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## SUMMARY

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*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 entire prospectus before you decide to invest in the Offer Shares.*

*There are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are set forth in the section headed “Risk Factors” to this prospectus. You should read that section carefully before making any decision to invest in the Offer Shares.*

## INTRODUCTION

The Group is principally engaged in property development and property investment businesses in Suzhou, the PRC and through investment in an associated company, in property investment business in Beijing, the PRC. The Group strives to develop high quality residential properties in Suzhou. Over the years, the Group has received various awards and certificates in recognition of the high quality of its developed properties, excellent property management services provided, honorable design and architectural layout and security and safety of its developed properties. In addition, 中國建築技術研究院(北京) (China Construction Technical Research Center (Beijing)), in its published magazine “建築技術及設計” (“Construction Techniques and Design”) had also accredited Suzhou Garden Villa, a property development project of the Group, for its modern design and high quality of building materials used which enabled the residents to enjoy a convenient and unique life style. Currently, all of the Group’s property development projects are in Suzhou. The Group’s associated company also holds and operates the Beijing Landmark Towers (北京亮馬河大廈) in Beijing. The Group plans to develop properties in Beijing, as well as explore property development and/or property investment opportunities in other cities in Jiangsu Province of the PRC in future.

The chairman and founder of the Group, Mr. CF Tao has been engaging in property development and property investment businesses in the PRC since 1978. Major PRC projects completed under his participation include Nanjing Jinling Hotel (南京金陵飯店) in Nanjing and Beijing Landmark Towers (北京亮馬河大廈) in Beijing. Please refer to the section headed “Directors, Senior Management and Staff” to this prospectus for detailed descriptions of the experience of Mr. CF Tao.

SGVDM, the major operating subsidiary of the Group, is a property developer positioning itself as a niche market player in Suzhou, which had the highest GDP in Jiangsu Province in 2003 according to the statistics released by the Suzhou Statistics Bureau. The properties developed by SGVDM are mainly residential and commercial properties catered and targeted for middle to high end markets.

Over the years, SGVDM has developed in Suzhou, Suzhou Garden Villa (錦華苑) and Suzhou Garden Court (錦麗苑). Different variety of properties, including high-rise apartments, duplex apartments, villas, Classical Courtyard Houses and shopping arcades, have been developed by SGVDM. A variety of comprehensive services are also provided to the residents in these complexes as value-added amenities.

The Group and 蘇州市國土資源局 (Suzhou Land Resources Bureau) entered into 國有土地使用權出讓合同 (Assignment of the Right to Use State Land Contract) dated 10 October 2005, pursuant to which 蘇州市國土資源局 (Suzhou Land Resources Bureau) has agreed to assign to the Group the land use right of a piece of land in Suzhou with a total site area of approximately 41,579 sq.m. subject to and on the terms and conditions of the 國有土

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地使用权出让合同 (Assignment of the Right to Use State Land Contract). The tentative commencement date of construction is targeted to be May 2006 and the project is expected to be completed in the second half of 2007. The Group has a 100% interest in the project. The Group has also entered into two letters of intent in March 2005 and April 2005 respectively, with two independent PRC entities with regard to two property development projects in Suzhou with site areas of approximately 17,100 sq.m. and 10,000 sq.m. respectively. Please refer to the section headed “Business” to this prospectus for detailed descriptions of the properties developed and to be developed by the Group.

In view of China’s accession to WTO in 2001 and the Summer Olympic Games to be held in Beijing 2008, which might stimulate the property market in Beijing, the Group has decided to expand the property investment business and property development business in Beijing.

BLTCL, which wholly owns and operates the Beijing Landmark Towers in Beijing, is an associated company of NH Investments. During the Track Record Period, BLTCL demonstrated a relatively steady income generated from the operation of the Beijing Landmark Towers. Due to this and the strategic location of the Beijing Landmark Towers, the Group has acquired NH Investments as its first step of expanding its business into Beijing. After acquiring NH Investments, BLTCL began to contribute to the Group’s results. Please refer to the section headed “History and development” to this prospectus for detailed description.

Apart from investing in BLTCL, the Group also plans to develop properties in Beijing in the near future. The Group has, for this purpose, set up a representative office in Beijing for NH Land in January 2005. Ms. Shen Feng Luan, an experienced senior engineer who had participated in a variety of property development projects involving foreign investments in the PRC, has also been recruited as the chief representative of the Beijing representative office of the Group for this purpose. Description about Ms. Shen’s experience is set out in the section headed “Directors, Senior Management and Staff” to this prospectus.

Based on the statistics released by the 江蘇省統計局 (Jiangsu Statistics Bureau), Jiangsu Province ranked the second, the fifth and the seventh in terms of GDP, total population and per capita disposable income of urban household respectively among all provinces in the PRC in 2003. Thus, leveraging on its extensive experience in the property market in Suzhou, the Group is actively exploring property development opportunities in other cities of Jiangsu Province.

In addition to Mr. CF Tao, who has been engaging in the property development and property investment businesses in the PRC since 1978, most of the Group’s management have extensive experience in property development and/or property investment businesses in the PRC. Please refer to the section headed “Directors, Senior Management and Staff” to this prospectus for detailed descriptions of the experience of the Directors and senior management of the Group.

## COMPETITIVE ADVANTAGES

The Directors believe that the Group has the following principal competitive advantages:–

### **1) A quality and niche property developer in Suzhou**

The Directors believe that the Group has been recognized as a quality property developer in Suzhou over the years. The Directors believe that developing niche and quality properties with a variety in designs, together with the provision of quality property management services and a secured and safe environment for living will attract the Group’s targeted purchasers. The

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Group's targeted purchasers include middle to high end customers. Over the years, SGVDM has developed various styles of properties and received various awards and certificates, in recognition of the overall quality and design of its completed properties. Such awards granted to SGVDM include 重點服務僑港資企業 (Key enterprise invested by overseas Chinese, Hong Kong and Macau) granted by 江蘇省人民政府蘇州市人民政府僑務辦公室 (Jiangsu Province Government and Suzhou Municipal Government Office for Overseas Nationals) and "Honor Award For Architecture 2000" granted by The American Institute of Architects Hong Kong Chapter. Detailed list of the awards is set out in the sub-section headed "The Group's PRC-incorporated subsidiaries and associated company" under the section headed "Business" to this prospectus.

These awards and certificates have proven the recognition of Suzhou Garden Villa, in terms of its design and quality, as well as its provision of quality property management services, which in turn enhance the Group's competitiveness in the Suzhou property market.

### **2) Possession of properties under development at prime locations in Suzhou**

The Directors believe that with properties under development located in major commercial areas of Suzhou New District, the Group is in an advantageous position amongst fellow property developers in Suzhou, in terms of pricing, revenue growth and potential profitability. Detailed locations of the land banks is set out in the map as shown in the sub-section headed "Overview" in the section headed "Business" to this prospectus.

### **3) Steady dividend income from Beijing Landmark Towers Co., Ltd. (北京亮馬河大廈有限公司) which contributes stable cash inflow to the Group**

After acquiring the entire interest in NH Investments, the Group indirectly holds 30.05% of BLTCL and is therefore entitled to dividend payment from it. BLTCL has a track record dividend payout ratio of over 85% for the three years ended 31 December 2004. Net profit of BLTCL for the three years ended 31 December 2004, based on the audited accounts of BLTCL as prepared under the PRC generally accepted accounting principles, were approximately RMB45.29 million, RMB32.76 million and RMB67.53 million respectively, which demonstrates a steady income stream. The Directors expect that in future, steady dividend income from BLTCL will contribute a stable cash inflow to the Group, which can support the Group's future projects.

### **4) Experienced management team with a wide range of exposure in the property industry in the PRC**

The executive Directors and senior management team of the Group have extensive experience and exposure in the property industry in the PRC. The Directors believe that the Group can leverage on the management's knowledge and experience to continue to develop quality new projects, to strengthen the business relationship with customers and contractors, as well as to expand the Group's geographic coverage, all of which in turn will enable the Group to capture market opportunities and grow steadily.

The chairman of the Group, Mr. CF Tao has been engaging in property development and property investment businesses in the PRC since 1978. Major PRC projects completed under his participation include Nanjing Jinling Hotel (南京金陵飯店) in Nanjing and Beijing Landmark Towers (北京亮馬河大廈) in Beijing. Senior management of the Group also include executives with extensive experience in property development and/or property investment. Please refer to the section headed "Directors, Senior Management and Staff" to this prospectus for detailed descriptions of the experience of the Directors and senior management of the Group.

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### **5) Synergy from the Group's Suzhou local partner**

The minority shareholder of SGVDM, namely SNDDC, is a state-owned enterprise and has played a significant role in the development of Suzhou New District. The joint venture with SNDDC enables the Group to receive specific local expertise and experience in the PRC market which in turn stimulates the Group's planning strategy and enhances operation of its property development business in Suzhou. Further details of SGVDM are set out in the sub-section headed "The Group's PRC-incorporated subsidiaries and associated company" in the section headed "Business" to this prospectus.

### **6) Publicity of the Group's senior management in Suzhou**

Mr. CF Tao, the chairman of the Board and one of the Controlling Shareholders, was accredited in 1995 by the People's Government of Suzhou Municipality the title "Honorary Citizen" for his contributions to the development of Suzhou. Over the years, Mr. CF Tao has made contributions to the actual town planning process of Suzhou. In 1995, Mr. CF Tao escorted a delegation, comprising the then Party Secretary and senior planning officials of Suzhou, to New York to seek professional advice from reputable architects on the town planning of Suzhou. Mr. CF Tao had also supported and sponsored two projects involving the planning and development of Suzhou. One of such projects, namely "Suzhou International Planning Workshop" was conducted in 1996 by eight city planning and landscape experts from international well known firms such as Edaw with the Suzhou Construction Committee and Suzhou City Planning Bureau. The other project was conducted in 1997 by various students from the Graduate School of Design, Harvard University, U.S.A., namely "Redevelopment in Suzhou, China". Mr. Paul Tao, an executive Director, is a committee member of 中國人民政治協商會議江蘇省蘇州市第十一屆委員會 (The 11th Committee of Suzhou City, Jiangsu Province Chinese People's Political Consultative Conference). The Directors believe that such status of the Group's senior management would add value to the Group's profile in promoting its business.

## **BUSINESS STRATEGIES**

The Group's business strategies include the following:—

### **1) Focusing and consolidating its property development business in Suzhou**

In view of various housing reform measures implemented by the PRC government, such as the abolishment of the policy of welfare housing allocation, the increasing property prices in Suzhou during the period from year 2000 to 2004, and the fact that Suzhou had the highest GDP in Jiangsu Province during 2001 to 2003, the Group will focus its property development business in Suzhou with emphasis on quality and variety in design.

Moreover, the Directors believe that the Group's focus and capability of developing quality properties with a pleasant and scenic living environment, as well as the provision of a variety of stylish designs, differentiate the Group from those developers catering to the mass market.

### **2) Expanding to property development business in addition to property investment business in Beijing**

Beijing, the capital of the PRC, is generally perceived to be the centre of politics and culture in the PRC and is attractive to investors. In view of China's accession to WTO in 2001 and the 2008 Summer Olympic Games to be held in Beijing, which might stimulate the property market in Beijing, the Group has decided to expand to property investment business and property development business in Beijing.

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After acquiring NH Investments, BLTCL has also begun to contribute to the Group's results, which include rental and operation income generated from the office towers, service apartments, hotel and shopping arcade of Beijing Landmark Towers.

Apart from investing in BLTCL, the Group also plans to develop properties in Beijing in the near future. The Group has, for this purpose, set up a representative office in Beijing for NH Land in January 2005. Furthermore, senior management with extensive property development experience are being recruited with a view to implementing the development plans of the Group in Beijing. Detailed biographies of the senior management of the Group are set out in the section headed "Directors, Senior Management and Staff" to this prospectus.

### **3) Exploring opportunities to expand to property development and/or property investment businesses into other cities in Jiangsu Province, the PRC**

The Directors believe that by taking advantage of the Group's established brand name in Suzhou and the Group's network in Jiangsu Province, as well as leveraging on the Group's management expertise and experience in property development and property investment, the Group intends to explore opportunities to expand its property development and/or property investment businesses into other cities in Jiangsu Province, the PRC. The Group's management will identify target cities in Jiangsu Province with reference to the potential development prospects of property markets in those cities. Factors including the economic growth, per capita GDP and income of urban household, per capita gross living space, demand and supply of the local property market in those cities will be considered. Upon preliminary identification, the Group will designate a team to conduct further in-depth analysis to investigate project feasibilities in the target cities.

### **4) Striking a balance between maintaining a sufficient land bank and achieving capital efficiency**

According to the "Regulation on the Grant of State-Owned Land Use Rights through Tendering, Public Auction and Public Trading" (招標拍賣掛牌出讓國有土地使用權規定) promulgated by the MLR which had become effective on 1 July 2002, state-owned land use rights for the purposes of commercial use, tourism, entertainment and commercial/residential properties in the PRC can only be granted by government by way of tender, auction or public trading through the local land exchange.

Since such state-owned land use rights mentioned above have to be granted by way of tender, auction or public trading through the local land exchange according to the new regulation, the Directors expect that going forward, the cost of purchasing land in the PRC will be on an upward trend. Moreover, under the aforesaid regulation, the whole amount of land cost has to be settled before granting of land use rights. Thus the Directors believe that this would create pressure on working capital and financial positions of property developers and it would not be capital efficient to maintain an excessive land bank in view of maintaining an optimal cashflow for the Group. Hence, the Group would use its best endeavours to strike a balance between maintaining sufficient land bank for development and achieving capital efficiency, so as to maximize the Group's profit as well as maintaining an optimal cashflow balance.

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### **FUTURE DEVELOPMENT PLANS AND PROSPECTS**

Capitalising on the Group's positioning as a niche property developer, its established brand name in Suzhou, as well as its management expertise and experience in property development and property investment, the Group intends to consolidate and focus its resources on the following strategies:

- focusing and consolidating its property development business in Suzhou;
- expanding to property development business in addition to property investment business in Beijing;
- exploring opportunities to expand to property development and/or property investment businesses in other cities in Jiangsu Province, the PRC; and
- striking a balance between maintaining a sufficient land bank and achieving capital efficiency.

Please refer to the sub-section headed "Business Strategies of the Group" in the section headed "Business" to this prospectus for a more detailed description of the above strategies.

For information relating to the property development projects of the Group other than those completed property development projects, please refer to the sub-section headed "Description of the Group's property projects" in the section headed "Business" to this prospectus for a more detailed description of the properties under development, properties for future development and future development plans where the relevant land use rights have not yet been obtained.

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### RESULTS OF THE GROUP'S OPERATIONS DURING THE TRACK RECORD PERIOD

The table below summarises the consolidated results of the Group for the three years ended 31 December 2004 and the six months ended 30 June 2005 and 30 June 2004, all of which are set forth in the accountants' report set out in Appendix I to this prospectus. Prospective investors should read the whole accountants' report and not rely merely on the information contained in this section:

#### Consolidated income statements

	Year ended 31 December			Six months ended 30 June	
	2002	2003	2004	2005	2004
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
					(unaudited)
<b>Revenue</b>	144,638	68,121	197,710	46,617	22,514
Cost of sales	(113,815)	(49,161)	(146,481)	(25,638)	(18,971)
<b>Gross profit</b>	30,823	18,960	51,229	20,979	3,543
Other income	739	621	1,172	3,668	383
Fair value adjustments on investment properties	9,966	10,141	7,725	17,876	3,871
Write back of provision for net realisable value for properties held for sale	51	44	–	–	–
Write off of an investment property upon re-development	–	–	–	(3,774)	–
Selling expenses	(2,381)	(1,106)	(3,852)	(747)	(942)
Administrative expenses	(13,043)	(6,692)	(7,004)	(588)	(560)
Finance cost	(8,278)	(2,565)	–	(747)	–
<b>Profit before taxation</b>	17,877	19,403	49,270	36,667	6,295
Taxation	–	(46)	(16,195)	(10,964)	(2,254)
<b>Profit for the year/period</b>	<u>17,877</u>	<u>19,357</u>	<u>33,075</u>	<u>25,703</u>	<u>4,041</u>
<b>Attributable to:</b>					
Equity holders of the Company	16,811	18,470	31,389	24,530	3,845
Minority interests	1,066	887	1,686	1,173	196
	<u>17,877</u>	<u>19,357</u>	<u>33,075</u>	<u>25,703</u>	<u>4,041</u>
<b>Dividends</b>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>

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During the Track Record Period, the Group has recorded upward fair value adjustments on investment properties amounted to approximately HK\$10.0 million, HK\$10.1 million, HK\$7.7 million and HK\$17.9 million respectively in its consolidated income statements. According to HKAS40, the Hong Kong Accounting Standard for investment properties issued by the HKICPA, investment properties could be recognized by using either the fair value model or the cost model. The Directors have selected the fair value model to report the value of investment properties because they are of the view that periodic fair value adjustments in accordance with the then prevailing market conditions, irrespective of whether such market trend moves upwards or downwards, should be recorded so that the Group's financial statements present a more updated picture of the fair value of the Group's investment properties. The auditors and reporting accountants of the Company, namely Grant Thornton, concurs with the Directors' view in this respect. **However, prospective investors should be aware that upward fair value adjustments, which reflect unrealized capital gain of the Group's investment properties at the relevant balance sheet dates while not profit generated from day to day investment properties' rentals of the Group, are largely dependent on the prevailing property markets and does not generate cash inflow to the Group for dividend distribution to shareholders of the Company until such investment properties are disposed of. Moreover, prospective investors should be aware that property values are subject to market fluctuation and there can be no assurance that the Group will continue to record similar level of fair value adjustments on investment properties in future. Should there be any severe downward adjustments in the Group's investment properties in future, the Group's results may be adversely affected.**

### PROFIT FORECAST FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2005

Forecast consolidated profit attributable to  
equity holders of the Company (*Note 1*) ..... not less than HK\$55.7 million

Pro forma forecast earnings per Share (*Note 2*) ..... approximately 8.70 HK cents

*Notes:—*

1. The bases and assumptions on which the forecast consolidated profit attributable to equity holders of the Company have been prepared are set forth in Appendix IV to this prospectus.
2. The calculation of the forecast earnings per Share on a pro forma basis is based on the audited consolidated results for the six months ended 30 June 2005, the unaudited management accounts for the three months ended 30 September 2005 and a forecast of the consolidated results for the remaining three months ending 31 December 2005 assuming that the Company had been listed on the Main Board since 1 January 2005 and a total of 640,321,400 Shares had been in issue during that financial year, but does not take into account any Shares which may be allotted and issued upon the exercise of the Over-allotment Option or any options that may be granted under the Share Option Scheme or any Shares which may be allotted and issued or repurchased by the Company pursuant to the general mandates for the allotment and issue or repurchase of the Shares referred to under the paragraph headed "Written resolutions of all the Shareholders passed on 14 November 2005" in Appendix VII to this prospectus. The calculation assumes no exercise of the Over-allotment Option.

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### STATISTICS OF THE SHARE OFFER *(Note 1)*

	<b>Based on an Offer Price of HK\$0.56</b>	<b>Based on an Offer Price of HK\$0.88</b>
Market capitalisation <i>(Note 2)</i> . . . . .	approximately HK\$358.6 million	approximately HK\$563.5 million
Adjusted net tangible asset value per Share <i>(Note 3)</i> . . . . .	approximately 42.20 HK cents	approximately 50.35 HK cents
Pro forma prospective price/earnings multiple <i>(Note 4)</i> . . . . .	approximately 6.4 times	approximately 10.1 times

*Notes:—*

1. The Shares being offered under the Share Offer will rank pari passu with all Shares in issue or to be issued and will qualify for all dividends or other distributions declared, made or paid after the date on which the Share Offer becomes unconditional.
2. The market capitalisation does not take into account any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option or any options that may be granted under the Share Option Scheme or which may be allotted or issued or repurchased by the Company pursuant to the general mandates for the allotment and issue or repurchase of Shares referred to in the paragraph headed “Written resolutions of all the Shareholders passed on 14 November 2005” in Appendix VII to this prospectus.
3. The adjusted net tangible asset value per Share is arrived at after making the adjustments set forth under “Unaudited Pro Forma Net Tangible Assets” in the section headed “Financial Information” to this prospectus and on the basis of a total of 640,321,400 Shares in issue and expected to be issued immediately following completion of the Share Offer and the Capitalisation Issue but does not take into account any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option or any options that may be granted under the Share Option Scheme or any Shares which may be allotted and issued or repurchased by the Company pursuant to the general mandates for the allotment and issue or repurchase of the Shares referred to under the paragraph headed “Written resolutions of all the Shareholders passed on 14 November 2005” in Appendix VII to this prospectus. The calculation assumes no exercise of the Over-allotment Option.
4. The prospective price/earnings multiple on a pro forma basis is based on the forecast earnings per Share on a pro forma basis of approximately 8.70 HK cents for the financial year ending 31 December 2005 and the respective Offer Price of HK\$0.56 and HK\$0.88 per Offer Share. The calculation assumes no exercise of the respective Over-allotment Option.

### DIVIDEND POLICY

The Company has not declared or paid any dividends since its incorporation.

In the future, the declaration of dividends is subject to the discretion of the Directors and any dividend for the year is subject to Shareholders’ approval. The amount of dividends actually proposed to Shareholders will depend upon a number of factors, including the Group’s earnings, the future capital requirements of the Group, the required distributable reserve for payment of such dividends, the Group’s general financial condition, the provisions of relevant laws and other factors considered relevant by the Directors.

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For the financial year ending 31 December 2005, the Company currently intends to pay annual cash dividends of not less than 20% of the Group's consolidated profit attributable to Shareholders subject to the approval by Shareholders at the forthcoming annual general meeting.

The profit available for distribution from the Group's PRC subsidiaries and its associated company determined in accordance to PRC accounting standards may differ from that derived by adopting HK accounting standards. Accordingly, the Company may not have sufficient distribution from its PRC subsidiaries and its associated company to support the profit distribution to its shareholders.

In the absence of any special circumstances or unforeseen events and subject to the aforesaid factors, it is the Company's intention to pay not less than 20% of the Group's consolidated profit attributable to Shareholders as dividends in the future.

### **REASONS FOR THE SHARE OFFER AND PROPOSED USE OF NET PROCEEDS FROM THE SHARE OFFER**

The Directors believe that the net proceeds of the Share Offer will finance the Group's business expansion, strengthen the Group's capital base and financial position. Based on the lowest price within the range of the Offer Price of between HK\$0.56 and HK\$0.88 per Share, the net proceeds from the Share Offer, after deduction of underwriting commission and expenses payable by the Company for the Share Offer, are estimated to be approximately HK\$79.8 million. The Directors currently plan to use the net proceeds of the Share Offer as follows:

- approximately HK\$43.5 million will be utilised for settling the cost of a piece of land in Wuzhong District in Suzhou with description of the project set out in the sub-section headed "(III) Properties held for future development" in the section headed "Business" to this prospectus;
- approximately HK\$29.0 million for the repayment of (i) a bank loan to a commercial bank in the principal amount of HK\$20.0 million drawn down by WML under two instalments in the amount of HK\$7.8 million and HK\$12.2 million respectively on 21 June 2005 and 8 August 2005 with an interest rate based on best lending rate minus 2.25%. The loan, which will mature on the 5th anniversary of the respective drawdown dates, was employed for financing the preliminary stage expenses and design fee of Suzhou Garden Towers and Suzhou Garden Place; and (ii) an overdraft in the principal amount of HK\$10.0 million due to a commercial bank with interest rate of 1% below the best lending rate. The funds drawn down were mainly employed for settling part of the Listing expenses of approximately HK\$4.3 million and for financing part of the first instalment of land cost for the property development project in Wuzhong District in Suzhou amounted to approximately HK\$3.8 million, where description of the project is set out in the sub-section headed "(III) Properties held for future development" in the section headed "Business" to this prospectus. As at the Latest Practicable Date, the outstanding amounts of the above loan and the overdraft were approximately HK\$19.0 million and HK\$10.0 million respectively.
- the balance of approximately HK\$7.3 million to be used for general working capital.

In the event that the condition for the grant of the Over-allotment Option is fulfilled and the Over-allotment Option is exercised in full and based on the highest price within the range

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of the Offer Price between HK\$0.56 and HK\$0.88 per Share, the Group will receive additional net proceeds of approximately HK\$73.7 million which the Directors intend to use approximately HK\$65.7 million for the Group's properties currently under development and approximately HK\$8.0 million for additional general working capital. In the event that the Offer Price is determined at any price within the range of the Offer Price between HK\$0.56 and HK\$0.88 per Share, the Group will use the additional net proceeds for the completion of the properties currently under development and for general working capital in the same proportion as shown above.

Pending the use of the net proceeds of the Share Offer for the purposes described above, the Group intend to invest the net proceeds, to the extent permitted by relevant PRC and Hong Kong laws and regulations, in short-term deposits with licensed banks and/or other authorized financial institutions in Hong Kong.

### SUMMARY OF RISK FACTORS

The Directors consider that the Group's businesses and operations are subject to a number of risk factors that may be broadly categorized into (i) risks relating to the Group's business; (ii) risks relating to the property industry in which the Group operates; (iii) risks relating to the PRC's general economic factors and government policy; (iv) risks relating to the Share Offer; and (v) risks relating to certain information contained in this prospectus, as follows:

#### **Risks relating to the Group's business**

Results of the Group include fair value adjustments on investment properties, which are unrealized

Dependence on the climate of the Suzhou property market

Uncertainty on realization of future development plans

Property development

Pre-sale of properties

Inability to obtain relevant approvals, permits and certificates from relevant government departments

Limited property development experience in new markets where the Group is entering into or is proposing to enter into

Reliance on certain major contractors

Financing risk

Land Value-Added Tax

Potential losses and damages

Reliance on the Group's key management, namely Mr. CF Tao, Mr. Richard Tao and Mr. Paul Tao, as well as other qualified personnel

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Dividend policy

Limitation of property valuation

**Risks relating to the property market in Suzhou**

Relatively lack of up-to-date market information and data on demand and supply

Competition from other developers in Suzhou

Competition from the development of the property markets in Shanghai and other major cities of Jiangsu Province

**Risks relating to the property market in Beijing**

Uncertain prospects of the Beijing property market

Competition

**Risks relating to the property market in Jiangsu Province**

Uncertain prospect of the property market of Jiangsu Province

Competition

**Risks relating to the PRC property industry**

Immature secondary market

The PRC government policies on land

Environmental protection regulations

**Risks relating to the PRC**

Political and economic environment

Currency exchange risk

Distribution of profit

Outbreak of SARS or other epidemics

**Risks relating to the Share Offer**

Protection of interests of minority shareholders under the laws of the Cayman Islands

Liquidity and possible price volatility of the Shares

**Risks relating to certain information contained in this prospectus**

Reliability of statistics

Forward-looking statements contained in this prospectus may not materialise