Prospective investors in the Offer Shares should consider carefully all of the information set forth in this prospectus and, in particular, the following risks in connection with an investment in the Company. The Group's business, financial condition or results of operations could be materially and adversely affected by any of these risks. The trading price of the Shares could decline due to any of these risks and you may lose all or part of your investment.

RISKS RELATING TO THE GROUP'S BUSINESS

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

During the Track Record Period, the Group has recorded upward fair value adjustments on investment properties amounting 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 can 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, 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 being 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 levels 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.**

Dependence on the climate of the Suzhou property market

During the Track Record Period, the Group's property development projects were all located in Suzhou, the PRC and the Group's total revenue from its property projects in Suzhou amounted to approximately HK$120.0 million, HK$52.4 million, HK$188.7 million and HK$43.0 million, representing approximately 83.0%, 76.9%, 95.4% and 92.1% of the Group's revenue, respectively. Consequently, the Group's business is dependent on the Suzhou property market. Although the Group plans to minimize those risks by (i) diversifying into property investment businesses in other cities in the PRC; and (ii) exploring the possibilities to develop property projects in other cities in the PRC, in order to reduce the Group's reliance on Suzhou, there can be no assurance that the Group could be successful in the future. Hence, any major fluctuation in the level of demand for the Group's projects in Suzhou or any significant economic downturn in Suzhou may significantly and adversely affect the Group's results.

Uncertainty on realization of future development plans

The Group has entered into two letters of intent for property development projects in Suzhou, details of which are set out in the sub-section headed "Description of the Group's property projects" under the section headed "Business" to this prospectus. Since the letters of intent are not legally binding and the relevant land use rights may or may not be obtained, these future development plans may not materialize if the relevant land use rights are not obtained. Should this occur, the Group's business and results may be adversely affected.

Property development

The Group may face significant property development risks, which are inherent to the operations of property development, before it realizes any benefits from a property development project. Property development usually requires substantial capital outlay during the construction period and it may take many months or even years before positive cashflows can be generated by pre-sales or sales of the completed property development projects. The time and the costs incurred in completing a property development can be affected by various factors including, but not limited to, shortages of materials and labour, adverse weather conditions, natural disasters, labour disputes, disputes with contractors and sub-contractors, accidents, changes in government policies, changes in market conditions, material delay in obtaining the requisite licenses, permits and approvals from the relevant authorities. Any of these factors may lead to delays in the completion of a property development project and result in costs exceeding those originally budgeted as well as losses of revenue. Furthermore, the failure to complete a property development project according to original planned specifications or schedules may give rise to potential liabilities, and returns may accordingly be lower than originally expected. Should any of these occur, the Group's results may be adversely affected.

Pre-sale of properties

The Group may face risks related to pre-sale of properties. For example, the Group may fail to complete a property development project which has been fully or partially pre-sold. In such circumstances, the Group can find itself liable to purchasers of pre-sold units for losses suffered. There can be no assurance that these losses would not exceed the purchase price paid in respect of the pre-sold units. In addition, if a pre-sold property development project is not completed on time, the purchasers of pre-sold units may be entitled to compensation for late delivery. If the delay extends beyond a certain period, these purchasers may even be entitled to terminate the pre-sale agreements and claim damages. Moreover, the Group utilizes proceeds from pre-sales of its properties as an important source of financing for its property development. Consequently, any restriction in the Group's ability to pre-sell its properties, including any increase in the amount of up-front expenditures it must incur prior to obtaining a pre-sale permit, would prolong the time period required for the recovery of the Group's capital outlay and may result in the Group considering alternative means to finance the various stages of its development projects, which, in turn, may have an adverse effect on the Group's cashflow, business and financial position.

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

The Group may be unable to obtain certain approvals, permits or certificates during the property development process and the whole project would be unable to proceed. The Group may also be liable to customers for damages if the relevant ownership certificates are not delivered in a timely manner. If the delay extends beyond a certain period, these purchasers may even be entitled to terminate the pre-sales or sales agreements and claim damages. In the event that customers of the Group are not granted the relevant ownership certificates by the relevant PRC authorities due to the Group's fault, then the Group may have to bear the relevant loss suffered by such customers. Occurrence of such may adversely affect the Group's operations, business and financial positions.

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

The Group has been actively exploring opportunities in property development business in Beijing and in cities in Jiangsu Province other than Suzhou. Although the Group's chairman, Mr. CF Tao has in the past, participated in the development of the Beijing Landmark Towers in Beijing and the Nanjing Jinling Hotel (南京金陵飯店) in Nanjing, and the Group has over 10 years' experience in developing properties in Suzhou, the management has relatively less experience in property development in other cities in the PRC other than Suzhou. There can be no assurance that the management's expertise in developing properties in Suzhou and other cities can be applied to Beijing as well as other cities in Jiangsu Province. Should the Group's future property development projects in Beijing and other cities in Jiangsu Province become unsuccessful, the Group's reputation and results may be adversely affected.

Reliance on certain major contractors

During the Track Record Period, construction works completed by the Group's five largest contractors accounted for approximately HK$7.9 million, HK$52.7 million, HK$47.8 million and HK$40.7 million, representing approximately 28.2%, 69.3%, 60.8% and 78.0% of the Group's total cost incurred, respectively, whilst the Group's single largest contractor accounted for approximately HK$3.8 million, HK$40.2 million, HK$24.1 million and HK$21.7 million, representing approximately 13.5%, 52.9%, 30.7% and 41.6% of the Group's total cost incurred, respectively. All of the Group's major contractors are Independent Third Parties. The Group has not entered into any long-term contract with any of these contractors other than those construction contracts for the properties under development, which amounted to a total of RMB69.2 million as at the Latest Practicable Date. If, for whatever reasons, the Group cannot source reliable contractors within the Group's budget prices or the current contractors for the Group's properties under development default on existing contracts, the Group's results could be adversely affected.

Financing risk

Due to the capital intensive nature of the property development business, adequate financing for acquisition of land and construction is vital to the Group's results. The Group finances its property development projects through internal resources, bank borrowings and pre-sale proceeds. There can be no assurance that the Group will always have a sufficient level of internal resources or proceeds from pre-sales to meet its funding requirements. Although the Group has credit facilities amounting to HK$117.3 million of which approximately HK$86.7 million had been drawn down as at 30 September 2005, (being the latest practicable date for the purpose of the statement of indebtedness) there can be no assurance that the Group can obtain sufficient bank borrowings or extend its credit facilities granted by financial institutions in future. On 5 June 2003, the People's Bank of China issued "The Notice on Enhancing the Administration on Loans for Properties (關於進一步加強房地產信貸業務管理的通知)", which, amongst others, recommends PRC banks to limit the amount of loans granting for the development of luxurious residential properties and villas and restricts PRC banks from advancing working capital loans for the purpose of financing property development. The notice also stipulates that when applying for a bank loan in connection with a property development, a developer's own investment in that property development project should not be less than 30%

of its total projected capital investment. On 30 April 2005, several regulatory bodies of the PRC Government jointly issued the Opinions on the Stability of Residential Property Prices (關於做好穩定住房價格工作的意見) which, among others, require the commercial banks to strictly enforce PRC laws on granting loans for property developments, including the requirement of thorough credit investigation before approving loans for property developments. Such policies may limit the Group's flexibility and ability in using bank loans in particular from PRC banks to finance its property development projects. Should the Group be unable to obtain sufficient funding to meet its financing requirements, leading to postponement or suspension of construction work of its property developments, the Group's results may be adversely affected.

Land Value-Added Tax（土地增值稅）

According to the requirements of the "Provisional Regulations of the PRC on LVAT（中華人民共和國土地增值稅暫行條例）" which were promulgated on 13 December 1993 and took effect on 1 January 1994, and the "Detailed Implementation Rules on the Provisional Regulations of the PRC on LVAT（中華人民共和國土地增值稅暫行條例實施細則）" which were promulgated and took effect on 27 January 1995, all units and individuals receiving income from the sale or transfer of state-owned land use rights, buildings and their attached facilities are required to pay the LVAT. As advised by Grandall Legal Group (Shanghai), the legal advisers to the Company as to PRC law (the "PRC Legal Adviser"), according to such regulations and rules, tax payers have to report to the local tax bureau in respect of the LVAT issues within 7 days from the date of signing the sale and disposal agreement of properties. For those tax payers who frequently engage in the activities of sale and disposal of properties such that they can hardly report to the local tax bureau in respect of the LVAT issues after each occurrence of these activities, they can, upon obtaining consent from the relevant tax bureau, report on a mutually agreed regular basis.

Based on the "Notice in respect of Land Value-added Tax on contract signed before 1 January 1994 for development and transfer of Property（關於對一九九四年一月一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 財政部 (the Ministry of Finance) and 國家稅務總局 (the State Administration of Taxation of the PRC), 27 January 1995 LVAT is exempted in connection with the first transfer of land and buildings which took place within 5 years from 1 January 1994 in circumstances where either the project-listing（立項）or the contracts for the development of such land and buildings were concluded prior to 1 January 1994 and the requisite capital had already been injected. Subsequently, on 24 December 1999 the Ministry of Finance and the State Administration of Taxation of the PRC issued the "Notice in respect of the extension of the period for the LVAT exemption policy（關於土地增值稅優惠政策延期的通知）" and extended the period of LVAT exemption until the end of 2000.

Executives of SGVDM have been discussing and negotiating with the relevant tax bureau in Suzhou in relation to its liabilities to LVAT from time to time. As the pieces of land where Suzhou Garden Villa and Suzhou Garden Court are situated were transferred under the same land grant agreement from SNDDC and the sale and disposal of all properties in Suzhou Garden Villa and Suzhou Garden Court have not been substantially completed by 30 June 2005, SGVDM did not make any written report to the relevant tax bureau immediately upon the expiry of the LVAT exemption policy at the end of 2000.

On 25 July 2005, the Group reported the sale and disposal of the properties to 蘇州市地方稅務局 (Suzhou Local Tax Bureau) in respect of LVAT, in which the Group demonstrated with detailed calculations that SGVDM would not be subject to LVAT from the date of incorporation of SGVDM to the year ended 31 December 2004 and applied for assessment and settlement of the Group's LVAT, if any, upon completion of sales of substantially all of the properties in Suzhou Garden Villa and Suzhou Garden Court which would be expected to be by the end of 2005. On 16 August 2005, the Suzhou Local Tax Bureau formally agreed in writing to the Group's proposed schedule for assessment and settlement of LVAT and up to the Latest Practicable Date, the Suzhou Local Tax Bureau has not indicated any disagreement on the Group's calculation.

As advised by the PRC Legal Adviser, the Group will only be subject to LVAT if there is any value-added amount for the properties sold computed in accordance with the relevant PRC laws and regulation. Based on the calculation prepared by the Group with regard to SGVDM's exposure on LVAT, which were verified by Grant Thornton, the Company's auditors and reporting accountants, there was no value added for the purpose of computing the LVAT exposure for the sales of all properties in Suzhou Garden Villa and Suzhou Garden Court. Since Suzhou Garden Villa and Suzhou Garden Court are the only two completed projects developed by SGVDM from the date of incorporation of SGVDM to the six months ended 30 June 2005, the Group is not currently subject to LVAT and therefore no provision on LVAT is expected to be made by SGVDM for the whole Track Record Period. As at the Latest Practicable Date, LVAT has never been charged by the relevant tax authorities on the sale and disposal of the SGVDM's properties. In addition, according to a certification (證明) endorsed by the Suzhou Local Tax Bureau, up to 31 May 2005, SGVDM has paid all local tax and did not have any outstanding tax liabilities. Based on the above, no provision for LVAT has been made by the Group for all years prior to 2001, for each of the three years ended 31 December 2004 and the six months ended 30 June 2005. All potential exposure to LVAT of SGVDM arising from sale of properties and developed land is covered by an undertaking of indemnity given by the Controlling Shareholders, pursuant to the deed of indemnity referred to in the sub-paragraph headed "Estate duty and tax indemnity" in Appendix VII to this prospectus.

There can be no assurance that the tax assessment of LVAT by the relevant PRC tax authorities will be identical to the Group's calculation as mentioned above in respect of properties disposed of by SGVDM. Should the Group be required to pay such tax plus any penalty and the indemnity mentioned above cannot be enforced, the Group's results and profitability will be adversely affected.

Potential losses and damages

Although property damages and third party liabilities of the Group's properties under construction are covered by insurance policies maintained by the main contractors for properties under construction, the Group may suffer losses arising from damage to the Group's properties for the period from completion of construction to the time of delivery of vacant possession of such properties to their purchasers. There is no statutory mandatory provision in any of the laws, rules and regulations in the PRC which require a property developer to maintain insurance in this respect. Although the Group also maintains insurance coverage on the completed properties owned by the Group, there are certain types of events not covered in the insurance policy, such as earthquake, war and so forth.

Therefore, the Group may be subject to potential losses, damages and liabilities under certain circumstances where compensation damages could not be obtained, which in turn will adversely affect the Group's results.

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

The Group's results are dependent on the continuity and performance of Mr. CF Tao, Mr. Richard Tao and Mr. Paul Tao as well as the other executive Directors and certain members of senior management who play major roles in the planning of the Group's business strategy and operation of the Group's projects. Each of the executive Directors has entered into a service agreement with the Company whereby each has agreed to serve the Group for an initial term of 2 years from 1 December 2005. The Group's future success will depend on whether the Group can continue to retain its existing key management staff and attract other highly qualified personnel to join the Group. There can be no assurance that the Group will be successful in retaining or recruiting new qualified personnel. The Group also does not maintain any insurance coverage on any potential loss resulting from any loss of the key management staff. As such, any such loss could have an adverse impact on the Group's business and the Group's results.

Dividend policy

The Group did not declare any dividends during the Track Record Period. BLTCL had declared dividends of approximately RMB39.05 million, RMB29.48 million and RMB60.78 million in each of the three financial years ended 31 December 2004, respectively. Whilst the Group intends to make dividend payments in the future, the amount of dividends to be declared will be subject to, among others things, the general business environment, the Group's earnings, the Group's financial position, the provisions of the applicable laws and regulations and other relevant factors subject to market fluctuations. The dividend distribution record of BLTCL during the three financial years ended 31 December 2004 should not be used as a reference or basis to determine the amount of dividends that may be declared by the Group in the future.

Limitation of property valuation

Valuation of the Group's property interests as at 31 August 2005 prepared by DTZ Debenham Tie Leung Limited are set out in Appendix V to this prospectus. Such valuations are based upon certain assumptions, which are subject to uncertainty and might materially differ from the actual results. Principal assumptions of valuation are mentioned in the letter included in Appendix V to this prospectus prepared by DTZ Debenham Tie Leung Limited. For all property interests in which the Group has an attributable interest of less than 100%, the valuation assumes that the Group's interest in such property is equal to the Group's proportionate ownership interest in the relevant property. There can be no assurance that such valuations are indicative of the actual value to be received by the Group upon realization of such properties. Other changes in economic or political conditions could also affect such values. Should the properties be realized under conditions materially different from the assumptions, the Group's results may be adversely affected.

RISKS RELATING TO THE PROPERTY MARKET IN SUZHOU

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

The Group's profitability depends significantly on the performance and development of Suzhou's property market. Currently, all of the Group's development properties are located in Suzhou. The Suzhou property market may perform differently from property markets in other cities or areas in the PRC. Reliable and up-to-date data and information, such as the demand

and take-up rates for developed properties, and the supply of new properties, is not generally readily available in Suzhou. Consequently, no up-to-date market data and/or information can be used as a basis or reference for precise forecast on the occupancy rate and price trend of newly developed properties. Thus there can be no assurance that data such as the level of demand and supply can be monitored up-to-date. In the event of over-supply, properties prices may fall and in turn may adversely affect the Group's revenues and profitability.

Competition from other developers in Suzhou

Like other major PRC cities, the property development market in Suzhou is becoming increasingly competitive as evidenced by the increasing number of property development companies. According to the Suzhou Statistics Bureau, the number of property developers increased from 554 in 2001 to 735 in 2003, representing an increase of approximately 33%. As shown in the section headed "Industry Overview" to this prospectus, the GFA of properties completed exceeded the GFA of properties sold in Suzhou during 2002-2004. Although negative effects, such as a decline in the average selling price of properties sold, have not been observed during the corresponding period, there can be no assurance that such gap between GFA of properties completed and GFA of properties sold would not result in any pressure on selling price of properties or other negative effects on the Suzhou property market in future. Should this occur in future, the Group's results may be adversely affected. The Directors believe that the Group has a competitive advantage in terms of its reputation, experience and capability to develop properties with market recognitive designs and a pleasant living environment as well as the provision of quality property management services. However, there can be no assurance that such competitive advantages can be maintained in the future. To the extent that the Group is not able to maintain its competitiveness, the Group's results could be adversely affected.

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

Suzhou is a city located in southeast Jiangsu Province neighbouring Shanghai in the east. Over the last decade, a large number of overseas and local property developers, including leading Hong Kong and Asian property developers, have expanded their operations in Shanghai, and in other major cities of Jiangsu Province. Increasing competition from the property markets in Shanghai and other major cities of Jiangsu Province may affect the pricing and profitability of the Group's property projects in Suzhou.

RISKS RELATING TO THE PROPERTY MARKET IN BEIJING

Uncertain prospects of the Beijing property market

Although the Directors believe that the Beijing municipal government will devote much resources in infrastructure development in preparation for the Summer Olympic Games to be held in Beijing in 2008 and there might be an influx of foreign investors into Beijing after China's accession to the WTO, such events may not necessarily lead to a more prosperous property market in Beijing. Should the property market in Beijing not grow as expected, the Group's future strategy in property development in Beijing might be hindered and the Group's results from property development in Beijing might be affected.

Competition

The property market in Beijing is highly competitive. There are many property developers, including a number of established domestic developers and foreign property development and investment groups, operating in Beijing with increasing competition, the Beijing property development market may lead to an increase in competition for land, an increase in costs for the acquisition of land for development, an increase in supply of developed properties, and longer time for approval of new property development by the relevant government authorities. Selling prices may be driven down when supply exceeds demand. All of the above may affect the Group's profitability.

RISKS RELATING TO THE PROPERTY MARKET IN JIANGSU PROVINCE

Uncertain prospect of the property market of Jiangsu Province

Although the Directors believe that Jiangsu Province is one of the most prosperous provinces in the PRC, and according to the 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, there can be no assurance that the property market in Jiangsu Province will grow in line with its economic growth as expected. Thus, this may in turn, affect the Group's strategy and results from property development in Jiangsu Province.

Competition

The property development market in Jiangsu Province is becoming increasingly competitive as evidenced by the increasing number of property developers. According to the Jiangsu Statistics Bureau, the number of property developers in Jiangsu Province increased from 2,022 in 2001 to 2,380 in 2003, representing an increase of approximately 18%. As shown in the section headed "Industry Overview" to this prospectus, the GFA of properties completed exceeded the GFA of properties sold in Jiangsu Province during 1998-2004. Although negative effects, such as a decline in the average selling price of properties sold, have not been observed during the corresponding period, there can be no assurance that such gap between GFA of properties completed and GFA of properties sold would not result in any pressure on selling price of properties or other negative effects on the Jiangsu Province property market in future. Should this occur in future, the Group's results may be adversely affected. The Directors believe that the Group is competitive in terms of its experience and capability to develop properties with variety of designs, pleasant environment and quality property management services. However, there can be no assurance that such competitive advantages can be maintained in the future. Increasing competition in Jiangsu Province may lead to an increase in competition for land, an increase in costs for the acquisition of land for development, an increase in supply of developed properties, and longer time for approval of new property development by the relevant government authorities. Selling prices may be driven down when supply exceeds demand. All of the above may affect the Group's profitability.

RISKS RELATING TO THE PRC PROPERTY INDUSTRY

Immature secondary market

Private ownership of property in the PRC is still in a relatively early stage of development as compared to developed economies. Consequently there is no data or information that can form a basis to predict the level of demand for properties, especially for the secondary market. The immature secondary market for residential properties in the PRC may affect the turnover volume of properties thus inhibit demand for residential properties in the PRC.

The PRC government policies on land

The PRC government has a substantial degree of control and influence over the PRC property market. The MLR promulgated 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)" on 9 May 2002, under which state owned land use rights for commercial, tourism, entertainment, office and commercial/residential purposes must be obtained by tendering, public auction or public trading through the land exchange. The Directors believe that the cost of purchasing land in the PRC is 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. Should the Group not be able to obtain land bank at reasonable cost, the Group's profit margin may be affected, which in turn will affect the Group's results. There is also no assurance that the Group can successfully obtain any land use rights through public auction or public trading in future and the Group's failure to further enlarge the Group's land bank will adversely affect the Group's operation.

According to the "Regulation on Urban Real Estate in the PRC (中華人民共和國城市房地產管理法)", any developers who fail to comply with the terms of the land grant contract (including the time for payment of premium for land use rights as well as commencement and completion of development) are subject to penalty or even forfeiture of land. There might be circumstances that the Group is unable to comply with the terms of the land grant contract. Should strict compliance with the terms of the land grant contract be required, the Group's results might be adversely affected.

Environmental protection regulations

The Group is subject to environmental protection regulations in the PRC. As at the Latest Practicable Date, the Group has not been subject to any material environmental claim and the Group's development projects conform to the currently applicable PRC environmental protection regulations in all material respects. Nonetheless, there can be no assurance that the existing environmental protection laws and regulations will not change in the future. In such event, additional costs may need to be incurred by the Group to comply with the laws and regulations, which could have an adverse impact on the Group's financial position.

RISKS RELATING TO THE PRC

Political and economic environment

Since all of the Group's revenue are derived in the PRC, general political and economic conditions in the PRC would have a significant impact on the financial prospects of the Group. These may take the form of changes in laws and regulations or their interpretation, taxation policies and practice, foreign exchange controls or the expropriation of private or foreign owned property interests. Although the PRC government has been pursuing economic reform policies since 1978 and has enacted legislation on protection of privately owned assets, there can be no assurance whether the PRC government will continue to pursue such policies or that such policies may not be significantly altered, especially in the event of a change of political leadership, social or political disruption or other circumstances affecting the PRC's political or social environment. In the event these policies change lead to a less favourable operating environment, such as slower approval process and higher tax for property developers, the Group's results may be adversely affected.

The State Council (國務院) has implemented austerity policies to slow down investment in several sectors in the PRC, including property development. On 5 June 2003, the People's Bank of China (中國人民銀行) issued the "The Notice on Enhancing the Administration on Loans for Properties (關於進一步加強房地產信貸業務管理的通知)", which require the commercial banks to impose more stringent conditions for advancing loans to property development and mortgage. On 12 August 2003, the State Council promulgated "The Notice on Strengthening Health of the Property Development Industry (關於促進房地產市場持續健康發展的通知)", which has set out a direction for restricting the supply of high-end properties by various measures, including raising equity requirement for property development projects and conditions for commercial banks to advance loans. On 30 April 2005, several regulatory bodies of the PRC Government jointly issued the Opinions on the Stability of Residential Property Prices (關於做好穩定住房價格工作的意見) which tightened regulations and their enforcement in various aspects of property development and sale to prevent an overheated residential property market in the PRC. These policies and measures were designed to curb over-development in the PRC real estate sector, which may lead to fluctuation in market conditions, including price instability and imbalances of supply and demand of residential properties in the PRC. Moreover, property developers are also subject to more stringent borrowing requirements and higher equity requirements which may lead to higher cost of capital. All of the above may have a material adverse effect on the Group's business and financial position. There can be no assurance when such policies and measures will end. Should such policies and measures become more stringent or be extended to a prolonged period, the Group's results and profitability may be adversely affected.

Currency exchange risk

Most of the Group's current revenue are received in Renminbi. The exchange of Renminbi with foreign currency is under strict government regulation in the PRC. Under the existing foreign exchange regulations in the PRC, the Company will be able to pay dividends in foreign currencies without prior approval from the SAFE by complying with certain procedural requirements. However, there can be no assurance that the above policies regarding payment of dividends in foreign currencies will continue in the future. Should there be any changes such that the Group cannot pay dividends in foreign currency, the rights of the Company's shareholders may be infringed.

The current exchange rate of Renminbi against foreign currency was fixed in the past. Commencing on 21 July 2005, the exchange rate of RMB against foreign currency has been determined by making reference to market supply and demand and will no longer be pegged to US dollars. Should there be any unstable fluctuations in Renminbi, the Group's results and profitability may be affected.

Distribution of profit

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.

Outbreak of SARS or other epidemics

Certain areas in the PRC, including Beijing, are vulnerable to SARS or other epidemics. There can be no assurance that recurrent outbreak of SARS or other epidemics would not occur in Suzhou, Beijing or other areas in the PRC. Such events might result in material adverse effect on property market and adversely affect the Group's results.

RISKS RELATING TO THE SHARE OFFER

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

The operation of the Company is subject to its memorandum of association, the Articles and the Companies Law. The laws of the Cayman Islands relating to protection of interests of minority shareholders and to the fiduciary responsibilities of directors may differ from the laws of Hong Kong and the corresponding remedies available to such shareholders may differ accordingly. A summary of the laws of the Cayman Islands relating to protection of minority shareholders is set forth in Appendix VI to this prospectus.

Liquidity and possible price volatility of the Shares

An active trading market for the Shares may not develop and the trading price for the Shares may fluctuate significantly. Prior to the Share Offer, there has been no open market for any of the Shares. The Offer Price may not be indicative of the price at which the Shares will trade on the Main Board following completion of the Share Offer and the Capitalisation Issue. In addition, there can be no assurance that an active trading market for the Shares will develop, or, if it does develop, that it will be sustained following completion of the Share Offer and the Capitalisation Issue, or that the market price of the Shares will not decline below the Offer Price.

RISKS RELATING TO CERTAIN INFORMATION CONTAINED IN THIS PROSPECTUS

Reliability of statistics

Both the statistics and the industry information contained in this prospectus are gathered from official government publications. Although reasonable actions have been taken by the Directors to ensure the statistics are extracted accurately from those sources, the Company, the Directors and all other parties involved in the Share Offer have not carried out any independent review of the statistics or the methodology in the gathering, compilation or presentation of such statistics. Accordingly, the Company, the Directors and all other parties involved in the Share Offer make no representation as to the accuracy of such statistics, and are not able to give any assurance that the statistics are intrinsically consistent. As the Company, the Directors and all other parties involved in the Share Offer cannot ascertain the data collecting method and the accuracy involved, the statistics contained in this prospectus may be inaccurate, or may not be comparable with the statistics obtained in other economies, and therefore cannot be relied on. Accordingly, there is no assurance that such facts and statistics have been stated or prepared to the same standard or level of accuracy as those in other publications.

Forward-looking statements contained in this prospectus may not materialise

Included in this prospectus are various forward-looking statements which can be identified by the use of forward-looking terminology such as “aims”, “believes”, “expects”, “will”, “should”, “could”, “seeks”, “anticipates”, plans” or “intends” or by the negative of any of these terms or comparable terminology, or by discussions of strategy or intentions. Such forward-looking statements are made at the Latest Practicable Date and are subject to risks, uncertainties and other factors, including the risk factors mentioned in this prospectus. As a result of these risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this prospectus might not occur in the way as expected. The Company will not update these forward-looking statements in addition to the on-going disclosure obligations pursuant to the Listing Rules.