave Kwok & Co., Certified Public Accountants
	Years ended 31 December 2007 and 2008	Deloitte Touche Tohmatsu
Chi Fu Development	Year ended 31 December 2006	David MK Yeung & Company, Certified Public Accountants
	Years ended 31 December 2007 and 2008	Deloitte Touche Tohmatsu
Enco Development	Year ended 31 December 2006	Dave Kwok & Co., Certified Public Accountants
	Years ended 31 December 2007 and 2008	Deloitte Touche Tohmatsu
Joytime Investment Limited	For the period from 6 November 2007 (date of incorporation) to 31 December 2008	Deloitte Touche Tohmatsu
Gold Genius Holdings Limited	For the period from 8 November 2007 (date of incorporation) to 31 December 2008	Deloitte Touche Tohmatsu
Fantasia Group (China)	For the period from 20 January 2006 (date of establishment) to 31 December 2006	深圳平海會計師事務所 (Shenzhen Pinghai Certified Public Accountants*)
	Years ended 31 December 2007 and 2008	深圳平海會計師事務所 (Shenzhen Pinghai Certified Public Accountants*)
Tianjin Songjiang Fantasia	For the period from 29 May 2006 (date of establishment) to 31 December 2006	天津市興業有限責任會計師事務所 (Tianjin Xingye Certified Public Accountants Company Limited*)
	Years ended 31 December 2007 and 2008	天津市興業有限責任會計師事務所 (Tianjin Xingye Certified Public Accountants Company Limited*)

Name of company	Financial year	Name of auditors
Shenzhen Fantasia Investment	Years ended 31 December 2006, 2007 and 2008	深圳平海會計師事務所 (Shenzhen Pinghai Certified Public Accountants*)
Shenzhen Xingyan	Years ended 31 December 2006, 2007 and 2008	深圳平海會計師事務所 (Shenzhen Pinghai Certified Public Accountants*)
Shenzhen Fantasia Colour	For the period from 25 August 2006 (date of establishment) to 31 December 2006	深圳中瑞華正會計師事務所 (Shenzhen Zhongrui Huazheng Certified Public Accountants*)
	Year ended 31 December 2007	深圳平海會計師事務所 (Shenzhen Pinghai Certified Public Accountants*)
	Year ended 31 December 2008	深圳中瑞華正會計師事務所 (Shenzhen Zhongrui Huazheng Certified Public Accountants*)
Huizhou Daya Bay	For the period from 8 June 2007 (date of establishment) to 31 December 2007	深圳平海會計師事務所 (Shenzhen Pinghai Certified Public Accountants*)
	Year ended 31 December 2008	深圳平海會計師事務所 (Shenzhen Pinghai Certified Public Accountants*)
Tianjin Fantasia	For the period from 12 June 2006 (date of establishment) to 31 December 2006	天津市興業有限責任會計師事務所 (Tianjin Xingye Certified Public Accountants Company Limited*)
	Years ended 31 December 2007 and 2008	天津市興業有限責任會計師事務所 (Tianjin Xingye Certified Public Accountants Company Limited*)
Chengdu Tonghe Investment	Years ended 31 December 2006 and 2007	四川永立會計師事務所有限責任公司 (Sichuan Yongli Certified Public Accountants Company Limited*)
	Year ended 31 December 2008	四川維誠會計師事務所有限公司 (Sichuan Weicheng Certified Public Accountants Company Limited*)
Shenzhen Huaqianli	For the period from 28 August 2006 (date of establishment) to 31 December 2006	深圳平海會計師事務所 (Shenzhen Pinghai Certified Public Accountants*)
	Years ended 31 December 2007 and 2008	深圳平海會計師事務所 (Shenzhen Pinghai Certified Public Accountants*)
Shenzhen Zhifu	Year ended 31 December 2006	深圳恒平會計師事務所 (Shenzhen Hengping Certified Public Accountants*)
	Year ended 31 December 2007	深圳平海會計師事務所 (Shenzhen Pinghai Certified Public Accountants*)
	Year ended 31 December 2008	深圳民生會計師事務所 (Shenzhen Minsheng Certified Public Accountants*)
Shenzhen Hongwei	Year ended 31 December 2006, 2007 and 2008	深圳平海會計師事務所 (Shenzhen Pinghai Certified Public Accountants*)
Shenzhen Fantasia Management	Year ended 31 December 2006	深圳中瑞華正會計師事務所 (Shenzhen Zhongrui Huazheng Certified Public Accountants*)

Name of company	Financial year	Name of auditors
	Year ended 31 December 2007	深圳平海會計師事務所 (Shenzhen Pinghai Certified Public Accountants*)
	Year ended 31 December 2008	深圳中瑞華正會計師事務所 (Shenzhen Zhongrui Huazheng Certified Public Accountants*)
Shenzhen Colour Life Network	For the period from 12 June 2007 (date of establishment) to 31 December 2007	深圳平海會計師事務所 (Shenzhen Pinghai Certified Public Accountants*)
	Year ended 31 December 2008	深圳星源會計師事務所 (Shenzhen Xingyuan Certified Public Accountants*)
Shenzhen Kaiyuan	Year ended 31 December 2006	深圳星源會計師事務所 (Shenzhen Xingyuan Certified Public Accountants*)
	Year ended 31 December 2007	深圳平海會計師事務所 (Shenzhen Pinghai Certified Public Accountants*)
	Year ended 31 December 2008	深圳星源會計師事務所 (Shenzhen Xingyuan Certified Public Accountants*)
Shenzhen Liantang	Year ended 31 December 2008	深圳星源會計師事務所 (Shenzhen Xingyuan Certified Public Accountants*)
Fantasia Chengdu Development	Year ended 31 December 2006	四川振華會計師事務所有限責任公司 (Sichuan Zhenhua Certified Public Accountants Company Limited*)
	Year ended 31 December 2007	四川永立會計師事務所有限責任公司 (Sichuan Yongli Certified Public Accountants Company Limited*)
	Year ended 31 December 2008	四川維誠會計師事務所有限公司 (Sichuan Weicheng Certified Public Accountants Company Limited*)
Fantasia Chengdu Ecological	For the period from 7 September 2006 (date of establishment) to 31 December 2006	四川振華會計師事務所有限責任公司 (Sichuan Zhenhua Certified Public Accountants Company Limited*)
	Year ended 31 December 2007	四川衡立泰會計師事務所有限公司 (Sichuan Henglitai Certified Public Accountants Company Limited*)
	Year ended 31 December 2008	四川振華會計師事務所有限責任公司 (Sichuan Zhenhua Certified Public Accountants Company Limited*)
Chengdu Huawanli	Years ended 31 December 2006 and 2007	四川永立會計師事務所有限責任公司 (Sichuan Yongli Certified Public Accountants Company Limited*)
	Year ended 31 December 2008	四川維誠會計師事務所有限公司 (Sichuan Weicheng Certified Public Accountants Company Limited*)

Name of company	Financial year	Name of auditors
Chengdu Huaqianli	For the period from 6 November 2006 (date of establishment) to 31 December 2006	四川永立會計師事務所有限責任公司 (Sichuan Yongli Certified Public Accountants Company Limited*)
	Year ended 31 December 2007	四川永立會計師事務所有限責任公司 (Sichuan Yongli Certified Public Accountants Company Limited*)
	Year ended 31 December 2008	四川維誠會計師事務所有限公司 (Sichuan Weicheng Certified Public Accountants Company Limited*)
Chengdu Huabaili	Year ended 31 December 2006	四川永道合會計師事務所有限責任公司 (Sichuan Yongdaohe Certified Public Accountants Company Limited*)
	Year ended 31 December 2007	四川永立會計師事務所有限責任公司 (Sichuan Yongli Certified Public Accountants Company Limited*)
	Year ended 31 December 2008	四川維誠會計師事務所有限公司 (Sichuan Weicheng Certified Public Accountants Company Limited*)
Dongguan Fantasia	For the period from 4 December 2006 (date of establishment) to 31 December 2006	深圳財智會計師事務所 (Shenzhen Caizhi Certified Public Accountants*)
	Year ended 31 December 2007	東莞市信成會計師事務所 (Dongguan Xincheng Certified Public Accountants*)
	Year ended 31 December 2008	開元信德會計師事務所有限公司深圳分所 (Carea Schinda Certified Public Accountants Co., Ltd. Shenzhen Branch*)
Shenzhen Yahao	Year ended 31 December 2006	深圳財智會計師事務所 (Shenzhen Caizhi Certified Public Accountants*)
	Years ended 31 December 2007 and 2008	深圳平海會計師事務所 (Shenzhen Pinghai Certified Public Accountants*)
Shenzhen Kangnian	For the period from 9 February 2007 (date of establishment) to 31 December 2007	深圳平海會計師事務所 (Shenzhen Pinghai Certified Public Accountants*)
	Year ended 31 December 2008	深圳平海會計師事務所 (Shenzhen Pinghai Certified Public Accountants*)
Sichuan Ximei	Year ended 31 December 2008	四川維誠會計師事務所有限公司 (Sichuan Weicheng Certified Public Accountants Company Limited*)
Tianjin Fuda	Years ended 31 December 2007 and 2008	天津市興業有限責任會計師事務所 (Tianjin Xingye Certified Public Accountants Company Limited*)

Name of company	Financial year	Name of auditors
Yixing Jiangnan Shuixiang	Year ended 31 December 2007	江蘇天業會計師事務所有限公司無錫分所 (Jiangsu Tianye Certified Public Accountants Company Limited Wuxi Branch*)
	Year ended 31 December 2008	宜興方正會計師事務所有限公司 (Yixing Fangzheng Certified Public Accountants Company Limited*)
Shenzhen Xingyanhang	For the period from 23 April 2007 (date of establishment) to 31 December 2007	深圳平海會計師事務所 (Shenzhen Pinghai Certified Public Accountants*)
	Year ended 31 December 2008	深圳恒兆會計師事務所 (Shenzhen Hengzhao Certified Public Accountants*)
Chengdu Xinjin Youbang	Year ended 31 December 2007	四川永立會計師事務所有限責任公司 (Sichuan Yongli Certified Public Accountants Company Limited*)
	Year ended 31 December 2008	四川維誠會計師事務所有限公司 (Sichuan Weicheng Certified Public Accountants Company Limited*)
Chengdu Wangcong	For the period from 6 August 2008 (date of establishment) to 31 December 2008	四川維誠會計師事務所有限公司 (Sichuan Weicheng Certified Public Accountants Company Limited*)
Chengdu Jiurong	For the period from 22 August 2007 (date of establishment) to 31 December 2008	四川維誠會計師事務所有限公司 (Sichuan Weicheng Certified Public Accountants Company Limited*)
Shenzhen Caiyue Hotel Management	For the period from 20 August 2008 (date of establishment) to 31 December 2008	深圳市星源會計師事務所 (Shenzhen Xingyuan Certified Public Accountants*)

* The English name is for identification purpose only

For the purpose of this report, we have undertaken our own independent audit of the consolidated financial statements of the Company (the "Underlying Financial Statements"), which were prepared in accordance with the HKFRS, for the Relevant Periods, in accordance with Hong Kong Standards on Auditing issued by the HKICPA.

For the purpose of this report, we have examined the Underlying Financial Statements in accordance with the Auditing Guideline "Prospectuses and the Reporting Accountant" as recommended by the HKICPA.

The Financial Information set out in this report has been prepared from the Underlying Financial Statements and in accordance with the basis set out in note 1 to the Financial Information. No adjustments were deemed necessary by us to the Underlying Financial Statements in preparing our report for inclusion in the Prospectus.

The Underlying Financial Statements are the responsibility of the directors of the Company who approved their issue. The directors of the Company are also responsible for the contents of the Prospectus in which this report is included. It is our responsibility to compile the Financial Information set out in this report from the Underlying Financial Statements, to form an opinion on the Financial Information and to report our opinion to you.

In our opinion, on the basis of presentation set out in note 1 to the Financial Information, the Financial Information give, for the purpose of this report, a true and fair view of the state of affairs of the Group as at 31 December 2006, 2007, 2008 and 30 June 2009 and of the Company as at 31 December 2007, 2008 and 30 June 2009 and of the consolidated results and cash flows of the Group for the Relevant Periods.

The comparative consolidated statements of comprehensive income, consolidated statements of cash flows and consolidated statement of changes in equity of the Group for the six months ended 30 June 2008 together with the notes thereon have been extracted from the Group's consolidated financial information for the same period (the "30 June 2008 Financial Information") which was prepared by the directors of the Company solely for the purpose of this report. We have reviewed the 30 June 2008 Financial Information in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information performed by the Independent Auditor of the Entity" issued by the HKICPA. Our review consisted principally of making enquiries of the Group's management and applying analytical procedures to the 30 June 2008 Financial Information and based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance than an audit. Accordingly, we do not express an audit opinion on the 30 June 2008 Financial Information. Based on our review, nothing has come to our attention that causes us to believe that the 30 June 2008 Financial Information is not prepared, in all material respects, in accordance with the accounting policies consistent with those used in the preparation of the Financial Information which conform with HKFRS.

A. FINANCIAL INFORMATION

Consolidated statements of comprehensive income

		Year ended 31 December			Six months ended 30 June	
	NOTES	2006	2007	2008	2008	2009
		RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Revenue	7	342,339	772,057	1,174,211	334,337	1,342,994
Cost of sales		(187,859)	(549,220)	(704,734)	(235,912)	(786,858)
Gross profit		154,480	222,837	469,477	98,425	556,136
Other income, gains and losses	8	145,313	2,726	59,034	49,097	7,601
Gain (loss) on fair value changes of investment properties	16	81,608	86,875	13,807	(23,546)	(10,019)
Recognition of change in fair value of completed properties for sale upon transfer to investment properties		—	2,170	302	289	—
Selling and distribution expenses		(15,206)	(39,616)	(49,837)	(31,202)	(34,561)
Administrative expenses		(71,353)	(94,458)	(162,677)	(78,232)	(89,899)
Finance costs	9	(8,056)	(12,167)	(69,941)	(49,256)	(15,127)
Impairment loss recognised in respect of goodwill	21	(22,515)	—	(2,305)	—	—
Share of results of associates		(416)	(1,548)	(3,789)	(1,767)	(1,227)
Profit (loss) before taxation	10	263,855	166,819	254,071	(36,192)	412,904
Income tax expense	11	(86,268)	(82,552)	(156,550)	(12,123)	(195,537)
Profit (loss) and total comprehensive income (loss) for the year/period		177,587	84,267	97,521	(48,315)	217,367
Profit (loss) for the year/period attributable to:						
Owners of the Company		91,094	68,797	84,259	(30,910)	235,650
Minority interests		86,493	15,470	13,262	(17,405)	(18,283)
		177,587	84,267	97,521	(48,315)	217,367
Earnings (loss) per share – Basic (RMB)	14	277.68	0.62	0.02	(0.01)	0.06

Consolidated statements of financial position

	NOTES	As at 31 December 2006	As at 31 December 2007	As at 31 December 2008	As at 30 June 2009
		RMB'000	RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS					
Property, plant and equipment	15	43,517	36,181	50,504	47,389
Investment properties	16	340,911	459,039	476,079	502,189
Interests in associates	17	15,911	6,650	11,248	11,819
Advance to an associate	18	—	65,377	58,240	64,842
Prepaid lease payments	19	14,710	9,052	1,561	1,505
Premium on prepaid lease payments	20	26,305	—	—	—
Prepayment	7	—	—	—	68,007
Goodwill	21	—	—	—	—
Deferred tax assets	23	—	14,560	41,531	67,122
		441,354	590,859	639,163	762,873
CURRENT ASSETS					
Properties for sales	25	796,322	2,027,853	3,769,841	4,073,234
Prepaid lease payments	19	385	256	112	112
Trade and other receivables	26	97,951	213,575	145,739	276,232
Advances to associates	18	261,353	—	—	—
Amount due from a director	27	—	—	—	13,306
Amount due from a shareholder	28	—	8	21	21
Amounts due from customers for contract works	30	4,464	6,141	1,349	1,175
Amounts due from related parties	31	—	10,340	26,856	23,190
Held-for-trading investments	32	—	—	3,000	—
Tax recoverable		6,418	21,331	30,346	9,285
Restricted bank deposits	33	33,054	18,032	37,849	49,273
Bank balances and cash	33	386,266	1,320,657	303,046	1,200,929
		1,586,213	3,618,193	4,318,159	5,646,757
CURRENT LIABILITIES					
Trade and other payables	34	116,277	337,257	566,116	865,995
Deposits received on sale of properties		605,800	1,126,332	1,092,459	851,476
Amounts due to directors	35	100,966	27,456	54,012	554
Amounts due to related parties	36	123,601	2,892	99,340	—
Loans from shareholders	37	—	—	683,460	683,190
Tax payable		146,094	158,441	229,787	375,255
Borrowings – due within one year	38	65,117	317,943	373,050	416,000
		1,157,855	1,970,321	3,098,224	3,192,470
NET CURRENT ASSETS		428,358	1,647,872	1,219,935	2,454,287
TOTAL ASSETS LESS CURRENT LIABILITIES		869,712	2,238,731	1,859,098	3,217,160
NON-CURRENT LIABILITIES					
Deferred tax liabilities	23	28,533	56,538	58,991	54,846
Amount due to a related party	36	—	—	—	99,340
Loans from shareholders	37	—	730,460	—	—
Borrowings – due after one year	38	221,098	49,930	353,750	1,383,250
		249,631	836,928	412,741	1,537,436
		620,081	1,401,803	1,446,357	1,679,724
CAPITAL AND RESERVES					
Registered capital/share capital	39	412	9	9	9
Reserves		326,939	1,058,985	1,145,955	1,381,605
Equity attributable to owners of the Company		327,351	1,058,994	1,145,964	1,381,614
Minority interests		292,730	342,809	300,393	298,110
		620,081	1,401,803	1,446,357	1,679,724

Statements of financial position

THE COMPANY

	NOTES	As at 31 December 2007	As at 31 December 2008	As at 30 June 2009
		RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS				
Investments in subsidiaries	24	79,175	188,032	219,307
Advances to subsidiaries	24	1,306,508	1,257,013	1,236,243
		1,385,683	1,445,045	1,455,550
CURRENT ASSETS				
Other receivables	26	72,802	101	—
Amount due from a shareholder	28	8	8	8
Banks balances and cash	33	17	13	13
		72,827	122	21
CURRENT LIABILITIES				
Amounts due to subsidiaries	29	—	383	383
Accruals	34	3,397	10,130	28,249
Loans from shareholders	37	—	683,460	683,190
		3,397	693,973	711,822
NET CURRENT ASSETS (LIABILITIES)		69,430	(693,851)	(711,801)
TOTAL ASSETS LESS CURRENT LIABILITIES		1,455,113	751,194	743,749
NON-CURRENT LIABILITY				
Loans from shareholders	37	730,460	—	—
		724,653	751,194	743,749
CAPITAL AND RESERVES				
Share capital	39	9	9	9
Reserves		724,644	751,185	743,740
		724,653	751,194	743,749

Consolidated statements of changes in equity

	Attributable to owners of the Company									
	Registered capital/share capital	Share premium	Special reserve	Contribution reserve	Statutory reserves	Discretionary reserve	Accumulated profits	Sub-total	Minority interests	Total
	RMB'000	RMB'000	RMB'000 (note i)	RMB'000 (note ii)	RMB'000 (note iii)	RMB'000 (note iii)	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2006	52,011	—	—	91,440	19,576	1,477	106,161	270,665	219,253	489,918
Profit and total comprehensive income for the year	—	—	—	—	—	—	91,094	91,094	86,493	177,587
Acquisition of additional equity interests in Shenzhen Xingyan and Shenzhen Fantasia Management	—	—	—	3,038	—	—	—	3,038	(3,288)	(250)
Acquisition of additional equity interest in Chengdu Huawanli	—	—	(595)	—	—	—	—	(595)	(8,656)	(9,251)
Acquisition of equity interests in Enco Development and Shenzhen Hongwei (note 40(b))	—	—	—	27,224	—	—	—	27,224	1,049	28,273
Elimination of paid-in capital of existing subsidiaries upon group restructuring	(51,599)	—	—	(12,476)	—	—	—	(64,075)	—	(64,075)
Contribution from minority shareholders	—	—	—	—	—	—	—	—	16,322	16,322
Disposal of a subsidiary (note 41)	—	—	—	—	—	—	—	—	(18,443)	(18,443)
Transfer	—	—	—	—	6,299	—	(6,299)	—	—	—
At 31 December 2006 and 1 January 2007	412	—	(595)	109,226	25,875	1,477	190,956	327,351	292,730	620,081
Profit and total comprehensive income for the year	—	—	—	—	—	—	68,797	68,797	15,470	84,267
Issue of shares	9	734,890	—	—	—	—	—	734,899	—	734,899
Elimination of paid-in capital of existing subsidiaries upon Group Reorganisation	(412)	—	—	(78,964)	—	—	—	(79,376)	—	(79,376)
Acquisition of equity interests in Yixing Jiangnan Shuixiang, Chengdu Xinjin Youbang and Sichuan Ximei (note 40(a))	—	—	—	—	—	—	—	—	38,553	38,553
Acquisition of additional equity interests in Chengdu Huabaili, Shenzhen Kangnian and Chengdu Huaqianli	—	—	—	2,764	—	—	—	2,764	(38,001)	(35,237)
Surplus on disposal of associates upon Group Reorganisation	—	—	—	2,730	—	—	—	2,730	—	2,730
Disposal of equity interests in Shenzhen Huawanli, Shenzhen Funian, Shenzhen Flower and San Jiao Zhou (note 41)	—	—	—	2,133	—	—	—	2,133	(7,031)	(4,898)
Partial disposal of equity interests in Chengdu Tonghe Investment, Shenzhen Fantasia Management, Shenzhen Fantasia Colour and Shenzhen Kaiyuan	—	—	—	—	—	—	—	—	5,848	5,848

	Attributable to owners of the Company									
	Registered capital/share capital	Share premium	Special reserve	Contribution reserve	Statutory reserves	Discretionary reserve	Accumulated profits	Sub-total	Minority interests	Total
	RMB'000	RMB'000	RMB'000 (note i)	RMB'000 (note ii)	RMB'000 (note iii)	RMB'000 (note iii)	RMB'000	RMB'000	RMB'000	RMB'000
Contribution from minority shareholders	—	—	—	—	—	—	—	—	35,990	35,990
Transfer	—	—	—	—	1,982	—	(1,982)	—	—	—
Dividend paid	—	—	—	—	—	—	(304)	(304)	(750)	(1,054)
At 31 December 2007 and 1 January 2008	9	734,890	(595)	37,889	27,857	1,477	257,467	1,058,994	342,809	1,401,803
Profit and total comprehensive income for the year	—	—	—	—	—	—	84,259	84,259	13,262	97,521
Acquisition of additional equity interests in Shengzhen Hongwei, Huizhou Daya Bay, Chengdu Xinjin Youbang, Chengdu Tonghe, Chengdu Huawanli and Sichuan Ximei	—	—	—	396	—	—	—	396	(56,185)	(55,789)
Capitalisation of shareholder loans	—	—	—	2,315	—	—	—	2,315	1,543	3,858
Transfer	—	—	—	—	1,151	—	(1,151)	—	—	—
Dividend paid	—	—	—	—	—	—	—	—	(1,036)	(1,036)
At 31 December 2008 and 1 January 2009	9	734,890	(595)	40,600	29,008	1,477	340,575	1,145,964	300,393	1,446,357
Profit and total comprehensive income for the period	—	—	—	—	—	—	235,650	235,650	(18,283)	217,367
Contribution from minority shareholders	—	—	—	—	—	—	—	—	16,000	16,000
At 30 June 2009	9	734,890	(595)	40,600	29,008	1,477	576,225	1,381,614	298,110	1,679,724
For the six months ended 30 June 2008 (Unaudited)										
At 1 January 2008	9	734,890	(595)	37,889	27,857	1,477	257,467	1,058,994	342,809	1,401,803
Loss and total comprehensive loss for the period	—	—	—	—	—	—	(30,910)	(30,910)	(17,405)	(48,315)
Acquisition of additional equity interests in Chengdu Tonghe, Chengdu Huawanli, Huizhou Daya Bay and Chengdu Xinjin Youbang	—	—	—	396	—	—	—	396	(18,685)	(18,289)
Acquisition of equity interests in Chengdu Jiurong (note 40(a))	—	—	—	—	—	—	—	—	63,236	63,236
At 30 June 2008	9	734,890	(595)	38,285	27,857	1,477	226,557	1,028,480	369,955	1,398,435

Notes:

(i) Special reserve arising from the acquisition of additional equity interests represents the difference between the consideration paid and the carrying amount of net assets acquired and the goodwill or discount on acquisition.

(ii) Contribution reserve represents (1) the contribution/distribution to shareholders during the Group Reorganisation, (2) the difference between the consideration paid and the fair value of net assets acquired from related parties, (3) the difference between the consideration received and the carrying amount of net assets disposed of to related parties during the Group Reorganisation and (4) the capitalisation of shareholder loans.

(iii) The statutory reserves and discretionary reserve are non-distributable and the transfer to these reserves are determined by the board of directors or the shareholders' meeting in accordance with the relevant laws and regulations of the PRC. These reserves can be used to offset accumulated losses, expand the scale of production and business and increase capital upon approval from the relevant authorities.

Statements of changes in equity

THE COMPANY

	Share Capital RMB'000	Share premium RMB'000	Accumulated profits RMB'000	Total RMB'000
At 17 October 2007 (date of incorporation)	—	—	—	—
Issue of shares during the period	9	734,890	—	734,899
Loss and total comprehensive loss for the period	—	—	(10,246)	(10,246)
At 31 December 2007 and 1 January 2008	9	734,890	(10,246)	724,653
Profit and total comprehensive income for the year	—	—	26,541	26,541
At 31 December 2008 and 1 January 2009	9	734,890	16,295	751,194
Loss and total comprehensive loss for the period	—	—	(7,445)	(7,445)
At 30 June 2009	9	734,890	8,850	743,749
For the six months ended 30 June 2008 (Unaudited)				
At 1 January 2008	9	734,890	(10,246)	724,653
Profit and total comprehensive income for the period	—	—	37,791	37,791
At 30 June 2008	9	734,890	27,545	762,444

Consolidated statements of cash flows

	Year ended 31 December			Six months ended 30 June	
	2006	2007	2008	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
OPERATING ACTIVITIES					
Profit (loss) before taxation	263,855	166,819	254,071	(36,192)	412,904
Adjustments for:					
(Gain) loss on fair value changes of investment properties	(81,608)	(86,875)	(13,807)	23,546	10,019
Recognition of change in fair value of completed properties for sale upon transfer to investment properties	—	(2,170)	(302)	(289)	—
Impairment loss recognised in respect of goodwill	22,515	—	2,305	—	—
Loss on partial disposal of subsidiaries	—	2,458	—	—	—
Discount on acquisition of subsidiaries	(2,316)	—	—	—	—
Discount on acquisition of additional interest in a subsidiary	(251)	—	—	—	—
(Gain) loss on disposal of subsidiaries	(133,360)	—	89	89	—
Gain on disposal of associates	—	(1,632)	—	—	—
Share of results of associates	416	1,548	3,789	1,767	1,227
Release of prepaid lease payments	411	372	149	93	56
Release of premium on prepaid lease payments	822	617	—	—	—
Depreciation of property, plant and equipment	6,176	8,066	8,940	4,317	4,413
Loss (gain) on disposal of property, plant and equipment	21	7	1,727	1,173	(49)
Allowance on bad and doubtful debts, net	1,735	1,159	2,495	1,073	303
Interest income	(2,382)	(2,396)	(7,951)	(6,296)	(1,014)
Finance costs	8,056	12,167	69,941	49,256	15,127
Net foreign exchange (gain) loss	(1,041)	2,120	(35,586)	(33,263)	106
Operating cash flows before movements in working capital	83,049	102,260	285,860	5,274	443,092
Increase in properties for sales	(507,680)	(558,980)	(1,358,250)	(561,826)	(235,857)
Decrease (increase) in trade and other receivables	129,951	(21,415)	89,313	15,982	(130,796)
Increase in prepayment	—	—	—	—	(68,007)
(Increase) decrease in amounts due from customers for contract works	(4,464)	(1,677)	4,792	2,416	174
Decrease (increase) in held-for-trading investments	2,300	—	(3,000)	—	3,000
(Decrease) increase in trade and other payables	(20,253)	(52,898)	223,856	78,580	298,357
Increase (decrease) in deposits received on sale of properties	479,718	520,532	(33,873)	169,758	(240,983)
Cash generated from (used in) operations	162,621	(12,178)	(791,302)	(289,816)	68,980
Enterprise income tax ("EIT") paid, net	(15,439)	(45,793)	(101,239)	(95,714)	(47,852)
Land appreciation tax ("LAT") paid	(1,331)	(9,834)	(17,643)	(6,919)	(10,892)
Interest paid	(14,746)	(20,567)	(127,232)	(53,355)	(81,141)
NET CASH FROM (USED IN) OPERATING ACTIVITIES	131,105	(88,372)	(1,037,416)	(445,804)	(70,905)

	NOTES	Year ended 31 December 2006	2007	2008	Six months ended 30 June 2008	2009
		RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
INVESTING ACTIVITIES						
Purchases of property, plant and equipment		(6,648)	(11,262)	(26,192)	(6,267)	(1,611)
Increase in investment properties		—	(27,353)	(2,521)	(882)	(39,358)
Prepaid lease payments paid		—	—	(15,139)	(15,139)	—
Proceeds from disposal of property, plant and equipment		2	97	296	10	362
Acquisition of investments in associates/capital contribution in an associate		(6,000)	—	(3,000)	(3,000)	—
Proceeds from disposal of investment properties		397	—	—	—	3,229
Acquisition of assets and liabilities through acquisition of subsidiaries (net of cash and cash equivalents acquired)	40(a)	(26,000)	(371,423)	(157,760)	(74,456)	—
Acquisition of business (net of cash and cash equivalents acquired)	40(b)	(7,016)	—	(2,498)	(2,498)	—
Acquisition of additional equity interests in subsidiaries		(250)	(75,784)	(241,783)	(43,602)	—
Proceeds from partial disposal of subsidiaries		—	3,390	—	—	—
Proceeds from disposal of subsidiaries (net of cash and cash equivalents disposed of)	41	196,943	652	(119)	(119)	—
Proceeds from disposal of associates		—	11,566	—	—	—
Interest received		2,382	2,396	7,951	6,296	1,014
Decrease (increase) in restricted bank deposits		18,694	15,022	(19,817)	(30,749)	(11,424)
Repayment from (advance to) related parties		101,832	2,365	(1,402)	(3,640)	3,666
Advance to a director		—	—	—	—	(13,306)
(Advance to) repayment from associates		(257,219)	192,014	1,750	—	(8,400)
(Advance to) repayment from a shareholder		—	(8)	(13)	8	—
NET CASH FROM (USED IN) INVESTING ACTIVITIES		17,117	(258,328)	(460,247)	(174,038)	(65,828)

	Year ended 31 December			Six months ended 30 June	
	2006	2007	2008	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
FINANCING ACTIVITIES					
New borrowings raised	424,000	447,480	800,000	584,400	1,302,000
Repayment of borrowings	(488,431)	(365,413)	(440,868)	(224,125)	(229,550)
Loans from shareholders	—	735,686	—	—	—
Advance from (repayment to) directors	145,900	(66,392)	35,017	(2,768)	(53,458)
Advance from (repayment to) related parties	143,221	(151,659)	98,558	(2,892)	—
Contribution from minority shareholders	16,322	35,990	—	—	16,000
Distribution to shareholders	(64,075)	(79,376)	—	—	—
Proceeds on issue of shares	—	734,899	—	—	—
Dividend paid to minority shareholders	—	(750)	(1,036)	—	—
Dividend paid to shareholders prior to the Group Reorganisation	—	(304)	—	—	—
NET CASH FROM FINANCING ACTIVITIES	176,937	1,290,161	491,671	354,615	1,034,992
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	325,159	943,461	(1,005,992)	(265,227)	898,259
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR/PERIOD	61,199	386,266	1,320,657	1,320,657	303,046
Effect of foreign exchange rate changes	(92)	(9,070)	(11,619)	(9,548)	(376)
CASH AND CASH EQUIVALENTS AT THE END OF YEAR/PERIOD, represented by bank balances and cash	386,266	1,320,657	303,046	1,045,882	1,200,929

Notes to the financial information

1. BASIS OF PRESENTATION OF FINANCIAL INFORMATION

Pursuant to the Group Reorganisation, the Company became the holding company of the companies now comprising the Group on 6 December 2007. The Group comprising the Company and its subsidiaries resulting from the Group Reorganisation is regarded as a continuing entity. The Group was under the common control of Ms. Zeng Jie and Mr. Pan Jun (together referred to "Controlling Equity Holders"). The Financial Information of the Group has been prepared on the basis as if the Company had always been the holding company of the Group using the principles of merger accounting in accordance with Accounting Guideline 5 "Merger Accounting under Common Control Combinations" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows of the Group have been prepared as if the group structure as at 31 December 2007 had been in existence during the two years ended 31 December 2007, or since the respective dates of incorporation or establishment, where this is a shorter period of the entities comprising the Group, except for the change of effective interests in the following entities existence during the two years ended 31 December 2007:

	Acquisition	Disposal
Year ended 31 December 2006		
Enco Development	100%	—
Shenzhen Yahao	100%	—
Chi Fu Development	100%	—
Shenzhen Zhifu	100%	—
San Jiao Zhou	90%	—
Shenzhen Kaiyuan	100%	—
Shenzhen Hongwei	60%	—
Shenzhen Fantasia Management	48.2%	—
Chengdu Huawanli	30%	—
Shenzhen Xingyan	24.48%	—
Chengdu Huabaili	20.6%	—
Chengdu Tonghe Investment	6.03%	—
Shenzhen Tianqi Trading Company Limited	—	36.4%
Year ended 31 December 2007		
Tianjin Fuda	100%	—
Shenzhen Kangnian	40%	—
Shenzhen Huaqianli	70%	—
Dongguan Fantasia	70%	—
Sichuan Ximei	66.36%	—
Yixing Jiangnan Shuixiang	60%	—
Chengdu Xinjin Youbang	94.52%	—
Chengdu Huaqianli	9.99%	—
Shenzhen Funian	—	70%
Shenzhen Tianlan	—	70%
San Jiao Zhou	—	90%
Shenzhen Flower	—	41.6%
Shenzhen Fantasia Management	—	30%
Shenzhen Fantasia Colour	—	30%
Shenzhen Kaiyuan	—	30%
Chengdu Tonghe Investment	—	0.51%
Chengdu Huabaili	—	0.51%
Chengdu Huawanli	—	0.38%
Fantasia Chengdu Ecological	—	0.01%

The above acquisitions and disposals have been accounted for from the respective effective date of the acquisitions or up to the respective effective date of the disposals and in accordance with the respective equity interests in the individual companies attributable to the controlling shareholders before the Group Reorganisation. The interests of owners of the Company other than the Controlling Equity Holders in the combining companies have been presented as minority interests in the Group's Financial Information.

The consolidated statement of financial position of the Group as at 31 December 2006 has been prepared to present the assets and liabilities of the companies comprising the Group as at that date as if the group structure immediately after the Group Reorganisation had been in existence at those dates except for:

(i) Chengdu Huawanli has been accounted for as a 100% owned subsidiary at 31 December 2006.

(ii) Chengdu Huaqianli has been accounted for as a 89.5% owned subsidiary at 31 December 2006.

(iii) Fantasia Chengdu Ecological has been accounted for as a 100% owned subsidiary at 31 December 2006.

(iv) Shenzhen Fantasia Colour has been accounted for as a 100% owned subsidiary at 31 December 2006.

(v) San Jiao Zhou has been accounted for as a 90% owned subsidiary at 31 December 2006.

(vi) Shenzhen Fantasia Management has been accounted for as a 100% owned subsidiary at 31 December 2006.

(vii) Shenzhen Flower has been accounted for as a 41.6% owned subsidiary at 31 December 2006.

(viii) Chengdu Tonghe Investment has been accounted for as a 100% owned subsidiary at 31 December 2006.

(ix) Chengdu Huabaili has been accounted for as a 100% owned subsidiary at 31 December 2006.

(x) Shenzhen Funian and Shenzhen Tianlan both have been accounted for as 70% owned subsidiaries at 31 December 2006.

The Financial Information is presented in Renminbi ("RMB"), the currency of the primary economic environment in which the principal subsidiaries of the Company operate (i.e. the functional currency of the principal subsidiaries).

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS

The HKICPA has issued a number of Hong Kong Financial Reporting Standards ("HKFRS(s)"), amendments and interpretations ("HK(IFRIC) – Int") (hereinafter collectively referred to as the "New HKFRSs") which are effective for the Group's financial year beginning on 1 January 2009. For the purposes of preparing and presenting the Financial Information of the Relevant Periods, the Group has consistently adopted all these New HKFRSs throughout the Relevant Periods.

At the date of this report, the HKICPA has issued the following standards, amendments and interpretations that are not yet effective. The Group has not early applied these standards, amendments or interpretations.

HKFRSs (Amendments)	*Amendments to HKFRS 5 as part of Improvements to HKFRSs 2008*[1]
HKFRSs (Amendments)	*Improvements to HKFRSs 2009*[2]
HKAS 27 (Revised)	*Consolidated and Separate Financial Statements*[1]
HKAS 32 (Amendment)	*Classification of Rights Issues*[3]
HKAS 39 (Amendment)	*Eligible Hedged items*[1]
HKFRS 2 (Amendment)	*Group Cash-settled Share-based payment Transactions*[4]
HKFRS 1 (Amendment)	*Additional Exemptions for First Time Adopters*[4]
HKFRS 3 (Revised)	*Business Combinations*[1]
HK(IFRIC) – INT 17	*Distributions of Non-cash Assets to Owners*[1]
HK(IFRIC) – INT 18	*Transfer of Assets from Customers*[5]

1 Effective for annual periods beginning on or after 1 July 2009
2 Amendments that are effective for annual periods beginning on or after 1 July 2009 and 1 January 2010, as appropriate.
3 Effective for annual periods beginning on or after 1 February 2010
4 Effective for annual periods beginning on or after 1 January 2010
5 Effective for transfers on or after 1 July 2009

The application of HKFRS 3 (Revised) may affect the Group's accounting for business combination for which the acquisition date is on or after 1 January 2010. HKAS 27 (Revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary. The directors of the Company anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

3. SIGNIFICANT ACCOUNTING POLICIES

The Financial Information has been prepared on the historical cost basis, except for the investment properties and certain financial instruments which are measured at fair value, and in accordance with accounting policies set out below which are in conformity with HKFRSs issued by the HKICPA. In addition, the Financial Information includes applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and the Hong Kong Companies Ordinance.

Basis of consolidation

The Financial Information incorporates the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired, other than under the Group Reorganisation, or disposed of during the Relevant Periods are included in the consolidated statements of comprehensive income from the effective date of acquisition or up to the effective date of disposed, as appropriate.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Minority interests in the net assets of consolidated subsidiaries are presented separately from the Group's equity therein. Minority interests in the net assets consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

Merger accounting for business combinations involving entities under common control

The consolidated financial statements incorporate the financial statement items of the combining entities or businesses in which the common control combination occurs as if they had been consolidated from the date when the combining entities or businesses first came under the control of the controlling party.

The net assets of the combining entities or businesses are consolidated using the existing book values from the controlling parties' perspective. No amount is recognised in respect of goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The consolidated statements of comprehensive income includes the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

The comparative amounts in the consolidated financial information are presented as if the entities or business had been consolidated at the end of previous reporting period or when they first came under common control, whichever is the shorter.

Business combinations other than involving entities under common control

The acquisition of businesses, other than those involving entities under common control, is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under HKFRS 3 "Business combinations" are recognised at their fair values at the acquisition date.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in consolidated statements of comprehensive income.

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

Acquisition of additional interest in subsidiaries (other than under common control)

On acquisition of additional interests in subsidiaries, the excess of the cost of the acquisition over the fair values of the underlying assets and liabilities attributable to the additional interests in subsidiaries is debited to goodwill, while discount arising on the excess of the fair values of the underlying assets and liabilities attributable to the additional interest in the subsidiaries over the cost of the acquisition is credited to consolidated statements of comprehensive income.

The difference between the cost of the acquisition and the goodwill/discount on acquisition and the carrying amount of the underlying assets and liabilities attributable to the additional interests in subsidiaries is charged directly to special reserve.

Investments in a subsidiaries

Investments in a subsidiaries are included in the Company's statements of financial position at cost less any identified impairment losses.

Property, plant and equipment

Property, plant and equipment including buildings held for use in the production or supply of goods and services, or for administrative purpose, are stated at cost less subsequent accumulated depreciation and accumulated impairment losses.

Depreciation is provided so as to write off the cost of items of property, plant and equipment, over their estimated useful lives and after taking into account of their estimated residual values, using the straight-line method.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the consolidated statements of comprehensive income in the year/period in which the item is derecognised.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation. On initial recognition, investment properties are measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values using the fair value model. Gains or losses arising from changes in the fair value of investment property are included in statements of comprehensive income for the period in which they arise.

Property that is being constructed or developed for future use as investment property is classified as investment property. If the fair value cannot be reliably determined, the investment property under development will be measured at cost until such time as fair value can be determined or construction is completed.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statements of comprehensive income in the year/period in which the item is derecognised.

Interests in associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture.

The results and assets and liabilities of associates are incorporated in the Financial Information using the equity method of accounting. Under the equity method, interests in associates are carried in the consolidated statement of financial position at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any identified impairment loss. Where the Group's share of losses of an associate equals or exceeds the Group's interest in that associate, which includes any long-term interests that, in substance, form part of the Group's net investment in the associate, the Group discontinues recognising its share of further losses. An additional share of losses is provided for and a liability is recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment.

Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in consolidated statements of comprehensive income.

Where a group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

Goodwill

Goodwill arising on an acquisition of a business represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities of the relevant business recognised at the date of acquisition. Such goodwill is carried at cost less any accumulated impairment losses.

Capitalised goodwill arising on an acquisition of a business is presented separately in the consolidated statements of financial position.

For the purposes of impairment testing, goodwill arising from an acquisition is allocated to each of the relevant cash-generating units or groups of cash generating units, that are expected to benefit from the synergies of the acquisition. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, and whenever there is an indication that the unit may be impaired. For goodwill arising on an acquisition in a financial year, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that financial year. When the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated to the unit first, and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in the consolidated statements of comprehensive income. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On subsequent disposal of the relevant cash-generating unit, the attributable amount of goodwill capitalised is included in the determination of the profit or loss on disposal.

Properties for sale

Completed properties and properties under development for sale in the ordinary course of business is included in current assets and stated at the lower of cost and net realisable value. Cost includes the cost of land, development expenditure, borrowing costs capitalised in accordance with the Group's accounting policy, and other attributable expenses.

Where property for sale is transferred to investment property when there is a change of intention to hold the property to earn rentals or/and for capital appreciation, which is evidenced by the commencement of an operating lease to another party, any difference between the carrying amount and the fair value of that item at the date of transfer is recognised in consolidated statements of comprehensive income.

Installation contracts

Where the outcome of a contract for the installation of security systems can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the reporting date, as measured by the proportion that contract costs incurred for work performed to date bear to the estimated total costs, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

Where the outcome of a contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Where contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is shown as amounts due from customers for contract work. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as amounts due to customers for contract work. Amounts received before the related work is performed are included in the consolidated statements of financial position, as a liability, as advances received included in other payables. Amounts billed for work performed but not yet paid by the customer are included in the consolidated statements of financial position under trade and other receivables.

Financial instruments

Financial assets and financial liabilities are recognised in the statements of financial position when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair values of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in consolidated statements of comprehensive income.

Financial assets

The Group's financial assets are generally classified as loans and receivables and financial assets at fair value through profit or loss ("FVTPL").

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period.

Interest income is recognised on an effective interest basis for debt instruments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At the end of each reporting period subsequent to initial recognition, loans and receivables (including trade and other receivables, advances to associates, a shareholder, a director and related parties, restricted bank deposits and bank balances) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss on financial assets below).

Financial assets at fair value through profit or loss

Financial assets at FVTPL are classified as financial assets held for trading.

A financial asset is as held-for-trading if:

- it has been acquired principally for the purpose of selling in the near future: or

- it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

At each date of statements of financial position subsequent to initial recognition, financial assets at FVTPL are measured at fair value, with changes in fair value recognised directly in profit or loss in the period in which they arise.

Impairment of financial assets

Financial assets, other than held-for-trading investments, are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been impacted.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade and other receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, an impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When trade and other receivables are considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Interest expense is recognised on an effective interest basis.

Financial liabilities

Trade and other payables, amounts due to directors and related parties, loans from shareholders and borrowings are subsequently measured at amortised cost, using the effective interest method.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. A financial guarantee contract issued by the Group and not designed as at fair value through profit or loss is recognised initially at its fair value less transaction costs that are directly attributable to the issue of the financial guarantee contract. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount determined in accordance with HKAS 37 "Provisions, contingent liabilities and contingent assets", and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with HKAS 18 "Revenue".

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the asset expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of the ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable or any new asset obtained and the cumulative gain or loss that had been recognised directly in equity is recognised in consolidated statements of comprehensive income.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in consolidated statements of comprehensive income.

Impairment losses other than goodwill (see accounting policy in respect of goodwill above)

At each reporting date, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, such that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for properties sold and services provided in the normal course of business, net of discounts.

Sales of properties

Revenue from sales of properties is recognised when the risks and rewards of properties are transferred to the purchasers, which is when the construction of relevant properties has been completed and the possession of the properties have been delivered to the purchasers and collectibility of related receivables is reasonably assured. Deposits received on properties sold prior to the date of revenue recognition are included in the consolidated statements of financial position as deposits received on sale of properties under current liabilities.

When the completed properties are sold in exchange for dissimilar goods or services, the exchange is regarded as a transaction which generates revenue. The revenue is measured at the fair value of the goods or services received, adjusted by the amount of any cash or cash equivalents transferred.

Agency fee, service income, management fee, parking fee and consultation fee

Agency fee, service income, management fee, parking fee and consultation fee are recognised when services are provided.

Contract revenue

Contract revenue is recognised when the outcome of the contract can be estimated reliably and the stage of completion at the end of reporting period can be measured reliably. Revenue from construction contracts is recognised on the percentage of completion method, measured by reference to the value of work carried out during the year/period. When the outcome of a construction contract cannot be estimated reliably, revenue is recognised only to the extent of contract cost incurred that it is probable to be recoverable.

Hotel operation

Revenue from hotel operation is recognised upon provision of services.

Interest income

Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Government grants

Government grants are recognised as income when there is reasonable assurance that the conditions attached to such grants are complied with and the rights to receive such grants have been established. Grants related to expense items are recognised in the same period as those expenses are charged in the consolidated statements of comprehensive income and are reported separately as other income.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, are capitalised as part of the cost of those assets. Capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised as an expense in the year/period in which they are incurred.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

The Group as lessee

Rentals payable under operating leases are charged to consolidated statements of comprehensive income on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense on a straight-line basis over the lease term.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred taxation.

The tax currently payable is based on taxable profit for the year/period. Taxable profit differs from net profit as reported in the consolidated statement of comprehensive income because it excludes items of income and expense that are taxable or deductible in other years and it further excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the Financial Information and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary differences arise from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred taxation assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the consolidated statements of comprehensive income, except when it relates to items charged or credited directly to equity, in which case the deferred taxation is also dealt with in equity.

Deferred taxation assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Retirement benefit costs

Payments to state-managed retirement benefit scheme and the Mandatory Provident Fund Scheme which are defined contribution schemes are charged as an expenses when employees have rendered service entitling them to the contributions.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of the entity (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in profit or loss in the period in which they arise.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the process of applying the Group's accounting policies, which are described in note 3, the management has made various estimates about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates are based on past experience, expectations of the future and other information that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Determination of net realisable value of properties under development for sale and completed properties for sale

Properties under development for sale and completed properties for sale are stated at the lower of the cost and net realisable value with carrying amount of RMB796,322,000, RMB2,027,853,000, RMB3,769,841,000 and RMB4,073,234,000 at 31 December 2006, 2007, 2008 and 30 June 2009, respectively. Cost of each unit in each phase of development is determined using the weighted average method. The net realisable value is the estimated selling price less estimated selling expenses and estimated cost of completion (if any), which are determined based on best available information. Where there is any decrease in the estimated selling price arising from any changes to the property market conditions in the PRC, there may be impairment loss recognised on the properties under development for sale and completed properties for sale.

Land appreciation tax

The Group is subject to land appreciation tax in the PRC. However, the implementation and settlement of the tax varies amongst different tax jurisdictions in various cities of the PRC and certain projects of the Group have not finalised their land appreciation tax calculations and payments with any local tax authorities in the PRC. Accordingly, significant estimate is required in determining the amount of land appreciation and its related income tax provisions. The Group recognised the land appreciation tax based on management's best estimates. The final tax outcome could be different from the amounts that were initially recorded, and these differences will impact the income tax expense and the related income tax provisions in the periods in which such tax is finalised with local tax authorities.

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management estimation is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Recognition and allocation of construction costs on properties under development

Development costs of properties are recorded as properties under development during the construction stage and will be transferred to completed properties for sale and charged to the consolidated statement of comprehensive income upon the recognition of the sale of the properties. Before the final settlement of the development costs and other costs relating to the sale of the properties, these costs are accrued by the Group based on management's best estimate. When developing properties, the Group typically divides the development projects into phases. Costs directly related to the development of a phase are recorded as the cost of such phase. Costs that are common to different phases are allocated to individual phases based on saleable area. Where the final settlement of costs and the related cost allocation is different from the initial estimates, any increase or decrease in the development costs and other costs would affect the profit or loss in future years.

5. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged during the Relevant Periods. The capital structure of the Group consists of debt, which includes amounts due to directors disclosed in note 35, amounts due to related parties disclosed in note 36, loans from shareholders disclosed in note 37, borrowings disclosed in note 38, net of cash and cash equivalents disclosed in note 33, and equity attributable to owners of the Company, comprising registered capital/share capital and reserves. The directors of the Company review the capital structure periodically. As a part of this review, the corporate finance department reviews the planned construction projects proposed by engineering department and prepares the annual budget taking into account of the provision of funding. The directors of the Company then assess the annual budget and consider the cost of capital and the risks associated with each class of capital. The directors of the Company also balance its overall capital structure through the payment of dividends, new share issues as well as the issue of new debt or the redemption of existing debt.

6. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	THE GROUP				THE COMPANY		
	As at 31 December			As at 30 June	As at 31 December		As at 30 June
	2006	2007	2008	2009	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets							
Loans and receivables (including cash and cash equivalents)	707,998	1,456,396	505,571	1,475,197	1,306,533	1,257,034	1,236,264
Held-for-trading investments	—	—	3,000	—	—	—	—
Financial liabilities							
Amortised cost	601,357	1,392,139	2,058,888	3,381,819	730,460	683,843	683,573

(b) Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, advances to associates, a director, a shareholder, related parties, restricted bank deposits, bank balances and cash, trade and other payables, amounts due to directors and related parties, loans from shareholders and borrowings. Details of these financial instruments are disclosed in respective notes.

The management monitors and manages the financial risks relating to the operations of the Group through internal risk assessment which analyses exposures by degree and magnitude of risks. The risks included market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

(c) Foreign currency risk management

The Group and the Company have bank balances, advances to subsidiaries, amounts due to directors, loans from shareholders and borrowings which are denominated in foreign currencies, hence exposures to exchange rate fluctuations arises.

The carrying amount of the Group and the Company's foreign currency denominated monetary assets and monetary liabilities at the end of respective reporting periods are as follow:

	THE GROUP				THE COMPANY		
	As at 31 December			As at 30 June	As at 31 December		As at 30 June
	2006	2007	2008	2009	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Assets							
United States Dollars ("USD")	—	968,315	1,125	171	1,306,508	7	7
Hong Kong Dollars ("HKD")	1,821	2,651	3,617	5,323	17	6	6

	THE GROUP				THE COMPANY		
	As at 31 December			As at 30 June	As at 31 December		As at 30 June
	2006	2007	2008	2009	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Liabilities							
USD	—	730,460	683,460	683,190	730,460	683,460	683,190
HKD	32,061	32,761	—	—	—	—	—

The Group and the Company currently does not enter into any derivative contracts to minimise the currency risk exposure. However, the management will consider hedging significant currency risk should the need arise.

Sensitivity analysis

The Group and the Company mainly exposes to the effects of fluctuation in USD and HKD against RMB.

The following table details the Group and the Company's sensitivity to a 5% increase and decrease in the RMB against the relevant foreign currencies. 5% is the sensitivity rate used in management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year/period end for a 5% change in foreign currency rates. The sensitivity analysis includes advances to subsidiaries, bank balances, amounts due to directors, loans from shareholders and borrowings. A positive number indicates an increase in post-tax profit for the year/period where the

RMB strengthens against the relevant currency. For a 5% weakening of the RMB against the relevant currency, there would be an equal and opposite impact on the post-tax profit for the year/period.

	THE GROUP				THE COMPANY		
	Year ended 31 December			Six months ended 30 June	Year ended 31 December		Six months ended 30 June
	2006	2007	2008	2009	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
USD							
Increase (decrease) in profit for the year/period	—	(11,893)	34,117	34,151	(28,802)	34,173	34,159

	THE GROUP				THE COMPANY		
	Year ended 31 December			Six months ended 30 June	Year ended 31 December		Six months ended 30 June
	2006	2007	2008	2009	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
HKD							
Increase (decrease) in profit for the year/period	1,512	1,506	(181)	(266)	(1)	(1)	(1)

(d) Interest rate risk management

The Group and the Company is exposed to cash flow interest rate risk due to the fluctuation of the prevailing market interest rate on bank balances and variable-rate borrowings.

The Group and the Company is also exposed to fair value interest rate risk relates primarily to its balance with a related party, loans from shareholders and fixed-rate borrowings (see notes 36, 37 and 38). The Group and the Company currently does not use any derivative contracts to hedge its loans to interest rate risk. However, the management will consider hedging significant interest rate exposure should the need arise.

The Group and Company's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of HIBOR arising from the Group's HKD borrowings and Benchmark Borrowing Rate of The People's Bank of China ("Benchmark Rate") from the Group's RMB borrowings.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for the above-mentioned non-derivative instruments at the end of reporting period. A 50 basis points increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

At the end of the respective reporting periods, if interest rates had been increased/decreased by 50 basis points and all other variables were held constant, the Group's post-tax profit for the year/period would increase/decrease by approximately RMB1,641,000, RMB6,666,000 for the two years ended 31 December 2007, while post-tax profit for the year ended 31 December 2008 and the six months ended 30 June 2009 would decrease/increase by approximately RMB1,755,000 and RMB1,745,000, respectively.

(e) Other price risks

The Group is exposed to equity price risk through its investments in listed mutual funds which comprised a portfolio of equity instruments issued by entities operating in manufacturing industry sector quoted in the Shenzhen Stock Exchange. The Group will consider hedging the risk exposure should the need arise.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to equity price risk at the reporting date.

If the prices of the mutual funds had been 5% higher/lower, the Company's and Group's profit for the year/period would increase/decrease by nil, nil, approximately RMB150,000 and nil for the three years ended 31 December 2008 and the six months ended 30 June 2009 respectively.

(f) Credit risk management

As at the end of each reporting period, the Company's and Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and financial guarantees provided by the Group is arising from:

- the carrying amount of the respective recognised financial assets as stated in the consolidated statements of financial position and Company's statements of financial position; and
- the amount of contingent liabilities in relation to financial guarantee issued by the Group as disclosed in note 46.

In order to minimise the credit risk, the Group has policies in place for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The Group has no significant concentration of credit risk on trade receivables, with exposure spread over a number of counterparties and customers.

The Group's credit risk on liquid funds is limited because the counterparties are banks with high credit ratings and good reputation established in the PRC and Hong Kong.

For properties that are still under construction, the Group typically provides guarantees to banks in connection with the customers' borrowing of mortgage loans to finance their purchase of the properties for an amount up to 70% of the total purchase price of the property. If a purchaser defaults on the payment of its mortgage during the term of guarantee, the bank holding the mortgage may demand the Group to repay the outstanding amount of the loan and any accrued interest thereon.

Under such circumstances, the Group is able to retain the customer's sales deposit and sell the property to recover any amounts paid by the Group to the bank. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

(g) Liquidity risk management

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of borrowings and ensures compliance with loan covenants.

The Group relies on borrowings, advances from directors, related parties, loans from shareholders as a significant source of liquidity. As at 31 December 2006, 2007, 2008 and 30 June 2009, the Group has total available unutilised overdraft and bank loan facilities of approximately nil, RMB40,000,000, nil and RMB444,000,000, respectively.

The following table details the Group and the Company's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay. The table includes both interest and principal cash flows.

Liquidity table

THE GROUP

	Weighted average effective interest rate	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	Over 5 years	Total undiscounted cash flows	Carrying amount
	%	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 31 December 2006								
Non-derivative financial liabilities								
Trade and other payables	—	4,820	15,345	68,926	1,484	—	90,575	90,575
Amounts due to directors	—	100,966	—	—	—	—	100,966	100,966
Amounts due to related parties	—	123,601	—	—	—	—	123,601	123,601
Borrowings								
– fixed rate	6.61	—	—	51,437	170,168	—	221,605	195,100
– variable rate	6.69	38	76	26,685	68,196	8,663	103,658	91,115
		229,425	15,421	147,048	239,848	8,663	640,405	601,357
As at 31 December 2007								
Non-derivative financial liabilities								
Trade and other payables	—	20,227	82,033	150,093	11,105	—	263,458	263,458
Amounts due to directors	—	27,456	—	—	—	—	27,456	27,456
Amounts due to related parties	—	2,892	—	—	—	—	2,892	2,892
Loans from shareholders	12	—	—	—	883,857	—	883,857	730,460
Borrowings								
– fixed rate	7.42	—	—	325,285	54,635	—	379,920	362,300
– variable rate	4.70	32	63	284	1,516	6,792	8,687	5,573
		50,607	82,096	475,662	951,113	6,792	1,566,270	1,392,139
As at 31 December 2008								
Non-derivative financial liabilities								
Trade and other payables	—	140,942	187,043	162,866	4,425	—	495,276	495,276
Amounts due to directors	—	54,012	—	—	—	—	54,012	54,012
Amounts due to related parties	—	99,340	—	—	—	—	99,340	99,340
Loans from shareholders	12	—	—	744,971	—	—	744,971	683,460
Borrowings								
– fixed rate	8.96	—	—	36,303	—	—	36,303	35,000
– variable rate	8.36	3,893	10,786	376,441	374,870	38,980	804,970	691,800
		298,187	197,829	1,320,581	379,295	38,980	2,234,872	2,058,888

	Weighted average effective interest rate	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	Over 5 years	Total undiscounted cash flows	Carrying amount
	%	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 30 June 2009								
Non-derivative financial liabilities								
Trade and other payables		138,233	370,048	281,112	10,092	—	799,485	799,485
Amounts due to directors	—	554	—	—	—	—	554	554
Loans from shareholders	12			724,181	—	—	724,181	683,190
Amount due to a related party	7.02	581	1,162	5,230	111,544	—	118,517	99,340
Borrowings								
– fixed rate	4.37	729	1,458	200,729	—	—	202,916	200,000
– variable rate	5.44	89,745	32,656	176,656	1,454,461	41,558	1,795,076	1,599,250
		229,842	405,324	1,387,908	1,576,097	41,558	3,640,729	3,381,819

THE COMPANY

	Weighted average effective interest rate	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	Over 5 years	Total undiscounted cash flows	Carrying amount
	%	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 31 December 2007								
Non-derivative financial liabilities								
Loans from shareholders	12	—	—	—	883,857	—	883,857	730,460
As at 31 December 2008								
Non-derivative financial liabilities								
Amounts due to subsidiaries		383	—	—	—	—	383	383
Loans from shareholders	12	—	—	744,971	—	—	744,971	683,460
		383	—	744,971	—	—	745,354	683,843
As at 30 June 2009								
Non-derivative financial liabilities								
Amounts due to subsidiaries	—	383	—	—	—	—	383	383
Loans from shareholders	12	—	—	724,181	—	—	724,181	683,190
		383	—	724,181	—	—	724,564	683,573

(h) Fair value

The fair value of financial assets and financial liabilities are determined as follow:

- the fair value of financial assets with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market bid prices; and
- the fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices or rates from observable current market transactions as input.

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the Financial Information approximate their fair values.

7. SEGMENT INFORMATION

The Group has adopted HKFRS 8 Operating Segments to report segment information for the Relevant Periods.

The segment information reported externally was analysed on the basis of their products and services supplied by the Group's operating divisions, which is consistent with the internal information that are regularly reviewed by the directors, the chief operating decision maker, for the purposes of resource allocation and assessment of performance.

The Group has five reportable operating segments as follows:

Property development – developing and selling of properties in the PRC
Property investment – leasing of investment properties
Property agency services – provision of property agency and other related services
Property operation services – provision of property management and other related services
Hotel services – provision of hotel management and other related services
Other operations include the provision of tourism and entertainment services, interior design services.

Inter-segment revenue are eliminated on consolidation.

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 3. Segment profit represents the profit earned by each segment mainly without allocation of central administration costs and directors' salaries, some items of other income, gains and losses set out in note 8, share of results of associates, finance costs and income tax expense. This is the measure reported to the chief operating decision maker for the purposes of resources allocation and assessment of segment performance.

For the purposes of monitoring segment performance and allocating resources between segments, the chief operating decision maker also reviews the segment assets attributable to each operating segment, which comprises assets other than interests in associates, advances to associates, amounts due from a director, a shareholder and related parties, restricted bank deposits, bank balances and cash and other corporate assets.

The following is an analysis of the Group's revenue, results and other material items by operating segments for the Relevant Periods under review:

Segment revenues, results, assets and other material items for 2006:

	Property development	Property investment	Property agency services	Property operation services	Hotel services	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
External revenues	241,209	7,283	74,899	14,986	—	3,962	342,339
Inter-segment revenues	—	—	7,550	453	—	—	8,003
Segment result	62,480	88,203	4,586	3,771	—	(639)	158,401
Additions to non-current assets	2,439	—	3,379	867	—	35,392	42,077
Gain on fair value changes of investment properties	—	81,608	—	—	—	—	81,608
Impairment loss recognised in respect of goodwill	—	—	—	—	—	22,515	22,515
Release of prepaid lease payments	112	—	—	—	—	155	267
Release of premium on prepaid lease payments	—	—	—	—	—	822	822
Depreciation of property, plant and equipment	3,401	—	1,609	182	—	937	6,129
Segment assets	895,961	345,361	11,639	17,567	—	43,959	1,314,487

Inter-segment revenues are charged at prevailing market rate.

Segment revenues, results, assets and other material items for 2007:

	Property development	Property investment	Property agency services	Property operation services	Hotel services	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
External revenues	619,168	10,649	97,151	41,857	—	3,232	772,057
Inter-segment revenues	—	—	11,341	2,157	—	—	13,498
Segment result	57,687	99,370	18,078	10,453	—	1,075	186,663
Additions to non-current assets	6,257	31,253	2,640	2,635	—	—	42,785
Gain on fair value changes of investment properties	—	86,875	—	—	—	—	86,875
Release of prepaid lease payments	112	—	—	—	—	116	228
Release of premium on prepaid lease payments	—	—	—	—	—	617	617
Depreciation of property, plant and equipment	4,005	—	2,753	469	—	696	7,923
Segment assets	2,163,658	463,689	10,401	30,611	—	—	2,668,359

Inter-segment revenues are charged at prevailing market rate.

Segment revenues, results, assets and other material items for 2008:

	Property development	Property investment	Property agency services	Property operation services	Hotel services	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
External revenues	1,064,604	11,029	40,224	57,875	479	—	1,174,211
Inter-segment revenues	—	—	17,767	5,989	70	—	23,826
Segment result	296,010	23,765	(9,255)	17,600	(2,656)	—	325,464
Additions to non-current assets	5,162	3,233	10,061	4,901	8,386	—	31,743
Gain on fair value changes of investment properties	—	13,807	—	—	—	—	13,807
Impairment loss recognised in respect of goodwill	—	—	—	2,305	—	—	2,305
Release of prepaid lease payments	113	—	—	—	—	—	113
Depreciation of property, plant and equipment	4,816	—	2,579	940	495	—	8,830
Segment assets	3,901,890	481,310	14,347	36,732	8,026	—	4,442,305

Inter-segment revenues are charged at prevailing market rate.

Segment revenues, results, assets and other material items for June 2008:

	Property development	Property investment	Property agency services	Property operation services	Hotel services	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
External revenues	281,628	5,300	17,595	29,814	—	—	334,337
Inter-segment revenues	—	—	4,089	992	—	—	5,081
Segment result	16,553	(18,614)	(10,874)	6,849	—	—	(6,086)
Additions to non-current assets	2,750	489	1,256	2,576	—	—	7,071
Loss on fair value changes of investment properties	—	23,546	—	—	—	—	23,546
Release of prepaid lease payments	57	—	—	—	—	—	57
Depreciation of property, plant and equipment	2,549	—	1,358	344	—	—	4,251
Segment assets	2,953,281	437,074	20,700	32,333	—	—	3,443,388

Inter-segment revenues are charged at prevailing market rate.

Segment revenues, results, assets and other material items for June 2009:

	Property development	Property investment	Property agency services	Property operation services	Hotel services	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
External revenues	1,287,470	5,454	22,396	26,001	1,673	—	1,342,994
Inter-segment revenues	—	—	5,814	1,569	—	—	7,383
Segment result	447,898	(5,238)	4,475	7,640	(580)	—	454,195
Additions to non-current assets	238	39,358	55	1,310	—	—	40,961
Loss on fair value changes of investment properties	—	10,019	—	—	—	—	10,019
Release of prepaid lease payments	56	—	—	—	—	—	56
Depreciation of property, plant and equipment	2,220	—	1,027	576	532	—	4,355
Segment assets	4,320,261	507,746	11,963	122,004	7,537	—	4,969,511

Inter-segment revenues are charged at prevailing market rate.

Reconciliation:

	Year ended 31 December			Six months ended 30 June	
	2006	2007	2008	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Revenues:					
Total revenues for reportable segments	346,380	782,323	1,198,037	339,418	1,350,377
Others	3,962	3,232	—	—	—
Elimination of inter-segment revenues	(8,003)	(13,498)	(23,826)	(5,081)	(7,383)
Group's total revenues (note)	342,339	772,057	1,174,211	334,337	1,342,994
Profit or loss:					
Segment result	158,401	186,663	325,464	(6,086)	454,195
Elimination of inter-segment result	—	—	(2,826)	(3,115)	(754)
Unallocated amounts:					
Unallocated income	7,585	2,720	43,537	39,559	1,014
Unallocated corporate expenses	(7,071)	(8,023)	(35,980)	(15,438)	(25,197)
Finance costs	(8,056)	(12,167)	(69,941)	(49,256)	(15,127)
Impairment loss recognised in respect of goodwill	(22,515)	—	(2,305)	—	—
Gain (loss) on disposal of a subsidiary	133,360	—	(89)	(89)	—
Share of results of associates	(416)	(1,548)	(3,789)	(1,767)	(1,227)
Loss on partial disposal of subsidiaries	—	(2,458)	—	—	—
Discount on acquisition of subsidiaries	2,316	—	—	—	—
Discount on acquisition of additional interest in a subsidiary	251	—	—	—	—
Gain on disposal of associates	—	1,632	—	—	—
Profit (loss) before taxation	263,855	166,819	254,071	(36,192)	412,904

	As at 31 December			As at 30 June
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Assets:				
Total assets for reportable segments	1,270,528	2,668,359	4,442,305	4,969,511
Others	43,959	—	—	—
Unallocated assets:				
Interests in associates	15,911	6,650	11,248	11,819
Advances to associates	261,353	65,377	58,240	64,842
Amount due from a director	—	—	—	13,306
Amount due from a shareholder	—	8	21	21
Amounts due from related parties	—	10,340	26,856	23,190
Restricted bank deposits	33,054	18,032	37,849	49,273
Bank balances and cash	386,266	1,320,657	303,046	1,200,929
Others	16,496	119,629	77,757	76,739
Group's total assets	2,027,567	4,209,052	4,957,322	6,409,630

	Year ended 31 December			Six months ended 30 June	
	2006	2007	2008	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Other material items:					
Release of prepaid lease payments					
Reportable segment totals	112	112	113	57	56
Others	155	116	—	—	—
Unallocated amount	144	144	36	36	—
Group's total	411	372	149	93	56
Depreciation of property, plant and equipment					
Reportable segment totals	5,192	7,227	8,830	4,251	4,355
Others	937	696	—	—	—
Unallocated amount	47	143	110	66	58
Group's total	6,176	8,066	8,940	4,317	4,413
Additions to non-current assets					
Reportable segment totals	6,685	42,785	31,743	7,071	40,961
Others	35,392	—	—	—	—
Unallocated amount	3	528	37	16	8
Group's total	42,080	43,313	31,780	7,087	40,969

Note: Included in revenue for the period ended 30 June 2009 is an amount of RMB88,007,000 in respect of completed properties sold in exchange for the advertising spaces provided by the customers. The prepaid advertising spaces of RMB68,007,000 and RMB20,000,000 are recorded in prepayment under non-current assets and trade and other receivables under current assets, respectively. There were no such arrangement in the other reporting periods.

The Group's revenue from external customers is derived solely from its operations in the PRC, and non-current assets of the Group are located in the PRC.

During the Relevant Periods, there was no revenue from transactions with a single external customer amounted to 10% or more of the Group's total revenue.

8. OTHER INCOME, GAINS AND LOSSES

	THE GROUP				
	Year ended 31 December			Six months ended 30 June	
	2006	2007	2008	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Interest income	2,382	2,396	7,951	6,296	1,014
Forfeiture income on deposits received	—	406	1,040	—	—
Fair value change on held-for-trading investments	4,162	324	—	—	199
Government grant (note)	—	—	14,052	9,202	5,868
Compensation on late repayment of advances receivable	1,001	—	—	—	—
Waiver of payable upon of early termination of construction contract	250	—	—	—	—
Exchange gain	1,041	—	35,586	33,263	—
Loss on partial disposal of subsidiaries	—	(2,458)	—	—	—
Discount on acquisition of subsidiaries (note 40(b))	2,316	—	—	—	—
Discount on acquisition of additional interest in a subsidiary	251	—	—	—	—
Gain on disposal of property, plant and equipment	—	—	—	—	49
Gain (loss) on disposal of subsidiaries (note 41)	133,360	—	(89)	(89)	—
Gain on disposal of associates	—	1,632	—	—	—
Others	550	426	494	425	471
	145,313	2,726	59,034	49,097	7,601

Note: The amount represents the grants received from the relevant PRC government to encourage the development of real estate industry. The subsidies were granted on a discretionary basis to the Group during the year ended 31 December 2008 and the six months ended 30 June 2009.

9. FINANCE COSTS

	THE GROUP				
	Year ended 31 December			Six months ended 30 June	
	2006	2007	2008	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Interest on:					
– borrowings wholly repayable within five years	14,458	17,898	40,787	12,067	37,317
– borrowings not wholly repayable within five years	288	234	4,224	117	2,833
– amount due to a related party	—	—	—	—	1,522
– loans from shareholders	—	2,435	82,221	41,171	40,991
Less: Amount capitalised in properties for sales	(6,690)	(8,400)	(57,291)	(4,099)	(67,536)
	8,056	12,167	69,941	49,256	15,127

Borrowing costs capitalised arose on the general borrowing pool and are calculated by applying a capitalisation rate of 6.63%, 7.42%, 10.14%, 10.14% and 7.15% for the years ended 31 December 2006, 2007 and 2008 and the six months ended 30 June 2008 and 2009, respectively, to expenditure on qualifying asset.

10. PROFIT (LOSS) BEFORE TAXATION

	THE GROUP				
	Year ended 31 December			Six months ended 30 June	
	2006	2007	2008	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Profit (loss) before taxation has been arrived at after charging (crediting):					
Staff costs including directors' emoluments	66,999	93,316	101,856	42,345	43,390
Retirement benefit scheme contributions	2,941	5,879	10,139	4,874	5,414
Total staff costs	69,940	99,195	111,995	47,219	48,804
Auditor's remuneration	12	269	237	—	—
Release of prepaid lease payments	411	372	149	93	56
Release of premium on prepaid lease payments	822	617	—	—	—
Depreciation of property, plant and equipment	6,176	8,066	8,940	4,317	4,413
Loss (gain) on disposal of property, plant and equipment	21	7	1,727	1,173	(49)
Allowance on bad and doubtful debts, net	1,735	1,159	2,495	1,073	303
Cost of inventories recognised as expenses	106,711	418,651	549,543	174,909	701,521
Net exchange (gain) loss	(1,041)	2,120	(35,586)	(33,263)	106
Rental expenses in respect of rented premises under operating leases	6,589	7,576	7,317	3,956	4,467
Gross rental income from investment properties	(7,283)	(10,649)	(11,029)	(5,300)	(5,454)
Less: direct operating expenses from investment properties that generated rental income	688	324	1,373	657	673
	(6,595)	(10,325)	(9,656)	(4,643)	(4,781)

11. INCOME TAX EXPENSE

	THE GROUP				
	Year ended 31 December			Six months ended 30 June	
	2006	2007	2008	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Current tax:					
PRC taxes					
EIT	30,542	50,492	76,831	23,699	122,877
LAT	46,066	2,585	104,237	—	102,396
	76,608	53,077	181,068	23,699	225,273
Deferred tax (note 23)					
Current	9,660	15,370	(23,383)	(10,447)	(25,912)
Overprovision in prior years	—	—	(1,135)	(1,129)	(3,824)
Attributable to change in tax rate	—	14,105	—	—	—
	9,660	29,475	(24,518)	(11,576)	(29,736)
	86,268	82,552	156,550	12,123	195,537

No provision for Hong Kong Profits Tax has been made in the Financial Information as the income of the Group neither arise in nor is derived from Hong Kong.

The Group's PRC enterprise income tax is calculated at 15% and 33% of the estimated assessable profits for the companies established in the regions of Shenzhen and Chengdu, respectively, for the years ended 31 December 2006 and 2007.

On March 16, 2007, the PRC promulgated the Law of the People's Republic of China on Enterprise Income Tax (the "New Law") by Order No. 63 of the President of the People's Republic of China. On December 6, 2007, the State Council of the PRC issued Implementation Regulations of the New Law. Under the New Law and Implementation Regulations, the Enterprise Income tax rate of the Group's subsidiaries in the PRC was reduced from 33% to 25% and increased from 15% to 25% progressively from 1 January 2008 onwards.

Under the Provisional Regulations on LAT of the PRC promulgated on 27 January 1995, the PRC subsidiaries are also subject to LAT at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including borrowing costs and property development expenditures in relation to the gains arising from transfers of properties in the PRC effective from 1 January 1994.

The income tax expense for the Relevant Periods can be reconciled to the profit (loss) before taxation per consolidated statements of comprehensive income (loss) as follows:

	THE GROUP				
	Year ended 31 December			Six months ended 30 June	
	2006	2007	2008	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Profit (loss) before taxation	263,855	166,819	254,071	(36,192)	412,904
Tax at PRC enterprise income tax rate of 15% for the years ended 31 December 2006 and 2007; 25% for the year ended 31 December 2008, six months ended 30 June 2008 and 2009 (note 1)	39,578	25,023	63,518	(9,048)	103,226
Tax effect of share of results of associates	62	232	947	442	307
Tax effect of income not taxable for tax purposes	(1,642)	(2,003)	(85)	(911)	—
Tax effect of expenses not deductible for tax purposes (note 2)	6,406	4,857	22,831	8,593	18,205
Tax effect of tax losses not recognised	2,159	6,607	7,219	15,544	12,966
Utilisation of tax losses previous not recognised	(2,062)	(1,705)	—	—	(3,640)
Tax effect of different tax rates on subsidiaries	2,611	12,591	(14,359)	347	(6,255)
LAT	46,066	2,585	104,237	—	102,396
Effect of LAT on enterprise income tax	(6,910)	(388)	(26,059)	—	(25,599)
Overprovision in prior year	—	—	(1,135)	(1,129)	(3,824)
Change in opening deferred tax liabilities or deferred tax assets resulting from an change in applicable tax rate	—	14,105	—	—	—
Differential tax rate on temporary difference of subsidiaries (note 3)	—	20,648	(564)	(1,715)	(2,245)
Income tax expense for the year/period	86,268	82,552	156,550	12,123	195,537

Notes:

(1) Majority of the PRC subsidiaries of the Group are situated in the Shenzhen and Zhuhai Special Economic Zones for the years ended 31 December 2007 and 2006 and they were entitled to a preferential EIT rate of 15%. Commencing on 1 January 2008, the majority assessable profits were derived from subsidiaries situated in Chengdu of the PRC and the applicable income tax rate has changed to 25%.

(2) The amounts represent the tax effect of expenses incurred in offshore companies, including the interest on loans from shareholders and impairment loss recognised in respect of goodwill.

(3) The differential tax rate on temporary difference of subsidiaries is due to the new PRC Enterprise Income Tax Law promulgated on 16 March 2007 which unifies the income tax rate of domestic and foreign enterprises. Under the New Law and Implementation Regulations, the Enterprise Income tax rate of the Group's subsidiaries in the PRC was reduced from 33% to 25% and increased from 15% to 25% respectively from 1 January 2008 onwards.

12. DIRECTORS' AND EMPLOYEES' REMUNERATION

Details of the emoluments paid to the directors of the Company during the Relevant Periods are as follow:

	THE GROUP				
	Year ended 31 December			Six months ended 30 June	
	2006	2007	2008	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Directors					
– fee	—	—	—	—	—
– salaries and other benefits	2,151	2,891	4,423	2,090	2,000
– discretionary bonus	240	270	180	29	379
– contributions to retirement benefits scheme	52	45	70	6	34
	2,443	3,206	4,673	2,125	2,413

The emoluments of the directors on a named basis are as follows:

	THE GROUP				
	Year ended 31 December			Six months ended 30 June	
	2006	2007	2008	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Zeng Jie (曾寶寶)	1,016	1,336	1,342	670	670
Pan Jun (潘軍)	815	1,074	1,244	574	584
Feng Huiming (馮輝明)	612	796	1,199	525	551
Chan Sze Hon (陳思翰)	—	—	888	356	608
	2,443	3,206	4,673	2,125	2,413

The five highest paid individuals of the Group for the two years ended 31 December 2006 and 2007 included two directors while for the year ended 31 December 2008, the six months ended 30 June 2008 included three directors, and the six months ended 30 June 2009 included four directors, details of which are set out above. The remunerations of the remaining three individuals for the two years ended 31 December 2006 and 2007, the remaining two individuals for the year ended 31 December 2008 and the six months ended 30 June 2008 and the remaining one individual for the six months ended 30 June 2009 are as follows:

	THE GROUP				
	Year ended 31 December			Six months ended 30 June	
	2006	2007	2008	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Employees					
– salaries and other benefits	1,302	1,388	2,155	1,077	387
– discretionary bonus	728	863	47	16	233
– contributions to retirement benefits scheme	49	47	34	1	10
	2,079	2,298	2,236	1,094	630

The emoluments of each of the remaining three highest paid individuals in the Group for the two years ended 31 December 2006 and 2007 were below HK$1,000,000 while each of the remaining two highest paid individuals of the Group for the year ended 31 December 2008 and the six months 30 June 2008 were within the range from HK$1,000,000 to HK$1,500,000 and below HK$1,000,000, respectively. The remaining one individual for the six months ended 30 June 2009 was below HK$1,000,000.

During the Relevant Periods, no emoluments were paid by the Group to any of the directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors waived any remuneration during the Relevant Periods.

13. DIVIDENDS

No dividend has been paid or declared by the Company since its date of incorporation. However, in respect of the Relevant Periods, the following dividends were paid by Shenzhen Xingyan and Shenzhen Fantasia Colour to their then shareholders.

	THE GROUP				
	Year ended 31 December			Six months ended 30 June	
	2006	2007	2008	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Dividends paid	—	1,054	1,036	—	—

14. EARNINGS (LOSS) PER SHARE

The calculation of the basic earnings (loss) per share for the Relevant Periods is based on the profit (loss) attributable to owners of the Company for the Relevant Periods and by reference to the weighted average number of 328,050, 110,167,479, 3,645,000,000, 3,645,000,000 and 3,645,000,000 shares for the years ended 31 December 2006, 2007 and 2008 and the six months ended 30 June 2008 and 2009 which has been adjusted to reflect the shares in issue, comprising 100,000 shares in issue before the capitalisation issues and shares issued pursuant to the capitalisation issue as more fully described in the section headed "Written resolutions of our Shareholders" in Appendix VIII to the Prospectus.

15. PROPERTY, PLANT AND EQUIPMENT

	THE GROUP				
	Buildings	Leasehold improvements	Furniture, fixtures and equipment	Motor vehicles	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
COST					
At 1 January 2006	17,825	6,082	8,134	7,086	39,127
Acquisition of business (note 40(b))	9,648	—	2,986	283	12,917
Additions	—	2,290	3,353	1,005	6,648
Disposals	—	—	(4)	(142)	(146)
Disposal of a subsidiary (note 41)	—	—	(7)	—	(7)
At 31 December 2006 and 1 January 2007	27,473	8,372	14,462	8,232	58,539
Acquisition of assets and liabilities through acquisition of subsidiaries (note 40(a))	—	782	16	—	798
Additions	—	1,860	7,628	1,774	11,262
Disposals	—	—	(268)	—	(268)
Disposal of subsidiaries (note 41)	(9,648)	—	(2,945)	(264)	(12,857)
At 31 December 2007 and 1 January 2008	17,825	11,014	18,893	9,742	57,474
Acquisition of business (note 40(b))	—	—	45	5	50
Additions	8,142	10,436	6,837	777	26,192
Disposals	(2,357)	(392)	(1,462)	(213)	(4,424)
At 31 December 2008 and 1 January 2009	23,610	21,058	24,313	10,311	79,292
Additions	397	73	809	332	1,611
Disposals	—	(313)	(333)	(206)	(852)
At 30 June 2009	24,007	20,818	24,789	10,437	80,051
DEPRECIATION					
At 1 January 2006	1,495	2,014	3,277	2,186	8,972
Provided for the year	1,460	1,696	1,935	1,085	6,176
Eliminated on disposals	—	—	(1)	(122)	(123)
Disposal of a subsidiary (note 41)	—	—	(3)	—	(3)
At 31 December 2006 and 1 January 2007	2,955	3,710	5,208	3,149	15,022
Provided for the year	1,309	2,665	2,817	1,275	8,066
Eliminated on disposals	—	—	(164)	—	(164)
Disposal of subsidiaries (note 41)	(1,154)	—	(370)	(107)	(1,631)
At 31 December 2007 and 1 January 2008	3,110	6,375	7,491	4,317	21,293
Provided for the year	770	3,092	3,594	1,484	8,940
Eliminated on disposals	(240)	(99)	(950)	(156)	(1,445)
At 31 December 2008 and 1 January 2009	3,640	9,368	10,135	5,645	28,788
Provided for the period	570	1,514	1,612	717	4,413
Eliminated on disposals	—	(101)	(285)	(153)	(539)
At 30 June 2009	4,210	10,781	11,462	6,209	32,662
CARRYING AMOUNTS					
At 31 December 2006	24,518	4,662	9,254	5,083	43,517
At 31 December 2007	14,715	4,639	11,402	5,425	36,181
At 31 December 2008	19,970	11,690	14,178	4,666	50,504
At 30 June 2009	19,797	10,037	13,327	4,228	47,389

The following useful lives are used in the calculation of depreciation:

Buildings	Over the shorter of the term of lease or 50 years
Leasehold improvements	5 years
Furniture, fixtures and equipment	5 years
Motor vehicles	5 to 10 years

As at 31 December 2006, 2007, 2008 and 30 June 2009, certain of the Group's buildings with an aggregate carrying amount of approximately RMB15,487,000, RMB14,466,000, RMB11,860,000 and RMB11,493,000, respectively were pledged to bank to secure certain banking facilities granted to the Group.

16. INVESTMENT PROPERTIES

THE GROUP

FAIR VALUE	Completed	Under development	Total
	RMB'000	RMB'000	RMB'000
At 1 January 2006	259,700	—	259,700
Disposals	(397)	—	(397)
Net change in fair value recognised in the consolidated statement of comprehensive income	81,608	—	81,608
At 31 December 2006 and 1 January 2007	340,911	—	340,911
Additions	—	27,353	27,353
Transfer from completed properties for sales	3,900	—	3,900
Net change in fair value recognised in the consolidated statement of comprehensive income	86,875	—	86,875
At 31 December 2007 and 1 January 2008	431,686	27,353	459,039
Additions	—	2,521	2,521
Transfer from completed properties for sales	712	—	712
Net change in fair value recognised in the consolidated statement of comprehensive income	(24,739)	38,546	13,807
Transfers upon completion of construction work	68,420	(68,420)	—
At 31 December 2008 and 1 January 2009	476,079	—	476,079
Additions	—	39,358	39,358
Disposals	(3,229)	—	(3,229)
Net change in fair value recognised in the consolidated statement of comprehensive income	(10,019)	—	(10,019)
At 30 June 2009	462,831	39,358	502,189

The fair values of the Group's completed investment properties were arrived at on the basis of a valuation carried out at the end of respective reporting periods by Jones Lang LaSalle Sallmanns Limited. Jones Lang LaSalle Sallmanns Limited is a firm of independent qualified professional valuers not connected with the Group, and has appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations. The valuations were arrived at by reference to net rental income allowing for reversionary income potential and market evidence of transaction prices for similar properties in the same locations and conditions, where appropriate.

The Group has concluded the fair value of its investment properties under development cannot be measured reasonably, therefore, the Group's investment properties under development continued to be measured at cost until such time as fair value can be determined or construction is completed.

As at 31 December 2006, 2007, 2008 and 30 June 2009, the carrying amount of RMB74,601,000, RMB81,000,000, RMB158,908,000 and RMB160,037,000, respectively, represents car parks which can be legally transferred, leased and mortgaged but the title certificates cannot be currently applied as there was no special provisions to obtain any title certificates, according to the relevant laws and regulations in Shenzhen.

As at 31 December 2006, 2007, 2008 and 30 June 2009, certain of the Group's investment properties with aggregate fair value of approximately RMB188,410,000, RMB304,100,000, RMB281,850,000 and RMB271,488,000, respectively were pledged to secure the banking facilities granted to the Group.

The investment properties are held under medium-term lease in the PRC.

17. INTERESTS IN ASSOCIATES

	THE GROUP			
	As at 31 December			As at 30 June
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Cost of investment, unlisted	17,500	3,750	6,750	6,750
Share of post-acquisition results	(1,589)	(1,062)	(4,851)	(6,078)
Capital contributions	—	3,962	9,349	11,147
	15,911	6,650	11,248	11,819

Included in interests in associates are fair value adjustments of nil, approximately RMB3,962,000, RMB9,349,000 and RMB11,147,000 as at 31 December 2006, 2007, 2008 and 30 June 2009, respectively, on interest-free non-current advances to associates.

Included in the cost of investment in associates are goodwill of nil, approximately RMB517,000, RMB517,000 and RMB517,000 as at 31 December 2006, 2007, 2008 and 30 June 2009, respectively, arising on acquisition of an associate.

Details of the Group's associates, which were established in the PRC, at the end of respective reporting periods are as follows:

Name of associates	Registered capital	Equity interest attributable to the Group As at 31 December 2006	2007	2008	As at 30 June 2009	Principal activities
深圳市立方建築設計顧問有限公司 Shenzhen Cube Architecture Designing Consultants Company Limited ("Cube Architecture") (note 1)	RMB1,000,000	31%	N/A	N/A	N/A	Property consulting
東莞市歐普泰建築技術有限公司 Dongguan Ouputai Architecture Technology Company Limited ("Dongguan Ouputai")	RMB3,000,000	30%	30%	30%	30%	Property consulting
深圳市僑置科技有限公司 Shenzhen Qiaozhi Technology Company Limited ("Shenzhen Qiaozhi") (note 1)	RMB4,000,000	20%	N/A	N/A	N/A	Inactive
上海天潤投資有限公司 Shanghai Tiankuo Investment Company Limited ("Shanghai Tiankuo") (note 1)	RMB30,000,000	30%	N/A	N/A	N/A	Investment holding
深圳喜福會會所管理有限公司 Shenzhen Xi Fu Hui Club Management Company Limited ("Xi Fu Hui") (note 1)	RMB10,000,000	25%	N/A	N/A	N/A	Operation of club house and property management
Shenzhen Huaqianli	RMB10,000,000	30%	Note 2	Note 2	Note 2	Investment holding
Dongguan Fantasia	RMB10,000,000	30%	Note 2	Note 2	Note 2	Property development
東莞市左庭右院實業投資有限公司 Dongguan Zuoting Youyuan Industry Investment Company Limited ("Dongguan Zuoting Youyuan")	RMB18,000,000	0%	37.5%	37.5%	37.5%	Property development

Notes:

1. These associates were disposed of during the Relevant Periods. For details, please refer to note 47.
2. These associates became subsidiaries during the year ended 31 December 2007.

The summarised financial information in respect of the Group's associates is set out below:

	THE GROUP			
	As at 31 December			As at 30 June
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Total assets	340,489	258,190	223,032	203,373
Total liabilities	286,279	252,402	219,349	202,960
Net assets	54,210	5,788	3,683	413
Group's share of net assets of associates	15,911	2,171	1,382	155

	Year ended 31 December			Six months ended 30 June
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	275	124	—	—
Loss for the year/period	(1,558)	(4,506)	(10,104)	(3,273)
Group's share of results of associates	(416)	(1,548)	(3,789)	(1,227)

18. ADVANCES TO ASSOCIATES

	THE GROUP			
	As at 31 December			As at 30 June
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Dongguan Fantasia	191,214	—	—	—
Shenzhen Huaqianli	70,139	—	—	—
Dongguan Zuoting Youyuan	—	65,377	58,240	64,842
	261,353	65,377	58,240	64,842
Analysed for reporting purposes as:				
Current asset	261,353	—	—	—
Non-current asset	—	65,377	58,240	64,842
	261,353	65,377	58,240	64,842

The amounts represent the advances to associates which are non-trade nature.

The amounts are interest free, unsecured and are repayable on demand except the advance to Dongguan Zuoting Youyuan, which will not be recoverable within one year from the end of respective reporting periods and the advance is therefore considered as non-current. Such interest-free advance is measured at amortised cost using the average effective interest method at the rate of 6.5% per annum for the Relevant Periods.

19. PREPAID LEASE PAYMENTS

The Group's prepaid lease payments comprise:

	THE GROUP			
	As at 31 December			As at 30 June
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Leasehold land in Hong Kong under long lease	7,666	7,522	—	—
Leasehold land in the PRC under medium-term lease	7,429	1,786	1,673	1,617
	15,095	9,308	1,673	1,617

Analysed for reporting purposes as:

Current asset	385	256	112	112
Non-current asset	14,710	9,052	1,561	1,505
	15,095	9,308	1,673	1,617

During the year ended 31 December 2006, the Group disposed of its equity interest in Tianqi Trading Company Limited ("Tianqi Trading") to a third party. The assets of Tianqi Trading included the prepaid lease payment of approximately RMB130,869,000 (note 41).

During the year ended 31 December 2007, the Group disposed of its equity interest in San Jiao Zhou to Xi Fu Hui, a company in which Ms. Zeng Jie and Mr. Pan Jun have beneficial interests. The assets of San Jiao Zhou included the prepaid lease payment of approximately RMB5,415,000.

During the year ended 31 December 2008, the Group disposed of the prepaid lease payment amounting to approximately RMB7,486,000 to Ms. Zeng Jie, a director of the Company.

During the year ended 31 December 2008, Pujiang Daxigu acquired prepaid lease payments of approximately RMB15,139,000. On 28 February 2008, the Group disposed of its equity interest in Pujiang Daxigu to Shenzhen Tiankuo Investment Company Limited ("Shenzhen Tiankuo"), a company in which Ms. Zeng Jie and Mr. Pan Jun have beneficial interests. The assets of Pujiang Daxigu included the prepaid lease payment of approximately RMB15,139,000.

As at 31 December 2006, 2007, 2008 and 30 June 2009, certain of the Group's prepaid lease payments with a carrying amount of approximately RMB9,565,000, RMB9,308,000, RMB1,673,000 and RMB1,617,000 respectively, were pledged to secure the banking facilities granted to the Group.

20. PREMIUM ON PREPAID LEASE PAYMENTS

Premium on prepaid lease payments of the Group represent the fair value adjustment on the prepaid lease payments in respect of a leasehold land in the PRC under medium-term lease acquired through purchase of a subsidiary during the year ended 31 December 2006 and are amortised over the period of the remaining lease term on a straight-line basis.

	THE GROUP
	RMB'000
COST	
At 1 January 2006	—
Acquisition of business (note 40(b))	27,127
At 31 December 2006 and 1 January 2007	27,127
Disposal of a subsidiary (note 41)	(27,127)
At 31 December 2007, 1 January 2008, 31 December 2008 and 30 June 2009	—
AMORTISATION	
At 1 January 2006	—
Amortised for the year	822
At 31 December 2006 and 1 January 2007	822
Amortised from 1 January 2007 to 21 September 2007 (date of disposal of a subsidiary)	617
Disposal of a subsidiary (note 41)	(1,439)
At 31 December 2007, 1 January 2008, 31 December 2008 and 30 June 2009	—
CARRYING AMOUNTS	
At 31 December 2006	26,305
At 31 December 2007	—
At 31 December 2008	—
At 30 June 2009	—

21. GOODWILL

	THE GROUP
	RMB'000
COST	
At 1 January 2006	—
Arising on acquisition of business (note 40(b))	22,515
At 31 December 2006, 1 January 2007, 31 December 2007 and 1 January 2008	22,515
Arising on acquisition of business (note 40(b))	2,305
At 31 December 2008, 1 January 2009 and 30 June 2009	24,820
IMPAIRMENT	
At 1 January 2006	—
Impairment loss recognised for the year	22,515
At 31 December 2006, 1 January 2007, 31 December 2007, 1 January 2008	22,515
Impairment loss recognised for the year	2,305
At 31 December 2008, 1 January 2009 and 30 June 2009	24,820
CARRYING AMOUNTS	
At 31 December 2006	—
At 31 December 2007	—
At 31 December 2008	—
At 30 June 2009	—

During the year ended 31 December 2006, the Group acquired 70% equity interest in Enco Development and its subsidiaries and 60% equity interest in Shenzhen Hongwei from independent third parties, of which the goodwill amounted to approximately RMB17,199,000 and RMB5,316,000, respectively. The Group acquired the above interests solely for the purpose of rationalisation of the organisation structure.

During the year ended 31 December 2008, the Group acquired 70% equity interest in Shenzhen Liantang from independent third parties, of which the goodwill amounted to approximately RMB2,305,000. The Group acquired the above interests for the purpose of expansion of property operation services business.

Goodwill acquired in a business combination or acquisition of additional interest in subsidiaries are allocated, at acquisition, to the cash generating units ("CGUs") that are expected to benefit from that business combination or additional interest in subsidiaries.

22. IMPAIRMENT TESTING ON GOODWILL

During the year ended 31 December 2006, the Group recognised an impairment loss of RMB22,515,000 in relation to goodwill arising on acquisition of San Jiao Zhou, a subsidiary of Enco Development, and Shenzhen Hongwei. For the purposes of impairment testing, goodwill set out in note 21 has been allocated to two individual CGUs, which San Jiao Zhou is engaged in provision of tourism and entertainment services and Shenzhen Hongwei is engaged in provision of interior design services. The carrying amount of goodwill (net of accumulated impairment losses) as at 31 December 2006 allocated to two CGUs is nil.

During the year ended 31 December 2008, the Group recognised an impairment loss of RMB2,305,000 in relation to goodwill arising on acquisition of Shenzhen Liantang. For the purposes of impairment testing, goodwill set out in note 21 has been allocated to one individual CGU, which is engaged in provision of property management services. The carrying amount of goodwill (net of accumulated impairment losses) as at 31 December 2008 and 30 June 2009 allocated to this CGU is nil.

23. DEFERRED TAXATION

The following are the major deferred tax liabilities (assets) recognised and movements during the Relevant Periods:

THE GROUP

	Fair value adjustment of investment properties	Temporary difference on accruals	Revaluation of properties arising from business combination	Tax losses	Others (note)	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2006	12,698	(11,123)	—	—	1,086	2,661
Charge (credit) to the consolidated statement of comprehensive income for the year	12,241	3,487	(104)	—	(5,964)	9,660
Acquisition of subsidiaries (note 40(b))	—	—	16,212	—	—	16,212
At 31 December 2006 and 1 January 2007	24,939	(7,636)	16,108	—	(4,878)	28,533
Charge (credit) to the consolidated statement of comprehensive income for the year	22,261	4,280	(78)	(14,560)	3,467	15,370
Disposal of subsidiaries (note 41)	—	—	(16,030)	—	—	(16,030)
Effect of change in tax rate	16,626	(966)	—	—	(1,555)	14,105
At 31 December 2007 and 1 January 2008	63,826	(4,322)	—	(14,560)	(2,966)	41,978
Charge (credit) to the consolidated statement of comprehensive income for the year	3,527	130	—	(8,336)	(18,704)	(23,383)
Overprovision in prior years	—	(315)	—	(6)	(814)	(1,135)
At 31 December 2008 and 1 January 2009	67,353	(4,507)	—	(22,902)	(22,484)	17,460
(Credit) charge to the consolidated statement of comprehensive income for the period	(2,723)	(1,393)	—	273	(22,069)	(25,912)
Overprovision in prior years	—	—	—	(1,040)	(2,784)	(3,824)
At 30 June 2009	64,630	(5,900)	—	(23,669)	(47,337)	(12,276)

Note: Others mainly represents the deductible temporary difference arising from LAT provision.

For the purpose of presentation of statements of financial position, certain deferred taxation assets and liabilities has been offset. The following is the analysis of the deferred taxation balances for financial reporting purposes:

	THE GROUP			
	As at 31 December			As at 30 June
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Deferred tax assets	—	(14,560)	(41,531)	(67,122)
Deferred tax liabilities	28,533	56,538	58,991	54,846
	28,533	41,978	17,460	(12,276)

The Group had unutilised tax losses of approximately RMB41,353,000, RMB140,283,000, RMB208,385,000 and RMB238,449,000 at 31 December 2006, 2007, 2008 and 30 June 2009, respectively. A deferred tax asset has been recognised in respect of nil, approximately RMB58,240,000, RMB96,016,000 and RMB90,911,000 of such tax losses as at 31 December 2006, 2007, 2008 and 30 June 2009, respectively. No deferred tax asset has been recognised in respect of the remaining tax losses of RMB41,353,000, RMB82,043,000, RMB112,369,000 and RMB147,538,000 as at 31 December 2006, 2007, 2008 and 30 June 2009, respectively, due to the unpredictability of future profits streams. Pursuant to the relevant laws and regulations in the PRC, the unrecognised tax losses at the end of reporting periods will expire in the following years:

	THE GROUP			
	As at 31 December			As at 30 June
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
2007	843	—	—	—
2008	2,107	557	—	—
2009	7,589	4,513	4,513	4,313
2010	14,704	14,279	14,279	9,343
2011	12,469	6,407	6,407	5,748
2012	—	51,606	51,606	48,434
2013	—	—	26,465	20,221
2014	—	—	—	50,098
No expiry	3,641	4,681	9,099	9,381
	41,353	82,043	112,369	147,538

The aggregate amount of temporary differences associated with undistributed earnings of subsidiaries for which deferred tax liabilities have not been recognised was nil, nil, approximately RMB272,504,000 and RMB604,680,000 at 31 December 2006, 2007, 2008 and 30 June 2009, respectively. No liability has been recognised in respect of these differences because the Group is in a position to control the timing of the reversal of the temporary difference and it is probable that such differences will not reverse in the foreseeable future.

24. INVESTMENTS IN SUBSIDIARIES/ADVANCES TO SUBSIDIARIES

	THE COMPANY		
	As at 31 December		As at 30 June
	2007	2008	2009
	RMB'000	RMB'000	RMB'000
Unlisted equity investment, at cost	1	1	1
Capital contributions	79,174	188,031	219,306
	79,175	188,032	219,307
Advances to subsidiaries	1,306,508	1,257,013	1,236,243

Included in investments in subsidiaries are fair value adjustments of approximately RMB79,174,000, RMB188,031,000 and RMB219,306,000 as at 31 December 2007, 2008 and 30 June 2009, respectively, on interest-free non-current advances to subsidiaries.

The advances to subsidiaries are unsecured and non-interest bearing. In the opinion of the directors, the Company will not be able to recover the advance within one year from the end of respective reporting periods and the advances are therefore considered as non-current. Such interest-free advances are measured at amortised cost using the effective interest method at the rate of 6.5% per annum for the Relevant Periods.

25. PROPERTIES FOR SALES

	THE GROUP			
	As at 31 December			As at 30 June
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Completed properties for sales	14,382	14,519	432,142	814,351
Under development	781,940	2,013,334	3,337,699	3,258,883
	796,322	2,027,853	3,769,841	4,073,234

As at 31 December 2006, 2007, 2008 and 30 June 2009, certain of the Group's properties for sales with a carrying amount of RMB308,801,000, RMB252,003,000, RMB818,751,000 and RMB997,939,000, respectively, were pledged to secure certain banking facilities granted to the Group. As at 30 June 2009, land use right which was included in property under development amounting to approximately RMB51,000,000 was pledged to secure the bank loan borrowed by Shenzhen Funian, an entity that a director of the Company, Ms. Zeng Jie, has beneficial interests (note 47).

As at 31 December 2006, 2007, 2008 and 30 June 2009, the Group was in the process of obtaining the land use right certificates for certain properties with an aggregate carrying amount of approximately RMB99,142,000, RMB316,095,000, RMB90,956,000 and nil, respectively.

As at 31 December 2006, 2007, 2008 and 30 June 2009, prepaid lease payment with an aggregate carrying amount of approximately RMB560,172,000, RMB613,080,000, RMB2,412,936,000 and RMB2,461,998,000, respectively were held for the purpose of property development for sale and included in the carrying amounts of properties for sales.

During the years ended 31 2006, 2007 and 2008 and the six months ended 30 June 2009, completed properties for sales with an aggregate carrying amount of nil, approximately RMB1,730,000, RMB410,000 and nil were transferred to investment properties upon the signing of relevant tenancy agreements. The excess of the fair value of these properties at the date of transfer over their carrying amount, amounting to nil, approximately RMB2,170,000, RMB302,000 and nil were recognised in the consolidated statements of comprehensive income.

Included in the amount are properties under development for sales of approximately RMB467,817,000, RMB1,415,086,000, RMB1,601,632,000 and RMB1,787,811,000 in relation to property development projects that are expected to complete after one year from the end of respective reporting periods as at 31 December 2006, 2007, 2008 and 30 June 2009.

26. TRADE AND OTHER RECEIVABLES

Trade receivables are mainly arisen from sales of properties, rental income derived from investment properties, agency fee income in respect of property rentals, service and management income in respect of property management.

Considerations in respect of properties sold are received in accordance with the terms of the related sales and purchase agreements, normally within 30 days from date of the sales and purchase agreements.

Rental income derived from investment properties is received in accordance with the terms of the relevant lease agreements, normally within 30 days from the issuance of invoices.

Management and service fee income is received in accordance with the terms of the relevant property service agreements, normally within 30 - 90 days from the issuance of invoices.

Hotel operation income is in the form of cash sales.

	THE GROUP				THE COMPANY		
	As at 31 December			As at 30 June	As at 31 December		As at 30 June
	2006	2007	2008	2009	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables	11,473	16,773	45,085	73,581	—	—	—
Other receivables	15,852	25,209	34,474	50,055	—	—	—
Deposits for the acquisition of land use right	43,000	58,000	19,432	—	—	—	—
Deposits for the acquisition of properties for sales (note 1)	—	—	—	80,000	—	—	—
Prepayments and other deposits (note 2)	6,626	74,718	8,553	30,220	72,802	101	—
Prepayments for construction materials	11,162	1,672	289	26,584	—	—	—
Other tax prepayment (note 3)	9,838	37,203	37,906	15,792	—	—	—
	97,951	213,575	145,739	276,232	72,802	101	—

Notes:

(1) During the six months ended 30 June 2009, the Group has made a deposits of RMB80,000,000 in relation to acquisition of certain properties for sales from another independent property developer.

(2) Prepayments and other deposits of the Group and the Company in 2007 and 2008 included amounts of approximately RMB72,802,000 and RMB101,000, respectively, which are denominated in USD, foreign currency of the relevant group entities.

(3) During the years ended 31 December 2006, 2007 and 2008 and the six months ended 30 June 2009, the Group is required to prepay business tax amounting to approximately RMB30,188,000, RMB56,053,000, RMB38,377,000 and RMB26,587,000 respectively, in accordance with the relevant PRC tax rules in respect of its pre-sale of property development projects. The amount of approximately RMB9,610,000, RMB33,821,000, RMB35,224,000 and RMB11,318,000 has been prepaid during the Relevant Periods and included in other tax prepayment.

The following is an aged analysis of trade receivables of the Group net of allowance for doubtful debts at the end of reporting period:

	THE GROUP			
	As at 31 December			As at 30 June
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
0 to 30 days	7,123	10,207	14,189	50,406
31 to 90 days	2,669	4,158	28,876	16,645
91 to 180 days	236	1,170	1,740	833
181 to 365 days	1,062	484	260	5,697
Over 1 year	383	754	20	—
	11,473	16,773	45,085	73,581

For property investment and property operation services, before accepting any new customer, the Group has assessed the potential customer's credit quality of each customers. Limits attributed to customers are reviewed once a year.

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date and no impairment is necessary for those balances which are not past due.

Included in the Group's trade receivable balance are debtors with aggregate carrying amount of approximately RMB2,011,000, RMB2,951,000, RMB2,789,000 and RMB8,809,000 at 31 December 2006, 2007, 2008 and 30 June 2009, respectively, which are past due for which the Group has not provided for impairment loss as there has not been a significant change in credit quality and amounts are still considered recoverable based on historical experience. The Group does not hold any collateral over these balances.

Ageing of trade receivables which are past due but not impaired

	THE GROUP			
	As at 31 December			As at 30 June
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
31 to 90 days	330	543	769	2,279
91 to 180 days	236	1,170	1,740	833
181 to 365 days	1,062	484	260	5,697
Over 1 year	383	754	20	—
	2,011	2,951	2,789	8,809

Movement in the allowance for doubtful debts in respect of trade and other receivables

	THE GROUP			
	As at 31 December			As at 30 June
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Balance at beginning of the year/period	2,757	4,492	5,651	2,513
Impairment losses reversed	—	(411)	(144)	—
Impairment losses written off	—	—	(5,633)	(797)
Impairment losses recognised	1,735	1,570	2,639	303
Balance at end of the year/period	4,492	5,651	2,513	2,019

As at 31 December 2006, 2007 and 2008 and 30 June 2009, included in the allowance for doubtful debts are individually impaired trade and other receivables with an aggregate balance of RMB4,492,000, RMB5,651,000, RMB2,513,000 and RMB2,019,000 of which the debtors have been in dispute with the Group.

27. AMOUNT DUE FROM A DIRECTOR

THE GROUP

						Maximum balance outstanding			
	As at 1 January	As at 31 December			As at 30 June	Year ended 31 December			Six months ended 30 June
	2006	2006	2007	2008	2009	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Ms. Zeng Jie	—	—	—	—	13,306	—	—	—	13,306

The amount is interest free, unsecured and is repayable on demand. At the date of this report, the balance has been fully settled.

28. AMOUNT DUE FROM A SHAREHOLDER

THE GROUP AND THE COMPANY

The amount is unsecured, interest free and is repayable on demand. At the date of this report, the balance has been fully settled.

29. AMOUNTS DUE TO SUBSIDIARIES

THE COMPANY

The amounts are unsecured, interest free and repayable on demand. The amounts are denominated in USD.

30. AMOUNTS DUE FROM CUSTOMERS FOR CONTRACT WORKS

	THE GROUP			
	As at 31 December			As at 30 June
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Contract costs incurred plus recognised profits less recognised losses	6,576	14,186	30,678	10,720
Less: Progress billings	(2,112)	(8,045)	(29,329)	(9,545)
	4,464	6,141	1,349	1,175

No retentions held by customers for contract works was included in amounts due from customers for contract work.

No advance had been received during the Relevant Periods.

31. AMOUNTS DUE FROM RELATED PARTIES

THE GROUP

	As at 1 January 2006	As at 31 December 2006	2007	2008	As at 30 June 2009	Maximum balance outstanding: Year ended 31 December 2006	2007	2008	Six months ended 30 June 2009
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
深圳天闊投資有限公司 Shenzhen Tiankuo (note a)	83,152	—	—	—	—	83,152	79,319	—	—
新東海實業(深圳)有限公司 Xin Dong Hai (Shenzhen) Company Limited ("Xin Dong Hai") (note a)	18,609	—	—	—	—	18,609	—	—	—
Xi Fu Hui (note a)	—	—	9,548	9,550	9,550	—	9,550	9,550	9,550
Ice Apex Limited (note a)	—	—	—	12	12	—	—	12	12
Graceful Star Overseas Limited (note a)	—	—	—	12	12	—	—	12	12
Palace Place Limited (note a)	—	—	—	13	13	—	—	13	13
Enco Development (note a)	—	—	—	—	3	—	—	—	3
Pujiang Daxigu (note a)	—	—	—	16,669	—	—	—	16,669	16,669
Tang Xue Bin 唐學斌 (note b)	—	—	64	—	—	—	64	64	—
Lu Ying 路瑩 (note c)	—	—	678	600	600	—	1,428	678	600
Jin Jiang Lin 金江林 (note d)	—	—	50	—	1,000	—	50	50	1,000
天津松江集團有限公司 Tianjin Songjiang Group Company Limited "Songjiang Group" (note e)	—	—	—	—	12,000	—	—	—	12,000
	101,761	—	10,340	26,856	23,190	101,761	90,411	27,048	39,859

Notes:

(a) Entities where the directors of the Company, Ms. Zeng Jie and Mr. Pan Jun, have controlling and beneficial interests.
(b) Tang Xue Bin is a director of Shenzhen Fantasia Management during the Relevant Periods.
(c) Lu Ying is the shareholder of Shenzhen Xingyan during the Relevant Periods.
(d) Jing Jiang Lin is a director of Dongguan Fantasia during the Relevant Periods.
(e) Songjiang Group held 40% equity interests in Tianjin Songjiang Fantasia during the Relevant Periods.

The amounts represent the advances to related parties which are non-trade nature.

The amounts are interest free, unsecured and are repayable on demand. At the date of this report, the balance has been fully settled.

32. HELD-FOR-TRADING INVESTMENTS

	THE GROUP As at 31 December 2006	2007	2008	As at 30 June 2009
	RMB'000	RMB'000	RMB'000	RMB'000
Mutual funds listed in the PRC	—	—	3,000	—

The fair values of the held-for-trading investments were determined based on quoted market prices. The investments were disposed of in 2009.

33. RESTRICTED BANK DEPOSITS/BANK BALANCES AND CASH

THE GROUP

Restricted bank deposits

The deposits carry interest rates ranging from 0.72% to 0.94% per annum for the Relevant Periods. The restricted bank deposits will be released upon the buyers obtained the individual property ownership certificate.

THE GROUP AND THE COMPANY

Bank balances and cash

The Group's and the Company's bank balances carry variable interest rates ranging from 0.76% to 0.78% per annum during the Relevant Periods.

At 31 December 2006, 2007, 2008 and 30 June 2009, bank balances of the Group denominated in USD, foreign currency of the relevant group entities, are nil, approximately RMB968,315,000, RMB1,125,000 and RMB171,000, respectively.

At 31 December 2006, 2007, 2008 and 30 June 2009, bank balances of the Group denominated in HKD, foreign currency of the relevant group entities, are approximately RMB1,821,000, RMB2,648,000, RMB3,616,000 and RMB5,323,000, respectively.

34. TRADE AND OTHER PAYABLES

	THE GROUP				THE COMPANY		
	As at 31 December			As at 30 June	As at 31 December		As at 30 June
	2006	2007	2008	2009	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables	33,520	173,291	325,534	675,843	—	—	—
Other payables	43,432	58,879	139,096	98,569	—	—	—
Other tax payables	4,928	24,296	21,218	30,073	—	—	—
Payroll payable	8,637	16,424	17,001	10,516	—	—	—
Welfare payable	2,307	2,927	2,817	2,645	—	—	—
Retention payable	2,679	11,937	10,828	11,912	—	—	—
Accruals	20,774	49,503	49,622	36,437	3,397	10,130	28,249
	116,277	337,257	566,116	865,995	3,397	10,130	28,249

Trade payables principally comprise amounts outstanding for purchase of construction materials and ongoing expenditures. The average credit period for purchase of construction materials ranged from 6 months to 1 year.

The following is an aged analysis of trade payables and retention payable at the end of reporting period:

	THE GROUP			
	As at 31 December			As at 30 June
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
0 to 60 days	1,386	171,519	313,334	234,669
61 to 180 days	31,301	1,531	5,827	330,292
181 to 365 days	833	241	6,373	112,986
1 - 2 years	—	10,453	715	5,765
2 - 3 years	2,323	—	9,865	3,795
Over 3 years	356	1,484	248	248
	36,199	185,228	336,362	687,755

The balances of RMB2,679,000, RMB11,937,000, RMB10,828,000 and RMB9,808,000 as at 31 December 2006, 2007, 2008 and 30 June 2009, respectively with age over 1 year represent the retention money of approximately 5% to 10% of the construction contract price.

35. AMOUNTS DUE TO DIRECTORS

At 31 December 2006, 2007, 2008 and 30 June 2009, the carrying amounts denominated in HKD, foreign currency of the relevant group entities, are approximately RMB24,298,000, RMB26,200,000, nil and nil respectively.

The amounts are interest free, unsecured and are repayable on demand. At the date of this report, the balance has been fully settled.

36. AMOUNTS DUE TO RELATED PARTIES

	THE GROUP			
	As at 31 December			As at 30 June
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Shenzhen Tiankuo (note a)	122,914	—	—	—
San Jiao Zhou (note a)	—	782	—	—
Xin Dong Hai (note a)	687	—	—	—
Jing Liu 敬柳 (note b)	—	2,110	—	—
Songjiang Group (note c)	—	—	99,340	99,340
	123,601	2,892	99,340	99,340
Shown as current liabilities	123,601	2,892	99,340	—
Shown as non-current liabilities	—	—	—	99,340
	123,601	2,892	99,340	99,340

Notes:

(a) The directors of the Company, Ms. Zeng Jie and Mr. Pan Jun, have controlling and beneficial interest in Shenzhen Tiankuo, San Jiao Zhou and Xin Dong Hai during the Relevant Periods.

(b) Jing Liu is the shareholder of Yixing Jiangnan Shuixiang during the Relevant Periods.

(c) Pursuant to the agreement entered into between Tianjin Songjiang Fantasia and Songjiang Group in April 2009, the full amount with Songjiang Group has changed to interest bearing which carried fixed interest rate at 7.02% per annum with effect from 10 April 2009 and is repayable on 9 April 2011, accordingly, this amount has been reclassified as non-current liability as at 30 June 2009.

The balances represent the advances from related parties which are non-trade nature.

Except for the amount due to Songjiang Group as at 30 June 2009, the amounts are interest free, unsecured and are repayable on demand.

37. LOANS FROM SHAREHOLDERS

	THE GROUP AND THE COMPANY			
	As at 31 December			As at 30 June
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Fantasia (Cayman) Limited	—	547,845	512,595	512,393
Wellluck Properties Limited	—	182,615	170,865	170,797
	—	730,460	683,460	683,190
Shown as current liabilities	—	—	683,460	683,190
Shown as non-current liabilities	—	730,460	—	—
	—	730,460	638,460	683,190

The amounts are denominated in USD, foreign currency of the Company.

The Group borrowed USD100,000,000 (equivalent to RMB730,460,000) on 21 December 2007 which carried fixed interest rate at 12% per annum. At the date of this report, the balance has been fully settled.

The Group has pledged all shares, interests, participations or other equivalents in equity, registered capital or other ownership interest of certain subsidiaries of the Group to secure the shareholders' loans granted to the Group.

38. BORROWINGS

	THE GROUP			
	As at 31 December			As at 30 June
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Bank loans	286,215	367,873	726,800	1,599,250
Other loan	—	—	—	200,000
	286,215	367,873	726,800	1,799,250
Secured	276,215	277,873	460,550	1,599,250
Unsecured	10,000	90,000	266,250	200,000
	286,215	367,873	726,800	1,799,250
The amount is repayable as follows:				
Within one year	65,117	317,943	373,050	416,000
More than one year, but not exceeding two years	135,143	286	37,000	1,015,500
More than two years, but not exceeding five years	80,673	45,074	279,750	336,750
More than five years	5,282	4,570	37,000	31,000
	286,215	367,873	726,800	1,799,250
Less: Amounts due within one year shown under current liabilities	65,117	317,943	373,050	416,000
	221,098	49,930	353,750	1,383,250

All borrowings are denominated in RMB except for secured bank borrowings amounting to approximately RMB6,114,000, RMB5,573,000, nil and nil as at 31 December 2006, 2007, 2008 and 30 June 2009, respectively are denominated in HKD, foreign currency of relevant group entities.

The exposure of the Group's fixed-rate borrowings and the contractual maturity dates are as follows:

	As at 31 December			As at 30 June
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Fixed-rate borrowings:				
Within one year	40,000	317,800	35,000	200,000
More than one year, but not exceeding two years	75,000	—	—	—
More than two years, but not exceeding five years	80,100	44,500	—	—
	195,100	362,300	35,000	200,000

In addition, the Group has variable-rate borrowings which carry interest linked to HIBOR and Benchmark Rate. Interest is repricing every six months.

	As at 31 December			As at 30 June
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Variable-rate borrowings:				
Within one year	25,117	143	338,050	216,000
More than one year, but not exceeding two years	60,143	286	37,000	1,015,500
More than two years, but not exceeding five years	573	574	279,750	336,750
More than five years	5,282	4,570	37,000	31,000
	91,115	5,573	691,800	1,599,250

The ranges of effective interest rates (which are the contracted interest rates) on the Group's borrowings are as follows:

	As at 31 December			As at 30 June
	2006	2007	2008	2009
Effective interest rate:				
Fixed-rate borrowings	5.58% to 7.49% per annum	5.58% to 7.49% per annum	8.96% per annum	4.374% per annum
Variable-rate borrowings				
HIBOR	+2.55% per annum	+2.55% per annum	N/A	N/A
Benchmark Rate	+1.77% to 2% per annum	N/A	+0.76% to 1.51% per annum	-0.68% to +1.08% per annum

The borrowings with the carrying amounts of nil, RMB90,000,000, RMB157,000,000 and RMB661,000,000 as at 31 December 2006, 2007, 2008 and 30 June 2009, respectively, are guaranteed by Ms. Zeng Jie and Mr. Pan Jun, the directors of the Company. At the date of this report, the guarantees had been released.

39. REGISTERED CAPITAL/SHARE CAPITAL

	THE GROUP AND THE COMPANY		
	Number of shares	Amount	Equivalent to
		HK$	RMB'000
Ordinary shares of HK$0.1 each			
Authorised:			
At 17 October 2007 (date of incorporation) and at 31 December 2007, 1 January 2008 and 31 December 2008 and 30 June 2009	1,000,000	100,000	90
Issued and fully paid:			
At 17 October 2007 (date of incorporation)	1	1	—
Issue of shares	99,999	9,999	9
On 31 December 2007, 1 January 2008, 31 December 2008 and 30 June 2009	100,000	10,000	9

(1) At the time of incorporation, 1 share was issued at par to the subscriber to provide the initial capital to the Company.
(2) On 30 November 2007, the Company issued 8 ordinary shares to Fantasy Pearl International Limited ("Fantasy Pearl") in exchange for the entire issued share capital of Winning Sky, Fantastic Victory, Wisdom Regal and Ace Link Pacific.
(3) On 21 December 2007, 87,091 ordinary shares were issued at par to Fantasy Pearl. The purpose of issuing these shares is to provide additional working capital.

(4) On 21 December 2007, 12,900 ordinary shares were issued to independent private investors pursuant to a subscription agreement at the same date, at aggregate consideration of US$100,000,000 (equivalent to RMB734,891,000). The proceeds were used to reduce borrowings and to provide additional working capital to the Company.

(5) Pursuant to written resolutions of all the shareholders passed on 27 October 2009, the authorised share capital of the Company was increased from HK$100,000 to HK$8,000,000,000 which rank pari passu in all respects with the shares then in issue. In addition, the directors authorised to capitalise HK$364,490,000 standing to the credit of the share premium account of the Company by applying such sum in paying up in full at par of 3,644,900,000 shares.

At 31 December 2006, the share capital of the Group represented the combined share capital of Fantasia Investment, Winning Sky and Enco Development of approximately RMB10,000, RMB401,000 and RMB1,000, respectively.

40. ACQUISITION OF SUBSIDIARIES

(a) Acquisition of assets and liabilities through acquisition of subsidiaries

For the year ended 31 December 2006

On 28 September 2006, the Group acquired the assets and liabilities of a property project through the acquisition of 100% equity interests in Chi Fu Development and Shenzhen Zhifu from independent third parties at a consideration of approximately RMB52,000,000. This transaction has been accounted for as purchase of assets and liabilities.

Details of the net assets acquired in respect of the acquisition of Chi Fu Development and Shenzhen Zhifu are summarised below:

	RMB'000
Net assets acquired	
Properties under development for sales	51,796
Trade and other receivables	278
Amount due to a related party	(74)
	52,000
Total consideration satisfied by	
Cash	26,000
Amount due to a related party	10,400
Amount due to a director	15,600
	52,000
Net cash outflow arising from acquisition	(26,000)

For the year ended 31 December 2007

On 21 June 2007, the Group acquired the assets and liabilities of a property project through the acquisition of remaining 70% equity interests in Shenzhen Huaqianli and Dongguan Fantasia from an independent third party at a consideration of approximately RMB7,000,000. Prior to the acquisition, the Group held 30% equity interest in these entities and they have been accounted for as interests in associates. They became wholly-owned subsidiaries of the Group after the acquisition.

On 28 August 2007, the Group acquired the assets and liabilities of a property project through the acquisition of 60% equity interests in Yixing Jiangnan Shuixiang from independent third parties at a consideration of approximately RMB40,000,000.

On 1 November 2007, the Group acquired a property project and its related assets and liabilities from an independent third party at a consideration of approximately RMB111,804,000. The purchase was by way of the acquisition of 100% equity interests in Tianjin Fuda.

On 30 December 2007, the Group acquired a property project and its related assets and liabilities from independent third parties at a consideration of approximately RMB216,870,000. The purchase was by way of the acquisition of 94.52% equity interests in Chengdu Xinjin Youbang.

On 30 June 2007, the Group acquired a property project and its related assets and liabilities from independent third parties at a consideration of approximately RMB4,800,000. The purchase was by way of the acquisition of 66.36% equity interests in Sichuan Ximei.

The above transactions have been accounted for as purchase of assets and liabilities. Details of the net assets acquired in respect of the above transactions are summarised below:

	RMB'000
Net assets acquired	
Property, plant and equipment	798
Interest in an associate	3,750
Properties under development for sales	611,147
Other receivables	116,227
Bank balances and cash	9,051
Other payables	(275,277)
Amounts due to related parties	(40,948)
	424,748
Minority interests	(38,553)
Less: interests in associates held prior to the acquisition	(5,721)
Total consideration satisfied by cash	380,474
Net cash (outflow) inflow arising on acquisition	
Cash consideration paid	(380,474)
Bank balances and cash acquired	9,051
	(371,423)

For the year ended 31 December 2008

The Group acquired a property project and its related assets and liabilities from independent third parties at two stages. On 18 June 2008, the Group acquired 60% equity interests in Chengdu Jiurong at a consideration of approximately RMB94,855,000 and resulted in the minority interests of approximately RMB63,236,000 as at 30 June 2008. On 11 September 2008, the Group acquired the remaining 40% equity interests in Chengdu Jiurong at a consideration of approximately RMB63,236,000 and Chengdu Jiurong became a wholly owned subsidiary.

The above transaction has been accounted for as purchase of assets and liabilities. Details of the net assets acquired in respect of the above transaction are summarised below:

	RMB'000
Net assets acquired	
Properties under development for sales	140,863
Other receivables	17,892
Bank balances and cash	332
Other payables	(850)
Tax payable	(145)
	158,092
Total consideration satisfied by cash	158,092
Net cash (outflow) inflow arising on acquisition	
Cash consideration paid	(158,092)
Bank balances and cash acquired	332
	(157,760)

(b) Acquisition of business

For the year ended 31 December 2006

On 30 October 2006, the Group acquired 100% equity interests in Shenzhen Kaiyuan from independent third parties at a consideration of approximately RMB4,004,000. Shenzhen Kaiyuan is principally engaged in the provision of security system design, installation and maintenance services. This acquisition has been accounted for using the purchase method. The discount on acquisition was approximately RMB2,316,000.

On 14 June 2006, the Group acquired 60% equity interests in Shenzhen Hongwei from an independent third party at a consideration of approximately RMB5,000,000. Shenzhen Hongwei is principally engaged in the provision of interior design services. This acquisition has been accounted for using the purchase method. The goodwill on acquisition was approximately RMB5,316,000.

On 25 January 2006, the Controlling Equity Holders acquired 100% equity interests in Enco Development which owns 100% equity interests in Shenzhen Yahao and 90% equity interests in San Jiao Zhou from independent third parties at an aggregate consideration of approximately RMB27,224,000 and in turn transferred these companies to the Group at nil consideration. These companies are principally engaged in the provision of tourism and entertainment services. This acquisition has been accounted for using the purchase method. The goodwill on acquisition was approximately RMB17,199,000.

The aggregate net assets acquired in the above transactions, goodwill and discount on acquisition arising, are as follows:

	Acquisition of equity interest in Enco Development and its subsidiaries			Acquisition of equity interests in Shenzhen Kaiyuan and Shenzhen Hongwei	Total
	Carrying amount before acquisition	Fair value adjustments	Fair value	Aggregate carrying amount before acquisition and Aggregate fair value	Fair value
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Net assets acquired					
Property, plant and equipment	12,756	—	12,756	161	12,917
Prepaid lease payments	5,685	—	5,685	—	5,685
Premium on prepaid lease payments	—	27,127	27,127	—	27,127
Trade and other receivables	209	—	209	9,250	9,459
Amount due from a related party	—	—	—	71	71
Bank balances and cash	666	—	666	1,322	1,988
Trade and other payables	(17,806)	—	(17,806)	(3,885)	(21,691)
Amounts due to related parties	—	—	—	(683)	(683)
Tax payable	—	—	—	(232)	(232)
Deferred tax liabilities	—	(16,212)	(16,212)	—	(16,212)
Borrowings	(1,351)	—	(1,351)	—	(1,351)
	159	10,915	11,074	6,004	17,078
Minority interests			(1,049)	—	(1,049)
Goodwill			17,199	5,316	22,515
Discount on acquisition			—	(2,316)	(2,316)
			27,224	9,004	36,228
Total consideration satisfied by					
Cash			—	9,004	9,004
Contribution from Controlling Equity Holders			27,224	—	27,224
			27,224	9,004	36,228
Net cash outflow arising on acquisition					
Cash consideration paid			—	(9,004)	(9,004)
Bank balances and cash acquired			666	1,322	1,988
			666	(7,682)	(7,016)

Shenzhen Kaiyuan contributed approximately RMB213,000 to the Group's profit for the period between the date of acquisition and at 31 December 2006. Had the acquisition been completed on 1 January 2006, total group revenue for the year would be increased by approximately RMB15,871,000 and profit for the year would be increased by approximately RMB1,878,000.

Shenzhen Hongwei did not contribute significantly to the Group's cash flow, revenue and profit for the year ended 31 December 2006 since the date of acquisition. The contribution to the Group's revenue and profit for the year ended 31 December 2007 by Shenzhen Hongwei would be insignificant had the acquisition been completed on 1 January 2007.

Enco Development and its subsidiaries contributed approximately a loss of RMB1,184,000 to the Group's profit for the period between the date of acquisition and the reporting date. The contribution to the Group's turnover and profit for the year ended 31 December 2006 by Enco Development and its subsidiaries would be insignificant had the acquisition been completed on 1 January 2006.

The above additional information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2006, nor is it intended to be a projection of future results.

For the year ended 31 December 2008

On 9 September 2008, the Group acquired 100% equity interests in Shenzhen Liantang, which was engaged in provision of property operation services, from independent third parties at a consideration of approximately RMB6,000,000. This acquisition has been accounted for using the purchase method. The amount of goodwill on acquisition was approximately RMB2,305,000.

On 28 February 2008, the Group acquired 100% equity interests in Joytime from Ms. Zeng Jie and Mr. Pan Jun, directors of the Company, at a consideration of RMB2. Joytime was engaged in investment holding and the Group acquired the equity interests in the aforesaid company solely for the purpose of rationalisation of the organisation structure. This acquisition has been accounted for using the purchase method.

On 28 February 2008, the Group acquired 100% equity interests in Gold Genius from Ms. Zeng Jie and Mr. Pan Jun, directors of the Company, at a consideration of RMB2. Gold Genus was engaged in investment holding and the Group acquired the equity interests solely in the aforesaid company for the purpose of rationalisation of the organisation structure. This acquisition has been accounted for using the purchase method.

The aggregate net assets acquired in the above transactions and goodwill arising are as follows:

	Carrying amount before acquisition and fair value
	RMB'000
Net assets acquired	
Property, plant and equipment	50
Amounts due from directors	19
Trade and other receivables	6,080
Bank balances and cash	3,502
Trade and other payables	(5,916)
Amounts due to related parties	(40)
Goodwill	2,305
Total consideration satisfied by Cash	6,000
Net cash (outflow) inflow arising on acquisition	
Cash consideration paid	(6,000)
Bank balances and cash acquired	3,502
	(2,498)

Shenzhen Liantang, Joytime and Gold Genius did not contribute significantly to the Group's cashflow, revenue and profit for the year ended 31 December 2008 since the date of acquisition. The contribution to the Group's revenue and profit for the year ended 31 December 2008 by Shenzhen Liantang, Joytime and Gold Genius would be insignificant had the acquisition been completed on 1 January 2008.

41. DISPOSAL OF SUBSIDIARIES

On 4 January 2006, the Group disposed of its 36.4% effective equity interests in Tianqi Trading, a subsidiary of Shenzhen Fantasia Investment, to an independent third party at approximately RMB196,974,000.

On 5 September 2007, the Group disposed of its 70% equity interests in Shenzhen Tianlan to Shenzhen Tiankuo at approximately RMB7,000,000.

On 5 September 2007, the Group disposed of its 70% equity interests in Shenzhen Funian to Shenzhen Tiankuo at approximately RMB7,000,000.

On 17 September 2007, the Group disposed of its 41.6% equity interests in Shenzhen Flower to Shenzhen Tiankuo at approximately RMB800,000.

On 21 September 2007, the Group disposed of its 90% equity interests in San Jiao Zhou to Xi Fu Hui at approximately RMB10,000,000.

On 28 February 2008, the Group disposed of its 100% equity interests in Chi Fu Development to Ms. Zeng Jie and Mr. Pan Jun, directors of the Company, at approximately RMB39,491,000.

On 28 February 2008, the Group disposed of its 100% equity interests in Enco Development to Ms. Zeng Jie and Mr. Pan Jun, directors of the Company, at approximately RMB416,000.

On 28 February 2008, the Group disposal of its 100% equity interests in Pujiang Daxigu to Shenzhen Tiankuo at approximately RMB1,000,000.

The summary net assets of the subsidiaries disposed of at the respective balance sheet dates are as follows:

	Year ended 31 December		
	2006	2007	2008
	RMB'000	RMB'000	RMB'000
Net assets (liabilities) disposed of			
Property, plant and equipments	4	11,226	—
Prepaid lease payments	130,869	5,415	15,139
Premium of prepaid lease payments	—	25,688	—
Properties for sales	—	212	—
Trade and other receivables	—	3,157	—
Amounts due from directors	—	—	39,907
Amounts due from related parties	—	30,950	—
Bank balances and cash	31	598	119
Trade and other payables	(8,070)	(1,399)	(15)
Amount due to a related party	(40,777)	(30,103)	—
Amount due to an immediate holding company	—	—	(14,154)
Tax payable	—	(16)	—
Deferred tax liabilities	—	(16,030)	—
	82,057	29,698	40,996
Minority interests	(18,443)	(7,031)	—
Gain on disposal recognised as contribution reserve	—	2,133	—
Gain (loss) on disposal of a subsidiary	133,360	—	(89)
Total consideration	196,974	24,800	40,907
Satisfied by:			
Cash	196,974	1,250	—
Amounts due from related parties	—	23,550	—
Amounts due from directors	—	—	40,907
	196,974	24,800	40,907
Net cash inflow (outflow) arising on acquisition:			
Cash consideration	196,974	1,250	—
Bank balances and cash disposed of	(31)	(598)	(119)
	196,943	652	(119)

The subsidiaries disposed of did not contribute significantly to the Group's cash flows, turnover and profit from operations during the Relevant Periods prior to disposal.

42. MAJOR NON-CASH TRANSACTIONS

On 30 April 2006, the Group acquired additional interest in Chengdu Huawanli at a consideration of RMB9,000,000. The consideration was settled through trade and other payables at 31 December 2006.

On 28 September 2006, the Group acquired a property project and its related assets and liabilities of Chi Fu Development and its subsidiary at a consideration of RMB52,000,000, of which RMB26,000,000 was settled through amount due to a related party and director amounting to approximately RMB10,400,000 and RMB15,600,000, respectively, at 31 December 2006.

On 5 September 2007, the Group disposed of its 70% equity interests in Shenzhen Funian at a consideration of RMB7,000,000. The consideration was settled through amount due from a related party at 31 December 2007.

On 5 September 2007, the Group disposed of its 70% equity interests in Shenzhen Tianlan at a consideration of RMB7,000,000. The consideration was settled through amount due from a related party at 31 December 2007.

On 21 September 2007, the Group disposed of its 90% equity interests in San Jiao Zhou at a consideration of RMB10,000,000. The amount of RMB9,550,000 was settled through amount due from a related party.

On 15 October 2007, the Group disposed of its 25% equity interests in Xi Fu Hui at a consideration of RMB2,500,000. The consideration was settled through amounts due from directors at 31 December 2007.

On 28 February 2008, the Group disposed of its 100% equity interests in Chi Fu Development to Ms. Zeng Jie and Mr. Pan Jun, directors of the Company at a consideration of approximately RMB39,491,000. The consideration was settled through amounts due from directors at 31 December 2008.

On 28 February 2008, the Group disposed of its 100% equity interests in Enco Development to Ms. Zeng Jie and Mr. Pan Jun, directors of the Company, at a consideration of approximately RMB416,000. The consideration was settled through amounts due from directors at 31 December 2008.

On 20 March 2008, the Group disposed of its property, plant and equipment and prepaid lease payment to Ms. Zeng Jie, director of the Company at considerations of approximately RMB956,000 and RMB7,486,000, respectively. The consideration was settled through amounts due from directors at 31 December 2008.

On 21 March 2008, the Group disposed of its 100% equity interests in Pujiang Daxigu to Shenzhen Tiankuo at a consideration of approximately RMB1,000,000. The consideration was settled through amounts due from directors at 31 December 2008.

43. OPERATING LEASE COMMITMENTS

The Group as lessee

At the end of respective reporting periods, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	As at 31 December			As at 30 June
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Within one year	6,526	7,422	5,785	5,933
In the second to the fifth year inclusive	7,527	7,703	15,952	15,887
After the fifth year	—	—	18,537	11,240
	14,053	15,125	40,274	33,060

Operating lease payments represent rentals payable by the Group for certain offices premises. Leases are negotiated for an average term of 1 to 10 years with fixed rentals.

The Group as lessor

At the end of respective reporting periods, the Group has contracted with tenants for the following future minimum lease payments:

	As at 31 December			As at 30 June
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Within one year	6,985	7,720	7,291	8,382
In the second to the fifth year inclusive	26,563	26,505	27,660	29,958
After the fifth year	75,985	69,471	56,905	60,452
	109,533	103,696	91,856	98,792

Property rental income represents rentals receivable by the Group. Leases are negotiated for an average term of 1 to 18 years with fixed rentals.

44. OTHER COMMITMENTS

	THE GROUP			
	As at 31 December			As at 30 June
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Construction commitments contracted for but not provided in the Financial Information	220,023	412,696	1,012,435	1,135,023
Commitment in respect of the acquisition of additional interest in subsidiaries contracted for but not provided in the Financial Information	2,000	—	—	—
Commitment in respect of the acquisition of a subsidiary contracted for but not provided in the Financial Information	—	6,000	—	—
Commitment in respect of the acquisition of properties for sales related to Shenzhen Meinian Plaza contracted for but not provided in the Financial Information	—	—	—	638,500

45. RETIREMENT BENEFITS PLANS

The Group operates a mandatory Provident Fund Scheme for all qualifying employees in Hong Kong. The assets of the scheme are held separately from those of the Group, in funds under control of a trustee. The Group contributes 5% of relevant payroll costs or lower of HK$1,000 per person to the Scheme, which is matched by employees.

The employees of the Group in the PRC are members of state-managed retirement benefit scheme operated by the PRC Government. The Company's subsidiaries are required to contribute a certain percentage of payroll to the retirement benefit schemes to fund the benefits. The only obligation of the Group with respect to the scheme is to make the required contributions under the scheme.

46. CONTINGENT LIABILITIES

	THE GROUP			
	As at 31 December			As at 30 June
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Guarantees given to banks for:				
– mortgage facilities granted to purchasers of the Group's properties (note a)	297,158	661,172	719,325	476,543
– bank loans to a minority shareholder (note b)	—	100,000	—	—
– bank loans to Shenzhen Funian (note c)	—	—	—	20,000
	297,158	761,172	719,325	496,543

Notes:

a. The Group had provided guarantees in respect of mortgage facilities granted by certain banks in connection with the mortgage loans entered into by purchasers of the Group's properties. Pursuant to the terms of the guarantees, if there is default of the mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage loans together with accrued interests thereon and any penalty owed by the defaulted purchasers to banks. The Group is then entitled to take over the legal title of the related properties. The guarantee period commences from the dates of grant of the relevant mortgage loans and ends after the buyer obtained the individual property ownership certificate.

   In the opinion of the directors, no provision for the guarantee contracts is recognised as the default risk is low.

b. Shenzhen Jing Ji Property Development Company Limited ("Shenzhen Jing Ji") (深圳市京基房地產開發有限公司), a subsidiary of the minority shareholder of Shenzhen Fantasia Investment, has issued corporate guarantees amounting to RMB90,000,000, at nil consideration, to certain banks in respect of banking facilities granted to Shenzhen Fantasia Investment. In addition, Shenzhen Fantasia Investment issued cross guarantees amounting to RMB280,000,000 at nil consideration, to certain banks in respect of banking facilities granted to Shenzhen Jing Ji and RMB100,000,000 was drawn down by Shenzhen Jing Ji as at 31 December 2007. No provision for the guarantee contract is recognised as in the opinion of the directors, the default risk is low. The cross corporate guarantees have been released during the year ended 31 December 2008.

c. The director of the Company, Ms. Zeng Jie, has beneficial interests in Shenzhen Funian. No provision for the guarantee contract is recognised as in the opinion of the directors, the default risk is low. At the date of this report, the bank loans have been fully repaid and the respective guarantee has been released.

47. RELATED PARTY DISCLOSURES

1) During the Relevant Periods, in addition to those disclosed in notes 18, 19, 27, 28, 31, 35, 36, 37, 38, 40, 41, 42, and 46, the Group had significant transactions with related parties as follows:

   On 5 September 2007, the Group disposed of its 31% equity interests in Cube Architecture to Ms. Zeng Jie, a director of the Company, at a consideration of approximately RMB667,000 which is determined with reference to the initial investment cost.

   On 5 September 2007, the Group disposed of its entire 30% equity interests in Shanghai Tiankuo to Shenzhen Tiankuo at a consideration of approximately RMB9,000,000 which is determined with reference to the registered capital.

   On 17 September 2007, the Group disposed of its 20% equity interests in Shenzhen Qiaozhi to Shenzhen Jingrui Investment Development Company Limited (深圳京銳投資發展有限公司) at a consideration of approximately RMB1,900,000 which is determined with reference to the initial investment cost.

   On 14 November 2007, the Group disposed of its entire 25% equity interests in Xi Fu Hui to Sunyeer Properties Holdings Company Limited at a consideration of approximately RMB2,500,000 which is determined with reference to the registered capital.

   On 23 November 2007, the Group acquired additional 40% equity interests in Shenzhen Kangnian from Shenzhen Tiankuo at a consideration of approximately RMB65,000,000.

Cube Architecture provides design services to Shenzhen Kangnian, Shenzhen Zhifu, Tianjin Songjiang Fantasia and Chengdu Huabaili. During the year ended 31 December 2006, 2007, 2008 and period ended 30 June 2009, provision of such design services by Cube Architecture to the Group amounted to approximately RMB1,682,000, RMB2,816,000, RMB2,451,000 and nil, respectively. The directors of the Company represent that the services will be continued after the Listing.

Shenzhen Colour Life Network provides management services to San Jiao Zhou commencing on 1 January 2008. During the year ended 31 December 2008 and period ended 30 June 2009, provision of such management services by Shenzhen Colour Life Network to San Jiao Zhou amounted to approximately RMB400,000 and nil, respectively. The directors of the Company represent that the services will be continued after the Listing.

During the year ended 31 December 2006, 2007, 2008 and period ended 30 June 2009, the Group sold certain properties to its key management personnel of the Group, at a consideration of nil, approximately RMB1,038,000, RMB4,496,000 and RMB5,498,000, respectively.

During the year ended 31 December 2006, 2007, 2008 and period ended 30 June 2009, the Group received properties rental income from Xi Fu Hui of approximately RMB301,000, RMB301,000, RMB301,000 and RMB150,000, respectively. The directors of the Company represent that the rental income will be continued to receive after the Listing.

During the six months ended 30 June 2009, Fantasia Chengdu Ecological pledged certain land use right which was included in property under development amounting to approximately RMB51,000,000 to bank for loan granted to Shenzhen Funian, an entity that a director of the Company, Ms. Zeng Jie, has beneficial interests. At the date of this report, the pledge had been released.

During the six months ended 30 June 2009, San Jiao Zhou, an entity that a director of the Company, Ms. Zeng Jie, has beneficial interests, has pledged its land use right to bank for loan granted to Dongguan Fantasia. At the date of this report, the pledge had been released.

2) Compensation of key management personnel

The remuneration of directors and other members of key management during the Relevant Periods were as follows:

	THE GROUP				
	As at 31 December			Six months ended 30 June	
	2006	2007	2008	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Short-term benefit	6,276	7,270	19,883	9,941	11,841
Post-employment benefit	139	455	378	201	305
	6,415	7,725	20,261	10,142	12,146

B. DIRECTORS' REMUNERATION

Save as disclosed herein, no remuneration has been paid or is payable to the Company's directors by the Company or any of its subsidiaries during the Relevant Periods. Under the arrangements presently in force, the aggregate remuneration excluding bonus payable, if any, of the Company's directors for the year ending 31 December 2009 will approximately be RMB5 million.

C. SUBSEQUENT EVENTS

The following significant events took place subsequent to 30 June 2009:

(a) In April 2007, Fantasia Group (China) and Songjiang Group entered into a framework agreement with the People's Government of Pixian County (郫縣人民政府) (the "Pixian Government") relating to the development of the Wangcong Ancient Sichuan Culture Park (望叢古蜀文化產業園) located in Pixian County, Chengdu, Sichuan Province. In September 2009, Fantasia Group (China) further entered into a cooperative agreement with the local government in relation to the detailed design, arrangement and improvement for parcels of land for the culture park and its ancillary facilities.

(b) In June 2009, Fantasia Group (China), entered into an agreement with the Administrative Committee of the Dali Provincial Tourism and Vacation Zone (大理省級旅遊度假區管理委員會) for the development of the Dali Bai Ethnic Culture Resort (大理白族民俗文化度假村) (the "Yunnan Project"), which will be located near Butterfly Spring (蝴蝶泉), in Dali, Yunnan Province. In September 2009, Fantasia Group (China) entered into a cooperative agreement with the local government in relation to the detailed design, arrangement and improvement for parcels of land for the Dali Provincial Tourism and Vacation Zone (大理白族民俗文化度假村) and its ancillary facilities.

(c) In August 2009, Fantasia Group (China) entered into a share transfer framework agreement with Suzhou CITIC Investment Co., Ltd. (蘇州中信投資有限公司) in connection with the transfer of 100% equity interest in Suzhou Huawanli Real Estate Company Limited ("Suzhou Huawanli"), a newly established project company and Suzhou LKN Real Estate Development Co., Ltd. ("Suzhou LKN"), both of which are under the control of Suzhou CITIC Investment Co., Ltd. (蘇州中信投資有限公司). Suzhou Huawanli and Suzhou LKN do not have any business activities except for holding land use rights. Total consideration for the project as stated in the framework agreement is approximately RMB786 million. The project occupied a total site area of 379,635 square meters, comprising of (i) approximately 90,860 square meters currently owned by Suzhou LKN which has a planned aggregate gross floor area ("GFA") and saleable GFA of approximately 83,864 square meters, and (ii) approximately 288,775 square meters expected to be acquired by Suzhou Huawanli which has a planned aggregate GFA and saleable GFA of approximate 449,257 square meters. As at 30 September 2009, in the opinion of the Group's property valuer, Jones Lang LaSalle Sallmanns Limited, the reference capital value of such parcels of land was approximately RMB2,740 million. At the date of this report, the Group had paid a deposit of RMB30 million upon the execution of the framework agreement and also paid a consideration of approximately RMB393 million for the share transfer under the framework agreement. The share transfer will be completed in the first half of 2010 when Suzhou Huawanli is expected to complete the acquisition of such parcels of land as agreed under the share transfer framework agreement.

(d) In August 2009, Fantasia Group (China) entered into a share transfer framework agreement with two individual independent third parties in connection with the transfer of their 100% equity interest in Beijing Taibo Real Estate Development Co., Ltd. ("Beijing Taibo") to Fantasia Group (China) at the total consideration of approximately RMB150 million. Beijing Taibo does not have any business activities except for holding land use rights. Upon the completion of the transfer, the Group will acquire such land use rights which occupied a total site area of approximately 8,219 square meters with an estimated aggregate GFA of approximately 55,000 square meters. As at 30 September 2009, in the opinion of the Group's property valuer, Jones Lang LaSalle Sallmanns Limited, the reference capital value of such parcels of land was approximately RMB337 million. In addition, these two independent third parties also agreed, under the framework agreement, to negotiate with relevant government authorities to facilitate Beijing Taibo in obtaining the additional land use rights. In the opinion of the directors, the share transfer will be completed in the second half of 2010 upon the acquisition of those additional parcels of land as agreed under the share transfer framework agreement are completed.

(e) On 25 September 2009, the Group acquired the assets and liabilities of a property project through the acquisition of 100% equity interests in Shenzhen Huiheng from independent third parties at a consideration of approximately RMB10,000,000.

The above transaction will be accounted for as purchase of assets and liabilities. Details of the net assets acquired in respect of the above transaction are summarised below:

	RMB'000
Net assets acquired	
Prepaid lease payments	148,091
Other receivables	70
Bank balances and cash	1
Amount due to a shareholder	(138,000)
Other payables	(162)
	10,000
Total consideration satisfied by cash	10,000
Net cash (outflow) inflow arising on acquisition	
Cash consideration paid	(10,000)
Bank balances and cash acquired	1
	(9,999)

(f) On 28 September 2009, Fantasia Group (China), entered into two trust and loan agreements with Bohai International Trust Co., Ltd. (渤海國際信託有限公司) for a total amount of approximately RMB288 million and RMB104 million, respectively. These loans are for a term of two years. At the date of this report, the Group have drawn down approximately RMB196 million.

(g) On 30 September 2009, the Group entered into a loan facility with a subsidiary of Industrial and Commercial Bank of China Limited for US$30 million. The loan is for a term of three months and is required to be repaid in full, together with accrued interest and all outstanding amount, on 30 December 2009, or within 3 days after date of the listing of the shares of the Company on the Stock Exchange of Hong Kong Limited (the "Listing"). The facility is guaranteed by Mr. Pan Jun and Ms. Zeng Jie but such guarantee will be released upon the date of the Listing. At the date of this report, the Group have drawn down approximately US$30 million.

(h) On 30 September 2009, Shenzhen Kangnian obtained a loan commitment letter from China Construction Bank Corporation Shenzhen sub branch ("CCB Shenzhen") in connection with its initial approval as to the issuance of a financing letter of guarantee or a standby letter of credit. Subject to additional credit investigation and assessment, CCB Shenzhen provides in the commitment letter to issue a financing letter of guarantee or a standby letter of credit for the account of HK Kangnian in favor of China Construction Bank (Asia) Corporation Limited ("CCB Asia"), and to recommend and facilitate Shenzhen Kangnian to obtain a credit facility in total principal amount of US$100 million from CCB Asia. On 28 October 2009, HK Kangnian had obtained the credit facility from CCB Asia which was secured by the standby letter of credit issued to Shenzhen Kangnian by CCB Shenzhen. At the date of this report, the Group had drawn down US$100 million.

(i) On 7 October 2009, HK Kangnian obtained a facility letter from China Merchants Bank Co., Ltd., Hong Kong Branch, agreeing to offer the general bank facilities in the total amount of HK$230 million, or the amount of a standby letter of credit issued by China Merchants Bank Co., Ltd., Shenzhen Branch, whichever is lower. The Group is required to repay the facility in full together will all unpaid interest on the maturity date, which is the date falling one year from the acceptance of the facility letter by HK Kangnian, or three banking days prior to the expiry date of the letter of credit above mentioned. At the date of this report, the Group had drawn down approximately HK$230 million.

(j) On 25 September 2009 and 12 October 2009, Fantasia Chengdu Ecological entered into agreements with Stated-owned Land Resources Bureau of Pujiang Country (四川省蒲江縣國土資源局) to acquire several pieces of land in Sichuan Province at aggregate consideration of approximately RMB102 million and RMB117 million, respectively.

(k) On 27 October 2009, shareholders' resolution of the Company were passed to approve the matters set out in the paragraph headed "Written Resolutions of our Shareholders" in Appendix VIII to the Prospectus.

D. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements of the Group, the Company or any of its subsidiaries have been prepared in respect of any financial period subsequent to 30 June 2009.

Yours faithfully

Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong

For illustrative purpose only, the unaudited pro forma financial information prepared in accordance with Rule 4.29 of the Listing Rules is set out here to provide the prospective investors with further information how the proposed listing might have affected the financial position of the Group after completion of the Global Offering.

Although reasonable care has been exercised in preparing such information, prospective investors who read the information should bear in mind that these figures are inherently subject to adjustments and may not give a complete picture of the actual financial performance and condition of the Group during the Track Record Period or any further date.

(A) UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

For illustration purpose only, the following statement of unaudited pro forma adjusted net tangible assets of the Group is set out here to illustrate the effect of the Global Offering on the consolidated net tangible assets attributable to owners of the Company as of June 30, 2009 as if it had taken place on June 30, 2009 and based on the audited consolidated net tangible assets attributable to owners of the Company as of June 30, 2009 as shown in the accountants' report, the text of which is set out in Appendix I to this prospectus, and adjusted as follows:

	Audited consolidated net tangible assets attributable to owners of the Company as of June 30, 2009(1)	Estimated net proceeds from the Global Offering(2)	Unaudited pro forma adjusted net tangible assets attributable to owners of the Company	Unaudited pro forma adjusted net tangible assets attributable to owners of the Company per Share(3)(4)	
	RMB ' 000	RMB ' 000	RMB ' 000	RMB	HK$
Based on an Offer Price of HK$1.75 per Share	1,381,097	1,709,759	3,090,856	0.64	0.72
Based on an Offer Price of HK$2.20 per Share	1,381,097	2,174,543	3,555,640	0.73	0.83

Notes:

(1) The audited consolidated net tangible assets attributable to owners of the Company as of June 30, 2009 has been extracted, with adjustment of goodwill of RMB517,000 included in the cost of investment in associates, from the accountants' report set out in Appendix I to this prospectus.

(2) The estimated net proceeds from the Global Offering are based on 1,215,000,000 new Shares at the indicative Offer Price of HK$1.75 and HK$2.20 per Offer Share, respectively, after deduction of the underwriting fees and other related expenses payable by the Company. No account has been taken of the Shares that may be issued pursuant to any exercise of Over-allotment Option.

(3) The unaudited pro forma net tangible assets attributable to owners of the Company as of June 30, 2009 per Share is based on 4,860,000,000 Shares expected to be in issue immediately following completion of the Global Offering. No account has been taken of the Shares that may be issued pursuant to any exercise of Over-allotment Option.

(4) The unaudited pro forma adjusted net tangible asset attributable to owners of the Company per Share is translated into Hong Kong dollar at an exchange rate of RMB0.8810 to HK$1, the rate of The People's Bank of China prevailing on November 6, 2009. No representation is made that the Renminbi amounts have been, could have been or may be converted to Hong Kong dollars, or vice versa, at that rate.

(5) By comparing the valuation of the Group's property interests of RMB15,181.7 million as set out in Appendix IV to this prospectus and the unaudited net book value of these properties including buildings held for own use, properties for sales, investment properties and prepaid lease payments of RMB5,072.3 million as of 30 September 2009 the net valuation surplus is approximately RMB10,109.4 million, which has not been included in the above net tangible assets attributable to owners of the Company as of June 30, 2009. The revaluation of the Group's property interests other than investment properties will not be incorporated in the Group's financial statements. If the revaluation surplus is to be included in the Group's financial statements, an additional depreciation charge for the year of approximately RMB2.4 million related to buildings held for own use would be recorded.

(B) UNAUDITED PRO FORMA FORECAST EARNINGS PER SHARE

The following unaudited pro forma forecast earnings per share for the year ending December 31, 2009 has been prepared on the basis of the notes set out below for the purpose of illustrating the effect of the Global Offering as if it had taken place on January 1, 2009. This unaudited pro forma forecast earnings per share has been prepared for illustrative purpose only and because of its nature, it may not give a true picture of the financial results of the Group following the Global Offering.

Forecast consolidated profit attributable to owners of the Company for the year ending December 31, 2009 (net of changes in fair value of investment properties (net of deferred tax effect))(1)(2)(4)	not less than RMB320 million
Pro forma forecast earnings per share(3)(4)	not less than RMB0.07 (approximately HK$0.08)

Notes:

(1) The bases on which the above profit forecast for the year ending December 31, 2009 has been prepared are summarised in Appendix III to this prospectus.

(2) The forecast consolidated profit attributable to owners of the Company for the year ending December 31, 2009 prepared by the Directors is based on the audited results of the Group for six months ended June 30, 2009, the Group's unaudited management accounts for two months ended August 31, 2009 and a forecast of the consolidated results of the Group for the remaining four months ending December 31, 2009. The forecast has been prepared on the basis of the accounting policies being consistent in all material aspects with those currently adopted by the Group as set out in Note 3 to the Accountants' Report, contained in Appendix I to this prospectus.

(3) The unaudited pro forma forecast earnings per share is calculated by dividing the forecast consolidated profit attributable to owners of the Company for the year ending December 31, 2009 by a total of 4,860,000,000 shares in issue, assuming that the Capitalisation Issue and Global Offering had been completed on January 1, 2009 (without taking into account the Over-allotment Option).

(4) The pro forma forecast earnings per Share is translated into HK$ at an exchange rate of RMB0.8810 to HK$1, the rate of The People's Bank of China prevailing on November 6, 2009. No representation is made that the Renminbi amounts have been, could have been or may be converted to Hong Kong dollars, or vice versa, at that rate.

(C) ACCOUNTANTS' REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report received from the reporting accountants, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong in respect of the unaudited pro forma financial information for the purpose of incorporation in this prospectus.

Deloitte.
德勤

Accountants' Report on unaudited pro forma financial information to the directors of Fantasia Holdings Group Co., Limited

We report on the unaudited pro forma financial information of Fantasia Holdings Group Co., Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group"), which has been prepared by the directors of the Company for illustrative purpose only, to provide information about how the proposed global offering might have affected the financial information presented, for inclusion in Appendix II of the prospectus dated 12 November 2009 (the "Prospectus"). The basis of preparation of the unaudited pro forma financial information is set out on pages II-1 and II-2 to the Prospectus.

Respective responsibilities of directors of the Company and reporting accountants

It is the responsibility solely of the directors of the Company to prepare the unaudited pro forma financial information in accordance with paragraph 29 of Chapter 4 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

It is our responsibility to form an opinion, as required by paragraph 29(7) of Chapter 4 of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Basis of opinion

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 300 "Accountants' Reports on Pro forma Financial Information in Investment Circulars" issued by the HKICPA. Our work consisted primarily of comparing the unadjusted financial information with source documents, considering the evidence supporting the adjustments and discussing the unaudited pro forma financial information with the directors of the Company. This engagement did not involve independent examination of any of the underlying financial information.

We planned and performed our work so as to obtain information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the unaudited pro forma financial information has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that adjustments are appropriate for the purpose of the unaudited pro forma financial information as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

The unaudited pro forma financial information is for illustrative purpose only, based on the judgments and assumptions of the directors of the Company, and, because of its hypothetical nature, does not provide any assurance or indication that any event will take place in the future and may not be indicative of:

- the financial position of the Group as of 30 June 2009 or at any future date; and
- the earnings per share of the Group for the year ending 31 December 2009 or any future period.

Opinion

In our opinion:

(a) the unaudited pro forma financial information has been properly compiled by the directors of the Company on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purpose of the pro forma financial information as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
12 November 2009

PROFIT FORECAST FOR THE YEAR ENDING DECEMBER 31, 2009

The forecast consolidated profit of our Group attributable to owners of our Company for the year ending December 31, 2009 is set out in the section entitled "Financial Information — Profit Forecast."

Bases and Assumptions

The Directors have prepared the forecast of our Group's consolidated profit attributable to owners of our Company for the year ending December 31, 2009 based on the audited consolidated results of our Group for the six months ended June 30, 2009, the unaudited management accounts for the two months ended August 31, 2009, and our forecast of the consolidated results of our Group for the remaining four months of the year ending December 31, 2009. The forecast for the year ending December 31, 2009 has been prepared on the basis of accounting policies consistent with those adopted for the purpose of the Accountants' Report in Appendix I to this prospectus and the assumptions set forth below.

The Directors have adopted the following principal assumptions in the preparation of the profit forecast:

(i) there will be no significant changes in existing political, legal, fiscal, market or economic conditions in the PRC, including changes in legislation, regulations, or rules, which may have a material adverse effect on the Group's income;

(ii) there will be no significant changes in the government policies in the PRC in which we operate (including, but not limited to, those in relation to property development, the pricing and selling of the Group's properties and taxation of sales income derived therefrom, land appreciation tax ("LAT") and other property related taxes), which may adversely affect the Group's business or operations. Further, with respect to the real estate industry in particular, the PRC Government will not impose material changes to, or impose, additional austerity measures to dampen the sales and prices of properties;

(iii) there will be no material changes in the inflation rate, interest rates or foreign currency exchange rates in the PRC from those prevailing as of the date of the prospectus of the Company;

(iv) there will be no material change in the bases or rates of taxation, both direct and indirect, in the PRC;

(v) the Group's operations and business will not be severely interrupted by any force majeure events or unforeseeable factors or any unforeseeable reasons that are beyond the control of the Directors, including the occurrence of natural disasters or catastrophes (such as floods and typhoons), epidemics or serious accidents; and

(vi) major contracts for sales and leases of properties and letter of intent for leases entered will not be cancelled. Properties are developed in accordance with management's plans and there are no substantial variations of construction costs from budgeted amount. There are no substantial changes in development schedule due to relocation and government approvals and completion of works by the Group's contractors.

Bases and Assumptions on Forecast Fair Value Change on Investment Properties

Our forecast profit is not less than RMB320 million and no forecast fair value change on our investment properties for the forecast period from September 1, 2009 to December 31, 2009 is included in our forecast profit. Such forecast in fair value change on our completed investment properties have been estimated on the basis of projected valuations as of December 31, 2009 according to a basis of valuation which is, as far as practicable, consistent with the basis of valuation which has been adopted by our independent property valuer in valuing our completed investment properties for the purposes of our audited consolidated financial statements for the period ended June 30, 2009 and the Property Valuation Report in Appendix IV to this prospectus. For the property interests held by us for rental purpose and/or capital appreciation, we have adopted direct comparison approach as well as the income approach whichever is applicable. Under the direct comparison approach, we have valued each of these property interests by the direct comparison method where comparison based on prices realized on actual sales or market price information of comparable properties is made. Comparable properties of similar size, character and location are analyzed and carefully weighted against all the respective advantages and disadvantages of each property interest in order to arrive at a fair comparison of capital values. Income approach, in which values are developed on the basis of capitalization of the net earnings that would be generated if a specific stream of income can be attributed to the property. The income analyzed is the total income generated by the properties. The expenses reflect those required in operating the business.

We have concluded the fair value of investment properties under development cannot be forecasted reasonably from September 1, 2009 to December 31, 2009, therefore, we continued to measure it at cost and no forecast fair value change for the forecast period from September 1, 2009 to December 31, 2009.

In preparing our analysis of the effect of fair value change on our profit forecast, our estimates are based on transactions in comparable properties currently available and current market rental, with prices projected as of December 31, 2009, based on current stable market trends as reflected in market research reports. Our Directors, on that basis that the forecast is made on a “not less than” basis, have adopted the lower end of the forecast range in such market research reports to be a basis of the estimate of the fair value of our completed investment properties in our profit forecast.

Accordingly, we have forecast the fair value of our completed investment properties (on a per sq.m. basis), to be remained the same as the fair value of these properties as of August 31, 2009 (on a per sq.m. basis) arrived at based on direct comparison approach as well as the income approach whichever is applicable. We expect the fair value of our completed investment properties as of December 31, 2009, and in turn any fair value change on completed investment properties, to continue to be dependent on market conditions and other factors that are beyond our control. Please see “Risk Factors — Risks Relating to our business — Our profitability may fluctuate due to fair value gains or losses on our investment properties because certain portion of our profits were and are expected to be attributable to fair value gains or losses on our investment properties, which are likely to fluctuate from time to time.”

The other material assumption we have adopted is that no existing investment properties will be disposed of for the year ending December 31, 2009, as we have no plans of disposing any investment properties.

We record the investment properties at fair value at the end of the reporting period pursuant to Hong Kong Financial Reporting Standards, and any increase or decrease in fair value in any applicable reporting period is required to be recognized as a charge or credit to our statements of comprehensive income. This charge or credit is a non-cash item representing the increase or decrease in fair value of the investment properties. Our result may be substantially affected by such changes in fair values.

Sensitivity Analysis

Sensitivity analysis on targeted average selling price

The following table illustrates the sensitivity of the profit attributable to owners of our Company for the year ending December 31, 2009 to the targeted average selling price for properties sold from September 1, 2009 to December 31, 2009.

% change in targeted selling prices per sq.m.	-15%	-10%	-5%	+5%	+10%
Impact on the profit attributable to owners of our Company targeted for the year 2009 (RMB’000)	(15,828)	(10,011)	(4,750)	4,116	8,232

If the targeted average selling prices for projects sold from September 1, 2009 to December 31, 2009 rise by 10%, the profit attributable to owners of our Company for the year ending December 31, 2009 will be RMB328,232,000, i.e. 2.6% higher than our targeted 2009 profit attributable to owners of our Company.

If the targeted average selling prices for projects sold from September 1, 2009 to December 31, 2009 rise by 5%, the profit attributable to owners of our Company for the year ending December 31, 2009 will be RMB324,116,000, i.e. 1.3% higher than our targeted 2009 profit attributable to owners of our Company.

If the targeted average selling prices for projects sold from September 1, 2009 to December 31, 2009 decline by 5%, the profit attributable to owners of our Company for the year ending December 31, 2009 will be RMB315,250,000, i.e. 1.5% lower than our targeted 2009 profit attributable to owners of our Company.

If the targeted average selling prices for projects sold from September 1, 2009 to December 31, 2009 decline by 10%, the profit attributable to owners of our Company for the year ending December 31, 2009 will be RMB309,989,000, i.e. 3.1% lower than our targeted 2009 profit attributable to owners of our Company.

If the targeted average selling prices for projects sold from September 1, 2009 to December 31, 2009 decline by 15%, the profit attributable to owners of our Company for the year ending December 31, 2009 will be RMB304,172,000, i.e. 4.9% lower than our targeted 2009 profit attributable to owners of our Company.

Sensitivity analysis on targeted GFA sold and delivered

The following table illustrates the sensitivity of the profit attributable to owners of our Company for the year ending December 31, 2009 to the targeted GFA sold and delivered from September 1, 2009 to December 31, 2009.

% change in targeted GFA sold and delivered	-15%	-10%	-5%
Impact on the profit attributable to owners of our Company targeted for the year 2009 (RMB'000)	(3,890)	(2,593)	(1,297)

If the targeted GFA sold and delivered for projects sold from September 1, 2009 to December 31, 2009 decline by 5%, the profit attributable to owners of our Company for the year ending December 31, 2009 will be RMB318,703,000, i.e. 0.4% lower than our targeted 2009 profit attributable to owners of our Company.

If the targeted GFA sold and delivered for projects sold from September 1, 2009 to December 31, 2009 decline by 10%, the profit attributable to owners of our Company for the year ending December 31, 2009 will be RMB317,407,000, i.e. 0.8% lower than our targeted 2009 profit attributable to owners of our Company.

If the targeted GFA sold and delivered for projects sold from September 1, 2009 to December 31, 2009 decline by 15%, the profit attributable to owners of our Company for the year ending December 31, 2009 will be RMB316,110,000, i.e. 1.2% lower than our targeted 2009 profit attributable to owners of our Company.

Sensitivity analysis on fair value changes of investment properties

The following table illustrates the sensitivity of the profit attributable to owners of our Company for the year ending December 31, 2009 to levels of revaluation increase/decrease on investment properties as at June 30, 2009:

Changes in percentage on investment properties as at June 30, 2009	-15%	-10%	-5%	5%	10%	15%
Impact on the profit attributable to owners of our Company targeted for the year 2009 (RMB'000)	(33,338)	(22,225)	(11,113)	11,113	22,225	33,338

If the fair value of investment properties as at June 30, 2009 rises or declines by 5%, the profit attributable to owners of our Company for the year ending December 31, 2009 will not be less than RMB331,113,000 or RMB308,887,000, respectively, i.e. 3.5% higher or lower, respectively, than our targeted 2009 profit attributable to owners of our Company.

If the fair value of investment properties as at June 30, 2009 rises or declines by 10%, the profit attributable to owners of our Company for the year ending December 31, 2009 will not be less than RMB342,225,000 or RMB297,775,000, respectively, i.e. 6.9% higher or lower, respectively, than our targeted 2009 profit attributable to owners of our Company.

If the fair value of investment properties as at June 30, 2009 rises or declines by 15%, the profit attributable to owners of our Company for the year ending December 31, 2009 will not be less than RMB353,338,000 or RMB286,662,000, respectively, i.e. 10.4% higher or lower, respectively , than our targeted 2009 profit attributable to owners of our Company.

The above illustrations are intended to be for reference only and any variation could exceed the ranges given. The above sensitivity analyses are not meant to be exhaustive. While we have considered for the purposes of the profit forecast what we believe is the best estimate of the targeted average selling price, GFA to be sold and delivered, and fair value changes of investment properties for the year ending December 31, 2009, the average selling price, GFA to be sold and delivered, and fair value changes of investment properties as at the relevant time may differ materially from our estimate and are dependent on market conditions and other factors which are beyond our control.

LETTERS

Set out below are texts of the letters, prepared for inclusion in this prospectus, received by the Directors from the Company's reporting accountants, Deloitte Touche Tohmatsu, and from the Joint Sponsors, CITIC Securities Corporate Finance (HK) Limited and Deutsche Bank AG Hong Kong Branch, in connection with the forecast of the consolidated profit attributable to owners of the Company for the year ending December 31, 2009, respectively.

(a) Letter from Deloitte Touche Tohmatsu

Deloitte.
德勤

德勤 · 關黃陳方會計師行
香港金鐘道88號
太古廣場一座35樓

Deloitte Touche Tohmatsu
35/F, One Pacific Place
88 Queensway
Hong Kong

12 November 2009

The Directors
Fantasia Holdings Group Co., Limited
CITIC Securities Corporate Finance (HK) Limited
Deutsche Bank AG, Hong Kong Branch

Dear Sirs,

We have reviewed the accounting policies adopted and calculations made in arriving at the forecast of the consolidated profit of Fantasia Holdings Group Co., Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") for the year ending 31 December 2009 attributable to owners of the Company (the "Forecast"), for which the directors of the Company are solely responsible, as set out in the prospectus dated 12 November 2009 (the "Prospectus") issued by the Company. The Forecast is prepared based on the audited results of the Group for six months ended June 30, 2009, the results shown in the unaudited management accounts of the Group for two months ended 31 August 2009, and a forecast of the results for the remaining four months of the financial year ending 31 December 2009.

In our opinion, the Forecast, so far as the accounting policies and calculations are concerned, has been properly compiled on the basis of the assumptions made by the directors of the Company as set out in part 1 of Appendix III to the Prospectus and is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group as set out in our accountants' report of the financial information of the Group for the three years ended 31 December 2008 and six months ended 30 June 2009 as set out in Appendix I to the Prospectus.

Without qualifying our opinion above, we draw to your attention that the directors of the Company have disclosed in the section headed "Profit Forecast — Bases and Assumptions" in Appendix III to the Prospectus that in preparing the Forecast, the directors of the Company have assumed that there will be no change for the forecast period from 1 September 2009 to 31 December 2009 in respect of the fair value of completed investment properties which is estimated based on projected valuation on 31 December 2009 according to basis of valuation which is, as far as practicable, in the opinion of the directors of the Company, consistent with the basis of valuation which has been adopted by their independent property valuer in valuing the properties for the purposes of the audited consolidated financial statements of the Group for the period ended 31 August 2009. While the directors of the Company believe that this is the best estimate of the fair value of the completed investment properties as at 31 December 2009, the fair value of the completed investment properties and/or any fair value increase or decrease on completed investment properties as at the relevant time may differ materially from their estimate. Should the actual increase or decrease in fair value of the completed investment properties differ from the amount estimated by the directors of the Company, such difference would have the effect of increasing or decreasing the forecast profit attributable to owners of the Company for the year ending 31 December 2009. The directors of the Company have also assumed that the fair value of investment properties under development cannot be forecasted reasonably, therefore, the investment properties under development continued to be measured at cost.

Yours faithfully,
Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

(b) Letter from the Joint Sponsors

November 12, 2009

中信証券國際
CITIC Securities International

Deutsche Bank

26/F, CITIC Tower
1 Tim Mei Avenue
Central
Hong Kong

48/F, Cheung Kong Center
2 Queen's Road Central
Hong Kong

The Directors
Fantasia Holdings Group Co., Limited

Dear Sirs,

We refer to the consolidated profit forecast of Fantasia Holdings Group Co., Limited (the "Company") and its subsidiaries (together the "Group") for the year ending December 31, 2009 (the "Profit Forecast") as set out in "Financial Information — Profit forecast for the year ending December 31, 2009" in the prospectus issued by the Company dated November 12, 2009.

The Profit Forecast, for which the Directors are solely responsible, has been prepared by them based on the audited results of the Group for the six months ended June 30, 2009, the unaudited management accounts of the Group for the two months ended August 31, 2009 and a forecast of the consolidated results of the Group for the remaining four months ending December 31, 2009.

We have discussed with you the bases and assumptions upon which the Profit Forecast has been made. We have also considered the letter dated November 12, 2009 addressed to you and us from Deloitte Touche Tohmatsu regarding the accounting policies and calculations upon which the Profit Forecast has been made.

On the basis of the information comprising the Profit Forecast and on the basis of the accounting policies and calculations adopted by you and reviewed by Deloitte Touche Tohmatsu, we are of the opinion that the Profit Forecast, for which you as the Directors of the Company are solely responsible, has been made after due and careful enquiry.

Yours faithfully,
For and on behalf of
CITIC Securities Corporate Finance (HK) Limited
Freda Wong
Executive Director

Yours faithfully,
For and on behalf of
Deutsche Bank AG, Hong Kong Branch
Heidi Yang
Managing Director

Danny Lee
Director

The following is the text of a letter, summary of values and valuation certificates, prepared for the purpose of incorporation in this prospectus received from Jones Lang LaSalle Sallmanns Limited, an independent valuer, in connection with its valuation as at 30 September 2009 of the property interests of the Group. As described in section "Documents Available for Inspection" in Appendix IX, a copy of the full valuation report will be made available for public inspection.

JONES LANG LASALLE® SALLMANNS

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tel +852 2169 6000 fax +852 2169 6001
Licence No: C-030171

12 November 2009

The Board of Directors
Fantasia Holdings Group Co., Limited
Room 1103
11th floor, Top Glory Tower
No. 262 Gloucester Road
Causeway Bay
Hong Kong

Dear Sirs,

In accordance with your instructions to value the properties in which Fantasia Holdings Group Co., Limited (the "Company") and its subsidiaries (hereinafter together referred to as the "Group") have interests in the People's Republic of China (the "PRC") and Hong Kong, we confirm that we have carried out inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the capital values of the property interests as at 30 September 2009 (the "date of valuation").

Our valuation of the property interests represents the market value which we would define as intended to mean "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently, and without compulsion".

We have valued the property interests in Group I which are held and occupied by the Group, property interests in Group II which are held by the Group for future development and property interests in Group V which are held by the Group for sale by direct comparison approach assuming sale of the property interests in their existing state with the benefit of immediate vacant possession and by making reference to comparable sales transactions as available in the relevant market.

For the purpose of our valuation, real estate developments for future development are those for which the Construction Works Commencement Permit(s) have not been issued, while the State-owned Land Use Rights Certificates have been obtained; real estate developments for sale are those for which the Construction Works Certified Report(s) or Certificate(s) of Completion or Building Ownership Certificate(s)/Real Estate Title Certificate(s) have been issued by the relevant local authority, this also includes those property interests which have been contracted to be sold, but the formal assignment procedures of which have not yet been completed.

In valuing the property interests in Group III which are currently under development, we have assumed that they will be developed and completed in accordance with the latest development proposal provided to us by the Group. In arriving at our opinion of value, we have adopted the direct comparison approach by making reference to comparable sales evidence as available in the relevant market and have also taken into account the accrued construction cost and professional fees relevant to the stage of construction as at the date of valuation and the remainder of the cost and fees that expected to be incurred for completing the development.

For the purpose of our valuation, real estate developments under development are those for which the Construction Works Commencement Permit(s) has (have) been issued while the Construction Works Certified Report(s) or Certificate(s) of Completion of the building(s) have not been issued.

We have valued the property interests in Group IV by income approach by taking into account the net rental income of the properties derived from the existing leases and/or achievable in the existing market with due allowance for the reversionary income potential of the leases, which have then been capitalized to determine the market value at an appropriate capitalization rate. Where appropriate, reference has also been made to the comparable sale transactions as available in the relevant market.

For the property interest in Group VI which is a property interest contracted to be acquired by the Group and property interests in Group IX which are other property interests to be acquired by the Group, the Group has entered into agreement or framework agreements with relevant owner of the properties or the relevant government authorities. Since the Group has not yet obtained the State-owned Land Use Rights Certificates and/or the payment of the land premium has not yet been fully settled as at the date of valuation, we have attributed no commercial value to the property interests.

We have attributed no commercial value to the property interests in Group VII and Group VIII, which are rented by the Group, due either to the short-term nature of the lease or the prohibition against assignment or sub-letting or otherwise due to the lack of substantial profit rent.

Our valuation has been made on the assumption that the seller sells the property interests in the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the values of the property interests.

No allowance has been made in our report for any charge, mortgage or amount owing on any of the property interest valued nor for any expense or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoings of an onerous nature, which could affect their values.

In valuing the property interests, we have complied with all the requirements contained in Chapter 5 and Practice Note 12 to the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited; the RICS Valuation Standards (6th Edition) published by the Royal Institution of Chartered Surveyors; and the HKIS Valuation Standards on Properties (1st Edition 2005) published by the Hong Kong Institute of Surveyors.

As the Group is in compliance with paragraph 3(b) of Practice Note 16 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited and section 6 of Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice, the full details of the individual leased properties under operating lease have been excluded from the valuation certificates in our valuation report to this prospectus, of which a summary is included in the Summary of Values and the certificate for leased properties.

We have relied to a very considerable extent on the information given by the Group and have accepted advice given to us on such matters as tenure, planning approvals, statutory notices, easements, particulars of occupancy, lettings, and all other relevant matters.

We have been provided with a tenancy agreement relating to the property interest in Group VIII and have caused searches to be made at the Hong Kong Land Registries. However, we have not searched the original documents to verify the ownership or to ascertain any amendment.

We have been shown copies of various title documents including State-owned Land Use Rights Certificates, Building Ownership Certificates, Real Estate Title Certificates and official plans relating to the property interests and have made relevant enquiries. Where possible, we have examined the original documents to verify the existing titles to the property interests in the PRC and any material encumbrance that might be attached to the property interests or any lease amendments. We have relied considerably on the advice given by the Company's PRC legal advisers – Commerce & Finance Law Offices, concerning the validity of the property interests in the PRC.

We have not carried out detailed measurements to verify the correctness of the areas in respect of the properties but have assumed that the areas shown on the title documents and official site plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurement has been taken.

We have inspected the exterior and, where possible, the interior of the properties. However, we have not carried out investigation to determine the suitability of the ground conditions and services for any development thereon. Our valuation has been prepared on the assumption that these aspects are satisfactory and that no unexpected cost and delay will be incurred during construction. Moreover, no structural survey has been made, but in the course of our inspection, we did not note any serious defect. We are not, however, able to report whether the properties are free of rot, infestation or any other structural defect. No tests were carried out on any of the services.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Group. We have also sought confirmation from the Group that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to arrive an informed view, and we have no reason to suspect that any material information has been withheld.

Unless otherwise stated, all monetary figures stated in this report are in Renminbi (RMB).

Our valuation is summarized below and the valuation certificates are attached.

Yours faithfully,
For and on behalf of
Jones Lang LaSalle Sallmanns Limited
Paul L. Brown
B.Sc. FRICS FHKIS
Director

Note: Paul L. Brown is a Chartered Surveyor who has 26 years' experience in the valuation of properties in the PRC and 29 years of property valuation experience in Hong Kong, the United Kingdom and the Asia-Pacific region.

SUMMARY OF VALUES

Group I – Property interests held and occupied by the Group in the PRC

No.	Property	Capital value in existing state as at 30 September 2009 RMB	Interest attributable to the Group	Capital value attributable to the Group as at 30 September 2009 RMB
1.	Units 401, 2701 and 2801 of Hailrun Complex No. 6021 Shennan Boulevard Futian District Shenzhen City Guangdong Province The PRC	111,307,000	52%	57,880,000
2.	An industrial building located at Shekou Industrial Avenue, Pengji Longdian Industrial City Nanshan District Shenzhen City Guangdong Province The PRC	75,427,000	100%	75,427,000
	Sub-total:	**186,734,000**		**133,307,000**

Group II – Property interests held for future development by the Group in the PRC

No.	Property	Capital value in existing state as at 30 September 2009 RMB	Interest attributable to the Group	Capital value attributable to the Group as at 30 September 2009 RMB
3.	A parcel of land and the remaining portion of another parcel of land located at Yongshang Town Xinjin County Chengdu City Sichuan Province The PRC	1,261,000,000	100%	1,261,000,000
4.	The remaining portion of a parcel of land located at the west to Tianfu Avenue, south to Dachengyi Street and north to the Fu River Hi-tech Zone Chengdu City Sichuan Province The PRC	1,224,000,000	100%	1,224,000,000
5.	The remaining portion of a parcel of land located at Guangming Community Jinma Town Wenjiang District Chengdu City Sichuan Province The PRC	262,000,000	100%	262,000,000

No.	Property	Capital value in existing state as at 30 September 2009 RMB	Interest attributable to the Group	Capital value attributable to the Group as at 30 September 2009 RMB
6.	A parcel of land located at Jianshe, Shuangtu and Minle Villages Hi-tech Zone Chengdu City Sichuan Province The PRC	484,000,000	100%	484,000,000
7.	17 parcels of land and the remaining portion of a parcel of land located at Jinhua and Qixin Villages Heshan Town Pujiang County Chengdu City Sichuan Province The PRC	3,417,000,000	100%	3,417,000,000
8.	A parcel of land located at Yaogang and Xialiuwu Danshui Town Huiyang District Huizhou City Guangdong Province The PRC	406,000,000	100%	406,000,000
9.	A parcel of land located at Sanjiaoling of Aotou Huangyuyong Daya Bay Huizhou City Guangdong Province The PRC	74,000,000	100%	74,000,000
10.	A parcel of land located at Futian Free Trade Zone Futian District Shenzhen City Guangdong Province The PRC	256,000,000	100%	256,000,000
11.	2 parcels of land located at the southern side of Yingcheng reservoir Hangu District Tianjin The PRC	324,000,000	100%	324,000,000
	Sub-total:	**7,708,000,000**		**7,708,000,000**

Group III – Property interests held under development by the Group in the PRC

No.	Property	Capital value in existing state as at 30 September 2009 RMB	Interest attributable to the Group	Capital value attributable to the Group as at 30 September 2009 RMB
12.	Phase I of Mont Conquerant located at Yongshang Town Xinjin County Chengdu City Sichuan Province The PRC	315,000,000	100%	315,000,000
13.	Hailrun Plaza located at the south to Dongda Street, north to Hongbuzheng Street, east to Yixue Lane and west to Mofang Street Jinjiang District Chengdu City Sichuan Province The PRC	1,255,000,000	100%	1,255,000,000
14.	Phases I-1 to I-3 of Meinian International Plaza located at the west to Tianfu Avenue, south to Dachengyi Street and north to the Fu River Hi-tech Zone Chengdu City Sichuan Province The PRC	1,584,000,000	100%	1,584,000,000
15.	A parcel of land with 2 buildings known as Ximei Software Research & Technical Personnel Skill Training Centre located at Dayuan Group Hi-tech Zone Chengdu City Sichuan Province The PRC	No commercial value	100%	No commercial value
16.	Phase I-2 and Section 1 of Phase II-1 of Grand Valley located at Jinhua and Qixin Villages Heshan Town Pujiang County Chengdu City Sichuan Province The PRC	317,000,000	100%	317,000,000
17.	Mont Conquerant located at Huangkeng Village Liaobu Town Dongguan City Guangdong Province The PRC	595,000,000	100%	595,000,000

No.	Property	Capital value in existing state as at 30 September 2009 RMB	Interest attributable to the Group	Capital value attributable to the Group as at 30 September 2009 RMB
18.	Love Forever located at Xin'an Community Xincheng Avenue Baoan District Shenzhen City Guangdong Province The PRC	1,013,000,000	52%	526,800,000
19.	Town on the Water located at Lianyi Village Xizhu Town Yixing City Jiangsu Province The PRC	292,000,000	60%	175,200,000
20.	Hailrun Plaza located at the northern side of Outer Ring and western side of Jiefang South Road Jinnan District Tianjin The PRC	507,000,000	60%	304,200,000
	Sub-total:	**5,878,000,000**		**5,072,200,000**

Group IV – Property interests held for investment by the Group in the PRC

No.	Property	Capital value in existing state as at 30 September 2009 RMB	Interest attributable to the Group	Capital value attributable to the Group as at 30 September 2009 RMB
21.	Units 218, 219, 221 to 225, 227 and 228 of Fairy Land located at Renmin North Road, Luohu District Shenzhen City Guangdong Province The PRC	1,760,000	52%	915,000
22.	Units 101 and 148 and 200 car parking spaces of My Place located at Xiasha Village South Binhe Road Futian District Shenzhen City Guangdong Province The PRC	249,650,000	52%	129,818,000
23.	Unit 16B of Jinfeng Mansion located at Shangbu South Road Futian District Shenzhen City Guangdong Province The PRC	4,502,000	52%	2,341,000

No.	Property	Capital value in existing state as at 30 September 2009 RMB	Interest attributable to the Group	Capital value attributable to the Group as at 30 September 2009 RMB
24.	Unit 110 and 191 car parking spaces of Pair Life located at Wenjindu Luohu District Shenzhen City Guangdong Province The PRC	30,625,000	52%	15,925,000
25.	Units 24H, 24J, 24K, 24L, a community club (Unit 101) and 100 car parking spaces of Self Life located at the junction of Fuhua Road and Binhe Road Futian District Shenzhen City Guangdong Province The PRC	30,335,000	52%	15,774,000
26.	Units 105 to 108 and 200 car parking spaces of Hailrun Complex No. 6021 Shennan Boulevard Futian District Shenzhen City Guangdong Province The PRC	42,325,000	52%	22,009,000
27.	177 car parking spaces of Endless Blue located at the northern side of North Ring Xiameilin Futian District Shenzhen City Guangdong Province The PRC	12,766,000	52%	6,638,000
28.	336 car parking spaces of Future Plaza located at Qiaocheng North Road Nanshan District Shenzhen City Guangdong Province The PRC	61,937,000	100%	61,937,000
29.	145 car parking spaces of Flower Harbour located at the northern side of Mingzhu Avenue Yantian District Shenzhen City Guangdong Province The PRC	7,793,000	100%	7,793,000
30.	Units 1 and 7 on Level 1 of Pair Life No. 8 Dachuan Lane Jinjiang District Chengdu City Sichuan Province The PRC	1,616,000	58.8%	950,000

No.	Property	Capital value in existing state as at 30 September 2009 RMB	Interest attributable to the Group	Capital value attributable to the Group as at 30 September 2009 RMB
31.	165 car parking spaces of Human Art Wisdom No. 33 Ximianqiao Street Wuhou District Chengdu City Sichuan Province The PRC	16,106,000	58.8%	9,470,000
32.	The commercial portion of a community club and 15 car parking spaces of Fantasia Special Town No. 333 Huanglong Avenue 2nd Section Gongxing Town Shuangliu County Sichuan Province The PRC	9,637,000	100%	9,637,000
33.	180 car parking spaces of My Place No. 9 Wuqing South Road Wuhou District Chengdu City Sichuan Province The PRC	9,209,000	100%	9,209,000
	Sub-total:	**478,261,000**		**292,416,000**

Group V – Property interests held for sale by the Group in the PRC

No.	Property	Capital value in existing state as at 30 September 2009 RMB	Interest attributable to the Group	Capital value attributable to the Group as at 30 September 2009 RMB
34.	Various residential and commercial units of Phase I-1 of Grand Valley located at Jinhua and Qixin Villages Heshan Town Pujiang County Chengdu City Sichuan Province The PRC	82,426,000	100%	82,426,000
35.	Various residential and commercial units and various car parking spaces of Phase I of Fantasia Town located at Guangming Community Jinma Town Wenjiang District Chengdu City Sichuan Province The PRC	91,887,000	100%	91,887,000

No.	Property	Capital value in existing state as at 30 September 2009 RMB	Interest attributable to the Group	Capital value attributable to the Group as at 30 September 2009 RMB
36.	Various commercial units and car parking spaces of Love Forever No. 99 Shuangqing Road Chenghua District Chengdu City Sichuan Province The PRC	161,741,000	100%	161,741,000
37.	Various office and commercial units of My Place No. 9 Wuqing South Road Wuhou District Chengdu City Sichuan Province The PRC	2,064,000	100%	2,064,000
38.	Various industrial units of Future Plaza located at Qiaocheng North Road Nanshan District Shenzhen City Guangdong Province The PRC	484,238,000	100%	484,238,000
39.	Various residential and commercial units of Flower Harbour located at the northern side of Mingzhu Avenue Yantian District Shenzhen City Guangdong Province The PRC	95,452,000	100%	95,452,000
40.	Units 113 and 401 to 404 of Xiangyun Tiandu Century Mansion located at the junction of Fuqiang Road and Xinzhou San Street Futian District Shenzhen City Guangdong Province The PRC	9,145,000	85%	7,773,000
41.	Unit 2E of Entrance 2 of Block 2 ZuoTing Youyuan South Zone Longgang District Shenzhen City Guangdong Province The PRC	579,000	70%	405,000
42.	Units 2A, 23G and 24G of Self Life located at the junction of Fuhua Road and Binhe Road Futian District Shenzhen City Guangdong Province The PRC	1,699,000	52%	883,000

No.	Property	Capital value in existing state as at 30 September 2009 RMB	Interest attributable to the Group	Capital value attributable to the Group as at 30 September 2009 RMB
43.	Units A-9A, B-25J and B-32C of Pair Life located at Wenjindu Luohu District Shenzhen City Guangdong Province The PRC	1,500,000	52%	780,000
	Sub-total:	**930,731,000**		**927,649,000**

Group VI – Property interest contracted to be acquired by the Group in the PRC

No.	Property	Capital value in existing state as at 30 September 2009 RMB	Interest attributable to the Group	Capital value attributable to the Group as at 30 September 2009 RMB
44.	5 industrial buildings located at the west to Nanhai Avenue and south to Dongbin Road Nanshan District Shenzhen City Guangdong Province The PRC	No commercial value		No commercial value
	Sub-total:	**Nil**		**Nil**

Group VII – Property interests rented and occupied by the Group in the PRC

No.	Property	Capital value in existing state as at 30 September 2009 RMB	Interest attributable to the Group	Capital value attributable to the Group as at 30 September 2009 RMB
45.	26 leased properties located in the PRC	No commercial value		No commercial value
	Sub-total:	**Nil**		**Nil**

Group VIII – Property interest rented and occupied by the Group in Hong Kong

No.	Property	Capital value in existing state as at 30 September 2009 RMB	Interest attributable to the Group	Capital value attributable to the Group as at 30 September 2009 RMB
46.	Room 1103 11th Floor Top Glory Tower No. 262 Gloucester Road Causeway Bay Hong Kong	No commercial value		No commercial value
	Sub-total:	**Nil**		**Nil**

Group IX – Other property interests to be acquired by the Group in the PRC

No.	Property	Capital value in existing state as at 30 September 2009 RMB	Interest attributable to the Group	Capital value attributable to the Group as at 30 September 2009 RMB
47.	6 parcels of land of Suzhou Project located at Xiangshan and Yushe Villages Taihu National Tourism Vacation Zone Suzhou City Jiangsu Province The PRC	No commercial value		No commercial value
48.	2 parcels of land of Beijing Tongzhou Project Nos. 49 to 57 Xinhua Avenue Tongzhou District Beijing The PRC	No commercial value		No commercial value
49.	A parcel of land of Pixian Project located at Pitong Town Pixian County Chengdu City Sichuan Province The PRC	No commercial value		No commercial value
50.	2 parcels of land of Yunnan Project located at Zhoucheng Village Xizhou Town Dali City Yunnan Province The PRC	No commercial value		No commercial value
51.	6 parcels of land of Grand Valley located at Jinhua and Qixin Villages Heshan Town Pujiang County Chengdu City Sichuan Province The PRC	No commercial value		No commercial value
	Sub-total:	**Nil**		**Nil**
	Grand total:	**15,181,726,000**		**14,133,572,000**

VALUATION CERTIFICATE

Group I – Property interests held and occupied by the Group in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2009 RMB
1.	Units 401, 2701 and 2801 of Hailrun Complex No. 6021 Shennan Boulevard Futian District Shenzhen City Guangdong Province The PRC	The property comprises 3 office units of a 28-storey composite building known as Hailrun Complex completed in 2003. The property has a total gross floor area of approximately 4,080.43 sq.m. The land use rights of the property have been granted for a term of 50 years commencing from 25 March 2001 and expiring on 24 March 2051 for commercial office use.	The property is currently occupied by the Group for office purpose.	111,307,000 52% interest attributable to the Group: RMB57,880,000

Notes:

1. Pursuant to 3 Real Estate Title Certificates – Shen Fang Di Zi Di Nos. 3000207748, 3000207750 and 3000207752, 3 office units with a total gross floor area of approximately 4,080.43 sq.m. are owned by Shenzhen Fantasia Investment Development Co., Ltd., a 52% interest owned subsidiary of the Company. The relevant land use rights of the property have been granted to Shenzhen Fantasia Investment Development Co., Ltd. for a term of 50 years commencing from 25 March 2001 and expiring on 24 March 2051 for commercial office use.

2. Pursuant to a Mortgage Contract of Maximum Amount, the property is subject to a mortgage in favour of Shanghai Pudong Development Bank Co., Ltd. Shenzhen Branch (the “Bank”), as a security to guarantee the principal obligation under a financing agreement (No. ED790009000434) entered into between the Bank and Shenzhen Fantasia Investment Development Co., Ltd. for a maximum amount of RMB22,432,110 with the security term from 29 April 2009 to 29 April 2012.

3. We have been provided with a legal opinion regarding the property interest by the Company’s PRC legal advisers, which contains, *inter alia*, the following:

   a. The Group has legally obtained the Real Estate Title Certificates of the property and therefore legally holds the ownership rights of the property;

   b. The Group has the rights to occupy, use, lease, transfer, mortgage or otherwise dispose of the property without paying any additional land use rights premium (except taxes);

   c. The property is subject to a mortgage which has been registered. The Group cannot transfer the property during the mortgage period without obtaining the mortgagee’s consent unless the transferee of the property has paid off the loan and redeemed the mortgage for the Group; and

   d. Except for the aforesaid mortgage, the property is neither subject to any restrictions arising from any other mortgage, sequestration or any third party’s rights nor involved in any litigation or arbitration.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2009 RMB
2.	An industrial building located at Shekou Industrial Avenue Pengji Longdian Industrial City Nanshan District Shenzhen City Guangdong Province The PRC	The property comprises an industrial building (known as No. 3 industrial building of Pengji Longdian Industrial City) which was completed in 1994. The property has a total gross floor area of approximately 12,571.2 sq.m. The land use rights of the property have been granted for a term of 30 years commencing from 8 June 1992 and expiring on 7 June 2022 for industrial use.	The property is currently vacant.	75,427,000 100% interest attributable to the Group: RMB75,427,000

Notes:

1. Pursuant to a Property Transfer Contract entered into between Fantasia Group (China) Co., Ltd. ("Fantasia Group (China)", a wholly-owned subsidiary of the Company) and Shenye Pengji (Group) Co., Ltd. (深業鵬基(集團)有限公司) dated 1 June 2009, the property and a development known as Shenzhen Meinian Plaza were contracted to be transferred to Fantasia Group (China) at a total consideration of RMB718,500,000.

   As advised by the Group, the aforesaid Shenzhen Meinian Plaza has not been legally and virtually transferred to the Group and is set out in this valuation report as property no. 44.

2. Pursuant to a Real Estate Title Certificate – Shen Fang Di Zi Di No. 4000403916, an industrial building with a total gross floor area of approximately 12,571.2 sq.m. is owned by Shenzhen Fantasia Hotel Management Co., Ltd. (深圳市花樣年酒店管理有限公司), a wholly-owned subsidiary of the Company. The land use rights of the property with a site area of approximately 3,123.35 sq.m. have been granted to Shenzhen Fantasia Hotel Management Co., Ltd. for a term of 30 years commencing from 8 June 1992 and expiring on 7 June 2022 for industrial use.

3. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. The Group has legally obtained the Real Estate Title Certificate of the property and therefore legally holds the ownership rights of the property;

   b. The Group has the rights to occupy, use, lease, transfer, mortgage or otherwise dispose of the property without paying any additional land use rights premium (except taxes); and

   c. The property is neither subject to any restrictions arising from any mortgage, sequestration or any third party's rights nor involved in any litigation or arbitration.

VALUATION CERTIFICATE

Group II – Property interests held for future development by the Group in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2009 RMB
3.	A parcel of land and the remaining portion of another parcel of land located at Yongshang Town Xinjin County Chengdu City Sichuan Province The PRC	The property comprises a parcel of land with a site area of approximately 247,672.38 sq.m. and the remaining portion of another parcel of land with a site area of approximately 159,691.24 sq.m., summing up at a total site area of approximately 407,363.62 sq.m. which are planned to be developed in phases. As advised by the Group, Phase II and the phases thereafter of a large scale residential community development known as Mont Conquerant (of which Phase I is currently under construction and set out in this valuation report as property no. 12) are planned to be constructed thereon with a total planned gross floor area of approximately 296,383.27 sq.m. The details are set out as follows:	The property is currently a vacant site.	1,261,000,000 100% interest attributable to the Group: RMB1,261,000,000

Usage	Gross Floor Area (sq.m.)
Residential	267,347.57
Commercial	9,500.89
Hotel	8,945.9
Car parking spaces	6,780.79
Open floor and others	3,808.12
Total:	**296,383.27**

The land use rights of the property have been granted for terms of 70 years expiring on 29 April 2074 for residential use and 40 years expiring on 29 April 2044 for commercial use.

Notes:

1. Pursuant to a State-owned Land Use Rights Grant Contract – No. 004-00316 dated 30 April 2004, the land use rights of a parcel of land with a site area of approximately 494,666.7 sq.m. (including this property and the land use rights of property no. 12) were contracted to be granted to Chengdu Xinjin Youbang Real Estate Development Co., Ltd. (成都新津友幫房地產開發有限責任公司) ("Chengdu Xinjin Youbang", a wholly-owned subsidiary of the Company) commencing from 30 April 2004 for terms of 70 years for residential use and 40 years for commercial use. The land use rights premium was RMB11,686,500.

2. Pursuant to 2 State-owned Land Use Rights Certificates, the land use rights of 2 parcels of land with a total site area of approximately 491,208.67 sq.m. (including the land use rights of this property and property no. 12) have been granted to Chengdu Xinjin Youbang for terms of 70 years expiring on 29 April 2074 for residential use and 40 years expiring on 29 April 2044 for commercial use. The details are summarized as below:

State-owned Land Use Rights Certificate No.	Date of Issue	Usage and Expiry Date	Site Area (m^2)
Xin Jin Guo Yong (2008) Di No. 1467	17 April 2008	Residential: 29 April 2074 Commercial: 29 April 2044	247,672.38
Xin Jin Guo Yong (2008) Di No. 1468	17 April 2008	Residential: 29 April 2074 Commercial: 29 April 2044	243,536.29
	Total:		**491,208.67**

3. Pursuant to a Construction Land Planning Permit – Di Zi Di No. 5101322008210010 in favour of Chengdu Xinjin Youbang, permission towards the planning of 2 parcels of land mentioned above with a total site area of approximately 736.81 Mu (approximately 491,208.67 sq.m.) has been granted to Chengdu Xinjin Youbang.

4. Pursuant to a Mortgage Contract of Maximum Amount, the land use rights of a parcel of land with a site area of approximately 247,672.38 sq.m. are subject to a mortgage in favour of Chengdu Bank Huaxing Sub-Branch (the "Bank"), as security to guarantee the principal obligation under a credit loan contract (No. 310009109000070000) entered into between the Bank and Chengdu Xinjin Youbang for a maximum amount of RMB96,000,000 with the security term from 9 June 2009 to 8 December 2012.

5. Pursuant to a Mortgage Contract of Maximum Amount, the land use rights of a parcel of land with a site area of approximately 243,536.29 sq.m. are subject to a mortgage in favour of Industrial and Commercial Bank of China Chengdu Qinglong Sub-Branch (the "Bank"), as security to guarantee the principal obligation under a loan contract and other financing agreements entered into between the Bank and Chengdu Xinjin Youbang for a maximum amount of RMB140,000,000 with the security term from 24 June 2008 to 23 June 2013.

6. According to a master plan of overall construction works design proposal (the "Overall Master Plan") with respect to Mont Conquerant provided by the Group, the property is advised to be developed into a development with a total planned gross floor area of approximately 296,383.27 sq.m. In the valuation of this property, we have assumed that the property will be developed and completed in accordance with such development proposal provided by the Group.

7. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. The State-owned Land Use Rights Grant Contract with respect to the property is legal, valid and binding. The land premium has been fully paid up by the Group in accordance with the aforesaid contract;

   b. The Group has legally obtained the relevant State-owned Land Use Rights Certificates of the property and therefore legally owns the land use rights of the property. The aforesaid State-owned Land Use Rights Certificates are legal and valid and are confirmed and protected by the PRC laws;

   c. The Group has the rights to occupy, use or otherwise develop the property in accordance with its prescribed uses during the term of the land grant;

   d. The Group has the rights to lease, transfer, mortgage or otherwise dispose of the property without paying any additional land use rights premium (except taxes);

   e. The land use rights of the property are subject to mortgages which have been registered. The Group cannot transfer the land use rights of the property during the mortgage period without obtaining the mortgagee's consent unless the transferee of the land use rights of the property has paid off the loan and redeemed the mortgages for the Group;

   f. Except for the aforesaid mortgages, the land use rights of the property are neither subject to any restrictions arising from any other mortgage, sequestration or any third party's rights nor involved in any litigation or arbitration;

   g. There are no circumstances under which the land use rights of the property may be imposed with any idle land fees or repossessed without any compensation; and

   h. The Overall Master Plan mentioned in note 6 has been examined and approved by the local planning bureau in accordance with the laws. The Group could design and implement the master plans for the property in phases (the "Subsequent Master Plans") according to the aforesaid Overall Master Plan and its prescribed economic and technical norms in accordance with the laws and there should be no material legal impediment for the Group to obtain the relevant Construction Works Planning Permit of the property after the Subsequent Master Plans are examined and approved by the local planning bureau.

8. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Grant Contract	Yes
b.	State-owned Land Use Rights Certificate	Yes
c.	Construction Land Planning Permit	Yes
d.	Construction Works Planning Permit	No
e.	Construction Works Commencement Permit	No
f.	Pre-sales Permit	No
g.	Construction Works Completion and Inspection Certificate/Table	No

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2009 RMB
4.	The remaining portion of a parcel of land located at the west to Tianfu Avenue, south to Dachengyi Street and north to the Fu River Hi-tech Zone Chengdu City Sichuan Province The PRC	The property comprises the remaining portion of a parcel of land, with a site area of approximately 29,662.73 sq.m. which is planned to be developed in phases. As advised by the Group, Phases II and III of a urban complex development known as Meinian International Plaza (of which Phase I is currently under construction and set out in this valuation report as property no. 14) are planned to be constructed thereon with a total planned gross floor area of approximately 389,800.02 sq.m. The details are set out as follows: **Usage** / **Gross Floor Area (sq.m.)** Hotel: 80,000 Office: 244,594.34 Commercial: 11,765.66 Car parking spaces: 53,440.02 **Total:** **389,800.02** The land use rights of the property have been granted for terms of 70 years expiring on 29 July 2078 for residential use and 40 years expiring on 29 July 2048 for commercial use.	The property is currently a vacant site.	1,224,000,000 100% interest attributable to the Group: RMB1,224,000,000

Notes:

1. Pursuant to a State-owned Construction Land Land Use Rights Grant Contract (國有建設用地土地使用權出讓合同) – 5101 Gao Xin Nan (2008) Chu Rang He Tong Di No. 12 dated 29 July 2008, the land use rights of a parcel of land with a site area of approximately 113,320.94 sq.m. were contracted to be granted to Sichuan Ximei Investment Co., Ltd. (四川西美投資有限公司) ("Sichuan Ximei Investment", a wholly-owned subsidiary of the Company) for terms of 70 years expiring on 29 July 2078 for residential use and 40 years expiring on 29 July 2048 for commercial use. The land use rights premium was RMB373,959,080.

2. Pursuant to a Construction Land Planning Permit – Di Zi Di No. 510122200829085 in favour of Sichuan Ximei Investment, permission towards the planning of a parcel of land (including this property) with a site area of approximately 155,752.31 sq.m. (requisition of approximately 42,431.37 sq.m. is pending) has been granted to Sichuan Ximei Investment.

3. Pursuant to a State-owned Land Use Rights Certificate – Cheng Gao Guo Yong (2008) Di No. 6025 dated 27 August 2008, the land use rights of a parcel of land with a site area of approximately 113,320.94 sq.m. (including the land use rights of this property and property no. 14) have been granted to Sichuan Ximei Investment for terms of 70 years expiring on 29 July 2078 for residential use and 40 years expiring on 29 July 2048 for commercial use.

4. Pursuant to a Mortgage Contract of Maximum Amount, the land use rights of a parcel of land with a site area of approximately 113,320.94 sq.m. are subject to a mortgage in favour of Chengdu Bank Huaxing Sub-Branch (the "Bank"), as security to guarantee the principal obligation under a credit loan contract (No. 310009109000060000) entered into between the Bank and Sichuan Ximei Investment for a maximum amount of RMB410,000,000 with the security term from 9 June 2009 to 8 December 2012.

5. According to a master plan of overall construction works design proposal (the "Overall Master Plan") with respect to Meinian International Plaza provided by the Group, the property is advised to be developed into a development (Phases II and III of Meinian International Plaza) with a total planned gross floor area of approximately 389,800.02 sq.m. In the valuation of this property, we have assumed that the property will be developed and completed in accordance with such development proposal provided by the Group.

6. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. The State-owned Construction Land Land Use Rights Grant Contract with respect to the property is legal, valid and binding. The land premium has been fully paid up by the Group in accordance with the aforesaid contract;

b. The Group has legally obtained the relevant State-owned Land Use Rights Certificate of the property and therefore legally owns the land use rights of the property. The aforesaid State-owned Land Use Rights Certificate is legal and valid and is confirmed and protected by the PRC laws;

c. The Group has the rights to occupy, use or otherwise develop the property in accordance with its prescribed uses during the term of the land grant;

d. The Group has the rights to lease, transfer, mortgage or otherwise dispose of the property without paying any additional land use rights premium (except taxes);

e. The land use rights of the property are subject to a mortgage which has been registered. The Group cannot transfer the land use rights of the property during the mortgage period without obtaining the mortgagee's consent unless the transferee of the land use rights of the property has paid off the loan and redeemed the mortgage for the Group;

f. Except for the aforesaid mortgage, the land use rights of the property are neither subject to any restrictions arising from any other mortgage, sequestration or any third party's rights nor involved in any litigation or arbitration;

g. There are no circumstances under which the land use rights of the property may be imposed with any idle land fees or repossessed without any compensation; and

h. The Overall Master Plan mentioned in note 5 has been examined and approved by the local planning bureau in accordance with the laws. The Group could design and implement the master plans for the property in phases (the "Subsequent Master Plans") according to the aforesaid Overall Master Plan and its prescribed economic and technical norms in accordance with the laws and there should be no material legal impediment for the Group to obtain the relevant Construction Works Planning Permit of the property after the Subsequent Master Plans are examined and approved by the local planning bureau.

7. A summary of major certificates/approvals is shown as follows:

a.	State-owned Construction Land Land Use Rights Grant Contract	Yes
b.	State-owned Land Use Rights Certificate	Yes
c.	Construction Land Planning Permit	Yes
d.	Construction Works Planning Permit	No
e.	Construction Works Commencement Permit	No
f.	Pre-sales Permit	No
g.	Construction Works Completion and Inspection Certificate/Table	No

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2009 RMB
5.	The remaining portion of a parcel of land located at Guangming Community Jinma Town Wenjiang District Chengdu City Sichuan Province The PRC	The property comprises the remaining portion of a parcel of land with a site area of approximately 88,649.92 sq.m. which is planned to be developed in phases. As advised by the Group, Phases II and the phases thereafter of a large scale residential community development known as Fantasia Town (of which Phase I is currently held for sale and set out in this valuation report as property no. 35) are planned to be constructed thereon with a total planned gross floor area of approximately 475,618.52 sq.m. The details are set out as follows:	The property is currently a vacant site.	262,000,000 100% interest attributable to the Group: RMB262,000,000

Usage	Gross Floor Area (sq.m.)
Residential	357,643.73
Commercial	20,509.28
Car parking spaces	78,735
Public services	18,730.51
Total:	**475,618.52**

The land use rights of the property have been granted for a term of 70 years expiring on 24 October 2071 for residential use.

Notes:

1. Pursuant to 3 State-owned Land Use Rights Grant Contracts – Wen Guo Tu (2001) Chu Rang He Tong Di Nos. 167 to 169 dated 25 October 2001, the land use rights of 3 parcels of land with a total site area of approximately 126,666.7 sq.m. were contracted to be granted to Chengdu Huabaili Real Estate Co., Ltd. (成都花百里置業有限公司) ("Chengdu Huabaili", a wholly-owned subsidiary of the Company) for a term of 40 years for commercial use. The total land use rights premium was RMB684,000.18.

2. Pursuant to a Contract Annexure (合同附件) dated 28 September 2004 with respect to the State-owned Land Use Rights Grant Contracts mentioned above, Chengdu Huabaili shall pay additional land premium (due to the alteration of planned use of portions of the aforesaid land parcels with a total site area of approximately 68,645.37 sq.m., of which the planned use is altered into residential for a granted term of 70 years) of an amount of RMB1,219,828.2.

3. Pursuant to an Alteration Agreement of State-owned Land Use Rights Grant Contract (國有土地使用權出讓合同變更協議) dated 26 July 2005, Chengdu Huabaili shall pay additional land premium (due to the alteration of planned use of the remaining portions of the aforesaid land parcels with a total site area of approximately 58,021.34 sq.m., of which the planned use is altered into residential for a granted term of 70 years) of an amount of RMB1,006,670.

4. Pursuant to a State-owned Land Use Rights Certificate – Wen Guo Yong (2007) Di No. 305 dated 11 April 2007, the land use rights of a parcel of land with a site area of approximately 126,666.7 sq.m. (including this property) have been granted to Chengdu Huabaili for a term of 70 years expiring on 24 October 2071 for residential use.

5. Pursuant to a Construction Land Planning Permit – Cheng Gui Jian (2007) Di No. 023, permission towards the planning of the subject land with a site area of 190 Mu (approximately 126,666.7 sq.m.) has been granted to Chengdu Huabaili.

6. According to a master plan of overall construction works design proposal (the "Overall Master Plan") with respect to Fantasia Town provided by the Group, the property is advised to be developed into a development with a total planned gross floor area of approximately 475,618.52 sq.m. In the valuation of this property, we have assumed that the property will be developed and completed in accordance with such development proposal provided by the Group.

7. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. The State-owned Land Use Rights Grant Contracts, Contract Annexure and Alteration Agreement of State-owned Land Use Rights Grant Contract with respect to the property are legal, valid and binding. The land premiums have been fully paid up by the Group in accordance with the aforesaid contracts and agreement;

b. The Group has legally obtained the relevant State-owned Land Use Rights Certificate of the property and therefore legally owns the land use rights of the property. The aforesaid State-owned Land Use Rights Certificate is legal and valid and is confirmed and protected by the PRC laws;

c. The Group has the rights to occupy, use or otherwise develop the property in accordance with its prescribed uses during the term of the land grant;

d. The Group has the rights to lease, transfer, mortgage or otherwise dispose of the property without paying any additional land use rights premium (except taxes);

e. The property is neither subject to any restrictions arising from any mortgage, sequestration or any third party's rights nor involved in any litigation or arbitration;

f. There are no circumstances under which the land use rights of the property may be imposed with any idle land fees or repossessed without any compensation; and

g. The Overall Master Plan mentioned in note 6 has been examined and approved by the local planning bureau in accordance with the laws. The Group could design and implement the master plans for the property in phases (the "Subsequent Master Plans") according to the aforesaid Overall Master Plan and its prescribed economic and technical norms in accordance with the laws and there should be no material legal impediment for the Group to obtain the relevant Construction Works Planning Permit of the property after the Subsequent Master Plans are examined and approved by the local planning bureau.

8. Pursuant to a Construction Works Planning Permit – Jian Zi Di No. 510115200930027 in favour of Chengdu Huabaili, Phase II of Fantasia Town (8# to 10# buildings and the basement) with a total gross floor area of approximately 105,469.02 sq.m. has been approved for construction.

9. Pursuant to 2 Construction Works Commencement Permits – Nos. 510123200910140101 and 510123200910200101 in favour of Chengdu Huabaili obtained subsequent to the date of valuation, permission by the relevant local authority has been given to commence the construction work of Phase II of Fantasia Town with a total gross floor area of approximately 105,469.02 sq.m.

10. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Grant Contract	Yes
b.	State-owned Land Use Rights Certificate	Yes
c.	Construction Land Planning Permit	Yes
d.	Construction Works Planning Permit	Yes (Portion)
e.	Construction Works Commencement Permit	Yes (Portion)
f.	Pre-sales Permit	No
g.	Construction Works Completion and Inspection Certificate/Table	No

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2009 RMB
6.	A parcel of land located at Jianshe, Shuangtu and Minle Villages Hi-tech Zone Chengdu City Sichuan Province The PRC	The property comprises a parcel of land with a site area of approximately 13,863.43 sq.m. As advised by the Group, the property is planned to be developed into a composite development known as Future Plaza with a total planned gross floor area of approximately 245,248 sq.m. The details are set out as follows: Usage / Gross Floor Area (sq.m.) Office 147,938 Residential 40,140 Commercial 4,660 Car parking spaces 36,383 Ancillary 16,127 **Total: 245,248** The land use rights of the property have been granted for a term of 40 years expiring on 4 July 2047 for commercial service use.	The property is currently a vacant site.	484,000,000 100% interest attributable to the Group: RMB484,000,000

Notes:

1. Pursuant to a State-owned Land Use Rights Grant Contract – 5101 Gao Xin Nan (2007) Chu Rang He Tong Di No. 20 dated 4 July 2007, a parcel of land with a site area of approximately 13,863.43 sq.m. were contracted to be granted to Chengdu Tianhe Kaixuan Real Estate Co., Ltd. (成都天合凱旋置業有限公司) for a term of 40 years for commercial use commencing from the date of contract. The total land use rights premium was RMB98,978,700.

2. Pursuant to a State-owned Land Use Rights Certificate – Cheng Gao Guo Yong (2007) Di No. 6232 dated 12 October 2007, the land use rights of a parcel of land with a site area of approximately 13,863.43 sq.m. have been granted to Chengdu Jiurong Real Estate Development Co., Ltd. (成都九蓉房地產開發有限公司) ("Chengdu Jiurong Development", a wholly-owned subsidiary of the Company) for a term of 40 years expiring on 4 July 2047 for commercial service use.

3. Pursuant to a Construction Land Planning Permit – Gao Xin Gui (2007) No. 157 in favour of Chengdu Jiurong Development, permission towards the planning of a parcel of land with a site area of approximately 18,543.98 sq.m. (requisition of approximately 4,680.55 sq.m. is pending) has been granted to Chengdu Jiurong Development.

4. Pursuant to a Mortgage Contract of Maximum Amount, the land use rights of a parcel of land with a site area of approximately 13,863.43 sq.m. are subject to a mortgage in favour of Industrial and Commercial Bank of China Shenzhen Shendong Sub-Branch (the "Bank"), as security to guarantee the principal obligation under a loan contract entered into between the Bank and Chengdu Tonghe for a maximum amount of RMB200,000,000 with the security term from 5 May 2009 to 4 May 2012.

5. According to a master plan of overall construction works design proposal (the "Overall Master Plan") with respect to Future Plaza provided by the Group, the property is advised to be developed into a development with a total planned gross floor area of approximately 245,248 sq.m. In the valuation of this property, we have assumed that the property will be developed and completed in accordance with such development proposal provided by the Group.

6. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. The State-owned Land Use Rights Grant Contract with respect to the property is legal, valid and binding. The land use rights premium has been fully paid up by the grantee in accordance with the aforesaid contract;

   b. The Group has legally obtained the relevant State-owned Land Use Rights Certificate of the property and therefore legally owns the land use rights of the property. The aforesaid State-owned Land Use Rights Certificate is legal and valid and is confirmed and protected by the PRC laws;

   c. The Group has the rights to occupy, use or otherwise develop the property in accordance with its prescribed use during the term of the land grant;

   d. The Group has the rights to lease, transfer, mortgage or otherwise dispose of the property without paying any additional land use rights premium (except taxes);

e. The land use rights of the property are subject to a mortgage which has been registered. The Group cannot transfer the land use rights of the property during the mortgage period without obtaining the mortgagee's consent unless the transferee of the land use rights of the property has paid off the loan and redeemed the mortgage for the Group;

f. Except for the aforesaid mortgage, the land use rights of the property are neither subject to any restrictions arising from any other mortgage, sequestration or any third party's rights nor involved in any litigation or arbitration;

g. There are no circumstances under which the land use rights of the property may be imposed with any idle land fees or repossessed without any compensation; and

h. The Overall Master Plan mentioned in note 5 has been examined and approved by the local planning bureau in accordance with the laws. The Group could design and implement the master plans for the property in phases (the "Subsequent Master Plans") according to the aforesaid Overall Master Plan and its prescribed economic and technical norms in accordance with the laws and there should be no material legal impediment for the Group to obtain the relevant Construction Works Planning Permit of the property after the Subsequent Master Plans are examined and approved by the local planning bureau.

7. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Grant Contract	Yes
b.	State-owned Land Use Rights Certificate	Yes
c.	Construction Land Planning Permit	Yes
d.	Construction Works Planning Permit	No
e.	Construction Works Commencement Permit	No
f.	Pre-sales Permit	No
g.	Construction Works Completion and Inspection Certificate/Table	No

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2009 RMB
7.	17 parcels of land and the remaining portion of a parcel of land located at Jinhua and Qixin Villages Heshan Town Pujiang County Chengdu City Sichuan Province The PRC	The property comprises 17 parcels of land with a total site area of approximately 675,076.28 sq.m. and the remaining portion of a parcel of land with a site area of approximately 31,374.22 sq.m., summing up at a total site area of approximately 706,450.5 sq.m. The property is held by the Group as reserved land for a development known as Grand Valley (of which Phase I-1 is currently held for sale and Phase I-2 and Section 1 of Phase II-1 are currently under construction and set out in this valuation report as property nos. 34 and 16 respectively) which is planned to be developed in phases with a total planned gross floor area of approximately 1,160,255.82 sq.m. The details are set out as follows:	The property is currently a vacant site.	3,417,000,000 100% interest attributable to the Group: RMB3,417,000,000

Usage	Gross Floor Area (sq.m.)
High-end residential	995,702.24
Apartment	129,214.24
Commercial	35,339.34
Total:	**1,160,255.82**

The land use rights of the property have been granted for terms of 70 years with the expiry dates between 1 January 2078 and 24 September 2079 for residential use.

Notes:

1. Pursuant to 18 State-owned Land Use Rights Grant Contracts – Nos. 2008-01, 2008-255, 2008-356 to 2008-358, 2008-361 to 2008-365 and 2009-201 to 2009-208, the land use rights of 18 parcels of land with a total site area of approximately 732,761.18 sq.m. (including the land use rights of this property) were contracted to be granted to Fantasia Chengdu Ecological Tourism Development Co., Ltd. (花樣年(成都)生態旅遊開發有限公司) ("Fantasia Chengdu Ecological", a wholly-owned subsidiary of the Company) for terms of 70 years for residential use. The total land use rights premium was RMB341,048,540.

   As advised by the Group, the aforesaid land parcels will be occupied by a large scale residential complex known as Grand Valley, of which, Phase I-1 has been completed and Phase I-2 and Section 1 of Phase II-1 are currently under construction.

2. Pursuant to 18 State-owned Land Use Rights Certificates, the land use rights of 18 parcels of land with a total site area of approximately 732,761.18 sq.m. (including the land use rights of this property) have been granted to Fantasia Chengdu Ecological for terms of 70 years with the expiry dates between 1 January 2078 and 24 September 2079 for residential use. The details are summarized as below:

State-owned Land Use Rights Certificate No.	Date of Issue	Usage and Expiry Date	Site Area (m^2)
Pu Guo Yong (2008) Di No. 285	1 July 2008	Residential: 1 January 2078	109,765.2
Pu Guo Yong (2009) Di No. 653	11 June 2009	Residential: 29 December 2078	35,455.18
Pu Guo Yong (2009) Di No. 654	11 June 2009	Residential: 29 December 2078	65,663.8
Pu Guo Yong (2009) Di No. 655	11 June 2009	Residential: 29 December 2078	30,338.16
Pu Guo Yong (2009) Di No. 656	11 June 2009	Residential: 29 December 2078	15,566.57
Pu Guo Yong (2009) Di No. 657	11 June 2009	Residential: 29 December 2078	56,051.4
Pu Guo Yong (2009) Di No. 658	11 June 2009	Residential: 29 December 2078	33,244.92
Pu Guo Yong (2009) Di No. 659	11 June 2009	Residential: 29 December 2078	49,382.76
Pu Guo Yong (2009) Di No. 660	11 June 2009	Residential: 29 December 2078	57,684.9
Pu Guo Yong (2009) Di No. 661	11 June 2009	Residential: 19 October 2078	65,617.9
Pu Guo Yong (2009) Di No. 1338	29 September 2009	Residential: 24 September 2079	8,571.43
Pu Guo Yong (2009) Di No. 1339	29 September 2009	Residential: 24 September 2079	33,093.53
Pu Guo Yong (2009) Di No. 1340	29 September 2009	Residential: 24 September 2079	35,162.05
Pu Guo Yong (2009) Di No. 1341	29 September 2009	Residential: 24 September 2079	35,946.84
Pu Guo Yong (2009) Di No. 1342	29 September 2009	Residential: 24 September 2079	15,986.24
Pu Guo Yong (2009) Di No. 1343	29 September 2009	Residential: 24 September 2079	14,248.75
Pu Guo Yong (2009) Di No. 1344	29 September 2009	Residential: 24 September 2079	43,541.78
Pu Guo Yong (2009) Di No. 1345	29 September 2009	Residential: 24 September 2079	27,439.77
	Total:		**732,761.18**

3. Pursuant to a Mortgage Contract of Maximum Amount, the land use rights of a parcel of land with a site area of approximately 109,765.2 sq.m. under the State-owned Land Use Rights Certificate – Pu Guo Yong (2008) Di No. 285 are subject to a mortgage in favour of Agricultural Bank of China Shenzhen Longhua Sub-Branch (the "Bank"), as security to guarantee the principal obligation under a series of contracts entered into between the Bank and Shenzhen Colour Life Network Services Co., Ltd. (a 70% interest owned subsidiary of the Company) for a maximum amount of RMB20,000,000 with the security term from 19 June 2009 to 14 June 2012.

4. Pursuant to a Mortgage Contract of Maximum Amount, the land use rights of 2 parcel of land with a total site area of approximately 48,811.49 sq.m. under the State-owned Land Use Rights Certificates – Pu Guo Yong (2009) Di Nos. 656 and 658 are subject to a mortgage in favour of Agricultural Bank of China Shenzhen Longhua Sub-Branch (the "Bank"), as security to guarantee the principal obligation under a loan contract (No. 81119200900002980) entered into between the Bank and Shenzhen Kaiyuan Tongji Building Science & Technology Co., Ltd. (a 70% interest owned subsidiary of the Company) for a maximum amount of RMB20,000,000 with the security term from 17 July 2009 to 13 July 2012.

5. Pursuant to a Mortgage Contract of Maximum Amount, the land use rights of a parcel of land with a site area of approximately 49,382.76 sq.m. under the State-owned Land Use Rights Certificate – Pu Guo Yong (2009) Di No. 659 are subject to a mortgage in favour of Agricultural Bank of China Shenzhen Longhua Sub-Branch (the "Bank"), as security to guarantee the principal obligation under a loan contract (No. 81119200900001768) entered into between the Bank and Shenzhen Fantasia Property Management Co., Ltd. (a 70% interest owned subsidiary of the Company) for a maximum amount of RMB20,000,000 with the security term from 17 July 2009 to 13 July 2012.

6. Pursuant to a Mortgage Contract of Maximum Amount, the land use rights of 2 parcels of land with a total site area of approximately 57,790.53 sq.m. under the State-owned Land Use Rights Certificates – Pu Guo Yong (2009) Di Nos. 1343 and 1344 are subject to a mortgage in favour of Industrial and Commercial Bank of China Dongguan Liaobu Sub-Branch (the "Bank"), as security to guarantee the principal obligation under a loan contract (2009 Nian Liao Fang Jie Zi Di No. 001) entered into between the Bank and Dongguan Fantasia Real Estate Investment Co., Ltd. (a wholly-owned subsidiary of the Company) for a maximum amount of RMB35,000,000 with the security term from 20 October 2009 to 18 June 2012.

7. According to the latest development proposal provided by the Group, the property will be developed into a large scale residential complex with a total planned gross floor area of approximately 1,160,255.82 sq.m. In the valuation of this property, we have assumed that the property will be developed and completed in accordance with such development proposal.

   Pursuant to 2 Construction Works Planning Permits mentioned in note 6 of Property no. 16 and the Checkup Comments of Development Design Norm both issued by the Planning Bureau of Pujiang County, the above mentioned development proposal has been approved.

8. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. The State-owned Land Use Rights Grant Contracts with respect to the property are legal, valid and binding. The land premiums have been fully paid up by the Group in accordance with the aforesaid contracts;

   b. The Group has legally obtained the relevant State-owned Land Use Rights Certificates of the property and therefore legally owns the land use rights of the property. The aforesaid State-owned Land Use Rights Certificates are legal and valid and are confirmed and protected by the PRC laws;

   c. The Group has the rights to occupy, use or otherwise develop the property in accordance with its prescribed use during the term of the land grant;

   d. The Group has the rights to lease, transfer, mortgage or otherwise dispose of the property without paying any additional land use rights premium (except taxes);

   e. The land use rights of the land parcels mentioned in notes 3 to 6 are subject to mortgages which have been registered. The Group cannot transfer the land use rights of such parcels of land during the mortgage period without obtaining the mortgagee's consent unless the transferee of the land use rights of such land parcels has paid off the loan and redeemed the mortgages for the Group;

   f. Except for the aforesaid mortgages, the land use rights of the property are neither subject to any restrictions arising from any other mortgage, sequestration or any third party's rights nor involved in any litigation or arbitration; and

   g. There are no circumstances under which the land use rights of the property may be imposed with any idle land fees or repossessed without any compensation.

9. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Grant Contract	Yes
b.	State-owned Land Use Rights Certificate	Yes
c.	Construction Land Planning Permit	No
d.	Construction Works Planning Permit	No
e.	Construction Works Commencement Permit	No
f.	Pre-sales Permit	No
g.	Construction Works Completion and Inspection Certificate/Table	No

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2009 RMB
8.	A parcel of land located at Yaogang and Xialiuwu Danshui Town Huiyang District Huizhou City Guangdong Province The PRC	The property comprises a parcel of land with a site area of approximately 172,000 sq.m. As advised by the Group, the property is planned to be developed into a composite development with a total planned gross floor area of approximately 586,000 sq.m. The land use rights of the property have been granted for a term expiring on 21 July 2044 for composite use.	The property is currently a vacant site.	406,000,000 100% interest attributable to the Group: RMB406,000,000

Notes:

1. Pursuant to a Land Use Rights Transfer Contract (土地使用權轉讓合同) dated 14 September 2009 entered into between Huizhou Huiyang Huaqianli Industry Co., Ltd. (惠州市惠陽區花千里實業有限公司) ("Huizhou Huaqianli", a 100% interest owned subsidiary of the Company) and Hong Kong Jinhui Real Estate Development Company (香港金輝地產拓展公司), the land use rights of a parcel of land with a site area of approximately 172,000 sq.m. were contracted to be transferred to Huizhou Huaqianli at a consideration of RMB117,820,000.

2. Pursuant to a State-owned Land Use Rights Certificate – Hui Yang Guo Yong (2009) Di No. 0101004 dated 18 September 2009, the land use rights of the property with a site area of approximately 172,000 sq.m. have been granted to Huizhou Huaqianli for a term expiring on 21 July 2044 for composite use.

3. Pursuant to a Construction Land Statement issued by the Huiyang District Planning Bureau of Huizhou City, it is stated that the plot ratio of the property with a site area of 172,000 sq.m. should be less than or equal to 2.4 for medium-rise/high-rise buildings and less than or equal to 3.5 for high-rise buildings.

   According to the latest development proposal provided by the Group, the property will be developed into a development with a total planned gross floor area of approximately 586,000 sq.m. (of which, approximately 75,795 sq.m. are underground car parking spaces). In the valuation of this property, we have assumed that the property will be developed and completed in accordance with such development proposal.

4. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. The Land Use Rights Transfer Contract with respect to the property is legal, valid and binding. The transfer fees have been fully paid up by the Group;

   b. The Group has legally obtained the relevant State-owned Land Use Rights Certificate of the property and therefore legally owns the land use rights of the property. The aforesaid State-owned Land Use Rights Certificate is legal and valid and is confirmed and protected by the PRC laws;

   c. The Group has the rights to occupy, use or otherwise develop the property in accordance with its prescribed uses during the term of the land grant;

   d. The Group has the rights to lease, transfer, mortgage or otherwise dispose of the property without paying any additional land use rights premium (except taxes);

   e. The land use rights of the property are neither subject to any restrictions arising from any mortgage, sequestration or any third party's rights nor involved in any litigation or arbitration; and

   f. There are no circumstances under which the land use rights of the property may be imposed with any idle land fees or repossessed without any compensation.

5. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Grant Contract	N/A
b.	Land Use Rights Transfer Contract	Yes
c.	State-owned Land Use Rights Certificate	Yes
d.	Construction Land Planning Permit	No
e.	Construction Works Planning Permit	No
f.	Construction Works Commencement Permit	No
g.	Pre-sales Permit	No
h.	Construction Works Completion and Inspection Certificate/Table	No

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2009 RMB
9.	A parcel of land located at Sanjiaoling of Aotou Huangyuyong Daya Bay Huizhou City Guangdong Province The PRC	The property comprises a parcel of land with a site area of approximately 35,000 sq.m. As advised by the Group, a residential community development known as Endless Blue is planned to be constructed thereon with a total planned gross floor area of approximately 168,545.09 sq.m. The details are set out as follows:	The property is currently a vacant site.	74,000,000 100% interest attributable to the Group: RMB74,000,000

Usage	Gross Floor Area (sq.m.)
Residential	132,276.82
Commercial	4,644
Car parking spaces	18,664.87
Open floor	12,659.4
Public management house	300
Total:	**168,545.09**

The land use rights of the property have been granted for a term expiring on 23 May 2057 for commercial and residential uses.

Notes:

1. Pursuant to 3 State-owned Land Use Rights Grant Contracts – Nos. 441304-D-(2007) 0136 to 441304-D-(2007) 0138 dated 25 May 2007, the land use rights of 3 parcels of land with a total site area of approximately 35,000 sq.m. were contracted to be granted to the Committee of Huangyuyong of Aotou Agency of Daya Bay District (大亞灣區澳頭辦事處黃魚湧村民委員會) (the "Committee of Huangyuyong") for a term expiring on 25 May 2043 for commercial and residential uses. The total land use rights premium was RMB546,000.

2. Pursuant to 3 State-owned Land Use Rights Transfer Contracts dated 23 August 2007 entered into between Huizhou Daya Bay Huawanli Industry Co., Ltd. (惠州大亞灣花萬裏實業有限公司) ("Huizhou Daya Bay", a wholly-owned subsidiary of the Company) and the Committee of Huangyuyong, the land use rights of 3 parcels of land with a total site area of approximately 35,000 sq.m. were contracted to be transferred to Huizhou Daya Bay at a total consideration of RMB34,800,000.

3. Pursuant to a Construction Land Planning Permit – No. (2007) 0696, permission towards the planning of the subject land with a total site area of approximately 35,000 sq.m. has been granted to Huizhou Daya Bay.

4. Pursuant to a State-owned Land Use Rights Certificate – Hui Guo Yong (2008) Di No. 13210300155 dated 20 February 2008, the land use rights of the property with a site area of approximately 35,000 sq.m. have been granted to Huizhou Daya Bay for a term expiring on 23 May 2057 for commercial and residential uses.

5. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

    a. The State-owned Land Use Rights Transfer Contracts with respect to the property are legal, valid and binding. The transfer fees have been fully paid up by the Group;

    b. The Group has legally obtained the relevant State-owned Land Use Rights Certificate of the property and therefore legally owns the land use rights of the property. The aforesaid State-owned Land Use Rights Certificate is legal and valid and is confirmed and protected by the PRC laws;

    c. The Group has the rights to occupy, use or otherwise develop the property in accordance with its prescribed uses during the term of the land grant;

    d. The Group has the rights to lease, transfer, mortgage or otherwise dispose of the property without paying any additional land use rights premium (except taxes);

    e. The land use rights of the property are neither subject to any restrictions arising from any mortgage, sequestration or any third party's rights nor involved in any litigation or arbitration; and

    f. There are no circumstances under which the land use rights of the property may be imposed with any idle land fees or repossessed without any compensation.

6. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Grant Contract	Yes
b.	State-owned Land Use Rights Transfer Contract	Yes
c.	State-owned Land Use Rights Certificate	Yes
d.	Construction Land Planning Permit	Yes
e.	Construction Works Planning Permit	No
f.	Construction Works Commencement Permit	No
g.	Pre-sales Permit	No
h.	Construction Works Completion and Inspection Certificate/Table	No

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2009 RMB
10.	A parcel of land located at Futian Free Trade Zone Futian District Shenzhen City Guangdong Province The PRC	The property comprises a parcel of land with a site area of approximately 18,717.77 sq.m. As advised by the Group, the property is planned to be developed into a development with a total planned gross floor area of approximately 67,908 sq.m. The land use rights of the property have been granted for a term of 50 years commencing from 12 February 1993 and expiring on 11 February 2043 for storage use.	The property is currently a vacant site.	256,000,000 100% interest attributable to the Group: RMB256,000,000

Notes:

1. Pursuant to a Real Estate Title Certificate – Shen Fang Di Zi Di 3000525717, the land use rights of the property with a site area of approximately 18,717.77 sq.m. have been granted to Shenzhen Huiheng Real Estate Co., Ltd. (深圳市匯恒置業有限公司), a wholly-owned subsidiary of the Company, for a term of 50 years commencing from 12 February 1993 and expiring on 11 February 2043 for storage use.

2. Pursuant to a Shenzhen City Construction Works Design Proposal Approval and Comments Letter issued by the Planning Bureau of Shenzhen City, the Planning Bureau basically consents to the development proposal and the detailed design can be proceeded further.

   According to the latest development proposal provided by the Group, the property will be developed into a development with a total planned gross floor area of approximately 67,908 sq.m. In the valuation of this property, we have assumed that the property will be developed and completed in accordance with such development proposal.

3. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. The Group has legally obtained the relevant Real Estate Title Certificate of the property and therefore legally owns the land use rights of the property. The aforesaid Real Estate Title Certificate is legal and valid and is confirmed and protected by the PRC laws;

   b. The Group has the rights to occupy, use or otherwise develop the property in accordance with its prescribed uses during the term of the land grant;

   c. The Group has the rights to lease, transfer, mortgage or otherwise dispose of the property without paying any additional land use rights premium (except taxes);

   d. The land use rights of the property are neither subject to any restrictions arising from any mortgage, sequestration or any third party's rights nor involved in any litigation or arbitration; and

   e. There are no circumstances under which the land use rights of the property may be imposed with any idle land fees or repossessed without any compensation.

4. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Grant Contract	N/A
b.	Real Estate Title Certificate	Yes
c.	Construction Land Planning Permit	No
d.	Construction Works Planning Permit	No
e.	Construction Works Commencement Permit	No
f.	Pre-sales Permit	No
g.	Construction Works Completion and Inspection Certificate/Table	No

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2009 RMB
11.	2 parcels of land located at the southern side of Yingcheng reservoir Hangu District Tianjin The PRC	The property comprises 2 parcels of land with a total site area of approximately 100,000 sq.m. The land use rights of the property have been granted for terms of 70 years expiring on 15 June 2075 for residential use and 40 years expiring on 15 June 2045 for commercial service and tourism uses.	The property is currently a vacant site.	324,000,000 100% interest attributable to the Group: RMB324,000,000

Notes:

1. Pursuant to a State-owned Land Use Rights Grant Contract – No. 2007-48 dated 19 October 2004, the land use rights of a parcel of land with a site area of approximately 100,000 sq.m. were contracted to be granted to Tianjin Fuda Property Transaction Co., Ltd. (天津福大房地產銷售有限公司) ("Tianjin Fuda", a wholly-owned subsidiary of the Company) for terms of 70 years for residential use and 40 years for commercial service and tourism uses commencing from the issuing date of the relevant State-owned Land Use Rights Certificates. The land use rights premium was RMB11,500,000.

2. Pursuant to a State-owned Land Use Rights Grant Contract Annexure (國有土地使用權出讓合同附件) dated 13 June 2005, the apportioned site area for commercial service and tourism uses of the aforesaid land parcel was confirmed as approximately 52,784.6 sq.m., whilst, the remaining portion of the land parcel with a site area of approximately 47,215.4 sq.m. was confirmed for residential use.

3. Pursuant to 2 State-owned Land Use Rights Certificates, the land use rights of 2 parcels of land with a total site area of approximately 100,000 sq.m. have been granted to Tianjin Fuda for terms of 70 years expiring on 15 June 2075 for residential use (with a site area of approximately 47,215.4 sq.m.) and 40 years expiring on 15 June 2045 for commercial service and tourism uses (with a site area of approximately 52,784.6 sq.m.). The details are summarized as below:

State-owned Land Use Rights Certificate No.	Date of Issue	Usage and Expiry Date	Site Area (m²)
Han Dan Guo Yong (2005) Di No. 067	16 June 2005	Residential: 15 June 2075	47,215.4
Han Dan Guo Yong (2005) Di No. 068	16 June 2005	Commercial service and tourism: 15 June 2045	52,784.6
	Total:		**100,000**

4. Pursuant to 2 Mortgage Contracts, the land use rights of the property with a total site area of approximately 100,000 sq.m. are subject to mortgages in favour of China Construction Bank Corporation Shenzhen Branch (the "Bank"), as security to guarantee the principal obligation under a loan contract (No. Jie 2009 Fang 0313006R) entered into between the Bank and Shenzhen Fantasia Investment Development Co., Ltd. (52% interest owned subsidiary of the Company) for a total amount of RMB160,227,000 with the security term from 12 March 2009 to 11 March 2011.

5. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. The State-owned Land Use Rights Grant Contract and its Annexure with respect to the property are legal, valid and binding. The land premium has been fully paid up by the Group in accordance with the aforesaid contract;

   b. The Group has legally obtained the relevant State-owned Land Use Rights Certificates of the property and therefore legally owns the land use rights of the property. The aforesaid State-owned Land Use Rights Certificates are legal and valid and are confirmed and protected by the PRC laws;

   c. The Group has the rights to occupy, use or otherwise develop the property in accordance with its prescribed uses during the term of the land grant;

   d. The Group has the rights to lease, transfer, mortgage or otherwise dispose of the property without paying any additional land use rights premium (except taxes);

   e. The land use rights of the property are subject to mortgages which have been registered. The Group cannot transfer the land use rights of the property during the mortgage period without obtaining the mortgagee's consent unless the transferee of the land use rights of the property has paid off the loan and redeemed the mortgages for the Group;

   f. Except for the aforesaid mortgages, the land use rights of the property are neither subject to any restrictions arising from any other mortgage, sequestration or any third party's rights nor involved in any litigation or arbitration; and

g. There are no circumstances under which the land use rights of the property may be imposed with any idle land fees or repossessed without any compensation.

6. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Grant Contract	Yes
b.	State-owned Land Use Rights Certificate	Yes
c.	Construction Land Planning Permit	No
d.	Construction Works Planning Permit	No
e.	Construction Works Commencement Permit	No
f.	Pre-sales Permit	No
g.	Construction Works Completion and Inspection Certificate/Table	No

VALUATION CERTIFICATE

Group III – Property interests held under development by the Group in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2009 RMB
12.	Phase I of Mont Conquerant located at Yongshang Town Xinjin County Chengdu City Sichuan Province The PRC	The property comprises a portion of a parcel of land (of which the remaining portion is held by the Group for future development and set out in this valuation report as part of property no. 3) with a site area of approximately 83,845.05 sq.m., and 64 residential buildings and a commercial building (known as Phase I of Mont Conquerant) which are currently being constructed thereon. The development of Phase I of Mont Conquerant is scheduled to be completed in August 2010. Upon completion, Phase I of Mont Conquerant will have a total gross floor area of approximately 50,559.73 sq.m. and the details are set out as follows: **Usage** / **Gross Floor Area (sq.m.)** Residential 49,468.85 Commercial 1,090.88 **Total: 50,559.73** As advised by the Group, the total construction cost is estimated to be approximately RMB245,590,000, of which RMB72,495,000 had been paid as at the date of valuation. The land use rights of the property have been granted for terms of 70 years expiring on 29 April 2074 for residential use and 40 years expiring on 29 April 2044 for commercial use.	The property is currently under construction.	315,000,000 100% interest attributable to the Group: RMB315,000,000

Notes:

1. Pursuant to a State-owned Land Use Rights Grant Contract – No. 004-00316 dated 30 April 2004, the land use rights of a parcel of land with a site area of approximately 494,666.7 sq.m. (including the land use rights of this property and property no. 3) were contracted to be granted to Chengdu Xinjin Youbang Real Estate Development Co., Ltd. ("Chengdu Xinjin Youbang", a wholly-owned subsidiary of the Company) commencing from 30 April 2004 for terms of 70 years for residential use and 40 years for commercial use. The land use rights premium was RMB11,686,500.

2. Pursuant to a State-owned Land Use Rights Certificate – Xin Jin Guo Yong (2008) Di No. 1468 dated 17 April 2008, the land use rights of a parcel of land with a site area of approximately 243,536.29 sq.m. (including the land use rights of this property and property no. 3) have been granted to Chengdu Xinjin Youbang for terms of 70 years expiring on 29 April 2074 for residential use and 40 years expiring on 29 April 2044 for commercial use.

3. Pursuant to a Mortgage Contract of Maximum Amount, the land use rights of a parcel of land with a site area of approximately 243,536.29 sq.m. are subject to a mortgage in favour of Industrial and Commercial Bank of China Chengdu Qinglong Sub-Branch (the "Bank"), as security to guarantee the principal obligation under a loan contract and other financing agreements entered into between the Bank and Chengdu Xinjin Youbang for a maximum amount of RMB140,000,000 with the security term from 24 June 2008 to 23 June 2013.

4. Pursuant to a Construction Land Planning Permit – Di Zi Di No. 5101322008210010 in favour of Chengdu Xinjin Youbang, permission towards the planning of 2 parcels of land (including the parcel of land mentioned above) with a total site area of approximately 736.81 Mu (approximately 491,208.67 sq.m.) has been granted to Chengdu Xinjin Youbang.

5. Pursuant to a Construction Works Planning Permit – Jian Zi Di No. 510132200831017 in favour of Chengdu Xinjin Youbang, Phase I of Mont Conquerant (including 64 residential buildings and a commercial building) with a total gross floor area of approximately 50,559.73 sq.m. have been approved for construction.

6. Pursuant to 3 Construction Works Commencement Permits – Nos. 510132200811070101 to 510132200811070103 in favour of Chengdu Xinjin Youbang, permission by the relevant local authority has been given to commence the construction work.

7. Pursuant to a Commodity Building Pre-Sale Permit – Cheng Fang Yu Shou Xin Jin Zi Di No. 292 in favour of Chengdu Xinjin Youbang, the Group is entitled to sell portions of Phase I of Mont Conquerant with a total gross floor area of approximately 14,913.66 sq.m. to purchasers.

8. As advised by the Group, portions of the property with a total gross floor area of approximately 1,708.74 sq.m. have been pre-sold to various third parties for a total consideration of RMB13,059,813 but have not been handed over to the purchasers. In arriving at our opinion of the capital value of the property, we have taken into account the contracted prices of such portions.

9. The capital value of the property, as if completed as at the date of valuation under the development proposals as described above and which can be freely transferred in the market, would be RMB435,000,000.

10. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

    a. The State-owned Land Use Rights Grant Contract with respect to the property is legal, valid and binding. The land use rights premium has been fully paid up by the Group in accordance with the aforesaid contract;

    b. The Group has legally obtained the relevant State-owned Land Use Rights Certificate of the property and therefore legally owns the land use rights of the property. The aforesaid State-owned Land Use Rights Certificate is legal and valid and is confirmed and protected by the PRC laws;

    c. The Group has the rights to occupy, use or otherwise develop the land of this property in accordance with its prescribed uses during the term of the land grant;

    d. The Group has the rights to lease, transfer, mortgage or otherwise dispose of the land use rights of the property without paying any additional land use rights premium (expect taxes);

    e. The land use rights of the property are subject to a mortgage which has been registered. The Group cannot transfer the land use rights of the property during the mortgage period without obtaining the mortgagee's consent unless the transferee of the land use rights of the property has paid off the loan and redeemed the mortgage for the Group;

    f. Except for the aforesaid mortgage, the land use rights of the property are neither subject to any restrictions arising from any other mortgage, sequestration or any third party's rights nor involved in any litigation or arbitration;

    g. The Group has obtained all the necessary approvals, permits and certificates for the construction work in accordance with the relevant PRC and local laws or regulations, which include but are not limited to State-owned Land Use Rights Certificate, Construction Land Planning Permit, Construction Works Planning Permit, Construction Works Commencement Permits and Commodity Building Pre-Sale Permit and therefore can commence the construction work in accordance with the laws;

    h. There will be no legal impediment for the Group to obtain the Building Ownership Certificates of the buildings under construction after the construction works have been completed and passed the acceptance inspection by the relevant authorities;

    i. The Group legally holds the ownership rights of the buildings under construction and has the rights to pre-sell such buildings according to the relevant Pre-Sale Permit and obtain the pre-sale income; and

    j. The contents of the pre-sale contracts with respect to the pre-sold portions of the property do not contravene the PRC laws. However, such pre-sold portions cannot be transferred, leased, mortgaged or otherwise disposed of by the Group unless the purchasers' prior consents have been obtained or the relevant pre-sale contracts have been revoked.

11. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Grant Contract	Yes
b.	State-owned Land Use Rights Certificate	Yes
c.	Construction Land Planning Permit	Yes
d.	Construction Works Planning Permit	Yes
e.	Construction Works Commencement Permit	Yes
f.	Pre-sales Permit	Yes (Portion)
g.	Construction Works Completion and Inspection Certificate/Table	No

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2009 RMB
13.	Hailrun Plaza located at the south to Dongda Street, north to Hongbuzheng Street, east to Yixue Lane and west to Mofang Street Jinjiang District Chengdu City Sichuan Province The PRC	The property comprises a parcel of land with a site area of approximately 9,039.37 sq.m. and 2 composite buildings (known as Hailrun Plaza) which are currently being constructed thereon. The development of Hailrun Plaza is scheduled to be completed in November 2009. Upon completion, Hailrun Plaza will have a total gross floor area of approximately 132,217.68 sq.m. and the details are set out as follows:	The property is currently under construction.	1,255,000,000 100% interest attributable to the Group: RMB1,255,000,000

Usage	Gross Floor Area (sq.m.)
Residential	27,084.66
Commercial	2,919.27
Hotel	19,581.33
Office	62,045.92
Car parking space (606 lots)	16,917.76
Ancillary (non-saleable)	3,668.74
Total:	**132,217.68**

As advised by the Group, the total construction cost is estimated to be approximately RMB650,121,000, of which RMB326,849,000 had been paid as at the date of valuation.

The land use rights of the property have been granted for a term of 40 years expiring on 2 November 2046 for commercial service use.

Notes:

1. Pursuant to a State-owned Land Use Rights Grant Contract – 5101 Jin (2006) Chu Rang He Tong Di No. 22 dated 3 November 2006, the land use rights of a parcel of land with a site area of approximately 15,233.95 sq.m. (of which 9,039.37 sq.m. is granted site area) were contracted to be granted to Chengdu Tonghe Real Estate Co., Ltd. ("Chengdu Tonghe", a wholly-owned subsidiary of the Company) for terms of 40 years for commercial use and 70 years for residential use. The total land grant fee was RMB185,759,670.

2. Pursuant to a Construction Land Planning Permit – Cheng Gui Yong Di (2006) No. 530, permission towards the planning of a parcel of land with a site area of approximately 15,233.95 sq.m. (requisition of approximately 6,194.58 sq.m. is pending) has been granted to Chengdu Tonghe.

3. Pursuant to a State-owned Land Use Rights Certificate – Cheng Guo Yong (2007) Di No. 471 dated 24 May 2007, the land use rights of a parcel of land with a site area of approximately 9,039.37 sq.m. have been granted to Chengdu Tonghe for a term of 40 years expiring on 2 November 2046 for commercial service use.

4. Pursuant to a Mortgage Contract of Maximum Amount, the land use rights of a parcel of land with a site area of approximately 9,039.37 sq.m. are subject to a mortgage in favour of Industrial and Commercial Bank of China Chengdu Qinglong Sub-Branch (the "Bank"), as security to guarantee the principal obligation under a credit loan contract (2008 Nian Qing Long Zi No. 003) entered into between the Bank and Chengdu Tonghe for a maximum amount of RMB130,000,000 with the security term from 24 June 2008 to 23 June 2013.

5. Pursuant to a Construction Works Planning Permit – Jian Zi Di No. 510104200830092 in favour of Chengdu Tonghe, 2 composite buildings with a total gross floor area of approximately 132,217.68 sq.m. have been approved for construction.

6. Pursuant to a Construction Works Commencement Permit – No. 510100200801300301 in favour of Chengdu Tonghe, permission by the relevant local authority has been given to commence the construction work.

7. Pursuant to 3 Commodity Building Pre-Sale Permits – Cheng Fang Yu Shou Zhong Xin Cheng Qu Zi Di Nos. 5563, 5617 and 5764 in favour of Chengdu Tonghe, the Group is entitled to sell portions of the development (Hailrun Plaza) with a total gross floor area of approximately 112,103.82 sq.m. (including the mechanical car parking spaces) to purchasers.

8. As advised by the Group, portions of the property with a total gross floor area of approximately 45,047.45 sq.m. have been pre-sold to various third parties for a total consideration of RMB498,338,422 but have not been handed over to the purchasers. In arriving at our opinion of the capital value of the property, we have taken into account the contracted prices of such portions.

9. The capital value of the property, as if completed as at the date of valuation under the development proposals as described above and which can be freely transferred in the market, would be RMB1,467,000,000.

10. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

    a. The State-owned Land Use Rights Grant Contract with respect to the property is legal, valid and binding. The land grant fee has been fully paid up by the Group in accordance with the aforesaid contract;

    b. The Group has legally obtained the relevant State-owned Land Use Rights Certificate of the property and therefore legally owns the land use rights of the property. The aforesaid State-owned Land Use Rights Certificate is legal and valid and is confirmed and protected by the PRC laws;

    c. The Group has the rights to occupy, use or otherwise develop the land of this property in accordance with its prescribed use during the term of the land grant;

    d. The Group has the rights to lease, transfer, mortgage or otherwise dispose of the land use rights of the property without paying any additional land use rights premium (except taxes);

    e. The land use rights of the property are subject to a mortgage which has been registered. The Group cannot transfer the land use rights of the property during the mortgage period without obtaining the mortgagee's consent unless the transferee of the land use rights of the property has paid off the loan and redeemed the mortgage for the Group;

    f. Except for the aforesaid mortgage, the land use rights of the property are neither subject to any restrictions arising from any other mortgage, sequestration or any third party's rights nor involved in any litigation or arbitration;

    g. The Group has obtained all the necessary approvals, permits and certificates for the construction work in accordance with the relevant PRC and local laws or regulations, which include but are not limited to State-owned Land Use Rights Certificate, Construction Land Planning Permit, Construction Works Planning Permit, Construction Works Commencement Permit and Commodity Building Pre-Sale Permits and therefore can commence the construction work in accordance with the laws;

    h. There will be no legal impediment for the Group to obtain the Building Ownership Certificates of the buildings under construction after construction works have been completed and passed the acceptance inspection by the relevant authorities;

    i. The Group legally holds the ownership rights of the buildings under construction and has the rights to pre-sell such buildings (except the mechanical car parking spaces) according to the relevant Pre-Sale Permits and obtain the pre-sale income; and

    j. The contents of the pre-sale contracts with respect to the pre-sold portions of the property do not contravene the PRC laws. However, such pre-sold portions cannot be transferred, leased, mortgaged or otherwise disposed of by the Group unless the purchasers' prior consents have been obtained or the relevant pre-sale contracts have been revoked.

11. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Grant Contract	Yes
b.	State-owned Land Use Rights Certificate	Yes
c.	Construction Land Planning Permit	Yes
d.	Construction Works Planning Permit	Yes
e.	Construction Works Commencement Permit	Yes
f.	Pre-sales Permit	Yes (Portion)
g.	Construction Works Completion and Inspection Certificate/Table	No

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2009 RMB
14.	Phases I-1 to I-3 of Meinian International Plaza located at the west to Tianfu Avenue, south to Dachengyi Street and north to the Fu River Hi-tech Zone Chengdu City Sichuan Province The PRC	The property comprises a portion of a parcel of land (of which the remaining portion is held by the Group for future development and set out in this valuation report as property no. 4) with a site area of approximately 83,658.21 sq.m. and various residential and office buildings (known as Phase I-1 to Phase I-3 of Meinian International Plaza) which are currently being constructed thereon.	The property is currently under construction.	1,584,000,000 100% interest attributable to the Group: RMB1,584,000,000

The development of Phases I-1 to I-3 of Meinian International Plaza is scheduled to be completed in October 2011. Upon completion, Phases I-1 to I-3 of Meinian International Plaza will have a total gross floor area of approximately 424,439.61 sq.m. and the details are set out as follows:

Usage	Gross Floor Area (sq.m.)
Phase I-1	
Residential	58,353.61
Car parking spaces	27,160
Ancillary (non-saleable)	4,076.91
Sub-total:	**89,590.52**
Phase I-2	
Commercial	3,334.34
Office	96,665.66
Car parking spaces	33,037.6
Ancillary (non-saleable)	3,671.99
Sub-total:	**136,709.59**
Phase I-3	
Residential	128,542.16
Car parking spaces	65,699.38
Ancillary (non-saleable)	3,897.96
Sub-total:	**198,139.5**
Total:	**424,439.61**

As advised by the Group, the total construction cost is estimated to be approximately RMB1,055,667,000, of which RMB105,298,000 had been paid as at the date of valuation.

The land use rights of the property have been granted for terms of 70 years expiring on 29 July 2078 for residential use and 40 years expiring on 29 July 2048 for commercial use.

Notes:

1. Pursuant to a State-owned Construction Land Land Use Rights Grant Contract – 5010 Gao Xin Nan (2008) Chu Rang He Tong Di No. 12 dated 29 July 2008, the land use rights of a parcel of land with a site area of approximately 113,320.94 sq.m. were contracted to be granted to Sichuan Ximei Investment Co., Ltd. ("Sichuan Ximei Investment", a wholly-owned subsidiary of the Company) for terms of 70 years expiring on 29 July 2078 for residential use and 40 years expiring on 29 July 2048 for commercial use. The land use rights premium was RMB373,959,080.

2. Pursuant to a State-owned Land Use Rights Certificate – Cheng Gao Guo Yong (2008) Di No. 6025 dated 27 August 2008, the land use rights of a parcel of land with a site area of approximately 113,320.94 sq.m. (including the land use rights of this property and property no. 4) have been granted to Sichuan Ximei Investment for terms of 70 years expiring on 29 July 2078 for residential use and 40 years expiring on 29 July 2048 for commercial use.

3. Pursuant to a Mortgage Contract of Maximum Amount, the land use rights of a parcel of land with a site area of approximately 113,320.94 sq.m. are subject to a mortgage in favour of Chengdu Bank Huaxing Sub-Branch (the "Bank"), as security to guarantee the principal obligation under a credit loan contract (No. 310009109000060000) entered into between the Bank and Sichuan Ximei Investment for a maximum amount of RMB410,000,000 with the security term from 9 June 2009 to 8 December 2012.
4. Pursuant to a Construction Land Planning Permit – Di Zi Di No. 510122200829085 in favour of Sichuan Ximei Investment, permission towards the planning of a parcel of land with a site area of approximately 155,752.31 sq.m. (requisition of approximately 42,431.37 sq.m. is pending) has been granted to Sichuan Ximei Investment.
5. Pursuant to 3 Construction Works Planning Permits – Jian Zi Di No. 510122200939003 to 510122200939005 in favour of Sichuan Ximei Investment, various residential and office buildings with a total gross floor area of approximately 424,439.61 sq.m. have been approved for construction.
6. Pursuant to 3 Construction Works Commencement Permits – Nos. CGGJ (2009)-J005, CGGJ (2009)-J006 and CGGJ (2009)-J007, in favour of Sichuan Ximei Investment, permission by the relevant local authority has been given to commence the construction work.
7. Pursuant to 3 Commodity Building Pre-sale Permits – Cheng Fang Yu Shou Zhong Xin Cheng Qu Zi Di Nos. 6056, 6092 and 6110 in favour of Sichuan Ximei Investment, the Group is entitled to sell portions of Phases I-1 and I-2 of Meinian International Plaza with a total gross floor area of approximately 158,819.26 to purchasers.
8. As advised by the Group, portions of the property with a total gross floor area of approximately 1,104.2 sq.m. have been pre-sold to various third parties for a total consideration of RMB6,950,900 but have not been handed over to the purchasers. In arriving at our opinion of the capital value of the property, we have taken into account the contracted prices of such portions.
9. The capital value of the property, as if completed as at the date of valuation under the development proposals as described above and which can be freely transferred in the market, would be RMB2,376,000,000.
10. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:
    a. The State-owned Construction Land Land Use Rights Grant Contract with respect to the property is legal, valid and binding. The land use rights premium has been fully paid up by the Group in accordance with the aforesaid contract;
    b. The Group has legally obtained the relevant State-owned Land Use Rights Certificate of the property and therefore legally owns the land use rights of the property. The aforesaid State-owned Land Use Rights Certificate is legal and valid and is confirmed and protected by the PRC laws;
    c. The Group has the rights to occupy, use or otherwise develop the land of this property in accordance with its prescribed uses during the term of the land grant;
    d. The Group has the rights to lease, transfer, mortgage or otherwise dispose of the land use rights of the property without paying any additional land use rights premium (except taxes);
    e. The land use rights of the property are subject to a mortgage which has been registered. The Group cannot transfer the land use rights of the property during the mortgage period without obtaining the mortgagee's consent unless the transferee of the land use rights of the property has paid off the loan and redeemed the mortgage for the Group;
    f. Except for the aforesaid mortgage, the land use rights of the property are neither subject to any restrictions arising from any other mortgage, sequestration or any third party's rights nor involved in any litigation or arbitration;
    g. The Group has obtained all the necessary approvals, permits and certificates for the construction work in accordance with the relevant PRC and local laws or regulations, which include but are not limited to State-owned Land Use Rights Certificate, Construction Land Planning Permit, Construction Works Planning Permit, Construction Works Commencement Permit and Commodity Building Pre-Sale Permits and therefore can commence the construction work in accordance with the laws;
    h. There will be no legal impediment for the Group to obtain the Building Ownership Certificates of the buildings under construction after construction works have been completed and passed the acceptance inspection by the relevant authorities;
    i. The Group legally holds the ownership rights of the buildings under construction and has the rights to pre-sell such buildings according to the relevant Pre-Sale Permits and obtain the pre-sale income; and
    j. The contents of the pre-sale contracts with respect to the pre-sold portions of the property do not contravene the PRC laws. However, such pre-sold portions cannot be transferred, leased, mortgaged or otherwise disposed of by the Group unless the purchaser's prior consents have been obtained or the relevant pre-sale contracts have been revoked.
11. A summary of major certificates/approvals is shown as follows:

a.	State-owned Construction Land Land Use Rights Grant Contract	Yes
b.	State-owned Land Use Rights Certificate	Yes
c.	Construction Land Planning Permit	Yes
d.	Construction Works Planning Permit	Yes
e.	Construction Works Commencement Permit	Yes
f.	Pre-sales Permit	Yes (Portion)
g.	Construction Works Completion and Inspection Certificate/Table	No

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2009 RMB
15.	A parcel of land with 2 buildings known as Ximei Software Research & Technical Personnel Skill Training Centre located at Dayuan Group Hi-tech Zone Chengdu City Sichuan Province The PRC	The property comprises a parcel of land with a site area of approximately 56,711.19 sq.m. and 2 buildings (known as Ximei Software Research & Technical Personnel Skill Training Center) which are currently being constructed thereon. The buildings are scheduled to be completed in November 2009. Upon completion, the buildings will have a total gross floor area of approximately 2,198.45 sq.m. As advised by the Group, the total construction cost is estimated to be approximately RMB14,394,000, of which RMB10,712,000 had been paid as at the date of valuation. The land use rights of the property have been allocated to the Group for education use.	The property is currently under construction.	No commercial value

Notes:

1. Pursuant to a Construction Land Planning Permit – Di Zi Di No. 510122200829042 in favour of Sichuan Ximei Investment Co., Ltd. ("Sichuan Ximei Investment", a wholly-owned subsidiary of the Company), permission towards the planning of a parcel of land with a site area of approximately 59,659.18 sq.m. (requisition of approximately 2,947.99 sq.m. is pending) has been granted to Sichuan Ximei Investment.

2. Pursuant to a Land Fee Payment & Land Transfer Agreement (地價款支付及土地移交協議) – Gao Xin Guo Tu (2008) Nan No. 3 dated 10 June 2008, the land use rights of a parcel of land with a site area of 89.4888 Mu (approximately 59,659.18 sq.m.) (requisition of 85.0668 Mu (approximately 2,947.99 sq.m.) is pending) were contracted to be allocated to Sichuan Ximei Investment for education use. The land fee was RMB34,026,720.

3. Pursuant to a State-owned Land Allocation Decision Letter (國有土地劃撥決定書) – No. 00100452 dated 26 June 2008, a parcel of land with a site area of approximately 59,659.18 sq.m. was to be allocated to Sichuan Ximei Investment for education use.

4. Pursuant to a State-owned Land Use Rights Certificate – Cheng Gao Guo Yong (2008) Di No. 6020 dated 26 August 2008, the land use rights of a parcel of land with a site area of approximately 56,711.19 sq.m. have been allocated to Sichuan Ximei Investment for education use.

5. Pursuant to a Construction Works Planning Permit – Jian Zi Di No. 510122200839307 in favour of Sichuan Ximei Investment, 2 buildings with a total gross floor area of approximately 2,198.45 sq.m. have been approved for construction.

6. Pursuant to a Construction Works Commencement Permit – No. CGGJ (2008)-J258 in favour of Sichuan Ximei Investment, permission by the relevant local authority has been given to commence the construction work.

7. In the valuation of this property, we have attributed no commercial value to the property which is non-transferable as advised by the Company's PRC legal advisers. However, for reference purpose, we are of the opinion that the capital value of the property as at the date of valuation would be RMB102,000,000 assuming all relevant title certificates have been obtained and the property could be freely transferred.

8. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. The Land Fee Payment & Land Transfer Agreement with respect to the property is legal, valid and binding. The land fee has been fully paid up by the Group in accordance with the aforesaid agreement;

   b. The Group has legally obtained the relevant State-owned Land Use Rights Certificate of the land use rights of the property and therefore legally owns the land use rights of the property. The aforesaid State-owned Land Use Rights Certificate is legal and valid and is confirmed and protected by the PRC laws;

   c. The Group has the rights to occupy, use or otherwise develop the land of this property in accordance with its prescribed uses during the term of the land allocation;

   d. The allocated land use rights of the property and the buildings under construction cannot be transferred, leased or mortgaged by the Group unless the approval of the relevant authorities has been obtained and the application for the grant of the land use rights has been completed and the land use rights premium has been paid by the Group;

e. The Group has obtained all the necessary approvals, permits and certificates for the construction work in accordance with the relevant PRC and local laws or regulations, which include but are not limited to State-owned Land Use Rights Certificate, Construction Land Planning Permit, Construction Works Planning Permit and Construction Works Commencement Permit and therefore can commence the construction work in accordance with the laws; and

f. There will be no legal impediment for the Group to obtain the Building Ownership Certificates of the buildings under construction after construction works have been completed and passed the acceptance inspection by the relevant authorities.

9. A summary of major certificates/approvals is shown as follows:

a.	Land Fee Payment & Land Transfer Agreement	Yes
b.	State-owned Land Use Rights Certificate	Yes
c.	Construction Land Planning Permit	Yes
d.	Construction Works Planning Permit	Yes
e.	Construction Works Commencement Permit	Yes
f.	Pre-sales Permit	N/A
g.	Construction Works Completion and Inspection Certificate/Table	No

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2009 RMB
16.	Phase I-2 and Section 1 of Phase II-1 of Grand Valley located at Jinhua and Qixin Villages Heshan Town Pujiang County Chengdu City Sichuan Province The PRC	The property comprises a parcel of land with a site area of approximately 61,609.35 sq.m. and a portion of another parcel of land with a site area of approximately 26,310.68 sq.m. and various residential buildings (known as Phase I-2 and Section 1 of Phase II-1 of Grand Valley. Phases I-1 of Grand Valley is currently held for sale and set out in this valuation report as property no. 34) which are currently being constructed thereon. The development of Phase I-2 and Section 1 of Phase II-1 of Grand Valley are scheduled to be completed in November 2009 and November 2010 respectively. Upon completion, Phase I-2 of Grand Valley will have a total gross floor area of approximately 61,799.72 sq.m., whilst, Section I of Phase II-1 of Grand Valley will have a total gross floor area of approximately 16,835.88 sq.m. As advised by the Group, the total construction cost is estimated to be approximately RMB243,400,000, of which RMB91,538,000 had been paid as at the date of valuation. The land use rights of the property have been granted for a term of 70 years expiring on 9 October 2077 for residential use.	The property is currently under construction.	317,000,000 100% interest attributable to the Group: RMB317,000,000

Notes:

1. Pursuant to a State-owned Land Use Rights Grant Contract – No. 2007-48 dated 1 June 2007, the land use rights of a parcel of land with a site area of approximately 124,173 sq.m. were contracted to be granted to Fantasia Chengdu Ecological Tourism Development Co., Ltd. ("Fantasia Chengdu Ecological", a wholly-owned subsidiary of the Company) for a term of 40 years for commercial service use at a total consideration of RMB31,290,000.

2. Pursuant to a State-owned Land Use Rights Grant Contract – No. 2008-365, the land use rights of a parcel of land with a site area of approximately 57,684.95 sq.m. were contracted to be granted to Fantasia Chengdu Ecological for a term of 70 years for residential use. The land use rights premium was RMB26,305,120.

3. Pursuant to an Alteration Agreement (變更協議) with respect to the State-owned Land Use Rights Grant Contract mentioned in note 1, Fantasia Chengdu Ecological shall pay additional land premium (due to the alteration of planned use of the aforesaid land parcel) of an amount of RMB1,821,914.79. The alteration details are summarized as below:

Previous Planned Usage	Usage After Alteration	Site Area (sq.m.)
Commercial service	Composite residential	62,563.65
Commercial service	Residential	61,609.35
	Total:	**124,173**

4. Pursuant to 2 State-owned Land Use Rights Certificates – Pu Guo Yong (2007) No. 526 and Pu Guo Yong (2009) No. 660, the land use rights of 2 parcels of land with a total site area of approximately 119,294.25 sq.m. (including the land use rights of this property) have been granted to Fantasia Chengdu Ecological for terms of 70 years expiring on 9 October 2077 and 29 December 2078 respectively for residential use.

5. Pursuant to 2 Construction Land Planning Permits – Di Zi Di Nos. 510131200820022 and 510131200920024 in favour of Fantasia Chengdu Ecological, permission towards the planning of 3 parcels of land with a total site area of approximately 184,911.92 sq.m. (including the land parcels of this property) has been granted to Fantasia Chengdu Ecological.

6. Pursuant to 2 Construction Works Planning Permits – Jian Zi Di Nos. 510131200830023 and 510131200930020 in favour of Fantasia Chengdu Ecological, various residential buildings with a total gross floor area of approximately 141,866.34 sq.m. have been approved for construction.

7. Pursuant to 2 Construction Works Commencement Permits – 510131 Pu Jian Shi (2008) No. 22 and 510131 Pu Jian Shi (2009) No. 18 in favour of Fantasia Chengdu Ecological, permission by the relevant local authority has been given to commence portion of the construction work mentioned in note 6 with a total gross floor area of approximately 78,635.6 sq.m.

8. Pursuant to 2 Commodity Building Pre-Sale Permits – Cheng Fang Yu Shou Pu Jiang Zi Di Nos. 2008008 and 2009006 in favour of Fantasia Chengdu Ecological, the Group is entitled to sell Phase I-2 and portions of Section 1 of Phase II-1 of Grand Valley with a total gross floor area of approximately 67,599.34 sq.m. to purchasers.

9. As advised by the Group, portions of the property with a total gross floor area of approximately 36,181.35 sq.m. have been pre-sold to various third parties for a total consideration of RMB156,781,966 but have not been handed over to the purchasers. In arriving at our opinion of the capital value of the property, we have taken into account the contracted prices of such portions.

10. The capital value of the property, as if completed as at the date of valuation under the development proposals as described above and which can be freely transferred in the market, would be RMB431,000,000.

11. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

    a. The State-owned Land Use Rights Grant Contracts and Alteration Agreement with respect to the property are legal, valid and binding. The land grant fee and the additional land premium have been fully paid up by the Group in accordance with the aforesaid contract and agreement;

    b. The Group has legally obtained the relevant State-owned Land Use Rights Certificates of the land use rights of the property and therefore legally owns the land use rights of the property. The aforesaid State-owned Land Use Rights Certificates are legal and valid and are confirmed and protected by the PRC laws;

    c. The Group has the rights to occupy, use or otherwise develop the land of this property in accordance with its prescribed use during the term of the land grant;

    d. The Group has the rights to lease, transfer, mortgage or otherwise dispose of the land use rights of the property without paying any additional land use rights premium (except taxes);

    e. The land use rights of the property are neither subject to any restrictions arising from any mortgage, sequestration or any third party's rights nor involved in any litigation or arbitration;

    f. The Group has obtained all the necessary approvals, permits and certificates for the construction work in accordance with the relevant PRC and local laws or regulations, which include but are not limited to State-owned Land Use Rights Certificates, Construction Land Planning Permits, Construction Works Planning Permits, Construction Works Commencement Permits and Commodity Building Pre-Sale Permits and therefore can commence the construction work in accordance with the laws;

    g. There will be no legal impediment for the Group to obtain the Building Ownership Certificates of the buildings under construction after construction works have been completed and passed the acceptance inspection by the relevant authorities;

    h. The Group legally holds the ownership rights of the buildings under construction and has the rights to pre-sell such buildings according to the relevant Pre-Sale Permits and obtain the pre-sale income; and

    i. The contents of the pre-sale contracts with respect to the pre-sold portions of the property do not contravene the PRC laws. However, such pre-sold portions cannot be transferred, leased, mortgaged or otherwise be disposed by the Group unless the purchasers' prior consents have been obtained or the relevant pre-sale contracts have been revoked.

12. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Grant Contract	Yes
b.	State-owned Land Use Rights Certificate	Yes
c.	Construction Land Planning Permit	Yes
d.	Construction Works Planning Permit	Yes
e.	Construction Works Commencement Permit	Yes
f.	Pre-sales Permit	Yes (Portion)
g.	Construction Works Completion and Inspection Certificate/Table	No

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2009 RMB
17.	Mont Conquerant located at Huangkeng Village Liaobu Town Dongguan City Guangdong Province The PRC	The property comprises a parcel of land with a site area of approximately 52,852.6 sq.m. and various residential buildings (known as Mont Conquerant comprising Phase I and Phase II) which are currently being constructed thereon. The development of Phase I of Mont Conquerant is scheduled to be completed in March 2010 whilst Phase II of Mont Conquerant is scheduled to be completed in June 2011. Upon completion, the development will have a total gross floor area of approximately 142,928.2 sq.m. The details are set out as follows:	The property is currently under construction.	595,000,000 100% interest attributable to the Group: RMB595,000,000

Usage	Gross Floor Area (sq.m.)
Phase I	
Residential	19,945.4
Sub-total:	**19,945.4**
Phase II	
Residential	96,992.7
Basement	25,990.1
Sub-total:	**122,982.8**
Total:	**142,928.2**

As advised by the Group, the total construction cost is estimated to be approximately RMB394,747,000, of which RMB 51,333,000 had been paid as at the date of valuation.

The land use rights of the property have been granted for a term expiring on 4 June 2063 for residential and commercial uses.

Notes:

1. Pursuant to a State-owned Land Use Rights Grant Contract – Dong Guo Tu Chu Rang He Gai (2002) Di No. 85 dated 5 June 2002, the land use rights of a parcel of land with a site area of approximately 53,509 sq.m. were contracted to be granted to Dongguan Liaobu Real Estate Development Co., Ltd. ("Dongguan Liaobu") (東莞市寮步房地產開發總公司) for a term of 61 years for residential and commercial uses. The land use rights premium was RMB535,090.

2. Pursuant to a State-owned Land Use Rights Certificate – Dong Fu Guo Yong (1993) Di Te No. 598 dated 10 July 2002, the land use rights of a parcel of land with a site area of approximately 52,852.6 sq.m. (the "Subject Land") have been granted to Dongguan Liaobu for a term expiring on 4 June 2063 for residential and commercial uses.

3. Pursuant to a State-owned Land Use Rights Transfer Contract for Consideration (國有土地使用權有償轉讓合同) entered into among Shenzhen Tiankuo Investment Co., Ltd. (深圳市天闊投資有限公司) ("Shenzhen Tiankuo"), Shenzhen Meijiangnan Investment and Development Co., Ltd. (深圳市梅江南投資發展有限公司) ("Shenzhen Meijiangnan") and Dongguan Lianhua Group Co., Ltd. (東莞市聯華集團有限公司) dated 21 August 2006, the Subject Land was contracted to be transferred to Shenzhen Tiankuo and Shenzhen Meijiangnan at a consideration of RMB152,987,280.

4. Pursuant to a Development Cooperation Agreement of Dongguan Yuhua Garden Commercial and Residential Zone (合作開發東莞禦華庭商住區協議書) entered into between Shenzhen Tiankuo, Shenzhen Meijiangnan and Dongguan Liaobu dated 28 August 2006, the aforesaid three parties agreed Shenzhen Tiankuo and Shenzhen Meijiangnan to be the joint investors in respect of the development of the Subject Land.

5. Pursuant to a Project Cooperation Agreement (項目合作協議書) entered into between Shenzhen Tiankuo and Shenzhen Meijiangnan dated 15 September 2006, Shenzhen Tiankuo was agreed to be the sole investor in respect of the development of the Subject Land.

6. Pursuant to an Agreement entered into between Dongguan Fantasia Real Estate Investment Co., Ltd. (東莞市花樣年房地產投資有限公司) ("Dongguan Fantasia", a wholly-owned subsidiary of the Company) and Shenzhen Tiankuo dated 26 December 2006, Dongguan Fantasia was agreed to be the sole investor in respect of the development of the Subject Land at a consideration of RMB152,987,300.

7. Pursuant to a State-owned Land Use Rights Transfer Contract of Dongguan City (東莞市國有土地使用權轉讓合同書) – Dong Guo Tu Zhuan Rang He (2008) Di No. 3231 entered into between Dongguan Liaobu and Dongguan Fantasia dated 25 August 2008, the Subject Land was contracted to be transferred to Dongguan Fantasia at a consideration of RMB163,843,100.

8. Pursuant to a State-owned Land Use Rights Certificate – Dong Fu Guo Yong (1993) Di Te No. 598 dated 23 September 2008, the land use rights of the Subject Land with a site area of approximately 52,852.6 sq.m. have been granted to Dongguan Fantasia for a term expiring on 4 June 2063 for residential and commercial uses.

9. Pursuant to a Construction Land Planning Permit – Di Zi Di No. 200882002, permission towards the planning of the Subject Land has been granted to Dongguan Fantasia.

10. Pursuant to 19 Construction Works Planning Permits – Jian Zi Di Nos. 2009-14-004 to 2009-14-016, and 2009-14-035 to 2009-14-040 in favour of Dongguan Fantasia, Phases I and II of Mont Conquerant with a total gross floor area of approximately 142,928.2 sq.m. have been approved for construction.

11. Pursuant to 19 Construction Works Commencement Permits – Nos. 4419002009061700201, 4419002009061700301, 4419002009061700401, 4419002009061700501, 4419002009061700601, 4419002009061700701, 4419002009061700801, 4419002009061700901, 4419002009091800101, 4419002009091800201, 4419002009091800301, 4419002009091800401, 4419002009091800501, 4419002009091800601, 4419002009091800701, 4419002009091800801, 4419002009091800901, 4419002009091801001, 4419002009091801101 in favour of Dongguan Fantasia, permission by the relevant local authority has been given to commence the construction work.

12. Pursuant to a Commodity Building Pre-Sale Permit – 09 Dong Guan Shang Fang Yu Zheng Zi Di No. 00127 in favour of Dongguan Fantasia, the Group is entitled to sell Phase I of Mont Conquerant with a total gross floor area of approximately 19,127 sq.m. to purchasers.

13. As advised by the Group, portions of Phase I of Mont Conquerant with a total gross floor area of approximately 17,645.45 sq.m. have been pre-sold to various third parties for a total consideration of RMB188,514,589 but have not been handed over to the purchasers. In arriving at our opinion of the capital value of the property, we have taken into account the contracted prices of such portions.

14. The capital value of the property, as if completed as at the date of valuation under the development proposals as described above and which can be freely transferred in the market, would be RMB1,182,000,000.

15. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

    a. The State-owned Land Use Rights Transfer Contract of Dongguan City with respect to the property is legal, valid and binding. The transfer fee has been fully paid up by the Group;

    b. The Group has legally obtained the relevant State-owned Land Use Rights Certificate of the property and therefore legally owns the land use rights of the property. The aforesaid State-owned Land Use Rights Certificate is legal and valid and is confirmed and protected by the PRC laws;

    c. The Group has the rights to occupy, use or otherwise develop the land of this property in accordance with its prescribed use during the term of the land grant;

    d. The Group has the rights to lease, transfer, mortgage or otherwise dispose of the land use rights of the property without paying any additional land use rights premium (except taxes);

    e. The land use rights of the property are neither subject to any restrictions arising from any mortgage, sequestration or any third party's rights nor involved in any litigation or arbitration;

    f. The Group has obtained all the necessary approvals, permits and certificates for the construction work in accordance with the relevant PRC and local laws or regulations, which include but are not limited to State-owned Land Use Rights Certificate, Construction Land Planning Permit, Construction Works Planning Permit, Construction Works Commencement Permit and Commodity Building Pre-Sale Permit and therefore can commence the construction work in accordance with the laws;

    g. There will be no legal impediment for the Group to obtain the Building Ownership Certificates of the buildings under construction after construction works have been completed and passed the acceptance inspection by the relevant authorities;

    h. The Group legally holds the ownership rights of the buildings under construction and has the rights to pre-sell such buildings according to the relevant Pre-Sale Permit and obtain the pre-sale income; and

i. The contents of the pre-sale contracts with respect to the pre-sold portions of the property do not contravene the PRC laws. However, such pre-sold portions cannot be transferred, leased, mortgaged or otherwise disposed of by the Group unless the purchaser's prior consents have been obtained or the relevant pre-sale contracts have been revoked.

16. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Grant Contract	Yes
b.	State-owned Land Use Rights Transfer Contract	Yes
c.	State-owned Land Use Rights Certificate	Yes
d.	Construction Land Planning Permit	Yes
e.	Construction Works Planning Permit	Yes
f.	Construction Works Commencement Permit	Yes
g.	Pre-sales Permit	Yes (Portion)
h.	Construction Works Completion and Inspection Certificate/Table	No

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2009 RMB
18.	Love Forever located at Xin'an Community Xincheng Avenue Baoan District Shenzhen City Guangdong Province The PRC	The property comprises 2 parcels of land with a total site area of approximately 23,955.16 sq.m. and various composite buildings and car parking spaces (known as Love Forever comprising Huajun Garden and Huaxiang Garden) which are currently being constructed thereon. The development of Love Forever is scheduled to be completed in March 2011. Upon completion, Love Forever will have a total gross floor area of approximately 132,336.27 sq.m. and the details are set out as follows:	The property is currently under construction.	1,013,000,000 52% interest attributable to the Group: RMB526,800,000

Usage	Gross Floor Area (sq.m.)
Huajun Garden	
Residential	47,070.66
Commercial	4,149.38
Car parking spaces (527 lots)	14,151.44
Ancillary (non-saleable)	3,094.46
Sub-total:	**68,465.94**
Huaxiang Garden	
Residential	44,674.16
Commercial	4,546.29
Car parking spaces (507 lots)	11,910.98
Ancillary (non-saleable)	2,738.9
Sub-total:	**63,870.33**
Total:	**132,336.27**

As advised by the Group, the total construction cost is estimated to be approximately RMB406,109,000, of which RMB20,384,000 had been paid as at the date of valuation.

The land use rights of the property have been granted for a term of 70 years expiring on 10 September 2078 for residential use.

Notes:

1. Pursuant to a Land Use Rights Grant Contract (土地使用權出讓合同書) – Shen Di He Zi (2008) No. 4047 dated 11 September 2008, the land use rights of a parcel of land with a site area of approximately 12,197.06 sq.m. were contracted to be granted to Shenzhen Fantasia Investment Development Co., Ltd. ("Shenzhen Fantasia Investment", a 52% interest owned subsidiary of the Company) and Shenzhen Xin'an Yufeng Joint-Stock Company (深圳市新安裕豐股份合作公司) ("Shenzhen Xin'an Yufeng") for a term of 70 years expiring on 10 September 2078 for residential use, at a consideration of RMB9,544,606, inclusive of land use rights premium, land development fee and municipal facilities fee.

2. Pursuant to a Land Use Rights Grant Contract – Shen Di He Zi (2008) No. 4048 dated 11 September 2008, the land use rights of a parcel of land with a site area of approximately 11,758.1 sq.m. were contracted to be granted to Shenzhen Fantasia Investment and Shenzhen Yuhe Joint-Stock Company (深圳市裕和股份合作公司) ("Shenzhen Yuhe") for a term of 70 years expiring on 10 September 2078 for residential use, at a consideration of RMB9,321,869, inclusive of land use rights premium, land development fee and municipal facilities fee.

3. Pursuant to a Real Estate Title Certificate – Shen Fang Di Zi Di Nos. 5000345562 dated 30 October 2008, the land use rights of a parcel of land with a site area of approximately 11,758.1 sq.m. have been granted to Shenzhen Fantasia Investment and Shenzhen Yuhe for a term of 70 years expiring on 10 September 2078 for residential use.

4. Pursuant to a Real Estate Title Certificate – Shen Fang Di Zi Di Nos. 5000345563 dated 30 October 2008, the land use rights of a parcel of land with a site area of approximately 12,197.06 sq.m. have been granted to Shenzhen Fantasia Investment and Shenzhen Xin'an Yufeng for a term of 70 years expiring on 10 September 2078 for residential use.

5. Pursuant to a Mortgage Contract, the land use rights of 2 parcels of land with a total site area of approximately 23,955.16 sq.m. are subject to a mortgage in favour of Agricultural Bank of China Shenzhen Longhua Sub-Branch (the "Bank"), as security to guarantee the principal obligation under a loan contract (No. 81101200800002038) entered into between the Bank and Shenzhen Fantasia Investment for an amount of RMB130,267,023.

6. Pursuant to a Construction Works Planning Permit – Shen Gui Jian Xu Zi Nos. BA-2008-0170 in favour of Shenzhen Fantasia Investment and Shenzhen Yuhe, various composite buildings with a total gross floor area of approximately 63,870.33 sq.m. have been approved for construction.

7. Pursuant to a Construction Works Planning Permit – Shen Gui Jian Xu Zi No. BA-2008-0171 in favour of Shenzhen Fantasia Investment and Shenzhen Xin'an Yufeng, various composite buildings with a total gross floor area of approximately 68,465.94 sq.m. have been approved for construction.

8. Pursuant to a Construction Works Commencement Permit – No. 44030020080454001 in favour of Shenzhen Fantasia Investment and Shenzhen Xin'an Yufeng, permission by the relevant local authority has been given to commence the construction work.

9. Pursuant to a Construction Works Commencement Permit – No. 44030020080466001 in favour of Shenzhen Fantasia Investment and Shenzhen Yuhe, permission by the relevant local authority has been given to commence the construction work.

10. Pursuant to a Real Estate Pre-Sale Permit – Shen Fang Xu Zi (2009) Baoan No. 021 in favour of Shenzhen Fantasia Investment and Shenzhen Xin'an Yufeng, the Group and Shenzhen Xin'an Yufeng are entitled to sell portions of Huajun Garden with a total gross floor area of approximately 51,106.07 sq.m. to purchasers.

11. The capital value of the property, as if completed as at the date of valuation under the development proposals as described above and which can be freely transferred in the market, would be RMB1,687,000,000.

12. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

    a. The Land Use Rights Grant Contracts with respect to the property are legal, valid and binding. The land grant fees have been fully paid up by the Group, Shenzhen Yuhe and Shenzhen Xin'an Yufeng in accordance with the aforesaid contracts;

    b. The Group, Shenzhen Yuhe and Shenzhen Xin'an Yufeng have legally obtained the relevant Real Estate Title Certificates of the land use rights of the property and therefore legally own the land use rights of the property. The aforesaid Real Estate Title Certificates are legal and valid and are confirmed and protected by the PRC laws;

    c. The Group, Shenzhen Yuhe and Shenzhen Xin'an Yufeng have the rights to occupy, use or otherwise develop the land of this property in accordance with its prescribed use during the term of the land grant;

    d. The Group, Shenzhen Yuhe and Shenzhen Xin'an Yufeng have the rights to lease, transfer, mortgage or otherwise dispose of the land use rights of the property without paying any additional land use rights premium (except taxes);

    e. The land use rights of the property are subject to a mortgage which has been registered. The Group, Shenzhen Yuhe and Shenzhen Xin'an Yufeng cannot transfer the land use rights of the property during the mortgage period without obtaining the mortgagee's consent unless the transferee of the land use rights of the property has paid off the loan and redeemed the mortgage for the Group, Shenzhen Yuhe and Shenzhen Xin'an Yufeng;

    f. Except for the aforesaid mortgage, the land use rights of the property are neither subject to any restrictions arising from any other mortgage, sequestration or any third party's rights nor involved in any litigation or arbitration;

    g. The Group, Shenzhen Yuhe and Shenzhen Xin'an Yufeng have obtained all the necessary approvals, permits and certificates for the construction work in accordance with the relevant PRC and local laws or regulations, which include but are not limited to Real Estate Title Certificates, Construction Works Planning Permit, Construction Works Commencement Permits and Real Estate Pre-Sale Permit and therefore can commence the construction work in accordance with the laws;

    h. There will be no legal impediment for the Group, Shenzhen Yuhe and Shenzhen Xin'an Yufeng to obtain the Real Estate Title Certificates of the buildings under construction on condition that the completion of the construction work has been inspected by relevant authorities; and

    i. The Group legally holds the ownership rights of the buildings under construction and have the rights to pre-sell such buildings according to the relevant Pre-Sale Permit and obtain the pre-sale income.

13. A summary of major certificates/approvals is shown as follows:

a.	Land Use Rights Grant Contract	Yes
b.	State-owned Land Use Rights Certificate	N/A
c.	Real Estate Title Certificate	Yes
d.	Construction Works Planning Permit	Yes
e.	Construction Works Commencement Permit	Yes
f.	Pre-sales Permit	Yes (Portion)
g.	Construction Works Completion and Inspection Certificate/Table	No

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2009 RMB
19.	Town on the Water located at Lianyi Village Xizhu Town Yixing City Jiangsu Province The PRC	The property comprises a parcel of land with a site area of approximately 66,664.4 sq.m. and various complex hotels and residential buildings (known as Town on the Water) which are currently being constructed thereon. The development of Town on the Water is scheduled to be completed in November 2009. Upon completion, Town on the Water will have a total gross floor area of approximately 41,431.6 sq.m. and the details are set out as follows:	The property is currently under construction.	292,000,000 60% interest attributable to the Group: RMB175,200,000

Usage	Gross Floor Area (sq.m.)
Complex hotel	23,652
Residential	17,779.6
Total:	**41,431.6**

As advised by the Group, the total construction cost is estimated to be approximately RMB180,000,000, of which RMB 39,267,000 had been paid as at the date of valuation.

The land use rights of the property have been granted for a term expiring on 9 June 2055 for composite residential use.

Notes:

1. Pursuant to a State-owned Land Use Rights Grant Contract – Yi Tu Chu He Zi (2005) Di No. 141 dated 10 June 2005, the land use rights of a parcel of land with a site area of approximately 66,664.4 sq.m. were contracted to be granted to Yixing Jiangnan Shuixiang Tourism Resort Co., Ltd. ("Yixing Jiangnan Shuixiang", a 60% interest owned subsidiary of the Company) for a term of 40 years commencing from 10 June 2005 and expiring on 9 June 2045 for commercial service use. The land use rights premium was RMB20,100,000.

2. Pursuant to a State-owned Land Use Rights Certificate – Yi Guo Yong (2005) Di No. 000336, the land use rights of a parcel of land with a site area of approximately 66,664.4 sq.m. have been granted to Yixing Jiangnan Shuixiang for a term expiring on 9 June 2055 for composite residential use.

3. Pursuant to 9 Construction Works Planning Permits – Yi Cun Gui (2006) Nos. 31 to 39 in favour of Yixing Jiangnan Shuixiang, various composite hotels and residential buildings with a total gross floor area of approximately 41,431.7 sq.m. have been approved for construction.

4. Pursuant to 2 Construction Works Commencement Permits – Nos. 320282200711190006A and 320282200711190006B in favour of Yixing Jiangnan Shuixiang, permission by the relevant local authority has been given to commence the construction work.

5. Pursuant to 3 Commodity Building Pre-Sale Permits – (2008) Shi Fang Yu Zhun Zi Di No. 050, (2009) Shi Fang Yu Zhun Zi Di Nos. 002 and 016 in favour of Yixing Jiangnan Shuixiang, the Group is entitled to sell portions of the development (Town on the Water) with a total gross floor area of approximately 32,067.99 sq.m. to purchasers.

6. As advised by the Group, portions of the property with a total gross floor area of approximately 10,806.04 sq.m. have been pre-sold to various third parties for a total consideration of RMB126,009,229 but have not been handed over to the purchasers. In arriving at our opinion of the capital value of the property, we have taken into account the contracted prices of such portions.

7. The capital value of the property, as if completed as at the date of valuation under the development proposals as described above and which can be freely transferred in the market, would be RMB389,000,000.

8. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. The State-owned Land Use Rights Grant Contract with respect to the property is legal, valid and binding. The land use rights premium has been fully paid up by the Group in accordance with the aforesaid contract;

b. The Group has legally obtained the relevant State-owned Land Use Rights Certificate of the property and therefore legally owns the land use rights of the property. The aforesaid State-owned Land Use Rights Certificate is legal and valid and is confirmed and protected by the PRC laws;

c. The Group has the rights to occupy, use or otherwise develop the land of this property in accordance with its prescribed use during the term of the land grant;

d. The Group has the rights to lease, transfer, mortgage or otherwise dispose of the land use rights of the property without paying any additional land use rights premium (except taxes);

e. The land use rights of the property are neither subject to any restrictions arising from any mortgage, sequestration or any third party's rights nor involved in any litigation or arbitration;

f. The Group has obtained all the necessary approvals, permits and certificates for the construction work in accordance with the relevant PRC and local laws or regulations, which include but are not limited to State-owned Land Use Rights Certificate, Construction Works Planning Permit, Construction Works Commencement Permits and Commodity Building Pre-Sale Permits and therefore can commence the construction work in accordance with the laws;

g. There will be no legal impediment for the Group to obtain the Building Ownership Certificates of the buildings under construction after construction works have been completed and passed the acceptance inspection by the relevant authorities;

h. The Group legally holds the ownership rights of the buildings under construction and has the rights to pre-sell such buildings according to the relevant Pre-Sale Permits and obtain the pre-sale income; and

i. The contents of the pre-sale contracts with respect to the pre-sold portions of the property do not contravene the PRC laws. However, such pre-sold portions cannot be transferred, leased, mortgaged or otherwise be disposed by the Group unless the purchasers' prior consents have been obtained or the relevant pre-sale contracts have been revoked.

9. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Grant Contract	Yes
b.	State-owned Land Use Rights Certificate	Yes
c.	Construction Land Planning Permit	N/A
d.	Construction Works Planning Permit	Yes
e.	Construction Works Commencement Permit	Yes
f.	Pre-sales Permit	Yes (Portion)
g.	Construction Works Completion and Inspection Certificate/Table	No

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2009 RMB
20.	Hailrun Plaza located at the northern side of Outer Ring and western side of Jiefang South Road Jinnan District Tianjin The PRC	The property comprises a parcel of land with a site area of approximately 21,409.8 sq.m. and various composite buildings and car parking spaces (known as Hailrun Plaza) which are currently being constructed thereon. The development of Hailrun Plaza is scheduled to be completed in December 2010. Upon completion, the development will have a total gross floor area of approximately 131,341 sq.m. The details are set out as follows: **Usage** — **Gross Floor Area (sq.m.)** Office — 50,445.38 Apartment — 26,570.94 Commercial — 3,897.46 Basement — 31,641 Ancillary (non-saleable) — 18,786.22 **Total:** — **131,341** As advised by the Group, the total construction cost is estimated to be approximately RMB483,107,000, of which RMB 60,448,000 had been paid as at the date of valuation. The land use rights of the property have been granted for a term expiring on 19 February 2053 for public construction use.	The property is currently under construction.	507,000,000 60% interest attributable to the Group: RMB304,200,000

Notes:

1. Pursuant to a Meijiangnan C# Land Use Rights Transfer Agreement dated 30 September 2007 entered into between Tianjin Binhai Development Investment Holdings Co., Ltd. and Tianjin Songjiang-Fantasia Estate Co., Ltd. ("Tianjin Songjiang-Fantasia", a 60% interest owned subsidiary of the Company), the land use rights of a parcel of land with a site area of approximately 21,409.8 sq.m. were contracted to be transferred to Tianjin Songjiang-Fantasia at a total consideration of RMB219,340,000.

2. Pursuant to a State-owned Land Use Rights Certificate – Jin Nan Dan Guo Yong (2008) Di No. 102 dated 8 August 2008, the land use rights of a parcel of land with a site area of approximately 21,409.8 sq.m. have been granted to Tianjin Songjiang-Fantasia for a term expiring on 19 February 2053 for public construction use.

3. Pursuant to a Mortgage Contract, the land use rights of the property with a site area of approximately 21,409.8 sq.m. are subject to a mortgage in favour of China Construction Bank Corporation Tianjin Hebei Sub-Branch (the "Bank"), as security to guarantee the principal obligation under a loan contract (No. FKDK200901) entered into between the Bank and Tianjin Songjiang-Fantasia for an amount of RMB100,000,000 with the security term from 13 January 2009 to 12 January 2012.

4. Pursuant to a Construction Land Planning Permit – 2008 Jin Di Zheng No. 0264, permission towards the planning of the subject land with a site area of approximately 21,409.8 sq.m. has been granted to Tianjin Songjiang-Fantasia.

5. Pursuant to 2 Construction Works Planning Permits – 2008 Jin Jian Zheng No. 0055 and 2009 Jin Jian Zheng No. 0005 in favour of Tianjin Songjiang-Fantasia, the development of Hailrun Plaza with a total gross floor area of approximately 131,341 sq.m. (including the underground portions with a total gross floor area of approximately 31,641 sq.m.) have been approved for construction.

6. Pursuant to a Construction Works Commencement Permit – Jian Shi No. 1211230200809133 in favour of Tianjin Songjiang-Fantasia, permission by the relevant local authority has been given to commence the construction work.

7. Pursuant to 3 Commodity Building Pre-Sale Permits – Jin Guo Tu Fang Shou Xu Zi (2009) Di Nos. 107-001 to 107-003 in favour of Tianjin Songjiang-Fantasia, the Group is entitled to sell portions of Hailrun Plaza with a total gross floor area of approximately 26,945.31 sq.m. to purchasers.

8. As advised by the Group, portions of the property with a total gross floor area of approximately 19,772.76 sq.m. have been pre-sold to various third parties for a total consideration of RMB186,020,028 but have not been handed over to the purchasers. In arriving at our opinion of the capital value of the property, we have taken into account the contracted prices of such portions.

9. The capital value of the property, as if completed as at the date of valuation under the development proposals as described above and which can be freely transferred in the market, would be RMB986,000,000.

10. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

    a. The Meijiangnan C# Land Use Rights Transfer Agreement with respect to the property is legal, valid and binding. The transfer fee has been fully paid up by the Group in accordance with the aforesaid agreement;

    b. The Group has legally obtained the relevant State-owned Land Use Rights Certificate of the property and therefore legally owns the land use rights of the property. The aforesaid State-owned Land Use Rights Certificate is legal and valid and is confirmed and protected by the PRC laws;

    c. The Group has the rights to occupy, use or otherwise develop the land of this property in accordance with its prescribed use during the term of the land grant;

    d. The Group has the rights to lease, transfer, mortgage or otherwise dispose of the land use rights of the property without paying any additional land use rights premium (except taxes);

    e. The land use rights of the property are subject to a mortgage which has been registered. The Group cannot transfer the property during the mortgage period without obtaining the mortgagee's consent unless the transferee of the property has paid off the loan and redeemed the mortgage for the Group;

    f. Except for the aforesaid mortgage, the land use rights of the property are neither subject to any restrictions arising from any other mortgage, sequestration or any third party's rights nor involved in any litigation or arbitration;

    g. The Group has obtained all the necessary approvals, permits and certificates for the construction work in accordance with the relevant PRC and local laws or regulations, which include but are not limited to State-owned Land Use Rights Certificate, Construction Land Planning Permit, Construction Works Planning Permits, Construction Works Commencement Permit and Commodity Building Pre-Sale Permits and therefore can commence the construction work in accordance with the laws;

    h. There will be no legal impediment for the Group to obtain the Building Ownership Certificates of the buildings under construction after construction works have been completed and passed the acceptance inspection by the relevant authorities;

    i. The Group legally holds the ownership rights of the buildings under construction and has the rights to pre-sell such buildings according to the relevant Pre-Sale Permits and obtain the pre-sale income; and

    j. The contents of the pre-sale contracts with respect to the pre-sold portions of the property do not contravene the PRC laws. However, such pre-sold portions cannot be transferred, leased, mortgaged or otherwise be disposed by the Group unless the purchasers' prior consents have been obtained or the relevant pre-sale contracts have been cancelled.

11. A summary of major certificates/approvals is shown as follows:

a.	Land Use Rights Transfer Agreement	Yes
b.	State-owned Land Use Rights Certificate	Yes
c.	Construction Land Planning Permit	Yes
d.	Construction Works Planning Permit	Yes
e.	Construction Works Commencement Permit	Yes
f.	Pre-sales Permit	Yes (Portion)
g.	Construction Works Completion and Inspection Certificate/Table	No

VALUATION CERTIFICATE

Group IV – Property interests held for investment by the Group in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2009 RMB
21.	Units 218, 219, 221 to 225, 227 and 228 of Fairy Land located at Renmin North Road Luohu District Shenzhen City Guangdong Province The PRC	The property comprises 9 commercial units on Level 2 of a 27-storey composite building known as Fairy Land completed in 2001. The property has a total gross floor area of approximately 385.45 sq.m. The land use rights of the property have been granted for a term of 70 years commencing from 3 November 1999 and expiring on 2 November 2069 for residential and commercial uses.	The property is currently rented to a connected party for commercial use except for Unit 218 with a gross floor area of approximately 42.7 sq.m. which is currently vacant.	1,760,000 52% interest attributable to the Group: RMB915,000

Notes:

1. Pursuant to 9 Real Estate Title Certificates – Shen Fang Di Zi Di Nos. 2000261091 to 2000261097, 2000261099 and 2000261100, 9 commercial units with a total gross floor area of approximately 385.45 sq.m. are owned by Shenzhen Fantasia Investment Development Co., Ltd. ("Shenzhen Fantasia Investment", a 52% interest owned subsidiary of the Company). The relevant land use rights of the property have been granted to Shenzhen Fantasia Investment for a term of 70 years commencing from 3 November 1999 for residential and commercial uses.

2. According to a Building Enhanced Value Program Service Agreement, the property (except for Unit 218) with a total gross floor area of approximately 342.75 sq.m. is rented to Shenzhen Colour Life Network Services Co., Ltd. (深圳市彩生活網絡服務有限公司) (a 70% interest owned subsidiary of the Company), for a term of 5 years commencing from 1 June 2009 and expiring on 31 May 2014 at a monthly rent of RMB5,998.13, exclusive of management fees, water and electricity charges.

3. 4 commercial units of the property under the Real Estate Title Certificates – Shen Fang Di Zi Di Nos. 2000261092, 2000261094, 2000261097 and 2000261100 with a total gross floor area of approximately 178.48 sq.m. are sequestrated by the People's Court of Futian District of Shenzhen City as conservatory measures in litigation.

4. In the valuation of this property, we have attributed no commercial value to the 4 commercial units mentioned in note 3 which are subject to restrictions in their transfer as advised by the Company's PRC legal advisers. However, for reference purpose, we are of the opinion that the aggregate sum of capital value of the 4 commercial units as at the date of valuation would be RMB1,476,000 assuming such units could be freely transferred.

5. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. The Group has legally obtained the relevant title certificates of the property and therefore legally holds the ownership rights of the property;

   b. Subject to note 5(c) below, the Group has the rights to use, lease, transfer, mortgage or otherwise dispose of the property in accordance with the PRC laws without paying any additional land use rights premium (except taxes);

   c. For the 4 commercial units mentioned in note 3 which are subject to sequestration, the Group is subject to restrictions in their transfer during the sequestration period;

   d. Except for the aforesaid sequestrations, the property is neither subject to any restrictions arising from any other mortgage, sequestration or any third party's rights nor involved in any litigation or arbitration; and

   e. The service agreement mentioned in note 2 is legal, valid and legally binding on the contractual parties and its contents do not contravene the relevant PRC laws and regulations.

6. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Certificate	N/A
b.	Real Estate Title Certificate	Yes

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2009 RMB
22.	Units 101 and 148 and 200 car parking spaces of My Place located at Xiasha Village South Binhe Road Futian District Shenzhen City Guangdong Province The PRC	The property comprises 2 commercial units on Level 1 and 200 car parking spaces of a 32-storey composite building completed in 2005. The 2 commercial units of the property have a total gross floor area of approximately 11,100.07 sq.m. The land use rights of the property have been granted for a term of 70 years commencing from 22 September 2003 and expiring on 21 September 2073 for residential and commercial uses.	The property is currently rented to various independent third parties for commercial and car parking uses. The tenancies with respect to the car parking spaces are on short-term monthly basis.	249,650,000 52% interest attributable to the Group: RMB129,818,000

Notes:

1. Pursuant to 2 Real Estate Title Certificates – Shen Fang Di Zi Di Nos. 3000383916 and 3000383917, 2 commercial units of the property with a total gross floor area of approximately 11,100.07 sq.m. are owned by Shenzhen Fantasia Investment Development Co., Ltd. ("Shenzhen Fantasia Investment", a 52% interest owned subsidiary of the Company). The relevant land use rights have been granted to Shenzhen Fantasia Investment for a term of 70 years commencing from 22 September 2003 and expiring on 21 September 2073 for residential and commercial uses.

2. According to a Tenancy Agreement, the 2 commercial units of the property are rented to Shirble Department Store Chain Co., Ltd. ("Shirble Department", an independent third party) for a term of 18 years commencing from 15 December 2005 at a monthly rent of RMB476,902, exclusive of management fees, water and electricity charges. The rent will be increased by 2% annually thereafter from 16 August 2009.

3. As advised by the Company, the 200 car parking spaces of the property are subject to various monthly tenancies.

4. Pursuant to a Mortgage Contract, the 2 commercial units of the property with a total gross floor area of approximately 11,100.07 sq.m. are subject to a mortgage in favour of Hua Xia Bank Co., Ltd. Shenzhen Branch (the "Bank"), as security to guarantee the principal under a loan contract (No. SZ211024080006) entered into between the Bank and Shenzhen Fantasia Investment for an amount of RMB100,000,000 with the security term from 27 September 2008 to 27 September 2016.

5. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. The Group has legally obtained the relevant title certificates of the 2 commercial units of the property and therefore legally holds the ownership rights of such commercial units;

   b. The Group has the rights to use, lease, transfer, mortgage or otherwise dispose of the aforesaid commercial units in accordance with the PRC laws without paying any additional land use rights premium (except taxes);

   c. No title registration is provided by the relevant authorities up to the date of valuation with regard to the car parking spaces in Shenzhen City, which objectively restricts the Group from transferring the ownership rights of the car parking spaces in accordance with the PRC Real Rights Law. However, the Group legally holds the ownership rights of the car parking spaces of this property in accordance with the PRC Real Rights Law owing to the following reasons:

      i). The car parking spaces have been constructed in accordance with the local planning provisions and the relevant Construction Work Planning Inspection Certificate has been obtained by the Group; and

      ii). The ownership rights of the car parking spaces have been contracted to be vested in the Group rather than apportioned as common area according to the Real Estate Sales and Purchase Contracts entered into between the Group and the purchasers.

   d. The Group should observe the stipulation as prescribed by the PRC Real Rights Law to firstly meet the requirements of the owners of the building in exercising the Group's ownership rights of the car parking spaces;

   e. The Group is restricted from transferring their ownership rights of the car parking spaces. However, the Group has the rights to lease the car parking spaces to obtain rental income and transfer the earning rights to obtain profits;

   f. For the 2 commercial units mentioned in note 4 which are subject to mortgage, the Group cannot transfer them during the mortgage period without obtaining the mortgagee's consent unless the transferee of such commercial units has paid off the loan and redeemed the mortgage for the Group. Moreover, the existing lease of such commercial units mentioned in note 2 is not binding on the registered mortgage;

g. Except for the aforesaid mortgage, the property is neither subject to any restrictions arising from any other mortgage, sequestration or any third party's rights nor involved in any litigation or arbitration; and

h. The tenancy agreement mentioned in note 2 is legal, valid and legally binding on the contractual parties and its contents do not contravene the relevant PRC laws and regulations.

6. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Certificate	N/A
b.	Real Estate Title Certificate	Yes

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2009 RMB
23.	Unit 16B of Jinfeng Mansion located at Shangbu South Road Futian District Shenzhen City Guangdong Province The PRC	The property comprises an office unit on Level 16 of a 28-storey commercial building known as Jinfeng Mansion completed in 1996. The property has a gross floor area of approximately 450.21 sq.m. The land use rights of the property have been granted for a term of 50 years commencing from 28 May 1994 and expiring on 28 May 2044 for commercial and financial uses	The property is currently vacant.	4,502,000 52% interest attributable to the Group: RMB2,341,000

Notes:

1. Pursuant to a Real Estate Title Certificate – Shen Fang Di Zi Di No. 3000003945, an office unit with a gross floor area of approximately 450.21 sq.m. is owned by Shenzhen Xingyan Investment Development Co., Ltd. (深圳市星彥投資發展有限公司) ("Shenzhen Xingyan"). The relevant land use rights of the property with an apportioned site area of approximately 24.9 sq.m. have been granted to Shenzhen Xingyan for a term of 50 years commencing from 28 May 1994 and expiring on 28 May 2044 for commercial and financial uses.

2. Shenzhen Xingyan is now known as Shenzhen Fantasia Investment Development Co., Ltd., a 52% interest owned subsidiary of the Company.

3. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. The Group has legally obtained the relevant title certificate of the property and therefore legally holds the ownership rights of the property;

   b. The Group has the rights to use, lease, transfer, mortgage or otherwise dispose of the property in accordance with the PRC laws without paying any additional land use rights premium (except taxes); and

   c. The property is neither subject to any restrictions arising from any mortgage, sequestration or any third party's rights nor involved in any litigation or arbitration.

4. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Certificate	N/A
b.	Real Estate Title Certificate	Yes

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2009 RMB
24.	Unit 110 and 191 car parking spaces of Pair Life located at Wenjindu Luohu District Shenzhen City Guangdong Province The PRC	The property comprises a commercial unit on Level 1 and 191 car parking spaces of Pair Life completed in 2003. The commercial unit has a gross floor area of approximately 1,234.93 sq.m. The land use rights of the property have been granted for a term of 70 years commencing from 13 September 1999 and expiring on 12 September 2069 for residential and commercial uses.	The property is currently rented to various independent third parties for commercial and car parking uses. The tenancies with respect to the car parking spaces are on short-term monthly basis.	30,625,000 52% interest attributable to the Group: RMB15,925,000

Notes:

1. Pursuant to a Real Estate Title Certificate – Shen Fang Di Zi Di No. 2000288247, Unit 110 of Pair Life of the property with a gross floor area of approximately 1,234.93 sq.m. is owned by Shenzhen Fantasia Investment Development Co., Ltd. ("Shenzhen Fantasia Investment", a 52% interest owned subsidiary of the Company). The relevant land use rights have been granted to Shenzhen Fantasia Investment for a term of 70 years commencing from 13 September 1999 and expiring on 12 September 2069 for residential and commercial uses.

2. According to a Tenancy Agreement, the commercial unit of the property is rented to Shenzhen Minrun Agricultural Products Distribution Co., Ltd. (深圳市民潤農產品配送連鎖商業有限公司), an independent third party to the Company, for a term of 15 years commencing from 28 November 2004 at a monthly rent of RMB35,840 for the first year. The rent will be increased by 3% every two years, exclusive of management fees, water and electricity charges.

3. As advised by the Company, the 191 car parking spaces of the property are subject to various monthly tenancies.

4. Pursuant to a Mortgage Contract of Maximum Amount, the commercial unit of the property with a gross floor area of approximately 1,234.93 sq.m. is subject to a mortgage in favour of Shanghai Pudong Development Bank Co., Ltd. Shenzhen Branch (the "Bank"), as security to guarantee the principal obligation under a financing agreement (No. ED790009000433) entered into between the Bank and Shenzhen Fantasia Investment for a maximum amount of RMB80,000,000 with the security term from 29 April 2009 to 29 April 2012.

5. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. The Group has legally obtained the relevant title certificate of the commercial unit of the property and therefore legally holds the ownership rights of such commercial unit;

   b. The Group has the rights to use, lease, transfer, mortgage or otherwise dispose of the aforesaid commercial unit in accordance with the PRC laws without paying any additional land use rights premium (except taxes);

   c. No title registration is provided by the relevant authorities up to the date of valuation with regard to the car parking spaces in Shenzhen City, which objectively restricts the Group from transferring the ownership rights of the car parking spaces in accordance with the PRC Real Rights Law. However, the Group legally holds the ownership rights of the car parking spaces of this property in accordance with the PRC Real Rights Law owing to the following reasons:

      i). The car parking spaces have been constructed in accordance with the local planning provisions and the relevant Construction Work Planning Inspection Certificate has been obtained by the Group; and

      ii). The ownership rights of the car parking spaces have been contracted to be vested in the Group rather than apportioned as common area according to the Real Estate Sales and Purchase Contracts entered into between the Group and the purchasers.

   d. The Group should observe the stipulation as prescribed by the PRC Real Rights Law to firstly meet the requirements of the owners of the building in exercising the Group's ownership rights of the car parking spaces;

   e. The Group is restricted from transferring their ownership rights of the car parking spaces. However, the Group has the rights to lease the car parking spaces to obtain rental income and transfer the earning rights to obtain profits;

   f. The commercial unit of the property is subject to mortgage which has been registered. The Group cannot transfer it during the mortgage period without obtaining the mortgagee's consent unless the transferee of such commercial unit has paid off the loan and redeemed the mortgage for the Group. Moreover, the existing lease of the commercial unit mentioned in note 2 is not binding on the registered mortgage;

g. Except for the aforesaid mortgage, the property is neither subject to any restrictions arising from any other mortgage, sequestration or any third party's rights nor involved in any litigation or arbitration; and

h. The tenancy agreement mentioned in note 2 is legal, valid and legally binding on the contractual parties and its contents do not contravene the relevant PRC laws and regulations.

6. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Certificate	N/A
b.	Real Estate Title Certificate	Yes

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2009 RMB
25.	Units 24H, 24J, 24K, 24L, a community club (Unit 101) and 100 car parking spaces of Self Life located at the junction of Fuhua Road and Binhe Road Futian District Shenzhen City Guangdong Province The PRC	The property comprises 4 residential units, a community club and 100 car parking spaces of a 24-storey residential building known as Self Life completed in 2004. The 4 residential units have a total gross floor area of approximately 230.74 sq.m. The community club has a gross floor area of approximately 1,252.3 sq.m. The land use rights of the property have been granted for a term of 70 years commencing from 10 March 2003 and expiring on 9 March 2073 for residential use.	The property is currently rented to various independent and connected parties for inn operation, community club and car parking uses. The tenancies with respect to the car parking spaces are on short-term monthly basis.	30,335,000 52% interest attributable to the Group: RMB15,774,000

Notes:

1. Pursuant to 5 Real Estate Title Certificates – Shen Fang Di Zi Di Nos. 3000413118 and 3000352645 to 3000352648, 4 residential units and a community club with a total gross floor area of approximately 1,483.04 sq.m. are owned by Shenzhen Fantasia Investment Development Co., Ltd. ("Shenzhen Fantasia Investment", a 52% interest owned subsidiary of the Company). The relevant land use rights have been granted to Shenzhen Fantasia Investment for a term of 70 years commencing from 10 March 2003 and expiring on 9 March 2073 for residential use.

2. According to a Tenancy Agreement, the community club of the property is rented to Shenzhen Xifuhui Private Community Club Management Co., Ltd. (深圳市喜福會私人會所管理有限公司), a connected party to the Company, for a term of 5 years expiring on 31 December 2012 at a monthly rent of RMB25,046, exclusive of management fees, water and electricity charges.

3. According to a Tenancy Agreement, the 4 residential units of the property are rented to Shenzhen Xusheng Haopaite Hotel & Apartment Management Co., Ltd. (深圳市旭盛豪派特酒店公寓管理有限公司), an independent third party to the Company, for a term commencing from 8 January 2009 and expiring on 7 May 2012 at a monthly rent of RMB15,000 for the first 4 months. The rent will be increased by 5% annually thereafter from 8 May 2009, exclusive of management fees, water and electricity charges.

4. As advised by the Company, the 100 car parking spaces of the property are subject to various monthly tenancies.

5. Pursuant to a Mortgage Contract of Maximum Amount, the community club of the property with a gross floor area of approximately 1,252.3 sq.m. is subject to a mortgage in favour of Shanghai Pudong Development Bank Co., Ltd. Shenzhen Branch (the "Bank"), as security to guarantee the principal obligation under a financing agreement (No. ED790009000434) entered into between the Bank and Shenzhen Fantasia Investment for a maximum amount of RMB22,432,110 with the security term from 29 April 2009 to 29 April 2012.

6. 3 residential units of the property under the Real Estate Title Certificates – Shen Fang Di Zi Di Nos. 3000352645, 3000352647 and 3000352648 with a total gross floor area of approximately 167.1 sq.m. are sequestrated by the People's Court of Futian District Shenzhen City as conservatory measures in litigation.

7. In the valuation of this property, we have attributed no commercial value to the 3 residential units mentioned in note 6 which are subject to restrictions in their transfer as advised by Company's PRC legal advisers. However, for reference purpose, we are of the opinion that the aggregate sum of capital value of the 3 residential units as at the date of valuation would be RMB2,685,000 assuming such units could be freely transferred.

8. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. The Group has legally obtained the relevant title certificates of the 4 residential units and the community club of the property and therefore legally holds the ownership rights of such residential units and community club;

   b. Subject to note 8(g) below, the Group has the rights to use, lease, transfer, mortgage or otherwise dispose of the aforesaid residential units and community club in accordance with the PRC laws without paying any additional land use rights premium (except taxes);

   c. No title registration is provided by the relevant authorities up to the date of valuation with regard to the car parking spaces in Shenzhen City, which objectively restricts the Group from transferring the ownership rights of the car parking spaces in accordance with the PRC Real Rights Law. However, the Group legally holds the ownership rights of the car parking spaces of this property in accordance with the PRC Real Rights Law owing to the following reasons:

i). The car parking spaces have been constructed in accordance with the local planning provisions and the relevant Construction Work Planning Inspection Certificate has been obtained by the Group; and

ii). The ownership rights of the car parking spaces have been contracted to be vested in the Group rather than apportioned as common area according to the Real Estate Sales and Purchase Contracts entered into between the Group and the purchasers.

d. The Group should observe the stipulation as prescribed by the PRC Real Rights Law to firstly meet the requirements of the owners of the building in exercising the Group's ownership rights of the car parking spaces;

e. The Group is restricted from transferring their ownership rights of the car parking spaces. However, the Group has the rights to lease the car parking spaces to obtain rental income and transfer the earning rights to obtain profits;

f. The community club of the property is subject to mortgage which has been registered. The Group cannot transfer it during the mortgage period without obtaining the mortgagee's consent unless the transferee of the community club has paid off the loan and redeemed the mortgage for the Group. Moreover, the existing lease of the community club mentioned in note 2 is not binding on the registered mortgage;

g. For the 3 residential units mentioned in note 6 which are subject to sequestration, the Group is subject to restrictions in their transfer during the sequestration period;

h. Except for the aforesaid mortgage and sequestration, the property is neither subject to any restrictions arising from any other mortgage, sequestration or any third party's rights nor involved in any litigation or arbitration; and

i. The tenancy agreements mentioned in notes 2 and 3 are legal, valid and legally binding on the contractual parties and its contents do not contravene the relevant PRC laws and regulations.

9. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Certificate	N/A
b.	Real Estate Title Certificate	Yes

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2009 RMB
26.	Units 105 to 108 and 200 car parking spaces of Hailrun Complex No. 6021 Shennan Boulevard Futian District Shenzhen City Guangdong Province The PRC	The property comprises 4 commercial units and 200 car parking spaces of a 28-storey composite building known as Hailrun Complex completed in 2003. The 4 commercial units have a total gross floor area of approximately 42.91 sq.m. The land use rights of the property have been granted for a term of 50 years commencing from 25 March 2001 and expiring on 24 March 2051 for commercial and office uses.	The property is currently rented to various independent third parties for commercial and car parking uses except for Units 105 and 106 with a total gross floor area of approximately 22.08 sq.m. which are currently vacant. The tenancies with respect to the car parking spaces are on short-term monthly basis.	42,325,000 52% interest attributable to the Group: RMB22,009,000

Notes:

1. Pursuant to 4 Real Estate Title Certificates – Shen Fang Di Zi Nos. 3000216859, 3000216860, 3000216862, and 3000216863, 4 commercial units with a total gross floor area of approximately 42.91 sq.m. are owned by Shenzhen Fantasia Investment Development Co., Ltd. ("Shenzhen Fantasia Investment", a 52% interest owned subsidiary of the Company). The relevant land use rights have been granted to Shenzhen Fantasia Investment for a term of 50 years commencing from 25 March 2001 and expiring on 24 March 2051 for commercial and office uses.

2. Pursuant to a Tenancy Agreement, Unit 107 of the property with a gross floor area of approximately 10.44 sq.m. is rented to Shenzhen Futian All-weather Express Flower Shop (深圳市福田區全天候速遞花店, an independent third party) for a term of 1 year commencing from 1 January 2009 and expiring on 31 December 2009 at a monthly rent of RMB2,000, exclusive of management fees, water and electricity charges.

3. Pursuant to a Tenancy Agreement, Unit 108 of the property with a gross floor area of approximately 10.39 sq.m. is rented to Shenzhen Gangshentong Motors Driver Training Co., Ltd. (深圳市港深通汽車駕駛員培訓有限公司, an independent third party) for a term of 1 year commencing from 1 August 2009 and expiring on 31 July 2010 at a monthly rent of RMB838 exclusive of management fees, water and electricity charges.

4. As advised by the Company, the 200 car parking spaces of the property are subject to various monthly tenancies.

5. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. The Group has legally obtained the relevant title certificates of the 4 commercial units of the property and therefore legally holds the ownership rights of such commercial units;

   b. The Group has the rights to use, lease, transfer, mortgage or otherwise dispose of the aforesaid commercial units in accordance with the PRC laws without paying any additional land use rights premium (except taxes);

   c. No title registration is provided by the relevant authorities up to the date of valuation with regard to the car parking spaces in Shenzhen City, which objectively restricts the Group from transferring the ownership rights of the car parking spaces in accordance with the PRC Real Rights Law. However, the Group legally holds the ownership rights of the car parking spaces of this property in accordance with the PRC Real Rights Law owing to the following reasons:

      i). The car parking spaces have been constructed in accordance with the local planning provisions and the relevant Construction Work Planning Inspection Certificate has been obtained by the Group; and

      ii). The ownership rights of the car parking spaces have been contracted to be vested in the Group rather than apportioned as common area according to the Real Estate Sales and Purchase Contracts entered into between the Group and the purchasers.

   d. The Group should observe the stipulation as prescribed by the PRC Real Rights Law to firstly meet the requirements of the owners of the building in exercising the Group's ownership rights of the car parking spaces;

   e. The Group is restricted from transferring their ownership rights of the car parking spaces. However, the Group has the rights to lease the car parking spaces to obtain rental income and transfer the earning rights to obtain profits;

f. The property is neither subject to any restrictions arising from any mortgage, sequestration or any third party's rights nor involved in any litigation or arbitration; and

g. The tenancy agreements mentioned in notes 2 and 3 are legal, valid and legally binding on the contractual parties and its contents do not contravene the relevant PRC laws and regulations.

6. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Certificate	N/A
b.	Real Estate Title Certificate	Yes

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2009 RMB
27.	177 car parking spaces of Endless Blue located at the northern side of North Ring Xiameilin Futian District Shenzhen City Guangdong Province The PRC	The property comprises 177 car parking spaces within a residential development known as Endless Blue completed in 1999.	The property is currently rented to various independent third parties for car parking use. The tenancies with respect to the property are on short-term monthly basis.	12,766,000 52% interest attributable to the Group: RMB6,638,000

Notes:

1. As advised by the Company, the property is subject to various monthly tenancies.

2. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. No title registration is provided by the relevant authorities up to the date of valuation with regard to the car parking spaces in Shenzhen City, which objectively restricts the Group from transferring the ownership rights of the car parking spaces in accordance with the PRC Real Rights Law. However, the Group legally holds the ownership rights of the car parking spaces of this property in accordance with the PRC Real Rights Law owing to the following reasons:

      i). The car parking spaces have been constructed in accordance with the local planning provisions and the relevant Construction Work Planning Inspection Certificate has been obtained by the Group; and

      ii). The ownership rights of the car parking spaces have been contracted to be vested in the Group rather than apportioned as common area according to the Real Estate Sales and Purchase Contracts entered into between the Group and the purchasers.

   b. The Group should observe the stipulation as prescribed by the PRC Real Rights Law to firstly meet the requirements of the owners of the building in exercising the Group's ownership rights of the car parking spaces;

   c. The Group is restricted from transferring their ownership rights of the car parking spaces. However, the Group has the rights to lease the car parking spaces to obtain rental income and transfer the earning rights to obtain profits; and

   d. The property is neither subject to any restrictions arising from any mortgage, sequestration or any third party's rights nor involved in any litigation or arbitration.

3. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Certificate	N/A
b.	Real Estate Title Certificate	N/A

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2009 RMB
28.	336 car parking spaces of Future Plaza located at Qiaocheng North Road Nanshan District Shenzhen City Guangdong Province The PRC	The property comprises 336 car parking spaces within an office development known as Future Plaza completed in 2008.	The property is currently rented to various independent third parties for car parking use. The tenancies with respect to the property are on short-term monthly basis.	61,937,000 100% interest attributable to the Group: RMB61,937,000

Notes:

1. As advised by the Company, the property is subject to various monthly tenancies.

2. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. No title registration is provided by the relevant authorities up to the date of valuation with regard to the car parking spaces in Shenzhen City, which objectively restricts the Group from transferring the ownership rights of the car parking spaces in accordance with the PRC Real Rights Law. However, the Group legally holds the ownership rights of the car parking spaces of this property in accordance with the PRC Real Rights Law owing to the following reasons:

      i). The car parking spaces have been constructed in accordance with the local planning provisions and the relevant Construction Work Planning Inspection Certificate has been obtained by the Group; and

      ii). The ownership rights of the car parking spaces have been contracted to be vested in the Group rather than apportioned as common area according to the Real Estate Sales and Purchase Contracts entered into between the Group and the purchasers.

   b. The Group should observe the stipulation as prescribed by the PRC Real Rights Law to firstly meet the requirements of the owners of the building in exercising the Group's ownership rights of the car parking spaces;

   c. The Group is restricted from transferring their ownership rights of the car parking spaces. However, the Group has the rights to lease the car parking spaces to obtain rental income or transfer the earning rights to obtain profits; and

   d. The property is neither subject to any restrictions arising from any mortgage, sequestration or any third party's rights nor involved in any litigation or arbitration.

3. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Certificate	N/A
b.	Real Estate Title Certificate	N/A

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2009 RMB
29.	145 car parking spaces of Flower Harbour located at the northern side of Mingzhu Avenue Yantian District Shenzhen City Guangdong Province The PRC	The property comprises 145 car parking spaces of a 33-storey residential building known as Flower Harbour completed in 2008.	The property is currently rented to various independent third parties for car parking use. The tenancies with respect to the property are on short-term monthly basis.	7,793,000 100% interest attributable to the Group: RMB7,793,000

Notes:

1. As advised by the Company, the property is subject to various monthly tenancies.

2. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. No title registration is provided by the relevant authorities up to the date of valuation with regard to the car parking spaces in Shenzhen City, which objectively restricts the Group from transferring the ownership rights of the car parking spaces in accordance with the PRC Real Rights Law. However, the Group legally holds the ownership rights of the car parking spaces of this property in accordance with the PRC Real Rights Law owing to the following reasons:

      i). The car parking spaces have been constructed in accordance with the local planning provisions and the relevant Construction Work Planning Inspection Certificate has been obtained by the Group; and

      ii). The ownership rights of the car parking spaces have been contracted to be vested in the Group rather than apportioned as common area according to the Real Estate Sales and Purchase Contracts entered into between the Group and the purchasers.

   b. The Group should observe the stipulation as prescribed by the PRC Real Rights Law to firstly meet the requirements of the owners of the building in exercising the Group's ownership rights of the car parking spaces;

   c. The Group is restricted from transferring their ownership rights of the car parking spaces. However, the Group has the rights to lease the car parking spaces to obtain rental income and transfer the earning rights to obtain profits; and

   d. The property is neither subject to any restrictions arising from any mortgage, sequestration or any third party's rights nor involved in any litigation or arbitration.

3. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Certificate	N/A
b.	Real Estate Title Certificate	N/A

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2009 RMB
30.	Units 1 and 7 on Level 1 of Pair Life No.8 Dachuan Lane Jinjiang District Chengdu City Sichuan Province The PRC	The property comprises 2 commercial units on Level 1 of an 11-storey composite building known as Pair Life completed in 2004 The property has a total gross floor area of approximately 184.04 sq.m. The land use rights of the property have been granted for terms expiring on 8 November 2036 for commercial use and 8 November 2066 for residential use.	The property is currently rented to 2 independent third parties for commercial use.	1,616,000 58.8% interest attributable to the Group: RMB950,000

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate – Cheng Guo Yong (2004) No. 1542, the land use rights of a parcel of land, on which the property is located, with a site area of approximately 3,000.02 sq.m. have been granted to Fantasia (Chengdu) Development Company Limited ("Fantasia Chengdu Development", a 58.8% owned subsidiary of the Company) for terms expiring on 8 November 2036 for commercial use and expiring on 8 November 2066 for residential use.

2. Pursuant to a Building Ownership Certificate – Rong Fang Quan Zheng Cheng Fang Jian Zheng Zi Di No.1045846, the commercial portion of a composite building with a total gross floor area of approximately 1,512.18 sq.m. (including this property) is owned by Fantasia Chengdu Development.

3. According to a Tenancy Agreement, Unit 1 with a gross floor area of approximately 127.67 sq.m. is rented to Zhou Ni (周妮) (an independent third party to the Company), for a term of 3 years commencing from 20 July 2009 and expiring on 19 July 2012 at a monthly rent of RMB8,299 (rent-free for the first month), exclusive of management fees, water and electricity charges. The rent will be increased within 5% annually based on the then market rent level.

4. According to a Tenancy Agreement, Unit 7 with a gross floor area of approximately 56.37 sq.m. is rented to Chen Jun (陳軍) (an independent third party) for a term commencing from 1 April 2009 and expiring on 31 May 2014 at a monthly rent of RMB3,382 with a rent-free period for the first 2 months, exclusive of management fees, water and electricity charges. The rent will be increased within 5% annually thereafter 31 May 2011 based on the then market rent level.

5. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. The Group has legally obtained the relevant title certificate of the property and therefore legally holds the ownership rights of the property;

   b. The Group has the rights to use, lease, transfer, mortgage or otherwise dispose of the property in accordance with the PRC laws without paying any additional land use rights premium (except taxes);

   c. The property is neither subject to any restrictions arising from any mortgage, sequestration or any third party's rights nor involved in any litigation or arbitration; and

   d. The tenancy agreements mentioned in notes 3 and 4 are legal, valid and legally binding on the contractual parties and its contents do not contravene the relevant PRC laws and regulations.

6. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Certificate	Yes
b.	Building Ownership Certificate	Yes

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2009 RMB
31.	165 car parking spaces of Human Art Wisdom No. 33 Ximianqiao Street Wuhou District Chengdu City Sichuan Province The PRC	The property comprises 165 car parking spaces within a 16-storey residential building known as Human Art Wisdom completed in 2004. The property has a total gross floor area of approximately 6,411.48 sq.m. The land use rights of the property have been granted for terms expiring on 12 December 2042 for commercial use and 12 December 2072 for residential use.	The property is currently rented to various independent third parties for car parking use. The tenancies with respect to the property are on short-term monthly basis.	16,106,000 58.8% interest attributable to the Group: RMB9,470,000

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate – Cheng Guo Yong (2003) No. 1071, the land use rights of a parcel of land, on which the property is located, with a site area of approximately 4,897.08 sq.m. have been granted to Fantasia (Chengdu) Development Company Limited ("Fantasia Chengdu Development", a 58.8% owned subsidiary of the Company) for terms expiring on 12 December 2042 for commercial use and 12 December 2072 for residential use.

2. Pursuant to a Building Ownership Certificate – Cheng Fang Quan Zheng Jian Zheng Zi No. 1169509, the car parking portion of a residential building with a total gross floor area of approximately 6,731 sq.m. (including this property) is owned by Fantasia Chengdu Development.

3. As advised by the Company, the property is subject to various monthly tenancies.

4. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. The Group has legally obtained the relevant title certificate of the property and therefore legally holds the ownership rights of the property;

   b. The Group has the rights to use, lease, transfer, mortgage or otherwise dispose of the property in accordance with the PRC laws without paying any additional land use rights premium (except taxes); and

   c. The property is neither subject to any restrictions arising from any mortgage, sequestration or any third party's rights nor involved in any litigation or arbitration.

5. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Certificate	Yes
b.	Building Ownership Certificate	Yes

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2009 RMB
32.	The commercial portion of a community club and 15 car parking spaces of Fantasia Special Town No. 333 Huanglong Avenue 2nd Section Gongxing Town Shuangliu County Sichuan Province The PRC	The property comprises the commercial portion of a 4-storey community club and 15 car parking spaces of a residential development known as Fantasia Special Town completed in 2006. The commercial portion of the community club has a gross floor area of approximately 2,489.26 sq.m. The 15 car parking spaces have a total gross floor area of approximately 275.8 sq.m. The land use rights of the property have been granted for a term of 70 years expiring on 29 October 2071 for residential use.	The property is currently vacant except for the car parking spaces which are currently rented to various independent third parties for car parking use. The tenancies with respect to the car parking spaces are on short-term monthly basis.	9,637,000 100% interest attributable to the Group: RMB9,637,000

Notes:

1. Pursuant to 2 State-owned Land Use Rights Certificates – Shuang Guo Yong (2001) No. 01086 and Shuang Guo Yong (2001) No. 01087, the land use rights of 2 parcels of land, on which the property is located, with a total site area of approximately 106,451.74 sq.m. have been granted to Chengdu Tonghe Real Estate Co., Ltd. ("Chengdu Tonghe", a wholly-owned subsidiary of the Company) for a term of 70 years expiring on 29 October 2071 for residential use.

2. Pursuant to a Building Ownership Certificate – Shuang Fang Quan Zheng Shuang Quan Zi Di No. 0141215, a building (community club) with a total gross floor area of approximately 3,091.28 sq.m. (including the commercial portion of this property) is owned by Chengdu Tonghe.

3. Pursuant to a Building Ownership Certificate – Shuang Fang Quan Zheng Shuang Quan Zi Di No. 0244218, the car parking spaces of the property with a total gross floor area of approximately 275.8 sq.m. are owned by Chengdu Tonghe.

4. As advised by the Company, the car parking spaces of the property are subject to various monthly tenancies.

5. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. The Group has legally obtained the relevant title certificates of the property and therefore legally holds the ownership rights of the property;

   b. The Group has the rights to use, lease, transfer, mortgage or otherwise dispose of the property in accordance with the PRC laws without paying any additional land use rights premium (except taxes); and

   c. The property is neither subject to any restrictions arising from any mortgage, sequestration or any third party's rights nor involved in any litigation or arbitration.

6. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Certificate	Yes
b.	Building Ownership Certificate	Yes

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2009 RMB
33.	180 car parking spaces of My Place No. 9 Wuqing South Road Wuhou District Chengdu City Sichuan Province The PRC	The property comprises 180 car parking spaces within a residential development known as My Place completed in 2008. The property has a total gross floor area of approximately 5,861.88 sq.m. The land use rights of the property have been granted for terms of 70 years expiring on 26 April 2075 for residential use and 40 years expiring on 26 April 2045 for commercial use.	The property is currently rented to various independent third parties for car parking use. The tenancies with respect to the property are on short-term monthly basis.	9,209,000 100% interest attributable to the Group: RMB9,209,000

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate – Cheng Guo Yong (2007) No. 112, the land use rights of a parcel of land with a site area of approximately 9,248.52 sq.m., on which the property is located, have been granted to Chengdu Huaqianli Real Estate Co., Ltd. (成都花千里置業有限公司) ("Chengdu Huaqianli", a wholly-owned subsidiary of the Company) for terms of 70 years expiring on 26 April 2075 for residential use and 40 years expiring on 26 April 2045 for commercial use.

2. Pursuant to a Building Ownership Certificate – Cheng Fang Quan Zheng Jian Zheng Zi Di No. 1886906, the property with a total gross floor area of approximately 5,861.88 sq.m. are owned by Chengdu Huaqianli.

3. As advised by the Company, the property is subject to various monthly tenancies.

4. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. The Group has legally obtained the relevant title certificate of the property and therefore legally holds the ownership rights of the property;

   b. The Group has the rights to use, lease, transfer, mortgage or otherwise dispose of the property in accordance with the PRC laws without paying any additional land use rights premium (except taxes); and

   c. The property is neither subject to any restrictions arising from any mortgage, sequestration or any third party's rights nor involved in any litigation or arbitration.

5. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Certificate	Yes
b.	Building Ownership Certificate	Yes

VALUATION CERTIFICATE

Group V – Property interests held for sale by the Group in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2009 RMB
34.	Various residential and commercial units of Phase I-1 of Grand Valley located at Jinhua and Qixin Villages Heshan Town Pujiang County Chengdu City Sichuan Province The PRC	The property comprises the unsold portion of Phase I-1 of Grand Valley completed in 2008. The property comprises 162 residential units and 53 commercial units with a total gross floor area of approximately 15,960.15 sq.m. The details are set out as follows: **Usage** / **Gross Floor Area (sq.m.)** Residential 12,499.59 Commercial 3,460.56 **Total: 15,960.15** The land use rights of the property have been granted for terms of 70 years expiring on 9 October 2077 for residential use and 40 years expiring on 9 October 2047 for commercial use.	The property is currently vacant.	82,426,000 100% interest attributable to the Group: RMB82,426,000

Notes:

1. Pursuant to a State-owned Land Use Rights Grant Contract – No. 2007-48 dated 1 June 2007, the land use rights of a parcel of land with a site area of approximately 124,173 sq.m. were contracted to be granted to Fantasia Chengdu Ecological Tourism Development Co., Ltd. ("Fantasia Chengdu Ecological", a wholly-owned subsidiary of the Company) for a term of 40 years for commercial service use at a total consideration of RMB31,290,000.

2. Pursuant to an Alteration Agreement (變更協議) with respect to the State-owned Land Use Rights Grant Contract mentioned above, Fantasia Chengdu Ecological shall pay additional land premium (due to the alteration of planned use of the aforesaid land parcel) of an amount of RMB1,821,914.79. The alteration details are summarized as below:

Previous Planned Usage	Usage After Alteration	Site Area (sq.m.)
Commercial service	Composite residential	62,563.65
Commercial service	Residential	61,609.35
	Total:	**124,173**

3. Pursuant to a State-owned Land Use Rights Certificate – Pu Guo Yong (2007) No. 525, the land use rights of a parcel of land (on which Phase I-1 of Grand Valley is located) with a site area of approximately 62,563.65 sq.m. have been granted to Fantasia Chengdu Ecological for terms of 70 years expiring on 9 October 2077 for residential use and 40 years expiring on 9 October 2047 for commercial use.

4. Pursuant to 4 Commodity Building Pre-Sale Permits – Cheng Fang Yu Shou Zi Di Nos. 20070008, 20070009 and Cheng Fang Yu Shou Pu Jiang Zi Di Nos. 2008004 and 2008007 in favour of Fantasia Chengdu Ecological, the Group is entitled to sell Phase I-1 of Grand Valley (including this property) with a total gross floor area of approximately 50,697.9 sq.m. to purchasers.

5. As advised by the Group, various residential and commercial units of the property with a total gross floor area of approximately 6,024.76 sq.m. have been pre-sold to various third parties for a total consideration of RMB33,363,760 but have not been handed over to the purchasers. In arriving at our opinion of the capital value of the property, we have taken into account the contracted prices of such units.

6. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. In the process of developing the property, the Group has obtained all the necessary approvals, permits and certificates in accordance with the relevant PRC and local laws or regulations, which include but are not limited to State-owned Land Use Rights Certificate, Construction Land Planning Permit, Construction Works Planning Permit, Construction Works Commencement Permit, Commodity Building Pre-Sale Permits and Construction Works Completion and Inspection Certificate/Table;

b. The Group legally holds the ownership rights of the property and there is no legal impediment for the Group to obtain the relevant Building Ownership Certificates of the property in accordance with the relevant PRC laws; and

c. The Group has the rights to use, lease, transfer, mortgage or otherwise dispose of the property in accordance with the relevant PRC laws.

7. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Certificate	Yes
b.	Construction Land Planning Permit	Yes
c.	Construction Works Planning Permit	Yes
d.	Construction Works Commencement Permit	Yes
e.	Pre-sales Permit	Yes
f.	Construction Works Completion and Inspection Certificate/Table	Yes
g.	Building Ownership Certificate	No

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2009 RMB
35.	Various residential and commercial units and various car parking spaces of Phase I of Fantasia Town located at Guangming Community Jinma Town Wenjiang District Chengdu City Sichuan Province The PRC	The property comprises the unsold portion of Phase I of Fantasia Town completed in 2009. ("Part A") Part A comprises 105 residential units and 49 commercial units and various car parking spaces with a total gross floor area of approximately 34,022.06 sq.m. The details are set out as follows: **Usage** / **Gross Floor Area (sq.m.)** Residential 9,528.93 Commercial 3,420.25 Car parking spaces 21,072.88 **Total: 34,022.06** In addition to Part A, the property also comprises 2 commercial buildings (i.e. Nos. 7 and 21 buildings of Phase I of Fantasia Town) which are currently under construction. ("Part B") The development of Part B is scheduled to be completed in May 2011. Upon completion, Part B will have a total gross floor area of approximately 8,144.42 sq.m. As advised by the Group, the total construction cost of Part B is estimated to be approximately RMB30,053,000, of which RMB15,271,000 had been paid as at the date of valuation. The land use rights of the property have been granted for a term of 70 years expiring on 24 October 2071 for residential use.	The property is currently vacant.	91,887,000 100% interest attributable to the Group: RMB91,887,000

Notes:

1. Pursuant to 3 State-owned Land Use Rights Grant Contracts – Wen Guo Tu (2001) Chu Rang He Tong Di Nos. 167 to 169 dated 25 October 2001, the land use rights of 3 parcels of land with a total site area of approximately 126,666.7 sq.m. were contracted to be granted to Chengdu Huabaili Real Estate Co., Ltd. ("Chengdu Huabaili", a wholly-owned subsidiary of the Company) for a term of 40 years for commercial use.

2. Pursuant to a Contract Annexure (合同附件) dated 28 September 2004 with respect to the State-owned Land Use Rights Grant Contracts mentioned above, Chengdu Huabaili shall pay additional land premium (due to the alteration of planned use of portions of the aforesaid land parcels with a total site area of approximately 68,645.37 sq.m., of which the planned use is altered into residential for a granted term of 70 years) of an amount of RMB1,219,828.2.

3. Pursuant to an Alteration Agreement of State-owned Land Use Rights Grant Contract (國有土地使用權出讓合同變更協議) dated 26 July 2005, Chengdu Huabaili shall pay additional land premium (due to the alteration of planned use of the remaining portions of the aforesaid land parcels with a total site area of approximately 58,021.34 sq.m., of which the planned use is altered into residential for a granted term of 70 years) of an amount of RMB1,006,670.

4. Pursuant to a State-owned Land Use Rights Certificate – Wen Guo Yong (2007) Di No. 305 dated 11 April 2007, the land use rights of a parcel of land with a site area of approximately 126,666.7 sq.m. (including the land use rights of this property) have been granted to Chengdu Huabaili for a term of 70 years expiring on 24 October 2071 for residential use.

5. Pursuant to a Construction Works Planning Permit – Jian Zi Di No. 510115200830009 in favour of Chengdu Huabaili, Phase I of Fantasia Town with a total gross floor area of approximately 118,688.37 sq.m. has been approved for construction.

6. Pursuant to 2 Construction Works Commencement Permits – Nos. 510123200803200101 and 510123200803200102 in favour of Chengdu Huabaili, permission by the relevant local authority has been given to commence the construction work.

7. Pursuant to 2 Commodity Building Pre-Sale Permits – Cheng Fang Yu Shou Wen Jiang Qu Zi Di Nos. 628 and 630 in favour of Chengdu Huabaili, the Group is entitled to sell portion of Phase I of Fantasia Town with a total gross floor area of approximately 89,521.93 sq.m. (including Part A of this property) to purchasers.

8. Pursuant to 10 Building Ownership Certificates – Wen Fang Quan Zheng Jian Zheng Zi Di Nos. 0142721, 0142722, 0142725 to 0142728 and 0142730 to 0142733, various residential and commercial units with a total gross floor area of approximately 84,882.53 sq.m. (including the residential and commercial units of Part A of this property) are owned by Chengdu Huabaili.

9. As advised by the Group, 32 residential units of Part A of the property with a total gross floor area of approximately 2,852.64 sq.m. have been pre-sold to various third parties for a total consideration of approximately RMB9,494,619 but have not been handed over to the purchasers. In arriving at our opinion of the capital value of the property, we have taken into account the contracted prices of such units.

10. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

    a. In the process of developing the property, the Group has obtained all the necessary approvals, permits and certificates in accordance with the relevant PRC and local laws or regulations, which include but are not limited to State-owned Land Use Rights Certificate, Construction Land Planning Permit, Construction Works Planning Permit, Construction Works Commencement Permits, Commodity Building Pre-Sale Permits and Construction Works Completion and Inspection Certificate/Table;

    b. The Group has legally obtained the relevant Building Ownership Certificates of the residential and commercial units of Part A of the property and legally holds the ownership rights of such residential and commercial units;

    c. The Group legally holds the ownership rights of the car parking spaces of Part A of the property. However, as the relevant authorities have not provided registration for the change of ownership of the mechanical car parking spaces, it prevents the Group from transferring the ownership rights of the mechanical car parking spaces. Notwithstanding the aforesaid, the Group has the rights to lease the mechanical car parking spaces to obtain rental income and transfer the earning rights to obtain profits;

    d. The Group has the rights to use, transfer (except for the mechanical car parking spaces which are subject to restrictions in their sale and transfer), mortgage or otherwise dispose of Part A of the property in accordance with the relevant PRC laws; and

    e. The Group can commence the construction work of Part B of the property in accordance with the laws and there will be no legal impediment for the Group to obtain the Building Ownership Certificates of Part B of the property on condition that the completion of the construction work has been inspected by the relevant authorities.

11. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Certificate	Yes
b.	Construction Land Planning Permit	Yes
c.	Construction Works Planning Permit	Yes
d.	Construction Works Commencement Permit	Yes
e.	Pre-sales Permit	Yes
f.	Construction Works Completion and Inspection Certificate/Table	Yes
g.	Building Ownership Certificate	Yes (portion)

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2009 RMB
36.	Various commercial units and car parking spaces of Love Forever No. 99 Shuangqing Road Chenghua District Chengdu City Sichuan Province The PRC	The property comprises the unsold portion of Love Forever completed in 2009. The property has a total gross floor area of approximately 48,027.67 sq.m. The details are set out as follows: **Usage** / **Gross Floor Area (sq.m.)** Commercial: 8,248.39 Car parking spaces (1,472 lots): 39,779.28 **Total: 48,027.67** The land use rights of the property have been granted for terms of 70 years expiring on 31 May 2070 for residential use and 40 years expiring on 31 May 2040 for commercial use.	The property is currently vacant.	161,741,000 100% interest attributable to the Group: RMB161,741,000

Notes:

1. Pursuant to a State-owned Land Use Rights Transfer Agreement dated 16 December 2005 entered into between Chengdu Huawanli Real Estate Co., Ltd. ("Chengdu Huawanli", a wholly-owned subsidiary of the Company) and Chengdu Galaxy Power Co., Ltd. (成都銀河動力股份有限公司), the land use rights of a parcel of land with a site area of approximately 85,433.93 sq.m. (including the land use rights of this property) were agreed to be transferred to Chengdu Huawanli at a consideration of RMB265,536,336.

2. Pursuant to an Alteration Agreement of the State-owned Land Use Rights Grant Contract (國有土地使用權出讓合同變更協議) dated 15 March 2006, Chengdu Huawanli and Chengdu Galaxy Power Co., Ltd. should pay additional land premium (due to the alteration of planned use and site area of the aforesaid land parcel) with a total amount of RMB21,359,423.

3. Pursuant to a State-owned Land Use Rights Certificate – Cheng Guo Yong (2007) No. 243, the land use rights of a parcel of land with a site area of approximately 71,989.08 sq.m. (including the land use rights of this property) have been granted to Chengdu Huawanli for terms of 70 years expiring on 31 May 2070 for residential use and 40 years expiring on 31 May 2040 for commercial use.

4. Pursuant to a Commodity Building Pre-Sale Permit – Cheng Fang Yu Shou Zhong Xin Cheng Qu Zi Di No. 5110 in favour of Chengdu Huaqianli, the Group is entitled to sell portions of Love Forever with a total gross floor area of approximately 40,558.34 sq.m. (including the commercial units of this property) to purchasers.

5. Pursuant to 3 Building Ownership Certificates – Cheng Fang Quan Zheng Jian Zheng Zi Di Nos. 1964653, 1964656 and 1964658, various commercial units of Love Forever with a total gross floor area of approximately 9,601.17 sq.m. are owned by Chengdu Huawanli.

   As advised by the Group, portions of the commercial units mentioned above with a total gross floor area of approximately 1,352.78 sq.m. have been legally and virtually transferred and therefore only the remaining portions of such commercial units with a total gross floor area of approximately 8,248.39 sq.m. have been included in our valuation.

6. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. In the process of developing the property, the Group has obtained all the necessary approvals, permits and certificates in accordance with the relevant PRC and local laws or regulations, which include but are not limited to State-owned Land Use Rights Certificate, Construction Land Planning Permit, Construction Works Planning Permit, Construction Works Commencement Permit; Commodity Building Pre-Sale Permit and Construction Works Completion and Inspection Certificate/Table;

   b. The Group has legally obtained the relevant Building Ownership Certificates of parts of the property and legally holds the ownership rights of parts of the property. The Group legally holds the ownership rights of the remaining parts of the property and there is no legal impediment for the Group to obtain the relevant Building Ownership Certificates of such parts of the property in accordance with the relevant PRC laws;

   c. The Group can obtain the relevant title certificates of the car parking spaces of the property after the construction works have been completed and passed the acceptance inspection by the relevant authorities;

d. The Group legally holds the ownership rights of the car parking spaces of the property. However, as the relevant authorities have not provided registration for the change of ownership of the mechanical car parking spaces, it prevents the Group from transferring the ownership rights of the mechanical car parking spaces. Notwithstanding the aforesaid, the Group has the rights to lease the mechanical car parking spaces to obtain rental income and transfer the earning rights to obtain profits; and

e. The Group has the rights to use, transfer (except for the 550 mechanical car parking spaces which are subject to restrictions in their sale and transfer), mortgage or otherwise dispose of the property in accordance with the relevant PRC laws.

7. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Certificate	Yes
b.	Construction Land Planning Permit	Yes
c.	Construction Works Planning Permit	Yes
d.	Construction Works Commencement Permit	Yes
e.	Pre-sales Permit	Yes (Portion)
f.	Construction Works Completion and Inspection Certificate/Table	Yes
g.	Building Ownership Certificate	Yes (Portion)

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2009 RMB
37.	Various office and commercial units of My Place No. 9 Wuqing South Road Wuhou District Chengdu City Sichuan Province The PRC	The property comprises the unsold portion of My Place completed in 2008. The property comprises 7 office units and a commercial unit with a total gross floor area of approximately 460.56 sq.m. The details are set out as follows: **Usage** / **Gross Floor Area (sq.m.)** Office 345.21 Commercial 115.35 **Total: 460.56** The land use rights of the property have been granted for terms of 70 years expiring on 26 April 2075 for residential use and 40 years expiring on 26 April 2045 for commercial use.	The property is currently vacant.	2,064,000 100% interest attributable to the Group: RMB2,064,000

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate – Cheng Guo Yong (2007) No. 112, the land use rights of a parcel of land with a site area of approximately 9,248.52 sq.m. (including the land use rights of this property) have been granted to Chengdu Huaqianli Real Estate Co., Ltd. ("Chengdu Huaqianli", a wholly-owned subsidiary of the Company) for terms of 70 years expiring on 26 April 2075 for residential use (with an apportioned site area of approximately 5,212.52 sq.m.) and 40 years expiring on 26 April 2045 for commercial use (with an apportioned site area of approximately 4,036 sq.m.).

2. Pursuant to 3 Commodity Building Pre-Sale Permits – Cheng Fang Yu Shou Zhong Xin Cheng Qu Zi Di Nos. 4943, 4947 and 5038 in favour of Chengdu Huaqianli, the Group is entitled to sell My Place with a total gross floor area of approximately 43,068.96 sq.m. (including this property) to purchasers.

3. Pursuant to a Building Ownership Certificate – Cheng Fang Quan Zheng Jian Zheng Zi Di Nos. 1886912, a commercial unit with a gross floor area of approximately 115.35 sq.m. is owned by Chengdu Huaqianli.

4. Pursuant to 6 Building Ownership Certificates – Cheng Fang Quan Zheng Jian Zheng Zi Di Nos. 1886972, 1886977, 1886985, 1886991, 1887002 and 1887003, various office units with a total gross floor area of approximately 5,797.14 sq.m. are owned by Chengdu Huaqianli.

   As advised by the Group, portions of the office units mentioned above with a total gross floor area of approximately 5,451.93 sq.m. have been legally and virtually transferred and therefore only the remaining portions of such office units with a total gross floor area of approximately 345.21 sq.m. have been included in our valuation.

5. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. In the process of developing the property, the Group has obtained all the necessary approvals, permits and certificates in accordance with the relevant PRC and local laws or regulations, which include but are not limited to State-owned Land Use Rights Certificate, Construction Land Planning Permit, Construction Works Planning Permit, Construction Works Commencement Permit, Commodity Building Pre-Sale Permits and Construction Works Completion and Inspection Certificate/Table;

   b. The Group has legally obtained the relevant Building Ownership Certificates of the property and legally holds the ownership rights of the property; and

   c. The Group has the rights to use, lease, transfer, mortgage or otherwise dispose of the property in accordance with the relevant PRC laws.

6. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Certificate Yes	
b.	Construction Land Planning Permit	Yes
c.	Construction Works Planning Permit	Yes
d.	Construction Works Commencement Permit	Yes
e.	Pre-sales Permit	Yes
f.	Construction Works Completion and Inspection Certificate/Table	Yes
g.	Building Ownership Certificate	Yes

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2009 RMB
38.	Various industrial units of Future Plaza located at Qiaocheng North Road Nanshan District Shenzhen City Guangdong Province The PRC	The property comprises the unsold portion of Future Plaza completed in 2008. The property comprises 52 industrial (production and research development) units with a total gross floor area of approximately 19,211.65 sq.m. The land use rights of the property have been granted for terms of 50 years expiring on 13 December 2043 and 23 November 2056 respectively for industrial use.	The property is currently vacant.	484,238,000 100% interest attributable to the Group: RMB484,238,000

Notes:

1. Pursuant to 2 Real Estate Title Certificates, the land use rights of 2 parcels of land with a total site area of approximately 15,145.15 sq.m. (including the land use rights of this property) have been granted to Shenzhen Kangnian Technology Co., Ltd. (深圳市康年科技有限公司) ("Shenzhen Kangnian", a wholly-owned subsidiary of the Company) for terms of 50 years expiring on 13 December 2043 and 23 November 2056 respectively for industrial use. The details are summarized as below:

Real Estate Title Certificate No.	Date of Issue	Usage and Expiry Date	Site Area (m^2)
Shen Fang Di Zi Di No. 4000302491	16 February 2007	Industrial: 13 December 2043	6,803.66
Shen Fang Di Zi Di No. 4000302490	16 February 2007	Industrial: 23 November 2056	8,341.49
	Total:		**15,145.15**

2. Pursuant to 2 Real Estate Pre-Sale Permits – Shen Fang Xu Zi (2008) Nan Shan Nos. 003 and 004 in favour of Shenzhen Kangnian, the Group is entitled to sell Future Plaza with a total gross floor area of approximately 60,415.86 sq.m. (including this property) to purchasers.

3. Pursuant to 43 Real Estate Title Certificates – Shen Fang Di Zi Di Nos. 4000397730, 4000397731, 4000397734, 4000397738 to 4000397744, 4000401219, 4000401267, 4000401269, 4000401271, 4000401273, 4000401277, 4000401281, 4000401285, 4000401289, 4000401293, 4000401298, 4000401301, 4000401304, 4000401308, 4000401310, 4000401313, 4000401326 to 4000401329, 4000401332 to 4000401336, 4000401338, 4000405823, 4000412705, 4000412707 and 4000413154 to 4000413157, portions of the property (43 units) with a total gross floor area of approximately 16,151.96 sq.m. are owned by Shenzhen Kangnian.

4. As advised by the Group, 12 units of the property with a total gross floor area of approximately 3,944.94 sq.m. have been pre-sold to various third parties for a total consideration of approximately RMB92,586,507 but have not been handed over to the purchasers. In arriving at our opinion of the capital value of the property, we have taken into account the contracted prices of such units.

5. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. In the process of developing the property, the Group has obtained all the necessary approvals, permits and certificates in accordance with the relevant PRC and local laws or regulations, which include but are not limited to Real Estate Title Certificates, Construction Land Planning Permit, Construction Works Planning Permit, Construction Works Commencement Permit, Real Estate Pre-Sale Permits and Construction Works Completion and Inspection Certificate/Table;

   b. The Group has legally obtained the Real Estate Title Certificates of parts of the property and legally holds the ownership rights of such parts of the property. The Group legally holds the ownership rights of the remaining parts of the property and there is no legal impediment for the Group to obtain the relevant Real Estate Title Certificates of these remaining parts of the property in accordance with the relevant PRC laws; and

   c. The Group has the rights to use, lease, transfer, mortgage or otherwise dispose of the property in accordance with the relevant PRC laws.

6. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Certificate	N/A
b.	Real Estate Title Certificate (for land)	Yes
c.	Construction Land Planning Permit	Yes
d.	Construction Works Planning Permit	Yes
e.	Construction Works Commencement Permit	Yes
f.	Pre-sales Permit	Yes
g.	Construction Works Completion and Inspection Certificate/Table	Yes
h.	Real Estate Title Certificate (for building)	Yes (Portion)

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2009 RMB
39.	Various residential and commercial units of Flower Harbour located at the northern side of Mingzhu Avenue Yantian District Shenzhen City Guangdong Province The PRC	The property comprises the unsold portion of Flower Harbour completed in 2008. The property comprises 98 residential units and 43 commercial units with a total gross floor area of approximately 6,687.02 sq.m. The details are set out as follows: **Usage** / **Gross Floor Area (sq.m.)** Residential 4,464.3 Commercial 2,222.72 **Total: 6,687.02** The land use rights of the property have been granted for a term of 70 years expiring on 1 November 2069 for residential and commercial uses.	The property is currently vacant.	95,452,000 100% interest attributable to the Group: RMB95,452,000

Notes:

1. Pursuant to a Land Use Rights Transfer Contract (土地使用權轉讓合同) dated 18 October 1999 entered into between Shenzhen Zhifu Investment Development Co., Ltd. (深圳置富擔保有限公司) and Shenzhen Yantian Port Group Company Limited (深圳鹽田港集團有限公司), the land use rights of a parcel of land with a site area of approximately 6,999.9 sq.m. were contracted to be transferred to Shenzhen Zhifu Investment Development Co., Ltd. for a term of 70 years for complex (residential and commercial) use at a consideration of RMB14,000,000.

   As advised by the Group, Shenzhen Zhifu Investment Development Co., Ltd. is the former name of Shenzhen Zhifu Real Estate Development Co., Ltd. (深圳置富房地產開發有限公司) ("Shenzhen Zhifu", a wholly-owned subsidiary of the Company).

2. Pursuant to a Supplementary Agreement (增補協議書), the site area of the land parcel mentioned in note 1 was agreed to be adjusted to 5,334.98 sq.m.

3. Pursuant to a Real Estate Title Certificate – Shen Fang Di Zi Di No. 7000044453, the land use rights of a parcel of land with a site area of approximately 5,334.98 sq.m. (including the land use rights of this property) have been granted to Shenzhen Zhifu for a term of 70 years expiring on 1 November 2069 for residential and commercial uses.

4. Pursuant to a Real Estate Pre-Sale Permit – Shen Fang Xu Zi (2007) Yan Tian No. 007 in favour of Shenzhen Zhifu, the Group is entitled to sell Flower Harbour with a total gross floor area of approximately 22,238.52 sq.m. (including this property) to purchasers.

5. Pursuant to a Real Estate Title Certificate – Shen Fang Di Zi Di No. 7000056197, various residential and commercial units of Flower Harbour with a total gross floor area of approximately 22,402.18 sq.m. (including this property) are owned by Shenzhen Zhifu.

6. As advised by the Group, 94 residential units of the property with a total gross floor area of approximately 4,308.19 sq.m. have been pre-sold to various third parties for a total consideration of approximately RMB56,571,946 but have not been handed over to the purchasers. In arriving at our opinion of the capital value of the property, we have taken into account the contracted prices of such units.

7. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. In the process of developing the property, the Group has obtained all the necessary approvals, permits and certificates in accordance with the relevant PRC and local laws or regulations, which include but are not limited to Real Estate Title Certificate, Construction Land Planning Permit, Construction Works Planning Permit, Construction Works Commencement Permit and Real Estate Pre-Sale Permit, and Construction Works Completion and Inspection Certificate/Table;

   b. The Group has legally obtained the Real Estate Title Certificate of parts of the property and legally holds the ownership rights of the property and there is no legal impediment for the Group to obtain the relevant Real Estate Title Certificates of the remaining parts of the property in accordance with the relevant PRC laws; and

   c. The Group has the rights to use, transfer, mortgage or otherwise dispose of the property in accordance with the relevant PRC laws.

8. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Certificate	Yes
b.	Real Estate Title Certificate (for land)	Yes
c.	Construction Land Planning Permit	Yes
d.	Construction Works Planning Permit	Yes
e.	Construction Works Commencement Permit	Yes
f.	Pre-sales Permit	Yes
g.	Construction Works Completion and Inspection Certificate/Table	Yes
h.	Real Estate Title Certificate (for building)	Yes (Portion)

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2009 RMB
40.	Units 113 and 401 to 404 of Xiangyun Tiandu Century Mansion located at the junction of Fuqiang Road and Xinzhou San Street Futian District Shenzhen City Guangdong Province The PRC	The property comprises 4 office units on Level 4 and a commercial unit on Level 1 of a 32-storey composite building completed in about 2007. The property has a total gross floor area of approximately 569.23 sq.m. The details are set out as follows: **Usage** — **Gross Floor Area (sq.m.)** Office — 509.09 Commercial — 60.14 **Total:** — **569.23** The land use rights of the property have been granted for a term of 70 years commencing from 31 December 2005 and expiring on 30 December 2075 for residential, office and commercial uses.	The property is currently vacant.	9,145,000 85% interest attributable to the Group: RMB7,773,000

Notes:

1. Pursuant to 5 Real Estate Title Certificates – Shen Fang Di Zi Di Nos. 3000521487 to 3000521491, the property with a total gross floor area of approximately 569.23 sq.m. are owned by Shenzhen Xingyan Property Consultancy Co., Ltd. (深圳市星彥地產顧問有限公司), an 85% interest owned subsidiary of the Company. The relevant land use rights of the property have been granted to Shenzhen Xingyan Property Consultancy Co., Ltd. for a term of 70 years commencing from 31 December 2005 and expiring on 30 December 2075 for residential, office and commercial uses.

2. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. The Group has legally obtained the Real Estate Title Certificates of the property and legally holds the ownership rights of the property;

   b. The Group has the rights to use, occupy, lease, transfer, mortgage or otherwise dispose of the property in accordance with the relevant PRC laws without paying any additional land use rights premium (except taxes); and

   c. The property is neither subject to any restrictions arising from any mortgage, sequestration or any third party's rights nor involved in any litigation or arbitration.

3. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Certificate	N/A
b.	Real Estate Title Certificate	Yes

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2009 RMB
41.	Unit 2E of Entrance 2 of Block 2 ZuoTing Youyuan South Zone Longgang District Shenzhen City Guangdong Province The PRC	The property comprises a residential unit on Level 2 of a 15-storey composite building completed in about 2006. The property has a gross floor area of approximately 77.18 sq.m. The land use rights of the property have been granted for a term of 70 years commencing from 1 December 2001 and expiring on 30 November 2071 for residential and commercial uses.	The property is currently vacant.	579,000 70% interest attributable to the Group: RMB405,000

Notes:

1. Pursuant to a Real Estate Title Certificate – Shen Fang Di Zi Di No. 6000328252, the property with a gross floor area of approximately 77.18 sq.m. is owned by Shenzhen Kaiyuan Tongji Building Science & Technology Co., Ltd. (深圳市開元同濟樓宇科技有限公司), a 70% interest owned subsidiary of the Company. The relevant land use rights of the property have been granted to Shenzhen Kaiyuan Tongji Building Science & Technology Co., Ltd. for a term of 70 years commencing from 1 December 2001 and expiring on 30 November 2071 for residential and commercial uses.

2. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. The Group has legally obtained the Real Estate Title Certificates of the property and legally holds the ownership rights of the property;

   b. The Group has the rights to use, occupy, lease, transfer, mortgage or otherwise dispose of the property in accordance with the relevant PRC laws without paying any additional land use rights premium (except taxes); and

   c. The property is neither subject to any restrictions arising from any mortgage, sequestration or any third party's rights nor involved in any litigation or arbitration.

3. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Certificate	N/A
b.	Real Estate Title Certificate	Yes

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2009 RMB
42.	Units 2A, 23G and 24G of Self Life located at the junction of Fuhua Road and Binhe Road Futian District Shenzhen City Guangdong Province The PRC	The property comprises 3 residential units on Levels 2, 23 and 24 of a 24-storey composite building known as Self Life completed in 2004. The property has a total gross floor area of approximately 171.71 sq.m. The land use rights of the property have been granted for a term of 70 years commencing from 10 March 2003 and expiring on 9 March 2073 for residential use.	The property is currently vacant.	1,699,000 52% interest attributable to the Group: RMB883,000

Notes:

1. Pursuant to 3 Real Estate Title Certificates – Shen Fang Di Zi Nos. 3000413117, 3000413119 and 3000413120, 3 residential units with a total gross floor area of approximately 171.71 sq.m. are owned by Shenzhen Fantasia Investment Development Co., Ltd. ("Shenzhen Fantasia Investment", a 52% interest owned subsidiary of the Company). The relevant land use rights of the property have been granted to Shenzhen Fantasia Investment for a term of 70 years commencing from 10 March 2003 and expiring on 9 March 2073 for residential use.

2. A residential unit of the property under the Real Estate Title Certificate – Shen Fang Di Zi No. 3000413117 with a gross floor area of approximately 65.56 sq.m. is sequestrated by the People's Court of Futian District Shenzhen City as conservatory measures in litigation.

3. In the valuation of this property, we have attributed no commercial value to the residential unit mentioned in note 2 which is subject to restrictions in its transfer as advised by Company's PRC legal advisers. However, for reference purpose, we are of the opinion that the capital value of the residential unit as at the date of valuation would be RMB1,049,000 assuming such unit could be freely transferred.

4. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. The Group has legally obtained the Real Estate Title Certificates of the property and legally holds the ownership rights of the property;

   b. Subject to note 4(c) below, the Group has the rights to use, occupy, lease, transfer, mortgage or otherwise dispose of the property in accordance with the relevant PRC laws without paying any additional land use rights premium (except taxes);

   c. For the residential unit mentioned in note 2 which is subject to sequestration, the Group is subject to restriction in its transfer during the sequestration period; and

   d. Except for the aforesaid sequestration, the property is neither subject to any restrictions arising from any other mortgage, sequestration or any third party's rights nor involved in any litigation or arbitration.

5. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Certificate	N/A
b.	Real Estate Title Certificate	Yes

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2009 RMB
43.	Units A-9A, B-25J and B-32C of Pair Life located at Wenjindu Luohu District Shenzhen City Guangdong Province The PRC	The property comprises 3 residential units on Levels 9, 25 and 32 of Pair Life completed in 2003. The property has a total gross floor area of approximately 136.32 sq.m. The land use rights of the property have been granted for a term of 70 years commencing from 13 September 1999 and expiring on 12 September 2069 for residential and commercial uses.	The property is currently vacant.	1,500,000 52% interest attributable to the Group: RMB780,000

Notes:

1. Pursuant to 3 Real Estate Title Certificates – Shen Fang Di Zi No. 2000398692, 2000399775 and 2000389965, 3 residential units with a total gross floor area of approximately 136.32 sq.m. are owned by Shenzhen Fantasia Investment Development Co., Ltd. ("Shenzhen Fantasia Investment", a 52% interest owned subsidiary of the Company). The relevant land use rights of the property have been granted to Shenzhen Fantasia Investment for a term of 70 years commencing from 13 September 1999 and expiring on 12 September 2069 for residential and commercial uses.

2. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. The Group has legally obtained the Real Estate Title Certificates of the property and legally holds the ownership rights of the property;

   b. The Group has the rights to use, occupy, lease, transfer, mortgage or otherwise dispose of the property in accordance with the relevant PRC laws without paying any additional land use rights premium (except taxes); and

   c. The property is neither subject to any restrictions arising from any mortgage, sequestration or any third party's rights nor involved in any litigation or arbitration.

3. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Certificate	N/A
b.	Real Estate Title Certificate	Yes

VALUATION CERTIFICATE

Group VI – Property interest contracted to be acquired by the Group in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2009 RMB
44.	5 industrial buildings located at the west to Nanhai Avenue and south to Dongbin Road Nanshan District Shenzhen City Guangdong Province The PRC	The property comprises 5 multi-storey industrial buildings known as Shenzhen Meinian Plaza completed in about August 2009. The property has a total gross floor area of approximately 87,637.59 sq.m. The land use rights of the property with a site area of approximately 29,546.34 sq.m. have been granted for a term of 50 years commencing from 8 June 1992 and expiring on 7 June 2042 for industrial use.	The property is currently vacant.	No commercial value

Notes:

1. Pursuant to a Property Transfer Contract entered into between Fantasia Group (China) Co., Ltd. ("Fantasia Group (China)", a wholly-owned subsidiary of the Company) and Shenye Pengji (Group) Co., Ltd. dated 1 June 2009, the property and another industrial building adjacent to the property were contracted to be transferred to Fantasia Group (China) at a total consideration of RMB718,500,000.

   As advised by the Group, the industrial building adjacent to the property mentioned above has been legally and virtually transferred to the Group and is set out in this valuation report as property no. 2.

2. As at the date of valuation, the property was not assigned to the Group and thus the title of the property was not vested in the Group. Therefore we have attributed no commercial value to the property. However, for reference purpose, we are of the opinion that the capital value of the property as at the date of valuation would be RMB1,279,000,000 assuming all relevant title certificates of the property have been obtained by the Group and the Group is entitled to freely transfer, lease, mortgage or otherwise dispose of the property.

3. As confirmed by the Group, a sum of approximately RMB80,000,000 had been paid by the Group as the down payment to purchase the property up to the date of valuation.

4. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. The Property Transfer Contract with respect to the property is legal, valid and legally binding and its contents do not contravene the relevant PRC laws and regulations;

   b. The contractual parties should perform the obligations and enjoy the relevant rights in accordance with the stipulations of the contract;

   c. The transferor does not have the rights to transfer, lease, mortgage or otherwise dispose of the property unless the Group's prior consent has been obtained or the aforesaid Property Transfer Contract has been revoked; and

   d. Upon the lawful auction or listing for sale of the property, if Fantasia Group (China) is successful in its bid and fully pays the consideration for the transfer, there should be no substantive legal impediment for Fantasia Group (China) to legally acquire title to the property.

VALUATION CERTIFICATE

Group VII – Property interests rented and occupied by the Group in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2009 RMB
45.	26 leased properties located in the PRC	The 26 leased properties (the "Properties") comprise 28 buildings and units in various cities in the PRC which were mainly completed in various stages between 1998 and 2008. The Properties have an aggregate lettable area of approximately 17,438.55 sq.m. The Properties are leased to the Group from various independent third parties and connected parties for various terms with the expiry dates mainly between 9 December 2009 and 31 December 2017.	The property is currently occupied by the Group for office and residential purposes.	No commercial value

Notes:

1. Pursuant to 28 Tenancy Agreements, 28 buildings and units with a total lettable area of approximately 17,438.55 sq.m. are leased to the Group from various independent third parties for various terms with the expiry dates mainly between 9 December 2009 and 31 December 2017 at a total annual rent of RMB3,998,543.88 exclusive of management fees, water and electricity charges for office and residential uses.

2. We have been provided with a legal opinion on the legality of the Tenancy Agreements to the properties issued by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. For 10 properties out of the 26 leased properties with a total lettable area of approximately 2,093.71 sq.m., the respective lessors hold the ownership rights of these properties and have the legal rights to enter into the tenancy agreements with the Group and to lease the properties to the Group in accordance with the terms of the tenancy agreements. The tenancy agreements with respect to such properties are legal, valid and legally binding. The Group's rights under the tenancy agreements are confirmed and protected by the PRC laws and the Group has obtained the legal rights to use these properties;

   b. For the remaining 16 properties with a total lettable area of approximately 15,344.84 sq.m., the Group has not been provided with the relevant title certificates. The validity of the tenancy agreements with respect to such properties is uncertain;

   c. For 8 properties out of the 26 leased properties with a total lettable area of approximately 11,820.48 sq.m., the tenancy agreements have been duly registered with the relevant government authorities; and

   d. For the remaining 18 properties with a total lettable area of approximately 5,618.07 sq.m., the tenancy agreements have not been duly registered with the relevant government authorities. There may be a risk that the lessors may suffer an executive punishment. However, the legality, validity and enforceability of the tenancy agreements will not be affected due to the absence of registration.

VALUATION CERTIFICATE

Group VIII – Property interest rented and occupied by the Group in Hong Kong

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2009 RMB
46.	Room 1103 11th Floor Top Glory Tower No. 262 Gloucester Road Causeway Bay Hong Kong	The property comprises a unit on the 11th floor of a 34-storey office building completed in about 1993. The unit has a gross area of approximately 1,997 sq.ft. (i.e. 185.53 sq.m.). Pursuant to a Tenancy Agreement made between Fantasia Investment Holdings Company Limited, as tenant and Bapton Company Limited, as landlord an independent third party, the property is leased to the Group for a term commencing from 1 September 2009 and expiring on 15 December 2010 at a monthly rent of HKD23,964 exclusive of rates and service charges and all outgoings.	The property is currently occupied by the Group for office purpose.	No commercial value

Notes:

1. The current registered owner of the property is Bapton Company Limited.

VALUATION CERTIFICATE

Group IX – Other property interests to be acquired by the Group in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2009 RMB
47.	6 parcels of land of Suzhou Project located at Xiangshan and Yushe Villages Taihu National Tourism Vacation Zone Suzhou City Jiangsu Province The PRC	The property comprises 6 parcels of land with a total site area of approximately 379,635.2 sq.m. As advised by the Group, the property is planned to be developed into a residential development with a total planned gross floor area of approximately 533,121 sq.m.	A number of old buildings are erected on the property.	No commercial value

Notes:

1. Pursuant to a Share Transfer Framework Agreement entered into between Suzhou CITIC Investment Co., Ltd. and Fantasia Group (China) Co., Ltd. ("Fantasia Group (China)", a wholly-owned subsidiary of the Company) dated 31 August 2009, Fantasia Group (China) intended to purchase 100% shares of Suzhou Huawangli Real Estate Co., Ltd. ("Suzhou Huawanli") and Suzhou LKN Real Estate Development Co., Ltd. ("Suzhou LKN"), both of which are under the control of Suzhou CITIC Investment Co., Ltd.

   As advised by the Group, upon completion of the share transfer, Fantasia Group (China) will acquire the land use rights of a parcel of land which are currently owned by Suzhou LKN (Haoge land parcel as defined in the aforesaid agreement) and the land use rights of certain parcels of land which are to be transferred to Suzhou Huawanli (Nos. 3, 4, 6, 7 and 8 land parcels as defined in the aforesaid agreement).

2. As at the date of valuation, the property was not assigned to the Group and thus the title of the property was not vested in the Group. Therefore we have attributed no commercial value to the property. However, for reference purpose, we are of the opinion that the capital value of the property as at the date of valuation would be RMB2,740,000,000, assuming all relevant title certificates of the property have been obtained by the Group, the property could be freely transferred, the old buildings have been demolished and the Group has no liability to the relocation and resettlement costs.

3. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. The Share Transfer Framework Agreement with respect to the property is legal, valid and legally binding and its contents do not contravene the relevant PRC laws and regulations; and

   b. After (i) the state-owned land use rights of Nos. 3, 4, 6, 7 and 8 land parcels of the property have been legally transferred to Suzhou Huawanli; (ii) the procedures for both the filing of the state-owned assets assessment and the listing for sale or auction of state-owned shares have been performed in accordance with the relevant laws; and (iii) Fantasia Group (China) is successful in its bid to purchase the shares and has fully paid the consideration for the share transfer, there should be no substantive legal impediment for Fantasia Group (China) to legally acquire the shares in Suzhou Huawanli and Suzhou LKN and to indirectly acquire the interests of the property held under the name of these two companies through Fantasia Group (China)'s controlling interest therein.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2009 RMB
48.	2 parcels of land of Beijing Tongzhou Project Nos. 49 to 57 Xinhua Avenue Tongzhou District Beijing The PRC	The property comprises 2 parcels of land with a total site area of approximately 8,218.5 sq.m. As advised by the Group, the property is planned to be developed into a composite development with a total planned gross floor area of approximately 55,000 sq.m.	A number of old buildings are erected on the property.	No commercial value

Notes:

1. Pursuant to a Framework Agreement of Beijing Tongzhou Project (北京通州項目框架協議) entered into between Zhang Jiaxun (張加潯) and Xu Lijian (徐立堅) (together as the "Transferors") and Fantasia Group (China) Co., Ltd. ("Fantasia Group (China)", a wholly-owned subsidiary of the Company) dated 20 August 2009, Fantasia Group (China) intended to acquire the Transferors' 100% shares in Beijing Taibo Real Estate Development Co., Ltd ("Beijing Taibo").

2. As at the date of valuation, the property was not assigned to the Group and thus the title of the property was not vested in the Group. Therefore we have attributed no commercial value to the property. However, for reference purpose, we are of the opinion that the capital value of the property as at the date of valuation would be RMB337,000,000, assuming all relevant title certificates of the property have been obtained by the Group, the property could be freely transferred, the old buildings have been demolished and the Group has no liability to the relocation and resettlement costs.

3. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. The Framework Agreement of Beijing Tongzhou Project with respect to the property is legal, valid and legally binding and its contents do not contravene the relevant PRC laws and regulations; and

   b. After (i) Fantasia Group (China) has signed the formal share transfer agreement with the Transferors and the parties have performed their respective rights and obligations thereunder; and (ii) the shares have been transferred and the relevant registration procedures have been completed, there should be no substantive legal impediment for Fantasia Group (China) to legally acquire the shares in Beijing Taibo and to indirectly acquire the interest in the property held under the name of Beijing Taibo through Fantasia Group (China)'s controlling interest therein.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2009 RMB
49.	A parcel of land of Pixian Project located at Pitong Town Pixian County Chengdu City Sichuan Province The PRC	The property comprises a parcel of land with a site area of approximately 979,333.33 sq.m. As advised by the Group, the property is planned to be developed into a composite development with a total planned gross floor area of approximately 3,917,332 sq.m.	A number of old buildings are erected on the property.	No commercial value

Notes:

1. Pursuant to an Operation Agreement of Pixian Wangcong Culture Park Project (郫縣望叢文化園項目運 營協議書) and a Supplementary Agreement entered into between the People's Government of Pixian County and Fantasia Group (China) Co., Ltd. ("Fantasia Group (China)", a wholly-owned subsidiary of the Company) dated 28 September 2009 and 29 September 2009 respectively, a parcel of land with a site area of approximately 979,333.33 sq.m. was agreed to be developed by Fantasia Group (China).

2. As at the date of valuation, the property was not assigned to the Group and thus the title of the property was not vested in the Group. Therefore we have attributed no commercial value to the property. However, for reference purpose, we are of the opinion that the capital value of the property as at the date of valuation would be RMB5,492,000,000, assuming the property is clear site formed land with connection to utilities after primary development, the Group has no further liability to the relocation and resettlement costs related to the primary development, all relevant title certificates of the property have been obtained by the Group and the property could be freely transferred.

3. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. The Operation Agreement of Pixian Wangcong Culture Park Project and the Supplementary Agreement with respect to the property are legal, valid and legally binding and their contents do not contravene the relevant PRC laws and regulations; and

   b. After completing the primary development and land grant procedure, if Fantasia Group (China) successfully completes the public tender, auction or listing for sale process, there should be no substantive legal impediment for Fantasia Group (China) to obtain the State-owned Land Use Rights Certificate of the property after it has signed the State-owned Land Use Right Grant Contract with the relevant government authority and paid up the land premium.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2009 RMB
50.	2 parcels of land of Yunnan Project located at Zhoucheng Village Xizhou Town Dali City Yunnan Province The PRC	The property comprises 2 parcels of land with a total site area of approximately 996,531 sq.m. As advised by the Group, the property is planned to be developed into a composite development with a total planned gross floor area of approximately 996,531 sq.m.	A number of old buildings are erected on the property.	No commercial value

Notes:

1. Pursuant to an Operation Agreement of Tourism and Vacation Zone Dali Bai Ethnic Culture Resort Project (度假區大理白族民俗文化度假村項目運營協議書) and a Correction Statement entered into between the Administrative Committee of the Dali Provincial Tourism and Vocation Zone and Fantasia Group (China) Co., Ltd. ("Fantasia Group (China)", a wholly-owned subsidiary of the Company) dated 25 September 2009 and 15 October 2009 respectively, 2 parcels of land with a total site area of approximately 996,531 sq.m. were agreed to be developed by Fantasia Group (China).

2. As at the date of valuation, the property was not assigned to the Group and thus the title of the property was not vested in the Group. Therefore we have attributed no commercial value to the property. However, for reference purpose, we are of the opinion that the capital value of the property as at the date of valuation would be RMB514,000,000, assuming the property is clear site formed land with connection to utilities after primary development, the Group has no further liability to the relocation and resettlement costs related to the primary development, all relevant title certificates of the property have been obtained by the Group and the property could be freely transferred.

3. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. The Operation Agreement of Tourism and Vacation Zone Dali Bai Ethnic Culture Resort Project with respect to the property is legal, valid and legally binding and its contents do not contravene the relevant PRC laws and regulations; and

   b. After completing the primary development and land grant procedure, if Fantasia Group (China) successfully completes the public tender, auction or listing for sale process, there should be no substantive legal impediment for Fantasia Group (China) to obtain the State-owned Land Use Rights Certificate of the property after it has signed the State-owned Land Use Right Grant Contract with the relevant government authority and paid up the land premium.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 September 2009 RMB
51.	6 parcels of land of Grand Valley located at Jinhua and Qixin Villages Heshan Town Pujiang County Chengdu City Sichuan Province The PRC	The property comprises 6 parcels of land with a total site area of approximately 202,775.45 sq.m. As advised by the Group, the property is planned to be developed into a residential complex with a total planned gross floor area of approximately 364,995 sq.m.	The property is currently a vacant site.	No commercial value

Notes:

1. Pursuant to an Auction Rights Confirmation Letter (競買資格確認書) issued by the Stated-owned Land Resources Bureau of Pujiang County dated 29 September 2009, Fantasia Chengdu Ecological Tourism Development Co., Ltd., ("Fantasia Chengdu Ecological"), a wholly-owned subsidiary of the Company, was entitled to attend an auction scheduled on 12 October 2009 regarding the land use rights of 6 parcels of land with a total site area of approximately 202,775.45 sq.m.

2. As at the date of valuation, the property was not assigned to the Group and thus the title of the property was not vested in the Group. Therefore, we have attributed no commercial value to the property. However, for reference purpose, we are of the opinion that the capital value of the property as at the date of valuation would be RMB1,044,000,000, assuming all relevant title certificates of the property have been obtained by the Group and the property could be freely transferred.

3. Subsequent to the date of valuation, Fantasia Chengdu Ecological obtained 6 Stated-owned Land Use Rights Certificates with respect to the property, the details of which are set out as follows:

State-owned Land Use Rights Certificate No.	Date of Issue	Usage and Expiry Date	Site Area (m^2)
Pu Guo Yong (2009) Di No. 1354	13 October 2009	Residential: 11 October 2079	47,354.73
Pu Guo Yong (2009) Di No. 1355	13 October 2009	Residential: 11 October 2079	44,664.56
Pu Guo Yong (2009) Di No. 1356	13 October 2009	Residential: 11 October 2079	11,779.8
Pu Guo Yong (2009) Di No. 1357	13 October 2009	Residential: 11 October 2079	30,156.88
Pu Guo Yong (2009) Di No. 1358	13 October 2009	Residential: 11 October 2079	59,006.9
Pu Guo Yong (2009) Di No. 1359	13 October 2009	Residential: 11 October 2079	9,812.58
	Total:		**202,775.45**

Pursuant to the aforesaid State-owned Land Use Rights Certificates, the land use rights of the property with a total site area of approximately 202,775.45 sq.m. have been granted to Fantasia Chengdu Ecological for terms of 70 years expiring on 11 October 2079 for residential use.

4. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. The Group has legally obtained the relevant State-owned Land Use Rights Certificates of the property and therefore legally owns the land use rights of the property. The aforesaid State-owned Land Use Rights Certificates are legal and valid and are confirmed and protected by the PRC laws;

   b. The Group has the rights to occupy, use or otherwise develop the property in accordance with its prescribed use during the term of the land grant;

   c. The Group has the rights to lease, transfer, mortgage or otherwise dispose of the property without paying any additional land use rights premium (except taxes);

   d. The land use rights of the property are neither subject to any restrictions arising from any mortgage, sequestration or any third party's rights nor involved in any litigation or arbitration; and

   e. There are no circumstances under which the land use rights of the property may be imposed with any idle land fees or repossessed without any compensation.

CAYMAN ISLANDS TAXATION

Taxation

Pursuant to section 6 of the Tax Concessions Law (1999 Revision) of the Cayman Islands, the Company has obtained an undertaking from the Governor in Cabinet:

- that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciations shall apply to the Company or its operations; and
- in addition, that no tax to be levied on profits, income gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable by the Company:
- on or in respect of the shares, debentures or other obligations of the Company; or
- by way of withholding in whole or in part of any relevant payment as defined in Section 6(3) of the Tax Concessions Law (1999 Revision).

The undertaking is for a period of twenty years from 30 October 2007.

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty.

There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save certain stamp duties which may be applicable, from time to time, on certain instruments executed in or brought within the jurisdiction of the Cayman Islands. The Cayman Islands are not party to any double tax treaties.

PRC TAXATION

Enterprise Income Tax

Under the PRC Enterprise Income Tax Law, or the EIT Law, which became effective on January 1, 2008, the ordinary income tax rate for all PRC resident enterprises, including foreign-invested enterprises, is 25%. There will be a transitional period for enterprises that currently receive preferential tax treatments granted by relevant tax authorities. Enterprises that were subject to an enterprise income tax rate lower than 25% may continue to enjoy the lower rate and gradually transition to the new tax rate within five years after implementation of the EIT Law.

Under the EIT Law, enterprises established outside of China whose "de facto management bodies" are located in China are considered "resident enterprises," and are generally subjected to the uniform 25% enterprise income tax rate as to their global income. It is currently unclear under what situations an enterprise's "de facto management body" would be considered to be located in China. Substantially all of our management is currently based in China. Therefore, we may be treated as a Chinese resident enterprise for enterprise income tax purposes.

Business Tax

Pursuant to the Provisional Regulations of the PRC on Business Tax issued by the State Council and the implementation rules thereunder, a business tax is levied on all units and individuals engaged in taxable services, the transfer of intangible assets or the sale of immovable properties within the territory of the PRC. The tax rates range from 3% to 20% depending on the type of services provided.

Dividends paid by the Company to our foreign investors and the gain on the sale of our Shares

The EIT Law provides that an income tax rate of 20% will normally be applicable to dividends payable to investors that are "non-resident enterprises," to the extent such dividends have their source within the PRC. The applicable tax rate has been reduced by the State Council to 10%. There is uncertainty whether we will be considered a PRC "resident enterprise" for the purpose of the EIT Law. If we are considered a PRC "resident enterprise," the dividends we pay with respect to our Shares would be treated as income derived within the PRC and be subject to PRC tax. Similarly, under the EIT Law and implementation regulations issued by the State Council, any gain on the transfer of equity interests is subject to a 10% PRC income tax if such gain is regarded as income derived from sources within the PRC. If we are considered a PRC "resident enterprise," any gain realized from the transfer of our Shares by investors would be treated as income derived from a source within PRC and be subject to PRC tax. The PRC income tax rate is reduced from 10% to 5% for investors who are "non-resident enterprises" established in Hong Kong.

Foreign Exchange

The lawful currency of the PRC is the Renminbi, which is subject to foreign exchange control and is not freely convertible into foreign exchange. The SAFE, under the authority of the PBOC, is empowered with the functions of administering all matters relating to foreign exchange, including the enforcement of foreign exchange control regulation.

Pursuant to the Foreign Currency Administrative Rules promulgated in 1996 and amended in 1997 and in 2008 and various regulations issued by the State Administration of Foreign Exchange, or SAFE, and other relevant PRC government authorities, the Renminbi is freely convertible only to the extent of current account items, such as trade-related receipts and payments, interest and dividends. Capital account items, such as direct equity investments, loans and repatriation of investments, require the prior approval of SAFE or its local counterpart for the conversion of Renminbi into a foreign currency, such as U.S. dollars, and remittance of the foreign currency outside the PRC.

Payments for transactions that take place within the PRC must be made in Renminbi. Unless otherwise approved, PRC companies must repatriate foreign currency payments received from abroad. Foreign-invested enterprises may retain foreign exchange in accounts with designated foreign exchange banks subject to a cap set by SAFE or its local counterpart. Unless otherwise approved, domestic enterprises must convert all of their foreign currency receipts into Renminbi.

Pursuant to the SAFE's Notice on Relevant Issues Concerning Foreign Exchange Administration for PRC Residents to Engage in Financing and Inbound Investment via Overseas Special Purpose Vehicles (國家外匯管理局關於境內居民通過境外特殊目的公司融資及返程投資外匯管理有關問題的通知), or the SAFE Circular No. 75, issued on October 21, 2005, (i) a PRC citizen residing in the PRC, or a PRC resident, shall register with the local branch of the SAFE before it establishes or controls an overseas special purpose vehicle, or an overseas SPV, for the purpose of overseas equity financing (including convertible debt financing); (ii) when a PRC resident contributes the assets of or its equity interests in a domestic enterprise into an overseas SPV, or engages in overseas financing after contributing assets or equity interests into an overseas SPV, such PRC resident shall register his or her interest in the overseas SPV and the change thereof with the local branch of the SAFE; and (iii) when the overseas SPV undergoes a material event outside of China, such as a change in share capital or merger and acquisition, the PRC resident shall, within 30 days from the occurrence of such event, register such change with the local branch of the SAFE. In May 2007, the SAFE issued to its local branches a guidance which has been replaced by a new integrative guidance in June 2009, with respect to the procedures for the SAFE registration, which strengthen the supervision on registrations pursuant to the SAFE Circular No. 75 and imposes obligations on onshore subsidiaries of overseas SPVs to coordinate and supervise the relevant PRC residents to complete registration.

Under SAFE Circular No. 75, failure to comply with the registration procedures set forth above may result in penalties, including the imposition of fines or restrictions on a PRC subsidiary's foreign exchange activities and its ability to distribute dividends to the overseas SPV.

HONG KONG TAXATION

Dividends

Under the current practice of the Inland Revenue Department, no tax is payable in Hong Kong in respect of dividends paid by us. Dividends distributed to our shareholders are free of withholding taxes in Hong Kong.

Capital Gains and Profit Tax

No tax is imposed in Hong Kong in respect of capital gains from the sale of the Shares. Trading gains from the sale of Shares by persons carrying on a trade, profession or business in Hong Kong, where such gains are arising in or derived from Hong Kong, will be chargeable to Hong Kong profits tax. Currently, profits tax is imposed on corporations at the rate of 16.5% and on individuals at a maximum rate of 15.0%. Gains from sales of the Shares effected on the Stock Exchange will be considered to be sourced in Hong Kong. Liability for Hong Kong profits tax would thus arise in respect of trading gains from sales of the Shares effected on the Stock Exchange realized by persons carrying on a business of trading or dealing in securities in Hong Kong.

Stamp Duty

Hong Kong stamp duty will be payable by the purchaser on every purchase, and by the seller on every sale, of Shares registered on the Hong Kong branch register. The duty is charged at the ad valorem rate of 0.1% of the consideration for, or (if greater) the value of, the Shares transferred on each of the seller and purchaser. In other words, a total of 0.2% is currently payable on a typical sale and purchase transaction of Shares. In addition, any instrument of transfer (if required) will be subject to a flat rate of stamp duty of HK$5.00. Where a sale or purchase of Shares registered on the Hong Kong branch register is effected by a person who is not resident in Hong Kong and any stamp duty payable on the contract note is not paid, the relevant instrument of transfer (if any) shall be chargeable with such duty, together with the duty otherwise chargeable thereon, and the transferee shall be liable to pay such duty.

Estate Duty

The Revenue (Abolition of Estate Duty) Ordinance 2005 came into effect on February 11, 2006 in Hong Kong, pursuant to which estate duty ceased to be chargeable in Hong Kong in respect of the estates of persons dying on or after that date. No Hong Kong estate duty is payable and no estate duty clearance papers are needed for an application for a grant of representation in respect of holders of Shares whose death occur on or after February 11, 2006.

Set out below is a summary of certain provisions of the Memorandum and Articles of Association of the Company and of certain aspects of Cayman Islands company law.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on October 17, 2007 under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands (the "Companies Law"). The Memorandum of Association (the "Memorandum") and the Articles of Association (the "Articles") comprise its constitution.

1. MEMORANDUM OF ASSOCIATION

(a) The Memorandum states, inter alia, that the liability of members of the Company is limited to the amount, if any, for the time being unpaid on the Shares respectively held by them and that the objects for which the Company is established are unrestricted (including acting as an investment company), and that the Company shall have and be capable of exercising all the functions of a natural person of full capacity irrespective of any question of corporate benefit, as provided in section 27(2) of the Companies Law and in view of the fact that the Company is an exempted company that the Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands.

(b) The Company may by special resolution alter its Memorandum with respect to any objects, powers or other matters specified therein.

2. ARTICLES OF ASSOCIATION

The Articles were conditionally adopted on October 27, 2009. The following is a summary of certain provisions of the Articles:

(a) Directors

(i) Power to allot and issue shares and warrants

Subject to the provisions of the Companies Law and the Memorandum and Articles and to any special rights conferred on the holders of any shares or class of shares, any share may be issued with or have attached thereto such rights, or such restrictions, whether with regard to dividend, voting, return of capital, or otherwise, as the Company may by ordinary resolution determine (or, in the absence of any such determination or so far as the same may not make specific provision, as the board may determine). Subject to the Companies Law, the rules of any Designated Stock Exchange (as defined in the Articles) and the Memorandum and Articles, any share may be issued on terms that, at the option of the Company or the holder thereof, they are liable to be redeemed.

The board may issue warrants conferring the right upon the holders thereof to subscribe for any class of shares or securities in the capital of the Company on such terms as it may from time to time determine.

Subject to the provisions of the Companies Law and the Articles and, where applicable, the rules of any Designated Stock Exchange (as defined in the Articles) and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, all unissued shares in the Company shall be at the disposal of the board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times, for such consideration and on such terms and conditions as it in its absolute discretion thinks fit, but so that no shares shall be issued at a discount.

Neither the Company nor the board shall be obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to members or others with registered addresses in any particular territory or territories being a territory or territories where, in the absence of a registration statement or other special formalities, this would or might, in the opinion of the board, be unlawful or impracticable. Members affected as a result of the foregoing sentence shall not be, or be deemed to be, a separate class of members for any purpose whatsoever.

(ii) Power to dispose of the assets of the Company or any subsidiary

There are no specific provisions in the Articles relating to the disposal of the assets of the Company or any of its subsidiaries. The Directors may, however, exercise all powers and do all acts and things which may be exercised or done or approved by the Company and which are not required by the Articles or the Companies Law to be exercised or done by the Company in general meeting.

(iii) Compensation or payments for loss of office

Pursuant to the Articles, payments to any Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually entitled) must be approved by the Company in general meeting.

(iv) Loans and provision of security for loans to Directors

There are provisions in the Articles prohibiting the making of loans to Directors.

(v) Disclosure of interests in contracts with the Company or any of its subsidiaries.

A Director may hold any other office or place of profit with the Company (except that of the auditor of the Company) in conjunction with his office of Director for such period and, subject to the Articles, upon such terms as the board may determine, and may be paid such extra remuneration therefor (whether by way of salary, commission, participation in profits or otherwise) in addition to any remuneration provided for by or pursuant to any other Articles. A Director may be or become a director or other officer of, or otherwise interested in, any company promoted by the Company or any other company in which the Company may be interested, and shall not be liable to account to the Company or the members for any remuneration, profits or other benefits received by him as a director, officer or member of, or from his interest in, such other company. Subject as otherwise provided by the Articles, the board may also cause the voting power conferred by the shares in any other company held or owned by the Company to be exercised in such manner in all respects as it thinks fit, including the exercise thereof in favor of any resolution appointing the Directors or any of them to be directors or officers of such other company, or voting or providing for the payment of remuneration to the directors or officers of such other company.

Subject to the Companies Law and the Articles, no Director or proposed or intended Director shall be disqualified by his office from contracting with the Company, either with regard to his tenure of any office or place of profit or as vendor, purchaser or in any other manner whatsoever, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company or the members for any remuneration, profit or other benefits realized by any such contract or arrangement by reason of such Director holding that office or the fiduciary relationship thereby established. A Director who to his knowledge is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with the Company shall declare the nature of his interest at the meeting of the board at which the question of entering into the contract or arrangement is first taken into consideration, if he knows his interest then exists, or in any other case, at the first meeting of the board after he knows that he is or has become so interested.

A Director shall not vote (nor be counted in the quorum) on any resolution of the board approving any contract or arrangement or other proposal in which he or any of his associates is materially interested, but this prohibition shall not apply to any of the following matters, namely:

(aa) any contract or arrangement for giving to such Director or his associate(s) any security or indemnity in respect of money lent by him or any of his associates or obligations incurred or undertaken by him or any of his associates at the request of or for the benefit of the Company or any of its subsidiaries;

(bb) any contract or arrangement for the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his associate(s) has himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;

(cc) any contract or arrangement concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;

(dd) any contract or arrangement in which the Director or his associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company;

(ee) any contract or arrangement concerning any other company in which the Director or his associate(s) is/are interested only, whether directly or indirectly, as an officer or executive or a shareholder or in which the Director and any of his associates are not in aggregate beneficially interested in 5 percent. or more of the issued shares or of the voting rights of any class of shares of such company (or of any third company through which his interest or that of any of his associates is derived); or

(ff) any proposal or arrangement concerning the adoption, modification or operation of a share option scheme, a pension fund or retirement, death, or disability benefits scheme or other arrangement which relates both to Directors, his associates and employees of the Company or of any of its subsidiaries and does not provide in respect of any Director, or his associate(s), as such any privilege or advantage not accorded generally to the class of persons to which such scheme or fund relates.

(vi) Remuneration

The ordinary remuneration of the Directors shall from time to time be determined by the Company in general meeting, such sum (unless otherwise directed by the resolution by which it is voted) to be divided amongst the Directors in such proportions and in such manner as the board may agree or, failing agreement, equally, except that any Director holding office for part only of the period in respect of which the remuneration is payable shall only rank in such division in proportion to the time during such period for which he held office. The Directors shall also be entitled to be prepaid or repaid all traveling, hotel and incidental expenses reasonably expected to be incurred or incurred by them in attending any board meetings, committee meetings or general meetings or separate meetings of any class of shares or of debentures of the Company or otherwise in connection with the discharge of their duties as Directors.

Any Director who, by request, goes or resides abroad for any purpose of the Company or who performs services which in the opinion of the board go beyond the ordinary duties of a Director may be paid such extra remuneration (whether by way of salary, commission, participation in profits or otherwise) as the board may determine and such extra remuneration shall be in addition to or in substitution for any ordinary remuneration as a Director. An executive Director appointed to be a managing director, joint managing director, deputy managing director or other executive officer shall receive such remuneration (whether by way of salary, commission or participation in profits or otherwise or by all or any of those modes) and such other benefits (including pension and/or gratuity and/or other benefits on retirement) and allowances as the board may from time to time decide. Such remuneration may be either in addition to or in lieu of his remuneration as a Director.

The board may establish or concur or join with other companies (being subsidiary companies of the Company or companies with which it is associated in business) in establishing and making contributions out of the Company's monies to any schemes or funds for providing pensions, sickness or compassionate allowances, life assurance or other benefits for employees (which expression as used in this and the following paragraph shall include any Director or ex-Director who may hold or have held any executive office or any office of profit with the Company or any of its subsidiaries) and ex-employees of the Company and their dependents or any class or classes of such persons.

The board may pay, enter into agreements to pay or make grants of revocable or irrevocable, and either subject or not subject to any terms or conditions, pensions or other benefits to employees and ex-employees and their dependents, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or ex-employees or their dependents are or may become entitled under any such scheme or fund as is mentioned in the previous paragraph. Any such pension or benefit may, as the board considers desirable, be granted to an employee either before and in anticipation of, or upon or at any time after, his actual retirement.

(vii) Retirement, appointment and removal

At each annual general meeting, one third of the Directors for the time being (or if their number is not a multiple of three, then the number nearest to but not less than one third) will retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. The Directors to retire in every year will be those who have been longest in office since their last re-election or appointment but as between persons who became or were last re-elected Directors on the same day those to retire will (unless they otherwise agree among themselves) be determined by lot. There are no provisions relating to retirement of Directors upon reaching any age limit.

The Directors shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the board or as an addition to the existing board. Any Director appointed to fill a casual vacancy shall hold office until the first general meeting of members after his appointment and be subject to re-election at such meeting and any Director appointed as an addition to the existing board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election. Neither a Director nor an alternate Director is required to hold any shares in the Company by way of qualification.

A Director may be removed by an ordinary resolution of the Company before the expiration of his period of office (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and the Company) and may by ordinary resolution appoint another in his place. Unless otherwise determined by the Company in general meeting, the number of Directors shall not be less than two. There is no maximum number of Directors.

The office or director shall be vacated:

(aa) if he resigns his office by notice in writing delivered to the Company at the registered office of the Company for the time being or tendered at a meeting of the Board;

(bb) becomes of unsound mind or dies;

(cc) if, without special leave, he is absent from meetings of the board (unless an alternate director appointed by him attends) for six (6) consecutive months, and the board resolves that his office is vacated;

(dd) if he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors;

(ee) if he is prohibited from being a director by law;

(ff) if he ceases to be a director by virtue of any provision of law or is removed from office pursuant to the Articles.

The board may from time to time appoint one or more of its body to be managing director, joint managing director, or deputy managing director or to hold any other employment or executive office with the Company for such period and upon such terms as the board may determine and the board may revoke or terminate any of such appointments. The board may delegate any of its powers, authorities and discretions to committees consisting of such Director or Directors and other persons as the board thinks fit, and it may from time to time revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes, but every committee so formed shall, in the exercise of the powers, authorities and discretions so delegated, conform to any regulations that may from time to time be imposed upon it by the board.

(viii) Borrowing powers

The board may exercise all the powers of the Company to raise or borrow money, to mortgage or charge all or any part of the undertaking, property and assets (present and future) and uncalled capital of the Company and, subject to the Companies Law, to issue debentures, bonds and other securities of the Company, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

Note: These provisions, in common with the Articles in general, can be varied with the sanction of a special resolution of the Company.

(ix) Proceedings of the Board

The board may meet for the dispatch of business, adjourn and otherwise regulate their meetings as they think fit. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have an additional or casting vote.

(x) Register of Directors and Officers

The Companies Law and the Articles provide that the Company is required to maintain at its registered office a register of directors and officers which is not available for inspection by the public. A copy of such register must be filed with the Registrar of Companies in the Cayman Islands and any change must be notified to the Registrar within thirty (30) days of any change in such directors or officers.

(b) Alterations to constitutional documents

The Articles may be rescinded, altered or amended by the Company in general meeting by special resolution. The Articles state that a special resolution shall be required to alter the provisions of the Memorandum, to amend the Articles or to change the name of the Company.

(c) Alteration of capital

The Company may from time to time by ordinary resolution in accordance with the relevant provisions of the Companies Law:

(i) increase its capital by such sum, to be divided into shares of such amounts as the resolution shall prescribe;

(ii) consolidate and divide all or any of its capital into shares of larger amount than its existing shares;

(iii) divide its shares into several classes and without prejudice to any special rights previously conferred on the holders of existing shares attach thereto respectively any preferential, deferred, qualified or special rights, privileges, conditions or restrictions as the Company in general meeting or as the directors may determine;

(iv) sub-divide its shares or any of them into shares of smaller amount than is fixed by the Memorandum, subject nevertheless to the provisions of the Companies Law, and so that the resolution whereby any share is sub-divided may determine that, as between the holders of the shares resulting from such sub-division, one or more of the shares may have any such preferred or other special rights, over, or may have such deferred rights or be subject to any such restrictions as compared with the others as the Company has power to attach to unissued or new shares; or

(v) cancel any shares which, at the date of passing of the resolution, have not been taken, or agreed to be taken, by any person, and diminish the amount of its capital by the amount of the shares so cancelled.

The Company may subject to the provisions of the Companies Law reduce its share capital or any capital redemption reserve or other undistributable reserve in any way by special resolution.

(d) Variation of rights of existing shares or classes of shares

Subject to the Companies Law, all or any of the special rights attached to the shares or any class of shares may (unless otherwise provided for by the terms of issue of that class) be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting the provisions of the Articles relating to general meetings will *mutatis mutandis* apply, but so that the necessary quorum (other than at an adjourned meeting) shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class and at any adjourned meeting two holders present in person or by proxy whatever the number of shares held by them shall be a quorum. Every holder of shares of the class shall be entitled to one vote for every such share held by him.

The special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

(e) Special resolution-majority required

Pursuant to the Articles, a special resolution of the Company must be passed by a majority of not less than three-fourths of the votes cast by such members as, being entitled so to do, vote in person or, in the case of such members as are corporations, by their duly authorized representatives or, where proxies are allowed, by proxy at a general meeting of which notice of not less than twenty-one (21) clear days and not less than ten (10) clear business days specifying the intention to propose the resolution as a special resolution, has been duly given. Provided that if permitted by the Designated Stock Exchange (as defined in the Articles), except in the case of an annual general meeting, if it is so agreed by a majority in number of the members having a right to attend and vote at such meeting, being a majority together holding not less than ninety-five percent (95%) in nominal value of the shares giving that right and, in the case of an annual general meeting, if so agreed by all Members entitled to attend and vote thereat, a resolution may be proposed and passed as a special resolution at a meeting of which notice of less than twenty-one (21) clear days and less than ten (10) clear business days has been given.

A copy of any special resolution must be forwarded to the Registrar of Companies in the Cayman Islands within fifteen (15) days of being passed.

An ordinary resolution is defined in the Articles to mean a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorized representatives or, where proxies are allowed, by proxy at a general meeting held in accordance with the Articles.

(f) Voting rights

Subject to any special rights or restrictions as to voting for the time being attached to any shares by or in accordance with the Articles, at any general meeting on a poll every member present in person or by proxy or, in the case of a member being a corporation, by its duly authorized representative shall have one vote for every fully paid share of which he is the holder but so that no amount paid up or credited as paid up on a share in advance of calls or installments is treated for the foregoing purposes as paid up on the share. A member entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

At any general meeting a resolution put to the vote of the meeting is to be decided by way of a poll.

If a recognized clearing house (or its nominee(s)) is a member of the Company it may authorize such person or persons as it thinks fit to act as its representative(s) at any meeting of the Company or at any meeting of any class of members of the Company provided that, if more than one person is so authorized, the authorization shall specify the number and class of shares in respect of which each such person is so authorized. A person authorized pursuant to this provision shall be deemed to have been duly authorized without further evidence of the facts and be entitled to exercise the same powers on behalf of the recognized clearing house (or its nominee(s)) as if such person was the registered holder of the shares of the Company held by that clearing house (or its nominee(s)).

Where the Company has any knowledge that any shareholder is, under the rules of the Designated Stock Exchange (as defined in the Articles), required to abstain from voting on any particular resolution of the Company or restricted to voting only for or only against any particular resolution of the Company, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

(g) Requirements for annual general meetings

An annual general meeting of the Company must be held in each year, other than the year of adoption of the Articles (within a period of not more than fifteen (15) months after the holding of the last preceding annual general meeting or a period of eighteen (18) months from the date of adoption of the Articles, unless a longer period would not infringe the rules of any Designated Stock Exchange (as defined in the Articles)) at such time and place as may be determined by the board.

(h) Accounts and audit

The board shall cause true accounts to be kept of the sums of money received and expended by the Company, and the matters in respect of which such receipt and expenditure take place, and of the property, assets, credits and liabilities of the Company and of all other matters required by the Companies Law or necessary to give a true and fair view of the Company's affairs and to explain its transactions.

The accounting records shall be kept at the registered office or at such other place or places as the board decides and shall always be open to inspection by any Director. No member (other than a Director) shall have any right to inspect any accounting record or book or document of the Company except as conferred by law or authorized by the board or the Company in general meeting.

A copy of every balance sheet and profit and loss account (including every document required by law to be annexed thereto) which is to be laid before the Company at its general meeting, together with a printed copy of the Directors' report and a copy of the auditors' report, shall not less than twenty-one (21) days before the date of the meeting and at the same time as the notice of annual general meeting be sent to every person entitled to receive notices of general meetings of the Company under the provisions the Articles; however, subject to compliance with all applicable laws, including the rules of the Designated Stock Exchange (as defined in the Articles), the Company may send to such persons summarized financial statements derived from the Company's annual accounts and the directors' report instead provided that any such person may by notice in writing served on the Company, demand that the Company sends to him, in addition to summarized financial statements, a complete printed copy of the Company's annual financial statement and the directors' report thereon.

Auditors shall be appointed and the terms and tenure of such appointment and their duties at all times regulated in accordance with the provisions of the Articles. The remuneration of the auditors shall be fixed by the Company in general meeting or in such manner as the members may determine.

The financial statements of the Company shall be audited by the auditor in accordance with generally accepted auditing standards. The auditor shall make a written report thereon in accordance with generally accepted auditing standards and the report of the auditor shall be submitted to the members in general meeting. The generally accepted auditing standards referred to herein may be those of a country or jurisdiction other than the Cayman Islands. If so, the financial statements and the report of the auditor should disclose this fact and name such country or jurisdiction.

(i) Notices of meetings and business to be conducted thereat

An annual general meeting shall be called by notice of not less than twenty-one (21) clear days and not less than twenty (20) clear business days and any extraordinary general meeting at which it is proposed to pass a special resolution shall (save as set out in sub-paragraph (e) above) be called by notice of at least twenty-one (21) clear days and not less than ten (10) clear business days. All other extraordinary general meetings shall be called by notice of at least fourteen (14) clear days and not less than ten (10) clear business days. The notice must specify the time and place of the meeting and, in the case of special business, the general nature of that business. In addition notice of every general meeting shall be given to all members of the Company other than such as, under the provisions of the Articles or the terms of issue of the shares they hold, are not entitled to receive such notices from the Company, and also to the auditors for the time being of the Company.

Notwithstanding that a meeting of the Company is called by shorter notice than that mentioned above if permitted by the rules of the Designated Stock Exchange, it shall be deemed to have been duly called if it is so agreed:

(i) in the case of a meeting called as an annual general meeting, by all members of the Company entitled to attend and vote thereat; and

(ii) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting, being a majority together holding not less than ninety-five percent (95%) in nominal value of the issued shares giving that right.

All business shall be deemed special that is transacted at an extraordinary general meeting and also all business shall be deemed special that is transacted at an annual general meeting with the exception of the following, which shall be deemed ordinary business:

(aa) the declaration and sanctioning of dividends;

(bb) the consideration and adoption of the accounts and balance sheet and the reports of the directors and the auditors;

(cc) the election of directors in place of those retiring;

(dd) the appointment of auditors and other officers;

(ee) the fixing of the remuneration of the directors and of the auditors;

(ff) the granting of any mandate or authority to the directors to offer, allot, grant options over or otherwise dispose of the unissued shares of the Company representing not more than twenty percent (20%) in nominal value of its existing issued share capital; and

(gg) the granting of any mandate or authority to the directors to repurchase securities of the Company.

(j) Transfer of shares

All transfers of shares may be effected by an instrument of transfer in the usual or common form or in a form prescribed by the Designated Stock Exchange (as defined in the Articles) or in such other form as the board may approve and which may be under hand or, if the transferor or transferee is a clearing house or its nominee(s), by hand or by machine imprinted signature or by such other manner of execution as the board may approve from time to time. The instrument of transfer shall be executed by or on behalf of the transferor and the transferee provided that the board may dispense with the execution of the instrument of transfer by the transferee in any case in which it thinks fit, in its discretion, to do so and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members in respect thereof. The board may also resolve either generally or in any particular case, upon request by either the transferor or the transferee, to accept mechanically executed transfers.

The board in so far as permitted by any applicable law may, in its absolute discretion, at any time and from time to time transfer any share upon the principal register to any branch register or any share on any branch register to the principal register or any other branch register.

Unless the board otherwise agrees, no shares on the principal register shall be transferred to any branch register nor may shares on any branch register be transferred to the principal register or any other branch register. All transfers and other documents of title shall be lodged for registration and registered, in the case of shares on a branch register, at the relevant registration office and, in the case of shares on the principal register, at the registered office in the Cayman Islands or such other place at which the principal register is kept in accordance with the Companies Law.

The board may, in its absolute discretion, and without assigning any reason, refuse to register a transfer of any share (not being a fully paid up share) to a person of whom it does not approve or any share issued under any share incentive scheme for employees upon which a restriction on transfer imposed thereby still subsists, and it may also refuse to register any transfer of any share to more than four joint holders or any transfer of any share (not being a fully paid up share) on which the Company has a lien.

The board may decline to recognize any instrument of transfer unless a fee of such maximum sum as any Designated Stock Exchange (as defined in the Articles) may determine to be payable or such lesser sum as the Directors may from time to time require is paid to the Company in respect thereof, the instrument of transfer, if applicable, is properly stamped, is in respect of only one class of share and is lodged at the relevant registration office or registered office or such other place at which the principal register is kept accompanied by the relevant share certificate(s) and such other evidence as the board may reasonably require to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The registration of transfers may be suspended and the register closed on giving notice by advertisement in a relevant newspaper and, where applicable, any other newspapers in accordance with the requirements of any Designated Stock Exchange (as defined in the Articles), at such times and for such periods as the board may determine and either generally or in respect of any class of shares. The register of members shall not be closed for periods exceeding in the whole thirty (30) days in any year.

(k) Power for the Company to purchase its own shares

The Company is empowered by the Companies Law and the Articles to purchase its own Shares subject to certain restrictions and the Board may only exercise this power on behalf of the Company subject to any applicable requirements imposed from time to time by any Designated Stock Exchange (as defined in the Articles).

(l) Power for any subsidiary of the Company to own shares in the Company

There are no provisions in the Articles relating to ownership of shares in the Company by a subsidiary.

(m) Dividends and other methods of distribution

Subject to the Companies Law, the Company in general meeting may declare dividends in any currency to be paid to the members but no dividend shall be declared in excess of the amount recommended by the board.

The Articles provide dividends may be declared and paid out of the profits of the Company, realized or unrealized, or from any reserve set aside from profits which the directors determine is no longer needed. With the sanction of an ordinary resolution dividends may also be declared and paid out of share premium account or any other fund or account which can be authorized for this purpose in accordance with the Companies Law.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide, (i) all dividends shall be declared and paid according to the amounts paid up on the shares in respect whereof the dividend is paid but no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share and (ii) all dividends shall be apportioned and paid pro rata according to the amount paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. The Directors may deduct from any dividend or other monies payable to any member or in respect of any shares all sums of money (if any) presently payable by him to the Company on account of calls or otherwise.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared on the share capital of the Company, the board may further resolve either (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the shareholders entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment, or (b) that shareholders entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the board may think fit. The Company may also upon the recommendation of the board by an ordinary resolution resolve in respect of any one particular dividend of the Company that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to shareholders to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, interest or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post addressed to the holder at his registered address, or in the case of joint holders, addressed to the holder whose name stands first in the register of the Company in respect of the shares at his address as appearing in the register or addressed to such person and at such addresses as the holder or joint holders may in writing direct. Every such cheque or warrant shall, unless the holder or joint holders otherwise direct, be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the register in respect of such shares, and shall be sent at his or their risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company. Any one of two or more joint holders may give effectual receipts for any dividends or other moneys payable or property distributable in respect of the shares held by such joint holders.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared the board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

All dividends or bonuses unclaimed for one year after having been declared may be invested or otherwise made use of by the board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends or bonuses unclaimed for six years after having been declared may be forfeited by the board and shall revert to the Company.

No dividend or other monies payable by the Company on or in respect of any share shall bear interest against the Company.

(n) Proxies

Any member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member of the Company and shall be entitled to exercise the same powers on behalf of a member who is an individual and for whom he acts as proxy as such member could exercise. In addition, a proxy shall be entitled to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such member could exercise if it were an individual member. Votes may be given either personally (or, in the case of a member being a corporation, by its duly authorized representative) or by proxy.

(o) Call on shares and forfeiture of shares

Subject to the Articles and to the terms of allotment, the board may from time to time make such calls upon the members in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium). A call may be made payable either in one lump sum or by installments. If the sum payable in respect of any call or installment is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding twenty percent (20%) per annum as the board may agree to accept from the day appointed for the payment thereof to the time of actual payment, but the board may waive payment of such interest wholly or in part. The board may, if it thinks fit, receive from any member willing to advance the same, either in money or money's worth, all or any part of the monies uncalled and unpaid or installments payable upon any shares held by him, and upon all or any of the monies so advanced the Company may pay interest at such rate (if any) as the board may decide.

If a member fails to pay any call on the day appointed for payment thereof, the board may serve not less than fourteen (14) clear days' notice on him requiring payment of so much of the call as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment and stating that, in the event of non-payment at or before the time appointed, the shares in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the board to that effect. Such forfeiture will include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture.

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, notwithstanding, remain liable to pay to the Company all monies which, at the date of forfeiture, were payable by him to the Company in respect of the shares, together with (if the board shall in its discretion so require) interest thereon from the date of forfeiture until the date of actual payment at such rate not exceeding twenty percent (20%) per annum as the board determines.

(p) Inspection of register of members

Pursuant to the Articles the register and branch register of members shall be open to inspection for at least two (2) hours on every business day by members without charge, or by any other person upon a maximum payment of HK$2.50 or such lesser sum specified by the board, at the registered office or such other place at which the register is kept in accordance with the Companies Law or, upon a maximum payment of HK$1.00 or such lesser sum specified by the board, at the Registration Office (as defined in the Articles), unless the register is closed in accordance with the Articles.

(q) Quorum for meetings and separate class meetings

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, but the absence of a quorum shall not preclude the appointment of a chairman.

Save as otherwise provided by the Articles the quorum for a general meeting shall be two members present in person (or, in the case of a member being a corporation, by its duly authorized representative) or by proxy and entitled to vote. In respect of a separate class meeting (other than an adjourned meeting) convened to sanction the modification of class rights the necessary quorum shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class.

A corporation being a member shall be deemed for the purpose of the Articles to be present in person if represented by its duly authorized representative being the person appointed by resolution of the directors or other governing body of such corporation to act as its representative at the relevant general meeting of the Company or at any relevant general meeting of any class of members of the Company.

(r) Rights of the minorities in relation to fraud or oppression

There are no provisions in the Articles relating to rights of minority shareholders in relation to fraud or oppression. However, certain remedies are available to shareholders of the Company under Cayman law, as summarized in paragraph 3(f) of this Appendix.

(s) Procedures on liquidation

A resolution that the Company be wound up by the court or be wound up voluntarily shall be a special resolution.

Subject to any special rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of shares (i) if the Company shall be wound up and the assets available for distribution amongst the members of the Company shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed *pari passu* amongst such members in proportion to the amount paid up on the shares held by them respectively and (ii) if the Company shall be wound up and the assets available for distribution amongst the members as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up on the shares held by them respectively.

If the Company shall be wound up (whether the liquidation is voluntary or by the court) the liquidator may, with the authority of a special resolution and any other sanction required by the Companies Law divide among the members in specie or kind the whole or any part of the assets of the Company whether the assets shall consist of property of one kind or shall consist of properties of different kinds and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator, with the like authority, shall think fit, but so that no contributory shall be compelled to accept any shares or other property in respect of which there is a liability.

(t) Untraceable members

Pursuant to the Articles, the Company may sell any of the shares of a member who is untraceable if (i) all cheques or warrants in respect of dividends of the shares in question (being not less than three in total number) for any sum payable in cash to the holder of such shares have remained uncashed for a period of 12 years; (ii) upon the expiry of the 12 year period, the Company has not during that time received any indication of the existence of the member; and (iii) the Company has caused an advertisement to be published in accordance with the rules of the Designated Stock Exchange (as defined in the Articles) giving notice of its intention to sell such shares and a period of three (3) months, or such shorter period as may be permitted by the Designated Stock Exchange (as defined in the Articles), has elapsed since the date of such advertisement and the Designated Stock Exchange (as defined in the Articles) has been notified of such intention. The net proceeds of any such sale shall belong to the Company and upon receipt by the Company of such net proceeds, it shall become indebted to the former member of the Company for an amount equal to such net proceeds.

(u) Subscription rights reserve

The Articles provide that to the extent that it is not prohibited by and is in compliance with the Companies Law, if warrants to subscribe for shares have been issued by the Company and the Company does any act or engages in any transaction which would result in the subscription price of such warrants being reduced below the par value of a share, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of a share on any exercise of the warrants.

3. CAYMAN ISLANDS COMPANY LAW

The Company is incorporated in the Cayman Islands subject to the Companies Law and, therefore, operates subject to Cayman law. Set out below is a summary of certain provisions of Cayman Islands company law, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of Cayman Islands company law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar:

(a) Operations

As an exempted company, the Company's operations must be conducted mainly outside the Cayman Islands. The Company is required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the amount of its authorized share capital.

(b) Share capital

The Companies Law provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the value of the premiums on those shares shall be transferred to an account, to be called the "share premium account." At the option of a company, these provisions may not apply to premiums on shares of that company allotted pursuant to any arrangement in consideration of the acquisition or cancellation of shares in any other company and issued at a premium. The Companies Law provides that the share premium account may be applied by the company subject to the provisions, if any, of its memorandum and articles of association in (a) paying distributions or dividends to members; (b) paying up unissued shares of the company to be issued to members as fully paid bonus shares; (c) the redemption and repurchase of shares (subject to the provisions of section 37 of the Companies Law); (d) writing-off the preliminary expenses of the company; (e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company; and (f) providing for the premium payable on redemption or purchase of any shares or debentures of the company.

No distribution or dividend may be paid to members out of the share premium account unless immediately following the date on which the distribution or dividend is proposed to be paid, the company will be able to pay its debts as they fall due in the ordinary course business.

The Companies Law provides that, subject to confirmation by the Grand Court of the Cayman Islands (the "Court"), a company limited by shares or a company limited by guarantee and having a share capital may, if so authorized by its articles of association, by special resolution reduce its share capital in any way.

The Articles includes certain protections for holders of special classes of shares, requiring their consent to be obtained before their rights may be varied. The consent of the specified proportions of the holders of the issued shares of that class or the sanction of a resolution passed at a separate meeting of the holders of those shares is required.

(c) Financial assistance to purchase shares of a company or its holding company

Subject to all applicable laws, the Company may give financial assistance to Directors and employees of the Company, its subsidiaries, its holding company or any subsidiary of such holding company in order that they may buy Shares in the Company or shares in any subsidiary or holding company. Further, subject to all applicable laws, the Company may give financial assistance to a trustee for the acquisition of Shares in the Company or shares in any such subsidiary or holding company to be held for the benefit of employees of the Company, its subsidiaries, any holding company of the Company or any subsidiary of any such holding company (including salaried Directors).

There is no statutory restriction in the Cayman Islands on the provision of financial assistance by a company to another person for the purchase of, or subscription for, its own or its holding company's shares. Accordingly, a company may provide financial assistance if the directors of the company consider, in discharging their duties of care and acting in good faith, for a proper purpose and in the interests of the company, that such assistance can properly be given. Such assistance should be on an arm's-length basis.

(d) Purchase of shares and warrants by a company and its subsidiaries

Subject to the provisions of the Companies Law, a company limited by shares or a company limited by guarantee and having a share capital may, if so authorized by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a shareholder. In addition, such a company may, if authorized to do so by its articles of association, purchase its own shares, including any redeemable shares. However, if the articles of association do not authorize the manner or purchase, a company cannot purchase any of its own shares unless the manner of purchase has first been authorized by an ordinary resolution of the company. At no time may a company redeem or purchase its shares unless they are fully paid. A company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any member of the company holding shares. A payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

A company is not prohibited from purchasing and may purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. There is no requirement under Cayman Islands law that a company's memorandum or articles of association contain a specific provision enabling such purchases and the directors of a company may rely upon the general power contained in its memorandum of association to buy and sell and deal in personal property of all kinds.

Under Cayman Islands law, a subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

(e) Dividends and distributions

With the exception of section 34 of the Companies Law, there is no statutory provisions relating to the payment of dividends. Based upon English case law, which is regarded as persuasive in the Cayman Islands, dividends may be paid only out of profits. In addition, section 34 of the Companies Law permits, subject to a solvency test and the provisions, if any, of the company's memorandum and articles of association, the payment of dividends and distributions out of the share premium account (see paragraph 2(m) above for further details).

(f) Protection of minorities

The Cayman Islands courts ordinarily would be expected to follow English case law precedents which permit a minority shareholder to commence a representative action against or derivative actions in the name of the company to challenge (a) an act which is ultra vires the company or illegal, (b) an act which constitutes a fraud against the minority and the wrongdoers are themselves in control of the company, and (c) an irregularity in the passing of a resolution which requires a qualified (or special) majority.

In the case of a company (not being a bank) having a share capital divided into shares, the Court may, on the application of members holding not less than one fifth of the shares of the company in issue, appoint an inspector to examine into the affairs of the company and to report thereon in such manner as the Court shall direct.

Any shareholder of a company may petition the Court which may make a winding up order if the Court is of the opinion that it is just and equitable that the company should be wound up or, as an alternative to a winding up order, (a) an order regulating the conduct of the company's affairs in the future, (b) an order requiring the company to refrain from doing or continuing an act complained of by the shareholder petitioner or to do an act which the shareholder petitioner has complained it has omitted to do, (c) an order authorizing civil proceedings to be brought in the name and on behalf of the company by the shareholder petitioner on such terms as the Court may direct, or (d) an order providing for the purchase of the shares of any shareholders of the company by other shareholders or by the company itself and, in the case of a purchase by the company itself, a reduction of the company's capital accordingly.

Generally claims against a company by its shareholders must be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by the company's memorandum and articles of association.

(g) Management

The Companies Law contains no specific restrictions on the power of directors to dispose of assets of a company. However, as a matter of general law, every officer of a company, which includes a director, managing director and secretary, in exercising his powers and discharging his duties must do so honestly and in good faith with a view to the best interests of the company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

(h) Accounting and auditing requirements

A company shall cause proper books of account to be kept with respect to (i) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place; (ii) all sales and purchases of goods by the company; and (iii) the assets and liabilities of the company.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

(i) Exchange control

There are no exchange control regulations or currency restrictions in the Cayman Islands.

(j) Taxation

Pursuant to section 6 of the Tax Concessions Law (1999 Revision) of the Cayman Islands, the Company has obtained an undertaking from the Governor-in-Cabinet:

(1) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciation shall apply to the Company or its operations; and

(2) that the aforesaid tax or any tax in the nature of estate duty or inheritance tax shall not be payable on or in respect of the shares, debentures or other obligations of the Company.

The undertaking for the Company is for a period of twenty years from October 30, 2007.

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save certain stamp duties which may be applicable, from time to time, on certain instruments executed in or brought within the jurisdiction of the Cayman Islands. The Cayman Islands are not party to any double tax treaties.

(k) Stamp duty on transfers

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

(l) Loans to directors

There is no express provision in the Companies Law prohibiting the making of loans by a company to any of its directors.

(m) Inspection of corporate records

Members of the Company will have no general right under the Companies Law to inspect or obtain copies of the register of members or corporate records of the Company. They will, however, have such rights as may be set out in the Company's Articles.

An exempted company may, subject to the provisions of its articles of association, maintain its principal register of members and any branch registers at such locations, whether within or without the Cayman Islands, as the directors may, from time to time, think fit. There is no requirement under the Companies Law for an exempted company to make any returns of members to the Registrar of Companies of the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection.

(n) Winding up

A company may be wound up compulsorily by order of the Court; voluntarily; or, under supervision of the Court. The Court has authority to order winding up in a number of specified circumstances including where it is, in the opinion of the Court, just and equitable to do so.

A company may be wound up voluntarily when the members so resolve in general meeting by special resolution, or, in the case of a limited duration company, when the period fixed for the duration of the company by its memorandum expires, or the event occurs on the occurrence of which the memorandum provides that the company is to be dissolved, or, the company does not commence business for a year from its incorporation (or suspends its business for a year), or, the company is unable to pay its debts. In the case of a voluntary winding up, such company is obliged to cease to carry on its business from the time of passing the resolution for voluntary winding up or upon the expiry of the period or the occurrence of the event referred to above.

For the purpose of conducting the proceedings in winding up a company and assisting the Court, there may be appointed one or more than one person to be called an official liquidator or official liquidators; and the Court may appoint to such office such qualified person or persons, either provisionally or otherwise, as it thinks fit, and if more persons than one are appointed to such office, the Court shall declare whether any act hereby required or authorized to be done by the official liquidator is to be done by all or any one or more of such persons. The Court may also determine whether any and what security is to be given by an official liquidator on his appointment; if no official liquidator is appointed, or during any vacancy in such office, all the property of the company shall be in the custody of the Court. A person shall be qualified to accept an appointment as an official liquidator if he is duly qualified in terms of the Insolvency Practitioners Regulations. A foreign practitioner may be appointed to act jointly with a qualified insolvency practitioner.

In the case of a members' voluntary winding up of a company, the company in general meeting must appoint one or more liquidators for the purpose of winding up the affairs of the company and distributing its assets. A declaration of solvency must be signed by all the directors of a company being voluntarily wound up within twenty-eight (28) days of the commencement of the liquidation, failing which, its liquidator must apply to Court for an order that the liquidation continue under the supervision of the Court.

Upon the appointment of a liquidator, the responsibility for the company's affairs rests entirely in his hands and no future executive action may be carried out without his approval. A liquidator's duties are to collect the assets of the company (including the amount (if any) due from the contributories), settle the list of creditors and, subject to the rights of preferred and secured creditors and to any subordination agreements or rights of set-off or netting of claims, discharge the company's liability to them (*pari passu* if insufficient assets exist to discharge the liabilities in full) and to settle the list of contributories (shareholders) and divide the surplus assets (if any) amongst them in accordance with the rights attaching to the shares.

As soon as the affairs of the company are fully wound up, the liquidator must make up an account of the winding up, showing how the winding up has been conducted and the property of the company has been disposed of, and thereupon call a general meeting of the company for the purposes of laying before it the account and giving an explanation thereof. At least twenty-one (21) days before the final meeting, the liquidator shall send a notice specifying the time, place and object of the meeting to each contributory in any manner authorized by the company's articles of association and published in the Gazette in the Cayman Islands.

(o) Reconstructions

There are statutory provisions which facilitate reconstructions and amalgamations approved by a majority in number representing seventy-five percent (75%) in value of shareholders or class of shareholders or creditors, as the case may be, as are present at a meeting called for such purpose and thereafter sanctioned by the Court. Whilst a dissenting shareholder would have the right to express to the Court his view that the transaction for which approval is sought would not provide the shareholders with a fair value for their shares, the Court is unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management.

(p) Compulsory acquisition

Where an offer is made by a company for the shares of another company and, within four (4) months of the offer, the holders of not less than ninety percent (90%) of the shares which are the subject of the offer accept, the offeror may at any time within two (2) months after the expiration of the said four (4) months, by notice in the prescribed manner require the dissenting shareholders to transfer their shares on the terms of the offer. A dissenting shareholder may apply to the Court within one (1) month of the notice objecting to the transfer. The burden is on the dissenting shareholder to show that the Court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority shareholders.

(q) Indemnification

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the court to be contrary to public policy (e.g. for purporting to provide indemnification against the consequences of committing a crime).

4. GENERAL

Conyers Dill & Pearman, the Company's special legal counsel on Cayman Islands law, have sent to the Company a letter of advice summarizing certain aspects of Cayman Islands company law. This letter, together with a copy of the Companies Law, is available for inspection as set forth in the paragraph entitled "Documents available for inspection" in Appendix IX. Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he is more familiar is recommended to seek independent legal advice.

I. LEGAL SUPERVISION RELATING TO THE PROPERTY SECTOR IN THE PRC

A. Establishment of a Property Development Enterprise

According to the Law of the People's Republic of China on the Administration of Urban Property (中華人民共和國城市房地產管理法) (the "Urban Property Law") promulgated by the Standing Committee of the National People's Congress on July 5, 1994 and revised in August 2007, a property developer is defined as an enterprise which engages in the development and sale of property for the purpose of making profits. Under the Regulations on Administration of Development of Urban Property (城市房地產開發經營管理條例) (the "Development Regulations") promulgated by the State Council on July 20, 1998, an enterprise which is to engage in development of property shall satisfy the following requirements: (1) its minimum registered capital shall be RMB1 million; and (2) it shall employ at least four full-time professional property/construction technicians and at least two full-time accounting officers, each of whom shall hold relevant qualification certificates. The Development Regulations also stipulate that the local government of a province, autonomous region or municipality directly under the central government may, based on local circumstances, impose more stringent requirements on the amount of registered capital and the qualifications of professionals of a property developer. According to the Regulations on Property Developments of Guangdong Province (廣東省房地產開發經營條例) revised by the Standing Committee of Guangdong Provincial People's Congress on September 22, 1997, the self-funded capital of a property developer in the Guangdong Province shall be at least RMB3 million, and property developers with different qualification classifications should comply with respective requirements for full-time professional technicians. Pursuant to the Circular in Respect of the Relevant Rules Governing the Administration of Industrial and Commercial Registration and Qualification of Property Development Entities (關於房地產開發企業工商登記與資質管理有關規定的通知) promulgated by the Construction Bureau of Sichuan Province on September 2, 2004, the minimum registered capital of a property development entity so established shall be RMB5 million. According to the Regulations on Property Development of Tianjin City (天津市房地產開發企業管理規定) promulgated by the Tianjin City People's Congress on September 12, 2001, the minimum registered capital of the property development enterprise should be RMB10 million. Pursuant to the Detailed Rules for the Implementation of the Provisions on Administrations of Qualification of Property Developers of Jiangsu Province (江蘇省實施《房地產開發企業資質管理規定》細則) promulgated by the Construction Bureau of Jiangsu Province on August 6, 2001, the minimum registered capital of property developers established in Yixing City shall be RMB4 million, and property developers with different qualification classifications should comply with respective requirements for full-time professional technicians.

Pursuant to the Development Regulations, a developer who aims to establish a property development enterprise should apply for registration with the Administration for Industry and Commerce. The property development enterprise must also report its establishment to the property development authority in the location of the registration authority, within 30 days upon the receipt of its Business License.

Under the Notice on Adjusting the Portion of Capital Fund for Fixed Assets Investment of Certain Industries (關於調整部分行業固定資產投資項目資本金比例的通知) issued by the State Council on April 26, 2004, the portion of capital funding for property projects (excluding economical housing projects) has been increased from 20% to 35%.

However, on May 25, 2009, the State Council issued the Notice on Adjusting the Minimum Capital Requirement for Fixed Assets Investment (關於調整固定資產投資項目資本金比例的通知) and lowered the minimum capital requirement for projects of affordable residential housing and regular commodity residential houses from 35% to 20% and, for other property projects, to 30%.

B. Foreign-invested Property Enterprises

Under the Foreign Investment Industrial Guidance Catalogue (外商投資產業指導目錄) amended jointly by the Ministry of Commerce and the NDRC in October 2007 and with effect from December 1, 2007, the development of a whole land lot, the construction and operation of high end hotels, villas, premium office buildings, international conference centers and large theme parks, transactions in the real estate secondary market and real estate intermediary or broker companies fall within the category of industries in which foreign investment is restricted, while foreign investment related to other kinds of real estate development falls within the category of industry in which foreign investment is permitted.

According to the Interim Provisions on Approving Foreign Investment Project (外商投資項目核准暫行管理辦法) promulgated by the NDRC in October 2004, the NDRC shall examine and approve foreign investment projects with total investment of US$100 million or more within the category of industries in which foreign investment is encouraged or permitted and those with total investment of US$50 million or more within the category of industries in which foreign investment is restricted as classified in the Foreign Investment Industrial Guidance Catalogue. While foreign investment projects with a total investment of US$500 million or more within the category of industries in which foreign investment is encouraged or permitted and those with total investment of US$100 million or more within the category of industries in which foreign investment is restricted as classified in the Foreign Investment Industrial Guidance Catalogue are subject to further approval of the State Council based on the examination and approval of the NDRC.

Foreign invested property enterprises can be established in the form of a Sino-foreign equity joint venture, a Sino-foreign cooperative joint venture or a wholly foreign-owned enterprise. Prior to its registration, the enterprise must be approved by the commerce authorities, upon which an Approval Certificate for a Foreign-Invested Enterprise will be issued.

On July 11, 2006, the MOC, MOFCOM, the NDRC, the PBOC, SAIC and SAFE jointly promulgated the Opinion on Regulating the Access and Management of Foreign Capital in the Property Market (關於規範房地產市場外資准入和管理的意見). According to this Opinion, the admittance and administration of foreign capital in the property market must comply with the following requirements:

a) Foreign entities or individuals who buy property not for their own use in China must apply for the establishment of foreign-invested enterprises pursuant to the regulations of foreign investment in property. After obtaining the approvals from relevant authorities and upon completion of the relevant registrations, foreign entities and individuals can then carry on their business pursuant to their approved business scope.

b) Where the total investment amount of a foreign-invested property development enterprise is US$10 million or more, its registered capital shall not be less than 50 percent of the total investment amount; where the total investment amount is less than US$10 million, its registered capital shall follow the requirements of the existing regulations.

c) For the establishment of a foreign-invested property development enterprise, the commerce authorities and the Administration for Industry and Commerce take charge of the approval and registration of the foreign-invested property development enterprise and the issuance of the Approval Certificate for a Foreign- Invested Enterprise (which is only effective for one year) and the Business License. Upon full payment of the assignment price of land use rights, the foreign-invested property development enterprise should apply for the land use rights certificate. With such Certificate of Land-Use Rights, it can obtain a formal Approval Certificate for a Foreign-Invested Enterprise from the commerce authorities and an updated business license which will have the same approved business period with the formal Approval Certificate for Foreign-Invested Enterprise from the Administration of Industry and Commerce.

d) Transfers of projects or shares in foreign-invested property development enterprises or acquisitions of domestic property development enterprises by foreign investors should strictly follow relevant laws, regulations and policies and obtain the relevant approvals. The investor should submit: (1) a written undertaking of fulfillment of the assignment contract for State-owned land use rights, construction land planning permit and construction works planning permit; (2) land use rights certificate; (3) documents evidencing the filing for modification with the construction authorities; and (4) documents evidencing the payment of tax from the relevant tax authorities.

e) When acquiring domestic property development enterprises by way of shares transfer or otherwise, or purchasing shares from Chinese parties in Sino-foreign equity joint ventures, foreign investors should make proper arrangements for the employees, handle the debts of the banks and pay the consideration in one single payment with its own capital. Foreign investors with records showing that they have not complied with relevant employment laws, with unsound financial track records, or who have not fully satisfied any previous acquisition consideration shall not be allowed to undertake the aforementioned activities.

On August 14, 2006, The General Office of MOFCOM promulgated the Circular on the Thorough Implementation of the Opinions (關於貫徹落實〈關於規範房地產市場外資准入和管理的意見〉的通知) (the "Circular"). The Circular not only reiterates relevant provisions on foreign investment in the real estate industry as prescribed in the Opinions, but also sets forth the definition of Real Estate FIE as a foreign invested enterprise (FIE) which carries out the construction and operation of a variety of residences such as ordinary residences, apartments and villas, hotels (restaurants), resorts, office buildings, convention centers, commercial facilities, and theme parks, or, undertakes the development of land or a whole land lot in respect of the abovementioned projects.

On September 1, 2006, the MOC and the SAFE jointly issued the Opinions on Regulating the Foreign Exchange Administration of the Real Estate Market (關於規範房地產市場外匯管理有關問題的通知), providing regulations on real estate development enterprises mainly as follows:

(i) For real estate development enterprises, the current account for foreign exchange shall not maintain property purchase payment remitted by residents of Hong Kong, Macau and Taiwan and overseas Chinese expatriates;

(ii) Where the registered capital relating to a Real Estate FIE remains unpaid in its entirety, or the state-owned land use rights certificate is yet to be obtained, or the capital fund of development project has not reached 35 percent of the total amount of the project investment, such Real Estate FIE is not permitted to borrow foreign loans from overseas;

(iii) Where foreign entities and individuals purport to merge and acquire domestic real estate enterprises by way of share transfer or any other means, acquire a Chinese party's shares within an equity joint venture, such foreign entities and individuals must be capable of making a one-time payment in relation to the transfer consideration, otherwise SAFE shall not process any foreign exchange registration relating to the foreign exchange transaction.

On May 23, 2007, MOFCOM and SAFE promulgated the Circular on Further Strengthening and Regulating the Approval and Supervision of Real Estate Industry with Direct Foreign Investment (關於進一步加強、規範外商直接投資房地產業審批和監管的通知), which stipulated that:

1. Strict control should be imposed on the acquisition of or investment in domestic real estate enterprises by way of return investment. Foreign investors shall not change the domestic effective controller for the purpose of circumventing the approval procedure related to Real Estate FIE;

2. In a Real Estate FIE, Chinese parties shall not, provide any warranties with regard to allocating fixed turns, express or disguised, to any party;

3. A Real Estate FIE incorporated upon approval by local approval bodies should be registered with MOFCOM on a timely basis; and

4. Foreign exchange administration bodies and designated foreign exchange banks shall not process sale and settlement of foreign exchange under capital items for Real Estate FIEs that fail to complete filing procedures with MOFCOM or to pass joint inspection for foreign-invested enterprises.

In addition, according to the Circular on Distribution of List of the First Group of Foreign-Invested Real Estate Projects Filed with the Ministry of Commerce (關於下發第一批通過商務部備案的外商投資房地產項目名單的通知) promulgated by the General Department of SAFE on July 10, 2007, (1) local branches of SAFE shall not process any foreign debt registration application or conversion of foreign debt for any Real Estate FIE (including newly incorporated and injected by increased capital contribution) that obtained Certificate of Approval from local commerce authorities and completed the registration with a MOFCOM on or after June 1, 2007; (2) SAFE branches shall not process foreign exchange registration (or change registration), sale and settlement of foreign exchange under capital items, for any Real Estate FIE that has obtained a Certificate of Approval from local commerce authorities, yet has not registered with MOFCOM on or after June 1, 2007.

On July 1, 2008, MOFCOM implemented the Circular on Properly Handling the Record Filing for Foreign Investment in the Real Property Sector (關於做好外商投資房地產業備案工作的通知), delegating provincial-level commerce authorities the authority to register matters concerning foreign investment in real property projects after approving the legality, authenticity and accuracy of the project.

In accordance with a circular promulgated by the SAFE in August 2008 with respect to the administration of conversion of foreign exchange capital contribution of foreign invested enterprise into Renminbi (關於完善外商投資企業外匯資本金支付結匯管理有關業務操作問題的通知), unless otherwise permitted by PRC laws or regulations, Renminbi capital converted from foreign exchange capital contribution can only be applied to the activities within the approved business scope of such foreign invested enterprise and cannot be used for domestic equity investment or acquisition.

C. Qualifications of a Property Developer

(i) Classifications of a property enterprises' qualification

Under the Development Regulations, a property developer must report its establishment to the governing property development authorities in the location of the registration authority within 30 days of receiving its Business License. The property development authorities shall examine applications for classification of a property developer's qualification by considering its assets, professional personnel and industrial achievements. A property enterprise shall only engage in property development projects in compliance with its approved qualification.

Under the Provisions on Administration of Qualifications of Property Developers (房地產開發企業資質管理規定) (the "Provisions on Administration of Qualifications") promulgated by the MOC and implemented on March 29, 2000, a property developer shall apply for registration of its qualifications. An enterprise may not engage in the development and sale of property without a qualification classification certificate for property development.

In accordance with the Provisions on Administration of Qualifications, qualifications of a property enterprise are classified into four classes: class 1, class 2, class 3 and class 4. Different classes of qualification should be examined and approved by corresponding authorities. The class 1 qualifications shall be subject to preliminary examination by the construction authority under the government of the relevant province, autonomous region or municipality directly under the central government and then final approval of the construction authority under the State Council. Procedures for approval of developers of class 2 or lower classes shall be formulated by the construction authority under the people's government of the relevant province, autonomous region or municipality directly under the central government. A developer that passes the qualification examination will be issued a qualification certificate of the relevant class by the qualification examination authority. For a newly established property developer, after it reports its establishment to the property development authority, the latter shall issue a Provisional Qualification Certificate to the eligible developer within 30 days. The Provisional Qualification Certificate shall be effective for one year from its issuance while the property development authority may extend the validity to a period of no longer than 2 years considering the actual business situation of the enterprise. The property developer shall apply for qualification classification by the property development authority within one month before expiry of the Provisional Qualification Certificate.

(ii) The business scope of a property developer

Under the Provisions on Administration of Qualifications, a developer of any qualification classification may only engage in the development and sale of the property within its approved scope of business and may not engage in business which falls outside the approved scope of its qualification classification. A class 1 property developer may undertake a property development projects throughout the country without any limit on the scale of the project. A property developer of class 2 or lower may undertake a project with a gross floor area of less than 250,000 square meters and the specific scopes of business shall be as formulated by the construction authority under the people's government of the relevant province, autonomous region or municipality.

(iii) The annual inspection of a property developer's qualification

Pursuant to the Provisions on Administration of Qualifications, the qualification of a property developer shall be inspected annually. The construction authority under the State Council or its authorized institution is responsible for the annual inspection of a class 1 property developer's qualification. Procedures for annual qualification inspection with developers of class 2 or lower qualifications shall be formulated by the construction authority under the people's government of the relevant province, autonomous region or municipality.

D. Development of a Property Project

(i) Land for property development

Under the Provisional Regulations of the People's Republic of China on Grant and Transfer of the Land-Use Rights of State-owned Urban Land (中華人民共和國城鎮國有土地使用權出讓和轉讓暫行條例) (the "Provisional Regulations on Grant and Transfer") promulgated by the State Council on May 19, 1990, a system of assignment and transfer of the right to use State-owned land is adopted. A land user shall pay an assignment price to the State as consideration for the grant of the right to use a land site within a certain term, and the land user may transfer, lease out, mortgage or otherwise commercially exploit the land use rights within the term of use. Under the Provisional Regulations on Grant and Transfer and the Urban Property Law, the land administration authority under the local government of the relevant city or county shall enter into an assignment contract with the land user to provide for the grant of land use rights. The land user shall pay the assignment price as provided by the assignment contract. After full payment of the assignment price, the land user shall register with the land administration authority and obtain a land use rights certificate which evidences the acquisition of land use rights. The Development Regulations provide that the land use right for a land parcel intended for property development shall be obtained through grant except for land use rights which may be obtained through appropriation pursuant to PRC laws or the stipulations of the State Council.

Under the Rules Regarding the Grant of State-Owned Land Use Rights by Way of Tender, Auction and Listing-for-sale (招標拍賣掛牌出讓國有土地使用權規定) promulgated by the MLR on May 9, 2002 and implemented on July 1, 2002, land for commercial use, tourism, entertainment and commodity housing development shall be granted by means of competitive bidding, public auction or listing-for-sale. Competitive bidding of land use rights means the relevant land administration authority (the "grantor") issues a bidding announcement inviting individuals, legal persons or other organizations (whether specified or otherwise) to participate in a tender for the land use rights of a particular parcel of land. The land user will be determined according to the results of the biddings. Auction for land use rights is where the grantor issues an auction announcement, and the bidders can at specified time and location openly bid for a parcel of land. Listing-for-sale is where the grantor issues a listing-for-sale announcement, and in accordance with the announcement, the land grant conditions will be listed in a specified land grant exchange within a specified period, bidders' payment applications will be listed and the land user will be granted according to the bidder's payment applications at the end of such listing period. The procedures are as follows:

(a) The land authority under the government of the city and county (the "assignor") shall announce at least 20 days prior to the day of competitive bidding, public auction or listing-for-sale. The announcement should include basic particulars of the land parcel, qualification requirement of the bidder and auction applicants, the methods and criterion to confirm the winning tender or winning bidder and conditions such as the deposit of the bid.

(b) The assignor shall conduct a qualification verification of the bidding applicants and auction applicants and inform the applicants who satisfy the requirements of the announcement to attend the competitive bidding, public auction or listing-for-sale.

(c) After determining the winning tender or the winning bidder by holding a competitive bidding, public auction or listing-for-sale, the assignor and the winning tender or winning bidder shall then enter into a confirmation. The assignor should refund the other applicants their deposits.

(d) The assignor and the winning tender or winning bidder shall enter into a contract for State owned land use rights assignment at the time and venue set in the confirmation. The deposit of the bid paid by the winning tender or winning bidder will be deemed as part of the assignment price of the state-owned land use rights.

(e) The winning tender or winning bidder should apply for the land registration after paying off the assignment price. The people's government of the municipality and county level or above should issue the land use rights certificate.

On June 11, 2003, the MLR promulgated the "Regulations on the Grant of State-owned Land Use Rights by Agreement" (協議出讓國有土地使用權規定). According to this regulation, if there is only one entity interested in using the land, the land use rights (excluding land use rights used for business purposes including commercial, tourism, entertainment and commodity residential properties) may be assigned by way of agreement. If two or more entities are interested in the land use rights to be assigned, such land use rights shall be granted by means of tender, auction or listing-for-sale.

According to the Notice of the Ministry of Land and Resources on Relevant Issues Concerning the Strengthening of Examination and Approval of Land Use in Urban Construction (關於加強城市建設用地審查報批工作有關問題的通知) promulgated by the MLR on September 4, 2003, from the day of issuance of the Notice, the grant of land use rights for luxurious commodity houses shall be stringently controlled, and applications of land use rights for villas are to be stopped. On May 30, 2006, the MLR issued the Urgent Notice on Ulteriorly Strengthening the Administration of Land (關於當前進一步從嚴土地管理的緊急通知). The Notice stated that land for property development must be granted by competitive bidding, public auction or listing-for-sale; the rules prohibiting development projects for villas should be strictly enforced; and land supply and relevant procedures of land use for villas ceased to have effect from the date of the Notice.

Under the Urgent Notice of Ulteriorly Strengthening the Administration of the Land, the land authority should rigidly execute the "Model Text of the State-owned Land-Use Rights Grant Contract" and "Model Text of the State-owned Land-Use Rights Grant Supplementary Agreement (for Trial Implementation)" jointly promulgated by the MLR and the SAIC. The documents of the land grant should ascertain the requirements of planning, construction and land use such as the restriction of the dwelling size, plot ratio, and the time limit for the commencement and completion of construction. All these should be set forth in the Land-Use Rights Grant Contract.

On December 12, 2006, the MLR and the NDRC issued the 2006 Catalogue of Restricted Uses of Land (限制用地專案目錄(2006年本)) and the 2006 Catalogue of Prohibited Uses of Land (禁止用地專案目錄(2006年本)). According to these Catalogues, land use applications for projects involving theme parks, low density housing complexes and oversized houses may only be processed by the relevant level of the MLR and the NDRC where such projects conform to certain restrictive requirements; while land use applications for projects involving villa-style developments, golf courses and horse racing tracks must not be processed at all.

On September 21, 2007 the Land Resources Department promulgated the Rules regarding the Grant of State-Owned Construction Land Use Rights by Way of Tender, Auction and Listing-for-sale (招標拍賣掛牌出讓國有建設用地使用權規定) which came into force on November 1, 2007. The rules stipulate the legal basis, principles, scope, procedures and legal liability arising from and in connection with the grant of State-owned land use rights by competitive bidding, public auction or listing for sale. The rules clearly state that the grant of land for industrial use must also be by means of competitive bidding, public auction or listing for sale.

The Measures on the Administration of Reserved Land (土地儲備管理辦法), promulgated by the MOF, the PBOC and the MLR on November 19, 2007, define "reserved land" and stipulate the administrative, regulatory and implementing procedures involved with the management, planning, allocation, use, development, capital expenditure and supply of reserved land. Moreover, this measures make it clear that land must be reserved in accordance with corresponding land programmes or plans, and that in determining land reserves priority must be given to land included in state inventories which is unused, unoccupied or under utilized.

(ii) Development of a property project

(a) Commencement of development with respect to a property project and idle land

Under the Urban Property Law, those who have obtained the land use rights by grant must develop the land in accordance with the use and period of commencement as prescribed by the land use rights grant contract. According to the Measures on Disposing Idle Land (閒置土地處置辦法) promulgated by the MLR on April 28, 1999, a parcel of land can be defined as idle land under any of the following circumstances:

- after obtaining the land use rights, the development and construction of the land has not begun within the time limit for commencement of the development as stipulated in the land use rights grant contracts without the consent of the people's government that originally approved the use of the land;
- the "Contract on Lease of the Right to Use State-Owned Land" does not stipulate or the "Approval Letter on Land Used for Construction" does not prescribe the starting date of the development and construction, and the development and construction of the land has not begun at the expiry of one year from the day when the "Contract on Lease of the Right to Use State-owned Land" became effective or when the administrative department of land issued the "Approval Letter on Land Used for Construction";
- the development and construction of the land has begun, but the area of the development and construction is less than one third of the total area to be developed and constructed, or the invested amount is less than 25% of the total amount of investment, and the development and construction has been continuously suspended for one year or more without approval; or
- other circumstances prescribed by laws and administrative regulations.

The municipality or county-level municipality administrative authority shall, with regard to an identified piece of idle land, give notice to the land user and draft a proposal on disposing the idle land, including but not limited to, extending the time period for development and construction (provided that it shall be no longer than one year), changing the use of the land, arranging for temporary use and ascertaining the new land user by means of competitive bidding, public auction or listing-for-sale. The administrative department of land under the people's government of municipality or county level shall, after the people's government that originally approved the use of the land approves the proposal on disposal, arrange for the implementation of the proposal. With respect to land which is obtained by grant and is within the scope of city planning, if the construction work has not yet started after one year from the granting of the relevant approvals, since the duration in which construction may be commenced has elapsed, a fine for idle land which is equivalent to less than 20% of the assignment price may be imposed on the land user. If the construction work has not been begun after two years have elapsed, the right to use the land can be taken back by the State without any compensation. However, the above sanctions shall not apply when the delay in commencement of construction is caused by force majeure or acts of government or indispensable preliminary work before commencement of construction.

On January 3, 2008, the State Council promulgated the Circular on Conservation of Intensive Land Use (關於促進節約集約用地的通知) (Guo Fa (2008) No. 3), as summarized below,

1. Examine and adjust all ranges of site planning and land use standards in line with the principle of economic and intensive land use. Project designs, construction and approval of construction shall all be subject to stringent land use standards.

2. Urge all localities to enforce disposal policy of idle land. Where a piece of land has been idle for two full years and may be retrieved unconditionally as statutorily required, such land shall be retrieved and arranged for re-use; where a piece of land has been idle for one year but less than two years, a sum of land idle charge shall be levied at 20 percent of the land grant premium.

3. Vigorously guide the use of unused and abandoned land and encourage the development and utilization of aboveground and underground space.

4. Strictly implement the tender, auction and listing-for-sale regime for land intended for industrial and business purposes. Where the total land premium is not paid in full in compliance with contractual agreement, the land use certificate shall not be issued, nor shall it be issued in proportion to the ratio between the paid-up land premium and the total of land premium. Make reasonable arrangements on residential land and persist on banning land supply for real estate development projects for villas. Strictly prohibit unauthorized conversion of agricultural land into construction land.

5. Strengthen supervision and inspection; thoroughly implement intensive land use conservation accountabilities. Regarding enterprises whose real estate project commences at a date exceeding one year as compared with the project commencement date under the land grant contract, or whose land development area takes up less than 1/3 or whose investment is less than 1/4, financial institutions shall be prudent in terms of loans granting and financing approval and shall not grant loans or offer listing financing to projects involving illegal land use.

(b) Planning of a property project

According to the Measures for Control and Administration of Grant and Transfer of the Right to Use Urban State-owned Land (城市國有土地使用權出讓轉讓規劃管理辦法) promulgated by the MOC on December 4, 1992 and implemented on January 1, 1993 and the Notice of the Ministry of Construction on Strengthening the Planning Administration of Grant and Transfer of the Right to Use State-owned Land (建設部關於加強國有土地使用權出讓規劃管理工作的通知) promulgated by the MOC on December 26, 2002, after signing the assignment contract for the land use rights, a property developer shall apply for a Project Survey Paper and a construction land planning permit from the city planning authority. After obtaining a construction land planning permit, a property developer shall organize the necessary planning and design work in accordance with planning and design requirements and apply for a construction works planning permit from the city planning authority.

The Urban and Rural Planning Law (城鄉規劃法), promulgated by the Standing Committee of the National People's Congress in October 2007 which became effective in January 2008, provides regulations with respect to the formulation, implementation, modification, control, supervision and related legal liability of measures aimed at curbing problems that may arise as a result of conflicts between city and rural construction developments. The scope of the measures includes the planning, layout and construction of cities, towns with administrative status, market towns and villages. In order to effectively contain construction that is in breach of rules and regulations, the Urban and Rural Planning Law (城鄉規劃法) stipulates that where any construction project is commenced without obtaining Construction Land Planning Permit, or where Construction Land Planning Permit has been obtained but construction has proceeded not in accordance with that permit, the Urban and Rural Planning Department at the county level or above may issue an order to cease construction. In the case that the construction can be remedied to conform to the relevant planning rules, an order can be made to rectify the construction in a prescribed period of time and a fine totaling between 5% to 10% of the total construction cost may be imposed. Where the construction cannot conform to relevant planning rules, an order for its demolition or, where demolition is not possible, the confiscation of the property and/or illegal income derived from the property will be issued and a fine totaling 10% or less of the construction cost will be imposed.

(c) Construction of a property project

After obtaining the construction works planning permit, a property developer shall apply for a construction works commencement permit from the construction authority under the local people's government at the county level or above according to the Measures for the Administration of Construction Permits for Construction Projects (建築工程施工許可管理辦法) promulgated by the MOC on October 15, 1999 and as amended and implemented on July 4, 2001. The "Notice about Strengthening and Regulating the Management of New Projects" (關於加強和規範新開工項目管理的通知), promulgated by the General Office of the State Council on November 17, 2007, strictly regulates the conditions of commencing investment projects, establishes the linkage mechanism of government departments regarding new projects, and strengthens the statistics and information management while intensifying the supervision and inspection of new projects.

(d) Completion of a property project

According to the Development Regulations, the Regulation on the Quality Management of Construction Projects (建設工程質量管理條例) promulgated by State Council on January 30, 2000, the Interim Measures for Reporting Details Regarding Acceptance Examination Upon Completion of Buildings and Municipal Infrastructure (房屋建築工程和市政基礎設施工程竣工驗收備案管理暫行辦法) promulgated by the MOC in April 2000 and the Interim Provisions on Acceptance Examination Upon Completion of Buildings and Municipal Infrastructure (房屋建築工程和市政基礎設施工程竣工驗收暫行規定) promulgated by the MOC on June 30, 2000, after completion of construction of a project, the property must undergo inspection and receive relevant approvals from local authorities including planning bureaus, fire safety authorities and environmental protection authorities. Thereafter, the property developer shall apply for the acceptance examination upon completion to the property development authority under the people's government at the county level or above and report details of the acceptance examination, upon which a Record of Acceptance Examination upon Project Completion 項目竣工驗收報告 will be issued.

According to the Notice on Further Strengthening the Quality Supervision and Management of Construction Projects (關於進壹步加強建築工程質量監督管理的通知) promulgated by the MOC on April 14, 2009, the legal regulatory framework and the supervision system concerning quality supervision and completion acceptance examination shall be further improved.

E. Transfer and Sale of Property

(i) Transfer of property

According to the Urban Property Law and the "Provisions on Administration of Transfer of Urban Property" (城市房地產轉讓管理規定) promulgated by the MOC on August 7, 1995 and as amended on August 15, 2001, a property owner may sell, bequeath or otherwise legally transfer property to another person or legal entity. When transferring a building, the ownership of the building and the land use rights to the site on which the building is situated are transferred simultaneously. The parties to a transfer shall enter into a property transfer contract in writing and register the transfer with the property administration authority having jurisdiction over the location of the property within 90 days of the execution of the transfer contract.

Where the land use rights were originally obtained by grant, the real property may only be transferred on the condition that: a) the assignment price has been paid in full for the grant of the land use rights as provided by the grant contract and a land use rights certificate has been obtained; b) development has been carried out according to the grant contract and, in the case of a project in which buildings are being developed, development representing more than 25% of the total investment has been completed.

If the land use rights were originally obtained by grant, the term of the land use rights after transfer of the property shall be the remaining portion of the original term provided by the land use rights grant contract after deducting the time that has been used by the former land users. In the event that the transferee intends to change the use of the land provided in the original grant contract, consent shall first be obtained from the original grantor and the planning administration authority under the local government of the relevant city or county and an agreement to amend the land use rights grant contract or a new land use rights grant contract shall be signed in order to, inter alia, adjust the land use rights assignment price accordingly.

If the land use rights were originally obtained by allocation, transfer of the real property shall be subject to the approval of the government vested with the necessary approval power as required by the State Council. Upon such approval, the transferee shall complete the formalities for transfer of the land use rights, unless the relevant statutes require no transfer formalities, and pay the transfer price according to the relevant statutes.

(ii) Sale of commodity buildings

Under the "Regulatory Measures on the Sale of Commodity Buildings" (商品房銷售管理辦法) promulgated by the MOC on April 4, 2001 and implemented on June 1, 2001, sale of commodity buildings can include both pre-completion sales (pre-sale) and post-completion sales.

(a) Permit of Pre-sale of Commodity Buildings

According to the Development Regulations and the Measures for Administration of Pre-sale of Commodity Buildings (城市商品房預售管理辦法) (the "Pre-sale Measures") promulgated by the MOC on November 15, 1994 and as amended on August 15, 2001 and July 20, 2004 respectively, the pre-sale of commodity buildings shall be subject to a licensing system, and a property developer intending to sell a commodity building before its completion shall make the necessary pre-sale registration with the property development authority of the relevant city or county to obtain a pre-sale permit. A commodity building may be sold before completion only if: a) the assignment price has been paid in full for the grant of the land use rights involved and a land use rights certificate has been obtained; b) a construction works planning permit and construction works commencement permit have been obtained; c) the funds invested in the development of the commodity buildings put to pre-sale represent 25% or more of the total investment in the project and the progress of works and the completion and delivery dates have been ascertained; and d) the pre-sale has been registered and a pre-sale permit has been obtained.

In addition, according to the Regulations on Administration of Pre-sale of Commodity Buildings of Guangdong Province (廣東省商品房預售管理條例) promulgated by the Standing Committee of Guangdong Provincial People's Congress on August 22, 1998 and as amended on October 14, 2000 and the Notice on Adjusting Conditions of Image and Progress for Commodity Building Pre-sale Project in Guangdong Province (廣東省關於調整商品房預售項目工程形象進度條件的通知) issued by Guangdong Provincial Construction Bureau in January 2001, the following conditions shall be fulfilled for pre-sale of commodity buildings in Guangdong: a) a real property development qualification certificate and a business license have been obtained; b) the construction quality and safety monitoring procedures have been performed; c) the structural construction and the toping-out have been completed in respect of properties of not more than seven stories (including seven stories), and at least two-thirds of the structural construction have been completed in respect of properties of more than seven stories; d) a special property pre-sale account with a commercial bank in the place where the project is located has been opened; and e) the properties pre-sale project and its land use rights are free from any third party rights.

According to the Rules for the Transfer of Real Estate in the Shenzhen Special Economic Zone (深圳經濟特區房地產轉讓條例) promulgated by the Standing Committee of the Shenzhen Municipal Congress in July 1993 and amended in June 1999, the following conditions shall be fulfilled for the pre-sale of commodity buildings: a) land use rights have been lawfully registered and a real property certificate obtained; b) a construction works planning permit and a construction works commencement permit have been obtained; c) the full assignment price of the land use rights and at least 25 percent of the total project investment of the construction development must have been paid and certified by an accountant; d) the property developer and the financier must have signed an agreement to supervise the receipt of funds from pre-sales; and e) the land use rights must have not been mortgaged or where a mortgage did exist it must have been discharged.

Pursuant to the Implementation Opinion in Respect of Enforcing the Administration of Presale of Urban Commodity Property (關於加強城市商品房預售管理的實施意見) promulgated by the Construction Commission of Sichuan Province on March 10, 2000, the pre-sale of commodity property in Sichuan Province shall comply with the following conditions: a) all premiums of the land use rights (other than land supplied by way of allocation in accordance with the State laws) must have been paid and the state owned land use rights certificate must have been obtained; b) a construction works planning permit must have been obtained; c) for a commodity property project with six storeys or less, the foundation and superstructure works must have been completed; for a non-residential project with six storey or less and a commodity property project with six storey or more, the foundation and the first storey of the superstructure works of a project with basement must have been completed; and the foundation and the first six storeys of the superstructure works of a project without a basement must have been completed; and d) the works schedule and date of completion delivery have been determined.

According to the Tianjin City Administration Rules for Commodity Housing (天津市商品房管理條例) promulgated on October 24, 2002 and effective from December 1, 2002, the sale of commodity housing includes both pre-sales and post-completion sales. Property development enterprises applying for a permit to sell commodity housing must comply with the following conditions: a) attainment of legal person status and the requisite class of qualifications for property development; b) possession of lawful rights to the use of state owned land; c) examination and approval of an investment plan for the construction of commodity housing, a construction engineering plan and a construction license; d) payment of fees for the completion of basic installations in accordance with relevant laws; e) copies of property management plans for which registration has been completed or signed agreements for future property management arrangements; f) certification from government departments that the commodity housing building development has attained requisite image standards; g) provision of a timetable for the progress of construction and the completion date; and h) provision of a sales plan.

According to the Regulations on Administration of Sales of Urban Commodity Buildings in Jiangsu Province (江蘇省城市房地產交易管理條例) promulgated by the Standing Committee of Guangdong Provincial People's Congress on February 5, 2002, the following conditions shall be fulfilled for the pre-sale of commodity buildings: (i) the business license for an enterprise as a legal person and a real property development qualification certificate have been obtained; (ii) the assignment price for the relevant land use rights has been paid in full and a state-owned land use rights certificate has been obtained; (iii) a construction works planning permit and a construction works commencement permit have been obtained; (iv) the funds invested in the development of commodity buildings put to presale represent 25% or more of the total investment in the project and the works schedule and the completion and delivery dates have been determined.

(b) Supervision of pre-sale income of commodity buildings

According to the Pre-sale Measures, the income of a property developer from the pre-sale of commodity buildings must be used for the construction of the relevant projects. The specific measures for the supervision of the income from the pre-sale of commodity buildings shall be formulated by the property administrative authorities.

(c) Conditions of the sale of post-completion commodity buildings

Under the Measures for Administration of Sale of Commodity Buildings, commodity buildings may be put to post-completion sale only when the following preconditions have been satisfied: a) the property development enterprise shall have a business license and a qualification certificate of a property developer; b) the enterprise shall obtain a land use rights certificate or other approval documents for land use; c) the enterprise shall have the construction works planning permit and construction works commencement permit; d) the building shall have been completed, inspected and accepted as qualified; e) the relocation of the original residents shall have been well completed; f) the supplementary essential facilities for supplying water, electricity, heating, gas, communication, etc. shall have been made ready for use, and other supplementary essential facilities and public facilities shall have been made ready for use, or the schedule of construction and delivery date shall have been specified; g) the property management plan shall have been completed.

Before the post-completion sale of a commodity building, a property developer shall submit the Property Development Project Manual and other documents evidencing the satisfaction of preconditions for post-completion sale to the property development authority.

(d) Regulations on transactions of commodity buildings

According to the Development Regulations and the Pre-sale Measures, for the pre-sale of commodity buildings, the developer shall sign a contract on the pre-sale of a commodity building with the purchaser. The developer shall, within 30 days after signing the contract, apply for registration and filing of the pre-sale commodity building to the relevant property administration authorities.

Pursuant to the Circular of the General Office of the State Council on Forwarding the Opinions of the Ministry of Construction and other Departments on Stabilizing House

Prices (國務院辦公廳轉發建設部等部門關於做好穩定住房價格工作意見的通知) issued on May 9, 2005:

- A buyer of a commodity building is prohibited from conducting any further transfer of a pre-sold commodity before completion of construction and obtaining the Property Ownership Certificate. If there is discrepancy in the name of the applicant for property ownership and the name of the advance buyer in the pre-sale contract, the registration organ of the property administration authorities shall not register the application of property ownership.

- A real name system is applied for each property purchase transaction and an immediate archival filing network system is in place for pre-sale contracts of commodity buildings.

On July 6, 2006, the MOC, the NDRC, and SAIC jointly promulgated the Notice on Reorganizing and Regulating Real Estate Transaction Procedures (關於進一步整頓規範房地產交易秩序的通知), the details of which are as follows:

- A developer may start to sell the commodity buildings within 10 days after receiving the pre-sale permit. Without this permit, the pre-sale of commodity buildings is prohibited, as well as subscription (including reservation, registration and number-selecting) and acceptance of any kind of pre-sale payments.

- The property administration authority should establish a networked network system for pre-sale contracts of commodity buildings and the system should include the location and basic information of the commodity building, the schedule of the sale and the rights status and at the locale of sale. The advance buyer of a commodity building is prohibited from conducting any further transfer of the advance sale of the commodity building that he has bought but which is still under construction.

- Without the pre-sale permit, no advertisement of the pre-sale of commodity buildings may be issued.

- The property developers with a record of serious irregularity or developers who do not satisfy the requirements of the pre-sale of commodity buildings are not allowed to take part in such sale activities.

- The property administration authorities should strictly carry out the regulations of the pre-sale registration and apply the real name system for house purchases.

(iii) Mortgages of Property

Under the Urban Property Law, the Guarantee Security Law of the People's Republic of China (中華人民共和國擔保法) promulgated by the Standing Committee of the National People's Congress on June 30, 1995 and implemented on October 1, 1995, and the Measures on the Administration of Mortgages of Property in Urban Areas (城市房地產抵押管理辦法) promulgated by the MOC in May 1997 and as amended on August 15, 2001, when a mortgage is created on a building legally obtained, a mortgage shall be simultaneously created on the land use rights of the land on which the building is situated. When the land use rights of State-owned land acquired through means of grant are being mortgaged, the buildings on the land shall also be mortgaged at the same time. The land use rights of town and village enterprises cannot be mortgaged. When buildings owned by town and village enterprises are mortgaged, the land use rights occupied by the buildings shall also be mortgaged at the same time. The mortgager and the mortgagee shall sign a mortgage contract in writing. Within 30 days after a property mortgage contract is signed, the parties to the mortgage shall register the mortgage with the property administration authorities at the location where the property is situated. A property mortgage contract shall become effective on the date of registration of the mortgage. If a mortgage is created on the property in respect of which a house ownership certificate has been obtained, the registration authority shall make an entry under the "third party rights" item on the original house ownership certificate and then issue a Certificate of Third Party Rights to the mortgagee. If a mortgage is created on the commodity building put to pre-sale or under construction, the registration authority shall record the details on the mortgage contract. If construction of a real property is completed during the term of a mortgage, the parties involved shall re-register the mortgage of the real property after issuance of the certificates evidencing the ownership of the property.

(iv) Leases of buildings

Under the Urban Property Law and the Measures for Administration of Leases of Property in Urban Areas (城市房屋租賃管理辦法) promulgated by the MOC on May 9, 1995 and enforced on June 1, 1995, the parties to a lease of a building shall enter into a lease contract in writing. A system has been adopted to register the leases of buildings. When a lease contract is signed, amended or terminated, the parties shall register the details with the property administration authority under the local government of the city or county in which the building is situated.

F. Property Credit

According to the Notice of the People's Bank of China on Regulating House Financing Businesses (中國人民銀行關於規範住房金融業務的通知) promulgated by the PBOC on June 19, 2001, all banks must comply with the following requirements before granting residential development loans, individual house mortgage loans and individual commercial flat loans:

(a) Housing development loans from banks shall only be granted to property development enterprises with approved development qualifications and high credit ratings. Such loans shall be offered to residential projects with good market potential. While the borrowing enterprise must have self-owned capital of no less than 30% of the total investment required of a project, the project itself must have been issued with a land use rights certificate, construction land planning permit, construction works planning permit and construction works commencement permit.

(b) In respect of the grant of individual house mortgage loans, the ratio between the loan amount and actual value of the security (the "Mortgage Ratio") shall never exceed 80%. Where an individual applies for a house purchase loan to buy a pre-sale property, the property must have achieved the stage of "topping-out of the main structure completed" for multi-story buildings or "two-thirds of the total investment completed" for high-rise buildings.

(c) In respect of the grant of individual commercial flat loans, the Mortgage Ratio under the application for commercial flat loans shall not exceed 60% with a maximum loan period of 10 years and the subject commercial flat must have already been completed.

The PBOC issued the Circular on Further Strengthening the Management of Property Loans (關於進一步加強房地產信貸業務管理的通知) on June 5, 2003 to specify the requirements for banks to provide loans for the purposes of residential development, individual house mortgage and individual commodity buildings as follows:

(a) Property loans by commercial banks to property enterprises shall be granted only in respect of a particular item of property development rather than a cash flow or other loan item. Loans of any kind must not be granted for projects which do not obtain a land use rights certificate, construction land planning permit, construction works planning permit and construction works commencement permit.

(b) Commercial banks shall not grant loans to property developers to pay off land premiums.

(c) Commercial banks may only provide housing loans to individual buyers when the main structural buildings have been topped out. When a borrower applies for an individual house loan for their first residential unit, the first installment remains to be 20%. In respect of a loan application for any additional purchase of a residential unit(s), the percentage of the first installment shall be increased.

Pursuant to the Guidance on Risk Management of Property Loans of Commercial Banks (商業銀行房地產貸款風險管理指引) issued by the China Banking Regulatory Commission on September 2, 2004, any property developer applying for property development loans shall have at least 35% of capital required for the development.

According to the Notice of the People's Bank of China on the Adjustment of Commercial Bank Housing Credit Policies and the Interest Rate of Excess Reserve Deposits (中國人民銀行關於調整商業銀行住房信貸政策和超額準備金存款利率的通知) promulgated by the PBOC on March 16, 2005, from March 17, 2005, in the cities and areas where there has been a rapid increase in house prices, the first installment of individual house loans increases from 20% to 30%. The commercial banks can independently determine the specific cities or areas under such adjustment according to special situations in different cities or areas.

On May 24, 2006, the State Council issued the Opinions of the Ministry of Construction and other Departments on Adjusting the Housing Supply Structure and Stabilizing Housing Prices (關於調整住房供應結構穩定住房價格的意見). The regulations relating to property credit are as follows:

(a) Strictly impose credit conditions on property development. In order to suppress property development enterprises from storing up land and housing resources by use of bank loans, commercial banks shall not provide loans to those property enterprises that fail to meet loan conditions, for example, having a project capital less than 35%. For property development enterprises that have much idle land and vacant commodity buildings, the commercial banks shall, in light of the principle of prudential operations, be stricter in controlling the renewal of loans or any form of revolving credit. The commercial banks shall not accept any commodity building that has been idle for three or more years as collateral for loans.

(b) From June 1, 2006, the proportion of initial payment of individual housing mortgage loans shall not be lower than 30%. However, considering the demands for housing by the medium and low-income population, the purchase of self-used housing with a gross floor area of no more than 90 square meters is still subject to the provision of the initial payment of 20%.

According to the Circular on Standardizing the Admittance and Administration of Foreign Capital in the Property Market, foreign-invested property enterprises which have not paid up their registered capital, or failed to obtain a land use rights certificate, or with less than 35% of the capital for the project, will be prohibited from obtaining a loan in or outside China, and SAFE shall not approve the registration of foreign loans from such enterprises.

On September 27, 2007, the PBOC and the CBRC issued the Notice on Strengthening the Management of Commercial Real Estate Credit and Loans (關於加強商業性房地產信貸管理的通知) (the "Notice"). The Notice puts forward requirements for the purposes of strengthening loan management in association with (i) real estate development, (ii) land reserves, (iii) housing consumption and (iv) purchase of commercial buildings, together with credit checks in real estate credit management, monitoring of real estate loans, risk management and so forth.

Pursuant to the Notice, Commercial banks shall not grant loans in any form, to (i) projects where the capital funds (owner's equity) constitutes less than 35%, or, projects without a land use rights certificate, construction land planning permit, construction works planning permit and construction works commencement permit; and (ii) real estate development enterprises that have been hoarding land and housing resources, as detected and verified by land resources departments and construction authorities. Furthermore, commercial banks are not allowed to either accept commodity building with a vacancy exceeding three years as collateral or grant to real estate development enterprise any sums of loans to serve as land grant premium.

In respect of loans for individual housing consumption, commercial banks are only permitted to grant housing loans to individuals who purchase commodity buildings the construction of which have reached the "topping out of the main structure" stage. Where an individual purchases his or her first commodity apartment for self residence purpose, (i) of a construction area below 90 square meters, the initial payment ratio (the "Initial Ratio") shall be fixed at no less than 20% (including RMB and foreign currency loans, idem. hereinafter); (ii) of a construction area above 90 square meters, the Initial Ratio shall be fixed at no less than 30%. Where an individual has purchased a commodity apartment by means of such loan and proceeds to purchase a second set (inclusive) or more, the Initial Ratio shall be no less than 40% and the interest rate shall not be under 110% of the benchmark interest rate as announced by the PBOC during same period and in same bracket. Further, the Initial Ratio and the interest rate shall both multiply substantially with the increase with the sets of purchase and the increase percentage shall be determined by commercial banks, at their own discretion, according to principles of loan risk management. However, the repayment expense for housing loan per month shall not exceed 50% of the individual borrower's monthly income.

In respect of commercial building loans, commercial buildings purchased by loan shall be buildings that have satisfied procedural requirements of completion inspection and acceptance. For such purchase, the Initial Ratio shall be no less than 50%, the loan term shall not exceed ten years and the interest rate shall not be under 110% of the benchmark interest rate as announced by the PBOC during same period and in same bracket, while the Initial Ratio, the loan term and the interest rate shall be determined by commercial banks, at their own discretion, according to principles of loan risk management. Where a loan application is made in the name of a "commercial and residential building", the Initial Ratio shall be no less than 45% and the loan term and the interest rate shall be arranged according to relevant regulations on loan management of commercial building.

The Supplemental Notice on Strengthening the Management of Commercial Real Estate Credit and Loans (關於加強商業性房地產信貸管理的補充通知) (the "Supplemental Notice"). As jointly issued by the PBOC and the CBRC and dated December 5, 2007, sets forth supplemental requirements in respect of strengthening housing consumption loan management, mainly including the following:

1. Assess number(s) of housing loan with the borrower's family as the basic calculation unit.

2. Stipulate conditions under which housing loan policy for first home buyers shall serve as the referential basis for bank loans.

3. Where a family that has already purchased commodity apartment via housing provident fund makes a housing-loan application to commercial banks, procedures shall be duly satisfied in accordance with the Notice.

As stipulated in the Supplemental Notice, in the event an applicant is found to have presented false information and certifications, all commercial banks shall deem the loan application unacceptable.

The PRC government has implemented a series of policies intended to strengthen and improve the sound development of the real estate market since the second quarter of 2008.

On May 26, 2008, the CBRC issued the Notice on Further Strengthening Risk Management in the Provision of Credit to the Real Estate Market (Yin Jian Fa No.42 [2008]) (關於進一步加強房地產行業授信風險管理的通知). To combat property developers who (i) "falsify mortgages" by using forged property sale contracts; (ii) process "falsified down payments" from borrowers by accepting initial repayments in the pre-sale stage, paying for buyers in advance or by other means; or (iii) mislead banks about decisions over the provision of loans by forging their sale performances or house prices as well as other problems arising in the real estate market, the Notice requires each commercial bank to:

(a) strictly follow the policies and conditions related to the provision of loans to individuals;

(b) improve the monitoring of the qualifications of borrowers;

(c) rigorously examine the enterprise credit ratings of property developers; and

(d) upon discovering that a property developer has "falsified mortgages", "falsified down payments", "forged house prices" or other such behavior, terminate the individual housing loans or development loans extended to such developer. Property developers suspected of committing such crimes shall be referred to the judicial organs for further investigation.

On October 22, 2008, the People's Bank of China issued the Circular on the Expansion of the Downward Adjustment Range for Interest Rates of Commercial Individual Mortgage Loans and Related Issues (中國人民銀行關於擴大商業性個人住房貸款利率下浮幅度等有關問題的通知) which decreased the minimum amount of down payment for residential property purchasers to 20% and reduced the minimum mortgage loan rates for such purchases to 70% of the benchmark interest rate starting from October 27, 2008.

On December 20, 2008, the General Office of the State Council promulgated Several Opinions on Promoting the Sound Development of the Real Estate Market (關於促進房地產市場健康發展的若干意見), which provides the following regarding loans for property businesses:

1. The purchase of regular commodity houses for residential purposes is to be encouraged.

   In addition to extending favourable interest rates and loan policies to first time buyers of apartments for self-residential purposes, individuals with an existing home in which the per-person floor area is smaller than the local average may buy a second apartment for self residential purposes under similar favourable loan terms to those that apply to first-time buyers. If individuals purchase a second apartment or more for any other purpose, the interest rate shall be determined according to potential risks by commercial banks based on the benchmark interest rate.

2. The proper financing requirements of real estate developers should be supported.

   Commercial banks shall increase credit financing services available to ordinary commercial housing construction projects, provide financial support and other related services to real estate developers engaged in merger and restructuring activities, and support the approval of bond issuances by real estate developers.

The State Council issued the Notice on Adjusting the Minimum Capital Requirement for Capital Funding for Fixed Assets Investment (關於調整固定資產投資項目資本金比例的通知) on May 25, 2009, reducing the minimum capital requirement for affordable residential housing projects and regular commodity residential houses from 35% to 20%, and reducing the minimum capital requirement for other property projects to 30%. When providing credit finance support and services, financial institutions shall determine, at their own discretion, whether to grant a loan and the amount of the loan having regard to the minimum capital requirement as regulated by the state.

On June 19, 2009, the CBRC issued the Notice on Further Strengthening the Risk Management of Mortgage Loans (Yin Jian Fa No.59 [2009]) (關於進一步加強按揭貸款風險管理的通知). With regard to current problems in the real estate market, particularly in the area of mortgage loans such as "falsified mortgages", "falsified down payments", "forged house prices" and loosened criterion of "loans for a second house", the Notice reiterates the following requirements:

(a) banking institutions shall strictly carry out the pre-loan examinations and tighten the criterion for granting a loan in order to prevent occurrence of such behavior as "falsified mortgages", "falsified down payments", "forged house prices";

(b) banking institutions shall proceed to focus on supporting the purchase by individuals of their first commodity house for self-residence purposes and shall not circumvent relevant restrictions with regard to the provision of loans for a second (or more) house by claiming that a national network for credit information collection is not available and that cross-regional investigations into a house purchasing background is difficult; and

(c) banking institutions are not entitled to decide the criterion of identifying "loans for a second house" or to lower the Initial Ratio indirectly by any means.

G. Insurance of a Property Project

There are no mandatory provisions in PRC laws, regulations and government rules which require a property developer to take out insurance policies for its property projects. However, PRC commercial banks may require the real estate developer to purchase insurance if the commercial bank intends to grant a development loan to the real estate developer.

H. Environmental Protection

Under the requirements of the relevant laws and regulations such as the Appraisal Measures for the Impact on the Environment of the PRC (中華人民共和國環境影響評價法) implemented by the Standing Committee of the National People's Congress in September 2003, and the Regulations Governing Environmental Protection of Construction Projects (建設項目環境保護管理條例) implemented by the State Council in November 1998, enterprises engaging in property development and construction must carry out an appraisal of the impact the construction project will have on the environment. The relevant project shall not commence until approval is obtained from the supervisory body for environmental protection. While the project is in progress, the developer should also enforce the appraisal documents relating to the impact on the environment and implement the environmental protection measures suggested in the opinion of the supervisory body for environmental protection. Such measures must be incorporated into the design, construction and operation of the general construction. Upon completion of the project, the developer should apply to the supervisory body for environmental protection for the inspection and acceptance of the completed environmental protection facilities. Only those projects that have been inspected and accepted may go into operation or be available for use.

I. Construction Safety

Under relevant laws and regulations such as the Laws for Safe Production in the PRC (中華人民共和國安全生產法) promulgated by the Standing Committee of the National People's Congress in November 2002 and the Regulations of the Construction Safety of Shenzhen Special Economic Zone (深圳經濟特區建設工程施工安全) promulgated by the Standing Committee of the People's Congress of Shenzhen in March, 2003 and amended on June 25, 2004, the developer should apply to the supervisory organ on safety for the registration of supervision for work safety in construction before the commencement of construction. Constructions without such registration will not be granted a construction works commencement permit by the supervisory body. Contractors for the construction should establish the objectives and measures for work safety and improve the working environment and conditions of workers in a planned and systematic way. A work safety protection scheme should also be set up to carry out the work safety job responsibility system. At the same time, contractors should adopt corresponding site work safety protective measures according to the work protection requirements in different construction stages and such measures shall comply with the labor safety and hygiene standards of the State.

Under the Construction Law of the People's Republic of China (中華人民共和國建築法), the construction contractor assumes responsibility for the safety of the construction site. The main contractor will take overall responsibility for the site, and the subcontractors are required to comply with the protective measures adopted by the main contractor.

J. Major Taxes Applicable to Property Developers

(i) Income tax

According to the Income Tax Law of The People's Republic of China for Foreign-invested Enterprises and Foreign Enterprises (中華人民共和國外商投資企業和外國企業所得稅法) which was promulgated by National People's Congress on April 9, 1991 and implemented on July 1, 1991 and its detailed rules promulgated by State Council on June 30, 1991, the income tax on enterprises with foreign investment shall be computed on the taxable income at the rate of 30%, and local income tax shall be computed on the taxable income at the rate of 3%.

Pursuant to the Provisional Regulations of the People's Republic of China on Enterprise Income Tax (中華人民共和國企業所得稅暫行條例) issued by the State Council on December 13, 1993 and enforced on January 1, 1994 and the Detailed Implementation Rules on the Provisional Regulations of The People's Republic of China on Enterprise Income Tax (中華人民共和國企業所得稅暫行條例實施細則) issued by the MOF on February 4, 1994, the income tax rate applicable to Chinese enterprises other than foreign-invested enterprises and foreign enterprises is 33%.

According to the PRC Enterprise Income Tax Law (中華人民共和國企業所得稅法) enacted by the National People's Congress on March 16, 2007 and enforced from January 1, 2008 onwards, a unified income tax rate of 25% will be applied towards foreign investment and foreign enterprises which have set up institutions or facilities in the PRC as well as PRC enterprises. The Income Tax Law of The People's Republic of China for Foreign-invested Enterprises and Foreign Enterprises (中華人民共和國外商投資企業和外國企業所得稅法) and the Provisional Regulations of the People's Republic of China on Enterprise Income Tax (中華人民共和國企業所得稅暫行條例) were thereby annulled.

Under the EIT Law, enterprises established outside of China whose "de facto management bodies" are located in China are considered "resident enterprises" and will generally be subject to the unified 25% enterprise income tax rate as to their global income.

(ii) Business Tax

Pursuant to the Interim Regulations of the People's Republic of China on Business Tax (中華人民共和國營業稅暫行條例) promulgated by the State Council on December 13, 1993, amended on November 5, 2008, and implemented on January 1, 2009, and the Detailed Implementation Rules on the Provisional Regulations of The People's Republic of China on Business Tax (中華人民共和國營業稅暫行條例實施細則) issued by the MOF on December 25, 1993 and amended and implemented on January 1, 2009, the tax rate applicable to the transfer of real properties, their superstructures and attachments is 5%.

In accordance with the Several Opinions on Promoting the Sound Development of the Real Estate Market (關於促進房地產市場健康發展的若幹意見) promulgated by the General Office of the State Council on December 20, 2008, individuals who purchased their house for self-residential purposes prior to December 31, 2009 may, two or more years after the purchase, resell their house without paying business tax. Individuals that have owned their self-residential house for less than two years shall pay business tax on the net profit (the difference between the original price and the sales price). Individuals who have purchased their house for any purpose other than self-residential shall, if they have owned it for two years or more, pay business tax on the net profit or, if they have owned it for less than two years, on the full sale price.

(iii) Land Appreciation Tax

According to the requirements of the Provisional Regulations of The People's Republic of China on Land Appreciation Tax (中華人民共和國土地增值稅暫行條例) (the "Land Appreciation Tax Provisional Regulations") which were promulgated on December 13, 1993 and effective from January 1, 1994, and the Detailed Implementation Rules on the Provisional Regulations of the People's Republic of China on

Land Appreciation Tax (中華人民共和國土地增值稅暫行條例實施細則) (the "Land Appreciation Tax Detailed Implementation Rules") which were promulgated and came into effect on January 27, 1995, any capital-gain from a transfer of property shall be subject to land appreciation tax. Land appreciation tax shall be charged at four levels of progressive rates: 30% for the appreciation amount not exceeding 50% of the sum of deductible items; 40% for the appreciation amount exceeding 50% but not exceeding 100% of the sum of deductible items; 50% for the appreciation amount exceeding 100% but not exceeding 200% of the sum of deductible items; and 60% for the appreciation amount exceeding 200% of the sum of deductible items. The aforesaid deductible items include the following:

- amount paid for obtaining the land use rights;
- costs and expenses for the development of the land;
- costs and expenses of new buildings and ancillary facilities, or estimated prices of old buildings and constructions;
- related tax payable for the transfer of property; and
- other deductible items as specified by the MOF.

According to the requirements of the Land Appreciation Tax Provisional Regulations, the Land Appreciation Tax Detailed Implementation Rules and the Notice on the Levy and Exemption of Land Appreciation Tax for Development and Transfer Contracts signed before January 1, 1994 (關於對1994年1月1日前簽訂開發及轉讓合同的房地產徵免土地增值稅的通知) issued by the MOF and the SAT on January 27, 1995, Land Appreciation Tax shall be exempted under any of the following circumstances:

- taxpayers construct ordinary standard residences for sale (i.e. the residences built in accordance with the local standards for residential properties. Deluxe apartments, villas, resorts etc. are not under the category of ordinary standard residences) and the appreciation amount does not exceed 20% of the sum of deductible items;
- property is taken back and repossessed according to laws due to the construction requirements of the State;
- due to redeployment of work or improvement of living standard, individuals transfer self used residential property, in which they have been living for 5 years or more, subject to tax authorities' approval;
- transfers of real properties under property transfer contracts signed before January 1, 1994, regardless of when the properties are transferred;
- if the property development contracts were signed before January 1, 1994 or the project proposal has been approved and that capital was injected for development in accordance with the conditions agreed, the Land Appreciation Tax shall be exempted if the properties are transferred for the first time within 5 years after January 1, 1994. The date of signing the contract shall be the date of signing the Sale and Purchase Agreement. The tax-free period may be prolonged subject to the approval of the MOF and the SAT for particular property projects which are approved by the government for the development of the whole lot of land and long-term development and in which the properties are transferred for the first time after the 5-year tax-free period.

On December 24, 1999, the MOF and the SAT issued the Notice in respect of the extension of the period for the Land Appreciation Tax Exemption Policy (關於土地增值稅優惠政策延期的通知) which extended the period for the Land Appreciation Tax exemption policy as mentioned above to the end of 2000.

After the issuance of the Land Appreciation Tax Provisional Regulations and the Land Appreciation Tax Detailed Implementation Rules, due to the longer period for property development and transfer, many districts, while they were implementing the regulations and rules, did not force the property development enterprises to declare and pay the Land Appreciation Tax. Therefore, the MOF, the SAT, the MOC and the MLR separately and jointly issued several notices to restate the following: after the assignments are signed, the taxpayers should declare the tax to the local tax authorities where the property is located, and pay Land Appreciation Tax in accordance with the amount as calculated by the tax authority and the time as required. For those who fail to acquire proof of payment or exemption from Land Appreciation Tax from the tax authorities, the property administration authority shall not process the relevant title change procedures, and shall not issue the property title certificate.

The SAT also issued the Notice on Serious Handling of Administration of the Collection of Land Appreciation Tax (關於認真做好土地增值稅徵收管理工作的通知) on July 10, 2002 to request local tax authorities to modify the management system of Land Appreciation Tax collection and operation details, to build up a sound taxpaying declaration system for Land Appreciation Tax, and to modify the methods of pre-levying for the pre-sale of properties. The Notice also pointed out that for property development contracts which were signed before January 1, 1994 or where the project proposal has been approved and capital was injected for development, the privilege policy for Land Appreciation Tax exemption for properties that are transferred for the first time has expired, such tax shall be levied again. This requirement is restated in the Notice on Strengthening of Administration of the Collection of Land Appreciation Tax (關於加強土地增值稅管理工作的通知) and Notice of State on Further Strengthening of Administration Work in relation to the Collection of Land Appreciation Tax and Land Use Tax in Cities and Towns (關於進一步加強城鎮土地使用稅和土地增值稅徵收管理工作的通知) issued separately on August 2, 2004 and August 5, 2004 by SAT. These two Notices also required that the system of tax declaration and tax sources registration in relation to the land appreciation tax should be further established and perfected.

On March 2, 2006, the MOF and the SAT issued the Notice on Several Points on Land Appreciation Tax (關於土地增值稅若干問題的通知) to clarify relevant issues regarding land appreciation tax as follows.

(a) As to the tax collection and exemption in the sale of ordinary standard residential housing as built by taxpayers as well as in the transfer of ordinary residential houses by individual residents:

    The notice sets out the standards for ordinary standard residential houses. Where any developer builds ordinary residential houses as well as other commercial houses, the appreciation amount of land shall be verified respectively. Before the day when this notice is publicized, as to any application for tax exemption for ordinary standard residential houses that has been filed to the tax authority at the locality of the property, especially any ordinary standard residential houses which have been given the treatment of exemption from land appreciation tax upon examination according to the standards for ordinary standard residential houses as determined by the people's government of a province, autonomous region or municipality directly under the Central Government, no adjustment shall be retroactively made.

(b) As to the advance collection and settlement of land appreciation tax:

    - All regions shall decide the advance collection rate in a scientific and reasonable manner, and adjust it at a proper time according to the value of the property as well as the market development level within the region and on the basis of the specific housing categories, namely, ordinary standard residential houses, non-ordinary standard residential houses and commercial houses. After a project is completed, the relevant settlement shall be handled in a timely manner, with any overpayment refunded or any underpayment being made up.

    - As to any tax that fails to be collected in advance within the advance collection term, overdue fines shall be collected as of the day following the expiration of the prescribed advance collection term according to the relevant provisions of the Tax Collection and Administration Law as well as its detailed rules for implementation.

- As to any property project that has been completed and has gone through the acceptance procedure, where the floor area of the property as transferred makes up 85% or more of the saleable floor area, the tax authority may require the relevant taxpayer to conduct the settlement of land appreciation tax on the transferred property according to the matching principles regarding the proportion between the income as generated from the transfer of property and the amount under the item of deduction. The specific method of settlement shall be prescribed by the local tax authority of a province, autonomous region or municipality directly under the Central Government, or a city under separate state planning.
- As to any investment or association by using land (property) as payment for the purchase of shares, where an enterprise involved in the investment or association engages in property development or where any other property development enterprise makes investment or conducts association with the commercial houses it itself builds, it shall not be governed by the regulation of the interim exemption of land appreciation tax when the property (land) is transferred to the enterprise by means of investment or association.

On December 28, 2006, the SAT issued the Notice on the Administration of the Settlement of Land Appreciation Tax of Property Development Enterprises (國家稅務總局關於房地產開發企業土地增值稅清算管理有關問題的通知) which came into effect on February 1, 2007.

Pursuant to the Notice, a property developer shall settle and clear the LAT payment of its development projects that meet certain criteria with the tax authorities in accordance with the applicable LAT rates. The LAT shall be settled for projects approved by the competent authorities; and for projects developed in different stages, the LAT shall be settled in stages. LAT must be settled if (1) the property development project has been completed and fully sold; (2) the property developer transfers the whole uncompleted development project; or (3) the land use rights with respect to the project are transferred. In addition, the relevant tax authorities may require the developer to settle the LAT if either of the following criteria is met: (1) for completed property development projects, the transferred GFA represents more than 85% of total salable GFA, or the proportion represented is less than 85%, but the remaining salable GFA has been leased out or used by the developer; (2) the project has not been sold out for more than three years after obtaining the sale permit or pre-sale permit; (3) the developer applies for cancellation of the tax registration without having settled the relevant LAT; or (4) other conditions stipulated by the tax authorities.

The Notice also indicated that if a property developer satisfies any of the following circumstances, the tax authorities shall levy and collect LAT as per a levying rate no lower than the pre-payment rate with reference to the bearing rate of LAT of local enterprises with a similar development scale and income level: (i) failure to maintain account books required by law or administrative regulation; (ii) destroying account books without authorization or refusing to provide taxation information; (iii) the accounts are in a state of mess or cost materials, income vouchers and cost vouchers are damaged and incomplete, making it difficult to determine transferred income or the amount of deductible items; (iv) failure to go through LAT settlement within the prescribed period, and such failure is not cured within the period required by the relevant tax authorities; (v) the basis for tax calculation as submitted is obviously low without justifiable cause. Local provincial tax authorities can formulate their own implementation rules according to the notice and the local situation.

On May 12, 2009, the SAT issued the Administrative Rules for the Settlement of Land Appreciation Tax (土地增值稅清算管理規程) (the “Settlement Rules”), which became effective on June 1, 2009. The Settlement Rules reiterated the circumstances under which the LAT must be settled, the criteria that are to be met for relevant tax authorities to require the settlement of LAT and the circumstances under which the tax authorities shall levy and collect LAT as prescribed by the Notice. The Settlement Rules further stipulate detailed procedures for the examination and verification of settlement of LAT to be carried out by relevant tax authorities.

In accordance with the "Guangdong Regulations on the Levy and Collection of Land Appreciation Tax" (廣東省土地增值稅徵收管理辦法), property developers in Guangdong should calculate the amount of LAT on the basis of the initial capital costing of the project or the overall capital cost of the project. For pre-sales of commodity houses, it is permissible to pay LAT in advance based on a calculation of the price agreed between the parties (as evidenced in the pre-sale contract) and with reference to the construction size of the house. Once the project is completed, an additional payment towards or a partial refund of the original advance payment may be necessary once the amount of LAT is finally determined.

In accordance with the "Notice from the Shenzhen Local Taxation Bureau in respect of the Provisional Regulations regarding the Property Development Industry in Shenzhen and the Levy and Collection of Land Appreciation Tax (深圳市地方稅務局關於印發〈深圳市房地產開發企業土地增值稅徵收管理暫行辦法〉的通知), issued in Shenzhen on November 1, 2005, property development enterprises in Shenzhen that engage in the sale of developed real estate for profit must collect LAT. Because LAT is collected in advance and calculated as a percentage of the total income to be derived from the sale of a property, after the completion and sales of a project, an additional payment towards or a partial refund of the original advance payment may be necessary once the amount of LAT is finally determined. The deemed rate of LAT is 1% for villas, resorts and serviced apartments; and 0.5% for all other types of property developments. Where more than one type of property is included in the same development, the property developer should calculate the LAT in advance on the basis of the different property types. Where this is not possible, LAT should initially be paid at the higher rate. Thereafter, at the completion of the project and after verification by their accountant, the developer should immediately submit an "LAT Calculation Report" to the responsible taxation authority.

In Sichuan, the levy and collection of LAT is governed by the "Sichuan Local Tax Administration Provisional Regulations on the Levy and Collection of Land Appreciation Tax" (四川省地方稅務局土地增值稅徵收管理暫行規定). In accordance with the provisional regulations, a person who engages in the development and sale of property must pay LAT in advance. There are two main methods of determining the amount of LAT payable: (i) the first is relevant to enterprises involved in the construction and development of residential areas and the post completion installation of facilities therein. Property developers should withhold an amount for LAT based on the actual cost of the project or of the installation of the facilities; (ii) the second is relevant to pre-sales of commodity houses, in respect of which an advance payment of LAT will be calculated on the basis of the difference between the income to be received by the seller under the terms of the pre-sale contract entered into between it and the buyer and the forecast capital cost of the project. Within 10 days of settling accounts after the completion of project, property developers must submit an audit report to the taxation bureau. Upon verification by the taxation bureau of the amount of LAT already paid, a supplemental payment or a partial refund of LAT may be applicable.

According to the "Tianjin Taxation Bureau Notice regarding the Levy and Collection of Land Appreciation Tax" (天津市地方稅務局關於徵收土地增值稅問題的通知), the collection of LAT was introduced in Tianjin from October 1, 2005. In respect of pre-sales of commodity houses, LAT is calculated with reference to income generated from pre-sales (based on the volume of sales as indicated by the collection of sales tax). A rate of 0.5% applies to sales of regular houses, and a rate of 1% applies to sales of high-end houses, office buildings, condos, villas and holiday resorts. Property developers may wait until the full completion and sales of a whole project before completing transactions for the calculation and payment of LAT.

Pursuant to the Notice on Adjustment of Regulations on the Pre-levy of Land Appreciation Tax (江蘇省關於調整土地增值稅預征管理辦法的通知) promulgated by the Taxation Bureau of Jiangsu Province and with effect as of January 1, 2005, LAT is imposed on entities that engage in property development and construction in Yixing City. LAT is calculated on the basis of the income generated from the sales (including income produced by pre-sales) multiplied by the respective LAT rate. A rate of 3% applies to sales of high-end apartments, resorts and villas; a rate of 2% applies to sales of office buildings and business houses; and a rate of 1% applies to sales of regular houses. When more than one type of property is included in the same development, the LAT shall be, wherever possible, calculated separately based on the different property types; otherwise the higher rate (2% or 3%) shall apply. After the completion of the project and a written application has been made by the developers, an additional payment towards or a partial refund of the original advance payment may be applicable upon verification by the taxation authority.

On October 22, 2008, the MOF and the SAT issued the Circular on Taxation Policy Adjustment Concerning Real Estate Trading (關於調整房地產交易環節稅收政策的通知) and temporarily exempted the LAT for individuals selling houses starting from November 1, 2008.

(iv) Deed tax

Pursuant to the Interim Regulations of the People's Republic of China on Deed Tax (中華人民共和國契稅暫行條例) promulgated by the State Council on July 7, 1997 and implemented on October 1, 1997, the transferee, whether an individual or otherwise, of the title to a land site or building in the PRC shall be subject to the payment of deed tax. The rate of deed tax is 3% to 5%. The governments of provinces, autonomous regions and municipalities directly under the central government may, within the aforesaid range, determine and report their effective tax rates to the MOF and the SAT for the record. Pursuant to the Implementation Provisions on Deed Tax in Guangdong Province (廣東省契稅實施辦法) promulgated by the People's Government of Guangdong on June 1, 1998, effective on October 1, 1997, the rate of deed tax within Guangdong is 3%. Pursuant to the Circular on the Adjustment of the Deed Tax Rate (關於調整契稅稅率的通告) promulgated by the Chengdu Financial Bureau and the Chengdu Local Tax Bureau on June 30, 1999, the deed tax rate for Chengdu is 3%. Pursuant to the Tianjin City Implementation Rules on Deed Tax (天津市契稅徵收實施辦法) promulgated by the Tianjin Municipal Government on October 1, 1997, the deed tax rate for Tianjin is 3%. Pursuant to the Implementation Rules of the Interim Regulations of the People's Republic of China on Deed Tax (江蘇省實施《中華人民共和國契稅暫行條例》辦法) promulgated by the People's Government of Jiangsu Province on November 20, 1998, the deed tax rate for Yixing City is 4%.

On October 22, 2008, the MOF and the SAT issued the Circular on Taxation Policy Adjustment Concerning Real Estate Trading (關於調整房地產交易環節稅收政策的通知) which announced that the deed tax for individuals buying their first regular commodity house with a floor area of less than 90 square meters shall be temporarily reduced to a unified rate of 1% starting from November 1, 2008.

(v) Urban land use tax

Pursuant to the Provisional Regulations of the People's Republic of China Governing Land Use Tax in Urban Areas (中華人民共和國城鎮土地使用稅暫行條例) promulgated by the State Council on September 27, 1988, implemented on November 1, 1988 and amended on December 31, 2006, land use tax in respect of urban land is levied according to the area of relevant land. The annual tax on every square meter of urban land shall be between RMB0.2 and RMB10 as determined by the local tax authority. According to the Notice on Land Use Tax Exemption of Foreign-Invested Enterprises and Institutions of Foreign Enterprises in China (關於中國外商投資企業和外國企業在華機構不徵收城鎮土地使用稅的通知) promulgated by the MOF on November 2, 1988 and the Approval on Land Use Tax Exemption of Foreign-Invested Enterprises (關於外商投資企業不徵收城鎮土地使用稅的批准書) issued by the SAT on March 27, 1997, land use fees should be collected instead of land use tax in respect of foreign-invested enterprises. However, in accordance with the Provisional Regulations of the People's Republic of China Governing Land Use Tax in Urban Areas revised by the State Council on December 31, 2006, as of January 1, 2007, land use tax shall be collected from foreign-invested enterprises and the annual tax on every square meter of urban land shall be between RMB0.6 and RMB30.0.

(vi) Buildings tax

Under the Interim Regulations of the People's Republic of China on Building Tax (中華人民共和國房產稅暫行條例) promulgated by the State Council on September 15, 1986 and implemented on October 1, 1986, building tax shall be levied at 1.2% if it is calculated on the basis of the residual value of a building, and 12% if it is calculated on the basis of the rental.

According to the Circular Concerning Levy of Building Tax on Foreign Enterprises and Foreigners (關於對外資企業及外籍個人徵收房產稅有關問題的通知) promulgated by the Ministry of Finance on January 12, 2009, and the Circular Concerning the Implementation of Levy of Building Tax on Foreign-Invested Enterprise and Foreign Individuals (關於做好外資企業及外籍個人房產稅征管工作的通知) issued by the SAT on January 6, 2009, from January 1, 2009, domestic and foreign-invested enterprises and foreign individuals will all be subject to the Interim Regulations of the People's Republic of China on Building Tax.

(vii) Stamp duty

Under the Interim Regulations of the People's Republic of China on Stamp Duty (中華人民共和國印花稅暫行條例) promulgated by the State Council on August 6, 1988 and implemented on October 1, 1988, for property transfer instruments, including those in respect of property ownership transfer, the stamp duty rate shall be 0.05% of the amount stated therein; for permits and certificates relating to rights, including property title certificates and land use rights certificates, stamp duty shall be levied on an item basis of RMB5 per item.

On October 22, 2008, the MOF and the SAT issued the Circular on Taxation Policy Adjustment Concerning Real Estate Trading (關於調整房地產交易環節稅收政策的通知) and temporarily exempted the stamp duty for individuals selling or buying houses starting from November 1, 2008.

(viii) Municipal maintenance tax

Under the Interim Regulations of the People's Republic of China on Municipal Maintenance Tax (中華人民共和國城市維護建設稅暫行條例) promulgated by the State Council on February 8, 1985, any taxpayer, whether an individual or otherwise, of product tax, value-added tax or business tax shall be required to pay municipal maintenance tax. The tax rate shall be 7% for a taxpayer whose domicile is in an urban area, 5% for a taxpayer whose domicile is in a county or a town, and 1% for a taxpayer whose domicile is not in any urban area or county or town. Under the Circular Concerning Temporary Exemption from Municipal Maintenance Tax and Education Surcharge for Foreign-invested Enterprises and Foreign Enterprises (關於外商投資企業和外國企業暫不徵收城市維護建設稅和教育費附加的通知) issued by the SAT on February 25, 1994, the municipal maintenance tax shall not be applicable to foreign invested enterprises with foreign investment for the time being, until further explicit stipulations are issued by the State Council.

(ix) Education surcharge

Under the Interim Provisions on the Imposition of the Education Surcharge (徵收教育費附加的暫行規定) promulgated by the State Council on April 28, 1986 and as amended on June 7, 1990 and August 20, 2005, a taxpayer, whether an individual or otherwise, of product tax, value-added tax or business tax shall pay an education surcharge, unless such obliged taxpayer is instead required to pay a rural area education surcharge as provided by the Notice of the State Council on Raising Funds for Schools in Rural Areas (國務院關於籌措農村學校辦學經費的通知). Under the Supplementary Notice Concerning Imposition of Education Surcharge (國務院關於教育費附加徵收問題的補充通知) issued by the State Council on October 12, 1994, the Circular Concerning Temporary Exemption from Municipal Maintenance Tax and Education Surcharge for Foreign-invested Enterprises and Foreign Enterprises (關於外商投資企業和外國企業暫不徵收城市維護建設稅和教育費附加的通知) issued by the SAT on February 25, 1994, the education surcharge shall not be applicable to enterprises with foreign investment for the time being, until further explicit stipulations are issued by the State Council.

K. Measures on Stabilizing Housing Price

The General Office of the State Council promulgated the Circular on Duly Stabilizing the Prices of Residential Properties (關於切實穩定住房價格的通知) on March 26, 2005, requiring measures to be taken to restrain housing prices from increasing too fast and to promote the healthy development of the property market. On May 9, 2005, the General Office of the State Council issued the Opinion of the Ministry of Construction and other Departments on Improving the Works on Stabilizing the Prices of Residential Properties (關於做好穩定住房價格工作的意見), which provides that:

(i) Intensifying planning and control and improving the housing supply structure

Where housing prices are in excessive growth and the supply of regular commodity houses at medium or low prices and economical houses is insufficient; housing construction should mainly involve projects of regular commodity houses with medium or low prices and economical houses. The construction of low-density, high-quality houses shall be strictly controlled. With respect to construction projects of medium-or-low-price regular commodity houses, before the supply of land, the municipal planning authority shall, according to controlling detailed planning, set forth conditions for planning and designing such as height of buildings, plot ratio and green space. The property authority shall, in collaboration with other relevant authorities, set forth such controlling requirements as sale price, type and area. Such conditions and requirements will be set up as preconditions of land assignment to ensure an effective supply of small or medium-sized houses at moderate and low prices. The local government must intensify the supervision of planning permit for property development projects. Housing projects that have not been commenced within two years must be re-examined, and those that turn out to be noncompliant with the planning permits will be revoked.

(ii) Intensifying control over the supply of land and rigorously enforcing the administration of land

Where the price of land for residential use grows too fast, the proportion of land for residential use to the total land supply should be raised, and the land supply for the construction of regular commodity housing at medium or low prices and economical housing should be increased. Land supply for villa construction shall be continuously suspended, and land supply for high-end housing property construction shall be restricted.

(iii) Adjusting the policies of business tax on house transfers and strictly regulating the collection and administration of tax

From June 1, 2005, business tax upon transferring a residential house by an individual within two years from purchasing will be levied on the full amount of the sale proceeds. For an individual having transferred an ordinary residence after two years from date of purchase, business tax will be exempted. For an individual having transferred a property other than ordinary residential house for two years or more from date of purchase, the business tax will be levied on the basis of the balance between the income from selling the residence and the purchase price.

(iv) Rectifying and regulating the market order and seriously investigating and punishing any irregular and rule-breaking sales

The buyer of a pre-sale commodity building is prohibited from conducting any transfer of such building if it is still under construction. A real name system for house purchases should be applied, and an immediate archival filing network system for pre-sale contracts of commodity buildings should be carried out.

On May 24, 2006, the General Office of the State Council issued the Opinion of the Ministry of Construction and other Departments on Adjusting Housing Supply Structure and Stabilization of

Housing Prices (關於調整住房供應結構穩定住房價格的意見). As to the adjustment of housing supply and stabilization of housing prices, the opinion provides that:

(a) *Adjustment to the housing supply structure*

- The construction of medium and small-sized regular commodity houses at medium or low prices should be especially developed to satisfy the demands of local residents.
- From June 1, 2006, for each and every commodity building newly examined and approved for the commencement of construction, the proportion of the area of housing (including economically affordable housing) with a unit floor area less than 90 square meters must reach 70% of the total development and construction area. In case of adjustment of the above-mentioned proportion, if required in special cases, the municipalities directly under the central government, separately planned cities and provincial capital cities must submit the special request for adjusting proportion to the MOC for approval. The projects that have been examined and approved but have not received a construction works commencement permit shall where necessary adjust the set style of housing according to the above-mentioned requirements.

(b) *Adjustment to tax, credit and land policies*

- Commencing June 1, 2006, business tax applicable to the transfer of a residential property by an individual within five years from the date of purchase will be levied on the basis of the full amount of the sale proceeds. For an individual transferring an ordinary residential property five years or more from the date of purchase, business tax will be exempted. For an individual transferring a house other than an ordinary residential house for five years or more from purchasing, the business tax will be levied on the basis of the balance between the income from selling the house and the purchase price;
- In order to restrain property developers from purchasing land and buildings with bank credits, any developer applying for loans shall have at least 35% of capital required for the project development. To the developers with a large amount of idle land and vacant commodity buildings, commercial banks should restrict the grant or extension of revolving credit facilities in any form pursuant to the prudence principle. Commodity buildings which are vacant for more than 3 years should not be accepted as a guarantee by the commercial banks;
- From June 1, 2006, the first installment of individual house loans should be no less than 30%. When a borrower applies for individual house loans for his own use and the floor area of the unit is less than 90 square meters, the first installment remains at 20%;
- At least 70% of the land supply for residential property developments must be used for low-to-medium-cost and small to medium-size units and low-cost rental properties. On the basis of the restriction of price and housing style, the land supply shall adopt the method of competitive bidding of land price and housing price to determine the property developer. Land supply for villa construction shall continue to be suspended, and land supply for low-density and large-area housing property construction shall be strictly prohibited;

  When construction has not yet started one year after the construction commencement date agreed in the land use rights assignment contract has elapsed, charges for idle land should be collected at a higher level; when the construction has not started two years after the construction commencement date agreed in the land use rights assignment contract have elapsed, the right to use land can be taken back without compensation. The land will be regarded as idle land if: the development and construction of the land has started on time, but the developed area is less than one third of the total area to be developed and constructed, or the invested amount is less than 25% of the total amount of investment, and the development and construction has been continuously suspended for no less than one year without approval.

(c) *Further rectifying and regulating the property market*

- Any project with a Construction Land Planning Permit which has not started construction should be re-evaluated. If the project is not in accordance with the controlling requirements of the plan, especially the requirements of the set style structure, the construction works planning permit, the construction works commencement permit and the pre-sale permit should not be issued. Projects which have been altered or the construction of which have exceeded the provisions shall be disposed of or confiscated according to law.

- The property administration authority and the administration of industry and commerce should investigate any illegal conduct such as contract fraud. Illegal conduct involving commodity building pre-completion sales without the necessary conditions should be ordered to stop and punished. With respect to the property enterprises that store up housing source from sale and maliciously manipulate and raise housing prices, the competent authorities shall seek prosecution, including by enforcing monetary punishment according to laws and regulations, the suspension of business licenses, and the responsible persons concerned shall be investigated and prosecuted.

To implement the Opinions on Adjusting the Housing Supply Structure and Stabilizing Housing Prices, the MOC promulgated Certain Opinions Regarding the Implementation of the Ratio Requirement for the Structure of Newly Constructed Residential Units (關於落實新建住房結構比例要求若干意見) on July 6, 2006 and made supplemental requirements on the proportion of newly built housing structure as follows:

(a) From June 1, 2006, in any city (including counties), the floor area of the housing which is less than 90 square meters should reach 70% of the total floor area of commercial commodity buildings newly approved or constructed.

(b) According to the above requirements, the governments should guarantee the conditions of planning and design of newly-built commodity buildings to be reached and confirm the requirements of structure proportion. Any digression from the above-mentioned requirements without authorization is forbidden. construction works planning permit should not be issued by municipal planning and authorities. If there is any noncompliance with the planning permit; construction works commencement permit should not issued by the construction authority and for pre-sale of commodity buildings should not be issued by property development authority.

(c) To projects which are approved before June 1, 2006 but have not obtained the construction works commencement permit, the governments of cities should ascertain the which specific project needs to adjust the set structure according to the proportion requirement of the newly-built commodity buildings in that year.

On December 20, 2008, the General Office of the State Council issued Several Opinions on Promoting the Sound Development of the Real Estate Market (關於促進房地產市場健康發展的若幹意見), which:

(a) *Promotes the construction of affordable residential housing*

(b) *Encourages the purchase of regular commodity houses for residential purposes*

In addition to extending favourable interest rates and loan policies to first time buyers of apartments for self-residential purposes, individuals with an existing home in which the per-person floor area is smaller than the local average may buy a second apartment for self residence purposes under similar favourable loan terms to those that apply to first-time buyers. If individuals purchase a second apartment or more for any other purpose, the interest rate shall be determined according to potential risks by commercial banks based on the benchmark interest rate.

Individuals who purchased their house for self-residential purposes prior to December 31, 2009 may, two or more years after the purchase, resell their house without paying business tax. This two year threshold was reduced from five years as applicable under previous provisions. Individuals that have owned their self-residential house for less than two years shall pay business tax on the net profit (the difference between the original price and the sales price). Individuals who have purchased their house for any purpose other than self-residential shall, if they have owned it for two years or more, pay business tax on the net profit or, if they have owned it for less than two years, on the full sale price. This two year threshold was also reduced from five years as prescribed in previous provision.

(c) Supports real estate developers in dealing with the changing market

Increased credit financing services to “low-to-medium-level price” or “small-to-medium-sized” regular commodity housing projects shall be provided, particularly those under construction; financial support and other related services to real estate developers engaged in merger and restructuring; approvals for bond issues by real estate developers with good credit ratings and sound financial credentials shall be supported and the building tax is unified, thereafter domestic and foreign-funded enterprises and individuals will all be subject to the Interim Regulations of the People’s Republic of China on Building Tax.

According to Several Opinions of the General Office of the State Council on Providing Financial Support for Economic Development (No.126 [2008])(國務院辦公廳關於當前金融促進經濟發展的若干意見), issued by General Office of the State Council on December 8, 2008, the State Council (1) implemented and promulgated relevant credit policies and measures to support people’s purchase of their first ordinary home or improved ordinary home; (2) provided more credit support for the construction of low-rent houses and economically affordable houses and the reconstruction of shed areas for low-income urban residents; and (3) initiated the pilot operation of real estate trust investment funds and diversify the financing channels of real estate enterprises.

II. LEGAL SUPERVISION RELATING TO THE PROPERTY MANAGEMENT SECTOR IN THE PRC

A. Foreign-invested Property Management Enterprises

According to the Foreign Investment Industrial Guidance Catalogue, property management falls within the category of industries in which foreign investment is permitted. Foreign invested property management enterprises can be set up as a Sino-foreign equity joint venture, Sino-foreign cooperative joint venture or wholly foreign owned enterprise according to the Catalogue and the relevant requirements of the laws and administrative regulations regarding foreign-invested enterprises. Foreign invested property management enterprises should obtain approval from the commercial authority and obtain a Approval Certification for a foreign-invested enterprise before registering with the Administration for Industry and Commerce.

B. The Qualification of a Property Management Enterprise

According to the Regulation on Property Management (物業管理條例) enacted by the State Council on June 8, 2003, implemented on September 1, 2003 and amended on August 26, 2007, a qualification system for enterprises engaging in property management activities is adopted. According to the Measures for the Administration on Qualifications of Property Management Enterprises (物業管理企業資質管理辦法) enacted by the MOC on March 17, 2004, implemented on May 1, 2004 and amended on November 26, 2007, a newly established property management enterprise shall, within 30 days from the date of receiving its business license, apply for qualifications to the competent property departments of the people’s governments of the municipalities directly under the central government and cities divided into districts at the place of industry and commerce registration. The departments of qualification examination and approval shall check and issue property management qualification certificates to the enterprises meeting the corresponding qualification class conditions.

According to the Measures for the Administration on Qualifications of Property Management Enterprises, the qualifications of a property management enterprise shall be classified as the first, second and third classes. The competent construction department of the State Council shall be responsible for issuance and administration of the qualification certificate of the first class property management enterprises. The competent construction departments of the people's governments of provinces and autonomous regions shall be responsible for issuance and administration of the qualification certificate of the second class property management enterprises, and the competent property administration departments of the people's governments of municipalities directly under the central government shall be responsible for issuance and administration of the qualification certificate of the second and third class property management enterprises. The competent realty departments of the people's governments of the cities divided into districts shall be responsible for the issuance and administration of the qualification certificate of the third class property management enterprises.

The property management enterprises with the first class qualification may undertake any realty management projects. The property management enterprises with the second class qualification may undertake the realty management business of residence projects of under 300,000 square meters and the non-residence projects of under 80,000 square meters. The property management enterprises with the third class qualification may undertake the realty management business of residence projects under 200,000 square meters and non-residence projects under 50,000 square meters. An annual inspection system on the qualifications of property management enterprises is adopted.

C. Appointment of a Property Management Enterprise

According to the Regulation on Property Management, the general meeting of owners in a property can appoint and dismiss the property management enterprise with affirmative votes of owners holding more than 2/3 of the voting rights. Before the formal appointment of a property management enterprise by the general meeting of the owners, a written temporary service contract should be signed by the construction institutions (for example, a developer) and a property management enterprise.

III. LEGAL SUPERVISION RELATING TO REAL ESTATE INTERMEDIATE SERVICES IN THE PRC

A. Foreign Investment in the Real Estate Intermediate Services Sector

Under the Foreign Investment Industry Guidance Catalogue amended jointly by MOFCOM and the NDRC in October 2007 and with effect from December 1, 2007, transactions in the real estate secondary market and the real estate intermediary or broker companies falls within the category of industries in which foreign investment is subject to restrictions.

The Regulations on Guiding the Orientation of Foreign Investment (指導外商投資方向規定) promulgated by the State Council on February 21, 2002 and effective from April 1, 2002, stipulate that projects with foreign investment under the limit for restricted projects with foreign investment shall be subject to the examination and approval of the corresponding competent departments of the people's governments of the provinces, autonomous regions, municipalities directly under the Central Government and municipalities. At the time of examination and approval, the project must also be reported to the competent departments and administrative authorities at the next highest level. The power to conduct examination and approval for this kind of project may not be granted to any lower level authority.

B. QUALIFICATIONS FOR THE REAL ESTATE INTERMEDIARY SERVICES SECTOR

The Provisions on the Administration of Urban Real Estate Intermediary Services (城市房地產中介服務管理規定) promulgated by the MOC on January 8, 1996 and amended on August 15, 2001 define real estate intermediary services as including consulting, price evaluation and brokerage services that relate to real estate. A person wishing to provide real estate intermediary services must attain appropriate qualifications.

The conduct of real estate intermediary services should only be carried our by an organization that meets the following criteria: a) it must have its own name and organizational structure; b) it must have a fixed place of business; c) it must have a stipulated amount of assets and funds; and d) (i) in the case that it provides real estate consultancy services, a minimum of fifty percent of its personnel must have intermediate level or above specialist qualifications relevant to the real estate sector, or elementary level specialist qualifications in the area of technology; (ii) in the case that it provides real estate evaluation services, it must have a stipulated amount of qualified evaluation personnel; and (iii) in the case that it provides real estate brokerage services, it must have a stipulated amount of qualified brokers.

Organizations that provide real estate intermediary services in more than one province, autonomous regions and municipalities directly under the Central Government should register with the relevant administrative departments in charge of construction of the people's government of the province and the autonomous regions, or the administrative departments in charge of real estate administration of the people's government of the municipalities directly under the Central Government where the operations are to be carried out. Application for the establishment of the enterprise must be made with the local branch of the SAIC. Within one month of receiving a business license, the enterprise must register with the real estate administration department of the same local government at the county level or above.

A. FURTHER INFORMATION ABOUT THE COMPANY

1. Incorporation of the Company

We were established under the laws of the Cayman Islands as an exempted company with limited liability on October 17, 2007 under Companies Law. We have established a place of business in Hong Kong at Room 1103, Top Glory Tower, 262 Gloucester Road, Causeway Bay, Hong Kong and were registered on September 25, 2009 as an oversea company in Hong Kong under Part XI of the Hong Kong Companies Ordinance. Chan Sze Hon (陳思翰), our authorized representative for the purposes of Part XI of the Hong Kong Companies Ordinance, has been appointed as our agent for the acceptance of service of process and notices on our behalf in Hong Kong. Our address for service of process and notices in Hong Kong is Room 1103, Top Glory Tower, 262 Gloucester Road, Causeway Bay, Hong Kong.

As we were established under the laws of the Cayman Islands, our corporate structure and our Articles of Association are subject to the relevant laws of the Cayman Islands. A summary of the relevant section of our Articles of Association and relevant aspects of the Cayman Islands company law are set out in Appendix VI to this prospectus.

2. Changes in Share Capital of our Company

The following sets out the changes in the share capital of our Company since the date of our incorporation:

(a) As of the date of our incorporation, our initial authorized share capital was HK$100,000 divided into 1,000,000 Shares, of HK$0.10 each. On the date of our incorporation, 1 Share in our share capital was allotted and issued to Codan Trust Company (Cayman) Limited which share was subsequently transferred to Fantasy Pearl on the same day.

(b) On November 30, 2007, our Company allotted and issued 8 Shares to Fantasy Pearl as an aggregate consideration for the acquisition of the respective entire issued share capital of Winning Sky, Fantastic Victory, Wisdom Regal and Ace Link Pacific.

(c) On December 21, 2007, pursuant to meeting of the board of directors held on December 20, 2007, our Company allotted and issued an aggregate of 87,091 Shares credited as fully paid at par to Fantasy Pearl, as the then sole Shareholder of the Company, by way of capitalization of part of the sum standing to the credit of the share premium account of our Company as a result of the acquisitions as referred to in paragraph (b) above.

(d) On December 21, 2007, our Company allotted and issued (i) 9,675 Shares to Fantasia (Cayman) and (ii) 3,225 Shares to Wellluck pursuant to the Subscription Agreement.

(e) Pursuant to written resolutions of all our Shareholders passed on October 27, 2009 (i) our authorized share capital was increased from HK$100,000 to HK$800,000,000 by the creation of an additional new 7,999,000,000 Shares, such new Shares ranking pari passu in all respects with the existing Shares; (ii) conditional upon all the conditions set forth in the section entitled "Structure of the Global Offering" in this prospectus being fulfilled or waived and the occurrence of a Qualified IPO, the allotment and issue of 3,644,900,000 Shares to the then existing members of the Company, credited as fully paid up at par by way of a capitalization of an amount of HK$364,490,000 standing to the credit of the share premium account of our Company, such Shares ranking pari passu in all respects with the then existing Shares were approved.

Assuming that the Global Offering and the Capitalization Issue become unconditional and the Offer Shares are issued but taking no account of any Shares which may be issued upon the exercise of the Over-allotment Option, our authorized share capital will be HK$800,000,000 divided into 8,000,000,000

Shares, of which 4,860,000,000 Shares will be allotted and issued fully paid or credited as fully paid and 3,140,000,000 Shares will remain unissued.

A general unconditional mandate was given to the Directors to exercise all the powers of the Company to allot, issue and deal with the Shares or securities convertible into Shares and to make an offer or agreement or grant an option which would or might require such Shares to be allotted and issued subject to the requirement that the aggregate nominal value of the Shares so allotted and issued or agreed conditionally or unconditionally to be allotted and issued, otherwise than by way of rights issue or pursuant to the exercise of any subscription rights attaching to any warrants which may be allotted and issued by the Company from time to time pursuant to the exercise of any options which may be granted under the Share Option Scheme or an allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the Articles of Association, shall not exceed 20% of the aggregate nominal value of the Shares in issue immediately following completion of the Global Offering and the Capitalization Issue (but excluding any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option). Such mandate to issue Shares will remain in effect until (i) the conclusion of the next annual general meeting of the Company; (ii) the expiration of the period within which the Company's next annual general meeting is required to be held by applicable laws of the Cayman Islands or the Articles of Association; or (iii) the time when such mandate is revoked or varied by an ordinary resolution of the Shareholders in a general meeting, whichever is the earliest.

Other than the issue of Shares pursuant to the Global Offering, the Capitalization Issue, the exercise of the Over-allotment Option, the exercise of options granted under the Share Option Scheme and the general mandate to issue Shares referred to in paragraph (c) of the section entitled "— Written Resolutions of our Shareholders" in this Appendix, there is no present intention to issue any part of our authorized but unissued share capital and, without the prior approval of the Shareholders in a general meeting, no issue of Shares will be made which would effectively alter the control of the Company within twelve months from the Listing Date.

Save as disclosed in this prospectus, there has been no alteration in our share capital since our incorporation.

3. Written Resolutions of our Shareholders

Pursuant to the written resolutions of our Shareholders passed on October 27, 2009:

(a) our authorized share capital was increased from HK$100,000 to HK$800,000,000 by the creation of an additional new 7,999,000,000 Shares, such new Shares ranking pari passu in all respects with the existing Shares;

(b) conditional upon all the conditions set forth in the section entitled "Structure of the Global Offering" in this prospectus being fulfilled or waived and the occurrence of a Qualified IPO:

(i) the Global Offering was approved and the Directors were authorized to determine the issue price for, and to approve the issue price for and allot and issue the Offer Shares pursuant to the Global Offering;

(ii) the Over-allotment Option was approved and the Directors were authorized to allot and issue any Shares which may be required to be allotted and issued pursuant to the exercise of the Over-allotment Option;

(iii) conditional on our share premium account being credited as a result of the issue of the Offer Shares pursuant to the Global Offering, the Directors were authorized to allot and issue an aggregate of 3,644,900,000 new Shares credited as fully paid at par to the Shareholders on our register of members as of the close of business on October 27, 2009 (or as they may direct) in proportion to their respective shareholdings (save that no Shareholder shall be entitled to be allotted and issued any fraction of a Share) by way of the capitalization of the sum of HK$364,490,000 standing to the credit of our share premium account such new Shares ranking pari passu in all respects with the existing Shares;

(iv) conditional further upon the Listing Committee of the Stock Exchange granting approval of the rules of our Share Option Scheme and the listing of, and permission to deal in, the Shares which may fall to be issued pursuant to the exercise of any options granted under the Share Option Scheme, the rules of our Share Option Scheme were approved and adopted and the Directors or any committee thereof established by the Board were authorized to make further changes to the Share Option Scheme and to grant options to subscribe for Shares thereunder up to the limits referred to in our Share Option Scheme, to allot, issue and deal with Shares pursuant to the exercise of any options granted thereunder and to take all such actions as they consider necessary and/or desirable to implement or give effect to our Share Option Scheme, subject to the conditions therein; and

(v) our Articles of Association were approved and adopted and our Memorandum of Association was amended to reflect the increase in our authorized share capital referred to in paragraph (a) above.

(c) a general unconditional mandate was given to the Directors to allot, issue and deal with Shares (including the power to make an offer or agreement, or grant an option (including but not limited to warrants, bonds and debentures convertible into Shares) which would or might require Shares to be allotted and issued), the aggregate nominal value of the Shares so allotted and issued or agreed conditionally or unconditionally to be allotted and issued (otherwise than pursuant to a rights issue, the exercise of any subscription rights attaching to any warrants which may be allotted and issued by the Company from time to time or pursuant to the exercise of any options which may be granted under the Share Option Scheme, any scrip dividend scheme or similar arrangement, or a special authority granted by our Shareholders) shall not exceed 20% of the aggregate nominal value of our share capital in issue immediately following the completion of the Global Offering and the Capitalization Issue (but excluding any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option);

(d) a general unconditional mandate was given to the Directors to exercise all the powers of our Company to repurchase our own Shares on the Stock Exchange, or on any other stock exchange on which the securities of our Company may be listed and which is recognized by the SFC and the Stock Exchange for this purpose, such number of repurchased Shares with an aggregate nominal value not exceeding 10% of the aggregate nominal value of the Shares in issue immediately following the completion of the Global Offering and the Capitalization Issue (but excluding any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option); and

(e) the general unconditional mandate as mentioned in paragraph (c) above was extended by the addition to the aggregate nominal amount of Shares which may be allotted and issued or agreed to be allotted and issued by the Directors pursuant to such general mandate of an amount representing the aggregate nominal value of the Shares purchased by our Company pursuant to the mandate to repurchase Shares referred to in paragraph (d) above, provided that such extended amount shall not exceed 10% of the aggregate nominal value of the Shares in issue immediately following the completion of the Global Offering and the Capitalization Issue (but excluding any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option).

Each of the general mandates referred to in paragraphs (c), (d) and (e) above will remain in effect until whichever is the earliest of:

(1) the conclusion of the next annual general meeting of our Company following the passing of the resolution;

(2) the expiration of the period within which the next annual general meeting of our Company is required be held under the laws of the Cayman Islands or the Articles of Association; or

(3) the time when such mandate is revoked or varied by an ordinary resolution of our Shareholders in a general meeting,

(the "Relevant Period").

4. The Reorganization

The companies comprising our Group underwent a reorganization to rationalize our Group's structure in preparation for the listing of our Shares on the Stock Exchange. As a result, our Company became the holding company of our Group. A diagram showing our Group's structure after Reorganization as of the date of this prospectus is set forth under the paragraph entitled "Group Structure After the Corporate Reorganization" in the section "History, Reorganization and Group Structure" in this prospectus.

As part of the Reorganization, the following events took place:

(a) On August 1, 2007, members of Chengdu Huabaili has resolved to repurchase an amount of RMB2,000,000 from the then registered capital of RMB20,000,000 and upon which the registered capital be decreased from RMB20,000,000 to RMB18,000,000. The capital repurchase and decrease have been approved by the Wenjiang Administration for Industry and Commerce on October 23, 2007 and as a result Chengdu Tonghe held 100% equity interests in Chengdu Huabaili.

(b) On August 4, 2007, members of Chengdu Tonghe has resolved the company's registered capital be decreased from RMB100,000,000 to RMB76,000,000.

(c) On August 5, 2007, members of Shenzhen Huaqianli has resolved to repurchase 30% of the then registered capital and upon which the registered capital be decreased from RMB10,000,000 to RMB7,000,000. The capital repurchase and decrease have been approved by the Shenzhen Administration for Industry and Commerce on November 9, 2007 and as a result Fantasia Group (China) held 100% equity interests in Shenzhen Huaqianli.

(d) On August 5, 2007, members of Tianjin Fantasia Investment resolved to the Company's registered capital be reduced from RMB10,000,000 to RMB9,000,000. This capital decrease was approved by the Tianjin Administration for Industry and Commerce on November 15, 2007 and as a result, Fantasia Group (China) held 100% equity interests in Tianjin Fantasia Investment.

(e) On August 31 2007, Chengdu Tonghe acquired 17.7% equity interest of Chengdu Xinjin Youbang from Zhao Gang (趙剛).

(f) On October 17, 2007, our Company was established under the laws of the Cayman Islands with an initial authorized share capital of HK$100,000 divided into 1,000,000 Shares, each of HK$0.10. 1 Share in our share capital was allotted and issued to Codan Trust Company (Cayman) Limited on incorporation which share was subsequently transferred to Fantasy Pearl on the same day.

(g) On November 23, 2007, Shenzhen Huaqianli acquired 40% equity interest of Shenzhen Kangnian from Shenzhen Tiankuo.

(h) On November 24, 2007, members of Chengdu Tonghe resolved to repurchase an amount of RMB390,000 from the then registered capital and upon which the registered capital be decreased from RMB76,000,000 to RMB75,610,000. The capital repurchase and decrease have been approved by the Chengdu Administration for Industry and Commerce on January 23, 2008 and as a result, Fantasia Group (China) held 100% equity interest of Chengdu Tonghe.

(i) On November 30, 2007, our Company allotted and issued 8 Shares to Fantasy Pearl as an aggregate consideration for the acquisition of the respective entire issued share capital of Winning Sky, Fantastic Victory, Wisdom Regal and Ace Link Pacific.

(j) On November 30, 2007, Fantastic Victory has acquired the entire issued share capital of Fantasia HK from Ms. Zeng and Mr. Pan.

(k) On January 31, 2008, members of Shenzhen Huaqianli resolved that the company's registered capital be increased by RMB294,725,208.04 to RMB660,339,486.92. According to a capital verification report dated February 1, 2008, the increase of registered capital of RMB294,725,208.04 was fully paid up on January 31, 2008. The increase of registered capital was approved by the Shenzhen Administration for Commerce and Industry on February 22, 2008.

(l) On February 1, 2008, Chengdu Tonghe acquired 8%, 15.6% and 28.4% equity interest of Chengdu Xinjin Youbang from Chengdu Lifeng Property Consultancy Company Limited (成都立峰房地產顧問有限公司), Zhao Gang (趙剛) and Yang Ju Hong (楊菊紅), respectively.

(m) On February 20, 2008, Shenzhen Huaqianli acquired 25% equity interest of Chengdu Huawanli from Fantasia HK.

(n) On February 28, 2008, Wisdom Regal has acquired the entire issued share capital of Joytime from Ms. Zeng and Mr. Pan.

(o) On February 28, 2008, Ace Link Pacific has acquired the entire issued share capital of Gold Genius Holdings Limited from Ms. Zeng and Mr. Pan.

(p) On March 4, 2008, Chengdu Tonghe acquired 5% equity interest of Chengdu Xinjing Youbang from Yang Ju Hong (楊菊紅) and as a result Chengdu Tonghe held 100% equity interest in Chengdu Xinjing Youbang.

(q) On April 22, 2008 Gold Genius has acquired 100% equity interest of Shenzhen Yahao from Enco Development.

(r) On May 9, 2008, Joytime has acquired 100% equity interest of Shenzhen Zhifu from Chi Fu Development.

(s) On July 28, 2008, Shenzhen Hongwei Investment Development Co., Ltd. (深圳宏威投資發展有限公司) acquired from Chinyang (Holdings) Limited (宏威（集團）有限公司) 40% equity interest of Shenzhen Hongwei.

(t) On September 1, 2008, Chengdu Tonghe acquired 15.7509%, 9.99% and 7.5591% equity interest of Sichuan Ximei from Zhang Wei Ping (張維平), Zhang Xiao Mei (張曉梅) and Zhao Yu (趙宇), respectively.

(u) On December 26, 2008, Shenzhen Huaqianli acquired from Shenzhen Hongwei Investment and Development Co., Ltd. (深圳宏威投資發展有限公司) 40% equity interest of Shenzhen Hongwei.

5. Changes in the Share Capital of our Subsidiaries

Our subsidiaries are listed in the Accountants' Report set out in Appendix I to this prospectus. The following alterations in the share capital of our subsidiaries have taken place within the two years immediately preceding the date of this prospectus.

(a) Ace Link Pacific

On September 3, 2007, Ace Link Pacific was established under the laws of the BVI with an authorized share capital of US$50,000, divided into 50,000 shares of US$1 each, a total of 50,000 shares of which were issued and allotted as to 40,000 shares to Ms. Zeng and 10,000 shares to Mr. Pan on October 10, 2007.

Pursuant to written resolutions of directors of Ace Link Pacific passed on December 20, 2007, Ace Link Pacific repurchased an aggregate of 49,900 shares from the then shareholders. After the repurchase, the issued share capital of Ace Link Pacific had been decreased to US$100, divided into 100 shares of US$1 each.

(b) Chengdu Fantasia Wangcong Culture

Chengdu Fantasia Wangcong Culture was established in the PRC on August 6, 2008 as a limited liability company. The initial amount of registered capital on incorporation was RMB50,000,000. According to a capital verification report dated July 11, 2008, the registered capital of 10,000,000 has been paid up but the remaining registered capital of RMB40,000,000 was not fully paid up as at July 11, 2008.

(c) Chengdu Huabaili

On August 1, 2007, members of Chengdu Huabaili has resolved to decrease the company's registered capital from RMB20,000,000 to RMB18,000,000. The capital repurchase and decrease have been approved by the Wenjiang Administration for Industry and Commerce on October 23, 2007.

On April 10, 2008 members of Chengdu Huabaili has resolved to increase the company's registered capital from RMB18,000,000 to RMB30,000,000. According to a capital verification report dated April 10, 2008, the increase of registered capital of RMB12,000,000 was fully paid up as at April 10, 2008. The increase of the registered capital has been approved by Wenjiang Administration for Industry and Commerce on April 10, 2008.

(d) Chengdu Huaqianli

On January 2, 2008, members of Chengdu Huaqianli have resolved the company's registered capital be increased from RMB60,000,000 to RMB704,680,000. According to a capital verification report dated January 9, 2008, the increase of registered capital of RMB644,680,000 was fully paid-up as at January 7, 2008. The increase of the registered capital has been approved by the Chengdu Administration for Industry and Commerce on January 16, 2008.

(e) Chengdu Jiurong

On October 12, 2007, members of Chengdu Jiurong have resolved the company's registered capital be increased from RMB62,900,000 to RMB68,600,000. According to a capital verification report dated October 15, 2007, the registered capital of RMB68,600,000 was paid up as at October 12, 2007. The capital increase has been approved by the Chengdu Administration for Industry and Commerce on October 19, 2007.

(f) Chengdu Tonghe

On August 4, 2007, members of Chengdu Tonghe has resolved to decrease the registered capital from RMB100,000,000 to RMB76,000,000. The capital repurchase and decrease have been approved by the Chengdu Administration for Industry and Commerce on November 20, 2007.

On November 24, 2007, members of Chengdu Tonghe has resolved to repurchase an amount of RMB390,000 from the then registered capital and upon which the registered capital be decreased from RMB76,000,000 to RMB75,610,000. The capital repurchase and decrease have been approved by the Chengdu Administration for Industry and Commence on January 23, 2008.

(g) Chengdu Xinjin Youbang

On February 16, 2009, members of Chengdu Xinjin Youbang resolved to increase the company's registered capital from RMB30,000,000 to RMB85,000,000. According to a capital verification report dated February 20, 2009, the registered capital of RMB55,000,000 was fully paid-up as at February 20, 2009. The increase of registered capital has been approved by the Chengdu Administration for Industry and Commerce on February 23, 2009.

(h) Dongguan Fantasia

On January 4, 2008, members of Dongguan Fantasia have resolved the company's registered capital be increased from RMB10,000,000 to RMB30,000,000. According to a capital verification report dated January 15, 2008, the increase of registered capital of RMB20,000,000 was fully paid-up as at January 15, 2008. The increase of registered capital has been approved by the Dongguan Administration for Industry and Commerce on January 25, 2008.

(i) Fantasia Chengdu Ecological

On September 26, 2007, the board of directors of Fantasia Chengdu Ecological has resolved the company's registered capital be increased to RMB728,270,000. According to a capital verification report dated September 15, 2009, the increased amount of registered capital was fully paid up as at September 14, 2009. This capital increase was approved by the Chengdu Administration for Industry and Commerce on September 30, 2009.

(j) Fantasia Group (China)

On September 12, 2007, the board of directors of Fantasia Group (China) has resolved the registered capital be increased to RMB408,843,500. According to a capital verification report dated December 27, 2007, the increased amount of registered capital was fully paid up as at December 24, 2007. The capital increase has been approved by the Shenzhen Administration for Industry and Commerce on December 28, 2007.

(k) Fantasia Hotel Management International

On July 15, 2009, Fantasia Hotel Management International was established under the laws of Hong Kong with an authorized share capital of HK$10,000, divided into 10,000 shares of HK$1 each, a total of 1 share of which was issued and allotted to the Company.

(l) Fantasia Property Management International

On July 15, 2009, Fantasia Property Management International was established under the laws of Hong Kong with an authorized share capital of HK$10,000, divided into 10,000 shares of HK$1 each, a total of 1 share of which was issued and allotted to the Company.

(m) Fantastic Victory

On September 3, 2007, Fantastic Victory was established under the laws of the BVI with an authorized share capital of US$50,000, divided into 50,000 shares of US$1 each, a total of 50,000 shares of which were issued and allotted as to 40,000 shares to Ms. Zeng and 10,000 shares to Mr. Pan on October 10, 2007.

Pursuant to written resolutions of directors of Fantastic Victory passed on December 20, 2007, Fantastic Victory repurchased an aggregate of 49,900 shares from the then shareholders. After the repurchase, the issued share capital of Fantastic Victory had been decreased to US$100, divided into 100 shares of US$1 each.

(n) HK Kangnian

On September 24, 2009, HK Kangnian was established under the laws of Hong Kong with an authorized share capital of US$500,000, divided into 50,000 shares of US$1.00 each, a total of 500,000 shares of which were issued and allotted to Shenzhen Kangnian.

(o) Huizhou Daya Bay

On March 3, 2008, members of Huizhou Daya Bay resolved to increase the company's registered capital from RMB1,000,000 to RMB51,000,000. According to a capital verification report dated March 28, 2008, the increase of registered capital of RMB50,000,000 was fully paid up as at March 21, 2008. The increase of registered capital was approved by the Huizhou Administration for Commerce and Industry on April 1, 2008.

(p) Huizhou Huaqianli

Huizhou Huqianli was established in the PRC on August 14, 2009 as a limited liability company. The initial amount of registered capital on incorporation was RMB1,200,000. According to a capital verification report dated August 11, 2009, the registered capital of RMB1,200,000 was fully paid up as at August 11, 2009.

(q) Precise Idea

On June 17, 2009, Precise Idea was established under the laws of the BVI with an authorized share capital of US$50,000, divided into 50,000 shares of US$1 each, a total of 1 share of which was issued and allotted to the Company.

(r) Shenzhen Caiyue Hotel

Shenzhen Caiyue Hotel was established in the PRC on January 15, 2009 as a limited liability company. The initial amount of registered capital on incorporation was RMB100,000. According to a capital verification report dated November 26, 2008, the registered capital of RMB100,000 was fully paid up as at November 24, 2008.

(s) Shenzhen Caiyue Hotel Management

Shenzhen Caiyue Hotel Management was established in the PRC on August 20, 2008 as a limited liability company. The initial amount of registered capital on incorporation was RMB100,000. According to a capital verification report dated August 12, 2008, the registered capital of RMB100,000 was fully paid up as at August 11, 2008.

(t) Shenzhen Fantasia Business Management

Shenzhen Fantasia Business Management was established in the PRC on June 3, 2009 as a limited liability company. The initial amount of registered capital on incorporation was RMB100,000,000. According to a capital verification report dated May 31, 2009, the registered capital of RMB100,000,000 was fully paid up as at May 27, 2009.

(u) Shenzhen Fantasia Hotel Management

Shenzhen Fantasia Hotel Management was established in the PRC on June 3, 2009 as a limited liability company. The initial amount of registered capital on incorporation was RMB50,000,000. According to a capital verification report dated June 2, 2009, the registered capital of RMB50,000,000 was fully paid up as at June 1, 2009.

(v) Shenzhen Huaqianli

On August 5, 2007, members of Shenzhen Huaqianli has resolved to repurchase 30% of the then registered capital and upon which the registered capital be decreased from RMB10,000,000 to RMB7,000,000. According to a capital verification report dated October 29, 2007, an amount of RMB3,000,000 was decreased from the registered capital. The capital repurchase and decrease have been approved by the Shenzhen Administration for Industry and Commerce on November 9, 2007.

On December 26, 2007, members of Shenzhen Huaqianli has resolved the company's registered capital be increased by an amount of RMB358,614,278.88 to RMB365,614,278.88. According to a capital verification report dated December 27, 2007, the increase of registered capital of RMB358,614,278.88 was fully paid-up as at December 25, 2007. The increase of registered capital was approved by the Shenzhen Administration for Industry and Commerce on December 28, 2007.

On January 31, 2008, members of Shenzhen Huaqianli resolved that the company's registered capital be increased by RMB294,725,208.04 to RMB660,339,486.92. According to a capital verification report dated February 1, 2008, the increase of registered capital of RMB294,725,208.04 was fully paid up on January 31, 2008. The increase of registered capital was approved by the Shenzhen Administration for Commerce and Industry on February 22, 2008.

(w) Shenzhen Zhifu

On September 12, 2007, members of Shenzhen Zhifu have resolved the company's registered capital be increased by RMB358,843,500 to RMB418,843,500. According to a capital verification report dated December 27, 2007, the increased amount of registered capital was fully paid-up as at December 24, 2007. This increase of registered capital was approved by the Shenzhen Administration for Industry and Commerce on January 2, 2008.

(x) Sichuan Ximei

On October 28, 2008, members of Sichuan Ximei resolved to increase the company's registered capital from RMB10,000,000 to RMB100,000,000. According to a capital verification report dated November 11, 2008, the increase of registered capital of RMB90,000,000 was fully paid up as of November 11, 2008.

On December 18, 2008, members of Sichuan Ximei resolved to increase the company's registered capital from RMB100,000,000 to RMB500,000,000. According to a capital verification report dated February 3, 2009, the increase of registered capital of RMB400,000,000 was fully paid up as at December 31, 2008.

The above increases of registered capital were approved by the Chengdu Administration for Industry and Commerce on November 11, 2008 and February 17, 2009 respectively.

(y) Talent Bright

On June 17, 2009, Talent Bright was established under the laws of the BVI with an authorized share capital of US$50,000, divided into 50,000 shares of US$1 each, a total of 1 share of which was issued and allotted to the Company.

(z) Tianjin Fantasia Investment

On August 5, 2007, Tianjin Fantasia Investment repurchased the 10% equity interest held by Shenzhen Tiankuo for a consideration of RMB1,000,000. As a result, the registered capital of Tianjin Fantasia Investment was reduced from RMB10,000,000 to RMB9,000,000. This capital reduction was approved by the Tianjin Administration for Industry and Commerce on November 15, 2007.

On April 14, 2008, members of Tianjin Fantasia Investment resolved to increase the Company's registered capital from RMB9,000,000 to RMB100,000,000. According to a capital verification report dated April 17, 2008, the increase of registered capital of RMB91,000,000 was fully paid up as at April 16, 2008. The capital increase was approved by the Tianjin Administration for Industry and Commerce on May 15, 2008.

(aa) Tianjin Fuda

On September 18, 2007, members of Tianjin Fuda have resolved the company's registered capital be increased from RMB1,000,000 to RMB45,000,000. According to a capital verification report dated September 24, 2007, the increase of registered capital of RMB44,000,000 was fully paid-up as at September 24, 2007. The capital increase was approved by the Tianjin Administration for Industry and Commerce on September 24, 2007.

(bb) Tianjin Songjiang-Fantasia

On October 16, 2008, directors of Tianjin Songjiang-Fantasia have resolved the registered capital be increased by RMB40,000,000. According to the "Approval in relation to Tianjin Songjiang-Fantasia's Application in the Increase of Shareholders and Registered Capital" (Jin Xi Wai (2008) No. 79) (《關於天津松江花樣年置業有限公司增加股東和增資申請的批復》) (津西外(2008)79號) issued by the Tianjin City Hexi District External Economic and Trading Committee dated November 13, 2008, the increase of the Company's registered capital from RMB10,000,000 to RMB50,000,000 was approved. According to a capital verification report dated January 6, 2009, the increase of registered capital of RMB40,000,000 was fully paid up as at January 5, 2009.

(cc) Winning Sky

Pursuant to written resolutions of directors of Winning Sky passed on December 20, 2007, Winning Sky repurchased an aggregate of 49,900 shares from the then shareholders. After the repurchase, the issued share capital of Winning Sky had been decreased from US$50,000, divided into 50,000 shares of US$1 each, to US$100, divided into 100 shares of US$1 each.

(dd) Wisdom Regal

On September 3, 2007, Wisdom Regal was established under the laws of the BVI with an authorized share capital of US$50,000, divided into 50,000 shares of US$1 each, a total of 50,000 shares of which were issued and allotted as to 40,000 shares to Ms. Zeng and 10,000 shares to Mr. Pan on October 10, 2007.

Pursuant to written resolutions of directors of Wisdom Regal passed on December 20, 2007, Wisdom Regal repurchased an aggregate of 49,900 shares from the then shareholders. After the repurchase, the issued share capital of Wisdom Regal had been decreased to US$100, divided into 100 shares of US$1 each.

(ee) Xinshengji Construction

Xinshengji Construction was established in the PRC on July 22, 2009 as a limited liability company. The initial amount of registered capital on incorporation was RMB20,000,000. According to a capital verification report dated July 9, 2009, the registered capital of RMB20,000,000 was fully paid up as at July 9, 2009.

(ff) Yixing Jiangnan Shuixiang

On October 9, 2007, members of Yixing Jiangnan Shuixiang have resolved the company's registered capital be increased from RMB8,000,000 to RMB28,000,000. According to a capital verification report dated October 18, 2007 the increase of RMB20,000,000 was fully paid-up as at October 18, 2007. The capital increase was approved by the Yixing Administration for Industry and Commerce on October 22, 2007.

Save as set forth above and in the section entitled "The Reorganization" in this Appendix, there has been no alteration in the share capital of any of our subsidiaries within the two years immediately preceding the date of this prospectus.

6. Repurchase of our Own Securities

This section includes the information required by the Stock Exchange to be included in this prospectus concerning repurchases of our own securities.

(a) Provisions of the Listing Rules

The Listing Rules permit companies whose primary listing is on the Stock Exchange to repurchase their securities that are listed on the Stock Exchange subject to certain restrictions, the most important of which are summarized below:

(i) Shareholders' Approval

The Listing Rules provide that all repurchases of securities (which must be fully paid-up in the case of shares) by a company with its primary listing on the Stock Exchange must be approved in advance by an ordinary resolution of its shareholders, either by way of general mandate or by specific approval of a particular transaction.

(ii) Source of Funds

Repurchases must be funded out of funds legally available for the purpose in accordance with the constitutional documents of company, the Listing Rules and any applicable laws. A listed company may not repurchase its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange as in effect from time to time. Subject to the foregoing, any repurchases may be made out of funds legally permitted to be used in this connection, including profits of a company or out of the proceeds of a new issue of shares made for that purpose or out of the company's share premium account or, if so authorized by its articles of association and subject to the provisions of any applicable laws, out of its share capital. Any amount of premium payable on the purchase over the par value of the shares to be repurchased must be provided out of the funds which would otherwise be available for dividend or distribution or from sums standing to the credit of the company's share premium account.

On the basis of our current financial position as disclosed in this prospectus and taking into account our current working capital position, the Directors believe that, if the repurchase mandate is exercised in full, it might have a material adverse effect on our working capital position and/or our gearing position as compared with our position disclosed in this prospectus. However, the Directors do not propose to exercise the repurchase mandate to such an extent as would, in the circumstances, have a material adverse effect on our working capital requirements and/or gearing levels which, in the opinion of the Directors, are from time to time appropriate for our Company.

(iii) Status of Repurchased Securities

The listing of all repurchased securities (whether effected on the Stock Exchange or otherwise) will be automatically cancelled and the certificates for those securities must be cancelled and destroyed. Under Cayman Islands law, a company's repurchased shares shall be treated as cancelled and the amount of the company's issued share capital shall be reduced by the aggregate nominal value of the repurchased shares accordingly, although the authorized share capital of the company will not be reduced.

(iv) Connected Persons

The Listing Rules prohibit a company from knowingly repurchasing securities on the Stock Exchange from a "connected person", that is, a director, chief executive or substantial shareholder of the company or any of its subsidiaries or their respective associates (as defined in the Listing Rules) and a connected person is prohibited from knowingly selling his securities to the company.

(b) Reasons for Repurchases

The Directors believe that it is in the best interests of our Company and the Shareholders for the Directors to have a general authority from the Shareholders to enable our Company to repurchase Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of our net asset value per Share and/or our earnings per Share and will only be made where the Directors believe that such repurchases will benefit our Company and the Shareholders.

(c) Exercise of the Repurchase Mandate

The exercise in full of the current repurchase mandate, on the basis of 4,860,000,000 Shares in issue immediately following the completion of the Global Offering and the Capitalization Issue and assuming no exercise of the Over-allotment Option, would result in up to 486,000,000 Shares being repurchased by us during the Relevant Period.

(d) General

None of the Directors or, to the best of their knowledge having made all reasonable enquiries, any of their respective associates (as defined in the Listing Rules) has any present intention to sell any Shares to us or any of our subsidiaries if the repurchase mandate is exercised.

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the repurchase mandate in accordance with the Listing Rules, the Articles of Association and the applicable laws of Cayman Islands.

If, as a result of a repurchase of Shares, a Shareholder's proportionate interest in the voting rights of our Company is increased, such increase will be treated as an acquisition for the purposes of the Hong Kong Code on Takeovers and Mergers (the "Takeovers Code"). Accordingly, a Shareholder or a group of Shareholders acting in concert could obtain or consolidate control of our Company and become obliged to make a mandatory offer in accordance with rule 26 of the Takeovers Code as a result of any such increase. The Directors do not at present intend to exercise their authority so as to trigger such mandatory offer. Save as aforesaid, the Directors are not aware of any consequences which may arise if the repurchase mandate is exercised.

We have not made any repurchases of our own securities in the past six months.

No connected person (as defined in the Listing Rules) of our Company has notified us that he has a present intention to sell his Shares to us, nor has he undertaken not to do so, if the repurchase mandate is exercised.

B. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of Material Contracts

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by members of our Group within the two years immediately preceding the date of this prospectus and are or may be material:

(a) equity transfer agreement dated November 22, 2007 for the transfer of 40% equity interest in Shenzhen Kangnian by Shenzhen Tiankuo to Shenzhen Huaqianli for a consideration of RMB65,000,000;

(b) shareholders resolution dated November 24, 2007 where members of Chengdu Tonghe approved the decrease of registered capital from RMB76,000,000 to RMB75,610,000;

(c) an instrument of transfer dated November 30, 2007 for the transfer of 45,000 shares in Winning Sky by Ms. Zeng to the Company for a consideration of the issue and allotment of 1 Share to Fantasy Pearl at Ms. Zeng's direction;

(d) an instrument of transfer dated November 30, 2007 for the transfer of 5,000 shares in Winning Sky by Mr. Pan to the Company for a consideration of the issue and allotment of 1 Share to Fantasy Pearl at Mr. Pan's direction;

(e) an instrument of transfer dated November 30, 2007 for the transfer of 40,000 shares in Fantastic Victory by Ms. Zeng to the Company for a consideration of the issue and allotment of 1 Share to Fantasy Pearl at Ms. Zeng's direction;

(f) an instrument of transfer dated November 30, 2007 for the transfer of 10,000 shares in Fantastic Victory by Mr. Pan to the Company for a consideration of the issue and allotment of 1 Share to Fantasy Pearl at Mr. Pan's direction;

(g) an instrument of transfer dated November 30, 2007 for the transfer of 40,000 shares in Wisdom Regal by Ms. Zeng to the Company for a consideration of the issue and allotment of 1 Share to Fantasy Pearl at Ms. Zeng's direction;

(h) an instrument of transfer dated November 30, 2007 for the transfer of 10,000 ordinary shares in Wisdom Regal by Mr. Pan to the Company for a consideration of the issue and allotment of 1 Share to Fantasy Pearl at Mr. Pan's direction;

(i) an instrument of transfer dated November 30, 2007 for the transfer of 40,000 shares in Ace Link Pacific by Ms. Zeng to the Company for a consideration of the issue and allotment of 1 Share to Fantasy Pearl at Ms. Zeng's direction;

(j) an instrument of transfer dated November 30, 2007 for the transfer of 10,000 shares in Ace Link Pacific by Mr. Pan to the Company for a consideration of the issue and allotment of 1 Share to Fantasy Pearl at Mr. Pan's direction;

(k) bought and sold notes dated November 30, 2007 for the transfer of 1,000 shares in Fantasia HK by Mr. Pan to Fantastic Victory for a consideration of HK$1.00;

(l) bought and sold notes dated November 30, 2007 for the transfer of 9,000 shares in Fantasia HK by Ms. Zeng to Fantastic Victory for a consideration of HK$1.00;

(m) bought and sold notes dated November 30, 2007 for the transfer of 3,000 shares in Chi Fu Development by Mr. Pan to Wisdom Regal for a consideration of HK$1.00;

(n) bought and sold notes dated November 30, 2007 for the transfer of 7,000 shares in Chi Fu Development by Fantasia HK to Wisdom Regal for a consideration of HK$1.00;

(o) bought and sold notes dated November 30, 2007 for the transfer of 1 share in Enco Development by Mr. Pan to Ace Link Pacific for a consideration of HK$1.00;

(p) bought and sold notes dated November 30, 2007 for the transfer of 9 shares in Enco Development by Ms. Zeng to Ace Link Pacific for a consideration of HK$1.00;

(q) the Subscription Agreement, further details of which are set out in the section headed "History, Reorganization and Group Structure — Pre-IPO Investment" of this prospectus; whereby, among other things:-

  (i) Fantasia (Cayman) and Wellluck subscribed for an aggregate of 12,900 Shares in the Company for US$100 million;

  (ii) Fantasia (Cayman) and Wellluck subscribed for Bonds issued by the Company in the principal amount of US$100 million; and

  (iii) 400 Shares were transferred to Fantasia (Cayman) by Fantasy Pearl as part of an escrow arrangement pending fulfilment of a covenant. Such 400 Shares were subsequently released from escrow and transferred to Fantasy Pearl on October 14, 2009;

(r) a deed of indemnity dated December 12, 2007 entered into by and among Ms. Zeng, Mr. Pan, Ice Apex, Graceful Star and Fantasy Pearl, together as covenantors, and the Company, Fantasia (Cayman) and Wellluck, whereby the covenantors have agreed to give certain indemnities in favour of the Company and Fantasia (Cayman) and Wellluck;

(s) equity transfer agreement dated January 16, 2008 for the transfer of 25% equity interest in Chengdu Huawanli by Fantasia HK to Shenzhen Huaqianli for a consideration of RMB25,000,000;

(t) equity transfer agreement dated January 18, 2008 for the transfer of 8% equity interest in Chengdu Xinjin Youbang by Chengdu Lifeng Property Consultancy Co., Ltd. (成都立峰房地產顧問有限公司) to Chengdu Tonghe for a consideration of RMB2,400,000;

(u) equity transfer agreement dated January 18, 2008 for the transfer of 28.4% equity interest in Chengdu Xinjin Youbang by Yang Ju Hong (楊菊紅) to Chengdu Tonghe for a consideration of RMB8,500,000;

(v) equity transfer agreement dated January 18, 2008 for the transfer of 15.6% equity interest in Chengdu Xinjin Youbang by Zhao Gang (趙剛) to Chengdu Tonghe for a consideration of RM4,690,000;

(w) shareholders resolution dated January 31, 2008 where members of Shenzhen Huaqianli approved the increase of registered capital by RMB294,725,208.04 to RMB660,339,487.04;

(x) equity transfer agreement dated February 27, 2008 for the transfer of 5% equity interest in Chengdu Xinjin Youbang by Yang Ju Hong (楊菊紅) to Chengdu Tonghe for a consideration of RMB1,500,000;

(y) a sale and purchase agreement dated February 28, 2008 entered into by and among Ms. Zeng, Mr. Pan, Wisdom Regal, Ace Link Pacific, Chi Fu Development, Enco Development, Joytime, Gold Genius, Fantasia Group (China) and the Company whereby:-

  (i) 8,000 shares in Joytime were sold by Ms. Zeng to Wisdom Regal for a consideration of HK$1.00;

  (ii) 2,000 shares in Joytime were sold by Mr. Pan to Wisdom Regal for a consideration of HK$1.00;

  (iii) 8,000 shares in Gold Genius were sold by Ms. Zeng to Ace Link Pacific for a consideration of HK$1.00;

  (iv) 2,000 shares in Gold Genius were sold by Mr. Pan to Ace Link Pacific for a consideration of HK$1.00;

(v) Shenzhen Zhifu was sold by Chi Fu Development to Joytime for (1) HK$420,003,138.00; (2) the transfer of its cash balances of HK$8,530.33 to Joytime; and (3) the assumption of obligations by Joytime to repay an amount of HK$381,857,065.70 comprising of (A) the outstanding amount of the loan of HK$381,844,265.00 to Wisdom Regal and (B) a loan of HK$12,800.70 to Fantasia Group (China);

(vi) Shenzhen Yahao was sold by Enco Development to Gold Genius for (1) HK$425,822.00; and (2) the assumption of obligations by Gold Genius to repay an amount of HK$38,655.70 comprising of (A) a loan of HK$20,505.70 to Fantasia Group (China) and (B) a loan of HK$18,150.00 to the Company;

(vii) 8,000 shares in Chi Fu Development were sold by Wisdom Regal to Ms. Zeng for a consideration of HK$30,523,682.10;

(viii) 2,000 shares in Chi Fu Development were sold by Wisdom Regal to Mr. Pan for a consideration of HK$7,630,920.53;

(ix) 8 shares in Enco Development were sold by Ace Link Pacific to Ms. Zeng for a consideration of HK$309,173.60; and

(x) 2 shares in Enco Development were sold by Ace Link Pacific to Mr. Pan for a consideration of HK$77,293.40;

(z) equity transfer agreement dated June 3, 2008, for the transfer of 40% equity interest in Shenzhen Hongwei by Chinyang (Holdings) Limited (宏威（集團）有限公司) to Shenzhen Hongwei Investment Development Co., Ltd. (深圳市宏威投資發展有限公司) for a consideration of RMB10,000;

(aa) equity transfer agreement dated August 21, 2008 for the transfer of 40% equity interest in Shenzhen Hongwei by Shenzhen Hongwei Investment Development Co., Ltd. (深圳市宏威投資發展有限公司) to Shenzhen Huaqianli for a consideration of RMB100,000,000;

(ab) equity transfer agreement dated August 27, 2008 for the transfer of 15.7509% equity interest in Sichuan Ximei by Zhang Wei Ping (張維平) to Chengdu Tonghe for a consideration of RMB1,575,090;

(ac) equity transfer agreement dated August 27, 2008 for the transfer of 9.99% equity interest in Sichuan Ximei by Zhang Xiao Mei (張曉梅) to Chengdu Tonghe for a consideration of RMB999,000;

(ad) equity transfer agreement dated August 27, 2008 for the transfer of 7.5591% equity interest in Sichuan Ximei by Zhao Yu (趙宇) to Chengdu Tonghe for a consideration of RMB755,910;

(ae) the Restructuring Deed;

(af) a deed of indemnity between us and each of the Controlling Shareholders (the "Indemnifiers") whereby the Indemnifiers have agreed to give certain indemnities in favor of our Group dated October 26, 2009 (the "Deed of Indemnity");

(ag) the Deed of Non-Competition Undertaking;

(ah) cornerstone investor agreement dated November 5, 2009 entered into by and among the Company, Dr. Choi Chee Ming, CITIC Securities, Deutsche Bank and Goldman Sachs (Asia) pursuant to which Dr. Choi Chee Ming agreed to subscribe for Offer Shares for a consideration of US$10,000,000 at the Offer Price per Offer Share;

(ai) cornerstone investor agreement dated November 5, 2009 entered into by and among the Company, Mr. Joseph Lau, Luen Hung, CITIC Securities, Deutsche Bank and Goldman Sachs (Asia) pursuant to which Mr. Joseph Lau, Luen Hung agreed to subscribe for Offer Shares for a consideration of US$10,000,000 at the Offer Price per Offer Share;

(aj) corporate investor agreement dated November 6, 2009 entered into by and among the Company, Bondic International Holdings Limited, CITIC Securities, Deutsche Bank and Goldman Sachs (Asia) pursuant to which Bondic International Holdings Limited agreed to subscribe for Offer Shares for a consideration of US$10,000,000 at the Offer Price per Offer Share;

(ak) corporate investor agreement dated November 6, 2009 entered into by and among the Company, Hero Path Limited, CITIC Securities, Deutsche Bank and Goldman Sachs (Asia) pursuant to which Hero Path Limited agreed to subscribe for Offer Shares for a consideration of HK$100,000,000 at the Offer Price per Offer Share;

(al) corporate investor agreement dated November 6, 2009 entered into by and among the Company, Rouy Chai International Investment (Group) Company Limited, CITIC Securities, Deutsche Bank and Goldman Sachs (Asia) pursuant to which Rouy Chai International Investment (Group) Company Limited agreed to subscribe for Offer Shares for a consideration of HK$78,000,000 at the Offer Price per Offer Share;

(am) cornerstone investor agreement dated November 7, 2009 entered into by and among the Company, Mr. Huang De Lin, CITIC Securities, Deutsche Bank and Goldman Sachs (Asia) pursuant to which Mr. Huang De-Lin Benny agreed to subscribe for Offer Shares for a consideration of US$10,000,000 at the Offer Price per Offer Share;

(an) the agreement dated November 8, 2009 between our Company and BOCI concerning the underwriting commitment of US$60,000,000; and

(ao) the Hong Kong Underwriting Agreement.

2. Intellectual Property

As of the Latest Practicable Date, our Group was the registered owner of the following intellectual property rights:

	Trademark	Name of Registrant	Registration Number	Class	Validity Period	Place of Registration
1.		Shenzhen Fantasia Investment	3875148	37	August 28, 2006 to August 27, 2016	PRC
2.		Shenzhen Fantasia Investment	3875149	36	October 14, 2008 to October 13, 2018	PRC
3.		Xingyan Property Consultancy	3617095	36	September 14, 2005 to September 13, 2015	PRC
4.		Shenzhen Fantasia Management	4179080	36	February 7, 2008 to February 6, 2018	PRC
			4179079	42	November 28, 2007 to November 27, 2017	
5.		Fantasia Group (China)	301076418	14, 25, 35, 41, 42	March 20, 2008 to March 19, 2018	HK
6.		Fantasia Group (China)	301076382	36, 37, 42, 43	March 20, 2008 to March 19, 2018	HK
7.		Fantasia Group (China)	301076373	36, 37, 42	March 20, 2008 to March 19, 2018	HK
8.		Fantasia Group (China)	301076355	36, 37, 42	March 20, 2008 to March 19, 2018	HK
9.		Fantasia Group (China)	301076508	36, 37, 42	March 30, 2008 to March 29, 2018	HK
10.		Fantasia Group (China)	301076472	36, 37, 42	March 20, 2008 to March 19, 2018	HK
11.		Fantasia Group (China)	301076454	36, 37, 42	March 20, 2008 to March 19, 2018	HK

	Trademark	Name of Registrant	Registration Number	Class	Validity Period	Place of Registration
12.		Fantasia Group (China)	301076391	36, 37, 42	March 20, 2008 to March 19, 2018	HK
13.		Fantasia Group (China)	301076409	36, 37, 42	March 20, 2008 to March 19, 2018	HK
14.		Fantasia Group (China)	301076427	36, 37, 42	March 20, 2008 to March 19, 2018	HK
15.	花千里	Fantasia Group (China)	301076436	2, 4, 6, 16, 19, 20, 24, 25, 27, 35, 36, 37, 42, 43, 45	March 20, 2008 to March 19, 2018	HK
16.		Fantasia Group (China)	301076580	36, 37, 42	March 20, 2008 to March 19, 2018	HK
17.		Fantasia Group (China)	301076571	36, 37, 42	March 20, 2008 to March 19, 2018	HK
18.		Fantasia Group (China)	301076562	36, 37, 42	March 20, 2008 to March 19, 2018	HK
19.		Fantasia Group (China)	301076544	36, 37, 42	March 20, 2008 to March 19, 2018	HK
20.	喜年广场	Fantasia Group (China)	301076526	36, 37, 42	March 20, 2008 to March 19, 2018	HK
21.		Fantasia Group (China)	301076553	16, 41	March 20, 2008 to March 19, 2018	HK

As of the Latest Practicable Date, our Group had applied for the registration of the following intellectual property rights and such applications are in process:

	Trademark	Name of Applicant	Application Number	Class	Application Date	Place of Application
1.	大溪谷 Grande Valley	Fantasia Chengdu Ecological	6164895 6177499	36 41	July 16, 2007 July 23, 2007	PRC
2.	星彦	Fantasia Group (China)	(Note 1)	2, 4, 6, 14, 16, 19, 20, 24, 25, 27, 28, 35, 37-45	March 20, 2008	PRC
3.		Fantasia Group (China)	(Note 2)	2, 4, 6, 14, 16,19, 20, 24, 25, 27, 28, 35, 37-41, 43, 44, 45	March 20, 2008	PRC
4.	花万里	Fantasia Group (China)	(Note 3) 6679327	2, 4, 6, 14, 16, 19, 20, 24, 25, 27, 28, 35-45 25	March 20, 2008 April 23, 2008	PRC
5.	花样年 FANTASIA	Fantasia Group (China)	(Note 4)	2, 4, 16, 19, 27, 28, 38, 39, 40, 43, 44	March 20, 2008	PRC
6.	花样年	Fantasia Group (China)	(Note 5)	6, 20, 24, 25, 35, 41, 42, 45	March 20, 2008	PRC
7.	花百里	Fantasia Group (China)	(Note 6)	2, 4, 6, 14, 16, 19, 20, 24, 25, 27, 28, 35-45	March 20, 2008	PRC
8.	喜年广场	Fantasia Group (China)	6606956 6606955 6606954	36 37 42	March 20, 2008	PRC
9.	大溪谷 Grande Valley	Fantasia Group (China)	6606958 6606957	37 42	March 20, 2008	PRC
10.	FairyLand	Fantasia Group (China)	6607021 6607022	36 37	March 20, 2008	PRC
11.	Hairun Complex 喜年中心	Fantasia Group (China)	6607023 6607024 6607025	36 37 42	March 20, 2008	PRC
12.	花样年·别样城	Fantasia Group (China)	6607026 6607027	37 42	March 20, 2008	PRC

	Trademark	Name of Applicant	Application Number	Class	Application Date	Place of Application
13.		Fantasia Group (China)	6607028	42	March 20, 2008	PRC
14.	Future Plaza	Fantasia Group (China)	6607029 6607030 6607059	36 37 42	March 20, 2008	PRC
15.	MY PLACE 花样年·花好园	Fantasia Group (China)	6607031 6607032 6607033	36 37 42	March 20, 2008	PRC
16.		Fantasia Group (China)	6607034	42	March 20, 2008	PRC
17.	花样年花都	Fantasia Group (China)	6607035 6607036 6607037	36 37 42	March 20, 2008	PRC
18.	艺墅·花乡	Fantasia Group (China)	6607038 6607039 6607040	36 37 42	March 20, 2008	PRC
19.	SELF LIFE	Fantasia Group (China)	6607048 6607049	36 37	March 20, 2008	PRC
20.	花千里	Fantasia Group (China)	(Note 7)	2, 4, 6, 14, 16, 19, 20, 24, 25, 27, 28, 35-45	March 20, 2008	PRC
21.	花样会 Fantasia club	Fantasia Group (China)	6607050	36	March 20, 2008	PRC
22.		Fantasia Group (China)	6606953 6606952	16, 41	March 20, 2008	PRC
23.	花样年 FANTASIA	Fantasia Group (China)	301076364	2, 4, 6, 16, 19, 20, 24, 27, 28, 36, 37, 39, 40, 43, 44, 45	March 20, 2008	HK
24.	花百里	Fantasia Group (China)	301076463	2, 4, 6, 14, 16, 19, 20, 24, 25, 27, 28, 35, 36, 37, 38, 40, 41, 42, 43, 45	March 20, 2008	HK

	Trademark	Name of Applicant	Application Number	Class	Application Date	Place of Application
25.	康年	Fantasia Group (China)	301076445	2, 4, 6, 14, 16, 19, 20, 24, 27, 28, 35, 36, 37, 42, 43, 45	March 20, 2008	HK
26.	花万里	Fantasia Group (China)	301076346	2, 4, 6, 14, 16, 19, 20, 24, 25, 27, 28, 35, 36, 37, 38, 40, 41, 42, 43, 45	March 20, 2008	HK
27.	星彦	Fantasia Group (China)	301076481	2, 4, 6, 14, 16, 19, 20, 24, 25, 27, 28, 35-45	March 20, 2008	HK
28.	好管家	Fantasia Group (China)	301076517	2, 4, 6, 14, 16, 19, 20, 24, 25, 27, 28, 35-45	March 20, 2008	HK
29.		Fantasia Group (China)	301076490	2, 4, 6, 14, 16, 19, 20, 24, 25, 27, 28, 35-45	March 20, 2008	HK
30.		Fantasia Group (China)	301453040	2, 4, 6, 16, 19, 20, 24, 27, 28, 36, 37, 39, 43, 45	November, 2009	HK

Note 1: 6606914, 6606913, 6606912, 6606911, 6606630, 6606629, 6606628, 6606627, 6606626, 6606625, 6606624, 6606623, 6606622, 6606621, 6606640, 6606639, 6606638, 6606637, 6606636, 6606635, 6606634

Note 2: 6606633, 6606632, 6606631, 6606650, 6606649, 6606648, 6606647, 6606646, 6606645, 6606644, 6606643, 6606642, 6606641, 6607041, 6607042, 6607043, 6607044, 6607045, 6607046, 6607047

Note 3: 6606656, 6606655, 6606654, 6606653, 6606652, 6606651, 6606910, 6606909, 6679327, 6606907, 6606906, 6606905, 6606904, 6606903, 6606902, 6606901, 6606920, 6606919, 6606918, 6606917, 6606916, 6606915

Note 4: 6606930, 6606929, 6606927, 6606926, 6606925, 6606924, 6606923, 6606922, 6606921, 6606940, 6606939

Note 5: 6606938, 6606937, 6606936, 6606935, 6606934, 6606933, 6606932, 6606931

Note 6: 6606950, 6606949, 6606948, 6606947, 6606946, 6606945, 6606944, 6606943, 6606942, 6606941, 6607320, 6607319, 6607318, 6607317, 6607316, 6607315, 6607314, 6607313, 6607312, 6607311, 6607271, 6607272

Note 7: 6607273, 6607274, 6607275, 6607276, 6607277, 6007278, 6607279, 6607280, 6607210, 6607209, 6607208, 6607207, 6607206, 6607205, 6607204, 6607203, 6607202, 6607201, 6606660, 6606659, 6606658, 6606657

As of the Latest Practicable Date, our Group had registered the following domain names:

	Domain Name	Name of Registrant	Registration Date	Expiry Date
1.	cnfantasia.com	Shenzhen Fantasia Investment	January 6, 2003	January 6, 2011
2.	cnfantasia.com.cn	Shenzhen Fantasia Investment	May 30, 2006	June 30, 2018
3.	花样年集团.com	Shenzhen Fantasia Investment	May 29, 2008	May 29, 2018
4.	花样年集团.中国	Shenzhen Fantasia Investment	May 30, 2008	May 30, 2018
5.	花样年集团.cn	Shenzhen Fantasia Investment	May 30, 2008	May 30, 2018
6.	花样年.公司	Shenzhen Fantasia Investment	May 30, 2006	June 30, 2018
7.	colourlife.com	Shenzhen Fantasia Property Management	April 7, 2005	April 7, 2010
8.	colourlife.net	Shenzhen Fantasia Property Management	May 10, 2004	May 10, 2010
9.	hyn-xngc.com	Chengdu Tonghe	July 24, 2008	July 24, 2010
10.	starhouse.net	Xingyan Property Consultancy	August 20, 2009	August 20, 2010
11.	tjxinian.com	Tianjin Songjiang-Fantasia	April 10, 2009	April 10, 2010
12.	hynjs.cn	Chengdu Xinjin Youbang	August 14, 2009	August 14, 2010
13.	grandvalley99.com	Fantasia Chengdu Ecological	January 9, 2009	January 9, 2010

C. FURTHER INFORMATION ABOUT DIRECTORS, SUBSTANTIAL SHAREHOLDERS AND EXPERTS

1. Directors

Immediately following the completion of the Global Offering and the Capitalization Issue and assuming no exercise of the Over-allotment Option and any options granted under the Share Option Scheme, the interests and short positions of the Directors and the chief executive of our Company in the Shares, underlying shares and debentures of our Company and our associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein or which will be required to be notified to our Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, will be as follows:

Long Positions in Shares

Name of Director	Number of Shares and Nature of Interest	Approximate percentage of issued Shares immediately after the Global Offering(2)
Ms. Zeng	3,174,795,000 Shares (Interest of controlled corporation)(1)	65.325%
	470,205,000 Shares (Short Position)	9.675%

Notes:

(1) These Shares are directly held by Fantasy Pearl whose entire issued share capital is owned as to 80% by Ice Apex and 20% by Graceful Star. Ice Apex is wholly owned by Ms. Zeng and Graceful Star is wholly owned by Mr. Pan.

(2) As required under the SFO, the relevant percentages are calculated by reference to the Shares then in issue on the Listing Date and we have assumed that (i) the Over-allotment Option are not exercised and (ii) no Shares are issued pursuant to options granted under the Share Option Scheme. Consequently, this is based on 4,860,000,000 Shares in issue immediately after the Global Offering and the Capitalization Issue.

Long Position in Associated Corporation

Name of Director	Nature of Interest	Name of associated corporation	No. of shares or debentures	Description of shares or debentures	Percentage of that associated corporation's issued share capital
Ms. Zeng	Corporate Interest(1)	Fantasy Pearl	80 shares	No par value	80%
Mr. Pan	Corporate Interest(2)	Fantasy Pearl	20 shares	No par value	20%

Notes:

(1) These are shares held by Ice Apex in Fantasy Pearl and Ice Apex is wholly owned by Ms. Zeng.

(2) These are shares held by Graceful Star in Fantasy Pearl and Graceful Star is wholly owned by Mr. Pan.

2. Substantial Shareholders

So far as the Directors are aware, the following persons (other than a Director or chief executive of our Company) will, immediately following the completion of the Global Offering, and the Capitalization Issue and assuming no exercise of the Over-allotment Option and Shares issued under the Share Option Scheme, have an interest or short position in the Shares or underlying shares of our Company which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of Shareholder	Nature of Interest	Number of Shares	Approximate percentage of interest in our Company immediately after the Global Offering
Fantasy Pearl	Beneficial interest(1)	3,174,795,000 Shares	65.325%
	Short Position	470,205,000 Shares	9.675%
Ice Apex	(Interest of controlled corporation)(2)	3,174,795,000 Shares	65.325%
	Short Position	470,205,000 Shares	9.675%
Fantasia (Cayman)	Beneficial interest(3)	170,403,750 Shares	3.506%
	Security Interest(3)	470,205,000 Shares	9.675%
Goldman Sachs RE Investments Holdings Limited	(Interest of controlled corporation)(3a)	640,608,750 Shares	13.181%
Goldman Sachs	(Interest of controlled corporation)	640,608,750 Shares	13.181%
Fantasia Holding (Cayman) Ltd	(Interest of controlled corporation)(4)	640,608,750 Shares	13.181%
Goldman Sachs Developing Markets Real Estate Partners (US) Coopertief U.A.	(Interest of controlled corporation)(5)	640,608,750 Shares	13.181%
Goldman Sachs Developing Markets Real Estate Coopertief U.A.	(Interest of controlled corporation)(6)	640,608,750 Shares	13.181%
Goldman Sachs Developing Markets Real Estate Company	(Interest of controlled corporation)(6a)	640,608,750 Shares	13.181%
Goldman Sachs Developing Markets Real Estate Company Voteco, LLC . . .	(Interest of controlled corporation)(6b)	640,608,750 Shares	13.181%
Goldman Sachs Developing Markets Real Estate Partners (US), L.P.	(Interest of controlled corporation)(7)	640,608,750 Shares	13.181%

Name of Shareholder	Nature of Interest	Number of Shares	Approximate percentage of interest in our Company immediately after the Global Offering
Goldman Sachs Developing Markets Real Estate Partners (US) GP, LLC	(Interest of controlled corporation)(7a)	640,608,750 Shares	13.181%
Goldman, Sachs & Co.	(Interest of controlled corporation)(8)	640,608,750 Shares	13.181%
Wellluck	Beneficial Interest(9)	56,801,250 Shares	1.169%
	Security Interest(9)	470,205,000 Shares	9.675%
Rich Fame Investment Ltd	(Interest of controlled corporation)(10)	527,006,250 Shares	10.844%
HSBC NF China Real Estate Fund LP	(Interest of controlled corporation)(11)	527,006,250 Shares	10.844%
HSBC NF China Investors Ltd	(Interest of controlled corporation)(12)	527,006,250 Shares	10.844%
HSBC NF China Holdings Ltd	(Interest of controlled corporation)(13)	527,006,250 Shares	10.844%
HSIL Investments Ltd	(Interest of controlled corporation)(14)	527,006,250 Shares	10.844%
HSBC Specialist Investments Ltd	(Interest of controlled corporation)(15)	527,006,250 Shares	10.844%
HSBC Group Investment Ltd	(Interest of controlled corporation)(16)	527,006,250 Shares	10.844%
HSBC Investment Bank Holdings plc	(Interest of controlled corporation)(17)	527,006,250 Shares	10.844%
HSBC Holdings plc	(Interest of controlled corporation)	527,006,250 Shares	10.844%
Nan Fung Consolidated Investments Ltd	(Interest of controlled corporation)(18)	527,006,250 Shares	10.844%
Nan Fung China Development Holdings Ltd	(Interest of controlled corporation)(19)	527,006,250 Shares	10.844%
Nan Fung Enterprises Ltd	(Interest of controlled corporation)(20)	527,006,250 Shares	10.844%
Crosby Investment Holdings Inc	(Interest of controlled corporation)(21)	527,006,250 Shares	10.844%
CHEN Wai Wai Vivien	(Interest of controlled corporation)	527,006,250 Shares	10.844%
Golden Success Profits Ltd	(Interest of controlled corporation)(22)	527,006,250 Shares	10.844%
Sheng Fung Co. Ltd	(Interest of controlled corporation)(23)	527,006,250 Shares	10.844%
CHEN Din Hwa	(Interest of controlled corporation)	527,006,250 Shares	10.844%

Notes:

(1) Fantasy Pearl is owned as to 80% by Ice Apex and 20% by Graceful Star. Ice Apex is deemed to be interested in the Shares held by and short position of Fantasy Pearl for the purpose of Part XV of the SFO. Graceful Star is entitled to a pre-emptive right over shares in the capital of Fantasy Pearl pursuant to an agreement made between, among others, Ms. Zeng, Mr. Pan, Ice Apex and Graceful Star.

(2) Ice Apex is wholly owned by Ms. Zeng. Ms. Zeng is deemed to be interested in the Shares held by Ice Apex for the purpose of Part XV of the SFO.

(3) Fantasia (Cayman) is owned as to 46.67% by Fantasia Holding (Cayman) Ltd and as to 53.33% by Goldman Sachs RE Investments Holdings Limited. Fantasia Holding (Cayman) Ltd and Goldman Sachs RE Investments Holdings Limited

are each deemed to be interested in the Shares in which Fantasia (Cayman) is interested for the purpose of Part XV of the SFO.

(3a) Goldman Sachs RE Investments Holdings Limited is a wholly owned subsidiary of Goldman Sachs. Goldman Sachs is deemed to be interested in the Shares in which Goldman Sachs RE Investments Holdings Limited is interested for the purpose of Part XV of the SFO.

(4) Fantasia Holding (Cayman) Ltd is owned as to 36.0508% by Goldman Sachs Developing Markets Real Estate Partners (US) Coopertief U.A. and as to 57.8879% by Goldman Sachs Developing Markets Real Estate Coopertief U.A.. Goldman Sachs Developing Markets Real Estate Partners (US) Coopertief U.A. and Goldman Sachs Developing Markets Real Estate Coopertief U.A. are each deemed to be interested in the Shares in which Fantasia Holding (Cayman) Ltd is interested for the purpose of Part XV of the SFO.

(5) Goldman Sachs Developing Markets Real Estate Partners (US) Coopertief U.A. is owned as to more than one-third by Goldman Sachs Developing Markets Real Estate Partners (US), L.P. and as more than one-third by Goldman Sachs. Each of Goldman Sachs Developing Markets Real Estate Partners (US), L.P. and Goldman Sachs is deemed to be interested in the Shares in which Goldman Sachs Developing Markets Real Estate Partners (US) Coopertief U.A. is interested for the purpose of Part XV of the SFO.

(6) Goldman Sachs Developing Markets Real Estate Coopertief U.A. is owned as to more than one-third by Goldman Sachs Developing Markets Real Estate Company and as to more than one-third by Goldman Sachs. Each of Goldman Sachs Developing Markets Real Estate Company and Goldman Sachs is deemed to be interested in the Shares in which Goldman Sachs Developing Markets Real Estate Coopertief U.A. is interested for the purpose of Part XV of the SFO.

(6a) All of the voting shares of Goldman Sachs Developing Markets Real Estate Company are owned by Goldman Sachs Developing Markets Real Estate Company Voteco, LLC. Goldman, Sachs & Co, a wholly-owned subsidiary of Goldman Sachs held by Goldman Sachs directly and indirectly through intermediate subsidiaries, is the investment manager to Goldman Sachs Developing Markets Real Estate Company. Each of Goldman Sachs Developing Markets Real Estate Company Voteco, LLC and Goldman, Sachs & Co is deemed to be interested in the Shares in which Goldman Sachs Developing Markets Real Estate Company is interested for the purpose of Part XV of the SFO.

(6b) Goldman Sachs Developing Markets Real Estate Company Voteco, LLC is wholly owned by Goldman Sachs. Goldman Sachs is deemed to be interested in the Shares in which Goldman Sachs Developing Markets Real Estate Company Voteco, LLC is interested for the purpose of Part XV of the SFO.

(7) The general partner of Goldman Sachs Developing Markets Real Estate Partners (US), L.P. is Goldman Sachs Developing Markets Real Estate Partners (US) GP, LLC. Goldman, Sachs & Co., a wholly-owned subsidiary of Goldman Sachs, held by Goldman Sachs directly and indirectly through intermediate subsidiaries, is the investment manager to Goldman Sachs Developing Markets Real Estate Partners (US), L.P.. Each of Goldman Sachs Developing Markets Real Estate Partners (US) GP, LLC. and Goldman, Sachs & Co. is deemed to be interested in the shares in which Goldman Sachs Developing Markets Real Estate Partners (US), L.P. is interested for the purpose of Part XV of the SFO.

(7a) Goldman Sachs Developing Markets Real Estate Partners (US) GP, LLC is wholly owned by Goldman Sachs. Goldman Sachs is deemed to be interested in the Shares in which Goldman Sachs Developing Markets Real Estate Partners (US) GP, LLC is interested for the purpose of Part XV of the SFO.

(8) Goldman, Sachs & Co., is a wholly-owned subsidiary of Goldman Sachs, held by Goldman Sachs directly and indirectly through intermediate subsidiaries. Goldman Sachs is deemed to be interested in the Shares in which Goldman, Sachs & Co., is interested for the purpose of Part XV of the SFO.

(9) Wellluck is wholly owned by Rich Fame Investment Ltd. Rich Fame Investment Ltd is deemed to be interested in the Shares in which Wellluck is interested for the purpose of Part XV of the SFO.

(10) Rich Fame Investment Ltd is owned as to 80% by HSBC NF China Real Estate Fund LP. HSBC NF China Real Estate Fund LP is deemed to be interested in the Shares in which Rich Fame Investment Ltd is interested for the purpose of Part XV of the SFO.

(11) The general partner of HSBC NF China Real Estate Fund LP is HSBC NF China Investors Ltd. HSBC NF China Investors Ltd is deemed to be interested in the Shares in which HSBC NF China Real Estate Fund LP is interested for the purpose of Part XV of the SFO.

(12) HSBC NF China Investors Ltd is wholly owned by HSBC NF China Holdings Ltd. HSBC NF China Holdings Ltd is deemed to be interested in the Shares in which HSBC NF China Investors Ltd is interested for the purpose of Part XV of the SFO.

(13) HSBC NF China Holdings Ltd is owned as to 50% by HSIL Investments Ltd and as to 50% by Nan Fung Consolidated Investments Ltd. Each of HSIL Investments Ltd and Nan Fung Consolidated Investments Ltd is deemed to be interested in the Shares in which HSBC NF China Holdings Ltd is interested for the purpose of Part XV of the SFO.

(14) HSIL Investments Ltd is wholly owned by HSBC Specialist Investments Ltd. HSBC Specialist Investments Ltd is deemed to be interested in the Shares in which HSIL Investments Ltd is interested for the purpose of Part XV of the SFO.

(15) HSBC Specialist Investments Ltd is wholly owned by HSBC Group Investment Ltd. HSBC Group Investment Ltd is deemed to be interested in the Shares in which HSBC Specialist Investments Ltd is interested for the purpose of Part XV of the SFO.

(16) HSBC Group Investment Ltd is wholly owned by HSBC Investment Bank Holdings plc. HSBC Investment Bank Holdings plc is deemed to be interested in the Shares in which HSBC Group Investment Ltd is interested for the purpose of Part XV of the SFO.

(17) HSBC Investment Bank Holdings plc is wholly owned by HSBC Holdings plc. HSBC Holdings plc is deemed to be interested in the Shares in which HSBC Investment Bank Holdings plc is interested for the purpose of Part XV of the SFO.

(18) Nan Fung Consolidated Investments Ltd is owned by 50% by Nan Fung China Development Holdings Ltd and as to 50% by Golden Success Profits Ltd. Each of Nan Fung China Development Holdings Ltd and Golden Success Profits Ltd is deemed to be interested in the Shares in which Nan Fung Consolidated Investments Ltd is interested for the purpose of Part XV of the SFO.

(19) Nan Fung China Development Holdings Ltd is wholly owned by Nan Fung Enterprises Ltd. Nan Fung Enterprises Ltd is deemed to be interested in the Shares in which Nan Fung China Development Holdings Ltd is interested for the purpose of Part XV of the SFO.

(20) Nan Fung Enterprises Ltd is wholly owned by Crosby Investment Holdings Inc. Crosby Investment Holdings Inc is deemed to be interested in the Shares in which Nan Fung Enterprises Ltd is interested for the purpose of Part XV of the SFO.

(21) Crosby Investment Holdings Inc is wholly owned by CHEN Wai Wai Vivien. CHEN Wai Wai Vivien is deemed to be interested in the Shares in which Crosby Investment Holdings Inc is interested for the purpose of Part XV of the SFO.

(22) Golden Success Profits Ltd is wholly owned by Sheng Fung Co. Ltd. Sheng Fung Co. Ltd is deemed to be interested in the Shares in which Golden Success Profits Ltd is interested for the purpose of Part XV of the SFO.

(23) Sheng Fung Co. Ltd is wholly owned by CHEN Din Hwa. CHEN Din Hwa is deemed to be interested in the Shares in which Sheng Fung Co. Ltd is interested for the purpose of Part XV of the SFO.

In addition to the above and so far as our Directors are aware, immediately following completion of the Capitalization Issue and the Global Offering (without taking into account any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option and the Share Option Scheme), the following persons (other than members of the Group) are directly and/or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our subsidiaries:

Name of Company's subsidiary	Substantial shareholder of such subsidiary	Nature of Interest	Amount of paid up registered capital	Percentage of registered capital
Xingyan Property Consultancy	Lu Ying (路瑩)	Beneficial	RMB3,000,000	15%
Huizhou Xingyan Property	Lu Ying (路瑩)	Corporate	RMB500,000	15%
Dongguan Xingyan Property	Lu Ying (路瑩)	Corporate	RMB500,000	15%
Shenzhen Xinyanhang	Lu Ying (路瑩)	Beneficial	RMB4,000,000	15%
	Lu Ying (路瑩)	Corporate	RMB4,000,000	12.75%
Shenzhen Fantasia Colour	Tang Xue Bin (唐學斌)	Beneficial	RMB10,000,000	13%
Shenzhen Fantasia Management	Tang Xue Bin (唐學斌)	Corporate	RMB5,000,000	13%
Shenzhen Colour Life Network	Tang Xue Bin (唐學斌)	Corporate	RMB10,000,000	13%
Shenzhen Kaiyuan	Tang Xue Bin (唐學斌)	Corporate	RMB5,000,000	13%
Shenzhen Liantang Management	Tang Xue Bin (唐學斌)	Corporate	RMB3,000,000	13%
Shenzhen Caiyue Hotel Management	Tang Xue Bin (唐學斌)	Corporate	RMB100,000	13%
Shenzhen Caiyue Hotel	Tang Xue Bin (唐學斌)	Corporate	RMB100,000	13%
Yixing Jiangnan Shuixiang	Jing Liu (敬柳)	Beneficial	RMB28,000,000	40%
Shenzhen Fantasia Investment	Qiu Qiong Ming (邱瓊明)	Beneficial	RMB100,000,000	48%
Fantasia Chengdu Development	Qiu Qiong Ming (邱瓊明)	Corporate	RMB50,000,000	31.2%
Fantasia Chengdu Development	Sichuan Zhong Xu	Beneficial	RMB50,000,000	10%
Tianjin Songjiang-Fantasia	Tianjin Songjiang Group	Beneficial	RMB50,000,000	40%

Save as disclosed above, the Directors are not aware of any person (other than members of the Group) who will, immediately following the completion of the Global Offering and the Capitalization Issue and assuming no exercise of the Over-allotment Option and no shares issued pursuant to the

Share Option Schemes, have an interest or short position in Shares or underlying Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group.

3. Particulars of Service Contracts

(a) Each of the Directors has entered into a service contract with our Company for an initial term of three years commencing on the Listing Date which may only be terminated in accordance with the provisions of the service contract or by either party giving to the other not less than three months prior notice in writing after the first year since the commencement of the Listing Date. After each completed year of service, such executive Directors' salaries under the service contracts (all of which are conditional on the listing of the Shares on the Stock Exchange) shall be reviewed by the Board.

(b) Save as disclosed in this Appendix, none of the Directors has entered or has proposed to enter into any service agreements with our Company or any other member of our Group (other than contracts expiring or determinable by the employer within one year without payment of compensation other than statutory compensation).

4. Directors' Remuneration

(a) Remuneration and benefits in kind of approximately RMB4,673,000 in aggregate were paid and granted by our Group to the Directors in respect of the financial year ended December 31, 2008.

(b) Under the current arrangements presently in force, the Directors will be entitled to receive remuneration which, for the financial year ending December 31, 2009, is expected to be approximately RMB5.0 million, excluding the discretionary bonuses payable to the executive Directors.

(c) Save as disclosed in this prospectus, no Director in the promotion of our Company has been paid in cash or shares or otherwise by any person either to induce him to become, or to qualify him as a director, or otherwise for services rendered by him in connection with the promotion or formation of our Company.

5. Disclaimers

Save as disclosed in this prospectus:

(a) none of the Directors or any of the parties listed in the section entitled "Other Information — Consents of Experts" in this Appendix has any direct or indirect interest in the promotion of, or in any assets which have been, within the two years immediately preceding the date of this prospectus, acquired or disposed of by or leased to any member of our Group or are proposed to be acquired or disposed of by or leased to any member of the Group; and

(b) none of the Directors is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of our Group taken as a whole.

6. Share Option Scheme

For the purpose of this section only, unless the context otherwise requires, the following words shall have the following meanings:

"Adoption Date"	October 27, 2009 the date on which the Share Option Scheme was conditionally adopted by written resolutions of all the Shareholders;
"Board"	the board of directors of our Company for the time being or a duly authorized committee thereof;
"Business Day"	any day (excluding a Saturday and Sunday) on which banks are generally open for business in Hong Kong;
"Date of Grant"	in respect of an Option, the Business Day on which the Board resolves to make an offer, or the grant of an Option to a Participant whether or not the Offer is subject to Shareholders' approval on the terms of the Share Option Scheme;
"Grantee"	any Participant who accepts an offer in accordance with the terms of the Share Option Scheme, or (where the context so permits) a person entitled to any such Option in consequence of the death of the original Grantee, or the personal representative of such person;
"Group"	our Company and our Subsidiaries;
"Offer"	the offer of the grant of an Option;
"Option"	an option to subscribe for Shares pursuant to the Share Option Scheme and for the time being subsisting;
"Option Period"	in respect of any particular Option, the period to be determined and notified by the Board to the Grantee at the time of making an Offer which shall not expire later than 10 years from the Date of Grant;
"Participants"	directors (including executive directors, non-executive directors and independent non-executive directors) and employees of our Group and any advisors, consultants, distributors, contractors, suppliers, agents, customers, business partners, joint venture business partners, promoters or service providers of any member of our Group who the Board considers, in its sole discretion, have contributed or will contribute to our Group;
"Subscription Price"	the price per Share at which a Grantee may subscribe for Shares on the exercise of an Option pursuant to paragraph (d) below; and
"Subsidiary"	a company which is for the time being and from time to time a subsidiary (within the meaning of the Hong Kong Companies Ordinance) of our Company, whether established under the laws of Hong Kong or elsewhere.

The following is a summary of the principal terms of the Share Option Scheme approved by the written resolutions of all the Shareholders passed on October 27, 2009:

(a) Purpose

The purpose of the Share Option Scheme is to reward Participants who have contributed to our Group and to encourage Participants to work towards enhancing the value of our Company and the Shares for the benefit of our Company and the Shareholders as a whole.

(b) Who May Join

The Directors may, at their discretion, invite Participants to take up Options at a price calculated in accordance with paragraph (d) below. An Offer shall remain open for acceptance by the Participant concerned for 28 days from the Date of Grant provided that no such Offer shall be open for acceptance after the expiry of the Option Period or after the Share Option Scheme is terminated or after the Participant has ceased to be a Participant. An Offer is deemed to be accepted when our Company receives from the Grantee the Offer letter signed by the Grantee specifying the number of Shares in respect of which the Offer is accepted, and a remittance to our Company of HK$1.00 as consideration for the grant of Option. Such remittance is not refundable in any circumstances. The Offer shall specify the terms on which the Option is granted. Such terms may at the discretion of the Board, include among either things, (i) the minimum period for which an Option must be held before it can be exercised, and/or (ii) a performance target that must be reached before the Option can be exercised in whole or in part, and (iii) any other terms, all of which may be imposed (or not imposed) either on a case-by-case basis or generally.

(c) Grant of Options to Connected Persons or any of their Associates

Any grant of Options to any Director, chief executive or substantial shareholder (as such term as defined in the Listing Rules) of our Company, or any of their respective associates under the Share Option Scheme or any other share option schemes of our Company or any of the Subsidiaries shall be subject to the prior approval of the independent non-executive Directors (excluding independent non-executive Directors who are the proposed Grantees of the Options in question). Where any grant of Options to a substantial shareholder or an independent non-executive Director of our Company, or any of their respective associates, would result in the Shares issued and to be issued upon exercise of all Options already granted and to be granted (including Options exercised, cancelled or outstanding) to such person in the 12 month period up to and including the date of such grant:

(i) representing in aggregate over 0.1% of the Shares in issue on the date of such grant; and

(ii) having an aggregate value, based on the closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange on the Date of Grant, in excess of HK$5 million,

such further grant of Options shall be subject to prior approval by resolution of the Shareholders (voting by way of poll). We shall send a circular to the Shareholders in accordance with the Listing Rules and all connected persons of our Company shall abstain from voting in favor of the resolution at such general meeting of the Shareholders.

(d) Subscription Price

The Subscription Price shall be determined by the Board in its absolute discretion but in any event shall not be less than the higher of:

(i) the closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange on the Date of Grant which must be a Business Day;

(ii) the average closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange for the five Business Days immediately preceding the Date of Grant; and

(iii) the nominal value of the Shares.

(e) Maximum Number of Shares

(i) The maximum number of Shares which may be issued upon exercise of all Options to be granted under the Share Option Scheme and any other share option schemes of our Company shall not, in the absence of Shareholders' approval, in aggregate exceed 10% in nominal amount of the aggregate of Shares in issue on the Listing Date (not taking into account any Shares which may be allotted and issued under the Over-allotment Option) (the "Scheme Mandate Limit"). Options lapsed in accordance with the terms of the Share Option Scheme and (as the case may be) such other share option schemes of the Company will not be counted for the purpose of calculating the Scheme Mandate Limit.

We may renew the Scheme Mandate Limit at any time subject to prior Shareholders' approval but in any event, the total number of Shares which may be issued upon exercise of all Options to be granted under the Share Option Scheme and any other share option schemes of our Company under the limit as refreshed must not exceed 10% of the Shares in issue (including Shares which may be allotted and issued under the Over-allotment Option) as at the date of the Shareholders' approval of the renewed limit. Options previously granted under the Share Option Scheme and any other share option schemes of our Company (including those outstanding, cancelled, lapsed in accordance with the terms or exercised options) will not be counted for the purpose of calculating the limit as renewed.

(ii) Notwithstanding the foregoing, we may grant Options beyond the Scheme Mandate Limit to Participants if:

(1) separate Shareholders' approval has been obtained for granting Options beyond the Scheme Mandate Limit to Participants specifically identified by us before such Shareholders' approval is sought; and

(2) we, in connection with the seeking of such separate Shareholders' approval, has first sent a circular to Shareholders containing such information as may be required by the Listing Rules then prevailing to be included in such circular.

(iii) Subject to paragraph (iv) below, the maximum number of Shares issued and to be issued upon exercise of the Options granted to each Grantee under the Share Option Scheme (including both exercised and outstanding Options) in any 12-month period shall not (when aggregated with any Shares subject to options granted during such period under any other share option scheme(s) of our Company other than those options granted pursuant to specific approval by the Shareholders in a general meeting) exceed 1% of the Shares in issue for the time being (the "Individual Limit").

(iv) Where any further grant of Options to a Participant would result in the Shares issued and to be issued upon exercise of all Options granted and to be granted to such person (including exercised, cancelled and outstanding Options) in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the Shares in issue, such further grant must be separately approved by Shareholders in general meeting with such Participant and his associates abstaining from voting. We must send a circular to the Shareholders disclosing the identity of the Participant in question, the number and terms of the Options to be granted (and Options previously granted to such Participant) and such other information required under the Listing Rules.

(v) At any time, the maximum number of Shares which may be issued upon exercise of all Options which then have been granted and have yet to be exercised under the Share Option Scheme and any other share option schemes of our Company shall not, in the absence of Shareholders' approval, in aggregate exceed 30% of the Shares in issue from time to time.

(f) Time of Exercise of Option

An Option may be exercised in accordance with the terms of the Share Option Scheme at any time during the Option Period.

(g) Rights are Personal to Grantees

An Option is personal to the Grantee and shall not be assignable or transferable and no Grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favor of any other person over or in relation to any Option.

(h) Rights on Termination of Employment by Dismissal

(i) If the Grantee ceases to be a Participant by reason of the termination of his employment or directorship on the grounds of serious misconduct, or appears either to be unable to pay or to have no reasonable prospect of being able to pay his debts or has committed any act of bankruptcy or has become insolvent or has made any arrangements or compromise with his creditors generally, or has been convicted of any criminal offence involving his integrity or honesty or on any other grounds on which an employer would be entitled to terminate his employment summarily, his Option will lapse automatically (to the extent not already exercised) and not be exercisable on or after the date of termination of his employment.

(ii) If the Grantee who is an employee or a director of our Company or another member of our Group ceases to be a Participant for any reason other than his death or termination of his employment or directorship on one or more of the grounds specified in paragraph (h)(i) above, the Option shall lapse (to the extent not already exercised) on the date of cessation or termination of his employment and shall on that day cease to be exercisable.

(i) Rights on Death

If the Grantee ceases to be a Participant by reason of his death before exercising his Option in full and none of the events which would be a ground for termination of his employment as described in paragraph (h)(i) above have arisen, his personal representative(s) may exercise the Option up to the Grantee's entitlement as at the date of death (to the extent not already exercised) within a period of 12 months following the date of his death.

(j) Effect of Alterations to Share Capital

In the event of an alteration in the capital structure of our Company, whilst any Option remains exercisable, by way of capitalization of profits or reserves, bonus issue, rights issue, open offer, subdivision or consolidation of shares, or reduction of the share capital of our Company in accordance with legal requirements and requirements of the Stock Exchange (other than any alteration in the capital structure of our Company as a result of an issue of Shares as consideration in a transaction to which our Company is a party), such corresponding adjustments (if any) shall be made to:

(i) the number or nominal amount of Shares subject to the Option so far as unexercised; or

(ii) the Subscription Price,

or any combination thereof, provided that:

(a) any such adjustments give a Grantee the same proportion of the equity capital of our Company as that to which that Grantee was previously entitled; and

(b) notwithstanding paragraph (j)(a) above, any adjustments as a result of an issue of securities with a price-dilutive element, such as a rights issue, open offer or capitalization issue, should be based on a scrip factor similar to the one used in accounting standards in adjusting the earnings per share figures (referred to in Hong Kong Accounting Standards 33) the acceptable adjustments set out in the Supplemental Guidance on Listing Rule 17.03(3) issued by the Stock Exchange on September 5, 2005 and any future guidance/interpretation of the Listing Rules issued by the Stock Exchange from time to time.

but no such adjustments shall be made to the extent that a Share would be issued at less than its nominal value. In respect of any such adjustments, an independent financial advisor or our auditors must confirm to the Directors in writing that the adjustments are in their opinion fair and reasonable.

(k) Rights on a General Offer by way of Takeover

In the event of a general offer by way of takeover (other than by way of scheme of arrangement) being made to all the Shareholders (or all such Shareholders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror) and such offer becomes or is declared unconditional prior to the expiry date of the relevant Option, we shall forthwith notify all the Grantees and any Grantee (or his legal personal representative) shall be entitled to exercise the Option in full (to the extent not already exercised) or to the extent as notified by us at any time within such period as shall be notified by us.

(l) Rights on a General Offer by way of Scheme of Arrangement

In the event of a general offer by way of scheme of arrangement being made to all the Shareholders and has been approved by the necessary number of Shareholders at the requisite meetings, we shall forthwith notify all the Grantees and any Grantee (or his legal personal representative) may at any time thereafter, (but before such time as shall be notified by us) exercise the Option either to its full extent or to the extent notified by us.

(m) Rights on Winding-up

In the event a notice is given by us to the Shareholders to convene a Shareholders' meeting to consider and, if thought fit, approve a resolution to voluntarily wind-up our Company, we shall forthwith give notice thereof to all Grantees and any Grantee (or his legal personal representative) may at any time thereafter (but before such time as shall be notified by us) exercise the Option either to its full extent or to the extent notified by us, and we shall as soon as possible and in any event no later than three days prior to the date of the proposed Shareholders' meeting, allot and issue and register in the name of the Grantee such number of Shares to the Grantee which fall to be issued on such exercise.

(n) Rights on a Compromise or Arrangement

In the event a compromise or arrangement (other than a scheme of arrangement) between us and our members or creditors is proposed in connection with a scheme for the reconstruction or amalgamation of our Company, we shall give notice to all the Grantees on the same date as it gives notice of the meeting to its members or creditors to consider such a compromise or arrangement, and any Grantee (or his legal personal representative) may at any time thereafter (but before such time as shall be notified by us) exercise the Option either to its full extent or to the extent notified by us and we shall as soon as possible and in any event no later than three days prior to the date of the proposed Shareholders' meeting, allot and issue and register in the name of the Grantee such number of Shares which fall to be issued on such exercise.

(o) Ranking of Shares

The Shares to be allotted upon the exercise of an Option shall be subject to all the provisions of the Articles of Association of the Company for the time being in force and shall rank pari passu in all respects with the existing fully paid Shares in issue on the date on which these Shares are allotted on exercise of the Option and accordingly shall entitle the holders to participate in all dividend or other distributions paid or made after the date on which the Shares are allotted other than any dividends or distributions previously declared or recommended or resolved to be paid or made if the record date thereof shall be on or before the date on which the Shares are allotted.

(p) Period of the Share Option Scheme

The Share Option Scheme was adopted for a period of ten years commencing from the Adoption Date. We may, by ordinary resolution in a general meeting or, such date as the board of Directors determines, terminate the Share Option Scheme at any time without prejudice to the exercise of Options granted prior to such termination.

(q) Alterations to the Share Option Scheme

Those specific provisions of the Share Option Scheme which relate to the matters set out in Rule 17.03 of the Listing Rules cannot be altered to the advantage of Participants, and changes to the authority of the Board in relation to any alteration of the terms of the Share Option Scheme shall not be made, in either case, without the prior approval of Shareholders in general meeting. Any alterations to the terms and conditions of the Share Option Scheme which are of a material nature, or any change to the terms of Options granted, must be approved by the Shareholders in general meeting, except where the alterations take effect automatically under the existing terms of the Share Option Scheme. The Share Option Scheme so altered must comply with Chapter 17 of the Listing Rules.

(r) Conditions of the Share Option Scheme

The Share Option Scheme shall take effect subject to:

(i) the passing of the resolution by the Shareholders to approve and adopt the Share Option Scheme and to authorize the Board to grant Options thereunder and to allot and issue Shares pursuant to the exercise of any Options;

(ii) the Listing Committee granting approval of the listing of and permission to deal in the Shares which fall to be issued pursuant to the exercise of Options (subject to an initial limit of 10% of the aggregate number of Shares in issue on the Listing Date (being 486,000,000 Shares)); and

(iii) the commencement of trading of the Shares on the Main Board of the Stock Exchange.

(s) Lapse of Option

An Option shall lapse automatically and shall not be exercisable, to the extent not already exercised, on the earliest of:

(i) the expiry of the Option Period;

(ii) the expiry of the periods referred to in paragraphs (h), (i), (k) to (n) above respectively;

(iii) the expiry of the period referred to in paragraph (j) above, subject to any court of competent jurisdiction not making an order to prohibit the offeror from acquiring the remaining Shares in the Offer;

(iv) subject to the scheme of arrangement becoming effective, the expiry of the period referred to in paragraph (l) above;

(v) the date of commencement of the winding-up of the Company;

(vi) the date on which the Grantee ceases to be a Participant as referred to in paragraph (h)(i) above;

(vii) the date on which the Grantee commits a breach by selling, transferring, charging, mortgaging, encumbering or creating any interest in favor of any third party over or in relation to any Option; and

(viii) subject to paragraph h(ii), the date the Grantee ceases to be a Participant for any other reason.

(t) Termination of the Share Option Scheme

We by ordinary resolution in general meeting or the Board may at anytime terminate the Share Option Scheme and in such event no further Options may be granted but in all other respects the Share Option Scheme shall remain in full force and effect in respect of Options which are granted during the life of the Share Option Scheme and which remain unexpired immediately prior to termination of the operation of the Share Option Scheme.

(u) Restriction on Grant of Option

In addition, a grant of Options may not be made after a price sensitive event has occurred or a price sensitive matter has been the subject of a decision until such price sensitive information has been published in the newspapers or in such other manner as prescribed by the Listing Rules. In particular, during the period commencing one month immediately preceding the earlier of:

(i) the date of the board meeting of our Company (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of our results for any year, half-year or any other interim period (whether or not required under the Listing Rules); and

(ii) the deadline for us to publish an announcement of its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or, not required under the Listing Rules),

and ending on the date of the results announcement, no Option may be granted.

(v) Cancellation

Any Options granted but not exercised may be cancelled if the Participant so agrees.

(w) Present Status of the Share Option Scheme

As at the date of this prospectus, no Option has been granted or agreed to be granted pursuant to the Share Option Scheme.

D. OTHER INFORMATION

1. Tax and Other Indemnities

The Indemnifiers have pursuant to the Deed of Indemnity referred to in the section entitled “Further Information About Our Business — Summary of Material Contracts” in this Appendix given indemnities in connection with taxation resulting from any income, profits, gains earned, accrued or received on or before the date on which the Global Offering becomes unconditional.

The indemnities in the Deed of Indemnity shall not apply in, among others, the following circumstances:

(a) where provision has been made for such taxation in the audited accounts of any of the member of our Group up to June 30, 2009;

(b) where taxation falling on any of the member of our Group in respect of its current accounting periods or any accounting period commencing on or after July 1, 2009 unless liability for such taxation would not have arisen but for some act or omission of, or transaction voluntarily effected by, any of such member (whether alone or in conjunction with some other act, omission or transaction, whenever occurring) with the prior written consent or agreement of the Indemnifiers, other than any such act, omission or transaction:

  (i) carried out or effected in the ordinary course of business or in the ordinary course of acquiring and disposing of capital assets on or before June 30, 2009;

  (ii) carried out, made or entered into pursuant to a legally binding commitment created on or before June 30, 2009; or

  (iii) consisting of any of the member of the Group ceasing, or being deemed to cease, to be a member of any group of companies or being associated with any other company for the purposes of any matter of taxation;

(c) where any provisions or reserve made for taxation in the audited accounts of any of the member of our Group up to June 30, 2009 which is finally established to be an over-provision or an excessive reserve provided that the amount of any such provision or reserve applied to reduce the Indemnifiers' liability in respect of taxation shall not be available in respect of any such liability arising thereafter; or

(d) where such claim arises or is incurred as a result of the imposition of taxation as a consequence of any retrospective change in the law or practice coming into force after the date on which the Global Offering becomes unconditional or to the extent that such claim arises or is increased by an increase in rates of taxation after the date on which the Global Offering becomes unconditional with retrospective effect.

2. Litigation

Save as disclosed in the section entitled "Our Business — Legal Proceedings" to this prospectus, no member of our Group is engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance is known to the Directors to be pending or threatened against any member of our Group that would have a material adverse effect on our Group's results of operations or financial condition.

3. Sponsors

The Joint Sponsors have made an application on our behalf to the Listing Committee for the listing of, and permission to deal in, all the Shares in issue and to be issued as referred to in this prospectus (including any Shares which may fall to be issued pursuant to the Share Option Scheme and the exercise of the Over-allotment Option). All necessary arrangements have been made enabling such Shares to be admitted to CCASS.

4. Preliminary Expenses

Our preliminary expenses are estimated to be approximately US$20,000 (approximately HK$155,004) and are payable by our Group.

5. Promoters

The promoters of our Company are Mr. Pan and Ms. Zeng. Save as disclosed in this prospectus, no cash, securities or other benefit has been paid, allotted or given, or proposed to be paid, allotted or given, to the promoters within two years preceding the date of this prospectus.

6. Qualifications of Experts

The following are the qualifications of the experts who have given opinion or advice which are contained in this prospectus:

Name	Qualification
CITIC Securities	Licensed corporation under the SFO to engage in type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) of the regulated activities under the SFO
Deutsche Bank	Licensed corporation under the SFO to conduct type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) of the regulated activities under the SFO, and a licensed bank under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)
Deloitte Touche Tohmatsu	Certified Public Accountants
Commerce & Finance Law Offices	PRC legal advisors
Conyers Dill & Pearman	Cayman Islands attorneys-at-law
Jones Lang LaSalle Sallmanns Limited	Professional property valuers

7. Consents of Experts

(a) Each of CITIC Securities, Deutsche Bank, Deloitte Touche Tohmatsu, Commerce & Finance Law Offices, Conyers Dill & Pearman and Jones Lang LaSalle Sallmanns Limited has given and has not withdrawn their respective consent to the issue of this prospectus with the inclusion of its report and/or letter and/or summary of valuations and/or legal opinion (as the case may be) and references to its name included in the form and context in which it respectively appears.

(b) As of the Latest Practicable Date, save as disclosed in this prospectus or in connection with the Underwriting Agreements, none of the experts named in the paragraph (a) above has any shareholding interest in our Group or the right (whether legally enforceable or not) to subscribe for or, to nominate persons to subscribe for securities in any member of our Group.

8. Compliance Advisor

Conditional on the listing of the Shares on the Stock Exchange, we expect to appoint Partners Capital International Limited as our compliance advisor pursuant to Rule 3A.19 of the Listing Rules. Pursuant to Rule 3A.23 of the Listing Rules, we will consult with and seek advice from the compliance advisor in the following circumstances in respect of the following matters:

(a) before the publication of any regulatory announcement, circular or financial report;

(b) where a transaction, which might be a notifiable or connected transaction, is contemplated (including share issues and share repurchases);

(c) where we propose to use the proceeds of the Global Offering in a manner different from that detailed in this prospectus or where our business activities, developments or results deviate from any forecast, estimate, or other information in this prospectus; and

(d) where the Stock Exchange makes an inquiry of us regarding unusual movements in the price or trading volume of the Shares.

In addition, the compliance advisor will also provide, among other things, the following services to us:

(i) if required by the Stock Exchange, deal with the Stock Exchange in respect of any or all matters listed in paragraphs (a) to (d) above;

(ii) in relation to an application by us for a waiver from any of the requirements in Chapter 14A of the Listing Rules, advise us on our obligations and in particular the requirement to appoint an independent financial adviser; and

(iii) assess the understanding of all new appointees to the Board regarding the nature of their responsibilities and fiduciary duties as a Director and, to the extent the compliance advisor forms an opinion that the new appointee's understanding is inadequate, discuss the inadequacies with the Board and make recommendations to the Board regarding appropriate remedial steps.

The term of appointment of the compliance advisor shall commence on the Listing Date and end on the date on which we distribute our annual report in respect of our financial results for the first full financial year commencing after the Listing Date.

9. Binding Effect

This prospectus shall have the effect if an application is made in pursuance hereof, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Hong Kong Companies Ordinance insofar as applicable.

10. Advisory Fees or Commissions Received

The Underwriters will receive an underwriting commission and advisory fee as set forth in the section entitled "Underwriting — Underwriting Arrangements and Expenses — Commissions and Expenses" in this prospectus.

11. Miscellaneous

(a) Save as disclosed in this prospectus, within the two years immediately preceding the date of this prospectus:

  (i) no share or loan capital of any member of our Group has been issued or agreed to be issued fully or partly paid either for cash or for a consideration other than cash;

  (ii) no share or loan capital of any member of our Group is under option or is agreed conditionally or unconditionally to be put under option;

  (iii) no founders, management or deferred shares of any member of our Group have been issued or agreed to be issued;

  (iv) no commissions, discounts, brokerages or other special terms have been granted or agreed to be granted in connection with the issue or sale of any capital of any member of our Group; and

  (v) no commission has been paid or is payable (except commissions to the Underwriters) for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any share of any member of our Group.

(b) No member of our Group is presently listed on any stock exchange or traded on any trading system.

(c) There has not been any interruption in the business of our Group which may have or have had a significant effect on the financial position of our Group in the 12 months immediately preceding the date of this prospectus.

(d) All necessary arrangements have been made to enable the Shares to be admitted into CCASS for clearing and settlement.

12. Bilingual Prospectus

The English language and the Chinese language versions of this prospectus are being published separately, in reliance upon the exemption provided by section 4 of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong). In case of any discrepancies between the English language version and the Chinese language version, the English language version shall prevail.

13. Particulars of the Selling Shareholders

Name	Number of Sale Shares	Description	Address
Fantasia (Cayman) Ltd.	182,250,000	an exempted company incorporated in the Cayman Islands with limited liability and is an affiliate of The Goldman Sachs Group, Inc.	M&C Corporate Services Limited, PO Box 309GT, Ugland House, South Church Street, George Town, Grand Cayman, Cayman Islands
Wellluck Properties Ltd (駿運物業有限公司)	60,750,000	a company incorporated in the BVI with limited liability and is a majority owned subsidiary of HSBC NF China Investors Limited, which is the general partner of the HSBC NF China Real Estate Fund, L.P.	Palm Grove House, P.O. Box 438 Road Town Tortola British Virgin Islands

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to the copy of this prospectus delivered to the Registrar of Companies in Hong Kong for registration were:

(a) a copy of each of the WHITE, YELLOW and GREEN Application Forms;

(b) the written consents referred to in the section entitled "Statutory and General Information — D. Other Information — 7. Consents of Experts" in Appendix VIII of this prospectus; and

(c) a copy of each of the material contracts referred to in the section entitled "Statutory and General Information — B. Further Information about Our Business — 1. Summary of Material Contracts" in Appendix VIII of this prospectus.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the offices of Richards Butler in association with Reed Smith LLP at 20/F, Alexandra House, 16-20 Chater Road, Central, Hong Kong during normal business hours up to and including the date which is 14 days from the date of this prospectus:

(a) the Memorandum of Association and Articles of Association;

(b) the Accountants' Report prepared by Deloitte Touche Tohmatsu, the text of which is set out in Appendix I;

(c) the audited financial statements of the subsidiaries of our Group for each of the three financial years ended December 31, 2008 and six months ended June 30, 2009

(d) the letter from Deloitte Touche Tohmatsu relating to the unaudited pro forma financial information of our Group, the text of which is set out in Appendix II;

(e) the letters from Deloitte Touche Tohmatsu and the Joint Sponsors relating to the profit forecast, the texts of which is set out in Appendix III;

(f) the letter, valuation certificate and report dated the date of this prospectus relating to our Group's property interests prepared by Jones Lang LaSalle Sallmans, the texts of which are set out in Appendix IV;

(g) the letter dated the date of this prospectus and prepared by Conyers Dill & Pearman summarizing certain aspects of Cayman Islands company law as referred to in "Summary of Constitution of the Company and Cayman Islands Company Law" in Appendix VI;

(h) the material contracts referred to in the section entitled "Statutory and General Information — B. Further Information about Our Business — 1. Summary of Material Contracts" in Appendix VIII;

(i) the Companies Law;

(j) the PRC legal opinions issued by Commerce & Finance Law Offices and King & Wood, the legal advisers to our Company and the Joint Sponsors, respectively, on PRC law;

(k) a statement of particulars of the Selling Shareholders as set out in the section entitled "Statutory and General Information — D. Other Information — 12. Particulars of the Selling Shareholders" in Appendix VIII;

(l) the rules of the Share Option Scheme as set out in the section entitled "Statutory and General Information — D. Other Information — 6. Share Option Scheme" in Appendix VIII;

(m) the written consents referred to in the sections entitled "Statutory and General Information — D. Other Information — 7. Consents of Experts" in Appendix VIII; and

(n) the service contracts referred to in the section entitled "Statutory and General Information — C. Further Information about Directors, Substantial Shareholders and Experts — 3. Particulars of Service Contracts" in Appendix VIII.

Fantasia Holdings Group Co., Limited
花樣年控股集團有限公司