GLORIOUS PROPERTY HOLDINGS LIMITED

恒盛地產控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 845

GLOBAL OFFERING

Joint Sponsors

J.P.Morgan

Deutsche Bank

Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers

J.P.Morgan

Deutsche Bank

UBS Investment Bank

IMPORTANT

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

恒盛地產
GLORIOUS PROPERTY

Glorious Property Holdings Limited
恒 盛 地 產 控 股 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

GLOBAL OFFERING

Number of Offer Shares under the Global Offering	**:**	**2,250,000,000 Shares (comprising 1,875,000,000 new Shares and 375,000,000 Sale Shares) subject to the Over-allotment Option**
Number of Hong Kong Offer Shares	**:**	**168,750,000 Shares (subject to adjustment)**
Number of International Offer Shares	**:**	**2,081,250,000 Shares (comprising 1,706,250,000 new Shares and 375,000,000 Sale Shares, subject to adjustment and the Over-allotment Option)**
Maximum Offer Price	**:**	**Not more than HK$5.30 per Offer Share plus brokerage of 1%, SFC transaction levy of 0.004%, and Stock Exchange trading fee of 0.005% (payable in full on application in Hong Kong dollars and subject to refund on final pricing)**
Nominal value	**:**	**HK$0.01 each**
Stock Code	**:**	**845**

Joint Sponsors

J.P.Morgan

Deutsche Bank

Joint Global Coordinators,
Joint Bookrunners and Joint Lead Managers

J.P.Morgan

Deutsche Bank

UBS Investment Bank

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 the section headed "Documents Delivered to the Registrar of Companies in Hong Kong and Available for Inspection" in Appendix XI to this prospectus, has been registered by the Registrar of Companies in Hong Kong as required by section 342C of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission of Hong Kong 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 our Company (for ourselves and for the Selling Shareholder) on the Price Determination Date. The Price Determination Date is expected to be on or around Friday, 25 September 2009, and in any event, not later than Wednesday, 30 September 2009. The Offer Price will be not more than HK$5.30 and is currently expected to be not less than HK$4.00. If, for any reason, the Offer Price is not agreed by 30 September 2009 between the Joint Global Coordinators (on behalf of the Underwriters) and us (for ourselves and for the Selling Shareholder), the Global Offering will not proceed and will lapse.

The Joint Global Coordinators (on behalf of the Underwriters) may, with our and the Selling Shareholder's consent, reduce the number of Offer Shares being offered under the Global Offering and/or the indicative Offer Price range below that stated in this prospectus at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offer. In such a case, an announcement will be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) not later than the morning of the day which is the last day for lodging applications under the Hong Kong Public Offer. Such announcement will also be available at the website of the Stock Exchange at www.hkex.com.hk and our website at www.gloriousphl.com.cn. See the section headed "Structure of the Global Offering".

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 our Shares commences on the Stock Exchange. See the section headed "Underwriting — Grounds for Termination".

The Offer Shares have not been and will not be registered under the US Securities Act and may not be offered or sold, pledged or transferred within the United States except that the Offer Shares may be offered, sold or delivered to qualified institutional buyers in reliance on Rule 144A or other exemption(s) from registration under the US Securities Act and outside the United States in reliance on Regulation S under the US Securities Act.

21 September 2009

Application lists open[2]	11:45 on Thursday, 24 September 2009
Latest time to lodge **white** and **yellow** Application Forms	12:00 on Thursday, 24 September 2009
Latest time to complete electronic applications under **White Form eIPO** service through the designated website **www.eipo.com.hk** [3]	11:30 on Thursday, 24 September 2009
Latest time to complete payment of **White Form eIPO** applications by effecting internet banking transfers or PPS payment transfer(s)	12:00 on Thursday, 24 September 2009
Latest time to give **electronic application instructions** to HKSCC	12:00 on Thursday, 24 September 2009
Application lists close	12:00 on Thursday, 24 September 2009
Expected Price Determination Date	Friday, 25 September 2009
Announcement of the Offer Price, indication of the level of interest in the International Offer and the application results and basis of allocation of the Hong Kong Offer Shares to be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) on or before	Wednesday, 30 September 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 Offer Shares" on	Wednesday, 30 September 2009
Results of allocations in the Hong Kong Public Offer will be available at **www.iporesult.com.hk** with a "search by ID" function on	Wednesday, 30 September 2009
Despatch of Share certificates in respect of wholly or partially successful applications on or before[4]	Wednesday, 30 September 2009
Despatch of e-Refund payment instructions/refund cheque in respect of wholly successful (if applicable) or wholly or partially unsuccessful applications on or before[5]	Wednesday, 30 September 2009
Dealings in Shares on the Stock Exchange expected to commence on	Friday, 2 October 2009

Notes:

(1) All times refer to Hong Kong local time, except as otherwise stated.

(2) If there is a tropical cyclone warning signal number 8 or above or a "black" rainstorm warning at any time between 9:00 a.m. and 12 noon on Thursday, 24 September 2009 the application lists will not open on that day. See the section headed "How to Apply for Hong Kong Offer Shares — Effect of Bad Weather on the Opening of the Application Lists".

(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. on Thursday, 24 September 2009, 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) **Share certificates are expected to be issued on Wednesday, 30 September 2009 but will only become valid certificates of title provided that the Global Offering has become unconditional in all respects and neither of the Underwriting Agreements has been terminated in accordance with its terms, which is scheduled to be at around 8:00 a.m. on Friday, 2 October 2009.**

(5) e-Refund payment instructions, refund cheques 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.

Applicants who apply on **white** Application Forms for 1,000,000 Hong Kong Offer Shares or more under the Hong Kong Public Offer and have indicated in their applications that they wish to collect refund cheques and (where applicable) share certificates in person from our Company's Hong Kong Share Registrar may collect refund cheques and (where applicable) share certificates in person from our Company's Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited, from 9:00 a.m. to 1:00 p.m. on Wednesday, 30 September 2009. Identification and (where applicable) authorisation documents acceptable to Computershare Hong Kong Investor Services Limited must be produced at the time of collection.

Applicants who apply on **yellow** Application Forms for 1,000,000 Hong Kong Offer Shares or more under the Hong Kong Public Offer may indicate on their Application Forms whether they wish to collect refund cheques (if any) but may not elect to collect their share certificate, which will be deposited into CCASS for credit to their designated CCASS Participant stock accounts or CCASS Investor Participant stock accounts, as appropriate. The procedure for collection of refund cheques for the applicants who apply on **yellow** Application Forms for Hong Kong Offer Shares is the same as the procedure for those who apply on **white** Application Form.

Applicants who apply for Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC should refer to the paragraph headed "Applying by giving electronic application instructions to HKSCC" under the section headed "How to apply for Hong Kong Offer Shares" in this prospectus for details.

Uncollected share certificates and refund cheques will be despatched by ordinary post (at the applicant's own risk) to the addresses specified in the relevant application thereafter. Further information is set out in the section headed "How to apply for Hong Kong Offer Shares" in this prospectus.

You should read carefully the sections headed "Underwriting", "How to Apply for Hong Kong Offer Shares", "Structure of the Global Offering" and "Further Terms and Conditions of the Hong Kong Public Offer" for details relating to the structure of the Global Offering, procedures on the applications for Hong Kong Offer Shares and the expected timetable, including conditions, effect of bad weather and the despatch of refund cheques 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 authorised anyone to provide you with information that is different than what is contained in this prospectus. Any information or representation not made in this prospectus must not be relied on by you as having been authorised by us, the Selling Shareholder, the Joint Global Coordinators, the Joint Lead Managers, the Joint Sponsors, the Underwriters, any directors, officers or representatives of any of them, or any other person or party involved in the Global Offering.

CONTENTS

Page

Appendices

This summary aims to give you an overview of the information contained in this prospectus. As this is a summary, it does not contain all of the information that may be important to you and is qualified in its entirety by, and should be read in conjunction with, the full text of this prospectus. You should read the entire document, including the appendices hereto, which constitute an integral part of this prospectus, before you decide to invest in our Offer Shares.

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

OVERVIEW

We are one of the leading property developers focused on the development and sale of high quality properties in key economic cities in the PRC. Our land bank is highly diversified and is located in prime locations in such key economic cities. It comprised, as at 31 July 2009, a total planned GFA of 13,598,083 sq.m. (of which, 6,051,874 sq.m. was GFA for which we have signed master agreements with the relevant local governments but had not as at the Latest Practicable Date obtained the land use right certificates). Of our land bank, approximately 20.2% of our total GFA was located in Shanghai and 18.1% was located in Tianjin and Beijing as at 31 July 2009.

Since we commenced our business in 1996, we have been dedicated to developing our property business in key economic cities in China and, in particular, in Shanghai, in which we believe has the highest level of demand from international and domestic purchasers of any property market in China. Over the past 13 years in Shanghai, we have developed various projects and sold and delivered more than 2.0 million sq.m. of GFA, and successfully established ourselves as one of the leading players in this economic and financial capital in terms of total completed GFA. As at 31 July 2009, we had seven projects in Shanghai in various stages of development, namely, Shanghai Bay (尚海灣), Shanghai Park Avenue (皇家花園), Chateau De Paris (陽光巴黎), Sunshine Venice (陽光威尼斯), Baoshan Gaojing (寶山高境), Royal Lakefront (湖畔豪庭) and Sunglow Xinjing (陽光新景). Our projects in Shanghai are strategically located either in well established prime locations such as in the vicinity of the Huangpu River or around the Inner Ring Road and Middle Ring Road, or in areas which we believe would have a high growth potential. In particular, our flagship project, Shanghai Bay, is situated along the west bank of the Huangpu River, facing the Shanghai World Expo Site. Based on sales data collected and compiled by www.soufun.com (搜房網), our flagship project, Shanghai Bay, was among the top three in Shanghai in terms of total sales contract value achieved in 2008.

Leveraging on our success and valuable experience in Shanghai, in 2003, we began developing properties in Tianjin, which is one of the four municipalities administered directly by the Chinese Central Government. Tianjin is the largest city in the Pan-Bohai Rim area and we expect Tianjin to be one of the key beneficiaries of the economic reform of the Pan-Bohai Rim. Over the past six years of development, we have established a firm foothold in the Tianjin market. Our project Sunshine Holiday (陽光星期八) won the China Real Estate Gold Housing Award (中國金房獎). Our project development company, Tianjin Yangguang Xindi, was also awarded the Meritorious Enterprises Award for Investment in Tianjin (投資天津功勳企業獎). In 2006, we began developing properties in Beijing, with the aim of establishing our reputation in this capital city of China. Beijing has been an integral part of China's history for centuries and its art treasures and internationally renowned universities have long made the city a centre of art and culture.

Our strategic vision is not confined to developing our business in Shanghai, Tianjin and Beijing. We recognise that China is the largest country in terms of population and the fastest growing major economy in the world. Therefore, in addition to national key economic cities in China, we believe that other regional key economic cities located in high growth regions will also play an increasingly important role in China's property market due to urbanisation and will benefit from the anticipated strong economic growth in these regions. Hence, leveraging on our success in Shanghai and Tianjin, we have also selectively expanded into other fast-growing regional key economic cities so as to take advantage of the growth potential in those local property markets. For example, our No. 1 City Promotion (第一國際) was ranked the sixth best selling real estate project in Wuxi during the first half of 2009 according to Wuxi House Online.

As at 31 July 2009, we had developed or were developing projects in nine key economic cities across the PRC, namely three municipalities (Shanghai, Tianjin, Beijing), three provincial capitals (Hefei, Shenyang, Harbin) and three regional key economic cities (Wuxi, Suzhou, Nantong) in the Yangtze River Delta. In the past three years, the GDP growth rates of each of these cities exceeded the national average, and their combined economic contributions to national GDP were 18.0%, 18.1% and 17.5%, respectively. In 2008, the GDP per capita in these cities was on average approximately 3 times the national average, ranging from 1.5 to 4.7 times the national average GDP per capita. The urbanisation rates in 2008 in each of these cities exceeded 48%, which is higher than the national average, and the aggregate urban population accounts for about 68.3% of the total population in these cities, significantly higher than the national average of 45.7%. Of these cities, Shanghai, Beijing, Tianjin, Shenyang and Suzhou were also among the "Top Ten Most Appealing Cities in China's Real Estate Market" in terms of demand for properties according to the China Index Research Institute in April 2009. Our strategy is to continue our efforts to further develop our property business and strengthen our market position in these key economic cities in China, and to selectively expand our business into other key economic cities with similar growth potential.

We offer a wide range of products, including apartments, townhouses, retail properties, offices and hotels. We target the upper segment of the real estate market, developing and selling our premium residential properties while seeking to selectively retain long-term ownership of certain commercial properties to benefit from potential capital appreciation as well as to diversify our future income stream.

As at 31 July 2009, we had 19 projects in various stages of development, with a total land bank of approximately 13,598,083 sq.m. and consisting of the following types of projects:

(i) projects with a total planned GFA of approximately 4,654,495 sq.m. for which the relevant government authorities had granted the land use rights certificates;

(ii) projects with a total planned GFA of approximately 2,891,714 sq.m. for which we had signed land grant contracts or had successfully tendered but had not, as at the Latest Practicable Date, obtained the land use rights certificates; and

(iii) projects with a total planned GFA of approximately 6,051,874 sq.m. for which we have entered into master agreements with the local governments but had not, as at the Latest Practicable Date, concluded the public tender process or entered into land grant contracts. The master agreements are legally binding but, after signing such master agreements, we are still required by the relevant PRC laws and regulations to go through the public tender, auction or listing for bidding process, enter into a land grant contract and pay the relevant land premium before we are able to obtain the land use rights certificate. Details of these projects for which we signed master agreements are disclosed in the section headed "Business — Projects to be acquired for future development". We cannot guarantee that we will be successful in securing the land grant contracts and obtaining the relevant land use rights in respect of these projects for which we have only signed master agreements, or that we will be successful in obtaining the relevant approvals in accordance with our expected development schedule.

We believe that by participating in the urban redevelopment or government regional planning work during the preliminary stage of these projects through the master agreements, we are able to gain further insight into the local market and a better understanding of market demand and future product positioning, which in turn provides us with an advantage compared to other property developers in winning the tenders for the land grants for these projects. Phase I of Baoshan Gaojing in Shanghai, Phase IA and IB of Sunshine Bordeaux in Beijing, Bashang Jie and Hefei Villa Glorious in Hefei, Anhui Province, are examples of our Company having successfully signed the land grant contracts for the land after first entering into the master agreements.

Based on our current business plan, we have designated Shanghai Bay — Binjiang Center (North block), Sunglow Xinjing (commercial portion), Sunshine Venice Phase I-IIIC (commercial portion) and Chateau De Paris Phase II (commercial portion) as investment properties. We expect our investment property portfolio to expand gradually over time to enhance the stability of our revenue streams and to reduce our operational risks. We will take into account the expected integration and efficiency in the operation and management of commercial properties, our overall financial condition and the market condition at the relevant time when determining whether any particular project will be retained as an investment property.

A number of international, renowned investors have made pre-IPO investments in our Company, including DESCIA, Goldman Sachs, DB, The Hongkong and Shanghai Banking Corporation Limited and Nan Fung Group. Please refer to the section headed "History, Reorganisation and Group Structure — Description of our Pre-IPO Investors and their affiliates" in this prospectus for details.

Our projects have also received recognition and a number of prominent awards from independent or official organisations. For example, Sunshine Venice was ranked second in Commodity Housing Sales in Shanghai in terms of contracted area by Shanghai Real Estate Trading Center in 2003; No. 1 City Promotion was recognised as an International Culture Community (國際文化社區) by the Friends of the United Nations (聯合國友好理事會), the United Nations Human Settlement Programme (聯合國人居署) in 2007 and was ranked as the sixth best selling real estate project in Wuxi during the first half of 2009 by Wuxi House Online; Sunshine Holiday received a Meritorious Enterprises Award for Investment in Tianjin (投資天津功勳企業獎) from the Investment in Tianjin Committee, Tianjin Federation of Industry and Commerce, Jin Wan Bao newspaper of Jin Wan Media Group in 2006;

Sunshine Holiday also received the China Real Estate Gold Housing Award (中國金房獎) from China Real Estate Chamber of Commerce, Xinhua News Agency, Economic Information Daily and Urban Development and Environmental Research Center of the Chinese Academy of Social Sciences in 2006. In January 2008, we were awarded Property Company of the year 2007 with Remarkable Contributions to the Urban Development of Shanghai, China (2007年中國上海城市營造傑出貢獻地產企業) by the Organising Committee of Zhuyu Dichan Grand Ceremony (主語地產盛典組委會). In December 2008, we were awarded Mainstream Property Enterprise for 2008 (2008主流地產企業) by Life Style (精品購物指南). For further details of awards we have received for our projects, please refer to the section headed "Business — Our Property Development Projects". As such we believe that we are one of the leading property developers in key economic cities in China.

Although we have not actively participated in any market ranking campaigns organised by third parties under a single uniform brand in the past, we believe that the accolades we have received for our projects have effectively established our leading position in key economic cities and, as a whole, our reputation as a leading property developer in these cities. We believe that our leading position has also been substantiated by the prime locations of our projects, the high quality of the properties we have developed, and the strong sales uptrend realised in the cities where we have our developments.

Our vision for our future development is fully reflected in our 'three-pronged' business approach, which is as follows.

- **Solidify our leading position in Shanghai:** Shanghai is one of the largest cities and the most populous city in China. It is also the financial capital of China. The 2010 Shanghai World Expo is expected to solidify Shanghai's status in the 21st century as a major economic city. According to the research report by China Index Research Institute issued in April 2009, Shanghai was the most attractive city in terms of demand for property investments in China's real estate market. We believe we have a strong presence and a highly regarded reputation in Shanghai and are competitively positioned to benefit from its long term growth potential. As at 31 July 2009, we had accumulated a total planned GFA of approximately 2.3 million sq.m. of high quality land bank in Shanghai, excluding those projects for which we have only signed master agreements.

- **Strengthen our foothold in Tianjin and Beijing:** We have a well-established presence in Beijing and in Tianjin, Tianjin is a fast developing city with the potential to become the commercial centre of the Pan-Bohai Rim region. We entered the property market in Tianjin in 2003 and through our efforts over the past six years, we have established a firm foothold in the Tianjin property development market. As a testimony to our success in Tianjin, our "Sunshine Holiday (陽光星期八)" project in Tianjin was awarded the China Real Estate Gold Housing Award (中國金房獎) in 2006 by the China Real Estate Chamber of Commerce, Xinhua News Agency, Economic Information Daily and Urban Development and Environmental Research Center of the Chinese Academy of Social Sciences project company, all of which are independent from our Group. Our Tianjin Yangguang Xindi was awarded the Corporate Prize for Meritorious Investment of the year in Tianjin (投資天津功勳企業獎) by the Investment in Tianjin Committee, Tianjin Federation of Industry and Commerce, Jin Wan Bao newspaper of Jin Wan Media Group, which are all independent of our Group. As at 31 July 2009, we had built up a land bank with a total planned GFA of approximately 839,309 sq.m. in Tianjin, of which approximately 156,460 sq.m. were attributable to properties for which we have signed master agreements but had not, as at the Latest Practicable Date, concluded the public tender process or entered into land grant contracts and, therefore, with respect to which we cannot guarantee that we will be successful in obtaining the land use right certificates. In addition, as at 31 July 2009, we had built up a land bank with a total planned GFA of approximately 1,625,127 sq.m. in Beijing, of which approximately 1,256,113 sq.m. were attributable to properties for which we have signed master agreements but had not, as at the Latest Practicable Date, concluded the public tender process or entered into land grant contracts and, therefore, with respect to which we cannot guarantee that we will be successful in obtaining the land use right certificates.

- **Expand into high growth cities across China:** Leveraging our success in Shanghai, Tianjin and Beijing, we have expanded, and intend to continue to actively and strategically expand, our property development business into other high growth cities within China. As at 31 July 2009, we had eight projects at different stages of development in Wuxi, Suzhou, Nantong, Hefei, Shenyang and Harbin.

Our business strategies and objectives are set out in the section headed “Business — Our Strategies”. In particular, we intend to gradually expand into the hotel, retail and office property sectors in China by increasing our investment in high quality commercial properties with the goal of diversifying and enhancing the stability of our future revenue in a prudent manner. We have entered into long-term management agreements with Key International Hotels Management Co., Ltd., a joint venture partially owned by Kempinski Hotels S.A. of Europe, and with Holiday Inns (China) Limited, a subsidiary of InterContinental Hotels Group, for the management and operation of the hotels in Shanghai Bay and No. 1 City Promotion, respectively. In line with our strategy, we also aim to selectively retain certain commercial properties developed or to be developed by us as investments in order to achieve a more diversified and balanced earnings base and to increase the proportion of our revenue generated from recurring rental income in the coming years. We believe such diversification of income sources will allow us to better formulate our capital expenditure budget and plan our financing arrangements in respect of our future property development projects. In addition to acquiring land from the government by participating in the tender process, we also intend to continue to explore other effective ways to replenish and secure our land bank, including acquiring project companies that have access to suitable sites. We also intend to continue to enter into various types of master agreements with local governments for urban redevelopments in order to gain a competitive position in the subsequent tender processes. For details of our strategies, please refer to the section headed “Business — Our Strategies”.

COMPETITIVE STRENGTHS

We believe that we possess the following principal strengths enabling us to compete in the property markets in the PRC:

- We have established a leading role in key economic cities such as Shanghai and Tianjin, positioning us well to benefit from the expected strong economic growth and prosperous property markets in these cities;
- We have a sizeable high quality land bank located in key economic cities, including Shanghai, Tianjin and Beijing, which provides us with long-term development and growth opportunities;
- We adopt proactive and strategic approaches to replenish our land bank and we have a strong project acquisition pipeline;
- Experienced management team with a strategic vision and proven track record;
- Precise product positioning and innovative design; and
- Diversified earnings base with a wide product offering and balanced business model.

You can find more detailed discussions of these competitive strengths in the section headed "Business — Competitive Strengths".

BUSINESS STRATEGIES

Our principal business strategies are to:

- Strengthen our leading market position in Shanghai and further expand our operations in Tianjin and Beijing;
- Selectively expand our business into other key economic cities with high growth potential;
- Increase our focus on integrated and high quality property developments in prime locations to promote our "Glorious Property" brand;
- Diversify income streams through the holding of investment properties; and
- Continue to apply our strategic vision and explore various ways to replenish and secure our future land bank.

You can find more detailed discussions of our principal strategies in the section headed "Business — Our Strategies".

SUMMARY HISTORICAL FINANCIAL INFORMATION

The following tables summarise our consolidated financial information for each of the three years ended and as at 31 December 2006, 2007 and 2008 and the four months ended and as at 30 April 2009. We extracted this summary financial information from the Accountant's Report in Appendix I to this prospectus and you should read the entire Accountant's Report, including the notes to the financial information included in Appendix I for more details.

(a) Consolidated income statements

	Year ended 31 December			Four months ended 30 April	
	2006	2007	2008	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Revenue	1,718,132	1,791,942	3,948,959	975,811	933,980
Cost of sales	(1,091,112)	(1,164,818)	(2,293,339)	(462,566)	(480,847)
Gross profit	627,020	627,124	1,655,620	513,245	453,133
Other income	15,068	17,194	21,405	7,106	6,671
Other (losses)/gains, net[1]	—	(34,513)	825,563	(22,099)	735,117
Selling and marketing expenses	(46,534)	(77,426)	(150,494)	(46,347)	(34,278)
Administrative expenses	(100,187)	(105,666)	(214,818)	(65,071)	(90,251)
Finance costs	(73,702)	(97,225)	(54,479)	(18,061)	(11,376)
Profit before income tax	421,665	329,488	2,082,797	368,773	1,059,016
Income tax expenses	(162,481)	(221,394)	(827,806)	(194,047)	(285,478)
Profit for the year/period attributable to equity holders of the Company	259,184	108,094	1,254,991	174,726	773,538
Other comprehensive income: Gain/loss recognised directly in equity	—	—	—	—	—
Total comprehensive income for the year/period attributable to equity holders of the Company	259,184	108,094	1,254,991	174,726	773,538
Earnings per share for profit attributable to the equity holders of the Company (expressed in RMB per share) — Basic and diluted	N/A	N/A	12.55	1.75	7.74

Note:

(1) Other (losses)/gains, net included recognition of fair value gains on investment properties of RMB846 million and RMB735 million for the year ended 31 December 2008 and for the four months ended 30 April 2009, respectively. These fair value gains are unrealised. See "Financial Information — Factors Affecting Our Results of Operations — Changes in fair value of investment properties."

(b) Consolidated balance sheets

	31 December			30 April
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
ASSETS				
Non-current assets				
Property and equipment	17,197	16,400	392,313	421,870
Investment properties	—	—	1,103,500	2,144,940
Intangible asset	—	—	—	2,441
Investment in an associate	—	—	4,500	4,500
Deferred income tax assets	65,737	58,960	26,820	31,180
	82,934	75,360	1,527,133	2,604,931
Current assets				
Properties under development	4,505,737	5,829,489	7,345,976	7,482,943
Completed properties held for sale	513,600	357,893	1,201,268	1,073,625
Inventories	—	—	—	5,719
Trade and other receivables and prepayments	4,490,087	3,107,299	2,595,899	2,429,835
Prepaid taxes	42,133	71,378	106,257	106,641
Financial assets at fair value through profit or loss	—	21,091	—	—
Restricted cash	97,630	66,690	84,468	96,379
Cash and cash equivalents	112,187	3,199,105	297,221	327,524
	9,761,374	12,652,945	11,631,089	11,522,666
Total assets	9,844,308	12,728,305	13,158,222	14,127,597

	31 December 2006	31 December 2007	31 December 2008	30 April 2009
	RMB'000	RMB'000	RMB'000	RMB'000
EQUITY				
Capital and reserves attributable to the equity holders of the Company				
Share capital	—	962	962	962
Reserves	1,607,958	(336,935)	918,056	1,691,594
Total equity/(deficit)	1,607,958	(335,973)	919,018	1,692,556
LIABILITIES				
Non-current liabilities				
Borrowings	2,671,890	2,317,730	537,000	609,560
Deferred income tax liabilities	—	—	172,937	351,091
	2,671,890	2,317,730	709,937	960,651
Current liabilities				
Advanced proceeds received from customers	1,060,271	4,480,950	3,742,816	3,756,823
Trade and other payables	3,215,657	1,438,661	1,185,235	1,025,065
Income tax payable	118,532	277,782	664,091	760,230
Borrowings	1,170,000	4,549,155	5,937,125	5,932,272
	5,564,460	10,746,548	11,529,267	11,474,390
Total liabilities	8,236,350	13,064,278	12,239,204	12,435,041
Total equity and liabilities	9,844,308	12,728,305	13,158,222	14,127,597
Net current assets	4,196,914	1,906,397	101,822	48,276
Total assets less current liabilities	4,279,848	1,981,757	1,628,955	2,653,207

(c) Consolidated statements of cash flows

	Year ended 31 December			Four months ended 30 April	
	2006	2007	2008	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Cash flows from operating activities					
Cash (used in)/generated from operations	(1,917,005)	2,387,579	(1,864,380)	(2,300,793)	413,876
Income tax paid	(40,898)	(84,612)	(271,300)	(28,675)	(15,929)
Interest paid	(251,744)	(342,144)	(590,730)	(102,707)	(46,777)
Net cash (used in)/generated from operating activities	(2,209,647)	1,960,823	(2,726,410)	(2,432,175)	351,170
Cash flows from investing activities					
Investment income	1,800	4,127	—	—	—
Purchases of property and equipment	(4,941)	(5,063)	(16,871)	(10,510)	(32,437)
Cash outflow in the construction of investment properties	—	—	—	—	(4,047)
Proceeds from disposals of property and equipment	8	—	963	—	233
Acquisition of subsidiary	—	—	—	—	(2,000)
Advances to and receipt of advances to related parties and third parties, net	(957,854)	1,763,559	791,445	622,113	(1,986)
Interest received	3,528	6,702	7,900	4,028	248
Net cash (used in)/generated from investing activities	(957,459)	1,769,325	783,437	615,631	(39,989)
Cash flows from financing activities					
Proceeds from issuance of ordinary shares	—	962	—	—	—
Deemed distribution to equity owner	—	(2,333,654)	—	—	—
Capital injections to subsidiaries by their then shareholders	680,000	124,377	—	—	—
Advances from and repayment of advances from related parties and third parties, net	787,812	(1,475,390)	(362,052)	(368,397)	14,501
Proceeds from borrowings	2,962,000	3,325,155	489,000	145,000	120,000
Repayment of borrowings	(1,320,110)	(3,965,315)	(1,062,620)	(468,980)	(415,350)
Proceeds from Notes borrowing	—	3,717,350	—	—	—
Net cash generated from/(used in) financing activities	3,109,702	(606,515)	(935,672)	(692,377)	(280,849)
Net (decrease)/increase in cash and cash equivalents	(57,404)	3,123,633	(2,878,645)	(2,508,921)	30,332
Cash and cash equivalents at beginning of the year/period	169,591	112,187	3,199,105	3,199,105	297,221
Exchange losses on cash and bank balances	—	(36,715)	(23,239)	(18,461)	(29)
Cash and cash equivalents at end of the year/period	112,187	3,199,105	297,221	671,723	327,524

We have incurred and will incur a significant amount of interest expense in relation to the Pre-IPO Financing and the Shanghai Bay Arrangements. Substantially all of this interest expense has been or will be capitalised as properties under development rather than being expensed in our consolidated income statements at the time it is incurred. In future periods, such capitalised interest expense will be expensed in the consolidated income statements as a portion of cost of sales upon the sale of such properties. As a result, such capitalised interest expenses may adversely affect our Group's gross profit margin upon the sales of such properties in 2009 and future periods.

PROFIT FORECAST FOR THE YEAR ENDING 31 DECEMBER 2009

Below we have provided a profit forecast solely in respect of our forecasted net profit for the year ending 31 December 2009. In order to provide you with greater transparency as to the basis of our profit forecast, we have disclosed in this section relevant information in respect of five of our major projects that are projected to contribute more than 80% of our revenue for the year ending 31 December 2009. Such information is included in this prospectus to assist the reader to better understand and assess the reasonableness of the assumptions on which our profit forecast is based.

Basis of preparation

The Directors have prepared the forecast of our Group's consolidated net profit attributable to equity holders of our Company for the year ending 31 December 2009 based on the audited consolidated results of our Group for the year ended 31 December 2008 and the four months ended 30 April 2009, the unaudited management accounts for the two months ended 30 June 2009, and our forecast of the consolidated results of our Group for the remaining six months of the year ending 31 December 2009. The forecast for the year ending 31 December 2009 has been prepared on the basis of accounting policies consistent with those adopted for the purpose of the Accountant's Report in Appendix I to this prospectus and the assumptions set forth below.

Principal assumptions for the profit forecast

The principal assumptions adopted by the Directors of the Company in preparing the profit forecast are as follows:

- There will be no material changes in the existing governmental policies, political, legal, financial or economic conditions in China, Hong Kong or any other country or territory in which we currently operate or which are otherwise material to our revenues;

- With respect to the real estate industry in particular, the PRC Government will not impose material changes or additional austerity measures to dampen sales or prices in the PRC real estate market;

- There will be no changes in legislation, regulations or rules in China, Hong Kong or any other country or territory in which we operate or with which we have arrangements or agreements, which may materially adversely affect our business;

- There will be no material change in the bases or rates of taxation in the countries or territories in which we operate, except as otherwise disclosed in this prospectus;

- There will be no material change in interest rates or foreign currency exchange rates from those prevailing as of the date of this prospectus; and

- Specific assumptions in respect of calculation of the capital value of the investment properties as at 31 December 2009:

  (i) the current financial, economic and political conditions which prevail in China and which are material to the rental income generated by our investment properties will remain unchanged;

  (ii) the conditions in which the investment properties are being operated and which are material to revenue and costs of the properties will be unchanged;

  (iii) the leases that expire will be renewed on normal commercial terms; and

  (iv) investment properties which are under construction will be developed and completed in accordance with our latest development plan.

  Such specific assumptions are consistent with those in the valuation undertaken by Jones Lang LaSalle Sallmanns Limited, our independent valuer in Appendix IV of the Prospectus.

Under HKFRS, changes in the fair value of investment properties will be reflected in our consolidated financial information, through our consolidated income statements. Changes in the fair value of our investment properties are accounted for as other gains/losses, net in our consolidated income statements.

The investment properties were valued by our independent valuer as at 31 July 2009.

For investment properties under construction, the valuer has adopted the direct comparison approach by making reference to comparable sales evidence as available in the relevant market and has 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 expected to be incurred for completing the development.

For completed investment properties, the valuer has adopted an income approach which takes into account the expected rental income of the properties derived from the existing leases or achievable in the existing market with due allowance for the reversionary income potential of the leases, which have then been capitalised to determine the market value at an appropriate capitalisation rate. Where appropriate, reference has also been made to comparable sale transactions as available in the relevant market.

The Group arrived at the estimated fair value gain on investment properties based on (i) the market value of such investment properties as at 30 April 2009 valued by the independent valuer and (ii) our estimated capital value as at 31 December 2009 based on the anticipated property-specific market trends of the properties carried out by the independent valuer. We expect the fair value of our investment properties as at 31 December 2009, and in turn any fair value changes, continue to be dependent on market conditions and other factors that are beyond our control, and to be based on the market movement anticipation performed by an independent professional valuer involving the use of assumptions that are, by their nature, subjective and uncertain.

In accordance with the Company's accounting policies, properties designated as investment properties should be measured at their fair values and the changes in fair value are recognised in the consolidated income statements. The fair value gain or loss of investment properties is estimated based on certain property valuation techniques which involve, *inter alia*, certain estimates, including comparable sales in the relevant market, current market rental and the forecasted rental price movements for similar properties in a similar location and condition. The Company forecasts that rental prices for the retail and office property markets in Shanghai for the year ending 31 December 2009 will increase between 0-5% and 0-4%, respectively.

Summary of the property development of major projects

The following table provides a summary of the property development projects up to 31 July 2009 that are projected to contribute more than 80% of the revenue of the Company in 2009 ("**Major Projects**"):

	Up to 31 July 2009				
Key projects/project phases to be delivered in 2009	**Sales proceeds received**	**Pre-sales/sales GFA**	**2008 average selling price per sq.m. in respect of properties pre-sold/sold**	**First seven months of 2009 average selling price per sq.m. in respect of properties pre-sold/sold**	**Actual/Expected completion date**
	(RMB million)	**(sq.m.)**			
Shanghai Bay, Shanghai (Phase I)	1,407	53,243	29,581	31,292	Nov-09
Sunshine Venice, Shanghai (Phase IIIA)	4	560	8,478	9,173	Sep-06
Sunshine Venice, Shanghai (Phase IIIB)	1,178	122,717	13,293	15,898	Nov-08/Aug-09
Chateau De Paris, Shanghai (Phase II)	214	8,995	32,339	28,987	Aug-08
Shanghai Park Avenue, Shanghai	523	28,011	27,790	7,037	Apr-07
Sunshine Holiday, Tianjin (Phase II)	1	487	8,485	n/a	Sep-08
Sunshine Holiday, Tianjin (Phase IIIA)	567	77,199	8,238	7,143	Oct-09

As of 31 July 2009, the construction progress with respect to the major projects to be completed in 2009 is as follows (excluding those projects/phases that had been completed as at 31 July 2009):

Shanghai Bay Phase I: The project comprises four 31-32 storey blocks, two 28-storey blocks and one 24-storey block. We topped out the seven blocks between October and December 2007. In October 2007, we commenced working on interior and exterior decoration and installation of various equipment and facilities, two blocks of which are expected to be completed by the end of November 2009.

Sunshine Venice Phase IIIB: The project comprises 28 blocks of buildings, from 3-storey townhouses to 25-storey residential buildings. Given the large scale nature of the project, we topped out each block at different dates, with the last block being topped out in May 2008. Work on interior and exterior decoration and installation of various equipment and facilities commenced in May 2008 and 8 blocks out of the 28 blocks had been completed by November 2008. We have obtained 13 blocks' certificates of completion and delivered such blocks to purchasers in the first half of 2009. Other 2 blocks are expected to be delivered in August 2009 and the remaining 5 blocks are expected to be delivered in the fourth quarter of 2009.

Sunshine Holiday Phase IIIA: The project comprises 8 blocks of 25-27 storey buildings and is expected to be completed by September 2009. Construction works on the project commenced in September 2007. The 8 blocks were topped out between June and December 2008. Interior and exterior decoration and installation of various equipment and facilities for the 8 blocks commenced in June 2008. We expect to obtain certificates of completion in October 2009.

Sensitivity analysis

(i) ***Sensitivity analysis on targeted average selling price***

The following table illustrates the sensitivity of the net profit attributable to the equity holders of our Company to the targeted average selling price for the year ending 31 December 2009.

% change in targeted selling prices per sq.m.	-15%	-10%	-5%	+5%	+10%
Impact on the net profit attributable to equity holders of our Company targeted for the year 2009 (RMB'000)	(487,000)	(327,000)	(161,000)	157,000	312,000

If the targeted average selling prices for all projects rise by 10%, the Group's net profit for the year ending 31 December 2009 will be RMB2,308,000 thousand, i.e. 15.6% higher than the Group's targeted 2009 net profit.

If the targeted average selling prices for all projects rise by 5%, the Group's net profit for the year ending 31 December 2009 will be RMB2,153,000 thousand, i.e. 7.9% higher than the Group's targeted 2009 net profit.

If the targeted average selling prices for all projects decline by 5%, the Group's net profit for the year ending 31 December 2009 will be RMB1,835,000 thousand, i.e. 8.1% lower than the Group's targeted 2009 net profit.

If the targeted average selling prices for all projects decline by 10%, the Group's net profit for the year ending 31 December 2009 will be RMB1,669,000 thousand, i.e. 16.4% lower than the Group's targeted 2009 net profit.

If the targeted average selling prices for all projects decline by 15%, the Group's net profit for the year ending 31 December 2009 will be RMB1,509,000 thousand, i.e. 24.4% lower than the Group's targeted 2009 net profit.

As 88.4% of the forecasted revenue for the period has been pre-sold, the change in average selling price should only apply to those yet to be sold and therefore the actual impact on the Group's net profit in 2009 should be significantly smaller than that reflected above.

(ii) ***Sensitivity analysis on targeted GFA sold and delivered***

The following table illustrates the sensitivity of the net profit attributable to shareholders of our Company to the targeted GFA sold and delivered for the year ending 31 December 2009.

% change in targeted GFA sold and delivered................................	-15%	-10%	-5%
Impact on the net profit attributable to equity holders of our Company targeted for the year 2009 (RMB'000)	(266,000)	(177,000)	(89,000)

If the targeted GFA sold and delivered for all projects declines by 5%, the Group's net profit for the year ending 31 December 2009 will be RMB1,908,000 thousand, i.e. 4.5% lower than the Group's targeted 2009 net profit.

If the targeted GFA sold and delivered for all projects declines by 10%, the Group's net profit for the year ending 31 December 2009 will be RMB1,819,000 thousand, i.e. 8.9% lower than the Group's targeted 2009 net profit.

If the targeted GFA sold and delivered for all projects declines by 15%, the Group's net profit for the year ending 31 December 2009 will be RMB1,731,000 thousand, i.e. 13.3% lower than the Group's targeted 2009 net profit.

(iii) ***Sensitivity analysis on fair value changes of investment properties***

The total forecasted amount of fair value gain on investment properties for the year ending 31 December 2009 is RMB800 million and its related deferred taxation expense is RMB200 million. The following table illustrates the sensitivity of the net profit attributable to the equity holders of the Company (net of deferred tax effect) to levels of revaluation increase/decrease on investment properties for the year ending 31 December 2009:

Changes in revaluation increase percentage on investment properties compared to our estimated revaluation increase percentage on investment properties	-15%	-10%	-5%	5%	10%	15%
Impact on the net profit attributable to equity holders of our Company targeted for the year 2009 (RMB'000)	(90,000)	(60,000)	(30,000)	30,000	60,000	90,000

If the estimated fair value of investment properties rises/declines by 5%, the Group's net profit for the year ending 31 December 2009 will be not less than RMB2,026,000 thousand/RMB1,966,000 thousand, respectively, i.e. 1.5% higher/lower, respectively, than the Group's targeted 2009 net profit.

If the estimated fair value of investment properties rises/declines by 10%, the Group's net profit for the year ending 31 December 2009 will be not less than RMB2,056,000 thousand/RMB1,936,000 thousand, respectively, i.e. 3.0% higher/lower, respectively, than the Group's targeted 2009 net profit.

If the estimated fair value of investment properties rises/declines by 15%, the Group's net profit for the year ending 31 December 2009 will be not less than RMB2,086,000 thousand/RMB1,906,000 thousand, respectively, i.e. 4.5% higher/lower, respectively, than the Group's targeted 2009 net profit.

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 31 December 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.

Profit forecast for the year ending 31 December 2009

Forecast consolidated net profit attributable to the Shareholders of our Company (net of fair value gains on investment properties (net of deferred tax effect))	Not less than RMB1,396.0 million
Forecast gross fair value gains on investment properties	RMB800.0 million
Less: Provision for deferred tax liabilities on fair value gains on investment properties	RMB(200.0 million)
Forecast fair value gains on investment properties (net of deferred tax)	RMB600.0 million
Forecast consolidated net profit attributable to the Shareholders of our Company (*Note 1*)	Not less than RMB1,996.0 million

	Assuming Convertible Notes are converted at Listing Date	
	Offer Price: HK$4.0	Offer Price: HK$5.3
Unaudited forecast earnings per Share		
(a) Pro forma basis (***Note 2***)		
- Before fair value gains on investment properties	Not less than RMB0.179	Not less than RMB0.180
- After fair value gains on investment properties	Not less than RMB0.255	Not less than RMB0.258
(b) Weighted average basis (***Note 3***)		
- Before fair value gains on investment properties	Not less than RMB0.226	Not less than RMB0.227
- After fair value gains on investment properties	Not less than RMB0.323	Not less than RMB0.324

Notes:

(1) The bases and assumptions on which the above profit forecast has been prepared are set out above as well as in Appendix III to this prospectus.

(2) The calculation of the forecast earnings per Share on a pro forma basis is based on the forecast consolidated net profit attributable to equity holders of our Company for the year ending 31 December 2009 assuming that our Company had been listed since 1 January 2009 and a total of 7,819,687,500 Shares (assuming the Convertible Notes are converted at HK$4.0 per Share) and 7,741,273,585 Shares (assuming the Convertible Notes are converted at HK$5.3 per Share) were in issue during the entire year respectively. This calculation i) assumes that neither the Over-allotment Option nor the options granted under the Pre-IPO Share Option Scheme or the Share Option Scheme will be exercised and ii) has not taken into account the adjustment on the forecast consolidated profit attributable to the Shareholders of the Company for the year ending 31 December 2009 arising from the redemption of the Original Notes, the restructuring of the Original Notes and the issue of the Promissory Notes and the Convertible Notes had these occurred on 1 January 2009.

(3) The calculation of the forecast earnings per Share on a weighted average basis is based on the forecast consolidated net profit attributable to equity holders of the Company for the year ending 31 December 2009 and a weighted average number of approximately 6,172,168,664 Shares (assuming the Convertible Notes are converted at HK$4.0 per Share) and 6,152,618,894 Shares (assuming the Convertible Notes are converted at HK$5.3 per Share) issued and outstanding during the year respectively. This calculation assumes that neither the Over-allotment Option nor the options granted under the Pre-IPO Share Option Scheme or the Share Option Scheme will be exercised and the Shares to be issued in the Global Offering will be issued on 2 October 2009.

(4) The unaudited pro forma forecast earnings per Share of RMB0.266 as presented in appendix II has not taken into account i) any Shares which may be issued upon the conversion of the Convertible Notes and the exercise of the Over-allotment Option and the share option granted under the Pre-IPO Share Option Scheme, and ii) the adjustment on the forecast consolidated profit attributable to the shareholders of the Company for the year ending 31 December 2009 arising from the redemption of the Original Notes, the restructuring of the Original Notes and the issue of the Promissory Notes and the Convertible Notes had these been occurred on 1 January 2009.

OFFER STATISTICS

We have prepared the following offer statistics on the basis of the high- and low-end of the offer price range as disclosed in this prospectus, without taking into account the 1% brokerage fee, 0.004% SFC transaction levy and 0.005% Stock Exchange trading fee. We have also assumed that neither the Over-allotment Option nor the options granted under the Pre-IPO Share Option Scheme or the Share Option Scheme will be exercised.

	Based on an Offer Price of HK$4.0 per share	**Based on an Offer Price of HK$5.3 per share**
Our Company's capitalisation upon completion of the Global Offering	HK$31,279 million	HK$41,029 million
Prospective price/earnings multiple:		
(a) on a pro forma basis		
- Before fair value gains on investment properties	19.7 times	25.9 times
- After fair value gains on investment properties	13.8 times	18.1 times
(b) on a weighted average basis		
- Before fair value gains on investment properties	15.6 times	20.6 times
- After fair value gains on investment properties	10.9 times	14.4 times
Unaudited pro forma adjusted net tangible asset per Share	HK$1.21 (RMB1.07)	HK$1.53 (RMB1.35)

The calculation of our market capitalisation upon completion of the Global Offering is based on the assumption that 7,819,687,500 Shares (assuming the Convertible Notes are converted at HK$4.0 per Share) and 7,741,273,585 Shares (assuming the Convertible Notes are converted at HK$5.3 per Share) will be in issue and outstanding immediately following the completion of the Global Offering respectively. Our prospective price/earnings multiple on a pro forma basis is based on the high- and low-end of the indicative offer price range and the forecasted earnings per Share on a pro forma basis as disclosed in "Profit forecast for the year ending 31 December 2009" above, assuming completion of the Global Offering on 1 January 2009 and no adjustment on the forecast consolidated profit attributable to the Shareholders of the Company for the year ending 31 December 2009 arising from the redemption of the Original Notes, the restructuring of the Original Notes and the issue of the Promissory Notes and the Convertible Notes had these occurred on 1 January 2009. Our prospective price/earnings multiple on a weighted average basis is based on the high- and low-end of the indicative offer price range and the forecasted earnings per Share on a weighted average basis as disclosed in "Profit forecast for the year ending 31 December 2009" above, assuming completion of the Global Offering on 2 October 2009. The adjusted net tangible asset value per Share is calculated after the adjustments referred to in the section headed "Financial Information — Unaudited Pro Forma Adjusted Net Tangible Assets" in this prospectus and on the basis of a total of 7,500,000,000 Shares (assuming the Convertible Notes are not converted) in issue immediately following the Global Offering.

DIVIDEND POLICY

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

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

The amount of dividend eventually declared and distributed to our Shareholders will also depend upon our earnings and financial performance, operating requirements, then capital commitments and requirements and other conditions that our Directors may deem relevant or appropriate.

FUTURE PLANS AND USE OF PROCEEDS

Future Plans

We intend to continue to strengthen our market position in Shanghai, Tianjin and Beijing. By maintaining a strong presence in these key economic cities, we believe we can enhance our brand profile and increase our pricing power and margins. We also intend to continue to expand our business into other high growth cities and into the hotel, retail and office property sectors in China to diversify and enhance the stability of our revenue streams. Our future plans are in line with our business model and long term strategies, details of which are set out in the section headed "Business — Our Strategies" in this prospectus.

Use of Proceeds

We estimate that the aggregate net proceeds we will receive from the Global Offering (after deducting underwriting fees and estimated expenses payable by us in connection with the Global Offering), assuming the Over-allotment Option is not exercised and assuming an Offer Price of HK$4.65 per Share, being the mid-point of the proposed Offer Price range of HK$4.00 to HK$5.30 per Share, will be approximately HK$8,377 million. We currently intend to apply our net proceeds for the following purposes:

- Approximately 70% of our net proceeds will be used for future project funding purposes in the following manner:

  — approximately 15% will be used for the development of Baoshan Gaojing in Shanghai;

  — approximately 15% will be used for the development of Bashang Jie in Hefei; and

  — approximately 40% will be used for new project acquisition and development in China;

- Approximately 20% of our net proceeds will be used for the repayment of Promissory Notes. For details of Promissory Notes, please refer to the paragraph headed "Promissory Notes" in the section headed "History, Reorganisation and Group Structure — Pre-IPO Financing" in this prospectus;

- The remaining balance, representing 10% of our net proceeds, will be used for general corporate and working capital purposes.

If the Offer Price is fixed at the highest point of the price range, we estimate that the aggregate net proceeds to be received by us from the Global Offering will be approximately HK$9,566 million. If the Offer Price is fixed at the lowest point of the price range, we estimate that the aggregate net proceeds to be received by us from the Global Offering will be approximately HK$7,189 million. The above allocation of the net proceeds among our property development projects will be adjusted on a pro-rata basis, in the event that the Offer Price is fixed at a higher or lower level compared to the mid point of the proposed Offer Price range. Since the additional Shares to be issued pursuant to the exercise of the Over-allotment Option will comprise the Sale Shares only, we will not receive any additional proceeds from the exercise of the Over-allotment Option.

To the extent that the net proceeds are not immediately applied to the above purposes and to the extent permitted by applicable law and regulation, 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 that the net proceeds to be received by the Selling Shareholder from the Global Offering will be approximately HK$1,675 million (assuming the same mid-point of the proposed Offer Price range), after deducting the underwriting fees and commission (excluding any discretionary incentive fee which may be payable by us and, in the case of the International Offer, by us and the Selling Shareholder to the Joint Global Coordinators) and as payable by the Selling Shareholder 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 Shareholder will receive additional net proceeds ranging from approximately HK$1,316 million (assuming an Offer Price of HK$4.00 per Share) to HK$1,744 million (assuming an Offer Price of HK$5.30 per Share). We will not receive any of the net proceeds from the sale of the Sale Shares by the Selling Shareholder in the Global Offering or as a result of the exercise of Over-allotment Option. Other than the underwriting commission for the Sale Shares (including any commission payable in respect of the sale of additional Shares by the Selling Shareholder pursuant to the exercise of the Over-allotment Option) and a proportionate part of the roadshow and other expenses directly related to the marketing of the Sale Shares, which are to be borne by the Selling Shareholder, we will bear the expenses of the Global Offering.

As at the date of this prospectus, our Directors have not identified any specific target for its potential land acquisition.

PRE-IPO FINANCING

In November and December 2007, we issued promissory notes to the Original Pre-IPO Investors in a total aggregate principal amount of approximately RMB3,717.4 million (the "Original Notes") and received US$495.7 million in proceeds therefrom. The entire principal amount of the Original Notes was payable on the earlier of (x) 2 November 2009 and (y) the date of Listing. Prior to redemption, interest accrued on the Original Notes at the rate of 10% per annum and was payable semi annually on 2 May and 2 November of each year. At the date of redemption of the Original Notes, the Company was required to pay interest at the rate of 23.5% per annum on the face amount of the Original Notes less the amount of interest at 10% per annum previously paid by the Company. In connection with the subscription of the Original Notes, the Original Pre-IPO Investors and their affiliates also received from one of our Controlling Shareholders a total of 700,000 Shares for no additional monetary consideration.

As at 30 April 2009, we had used approximately US$464.2 million of the net proceeds from the issuance of the Notes to inject capital into the wholly foreign-owned enterprises owned by our HK Subsidiaries, regional companies and project companies in order to expand our land bank. The balance of the proceeds has been deposited into our account maintained in Hong Kong for future land bank acquisitions.

With an aim to further strengthen our capital structure, on 31 July 2009, we and the Founder entered into the Deed of Amendment with, among others, the Pre-IPO Investors, to restructure the Original Notes. Following such restructuring, (i) the denomination of the Original Notes was changed from RMB to US$; (ii) outstanding cash interest of US$27.2 million was paid and a portion of the Original Notes totalling US$192.8 million in principal amount was redeemed on 10 August 2009 and 17 August 2009, respectively; and (iii) the remaining outstanding amount of US$490 million was restructured into (a) Promissory Notes with an aggregate principal amount of US$325 million for a term of 18 months from the Calculation Start Date and (b) Convertible Notes with an aggregate principal amount of US$165 million which are mandatorily convertible at the Offer Price upon the Listing. For further details of the terms and conditions of the Pre-IPO Financing and the restructuring of the Original Notes, please refer to the section headed "History, Reorganisation and Group Structure — Pre-IPO Financing" of and Appendix IX "Summary of the Promissory Notes and the Convertible Notes" to this prospectus.

We have incurred a significant amount of interest expense in relation to the Pre-IPO Financing. Substantially all of this interest expense has been capitalised as properties under development rather than being expensed in our income statement at the time it was incurred. The amounts of capitalised interest under properties under development were approximately RMB266.0 million, RMB608.7 million and RMB1,488.5 million as at 31 December 2006, 2007 and 2008, respectively, and RMB1,868.6 million as at 30 April 2009. The amounts of capitalised interest under completed properties held for sale were approximately RMB8.5 million, RMB7.4 million and RMB57.3 million as at 31 December 2006, 2007 and 2008, respectively, and RMB38.5 million as at 30 April 2009. Please see Notes 10 and 11 to the Group's consolidated financial information as set out in Appendix I. In future periods, such capitalised interest expense will be expensed in our consolidated income statements as a portion of cost of sales upon the sale of such properties. As a result, such capitalised interest expenses may adversely affect our Group's gross profit margin upon the sales of such properties in 2009 and future periods. Our capitalised interest included in cost of sales for the years ended 31 December 2007 and 2008 and the four months ended 30 April 2009 were RMB34.0 million, RMB74.7 million and RMB13.4 million, respectively.

PRE-IPO SHARE OPTION SCHEME

Our Group has conditionally adopted the Pre-IPO Share Option Scheme. A summary of the principal terms of the Pre-IPO Share Option Scheme is set out in "Statutory and General Information — D. Other Information — 1. Pre-IPO Share Option Scheme" in Appendix X to this prospectus.

As at the date of this prospectus, options to subscribe for an aggregate of 84,000,000 Shares, representing approximately 1.074% of the Shares in issue immediately following completion of the Global Offering and Capitalisation Issue (assuming (i) an Offer Price at the lowest point of the indicative Offer Price range and (ii) the Pre-IPO Share Options are not exercised and excluding the shares to be issued pursuant to the Pre-IPO Share Option Scheme) have been granted to 15 grantees under the Pre-IPO Share Option Scheme. Details of the outstanding options granted under the Pre-IPO Share Option Scheme are set out in "Statutory and General Information — D. Other Information — 1. Pre-IPO Share Option Scheme" in Appendix X to this prospectus. The options granted under the Pre-IPO Share Option Scheme represent approximately 1.063% of our enlarged share capital as at the Listing Date assuming (i) an Offer Price at the lowest point of indicative offer price (ii) all of the options granted under the Pre-IPO Share Option Scheme are exercised in full on the Listing Date. Assuming that all of the options granted under the Pre-IPO Share Option scheme are exercised in full on the Listing Date, this would have a dilutive effect on the shareholdings of our Company of approximately 1.063% and a dilutive effect of approximately 1.063% on earnings per Share. However, as the options can only be exercised proportionally over a period of not more than ten years, any such dilution effect and impact on our earnings per share will be staggered over a period of ten years.

RISK FACTORS

There are risks and uncertainties involved in our operations. These risks can be categorised as: (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" in this prospectus. Set forth below is a summary of these risks and uncertainties.

Risks Relating to Our Business

- We rely on the performance of external contractors and suppliers, including Shanghai Ditong, a connected person, to deliver our projects on time and up to our specified quality standards
- We have engaged Shanghai Ditong, a connected person, to provide construction services for substantially all our projects during the Track Record Period and, following Listing, our use of Shanghai Ditong will be subject to limitations, and we cannot assure you that Shanghai Ditong or other construction companies will perform construction services for us on comparable terms
- We are dependent on the performance of the PRC property sector
- Increasing competition among property developers, particularly in first-tier PRC cities, may adversely affect our business and financial condition
- We are party to long-term master agreements and land grant contracts with PRC Government entities, which may not be implemented as agreed
- We may not be able to obtain adequate funding for our property developments or funding may not be available on attractive terms
- Our business depends on the availability of an adequate supply of suitable sites, and our ability to obtain the land use rights and other necessary PRC Government approvals for these sites for our future developments
- Because we derive our revenues principally from the sale of property, our results of operations may vary significantly from period to period depending on the GFA and timing of delivery of the properties we sell
- We face significant property development risks before we realise any benefit from a project
- The appraisal value of the properties in the Property Valuation Report may be different from the actual realisable value and is subject to change
- Our results of operations include estimated fair value gains on investment properties, which are unrealised
- We have experienced periods of net cash outflow from operating activities in the past. We cannot assure you that we will not experience periods of net cash outflow from operating activities in the future
- We do not conduct independent credit checks when providing short-term guarantees over mortgages taken out by our customers. If a significant number of such guarantees are called upon, our financial condition could be adversely affected
- We are subject to legal and business risks if our project companies fail to obtain or renew their qualification certificates
- The relevant PRC tax authorities may enforce the payment of LAT and may challenge the basis on which we calculate our LAT obligations

- We may be deemed a Chinese resident enterprise under the new PRC Enterprise Income Tax Law and be subject to the corresponding 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, and 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

- Our operations may be adversely affected if any key member of our management leaves

- The interests of our Controlling Shareholders may differ from those of our public Shareholders

- Potential liability for environmental problems could result in substantial costs

- We may encounter delays in delivering title documents after sale

- Our business may be adversely affected by future increases in interest rates

- We cannot assure you that we will be successful when expanding our commercial and residential property development and operation businesses into other high growth cities in China

- We do not have insurance to cover potential losses and claims in our operations

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

- Any non-compliant GFA of our current uncompleted and future property developments may be subject to governmental approval and additional payments

- Our remittance of offshore funds into China is subject to approval by the PRC government, as a result of which we may encounter delays in respect of the use of our net proceeds raised from the Global Offering

Risks Relating to Our Industry

- Oversupply of real estate could drive down property prices

- Our operations are subject to extensive governmental regulation and are susceptible to changes in such regulations

- The PRC Government may reclaim land from us if we fail to comply with the terms of our land grant contracts

- Resettlement negotiations may add costs or cause delays to our development projects

- Our sales and pre-sales will be affected if mortgage financing becomes more costly or otherwise becomes less attractive

- Changes of laws and regulations with respect to pre-sales may adversely affect our cash flow position and financial performance

Risks Relating to the PRC

- Changes in the PRC's political, economic and social conditions, laws, regulations and policies may have an adverse effect on us

- There are uncertainties regarding interpretation and enforcement of PRC laws and regulations

- Changes in foreign exchange regulations and fluctuation in the value of the Renminbi may adversely affect our business and results of operations and our ability to remit dividends

- We rely on the PRC market and if the recent economic downturn and financial crisis in China continue or there is a general economic downturn in China, it will have a material negative impact on our business operations, financial position and our ability to obtain financing necessary for our operations

- Our business may be adversely affected by a renewed outbreak of SARS, H1N1, avian influenza or any other highly contagious disease

Risks Relating to the Global Offering

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

- Purchasers of our Shares in the Global Offering will experience immediate dilution and may experience further dilution if we issue additional Shares in the future

- The sale of a substantial number of our Shares in the public market could materially and adversely affect the prevailing market price of our Shares

- Facts and statistics from official government publications in this prospectus relating to the PRC economy and the real estate industry in the PRC may be inaccurate

- It may be difficult to effect service of process upon us or our Directors or senior officers who reside in Mainland China or to enforce any judgement obtained from a non-PRC court

- Our Pre-IPO Share Option Scheme will have a dilutive effect on your shareholding percentage and may result in our issuance of Shares at prices lower than their trading price or fair market price

- Forward-looking information may prove inaccurate

- 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, including, in particular, any financial projections, projections, valuations or other forward-looking information

In this prospectus, the following expressions have the following meaning unless the context otherwise requires. The English names of companies established in PRC and of associations set up in PRC are directly translated from their Chinese names and are furnished for identification purpose only and, should any inconsistencies between the Chinese names and the English names exist, the Chinese names shall prevail.

"Acceleration Event"	an acceleration event under the Note Restructuring Documents as described in the section headed "History, Reorganisation and Group Structure — Pre-IPO Financing" and Appendix IX "Summary of the Promissory Notes and the Convertible Notes"
"affiliate"	person or entity directly or indirectly controlled by or under the direct or indirect common control of another person or entity
"Allied Honest"	Allied Honest Holdings Limited, a company incorporated in the BVI on 30 March 2006, which is one of our wholly-owned subsidiaries
"Anhui Hengmao"	Anhui Hengmao Property Development Co., Ltd. (安徽恒茂房地產開發有限公司), a company established in the PRC on 24 October 2007, which is one of our wholly-owned subsidiaries
"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
"Articles of Association" or "Articles"	the articles of association of our Company, approved and adopted on 9 September 2009 and as amended from time to time, which will become effective on the Listing Date
"associate"	has the meaning ascribed thereto under the Listing Rules
"Beijing Hetian Hexin"	Beijing Hetian Hexin Property Development Co., Ltd. (北京合天和信房地產開發有限公司), a company established in the PRC on 25 December 2001, which is one of our wholly-owned subsidiaries
"Beijing Yangguang Xindi"	Beijing Yangguang Xindi Property Development Co., Ltd. (北京陽光鑫地置業有限公司), a company established in the PRC on 25 February 2003, which is one of our wholly-owned subsidiaries
"Best Era"	Best Era International Limited, a company incorporated in the BVI on 26 April 2007, which is wholly-owned by the Founder and is one of the Controlling Shareholders

"Board of Directors" or "Board"	the board of Directors
"Bright New"	Bright New Investments Limited (明新投資有限公司), a company incorporated in the BVI on 2 May 2007, which is one of our wholly-owned subsidiaries
"Business Day"	any day (other than a Saturday or Sunday) in Hong Kong on which banks in Hong Kong are open generally for normal banking business
"BVI"	the British Virgin Islands
"BVI Subsidiaries"	Allied Honest, East Habour, Vieward Group, Regal World and Grand Target
"Calculation Start Date"	1 July 2009, the date on which the calculation of the interest on the Promissory Notes and the Convertible Notes began
"Convertible Notes"	convertible notes in the aggregate principal amount of US$165,000,000 that we issued on 17 August 2009 pursuant to the Note Restructuring Documents
"Capitalisation Issue"	the issue of Shares to be made upon capitalisation of certain sums standing to the credit of our share premium account referred to in the paragraph entitled "Resolutions in writing of all the shareholders of our Company passed on 9 September 2009" in Appendix X "Statutory and General Information"
"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 a 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 or a CCASS Custodian Participant or a CCASS Investor Participant
"Cheston Holdings"	Cheston Holdings Limited (卓怡集團有限公司), a company incorporated in Hong Kong on 14 June 2006, which is one of our wholly-owned subsidiaries

"Company", "our Company", "we" or "us"	Glorious Property Holdings Limited (恒盛地產控股有限公司), a company incorporated in the Cayman Islands on 27 July 2007 as an exempted company with limited liability and, except where the context otherwise requires, all of its subsidiaries
"Companies Law"	the Companies Law, Cap.22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
"connected person"	has the meaning ascribed thereto under the Listing Rules
"Controlling Shareholders"	the Founder and Best Era
"DB"	Deutsche Bank AG, acting through its London Branch, registered under the Companies Act 1985 in England and Wales as having established a branch, which is one of the Shareholders and an independent third party not connected with the Directors and our connected persons
"Deed of Amendment"	the deed of amendment dated 31 July 2009, as amended by a second deed of amendment dated 4 September 2009, entered into, amongst others, by the Company, the Founder, the Pre-IPO Investors and the Security Trustee modifying the terms and conditions of the Original Notes
"DESCIA"	D. E. Shaw Composite Investments Asia 2 (Cayman) Limited, which is one of the Shareholders and an independent third party not connected with the Directors and our connected persons
"Deutsche Bank"	Deutsche Bank AG, Hong Kong Branch
"Director(s)"	our director(s)
"East Harbour"	East Harbour Development Limited, a company incorporated in the BVI on 9 March 2006, which is one of our wholly-owned subsidiaries
"Extreme Asia"	Extreme (Asia) Limited (永和(亞洲)有限公司), a company incorporated in Hong Kong on 15 May 2006, which is one of our wholly-owned subsidiaries
"Founder"	Mr. Zhang Zhi Rong, the Chairman of our Board of Directors and one of our Controlling Shareholders

"Fuda Nantong"	Fuda Real Estate Development (Nantong) Co., Ltd. (富達房地產開發(南通)有限公司) (formerly, Rugao Aohuang Furniture Co., Ltd. (如皋澳皇家俬有限公司)), a wholly foreign owned enterprise established in the PRC on 1 August 2006, which is one of our wholly-owned subsidiaries
"Fusheng Nantong"	Fu Sheng Real Estate Development (Nantong) Co., Ltd. (富昇房地產開發(南通)有限公司) (formerly, Nantong Long Green Energy Source Co., Ltd. (南通常綠能源有限公司)), a wholly foreign owned enterprise established in the PRC on 27 June 2005, which is one of our wholly-owned subsidiaries
"GDP"	gross domestic product, the total value of goods and services produced by a nation
"GFA"	gross floor area and for the purpose of this prospectus, "total planned GFA" includes areas for carparks and areas not available for sale such as machinery rooms, schools and kindergartens whereas "total saleable GFA" excludes such areas
"Global Offering"	the Hong Kong Public Offer and the International Offer
"Goldman Sachs"	The Goldman Sachs Group, Inc., a corporation incorporated in the State of Delaware, the United States on 21 July 1998, whose affiliates, namely Goldman Sachs RE Investments Holdings Limited, WH Debt Acquisition (Delaware) LLC and Villa (Cayman) Ltd. are Shareholders and are independent third parties not connected with the Directors and our connected persons
"Grand Target"	Grand Target Group Limited (君達集團有限公司), a company incorporated in the BVI on 23 January 2006, which is one of our wholly-owned subsidiaries
"Green application form(s)"	the application form(s) to be completed by White Form eIPO service provider designated by the Company
"Group" or "our Group"	our Company and its subsidiaries and, in respect of the period before our Company became the holding company of such subsidiaries (or before such associated companies became associated companies of our Company), the entities which carried on the business of the present Group at the relevant time

"Harbin Yangguang"	Harbin Yangguang Binhai Property Co., Ltd. (哈爾濱陽光濱海置業有限公司), a company established in the PRC on 19 December 2007, which is one of our wholly-owned subsidiaries
"Henghui Nantong"	Henghui Real Estate Development (Nantong) Co., Ltd. (恒匯房地產開發(南通)有限公司) (formerly, Weider Tourism Development (Nantong) Co., Ltd. (韋德旅遊開發(南通)有限公司), a wholly foreign owned enterprise established in the PRC on 22 July 2005, which is one of our wholly-owned subsidiaries
"HK Subsidiaries"	Rich Tech, Extreme Asia, Venture Group, Worldex Investment and Cheston Holdings
"HK$" or "HK dollars"	Hong Kong dollars, the lawful currency of Hong Kong
"HKFRS"	Hong Kong Financial Reporting Standards
"HKSCC"	Hong Kong Securities Clearing Company Limited
"HKSCC Nominees"	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Companies Ordinance"	the Companies Ordinance of Hong Kong (Chapter 32 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
"Hong Kong Offer Shares"	168,750,000 Shares (subject to adjustment as described in the section headed "Structure of the Global Offering") being offered by us for subscription at the Offer Price under the Hong Kong Public Offer
"Hong Kong Public Offer"	the offer of Hong Kong 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 the Application Forms
"Hong Kong Share Registrar"	Computershare Hong Kong Investor Services Limited
"Hong Kong Underwriters"	the several underwriters of the Hong Kong Public Offer listed in the section entitled "Underwriting — Underwriters for the Hong Kong Pulbic Offer"

"Hong Kong Underwriting Agreement"	the underwriting agreement dated 18 September 2009 relating to the Hong Kong Public Offer entered into among our Company, the Controlling Shareholders, the Joint Global Coordinators, the Joint Bookrunners and the Hong Kong Underwriters
"International Offer"	the offer by the International Underwriters of International Offer Shares to professional, institutional and other investors, as further described in the section entitled "Structure of the Global Offering"
"International Offer Shares"	2,081,250,000 Shares (subject to adjustment and Over-allotment Option as described in the section entitled "Structure of the Global Offering"), of which 1,706,250,000 Shares are to be offered by us and 375,000,000 Shares are to be offered for sale by the Selling Shareholder
"International Underwriters"	the group of underwriters, led by the Joint Bookrunners, 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 expected to be entered into on or around 25 September 2009 among our Company, the Controlling Shareholders and the International Underwriters
"Investor Representative"	the duly authorised representative of the Pre-IPO Investors for the time being under the Note Documents
"IPO"	a public offering of the Shares coupled with a listing on the Stock Exchange, the New York Stock Exchange, or another stock exchange of similar standing as may be mutually agreed by the Founder and the Noteholders, which if not a Qualified IPO, is approved in accordance with the provisions of the Note Documents
"Joint Bookrunners and Joint Lead Managers"	J.P. Morgan Securities Ltd. (and in the context of the Hong Kong Public Offer, J.P. Morgan Securities (Asia Pacific) Limited), Deutsche Bank AG, Hong Kong Branch and UBS AG, Hong Kong Branch
"Joint Global Coordinators"	J.P. Morgan Securities (Asia Pacific) Limited, Deutsche Bank AG, Hong Kong Branch and UBS AG, Hong Kong Branch
"Joint Sponsors"	J.P. Morgan Securities (Asia Pacific) Limited and Deutsche Bank AG, Hong Kong Branch

"LAT"	land appreciation tax as defined in the Provisional Regulations of the PRC on Land Appreciation Tax and the Detailed Implementation Rules on the Provisional Regulations of the PRC on Land Appreciation Tax, as described in Appendix VII to this prospectus
"Latest Practicable Date"	10 September 2009, being the latest practicable date prior to the publication of this prospectus for ascertaining certain information
"Liaoning Yangguang Xindi"	Liaoning Yangguang Xindi Property Development Co., Ltd. (遼寧陽光鑫地置業有限公司), a company established in the PRC on 6 June 2005, which is one of our wholly-owned subsidiaries
"Listing"	the listing of the Shares on the Stock Exchange
"Listing Date"	the date on which dealings in the Shares first commence on the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange (as amended from time to time)
"Maximum Offer Price"	the maximum price under the Global Offering of HK$5.30 per Share
"Memorandum"	the amended and restated memorandum of association of our Company approved and adopted on 17 June 2008 and as amended from time to time
"MOFCOM", previously called "MOFTEC"	Ministry of Commerce of the PRC
"Nantong Huangshi Hui"	Nantong Huangshi Hui Real Estate Development Co., Ltd. (南通皇室會房地產開發有限公司) (formerly, King's Hotel Administration (Nantong) Co., Ltd. (皇室會大酒店管理(南通)有限公司)), a wholly foreign owned enterprise established in the PRC on 25 July 2005, which is one of our wholly-owned subsidiaries
"Nantong Jiangle"	Nantong Jiangle Real Estate Development Co., Ltd. (南通江樂房地產開發有限公司) (formerly, Rugao Jiangle Clothing Co., Ltd. (如皋江樂服飾有限公司)), a wholly foreign owned enterprise established in the PRC on 27 June 2006, which is one of our wholly-owned subsidiaries

"Nantong Jigui"	Nantong Jigui Road Estate Development Co., Ltd. (南通杰匯置業發展有限公司), a wholly foreign owned enterprise established in the PRC on 14 April 2006, which is one of our wholly-owned subsidiaries
"Nantong Jiju"	Nantong Jiju Infrastructure Development Co., Ltd. (南通基鉅基礎設施建設有限公司), a company established in the PRC on 27 April 2009, which became an indirect wholly-owned subsidiary of Shanghai Industrial Holdings Limited on 10 August 2009 as part of the Shanghai Bay Arrangements
"Nantong Lehua"	Nantong Lehua Real Estate Development Co., Ltd. (南通樂華房地產開發有限公司) (formerly, Nantong Lehua Technical Co., Ltd. (南通樂華科技有限公司)), a wholly foreign owned enterprise established in the PRC on 29 June 2006, which is one of our wholly-owned subsidiaries
"Nantong Rongsheng"	Nantong Rongsheng Building Real Estate Development Co., Ltd. (南通熔盛大廈房地產開發有限公司), a company established in the PRC on 12 December 2007, which is one of our wholly-owned subsidiaries
"Nantong Zhuowei"	Nantong Zhuowei Trade Development Co., Ltd. (南通焯煒貿易發展有限公司) (formerly, Nantong Zhuowei Property Co., Ltd. (南通焯煒房地產有限公司)), a company established in the PRC on 5 June 2003, which is one of our wholly-owned subsidiaries
"Note Completion"	completion of the Note Restructuring Transactions
"Note Documents"	the transaction documents in connection with the Notes
"Note Restructuring Documents"	the transaction documents in connection with the restructuring of the Original Notes
"Note Restructuring Transactions"	the transactions in connection with the restructuring of the Original Notes
"Noteholders"	any persons that are from time to time registered as a holder of Notes under the Note Documents
"Notes"	the Original Notes as restructured pursuant to the Note Restructuring Documents, which comprises the Convertible Notes and the Promissory Notes
"NPC" or "National People's Congress"	the National People's Congress of the PRC

"Offer Price"	the final Hong Kong dollar price per Share (exclusive of brokerage, Stock Exchange trading fee and SFC transaction levy) at which the Offer Shares are to be issued pursuant to the Hong Kong Public Offer, to be determined as further described in the section entitled "Structure of the Global Offering — Offer Price under the Hong Kong Public Offer"
"Offer Shares"	the Hong Kong Offer Shares and the International Offer Shares including, where relevant, any additional Shares offered for subscription pursuant to the exercise of the Over-allotment Option
"Original Notes"	the registered promissory notes in the aggregate principal amount of RMB3,717,350,000 that we issued on 2 November 2007 and 17 December 2007
"Original Pre-IPO Investors"	DESCIA, Goldman Sachs RE Investments Holdings Limited, WH Debt Acquisition (Delaware) LLC, Villa (Delaware) LLC and DB
"Over-allotment Option"	the option to be granted by our Selling Shareholder to the International Underwriters under the International Underwriting Agreement pursuant to which the Stabilising Manager, in consultation with the Joint Global Coordinators, may require our Selling Shareholder to sell up to 337,500,000 additional Shares (representing in aggregate 15% of the number of Offer Shares initially available under the Global Offering) at the Offer Price, to directly or indirectly and among other things, cover any over-allocations in the International Offer
"PBOC"	the People's Bank of China
"PRC" or "China"	the People's Republic of China which, except where the context otherwise requires, does not include Taiwan, Hong Kong and the Macau Special Administrative Region of the PRC
"PRC Government" or "the Chinese Government" or "State"	the central government of the PRC including all political subdivisions (including provincial, municipal and other local or regional government entities) and organisations of such government or, as the context requires, any of them

"Pre-IPO Financing"	the Notes and its related arrangement entered into by among others, us, DESCIA, the affiliates of Goldman Sachs and DB, details of which are set out in the section headed "History, Reorganisation and Group Structure — Pre-IPO Financing"
"Pre-IPO Investors"	DESCIA (or, as the case may be, D.E. Shaw Composite Portfolios, L.L.C.), Goldman Sachs RE Investments Holdings Limited, WH Debt Acquisition (Delaware) LLC, Villa (Delaware) LLC, DB and Euro Crown Limited
"Pre-IPO Share Option Scheme"	the existing share option scheme for directors, employees, officers, consultants and business associates of our Group conditionally approved and adopted by our Company pursuant to a resolution passed by our Shareholders on 9 September 2009
"Price Determination Date"	the date, expected to be on or around 25 September 2009 2009 but no later 30 September 2009, on which the Offer Price is fixed for the purposes of the Hong Kong Public Offer and the Global Offering
"Principal Share Registrar"	Codan Trust Company (Cayman) Limited
"Projects"	Block Nos. 2, 8, 9 and 10 of Shanghai Bay
"Promissory Notes"	promissory notes in the aggregate principal amount of US$325,000,000 that we issued on 17 August 2009 pursuant to the Note Restructuring Documents
"QIBs"	qualified institutional buyers within the meaning of Rule 144A
"Qualified IPO"	an initial public offering on the Stock Exchange, the New York Stock Exchange, or another stock exchange of similar standing as may be mutually agreed by the Founder and the Pre-IPO Investors, with a post-money valuation of the Company in excess of HK$12 billion (or its equivalent) with aggregate proceeds to the Company of not less than US$350 million (or its equivalent)
"Regal World"	Regal World Development Limited, a company incorporated in the BVI on 21 January 2006, which is one of our wholly-owned subsidiaries
"Regulation S"	Regulation S under the US Securities Act
"Renminbi" or "RMB"	renminbi yuan, the lawful currency of the PRC

"Reorganisation"	corporate reorganisation of our Group effected in anticipation of the Global Offering, as described in the section headed "History, Reorganisation and Group Structure — Corporate Reorganisation"
"Rich Tech"	Rich Tech International Enterprise Limited (富達國際企業有限公司), a company incorporated in Hong Kong on 2 June 2006, which is one of our wholly-owned subsidiaries
"Rule 144A"	Rule 144A under the US Securities Act
"SAFE"	State Administration of Foreign Exchange (國家外匯管理局)
"Sale Shares"	the 375,000,000 Shares initially being offered for sale by the Selling Shareholder at the final Offer Price under the International Offer, subject to the Over-allotment Option
"SARS"	Severe Acute Respiratory Syndrome, a highly contagious form of atypical pneumonia
"Second Share Transfer"	the transfer of 0.5% of the Shares by Best Era to the Noteholders upon the IPO becoming unconditional (for further details, see "History, Reorganisation and Group Structure — Pre-IPO Financing")
"Securities and Futures Commission" or "SFC"	the Securities and Futures Commission of Hong Kong
"Selling Shareholder"	Best Era
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Shanghai Anshun"	Shanghai Anshun Property Development Co., Ltd. (上海安順房地產發展有限公司), a company established in the PRC on 18 January 1996, which is one of our wholly-owned subsidiaries
"Shanghai Bay Arrangements"	the transfer of the Projects to S.I. Properties Holdings Limited, and the arrangements for the compulsory buy-back and management of the Projects by our Group (for further details, see "Business — Shanghai Bay Arrangements" and "Shanghai Bay Arrangements" in Appendix VIII)

"Shanghai Chuangmeng"	Shanghai Chuangmeng International Architectural Design Co., Ltd. (上海創盟國際建築設計有限公司) (formerly, Shanghai Haichao Architectural Design Institute (上海海潮建築設計所), Shanghai Haichao Architectural Design Co., Ltd., (上海海潮建築設計有限公司) and Shanghai Chuangmeng Architectural Design Co., Ltd. (上海創盟建築設計有限公司)), a company established in the PRC on 15 September 1993, which is owned as to 45% by us, 5% by Mr. Wu Zhen Guo (the director of Harbin Yangguang), 3% by Ms. Gao Wei Ping (wife of the Founder), 2% by Mr. Fang Shi Min (our senior management) and the remaining 45% by an independent third party
"Shanghai Ditong"	Shanghai Ditong Construction (Group) Co., Ltd. (上海地通建設(集團)有限公司) (formerly, Shanghai Ditong Construction Engineering Co., Ltd. (上海地通建築工程有限公司)), a company established in the PRC on 29 May 1998 and owned as to 66.67% by Shanghai Zhuoxin Commercial Investment Management Co., Ltd. (上海卓信商業投資管理有限公司) (a company 75% owned by Mr. Zhang De Huang and 25% by his wife), 28.53% by Mr. Zhang De Huang, 3.47% by the wife of Mr. Zhang De Huang and 1.33% by the Founder, and it is our connected person for the purpose of the Listing Rules by virtue of it being an associate of the Controlling Shareholders
"Shanghai Haosen"	Shanghai Haosen Property Co., Ltd. (上海豪森房地產有限公司), a company established in the PRC on 6 October 1998, which is one of our wholly-owned subsidiaries
"Shanghai Hongye"	Shanghai Hongye Property Development Co., Ltd. (上海弘曄房地產發展有限公司,), a company established in the PRC on 7 April 2008, which is one of our wholly-owned subsidiaries
"Shanghai Industrial Group"	Shanghai Industrial Holdings Limited and its subsidiaries, which are independent third parties
"Shanghai Mingbao"	Shanghai Mingbao Construction Engineering Co., Ltd. (上海明寶建設工程有限公司), a company established in the PRC on 17 January 2004, which is one of our wholly-owned subsidiaries
"Shanghai Penghui"	Shanghai Penghui Property Development Co., Ltd. (上海鵬暉置業有限公司), a company established in the PRC on 26 May 2008, which became an indirect wholly-owned subsidiary of Shanghai Industrial Holdings Limited on 10 August 2009 as part of the Shanghai Bay Arrangements

"Shanghai Qiwei"	Shanghai Qiwei Industries Co., Ltd. (上海祺偉實業有限公司), a company established in the PRC on 24 September 2008, which is one of our wholly-owned subsidiaries
"Shanghai Shengtong"	Shanghai Shengtong Property Development Co., Ltd. (上海勝通房地產開發有限公司), a company established in the PRC on 19 June 2001, which is one of our wholly-owned subsidiaries
"Shanghai Shuntianlong"	Shanghai Shuntianlong Concrete Co., Ltd. (上海順添隆混凝土有限公司), a company established in the PRC on 14 November 2008, which is one of our wholly-owned subsidiaries
"Shanghai Xintai"	Shanghai Xintai Property Development Co., Ltd. (上海鑫泰房地產發展有限公司), a company established in the PRC on 22 April 1999, which is one of our wholly-owned subsidiaries
"Shanghai Yijing"	Shanghai Yijing Property Development Co., Ltd. (上海意景房地產開發有限公司), a company established in the PRC on 22 January 2001, which is one of our wholly-owned subsidiaries
"Share(s)"	ordinary shares of nominal value of HK$0.01 each in the capital of our Company
"Share Option Scheme"	the share option scheme conditionally approved by our Company pursuant to a resolution passed by our Shareholders on 9 September 2009
"Shareholder(s)"	holder(s) of the Share(s)
"sq.m."	square metres
"Stabilising Manager"	J.P. Morgan Securities (Asia Pacific) Limited
"State Council"	the State Council of the PRC (中國國務院)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Suzhou Hongsheng"	Suzhou Hongsheng Property Co., Ltd. (蘇州弘晟房地產有限公司), a company established in the PRC on 17 March 2005, which is one of our wholly-owned subsidiaries

"Tianjin Hongyun"	Tianjin Hongyun Investment Co., Ltd. (天津弘耘投資有限公司) (formerly known as Tianjin Hongyun Construction Supervision Co., Ltd. (天津弘耘工程監理有限公司) and Tianjin Hongyun Construction Materials Trading Co., Ltd (天津弘耘建築材料貿易有限公司)), a company established in the PRC on 13 September 2004, which is one of our wholly-owned subsidiaries
"Tianjin Tianxingjian"	Tianjin Tianxingjian Real Estate Investment Co., Ltd. (天津天行建房地產投資有限公司), a company established in the PRC on 20 March 2006, which is one of our wholly-owned subsidiaries
"Tianjin Yangguang Xindi"	Tianjin Yangguang Xindi Investment Co., Ltd. (天津陽光鑫地投資有限公司), a company established in the PRC on 19 May 2003, which is one of our wholly-owned subsidiaries
"Track Record Period"	the three financial years of the Group ended 31 December 2008 and the four months ended 30 April 2009
"UBS"	UBS AG, Hong Kong Branch, a registered institution under the SFO for Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance), Type 7 (providing automated trading services) and Type 9 (asset management) regulated activities under the SFO
"Underwriters"	the Hong Kong Underwriters and the International Underwriters
"Underwriting Agreements"	the Hong Kong Underwriting Agreement and the International Underwriting Agreement
"United States" or "US"	the United States of America, including its territories and possessions
"US$" or "US dollars"	United States dollars, the lawful currency of the United States
"US Securities Act"	the US Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder
"Valuation Date"	31 July 2009
"Venture Group"	Venture Hong Kong Group Limited (富昇香港集團有限公司), a company incorporated in Hong Kong on 26 June 2006, which is one of our wholly-owned subsidiaries

"Vieward Group"	Vieward Group Limited (景向集團有限公司), a company incorporated in the BVI on 15 February 2006, which is one of our wholly-owned subsidiaries
"White Form eIPO"	the application for Hong Kong 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
"Worldex Investment"	Worldex Investment Development Limited (恒匯投資發展有限公司), a company incorporated in Hong Kong on 14 June 2006, which is one of our wholly-owned subsidiaries
"Wuxi Decoration & Renovation"	Wuxi Wangjiarui Decoration and Renovation Co., Ltd. (無錫旺佳瑞裝飾裝修有限公司), a company established in the PRC on 13 May 2008, which is one of our wholly-owned subsidiaries
"Wuxi Wangjiarui"	Wuxi Wangjiarui Co., Ltd. (無錫旺佳瑞有限公司), a company established in the PRC on 7 September 2004, which is one of our wholly-owned subsidiaries
"Yangguang Management"	Shanghai Yangguang Investment (Group) Property Management Co., Ltd. (上海陽光投資(集團)物業管理有限公司), a company established in the PRC on 23 November 2000, which is owned as to 90% by the wife of our Founder and 10% by Shanghai Yangguang Investment (Group) Co., Ltd. (a company 100% beneficially owned by our Founder), and it is our connected person for the purpose of the Listing Rules by virtue of it being an associate of our Founder
"Yonghe Nantong"	Yonghe Real Estate Development (Nantong) Co., Ltd. (永和房地產開發(南通)有限公司) (formerly, Haiji Chemical Industrial (Nantong) Co., Ltd. (海基化學工業(南通)有限公司)), a wholly foreign owned enterprise established in the PRC on 10 April 2006, which is one of our wholly-owned subsidiaries
"Zhuo Yi Nantong"	Zhuo Yi Real Estate Development (Nantong) Co., Ltd. (卓怡房地產開發(南通)有限公司) (formerly, Wan Fa Construction Development (Nantong) Co., Ltd. (萬發建設發展(南通)有限公司)), a wholly foreign owned enterprise established in the PRC on 2 August 2006, which is one of our wholly-owned subsidiaries

This prospectus contains forward-looking statements, including, without limitation, words and expressions such as "anticipate", "believe", "could", "expect", "going forward", "intend", "may", "plan", "seek", "will", "would" or similar words or statements, in particular, in the sections entitled "Business" and "Financial Information" in this prospectus in relation to future events, our future financial, business or other performance and development, the future development of our industry and the future development of the general economy of our key markets.

These statements are based on numerous assumptions regarding our present and future business strategy and the environment in which we will operate in the future. These forward-looking statements reflecting our current views with respect to future events are not a guarantee of future performance and are subject to certain risks, uncertainties and assumptions, including the risk factors described in this prospectus and the following:

- our business and operating strategies and our ability to implement such strategies;
- our ability to further develop and manage our projects as planned;
- our dividend distribution plans;
- changes in laws and PRC Government regulations (including laws and government regulations on taxes and remittance of funds), policies and approval processes in the regions where we develop or manage our projects;
- future developments and competitive environment for the PRC property industry;
- changes in economic conditions and competition in the cities in which we operate, including a downturn in the property markets and general economy in China;
- exchange rate fluctuations and restrictions; and
- catastrophic losses from fires, floods, windstorms, earthquakes, diseases or other adverse weather conditions or natural disasters.

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 out in this section.

In this prospectus, unless otherwise stated, statements of or references to our intentions or those of any of our Directors are made as at the date of this prospectus. Any such intentions may change in light of future developments.

You should consider carefully all the information set out in this prospectus and, in particular, the risks and uncertainties described below before making an investment in our Shares. The occurrence of any of the following events could harm us. If these events occur, the trading price of our Shares could decline and you may lose all or part of your investment.

Risks Relating to Our Business

We rely on the performance of external contractors and suppliers, including Shanghai Ditong, a connected person, to deliver our projects on time and up to our specified quality standards

Since we do not perform our own construction work on our projects, we engage external construction contractors, certified engineering supervisory companies, service providers and suppliers to provide us with construction and related services and various types of construction materials as well as other services such as design and interior decoration which we monitor through our project management department in each project company.

We generally select our general contractors through tender by invitation. As of the Latest Practicable Date, 7 of our 9 principal properties under development are being constructed by Shanghai Ditong. For the financial years ended 31 December 2006, 2007, 2008 and the four months ended 30 April 2009, the total construction costs incurred in respect of the construction services provided by Shanghai Ditong amounted to approximately RMB1,033.1 million, RMB1,019.7 million, RMB1,185.5 million and RMB195.3 million, respectively, representing approximately 86.8%, 96.1%, 90.6% and 91.3% of our total construction and installation costs during the Track Record Period. For a description of our continuing connected transactions with Shanghai Ditong, see the section headed "Connected Transactions — Non-exempt Continuing Connected Transactions."

We cannot assure you that the services rendered or materials supplied by any of these external contractors and suppliers, including Shanghai Ditong or any of the other existing or new construction contractors to be engaged by our Group, will always be satisfactory or meet our quality requirements. In the event that the performance of our external contractors, including Shanghai Ditong or any of our other existing or new construction contractors to be engaged by our Group, falls short of the standards, or encounters financial, operational or managerial difficulties or/and any actual or potential dispute, it may disrupt the construction progress of our property developments and we may incur additional costs in respect of remedial actions to be taken (including the replacement of such contractors) as well as potential compensation payable to our customers in the event of any delay in completion of our property developments. Moreover, we may suffer reputational loss and additional financial costs as a result of such delay of our property developments.

Any of the above factors could have a material adverse effect on our business, financial condition and results of operations.

We have engaged Shanghai Ditong, a connected person, to provide construction services for substantially all our projects during the Track Record Period and, following Listing, our use of Shanghai Ditong will be subject to limitations, and we cannot assure you that Shanghai Ditong or other construction companies will perform construction services for us on comparable terms

Shanghai Ditong, which is one of our connected persons for the purpose of the Listing Rules, is effectively owned 98.67% by the parents of the Founder and 1.33% by the Founder, who is also our Controlling Shareholder. During the Track Record Period, Shanghai Ditong provided substantially all our construction services, and such services constituted substantially all the overall construction services performed by Shanghai Ditong for its customers. As such, the interests of the owners of Shanghai Ditong, including the interests of the Founder's parents, may differ from the interests of our public Shareholders following the Listing. In addition, the Company has undertaken that, following the Listing, the annual construction fees payable to Shanghai Ditong for the three years ending 31 December 2011 will not exceed more than 40%, 30% and 20%, respectively, of the construction fees payable by our Group for future development projects as part of our continuing connected transactions under the Listing Rules. As a result of these factors, our business relationship with Shanghai Ditong may be affected, and there can be no assurance that, following the Listing, Shanghai Ditong will provide us with construction services on comparable terms.

Because our fees payable to Shanghai Ditong for construction services will be subject to the annual capped amounts described above after Listing, we will be required to find and engage the services of other construction companies with which we have not worked before. There can be no assurance that the terms offered to us by such other construction companies will be comparable to those provided to us by Shanghai Ditong.

We have not in the past worked with multiple external construction contractors and may not be able to maintain the same level of efficiency and could experience other difficulties working with multiple external construction contractors after Listing. In addition, following the Listing, we may not be able to obtain construction services on comparable terms to those provided prior to our Listing either from Shanghai Ditong or other construction contractors. Any of the above factors could have a material adverse effect on our results of operations, financial performance and business. For a description of our continuing connected transactions with Shanghai Ditong and the limitations on our future use of Shanghai Ditong for construction services, see the section headed "Connected Transactions — Non-exempt Continuing Connected Transactions."

We are dependent on the performance of the PRC property sector

Our business is subject to the conditions of the real estate market in the PRC. Any adverse development in national and local economic conditions as measured by factors such as employment levels, consumer confidence, interest rates, or other monetary and economic factors may significantly reduce the demand in the PRC property market and affect property prices in the PRC. As a result, our financial condition and results of operations would be materially adversely affected. The PRC Government adjusts its monetary and economic policies from time to time to manage the rate of growth of the PRC economy and the economies of local areas within the PRC. Such economic adjustments may affect the real estate market in the parts of China where our projects are located. In the past two years, the PRC Government announced a series of measures designed to stabilise the rapid growth of the PRC economy and to stabilise the growth of specific sectors, including the property market, to a more sustainable level.

The property sector in the PRC is still considered to be a volatile market and there can be no assurance that our property development and investment activities will continue to grow at a rate similar to past levels or that we will always be able to capitalise on the future growth, if any, of the property market of the PRC. If we cannot adapt timely to future changes in market conditions or customer preferences, our results of operations may be materially and adversely affected.

Increasing competition among property developers, particularly in first-tier PRC cities, may adversely affect our business and financial condition

Over the past few years a large number of property developers have undertaken property development and investment projects in first-tier cities and elsewhere in the PRC, intensifying the competition in the domestic property development market. Our major competitors include large national and regional property developers and overseas developers (including a number of leading Hong Kong and Singapore property developers), some of whom may have a longer track record and greater financial and other resources. In addition, we also compete with small local property developers in certain markets. The intense competition among property developers in Shanghai, Tianjin and Beijing and other parts of the PRC for land, financing, raw materials and skilled management and labour may result in increased cost of land acquisition, a decrease in development margins and a slowdown in the rate at which new property developments are approved and/or reviewed by the relevant government authorities. An oversupply of properties available for sale could also depress the prices of the properties we sell. Any of the above outcomes may materially and adversely affect our business and financial position.

We are party to long-term master agreements and land grant contracts with PRC Government entities, which may not be implemented as agreed

As of the Latest Practicable Date, we had entered into master agreements for projects with a total planned GFA of 6,051,874 sq.m. After signing such master agreements, we are still required by the relevant PRC laws and regulations to go through the public tender, auction or listing for bidding process, enter into a land grant contract and pay the relevant land premium before we are able to obtain the land use rights certificate. We cannot assure you that these master agreements will be implemented as agreed and that we will be successful in securing the land grant contracts and obtaining the relevant land use rights certificates in respect of such projects.

We enter into a significant number of contracts in connection with our land acquisitions, including various land grant contracts and master agreements. Once we enter into a contract in connection with our land acquisitions, we may be required to pay substantial amounts of money, although there may be a period of time before formal title to the land is transferred to us or land use rights certificates are delivered to us. There are risks with respect to the enforcement of these agreements, particularly in light of their relatively long execution periods, in some cases, and potential changes in PRC Government policies. We cannot assure you that PRC Government policies related to our projects will not change in the future or there will not be changes in the manner of implementation of these agreements. Further, we cannot assure you there will not be any modifications to these agreements as to terms that are favourable to us, including changes in the price of the land use rights to the land parcel concerned. In addition, the law and practice relating to enforcement of contracts and master agreements against PRC Government entities involves uncertainty, and we cannot assure you that title to the land parcels subject to these land grant contracts and master agreements can be eventually obtained. If any of these land grant contracts or master agreements is not implemented as agreed, our business, financial condition, results of operations and prospects could be materially and adversely affected.

We may not be able to obtain adequate funding for our property developments or funding may not be available on attractive terms

The property development business is capital intensive. We generally fund our development projects through bank borrowings, capital contributions from our shareholders, internal cash flows and Pre-IPO Financing, including proceeds from the pre-sale and sale of our properties. There is no guarantee that we will always have sufficient funds available to fund all our future property developments or that the funding available will be on attractive terms.

As of 30 April 2009, our borrowings amounted to RMB6,541.8 million, of which RMB5,932.3 million was due within a period not exceeding one year, and RMB609.6 million was due within a period of more than one year but not exceeding five years. The Company has incurred and will incur a significant amount of interest expense in relation to the Pre-IPO Financing and the Shanghai Bay Arrangements. Substantially all of this interest expense has been or will be capitalised as properties under development rather than being expensed in our consolidated income statement at the time it is incurred. The amounts of capitalised interest under completed properties held for sale were approximately RMB8.5 million, RMB7.4 million and RMB57.3 million as at 31 December 2006, 2007 and 2008, respectively, and RMB38.5 million as at 30 April 2009. The amounts of capitalised interest under properties under development were approximately RMB266.0 million, RMB608.7 million and RMB1,488.5 million as at 31 December 2006, 2007 and 2008, respectively, and RMB1,868.6 million as at 30 April 2009. Please see Notes 10 and 11 to the Group's consolidated financial information as set out in Appendix I. In future periods, such capitalised interest expense will be expensed in the consolidated income statements as a portion of cost of sales upon the sale of such properties. As a result, such capitalised interest expense may adversely affect our Group's gross profit margin upon the sales of such properties in 2009 and future periods. Our capitalised interest included in cost of sales for the years ended 31 December 2007 and 2008 and the four months ended 30 April 2009 were RMB34.0 million, RMB74.7 million and RMB13.4 million, respectively. We cannot assure you that we will be able to obtain bank loans or other third party financing, or that we will be able to repay or renew existing credit facilities granted by financial institutions or repay or refinance other third party financings, including the pre-IPO financing, in the future on reasonable terms or at all, or that any fluctuation in interest rates will not affect our ability to fund our property developments.

In relation to bank and other third party financing, our ability to arrange adequate financing for our property developments on terms that will enable a particular property development to achieve a reasonable return is dependent on a number of factors, including general economic conditions, our financial strength and performance, credit availability from financial institutions, value of the security pledged, and monetary policies in the PRC generally. The PRC Government has implemented a number of austerity measures to prevent the PRC economy from overheating. Among these measures are policy initiatives issued by the PRC Government on 24 May 2006 to use taxation, bank credit and land policies to regulate housing demand. Please refer to the section headed "Business — Financing of Projects" for further details of the austerity measures. The PBOC has announced several increases in the reserve ratio of commercial banks since June 2006 as a result of which the reserve ratio has increased from 7.5% to 8.0% on 5 July 2006, from 8.0% to 8.5% on 15 August 2006, from 8.5% to 9.0% on 15 November 2006, from 9.0% to 9.5% on 15 January 2007, from 9.5% to 10.0% on 25 February 2007, from 10.0% to 10.5% on 16 April 2007, from 10.5% to 11.0% on 15 May 2007, from 11.0% to 11.5% on 5 June 2007, from 11.5% to 12.0% on 15 August 2007, from 12.0% to 12.5% on 6 September 2007, from 12.5% to 13.0% on 13 October 2007, from 13.0% to 13.5% on 26 November 2007, and from 13.5% to 14.5% on 25 December 2007. On 25 January 2008, the PBOC announced a further increase in the reserve ratio from 14.5% to 15.0%. In addition, the reserve ratio was further increased to 17.5%, effective 25 June 2008, which represented an historical high over the past 30 years. The reserve ratio was adjusted down to 16.5% in October 2008 and to 14.5% in December 2008, reflecting the PRC government's policy to stimulate economic growth in the economic downturn. The reserve ratio refers to the amount that banks must set aside when they lend. In addition, according to a notice jointly issued by PBOC and the China Banking Regulatory Commission (CBRC), no loan shall be granted to a project which has not obtained the relevant land use rights certificates, construction land planning permits, construction work planning permits and work commencement permits. Such regulations will limit the amount commercial banks can make available for lending to us, and our ability to obtain financing from commercial banks may thus be adversely affected.

We also utilise proceeds from pre-sales of our properties as an important source of financing for our property developments. There is no assurance that we will be able to continue achieving sufficient pre-sales to fund particular developments. Any restriction on our ability to pre-sell our properties, including any increase in the amount of initial expenditure we must incur prior to obtaining a pre-sale permit and any restriction on our ability to utilise the pre-sale proceeds, including future changes to PRC laws and regulations governing the use of pre-sale proceeds, would extend the time required to recover our capital outlay and could require us to seek alternative means to finance the various stages of our developments, which, in turn, could have a material adverse effect on our cashflow, business and financial position.

Our business depends on the availability of an adequate supply of suitable sites, and our ability to obtain the land use rights and other necessary PRC Government approvals for these sites for our future developments

We derive our revenue principally from the sale of properties that we have developed. As a result, our revenue is not of a recurring nature but is dependent on our ability to obtain prime land sites, to complete construction of, and to sell our property developments. We must replenish and increase our land bank in order to maintain the growth of our business.

The supply of land in the PRC is generally controlled by the PRC Government, and our ability to acquire land use rights for future developments and our land acquisition costs will be affected by government policies governing the supply of land for development. In May 2002, the PRC Government introduced regulations requiring that land use rights for residential and commercial property developments be sold only by public tender, auction or listed for bidding. In addition, the PRC Government may also limit the supply of land available for development in the cities in which we have or intend to have an interest.

As an alternative to acquiring land from the PRC Government, we also secure land use rights through acquisition of equity interests in property project companies or acquisition of land use rights from independent third parties in the market. Our ability to acquire suitable property project companies from other property developers is dependent on a number of uncertainties, including the availability of acquisition targets, our price negotiation with the vendors, the outcome of our due diligence exercises and third party and regulatory consents and approvals. There is no assurance that we will always be able to identify and successfully acquire suitable land use rights through acquisition of equity interests in property project companies.

The PRC Government also regulates the manner in which land can be developed. For example, following announcements by the State Council and other related government bodies in late May 2006 concerning new directives to adjust the structure of the PRC residential housing market, the Ministry of State Land and Resources made a detailed announcement on 30 May 2006 concerning the restriction on overall land supply for up-market residential property developments, including, in particular, the discontinuation of new land supply for villa projects.

In addition, in order to develop and sell real estate in the PRC, property developers are required to obtain land use rights certificates from the relevant PRC Government authorities. There is no assurance that we can successfully obtain all necessary land use rights certificates for our projects in a timely manner, or at all. In order to develop and complete a property development, we must obtain various permits, licenses, certificates and other approvals from the relevant administrative authorities at various stages of our property development projects, including land use rights documents, planning permits, construction permits, pre-sale permits and certificates or confirmation of completion and acceptance. Each approval is dependent on the satisfaction of certain conditions. We cannot assure you that we will not encounter problems in fulfiling the conditions precedent to the receipt of 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 granting of such approvals. There may also be delays on the part of the administrative bodies in reviewing our applications and granting approvals. We may also be subject to periodic delays in our property development projects due to building moratoria in any of the areas in which we operate or plan to operate.

If changes in government policy lead to a reduction in land supply for our future projects, or we are not successful in acquiring land from the PRC Government or other project companies, or we experience delays or encounter problems in obtaining the land use rights certificates or the other necessary PRC Government approvals for our projects, our future financial condition and results of operations may be materially and adversely affected.

Because we derive our revenues principally from the sale of property, our results of operations may vary significantly from period to period depending on the GFA and timing of delivery of the properties we sell

At present, we derive substantially all of our revenues from the sale of properties that we have developed. Our results of operations may fluctuate in the future due to a combination of factors, including the overall schedules of our property development projects, the level of acceptance of our properties by prospective customers, the timing of the sale of properties that we have developed and any volatility in expenses such as land costs and construction costs.

Furthermore, according to our accounting policy for revenue recognition, we recognise revenue from sale and pre-sale of our properties upon delivery, which normally takes place within 1-2 years after the commencement of pre-sales. As of 31 July 2009, we had completed the construction of the following projects: — Sunglow Xinjing, Shanghai Park Avenue, Phase I and II of Chateau De Paris, Phase I, II and IIIA and IIIB of Sunshine Venice, Phase I and II of Sunshine Holiday, Phase I and II of Sunny Town, Phase I of No.1 City Promotion and Phase I and II of Classical Life with a total sold and delivered GFA of 1,550,070 sq.m. Please refer to the section headed "Financial Information — Critical Accounting Policies — Revenue recognition" in this prospectus for more details. Because the timing of delivery of our properties varies according to our construction timetable, our results of operations may vary significantly from period to period depending on the GFA and timing of delivery of the properties we sell. Periods in which we deliver more GFA typically generate higher levels of revenue. Periods in which we pre-sell a large aggregate GFA, however, may not generate a correspondingly high level of revenue, if the properties pre-sold are not delivered within the same period. The effect of the timing of project delivery on our operational results is accentuated by the fact that during any particular period of time we can only undertake a limited number of projects due to the substantial capital requirements for land acquisition and construction costs as well as a limited supply of land.

Our business is subject to seasonality. During the Chinese New Year holidays, winter weather conditions can hinder construction of development projects, especially in northern China. Our revenue and profits, recognised upon the delivery of properties, may be affected by such seasonal effects.

We face significant property development risks before we realise any benefit from a project

Property developments typically require substantial capital outlays during construction periods, and it may take months or years before positive cash flows, if any, can be generated by pre-sales of properties to be completed or sales of completed properties. The time and cost required to complete a property development may increase substantially due to many factors beyond our control, including the shortage, or increased cost of material, equipment, technical skills and labour, adverse weather conditions, natural disasters, labour disputes, disputes with contractors, accidents, changes in government priorities and policies, changes in market conditions, delays in obtaining the requisite licenses, permits and approvals from the relevant authorities, delays in relocation which may result in increased relocation compensation, and other unforeseen problems or circumstances. Any of these factors, individually or in the aggregate, may lead to a delay in, or the failure of, the completion of a property development and may result in costs that substantially exceed those costs originally forecasted. Failure to complete a property development according to its original plan, if at all, may have an adverse effect on our reputation and could give rise to potential liabilities. As a result, our returns on investments, if any, may not be recognised in a timely manner or may be lower than originally expected.

The appraisal value of the properties in the Property Valuation Report may be different from the actual realisable value and is subject to change

The Property Valuation Report prepared by Jones Lang LaSalle Sallmanns Limited is included in Appendix IV to this prospectus. The valuations in the report are based upon certain assumptions, which, by their nature, are subjective and uncertain and may be different from actual realisable value. With respect to properties under development and properties held for future development, the valuations are based on the assumptions that: (i) the properties will be completed or developed as currently proposed; (ii) all regulatory and governmental approvals for the proposals have been or will be obtained; (iii) we are in possession of proper legal title and are entitled to transfer the properties with no extra land premium; and (iv) all premiums in connection with the properties have been paid and the properties are free of encumbrances and other restrictions. These valuations are not a forecast of the actual realisable value of the properties. Unforeseen changes in a particular property development or in national or local economic conditions, for example, could affect the actual realisable value of our properties. We cannot assure you that the valuation of our properties will not decrease in the future. Any such decrease would reduce our profits and could have a material adverse effect on our business, financial condition and results of operations.

Our results of operations include estimated fair value gains on investment properties, which are unrealised

For the year ended 31 December 2008 and the four months ended 30 April 2009, we recorded fair value gains on our investment properties amounting to approximately RMB846.1 million and RMB735.2 million, respectively, in our consolidated income statements, representing 40.6% and 69.4% of our profit before tax for those periods, respectively. Prospective investors should be aware that these upward fair value adjustments reflect primarily unrealised capital gains in the value of our investment properties at the relevant reporting dates, are not profit generated from day-to-day rental income from our investment properties and are largely dependent on the conditions prevailing in the property markets. These fair value gains do not generate cash inflow to our Group and will not unless such investment properties are actually sold at or above such estimated fair values. Moreover, prospective investors should be aware that property values are subject to market fluctuations and we cannot assure you that our Group will be able to continue to record favourable fair value adjustments on investment properties in similar amounts, or at all, in the future or that the fair value of our investment properties will not decrease in the future. Any such decrease in the fair value of our investment properties will reduce our profits and could have a material adverse effect on our results of operations.

We have experienced periods of net cash outflow from operating activities in the past. We cannot assure you that we will not experience periods of net cash outflow from operating activities in the future

We had net cash outflows from operating activities of RMB2,209.6 million in 2006 and RMB2,726.4 million in 2008. Due to the nature of the property development business, we may from time to time experience net operating cash outflow, when imbalances occur between the timing of our cash inflows relating to the pre-sale of properties and our cash outflows relating to the construction of properties and the purchases of land. Our historical net cash outflows from operating activities were primarily due to the increase in properties under development and projects held for future development while other major developments were being prepared for pre-sale.

We cannot assure you that we will not experience periods of net operating cash outflow in the future. If we experience sustained periods of net operating cash outflow in the future, our financial condition may also be materially and adversely affected.

We do not conduct independent credit checks when providing short-term guarantees over mortgages taken out by our customers. If a significant number of such guarantees are called upon, our financial condition could be adversely affected

We enter into arrangements with banks to facilitate the provision of mortgage facilities to purchasers of our properties. In accordance with industry practice, we are required to provide guarantees to these banks in respect of mortgages offered to our customers until completion of construction and submission of the relevant property ownership certificates and certificates of other interests in the property to the relevant banks. If a purchaser defaults under the mortgage loan and the bank calls on the guarantee, we are required to repay all debt 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 will have full recourse to the property.

In accordance 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 at 31 December 2006, 2007, 2008 and 30 April 2009, our outstanding guarantees over the mortgage loans of our customers amounted to approximately RMB528.6 million, RMB1,860.8 million, RMB2,662.1 million and RMB3,112.4 million, respectively.

If a significant number of purchasers default on their mortgages and our guarantees are called upon, our results of operations and financial condition could be adversely affected to the extent that either there is a material depreciation in the value of the relevant properties from the price paid by the purchaser or we cannot sell such properties due to unfavourable market conditions or other reasons.

We are subject to legal and business risks if our project companies fail to obtain or renew their qualification certificates

All real estate developers in the PRC must obtain a qualification certificate in order to carry out the business of property development in the PRC. In addition, a real estate developer in the PRC must hold a valid qualification certificate when it applies for a pre-sale permit.

The Provisions on Administration of Qualification Certificates of Real Estate Developers (the "Qualification Certificate Provisions") (房地產開發企業資質管理規定) provides that a newly established developer must first apply for a temporary qualification certificate (暫定資質證書) with an initial one-year term, which can only be renewed for an additional two years. Thereafter, the developer must apply for a formal qualification certificate (資質證書) under one of the four grades set out in the Qualification Certificate Provisions. In reviewing an application to issue or grant a qualification certificate, the relevant government authority considers the real estate developer's registered capital, property development investments, history of property development and quality of property construction, as well as the expertise of the developer's management and whether the developer has any illegal or inappropriate operations.

If any of our project companies is unable to continue to renew their qualification certificates or obtain formal qualification certificates in a timely manner or at all, as and when they expire, those project companies may not be permitted to continue to engage in real estate development or to conduct any pre-sales for that development, which could in turn have a material adverse impact on our operational and financial conditions.

The relevant PRC tax authorities may enforce the payment of LAT and may challenge the basis on which we calculate our LAT obligations

Under PRC tax laws and regulations, our properties developed for sale are subject to Land Appreciation Tax (LAT), which is collectible by the local tax authorities. All income from the sale or transfer of state-owned land use rights, buildings and their ancillary facilities in the PRC is subject to LAT at progressive rates ranging from 30% to 60% of the appreciation value as defined by the relevant tax laws. Pursuant to 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》), LAT shall be exempt for the sale of ordinary standard residences (普通標準住房) if the appreciation does not exceed 20% of the total deductible items. Deductible items include acquisition cost of land use rights, development cost of land, construction cost of new buildings and facilities or assessed value for used properties and buildings, taxes related to the transfer of real estate and other deductible items as stipulated by the Ministry of Finance. Sales of commercial properties are not eligible for such exemption. Pursuant to the Detailed Rules for the Implementation of 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》) for property developers, an additional 20% of deductible expenses may be deducted in the calculation of the land appreciation amount. On 28 December 2006, the State Administration of Taxation issued a Notice on Issues Relevant to Administration of Settlement of Land Appreciation Tax of Real Estate Development Enterprises (《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》) with the intention of strengthening the collection of LAT. This Notice requires real estate developers to settle the final LAT payable in respect of their development projects that meet certain criteria, such as 85% of a development project having been pre-sold or sold. Local provincial tax authorities are entitled to formulate detailed implementation rules in accordance with this Notice in consideration of local conditions.

We only prepay a portion of such provisions each year as required by the local tax authorities. For the three financial years ended 31 December 2006, 2007, 2008 and the four months ended 30 April 2009, we made provisions for LAT in the amount of RMB0.4 million, RMB114.6 million, RMB363.1 million and RMB9.5 million, respectively. In the event that the LAT we have provided for is actually collected by the PRC tax authorities, our cashflow and financial position will be adversely affected. Furthermore, in the event that LAT eventually collected by the PRC tax authorities (due to changes in local practices and interpretations of related regulations of local tax authorities) exceeds the amount we have provided for, our net profits after tax and financial position will be adversely affected.

We may be deemed a Chinese resident enterprise under the new PRC Enterprise Income Tax Law and be subject to the corresponding PRC taxation on our worldwide income

Under the new PRC Enterprise Income Tax Law that took effect on 1 January 2008, 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. In accordance with the new implementation rules relating to the new PRC

Enterprise Income Tax Law, "de facto management body" is defined as the institution which has substantial overall management and control of the daily operation, personnel, financial accounts and properties of an enterprise. Substantially all of our management is currently based in China, and may remain in China after the effectiveness of the new PRC Enterprise Income Tax Law. Therefore, we may be treated as a Chinese resident enterprise for enterprise income tax purposes. The tax consequences of such treatment are currently unclear, as they will depend on how local tax authorities apply or enforce the new PRC Enterprise Income Tax 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" below.

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

Under the new PRC Enterprise Income Tax 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 unless there is an applicable tax treaty between the PRC and the jurisdiction in which an overseas holder resides which reduces or exempts the relevant tax. Similarly, any gain realised on the transfer of shares by such investors is also subject to the 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," it is unclear whether the dividends we pay with respect to our Shares, or the gain you may realise from the transfer of our Shares, would be treated as income derived from sources within the PRC and be subject to PRC tax. If we are required under the new PRC Enterprise Income Tax Law to withhold PRC income tax on our dividends payable to our foreign Shareholders, or if you are required to pay PRC income tax on the transfer of your Shares, the value of your investment in our Shares may be materially and adversely affected.

We rely principally on dividends paid by our subsidiaries to fund any cash and financing requirements we may have, and 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

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 by such subsidiaries to us.

Furthermore, applicable PRC laws, rules and regulations permit payment of dividends by our PRC entities only out of their retained earnings, if any, determined in accordance with PRC accounting standards. Our PRC entities are required to set aside a certain percentage of their after-tax profit based on PRC accounting standards each year to their reserve fund in accordance with the requirements of relevant laws and provisions in their respective articles of association. As a result, 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. Any limitation on the ability of our subsidiaries to pay dividends to us could materially and adversely limit our ability to grow, make investments or acquisitions that could be beneficial to our businesses, pay dividends or otherwise fund and conduct our business. Under the new PRC Enterprise Income Tax Law and its 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" (enterprises 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) subject to the application of any relevant income tax treaty that the PRC has entered into. 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 10% rate (or lower treaty rate).

Our operations may be adversely affected if any key member of our management leaves

We depend on the services provided by our management and other qualified and experienced staff. Competition for such talented employees is intense in the property development sector in the PRC. Our core management teams comprise our executive directors and key senior management as disclosed in the "Directors, Senior Management and Employees" section. If any core management team member leaves and we fail to find suitable substitutes, our business may be adversely affected. Moreover, as our business continues to grow and we expand into other regional markets in the PRC, we will need to employ, train and retain employees on a larger geographical scale. If we cannot attract and retain suitable human resources, our business and prospects will be negatively affected.

The interests of our Controlling Shareholders may differ from those of our public Shareholders

Following the Global Offering, the Founder through his wholly-owned company, Best Era, will be our largest shareholder with approximately 66.135% of the equity interests in our Company immediately after the Global Offering, assuming that the Over-allotment Option and the options granted under the Pre-IPO Share Option Scheme are not exercised and the Convertible Notes will be converted based on the low end of Offer Price of HK$4.00. Accordingly, subject to our Memorandum of Association and our Articles of Association and the Cayman Islands Laws, the Founder, by virtue of his significant ownership of our share capital as well as his position on our Board, will be able to exercise significant control and exert significant influence over our business or otherwise on matters of significance to us and our other shareholders by voting at the general meetings of Shareholders and at the Board of Directors' meetings. The interests of the Founder may differ from the interests of our public Shareholders.

Potential liability for environmental problems could result in substantial costs

We 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, and the status and use of adjoining properties. Compliance with environmental laws and conditions may result in delays, may cause us to incur substantial compliance and other costs and can prohibit or severely restrict project development activity in environmentally-sensitive regions or areas.

In accordance with the PRC laws and regulations, each project developed by us needs to undergo an environmental impact assessment and we need to submit the relevant environmental impact assessment report to the competent authority for its approval before the construction of these projects commence. We cannot ensure that environmental impact assessments will reveal all environmental liabilities or their extent, and there may be material environmental liabilities of which we are unaware. In the event that we are subject to any regulatory action as a result of our failure to carry out such environmental impact assessments fully or at all, our reputation, business and financial condition may be adversely affected.

We may encounter delays in delivering title documents after sale

Property developers in the PRC are typically required to deliver to each purchaser the relevant state-owned land use rights certificate and property ownership certificate within 90 days after delivery of the relevant property or such other time period provided in the sales contract. Under our sales contracts, we are required to compensate our customers for delays in completing our deliverables. Pursuant to a typical sales and purchase agreement, if we fail to deliver the property on the delivery day stipulated in the sale and purchase agreement, we will, depending on the length of delay, be liable to pay a monetary penalty ranging from 0.005% to 0.02% of the property price on a daily basis until the delivery of the property. If our delay exceeds a certain number of days, which, depending on the particular contract ranges from 30 days to 180 days, the relevant purchaser may have the right to repudiate the contract in addition to claiming the penalty fee. There may also be factors beyond our control that cause delay in the delivery of property ownership certificates, such as examination and approval processes conducted by various government agencies. In the case of serious delays on one or more property projects, our business and reputation may be materially and adversely affected.

Our business may be adversely affected by future increases in interest rates

Interest rates in China were relatively stable from July 1995 to October 2004. However, on 28 October 2004, the PBOC raised both its benchmark lending and deposit interest rates by 0.27% to 5.58% for one-year Renminbi loans and 2.25% for one-year deposits with effect from 29 October 2004. This was the first time lending and deposit interest rates had been raised since July 1995 and July 1993, respectively. The PBOC also abolished the upper limit on Renminbi lending rates and permitted banks to offer deposit rates below the PBOC benchmark rate. In March 2005, the PBOC canceled the preferential mortgage loan rate for individuals and restricted the minimum mortgage loan rate to 0.9 times of the benchmark-lending rate. The PBOC further raised its benchmark lending interest rates on 27 April 2006 by 0.27% to 5.85% for one-year Renminbi loans with effect from 28 April 2006. On 18 August 2006, it raised its benchmark interest rates by 0.27% to 6.12% for one-year Renminbi loans with effect from 19 August 2006. On 17 March 2007, it raised its benchmark interest rates by 0.27% to 6.39% for one-year Renminbi loans with effect from 18 March 2007. On 18 May 2007, it raised its benchmark interest rates by 0.18% to 6.57% for one-year Renminbi loans with effect from 19 May 2007, and on 21 July 2007, it raised its benchmark interest rates by 0.27% to 6.84% for one-year Renminbi loans with effect from 22 July 2007. On 21 August 2007, the PBOC again raised its benchmark interest rates by 0.18% to 7.02% for one-year Renminbi loans with effect from 22 August 2007. The PBOC further increased its benchmark interest rates to 7.47% on 21 December 2007. The lending rates for other various terms were also raised accordingly. The PBOC then maintained interest rates unchanged until September 2008, when it took action to reduce interest rates in the wake of the global financial crisis. The PBOC cut rates five times during the last quarter of 2008 reducing the one-year benchmark lending rate by a total of 189 basis points. By the end of 2008, the one-year benchmark lending rate was 5.31%, which has remained unchanged as at the Latest Practicable Date.

The Company has incurred a significant amount of interest expense in relation to the Pre-IPO Financing. A substantial portion of the interest expense has been capitalised as properties under development, which will then be recognised in the consolidated income statements as cost of sales upon the sales of properties. As a result, such capitalised interest expense may adversely affect our Group's gross profit margin upon the sales of properties in 2009 and future periods.

Increases in interest rates, introduced by the PBOC will make mortgage financing more expensive for potential purchasers of our properties. Our cost of borrowing also increases as a result of interest rate increases, which in turn adversely affects our results of operations.

We cannot assure you that we will be successful when expanding our commercial and residential property development and operation businesses into other high growth cities in China

We are currently developing most of our projects in Shanghai, Tianjin and Beijing, while also actively expanding into other high growth areas in China, such as Wuxi, Suzhou, Nantong, Hefei, Shenyang and Harbin. Our active expansion into other areas in China may place a strain on our managerial, operational and financial resources, and will further contribute to an increase in our financing requirements. There is no assurance that we will be successful in expanding into other areas in China and that our revenue from residential and commercial developments in other areas of China will grow at the rate we anticipate or at all. In addition, we could face considerable reputational and financial risks if our development projects outside of Shanghai are mismanaged or do not meet the expectations of customers. If we fail to generate revenue from developments in other areas of China in line with our expectations or suffer loss of reputation or significant financial losses in connection with our planned expansion into other areas of China, it could have a material adverse effect on our business, financial condition or results of operations.

We do not have insurance to cover potential losses and claims in our operations

We do not maintain insurance coverage on our properties developed for sale except for those developments over which our lending banks have security interests, or for which we are required to maintain insurance coverage under the relevant loan agreements. In addition, we generally do not carry insurance against personal injuries that may occur during the construction of our properties except for our own employees. The general contractors and construction companies are responsible for safety control during the course of construction and are required to maintain accident insurance for their construction workers pursuant to PRC laws and regulations.

We do not take out insurance coverage for non-performance of contracts during construction and other risks associated with construction and installation work during the construction period. Moreover, there are certain contingent liabilities for which insurance is not available on commercially practicable terms, such as losses caused by earthquake, typhoon, flooding, war and civil disorder. There may be instances when we will have to incur losses, damages and liabilities because of our lack of insurance coverage, which could have a material adverse effect on our business, financial condition, or results of operations.

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

We may be involved in disputes with various parties involved in the development and the sale of our properties, including contractors, suppliers, construction workers, partners and purchasers. These disputes may lead to legal or other proceedings and may result in substantial costs, diversion of resources and management's attention, which could have a material adverse impact on our business, financial condition or results of operations. As most of our projects consist of multiple phases, purchasers of our properties in earlier phases may file legal actions against us if our subsequent planning and development of the projects are perceived to be inconsistent with our representations and warranties made to such earlier purchasers. In addition, we may have disagreements with regulatory bodies in the course of our operations that may subject us to administrative proceedings. Unfavourable decrees could result in pecuniary liabilities and cause delays to our property developments. Please see the section headed "Business — Legal Proceedings" in this prospectus for more details.

Any non-compliant GFA of our current uncompleted and future property developments may be subject to governmental approval and additional payments

The local government authorities inspect property developments after their completion and issue Construction of Properties and Municipal Infrastructure Completed Construction Works Certified Reports (驗收備案表) if the developments are in compliance with the relevant laws and regulations. If the total constructed GFA of a property development exceeds the GFA originally authorised in the relevant land grant contracts or construction permit, or if the completed property contains built-up areas that do not conform with the plan authorised by the construction works planning permit, the property developer may be required to pay additional amounts or take corrective actions with respect to such non-compliant GFA before a Construction of Properties and Municipal Infrastructure Completed Construction Works Certified Report can be issued for the property development.

We cannot ensure that local government authorities will not find the total constructed GFA of our existing projects under development or any future property developments to exceed the relevant authorised GFA upon completion of their construction. Any finding that a substantial portion of such GFA does not comply with the relevant contracts or permits could have a material adverse affect on our business, financial condition, results of operations and/or prospects.

Our remittance of offshore funds into China is subject to approval by the PRC government, as a result of which we may encounter delays in respect of the use of our net proceeds raised from the Global Offering

In recent years, in an effort to stabilise the growth of its economy, the PRC government has introduced a series of austerity measures, including those aimed at controlling the inflow of offshore funds into the property development industry or for property speculative activities. In particular, as advised by Commerce and Finance Law Offices, the PRC legal counsel to the Company, the notice issued on 23 May 2007 jointly by MOFCOM and SAFE, often known as Notice 50, requires that foreign invested real estate companies newly approved and established after the date of issuance of the Notice must comply with certain registration requirements with MOFCOM. In addition, Notice 50 also requires that foreign invested real estate companies with property projects or property business newly added must also comply with the relevant approval requirements. As advised by Commerce and Finance Law Offices, none of the foreign invested real estate companies of the Group involved in the Reorganisation was newly approved and established after 23 May 2007, and therefore Commerce and Finance Law Offices is of the view that such requirements stipulated by the Notice 50 does not apply to the Group in this regard. As advised by Commerce and Finance Law Offices, all of the current existing nine foreign invested real estate companies of the Group involved in the Reorganisation have obtained the relevant approvals in respect of their newly added projects and businesses or increase of paid-up capital, and have also obtained the updated Foreign Invested Enterprises Approval Certificates, therefore Commerce and Finance Law Offices is of the view that the Group has also complied with such relevant approval requirement. In light of a further notice issued by SAFE on 10 July 2007, often known as Notice 130, if we propose to establish new foreign-invested real estate enterprises in the PRC going forward, and/or intend to use the net proceeds from our Global Offering to increase the paid up 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 the PRC for such purposes. Furthermore, if we intend to use the offshore funds to provide shareholder loans to such foreign-invested enterprises, local branches of SAFE will no longer be permitted to register such foreign-invested loans or allow the proceeds to be remitted into the PRC as a foreign loan.

Because of our offshore holding company status, we typically conduct our property development operations in the PRC through project companies established as foreign invested real estate companies. As disclosed in the section headed "Future Plans and Use of Proceeds", approximately 70% of our net proceeds will need to be initially funded as registered capital contributions to our existing foreign invested real estate companies to finance our future projects. As a result, we are required to file with MOFCOM and wait until such filing is complete before we may transfer the proceeds into the PRC for use of our development of future projects and potential acquisition of new lands. We cannot assure you whether this process will be long or will not cause delays, or whether the investment approval and the MOFCOM filing will be successful. Failure to obtain such government approvals and filings, or any material delays in the approval or filing process, will adversely affect our development and expansion plans, as a result of which, our results of operations may be adversely affected. In addition, under the new policies pursuant to Notice 130 as stated above, our Directors are also of the view that going forward, it may be difficult for us to obtain funding by way of foreign shareholders' loans.

In addition, any capital contributions made to our PRC operating subsidiaries, including from the proceeds of the Global Offering, are also subject to the foreign investment regulations and foreign exchange regulation in the PRC. For example, in accordance with a circular promulgated by SAFE in August 2008 with respect to the administration of conversion of foreign exchange capital contribution of foreign invested enterprises into Renminbi, unless otherwise permitted by PRC laws or regulations, Renminbi 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 or equity investee 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 equity contributions to our PRC project companies as their general working capital or to fund their operations may be negatively affected, which could materially and adversely affect the Group's operational results.

Risks Relating to Our Industry

Oversupply of real estate could drive down property prices

The property market in the PRC is still at an early stage of development, and social, political, economic, legal and other factors may affect its development. For example, the lack of a mature and active secondary market for private properties and the limited amount of mortgage loans available to individuals in the PRC have been cited as factors that may inhibit demand for residential properties. Many of our development projects are targeted towards residents with high levels of disposable income who demand modern and high-quality living environments. These residents are also the consumers of the products and services provided by the tenants of our retail shops and commercial properties. A significant downturn in the PRC economy could adversely affect such demand, as well as the demand among corporations and other professional firms for our office properties.

In addition, the PRC property market is volatile and may experience under-supply or over-supply resulting in property price fluctuations. The central and local governments frequently adjust monetary and other economic policies to prevent the overheating of the PRC and local economies. Such economic adjustments may affect the real estate market in the PRC. The central and local governments make policy adjustments from time to time and adopt new regulatory measures in a direct effort to control the overdevelopment of the real estate market in the PRC. In the last three years, the central and local governments have taken a variety of measures to discourage speculation in the residential property market and to increase the supply of affordable housing. Such policies may lead to changes in market conditions, including price instability and imbalance of supply and demand in respect of office, residential, retail, entertainment and cultural properties. This may materially adversely affect our business, financial condition and results of operations. We cannot ensure that there will not be over-development in the property sector in the PRC in the future. Any future overdevelopment in the property sector in the PRC may result in an oversupply of properties and a decrease in property prices, as well as an undersupply of available sites for future development and an increase in the cost of acquiring land in our markets. This could materially and adversely affect our business, financial condition and results of operations.

Our operations are subject to extensive governmental regulation and are susceptible to changes in such regulations

As a property developer in the PRC principally engaging in developing projects involving diverse land uses, our operations are subject to extensive governmental regulation. We must comply with various requirements mandated by PRC 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, we must obtain various permits, licenses, certificates and other approvals from the relevant administrative authorities at various stages of our property development, including approvals in relation to the injection of capital into our project subsidiaries, land use rights documents, planning permits, construction permits, pre-sale permits and certificates or confirmation of completion and acceptance. Each approval is also dependent on the satisfaction of certain conditions.

For example, as part of the recent PRC Government measures on adjustment of housing supply, in May 2006 the Ministry of Construction and other relevant regulatory bodies jointly issued the Opinions on Housing Supply Structure and Stabilisation of Property Prices (《關於調整住房供應結構穩定住房價格的意見》) (the "Opinions"). The Opinions provide that, among others, in approving housing developments on or after 1 June 2006, the relevant local authority must require units with a floor area of less than 90 sq.m. to account for at least 70% of the total development and construction area of newly approved and developed commercial residential developments, unless the local authorities of municipalities under direct administration of the PRC central government, provincial capitals and certain cities have obtained approval from the Ministry of Construction to depart from this requirement. Such approvals are based on the existence of special circumstances. According to the Opinion, the projects that have received project approvals prior to 1 June 2006 but have not obtained a work commencement permit should adjust their planning in order to conform to this new requirement.

On 2 March 2006, the Ministry of Finance and the State Administration of Taxation promulgated a notice that with effect from 2 March 2006, transfers of housing property by individuals shall be subject to land value-added tax. On 30 May 2006, the State Administration of Taxation issued a notice stating that from 1 June 2006, business tax will be imposed on the full amount of the sale income upon the transfer of a residential house by an individual within five years from the purchase date. On 18 July 2006, the State Administration of Taxation promulgated a notice that with effect from 1 August 2006, any balance of income gained from a transfer of housing property by an individual after deduction of the original value of the property and any reasonable expenses shall be subject to personal income tax as "property transfer income".

On 23 May 2007, the MOFCOM and the SAFE jointly issued the Notice on Further Strengthening and Regulating the Approval and Supervision on Foreign Direct Investment in Real Estate Sector (《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, among other things, imposes strict control on foreign investment in the real estate sector in the PRC relating to up-market properties and requires foreign invested real property development companies to obtain approvals for expansion of their real estate business operations. On 10 July 2007, the SAFE issued the Notice Regarding the Publication of the First Group of Real Estate Enterprises with Foreign Investment That Have Properly Registered with the MOFCOM (《國家外匯管理局綜合司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 the ability of foreign invested real estate companies to raise funds offshore and then inject funds into the companies by way of shareholder loans.

On 27 September 2007, PBOC and CBRC promulgated a "Circular on Strengthening the Management of Commercial Real Estate Credit Loans" (《關於加強商業性房地產信貸管理的通知》)

(the "Circular"), which increases the percentage of down payment for purchasers acquiring a second residential property to at least 40.0% and states that the interest rate of the loan should not be lower than 110.0% of the benchmark interest rate of the same grade and in the same period promulgated by PBOC. The Circular also adopted a series of measures to tighten up control over commercial banks' loans to property developers in order to prevent the granting of excessive credit. For example, commercial banks are banned from offering loans to projects that have less than 35.0% of capital funds (proprietary interests), or that fail to obtain land use rights certificates, construction land planning permits, construction works planning permits and work commencement permits. Commercial banks are also prohibited from accepting commercial properties that have been vacant for more than three years as guarantees for loans. In principle, property development loans provided by commercial banks should only be used for projects in the areas where the commercial banks are located. Otherwise, commercial banks should carry out effective risk control measures and make filings with PRC supervisory authorities before providing the loans. Commercial banks are also prohibited from granting to property developers any loan that is to be used specifically for paying land premiums.

On 28 September 2007, the Ministry of State Land and Resources promulgated the Regulations on Granting State-owned Construction Land Use Right through Tenders, Auction and Listed for Bidding (《招標拍賣掛牌出讓國有建設用地使用權規定》) (the "Regulations"). The Regulations provide, among others, that a land use rights grantee may only apply for the registration of land use rights and be granted the relevant land use rights certificates after it has fully paid the relevant land premium in accordance with the relevant land grant contracts, and that land use rights certificates shall not be issued with respect to part of a land parcel in proportion to part payment of the relevant land premiums.

We cannot ensure that we will not encounter major problems in obtaining the necessary approvals or fulfiling the conditions precedent to the receipt of 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 the granting of the approvals. There may also be delays on the part of the administrative bodies in reviewing our applications and granting approvals. If we fail to obtain, or experience material delays in obtaining the requisite governmental approvals, the development and sale of our developments could be substantially disrupted, which would result in a material adverse effect on our business, results of operations and financial condition. Further changes in tax laws may also adversely affect demand for properties. Further, we cannot ensure that implementation of the laws and regulations by the relevant authorities, or the interpretation or enforcement of such standards, will not require us to incur additional costs, which could have a material adverse effect on our business, financial condition and results of operations.

The PRC Government may reclaim land from us if we fail to comply with the terms of our land grant contracts

Under PRC law, if we fail to develop a property project according to the terms of the land grant contract, including those relating to the payment of land premiums, demolition and resettlement costs and other fees, specified use of the land and the time for commencement and completion of the property development, the PRC Government may issue a warning, impose a penalty, and/or order us to forfeit the land. Specifically, under current PRC law, if we 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 on us and impose a land idle fee on the land of up to 20% of the land premium. If we fail to commence development for more than two years, the land is subject to forfeiture to the PRC Government without compensation unless the delay in development is caused by PRC Government's actions, preparation work or force majeure. In accordance with the Opinions on Housing Supply Structure and Stabilisation of Property Prices (《關於調整住房供應結構穩定住房價格的意見》) which became effective in May 2006, even though the commencement of the land development is in line with the land use rights grant contract, if the developed GFA on the land is less than one-third of the total GFA of the project or the total capital invested is less than one-fourth of the total investment in the project and the suspension of the development of the land is over one year without government approval, the land will be treated as idle land. During the Track Record Period, we paid a total of approximately RMB5.6 million, on an aggregate basis, as penalties to the relevant local governments in respect of late payments of land premiums. There can be no assurance that circumstances leading to forfeiture or significant delays in the development schedule will not arise in the future. If the land is forfeited to the government, we may not be able to recover the costs incurred for the initial acquisition of the forfeited land or recover part or whole of our development costs incurred up to the date of forfeiture, including the land premiums paid, which could in turn have a material adverse effect on our business, financial condition, results of operations or reputation.

Resettlement negotiations may add costs or cause delays to our development projects

Under PRC laws and regulations, where we are responsible for the demolition of existing properties on a site for development and relocation of existing residents, we will be required to pay resettlement costs to those residents.

On 16 March 2007, the National People's Congress of China adopted the Property Rights Law, which expressly provides legal protection of the private rights of home owners. This may increase the difficulties in effecting demolition and resettlement through administrative intervention, and the cost of demolition and resettlement may increase.

Even if we are not responsible for the demolition and relocation, if the party responsible for the demolition and relocation and the party subject to the demolition and relocation fail to reach an agreement for compensation and resettlement, either of them may apply for a ruling of the relevant governmental authorities and if a party is not satisfied with the ruling, it may initiate proceedings in a people's court within three months from the date of service of such ruling, which may cause delays in the development projects. Such proceedings and delays, if they occur, could adversely affect our reputation. In addition, any such delays to our development projects will lead to an increase in the cost and a delay in the expected cash inflow resulting from pre-sales of the relevant project, which may in turn adversely affect our business, financial position and results of operations and may be material.

Our sales and pre-sales will be affected if mortgage financing becomes more costly or otherwise becomes less attractive

Substantially all purchasers of our residential properties rely on mortgages to fund their purchases. An increase in interest rates may significantly increase the cost of mortgage financing, thus affecting the affordability of residential properties. In addition, the PRC Government and commercial banks may also increase the down payment requirement, impose other conditions or otherwise change the regulatory framework in a manner that would make mortgage financing unavailable or unattractive to potential property purchasers. Under current PRC laws and regulations, purchasers of residential properties generally must pay a minimum of 20% to 30% of the purchase price of the properties before they can finance their purchases through mortgages. In addition, mortgagee banks may not lend to any individual borrower if the monthly repayment of the anticipated mortgage loan exceeds 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 addition, pursuant to the Notice on the Further Decrease in the Interest Rates of Commercial Mortgage Loans for Individual Residential Property promulgated by PBOC (《中國人民銀行關於擴大商業性個人住房貸款利率下調幅度等有關問題的通知》) in October 2008, the minimum down payment for individual purchasers of residential property through mortgage financing is 20% of the total purchase price. The monthly payment of the anticipated mortgage loan is still restricted to 50% of the individual borrower's monthly income as a maximum. If the availability or attractiveness of mortgage financing is reduced or limited, many of our prospective customers may not be able to purchase our properties and, as a result, our business, liquidity and results of operations could be materially adversely affected.

In line with industry practice, we provide guarantees to banks for mortgages they offer to our purchasers up until we complete the relevant properties and the property ownership certificates and certificates of other interests with respect to the relevant properties are delivered to the mortgagee banks. 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 third parties, or if no third party is available or willing in the market to provide such guarantees, it may become more difficult for property purchasers to obtain mortgages from banks and other financial institutions during sales and pre-sales of our properties. Such difficulties in financing could result in a substantially lower rate of sale and pre-sale of our properties, which could materially and adversely affect our cash flow, financial condition and results of operations. There can be no assurance that such changes in laws, regulations, policies or practices will not occur in the PRC in the future.

Changes of laws and regulations with respect to pre-sales may adversely affect our cash flow position and financial performance

We depend on cash flows from pre-sale of properties as an important source of funding for our property projects. Under current PRC laws and regulations, property developers must fulfil certain conditions before they can commence pre-sale of the relevant properties and may only use pre-sale proceeds to finance their developments. On 5 August 2005, the PBOC issued a report entitled "2004 Real Estate Financing Report," in which it recommended the discontinuance of the practice of pre-selling uncompleted properties as it creates significant market risks and generates transactional irregularities. At the "two meetings" (the plenary session of the National People's Congress and that of the Chinese People's Political Consultative Conference) held in March 2006, a total of 33 delegates to the National People's Congress, including Bai Hexiang, head of the Nanning Central Sub-Branch of the People's Bank of China, put forward a motion to abolish the system for sale of forward delivery housing. In May 2006, Cheng Jiansheng, head of the Real Estate Finance Division of the Financial Market Department of China published an article pointing out that the way to perfect the system for China's commodity housing pre-sale is to abolish the financing of pre-sale. On 24 July 2007, the National Development and Reform Commission (NDRC) proposed to change the existing system for sale of forward delivery housing into one for sale of completed housing. There can be no assurance that the PRC Government will not ban the practice of pre-selling uncompleted properties or implement further restrictions on the pre-sale of properties, such as imposing additional conditions for a pre-sale permit or further restrictions on the use of pre-sale proceeds. Any such measure will adversely affect our cash flow position and force us to seek alternative sources of funding for much of our property development business.

Risks Relating to the PRC

Changes in the PRC's political, economic and social conditions, laws, regulations and policies may have an adverse effect on us

The economy of the PRC differs from the economies of most developed countries in many respects, including but not limited to:

- structure;
- level of government involvement;
- level of development;
- growth rate;
- control of foreign exchange; and
- allocation of resources.

The PRC economy has been transitioning from a planned economy to a market-oriented economy. For the past three decades, the PRC Government has implemented economic reform measures emphasizing utilisation of market forces in the development of the PRC economy. We cannot predict whether changes in the PRC's political, economic and social conditions, laws, regulations and policies will have any adverse effect on our current or future business, financial condition or results of operations.

There are uncertainties regarding interpretation and enforcement of PRC laws and regulations

All of our operations are, and will continue to be, conducted in the PRC. The PRC legal system is based on written statutes, and prior court decisions can only be cited as reference. Since 1979, the PRC Government has been developing a comprehensive system of commercial laws and regulations in relation to economic matters such as foreign investment, corporate organisation and governance, commerce, taxation and trade.

However, due to the fact that these laws and regulations have not been fully developed, and because of the limited volume of published cases and their non-binding nature, the interpretation and enforcement of these laws and regulations involves some uncertainty, which may lead to additional restrictions and uncertainty for our business and uncertainty with respect to the outcome of any legal action taken against us in the PRC.

Changes in foreign exchange regulations and fluctuation in the value of the Renminbi may adversely affect our business and results of operations and our ability to remit dividends

We receive payment for all of our sales in Renminbi, which is not freely convertible into other currencies. Under the existing foreign exchange regulations in China, we may undertake current account foreign exchange transactions without prior approval from the State Administration of Foreign Exchange by complying with certain procedural requirements. The PRC Government may, however, at its discretion, restrict access in the future to foreign currencies for current account transactions under certain circumstances. Effective 1 June 2007, the branch offices of the SAFE shall not handle any foreign debt registration or approve any foreign exchange settlement in respect of foreign debts for any foreign-invested real estate enterprises (including those which are newly established or which have a capital increase) even if such enterprises have obtained an approval certificate from a competent department of commerce and have completed recordation procedures at the Ministry of Commerce.

Meanwhile, the branch offices will not handle any foreign exchange registration (or change in such registration) or any foreign exchange settlement in respect of capital projects for any foreign invested real estate enterprises that obtained an approval certificate from local competent departments of commerce after 1 June 2007 but have not completed recordation procedures at the Ministry of Commerce.

Any change to the foreign exchange regulations may adversely affect our ability to pay dividends or satisfy other foreign exchange requirements.

The value of the Renminbi against other foreign currencies is subject to changes in the PRC's policies and international economic and political developments. Effective from 21 July 2005, the Renminbi is no longer pegged solely to the US dollar. Instead, it is pegged against a basket of currencies, determined by the People's Bank of China, against which it can rise or fall by as much as 0.3% each day. For example, on 21 July 2005, the Renminbi was revalued against the US dollar to approximately RMB8.11 to the US dollar, representing an upward revaluation of 2.1% of the Renminbi against the US dollar, as compared to the exchange rate of the previous day. On 23 September 2005, the PRC Government widened the daily trading band for Renminbi against non-US dollar currencies from 1.5% to 3% to improve the flexibility of the new foreign exchange system. Effective 21 May 2007, the People's Bank of China expanded the floating range of the trading price of the US Dollar against the Renminbi in the inter-bank spot foreign exchange market. The exchange rate may become volatile, the Renminbi may be revalued further against the US dollar or other currencies or the Renminbi may be permitted to enter into a full or limited free float, which may result in an appreciation or depreciation in the value of the Renminbi against the US dollar or other currencies. Fluctuations in exchange rates may adversely affect the value, translated or converted into US dollars or Hong Kong dollars (which are pegged to the US dollar), of our net assets, earnings or any declared dividends. Any unfavourable movement in the exchange rate may lead to an increase in our costs or a decline in sales or increase in our loan liabilities, which could materially affect our operating results. We have not entered into any agreements to hedge our exchange rate exposure.

We rely on the PRC market and if the recent economic downturn and financial crisis in China continue or there is a general economic downturn in China, it will have a material negative impact on our business operations, financial position and our ability to obtain financing necessary for our operations

Almost all of our revenue is derived from sales in the PRC. We are therefore heavily dependent on the general economic conditions in the PRC for our continued growth. The pace of economic growth in the PRC has slowed down since the fourth quarter of 2008. The PRC Government along with a number of economists around the world have expressed their view that they expect the PRC's gross domestic product, or GDP, to continue to slow down in 2009 due to shrinking exports and other external economic factors. The recent economic downturn, both globally and in the PRC, and the general tightening of credit availability which started in the second half of 2008 negatively impacted our cash flow position and our ability to obtain additional financings in the second half of 2008. As a result, we encountered unexpected difficulties in accessing affordable financing for our projects and delayed the construction schedule of a number of our development projects accordingly during the second half of 2008. In addition, given the nature of the property development business, we anticipate that sales to customers based in the PRC will continue to represent a substantial proportion, if not all, of our revenue. The above-mentioned economic downturn and financial crisis resulted in an increased level of commercial and consumer delinquencies, a lack of consumer confidence and an increase in market volatility nationwide, which in turn caused a decrease in the average selling price of, and demand for, real estate properties in the PRC during the second half of 2008. We cannot assure you that the PRC economy will continue to grow or that its growth will occur in geographical regions or economic sectors from which we benefit, nor can we assure you that a financial crisis similar to the financial turmoil that began in the second half of 2008 will not continue or re-occur. If we encounter a similar global economic downturn and financial market crisis in the future on a sustained basis, or any general downturn in the PRC's economic conditions, our business operations, financial position and results of operations will be materially and adversely affected.

Our business may be adversely affected by a renewed outbreak of SARS, H1N1, avian influenza or any other highly contagious disease

In March 2003, there was an outbreak of Severe Acute Respiratory Syndrome ("SARS"), a highly contagious disease, in China and some other countries. A renewed outbreak of SARS in China or other neighboring countries, or an outbreak of another highly contagious disease, will affect China's overall economy. This may in turn significantly affect our business. In addition, if an employee of any of our subsidiaries were to contract SARS or another highly contagious disease, we may need to restrict or even suspend the operations of such company. In addition, an epidemic of highly pathogenic avian influenza has affected humans throughout North Asia and Southeast Asia and is considered to be a public health concern. There have recently been a relatively small number of documented cases of humans that are found to have contracted H1N1 in the PRC. If SARS, H1N1 or avian influenza infections or any other serious contagious disease continue to escalate, their effects on the economies of certain countries in Asia could be similar to or worse than those experienced as a result of the SARS outbreak.

Risks Relating to the Global Offering

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

Prior to listing our Shares on the Stock Exchange, there has been no public market for our Shares. The Offer Price for our Shares will be the result of negotiations between the Joint Global Coordinators (on behalf of the Underwriters) and us, and may differ from the market prices for our Shares after listing. We have applied to the Stock Exchange for the listing of, and permission to deal in our Shares. However, there is no assurance that the listing of our Shares on the Stock Exchange will result in the development of an active and liquid public trading market for our Shares. The market price, liquidity and trading volume of our Shares may be volatile. Factors that may affect the volume and price at which our Shares will be traded include, among other things, variations in our revenue, earnings, cash flows, announcements of new investments, fluctuations in real estate prices in the PRC and changes in laws and regulations in the PRC. We can give no assurance that these developments will not occur in the future. In addition, shares of other companies listed on the Stock Exchange with significant operations and assets in the PRC have experienced price volatility in the past, and it is possible that our Shares may be subject to changes in price not directly related to our performance.

Purchasers of our Shares in the Global Offering will experience immediate dilution and may experience further dilution if we issue additional Shares in the future

The Offer Price of our Shares is higher than our net tangible asset value per Share immediately prior to the Global Offering. Therefore, purchasers of our Shares in the Global Offering will experience an immediate dilution in the pro forma consolidated net tangible assets value per Share of HK$3.77 based on the maximum Offer Price of HK$5.30, and our Shareholders prior to the Global Offering will experience an increase in the pro forma consolidated net tangible asset value per Share of their Shares.

In order to expand our business, we may consider offering and issuing additional Shares in the future. Purchasers of our Shares in the Global Offering may experience further dilution in the net tangible asset value per Share of their Shares if we issue additional Shares in the future at a price which is lower than our pro forma consolidated net tangible asset value per Share.

The sale of a substantial number of our Shares in the public market could materially and adversely affect the prevailing market price of our Shares

Future sales of a substantial number of our Shares by our current shareholders could negatively impact the market price in Hong Kong of our Shares and our ability to raise equity capital in the future at a time and price that we deem appropriate. The Shares held by our Controlling Shareholders are subject to certain restrictions on their disposals of our Shares for a period of 12 months after the date on which trading in our Shares commences on the Stock Exchange, details of which are set forth in the section headed "Underwriting — Underwriting Arrangements and Expenses — Hong Kong Public Offer — Undertakings" in this prospectus. We cannot assure you that our current shareholders will not dispose of any Shares they own now or may own in the future.

Facts and statistics from official government publications in this prospectus relating to the PRC economy and the real estate industry in the PRC may be inaccurate

Some of the facts and official statistics in this prospectus relating to the PRC, the PRC economy and real estate industry and related industry sectors in the PRC are derived from various government official publications and obtained in communications with various government official agencies that we believe to be reliable. However, we cannot guarantee the quality or reliability of such source materials. Such facts and statistics from government official publications have not been independently verified by us, the Joint Bookrunners nor any of their or our affiliates or advisers and, therefore, we make no representation as to the accuracy of such facts and official 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 published information and market practice and other problems, the statistics from government official publications in this prospectus relating to the PRC economy and the real estate industry and related industry sectors in the PRC may be inaccurate or may not be comparable to statistics produced for other economies and should not be unduly relied upon. Further, there can be no assurance that they are stated or compiled on the same basis or with the same degree of accuracy, as may be the case in other countries. In all cases, investors should give consideration as to how much weight or importance they should attach to or place on such facts or official statistics.

It may be difficult to effect service of process upon us or our Directors or senior officers who reside in Mainland China or to enforce any judgement obtained from a non-PRC court

A significant portion of our assets and those of our subsidiaries are located in the PRC. In addition, most of our Directors and officers reside in the PRC, and the assets of our Directors and officers may also be located in the PRC. As a result, it may not be possible to effect service of process outside the PRC upon most of our Directors and officers, including with respect to matters arising under applicable securities laws. A judgement of a court of another jurisdiction may be reciprocally recognised or enforced in the PRC if that jurisdiction has a treaty with the PRC or if judgements of the PRC courts have been recognised before in that jurisdiction, subject to the satisfaction of any other requirements. The PRC does not have treaties providing for the reciprocal acknowledgement and enforcement of judgements of courts with Japan, the United Kingdom, the United States and most other western countries. In addition, Hong Kong has no arrangement for the reciprocal enforcement of judgements with the United States. As a result, recognition and enforcement in the PRC or Hong Kong of judgements of a court in these other jurisdictions in relation to any matter not subject to a binding arbitration agreement are uncertain.

In addition, our Shareholders will not be able to bring any action on the basis of violations of the Listing Rules and must rely on the Stock Exchange to enforce its rules. Furthermore, the Hong Kong Code on Takeovers and Mergers and Share Repurchases does not have the force of law and provides only standards of commercial conduct considered acceptable for takeovers, merger transactions and share repurchases in Hong Kong.

Our Pre-IPO Share Option Scheme will have a dilutive effect on your shareholding percentage and may result in our issuance of Shares at prices lower than their trading price or fair market price

Our optionees under the Pre-IPO Share Option Scheme may exercise their options in instalments as provided in the scheme. The exercise price for all of our Pre-IPO share options is at a 60% discount from the Offer Price. For additional disclosure on the terms and conditions of our Pre-IPO Share Option Scheme and outstanding options so far granted, please see "Appendix X — Statutory and General Information — D. Other Information — 2. Pre-IPO Share Option Scheme" to this prospectus.

You should note that the optionees have up to ten years from date of acceptance of grant to exercise such options. As a result of such arrangements, if our optionees exercise their Pre-IPO share options, such Shares will be issued at a 60% discount to the Offer Price, which may be lower than the then prevailing trading price or fair market price of our Shares in the market. Therefore, your shareholding in our Company is subject to dilution in terms of your ownership percentage in our Company and in terms of the fair value of our Shares you hold. Assuming an Offer Price at the lowest point of the indicative Offer Price range at HK$4.00, the dilutive effect on shareholding percentage assuming full exercise of the Pre-IPO Share Option Scheme is approximately 1.063% of the number of Shares in issue immediately following completion of the Global Offering, the Capitalisation Issue and the conversion of the Convertible Notes, without taking into account any Shares which may be issued upon the exercise of any options that may be granted under the Share Option Scheme.

Forward-looking information may prove inaccurate

This prospectus contains certain forward-looking statements and information relating to us and our operations and prospects that are based on the beliefs of our management as well as assumptions made by and information currently available to our management. When used in this prospectus, the words "anticipate," "believe," "expect," "going forward," "plan," "intend" and similar expressions are intended to identify forward-looking statements. Such statements reflect the current views of our management with respect to future events and are subject to risks, uncertainties and various assumptions, including the other risk factors described in this prospectus. In light of these and other uncertainties, the inclusion of forward-looking statements in this prospectus should not be regarded as representations by our Company that its plans, or objectives will be achieved and investors should not place undue reliance on such forward-looking statements. All forward-looking statements contained in this prospectus are qualified by reference to the cautionary statements set out in this section. Our Company does not undertake any obligation to update publicly or release any revisions of any forward-looking statements, whether as a result of new information, future events or otherwise.

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, including, in particular, any financial projections, projections, valuations or other forward-looking information.

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 Hong Kong Economic Times, Ming Pao Daily News, Hong Kong Economic Journal and Apple Daily, which included, among others, certain financial information, certain projections, valuations and/or other information about the Global Offering and the Group. We have not authorized the disclosure of any such information in the press or media and do not accept any responsibility for the accuracy or completeness of such press articles or other media. We make no representation as to the appropriateness, accuracy, completeness or reliability of any of the projections, valuations or other forward-looking information about us, or of any assumptions underlying such projections, valuations or other forward-looking information included in or referred to by the media. To the extent that any such statements are inconsistent with, or conflict with, the information contained in this prospectus, we disclaim them. Accordingly, prospective investors are cautioned to make their investment decisions on the basis of the information contained in this prospectus only and should not rely on any other information.

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus contains particulars given in compliance with the Companies Ordinance, the Securities and Futures (Stock Market Listing) Rules 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.

We have not authorised anyone to provide any information or to make any representation not contained in this prospectus. You should not rely on any information or representation not contained in this prospectus as having been authorised by us, the Selling Shareholder, any Joint Sponsor, any Joint Global Coordinator, any Joint Bookrunner, any Joint Lead Manager, any Underwriter or any of their respective directors, agents, employees, advisers, or any other person involved in this Global Offering. Neither the delivery of this prospectus nor any offering, sale or delivery made in connection with our Shares should, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in our affairs since the date of this prospectus or imply that the information contained in this prospectus is correct as of any date subsequent to the date of this prospectus.

UNDERWRITING

The Global Offering comprises the Hong Kong Public Offer of initially 168,750,000 Hong Kong offer Shares and the International Offer of initially 2,081,250,000 International Offer Shares, subject, in each case, to reallocation on the basis as described in the section entitled "Structure of the Global Offering" in this prospectus and, in case of the International Offer, to any exercise of the Over-allotment Option.

This prospectus is published solely in connection with the Hong Kong Public Offer. The Joint Sponsors are sponsoring the listing of our Shares on the Stock Exchange. The Hong Kong Public Offer is fully underwritten by the Hong Kong Underwriters on a conditional basis. One of the conditions is that we (on our own behalf and on the behalf of our Selling Shareholder) and the Joint Global Coordinators on behalf of the Underwriters have agreed on the Offer Price. The International Offer will be fully underwritten by the International Underwriters under the terms of the International Underwriting Agreement.

We expect that the Offer Price will be fixed by agreement among us (on our own behalf and on the behalf of our Selling Shareholder) and the Joint Global Coordinators on behalf of the Underwriters on the Price Determination Date, which is expected to be on or around 25 September 2009 and in any event no later than 30 September 2009. If, for any reason, we (on our own behalf and on the behalf of our Selling Shareholder), and the Joint Global Coordinators on behalf of the Underwriters cannot agree on the Offer Price, the Global Offering will not proceed. For information about the Underwriters and the underwriting arrangements, see "Underwriting" in this prospectus.

RESTRICTIONS ON SALE OF THE OFFER SHARES

We offer the Hong Kong Offer Shares solely on the basis of the information contained and representations made in this prospectus and the related Application Forms and on the terms and subject to the conditions contained in this prospectus and the Application Forms.

No action has been taken to permit a public offering of the Offer Shares 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 under any circumstance in which such an offer or invitation is not authorised 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 sale 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 the registration with or authorisation by the relevant securities regulatory authorities or an exemption from applicable securities laws.

Each person subscribing for or acquiring Offer Shares will be required to confirm, and will be deemed by such person's acquisition of Offer Shares to have confirmed, that such person is aware of the restrictions on offers of the Offer Shares as described in this prospectus.

United States

The Offer Shares have not been and will not be registered under the US Securities Act or any state securities laws of the United States and may not be offered or sold within the United States except in transactions exempt from the registration requirements of the US Securities Act. The Offer Shares will be offered and sold:

(a) in the United States, only through US broker-dealers registered as such under the US Exchange Act to persons they reasonably believe to be qualified institutional buyers in reliance on Rule 144A under the US Securities Act or another available exemption from registration under the US Securities Act; and

(b) outside the United States in offshore transactions in reliance on Regulation S under the US Securities Act and in accordance with applicable foreign laws. If you purchase our Shares in the Global Offering, you will be deemed to have made representations and agreements with respect to that purchase.

In addition, until 40 days after the commencement of the Global Offering, an offer or sale of the Offer Shares within the United States by any dealer (whether or not participating in the Global Offering) may violate the registration requirements of the US Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A or another available exemption from the registration requirements of the US Securities Act.

The Offer Shares have not been approved or disapproved by the US Securities and Exchange Commission, any state securities commission in the United States or any other US regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the Global Offering or the accuracy or adequacy of this prospectus or the circular relating to the International Offer. Any representation to the contrary is a criminal offence in the United States.

Cayman Islands

No Shares may be offered for subscription or purchase or sold to the public or to any member of the public in the Cayman Islands.

European Economic Area

In relation to each member state of the European Economic Area which has implemented the Prospectus Directive, which we refer to as a Relevant Member State, with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State, which we refer to as the Relevant Implementation Date, no offer of Shares has been made and or will be made to the public in that Relevant Member State prior to the publication of a prospectus in relation to the Shares which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that, with effect from and including the Relevant Implementation Date, an offer of Shares may be made to the public in that Relevant Member State at any time:

(a) to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;

(b) to any legal entity which has two or more of (i) an average of at least 250 employees during the last financial year; (ii) a total balance sheet of more than €43,000,000 and (iii) an annual net turnover of more than € 50,000,000, as shown in its last annual or consolidated accounts; or

(c) to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the representatives of the Underwriters; or

(d) in any other circumstances falling within Article 3(2) of the Prospectus Directive.

For the purposes of this provision, the expression an "offer of Shares to the public" in relation to any Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Shares to be offered so as to enable an investor to decide to purchase or subscribe the Shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State and the expression Prospectus Directive means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State. Buyers of Offer Shares sold by the Underwriters may be required to pay stamp taxes and other charges in accordance with the laws and practice of the country of purchase in addition to the Offer Price.

France

This prospectus has not been prepared in the context of a public offering of securities in France within the meaning of Article L.411-1 of the French Code monétaire et financier and has therefore not been submitted to the Autorité des marches financiers (the "AMF"), for prior approval or otherwise. Accordingly, each of the Joint Bookrunners, the Joint Lead Managers, other International Underwriters and the Company has represented and agreed that it has not offered or sold and will not offer or sell, directly or indirectly, the Shares to the public in France and neither this prospectus nor any other offering material relating to the Shares has been distributed or caused to be distributed or will be distributed or caused to be distributed to the public in France, except to qualified investors (investisseurs qualifiés) and/or to a restricted circle of investors (cercle restreint d'investisseurs), provided that such investors are acting for their own account and/or to persons providing portfolio management financial services (personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers), all as defined and in accordance with Article L.411-2, D.411-1, D.411-2, D.734-1, D.744-1, D.754-1 and D.764-1 of the French Code monétaire et financier.

The Offer Shares may only be offered or sold, directly or indirectly, to the public in the Republic of France in accordance with applicable laws relating to public offerings (which are in particular embodied in Article L.411-1, L.411-2, L.412-1 and L.621-8 to L.621-8-3 of the French Code monétaire et financier).

United Kingdom

This prospectus does not constitute a prospectus for the purposes of the prospectus rules issued by the UK Financial Services Authority (the "FSA"), pursuant to section 84 of the Financial Services and Markets Act 2000 (as amended, the "FSMA"), and has not been approved by or filed with the FSA. The Offer Shares may not be offered or sold and will not be offered or sold to the public in the UK (within the meaning of section 102B of the FSMA) save in the circumstances where it is lawful to do so without an approved prospectus (within the meaning of the section 85 of the FSMA) being made available to the public before the offer is made. In addition, no person may communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale or any Offer Shares except in circumstances in which section 21(1) of the FSMA does not apply to the Company. This prospectus is directed only at (i) persons outside the United Kingdom; or (ii) persons having professional experience in matters relating to investments who fall within the definition of "investment professionals" in article 19 of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 (as amended, the "FPO"); or (iii) high net worth bodies corporate, unincorporated associations and partnerships and trustees of high value trusts as described in article 49 of the FPO.

Any investment or investment activity to which this prospectus relates is only available to and will only be engaged in with such persons and persons who do not fall within (ii) or (iii) above should not rely on or act upon this communication.

Hong Kong

Each International Underwriter has represented and agreed that: (i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document (except this prospectus), other than (a) to "professional investors" as defined in the Securities and Futures Ordinance and any rules made thereunder, or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Hong Kong Companies Ordinance or which do not constitute an offer to the public within the meaning of the Hong Kong Companies Ordinance; and (ii) has not issued or does not have in its possession for purposes of the Global Offering, and will not issue or have in its possession for purposes of the Global Offering, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Offer Shares which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the Offer Shares which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance and any rules made thereunder.

Japan

The Offer Shares have not been and will not be listed, registered or publicly offered in Japan under the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948 as amended) (the "FIEL") and neither the International Offer Shares nor any interest therein may be offered, sold, or otherwise transferred, directly or indirectly, in Japan or to or for the account of any resident of Japan, except pursuant to an exemption from the registration requirements of, otherwise in compliance with, the FIEL, and otherwise in compliance with any other applicable requirements of Japanese law.

PRC

This prospectus has not been and will not be circulated or distributed in the PRC and the Offer Shares may not be offered or sold directly or indirectly to any resident of the PRC, or offered or sold to any person for re-offering or re-sale directly or indirectly to any resident of the PRC except pursuant to applicable laws and regulations of the PRC.

Singapore

This prospectus has not been and will not be lodged with or registered by the Monetary Authority of Singapore. Accordingly, this prospectus and any other document or material in connection with the offer or sale, or the invitation for subscription or purchase of the Offer Shares may not be issued, circulated or distributed, nor may the Offer Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to the public or any member of the public in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), (ii) to a relevant person as defined under Section 275(2) and pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions, specified in Section 275 of the SFA, (iii) by way of private placement to no more than 50 persons within any period of 12 months pursuant to, and in accordance with the conditions specified in, Section 272B of the SFA, or (iv) otherwise pursuant to, and in accordance with the conditions of any other applicable provision of the SFA. Where the Offer Shares are subscribed for or purchased under Section 275 of the SFA by a relevant person that is:

(a) a corporation (which is not an accredited investor as defined under Section 4A of the SFA) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an accredited investor,

shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest in that trust shall not be transferable for six months after that corporation or that trust has acquired the Shares under Section 275 of the SFA except:

(i) to an institutional investor under Section 274 of the SFA or to a relevant person defined in Section 275(2) of the SFA, or to any person pursuant to an offer that is made on terms that such shares, debentures and units of shares and debentures of that corporation or such rights and interest in that trust are acquired at a consideration of not less than S$200,000 (or its equivalent in a foreign currency) for each transaction, whether such amount is to be paid for in cash or by exchange of securities or other assets, and further for corporations, in accordance with the conditions, specified in Section 275 of the SFA;

(ii) where no consideration is given for the transfer; or

(iii) where the transfer is by operation of law.

State of Kuwait

The Offer Shares have not been authorised or licensed for offering, marketing or sale in the State of Kuwait, or Kuwait. The distribution of this prospectus and the offering, marketing and sale of the Offer Shares in Kuwait is restricted by law unless a licence is obtained from the Kuwaiti Ministry of Commerce and Industry in accordance with Law No. 31 of 1990, and the various Ministerial Regulations issued pursuant thereto. Persons into whose possession this prospectus comes are required by us and the underwriters to inform themselves about and to observe such restrictions. Investors in Kuwait who approach us or any of the underwriters to obtain copies of this prospectus are required by us and the underwriters to keep such prospectus confidential and not to make copies thereof nor distribute the same to any other person in Kuwait and are also required to observe the restrictions provided for in all jurisdictions with respect to offering, marketing and the sale of the Offer Shares.

Switzerland

This prospectus does not constitute a public offering prospectus as that term is understood pursuant to Article 652a of the Swiss Code of Obligations ("CO"). The Company has not applied for a listing of the Offer Shares on the SWX Swiss Exchange and consequently, the information presented in this prospectus does not necessarily comply with the information standards set out in the relevant listing rules. The Offer Shares may not be publicly offered or sold in Switzerland. The Offer Shares may be offered or sold only to a selected number of individual investors in Switzerland, under circumstances which will not result in the Offer Shares being a public offering within the meaning of Article 652a of the CO.

Taiwan

The offer of the securities has not been, and will not be, registered with, reported to, or approved by, the competent authorities of Taiwan pursuant to relevant securities laws and regulations. The securities may not be offered or sold within Taiwan through a public offering, private placement, or in circumstances which constitute an offer within the meaning of the securities law and regulations of Taiwan that requires a registration with, report to, or approval of, the competent authorities of Taiwan. Purchasers of securities within Taiwan under the Global Offering may not resell such securities except in accordance with applicable laws in Taiwan. No individual or entity in Taiwan has been authorised to offer, sell or otherwise advise on the offer or sale of the securities in Taiwan.

United Arab Emirates

Our Offer Shares have not been offered or sold, and will not be offered or sold, directly or indirectly, in the United Arab Emirates, except: (i) in compliance with all applicable laws and regulations of the United Arab Emirates; and (ii) through persons or corporate entities authorised and licensed to provide investment advice and/or engage in brokerage activity and/or trade in respect of foreign securities in the United Arab Emirates. The information contained in this prospectus does not constitute a public offer of securities in the United Arab Emirates in accordance with the Commercial Companies Law (Federal Law No. 8 of 1984 (as amended)) or otherwise and is not intended to be a public offer and is addressed only to persons who are sophisticated investors.

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

We have applied to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, our Shares in issue and to be issued pursuant to the Global Offering (including any additional Shares to be issued pursuant to the Share Option Scheme and the Pre-IPO Share Option Scheme, the conversion of the Convertible Notes and the exercise of the Over-allotment Option). We expect dealings in our Shares on the Stock Exchange to commence on 2 October 2009.

We are not seeking or proposing to seek a listing of, or permission to list, our Share or loan capital on any other stock exchange.

OUR SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, our Shares on the Stock Exchange and we comply with the stock admission requirements of HKSCC, our 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 as determined by HKSCC.

Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second trading day after a trade. You should seek advice from your stockbroker or other professional advisers for details of such settlement arrangements as such arrangements will affect your rights and interests.

We have made all necessary arrangements for our Shares to be admitted into CCASS. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

PROFESSIONAL TAX ADVICE RECOMMENDED

You should consult your professional advisers if you are in any doubt as to the taxation implications of subscription for, purchasing, holding or disposing of, and dealing in, our Shares (or exercising rights attaching to them) under the laws of Hong Kong and the place of your operations, domicile, residence, citizenship or incorporation.

We emphasise that none of the Joint Global Coordinators, Joint Sponsors, Joint Bookrunners, Joint Lead Managers, Underwriters, us, our Selling Shareholder, any of our or their respective directors, agents or advisers or any other person or party involved in the Global Offering accepts responsibility for your tax effects or liabilities resulting from your subscription for, purchase, holding or disposing of, or dealing in, our Shares or your exercise of any rights attaching to our Shares.

HONG KONG REGISTER OF MEMBERS AND STAMP DUTY

Our principal register of members will be maintained by our Principal Share Registrar, Codan Trust Company (Cayman) Limited, in the Cayman Islands and our Hong Kong register of members will be maintained by our Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited.

No stamp duty is payable by applicants in the Global Offering. Dealings in our Shares registered on our Hong Kong register of members will be subject to Hong Kong stamp duty.

If you are unsure about the taxation implications of subscribing for the Offer Shares, or about purchasing, holding or disposing of or dealing in them, you should consult an expert. Our Company, our Selling Shareholder, the Joint Global Coordinators, the Joint Bookrunners, and the Underwriters, all of their respective directors, agents or advisers or any other persons involved in the Global Offering do not accept responsibility for any tax effects on, or liabilities of, any person resulting from the subscribing for, or purchasing, holding or disposing of or dealing in the Offer Shares.

OVER-ALLOTMENT OPTION AND STABILISATION

Stabilisation is a practice used by underwriters to facilitate the distribution of securities. To stabilise, 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. For details on over-allotment and stabilisation, please see the section headed "Structure of the Global Offering — Over-Allotment Option and Stabilisation" in this prospectus.

STRUCTURE OF THE GLOBAL OFFERING

You may find details of the structure of the Global Offering, including its conditions, in the section entitled "Structure of the Global Offering" in this prospectus.

EXCHANGE RATE CONVERSION

For exchange rate translations throughout this prospectus, unless otherwise specified, we have used the PBOC Rates of HK$1 and US$1 to RMB0.8811 and RMB6.8288, respectively, each being the PBOC Rate on the Latest Practicable Date. All translations from HK dollars into US dollars were made at the rate of US$1.00 to HK$7.75. We make no representations and none should be construed as being made, that any of the Renminbi, HK dollar or US dollar amounts contained in this prospectus could have been or could be converted into amounts of any other currencies at any particular rate or at all on such date or any other date.

ROUNDING

Any discrepancies in any table between totals and sums of amounts listed in the table are due to rounding.

DIRECTORS

Name	Residential	Nationality
Executive Directors		
Zhang Zhi Rong (張志熔)	35/F Bowen Lookout 13 Bowen Road Mid-Levels Hong Kong	Chinese
Ding Xiang Yang (丁向陽)	No. 5, Lane 1111 Xingzhong Road Minhang District Shanghai 201101 PRC	Chinese
Cheng Li Xiong (程立雄)	No. 1475 Kangqiao Peninsula Lane 2727, Hunan Highway Pudong District Shanghai 201204 PRC	Chinese
Xia Jing Hua (夏景華)	Room 602, No. 45 Lane 823 Changdao Road Pudong New District Shanghai 201206 PRC	Chinese
Liu Ning (劉寧)	Room 1102, No. 3 Lane 168 Nandandong Road Xuhui District South Shanghai 200032 PRC	Chinese
Li Xiao Bin (李曉斌)	No. 401, Door 3, 21/F Yutaoyuan District II Xicheng District Beijing 100035 PRC	Chinese
Yan Zhi Rong (嚴志榮)	Room 501, No. 6 Lane 256 1 Zhongshan South Road Huangpu District Shanghai 200011 PRC	Chinese

Name	Residential	Nationality
Independent Non-executive Director		
Yim Ping Kuen (嚴炳權)	29/F, Flat F Block 8 Sceneway Garden Lam Tin Kowloon Hong Kong	Chinese
Liu Shun Fai (廖舜輝)	Room B, 24/F Kornville Garden, Tower 2 38 Yau Man Street Quarry Bay Hong Kong	Chinese
Wo Rui Fang (沃瑞芳)	301, A8 Building 9 Sanlihe Road Beijing 100037 PRC	Chinese
Han Ping (韓平)	Room 401, Unit 31 No. 1 Ninggong New Apartment Gulou District Nanjing 210036 PRC	Chinese

PARTIES INVOLVED IN THE GLOBAL OFFERING

Joint Sponsors	J.P. Morgan Securities (Asia Pacific) Limited 28th Floor, Chater House 8 Connaught Road Central, Hong Kong
	Deutsche Bank AG, Hong Kong Branch 48th Floor, Cheung Kong Center 2 Queen's Road Central Hong Kong
Joint Global Coordinators	J.P. Morgan Securities (Asia Pacific) Limited 28th Floor, Chater House 8 Connaught Road Central, Hong Kong
	Deutsche Bank AG, Hong Kong Branch 48th Floor, Cheung Kong Center 2 Queen's Road Central Hong Kong
	UBS AG, Hong Kong Branch, 52/F, Two International Finance Centre 8 Finance Street Central Hong Kong
Joint Bookrunners and Joint Lead Managers	J.P. Morgan Securities Ltd. 125 London Wall London EC2Y 5AJ United Kingdom
	Deutsche Bank AG, Hong Kong Branch 48th Floor, Cheung Kong Center 2 Queen's Road Central Hong Kong
	UBS AG, Hong Kong Branch, 52/F, Two International Finance Centre 8 Finance Street Central Hong Kong
Legal advisers to our Company	*As to Hong Kong and US law:* Paul, Hastings, Janofsky & Walker 22/F, Bank of China Tower 1 Garden Road Central Hong Kong

	as to PRC law: Commerce and Finance Law Offices 6F NCI Tower, A12 Jianguomen Wai Avenue Beijing PRC
	as to Cayman Islands law: Conyers Dill & Pearman Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
Legal advisers to the Underwriters	*As to Hong Kong and US law:* Freshfields Bruckhaus Deringer 11/F Two Exchange Square Central Hong Kong
	as to PRC law: Jingtian & Gongcheng 15th Floor, The Union Plaza 20 Chaoyangmenwai Dajie Beijing 100020 PRC
Auditor and reporting accountant	PricewaterhouseCoopers Certified Public Accountants 22nd Floor, Prince's Building Central Hong Kong
Independent property valuer and market research consultant	Jones Lang LaSalle Sallmanns Limited 17/F Dorset House, Taikoo Place 979 King's Road Quarry Bay Hong Kong
Receiving bankers	Standard Chartered Bank (Hong Kong) Limited 15/F Standard Chartered Tower 388 Kwun Tong Road Kowloon
	The Bank of East Asia, Limited 10 Des Voeux Road Central Hong Kong

Headquarters	Unit 3702A, 37th Floor, Tower Two Lippo Centre 89 Queensway Admiralty Hong Kong
Registered Office	Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
Principal place of business in the PRC	23/F New World Commercial Centre No. 6009 Yi Tian Road Fu Tian District Shenzhen 518026 PRC
Principal place of business in Hong Kong	Unit 3702A, 37th Floor, Tower Two Lippo Centre 89 Queensway Admiralty Hong Kong
Website address *(note)*	www.gloriousphl.com.cn
Company secretary	Mr. Ching Yu Lung, *FCPA, FCCA*
Authorised representatives	Mr. Cheng Li Xiong No. 1475 Kangqiao Peninsula Lane 2727, Hunan Highway Pudong District Shanghai 201204 PRC Mr. Ching Yu Lung Room D, 26/F Tower 3, Central Park 18 Hoi Ting Road Kowloon Hong Kong
Members of the Audit Committee	Mr. Yim Ping Kuen *(Chairman)* Mr. Liu Shun Fai Mr. Wo Rui Fang

Members of the Remuneration Committee	Mr. Zhang Zhi Rong *(Chairman)* Mr. Liu Shun Fai Mr. Wo Rui Fang
Compliance adviser	Guotai Junan Capital Limited 27/F, Grand Millennium Plaza 181 Queen's Road Central Hong Kong
Principal bankers	China Construction Bank, Shanghai Zhangjiang Branch No. 232, Keyuan Road Pudong Shanghai 201203 PRC
	Bank of Shanghai, Baiyu Branch 20th Floor, No. 798 Zhao Jia Bang Road Shanghai 200040 PRC
	China Minsheng Banking Corp., Ltd., Shanghai Xinan Branch No. 333 Zhao Jia Bang Road Shanghai 200032 PRC
Cayman Islands principal share registrar and transfer office	Codan Trust Company (Cayman) Limited
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

Note: The information contained on our website does not form part of this prospectus.

The information and statistics set out in this section has been derived from various official government publications. This information has not been independently verified by us or our Selling Shareholder, the Joint Global Coordinators, the Joint Bookrunners, Joint Sponsors and Joint Lead Managers, the Underwriters or any of our and their respective affiliates and advisers or any other party involved in the Global Offering. Neither our Company or our Selling Shareholder, the Joint Global Coordinators, the Joint Bookrunners, Joint Sponsors and Joint Lead Managers, the Underwriters, or any of our and their respective directors and advisers of any other party involved in the Global Offering make any representation as to the accuracy of such information and statistics, which may be inaccurate, incomplete, out-of-date or inconsistent with each other or with other information complied within or outside the PRC. Furthermore, due to the inherent time-lag involved in collecting any industry and economic data, some of the data contained in this section may only represent the state of affairs at the time such data was collected, and as such, you should also take into account subsequent movements in the industry and the PRC economy when you evaluate the information contained in this section.

In connection with the Global Offering, we have engaged Jones Lang LaSalle Sallmanns Limited (“Jones Lang LaSalle Sallmanns”) to conduct a detailed analysis of the property markets in Shanghai, Tianjin, Beijing, Wuxi, Suzhou, Nantong, Hefei, Shenyang and Harbin. Jones Lang LaSalle Sallmanns prepared an industry research report dated 21 September 2009 (the “**Research Report**”) for each of the cities, which includes:

- an overview of China’s economy;
- an overview of the economy in the abovementioned cities;
- an overview of the property market in China;
- an overview of the property market, residential sector, retail property sector, office property sector and/or hotel sector for the cities;
- the trends of demand in various property sectors;
- an estimation of future supply in various property sectors; and
- the prospects regarding various property sectors.

The Research Report was prepared based on economic and demographic data from the Chinese Government and the proprietary databases of Jones Lang LaSalle Sallmanns. In the course of research, Jones Lang LaSalle Sallmanns conducted numerous interviews with local developers, buyers and potential buyers, local marketing agents, and market observers in each market. We have included certain information from the Research Report for purposes of this prospectus because we believe such information facilitates an understanding of these markets for potential investors. We were charged a total of US$60,000 for services provided by Jones Lang LaSalle Sallmanns.

For the purpose of the Global Offering, Jones Lang LaSalle Sallmanns also serves as our property valuer. A property valuation report which is delineated from market research contained in the Research Report prepared by Jones Lang LaSalle Sallmanns and relates to our property interests will be included in this prospectus. Jones Lang LaSalle Sallmanns provided services through two business functions which are independent from each other. The Research Report was prepared primarily by the designated market research teams of Jones Lang LaSalle Sallmanns in Hong Kong and Mainland China. In the course of researching, no consultation was made with Jones Lang LaSalle Sallmanns’ valuation department in Hong Kong or Mainland China and with the exception of the Jones Lang LaSalle Sallmanns market research team referred to above, the Research Report has not been released to any other parties.

Jones Lang LaSalle Sallmanns is an international real estate consultancy group, which provides a range of services including valuation, agency and consultancy for occupiers, investors and developers across all sectors of the real estate market. Jones Lang LaSalle Sallmanns has licensed offices in Beijing, Shanghai, Guangzhou and Shenzhen in Mainland China, as well as Hong Kong, Singapore and other cities in Southeast Asia with over 160 staff servicing various clients in more than 150 cities of China. The research team of Jones Lang LaSalle Sallmanns was led by Chen Yan Song, who is a Chartered Surveyor of the Royal Institute of Chartered Surveyors with approximately 16 years of experience in the professional property valuation sector in Hong Kong and China.

OVERVIEW OF THE PRC ECONOMY

Over the last quarter of a century, China's economy has been gradually transformed from a centrally planned system to a more market-oriented economy with various market liberalisation initiatives aimed at making China an economically developed country. The fast economic development has been further accelerated by China's entry into the Word Trade Organisation ("WTO") in 2001 and China has achieved an average GDP growth rate of approximately 10% from 2000 to 2008, as illustrated in the table below.

Major Economic Indicators of China (2000-2008)

	2000	2001	2002	2003	2004	2005	2006	2007	2008*	2000-2008 CAGR
Population (million)	1,267	1,276	1,285	1,292	1,300	1,308	1,314	1,321	1,328	0.6%
Nominal GDP (RMB billion)	9,921	10,966	12,033	13,582	15,988	18,322	21,192*	24,953*	30,067	14.9%
Real GDP growth (%)	8.4	8.3	9.1	10.0	10.1	10.4	11.6*	11.9*	9.0	N/A
GDP per capita (RMB)	7,858	8,622	9,398	10,542	12,336	14,053	16,165	18,934	N/A	N/A
CPI growth (%)	0.4	0.7	-0.8	1.2	3.9	1.8	1.5	4.8	5.9	N/A
Urban population (million)	459.1	480.6	502.1	523.8	542.8	562.1	577.1	593.8	606.7	3.5%
Urbanisation (%)	36.2	37.7	39.1	40.5	41.8	43.0	43.9	44.9	45.7	N/A
Unemployment rate (%)	3.1	3.6	4.0	4.3	4.2	4.2	4.1	4.0	4.2	N/A
Per capita disposable income (RMB)	6,280	6,860	7,703	8,472	9,422	10,493	11,759	13,786	15,718	12.2%
Retail sales of consumer goods (RMB billion)	3,911	4,306	4,814	5,252	5,950	6,718	7,641	8,921	10,849	13.6%
Foreign direct investment (US$ billion)	40.7	46.9	52.7	53.5	60.6	60.3	69.5	74.8	92.4	10.8%
Fixed asset investment (RMB billion)	3,292	3,721	4,350	5,557	7,048	8,877	11,000	13,724	14,817	20.7%
Real estate investment (RMB billion)	498	634	779	1,015	1,316	1,591	1,942	2,528	3,058	25.5%

Source: China Statistical Yearbooks, 2001-2008
2008 China National Economy and Social Development Statistical Communique

Notes: (1) N/A represents not applicable or not available.
*(2) *Revised figure announced by National Statistics Bureau on 26 February 2009.*
(3) CAGR refers to compound annual growth rate.

- **GDP and Growth Rate**

China's economy has experienced remarkable expansion over the past two decades. Real GDP growth rate accelerated from 8.3% in 2001 to a new record of 11.9% in 2007. In 2008, the slowing global economy had a slight adverse impact on China's economy with the real GDP growth rate decreasing to 9%. In terms of the GDP quantum, it continued to increase to RMB30,067 billion in 2008, making it the third largest economy in the world. GDP per capita also more than doubled from 2000 to 2007 to RMB18,934.

During the second half of 2008, the Chinese government implemented a series of stimulus measures to increase investment and domestic consumption to cushion the impact of a deteriorating global economy. The Chinese government unveiled a RMB4 trillion stimulus package to be implemented through 2010 aimed at boosting economic development and increasing domestic demand.

- **Population**

China is the most populous country in the world. Given the "One Child" policy imposed by the Chinese Government, its population growth has been relatively stable in recent years, increasing from 1,267 million in 2000 to 1,328 million in 2008. The large population provides an abundance of labour and creates a large domestic demand particularly for the real estate and retail markets.

- **Foreign Direct Investment ("FDI")**

China has attracted the most FDI amongst developing nations since 1992 with the adoption of the "Open Door" policy, the continued fast economic growth and China's entry into the WTO. From 2000 to 2008, FDI increased at a CAGR of 10.8% in China. FDI in 2008 reached a new record of US$92.4 billion, an increase of 23.5% compared to 2007. Despite the global economic crisis, it is expected that foreign funds will continue to flow into China in the coming years due to its status as one of the most prosperous emerging countries and the expectation of future Renminbi appreciation.

- **Disposable Income and Consumption**

The rapid economic development in China has resulted in stellar growth in per capita disposable income of urban residents, rising from RMB6,280 in 2000 to RMB15,718 in 2008, representing a CAGR of 12.2% since 2000. Disposable income has a direct impact on domestic consumption, which includes spending on consumer goods and residential properties. Since 2000, total retail sales of consumer goods increased at a CAGR of 13.6% in 2008 and the total sales of residential properties in China grew at a CAGR of 34.4% in 2007. China is gradually progressing from an export-led economy to a more balanced economy with growing domestic consumer demand.

The Consumer Price Index ("CPI") was 1.5% in 2006. It increased to 4.8% in 2007 and 5.9% in 2008, mainly due to the general increase in cost of food and housing.

- **Urbanisation**

China's rapid economic development has boosted the pace of urbanisation. The urbanisation rate increased from 36.2% in 2000 to 45.7% in 2008. Rapid urbanisation, coupled with contemporaneous industrialisation, has created robust demand for housing as well as consumer goods and investment in infrastructure facilities, which together contribute to further economic growth.

CHINA PROPERTY MARKET OVERVIEW

Trends of the Property Market in China

After reforming the land use regulations and developing a private property ownership system, "commodity properties" which mainly include residential, retail and office properties appeared in the late 1980s. Demand for various properties especially residential properties has increased significantly. The fast growing economy and the increase in disposable income of the Chinese citizens, as well as the favourable monetary policies encouraged individual and corporate investment in real estate. Since 2000, the real estate industry has played an increasingly important role in China's economy.

The table below sets out selected property market indicators of China between 2000 and 2008:

Property Market Indicators of China (2000-2008)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2000-2008 CAGR
Real estate investment (RMB billion)	498	634	779	1,015	1,316	1,591	1,942	2,528	3,058	25.5%
GFA of new commencements of commodity properties (million sq.m.)	296	374	428	547	604	681	793	954	976	16.1%
GFA of commodity properties completed (million sq.m.)	251	299	350	415	425	534	558	606	585	11.2%
GFA of commodity properties sold (million sq.m.)	186	224	268	337	382	555	619	774	621	16.3%
GFA of residential properties sold (million sq.m.)	166	199	237	298	338	496	554	701	559	16.4%

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2000-2007 CAGR
Average selling price of commodity properties (RMB per sq.m.)................	2,112	2,170	2,250	2,359	2,778	3,168	3,367	3,864	N/A	9.0%
Average selling price of residential properties (RMB per sq.m.)................	1,948	2,017	2,092	2,197	2,608	2,937	3,119	3,645	N/A	9.4%
Average selling price of office properties (RMB per sq.m.).	4,751	4,588	4,336	4,196	5,744	6,923	8,053	8,667	N/A	9.0%
Average selling price of retail properties (RMB per sq.m.).	3,260	3,274	3,489	3,675	3,884	5,022	5,247	5,574	N/A	8.0%

Source: China Statistical Yearbooks, 2001-2008
2008 China National Economy and Social Development Statistical Communique

Note: (1) N/A refers to not available.
(2) GFA refers to gross floor area.

The booming real estate market has been reflected in the supply side of the commodity property sector. The GFA of new commencements of commodity properties increased from 296 million sq.m. in 2000 to 976 million sq.m. in 2008, representing a CAGR of 16.1%. Amongst these, new residential property developments accounted for approximately 80%.

The fast development of the real estate market has been underpinned by strong demand, which is primarily driven by economic growth and improved income of residents. From 2000 to 2004, the percentage of properties sold vs. properties completed (by GFA) gradually increased from 74% to 90%. Driven by rapidly growing demand from local and foreign investors and end-users, the GFA of properties sold exceeded GFA completed with take-up ratios exceeding 100% since 2005. From 2000 to 2008, GFA of commodity properties sold increased at a CAGR of 16.3%.

The growing demand has pushed property prices up since 2000. The average selling price of commodity properties increased from RMB2,112 per sq.m. in 2000 to RMB3,864 per sq.m. in 2007, representing a CAGR of 9.0%. This strong demand was particularly reflected in the residential sector due to an inherent demand for housing. The national average residential price increased at a CAGR of 9.4% from RMB1,948 per sq.m. to RMB3,645 per sq.m. during the period from 2000 to 2007.

The strong economic performance and consumer demand have benefited the office and retail sectors. The average selling price of office and retail properties increased with a CAGR of 9.0% and 8.0% from 2000 to 2007, respectively. Average selling price of office properties in China increased from RMB4,751 per sq.m. in 2000 to RMB8,667 per sq.m. in 2007, whilst average retail property prices reached RMB5,574 per sq.m. in 2007 from RMB3,260 per sq.m. in 2000.

The property market in China had shown a significant upward trend between 2000 and 2007. Real estate investment grew rapidly at a CAGR of 26.1% during the same period, recording a historical high of 30.2% growth on a year-on-year basis in 2007. However, this growth slowed in 2008 with an increase of 21% due to a series of government austerity measures and an increased cost of financing since 2007. At the same time, the GFA of completed properties and properties sold in 2008 also decreased by approximately 3% and 20% respectively, with a slight decrease in the property prices.

The global economic downturn which began in the second half of 2008 resulted in a general deterioration in the performance of the PRC property industry. Such economic downturn and financial crisis resulted in a credit crunch, both globally and in the PRC, an increased level of commercial and consumer delinquencies, a lack of consumer confidence and an increase in market volatility, which in turn caused a decrease in the average selling price of, and demand for, real estate properties in the PRC during the second half of 2008.

In addition, the global economic downturn and the financial crisis has also led to a general global tightening of credit facilities available to property development businesses in the PRC. Such tightening of credit availability has had a significant adverse impact on the liquidity of the PRC property developers and their ability to obtain financings. In particular, on 29 July 2008, the PBOC and China Banking Regulatory Commission issued a Notice on Promoting Economical and Intensive Use of Land through Finance《關於金融促進節約集約用地的通知》to further restrict the financing activities of property developers across the nation.

According to the "Housing Price Index of 70 Major Cities" jointly released by the National Statistics Bureau ("NSB") and the National Development and Reform Commission, the average price of residential property in 70 major cities in China decreased by 1% in December 2008 on a year-on-year basis. Since September 2008, the People's Bank of China has lowered the benchmark lending rate five times and the minimum down payment ratio of residential mortgage for first-time buyers. This contributed to an increase of the number of residential property transactions in the first 4 months of 2009. Residential prices have also since stabilised.

Key Drivers of the Property Market in China

- **Government Policies, Laws and Regulations**

From 1999, the Chinese Government promulgated a series of reform regulations relating to land, building construction, property sale and mortgage provisions, which accelerated the development of the real estate market and led to the establishment of a large number of real estate developers. In August 2003, the State Council issued a notice aimed at increasing the supply of commodity residential properties, facilitating the re-sale of state-allocated housing and rejuvenating the secondary residential market.

In March 2005, the State Council issued proposing measures to curb increases in property prices, which included adjusting the supply and demand structure of the property market to encourage an increase in the supply of commodity residential property, economically affordable housing and low rent housing. In May 2006, the PRC Government issued new measures to encourage developers to increase the supply of small-to-medium sized housing and regulating the real estate market via taxation, loan and land supply.

In October 2007, the "PRC Property Right Law (中華人民共和國物權法)" came into effect, which aims to protect the rights of property owners. Under this law, the lease term of residential land use rights, not more than 70 years, will be automatically and indefinitely extended. It will encourage people to buy and own residential properties.

In December 2008, the General Office of the State Council issued various guidance opinions to promote healthy development of the real estate market (關於促進房地產市場健康發展的若干意見) including encouraging commodity residential property ownership, providing financing support for developers and facilitating affordable residential property construction. In May 2009, the minimum proportion of capital required has been lowered from 35% to 20% for affordable and commodity residential property development and from 35% to 30% for other types of property development.

- **Rising Disposable Income**

Rising disposable income improves the affordability of residential properties and stimulates demand for residential properties with higher quality, larger area, better amenities and an improved living environment. In addition, demand for real estate will grow with increasing income.

- **FDI Growth and China's Entry into the WTO**

After China's entry into the WTO, the country attracted more attention from foreign companies and investors, driving up foreign investment inflows into newly liberalised sectors including retail, banking and financial services and telecommunications. The growth in these sectors has created increasing demand for office, retail, residential and hotel properties. With the expectation of China's strong economic growth, FDI is expected to increase consistently, contributing to the growth in demand for property in the PRC.

- **Population and Urbanisation**

China's large population provides a fundamental demand for residential properties. Although population growth is gradual, the number of households are increasing as family sizes become smaller and new families are formed by married couples every year. These two factors are expected to stimulate demand for residential properties.

In 2005, the average residential floor area occupied per capita is 26.1 sq.m. According to the plans by the Ministry of Construction of China, this area is expected to increase to 35 sq.m. by 2020. Together with rising disposable income and a larger population size, the need for an improvement in living conditions would underpin the demand in the residential market in the long run.

China has experienced rapid urbanisation and industrialisation with an increase in the urban population and an expansion of the urban area, resulting in a growing demand for properties in urban areas.

- **Housing System Reform**

In 1998, the Chinese government abolished its state-allocated housing policy, which fundamentally changed the demand and supply structure. Since then, all accommodation needs must be met by purchasing or renting in the real estate market.

- **Residential Mortgage**

After launching the housing system reforms, a series of policies including residential mortgage policies, were introduced. Housing mortgages have become an important and profitable business favoured by commercial banks. With the introduction of mortgage loans, more and more people are able to purchase new houses which significantly enhances the development of the property market in China. According to the statistics published by the NSB, the outstanding individual residential mortgage loans increased to RMB2,700 billion at the end of 2007 from RMB560 billion at the end of 2001, an increase of 4.8x in six years.

Property Market Development in the PRC

In 1998, the state-allocated housing policy was abolished and people were encouraged to buy their own houses or pay rent at rates closer to prevailing market rates. As more and more people entered the property market, the mortgage financing market also flourished. Having policies that encouraged individuals to purchase their own properties with mortgage financing, the PRC real estate market experienced rapid growth. These housing reforms, together with the rapid economic growth and urbanisation in China, and the emergence of mortgage financing, have enabled and sustained a rapidly developing real estate market. These factors are expected to continue to encourage private property ownership and boost real estate investment in all asset types and classes in China. A brief timeline of the key housing reforms is set out below:

1988	The National People's Congress amended the national constitution permit the transfer of state-owned land use rights.
1992	Public housing sales to private enterprises and individuals in major cities were permitted.
1994	Further implementation of real estate reform and establishment of an employer/employee-funded housing fund system.
1995	A regulatory framework was established for real estate sales. Parties intending to engage in such transfers should enter into a property transfer contract in writing and register the transfer with the property administration authority having jurisdiction.
1998	The PRC Government promulgated a series of regulations and policies related to the reformation of housing system and abolished the welfare-oriented public housing distribution system.

1999	The maximum mortgage term was extended to 30 years and the maximum percentage of mortgage financing was increased from 70% to 80%, both encouraging more lending to private individuals to purchase properties.
2000	The PRC Government issued regulations and national standards to standardise the quality of construction projects, establishing a more rigorous framework for quality control in construction.
2001	Regulatory Measures were enacted in relation to the sale 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)" which further transformed the property development industry into a market-oriented sector. The PRC government eliminated the dual system for domestic and overseas home buyers in China, enabling the merging of two originally distinct markets.
2003	New rules were promulgated to specify the requirements for banks to provide loans for the purposes of property development and individual home mortgage.
2004	Notice issued by the State Council requiring that real estate development projects (excluding affordable housing programmes) had to be financed by developers themselves from their capital funds which amounted to 35%, rather than 20%, of the total projected capital outlay for such projects. The China Banking Regulatory Commission further strengthened the risk control of commercial banks over their real estate financing.
2005	The PRC Government instituted additional measures to discourage speculation in the real estate market such as increasing the minimum down payment to 30% of the total purchase price, eliminating the preferential mortgage interest rate for residential housing, imposing a business tax of 5% on the proceeds from re-sale of properties that occur within two years of purchase, and prohibiting re-sale of uncompleted properties.
2006	The PRC Government announced further measures to "promote healthy development of the real estate market". Such measures included: (i) 70% of residential developments in stipulated regions should be allocated to units no larger than 90 sq.m. by GFA; (ii) A business tax of 5% being levied on the total proceeds from the sale of residential housing purchased and held for less than 5 years; (iii) Commercial banks are not allowed to provide financing to development projects until the developer has committed more than 35% of total project costs; (iv) Land granted to a developer but has been left idle or not developed within the timeframe specified in the land grant contract might attract hefty penalties or be revoked by local governments; (v) Restrictions on foreigners to purchase residential properties in China; and (vi) Restrictions on off-shore institutional investors to invest in Chinese property market.

2007	The State of Tax Administration issued a notice requiring local tax authorities to strictly enforce the collection of Land Appreciation Tax ("LAT"). Further requirements were stipulated in relation to the grant of loans with respect to the second and subsequent purchases of properties by individuals. The minimum down payment for non-first home buyers was increased from 30% to 40%, while the mortgage rate for non-first home buyers was increased from 85% to 110% of the standard interest rate.
2008	The State Council issued the *Notice on Promoting the Saving and Intensification of Use of Land* (國務院關於促進節約集約用地的通知). The notice requires that not less than 70% of any residential land development project must be used for developing low-cost rental units, small to medium sized units, low to medium cost units and units with a GFA of less than 90 sq.m. The notice also imposes an additional land premium surcharge on idle land. The Ministry of Finance and the State Administration of Taxation of the PRC adjusted real estate related tax rates for individual property sale or purchase, including temporarily lowering the deed tax rate to 1% for individual purchase of first residential house with a GFA of no more than 90 sq.m., suspending land appreciation tax for sale of residential properties and suspending stamp duty for purchase or sale of residential properties. On 20 December 2008, the State Council implemented several tax related policies, including shortening the business tax exemption term for the transfer of ordinary residential properties from five years to two years beginning the earlier of the date of issuance of building ownership certificates or the date of the deed tax payment receipt, and revising the basis for calculating the business tax by fixing it at the balance between the transfer price and the purchase price if the individual owner transfers the property within two years after purchase. On 27 October 2008, in support of first time purchasers of ordinary residential properties, the PBOC adjusted the lower limit of the lending rate for residential properties of a commercial nature for individuals to 70% of the benchmark lending rate and adjusted the minimum down payment to 20% of the total purchase price. The PBOC also lowered the lending rate for real estate developers of low-rent housing to 90% of the bench mark lending rate.

SHANGHAI PROPERTY MARKET

Shanghai is the leading financial and commercial centre in China, as well as one of the fastest growing financial capitals in the world. In 2008, Shanghai had a population of 13.9 million, representing a CAGR of 0.6% from 2000 to 2008.

As one of the most prosperous cities in China and the economic bellweather in the Yangtze River Delta Region, Shanghai maintained double-digit GDP growth from 1992 to 2007. However, due to the global financial crisis, real GDP growth in Shanghai declined to 9.7% in 2008 and 3.1% in the first quarter of 2009. Total GDP reached RMB1,370 billion in 2008 and GDP per capita still ranked first amongst all the provinces and municipalities in China.

The table below sets out selected economic indicators of Shanghai between 2000 and 2008:

Economic Indicators of Shanghai (2000-2008)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2000-2008 CAGR
Population (million)	13.2	13.3	13.3	13.4	13.5	13.6	13.7	13.8	13.9	0.6%
Nominal GDP (RMB billion)	477	521	574	669	807	916	1,037	1,219	1,370	14.1%
Real GDP growth rate (%)	11.0	10.5	11.3	12.3	14.2	11.1	12.0	14.3	9.7	N/A
GDP per capita (RMB)	30,047	32,333	35,445	40,130	46,755	52,060	57,695	66,367	73,124	11.8%
FDI (US$ billion)	3.2	4.4	5.0	5.9	6.5	6.9	7.1	7.9	10.1	15.5%
Retail sales of consumer goods (RMB billion)	186.5	201.6	220.4	240.5	265.7	297.3	336.0	384.8	453.7	11.8%
Fixed asset investment (RMB billion)	187.0	199.5	218.7	245.2	308.5	354.3	392.5	445.9	482.9	12.6%
Urbanisation (%)	74.6	75.3	76.4	77.6	81.2	84.5	85.8	86.8	87.5	N/A
Per capita disposable income (RMB)	11,718	12,883	13,250	14,867	16,683	18,645	20,668	23,623	26,675	10.8%

Source: Shanghai Statistics Bureau

Note: N/A refers to not applicable.

A large number of foreign companies and investors have entered the Shanghai market because of its rapid economic growth and prominent leading position as a financial centre in China. FDI in Shanghai grew rapidly with a CAGR of 15.5% from US$3.2 billion in 2000 to US$10.1 billion in 2008. Although the global financial crisis has depressed foreign investment by large multinational companies and individuals, FDI in Shanghai in the first four months of 2009 grew by 3.0% on a year-on-year basis.

Per capita disposable income in Shanghai has increased steadily over the past few years. In 2000, the per capita disposable income was RMB11,718, rising to RMB26,675 in 2008, representing a CAGR of 10.8%. In addition, retail sales of consumer goods in Shanghai reached RMB453.7 billion in 2008, representing a CAGR of 11.8% since 2000. In the first four months of 2009, sales revenues continued to grow by 14.0% compared with the same period in 2008.

Shanghai is expected to continue strong economic growth, benefitting from its open investment environment and well developed social welfare systems. The Shanghai World Expo in 2010 will also enhance Shanghai's reputation in the world, promote the development of its international exhibition and conference industry and drive the growth of its tertiary industry. In the long term, the Shanghai economy will be further spurred by the central government's policies issued in April 2009 to develop Shanghai into an international financial and shipping centre and to enhance the development of its service and advanced manufacturing industries.

Infrastructure Developments

To further improve living conditions and prepare for the 2010 Shanghai World Expo, the Shanghai government increased its infrastructure investment in recent years. Government investment in Shanghai reached RMB173.3 billion in 2008, representing an increase of 18.2% over 2007. The key planned infrastructure developments in Shanghai in the next few years include:

- 6 metro lines and light railways to be completed in Shanghai by 2012;
- The Shanghai-Beijing Express Railway scheduled to be completed in 2013; and
- Various infrastructure projects serviced for the Shanghai World Expo, including roads, ports and parks construction.

Real Estate Investment in Shanghai

Real estate investment in Shanghai grew steadily between 2000 and 2008 at a CAGR of 11.7%. It surged in 2004 at an increased rate of 30.4% compared to 2003 and then maintained a stable rate of growth from 2004 to 2008, reaching RMB136.7 billion in 2008.

The GFA of completed commodity properties peaked in 2005. Given the impact of government austerity measures on the real estate market, property developments and transactions slowed down slightly in 2005 and 2006. In 2007, the GFA of commodity properties sold picked up and recorded a new high of 36.9 million sq.m. However, the global financial crisis hampered the near term growth of Shanghai's economy and property market, resulting in a decline of volume sold to 23.0 million sq.m. in 2008.

In 2008, 17.6 million sq.m. and 19.7 million sq.m. of residential GFA were completed and sold respectively, representing a decline of 36.0% and 40.0% compared to that in 2007. Developers slowed down the construction of projects in light of the cooling property market, resulting in a continuous decrease of supply in 2008 and the first four months of 2009. However, on the demand front, the market gradually warmed up and this contributed to a slight increase of the volume of properties sold from January to April of 2009.

Property prices in Shanghai maintained robust growth since 2000 with a CAGR of more than 11%, except for a slight decline in 2008. The price of commodity and residential properties averaged at RMB8,255 per sq.m. and RMB8,182 per sq.m. respectively in 2008.

The table below sets out selected property market indicators of Shanghai between 2000 and 2008:

Property Market Indicators of Shanghai (2000-2008)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2000-2008 CAGR
Real estate investment (RMB billion)	56.6	63.1	74.9	90.1	117.5	124.7	127.6	130.8	136.7	11.7%
GFA of commodity properties completed (million sq.m.)	16.4	17.9	19.8	24.9	34.4	40.0	32.7	33.8	24.8	5.3%
GFA of residential properties completed (million sq.m.)	13.9	15.2	17.1	21.4	30.8	27.4	27.0	27.5	17.6	3.0%
GFA of commodity properties sold (million sq.m.)	15.6	18.0	19.7	23.8	34.9	31.6	30.3	36.9	23.0	5.0%
GFA of residential properties sold (million sq.m.)	14.5	16.8	18.5	22.2	32.3	28.5	26.2	32.8	19.7	3.9%
Average selling price of commodity properties (RMB per sq.m.)	3,565	3,866	4,134	5,118	6,489	6,842	7,196	8,361	8,255	11.1%
Average selling price of residential properties (RMB per sq.m.)	3,326	3,659	4,007	4,989	6,385	6,698	7,039	8,253	8,182	11.9%

Source: Shanghai Statistics Bureau

Mid to Upper-end Residential Market in Shanghai

Shanghai's mid to upper-end residential properties mainly concentrate in the ten urban districts with well-developed ancillary facilities.

Demand for mid to upper-end residential properties in Shanghai comes mainly from end-users. In addition, Shanghai is an international metropolis and its property market is gradually maturing. Hence, investment demand for residential properties is expected to account for a steadily growing proportion despite certain government policies or the global financial crisis. Demand will be further driven by:

- Improving city infrastructure and social environment including economy, politics and culture;
- Increasing income of the emerging middle class and the enlargement of wealthy groups; and
- Growing number of expatriates and migrants as a result of the growth of Multinational Companies (MNCs) and business activities in Shanghai.

It is expected that average price of mid to upper-end residential properties may grow steadily in the coming years, due to increasing income of residents and the active leasing market as a result of steady inflow of expatriates as well as the inflow of tourists during the Shanghai World Expo.

Mid to upper-end Retail Market in Shanghai

Shopping centres and department stores are the major retail properties in Shanghai. Retail spaces are mainly located in the six central areas, namely West Nanjing Road in the Jing'an District, East Nanjing Road in the Huangpu District, Huaihai Road in the Luwan District, Xujiahui in the Xuhui District, Zhongshan Park in the Changning District, Lujiazui in the Pudong District, and emerging commercial centres such as the Wujiaochang Area in the Yangpu District and Daning International Area in the Zhabei District. With limited land supply in the central areas, mid to upper-end retail properties will see strong demand in the long term.

As retail properties are typically considered as a long-term investment asset the majority of units within shopping centres and department stores are only for lease.

Given the growing number of wealthy residents and expatriates, and increasing investment from foreign retailers, demand for mid to upper-end retail spaces is likely to grow strongly. Retail sales in Shanghai grew at a CAGR of 11.8% from RMB186.5 billion in 2000 to RMB 453.7 billion in 2008, and the growth rate has gradually increased during this period. Although vacancies at mid to upper-end retail facilities increased slightly in the first four months of 2009 mainly because of the renovation of several retail projects in central areas, rentals still continued their upward trend compared with the same period of 2008.

Shanghai Five-star Hotel Market

Demand for five-star hotels in Shanghai will be further boosted by the growing number of domestic and international visitors to Shanghai, together with large scale business events and the upward economic trend. Since 2000, the number of international visitors has grown at a CAGR of 17.1%, reaching 6.4 million in 2008. Shanghai has become a key destination for conventions and exhibitions in Asia, and its M.I.C.E. (meetings, incentives, conferences and exhibitions) industry has been developing rapidly in recent years. Shanghai has been ranked amongst the cities with the highest room rate for five-star hotels in mainland China.

TIANJIN PROPERTY MARKET

Tianjin is one of the most important industrial cities in Northern China, which is located to the southeast of Beijing. It is also an international transportation hub with superior port facilities and is one of two major cities in the Bohai Rim Economic Zone. Tianjin covers an area of 11,760 sq.km. and its population was 9.7 million in 2008.

Tianjin has maintained rapid GDP growth since 2003 with real GDP growth rate higher than 14.0% from 2003 to 2008. Its GDP output reached RMB635.4 billion in 2008. In the first quarter of 2009, real GDP growth in Tianjin reached 16% compared with the national growth rate of 6.1%.

Disposable income per urban resident in Tianjin has increased steadily over the past eight years. In 2000, per capita disposable income was RMB8,141, rising to RMB19,423 in 2008, representing a CAGR of 11.5% during the period.

The table below sets out selected economic indicators of Tianjin between 2000 and 2008:

Economic Indicators of Tianjin (2000-2008)

	2000	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2000-2008 CAGR**
Population (million)	9.1	9.1	9.2	9.3	9.3	9.4	9.5	9.6	9.7	0.8%
Nominal GDP (RMB billion)	170.2	191.9	215.1	257.8	311.1	369.8	434.4	505.0	635.4	17.9%
Real GDP growth rate (%)	10.8	12.0	12.7	14.8	15.8	14.7	14.5	15.1	16.5	N/A
GDP per capita (RMB)	17,353	19,141	21,387	25,544	30,575	35,783	41,022	46,122	55,473	15.6%
FDI (US$ billion)	2.6	3.2	3.8	1.6	2.5	3.3	4.1	5.3	7.4	14.0%
Fixed asset investment (RMB billion)	60.9	70.5	81.1	104.7	125.9	151.7	185.0	238.9	340.4	24.0%
Urbanisation (%)	58.4	58.6	58.9	59.4	59.6	59.9	60.2	60.5	60.7	N/A
Per capita disposable income (RMB)	8,141	8,959	9,338	10,313	11,467	12,639	14,283	16,357	19,423	11.5%

Source: Tianjin Statistics Bureau

Note: N/A refers to not applicable

Infrastructure Developments

In order to implement its development plan both in the city area and the Bohai Rim Economic Zone, the Tianjin government has increased investment in infrastructure developments. Some of the key projects in the next three years include:

- The third Jing-Jin-Tang Expressway linking Beijing, Tianjin and Tanggu of Tianjin to be constructed in 2009;
- The Jin-Qin Express Railway linking Tianjin and Qinhuangdao is under construction;
- The Jing-Hu Express Railway linking Beijing, Tianjin and Shanghai is under construction;
- The Chengde-Tianjin Expressway is under construction;
- Extension Project Phase Two of Tianjin Binhai International Airport to be completed in 2012; and
- Metro Lines 2 and 3 to be completed by 2010.

Real Estate Investment in Tianjin

Real estate investment in Tianjin increased steadily from RMB13.4 billion in 2000 to RMB65.4 billion in 2008, representing a CAGR of 21.9%.

The GFA of commodity properties completed and sold in Tianjin rapidly grew at CAGR of 20.4% and 15.7% respectively from 2000 to 2008. Completion and transaction volumes in terms of GFA surged in 2005 mainly due to the implementation of the city redevelopment plans and the plan of the Binhai New Area. In 2008, the GFA of commodity properties completed increased by 50.6% mainly due to a large number of developers outside Tianjin entering the market since 2005. In addition, commercial properties (mainly including office and retail properties) completed accounted for an increasing percentage, 41.0% of the commodity properties completed in 2008.

The average selling price of commodity properties in Tianjin increased rapidly at a CAGR of 12.6% between 2000 and 2008. Since 2004, the price has increased significantly and recorded a new high of RMB6,015 per sq.m. in 2008, representing a growth rate of 3.5% compared with 2007.

The table below sets out selected property market indicators of Tianjin between 2000 and 2008:

Property Market Indicators of Tianjin (2000-2008)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2000-2008 CAGR
Real estate investment (RMB billion)	13.4	16.1	17.6	21.1	26.4	32.8	40.2	50.5	65.4	21.9%
GFA of commodity properties completed (million sq.m.)	5.8	6.9	7.5	9.1	11.1	14.8	15.2	17.0	25.6	20.4%
GFA of residential properties completed (million sq.m.)	5.3	6.3	6.7	7.5	10.1	12.7	13.1	14.0	15.1	14.0%
GFA of commodity properties sold (million sq.m.)	3.9	5.4	5.6	7.9	8.5	14.1	14.6	15.5	12.5	15.7%
GFA of residential properties sold (million sq.m.)	3.8	5.1	5.4	7.2	8.0	12.6	13.3	14.0	N/A	N/A
Average selling price of commodity properties (RMB per sq.m.)	2,328	2,375	2,487	2,518	3,115	4,055	4,774	5,811	6,015	12.6%
Average selling price of residential properties (RMB per sq.m.)	2,274	2,308	2,414	2,393	2,950	3,987	4,649	5,576	N/A	N/A

Source: Tianjin Statistics Bureau

Note: N/A refers to not available or applicable.

Mid to upper-end Residential Market in Tianjin

The mid to upper-end residential developments are mainly situated in urban areas, such as Hexi, Nankai, Hedong districts, and Tianjin Economic and Technological Development Area of Binhai New Area. Given the plan of development eastward in Tianjin, Hedong is expected to witness a rapid development in the mid to upper-end residential market due to its well developed transportation network between the traditional urban area and Binhai New Area.

Binhai New Area is expected to be booming for mid to upper-end residential developments in the coming years. Driven by the robust growth potential, a great number of foreign companies and high-income expatriates as well as migrant workers will swarm into Tianjin, especially Binhai New Area. According to the "Eleventh Five Year Plan for Tianjin Economic and Social Development (天津市國民經濟和社會發展第十一個五年規劃)", the population in Binhai is expected to reach 1.8 million in 2010 and 3.0 million in 2020. Thus, the demand for mid to upper-end residential properties in this area will be expected to steadily increase.

The affordability of mid to upper-end residential properties in Tianjin will be further improved by strong economic growth. Influenced by the integrated development strategy of Beijing, Tianjin and Hebei Province and the Beijing-Tianjin Express Railway commissioned in 2008, more investors are attracted into the property market of Tianjin, resulting in growth of investment demand for mid to upper-end residential properties.

As more developers enter the market and introduce new products, such as well-furnished housing and professional property management services, it will enhance the quality of mid to upper-end residential properties and will stimulate growth in property prices.

Tianjin Five-star Hotel Market

Strong demand for five-star hotel accommodation is expected as Tianjin is an international harbor city and the economic centre of Northern China. It attracts an increasing number of international and domestic companies along with business and social-economic activities. According to the Tianjin Statistics Bureau, between 2000 and 2008, the number of international visitors grew at a CAGR of 19.2% and international tourism revenue increased at a CAGR of 23.2%.

The average daily room rate of five-star hotels in Tianjin increased steadily in recent years. From 2010 to 2012, because of the increasing new supply, the average occupancy rate is expected to decline slightly but the average room rate is expected to increase due to the participation and entry of a larger number of international branded hotels in the market, which provide higher quality services and charge higher room rates.

BEIJING PROPERTY MARKET

After successfully hosting the 2008 Olympic Games, Beijing captured the world's attention with its rapidly improving social and economic surroundings.

At the end of 2008, Beijing covered an area of 16,411 sq.km. and had a population of 12.3 million, which has grown at a CAGR of 1.3% from 2000 to 2008. It has also maintained strong growth in its economy since 2000 with Nominal GDP growing from RMB316 billion in 2000 to RMB1,049 billion in 2008, representing a CAGR of 16.2%. In addition, its GDP per capita grew at a CAGR of 12.8% from 2000 to 2008 and reached RMB63,029 in 2008, making it the second highest amongst the Chinese provinces and municipalities after Shanghai.

Beijing maintained a rapid GDP growth rate of 11.9% per annum between 2000 and 2008. As a result of the slowdown in the Chinese and global economies in 2008, Beijing's real GDP growth rate decreased to 9.0% in 2008, which is in line with the national level.

The table below sets out selected economic indicators of Beijing between 2000 and 2008:

Economic Indicators of Beijing (2000-2008)

	2000	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2000-2008 CAGR**
Population (million)	11.1	11.2	11.4	11.5	11.6	11.8	12.0	12.1	12.3	1.3%
Nominal GDP (RMB billion)	316	371	433	502	606	689	787	935	1,049	16.2%
Real GDP growth rate (%)	11.8	11.7	11.5	11.0	14.1	11.8	12.8	13.3	9.0	N/A
GDP per capita (RMB)	24,122	26,998	30,840	34,892	41,099	45,444	50,467	58,029	63,029	12.8%
FDI (US$ billion)	2.5	1.8	1.8	2.1	3.1	3.5	4.6	5.1	6.1	11.8%
Fixed asset investment (RMB billion)	129.7	153.1	181.4	215.7	252.8	282.7	337.2	396.7	384.9	14.6%
Urbanisation (%)	77.5	78.1	78.6	79.1	79.5	83.6	84.3	84.5	84.9	N/A
Per capita disposable income (RMB)	10,350	11,578	12,464	13,883	15,638	17,653	19,978	21,989	24,725	11.5%

Source: Beijing Statistics Bureau

Note: N/A refers to not applicable.

Infrastructure Developments

The Beijing government has invested a substantial amount in the city's infrastructure in recent years. To further enhance the city's development, the following infrastructure projects are expected:

- The new Subway Line 4 to be commissioned in September 2009;
- Five new subway lines including Daxing Line, Yizhuang Line, Phase I of Changping Line, Fangshan Line and Phase I of Line 15 which are scheduled to completed in 2010;
- Four new subway lines including nos 6, 8, 9 and Phase II of Line 10 scheduled to be completed by 2012; and

- The Beijing-Shanghai Express Railway commenced in 2008 and scheduled to be completed in 2013.

Real Estate Investment in Beijing

Real estate investment in Beijing increased from RMB52.2 billion in 2000 to RMB199.6 billion in 2007, representing a CAGR of 21.1%. Real estate investment in 2008 decreased by 4.4% to RMB190.9 billion in 2008.

GFA completed and sold for commodity properties in Beijing grew at a CAGR of 22.4% and 23.9% respectively from 2000 to 2005. With the central government's introduction of austerity measures and tighter control on bank lending activities after 2005, both completed area and sold area of commercial property decreased rapidly to 25.6 million sq.m. and 13.4 million sq.m. respectively in 2008. This is worsened due to the adverse impact of the economic downturn.

Property prices showed growth of over 20% in 2005 and 2006 but started to slow down in 2007 and 2008. In recent years, affordable housing investment was strengthened by the government policies with increasing relevant supply. This is expected to contribute to stabilising residential prices.

The table below sets out selected property market indicators of Beijing between 2000 and 2008:

Property Market Indicators of Beijing (2000-2008)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2000-2008 CAGR
Real estate investment (RMB billion)	52.2	78.4	98.9	120.3	147.3	152.5	172.0	199.6	190.9	17.6%
GFA of commodity properties completed (million sq.m.)	13.7	17.1	23.8	25.9	30.7	37.7	31.9	28.9	25.6	8.1%
GFA of residential properties completed (million sq.m.)	10.1	13.9	19.3	20.8	23.4	28.4	21.9	18.5	14.0	4.2%
GFA of commodity properties sold (million sq.m.)	9.6	12.0	17.1	19.0	24.7	28.0	26.1	21.8	13.4	4.3%
GFA of residential properties sold (million sq.m.)	9.0	11.3	16.0	17.7	22.9	25.7	22.1	17.3	10.3	1.7%
										2000-2006 CAGR
Average price of commodity properties (RMB per sq.m.)	4,919	5,062	4,764	4,737	5,053	6,274	8,280	N/A	N/A	9.1%
Average Price of residential properties (RMB per sq.m.)	4,557	4,716	4,467	4,456	4,747	5,853	7,376	N/A	N/A	8.4%

Source: Beijing Statistics Bureau

Note: N/A refers to not available.

Mid to Upper-end Residential Market in Beijing

Mid to upper-end residential properties in Beijing are mainly concentrated within the 5th Ring Road. Due to the limited land supply in the urban areas and increasing demand for residential properties, new mid to upper-end residential properties in Beijing are expected to move toward suburban areas and their prices will be supported by the improving subway transportation system in the coming years.

Increasing disposable income is the key driver for the mid to upper-end residential market in Beijing. Economic growth and the growing population in Beijing will also provide strong support for its residential market. The annual growth rate of the permanent population in Beijing averaged at 2.8% from 2000 to 2008. In addition, corporates that set up offices in Beijing will create employment also help to create new demand for mid to upper-end residential properties in the future.

Beijing's real estate market is largely influenced by the government macro adjustment measures. Since the second half of 2008, the Chinese government has eased the macro economic polices, including lowering the lending cost for five times and relaxing restrictions for foreign investment in real estate market. In addition, developers are adjusting their operations to capture sustainable demand. It is expected that the mid to upper-end residential property market will steadily increase in the long run.

WUXI PROPERTY MARKET

Wuxi is a well-known tourist destination in China and is one of the economic hubs in the Yangtze River Delta Region. It is located in the southern part of Jiangsu Province with Shanghai to its east and Nanjing to its west. In 2008, it had a population of 4.6 million.

The GDP of Wuxi has maintained double-digit growth for more than ten years and has reached RMB442.0 billion in 2008.

The table below sets out selected economic indicators of Wuxi between 2000 and 2008:

Economic Indicators of Wuxi (2000-2008)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2000-2008 CAGR
Population (million)	4.3	4.4	4.4	4.4	4.5	4.5	4.6	4.6	4.6	0.8%
Nominal GDP (RMB billion)	117.7	132.9	153.4	183.3	225.1	280.5	330.1	385.9	442.0	18.0%
Real GDP growth rate (%)	11.2	11.5	12.8	15.4	17.4	15.1	15.3	15.3	12.4	N/A
GDP per capita(RMB)	27,109	30,526	35,087	41,616	50,592	50,958	57,719	65,212	73,053	13.2%
FDI (US$ billion)	1.1	1.4	1.7	2.7	3.3	2.0	2.8	2.8	3.2	14.3%
Fixed asset investment (RMB billion)	35.0	40.5	53.8	89.3	111.4	133.6	147.5	167.4	187.7	23.4%
Per capita disposable income (RMB)	8,603	9,454	9,988	11,647	13,588	16,005	18,189	20,898	23,605	13.4%

Source: Wuxi Statistics Bureau

Note: N/A refers to not applicable.

Fixed asset investments in Wuxi grew at a CAGR of 23.4% from 2000 to 2008, and reached RMB187.7 billion in 2008. There are also a number of planned infrastructure projects in Wuxi in the next few years such as the expansion of the current airport into an international airport.

Real Estate Investment in Wuxi

Real estate investment in Wuxi grew rapidly at a CAGR of 33.4% between 2000 and 2008, reaching RMB45.0 billion in 2008.

The commodity property market in Wuxi has developed rapidly since 2000. Annual growth in the GFA of commodity and residential properties completed both reached 14.5% from 2000 to 2008. However, GFA sold for commodity properties decreased by approximately 29.9% from 7.7 million sq.m. in 2007 to 5.4 million sq.m in 2008. Average price however continued to increase during the period. Average price of commodity properties grew at CAGR of 15.3%, reaching RMB5,375 per sq.m in 2008.

The table below sets out selected property market indicators of Wuxi between 2000 and 2008:

Property Market Indicators of Wuxi (2000-2008)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2000-2008 CAGR
Real estate investment (RMB billion)	4.5	4.9	7.7	13.2	19.6	22.8	27.7	37.8	45.0	33.4%
GFA of commodity properties completed (million sq.m.)	2.4	2.5	2.9	5.1	4.8	6.9	7.9	7.4	7.1	14.5%
GFA of residential properties completed (million sq.m.)	2.0	2.1	2.5	4.6	4.0	5.4	6.1	6.0	5.9	14.5%
GFA of commodity properties sold (million sq.m.)	2.2	2.0	2.4	3.0	4.1	6.0	6.5	7.7	5.4	11.9%
GFA of residential properties sold (million sq.m.)	2.0	1.8	2.2	2.8	3.5	5.1	5.5	6.8	4.6	11.0%
Average price of commodity properties (RMB per sq.m.)	1,718	1,808	1,813	2,216	2,534	3,679	4,000	4,573	5,375	15.3%
Average price of residential properties (RMB per sq.m.)	1,632	1,726	1,712	2,006	2,278	3,472	3,687	4,363	5,096	15.3%

Source: Wuxi Statistics Bureau

Mid to Upper-end Residential Market in Wuxi

Mid to upper-end residential properties in Wuxi are scattered in three areas, namely Sub-central Area (including Nanchang (南川區), Beitang (北塘區) and Chong'an District (崇安區)), Binhu District (濱湖區) and the New District (新區). The Sub-central Area is close to the city downtown area, Binhu District has a pleasant environment and Wuxi New District has a national Economic Development Zone with a large number of enterprises established there.

Supply of mid to upper-end residential properties will slightly decrease in the coming two years due to limited land supply since 2007. Binhu District and Wuxi New District are expected to be the two prime areas for mid to upper-end residential property developments as developers and purchasers are attracted to the pleasant scenery in Binhu and the active strong leasing market in the New District.

Demand for mid to upper-end residential properties in Wuxi is underpinned by local wealthy residents and an influx of foreign talent. With the rapid increase in disposable income, demand for larger and newer apartments in Wuxi is increasing. Besides, Wuxi is a key manufacturing base for the Yangtze River Delta Region. According to the Wuxi Government, at the end of July 2007, 76 of the Fortune Global 500 Companies such as General Electric, Toyota Motor and Matsushita Electric had invested in Wuxi.

Wuxi Five-star Hotel Market

As one of the most popular tourism centres in China, Wuxi has attracted a growing number of domestic and overseas visitors. Total number of visitors has grown at a CAGR of 15.9%, from 11.5 million in 2000 to 37.5 million in 2008.

International tourists and business travelers are the main source of guests for five-star hotels. The five-star hotel market in Wuxi was prosperous in the past few years due to rapid economic growth and limited room supply. In 2008, the average daily room rate and occupancy rates of five-star hotels fell slightly as a result of the global economic crisis, with the number of international tourists declining by 14.5% in 2008.

SUZHOU PROPERTY MARKET

Suzhou, a well-known tourism and cultural city in China, is located in the south of Jiangsu Province and to the north of Shanghai. It covers a land area of 8,488 sq.km. with a registered population of 6.3 million in 2008.

GDP of Suzhou reached RMB670.1 billion in 2008, ranking 2nd among cities in the Yangtze River Delta Region. Its real GDP growth rate averaged at 14.9% from 2000 to 2008. GDP per capita increased at a rapid growth rate with a CAGR of 18.9% between 2000 and 2008.

The table below sets out selected economic indicators of Suzhou between 2000 and 2008:

Economic Indicators of Suzhou (2000-2008)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2000-2008 CAGR
Population (million)	5.8	5.8	5.8	5.9	6.0	6.1	6.2	6.2	6.3	1.0%
Nominal GDP (RMB billion)	154.1	176.0	208.0	280.2	345.0	402.7	482.0	570.0	670.1	20.2%
Real GDP growth rate (%)	12.6	12.3	14.5	18.0	17.6	15.3	15.5	16.0	12.5	N/A
GDP per capita (RMB)	26,692	30,384	35,733	47,693	57,992	66,766	78,802	91,911	106,863	18.9%
FDI (US$ billion)	2.9	3.0	4.8	6.8	5.0	5.1	6.1	7.2	8.1	13.7%
Fixed asset investment (RMB billion)	51.6	56.5	81.3	140.9	155.5	187.0	210.7	236.6	261.0	22.5%
Per capita disposable income (RMB)	9,274	10,515	10,617	12,361	14,451	16,276	18,532	21,260	23,867	12.5%

Source: Suzhou Statistics Bureau

Note: N/A refers to not applicable.

Real Estate Investment in Suzhou

Development of the real estate market in Suzhou has been largely supported by its attractive tourism environment and strong economy. Total GFA completed and sold for commodity properties in Suzhou kept increasing from 2000 to 2007, reaching 18.7 million sq.m. and 19.1 million sq.m. respectively in 2007. However, the slow down in China's economic growth has negatively impacted on the economic growth and property market in Suzhou. Commodity properties GFA sold in 2008 decreased dramatically by 47.1%.

The average price of commodity properties has maintained an increasing trend since 2000, reaching RMB5,692 per sq.m. in 2008. However, the growth rate has continuously slowed down since 2004.

The table below sets out selected property market indicators of Suzhou between 2000 and 2008:

Property Market Indicators of Suzhou (2000-2008)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2000-2008 CAGR
Real estate investment (RMB billion)	6.1	6.9	10.7	17.8	33.4	41.4	47.1	60.2	71.8	36.1%
GFA of commodity properties completed (million sq.m.)	4.4	4.7	5.6	8.3	14.6	16.8	18.2	18.7	14.8	16.4%
GFA of residential properties completed (million sq.m.)	3.8	3.9	4.6	7.1	12.7	13.8	14.8	14.8	11.3	14.6%
GFA of commodity properties sold (million sq.m.)	3.7	4.8	5.4	6.1	8.5	7.9	13.9	19.1	10.1	13.4%
GFA of residential properties sold (million sq.m.)	3.3	4.3	4.8	5.3	7.5	6.8	11.9	16.5	8.3	12.2%
Average price of commodity properties (RMB per sq.m.)	1,778	1,843	2,157	2,574	3,108	3,863	4,591	5,146	5,692	15.7%
Average price of residential properties (RMB per sq.m.)	1,662	1,730	2,044	2,481	2,964	3,718	4,415	5,004	5,533	16.2%

Source: Suzhou Statistics Bureau

Suzhou Residential Market

GFA of residential properties sold in Suzhou recorded a historical high in 2007 with 16.5 million sq.m. However, the volume in 2008 dropped significantly by 49.7% to approximately 8.3 million sq.m.

To stimulate the property market, the Suzhou government published some stimulus measures in October 2008 mainly including granting residents permits ("Hukou"), reducing transaction taxes and relaxing the payment term for developers' purchase of land. Such measures have helped to increase liquidity of the second-hand property market.

Average price of residential properties in Suzhou grew at a CAGR of 16.2% from 2000 to 2008, reaching RMB5,533 per sq.m. in 2008. Property price increased rapidly in 2005 and 2006 on the back of the strong demand driven by robust economic growth, but such growth has slowed down gradually in the past two years. The anticipated economic growth in Suzhou and the government stimulus measures are expected to drive demand and price level of the residential properties in the coming years.

NANTONG PROPERTY MARKET

Nantong is located in Jiangsu Province and to the northwest of Shanghai. It has a population of 7.6 million and is one of the most populous cities in Jiangsu Province. Its key economic drivers are manufacturing and port-related industries.

Nantong has experienced rapid economic growth, with the real GDP growth expanded from 10.9% in 2000 to 13.3% in 2008. Despite the GDP growth rate declining to 13.3% in 2008 from 16.2% in 2007, it was still 0.8% higher than the average for Jiangsu Province. GDP for Nantong reached RMB251.0 billion in 2008.

Given the rapid economic growth in Nantong, disposable income of urban residents also increased accordingly and reached RMB18,903 in 2008 with a growth rate of 14.9% compared to 2007. In addition, the Nantong government has increased much effort to attract investment in recent years. Utilised Foreign Investment grew rapidly between 2000 and 2008 at a CAGR of 45.4%, amounting to US$2.9 billion in 2008.

The table below sets out selected economic indicators of Nantong from 2000 to 2008:

Economic Indicators of Nantong (2000-2008)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2000-2008 CAGR
Population (million)	7.8	7.8	7.8	7.8	7.7	7.7	7.7	7.7	7.6	-0.3%
Nominal GDP (RMB billion)	72.1	79.0	86.5	98.0	119.6	147.2	175.8	211.2	251.0	16.9%
Real GDP growth rate (%)	10.9	10.1	11.1	13.4	15.6	15.4	15.7	16.2	13.3	N/A
GDP per capita (RMB)	9,176	10,078	11,073	12,584	15,415	19,060	22,826	27,500	32,815	17.3%
Fixed asset investment (RMB billion)	24.0	25.8	31.0	44.8	60.5	81.5	104.9	126.6	150.5	25.8%
Per capita disposable income (RMB)	7,911	8,485	8,640	9,598	10,937	12,384	14,058	16,451	18,903	11.5%

Source: Nantong Statistics Bureau

Note: N/A refers to not applicable.

Infrastructure Developments

As one of the major cities in the Yangtze River Delta Region, key infrastructure projects in Nantong are planned for the next few years to further improve the transportation network, including:

- A railway from Nantong to Qidong to be constructed before 2010; and
- A railway from Nantong to Shanghai to be constructed before 2010.

Real Estate Investment in Nantong

Real estate investment in Nantong grew strongly at a CAGR of 26.7% between 2000 and 2008 and reached RMB17.3 billion in 2008, representing an increase of 26.3% compared to 2007.

The GFA of commodity properties completed in 2008 was 5.2 million sq.m., in which 4.3 million sq.m. was constituted by residential properties. The GFA of commodity properties and residential properties sold in Nantong steadily increased between 2000 and 2007, reaching 5.2 million sq.m and 4.7 million sq.m in 2007, respectively. In 2008, the GFA of residential properties sold started to decrease by about 19.1% compared to 2007.

Average price of commodity properties has grown rapidly between 2000 and 2007, but it dropped by 9.1% to RMB3,247 per sq.m. in 2008. Average price for residential properties also dropped by 9.5% to RMB3,010 per sq.m. during the same year.

The table below sets out selected property market indicators of Nantong between 2000 and 2008:

Property Market Indicators of Nantong (2000-2008)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2000-2008 CAGR
Real estate investment (RMB billion)	2.6	3.3	3.6	4.8	5.9	8.0	10.8	13.7	17.3	26.7%
GFA of commodity properties completed (million sq.m.)	2.0	1.9	2.5	1.8	2.5	3.3	3.8	3.9	5.2	12.7%
GFA of residential properties completed (million sq.m.)	1.7	1.7	2.1	1.4	2.1	2.8	3.1	3.4	4.3	12.3%
GFA of commodity properties sold (million sq.m.)	1.7	1.6	2.0	2.0	2.3	3.3	4.7	5.2	4.2	12.0%
GFA of residential properties sold (million sq.m.)	1.5	1.5	1.8	1.7	2.0	2.8	4.1	4.7	3.8	12.3%
Average price of commodity properties (RMB per sq.m.)	1,405	1,533	1,631	1,829	2,119	2,579	3,212	3,571	3,247	11.0%
Average price of residential properties (RMB per sq.m.)	1,298	1,484	1,564	1,765	1,899	2,304	2,926	3,325	3,010	11.1%

Source: Nantong Statistics Bureau

Mid to Upper-end Residential Market in Nantong

Mid to upper-end residential properties in Nantong are concentrated mainly in the Chongchuan District (崇川區), including both the traditional and the new areas. The new area of Chongchuan District is a planned cultural, political and commercial centre in Nantong. Due to the limited land supply for mid to upper-end residential properties in 2007 and 2008, the properties completed in urban areas is expected to decrease in the coming years.

Demand for mid to upper-end residential properties in Nantong will be underpinned by its increasing per capita disposable income as a result of industrial development. Nantong has a national economic development zone subject to various preferential policies. This could attract more domestic enterprises and multi-national corporations as the transportation network improves, such as Suzhou (Changshu)-Nantong Bridge and Shanghai-Nantong railway.

With the development of Yangkou Port, Nantong is well-positioned to be a top ship building base in Asia and a developed manufacturing base in the Yangtze River Delta Region according to the "Eleventh Five Year Plan for Nantong Economic and Social Development (南通市國民經濟和社會發展第十一個五年規劃)". It is expected that the demand for mid to upper-end residential properties will maintain steady growth in the coming years.

HEFEI PROPERTY MARKET

Hefei is the capital of Anhui Province. It is located in the central region of China between Yangtze and Huaihe Rivers and is close to the fast developing Yangtze River Delta Region. The city covers an area of 7,029 sq.km with 4.9 million registered population at the end of 2008. It possesses a strategically important location easily accessible from all directions of the country, and it connects the vast area of Central China.

Since its opening-up and reform, Hefei has enjoyed a constant state of economic and social development with two-digit rate GDP growth for more than 20 years. Its GDP reached RMB166.5 billion in 2008, and the real GDP growth rate was 17.2% which was only a slight decline compared to 2007. In 2008, the total FDI in Hefei was US$0.77 billion representing 11.5% decline compared to 2007, but given the higher base of FDI before 2007, the short term slow down should not change the trend for future increases.

The selected economic statistics of Hefei for the period between 2000 and 2008 are set out in the following table:

Economic Indicators of Hefei (2000-2008)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2000-2008 CAGR
Population (million)	4.4	4.4	4.5	4.6	4.4	4.6	4.7	4.8	4.9	1.4%
Nominal GDP (RMB billion)	36.9	42.4	49.7	59	72.2	87.8	107.4	133.4	166.5	20.7%
Real GDP growth rate (%)	12	15.2	16.4	16.8	17.3	17	17.5	17.8	17.2	N/A
GDP per capita (RMB)	8,505	9,632	11,173	13,047	16,377	19,512	23,203	28,125	34,482	19.1%
FDI (USD billion)	0.13	0.15	0.06	0.1	0.18	0.17	0.38	0.87	0.77	24.9%
Fixed assets investment (RMB billion)	13.1	14.3	16.9	25.5	36.3	49.5	82.5	131	183.9	39.1%
Per capita disposable income (RMB)	6,389	6,817	7,145	7,785	8,610	9,684	11,013	13,427	15,591	11.8%

Source: Hefei Statistics Bureau, Anhui Statistics Bureau

Note: N/A refers to not applicable.

Hefei is well-known for its scientific research resources and education institutions. More than 200 science and research institutes and almost 100 institutions of higher learning and technical colleges are located in Hefei. Two national-level development zones, Hefei Economy and Technology Development Area and Hefei Hi-tech Development Area, are situated in the south part of the city.

Infrastructure Developments and Urban Planning

With the help of the central government's "Central China Rise" policy, the Hefei government blueprinted the "One-Four-One" scheme in 2005 for city development including redeveloping the downtown area, developing four sub-centres to the east, west, south and north of the core city respectively and developing Binhu New District near Chao Lake to the southeast of the city to further boost its economic growth and city development. In the following years, the following key scheme will be implemented:

- Urban renewal plan;
- Construction of the outer ring road and the highways between the city and its 3 counties;
- The development of Binhu New District, started in 2006, with a total area of 190 sq. km.; and
- New airport in Hefei, Xinqiao International Airport, planned for completion by 2010.

Real Estate Investment in Hefei

Real estate investment in Hefei has grown strongly since 2000. The total real estate investment reached RMB56.5 billion at the end of 2008, which was more than 24.6 times greater than that of 2000. More investments were pumped into the real estate market, especially after the city redevelopment launched in 2005, the annual net increase was around RMB10 billion which was twice as much as previous years.

The commodity property market in Hefei has grown rapidly since 2000. GFA of completed commodity property increased at 25.8% CAGR from 2000 to 2007. Meanwhile, the demand of commodity property has also grown robustly, resulting in the take-up ratio to increase to 115.7% in 2005, 120.8% in 2006, and 171.7% in 2007. Such strong demand has also provide support to property price.

In 2007, the average price of commodity properties in Hefei was RMB3,326 per sq.m. which was lower than the national average. Its CAGR was 8.4% that was generally consistent with the national level from 2000 to 2007.

The table below sets out selected property market indicators of Hefei between 2000 and 2008:

Property Market Indicators of Hefei (2000-2008)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2000-2008 CAGR
Real estate investment (RMB billion)	2.3	2.6	4.0	9.0	14.0	19.0	28.1	38.5	56.5	49.2%
GFA of commodity properties completed (million sq.m.)	1.2	1.4	2.2	3.3	4.7	5.1	5.3	6.0	N/A	N/A
GFA of residential properties completed (million sq.m.)	0.9	1.2	1.8	2.6	3.9	4.1	4.4	5.1	N/A	N/A
GFA of commodity properties sold (million sq.m.)	0.9	1.0	1.9	2.9	4.0	5.9	6.4	10.3	9.2	33.7%
GFA of residential properties sold (million sq.m.)	0.8	0.8	1.8	2.4	3.5	5.3	5.8	9.4	8.6	34.6%
Average price of commodity properties (RMB)	1,893	1,893	1,750	2,095	2,492	3,015	3,131	3,326	N/A	N/A
Average price of residential properties (RMB)	1,678	1,676	1,616	1,895	2,314	2,807	2,891	3,172	N/A	N/A

Source: Hefei Statistics Bureau

Note: N/A refers to not applicable or not available.

Mid to Upper-end Residential Market in Hefei

The residential properties in Hefei are decentralised in its eight urban districts. The mid and upper-end residential developments clustered mainly in the Baohe and Shushan Districts where there is a better natural environment and more high income population.

The demand for mid to upper-end residential properties in Hefei has been primarily underpinned by end-users and will be further driven by its economic growth and improved infrastructure as a result of the implementation of government's "One-Four-One" scheme and "Central China Rise" policies in the following years.

The dynamic economic growth in Hefei has attracted more people moving to Hefei and speed up the urbanisation. According to the "Eleventh Five Year Plan for Hefei Economic and Social Development (合肥市經濟和社會發展第十一個五年規劃)", the urbanisation rate is expected to reach 60% in 2010. With the enlarged urban population and limited land resources, it is estimated that price level mid to upper-end residential properties will continue to growth.

Prime Retail Market in Hefei

The prime retail market in Hefei includes department stores and shopping centres. Most of the well-known department stores and shopping centres are located in its traditional retail area along Changjiang Zhong Road of Luyang District. The traditional retail area is being redeveloped and will function as the city's retail centre. Two new retail areas will be developed in the east and west to radiate the city periphery and the neighboring cities by providing more convenient accessibility.

Growing disposable income provided strong support to the development of local retail market. The disposable income per urban resident in Hefei increased at a CAGR of 11.8% from 2000 to 2008 and the retail sales reached RMB58.8 billion in 2008 with an eight year CAGR of 18.8%. Meanwhile, as a regional transportation hub and gateway between the eastern and western part of China, Hefei is taking its geographical advantage to further strengthen its economic development, which is expected to create more opportunities for its prime retail market.

Most of the prime retail properties are for lease only, which are quoted either as fixed rentals or as a percentage of turnovers. Given the growing spending power, some industry leading domestic and international retailers such as Beijing Hualian, Wal-mart and Carrefour had already established presence in Hefei, and more large retailers are planning to come. According to the government website, Tesco and RT-Mart will invest RMB307 million and RMB 400 million respectively to set up their hypermarkets along Tongling Road in Yaohai District. The two multinational retailers will open their businesses at the end of 2010 and 2011. The entry of those large players could create strong demand for retail properties and produce opportunities for a series of related businesses.

SHENYANG PROPERTY MARKET

Shenyang is the capital of Liaoning Province. It is a transportation hub of Northeast China and serves as the communication, commerce, science and culture centre in Northeast China. Shenyang covers an area of 12,980 sq.km. and it had a population of 7.8 million at the end of 2008.

As a nationally renowned heavy industrial base, Shenyang has experienced strong economic growth in recent years as a result of the central government policy of "Revitalising Northeast China". GDP amount, disposable income per urban resident and retail sales of consumer goods kept a rapid growth in the recent four years.

The table below sets out selected economic indicators of Shenyang between 2000 and 2008:

Economic Indicators of Shenyang (2000-2008)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2000-2008 CAGR
Population (million)	6.9	6.9	6.9	6.9	6.9	7.0	7.0	7.1	7.8	1.5%
Nominal GDP (RMB billion)	106.7	117.4	132.6	150.2	177.3	208.4	252.0	322.1	386.1	17.4%
Real GDP growth rate (%)	10.3	10.1	13.1	14.2	15.5	16.0	16.7	22.8	16.3	N/A
GDP per capita (RMB)	15,666	17,084	19,242	21,798	25,640	29,935	35,940	45,582	54,106	16.8%
FDI (US$ billion)	0.71	0.85	1.4	2.2	2.4	2.1	3.0	5.0	6.0	30.6%
Fixed asset investment (RMB billion)	26.2	30.3	40.2	58.3	97.1	136.3	179.0	236.2	300.9	35.7%
Per capita disposable income (RMB)	5,850	6,386	7,050	7,961	8,924	10,098	11,651	14,607	17,295	14.5%

Source: Shenyang Statistics Bureau

Note: N/A refers to not applicable

Infrastructure Developments

To improve city development, the Shenyang government initiated the following schemes:

- Metro Lines 1 and 2 to be completed in 2010;
- Construction of the Central Urban Corridor ("CUC"), stretching from north to south with the central axis integrating business, service, governmental affairs and cultural facilities; and
- Hunnan New Area, to be developed into one of the national top-ten high-tech industry areas.

Real Estate Investment in Shenyang

Real estate investment in Shenyang grew rapidly at a CAGR of 41.2% from 2000 to 2008 and reached RMB101.1 billion in 2008, accounting for 33.6% of the fixed asset investment.

The real estate market in Shenyang has steadily grown from 2000 to 2008. Commodity properties with a total GFA of 12.9 million were completed in Shenyang in 2008, representing a CAGR of 17.7% since 2000. The GFA of commodity property sold achieved 14.7 million sq.m. in 2008 with a CAGR of 27.5% from 2000. The average price increased from RMB2,686 per sq.m. in 2000 to RMB4,127 per sq.m. in 2008 with a CAGR of 5.5%. The price growth in 2007 and 2008 has speeded up compared with the previous years with an annual growth rate averaging 10.6%. In early 2009, the Shenyang government promulgated "25 policies to stimulate Shenyang real estate market" and the property transactions in the first quarter showed a sound growth.

The table below sets out selected property market indicators of Shenyang between 2000 and 2008:

Property market indicators of Shenyang (2000-2008)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2000-2008 CAGR
Real estate investment (RMB billion)	6.4	7.8	11.6	17.7	34.3	41.4	53.8	73.0	101.1	41.2%
GFA of commodity properties completed (million sq.m.)	3.5	3.5	3.6	5.9	8.1	10.6	11.9	12.9	12.9	17.7%
GFA of residential properties completed (million sq.m.)	2.9	3.0	3.1	4.9	7.2	9.3	10.2	10.9	11.0	18.1%
GFA of commodity properties sold (million sq.m.)	2.1	2.0	2.1	3.2	5.2	10.0	12.4	14.6	14.7	27.5%
GFA of residential properties sold (million sq.m.)	1.8	1.7	1.8	2.9	4.9	9.3	11.5	13.6	13.1	28.2%
Average price of commodity properties (RMB)	2,686	2,743	2,738	2,916	2,911	3,187	3,376	3,689	4,127	5.5%
Average price of residential properties (RMB)	2,545	2,609	2,601	2,753	2,852	3,027	3,184	3,525	3,856	5.3%

Source: Shenyang Statistics Bureau

Mid to Upper-end Residential Market in Shenyang

Mid to upper-end residential developments in Shenyang are distributed mainly in the urban districts.

The mid to upper-end residential market is underpinned by growing demand of owner-occupiers from local and periphery cities. For local residents, wealthy people are pursuing higher quality properties for relocation purpose as a result of the urban redevelopment. Increasingly improved traffic facilities will further stimulate this demand.

Demand for mid to upper-end residential properties is expected to be spurred after the completion of Liaoning Central Ring Road in 2010, connecting six cities around Shenyang, including Tieling, Fushun, Benxi, Liaoyang, Liaozhong and Xinmin in 2010. The whole region will be integrated by convenient transportation links that could help to further fuel regional economic development and increase population mobility. As a core city in the area, Shenyang will be able to attract more investment and higher income human resources that will directly benefit the mid to upper-end residential market.

With economic growth, the price of mid to upper-end residential properties will continue to grow steadily as a result of increasingly developed infrastructure, including construction of Metro Lines, construction of Shenyang CBD and redevelopment of old Tiexi industrial area.

HARBIN PROPERTY MARKET

As the capital of Heilongjiang Province, Harbin is well-known for its trade with Russia and characteristic tourist attractions, such as the ice-snow festival and ice & snow sport activities. It covers an area of 53,100 sq.km. with a population of 9.9 million, ranking second among the capital cities of provinces in China.

From 2000 to 2008, Harbin experienced rapid economic growth with real GDP growth rate of more than 13% since 2003. In 2008, the GDP amounted to RMB286.8 billion.

Along with strong economic growth, the disposable income of urban residents steadily increased in recent years at a CAGR of 12.6% from RMB5,632 in 2000 to RMB14,589 in 2008, up 1.6 times in nine years.

The table below sets out selected economic statistics of Harbin between 2000 and 2008:

Economic Indicators of Harbin (2000-2008)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2000-2008 CAGR
Population (million)	9.4	9.4	9.5	9.5	9.7	9.7	9.8	9.9	9.9	0.6%
Nominal GDP (RMB billion)	98.0	109.2	119.9	135.6	160.5	183.0	209.4	243.7	286.8	14.4%
Real GDP growth rate (%)	12.4	11.2	11.5	13.5	14.7	14.1	13.5	13.5	13.2	N/A
GDP per capita (RMB)	10,322	11,547	12,642	14,254	16,674	18,821	21,374	24,768	29,012	13.8%
FDI (US$ billion)	0.17	0.18	0.21	0.23	0.26	0.31	0.37	0.44	0.57	16.3%
Fixed asset investment (RMB billion)	25.4	31.2	36.1	43.6	53.3	63.9	81.0	103.1	134.1	23.1%
Per capita disposable income (RMB)	5,632	6,407	7,004	7,907	8,490	10,065	11,231	12,772	14,589	12.6%

Source: Harbin Statistics Bureau

Note: N/A refers to not applicable.

Infrastructure Developments

To further improve the city infrastructure, the Harbin government initiated the following schemes:

- Qunli New Area in the west Harbin, to be constructed as a new finance and ecological residential area;
- Daowai 20th Avenue Bridge, connecting Songbei District and central districts of Harbin across Songhua River, expected to be complete in 2010; and
- Phase I of Harbin subway to be completed in 2012.

Real Estate Investment in Harbin

GFA of commodity properties completed and sold in Harbin peaked in 2007, reaching 7 million sq.m. and 7.5 million sq.m. respectively. However, GFA completed and sold decreased by 32.9% and 21.3% respectively in 2008.

From 2000 to 2007, GFA of residential properties completed and sold continually increased with a CAGR of 5.7% and 16.5% respectively. However in 2008, they both dropped more than 20% compare to 2007. The demand of residential properties in Harbin was strong, with the take-up ratio from 2003 to 2008 maintaining higher than 100%, resulting in continuous growth of average residential price during those years.

The table below sets out selected property market statistics of Harbin between 2000 and 2008:

Property Market Indicators of Harbin (2000-2008)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2000-2008 CAGR
Real estate investment (RMB billion)	6.4	8.4	9.0	10.6	12.0	14.0	15.8	18.7	21.6	16.4%
GFA of commodity properties completed (million sq.m.)	4.5	5.2	3.8	4.2	5.1	5.2	6.7	7.0	4.7	0.5%
GFA of residential properties completed (million sq.m.)	3.4	4.3	3.2	3.0	3.4	3.9	5.4	5.0	3.9	1.7%
GFA of commodity properties sold (million sq.m.)	2.7	3.2	3.5	3.9	4.6	5.8	6.7	7.5	5.9	10.3%
GFA of residential properties sold (million sq.m.)	2.3	2.6	2.9	3.3	3.5	4.8	5.8	6.7	5.0	10.2%
Average price of commodity properties (RMB per sq.m.)	2,154	2,257	2,336	2,353	2,494	2,700	2,703	3,053	N/A	N/A
Average price of residential properties (RMB per sq.m.)	2,033	2,127	2,157	2,183	2,215	2,384	2,503	2,943	N/A	N/A

Source: Harbin Statistics Bureau

Note: N/A refers to not applicable or not available.

Harbin government announced new measures to "promote stable and healthy development of the real estate industry" in February 2009. These measures aim to stimulate consumption and investment in the real estate market, and are expected to have a positive impact on property market development, especially for residential market in Harbin. Such measures include tax reduction and exemption, favourable loan policies to consumers and some supporting policies to developers.

Mid to Upper-end Residential Market in Harbin

The mid to upper-end residential developments in Harbin are largely concentrated in core urban districts. Nangang District and Daoli District are the top two areas in terms of supply. Positioned as a financial CBD and ecological residential area, Qunli New Area will be an emerging area for mid to upper-end residential supply in the coming years.

In addition, Songbei District will be a major area for mid to upper-end residential development as it has become the municipal administrative centre following the relocation of the Harbin government to Songbei District in 2005. With the improved transportation between traditional downtown areas and Songbei, the residential development in Songbei is expected to boom, particularly in the mid to upper-end sector.

The demand for mid to upper-end residential property in Harbin has been bigger than supply in recent years. This is especially true within the 2nd Ring Road because of its proximity to city centre and the limited land available for development.

A continuous increase in disposable income resulting from economic growth in Harbin will be the key driver of growth for the mid to upper-end residential sector. The economic growth in Harbin is expected to be fueled by the central government policy of "Revitalisation Northeast China" in the coming years. The Harbin government is determined to develop electro-machinery manufacturing and improve trade with Russia according to the "Eleventh Five Year Plan for Harbin Economic and Social Development (哈爾濱市國民經濟和社會發展第十一個五年規劃)".

General

We were incorporated in the Cayman Islands on 27 July 2007, and as a part of the Reorganisation, became the ultimate holding company of our various subsidiaries. As of the date of this prospectus, we are 99.3% indirectly owned by the Founder through his wholly-owned company, Best Era, and 0.3878% directly owned by DESCIA, 0.2072% owned by affiliates of Goldman Sachs, 0.091% owned by Euro Crown Limited and 0.014% owned by DB. Through certain holding companies and wholly foreign owned enterprises, we own 100% of our PRC operating subsidiaries. Our operating subsidiaries principally engage in property development operations in the PRC.

History and development

In 1996, the Founder founded our Group. He, together with our key management, namely Mr. Yan Zhi Rong (an executive Director) and Mr. Fang Shi Min (a member of senior management) commenced our real estate business in Shanghai with our first development project, Sunshine Greenland in Xuhui District, Shanghai. We subsequently began developing properties the Tianjin in 2003 with the Sunshine Holiday project. Since the commencement of our property development business, we completed development of 20 projects/phases in Shanghai, Tianjin, Wuxi, Shenyang and Suzhou, with approximately 2.8 million sq.m. of total GFA sold and delivered. As of 31 July 2009, we had 19 projects in various phases of development in Shanghai, Tianjin, Beijing, Wuxi, Suzhou, Nantong, Hefei, Shenyang and Harbin, which include residential, retail, offices and hotel properties.

We have received a number of awards for our projects. Our residential development project, Sunshine Holiday in Tianjin, was awarded the China Real Estate Gold Housing Award in 2006 and the Award for Best Sales Property in Tianjin in 2005. Another residential development project, No. 1 City Promotion in Wuxi, was designated by the Friends of the United Nations (聯合國友好理事會) and United Nations Human Settlement Programme (聯合國人居署) as an "International Culture Community" and recognised as one of the Top 10 Famous Properties in the PRC in 2007. For further details of our recent awards, please refer to the section headed "Business — Competitive Strengths — Innovative Product Design".

Significant milestones in our history are set out below:

January 1996	Development commenced for our first property project in Shanghai, Sunshine Greenland
May 1998	Development commenced for our second property project in Shanghai, Sunshine Villa
June 2001	Development commenced for Sunshine Venice in Shanghai
May 2003	Development commenced for our first property project in Tianjin, Sunshine Holiday

September 2004	Development commenced for our first property project in Wuxi, No. 1 City Promotion
March 2005............................	Development commenced for our first property project in Suzhou, Classical Life
June 2005	Development commenced for our first property project in Shenyang, Sunny Town
June 2007	Completion of acquisition of regional companies by our wholly-owned foreign enterprises and acquisition of project companies by our regional companies in the PRC
July 2007...............................	Our Company was incorporated in the Cayman Islands as a limited liability company
October 2007	DESCIA, certain affiliates of Goldman Sachs and DB became shareholders of our Company
January 2008..........................	Our Company was awarded Property Company of the Year 2007 with Remarkable Contributions to the Urban Development of Shanghai, China by the Organising Committee of Zhuyu Dichan Grand Ceremony (主語地產盛典組委會)
March 2009............................	Development commenced for our first property project in Hefei, Hefei Villa Glorious
July 2009...............................	Development commenced for our first property project in Harbin, Harbin Villa Glorious

Corporate Reorganisation

In 2007, our Group commenced the Reorganisation in preparation for the Global Offering, which consisted of the following steps:

(a) ***Establishment/Acquisition of BVI and Hong Kong companies to acquire interests of wholly foreign owned enterprises***

The BVI Subsidiaries, namely Allied Honest, East Harbour, Vieward Group, Regal World and Grand Target were incorporated. The BVI Subsidiaries are wholly-owned by Bright New, a BVI company established by Best Era.

The HK Subsidiaries, namely Rich Tech, Extreme Asia, Venture Group, Worldex Investment and Cheston Holdings were incorporated. The HK Subsidiaries are wholly-owned by the above stated BVI Subsidiaries, respectively.

The HK Subsidiaries acquired all the interest in the registered capital of the wholly foreign owned enterprises from their respective then existing shareholders, all of whom are independent third parties having no past or present relationship with our Group, directors, shareholders, senior management or their respective associates, on the dates and for the consideration set forth in the following table.

Acquiring HK Subsidiary	**Wholly foreign owned enterprise** *(Note 1)*	**Name of shareholder**	**Interest acquired**	**Consideration** *(Note 2)*	**Basis of consideration** *(Note 7)*	**Acquisition date**
Rich Tech	Fuda Nantong	Australia-Asia Investment Group Pty Ltd	100%	Nil *(Note 3)*	N.A.	18 May 2007
Extreme Asia	Yonghe Nantong	Hai Ji International Investment (HK) Limited	100%	US$5,149,948 *(Note 4)*	Registered capital	18 May 2007
Worldex Investment	Henghui Nantong	American Weider International Investment Limited	100%	US$4,399,929 *(Note 5)*	Registered capital	18 May 2007
Venture Group	Fusheng Nantong	Hang Seng International (Holdings) Investment Limited	99%	Nil *(Note 3)*	N.A.	22 May 2007
Venture Group	Fusheng Nantong	Shanghai Long Green Real Estate Development Co., Ltd. (上海常綠房地產開發有限公司)	1%	Nil *(Note 3)*	N.A.	22 May 2007
Cheston Holdings	Zhuo Yi Nantong	Million Rich Construction Engineering Limited	100%	Nil *(Note 3)*	N.A.	22 May 2007
Extreme Asia	Nantong Jigui	HK Yifeng International Development Co., Ltd.	100%	Nil *(Note 3)*	N.A.	24 May 2007
Cheston Holdings	Nantong Jiangle	HK Prosper Industry & Trading Limited	100%	Nil *(Note 3)*	N.A.	24 May 2007
Rich Tech	Nantong Lehua	HK Prosper Industry & Trading Limited	100%	Nil *(Note 3)*	N.A.	24 May 2007
Worldex Investment	Nantong Huangshi Hui	American Weider International Investment Limited	100%	US$2,299,990 *(Note 6)*	Registered capital	24 May 2007

Note 1: All of the wholly foreign owned enterprises had not commenced operation of business at the time of acquisition by our Group.

Note 2: The total amount of consideration paid by the HK Subsidiaries to the selling shareholders in respect of three of the wholly foreign owned enterprises with partially paid-up capital was US$11,849,867. The HK Subsidiaries were also required to pay to the wholly foreign owned enterprises their unpaid registered capital in the aggregate amount of US$154,190,133 at the time of acquisition. The total consideration payable by the HK Subsidiaries in respect of the acquisition of the nine wholly foreign owned enterprises was therefore US$166,040,000.

Note 3: At the time of acquisition, the registered capital of the wholly foreign owned enterprise remained unpaid. The HK Subsidiary acquired 100% of the registered capital from the selling shareholder for nil consideration, and the HK Subsidiary became responsible for paying up 100% of the registered capital of the wholly foreign owned enterprise.

Note 4: At the time of acquisition, the selling shareholder had paid an aggregate amount of US$5,149,948 to the registered capital of Yonghe Nantong. Extreme Asia acquired 100% of the registered capital of Yonghe Nantong from the selling shareholder for a consideration of US$5,149,948 and became responsible for paying up the remaining unpaid portion of the registered capital of Yonghe Nantong.

Note 5: At the time of acquisition, the selling shareholder had paid an aggregate of US$4,399,929 to the registered capital of Henghui Nantong. Worldex Investment acquired 100% of the registered capital of Henghui Nantong from the selling shareholder for a consideration of US$4,399,929 and became responsible for paying up the remaining unpaid portion of the registered capital of Henghui Nantong.

Note 6: At the time of acquisition, the selling shareholder had paid an aggregate of US$2,299,990 to the registered capital of Nantong Huangshi Hui. Worldex Investment acquired 100% of the registered capital of Nantong Huangshi Hui from the selling shareholder for a consideration of US$2,299,990 and became responsible for paying up the remaining unpaid portion of the registered capital of Nantong Huangshi Hui.

Note 7: The unpaid portion of the registered capital of all the wholly foreign owned enterprises were paid by our HK Subsidiaries using the net proceeds from our issuance of the Original Notes to the Pre-IPO Investors, the details of which are set out in the paragraph headed "Pre-IPO Financing" below.

Save for Zhuo Yi Nantong, all the wholly foreign owned enterprises have increased their registered capital subsequent to our acquisitions. The increases in the registered capital have been fully paid up by the HK Subsidiaries using the net proceeds from our issuance of the Notes, and new business licenses for the wholly foreign owned enterprises have been issued by the relevant PRC authorities. Our PRC legal counsel has advised that all the approvals for the acquisitions of the wholly foreign owned enterprises by the HK Subsidiaries and the capital increases have been obtained.

(b) ***Acquisition of project companies by regional companies***

Pursuant to the Reorganisation, the regional companies, namely, Shanghai Yijing, Tianjin Yangguang Xindi and Wuxi Wangjiarui, acquired all of the equity interests of the project companies from the Founder, nominee shareholders (which include our Directors, employees of our Group, relatives of the Founder and companies controlled by the Founder) holding interests on behalf of the Founder or companies beneficially owned by the Founder, on the dates and for the consideration set forth in the following table. The consideration for the acquisitions of the project companies were settled in cash. Our PRC legal counsel has advised that all required approvals for the acquisitions of the project companies by our regional companies have been obtained. Each of the nominee shareholders of the project companies had executed a trust agreement (委託持股協議書) and supplemental trust agreement (if any) in favour of the Founder. The Founder had entered into the trust agreements with the nominee shareholders for the following reasons: (i) the then PRC regulatory requirements required a company to have at least two equity holders; (ii) as our Group was undergoing rapid development, the Founder chose to focus on the strategic planning of our Group so that the registered holders could then handle the administrative filing work on his behalf, as he traveled widely in the PRC and Hong Kong very frequently for business purposes; and (iii) prior to the completion of our Reorganisation, there was not a single holding company or several holding companies ultimately holding the interests in our regional companies and project companies such that the holding companies could do the administrative filings under a centralised structure, the trust arrangements between the Founder and various registered holders could ensure proper corporate filings and other administrative procedures were completed in a timely and efficient manner. Our PRC legal counsel opined that the nominee arrangements were valid and binding under the PRC laws.

Acquiring regional company	Project company	Interest acquired	Cash consideration (*Note 1*)	Acquisition date
Shanghai Yijing	Shanghai Shengtong	100%	RMB19,890,290.86	5 June 2007
	Shanghai Anshun	100%	RMB195,878,965.52	1 June 2007
	Shanghai Xintai (*Note 2*)	81.25%	RMB656,110,404.19	18 June 2007
	Shanghai Haosen (*Note 3*)	12.50%	RMB15,958,042.36	21 June 2007
Tianjin Yangguang Xindi	Beijing Yangguang Xindi	100%	RMB21,492,428.67	25 May 2007
	Beijing Hetian Hexin	100%	RMB30,013,561.54	18 May 2007
	Tianjin Hongyun (*Note 4*)	0.91%	RMB790,746.21	27 June 2007
Wuxi Wangjiarui	Suzhou Hongsheng	100%	RMB24,498,974.67	21 May 2007
	Nantong Zhuowei	100%	RMB80,000,000.00	21 May 2007

Notes:

(1) The consideration for the transfers was determined by reference to the appraised net asset value of the relevant project company as of 31 May 2007.

(2) Shanghai Yijing already owned the remaining 18.75% of Shanghai Xintai prior to the acquisition.

(3) Shanghai Yijing already owned the remaining 87.50% of Shanghai Haosen prior to the acquisition.

(4) Tianjin Yangguang Xindi already owned the remaining 99.09% of Tianjin Hongyun prior to the acquisition.

(c) *Acquisition of regional companies by wholly foreign owned enterprises*

Pursuant to the Reorganisation, the wholly foreign owned enterprises acquired all of the equity interests of the regional companies, namely, Shanghai Yijing, Tianjin Yangguang Xindi, Wuxi Wangjiarui and Liaoning Yangguang Xindi, from the Founder, nominee shareholders (which include our Directors, employees of our Group, relatives of the Founder and companies controlled by the Founder) holding interests on behalf of the Founder or a company beneficially owned by the Founder, on the dates and for the consideration set forth in the following table. The consideration for the acquisitions of the regional companies were settled in cash. Our PRC legal counsel has advised that all the required approvals for the acquisitions of the regional companies by our wholly foreign owned enterprises have been obtained. Each of the nominee shareholders of the regional companies had executed a trust agreement (委託持股協議書) and supplemental trust agreement (if any) in favour of the Founder. The Founder had entered into the trust agreements with the nominee shareholders because of the following reasons: (i) the then PRC regulatory requirements required a company to have at least two equity holders; (ii) as our Group was undergoing rapid development, the Founder chose to focus on the strategic planning of our Group so that the registered holders could then handle the administrative filing work on his behalf, as he traveled widely in the PRC and Hong Kong very frequently for business purposes; and (iii) prior to the completion of our Reorganisation, there was not a single holding company or several holding companies ultimately holding the interests in our regional companies and project companies such that the holding companies could do the administrative filings under a centralised structure, the trust arrangements between the Founder and various registered holders could ensure proper corporate filings and other administrative procedures were completed in a timely and efficient manner. Our PRC legal counsel opined that the nominee arrangements were valid and binding under the PRC laws.

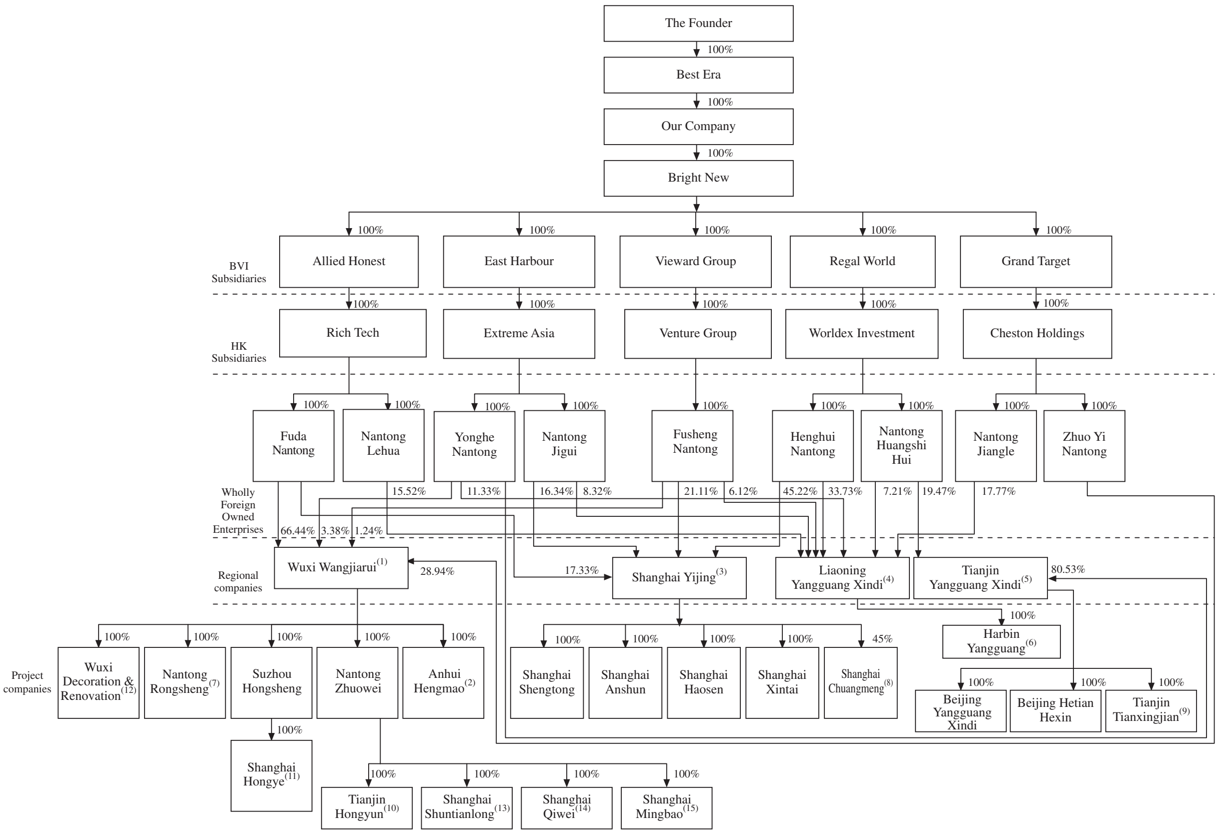
Regional company	Acquiring wholly foreign owned enterprise	Interest acquired	Cash consideration (*Note*)	Acquisition date
Shanghai Yijing	Nantong Jigui	10%	RMB53,756,747.16	21 June 2007
	Henghui Nantong	54.8%	RMB294,586,974.45	21 June 2007
	Fusheng Nantong	35.2%	RMB189,223,749.99	21 June 2007
Tianjin Yangguang Xindi	Yonghe Nantong	71.2%	RMB184,413,209.85	18 June 2007
	Nantong Huangshi Hui	28.8%	RMB74,594,107.35	18 June 2007
Wuxi Wangjiarui	Fuda Nantong	57.15%	RMB214,943,985.46	21 June 2007
	Zhuo Yi Nantong	42.85%	RMB161,160,975.98	21 June 2007
Liaoning Yangguang Xindi	Nantong Jiangle	80%	RMB93,072,001.98	26 June 2007
	Nantong Lehua	20%	RMB23,268,000.49	26 June 2007

Note: The consideration of the transfers was determined by reference to the appraised net asset value of the relevant regional company as of 31 May 2007.

(d) ***Incorporation of our Company to acquire and hold equity interests in our Group***

In preparation for the Global Offering, our Company was incorporated in the Cayman Islands on 27 July 2007. One nil-paid share of par value HK$0.10 each was allotted and issued to Codan Trust Company (Cayman) Limited and such share was transferred to Best Era on the same date and subsequently paid up. 99 shares of par value HK$0.10 each were also allotted and issued to Best Era on 27 July 2007 and subsequently paid up. On 17 September 2007, Best Era transferred 50,000 shares of Bright New to us, representing the entire issued share capital of Bright New, in consideration of (i) the crediting as fully paid at par of the 100 nil paid shares registered in the name of Best Era, and (ii) the allotment and issue of 900 shares of par value HK$0.10 each, credited as fully paid up, to Best Era. On 18 October 2007, 999,000 shares of par value HK$0.10 each were allotted and issued to Best Era for cash at par, and on the same date, every issued and unissued share of par value HK$0.10 each was sub-divided into 10 Shares of HK$0.01 each, such that we had an authorised share capital of HK$380,000 divided into 38,000,000 Shares of HK$0.01 each. Best Era held 10,000,000 Shares after the sub-division of Shares. On 2 November 2007, the authorised share capital of our Company was increased from HK$380,000 to HK$3,800,000 and on 17 June 2008, the authorised share capital was further increased to HK$380,000,000.

The corporate structure of the companies of our Group after the completion of the Reorganisation was as follows:



Notes:

(1) On 16 November 2007, the registered capital of Wuxi Wangjiarui was increased from RMB350,000,000 to RMB739,830,227. After the increase of the registered capital, the company was held as to 59.4% by Fuda Nantong, 35.28% by Zhuo Yi Nantong, 2.01% by Fusheng Nantong and 3.31% by Yonghe Nantong. On 9 January 2008, the registered capital of the company was further increased to RMB1,197,911,767 and its equity interests were held as to 66.44% by Fuda Nantong, 28.94% by Zhuo Yi Nantong, 1.24% by Fusheng Nantong and 3.38% by Yonghe Nantong. The increase in the registered capital of Wuxi Wangjiarui has been fully paid up in a timely manner using the net proceeds from our issuance of the Original Notes.

(2) Anhui Hengmao was established by Wuxi Wangjiarui in the PRC on 24 October 2007.

(3) On 14 January 2008, the registered capital of Shanghai Yijing was increased from RMB50,000,000 to RMB563,587,214. After the increase of the registered capital, the company was held as to 16.34% by Nantong Jigui, 45.22% by Henghui Nantong, 21.11% by Fusheng Nantong and 17.33% by Fuda Nantong. The increase in the registered capital of Shanghai Yijing has been fully paid up in a timely manner using the net proceeds from our issuance of the Original Notes.

(4) On 16 November 2007, the registered capital of Liaoning Yangguang Xindi was increased from RMB50,000,000 to RMB796,515,500. After the increase of the registered capital, the company was held as to 18.99% by Nantong Jiangle, 15.22% by Nantong Lehua, 10.24% by Fusheng Nantong, 29.54% by Henghui Nantong, 13.94% by Nantong Jigui and 12.07% by Nantong Huangshi Hui. On 7 January 2008, the registered capital of Liaoning Yangguang Xindi was further increased to RMB1,333,502,300. After the increase of the registered capital, the company was held as to 17.77% by Nantong Jiangle, 15.52% by Nantong Lehua, 6.12% by Fusheng Nantong, 33.73% by Henghui Nantong, 8.32% by Nantong Jigui, 7.21% by Nantong Huangshi Hui and 11.33% by Yonghe Nantong. The increase in the registered capital of Liaoning Yangguang Xindi has been fully paid up in a timely manner using the net proceeds from our issuance of the Original Notes.

(5) On 10 January 2008, the registered capital of Tianjin Yangguang Xindi was increased from RMB448,143,370 to RMB806,039,565. After the increase of the registered capital, the company was held as to 80.53% by Yonghe Nantong and 19.47% by Nantong Huangshi Hui. The increase in the registered capital of Tianjin Yangguang Xindi has been fully paid up in a timely manner using the net proceeds from our issuance of the Original Notes.

(6) Harbin Yangguang was established by Liaoning Yangguang Xindi in the PRC on 19 December 2007.

(7) On 6 March 2008, Nantong Rongsheng was acquired by Wuxi Wangjiarui from Jiangsu Rongsheng Investment Group Co., Ltd. (江蘇熔盛投資集團有限公司), a company controlled by the Founder, for a consideration of RMB31,803,400. The consideration was determined by reference to the appraised net asset value of Nantong Rongsheng as of 20 February 2008.

(8) On 9 May 2008, Shanghai Yijing acquired a 45% equity interest in Shanghai Chuangmeng from the Founder for a consideration of RMB4,500,000. The consideration was determined by reference to the registered capital of Shanghai Chuangmeng at the time of acquisition.

(9) On 13 March 2008, Tianjin Tianxingjian was acquired by Tianjin Yangguang Xindi from Tianjin City Kaixiang Steel Trading Co.,Ltd. (天津市凱祥鋼材貿易有限公司), an independent third party, for a consideration of RMB388,000,000. The consideration was determined by reference to the preliminary valuation of a piece of land held by Tianjin Tianxingjian at the time of signing of the agreement. On 14 August 2008, Tianjin Yangguan Xindi and Tianjin City Kaixiang Steel Trading Co.,Ltd. (天津市凱祥鋼材貿易有限公司) signed a supplemental agreement, pursuant to which the parties agreed to change the consideration to RMB454,180,000, which amount was determined based on the market value of the land on or about the settlement date.

(10) On 25 November 2008, Tianjin Hongyun was acquired by Nantong Zhuowei from Tianjin Yangguan Xindi for a consideration of RMB88,000,000. The consideration was determined by reference to the registered capital of Tianjin Hongyun at the time of acquisition.

(11) On 7 April 2008, Shanghai Hongye was established by Wuxi Wangjiarui. On 9 May 2008, Shanghai Hongye was acquired by Suzhou Hongsheng from Wuxi Wangjiarui for a consideration of RMB50,000,000. The consideration was determined by reference to the registered capital of Shanghai Hongye at the time of acquisition.

(12) Wuxi Decoration & Renovation was established by Wuxi Wangjiarui in the PRC on 13 May 2008.

(13) Shanghai Shuntianlong was established by Nantong Zhuowei in the PRC on 14 November 2008.

(14) On 24 September 2008, Shanghai Qiwei was established by Shanghai Xintai. On 24 October 2008, Shanghai Qiwei was acquired by Nantong Zhuowei from Shanghai Xintai for a consideration of RMB5,000,000. The consideration was determined by reference to the registered capital of Shanghai Qiwei at the time of acquisition.

(15) On 15 December 2008, Shanghai Mingbao was acquired by Nantong Zhuowei from Shi Xiaolei (施曉蕾) and Shi Xiaoyu (施曉宇), both are independent third parties, for an aggregate consideration of RMB2,500,000. The consideration was determined after arm's length negotiation between the parties.

Pre-IPO Financing

Issuance of registered promissory notes

In November and December 2007, we issued promissory notes to the Original Pre-IPO Investors in a total aggregate principal amount of approximately RMB 3,717.4 million (the "Original Notes") and received US$ 495.7 million in proceeds therefrom. The entire principal amount of the Original Notes was payable on the earlier of (x) 2 November 2009 and (y) the date of Listing. Prior to redemption, interest accrued on the Original Notes at the rate of 10% per annum and was payable semi annually on 2 May and 2 November of each year. At the date of redemption of the Original Notes, the Company was required to pay interest at the rate of 23.5% per annum on the face amount of the Original Notes less the amount of interest at 10% per annum previously paid by the Company. In connection with the subscription of the Original Notes, the Original Pre-IPO Investors and their affiliates also received from one of our Controlling Shareholders a total of 700,000 Shares for no additional monetary consideration.

As at 30 April 2009, we had used approximately US$464 million of the net proceeds from the issuance of the Original Notes to inject capital into the wholly foreign-owned enterprises owned by our HK Subsidiaries, regional companies and project companies in order to expand our land bank. As at 30 April 2009, of the US$464 million of the net proceeds from the issuance of the Original Notes used to inject capital in the wholly foreign-owned enterprises, we had used approximately RMB2,847 million to acquire land from independent third parties, save for the acquisition of Nantong Rongsheng Plaza which was acquired from a company controlled by the Founder. The balance of the proceeds has been deposited into our account maintained in Hong Kong for working capital purposes.

On 7 March 2008, DB transferred 91,000 Shares to Euro Crown Limited after arm's length negotiation and such Shares are not subject to any lock up arrangement. DB also sold Original Notes in an aggregate principal amount of RMB 483,255,500 to Euro Crown Limited on 7 March 2008 and retained Original Notes in an aggregate principal amount of RMB 74,347,000. Euro Crown Limited is independent of the Group. To the best knowledge of the Directors, Euro Crown Limited is independent of DB.

Restructuring of Original Notes

We made interest payments of RMB 158.8 million and RMB 186.9 million on the Original Notes on 2 May 2008 and 2 November 2008, respectively. We did not make interest payments on the Original Notes on 2 May 2009 as we were negotiating to restructure the Original Notes and received an extension for such interest payment from the Pre-IPO Investors. As at 20 June 2009, the aggregate principal amount of the Original Notes together with interest accrued up to 20 June 2009 was approximately RMB4,848.8 million (equivalent to US$710 million), details of the calculation are set forth in the table below:

	RMB	Exchange Rate	US$ Equivalent
Aggregate principal amount of Original Notes together with interest accrued up to 20 June 2009	5,194,444,090.46	US$1 to RMB6.8343	760,055,030
Less:			
Interest paid by the Company to the Pre-IPO Investors on 2 May 2008	158,751,400.00	US$1 to RMB6.9890	22,714,466
Interest paid by the Company to the Pre-IPO Investors on 2 November 2008	186,900,097.24	US$1 to RMB6.8360	27,340,564
Total Redemption Amount under the Original Notes as at 20 June 2009:	**4,848,792,593.22**		**710,000,000**

The arrangement in relation to the redemption of the Original Notes, the restructuring of the Original Notes and the terms of the Promissory Notes and Convertible Notes is such that the Company needs not pay interest to the Pre-IPO Investors for the period between 20 June 2009 and 30 June 2009.

With an aim to further strengthen the capital structure of the Company, the Company, the Founder, the Pre-IPO Investors and the Security Trustee, amongst others, entered into a Deed of Amendment to restructure and modify the terms and conditions of the Original Notes. On 17 August 2009, the following Note Restructuring Transactions occurred pursuant to the terms of the Deed of Amendment:

(a) the denomination of the Original Notes was changed from RMB to US$;

(b) we paid interest that was due and outstanding on the Original Notes (as converted into US$) in cash in the aggregate amount of approximately US$27.2 million (payments were made prior to Note Completion);

(c) we redeemed an aggregate principal amount of US$167.1 million and US$25.7 million of the Original Notes (as converted into US$) on 11 August 2009 and 17 August 2009, respectively;

(d) the remaining US$490 million of the Original Notes were replaced by the following two tranches of notes:

    (i) US$325 million of Promissory Notes with a final maturity date of 31 December 2010; and

    (ii) US$165 million of Convertible Notes which are mandatorily convertible upon our Listing at the Offer Price; and

(e) the Founder agreed to cause Best Era to transfer to the Pre-IPO Investors as of the date of the Listing for no additional consideration Shares in an amount equal to 0.5% of the total Shares outstanding immediately after the Listing.

On 17 August 2009, we obtained a bridge loan of US$28,000,000 from Yes Plus Limited, an independent third party, to fund the partial redemption of the Original Notes. The loan bears interest of 10% per annum. See “Financial Information — Liquidity and Capital Resources — Indebtedness” for more details.

A summary of the terms of the Promissory Note and Convertible Notes is set forth below.

Promissory Notes

Amortisation. Principal payments are due on the Promissory Notes as follows:

(i) US$50 million, on 31 December 2009;

(ii) US$130 million, on 30 June 2010; and

(iii) US$145 million, on 31 December 2010.

Pursuant to the Note Restructuring Documents, we will use 20% of the net proceeds from the Global Offering to repay the Promissory Notes, starting with the repayment of the portion of the Notes due on 31 December 2010, with the remaining portion of the proceeds, if any, to be applied towards repayment of the portion of the Notes due on 30 June 2010. We intend to fund the balance of the principal payments through bank loans and cash flow generated from our business operations.

Interest. Interest on the Promissory Notes accrues from 1 July 2009 and is payable semi-annually on each 31 December and 30 June (and upon redemption) at the rates below, provided that no Acceleration Event has occurred:

(i) interest payable with respect to any principal amounts repaid on or before 31 December 2009 shall be payable at the rate of 6% per annum;

(ii) interest payable with respect to any principal amounts repaid after 31 December 2009 but on or before 30 June 2010 shall be payable at the rate of 10% per annum; and

(iii) interest payable with respect to any principal amounts repaid on and after 1 July 2010 shall be payable at the rate of 15% per annum.

If an Acceleration Event occurs, interest will accrue from 1 July 2009 at the rate of 18% per annum and will be payable monthly in arrears (and upon redemption). Any interest previously paid will be credited.

Convertible Notes

Conversion. Upon Listing, the principal amount of the Convertible Notes shall be mandatorily and automatically converted into Shares at the Offer Price. Assuming an Offer Price at the lowest point of the indicative Offer Price range and an exchange rate of US$1 : HK$7.75, an aggregate of 319,687,500 Shares will be issued to the holders of the Convertible Notes.

Lock-up. All Shares held by each holder of the Convertible Notes after Listing will be regarded as part of the public float of the Company. Moreover, each holder of the Convertible Notes has undertaken to us that the Shares into which the Convertible Notes are converted shall be subject to a lock-up period of the following duration from the date of Listing:

(i) One-third of such Shares: one month

(ii) One-third of such Shares: two months

(iii) One-third of such Shares: three months

Interest. Interest on the Convertible Notes accrues from 1 July 2009 and is payable semi-annually on each 31 December and 30 June (and upon redemption or conversion) at the rates below, provided that no Acceleration Event has occurred:

(i) if Listing occurs on or before 31 December 2009, no interest shall be payable;

(ii) if Listing occurs after 31 December 2009 but on or before 30 June 2010, interest shall be payable at the rate of 3% per annum; and

(iii) if Listing does not occur prior to 1 July 2010, interest shall per annum be payable at the rate of 6% per annum.

If an Acceleration Event occurs, interest will accrue from 1 July 2009 at the rate of 12% per annum and will be payable monthly in arrears (and upon redemption or conversion). Any interest previously paid will be credited.

Covenants for Promissory Notes and Convertible Notes

So long as any Promissory Notes or Convertible Notes are outstanding, we must comply with a number of covenants, including covenants to maintain a minimum Assets to Liabilities Ratio, a maximum Adjusted Liabilities Value and a maximum Loan to Value Ratio as well as other covenants prohibiting us from taking actions on certain reserved matters, including incurring debt above specified limits, without the consent of the Noteholders.

Security Agreements for Promissory Notes and Convertible Notes

The Promissory Notes and the Convertible Notes are currently secured by the following collateral and guarantees created in favour of DB Trustee (Hong Kong) Limited as security trustee for the Noteholders which will subsist after the Listing:

(1) guarantees executed by each of the BVI Subsidiaries and HK Subsidiaries to secure our obligations under the Note Documents;

(2) share mortgages executed by each of us, Bright New and the BVI Subsidiaries to secure our obligations under the Note Documents;

(3) share pledges over the paid up capital of the wholly foreign-owned enterprises executed by each of the HK Subsidiaries to secure our obligations under the Note Documents;

(4) a first fixed charge/mortgage over the shares of each non-PRC company that becomes a member of the Group after 17 December 2007 but before an IPO;

(5) a pledge over the equity in each PRC company (i) that becomes a member of the Group after 17 December 2007 but before an IPO; and (ii) which equity is directly held by a non-PRC member of the Group; and

(6) an account charge executed by Bright New in favour of DB Trustees (Hong Kong) Limited as security trustee.

The collateral and guarantees described above will be released upon the redemption or repayment the Notes. Defined terms used herein and further details of the terms of the Promissory Notes and the Convertible Notes are set out in Appendix IX.

Founder's Non-competition Undertaking

For so long as any of the Notes is outstanding, the Founder has undertaken to the Pre-IPO Investors that, as long as he holds any interest in our Company and for the period of three years thereafter, he will not carry on any business involving real estate construction projects within Hong Kong or the PRC which directly or indirectly competes with the business of any member of our Group, except for his interests in Shanghai Ditong and a holding of not more than 5% of interests in a company listed on a recognised stock exchange (and which interest does not confer any management function).

Rights of the Noteholders

The rights of the Noteholders can be differentiated into two categories: information rights and veto right.

The information rights given to the Noteholders that will subsist after the Listing are as follows:

(1) the right to obtain audited consolidated annual financial statements of the Group within 120 days after each year-end and unaudited consolidated semi-annual financial statements of the Group within 90 days after each six-month period. We undertake to ensure that such audited annual financial statements of the Group will not be provided to the Noteholders prior to the release of such information to the Shareholders;

(2) the right to be kept informed, on a current basis, of any criminal or regulatory investigation or action involving the Company or any of other member of the Group. We undertake to comply with the disclosure requirement under Rule 13.09(1) of the Listing Rules if the nature of such information is sensitive to the price of the Shares;

(3) the right to request information that any Noteholder reasonably requires to complete its tax return, with such information limited to publicly available information after the Listing Date;

(4) so long as any Noteholder holds any equity interest in our Company, the right to request information concerning the income and assets of the Group in order to determine if our Company is a "passive foreign investment company" for US federal income tax purpose, with such information limited to publicly available information after the Listing Date;

(5) the right to be notified as soon as practicable after our Company or any of our subsidiaries is aware of any of the matters as described in "Major Matters" in Appendix IX to this prospectus. We undertake to comply with the disclosure requirement under Rule 13.09(1) of the Listing Rules if the nature of such information is sensitive to the price of the Shares; and

(6) the right to be notified of any decision taken in relation to the matters as described in "Notification Matters" in Appendix IX to this prospectus. We undertake to ensure that such information will not be provided to the Noteholders prior to the release of such information to the Shareholders.

In relation to the veto right, the Investor Representative (acting on behalf of the Noteholders) has the right to veto certain "Reserved Matters" as described in Appendix IX to this prospectus. Such veto right will subsist after the Listing.

All of the information rights and the veto right will terminate upon the conversion or redemption, as the case may be, of the Notes in full.

In respect of Rule 2.03(4) of the Listing Rules, which sets forth the principle that all shareholders should be treated fairly and equally, we are of the view that the granting of the rights to the Noteholders does not violate such principle because the Noteholders have identical rights to other Shareholders in their capacity as Shareholders, and the Noteholders, in their capacity as Shareholders, do not possess any additional or different shareholders' right over the other Shareholders. The additional rights provided to the Noteholders are rights provided in their capacity as holder of the Notes. In particular, the veto right is granted to the Noteholders as lenders of our Company and they will not be entitled to the veto right after conversion or redemption of the Notes in full. Therefore, the entitlement of the Noteholders to the veto right will not affect Rule 2.03(4) of the Listing Rules. On the basis of the above, all Shareholders are treated fairly and equally in this respect because they all possess the same shareholders' rights. With a view to further safeguard the interests of our Shareholders, each Pre-IPO Investor has undertaken to us that when it exercises any of its right with respect to the "Reserved Matters" and/or its rights to request for information under the Note Restructuring Documents, it will only consider its interests in the position as creditor of the Company and not in the position as our Shareholder. Each Pre-IPO Investor has also confirmed that it has or will have, prior to Listing, internal procedures in place to monitor its compliance with such undertaking.

In relation to the general disclosure obligations, we are aware that, as required by the Listing Rules, if any information arises that may affect the price of the Shares, we are under a general obligation to disclose such information. We will therefore make disclosure if we possess any such information. In addition, with respect to the information rights described in (1) and (6) above, we will to ensure that such information will not be provided to the Noteholders prior to the release of such information to the Shareholders. With respect to the information rights described in (2) and (5) above, to the extent that such information may affect the price of the Shares, we will take the necessary steps to comply with Rule 13.09(1) of the Listing Rules.

We are of the view that each of the reserved matters as described in "Reserved Matters" in Appendix IX to this prospectus is not uncommon for transactions of this nature or does not, from a commercial perspective, impose undue restrictions on the normal operations of our Group. We also concluded that such reserved matters are customary in commercial lending or loan arrangements of a similar nature.

Transfer of Promissory Notes and Convertible Notes

So long as the Promissory Notes and the Convertible Notes are outstanding, a Noteholder may only transfer a Promissory Note if it also transfers a proportionate principal amount of the Convertible Notes held by it to the proposed transferee at the same time and *vice versa*.

Transfer of Shares to Pre-IPO Investors without consideration

Pursuant to the Note Restructuring Documents, as of the date of the occurrence of a listing event (which includes the Listing), Best Era will transfer, without any consideration, to the Pre-IPO Investors or their nominees or permitted transferees 0.5% of the Shares (the "**Second Share Transfer**") calculated based on the total issued share capital of the Company immediately after the occurrence of the Listing. Such Shares under the Second Share Transfer shall be allocated among the Pre-IPO Investors pro rata according to their or their affiliates' respective holdings of the Promissory Notes and the Convertible Notes as of 17 August 2009 and are not subject to any lock-up arrangement.

It is the parties' intention that the Second Share Transfer will occur on the Listing Date.

Our Directors are of the view that the Note Restructuring Transactions is beneficial to us as it:

(i) carries a lower interest cost than the Original Notes;

(ii) strengthens our capital structure by lengthening our debt maturity profile; and

(iii) broaden our capital and shareholder base upon conversion of the Convertible Notes at an IPO.

The table below shows the principal amount of the Notes as at the date of this prospectus and the number of Shares held by each of the Pre-IPO Investors, their affiliates and other independent third parties of the Company as at the date of the prospectus and immediately following completion of the Global Offering, the Capitalisation Issue and conversion of the Convertible Notes (assuming (i) an Offer Price at the lowest point of the indicative Offer Price range, (ii) the Over-allotment Option is not exercised and (iii) the Second Share Transfer is completed):

Name of Noteholder/ Shareholder	Principal Amount of Promissory Notes Held *(Note 1)*	Principal Amount of Convertible Notes Held *(Note 1)*	Number of Shares held prior to the completion of the Global Offering and Capitalisation Issue	Percentage of shareholding in the Company prior to the completion of the Global Offering and Capitalisation Issue	Number of Shares held upon completion of the Global Offering and Capitalisation Issue	Percentage of shareholding in the Company upon completion of the Global Offering and Capitalisation Issue
DESCIA	Nil	Nil	387,800	0.3878%	43,474,284	0.556%
D.E. Shaw Composite Portfolios, L.L.C.	US$180,050,000	US$91,410,000	Nil	Nil	177,106,875	2.265%
Goldman Sachs RE Investments Holdings Limited	US$48,100,000	US$24,420,000	103,600	0.1036%	58,927,819	0.754%
Villa (Delaware) LLC	US$36,075,000	US$18,315,000	Nil	Nil	39,825,240	0.509%
Euro Crown Limited	US$42,250,000	US$21,450,000	91,000	0.0910%	51,760,922	0.662%
Villa (Cayman) Limited.	Nil	Nil	77,700	0.0777%	4,370,625	0.056%
WH Debt Acquisition (Delaware) LLC	US$12,025,000	US$6,105,000	25,900	0.0259%	14,731,954	0.188%
DB *(Note 2)*	US$6,500,000	US$3,300,000	14,000	0.0140%	7,963,219	0.102%
Total:	US$325,000,000	US$165,000,000	700,000	0.7000%	398,160,938	5.092%

Note 1: The Promissory Notes and the Convertible Notes are held in Euroclear by the parties named in this table through their respective custodian.

Note 2: Assuming an Offer Price at the lowest point of the indicative Offer Price range, 6,393,750 Shares to be converted from the Convertible Notes and 781,969 Shares to be transferred by Best Era will be held by Deutsche Securities Asia Limited.

All of the Pre-IPO Investors are independent third parties and not connected with the Directors, the Controlling Shareholders or their affiliates.

Description of our Pre-IPO Investors and their affiliates

Save for the interests described in this section headed "Pre-IPO Financing", all of the Pre-IPO Investors are independent of our Group. We set out below a brief introduction of our Pre-IPO Investors:

DESCIA and D.E. Shaw Composite Portfolios, L.L.C.

DESCIA is a member of the D. E. Shaw group. The D. E. Shaw group is a global investment and technology development firm with more than 1,700 employees; approximately US$29 billion in aggregate investment and committed capital as of 1 July 2009; and offices in North America, Europe, and Asia. Since its organisation in 1988, the firm has a significant presence in many of the world's capital markets, investing in a wide range of companies and financial instruments within both the major industrialised nations and a number of emerging markets. Its activities range from the deployment of investment strategies based on either mathematical models or human expertise to the acquisition of existing companies and the financing or development of new ones.

On 17 August 2009, DESCIA transferred its right to receive the Convertible Notes in an aggregate principal amount of US$91,410,000 and the Promissory Notes in the aggregate principal amount of US$180,050,000 to D. E. Shaw Composite Portfolios, L.L.C. D.E. Shaw Composite Portfolios, L.L.C. is entitled to all the same rights as those of the other Pre-IPO Investors as set out in Appendix IX.

D.E. Shaw Composite Portfolios, L.L.C. is a company incorporated in the State of Delaware, the United States on 8 January 2001. It is the sole shareholder of DESCIA and is independent of the Group.

Goldman Sachs

Goldman Sachs RE Investments Holdings Limited is a company incorporated in the Cayman Islands on 19 July 2006.

Each of WH Debt Acquisition (Delaware) LLC and Villa (Delaware) LLC is a company incorporated in the State of Delaware, US on 15 October 2007.

Villa (Cayman) Ltd. is a company incorporated in the Cayman Islands on 15 November 2007.

Goldman Sachs RE Investments Holdings Limited, WH Debt Acquisition (Delaware) LLC, Villa (Delaware) LLC and Villa (Cayman) Ltd. are affiliates of Goldman Sachs.

Goldman Sachs was incorporated in the State of Delaware, the United States on 21 July 1998. It is a bank holding company and a leading global investment banking, securities and investment management firm that provides a wide range of services worldwide to a substantial and diversified client base that includes corporations, financial institutions, governments and high net-worth individuals. Founded in 1869, the firm is headquartered in New York and maintains offices in London, Frankfurt, Tokyo, Hong Kong and other major financial centres around the world.

DB

DB is the London Branch of Deutsche Bank Aktiengesellschaft ("**Deutsche Bank AG**"). Deutsche Bank AG is a banking institution and a stock corporation incorporated under the laws of Germany, with its registered office in Frankfurt am Main, Germany. Deutsche Bank AG is the parent company of a group consisting of banks, capital market companies, fund management companies, a real estate company, instalment financing companies, research and consultancy companies and other domestic and foreign companies. DB has on 12 January 1973 filed pursuant to the Companies Act 1948 to establish a place of business within Great Britain. On 14 January 1993, DB was registered under the Companies Act 1985 in England and Wales as having established a branch ("**London Branch**"). London Branch of DB is an authorised person for the purposes of section 19 of the Financial Services and Markets Act 2000.

Euro Crown Limited

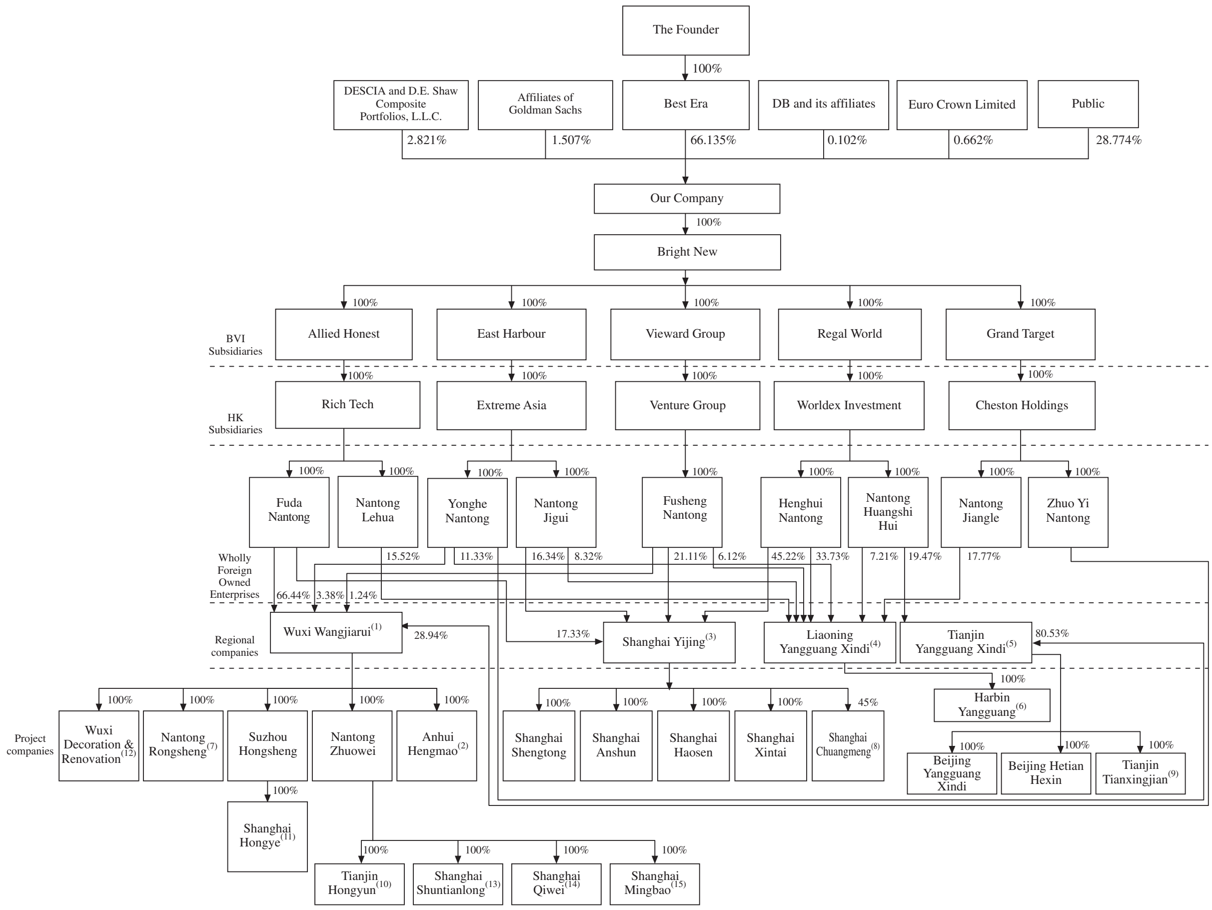
Euro Crown Limited is a wholly owned subsidiary of HSBC NF China Investors Limited, which is the general partner of the HSBC NF China Real Estate Fund, L.P. It was incorporated in the British Virgin Islands on 30 January 2008 and its business is investment in equity and fixed income securities. HSBC 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. The partnership has raised capital commitments in excess of US$700 million.

HSBC Specialist Investments Limited is the HSBC Group's dedicated property and infrastructure investment arm. It invests capital on behalf of both HSBC and for clients, including pension funds, insurance companies, asset managers and family offices globally. It focuses on market segments with attractive risk/reward profiles and currently manages in excess of US$10 billion of specialist assets in infrastructure, commercial and residential properties. The Nan Fung Group is one of Hong Kong's leading real estate developers, a fully integrated, multidisciplinary property developer with 'end-to-end' in-house technical expertise. Its successful business ventures include over 130 completed real estate development projects in Greater China, predominantly in Hong Kong.

Since all of the Pre-IPO Investors are independent third parties and not connected with the Directors, the Controlling Shareholders or their affiliates, their shareholding will be part of the public float.

Corporate Structure upon completion of the Global Offering and the Capitalisation Issue

Assuming an Offer Price at the lowest point of the indicative Offer Price range, the following chart sets forth our corporate structure upon completion of the Global Offering and the Capitalisation Issue (assuming that (i) the Over-allotment Option and options granted under the Pre-IPO Share Option Scheme are not exercised, (ii) the Convertible Notes are fully converted and (iii) the Second Share Transfer is completed).



Notes:

(1) On 16 November 2007, the registered capital of Wuxi Wangjiarui was increased from RMB350,000,000 to RMB739,830,227. After the increase of the registered capital, the company was held as to 59.4% by Fuda Nantong, 35.28% by Zhuo Yi Nantong, 2.01% by Fusheng Nantong and 3.31% by Yonghe Nantong. On 9 January 2008, the registered capital of the company was further increased to RMB1,197,911,767 and its equity interests were held as to 66.44% by Fuda Nantong, 28.94% by Zhuo Yi Nantong, 1.24% by Fusheng Nantong and 3.38% by Yonghe Nantong. The increase in the registered capital of Wuxi Wangjiarui has been fully paid up in a timely manner using the net proceeds from our issuance of the Original Notes.

(2) Anhui Hengmao was established by Wuxi Wangjiarui in the PRC on 24 October 2007.

(3) On 14 January 2008, the registered capital of Shanghai Yijing was increased from RMB50,000,000 to RMB563,587,214. After the increase of the registered capital, the company was held as to 16.34% by Nantong Jigui, 45.22% by Henghui Nantong, 21.11% by Fusheng Nantong and 17.33% by Fuda Nantong. The increase in the registered capital of Shanghai Yijing has been fully paid up in a timely manner using the net proceeds from our issuance of the Original Notes.

(4) On 16 November 2007, the registered capital of Liaoning Yangguang Xindi was increased from RMB50,000,000 to RMB796,515,500. After the increase of the registered capital, our company was held as to 18.99% by Nantong Jiangle, 15.22% by Nantong Lehua, 10.24% by Fusheng Nantong, 29.54% by Henghui Nantong, 13.94% by Nantong Jigui and 12.07% by Nantong Huangshi Hui. On 7 January 2008, the registered capital of Liaoning Yangguang Xindi was further increased to RMB1,333,502,300. After the increase of the registered capital, our company was held as to 17.77% by Nantong Jiangle, 15.52% by Nantong Lehua, 6.12% by Fusheng Nantong, 33.73% by Henghui Nantong, 8.32% by Nantong Jigui, 7.21% by Nantong Huangshi Hui and 11.33% by Yonghe Nantong. The increase in the registered capital of Liaoning Yangguang Xindi has been fully paid up in a timely manner using the net proceeds from our issuance of the Notes.

(5) On 10 January 2008, the registered capital of Tianjin Yangguang Xindi was increased from RMB448,143,370 to RMB806,039,565. After the increase of the registered capital, our company was held as to 80.53% by Yonghe Nantong and 19.47% by Nantong Huangshi Hui. The increase in the registered capital of Tianjin Yangguang Xindi has been fully paid up in a timely manner using the net proceeds from our issuance of the Original Notes.

(6) Harbin Yangguang was established by Liaoning Yangguang Xindi in the PRC on 19 December 2007.

(7) On 6 March 2008, Nantong Rongsheng was acquired by Wuxi Wangjiarui from Jiangsu Rongsheng Investment Group Co., Ltd. (江蘇熔盛投資集團有限公司), a company controlled by the Founder, for a consideration of RMB31,803,400. The consideration was determined by reference to the appraised net asset value of Nantong Rongsheng as of 20 February 2008.

(8) On 9 May 2008, Shanghai Yijing acquired a 45% equity interest in Shanghai Chuangmeng from the Founder for a consideration of RMB4,500,000. The consideration was determined by reference to the registered capital of Shanghai Chuangmeng at the time of acquisition.

(9) On 13 March 2008, Tianjin Tianxingjian was acquired by Tianjin Yangguang Xindi from Tianjin City Kaixiang Steel Trading Co.,Ltd. (天津市凱祥鋼材貿易有限公司), an independent third party, for a consideration of RMB388,000,000. The consideration was determined by reference to the preliminary valuation of a piece of land held by Tianjin Tianxingjian at the time of signing of the agreement. On 14 August 2008, Tianjin Yangguan Xindi and Tianjin City Kaixiang Steel Trading Co.,Ltd. (天津市凱祥鋼材貿易有限公司) signed a supplemental agreement, pursuant to which the parties have agreed to change the consideration to RMB454,180,000, which amount was determined based on the market value of the land on or about the settlement date.

(10) On 25 November 2008, Tianjin Hongyun was acquired by Nantong Zhuowei from Tianjin Yangguan Xindi for a consideration of RMB88,000,000. The consideration was determined by reference to the registered capital of Tianjin Hongyun at the time of acquisition.

(11) On 7 April 2008, Shanghai Hongye was established by Wuxi Wangjiarui. On 9 May 2008, Shanghai Hongye was acquired by Suzhou Hongsheng from Wuxi Wangjiarui for a consideration of RMB50,000,000. The consideration was determined by reference to the registered capital of Shanghai Hongye at the time of acquisition.

(12) Wuxi Decoration & Renovation was established by Wuxi Wangjiarui in the PRC on 13 May 2008.

(13) Shanghai Shuntianlong was established by Nantong Zhuowei in the PRC on 14 November 2008.

(14) On 24 September 2008, Shanghai Qiwei was established by Shanghai Xintai. On 24 October 2008, Shanghai Qiwei was acquired by Nantong Zhuowei from Shanghai Xintai for a consideration of RMB5,000,000. The consideration was determined by reference to the registered capital of Shanghai Qiwei at the time of acquisition.

(15) On 15 December 2008, Shanghai Mingbao was acquired by Nantong Zhuowei from Shi Xiaolei (施曉蕾) and Shi Xiaoyu (施曉宇), both are independent third parties, for an aggregate consideration of RMB 2,500,000. The consideration was determined after arm's length negotiation between the parties.

Approvals from PRC governmental authorities relating to the Reorganisation and Global Offering

On 23 May 2007, MOFCOM and SAFE jointly issued the Notice on Further Strengthening and Regulating the Approval and Administration of Foreign Direct Investment in the Real Estate Industry (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) ("**Notice 50**"). Notice 50 seeks to strengthen the administrative process for the approval and supervision of foreign invested real estate enterprises in the real estate industry. As advised by our PRC legal counsel, Commerce and Finance Law Offices, Notice 50 requires that foreign invested real estate companies newly approved and established after 31 May 2007 must comply with certain registration requirements with MOFCOM. As none of the wholly foreign owned enterprises of the Group was newly approved and established after 31 May 2007, our PRC legal counsel is of the view that such requirement does not apply to the 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 wholly foreign owned enterprises of the Group with newly added projects and businesses have obtained the requisite approvals required by the Notice 50 and obtained the new approval certificates, our PRC legal counsel is of the view that the Group has also complied with such relevant approval requirement stipulated under Notice 50.

On 10 July 2007, SAFE issued the Notice of the General Affairs Department of SAFE on the Distribution of the List of the First Group of Foreign Invested Real Estate Projects which has 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) ("**Notice 130**"). Notice 130 provides that SAFE will not process any foreign exchange registration (or modification of registration) or foreign exchange settlement for capital account items for foreign invested real estate enterprises which obtained their approval certificates after 1 June 2007 but has not filed with MOFCOM. This also applies to foreign invested real estate enterprises that are established and approved before 1 June 2007, where such foreign invested real estate enterprises wish to increase their registered capital after 1 June 2007. Our PRC legal counsel has advised that since all the relevant approvals in respect of the increase in registered capital of the Group's foreign invested real estate enterprises and the new approval certificates have been obtained prior to 31 May 2007, Notice 130 does not have any impact on the Group's business, Reorganisation and listing on the Stock Exchange.

The Catalogue for the Guidance of Foreign Investment in Industry (外商產業指導目錄) promulgated by the National Development and Reform Commission and MOFCOM was amended on 1 December 2007. It classifies certain businesses of foreign invested enterprises into certain categories — "encouraged", "restricted" and "prohibited". The categorisation affects the regulatory approval process for a foreign invested enterprise operating in a categorised business and the availability of tax and other incentives. Our PRC legal counsel is of the opinion that the business scope of all of the acquired PRC companies in the Reorganisation does not fall within the restricted or prohibited categories of business under the Catalogue for the Guidance of Foreign Investment in Industry (外商產業指導目錄) and hence it does not have any impact on the Group's business, Reorganisation and listing on the Stock Exchange.

Pursuant to the Notice on the Relevant Issues Concerning Foreign Exchange Administration of Financing and Return Investment Undertaken by Domestic Residents Through 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) ("**Notice 75**") promulgated by SAFE on 21 October 2005 and the Notice of Implementation of the Notice on the Relevant Issues Concerning Foreign Exchange Administration of Financing and Return Investment Undertaken by Domestic Residents Through 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操作規程的通知) ("**Notice 106**") promulgated by SAFE on 29 May 2007, domestic resident natural persons or legal persons are required to register with the relevant local branches of SAFE before they establish or control any offshore special purpose vehicles for the purpose of capital raising using assets or equity interests of their PRC companies. The definition of "domestic resident natural person" includes a natural person who holds domestic interests in domestic enterprises and then changes his or her domestic interests into foreign-owned interests while remaining the ultimate controller of the changed interests. Because our Founder falls within this definition of domestic resident natural person, he was required to register pursuant to Notice 75 and Notice 106. Our PRC legal counsel is of the opinion that the Founder has completed his registration with the relevant local branch of SAFE with respect to his interests in our Group and has fully complied with Notice 75 and Notice 106.

On 8 August 2006, six PRC regulatory agencies, including the MOFCOM and the China Securities Regulatory Commission ("**CSRC**"), promulgated the Rules on Acquisition of Domestic Enterprises by Foreign Investors (the "**M&A Rules**"), a new regulation with respect to the mergers and acquisitions of domestic enterprises by foreign investors that became effective on 8 September 2006. Articles 6 and 10 of the M&A Rules require that mergers and acquisitions of domestic enterprises by foreign investors be approved by the MOFCOM or its counterparts at the provincial level. In addition, article 40 of the M&A Rules requires that an offshore special purpose vehicle formed for listing purposes and controlled directly or indirectly by PRC companies or individuals shall obtain the approval of the CSRC prior to the listing and trading of such offshore special purpose vehicle's securities on an overseas stock exchange, especially in the event that the offshore special purpose vehicle acquires shares of or equity interests in the PRC companies in exchange for the shares of offshore companies. On 21 September 2006, the CSRC published on its official website procedures specifying documents and materials required to be submitted to it by offshore special purpose vehicles seeking CSRC approval of their overseas listings.

As at the date of this prospectus, the application of the M&A Rules is unclear. Our PRC legal counsel, based on its understanding of current PRC laws, regulations and rules, has advised that (i) all the Reorganisation steps undertaken within the PRC for the purpose of the Global Offering have obtained the requisite approvals, registrations and filings from all the PRC governmental authorities pursuant to the applicable PRC laws and regulations; all of such governmental authorities are the authorities that have been granted authority for issuing the corresponding approvals; and (ii) M&A Rules are not applicable and that the listing of the Shares on the Stock Exchange does not require CSRC's approval because the Founder is not a mainland PRC natural person as his PRC citizenship was cancelled and he obtained his Hong Kong identity card in 2004.

THE CORPORATE PLACING

We and the Joint Global Coordinators have entered into agreements with four corporate investors (the "**Corporate Investors**" and each a "**Corporate Investor**") who in aggregate have agreed to subscribe for up to approximately US$130 million worth of our Shares at the Offer Price (collectively, the "**Corporate Placing**"). Assuming an Offer Price of HK$5.3 (being the highest point of the indicative Offer Price range), the total number of Shares subscribed by the Corporate Investors will be approximately 190,092,000, which is approximately 2.46% of the Shares outstanding, immediately upon completion of the Global Offering and conversion of the Convertible Notes and 8.45% of the Offer Shares (assuming the options granted under the Pre-IPO Share Option Scheme are not exercised), respectively. Assuming an Offer Price of HK$4.0 (being the lowest point of the indicative Offer Price range), the total number of Shares subscribed by the Corporate Investors will be approximately 251,875,000, which is approximately 3.22% of the Shares outstanding, immediately upon completion of the Global Offering and conversion of the Convertible Notes and 11.19% of the Offer Shares (assuming the options granted under the Pre-IPO Share Option Scheme are not exercised), respectively. Each of the Corporate Investors is an independent third party and not connected with us and none of them will be a substantial shareholder of our Company at Listing or at any time during the six-month lock-up period as described below.

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. 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 and will be counted towards the public float of our Company. None of the Corporate Investors has a representative on our Board. The Offer Shares to be subscribed for by the Corporate Investors 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 "Structure of the Global Offering — Hong Kong Public Offer". The Corporate Placing is conditional upon completion of the Global Offering.

Each of the Corporate Investors has agreed that, without the prior written consent of the Company and the Joint Global Coordinators, it will not, whether directly or indirectly, at any time during the period of six months following the Listing Date, 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). Each Corporate Investor may transfer the Shares to a wholly owned subsidiary of such Corporate Investor and any such transfer can only be made when the transferee agrees to be subject to the restrictions on disposal imposed on such Corporate Investor.

OUR CORPORATE INVESTORS

Corporate Investor	Maximum investment amount	Number of Shares(1)	Percentage of total number of Offer Shares(1)	Percentage of shareholding interest in our Company immediately following the Global Offering and conversion of the Convertible Notes(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 and conversion of the Convertible Notes(2)
SIHL Treasury Limited.....	US$50 million	73,113,000	3.25%	0.94%	96,875,000	4.31%	1.24%
Gavast Estates Limited.....	US$30 million	43,867,000	1.95%	0.57%	58,125,000	2.58%	0.74%
Moral King International Limited.......................	US$30 million	43,867,000	1.95%	0.57%	58,125,000	2.58%	0.74%
China Southern Fund Management Co., Ltd. .	US$20 million	29,245,000	1.30%	0.38%	38,750,000	1.72%	0.50%

Notes:

(1) Rounded down to the nearest board lot of Shares and assuming an Offer Price of HK$5.3 (being the highest point of the indicative Offer Price range) and assuming the options granted under the Pre-IPO Share Option Scheme are not exercised.

(2) Rounded down to the nearest board lot of Shares and assuming an Offer Price of HK$4.0 (being the lowest point of the indicative Offer Price range) and assuming the options granted under the Pre-IPO Share Option Scheme are not exercised.

We set out below a brief description of our Corporate Investors:

Shanghai Industrial Holdings Limited

SIHL Treasury Limited ("**SIHL Treasury**") 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$50 million at the Offer Price.

Assuming an Offer Price of HK$5.3 (being the highest point of the indicative Offer Price range), the total number of Shares that SIHL Treasury would subscribe for would be approximately 73,113,000, which represents approximately (i) 0.94% of the Shares issued and outstanding upon completion of the Global Offering and conversion of the Convertible Notes and (ii) 3.25% of the total number of Offer Shares (assuming that the option granted under the Pre-IPO Share Option Scheme are not exercised). Assuming an Offer Price of HK$4.0 (being the lowest point of the indicative Offer Price range), the total number of Shares that SIHL Treasury would subscribe for would be approximately 96,875,000, which represents approximately (i) 1.24% of the Shares issued and outstanding upon completion of the Global Offering and conversion of the Convertible Notes and (ii) 4.31% of the total number of Offer Shares (assuming that the option granted under the Pre-IPO Share Option Scheme are not exercised).

SIHL Treasury is incorporated in Hong Kong and is a wholly-owned subsidiary of Shanghai Industrial Holdings Limited ("**SIHL**"). SIHL is a company incorporated under the laws of Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange since May 1996. SIHL is principally engaged in the business of infrastructure facilities, medicine, consumer products and real estate.

We have entered into the Shanghai Bay Arrangements with SIHL group, for further details, see "Business — Shanghai Bay Arrangements" and "Shanghai Bay Arrangements" in Appendix VIII to the prospectus.

Gavast Estates Limited

Gavast Estates Limited ("**Gavast**") 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$30 million at the Offer Price.

Assuming an Offer Price of HK$5.3 (being the highest point of the indicative Offer Price range), the total number of Shares that Gavast would subscribe for would be approximately 43,867,000, which represents approximately (i) 0.57% of the Shares issued and outstanding upon completion of the Global Offering and conversion of the Convertible Notes and (ii) 1.95% of the total number of Offer Shares (assuming that the option granted under the Pre-IPO Share Option Scheme are not exercised). Assuming an Offer Price of HK$4.0 (being the lowest point of the indicative Offer Price range), the total number of Shares that Gavast would subscribe for would be approximately 58,125,000 represents approximately (i) 0.74% of the Shares issued and outstanding upon completion of the Global Offering and conversion of the Convertible Notes and (ii) 2.58% of the total number of Offer Shares (assuming that the option granted under the Pre-IPO Share Option Scheme are not exercised).

Gavast was incorporated in Hong Kong and is a member of the Nan Fung Group. Gavast is indirectly wholly-owned by Mr. Chen Din Hwa. Gavast is principally engaged in the business of investment.

Sino-Ocean Land Holdings

Moral King International Limited ("**Moral King**") 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$30 million at the Offer Price.

Assuming an Offer Price of HK$5.3 (being the highest point of the indicative Offer Price range), the total number of Shares that Moral King would subscribe for would be approximately 43,867,000, which represents approximately (i) 0.57% of the Shares issued and outstanding upon completion of the Global Offering and conversion of the Convertible Notes and (ii) 1.95% of the total number of Offer Shares (assuming that the option granted under the Pre-IPO Share Option Scheme are not exercised). Assuming an Offer Price of HK$4.0 (being the lowest point of the indicative Offer Price range), the total number of Shares that Moral King would subscribe for would be approximately 58,125,000, which represents approximately (i) 0.74% of the Shares issued and outstanding upon completion of the Global Offering and conversion of the Convertible Notes and (ii) 2.58% of the total number of Offer Shares (assuming that the option granted under the Pre-IPO Share Option Scheme are not exercised).

Moral King was incorporated in Hong Kong and is a wholly-owned subsidiary of Sino-Ocean Land Holdings ("**Sino-Ocean**"). Sino-Ocean is a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange since September 2007. Sino-Ocean is principally engaged in property development, property investment and property management in the PRC.

China Southern International Selection Allocation Fund

China Southern International Selection Allocation Fund ("**China Southern Fund**"), through its manager China Southern Fund Management Co., Ltd., 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$20 million at the Offer Price.

Assuming an Offer Price of HK$5.3 (being the highest point of the indicative Offer Price range), the total number of Shares that China Southern Fund would subscribe for would be approximately 29,245,000, which represents approximately (i) 0.38% of the Shares issued and outstanding upon completion of the Global Offering and conversion of the Convertible Notes and (ii) 1.30% of the total number of Offer Shares (assuming that the option granted under the Pre-IPO Share Option Scheme are not exercised). Assuming an Offer Price of HK$4.0 (being the lowest point of the indicative Offer Price range), the total number of Shares that China Southern Fund would subscribe for would be approximately 38,750,000 represents approximately (i) 0.50% of the Shares issued and outstanding upon completion of the Global Offering and conversion of the Convertible Notes and (ii) 1.72% of the total number of Offer Shares (assuming that the option granted under the Pre-IPO Share Option Scheme are not exercised).

China Southern Fund is an open-end fund incorporated in China. It is a Qualified Domestic Institutional Investor Fund ("**QDII Fund**") managed by China Southern Fund Management Co Ltd., which is a fund management company incorporated in China and is one of the largest asset management companies in China. China Southern Fund was officially launched on 19 September 2007 and is the first QDII Fund in China. It seeks to achieve stable investment returns through globalize asset allocation and management. It invests in Hong Kong equities as well as global ETFs and other stock oriented funds. It currently manages assets in aggregate amount of about US$2.5 billion.

OVERVIEW

We are one of the leading property developers focused on the development and sale of high quality properties in key economic cities in the PRC. Our land bank is highly diversified and is located in prime locations in such key economic cities. It comprised, as at 31 July 2009, a total planned GFA of 13,598,083 sq.m. (of which, 6,051,874 sq.m. was GFA for which we have signed master agreements with the relevant local governments but had not as at the Latest Practicable Date obtained the land use right certificates). Of our land bank, approximately 20.2% of our total GFA was located in Shanghai and 18.1% was located in Tianjin and Beijing as at 31 July 2009.

Since we commenced our business in 1996, we have been dedicated to developing our property business in key economic cities in China and, in particular, in Shanghai, in which we believe has the highest level of demand from international and domestic purchasers of any property market in China. Over the past 13 years in Shanghai, we have developed various projects and sold and delivered more than 2.0 million sq.m. of GFA, and successfully established ourselves as one of the leading players in this economic and financial capital in terms of total completed GFA. As at 31 July 2009, we had seven projects in Shanghai in various stages of development, namely, Shanghai Bay (尚海灣), Shanghai Park Avenue (皇家花園), Chateau De Paris (陽光巴黎), Sunshine Venice (陽光威尼斯), Baoshan Gaojing (寶山高境), Royal Lakefront (湖畔豪庭) and Sunglow Xinjing (陽光新景). Our projects in Shanghai are strategically located either in well established prime locations such as in the vicinity of the Huangpu River or around the Inner Ring Road and Middle Ring Road, or in areas which we believe would have a high growth potential. In particular, our flagship project, Shanghai Bay, is situated along the west bank of the Huangpu River, facing the Shanghai World Expo Site. Based on sales data collected and compiled by www.soufun.com (搜房網), our flagship project, Shanghai Bay, was among the top three in Shanghai in terms of total sales contract value achieved in 2008.

Leveraging on our success and valuable experience in Shanghai, in 2003, we began developing properties in Tianjin, which is one of the four municipalities administered directly by the Chinese Central Government. Tianjin is the largest city in the Pan-Bohai Rim area and we expect Tianjin to be one of the key beneficiaries of the economic reform of the Pan-Bohai Rim. Over the past six years of development, we have established a firm foothold in the Tianjin market. Our project Sunshine Holiday (陽光星期八) won the China Real Estate Gold Housing Award (中國金房獎). Our project development company, Tianjin Yangguang Xindi, was also awarded the Meritorious Enterprises Award for Investment in Tianjin (投資天津功勳企業獎). In 2006, we began developing properties in Beijing, with the aim of establishing our reputation in this capital city of China. Beijing has been an integral part of China's history for centuries and its art treasures and internationally renowned universities have long made the city a centre of art and culture.

Our strategic vision is not confined to developing our business in Shanghai, Tianjin and Beijing. We recognise that China is the largest country in terms of population and the fastest growing major economy in the world. Therefore, in addition to national key economic cities in China, we believe that other regional key economic cities located in high growth regions will also play an increasingly important role in China's property market due to urbanisation and will benefit from the anticipated strong economic growth in these regions. Hence, leveraging on our success in Shanghai and Tianjin, we have also selectively expanded into other fast-growing regional key economic cities so as to take advantage of the growth potential in those local property markets. For example, our No. 1 City Promotion (第一國際) was ranked the sixth best selling real estate project in Wuxi during the first half of 2009 according to Wuxi House Online.

As at 31 July 2009, we had developed or were developing projects in nine key economic cities across the PRC, namely three municipalities (Shanghai, Tianjin, Beijing), three provincial capitals (Hefei, Shenyang, Harbin) and three regional key economic cities (Wuxi, Suzhou, Nantong) in the Yangtze River Delta. In the past three years, the GDP growth rates of each of these cities exceeded the national average, and their combined economic contributions to national GDP were 18.0%, 18.1% and 17.5%, respectively. In 2008, the GDP per capita in these cities was on average approximately 3 times the national average, ranging from 1.5 to 4.7 times the national average GDP per capita. The urbanisation rates in 2008 in each of these cities exceeded 48%, which is higher than the national average, and the aggregate urban population accounts for about 68.3% of the total population in these cities, significantly higher than the national average of 45.7%. Of these cities, Shanghai, Beijing, Tianjin, Shenyang and Suzhou were also among the "Top Ten Most Appealing Cities in China's Real Estate Market" in terms of demand for properties according to the China Index Research Institute in April 2009. Our strategy is to continue our efforts to further develop our property business and strengthen our market position in these key economic cities in China, and to selectively expand our business into other key economic cities with similar growth potential.

We offer a wide range of products, including apartments, townhouses, retail properties, offices and hotels. We target the upper segment of the real estate market, developing and selling our premium residential properties while seeking to selectively retain long-term ownership of certain commercial properties to benefit from potential capital appreciation as well as to diversify our future income stream.

As at 31 July 2009, we had 19 projects in various stages of development, with a total land bank of approximately 13,598,083 sq.m. and consisting of the following types of projects:

(i) projects with a total planned GFA of approximately 4,654,495 sq.m. for which the relevant government authorities had granted the land use rights certificates;

(ii) projects with a total planned GFA of approximately 2,891,714 sq.m. for which we had signed land grant contracts or had successfully tendered but had not, as at the Latest Practicable Date, obtained the land use rights certificates; and

(iii) projects with a total planned GFA of approximately 6,051,874 sq.m. for which we have entered into master agreements with the local governments but had not, as at the Latest Practicable Date, concluded the public tender process or entered into land grant contracts. The master agreements are legally binding but, after signing such master agreements, we are still required by the relevant PRC laws and regulations to go through the public tender, auction or listing for bidding process, enter into a land grant contract and pay the relevant land premium before we are able to obtain the land use rights certificate. Details of these projects for which we signed master agreements are disclosed in the paragraph headed "— Projects to be acquired for future development" below. We cannot guarantee that we will be successful in securing the land grant contracts and obtaining the relevant land use rights in respect of these projects for which we have only signed master agreements, or that we will be successful in obtaining the relevant approvals in accordance with our expected development schedule.

We believe that by participating in the urban redevelopment or government regional planning work during the preliminary stage of these projects through the master agreements, we are able to gain further insight into the local market and a better understanding of market demand and future product positioning, which in turn provides us with an advantage compared to other property developers in winning the tenders for the land grants for these projects. Phase I of Baoshan Gaojing in Shanghai, Phase IA and IB of Sunshine Bordeaux in Beijing, Bashang Jie and Hefei Villa Glorious in Hefei, Anhui Province, are examples of our Company having successfully signed the land grant contracts for the land after first entering into the master agreements.

Based on our current business plan, we have designated Shanghai Bay — Binjiang Center (North block), Sunglow Xinjing (commercial portion), Sunshine Venice Phase I-IIIC (commercial portion) and Chateau De Paris Phase II (commercial portion) as investment properties. We expect our investment property portfolio to expand gradually over time to enhance the stability of our revenue streams and to reduce our operational risks. We will take into account the expected integration and efficiency in the operation and management of commercial properties, our overall financial condition and the market condition at the relevant time when determining whether any particular project will be retained as an investment property.

A number of international, renowned investors have made pre-IPO investments in our Company, including DESCIA, Goldman Sachs, DB, The Hongkong and Shanghai Banking Corporation Limited and Nan Fung Group. Please refer to the section headed "History, Reorganisation and Group Structure — Description of our Pre-IPO Investors and their affiliates" in this prospectus for details.

Our projects have also received recognition and a number of prominent awards from independent or official organisations. For example, Sunshine Venice was ranked second in Commodity Housing Sales in Shanghai in terms of contracted area by Shanghai Real Estate Trading Center in 2003; No. 1 City Promotion was recognised as an International Culture Community (國際文化社區) by the Friends of the United Nations (聯合國友好理事會), the United Nations Human Settlement Programme (聯合國人居署) in 2007 and was ranked as the sixth best selling real estate project in Wuxi during the first half of 2009 by Wuxi House Online; Sunshine Holiday received a Meritorious Enterprises Award for Investment in Tianjin (投資天津功勳企業獎) from the Investment in Tianjin Committee, Tianjin Federation of Industry and Commerce, Jin Wan Bao newspaper of Jin Wan Media Group in 2006; Sunshine Holiday also received the China Real Estate Gold Housing Award (中國金房獎) from China Real Estate Chamber of Commerce, Xinhua News Agency, Economic Information Daily and Urban Development and Environmental Research Center of the Chinese Academy of Social Sciences in 2006.

In January 2008, we were awarded Property Company of the year 2007 with Remarkable Contributions to the Urban Development of Shanghai, China (2007年中國上海城市營造傑出貢獻地產企業) by the Organising Committee of Zhuyu Dichan Grand Ceremony (主語地產盛典組委會). In December 2008, we were awarded Mainstream Property Enterprise for 2008 (2008主流地產企業) by Life Style (精品購物指南). For further details of awards we have received for our projects, please refer to the paragraph headed "— Our Property Development Projects" below. As such we believe that we are one of the leading property developers in key economic cities in China.

Although we have not actively participated in any market ranking campaigns organised by third parties under a single uniform brand in the past, we believe that the accolades we have received for our projects have effectively established our leading position in key economic cities and, as a whole, our reputation as a leading property developer in these cities. We believe that our leading position has also been substantiated by the prime locations of our projects, the high quality of the properties we have developed, and the strong sales uptrend realised in the cities where we have our developments.

Our vision for our future development is fully reflected in our 'three-pronged' business approach, which is as follows.

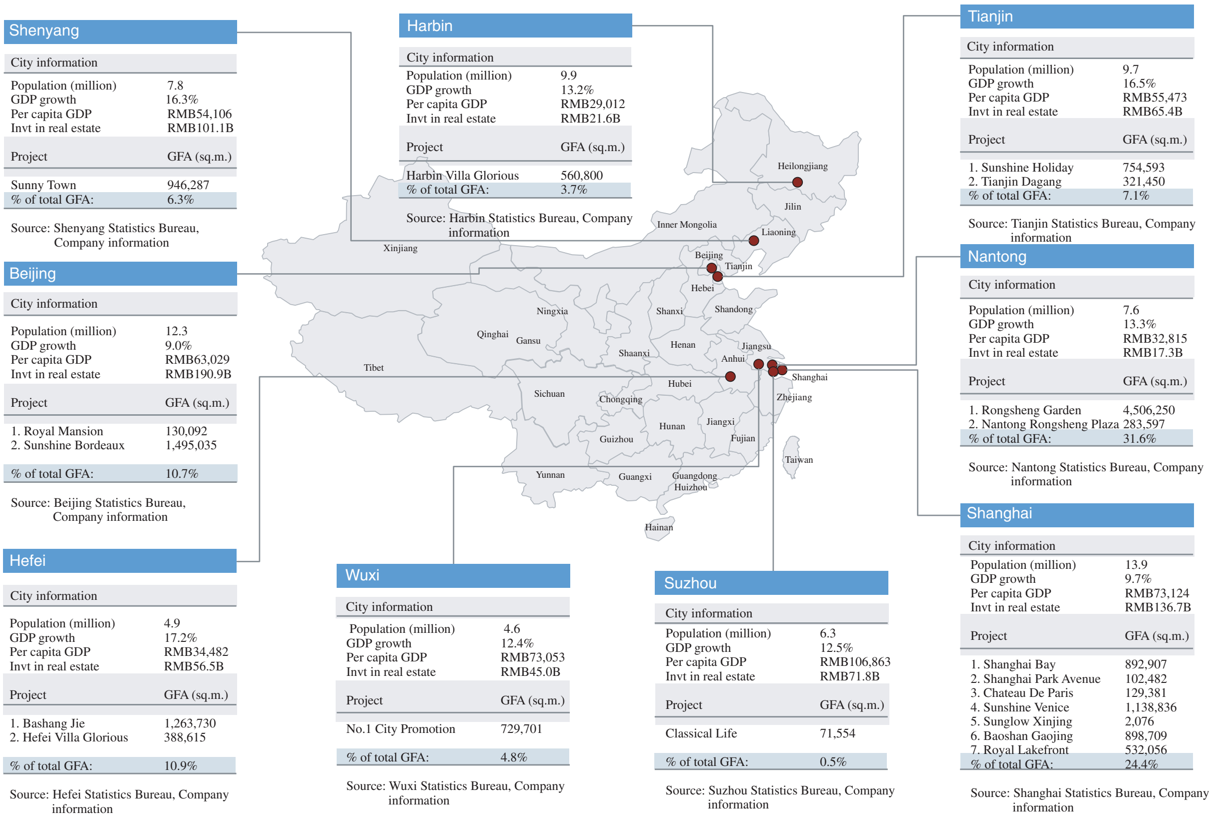
- **Solidify our leading position in Shanghai:** Shanghai is one of the largest cities and the most populous city in China. It is also the financial capital of China. The 2010 Shanghai World Expo is expected to solidify Shanghai's status in the 21st century as a major economic city. According to the research report by China Index Research Institute issued in April 2009, Shanghai was the most attractive city in terms of demand for property investments in China's real estate market. We believe we have a strong presence and a highly regarded reputation in Shanghai and are competitively positioned to benefit from its long term growth potential. As at 31 July 2009, we had accumulated a total planned GFA of approximately 2.3 million sq.m. of high quality land bank in Shanghai, excluding those projects for which we have only signed master agreements.

- **Strengthen our foothold in Tianjin and Beijing:** We have a well-established presence in Beijing and in Tianjin, Tianjin is a fast developing city with the potential to become the commercial centre of the Pan-Bohai Rim region. We entered the property market in Tianjin in 2003 and through our efforts over the past six years, we have established a firm foothold in the Tianjin property development market. As a testimony to our success in Tianjin, our "Sunshine Holiday (陽光星期八)" project in Tianjin was awarded the China Real Estate Gold Housing Award (中國金房獎) in 2006 by the China Real Estate Chamber of Commerce, Xinhua News Agency, Economic Information Daily and Urban Development and Environmental Research Center of the Chinese Academy of Social Sciences project company, all of which are independent from our Group. Our Tianjin Yangguang Xindi was awarded the Corporate Prize for Meritorious Investment of the year in Tianjin (投資天津功勳企業獎) by the Investment in Tianjin Committee, Tianjin Federation of Industry and Commerce, Jin Wan Bao newspaper of Jin Wan Media Group, which are all independent of our Group. As at 31 July 2009, we had built up a land bank with a total planned GFA of approximately 839,309 sq.m. in Tianjin, of which approximately 156,460 sq.m. were attributable to properties for which we have signed master agreements but had not, as at the Latest Practicable Date, concluded the public tender process or entered into land grant contracts and, therefore, with respect to which we cannot guarantee that we will be successful in obtaining the land use right certificates. In addition, as at 31 July 2009, we had built up a land bank with a total planned GFA of approximately 1,625,127 sq.m. in Beijing, of which approximately 1,256,113 sq.m. were attributable to properties for which we have signed master agreements but had not, as at the Latest Practicable Date, concluded the public tender process or entered into land grant contracts and, therefore, with respect to which we cannot guarantee that we will be successful in obtaining the land use right certificates.

- **Expand into high growth cities across China:** Leveraging our success in Shanghai, Tianjin and Beijing, we have expanded, and intend to continue to actively and strategically expand, our property development business into other high growth cities within China. As at 31 July 2009, we had eight projects at different stages of development in Wuxi, Suzhou, Nantong, Hefei, Shenyang and Harbin.

Our business strategies and objectives are set out in the paragraph headed "— Our Strategies". In particular, we intend to gradually expand into the hotel, retail and office property sectors in China by increasing our investment in high quality commercial properties with the goal of diversifying and enhancing the stability of our future revenue in a prudent manner. We have entered into long-term management agreements with Key International Hotels Management Co., Ltd., a joint venture partially owned by Kempinski Hotels S.A. of Europe, and with Holiday Inns (China) Limited, a subsidiary of InterContinental Hotels Group, for the management and operation of the hotels in Shanghai Bay and No. 1 City Promotion, respectively. In line with our strategy, we also aim to selectively retain certain commercial properties developed or to be developed by us as investments in order to achieve a more diversified and balanced earnings base and to increase the proportion of our revenue generated from recurring rental income in the coming years. We believe such diversification of income sources will allow us to better formulate our capital expenditure budget and plan our financing arrangements in respect of our future property development projects. In addition to acquiring land from the government by participating in the tender process, we also intend to continue to explore other effective ways to replenish and secure our land bank, including acquiring project companies that have access to suitable sites. We also intend to continue to enter into various types of master agreements with local governments for urban redevelopments in order to gain a competitive position in the subsequent tender processes. For details of our strategies, please refer to the paragraph headed "— Our Strategies" below.

The following map shows the locations and other information of our land bank as at 31 July 2009, with a total planned GFA of 13,598,083 sq.m., which includes properties with an aggregate planned GFA of 6,051,874 sq.m. in respect of which we have signed master agreements with the local governments but had not, as at the Latest Practicable Date, concluded the public tender process and entered into the land grant contracts and, therefore, with respect to which we cannot guarantee that we will be successful in obtaining the land use right certificates.



Our portfolio currently includes apartments, townhouses, retail properties, offices and hotels. Many of our residential projects are integrated developments, which offer a comprehensive range of ancillary facilities such as clubhouses, gardens, schools and retail outlets. For the year ended 31 December 2008, we generated substantially all of our revenue from the sale of residential properties. In view of the increasing demand and strong appreciation potential for commercial properties in the PRC and minimising volatility in cash flow from the sale of residential properties, we seek to build a steady source of recurring income by gradually expanding our investment property portfolio and retaining some of our commercial properties for investment purpose.

In order to have the flexibility of maintaining an integrated and diversified business model, we are developing, and plan to develop, several high quality hotels located in various cities which we may retain as investment properties. We have entered into long-term management agreements with Key International Hotels Management Co., Ltd., a joint venture partially owned by Kempinski Hotels S.A. of Europe, and with Holiday Inns (China) Limited, a subsidiary of InterContinental Hotels Group, for the management and operation of the hotels in Shanghai Bay and No. 1 City Promotion, respectively. In addition, the serviced apartment block in Shanghai Park Avenue will be managed by Key International Hotels Management Co., Ltd. in Shanghai. Although we have disposed of this serviced apartment block in Shanghai Park Avenue, we believe that the management of properties developed by us by such internationally renowned hotel management companies can enhance the profile and business prospects of our properties.

OUR COMPETITIVE STRENGTHS

We have established a leading role in key economic cities such as Shanghai and Tianjin, positioning us well to benefit from the expected strong economic growth and prosperous property markets in these cities

The growth potential of a city's property market is to a significant extent driven by the development and prospects of the city's economy, and we are of the view that certain key economic cities are at the forefront of China's economic development. We believe that our established strong presence and leading role in these key economic cities have positioned us, and will continue to position us, to benefit from the expected strong economic growth in these cities and their active property markets.

Shanghai is a rising economic and financial centre of China and had one of the highest GDPs per capita in China in 2008. It has one of the most competitive property markets in the PRC while its local property market also attracts the highest international and domestic demand for property of any property market in China. As we successfully established ourselves as a leading property developer in Shanghai over the past 13 years, we have witnessed the growth of this city from a national commercial capital to the centrepiece of the world's fastest growing economy. We have also witnessed the growth of Shanghai from a city having a less mature property market in 1996 during which the average property price was RMB2,968 per sq.m. to one of the most appealing cities in China with the average property price of RMB11,707 per sq.m. for the first seven months in 2009. The Central Government has made it a high-level strategic objective to develop Shanghai into an international financial and shipping centre and is expected to grant preferential treatment and incentive policies to Shanghai to facilitate such development. The Shanghai Municipal Government also has a clear aim to develop Shanghai into a domestic and international trade centre for the country. With the momentum provided by these policies, we believe the development of Shanghai will progress to a new stage in the coming ten years and become a driving force behind the Shanghai real estate market. In addition, and the Shanghai World Expo 2010 is expected to have a positive effect on the urban development of Shanghai and provide further support to Shanghai's real estate market.

We have won a number of awards for the projects we have completed in Shanghai. For example, our Sunshine Venice was ranked second in Commodity Housing Sales in Shanghai in terms of contracted area by Shanghai Real Estate Trading Center in 2003. We have high quality land bank at prime locations in Shanghai, most of which are located around the Inner Ring Road and the Middle Ring Road and we believe the location of our land bank is difficult for our competitors to replicate. An example would be our flagship project Shanghai Bay, which is located along the western area of the Shanghai World Expo site, overlooking the Shanghai World Expo venue and having the irreplaceable view of Huangpu River.

Tianjin, after Shanghai, is the second city into which we ventured. We started developing our business in Tianjin in 2003 and have established a solid foothold after six years of well recognised efforts. Tianjin is one of the four municipalities administered directly by the PRC Central Government. Our "Sunshine Holiday (陽光星期八)" in Tianjin was awarded the China Real Estate Gold Housing Award (中國金房獎) in 2006, and our project development company, Tianjin Yangguang Xindi, was also awarded the Meritorious Enterprises Award for Investment in Tianjin (投資天津功勳企業獎).

We believe that our achievements in Tianjin have demonstrate that we have the capability of replicating our success in Shanghai in other cities. We believe that, by leveraging our success and strength in Shanghai and Tianjin, we are well positioned to continue to benefit from the strong growth in these cities while further expanding and strengthening our position in other strategically selected key economic cities.

We have a sizeable high quality land bank located in key economic cities, including Shanghai, Tianjin and Beijing, which provides us with long-term development and growth opportunities

As at 31 July 2009, we had a land bank of 5,207,048 sq.m. located in Shanghai, Tianjin and Beijing, representing 38.3% of our total land bank (of which, 1,812,573 sq.m. was GFA for which we have signed master agreements with the relevant local governments but had not, as at the Latest Practicable Date, completed the public tender process or entered into the land grant contracts and, therefore, with respect to which we cannot guarantee that we will be successful in obtaining the land use right certificate). Most of our land bank is located at prime locations. In particular, our projects in Shanghai are strategically located either in well established prime locations such as in the vicinity of the Huangpu River or Inner Ring Road and Middle Ring Road, or in areas which we believe have high growth potential. We believe that the prime location of our land bank and our unique strategic vision are difficult for our competitors to replicate. The location and abundance of our land bank supported by our strategic vision have laid a strong foundation for the success of our future property development. To the best estimate of the Directors and subject to uncertainties and risks, details of which are disclosed in the section headed "Risk Factors", and on the basis and assumptions that the rate of our future property development is similar to our historic rate of property development, we believe that, as at the Latest Practicable Date, our land bank (which includes land for which we have signed master agreements with the relevant local governments but had not, as of the Latest Practicable Date, obtained the land use right certificates) is sufficient for our property development business over the next five to seven years.

Our flagship project, "Shanghai Bay (尚海灣)", in Shanghai is situated along the west bank of the Huangpu River and faces the Shanghai World Expo Site. The project has a total planned GFA of approximately 892,907 sq.m. and is one of the largest integrated comprehensive developments along the Huangpu River, which includes two high quality hotels, one shopping mall, offices and up-market residential units. The hotels and offices are expected to commence operations in 2011 in anticipation of the increasing market demand for hotels and offices that the success of Shanghai World Expo in 2010 may bring. In particular, as a result of the Shanghai World Expo, we believe that the surrounding environment and urban infrastructure will be significantly improved by 2011. For example, the Shanghai M7 subway network, which is currently scheduled to be completed by the end of 2009, is expected to provide convenient and direct access to the Shanghai World Expo Site, its ancillary facilities that are currently under construction as well as other landmark areas in Shanghai, such as Jing'an commercial district, Huaihai Road commercial district, Century Park district in Pudong as well as Zhaojiabang Road which is adjacent to the Xujiahui commercial centre. In addition, given that Shanghai World Expo is to be the next part of a national strategy of opening up to the world after the Beijing Olympics, the Shanghai World Expo Site and its surrounding area are expected to become a symbol for the modernisation of Shanghai, which is expected to attract tourists worldwide and throughout the PRC, boost the demand for hotels, up-market residential properties, recreational centres and shopping malls and provide a suitable environment for up-market office buildings. The project is located closed to the Fenglin Biomedical Center (楓林生命科學園區), which is expected to be the third integrated business area after the Hongqiao Economic Development District (虹橋經濟開發區) and Lujiazui Central Financial District (陸家嘴商業區) in Shanghai.

The following map shows the location of selected projects in Shanghai held by us as of 31 July 2009.

1 Shanghai Bay 2 Shanghai Park Avenue 3 Sunshine Venice 4 Chateau De Paris 5 Baoshan Gaojing

Another aspect of the high quality of our land bank is reflected in the appreciation potential of its value. With the extensive experience and insights of our management team, we have been able to identify and acquire land sites with future appreciation potential that could provide us with attractive profit margin. For example, the bidding price for the two parcels of land near our Royal Lakefront in Fengxian in the public tender process from the third parties in May 2009 is substantially higher than what we paid for our Royal Lakefront in early 2008. We also successfully bid for the Baoshan Gaojing project in early 2004 when the surrounding areas were still under heavy construction and rezoning. However, after five years of continuous development, Shanghai Wujiaochang Hi-Tech Park (五角場創業園), which is close to Baoshan Gaojing, has been developed into a commercial and educational centre in Shanghai. There is now a convenient transportation network, including two light rail lines, in the vicinity of Baoshan Gaojing.

We are of the view that a property developer's decisions on land acquisition should not be completely led by the market sentiment. Because of our understanding of the preferences and trends which determine our target markets, we believe that we will be able to acquire land in strategic locations at the early stages of an appreciation cycle. The subsequent appreciation in land price of the areas surrounding our projects has demonstrated the strategic vision of our management team.

We adopt proactive and strategic approaches to replenish our land bank and we have a strong project acquisition pipeline

We have acquired a portion of our current land bank by participating directly in the tender process held by local governments. By adopting this direct acquisition approach in building up our land bank, we are able to acquire land at early stages of its appreciation cycle. For example, Royal Lakefront is located in the Shanghai Fengxian Modern Agricultural Zone (上海奉賢現代農業園區), one of the biggest agricultural zones in Shanghai. The project is adjacent to an exit off of the A4 motorway, which connects Shanghai to Hangzhou, and is close to Hangnan Road (航南路) and Jinhai Road (金海路) in Fengxian district. We started to explore this area in 2007 due to its generally improving surrounding facilities and growth prospects in the area. We acquired the land for Royal Lakefront in early 2008 and it has appreciated substantially in value since our acquisition.

In addition to acquiring target land by directly participating in the tender process held by local governments, we also cooperate with various local governments in their urban redevelopment programmes. Through such participation, we have entered into a number of master agreements with the local governments for land sites located in Shanghai, Tianjin, Beijing, Nantong and Shenyang with a total planned GFA of 6,051,874 sq.m.. Under the master agreements, we may obtain a right to be involved in the urban redevelopment or government zoning process at early stages. Depending on the particular circumstances, we may be required to pay certain costs pursuant to the relevant master agreements, such as land compensation fees and relocation fees. As at 31 July 2009, we had paid a total amount of RMB112 million under master agreements, which is refundable in the event that we fail to win the bid for the relevant land in the subsequent public tender, auction or listing for bidding process. In this manner we are able to gain more insight into a particular land parcel and development plans of local governments, which we believe increases our chances of obtaining the relevant land grant contracts in the subsequent public tender process. Although the master agreements are legally binding, after signing such master agreements we are still required to go through the public tender, auction or listing for bidding process and, if successful, enter into a land grant contract and pay the relevant land premium before we are able to obtain land use right certificates. Phase I of Baoshan Gaojing, Bashangjie Project and Hefei Villa Glorious Project in Hefei, Anhui Province are all projects for which we first signed a master agreement and then successfully signed land grant contracts for the land.

Apart from building up our land bank through participating in the public tender process, we also actively seek opportunities to acquire small to medium size property development companies that have access to suitable sites. Successful acquisition of target property development companies in the secondary market requires the acquirer to possess effective information and communication channels, extensive experience in fast execution and the ability to make informed decisions in a timely manner. We have established ourselves in this regard and have a proven track record since our first acquisition in 2001 of Shanghai Yijing in Shanghai.

Experienced management team with a strategic vision and proven track record

Our management team has a strong track record in the property development industry and has successfully completed the development of projects with more than 2.8 million sq.m. of GFA since 1996. Our management team has adopted a forward looking approach in identifying target land and has strong execution capabilities. The strategic vision of our management team is demonstrated by the timing of our entry into Shanghai, Tianjin and Shenyang in 1996, 2003 and 2005, respectively. In all three cities, we have benefited from the upward trend of local property prices. We believe that our management's strategic vision together with the proven track record of their executive capabilities are important factors in ensuring the future development of the Company.

Over the past three years, our key management members have remained substantially unchanged and they share our core corporate values and operating philosophy. Many members of our management team are experienced professionals with recognised national qualifications.

Our management team is also supported by a well-trained workforce. We are highly selective in our hiring process and endeavour to recruit and train employees who have the potential to become long-term effective management staff. We have implemented an incentive scheme combining both a performance-based bonus and an individually tailored career development platform. We believe that recruiting and retaining top talents with local knowledge and overseas experience have enabled us to capitalise on their collective expertise in both the local and international property markets.

Precise product positioning and innovative design

We believe that quality product design and positioning is crucial to our business. For this reason, we have been innovative and flexible in developing our projects in order to cater to the different needs of our customers.

For example, we acquired the land for Shanghai Bay in 2004 when most of the property projects in the surrounding areas were being developed to target middle class customers. In view of the Shanghai 2010 World Expo and taking into account the unique view of the Huangpu River, we positioned Shanghai Bay as a up-market project featuring the Shanghai World Expo site and Huangpu River view. As the surrounding areas have been re-developed by the Shanghai Municipal Government in an effort to prepare it as a showcase for the Shanghai World Expo, an increasing number of customers have also begun to recognise and appreciate the potential and positioning of Shanghai Bay, which has made Shanghai Bay one of the few projects that is appropriately positioned to benefit from the demand expected to be generated by the Shanghai World Expo.

We have engaged domestically and internationally renowned designers who are experienced in planning and landscaping large-scale properties during the concept design phase of property developments. We also have an in-house product development and design centre which is responsible for our product development and design and consists of experienced research and design staff with strong knowledge in the local market.

In recognition of the high quality and innovative designs of our projects, we have received numerous awards from different organisations. For example, in 2007, our No.1 City Promotion (第一國際) project in Wuxi was designated by the Friends of the United Nations (聯合國友好理事會) and the United Nations Human Settlement Programme (聯合國人居署) as an "International Culture Community" (國際文化社區) and recognised as one of the Top 10 Famous Properties in China (中國房地產十大名盤) in 2007 on China Property Market Development Annual Forum 2007 (2007中國房地產發展年會) hosted by Enterprise Research Institution of Development Research Center of the State Council, Institute of Real Estate Studies of Tsinghua University and SouFun China Index Institute. Our Sunshine Holiday (陽光星期八) project in Tianjin was awarded the China Real Estate Gold Housing Award (中國金房獎) in 2006 by China Real Estate Chamber of Commerce, Xinhua News Agency, Economic Information Daily and Urban Development and Environmental Research Center of the Chinese Academy of Social Sciences.

Diversified earnings base with a wide product offering and balanced business model

We offer a wide range of products including apartments, townhouses, retail properties, offices and hotels in nine different cities across the PRC. In positioning our products, we take into account a broad range of factors, including the location of each individual project, its surrounding environment, purchasing power of local customers, local household and family structures, availability of public transportation and regional economic development. We develop both high quality apartments for up-market residents in prime locations such as Shanghai Bay and large-scale residential or complex developments in suburban areas such as Sunshine Bordeaux in Beijing. By leveraging our knowledge of and insights into current and future market trends, we believe that we are able to use innovative designs to differentiate our projects from our competitors and our projects have been well received by our target customers.

Building upon our strength as a leading residential property developer, we are also selectively increasing our exposure to the commercial property development business with a view to achieving a diversified earnings base in a prudent manner. We believe there is a growth potential for commercial properties given China's high economic growth rate and the increasing amount of foreign direct investment into China. As such, we intend to gradually increase our exposure to the commercial property market by expanding our commercial property development portfolio and may retain some of our commercial property developments as investments in Shanghai, Tianjin, Beijing and other provincial capitals in the coming years. We believe that the retention of such investment properties will enhance the stability of our revenue streams and reduce the operational risks that we may otherwise face as a pure residential developer.

OUR STRATEGIES

Strengthen our leading market position in Shanghai and further expand our operations in Tianjin and Beijing

We will continue to strengthen our market positions in Shanghai, Tianjin and Beijing as we believe property developments in these key economic cities will continue to be the most profitable against the backdrop of their strong economic growth. By maintaining a strong presence in these cities, we believe we can enhance our brand profile, increase our pricing power and attract more talent in the industry.

We intend in the long run to develop properties with a total planned GFA, on average, of not less than one million square meters per year. In addition, in the long term we aim to have at least five projects concurrently under development in each of Shanghai, Tianjin and Beijing, funded through a combination of sources, including bank borrowings, pre-sale proceeds of properties and the net proceeds from the Global Offering. Of the five projects in each key city, two will be large scale projects with a total planned GFA of around 500,000 sq.m., supplemented by three smaller scale projects with a total planned GFA of around 200,000 sq.m. As of 31 July 2009, we had seven projects in Shanghai either completed and held for sale or investment, under development or held or to be acquired for future development. These seven projects had a total land bank of approximately 2.7 million sq.m.. We are actively exploring other potential acquisition opportunities in Shanghai with the aim of further strengthening our leading market position in this city. We intend to use part of the net proceeds from the Global Offering to fund our Baoshan Gaojing project in Shanghai, which upon completion is planned to be an integrated development comprising residential and commercial properties. We plan to increase the number of projects in Tianjin and Beijing to the same level as in Shanghai in the long term. We believe smaller scale projects will generate profits in the short-term due to a shorter development cycle, while large scale projects will be our key revenue driver in the medium to long-term, so as to offer us sustainable revenue growth over the long run.

Selectively expand our business into other key economic cities with high growth potential

While we expect to benefit from the continued economic expansion in Shanghai, Tianjin and Beijing, we also intend to increase our focus on other key economic cities in China with a view to capturing the economic growth in these cities and to geographically broaden our revenue base. In this regard, we intend to use part of the net proceeds from the Global Offering for potential new project acquisition and development in China and we will also fund our future expansion plans with bank borrowings and pre-sales proceeds of properties. With our successful experience in Shanghai, Tianjin and Beijing, our in-depth local knowledge and strong market reputation, we believe we can identify potential development opportunities in a timely manner to replicate our success as we expand into other key economic cities in China and take advantage of their expected high economic growth.

A key part of our expansion strategy is to build a successful business model in regional hubs including Shanghai, Tianjin and Beijing and then expand into other key economic cities in these regions. Our success in Shanghai, for example, has led to our gradual expansion to the cities in the Yangtze River Delta area including Wuxi, Nantong, Suzhou and Hefei. Based on our current plans, we intend to use part of the net proceeds from the Global Offering to fund the Bashang Jie project in Hefei, which, upon completion, will be a large-scale commercial complex including serviced apartments and retail and office developments. Our well-established position in Tianjin and Beijing has also presented opportunities for us to venture into the property markets in the neighboring cities in the Pan-Bohai Rim area.

Increase our focus on integrated and high quality property developments in prime locations to promote our "Glorious Property" brand

Our long-term strategy is to focus on developing high quality up-market products in prime locations and position our "Glorious Property" brand as a premier brand across the PRC. We have already accumulated and will continue to replenish our premium land bank which is suitable for up-market project development.

Two of our project developments in Shanghai, Shanghai Park Avenue (皇家花園) and Chateau De Paris (陽光巴黎), have demonstrated our future market positioning as an integrated and high quality property developer targeting the upper segment of the market. Shanghai Park Avenue is located at the intersection of Yili Road (伊犁路) and Anshun Road (安順路) in Changning District (長寧區), adjacent to the Gubei Business District (古北商業區). Shanghai Park Avenue is also adjacent to Hongqiao Central Park (虹橋中心公園) and most of its apartments offer a full view of the green area of Hongqiao Central Park. Shanghai Park Avenue consists of five buildings with a total GFA of 102,482 sq.m. which are designed and managed by renowned designers and property management companies.

Another project in Shanghai, Chateau De Paris, is located in the commercial centre of Xuhui District (徐滙區). The project is a large-scale residential and retail development with a total planned GFA of approximately 129,381 sq.m. The project is located in the vicinity of a few recreation facilities such as Shanghai Municipal Library and Shanghai Stadium as well as renowned educational institutions such as Xuhui Middle School (徐滙中學) and Shanghai Jiao Tong University (上海交通大學). We believe Chateau De Paris is a benchmark for up-market residential projects in Xuhui District and an ideal home for middle to high-income households and individuals upon its completion.

We also intend to continue to promote our "Glorious Property" brand by engaging internationally renowned architects and expanding our experienced in-house designers team, creating innovative and distinctive products, using premium materials and fittings in the construction and furnishing of our properties, delivering top quality products to our customers and providing strong after-sales support. We have established the Huangpu Customers Club (皇蒲薈客戶俱樂部) to provide quality after-sales services to our customers and enhance the nationwide recognition of our brand. We are confident that we will be able to develop "Glorious Property" into a brand name synonymous with excellence, quality, nobility and trust in the property industry in China.

Diversify income streams through the holding of investment properties

We intend to gradually expand into the hotel, retail and office property sectors in China to diversify and to enhance the stability of our revenue streams. We aim to achieve a diversified earnings base balanced between development activities, which generate profits from selling completed development projects, and investment activities, which generate recurring rental income through our retention of office, retail and hotel assets for long-term investment purposes. With our increasing exposure to the commercial property sector, we expect that our revenues from rental income will increase in the next three years.

Given the increasing importance of the service industry in China's economy and growing institutional focus on commercial properties investment in China, we believe that market demand for high quality commercial properties in China will continue to rise. Commercial property is also less affected by the central government's austerity measures and therefore faces less policy risks. As such, we intend to gradually increase our exposure to commercial properties by retaining part of our commercial property developments in prime locations for long-term investment purposes. Examples of our commercial property development project include the Shanghai Bay, a mixed use development comprising residential, retail, office and hotel facilities.

As part of our integrated and diversified business model, we are also in the process of developing, and plan to develop, several high quality hotels. We have entered into long-term management agreements with Key International Hotels Management Co., Ltd, a joint venture partially owned by Kempinski Hotels S.A. of Europe, and with Holiday Inns (China) Limited, a subsidiary of InterContinental Hotels Group for the management and operations of the hotels in Shanghai Bay and No. 1 City Promotion. We believe that the management of our hotels by such internationally renowned hotel management companies can enhance the profile and prospect of our hotel properties.

Continue to apply our strategic vision and explore various ways to replenish and secure our future land bank

In light of a possible decrease in land supply due to increasing government control, our management team will continue applying our strategic vision to explore different ways to replenish and secure our future land bank. We adopt a strategy of gradual and prudent land bank expansion, taking into account our financial capacity before making new acquisitions. In addition to acquiring land through entering into land grant contracts with the PRC Government, we will continue to leverage our proven expertise to acquire project companies that have access to suitable sites. We will also continue to collaborate with various local governments in urban redevelopment, as this will give us an opportunity to be involved in the early stages of development plans, help us gain insights into the relevant land and place us in a competitive position to bid for the cleared land. We base our land acquisition decisions on thorough research and analysis of a project's expected return in the context of forecasted future property and economic trends in the relevant city.

OUR BUSINESS

Overview of Our Projects

As at 31 July 2009, we had 19 projects in various stages of development. Our properties are located in Shanghai, Tianjin, Beijing, Wuxi, Suzhou, Nantong, Hefei, Shenyang and Harbin and can be broadly classified as follows:

- Completed properties held for sale or investment, which comprise property projects we had completed but had not disposed of as of 31 July 2009, with the certificates of completion issued by the relevant government authorities;
- Properties under development, which comprise property projects with respect to which we had received land use rights certificates and construction permits or approval letters for early construction but had not, as of 31 July 2009, obtained the certificates of completion;
- Properties held for future development, which comprise property projects with respect to which we had obtained the land use rights certificates but had not, as of 31 July 2009, obtained the requisite construction permits or approval letters for early construction;
- Properties contracted to be acquired, which comprise property projects with respect to which we had signed the relevant land grant contracts with the relevant PRC land administrative authorities or had successfully tendered for the relevant project but had not, as of 31 July 2009, obtained the land use right certificates; and
- Projects to be acquired for future development, which comprise property projects with respect to which we had signed master agreements with the local government authorities, but had not, as of 31 July 2009, completed the public tender, auction or listing for bidding process, had not entered into a land grant contract and had not obtained the land use rights certificates.

We have entered into a series of master agreements with the local governments pursuant to which we are able to obtain the right to be involved in the local government's urban re-development or zoning process at early stages. Depending on the particular circumstances, we may be required to pay certain fees pursuant to the relevant master agreements such as land compensation fees and relocation fees, which fees will be deducted from the land premium to be paid by us if subsequently we successfully tender for this land and sign a land grant contract. Through such process, we are able to gain insights into the details of the particular land parcels and development plans of the relevant government authorities in the relevant districts, which increases our chances of successfully obtaining the relevant land in the subsequent public tender and auction processes. After signing the master agreements, we are still required under the relevant PRC laws and regulations to go through the public tender, auction or listing for bidding process and, if we are successful in the public tender, enter into a land grant contract and pay the relevant land premiums in full before we are eligible to apply for the land use rights certificates. As such, there is no assurance that we will be successful in securing the land grant contracts and/or obtaining the relevant land use rights certificates in respect of projects falling within the category of "properties to be acquired for future development". In the event that we are not successful in the public tender and auction process in respect of such projects, we will not be able to engage in the development of such projects and will not have access to any of the associated GFA for development or sale.

As of 31 July 2009, our land bank comprises a total completed GFA of 458,450 sq.m., a total GFA under development of 1,607,556 sq.m., a total planned GFA of 2,588,489 sq.m. held for future development, a total planned GFA of 2,891,714 sq.m. contracted to be acquired, and a total planned GFA of 6,051,874 sq.m. to be acquired for future development. The total planned GFA of 6,051,874 sq.m. to be acquired for future development is attributed to our future projects in respect of which we have only entered into master agreements but had not yet, as at the Latest Practicable Date, completed the public tender auction or listing for bidding process, entered into relevant land grant contracts or obtained the relevant land use right certificates. Details of these projects are separately set out in the section paragraph headed "— Projects to be acquired for future development".

The following table sets forth details of our projects as of 31 July 2009 in accordance with the classification above (other than properties to be acquired for future development).

Project name	Location	Total GFA (sq.m.)	GFA sold and delivered as of 31 July 2009 (sq.m.) [1]	Land bank: GFA pre-sold and undelivered as of 31 July 2009 (sq.m.) [2]	Land bank: Total saleable/ leasable unsold GFA (sq.m.): Residential	Retail [3]	Office	Hotel	Others [4] (sq.m.)	Construction[7] commencement/ Expected date of construction commencement	Construction completion/ Expected completion time	Pre-sales commencement day	Interest attributable to us (%)	Reference to valuation report (Property number)
Completed projects held for sale/investment														
Shanghai Park Avenue 皇家花園	Shanghai	102,482	65,781	10,998	481	1,541	—	—	23,681	April 2003	April 2007	November 2006	100%	1
Chateau De Paris (Phase I) 陽光巴黎 (第一期)	Shanghai	30,891	25,447	—	635	321	—	—	4,488	April 2002	April 2004	January 2003	100%	2
Chateau De Paris (Phase II) 陽光巴黎 (第二期)	Shanghai	98,490	48,113	4,793	921	17,148	—	—	27,514	November 2004	August 2008	February 2007	100%	2,18
Sunshine Venice (Phase I, II & IIIA) [5] 陽光威尼斯 (第一期，二期和三期A)	Shanghai	792,475	664,802	131	—	33,793	—	—	93,749	November 2002	September 2006	January 2003	100%	3,16
Sunshine Venice (Phase IIIB) [8] 陽光威尼斯 (第三期B)	Shanghai	219,637	149,693	35,053	7,758	8,058	—	—	19,075	April 2005	August 2009	November 2006	100%	3,16
Sunglow Xinjing 陽光新景	Shanghai	2,076	—	—	—	2,076	—	—	—	N/A	December 2001	N/A	100%	20
No.1 City Promotion (Phase I) 第一國際 (第一期)	Wuxi, Jiangsu	192,445	159,047	—	3,375	—	—	—	30,023	June 2005	October 2007	November 2005	100%	4
Classical Life (Phase I) 海上一品(第一期)	Suzhou, Jiangsu	34,224	22,686	1,370	8,269	1,627	—	—	272	June 2006	June 2008	January 2007	100%	6
Classical Life (Phase II) 海上一品 (第二期)	Suzhou, Jiangsu	37,330	29,178	—	—	—	—	—	8,152	December 2007	December 2008	January 2008	100%	6
Sunny Town (Phase I) 陽光尚城 (第一期)	Shenyang, Liaoning	137,754	112,260	282	759	4,430	—	—	20,023	July 2006	Jun 07 & Aug 08	August 2006	100%	7
Sunny Town (Phase II) [6] 陽光尚城 (第二期)	Shenyang, Liaoning	74,087	36,329	5,418	8,765	12,925	—	—	10,649	March 2008	Nov 08 & Dec 10	April 2008	100%	7,29
Sunshine Holiday (Phase I) 陽光星期八 (第一期)	Tianjin	85,998	77,270	147	—	6,091	—	—	2,490	January 2005	August 2006	April 2005	100%	5
Sunshine Holiday (Phase II) 陽光星期八 (第二期)	Tianjin	200,630	159,464	171	998	6,113	—	—	33,883	August 2005	September 2008	February 2006	100%	5
Sub-total		**2,008,520**	**1,550,070**	**58,362**	**31,962**	**94,124**	**—**	**—**	**274,001**					

Project name	Location	Total GFA (sq.m.)	GFA sold and delivered as of 31 July 2009 (sq.m.) (1)	Land bank: GFA pre-sold and undelivered as of 31 July 2009 (sq.m.) (2)	Total saleable/ leasable unsold GFA (sq.m.): Residential	Retail (3)	Office	Hotel	Others (4) (sq.m.)	Construction(7) commencement/ Expected date of construction commencement	Construction completion/ Expected completion time	Pre-sales commencement day	Interest attributable to us (%)	Reference to valuation report (Property number)
Projects under development														
Shanghai Bay (Phase I) 尚海灣 (第一期)	Shanghai	220,666	—	111,587	76,685	5,658	—	—	26,737	May 2006	Nov 09 & Dec 10	September 2007	100%	8
Shanghai Bay (Phase IIA) 尚海灣 (第二A期)	Shanghai	59,910	—	—	46,801	2,356	—	—	10,753	August 2006	March 2011	N/A	100%	8
Shanghai Bay (Phase III) - Binjiang Centre (South block) 尚海灣(第三期)：濱江中心 (南樓)	Shanghai	123,653	—	—	—	—	—	89,700	33,953	September 2006	May 2011	N/A	100%	8
Shanghai Bay (Phase III) - Binjiang Centre (North block) 尚海灣(第三期)：濱江中心 (北樓)	Shanghai	114,611	—	—	—	2,954	20,493	52,412	38,752	September 2006	December 2011	N/A	100%	19
Sunshine Venice (Phase IIIC) 陽光威尼斯 (第三C期)	Shanghai	58,658	—	—	—	58,658	—	—	—	January 2008	September 2009	N/A	100%	17
No.1 City Promotion (Phase II) 第一國際 (第二期)	Wuxi, Jiangsu	218,032	—	104,206	75,226	85	—	—	38,515	January 2007	November 2009	February 2008	100%	12
Hefei Villa Glorious (Phase I) 合肥恒盛•豪庭 (第一期)	Hefei, Anhui	100,944	—	—	96,629	—	—	—	4,315	March 2009	October 2011	N/A	100%	14
Royal Mansion (Phase I) 歐洲公館 (第一期)	Beijing	67,500	—	—	46,462	3,393	—	—	17,645	March 2008	Dec 10 & Jun 11	N/A	100%	11
Sunshine Bordeaux (Phase IA) 陽光波爾多 (第一A期)	Beijing	136,902	—	62,366	31,306	16,461	—	—	26,768	March 2008	November 2009	June 2008	100%	10
Sunshine Holiday (Phase III) 陽光星期八 (第三期)	Tianjin	187,335	—	77,199	78,668	1,617	—	—	29,851	September 2007	Oct 09 & Jun 10	January 2008	100%	9
Sunny Town (Phase III) 陽光尚城 (第三期)	Shenyang, Liaoning	165,935	—	26,692	100,624	17,478	—	—	21,140	April 2008	May 10 & Dec 11	June 2009	100%	13
Harbin Villa Glorious (Phase I) 哈爾濱恒盛•豪庭 (第一期)	Harbin, Heilongjiang	153,411	—	—	111,486	9,497	—	—	32,428	July 2009	December 2010	N/A	100%	15
Sub-total		**1,607,556**	**—**	**382,051**	**663,886**	**118,156**	**20,493**	**142,112**	**280,858**					

Project name	Location	Total GFA (sq.m.)	GFA sold and delivered as of 31 July 2009 (sq.m.) (1)	Land bank: GFA pre-sold and undelivered as of 31 July 2009 (sq.m.) (2)	Land bank: Total saleable/ leasable unsold GFA (sq.m.): Residential	Retail (3)	Office	Hotel	Others (4) (sq.m.)	Construction(7) commencement/ Expected date of construction commencement	Construction completion/ Expected completion time	Pre-sales commencement day	Interest attributable to us (%)	Reference to valuation report (Property number)
Projects held for future development														
Sunshine Venice (Phase IV) 陽光威尼斯 (第四期)	Shanghai	68,066	—	—	37,700	—	—	—	30,366	August 2011	December 2013	N/A	100%	21
Shanghai Bay (Phase IIB) 尚海灣 (第二B期)	Shanghai	374,067	—	—	198,850	90,430	—	—	84,786	January 2010	Dec 12 & Jun 14	N/A	100%	8
Royal Lakefront (Phase IA) 湖畔豪庭 (第一A期)	Shanghai	58,119	—	—	45,899	8,154	—	—	4,066	September 2009	November 2010	N/A	100%	30
Royal Lakefront (Phase IB) 湖畔豪庭 (第一B期)	Shanghai	173,044	—	—	86,835	53,293	—	—	32,915	Mar 10 & Mar 11	Dec 11 & Dec 12	N/A	100%	30
Royal Mansion (Phase II) 歐洲公館 (第二期)	Beijing	62,592	—	—	31,589	7,233	—	—	23,770	March 2010	Sep & Dec 11	N/A	100%	11
Sunshine Bordeaux (Phase IB) 陽光波爾多 (第一B期)	Beijing	102,021	—	—	63,993	16,634	—	—	21,394	September 2009	Jun & Oct 11	N/A	100%	10
Dagang Project (Phase I, II &III) 大港項目 (第一期、二期和三期)	Tianjin	242,850	—	—	205,058	—	—	—	37,793	May 2010	December 2013	N/A	100%	22
Dagang Project (Phase IV) 大港項目 (第四期)	Tianjin	78,600	—	—	—	29,070	9,500	23,750	16,280	June 2012	September 2013	N/A	100%	22
No.1 City Promotion (Phase III) 第一國際 (第三期)	Wuxi, Jiangsu	216,506	—	—	110,553	37,699	—	—	68,254	March 2010	December 2012	N/A	100%	23
No.1 City Promotion (Phase IV) 第一國際 (第四期)	Wuxi, Jiangsu	102,718	—	—	29,940	31,559	—	27,545	13,674	May 2012	Jun & Dec 14	N/A	100%	24
Nantong Rongsheng Plaza 南通熔盛大廈	Nantong, Jiangsu	283,597	—	—	—	48,098	97,112	64,504	73,883	March 2012	December 2015	N/A	100%	25
Rongsheng Garden (Phase IB) 熔盛花園 (第一B期)	Nantong, Jiangsu	131,250	—	—	125,000	—	—	—	6,250	November 2010	December 2011	N/A	100%	26
Hefei Villa Glorious (Phase II) 合肥恒盛•豪庭 (第二期)	Hefei, Anhui	138,463	—	—	86,208	—	—	—	52,255	June 2010	December 2012	N/A	100%	27
Hefei Villa Glorious (Phase III) 合肥恒盛•豪庭 (第三期)	Hefei, Anhui	138,463	—	—	86,208	—	—	—	52,255	March 2011	December 2013	N/A	100%	27
Hefei Villa Glorious (Phase IV) 合肥恒盛•豪庭 (第四期)	Hefei, Anhui	10,746	—	—	—	10,746	—	—	—	June 2012	December 2014	N/A	100%	27
Harbin Villa Glorious (Phase II) 哈爾濱恒盛•豪庭 (第二期)	Harbin, Heilongjiang	271,593	—	—	220,866	—	—	—	50,727	April 2010	December 2011	N/A	100%	28
Harbin Villa Glorious (Phase III) 哈爾濱恒盛•豪庭 (第三期)	Harbin, Heilongjiang	135,796	—	—	100,551	—	—	—	35,245	April 2012	December 2013	N/A	100%	28
Sub-total		**2,588,489**	**—**	**—**	**1,429,250**	**332,916**	**106,612**	**115,799**	**603,912**					

Project name	Location	Total GFA (sq.m.)	GFA sold and delivered as of 31 July 2009 (sq.m.) (1)	Land bank: GFA pre-sold and undelivered as of 31 July 2009 (sq.m.) (2)	Total saleable/ leasable unsold GFA (sq.m.): Residential	Retail (3)	Office	Hotel	Others (4) (sq.m.)	Construction(7) commencement/ Expected date of construction commencement	Construction completion/ Expected completion time	Pre-sales commencement day	Interest attributable to us (%)	Reference to valuation report (Property number)
Projects contracted to be acquired														
Baoshan Gaojing (Phase I) 寶山高境 (第一期)	Shanghai	498,709	—	—	394,764	13,149	—	—	90,796	Mar 10 & Mar 11 & May 12	Dec 11 & Dec 12 & Dec 15	N/A	100%	31
Royal Lakefront (Phase II) 湖畔豪庭 (第二期)	Shanghai	300,894	—	—	173,684	63,500	—	—	63,710	October 2010	Sep 12 & Dec 13	N/A	100%	32
Rongsheng Garden (Phase IA) 熔盛花園(第一A期)	Nantong, Jiangsu	343,254	—	—	297,173	31,900	—	—	14,181	March 2010	Oct 11 & Dec 11	N/A	100%	37
Sunshine Holiday (Phase IV) 陽光星期八 (第四期)	Tianjin	124,170	—	—	43,353	16,530	1,710	43,353	19,224	Mar 10 & Mar 12	Dec 11 & Dec 13 & Oct 14	N/A	100%	33
Bashang Jie 壩上街	Hefei, Anhui	1,263,730	—	—	406,922	260,283	235,657	95,907	264,961	March 2011	Dec 13 & Aug 14 & Dec 15	N/A	100%	36
Sunny Town (Phase IV) 陽光尚城 (第四期)	Shenyang, Liaoning	360,957	—	—	283,957	23,000	—	—	54,000	March 2010	December 2012	N/A	100%	38
Sub-total		**2,891,714**	**—**	**—**	**1,599,853**	**408,362**	**237,367**	**139,261**	**506,871**					
Total		**9,096,279**	**1,550,070**	**440,413**	**3,724,952**	**953,559**	**364,472**	**397,172**	**1,665,642**					

(1) The 25,447 sq.m. of GFA sold and delivered in Chateau De Paris Phase I included 4,778 sq.m. of retail; The 112,260 sq.m. of GFA sold and delivered in Sunny Town Phase I included 7,501 sq.m. of retail and 2,320 sq.m. of carparks; The 65,781 sq.m. of GFA sold and delivered in Shanghai Park Avenue included 4,076 sq.m. of carparks; The 159,047 sq.m. of GFA sold and delivered in No.1 City Promotion (Phase I) included 656 sq.m. of carparks.

(2) The 10,998 sq.m. of GFA pre-sold and undelivered in Shanghai Park avenue included 823 sq.m. of retail.

(3) Includes saleable/leasable clubhouses.

(4) Includes saleable/leasable carparks, convention centre and non-saleable/ non-leasable GFA.

(5) The 664,802 sq.m. GFA sold and delivered in Sunshine Venice included those sold and delivered before the Track Record Period.

(6) The 12,925 sq.m. retail component of Sunny Town (Phase II) had not commenced construction as of 31 July 2009.

(7) For the projects under construction and completed projects held for sale/investment, the Directors confirmed that the construction commencement date had complied with the relevant Construction Work Commencement Permit (建築工程施工許可證). As at the Latest Practicable Date, our PRC legal adviser, Commerce and Finance Law Offices, confirmed that they had not found any land owned by the Company that is subject to the possibility of forfeiture or penalties due to the delay of construction.

(8) Sunshine Venice IIIB includes a few blocks and its revenue began to be recognised upon the delivery of the first block. Therefore although the construction of all blocks of Sunshine Venice Phase IIIB will be completed by August 2009, the Company had been able to deliver the completed blocks and recognise revenue as of 31 July 2009.

In general, land use rights in China are granted for a term of 70 years for residential properties, 40 years for commercial properties and 50 years for comprehensive use properties. The relevant authorities will not issue a formal land use rights certificate in respect of a parcel of land until the construction land use approval and the land planning permit have been obtained by the developer, and the land premium has been paid in full and the resettlement process completed. As a result, according to the pace of development, the land for a property development may be divided into one or more parcels for which multiple land use rights certificates are granted at different stages of development.

The site area information for an entire project is based on either the relevant land use rights certificates, land grant contracts or tender documents, depending on which document is available. The total GFA of a project includes saleable and non-saleable GFA. "Saleable GFA" represents the GFA of a property which we intend to sell and which does not exceed the multiple of the site area and the maximum permissible plot ratio as specified in the relevant land grant contracts or other approval documents from the local governments relating to the project. "Non-saleable GFA" represents the GFA of a property that is not for sale and largely includes ancillary facilities.

The figures for completed GFA that appear in this prospectus are based on figures provided in the relevant government documents. The following information that appears in this prospectus is based on our internal records and estimates: (a) figures for GFA of projects under development, GFA of projects for future development, GFA of projects contracted to be acquired, GFA of projects to be acquired for future development, GFA sold, GFA pre-sold, saleable/leasable GFA, non-saleable/non-leasable GFA and (b) information regarding total development cost (mainly including land cost, construction costs and capitalised finance costs), outstanding cost for each project, planned construction period and average selling price. The information setting out the construction period for the completed blocks or phases of our projects in this prospectus is based on relevant government documents or our own internal records.

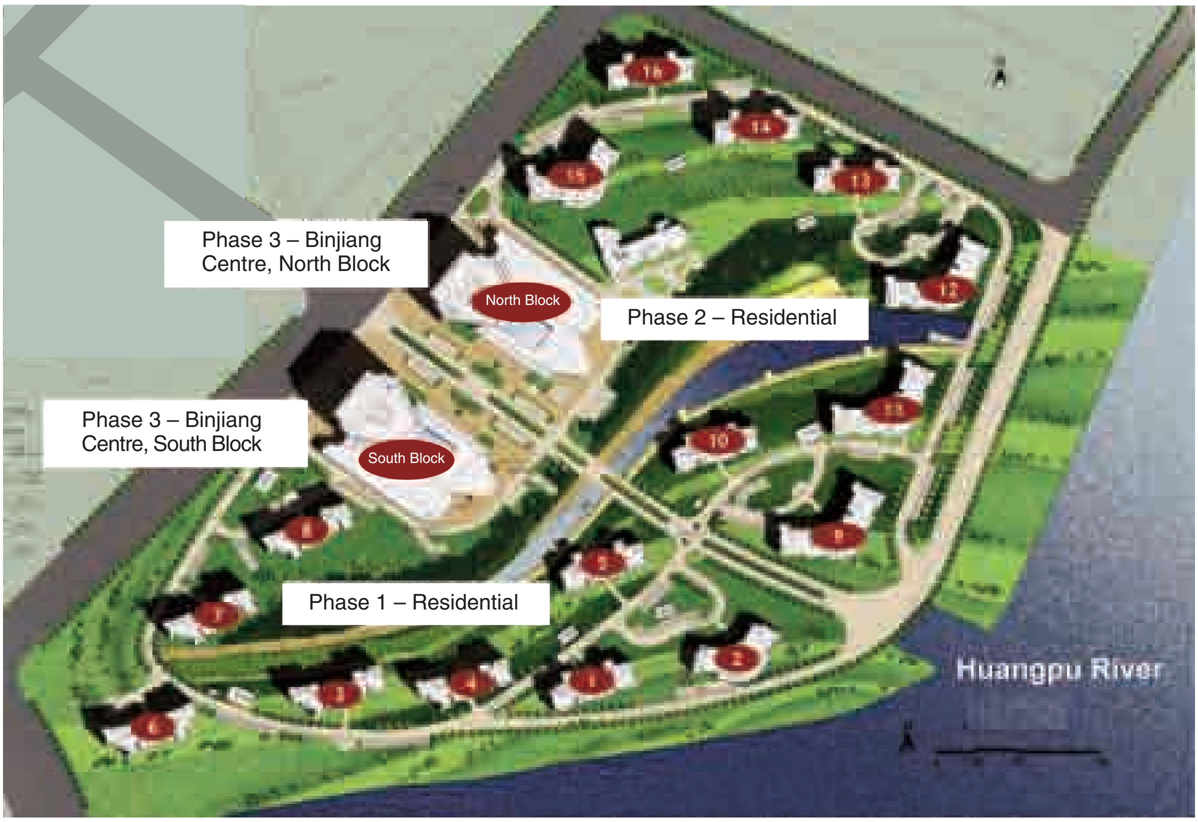
Properties are sold when the purchase contract with a customer has been executed and the property has been delivered to the customer. Properties are pre-sold when the purchase contract has been executed but the property has not yet been delivered to the customer. For the purpose of this section, average selling price in respect of each project, or, where applicable, each phase of a project, is derived by dividing total proceeds received from pre-sale and/or sale as of 31 July 2009 by the total GFA pre-sold and/or sold as of 31 July 2009. The average selling prices in this section therefore may differ from the recognised average selling prices disclosed in the section headed "Financial Information" in two aspects: (i) each average selling price disclosed below corresponds to the pre-sale and sale life of the relevant project (or of the relevant phase of a project) up to and as at 31 July 2009, whereas each recognised average selling price disclosed in the section headed "Financial Information" only corresponds to the relevant financial year during the Track Record Period; and (ii) the calculation of each average selling price disclosed below takes into account the proceeds from pre-sale before they have been recognised as revenue, as well as pre-sold GFA before they have been delivered, whereas each average selling price disclosed in the section headed "Financial Information" is calculated based on the recognised revenue and total GFA delivered within the relevant financial year. Please refer to "Financial Information — Selected Income Statement Items — Revenue" for the recognised average selling prices calculated based on recognised revenue for each of the three financial years ended 31 December 2008 and the four months ended 30 April 2009."

We include in this prospectus the project names, which we have used, or intend to use, to market our properties. Some of the names for our property developments are pending approval by the relevant government authorities and may be subject to change.

OUR PROPERTY DEVELOPMENT PROJECTS

Shanghai

Shanghai Bay (尚海灣)



Shanghai Bay — Phases I, II and III (Binjiang Center) are located on Wan Ping South Road (宛平南路), Xuhui District (徐滙區) along the west side of the Huangpu River (黃浦江), overlooking the Shanghai World Expo Site. The project is one of the largest integrated developments on the Huangpu River. The subway leading to the Shanghai World Expo venue which is under construction also runs through this project and is expected to be completed by the end of 2009. The project is adjacent to the Longhua Tourist City (龍華旅遊城).

The project occupies an aggregate site area of approximately 178,734 sq.m. and has a total planned GFA of approximately 892,907 sq.m., including 107,477 sq.m. of properties subject to the Shanghai Bay Arrangement (described below). Upon completion, Phases I and II of the project are expected to include 16 residential buildings with a total saleable GFA of approximately 433,923 sq.m. and retail facilities with a total leasable GFA of approximately 98,444 sq.m. The retail facilities of Phase IIB, which include a shopping mall, will have a total leasable GFA of approximately 90,430 sq.m..

Upon completion, Phase III of Shanghai Bay, Binjiang Center (濱江中心), is expected to include two buildings, namely, the North Block and the South Block. The North Block of the Binjiang Center is expected to include a high quality hotel with 290 guest rooms and a total leasable GFA of approximately 52,412 sq.m., a total leasable GFA of approximately 20,493 sq.m. for office use and a total leaseable GFA of 2,954 sq.m. for retail use. The South Block of the Binjiang Center will be a high quality hotel with 660 guest rooms with a total leaseable GFA of 89,700 sq.m.. This hotel will become the first hotel in Puxi Shanghai that is able to use the brand name Kempinski. The total development costs incurred in respect of this hotel as of 30 June 2009 were approximately RMB419 million and the outstanding costs required to complete the development were estimated to be approximately RMB1,004 million. We have entered into a hotel management agreement with Key International Hotels Management Co., Ltd for management of the hotel's daily operations. Key International Hotels Management Co., Ltd is a joint venture between Beijing Tourism Group and Kempinski Hotels S.A, which intends to deliver professional hotel management to the China tourism industry by developing and operating high quality Kempinski hotels in China. Pursuant to the hotel management agreement, the hotel management company will be responsible for managing the daily operation of the hotel, including formulating operational and strategic plans for the hotel's business. The management fees to be paid to the hotel management company will be calculated based on a percentage of the hotel's revenues plus certain incentive fees. These payment arrangements with the hotel management company are in line with industry practice and are designed to align the hotel management company's interests with ours. The hotel management company is also responsible for recruiting and training the hotel staff.

The project is located close to the Fenglin Biomedical Center (楓林生命科學園區), the third integrated business area after the Hongqiao Economic Development Zone (虹橋經濟技術開發區) and Lujiazui Central Financial District (陸家嘴中央商務區) in Shanghai. The project will also have a number of themed gardens and its green coverage ratio within the residential community is expected to exceed 40%. Upon completion, most of the residential apartments of Shanghai Bay will enjoy the scenic view of the Huangpu River. The residents in Shanghai Bay will be provided with easy access to a wide range of amenities including clubhouses, a kindergarten and other retail and leisure facilities.

As of 31 July 2009, we were still in the process of developing Phase I, IIA and III (Binjiang Center) of Shanghai Bay. Details of Phase I of Shanghai Bay as of 31 July 2009 were as follows:

Phase I [(1)]	**Residential**	**Retail**
Planned Construction period	May 2006 — November 2009/ December 2010	May 2006 — November 2009/ December 2010
Total saleable/leasable GFA (sq.m.)	188,272	5,658
GFA sold/pre-sold (sq.m.)	111,587	N/A
Average selling price per sq.m. (RMB)	30,869	N/A

Note:

(1) Phase I of Shanghai Bay will include 586 saleable/leasable carpark spaces upon completion.

Details of Phase IIA of Shanghai Bay as of 31 July 2009 were as follows:

Phase IIA [(1)]	**Residential**	**Retail**
Planned construction period	August 2006 — March 2011	August 2006 — March 2011
Total saleable/leasable GFA (sq.m.)	46,801	2,356

Note:

(1) Phase IIA of Shanghai Bay will include 204 saleable/leasable carpark spaces upon completion.

Details of Phase III (Binjiang Center) of Shanghai Bay as of 31 July 2009 were as follows:

Phase III (North block)[(1)]	**Office**	**Hotel**	**Retail**
Planned construction period	September 2006 — December 2011	September 2006 — December 2011	September 2006 — December 2011
Total saleable/leasable GFA (sq.m.)	20,493	52,412	2,954

Note:

(1) Phase III (North block) of Shanghai Bay will include 362 saleable/leasable carpark spaces upon completion.

Phase III (South block)(1)	Hotel
Planned construction period	September 2006 — May 2011
Total saleable/leasable GFA (sq.m.)	89,700

Note:

(1) Phase III (South block) of Shanghai Bay will include 307 saleable/leasable carpark spaces upon completion.

As of 31 July 2009, we had not commenced the construction of Phase IIB of Shanghai Bay. Details of Phase IIB of Shanghai Bay as of 31 July 2009 were as follows:

Phase IIB (1)	Residential	Retail
Planned construction period	January 2010 — December 2012	January 2010 — June 2014
Total saleable/leasable GFA (sq.m.)	198,850	90,430

Note:

(1) Phase IIB of Shanghai Bay will include 1,458 saleable/leasable carpark spaces upon completion.

Based on our estimates, the total development cost incurred in respect of Shanghai Bay as of 30 June 2009 was approximately RMB2,727 million, including RMB549 million of land cost. The outstanding cost required to complete the development as of 30 June 2009 was estimated to be approximately RMB8,006 million. The project is expected to be financed by bank borrowings and proceeds from pre-sales of properties.

We entered into the land grant contracts with the local government in respect of Shanghai Bay in August 2004 and December 2004. As of 31 July 2009, all relevant land use rights certificates had been obtained and the land premium had been fully paid for all phases of Shanghai Bay.

We are developing this project through our wholly-owned subsidiary Shanghai Xintai (上海鑫泰房地產發展有限公司). A total capital value of RMB18,090 million was attributable to Shanghai Bay as of 31 July 2009 in the property valuation report as set out in Appendix IV, all of which was attributable to our interest in the project.

As of 31 July 2009, Shanghai Bay had received the following awards and recognition:

- Award for Most Influential Property with Leading Quality in China in 2008 (Shanghai) (2008 中國(上海)地產最具影響力領袖氣質樓盤獎), awarded by Jiefang Daily, Xin Min Evening News and Shanghai Morning Posts;

- The Fifth China Real Estate Internet Popularity Ranking - Shanghai Real Estate Model Property (第五屆中國房地產網絡人氣榜上海房地產標杆樓盤), awarded by www.Soufun.com;

Shanghai Bay Arrangements with the Shanghai Industrial Group

In August 2009, pursuant to a series of related agreements (the "Shanghai Bay Arrangements"), we transferred our legal ownership interests in Block No. 2 and 8 of Shanghai Bay, with a total GFA of 56,305 sq. m., to an indirect wholly-owned subsidiary of Shanghai Industrial Holdings Limited, a company listed on the Stock Exchange (together with its subsidiaries, "Shanghai Industrial Group"). In return, we received a payment of approximately US$190.2 million (equivalent to RMB 1.3 billion) which we used to partially redeem the Original Notes.

We will receive a second payment in an amount equal to the US$ equivalent of RMB0.7 billion when we transfer our legal interests in additional Blocks Nos. 9 and 10 of Shanghai Bay with a total GFA of 51,171 sq. m. to Shanghai Industrial Group. We intend to use approximately US$28 million of such funds to repay the amount outstanding under the bridge loan, the details of which are set out in "History, Reorganisation and Group Structure — Pre-IPO Financing". We will deposit the balance of approximately US$74 million into an account of Bright New that has been pledged as collateral for the Pre-IPO Financing and may only be used for operating expenses and permitted uses until such financing is repaid.

Under the Shanghai Bay Arrangements, we have the right and obligation to reacquire the Projects and Shanghai Industrial Group has the right and obligation to resell such Projects to us on 1 December 2011. Assuming we have transferred Block Nos. 9 and 10, the consideration for the reacquisition of all of the transferred blocks of the Projects will be RMB2 billion. If the transfer of Block Nos. 9 and 10 does not take place, the consideration for the reacquisition of Block Nos. 2 and 8 will be RMB1.3 billion. As part of such arrangements, we have also agreed to ensure that Shanghai Industrial Group receives a "shareholder return" (net of tax) for each of the three years ending 31 December 2011 equalling to 18% per annum of the consideration paid by Shanghai Industrial Group.

The commercial intention for entering into the Shanghai Bay Arrangements was to enable us to obtain financing from, and grant collateral for such financing to, Shanghai Industrial Group. As such, following the transfer of the Projects and prior to 31 December 2011, unless a non-performing event occurs, we still will retain the right to manage and control the construction, pre-sale, sale, and development of the Projects transferred and manage the daily operations of Shanghai Penghui, the entity that will have legal ownership of the Projects during such period. As part of the Shanghai Bay Arrangements, we have also agreed to provide additional security to Shanghai Industrial Group in the form of a pledge of Block No. 6 of Shanghai Bay (once Block No. 6's development status meets the required standard to be pledged). Such pledge will be released at the time that we repurchase the transferred Projects or when the amount of pre-sale proceeds from Block No. 6 received by Shanghai Penghui reaches RMB350 million (whichever is earlier). Assuming that we do not default in our obligations under the Shanghai Bay Arrangements, including our obligation to repurchase the Projects for RMB 2 billion and to ensure payment of the 18% shareholder return to Shanghai Industrial Group, Shanghai Industrial Group will have no further interest or entitlement in respect of the Projects once we repurchase the Projects.

Having made due and careful inquiries, the Directors are of the view that the Shanghai Bay Arrangements were entered into on normal commercial terms after arm's length negotiations with Shanghai Industrial Group and are in the interest of the Shareholders. In addition, from a commercial perspective, the Directors believe that the Shanghai Bay Arrangements are the first step to potential future business opportunities with the Shanghai Industrial Group, which, if they materialise, may bring commercial benefits to our Group. For further details of the terms of the Shanghai Bay Arrangements, including event of defaults, please refer to Appendix VIII headed "Shanghai Bay Arrangements".

As of 31 July 2009, we were still in the process of developing the Projects, which comprise block Nos. 2, 8, 9, 10 of Shanghai Bay and are subject to Shanghai Bay Arrangement. The Projects have a total planned GFA of approximately 107,477 sq.m. Details of the Projects as of 31 July 2009 were as follows:

	Block No.2	Block No.8	Block No.9	Block No.10	Total
Saleable GFA	25,626	28,737	24,169	24,987	103,520
Non-saleable GFA	1,011	932	1,156	858	3,957
Total GFA	26,637	29,668	25,326	25,846	107,477
Expected Completion Date of Construction	January 2010	January 2010	March 2011	March 2011	N/A
Expected Commencement Date of Pre-sale	January 2010	September 2009	January 2010	January 2010	N/A

As of 31 July 2009, we had not commenced the construction of Block No. 6 of Shanghai Bay. Block No. 6 of Shanghai Bay had a total planned GFA of approximately 29,763 sq.m., of which 28,766 sq.m. is saleable GFA. The expected completion date of construction for Block No. 6 is December 2012 and the expected commencement date of pre-sale for Block No. 6 is January 2012. Block 6 is part of Phase IIB of Shanghai Bay.

Shanghai Park Avenue (皇家花園)

Shanghai Park Avenue is located at the intersection of Yili Road (伊犁路) and Anshun Road (安順路) in Changning District (長寧區), adjacent to the Gubei business district (古北商業區). Yan'an Viaduct and Inner Ring Viaduct run through this area and a subway station within walking distance is under construction. Shanghai Park Avenue is adjacent to Hongqiao Central Park (虹橋中心公園) and some of its apartments offer a view of the Hongqiao Central Park. The Xijiao national guest villa community (西郊國賓別墅區) and the Gubei international residential community (古北國際生活區), are also in the vicinity. Residents of Shanghai Park Avenue can enjoy comprehensive amenities and living facilities in the surrounding area including Gubei Carrefour (古北家樂福), Yew Chung International School (耀中國際學校) and Hongqiao Parkson (虹橋百盛). Shanghai Park Avenue consists of five buildings built in neo-classical style designed by nationally renowned designers. One of the five blocks of Shanghai Park Avenue, namely, Block No. 8, is designated for serviced apartments. Although we have disposed of Block No. 8 of Shanghai Park Avenue, it will be managed by Key International Hotels Management Co., Ltd, a joint venture to which Kempinski Hotels S.A. of Europe is a party, with a view to further enhancing the overall quality and promoting the image of Shanghai Park Avenue.

As of 31 July 2009, we had completed the development of Shanghai Park Avenue. The completed properties occupied an aggregate site area of approximately 24,625 sq.m., and had a total GFA of approximately 102,482 sq.m. The total development cost incurred to complete the development was RMB773 million, including RMB310 million of land cost. Details of Shanghai Park Avenue as of 31 July 2009 were as follows:

Shanghai Park Avenue(1)	**Residential**	**Retail** [(2)]
Construction period	April 2003 — April 2007	April 2003 — April 2007
Total saleable/leasable GFA (sq.m.)	72,360	2,364
GFA sold/pre-sold (sq.m.)[(3)]	71,880	823
Average selling price per sq.m. (RMB)	25,496	25,000

Notes:

(1) Shanghai Park Avenue includes 353 saleable/leasable carpark spaces.

(2) This includes a clubhouse with a total leasable GFA of approximately 1,541 sq.m..

(3) Of the 76,779 sq.m. sold or pre-sold (including 4,076 sq.m. of carparks) approximately 65,781 sq.m. had been delivered and recognised as of 31 July 2009.

We entered into the land grant contract with the local government in respect of Shanghai Park Avenue in March 2002. As of 31 July 2009, we had obtained all relevant land use rights certificates and had fully paid the land premium for Shanghai Park Avenue.

Shanghai Park Avenue was developed by our wholly-owned subsidiary Shanghai Anshun (上海安順房地產發展有限公司). A total capital value of RMB428 million was attributable to Shanghai Park Avenue as of 31 July 2009 in the property valuation report in Appendix IV, all of which was attributable to our interest in the project.

Chateau De Paris (陽光巴黎)


Chateau De Paris — Phase I and Phase II is located at the intersection of Xietu Road (斜土路) and Dongan Road (東安路), Xuhui District (徐滙區). It is situated in the Xujiahui Business District (徐家滙商業區) and is adjacent to the Zhaojiabang Road (肇嘉浜路). The project is an integrated residential and retail development with an aggregate site area of approximately 31,703 sq.m. and has a total planned GFA of approximately 129,381 sq.m.. The residents of Chateau De Paris have easy access to a variety of amenities such as shopping malls, retail shops, banks and cinemas. The retail property in Phase II of Chateau De Paris is currently leased to Carrefour as a shopping centre. Chateau De Paris is also near several recreation facilities such as the Shanghai Municipal Library (上海市圖書館) and Shanghai Stadium (上海体育館) and renowned educational institutions such as Xuhui Middle School (徐滙中學) and Shanghai Jiao Tong University (上海交通大學). The residential area has a high green coverage ratio. We believe that Chateau De Paris is a benchmark for up-market residential projects in Xuhui District and an ideal home for high-income households and individuals.

As of 31 July 2009, we had completed the development of Phase I of Chateau De Paris, which had a total GFA of approximately 30,891 sq.m. Details of Phase I of Chateau De Paris as of 31 July 2009 were as follows:

Phase I [1]	Residential	Retail
Construction period	April 2002 — April 2004	April 2002 — April 2004
Total saleable/leasable GFA (sq.m.)	21,304	5,099
GFA sold (sq.m.)	20,669	4,778
Average selling price per sq.m.	16,871	35,000

Note:

(1) Phase I of Chateau De Paris includes 89 saleable/leasable carpark spaces.

As of 31 July 2009, we had completed the development of Phase II of Chateau De Paris, which had a total GFA of approximately 98,490 sq.m. Details of Phase II of Chateau De Paris as of 31 July 2009 were as follows:

Phase II[1]	Residential	Retail[2]
Construction period	November 2004 — August 2008	November 2004 — August 2008
Total saleable/leasable GFA (sq.m.)	53,828	17,148
GFA sold/pre-sold (sq.m.) [3]	52,906	N/A
Average selling price per sq.m.	23,382	N/A

Notes:

(1) Phase II of Chateau De Paris includes 342 saleable/leasable carpark spaces.

(2) This includes a clubhouse with a total leasable GFA of approximately 1,589 sq.m.

(3) Of the 52,906 sq.m. sold or pre-sold, approximately 48,113 sq.m. had been delivered and recognised as of 31 July 2009.

The total development cost incurred to complete the development of Chateau De Paris as of 30 June 2009 was RMB847 million, including RMB232 million of land cost.

As of 31 July 2009, we had obtained all relevant land use rights certificates and had fully paid the land premium for Phases I and II of Chateau De Paris.

We developed this project through our wholly-owned subsidiary Shanghai Haosen (上海豪森房地產有限公司). A total capital value of RMB565 million was attributable to Chateau De Paris as of 31 July 2009 in the property valuation report in Appendix IV, all of which was attributable to our interest in the project.

Sunshine Venice (陽光威尼斯)

Sunshine Venice — Phases I to IV is located on Taopu Road (桃浦路), Putuo District (普陀區). Phases I, II and III of Sunshine Venice are large-scale residential and retail community property developments and Phase IV is a serviced apartment development. The residential community of Sunshine Venice is adjacent to a large theme park on Jinding Road (金鼎路). The project occupies an aggregate site area of approximately 429,929 sq.m. and has a total planned GFA of approximately 1,138,836 sq.m.

As of 31 July 2009 we had completed the development of Phases I, II and IIIA of Sunshine Venice. The completed properties had a total GFA of approximately 792,475 sq.m.

Details of Phases I, II and IIIA of Sunshine Venice as of 31 July 2009 were as follows:

Phase I, II and IIIA (1)	**Residential**	**Retail**
Construction period	November 2002 — September 2006	November 2002 — September 2006
Total saleable/leasable GFA (sq.m.)	664,933	33,793
GFA sold/pre-sold (sq.m.)(2)	664,933	N/A
Average selling price per sq.m. (RMB)	6,836	N/A

Notes:

(1) Phases I, II and IIIA of Sunshine Venice include 1,240 saleable/leasable carpark spaces.

(2) Of the 664,933 sq.m. sold or pre-sold, approximately 664,802 sq.m. had been delivered and recognised as of 31 July 2009.

As of 31 July 2009, we were still in the process of developing Phase IIIB of Sunshine Venice. Details of Phase IIIB of Sunshine Venice as of 31 July 2009 were as follows:

Phase IIIB [1]	Residential	Retail [2]
Planned construction period	April 2005 — August 2009	April 2005 — August 2009
Total saleable/leasable GFA (sq.m.)	192,504	8,058
GFA sold/pre-sold (sq.m.)[3]	184,745	N/A
Average selling price per sq.m. (RMB)	12,693	N/A

Notes:

(1) *Phase IIIB of Sunshine Venice will include 240 saleable/leasable carpark spaces upon completion.*

(2) *This includes a clubhouse with a total leasable GFA of approximately 2,512 sq.m..*

(3) *Of this 184,745 sq.m. sold/pre-sold, approximately 149,693 sq.m. of residential GFA had been recognised as revenue as of 31 July 2009.*

As of 31 July 2009 we were still in the process of developing Phase IIIC of Sunshine Venice. Details of Phase IIIC of Sunshine Venice as of 31 July 2009 were as follows:

Phase IIIC	**Retail**
Planned construction period	January 2008 — September 2009
Total saleable/leasable GFA (sq.m.)	58,658

As of 31 July 2009, we had not commenced the construction of Phase IV of Sunshine Venice. Details of Phase IV of Sunshine Venice were as follows:

Phase IV(1)	**Residential**
Planned construction period	August 2011 — December 2013
Total saleable/leasable GFA (sq.m.)	37,700

Note:

(1) Phase IV of Sunshine Venice will include 322 saleable/leasable carpark spaces upon completion.

Based on our estimates, the total development cost incurred in respect of Sunshine Venice as of 30 June 2009 was approximately RMB3,738 million, including RMB623 million land cost, and the outstanding cost to complete the development was estimated to be approximately RMB586 million. The project is expected to be financed by bank borrowings and proceeds from pre-sales of properties.

We entered into the land grant contract with the local government in respect of Sunshine Venice in July 2001. We entered into the supplement contracts with the local government in respect of Sunshine Venice in November 2002, April 2003, December 2004, respectively. As of 31 July 2009, we had obtained all relevant land use rights certificates for Phases I to IV of Sunshine Venice and had fully paid the land premium.

Sunshine Venice is being developed by our wholly-owned subsidiary Shanghai Yijing (上海意景房地產開發公司). A total capital value of RMB1,970 million was attributable to Sunshine Venice as of 31 July 2009 in the property valuation report in Appendix IV, all of which was attributable to our interest in the project.

As of 31 July 2009, Sunshine Venice — Phases I to III received the following awards and recognition:

- Gold Award for the first China Environmental Design Contest (首屆中國優秀環境設計大賽綜合金獎), awarded by China Council for the Promotion of International Science and Peace (中國國防科學和平促進會) , China Association of Environmental Protection Industry (中國環境保護產業協會) and Jiefang Daily Press News Group in 2002;

- Ranked No. 2 in Commodity Housing Sales in Shanghai by Contracted Area in 2003 (2003年度上海市商品住宅銷售面積50強第二名), awarded by Shanghai Real Estate Trading Center;

- Ranked No. 5 in Commodity Housing Sales in Shanghai by Contracted Area in 2005 (2005年度上海市商品住宅銷售面積10強第五名), awarded by Shanghai Real Estate Trading Center;

- Charity Enterprises (慈善企業) and Charity Star (慈善之星), awarded by People's Government of Taopu Township, Putuo District, Shanghai in 2006;

- Gold Award for the second Property Suitable for Marriage Contest (第二屆實用婚房金獎樓盤) and Model Property for Young Marriage (青年置業婚房榜樣樓盤), awarded by China (International) Marriage Expo and China Youth Press Office in 2007; and

- Distinctive Villa of the Yangtze River Delta (長三角特色別墅), awarded by the 5th Internet Popularity Ranking of China Real Property in 2008 hosted by www.SouFun.com.

Baoshan Gaojing (寶山高境)

Baoshan Gaojing (寶山高境) — Phase I and II is located close to Shanghai Riverside New Town (江灣新城). It is also near Fudan University (復旦大學), Tongji University (同濟大學), and Shanghai Wujiaochang Hi-Tech Park (五角場創業園) in Yangpu District (楊浦區). Phase I of Baoshan Gaojing has a total site area of 206,377 sq.m. and a total planned GFA of 498,709 sq.m. Baoshan Gaojing enjoys convenient transportation facilities, in particular, two light rail lines are in its vicinity. We plan to develop Baoshan Gaojing into an integrated development comprising residential and commercial properties.

As of 31 July 2009, we had not commenced the construction of Phase I of Baoshan Gaojing.

Details of Phase I of Baoshan Gaojing as of 31 July 2009 were as follows:

Phase I(1)	Residential(2)	Retail
Planned construction period	March 2010 — December 2012	May 2012 — December 2015
Total saleable/leasable GFA (sq.m.)	394,764	13,149

(1) Phase I of Baoshan Gaojing will include 1,647 saleable/leasable carpark spaces upon completion.

(2) Phase IA is expected to commence construction in March 2010 and complete in December 2011, Phase IB is expected to commence construction in March 2011 and complete in December 2012.

As of 31 July 2009, we had successfully tendered for Phase I of Baoshan Gaojing. We expect to fully pay the land premiums after the local government's adjustment on it's government plan and obtain the land use right certificate in January 2010 based on our current construction schedule. We entered into a master agreement with the local government in October 2007 in respect of Phase II of Baoshan Gaojing, details of which are set out in the paragraph headed "— Projects to be acquired for future developments".

Based on our estimates, the total development cost incurred in respect of Baoshan Gaojing Phase I as of 30 June 2009 was approximately RMB76 million. The outstanding cost required to complete the development of Phase I of Baoshan Gaojing was estimated to be approximately RMB2,027 million. The project is expected to be financed by bank borrowings, proceeds from pre-sales of properties and IPO proceeds.

Baoshan Gaojing (Phase I and II) is being developed by our wholly-owned subsidiary Shanghai Shengtong (上海勝通房地產開發有限公司). As we had not obtained the land use right certificate for Phase I of Baoshan Gaojing as at 31 July 2009, no commercial value has been attributed to it in the property valuation report in Appendix IV.

Royal Lakefront (湖畔豪庭)

Royal Lakefront is located in the Shanghai Fengxian Modern Agricultural Zone (奉賢現代農業園區), one of the four biggest agricultural zones in Shanghai. The project is near an exit of A4 motorway, which connects Shanghai to Hangzhou, Hangnan Road (航南路) and Jinhai Road (金海路) in Fengxian district. The extension line of Light Rail 5 also runs through this area. Situated in the Nanqiao New City (南橋新城), a government-planned up-market residential area, the project has a full set of ancillary facilities in its vicinity, including Fengxian Middle School (奉賢中學), a key middle school of Shanghai city, and other facilities surrounding the local government office. To the east of the project, the local government has planned to develop a large park which will include a hotel, commercial complex and serviced apartments upon its completion.

The project occupies an aggregate site area of approximately 279,731 sq.m. and has a total planned GFA of 532,056 sq.m. As of 31 July 2009, we had not commenced the construction of Phase IA of Royal Lakefront. Details of Phase IA of Royal Lakefront as of 31 July 2009 were as follows:

Phase IA[(1)]	**Residential**	**Retail**
Planned construction period	September 2009 — November 2010	September 2009 — November 2010
Total saleable/leasable GFA (sq.m.)	45,899	8,154

Note:

(1) Phase IA of Royal Lakefront will include 446 saleable/leaseable carparks upon completion.

As of 31 July 2009, we had not commenced the construction of Phase IB of Royal Lakefront. Details of Phase IB of Royal Lakefront as of 31 July 2009 were as follows:

Phase IB	**Residential**	**Retail**
Planned construction period	March 2010 — December 2011	March 2011 — December 2012
Total saleable/leasable GFA (sq.m.)	86,835	53,293

As of 31 July 2009, we had not commenced the construction of Phase II of Royal Lakefront. Details of Phase II of Royal Lakefront as of 31 July 2009 were as follows:

Phase II[(1)]	**Residential**	**Retail**
Planned construction period	October 2010 — September 2012	March 2012 — December 2013
Total saleable/leasable GFA (sq.m.)	173,684	63,500

Note:

(1) Phase II of Royal Lakefront will include 675 saleable/leaseable carparks upon completion.

Based on our estimates, the total development cost incurred in respect of Royal Lakefront as of 30 June 2009 was approximately RMB599 million. The outstanding cost required to complete the development was estimated to be approximately RMB2,137 million. The project is expected to be financed by bank borrowings and proceeds from pre-sale of properties.

As of 31 July 2009, we had obtained all relevant land use rights certificates and had fully paid the land premium for Phase IA and IB of Royal Lakefront. We had entered into a land grant contract with the local government with respect to Phase II of Royal Lakefront in April 2008. As of 31 July 2009, we were still in the process of applying for the land use rights certificate for Phase II of Royal Lakefront. We had fully paid the land premiums for Phase II of Royal Lakefront and we expect to obtain the land use right certificate before November 2009 based on the requirements of relevant laws and regulations.

Royal Lakefront is developed by our wholly-owned subsidiary Shanghai Hongye (上海弘曄房地產發展有限公司). A total capital value of RMB1,163 million was attributable to Phase IA and IB of Royal Lakefront as of 31 July 2009 in the property valuation report in Appendix IV, all of which was attributable to our interest in the project.

Tianjin

Sunshine Holiday (陽光星期八)

Sunshine Holiday — Phase I to V, is located at the intersection of Cheng Lin Road (成林道) and Weiguo Road (衛國道), Hedong District (河東區) of Tianjin City. Sunshine Holiday is only about 20 kilometres from Tianjin International Airport and near the No. 2 subway line being currently under construction. Phase I to Phase IV of this project have a site area of 184,680 sq.m. and a total planned GFA of 598,133 sq.m.

Phases I to III of Sunshine Holiday are large-scale residential and retail community property developments providing high-rise apartment buildings. Phase IV of Sunshine Holiday is a high-quality hotel development. Sunshine Holiday provides a wide range of amenities to its residents.

As of 31 July 2009, we had completed the development of Phase I of Sunshine Holiday. The completed properties had a total GFA of approximately 85,998 sq.m. Details of Phase I of Sunshine Holiday as of 31 July 2009 were as follows:

Phase I	**Residential**	**Retail**
Construction period	January 2005 — August 2006	January 2005 — August 2006
Total saleable/leasable GFA (sq.m.)	77,416	6,091
GFA sold/pre-sold (sq.m.)[1]	77,416	N/A
Average selling price per sq.m. (RMB)	4,485	N/A

Note:

(1) Of this 77,416 sq.m. sold/pre-sold, approximately 77,270 sq.m. of residential GFA had been recognised as revenue as of 31 July 2009.

As of 31 July 2009, we had completed the development of Phase II of Sunshine Holiday, which had a total GFA of approximately 200,630 sq.m. Details of Phase II of Sunshine Holiday as of 31 July 2009 were as follows:

Phase II [1]	**Residential**	**Retail**
Construction period	August 2005 — September 2008	August 2005 — September 2008
Total saleable/leasable GFA (sq.m.)	160,634	6,113
GFA sold/pre-sold (sq.m.)[2]	159,636	N/A
Average selling price per sq.m. (RMB)	6,146	N/A

Note:

(1) Phase II of Sunshine Holiday includes 705 saleable/leasable carpark spaces.

(2) Of this 159,636 sq.m. sold/pre-sold, approximately 159,464 sq.m. had been recognised as revenue as of 31 July 2009.

As of 31 July 2009, we were in the process of developing Phase III of Sunshine Holiday. The project under development had a total GFA of approximately 187,335 sq.m.. Details of Phase III of Sunshine Holiday as of 31 July 2009 were as follows:

Phase III [(1)]	**Residential**	**Retail**
Planned construction period	September 2007 — October 2009/ June 2010	September 2007 — June 2010
Total saleable/leasable GFA (sq.m.)	155,867	1,617
GFA sold/pre-sold (sq.m.)	77,199	N/A
Average selling price per sq.m. (RMB)	7,600	N/A

Note:

(1) Phase III of Sunshine Holiday will have 995 saleable/leasable carpark spaces upon completion.

As of 31 July 2009, we had not commenced the construction of Phase IV of Sunshine Holiday. Phase IV of Sunshine Holiday had a total planned GFA of approximately 124,170 sq.m.. Details of Phase IV of Sunshine Holiday as of 31 July 2009 were as follows:

Phase IV [(1)]	**Residential**	**Hotel**	**Retail**	**Office**
Planned construction period	March 2010 — December 2011	March 2012 — October 2014	March 2012 — December 2013	March 2012 — October 2014
Total saleable/leasable GFA (sq.m.)	43,353	43,353	16,530	1,710

Note:

(1) Phase IV of Sunshine Holiday will include 350 saleable/leasable carpark spaces upon completion.

Based on our estimates, the total development cost incurred in respect of Phase I to Phase IV of Sunshine Holiday as of 30 June 2009 was approximately RMB1,890 million, including RMB428 million of land cost. The outstanding cost required to complete the development was estimated to be approximately RMB879 million. The project is expected to be financed by bank borrowings and proceeds from pre-sale of properties.

We entered into a land grant contract with the local government in respect of Phase I to IV of Sunshine Holiday in April 2004. We entered into a master agreement with the local government in respect of Phase V of Sunshine Holiday in January 2007, details of which are set out in the paragraph headed "— Projects to be acquired for future developments".

As of 31 July 2009, we had fully paid the land premium attributable to Phase I to III and had obtained the land use rights certificate in respect of Phase I to III of Sunshine Holiday. As of 31 July 2009, we had fully paid the land premiums for Phase IV of Sunshine Holiday and we expect to obtain the land use right certificate in January 2010.

Sunshine Holiday is being developed by our wholly-owned subsidiary, Tianjin Yangguang Xindi (天津陽光鑫地投資有限公司). A total capital value of RMB1,642 million was attributable to Phase I to Phase III of Sunshine Holiday as of 31 July 2009 in the property valuation report in Appendix IV, all of which was attributable to our interest in the project.

As of 31 July 2009, Sunshine Holiday — Phases I to III received the following awards and recognition:

- Award for Best Selling Property in Tianjin in 2006 (2006年天津最佳銷售樓盤), awarded by Jin Wan Media Group, Tianjin Federation of Industry and Commerce;
- China Real Estate Gold Housing Award in 2006 (2006年中國金房獎), awarded by China Real Estate Chamber of Commerce, Xinhua News Agency, Economic Information Daily, Urban Development and Environmental Research Center of the Chinese Academy of Social Sciences;
- Meritorious Enterprises Award for Investment in Tianjin in 2006 and 2007 (2006與2007年投資天津功勳企業獎), awarded by Investment in Tianjin Committee, Tianjin Federation of Industry and Commerce, Jin Wao Bao of Jin Wan Media Group;
- Excellence Award in the Fall Housing Trade Fair in 2007 (2007年秋季房地產交易會優秀獎), awarded by Tianjin Municipal Bureau of Real Estate, Tianjin Municipal Bureau of City Plan, State Land and Resources, Tianjin Investment Management Committee, Tianjin Daily News Group;
- Award for the Best Housing Design (最佳房型設計獎), awarded by Jin Wan Bao newspaper and Tianjin Municipal Bureau of Real Estate;
- Excellence Award in the Spring Housing Trade Fair in 2008 (天津春季房交會優秀獎), awarded by Tianjin Municipal Bureau of Land Resources and Housing Management, Tianjin Municipal Construction Administration Committee, Tianjin Municipal Bureau of City Plan and Tianjin Daily Press Group.

Dagang Project (大港項目)

Dagang Project — Phase I to IV is located in the Guan'gang Forest Park (官港森林公園), Dagang District (大港區), Tianjin City. The project is located to the west of Gangtang Road (港塘公路) and to the southeast of Guan'gang Lake (官港湖). It is located within the Guan'gang recreational and resort area of Dagang District and is approximately 15 kilometres from the centre of Binhai New District (濱海新區). Being a wetland forest park in Tianjin city, Guan'gang Forest Park is part of the newly developed Binhai New District and planned to be developed into a new district having ecotourism, resort, recreational and sports functions under the Eleventh-Five Year Plan of Binhai New District. Based on our current plan, the Dagang Project will, upon its completion, be a lake-themed eco-integrated residential and recreational development.

The project comprises two pieces of land in the same area, with an aggregate site area of 312,704 sq.m. and has a total planned GFA of 321,450 sq.m. The project will be developed in four phases. As of 31 July 2009, we had not commenced the construction of Phase I to IV of Dagang Project.

Phase I to III of Dagang Project had a total planned GFA of approximately 242,850 sq.m.. Details of Phase I to III of Dagang Project as of 31 July 2009 were as follows:

Phase I - III(1)	**Residential**
Planned construction period(2)	May 2010 — December 2013
Total saleable/leasable GFA (sq.m.)	205,058

Note:

(1) Phase I-III of Dagang Project will include 746 saleable/leaseable carparks upon completion.

(2) The planned construction period of Phase I is from May 2010 to October 2011. The planned construction period of Phase II is from May 2010 to December 2011. The planned construction period of Phase III is from June 2012 to December 2013.

Phase IV of Dagang Project had a total planned GFA of approximately 78,600 sq.m. Details of Phase IV of Dagang Project as of 31 July 2009 were as follows:

Phase IV(1)	**Hotel**	**Retail**	**Office**
Planned construction period	June 2012 — September 2013	June 2012 — September 2013	June 2012 — September 2013
Total saleable/leasable GFA (sq.m.)	23,750	29,070	9,500

Note:

(1) Phase IV of Dagang project will include 359 saleable/leaseable carparks upon completion.

Based on our estimates, the total development cost incurred in respect of Phase I to IV of Dagang Project as of 30 June 2009 was approximately RMB697 million, including RMB454 million of land cost. The outstanding cost required to complete the development was estimated to be approximately RMB1,105 million. The project is expected to be financed by bank borrowings and proceeds from pre-sale of properties.

We obtained the land use rights to Dagang Project through our acquisition of a 100% interest in the project company Tianjin Tianxingjian (天津天行建房地產投資有限公司). A total capital value of RMB978 million was attributable to Dagang Project as of 31 July 2009 in the property valuation report in Appendix IV, all of which was attributable to our interest in the project.

Beijing

Royal Mansion (歐洲公館)

Located in a developed residential area on the side of Xisihuan (西四環), Haidian District (海淀區), Royal Mansion — Phase I and II is expected to be a modern European-styled apartment community upon its completion with a full range of lifestyle, health, and education ancillary facilities. The project is located adjacent to Sunny Park (陽光星期八公園) and its residents can enjoy a comfortable living environment. Royal Mansion has a total site area of 34,850 sq.m. and a total planned GFA of approximately 130,092 sq.m.

As of 31 July 2009, we were in the process of developing Phase I of Royal Mansion. Details of Phase I of Royal Mansion as of 31 July 2009 were as follows:

Phase I (1)	Residential	Retail
Planned construction period	March 2008 — December 2010	July 2009 — June 2011
Total saleable/leasable GFA (sq.m.)	46,462	3,393

Note:

(1) Phase I of Royal Mansion will include 295 saleable/leasable carpark spaces upon completion.

As of 31 July 2009, we had not commenced the construction of Phase II of Royal Mansion. Phase II of Royal Mansion had a total planned GFA of approximately 62,592 sq.m.. Details of Phase II of Royal Mansion as of 31 July 2009 were as follows:

Phase II [(1)]	Residential	Retail
Planned construction period	March 2010 — September 2011	March 2010 — December 2011
Total saleable/leasable GFA (sq.m.)	31,589	7,233

Note:

(1) Phase II of Royal Mansion will include 204 saleable/leasable carpark spaces upon completion.

As of 31 July 2009, we had obtained all relevant land use rights certificates and had fully paid the land premium for Royal Mansion.

Based on our estimates, the total development cost incurred in respect of the project as of 30 June 2009 was approximately RMB691 million, including RMB381 million land cost. The outstanding cost required to complete the development was estimated to be approximately RMB707 million. The project is expected to be financed by bank borrowings and proceeds from pre-sales of properties.

Royal Mansion is being developed by our wholly-owned subsidiary Beijing Yangguang Xindi (北京陽光鑫地置業有限公司). A total capital value of RMB1,011 million was attributable to Royal Mansion as of 31 July 2009 in the property valuation report in Appendix IV, all of which was attributable to our interest in the project.

As of 31 July 2009, Royal Mansion has received the following awards and recognition:

- China Residence Innovation Model - Integrated Application of China Housing Technology - Innovation Model Award in 2007 (2007年•中國居住創新典範•中國住宅科技集成應用•創新示範獎), awarded by Science & Technology Commission of the Ministry of Construction, China Real Estate and Housing Research Association, Urban Development Committee of China Real Estate Association and China Construction News;

- Top Ten Park Area Properties in Beijing in 2008 (2008•北京十大公園地產), awarded by Property Market Media, China Real Estate And Housing Research Association, Habitat Commission.

Sunshine Bordeaux (陽光波爾多)

Sunshine Bordeaux — Phases I to IV are located in Caiyu Town (采育鎮), Daxing District (大興區), Beijing. Sunshine Bordeaux is intended to be a multiple phase, large-scale residential and retail community property development. Upon completion, the residential development is expected to comprise European-styled low-rise apartments. The residential community is expected to have a comprehensive set of ancillary facilities. The project occupies an aggregate site area of approximately 1,372,946 sq.m. and has a total planned GFA of approximately 1,495,035 sq.m.

As of 31 July 2009, we were still in the process of developing Phase IA of Sunshine Bordeaux. Details of Phase IA of Sunshine Bordeaux as of 31 July 2009 were as follows:

Phase IA[(1)]	**Residential**	**Retail**
Planned construction period	March 2008 — November 2009	March 2008 — November 2009
Total saleable/leasable GFA (sq.m.)	93,672	16,461
GFA pre-sold (sq.m.)	62,366	N/A
Average selling price per sq.m. (RMB)	4,658	N/A

Note:

(1) Phase IA of Sunshine Bordeaux will include 304 saleable/leasable carpark spaces upon completion.

As of 31 July 2009, we had not commenced the construction of Phase IB of Sunshine Bordeaux. Details of Phase IB of Sunshine Bordeaux as of 31 July 2009 were as follows:

Phase IB(1)	Residential	Retail
Planned construction period	September 2009 — June 2011	September 2009 — October 2011
Total saleable/leasable GFA (sq.m.)	63,993	16,634

Note:

(1) Phase IB of Sunshine Bordeaux will include 375 saleable/leasable carpark spaces upon completion.

We entered into a land grant contract with the local government in respect of Phase I of Sunshine Bordeaux in June 2006. As of 31 July 2009, we had obtained all relevant land use rights certificates and had fully paid the land premium for Phase I of Sunshine Bordeaux.

Based on our estimates, the total development cost incurred in respect of Phase I of Sunshine Bordeaux as of 30 June 2009 was approximately RMB348 million, including RMB102 million of land cost. The outstanding cost required to complete the development was estimated to be approximately RMB493 million. The project is expected to be financed by bank borrowings and proceeds from pre-sales of properties.

In December 2002, we signed a master agreement with local government to develop Phase II of Sunshine Bordeaux, details of which are set out in the paragraph headed "— Projects to be acquired for future developments". We still need to go through the tender process, sign the land grant contract and pay the land premium before we can get the land use right certificate.

Sunshine Bordeaux is being developed by our wholly-owned subsidiary Beijing Hetian Hexin (北京合天和信房地產開發有限公司). A total capital value of RMB428 million was attributable to Sunshine Bordeaux — Phase I as of 31 July 2009 in the property valuation report in Appendix IV, all of which was attributable to our interest in the project.

As of 31 July 2009, Sunshine Bordeaux has received the following awards and recognition:

- United Nations Model Habitat Enterprise Achievement (China) Promotion Award (聯合國人居範例企業成就(中國)推動獎) in 2008, awarded by United Nations Human Settlements Programme and United Nations Model Habitat Enterprise Achievement Award Organisation Committee;

- China Residence Innovation Model - China Residential Area Construction and Design - Innovation Model Award in 2007 (2007年•中國居住創新典範•中國住區建築設計•創新示範獎), awarded by Science & Technology Commission of the Ministry of Construction, China Real Estate and Housing Research Association, Urban Development Committee of China Real Estate Association and China Construction News;

- District Model Property in Beijing in 2007 (2007年度京城區域標杆樓盤); awarded by Legal Evening News and Beijing Media Corporation Limited;

- The Fifth Jingrui Housing Science and Technology Award in 2008 - Real Estate Development and Innovation Award (第五屆(2008年度)精瑞住宅科學技術獎房地產開發創新優秀獎), awarded by Real Estate Chamber under All-China Federation of Industry & Commerce and Jingrui Housing Science and Technology Foundation;

- Outstanding Project Suitable for Housing in China in 2008 (2008中國宜居住宅傑出項目), awarded by China Real Estate Development Annual Meeting Organisation Committee and www.Soufun.com.

Jiangsu Province

No.1 City Promotion (第一國際)

No.1 City Promotion — Phases I to IV is located in Wuxi New District (無錫新區) which is north of Wangzhuang East Road (旺莊東路), south of Xinguang Road (新光路) and east of Xingchuang Jiulu (行創九路). Phases I to III of No.1 City Promotion are large-scale residential community property developments with European style high-rise buildings. We plan to develop Phase IV of No.1 City Promotion into a hotel with 400 guest rooms. Wuxi Wangjiarui as one of our subsidiaries, entered into a management contract with Holiday Inns (China) Limited, a subsidiary of InterContinental Hotels Group, on 30 June 2008 for management of Crowne Plaza® Wuxi New District. The initial management term is 10 years from the commencement date of the hotel. The management contract can be renewed for one or more additional terms of years and each renewal term is 10 years. The residential community has education, entertainment and health facilities and a convenient transportation network in its peripheral areas. The project occupies an aggregate site area of approximately 219,423 sq.m. and has a total planned GFA of approximately 729,701 sq.m. Our Wuxi No.1 City Promotion was ranked the sixth best selling real estate project in Wuxi during the first half of 2009 by Wuxi House Online.

As of 31 July 2009, we had completed the development of Phase I of No.1 City Promotion. The completed properties had a total GFA of approximately 192,445 sq.m.. Details of Phase I of No.1 City Promotion as of 31 July 2009 were as follows:

Phase I[1]	Residential
Construction period	June 2005 — October 2007
Total saleable GFA (sq.m.)	161,767
GFA sold/pre-sold (sq.m.)	158,391
Average selling price per sq.m. (RMB)	4,369

Note:

(1) Phase I of Wuxi No.1 City Promotion includes 711 saleable/leasable carpark spaces.

As of 31 July 2009, we were developing Phase II of No.1 City Promotion. The properties under development had a total GFA of approximately 218,032 sq.m.. Details of Phase II of No.1 City Promotion as of 31 July 2009 were as follows:

Phase II[1]	Residential	Retail
Planned construction period	January 2007 — November 2009	January 2007 — November 2009
Total saleable/leasable GFA (sq.m.)	179,432	85
GFA pre-sold (sq.m.)	104,206	N/A
Average selling price per sq.m. (RMB)	4,429	N/A

Note:

(1) Phase II of Wuxi No.1 City Promotion will include 780 saleable/leasable carpark spaces upon completion.

As of 31 July 2009, we had not commenced the construction of Phases III and IV of No.1 City Promotion. We plan that, upon completion, Phase III of No.1 City Promotion will have a total planned GFA of approximately 216,506 sq.m.. Phase IV of No.1 City Promotion will include a hotel with 400 guest rooms and a total planned GFA of approximately 102,718 sq.m. As of 31 July 2009, details of Phases III and IV of No.1 City Promotion were as follows:

Phase III[1]	Residential	Retail
Planned construction period	March 2010 — December 2012	March 2010 — December 2012
Total saleable/leasable GFA (sq.m.)	110,553	37,699

Note:

(1) Phase III of No.1 City Promotion will include 1,516 saleable/leasable carpark spaces upon completion.

Phase IV [1]	Residential	Retail	Hotel
Planned construction period	May 2012 — June 2014	May 2012 — June 2014	May 2012 — December 2014
Total saleable/leasable GFA (sq.m.)	29,940	31,559	27,545

Note:

(1) Phase IV of No.1 City Promotion will include 245 saleable/leasable carpark spaces upon completion.

Based on our estimates, the total development cost incurred in respect of Wuxi No.1 City Promotion (including Phase I to IV) as of 30 June 2009 was approximately RMB1,492 million, including RMB514 million of land cost. The outstanding cost required to complete Wuxi No.1 City Promotion was estimated to be approximately RMB1,250 million. The project is expected to be financed by bank borrowings and proceeds from pre-sales of properties.

As of 31 July 2009, we had fully paid the land premium for Phase I to IV of Wuxi No.1 City Promotion and had obtained the land use right certificates for Phases I to IV.

No. 1 City Promotion is developed by our wholly-owned subsidiary Wuxi Wangjiarui (無錫旺佳瑞有限公司). A total capital value of RMB1,311 million was attributable to No.1 City Promotion as of 31 July 2009 in the property valuation report in Appendix IV, all of which was attributable to our interest in the project.

As of 31 July 2009, No.1 City Promotion — Phases I and II received the following awards and recognition:

- Most Popular Property in Wuxi in 2006 (2006年無錫百姓最喜愛樓盤稱號) awarded by Anju Leye Programme of Wuxi Mobile TV;

- Top 10 Famous Properties in China in 2007 (2007中國房地產十大名盤) and Most Popular Residential Project in Wuxi in the Third China Real Estate Internet Popularity Ranking in 2006 (2006第三屆中國房地產網絡人氣榜無錫最具人氣住宅項目獎), awarded by Enterprise Research Institution of Development Research Center of the State Council, Institute of Real Estate Studies of Tsinghua University; and

- International Culture Community (國際文化社區), awarded by Friends of United Nations and United Nations Human Settlements Programme in 2007.

Classical Life (海上一品)

Classical Life — Phase I and II is located on Haiyu North Road (海虞北路), Changshu New District (常熟新區), Suzhou City. It is a residential property development featuring townhouses and apartments. The project occupies an aggregate site area of approximately 55,398 sq.m. and has a total planned GFA of approximately 71,554 sq.m.

As of 31 July 2009, we had completed the development of Phase I of Classical Life. Phase I of Classical Life was mainly townhouses with a total planned GFA of approximately 34,224 sq.m.. Details of Phase I of Classical Life as of 31 July 2009 were as follows:

Phase I	Residential	Retail
Construction period	June 2006 — June 2008	June 2006 — June 2008
Total saleable/leasable GFA (sq.m.)	32,325	1,627
GFA sold/pre-sold (sq.m.)(1)	24,055	N/A
Average selling price per sq.m. (RMB)	6,938	N/A

Note:

(1) *Of the 24,055 sq.m. sold or pre-sold, approximately 22,686 sq.m. had been delivered and recognised as of 31 July 2009.*

As of 31 July 2009, we had completed the development of Phase II of Classical Life. Phase II of Classical Life has a total planned GFA of approximately 37,330 sq.m. Details of Phase II of Classical Life as of 31 July 2009 were as follows:

Phase II(1)	Residential
Construction period	December 2007 — December 2008
Total saleable/leasable GFA (sq.m.)	29,178
GFA sold (sq.m.)	29,178
Average selling price per sq.m. (RMB)	4,396

Notes:

(1) *Phase II of Classical Life includes 140 saleable/leasable carpark spaces.*

Based on our estimates, the total development cost incurred in respect of Classical Life (including Phase I and II) as of 30 June 2009 was approximately RMB298 million, including RMB104 million of land cost.

We entered into land grant contract with the local government in respect of Classical Life in March 2005. As of 31 July 2009, we had already obtained the land use rights certificates for Classical Life and had fully paid the land premium.

Classical Life was developed by our wholly-owned subsidiary Suzhou Hongsheng (蘇州弘晟房地產有限公司). A total capital value of RMB87 million was attributable to Classical Life as of 31 July 2009 in the property valuation report in Appendix IV, all of which was attributable to our interest in the project.

Rongsheng Garden (熔盛花園)

Rongsheng Garden — Phase I to VI is located in the Rugao Economic Development District (如皋經濟開發區), Nantong, Jiangsu province. After the Sutong Changjiang Highway Bridge (蘇通大橋) commenced operation in early 2008, Nantong is within the one hour city circle of Shanghai pursuant to the Summary of Eleventh Five-Year Plan regarding the social and economic development of Nantong approved by People's Congress of Nantong. Based on our current plan, Rongsheng Garden will comprise six phases and be a large-scale residential and retail community property development upon completion. The whole project, including Phases IC through VI in respect of which we have signed a master agreement but have not completed the public tender process and have not obtained land use rights certificates occupies an aggregate site area of approximately 5,333,333 sq.m. and has a total planned GFA of approximately 4,506,250 sq.m.

As of 31 July 2009, we had not commenced the construction of Phase IA and Phase IB of Rongsheng Garden. Based on our current plan, construction of Phase IA will commence in March 2010 and is expected to be completed by December 2011. Construction of Phase IB will commence in November 2010 and is expected to be completed by December 2011.

Details of Phase IA of Rongsheng Garden as of 31 July 2009 were as follows:

Phase IA	**Residential**	**Retail**
Planned construction period	March 2010 — October 2011	March 2010 — December 2011
Total saleable GFA (sq.m.)	297,173	31,900

Phase IB(1)	**Residential**
Planned construction period	November 2010 — December 2011
Total saleable GFA (sq.m.)	125,000

Note:

(1) Phase IB of Rongsheng Garden will include 109 saleable/leaseable carpark spaces upon completion.

Based on our estimates, the total development cost incurred in respect of Rongsheng Garden Phase I (including Phase IA to IB) as of 30 June 2009 was approximately RMB169 million, comprising RMB54 million of land cost. The outstanding cost required to complete the development of Rongsheng Garden Phase I (including Phase IA and IB) was estimated to be approximately RMB972 million. The project is expected to be financed by bank borrowings and proceeds from pre-sales of properties.

We signed a land grant contract with the local government in respect of Phase IA of Rongsheng Garden in May 2009. We had fully paid the land premiums for Phase IA of Rongsheng Garden and we expect to obtain the land use right certificate before November 2009 based on the requirements of relevant laws and regulations. As of 31 July 2009, we had obtained the land use rights certificate and had fully paid the land premium of Phase IB of Rongsheng Garden.

Rongsheng Garden is being developed by nine wholly foreign owned enterprises owned by us (Please refer to the section headed "History Reorganisation and Group Structure" for more details about each wholly foreign owned enterprises). A total capital value of RMB121 million was attributable to Rongsheng Garden Phase IB as of 31 July 2009 in the property valuation report in Appendix IV, all of which was attributable to our interest in the project.

Nantong Rongsheng Plaza (南通熔盛大廈)

Nantong Rongsheng Plaza is located in Nantong City, Jiangsu Province. The project occupies an aggregate site area of approximately 45,090 sq.m. and has a total planned GFA of approximately 283,597 sq.m. Upon completion, Nantong Rongsheng Plaza is expected to include a hotel with a total leasable GFA of approximately 64,504 sq.m., an office building with a total leasable GFA of approximately 97,112 sq.m., as well as a total retail GFA of 48,098 sq.m.

As of 31 July 2009, we had not commenced the construction of Nantong Rongsheng Plaza. Based on our current plan, construction of these properties will commence in March 2012 and is expected to be completed by December 2015.

Details of Nantong Rongsheng Plaza as of 31 July 2009 were as follows:

Nantong Rongsheng Plaza	Hotel	Office	Retail
Planned construction period	March 2012 — December 2015	March 2012 — December 2015	March 2012 — December 2015
Total leasable GFA (sq.m.)	64,504	97,112	48,098

Based on our estimates, the total development cost incurred in respect of Nantong Rongsheng Plaza as of 30 June 2009 was approximately RMB161 million, including RMB106 million of land cost. The outstanding cost required to complete the development was estimated to be approximately RMB1,148 million. The project is expected to be financed by bank borrowings and proceeds from pre-sale of properties.

We acquired the land for Nantong Rongsheng Plaza in March 2008 through our acquisition of 100% equity interest in Nangtong Rongsheng (南通熔盛大廈房地產開發有限公司), a project company that had already signed a land grant contract with the local government prior to be acquired by us. As of 31 July 2009, we had fully paid the land premiums and obtained the land use rights certificates with respect to Nantang Rongsheng Plaza. A total capital value of RMB785 million was attributable to Nantong Rongsheng Plaza as of 31 July 2009 in the property valuation report in Appendix IV, all of which was attributable to our interest in the project.

Anhui Province

Bashang Jie (壩上街)

Bashang Jie Project is located on Ming Guang Road (明光路), Hefei City, Anhui Province. The project occupies an aggregate site area of approximately 118,929 sq.m. and has a total planned GFA of approximately 1,263,730 sq.m. Upon completion, the project is expected to be a large-scale commercial complex including one hotel, serviced apartments and retail and office developments.

As of 31 July 2009 we had not commenced the construction of the Bashang Jie Project. Based on our current plan, construction of these properties will commence in March 2011 and is expected to be completed by December 2015.

Details of this development as of 31 July 2009 were as follows:

Bashang Jie	Residential	Retail	Office	Hotel
Planned construction period	March 2011 — December 2013	May 2011 — August 2014	January 2013 — December 2015	August 2012 — December 2015
Total saleable/leasable GFA (sq.m.)	406,922	260,283	235,657	95,907

We had not incurred any development cost in respect of Bashang Jie Project as of 30 June 2009. Based on our estimates the outstanding cost required to complete the development was approximately RMB6,956 million. The project is expected to be financed by bank borrowings, proceeds from pre-sales of properties, IPO proceeds and other sources.

We signed the land grant contract for Bashang Jie project in April 2008. We are still in the process of applying for the land use right certificate for the project. We will construct apartments and retails for back-moving household as required by the local government to settle part of the relevant land premiums, after which we need to pay the remaining part of the land premiums. We expect to obtain the land use right certificate by the end of December 2010 based on our current construction schedule.

Bashang Jie Project is being developed by our wholly-owned subsidiary Anhui Hengmao (安徽恒茂房地產開發有限公司).

Hefei Villa Glorious (合肥恒盛 • 豪庭)

Hefei Villa Glorious — Phase I to IV is located on Da Tong Road (大通路), Hefei City, Anhui Province. The project occupies an aggregate site area of approximately 72,478 sq.m. and has a total planned GFA of approximately 388,615 sq.m.

As of 31 July 2009, we were still in the process of developing Phase I of Hefei Villa Glorious. Phase I of Hefei Villa Glorious has a total planned GFA of approximately 100,944 sq.m.. Details of Phase I of Hefei Villa Glorious as of 31 July 2009 were as follows:

Phase I	Residential
Planned construction period	March 2009 — October 2011
Total saleable/leasable GFA (sq.m.)	96,629

As of 31 July 2009, we had not commenced the construction of Phases II to IV of Hefei Villa Glorious. Phase II of Hefei Villa Glorious has a total planned GFA of approximately 138,463 sq.m. Details of Phase II of Hefei Villa Glorious as of 31 July 2009 were as follows:

Phase II[(1)]	Residential
Planned construction period	June 2010 — December 2012
Total saleable/leasable GFA (sq.m.)	86,208

Note:

(1) Phase II of Hefei Villa Glorious will include 900 saleable/leasable carpark spaces upon completion.

Phase III of Hefei Villa Glorious has a total planned GFA of approximately 138,463 sq.m. Details of Phase III of Hefei Villa Glorious as of 31 July 2009 were as follows:

Phase III[(1)]	Residential
Planned construction period	March 2011 — December 2013
Total saleable/leasable GFA (sq.m.)	86,208

Note:

(1) Phase III of Hefei Villa Glorious will include 900 saleable/leasable carpark spaces upon completion.

Phase IV of Hefei Villa Glorious has a total planned GFA of approximately 10,746 sq.m.. Details of Phase IV of Hefei Villa Glorious as of 31 July 2009 were as follows:

Phase IV	Retail
Planned construction period	June 2012 — December 2014
Total saleable/leasable GFA (sq.m.)	10,746

As of 31 July 2009, we had fully paid the land premium of Hefei Villa Glorious (Phases I to IV) and obtained the land use rights certificates for 65,179 sq.m. of the site area of Hefei Villa Glorious. We are in the process of applying for the land use rights certificates for the remaining site of Hefei Villa Glorious.

Based on our estimates, the total development cost incurred in respect of Hefei Villa Glorious (including Phase I to IV) as of 30 June 2009 was approximately RMB593 million, including RMB356 million of land cost. The outstanding cost required to complete the development of Hefei Villa Glorious was estimated to be approximately RMB1,606 million. The project is expected to be financed by bank borrowings and proceeds from pre-sales of properties.

Hefei Villa Glorious is being developed by our wholly-owned subsidiary Anhui Hengmao (安徽恒茂房地產開發有限公司). A total capital value of RMB644 million was attributable to the project as of 31 July 2009 in the property valuation report in Appendix IV.

Liaoning Province

Sunny Town (陽光尚城)

Sunny Town — Phase I to V is located in Yuhong District (于洪區), Shenyang City and is being developed by our wholly-owned subsidiary Liaoning Yangguang Xindi (遼寧陽光鑫地置業有限公司). This project occupies an aggregate site area of approximately 470,923 sq.m. and has a total planned GFA of approximately 946,287 sq.m.. Sunny Town - Phases I to IV offer various types of products, including residential and retail development.

As of 31 July 2009, we had completed most of the development of Phase I and II of Sunny Town. Phase I of Sunny Town has a total planned GFA of 137,754 sq.m. Details of Phase I of Sunny Town as of 31 July 2009 were as follows:

Phase I(1)	Residential	Retail (2)
Construction period	July 2006 — June 2007/ August 2008	July 2006 — June 2007/ August 2008
Total saleable/leasable GFA (sq.m.)	103,480	11,931
GFA sold/pre-sold (sq.m.)	102,721	7,501
Average selling price per sq.m. (RMB)	3,674	6,014

Notes:

(1) Phase I of Sunny Town included 193 saleable/leasable carpark spaces upon completion, and 59 carpark spaces had been sold and delivered as of 31 July 2009.

(2) Retail GFA includes a clubhouse with a total leasable GFA of approximately 5,586 sq.m.

Phase II of Sunny Town has a total planned GFA of approximately 74,087 sq.m. Details of Phase II of Sunny Town as of 31 July 2009 were as follows:

Phase II(1)	Residential	Retail(2)
Planned construction period	March 2008 — November 2008	March 2010 — December 2010
Total saleable/leasable GFA (sq.m.)	50,513	12,925
GFA sold/pre-sold (sq.m.)(3)	41,747	N/A
Average selling price per sq.m. (RMB)	4,390	N/A

Note:

(1) Phase II of Sunny Town includes 208 saleable/leasable carpark spaces.

(2) The 12,925 sq.m. retail component has not commenced construction as of 31 July 2009.

(3) Of the 41,747 sq.m. sold/pre-sold approximately 36,329 sq.m. of GFA had been sold and recognised as revenue as of 31 July 2009.

As of 31 July 2009, we were still in the process of developing Phase III of Sunny Town. Phase III of Sunny Town has a total planned GFA of approximately 165,935 sq.m.. As of 31 July 2009, the details of Phase III of Sunny Town were as follows:

Phase III(1)	Residential	Retail
Planned construction period	April 2008 — May 2010	April 2008 — December 2011
Total saleable/leasable GFA (sq.m.)	127,316	17,478
GFA sold/pre sold (sq.m.)	26,692	N/A
Average selling price per sq.m. (RMB)	4,272	N/A

Note:

(1) Phase III of Sunny Town will include 514 saleable/leasable carpark spaces upon completion.

As of 31 July 2009, we had not commenced the construction of Phase IV and V of Sunny Town. Phase IV of Sunny Town has a total planned GFA of approximately 360,957 sq.m. As of 31 July 2009, the details of Phase IV of Sunny Town were as follows:

Phase IV(1)	Residential	Retail
Planned construction period	March 2010 — December 2012	March 2010 — December 2012
Total saleable/leasable GFA (sq.m.)	283,957	23,000

Note:

(1) Phase IV of Sunny Town will include 1,286 saleable/leasable carpark spaces upon completion.

Based on our estimates, the total development cost incurred in respect of Phase I to IV of Sunny Town as of 30 June 2009 was approximately RMB1,286 million, comprising RMB379 million of land cost. The outstanding cost required to complete the development of Phase I to IV of Sunny Town was estimated to be approximately RMB1,605 million. The project is expected to be financed by bank borrowings and proceeds from pre-sales of properties.

As of 31 July 2009, we had obtained the land use rights certificates for Phase I to III of Sunny Town and had fully paid the land premium. We had signed land grant contract and had fully paid the land premium for Phase IV of Sunny Town and expect to obtain the land use right certificate in January 2010 based on our construction schedule. We are in the process of applying for the land use rights certificate for Phase IV of Sunny Town. We entered into a master agreement with the local government in respect of Phase V in May 2006 but have not completed the public tender process. See "— Projects to be acquired for future developments".

Sunny Town is being developed by our wholly-owned subsidiary Liaoning Yangguang Xindi (遼寧陽光鑫地置業有限公司). A total capital value of RMB364 million was attributable to Phases I to III of Sunny Town as of 31 July 2009 in the property valuation report in Appendix IV, all of which was attributable to our interest in the project.

As of 31 July 2009, Sunny Town has received the following awards and recognition:

- Top Ten Star Properties in Shenyang in 2007 (2007瀋陽地產十大明星樓盤), awarded by www.sina.com, Liaoning Radio Communications Channel and Property Monitors;
- Most Influential Property in Shenyang in 2006 (2006年瀋陽最具影響力樓盤獎) by Shenyang Housing Market Weekly, Shenyang Real Estate Marketing Planning Association and www.dbdc.cn; and
- Best Architectural Style Award for 2007 (2007最佳建築風格獎), awarded by www.focus.cn.

Heilongjiang Province

Harbin Villa Glorious (哈爾濱恒盛 • 豪庭)

Harbin Villa Glorious — Phase I to III is located in Harbin, Heilongjiang Province. The project occupies an aggregate site area of approximately 204,959 sq.m. and has a total planned GFA of approximately 560,800 sq.m. Harbin Villa Glorious is planned to include residential and retail products upon completion.

As of 31 July 2009, we had commenced the construction of Phase I of Harbin Villa Glorious. Phase I of Harbin Villa Glorious has a total planned GFA of approximately 153,411 sq.m.. As of 31 July 2009, the details of Phase I of Harbin Villa Glorious were as follows:

Phase I[(1)]	Residential	Retail
Planned construction period	July 2009 — December 2010	July 2009 — December 2010
Total saleable/leasable GFA (sq.m.)	111,486	9,497

Note:

(1) Phase I of Harbin Villa Glorious will include 544 saleable/leasable carpark spaces upon completion.

As of 31 July 2009, we had not commenced the construction of Phase II of Harbin Villa Glorious. Phase II of Harbin Villa Glorious has a total planned GFA of approximately 271,593 sq.m.. As of 31 July 2009, the details of Phase II of Harbin Villa Glorious were as follows:

Phase II[(1)]	Residential
Planned construction period	April 2010 — December 2011
Total saleable/leasable GFA (sq.m.)	220,866

Note:

(1) Phase II of Harbin Villa Glorious will include 882 saleable/leasable carpark spaces upon completion.

As of 31 July 2009, we had not commenced the construction of Phase III of Harbin Villa Glorious Phase III of Harbin Villa Glorious has a total planned GFA of approximately 135,796 sq.m..

Phase III[(1)]	Residential
Planned construction period	April 2012 — December 2013
Total saleable/leaseable GFA	100,551

Note:

(1) Phase III of Harbin Villa Glorious will include 441 saleable/leaseable carpark spaces upon completion.

As of 31 July 2009, we had fully paid the land premiums for Phase I to III of Harbin Villa Glorious and had obtained the relevant land use right certificates.

Based on our estimates, the total development cost incurred in respect of Harbin Villa Glorious as of 30 June 2009 was approximately RMB805 million, including RMB557 million of land cost. The outstanding cost required to complete the development of Harbin Villa Glorious was estimated to be approximately RMB1,563 million. The project is expected to be financed by bank borrowings and proceeds from pre-sales of properties.

Harbin Villa Glorious is being developed by our wholly-owned subsidiary Harbin Yangguang (哈爾濱陽光濱海置業有限公司). A total capital value of RMB1,201 million was attributable to Phases I to III of Harbin Villa Glorious as of 31 July 2009 in Appendix IV to this prospectus, all of which was attributable to our interest in the project.

Sunglow Xinjing (陽光新景)

Sunglow Xinjing was developed by one of our wholly-owned subsidiaries, Shanghai Xintai (上海鑫泰房地產發展有限公司). The project is located on Tiandeng Road (天等路), Xuhui District, Shanghai and has a total site area of 27,353 sq.m. and completed GFA of 56,261 sq.m., of which 2,076 sq.m. of GFA is retained by us as investment property. The construction of Sunglow Xinjing was completed in December 2001. As at 31 July 2009, we had sold substantially all the GFA in Sunglow Xinjing.

Projects to be acquired for future development

The table below sets out details of properties in respect to which we have signed the relevant master agreements with the local government authorities but had not, as of 31 July 2009, obtained the relevant land use rights certificates. Our PRC legal counsel has advised us that such projects remain subject to the relevant PRC laws and regulations which require us to go through the public tender, auction or listing for bidding process and, if successful, enter into a land grant contract and pay the relevant land premium in full before we are able to obtain the relevant land use rights certificate. As these projects have not begun to be developed, their development plans are still subject to change pending, among other things, approvals from relevant authorities. We cannot assure you that we will be successful in securing the land grant contracts and obtaining the relevant land use rights certificates in respect of the projects set out below. If there are new developments to projects to be acquired for future development, we will make such information available to the public by way of announcements in accordance with Rule 13.09 and/or Chapter 14 of the Listing Rules.

Project name	Location	Total GFA (sq.m.)	Land Bank: Total saleable/ leasable unsold GFA (sq.m.) Residential	Retail[(1)]	Office	Hotel	Others[(2)] (sq.m.)	Construction commencement/ Expected date of construction commencement	Construction completion/ Expected completion time	Interest attributable to us (%)	Reference to valuation report (Property number)
Projects to be acquired for future development											
Baoshan Gaojing (Phase II) 寶山高境 (第二期)	Shanghai	400,000	294,500	19,000	—	—	86,500	March 2012	Dec 14 & Dec 15	100%	31
Sunshine Holiday (Phase V) 陽光星期八 (第五期)	Tianjin	156,460	122,332	10,288	—	—	23,840	March 2012	December 2013	100%	34
Sunshine Bordeaux (Phase II- Phase IV) 陽光波爾多 (第二期至四期)	Beijing	1,256,113	1,172,194	56,419	—	—	27,500	August 2010	December 2016	100%	35
Rongsheng Garden (Phase IC) 熔盛花園 (第一期C)	Nantong, Jiangsu	131,746	72,706	—	—	—	59,040	November 2011	December 2012	100%	37
Rongsheng Garden (Phase II - Phase VI) 熔盛花園(第二至第六期)	Nantong, Jiangsu	3,900,000	3,705,000	—	—	—	195,000	March 2012	December 2022	100%	37
Sunny Town (Phase V) 陽光尚城 (第五期)	Shenyang, Liaoning	207,555	193,300	—	—	—	14,255	April 2011	December 2014	100%	39
Total		6,051,874	5,560,032	85,707	—	—	406,135				

(1) Includes saleable/leasable clubhouses.

(2) Includes saleable/leasable carparks, convention centre and non-saleable/ non-leasable GFA.

Details of projects to be acquired for future development are set out below. Such projects remain subject to relevant PRC laws and regulations which require us to go through the public tender, auction or listing for bidding process and, if successful, enter into the land grant contracts and pay the requisite land premium before we may obtain the land use rights certificates in respect of the following projects. In the event that we are not successful in the public tender, auction and/or listing for bidding process, we will not be able to secure the land grant contracts and pay the land premium, as a result of which, we will not be able to proceed with the development of such projects and will not have access to any of the associated GFA for development for sale.

Baoshan Gaojing — Phase II

Baoshan Gaojing — Phase II has a total planned GFA of 400,000 sq.m. and a site area of 162,580 sq.m.. Details of phase II of Baoshan Gaojing as at 31 July 2009 were as follows:

Baoshan Gaojing Phase II(1)	Residential	Retail
Planned construction period	March 2012 — December 2014	March 2014 — December 2015
Total saleable/leasable GFA (sq.m.)	294,500	19,000

Note:

(1) Phase II of Baoshan Gaojing will have 1,750 saleable/leasable carpark spaces upon completion.

Based on our estimates, the cost required to develop Phase II of Baoshan Gaojing to completion is RMB1,620 million. The project is expected to be financed by bank borrowings, proceeds from pre-sales of properties, IPO proceeds and other sources.

Based on our internal estimate and subject to the timing and outcome of the future tender process, we expect that we may obtain the land use right certificate for Phase II of Baoshan Gaojing by December 2011.

Sunshine Holiday — Phase V

Phase V of Sunshine Holiday has a total site area of 56,863 sq.m. and a total planned GFA 156,460 sq.m. Details of Phase V of Sunshine Holiday as of 31 July 2009 were as follows:

Phase V(1)	Residential	Retail
Planned construction period	March 2012 — December 2013	March 2012 — December 2013
Total saleable/leasable GFA (sq.m.)	122,332	10,288

Note:

(1) Phase V of Sunshine Holiday will include 336 saleable/leaseable carpark spaces upon completion.

As of 30 June 2009, we had prepaid RMB90 million for the land premium with respect to Phase V of Sunshine Holiday. Based on our estimates, the total cost required to develop Phase V of Sunshine Holiday to completion will be approximately RMB843 million.

Based on our internal estimate and subject to the timing and outcome of future tender process, we expect that we may be able to obtain the land use right certificate for Phase V of Sunshine Holiday by December 2011.

Sunshine Bordeaux — Phase II - Phase IV

Phase II to Phase IV of Sunshine Bordeaux has a site area of 1,191,983 sq.m. and a total planned GFA of approximately 1,256,113 sq.m. Details of Phase II to Phase IV of Sunshine Bordeaux as of 31 July 2009 were as follows:

Phase II - Phase IV	Residential	Retail
Planned construction period	August 2010 — December 2016	May 2012 — December 2016
Total saleable/leasable GFA (sq.m.)	1,172,194	56,419

As of 30 June 2009, we had not incurred any development cost with respect to Phase II to Phase IV of Sunshine Bordeaux. Based on our estimates, the cost required to develop the project to completion will be RMB3,723 million. The project is expected to be financed by bank borrowings and proceeds from pre-sales of properties.

Based on our internal estimate and subject to the timing and outcome of future tender process, we expect that we may be able to obtain the land use right certificate for Sunshine Bordeaux in accordance with the following time schedule:

Phase II	May 2010
Phase III	January 2012
Phase IV	January 2014

Rongsheng Garden — Phase IC to VI

Rongsheng Garden Phase IC to VI has a total planned GFA of approximately 4,031,746 sq.m. and a site area of approximately 4,906,761 sq.m.

Details of Phase IC of Rongsheng Garden as of 31 July 2009 were as follows:

Phase IC(1)	Residential
Planned construction period	November 2011 — December 2012
Total saleable/leasable GFA (sq.m.)	72,706

Note:

(1) Phase IC of Rongsheng Garden will include 1,476 saleable/leaseable carpark spaces upon completion.

Based on our estimates, the cost required to complete the development of Phase IC of Rongsheng Garden is expected to be approximately RMB399 million, which includes RMB61.4 million of land cost.

Details of Phase II to VI of Rongsheng Garden as of 31 July 2009 were as follows:

Phase II to VI	Residential
Planned construction period	March 2012 — December 2022
Total saleable/leasable GFA (sq.m.)	3,705,000

Based on our estimates, the cost required to develop Phases II to VI to completion is RMB7,381 million. The project is expected to be financed by bank borrowings and proceeds from pre-sales of properties.

Based on our internal estimate and subject to the timing and outcome of future tender process, we expect that we may be able to obtain the land use right certificate for Phases II to VI of Rongsheng Garden in accordance with the following time schedule:

Phase IC	August 2011
Phase II	December 2011
Phase III	February 2014
Phase IV-VI	February 2016

Sunny Town — Phase V

As of 31 July 2009, Phase V of Sunny Town had a total planned GFA of approximately 207,555 sq.m.. Details of Phase V of Sunny Town as of 31 July 2009 were as follows:

Phase V	Residential
Planned construction period	April 2011 — December 2014
Total saleable GFA (sq.m.)	193,300

Note: Phase V of Sunny Town will include 178 saleable/leasable carpark spaces upon completion.

Based on our estimates, the outstanding cost required to develop Phase V of Sunny Town to completion is RMB948 million. The project is expected to be financed by bank borrowings and proceeds from pre-sale of properties.

Based on our internal estimate and subject to the timing and outcome of future tender process, we expect that we may be able to obtain the land use right certificate for Sunny Town Phase V by January 2011.

PROPERTY DEVELOPMENT

We integrate our Group's resources to conduct site selection, land acquisition, planning, project design and construction, marketing, pre-sales, sales and after-sales support, and a series of development processes. These areas are coordinated and supervised by our central management and carried out by the functional departments of our regional offices and project companies. Although the nature and sequence of specific planning and execution activities vary from one project to another and may be subject to the requirement of the local laws and regulations, we have summarised below, the core elements of our typical project development process for our properties for sale.

Site Selection
- Gather land information
- Formulate initial concept
- Perform market research
- Perform internal feasibility study
- Perform internal assessment and approval

Land Bidding/Tendering
- Arrange for bidding/tendering
- Receive notice of successful bid/tender
- Sign land grant contract
- Pay land premium
- Obtain land use rights certificate (國有土地使用證)

Pre-construction
- Obtain construction land planning permit (建設用地規劃許可證)
- Obtain construction works planning permit (建設工程規劃許可證)
- Obtain work commencement permit (建築工程施工許可證)
- Obtain other relevant government approvals

Project Design
- Concept design
- Project design
- Detailed design

Construction
- Commence construction works for bidding/tendering
- Monitor construction progress
- Perform quality inspection
- Maintain cost control

Pre-sale and Sale
- Engage in marketing and promotion
- Obtain pre-sale permit (預售許可證)
- Sign, notarise and register pre-sale contract and mortgage
- Obtain completion and acceptance certificate (竣工驗收證明)
- Obtain delivery certificate (where applicable) (交付使用許可證)

After-sale Services
- Register and apply for unit ownership certificate (小產證)
- Gather and process customer feedback
- Perform customer information analysis
- Regular customer visits and activities

Site selection

We consider careful site selection as a key step to the success of our property development. We place a strong emphasis on site selection. Our strategy committee which consists of members of our board and senior management team closely monitors and manages our site selection process and is responsible for identifying potential acquisition targets and supervising the whole screening process. Our investment and marketing department in each regional company conducts pre-acquisition site due diligence work so as to gain an overall understanding of the target property, the market conditions and trends for future developments, and presents a preliminary market analysis to our strategy committee. In line with our overall strategy, we involve our centralised marketing and sales centre and research and design centre throughout the site selection process to advise on the decision making process from a pricing, marketing and design perspective.

In assessing whether to pursue an acquisition opportunity, we also seek professional advice from independent experts and take into account a broad range of factors, including:

- an assessment of the city's economic environment, GDP growth and population growth;
- the supply and demand of the relevant property market;
- local urban planning and specifications, in particular, the local governmental zoning, planning and development in the relevant region over the next several years and the infrastructure support in the surrounding areas;
- geographical location of the development sites, including its proximity and accessibility to the fast growing urban centres; and
- the estimated cost of development, including land premium, relocation costs (if any), construction cost and financing cost.

Land acquisition

We acquire land either by competitive bidding through public tenders, auctions or listing at a land exchange administered by the local government; and/or acquisition of property project companies.

Land Acquisition by competitive bidding

On 28 September 2007, the Ministry of Land and Resources (國土資源部) issued the Regulations on the Grant of State-owned Land Use Rights for Construction through Public 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》), effective 1 November 2007, which provides that land for industrial, commercial, tourism or entertainment use or for commodity housing development shall be granted by means of public tender, auction or listing-for-sale; no land use rights certificates shall be issued before the land premium has been fully paid up in accordance with the land use rights grant contract and the land use rights certificates shall not be issued separately according to the proportion of the payment of the land premium.

In brief, the procedures to obtain land use rights certificates after 1 July 2002 are as follows:

1. The land administration department of the People's Government at county or municipal level (the "Grantor") issues a notice specifying the terms and conditions of the tender, auction or bidding (the "Sale"), including the amount of deposit payable, the initial bidding price of the land and other criteria that will be considered by the Grantor in determining the successful participant. The notice will generally be issued 20 days in advance of the Sale.

2. The Grantor will notify the eligible participants who comply with the terms and conditions of the notice, to attend the Sale. At the Sale, the eligible participants may make an offer for the land and/or submit a proposal in accordance with the steps prescribed in the notice.

3. The Grantor then issues a letter of confirmation to the successful participant. Deposits paid by an unsuccessful participant will be returned.

4. The successful participant then enters into a land grant contract with the Grantor in accordance with the terms specified in the letter of confirmation. The deposit paid for participating in the sale will be used to offset part of the land premium.

5. Having fully paid the land premium specified in the land grant contract, the successful participant registers the land with the Grantor.

6. The People's Government at or above county level issues a land use rights certificate when the land premium and the deed tax is fully paid.

The price we pay in respect of the land acquired by us through competitive bidding is in line with the then prevailing market rate and most of the land parcels acquired by us have been relatively large in size. Owing to our financial strength, clearly defined strategies, integrated development capability and management quality, we believe we are able to create a premium to the projects that we develop. Our Directors believe that there are only a handful of property developers who possess such integrated capabilities.

Land Acquisition through acquiring property project companies

We began to acquire property project companies in 2001 to enable us to expand our business and obtain land use rights at a competitive price. In addition to the usual site selection process and criteria, which we apply in identifying potential targets, we also assess the factors that affect the target's ability to continue to develop the land it possesses when determining whether to pursue the acquisition of a property project company. Such factors include, among others, issues of communications with government, financing arrangements, pricing policies, product development and marketing, which often arise as a result of lack of experience on the part of property developers who own the property project company. Due to more than thirteen years of experience in the PRC property development industry, we are able to overcome such difficulties encountered by these small property developers and have the competitive strength to create a premium with respect to the land obtained through the acquisitions of such project companies.

The price paid for the land acquired through the acquisition of property project companies is normally considered more attractive compared to the price paid through public bidding and therefore any significant delay in identifying the potential target or reaching a decision may result in us foregoing such opportunity due to the intense market competition. We rely on a broad range of information channels to closely track the latest developments in the market. Once we have identified a suitable target company, we generally are able to complete the due diligence exercise and decision making process within a short timeframe, with the goal of being in a position to complete the acquisition before any of our potential competitors enter into negotiations with the vendors.

Pre-construction

According to PRC regulations, once we have obtained the rights to develop a parcel of land, we begin applying for the various permits and licenses that are needed in order to begin construction and sale of our properties. If the land use right is acquired by way of grant, the land grant contract will be a precondition to application for the following permits and licenses:

- land use rights certificate (國有土地使用證). A certification of the right of a party to use a parcel of land;
- construction land planning permit (建設用地規劃許可證). A permit authorising a developer to begin the survey, planning and design of a parcel of land;
- 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 work commencement permit (建築工程施工許可證); and
- construction work commencement permit (建築工程施工許可證). A permit required for commencement of construction.

As of 31 July 2009, we had obtained all the required land use rights certificates and permits for our existing properties under development taking into account their respective stages of development at such date.

Financing of Projects

We finance our projects primarily through capital contributions from our Shareholders, Pre-IPO Financing, bank loans and internal cash flows, including proceeds from the pre-sale and sale of our properties.

According to guidelines issued by the China Banking Regulatory Commission (CBRC), no construction loan shall be granted to projects which have not obtained the relevant land use rights certificates (國有土地使用證), construction land planning permits (建設用地規劃許可證), construction works planning permits (建設工程規劃許可證) and work commencement permits (建築工程施工許可證). Government authorities in China have issued various regulations to govern the financing of development projects:

- On 5 June 2003, the PBOC promulgated the Notice on Further Strengthening the Administration of Real Estate Loans (關於進一步加強房地產信貸業務管理的通知). According to the notice, commercial banks shall focus their business towards supporting real estate projects targeted at mid to lower-income households and appropriately restrict the granting of real estate loans to projects involving spacious apartments, luxurious apartments and villas. No loan shall be granted to projects which have not obtained the land use rights certificate, construction land planning permit, construction works planning permit and work commencement permit. The notice strictly prohibits banks from advancing working capital loans to real estate developers. When applying for a real estate loan, the real estate developer's own capital in any proposed real estate project shall not be less than 30% of the total investment of the project. The notice also prohibits loans advanced for the payment of land premium for land use rights.

- On 16 March 2005, the PBOC promulgated a Notice on Adjusting the Housing Loan Policy and Deposit Rate of Excess Reserves for Commercial Banks (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) which cancelled the preferential mortgage lending interest rate for individuals and restricted the minimum mortgage loan rate at 0.9 times of the benchmark rate. The PBOC also increased the public housing fund loan rate (住房公積金貸款利率) by 0.18% and required commercial banks to decrease the mortgage loan rate from 80% to 70% of the value of the property if it is located in a city where the property prices are increasing too rapidly.

- On 24 May 2006, the General Office of the State Council issued a Notice on Adjusting the Housing Structure and Stabilising Housing Prices (關於調整住房供應結構穩定住房價格意見的通知). The notice provides that banks are not permitted to provide loans to a property developer whose total capital fund is less than 35% of the total investment amount in an intended development project. From 1 June 2006 and with respect to property mortgages, down payments shall be a minimum of 30% of the purchase price. Down payments of 20% will still be applicable with respect to purchases of housing for buyers' own accommodation with a GFA of less than 90 sq.m..

- On 11 July 2006, the Ministry of Construction (建設部), the Ministry of Commerce (商務部), the National Development and Reform Commission (國家發展和改革委員會), the PBOC (人民銀行), the State Administration for Industry and Commerce (國家工商行政管理總局) and the State Administration of Foreign Exchange (國家外匯管理局) jointly issued the Opinions on Regulating the Entry and Administration of Foreign Investment into the

Real Estate Market (關於規範房地產市場外資准入和管理的意見). The Opinions provide that no offshore or Chinese domestic loan is allowed and the foreign exchange administration shall not approve the conversion of foreign currency loans into RMB if the foreign-invested real estate corporations have not contributed their registered capital in full, or have not obtained the state-owned land use rights certificate, or their capital for a development project is less than 35% of the total investment.

- On 22 July 2006, the China Banking Regulatory Commission (中國銀行業監督管理委員會) promulgated a Notice on Further Strengthening the Administration of Real Estate Credit (關於進一步加強房地產信貸管理的通知). The notice requests (i) improving credit risk classification system for all kinds of real estate loan; (ii) prohibiting providing loans to disqualified real estate developers whose own capital is less than 35% of the total capital required for the projects (not including affordable housing), or who have not obtained the "four certificates"; (iii) setting the loan term appropriately, and not allowing the provision of working capital loans in the name of real estate development loans; (iv) strictly restricting new loans for those developers who hoard land or housing and disturb market order; (v) preventing developers from obtaining loans by project split-up or rolling-ahead development strategies; and (vi) enhancing management after providing loans. All financial institutions shall provide loans strictly in accordance with the real estate project progress and strengthen overall supervision of the whole process of loan utilisation by developers.

- In December 2008, the General Office of the State Council issued the Opinion on Promoting the Healthy Development of Real Estate Market (關於促進房地產市場健康發展的若干意見). According to the Opinion, in order to stimulate the domestic needs and support the ordinary commodity housing market, purchasers of first unit flat may enjoy preferential loan rate and 20% down payment set out in the relevant laws and regulations. Meanwhile, for the purchasers who have already bought one unit flat through bank mortgage, if that unit GFA per person can not meet the local average level, they can enjoy the same preferential policies provided that the second unit flat is purchased to improve living conditions.

- Under the Notice on Adjusting the Percentage of Capital Fund for Fixed Assets Investment issued by the State Council on May 2009 (國務院關於調整固定資產投資項目資本金比例的通知), in order to cope with the international financial crisis and stimulate domestic needs, the minimum percentage of the property developer's own capital required for projects development of affordable housing projects and ordinary commodity housing projects was adjusted from 35% to 20% and the minimum percentage of the developer's own capital for other property development projects was adjusted from 35% to 30%.

Our ability to obtain financing for our project also depends on the various economic measures introduced by the central and local governments which are intended to stabilise the property market in China. From 2006 to the first half of 2008, the PRC government implemented a number of economic adjustment measures to prevent the PRC economy from overheating. Among these measures are policy initiatives issued by the PRC government on 24 May 2006 to use taxation, bank credit and land policies to regulate housing demand. During such period, the PBOC also announced several increases in the reserve ratio of commercial banks since June 2006 as a result of which the reserve ratio had increased from 7.5% to 8% with effect from 5 July 2006, from 8% to 8.5% on 15 August 2006, from 8.5% to 9% on 15 November 2006, from 9% to 9.5% on 15 January 2007, from 9.5% to 10% on 25 February 2007, from 10% to 10.5% on 16 April 2007, from 10.5% to 11% on 15 May 2007, from 11% to 11.5% on 5 June 2007, from 11.5% to 12% on 15 August 2007, from 12% to 12.5% on 6 September 2007, from 12.5% to 13.0% on 13 October 2007, from 13.0% to 13.5% on 26 November 2007. On 25 December 2007, the PBOC announced a further increase of the reserve ratio from 13.5% to 14.5%. The reserve ratio is further increased to 17.5%, effective on 25 June 2008, being the historical high over the past 30 years. The reserve ratio went down to 16.5% in October 2008, to 14.5% in December 2008, which reflects the PRC government's policy to stimulate economic growth in the global economic downturn. The reserve ratio refers to the amount that banks must set aside when they lend. Such decision of the PBOC will limit the amount commercial banks have available for lending and our ability to obtain financing from commercial banks may be adversely affected.

Project Design

Our project design comprises the following three phases:

- Concept design (Phase I) — overall planning conducted at the stages of site selection and land acquisition in connection with our pricing policies and marketing strategies

- Project design (Phase II) — expansion of planning to cover three dimensional design of the property development, floor plans and selection of construction materials, which is usually conducted upon acquisition of the relevant land use rights

- Detailed design (Phase III) — implementation of the concept design and project design throughout the design and construction process, including landscaping and greenery design

In order to facilitate our design process, we have set up a research and design centre, which specifically engages in property design. We usually outsource Phase I design work to renowned overseas design houses such as Atkins China Ltd., WWCOT and HASSELL, all of which are independent third party designers of our Group. When determining the concept design of a particular property development, our designers and engineers generally consider the recommendations of our research and design centre regarding product mix, project location and market conditions, as well as the regulatory requirements regarding the design. Phase II of the design process is an integral part of our overall plan of a property development project and therefore we retain absolute control over this phase of the design process through our strategy committee and research and design centre. We then cooperate with the large and reputable local design institutes in the relevant regions to carry out the Phase III of our design process. Despite the involvement of overseas design houses and third party design institutes, we closely monitor and manage the quality and theme of a project development at each phase of its design process.

Involving the external design houses and our research and design centre at an early stage of a property development project allows for the formulation of a preliminary design when we are negotiating with the government and enables us to commence construction shortly after the requisite approval to develop a parcel of land has been granted, as a result of which, the overall time needed to complete the development is significantly reduced.

Construction work

We outsource our construction phase of a development project to professional and reliable construction companies. During the Track Record Period, Shanghai Ditong, an associate of Mr. Zhang Zhi Rong, our Founder and ultimate Controlling Shareholder, and hence a related party of our Group, was our largest general contractor, it was determined that accounting for substantially all the construction work we had incurred during the Track Record Period, except for Phase III of Sunny Town with respect to which the construction work was undertaken by independent third party constructing companies. In addition, through the tendering process it was determined that the construction contracts for Royal Lakefront Phase IA and Harbin Villa Glorious Phase I will be granted to independent third party contractors. For the three financial years ended 31 December 2006, 2007, 2008 and the four months ended 30 April 2009, the total construction costs incurred in respect of the construction services provided by Shanghai Ditong amounted to approximately RMB1,033.1 million, RMB1,019.7 million, RMB1,185.5 million and RMB195.3 million, representing approximately 86.8%, 96.1%, 90.6% and 91.3% of our total construction and installation costs incurred during the Track Record Period, respectively. Other construction installation costs mainly included certain construction materials such as elevators, doors, windows, sanitary fittings and kitchen cabinets which we purchase through direct procurement. For the three years ending 31 December 2009, 2010 and 2011, the estimated construction fees payable under the Company's annual budget is RMB1,260.9 million, RMB3,140.3 million and RMB4,820.1 million, respectively. Under relevant PRC laws and regulations, construction contractors need to obtain the relevant construction qualification certificate for the type of construction work they carry out before they can undertake such property construction work. During the Track Record Period, all of the construction contractors we appointed have obtained the requisite licenses. Shanghai Ditong holds a class I Qualification for General Contracting of Building Contraction Works (房屋建築工程施工總承包一級資質). With its license, Shanghai Ditong is permitted to engage in construction work for the following buildings under a construction or installation contract provided that the single contract value does not exceed five times the registered capital of the enterprise: (1) construction project for buildings less than 40 storeys with various spans; and (2) structures with a height no more than 240 metres; and (3) residential quarters or building complexes with a GFA no more than 200,000 square metres.

The construction phase of a development project begins once we obtain the Construction Permit for the project. Although Shanghai Ditong, being our general contractor, is responsible for purchasing construction materials, procuring tools and equipment, it outsources labour services through third party construction labour providers and outsource specialised construction works to third party sub-contractors that are responsible for specialised construction works, such as landscaping, steel structural works, building envelope installation and fire services installation, and we, through our project management department in each project company, retain overall monitoring over the quality and progress of our construction process.

According to the PRC Tendering and Bidding Law (《中華人民共和國招標投標法》), which became effective on 1 January 2000, and the Rules on the Tender Scope and Criteria for Construction Projects (《工程建設專案招標範圍和規模標準規定》), the tender process is compulsory with respect to construction projects within the PRC for projects such as large-scale infrastructure and public utilities relating to social public interests or public security, including the exploration, design, construction, construction supervision thereof as well as procurements pertaining to important equipment and materials in connection with project construction. The tender process can be conducted via open tender or tender by invitation. During the Track Record Period, the majority of our property projects have involved tender by invitation process, during which, Shanghai Ditong has been invited and selected as a successful bidder for each of these projects except for Phase III of Sunny Town, Royal Lakefront Phase IA and Harbin Villa Glorious Phase I. Under the relevant tender laws, a tender can only proceed if at least three construction contractors, all having competent qualifications and the ability to undertake the construction work, have submitted bids. The successful bidder is selected based on an independent assessment by each of the members of the assessment committee of the relevant tender bureau, having taken into account, among others, the following factors: the fee quote, the construction schedule for completion, the quality of construction work, the construction plan, allocation of manpower, safety measures and standard, equipment and facilities to be adopted, and the industry experience of the project manager of the bidder. Depending on the complexity and the scale of our project developments, some factors may outweight the others in determining which contractors that we select. In general, the fee quote will be given the greatest importance, followed by the construction plan and quality of construction work. For all the bids for which Shanghai Ditong was selected during the Track Record Period, Shanghai Ditong had comparable scores or scored higher in terms of a competitive fee quote, construction plan and/or quality of construction work as compared to other bidders. As our projects do not involve state ownership, we may, but are generally not required to, select our construction companies through an open tender process.

We have selected our construction companies through tender by invitation in compliance with the relevant laws and regulations as well as local regulations where our properties are situated. We have also adopted a strict internal selection process in this regard. Our typical selection process regarding construction contractors has involved the following steps.

1. We engage a qualified independent tendering agent which is mainly responsible for drafting tender documents and assisting us in organising tender process. The tender agent is a legally established intermediary institution, acting as our agent in the tender process and providing relevant services. We then, with the help of the tendering agent, make registration of the projects to be tendered and file relevant tendering documents with the local government authorities.

2. Taking into consideration the specifications of a particular project, we compile a list of construction contractors ranging from three to eight and invite them to enter the bidding process.

3. The contractors who intend to bid for the projects provided information to us regarding their qualification, industry experience, and size and composition of their management team.

4. Based on the information received and the specifications of a particular project, we issue tender application documents to selected bidders for completion (typically three to five contractors with competent qualification and relevant industry experience). All these construction contractors, except for Shanghai Ditong, are independent third parties of our Group.

5. The tendering agent would submit the completed tender application documents and other required documents to the local tender bureau.

6. After the tender documents are submitted, an assessment committee is formed, comprising several industry experts randomly chosen from a pool of industry experts who are independent of our Group and a representative from our Group. In accordance with the PRC laws and regulations and industry practice, the successful bidder is selected by way of score by an independent assessment of each of the members of the assessment committee having taken into account the fee quote, the construction schedule for completion, quality of construction work and the construction plan (which includes, allocation of manpower, safety measures and equipment and facilities to be adopted and the industry experience of the project manager of the bidder).

7. The bidding result is released and the successful bidder enters into the construction contract with us within a certain period from the date of release of the bidding result.

After the Listing, our Group will adopt strengthened corporate governance measures in respect of the tendering process. A tendering committee will be established to monitor the tendering process and prescribe criteria for the selection of potential bidders for each of our project developments. Please refer to the section headed “Connected Transactions — Corporate Governance Relating to the Selection Process for Construction Services” for further details.

According to the Temporary Measures for Settlement of Construction Fees (《建設工程價款結算暫行辦法》), prepayment in the amount of 10% to 30% of the contract sum shall be payable to constructors within one month of the date of the construction contract or not later than seven days prior to the date of the commencement of the construction work, and monthly payments shall be made during the construction work. The total amounts payable during the construction shall not be less than 60% but not more than 90% of the construction price. The remaining balance of the contract price shall be payable on settlement with approximately 5% of the contract price withheld during the warranty period. In accordance with the above-mentioned notice and market practice, under the construction contracts with Shanghai Ditong, we generally prepay 20% to 30% of the construction price to Shanghai Ditong within 10 days from the date of the construction contract and monthly payments are payable depending on the progress of construction work. The total amount payable to Shanghai Ditong during the construction period does not exceed 90% of the contract sum. The remaining balance is payable only upon the satisfactory completion of work on settlement date with 2% to 5% of the contract price withheld to cover any expenses incurred in connection with the quality of the construction work during the warranty period. In addition, our construction contract also states that the contractors must comply with relevant laws and regulations on the quality of construction projects, as well as our own standards and specifications. The contractors are also subject to our quality control requirements and procedures, including examination of materials and supplies, regular on-site inspection and production of progress reports.

We generally do not carry insurance against personal injuries that may occur during the construction of our properties except for our own employees. The construction companies are responsible for quality and safety control during the course of the construction and are required to maintain accident insurance for their construction workers according to PRC laws and regulations. We are not responsible for any labour problems of our contractors. Under the construction contracts, we are entitled to seek indemnification from the contractors for any damage as a result of any non-compliance with the applicable PRC laws and regulations concerning environmental protections, social and safety issues.

As of the date of this prospectus, we have not been in breach of any applicable PRC laws and relevant regulations governing property constructions that would have a material adverse effect on our results of operation or financial conditions.

Procurement and Quality Control

During the Track Record Period, our general contractors are mainly responsible for procuring basic building materials in accordance with our specifications and requirement, such as cement, steel, and bear the risks of fluctuation in the costs of these materials. Going forward, we intend to procure building and construction materials by ourselves as to better control the cost and quality of our construction materials and reduce the risk arising from fluctuation of construction material prices. For those projects that require procurement through our general contractors, we conduct regular site inspection of raw materials procured by our constructors so as to monitor the quality and inventory level of such materials.

We place great emphasis on the quality of our project. Our budgeting department is involved from the site selection process of each project and is responsible for formulating budgeting plans and assisting our general contractor in selecting construction materials in accordance with strict quality specifications. To maintain quality control, our on-site supervisors and project companies will inspect quality of the construction materials used in our projects to ensure compliance against our own standards and specifications on each delivery and will reject materials which are below our standard or that do not comply with the contractual specifications. In addition, we engage independent and certified engineering supervisory companies to conduct quality and safety control checks on all building materials, equipments and construction in accordance with the relevant PRC laws. These certified engineering supervisory companies are engaged by us at different stages of a property construction phase, all of which are independent of our Group and Shanghai Ditong, and possess the requisite qualifications to conduct the relevant supervisory work. The qualifications of a certified engineering supervisory company can be broadly divided into three categories, namely, overall qualification (綜合資質), professional qualification (專業資質) and enterprise qualification (事務所資質), and the professional qualification (專業資質) can be further classified into three levels, with the First Level (一級) being the highest level. Engineering supervisory companies with the First Level (一級) professional qualification may carry out quality supervisory work and safety control checks on the construction of property project that involves high rise buildings with 28 stories or above and a site area of 30,000 square metres or more and residential quarters with a total GFA of over

120,000 sq.m.. Most of the engineering supervisory companies appointed possess First Level (一級) professional qualification. The payment amount and settlement method varies but we typically pay our engineering supervisory companies a commission calculated based on the GFA and in the case of supervisory services provided in respect of special assets such as elevators, the commissions are usually calculated based on the number of relevant units. We usually settle our payment with our engineering supervisory companies in instalments, with the last payment usually to be made upon the completion of construction phase of the relevant project.

We also purchase certain special construction materials, such as elevators, doors, windows, sanitary fittings and kitchen cabinets, through direct procurement. Direct procurement does not only help us reduce and control our overall construction cost, but also enable us to better control the quality of the materials used to the extent that such materials are not customarily found in construction work.

For the three financial years ended 31 December 2006, 2007, 2008 and the four months ended 30 April 2009, purchases attributable to our five largest suppliers including material suppliers and construction contractors were approximately 57.9%, 57.5%, 47.5% and 51.2%, respectively of our total purchases in the respective period. Among the top five suppliers of our Group during the Track Record Period, Shanghai Ditong is our single largest supplier throughout the three financial years ended 31 December 2008 and the four months ended 30 April 2009, and its total purchase amounts for each of the three financial years ended 31 December 2008 and the four months ended 30 April 2009 accounted for approximately 51.4%, 54.4%, 42.9% and 41.1% of the Group's total purchase amount from direct suppliers, construction and installation services and other indirect costs during the respective period. Our related parties, Shanghai Yangguang Investment (Group) Co., Ltd., Shanghai Yuncheng Urban Engineering Co., Ltd and Shanghai Chuangmeng, each of which is an associate of the Founder, were also among the top five suppliers during our Track Record Period. Shanghai Yangguang Investment (Group) Co., Ltd, a company principally engaged in the provision of corporate investments, property consultancy services and domestic trading, provided professional consultancy services on property development to us, and the purchase amounts attributable to Shanghai Yangguang Investment (Group) Co., Ltd., a company 100% beneficially owned by the Founder, accounted for approximately 1.7%, 0.9%, 0.1% and 0.2% of the total amount of purchases of our Group for each of the three financial years ended 31 December, 2008 and the four months ended 30 April 2009, respectively. Shanghai Yuncheng Urban Engineering Co., Ltd., a company principally engaged in urban engineering, provided urban engineering services to us and the purchase amount attributable to Shanghai Yuncheng Urban Engineering Co., Ltd., a company owned as to 40% by Mr. Ding Xiang Yang, our vice Chairman and the brother-in-law of the Founder, and 60% by Shanghai Zhuoxin Commercial Investment Management Co., Ltd., a company owned as to 75% by the Founder's father and 25% by his wife, accounted for 2.6%, 0.2% and 0.1% of our total purchase amount for the three financial years ended 31 December 2008, respectively. Shanghai Chuangmeng, a company principally engaged in the provision of design and construction engineering services, provided design services to us and the purchase amount attributable to Shanghai Chuangmeng accounted for approximately 0.9% for the financial year ended 31 December 2007. Save as disclosed above, none of our top five suppliers for each of the three financial years ended 31 December 2008 and the four months ended 30 April 2009 is a related party of our Group. In addition, our Directors have confirmed that, other than the purchases with Shanghai Ditong and Shanghai Chuangmeng which has ceased to be our related party since 9 May 2008, in respect of the provision of its construction services and design services, respectively, none of the other related party top five suppliers disclosed above will continue to have such relevant transactions with us after our listing. Save as disclosed herein, none of our Directors, their associates or any shareholder (who or which, to the best knowledge of our Directors, owns more than 5% of our share capital) has any interest in any of our top five suppliers.

Fitting and decoration work

In the past, most of our projects do not include fittings and interior decorations so as to provide our end customers with the full flexibilities to renovate the properties based on their preferences and needs. In response to the market trends, we intend to offer customised fittings and decoration services to our customers going forward with a view to expanding our customer portfolio and creating further values to our products.

Pre-sales

Pre-sales of our property units commence before the completion of a project or a project phase. Under the Law of the Administration of Urban Real Estate of the PRC (《中華人民共和國城市房地產管理法》) and the Administrative Measures governing the Pre-sales of Urban Real Estate (城市商品房預售管理辦法), as amended in 2001 and 2004, we must comply with the following conditions before pre-sales of a particular property can commence:

- the land premiums must have been fully paid and the land use rights certificates must have been obtained;

- the construction works planning permit and construction work commencement permit must have been obtained;

- the funds contributed to the development of the property developments where property units are to be pre-sold must comply with the relevant governmental regulations and the expected completion date and delivery date of the construction work must have been ascertained; and

- pre-sale permits must have been obtained from construction bureau at county-level or above or real estate administration authority.

We comply with the relevant governmental regulations in respect of the use of pre-sales proceeds in all material respects. Based on the local regulations on the supervision of pre-sale proceeds, the proceeds from the pre-sales of our properties must be deposited in escrow accounts. Before the completion of the pre-sold properties, the money deposited in these escrow accounts may only be used to purchase construction material and equipment, make interim construction payments and pay taxes, subject to prior approval from the relevant local authorities. See "Summary of PRC Laws Relating to the Property Sector — Sale of Commodity Properties" in Appendix VII to this prospectus for further information on regulations that relate to pre-sales. As of the Latest Practicable Date, we were in compliance, in all material respects, with the relevant laws and regulations applicable to the pre-sale of properties in the PRC.

In accordance with the pre-sales contract, after signing the pre-sale contract and paying the down payment, which is normally 20% to 30% in accordance with the relevant laws and regulations, the purchasers need to fully settle the outstanding contract amount within a certain period as set out in the pre-sale contract. If a purchaser defaults under the pre-sale contract and fails to make timely payment, then such purchaser normally is obligated to pay liquidated damages in an amount equal to 0.01% of the total contract amount per day and, if the non-payment exceeds 30 days, the Company is entitled to terminate the pre-sale contract and claim 1% of the total contract amount as liquidated damages. In addition, until the total purchase amount under the pre-sale contract is paid in full by the purchaser, the Company is not obligated to deliver the property under the pre-sale contract. As at the Latest Practicable Date, there had been no major return of properties sold or pre-sold during the Track Record Period that had a material adverse impact on the financial and operation position of the Group.

Marketing and sales

Our marketing and sales centre is responsible for formulating our marketing and sales strategies and managing the overall sales process. Each of our project companies has also established its own marketing and sales department to implement the marketing and sales strategies laid down by our marketing and sales centre. The marketing and sales strategy varies from project to project and depends on a wide range of factors, including market conditions, our cash position, size, phase and location of the project, timing for sales and targeted customer group. Our marketing and sales centre sets the sale price for each unit within a particular project based on the recommendation by the relevant project company, taking into account the marketing and sales strategies adopted for such project.

Some of our marketing and sales activities are conducted through cooperation with external professional marketing and sales service providers, such as DTZ Debenham Tie Leung International Property Advisers, which is an international real estate agents and independent of our Group. We usually engage different sales agent for different projects based on each project's particular location, potential customer base and pricing. The agent commissions usually range from 0.8% to 1.5% of the total sales proceeds from a particular project and are often negotiated by us on a case-by-case basis. For the three financial years ended 31 December 2006, 2007, 2008 and the four months ended 30 April 2009, the total agency fees paid and payable by us in respect of the agency services amounted to approximately RMB15.7 million, RMB37.1 million, RMB17.4 million and RMB2.2 million, respectively. As at 31 December 2006, 2007, 2008 and 30 April 2009, the unpaid balances were RMB17.2 million, RMB20.8 million, RMB9.9 million and RMB9.5 million, respectively. The settlement terms vary among different projects. For example, Pursuant to the sales agency agreement for the sale of No.1 City Promotion, we were required to pay a deposit representing 10% of the agency fee upon signing of the agreement, and settle the agency fee monthly based on the actual proceeds from the monthly sales. We were then entitled to deduct the initial 10% deposit from the last payments of the agency fee. Another example would be the sale of Shanghai Park Avenue, pursuant to which, we were required to settle 90% of the agency fee monthly based on the actual proceeds from sales and the remaining 10% within ten days from the completion of the relevant properties. As the final payment of agency fees requires detail calculation of the fee amounts and need to be mutually agreed between us and each of the sales agents, it will usually take a long period of time to have all outstanding agency fees being agreed and settled after the agency services are rendered. As a result, the unpaid balance of agency fee as at each period end may accumulate to a slightly higher balance, for which the Group is committed to make payments in accordance to the agreed payment terms.

Handover of completed properties

In relation to our properties for sale, after construction is completed, we will need to obtain a completion and acceptance certificate (竣工驗收證明) from the relevant local governments before we are able to hand over the properties to our customers. In Shanghai, there is an additional requirement for us to obtain a delivery certificate (交付使用許可證) in respect of our completed residential properties before handover can be effected. Pursuant to a typical pre-sale agreement, if we fail to deliver the property on the delivery day stipulated in the pre-sale agreement, we will, depending on the length of delay, be liable to pay a monetary penalty ranging from 0.005% to 0.02% of the property price on a daily basis until the delivery of property. If our delay exceeds a certain number of days, which, depending on the particular contracts ranges from 30 days to 180 days, the relevant purchaser may have the right to repudiate the pre-sale agreement in addition to claiming the penalty fee. As at the Latest Practicable Date, there had been no repudiations of pre-sale agreements by our purchasers that had a material adverse impact on the Group's operational and financial position. There may also be factors beyond our control that cause delay to the delivery of property, such as examination and approval processes conducted by various government agencies. In the case of serious delays on one or more property projects, our business and reputation may be adversely affected. The Group has fully paid the penalty in the amount of approximately RMB35 million for the late delivery of properties for the year 2008. The Directors confirm that, other than this RMB35 million penalty we have paid as a result of late delivery of the properties in 2008, the Group is not subject to any other legal consequence in relation to such late delivery of the property to the purchasers in 2008. The estimated penalty of the Group for the late delivery of properties for the period from 1 January 2009 to 15 September 2009 is approximately RMB55.4 million. The estimated amount of the penalty for late deliveries during this period represents the penalty which the Group will be obliged to pay to customers in accordance with the terms of the pre-sales agreements on the assumption that the properties are not delivered on or before 15 September 2009. Notwithstanding the above, the Directors believe that we did not experience any significant delay in delivering completed properties to our customers that had a material adverse impact on our financial performance during the Track Record Period.

Property Management

We appoint professional property management companies to manage the properties we develop. Other than Yangguang Management, which is owned as to 90% by the spouse of the Founder and therefore a related person of the Group, all the other property management companies we have appointed as at the Latest Practicable Date were independent from our Group. The services provided by these property management companies typically include security, property maintenance, gardening and other ancillary services which are reasonably expected from a property management company. The monthly management fee is determined with reference to the prevailing market rates set by the relevant government authorities and is calculated based on the GFA of the units. The management fee is usually settled on a monthly basis upon receipt of the invoice issued by the property management companies. While we have the right to appoint property management companies upon completion and delivery of each project we develop, we do not assume any obligation for payment of management fee in respect of the units we have handed over to our purchasers. With a view to ensuring better property management services offered to our customers, we have also engaged reputable and internationally well-known property management consulting companies to provide consultancy services to the external property managers that we appoint. Such consulting companies include DTZ Debenham Tie Leung International Property Advisers, and Key International Hotels Management Co., Ltd., a joint venture to which Kempinski Hotels S.A. of Europe is a party.

Payment and End-user Financing

With respect to both pre-sales and sales, our purchasers can choose payment by instalments, lump sum payments or mortgage bank loans. In line with the market practice, we have arrangements with various banks for the provision of mortgage facilities to our purchasers and we provide guarantees for these mortgages until completion of construction and the relevant property ownership certificates and certificates of other interests in the property are submitted to the relevant banks.

In line with industry practice, we do not conduct independent credit checks on our purchasers but rely on credit checks conducted by the relevant bank.

Customers

Our core customer base comprises local customers as well as overseas investors. We target a broad base of customers with varied income levels and backgrounds. Since 2005, we have adopted an advanced electronic system to make real-time sale records and track our existing customers for marketing sales and after-sales purposes.

For the financial year ended 31 December 2006, 2007, 2008 and the four months ended 30 April 2009, sales attributable to the largest customer amounted to approximately 8.1%, 3.7%, 8.9% and 2.2%, respectively, of our total sales in each year and sales attributable to our five largest customers amounted approximately 16.7%, 8.6%, 16.7% and 10.0% of our total sales. To the best knowledge of the Directors, all the top five customers during the Track Record Period are independent of the Group.

Other Business

To reduce and better control our overall construction cost, our wholly-owned subsidiary Nantong Zhuowei established Shanghai Shuntianlong in 14 November 2008, and Shanghai Xintai, another wholly-owned subsidiary, established Shanghai Qiwei on 24 September 2008. Shanghai Shuntianlong and Shanghai Qiwei mainly provide construction materials such as concrete, steel and other fitting and decoration materials for our property development. In addition, Nantong Zhuowei and Tianjin Hongyun, which were previously property companies engaging in the development of properties, extended their scope of business so as to enable them to focus on the procurement of construction materials. Through our own construction materials procuring companies, we hope we could better tackle the market fluctuating risk of construction materials, which account for a very significant part of cost of sales for property companies. Further in 28 November 2008, Nantong Zhuowei acquired Shanghai Mingbao, a company mainly providing fitting and decoration services, from two individuals who are independent of our Group. We intend to strengthen our fitting and decoration capability through the acquisition of Shanghai Mingbao. Although most of our current projects do not include fittings and interior decorations to our customers, we are of the view that developing our own fitting and decoration arm can further expand our products portfolio, provide more flexibility to our customers and further strengthen our position as a market leader by offering a variety of customised products to the market.

COMPETITION

The competition in the property industry in the PRC is highly intense. Our existing and potential competitors include major domestic state-owned and private developers and foreign-funded real estate developers (including leading developers listed in Hong Kong) who focus on developing residential property markets in China. Competitive factors include the size of land reserves, the geographical location, the types of property offered, brand recognition by customers, creditworthiness, prices and design quality. A number of our competitors have greater financial, marketing, land and other resources than we have, as well as greater economies of scale, broader name recognition, a longer track record and more established status in certain markets.

For more information on competition, please refer to the section headed "Risk Factors — Risks Relating to Our Business — increasing competition among property developers, particularly in first-tier cities, may adversely affect our business and financial condition".

LEASED PROPERTIES

As of 31 July 2009, we, as lessees, have signed 25 tenancy agreements with the relevant lessors, leasing units and buildings for office and residential purposes. We have completed registration of 6 out of the 25 tenancy agreements as of 31 July 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 the Company's PRC counsel, Commerce and Finance Law Offices, the failure of registering a tenancy agreement would not affect validity and enforceability of such tenancy agreement under the applicable laws and regulation. In addition, for the remaining tenancy agreements not yet registered, the lessors have provided indemnities in favour of us to the effect that the Company will be fully indemnified for any possible penalties or fees imposed on it associated with the non-registration of tenancy agreements. 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 validity of the tenancy agreements, the Company will be able to find alternative premises within a short timeframe and with minimal disruption to the Company's business operations.

INTELLECTUAL PROPERTY RIGHTS

Currently, each project developed by us has its own project name and marketing name, which is given after considering the project's particular situation. As part of the Reorganisation, our Founder, through two wholly-owned companies (which do not form part of our Group), has transferred to us the two trademarks, namely, SUNGLOW and , at no consideration for use in connection with our property development business. We are currently in the process of applying for our trademarks which we plan to promote as our future brand for every project to be developed. For further details relating to our intellectual property, see the paragraph headed "Intellectual Property" in Appendix X "Statutory and General Information". We believe we can form quick and strong brand recognition under the new trademarks through continuously providing high quality properties to the market. Pending registration of the above-mentioned trademarks, our Group will own all the relevant trademarks in respect of all our property projects.

INSURANCE

Property developers are not required under PRC laws and regulations to maintain insurance coverage in respect of their property development operations. In line with the industry practice, we do not maintain insurance coverage on our properties developed for sale except for those developments over which our lending banks have security interests, or for which we are required to maintain insurance coverage under the loan agreements. In addition, we generally do not carry insurance against personal injuries that may occur during the construction of our properties except for our employees. The general contractors and construction companies are responsible for safety control during the course of construction and are required to maintain accident insurance for their construction workers pursuant to PRC laws and regulations. According to our construction contracts, the general contractors and construction companies will bear the risks and liabilities arising from tortuous acts committed on work sites. To date, we have not experienced any material damage to our property developments nor have any material personal injury-related claims been brought against us.

We carry social insurance for our formal employees and maintain on a voluntary basis personal accident insurance and supplementary commercial insurance, which complies with the relevant PRC rules and regulations. We believe that our policies with respect to insurance are in line with the industry practice in the PRC. However, there are risks for which we do not have sufficient insurance coverage for losses, damages and liabilities that may arise in our business operations. You should refer to "Risk Factors — Risks Relating to Our Business — we do not have insurance to cover potential losses and claims in our operations" for additional risk disclosure.

SOCIAL, HEALTH AND SAFETY MATTERS

In respect of social responsibilities, in particular, labour health, safety and social insurance, pursuant to the regulations of the Labour Contract Law of the People's Republic of China, the Labour Law of the People's Republic of China and Opinions on Several Questions concerning the implementation of the Labour Law of the People's Republic of China, an enterprise is required to execute an employment contract with its employees according to the relevant laws and regulations and shall not rescind the employment contract without cause. Employees are entitled to rest and have annual leave according to the law and provisions as stipulated in an employment contract. An enterprise is required to have health and safety policies and provide health and safety training to its staff. It is also required to provide its staff with a safe and hygienic working environment as well as any protective gears if necessary. Pursuant to the regulations of the Decision of the State Council on Establishing the Basic Medical Insurance System for Urban Employees, Decision of the State Council on Establishing a Uniform Basic Endowment Insurance System for Enterprise Employees, the Provisional Insurance Measures for Maternity of Enterprise Employees, Regulations on the Management of Housing Provident Fund, Regulations on Unemployment Insurance and Regulations on Industrial Injury Insurance, an enterprise is required to purchase basic medical insurance, pension insurance, maternity insurance, unemployment insurance, personal injury insurance for its staff and pay the relevant insurance premiums in accordance with the law and regulations.

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

In order to comply with the relevant laws and regulations, we participate in various defined retirement contribution plans organised by the PRC provincial and municipal governments for our employees. We pay on behalf of our employees a monthly social insurance premium covering pension insurance, medical insurance, unemployment insurance and housing provident fund. Our human resources department personnel looks after our social, health and safety issues. They generally have sound knowledge of administration on employment and related matters and are aware of the latest legal development in this area and our compliances with the relevant requirements.

ENVIRONMENTAL MATTERS

Real estate developers in China are subject to a number of environmental laws and regulations including the PRC Environment Protection Law (中華人民共和國環境保護法), PRC Law on Prevention and Control of Noise Pollution (中華人民共和國環境噪聲污染防治法), PRC Law on Environmental Impact Assessment (中華人民共和國環境影響評價法) and the Administrative Regulations on Environmental Protection in relation to Construction Environment (建設環境保護管理條例). Pursuant to those laws and regulations, an environmental impact assessment report is required to be submitted to the relevant government authorities for approval before commencement of construction, and each project developed by a property developer is required to undergo an environmental assessment. 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. Although property development is generally regarded as low polluting, during the course of construction of a project, there may be an increased amount of dust around the site, increased noise pollution, increased wastewater and solid construction waste. In each of these cases, our construction contractors, as part of the responsibilities under their contracts, are responsible for taking actions to control the quality of air, degree of noise and water pollution levels.

We endeavour to ensure that we comply with relevant PRC laws and regulations on environmental protection. When entering into construction contracts with our general contractors, we would request that they strictly comply with all PRC environmental protection laws and regulations in force including using construction materials and construction methods that meet the requirements of such laws and regulations. We normally request the construction contractors to take specific measures to minimise adverse environmental impact during construction. For example, a septic tank should be installed to filter the domestic waste from the construction site before discharging into the municipal pipes. Machinery and equipment used for construction are governed by certain emission standards so that the gas emitted from the machinery or equipment of all construction units at the scene must meet the relevant standards. During the course of construction, all construction units should strictly comply with the administrative provisions in respect of working hours stipulated by the local governments so as to reduce noise pollution. We believe that our environmental protection measures are in line with industry practice.

In addition, in accordance with PRC environmental laws and regulations, if a construction project includes environmental facilities (including 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. Whether our projects are required to construct environmental facilities is on a case-by-case basis mainly and determined by the project scope and the demands of local environmental authorities.

Upon completion or under construction of each property project, the relevant PRC government authorities will also inspect the property site to ensure that we have complied with the applicable environmental and safety standards. Inspection of each property project under construction carried out by the relevant PRC government authorities to date have not revealed any environmental liability which we believe would have a material adverse effect on our business operations or financial condition. Our PRC legal counsel, Commerce and Finance Law Offices, has confirmed that during the Track Record Period, we did not experience any material environmental pollution incident and there was no penalty imposed on us for violation of environmental laws and regulations that would have a material adverse impact on our operation and financial results. All of our properties under construction have received the requisite environmental approvals. We believe we are in compliance with PRC environmental laws and regulations and we do not have a record of any non-compliance during the Track Record Period.

We cannot predict the impact of unforeseeable environmental contingencies or any or new update to laws or regulations on our existing projects or properties that we may develop in the future. It has been our commitment to continue complying with relevant PRC environmental laws and regulations and requiring the construction contractors to strictly comply with relevant laws and regulations during the materials procurement and property construction process so as to prevent any potential future environmental risks. We will also continue to educate our employees the importance of environmental protection and keep abreast with developments in PRC environmental protection laws and regulations through regular dialogue with the relevant local PRC authorities. Please also see “Risk Factors — Risks Relating to our Business — Potential liability for environmental problems could result in substantial costs.”

LEGAL PROCEEDINGS

We were not, as of Latest Practicable Date, engaged in any litigation, arbitration or claim of material importance, and no litigation, arbitration or claim of material importance was known to our Directors to be pending or threatened by or against us that would have a material adverse effect on our results of operations or financial condition.

Compliance with PRC Laws and Regulations

During the Track Record Period and as at the Latest Practicable Date, our Group had complied with the applicable PRC laws on property development and pre-sale in all material aspects. In particular, we believe we have made sufficient provisions based on our estimate of the amount of applicable LAT in accordance with the requirements set forth in the relevant PRC tax laws and regulations, conducted environmental impact assessments for most of our construction projects in accordance with the relevant environmental laws and regulations, and adopted insurance practice that is consistent with the general practice in the PRC property development industry. As at the Latest Practicable Date, we had also obtained all relevant approvals, permits and licenses necessary for our operation and all the land use right certificates in respect of our properties completed for sale and properties under development. As at the Latest Practicable Date, our Directors confirmed that none of our projects is, or may be, subject to any penalty and/or forfeiture due to our failure to comply with the terms of our current land grant contracts that would have a material adverse effect on our results of operations or financial condition. As at the Latest Practicable Date, our PRC legal adviser, Commerce and Finance Law Offices, has confirmed that they have not found any land owned by our Company that is subject to the possibility of forfeiture or penalties due to the delay of construction. In addition, we further undertake that we will use our best endeavours to ensure that we will perform current and future obligations strictly in accordance with the relevant land grant contracts. We will monitor our on-going compliance with the requirements of the requisite approvals, permits, licenses and certificates and require all our subsidiaries and property projects to strictly adhere to the relevant rules and regulations imposed by government authorities from time to time.

Immediately upon completion of the Global Offering and the Capitalisation Issue, the Founder will, through Best Era, be interested in approximately 66.135% of the Shares (assuming (i) an Offer Price at lowest point of the indicative Offer Price range, (ii) the Over-allotment Option and options granted under the Pre-IPO Share Option Scheme are not exercised, (iii) the Convertible Notes are fully converted and (iv) the Second Share Transfer is completed) and hence will be the ultimate Controlling Shareholder within the meaning of the Listing Rules. In the ordinary and usual course of business, we have entered into transactions with Shanghai Ditong and Yangguang Management, our connected persons, which will continue after Listing and hence, upon the Listing, will constitute continuing connected transactions under Chapter 14A of the Listing Rules. For a description of these continuing connected transactions, see the section headed "Connected Transactions".

Independence from our Controlling Shareholders

Despite the importance of the continuing connected transactions with Shanghai Ditong, an associate of our Founder, the Group will be able to operate its business independently of our Controlling Shareholders and their associates, including Shanghai Ditong and Yangguang Management, after the Listing Date for the following reasons:

Financial Independence

Our Group has an independent financial system — we have our own internal control and accounting systems, accounting and finance department, independent treasury function for cash receipts and payments. We can make financial decisions according to our own business needs and have independent access to third party financing. The non-trading and financing balances with, as well as guarantees provided by and to the Controlling Shareholders and their associates have been fully repaid and settled as at the date of this prospectus.

Operational Independence

Our Group has been operating independently during the Track Record Period and thereafter and has not shared our facilities, marketing, sales and general administration resources with the Controlling Shareholders and/or their associates (including Shanghai Ditong), save for certain ad hoc assistance provided by some members of the finance team of Shanghai Xintai and Suzhou Hongsheng (both of which are our wholly-owned subsidiaries) to Shanghai Ditong for the reconciliation of information relating to construction projects. Such assistance was not provided after January 2008 and will not be provided after Listing.

Other than the property management services to be provided by our connected person Yangguang Management and construction services to be provided by our connected person Shanghai Ditong as set out in the section headed "Connected Transactions", no services will be provided by the Controlling Shareholders and/or their associates for our Group's operational activities. For each of the three years ended 31 December 2008 and the four months ended 30 April 2009, Shanghai Ditong was the largest supplier of the Group accounting for 51.4%, 54.4%, 42.9% and 41.1% of the Group's total purchase amounts from direct suppliers, construction and installation services and other indirect costs respectively, and for each of the three years ended 31 December 2008 and the four months ended 30 April 2009, the total construction costs incurred in respect of the construction services provided by

Shanghai Ditong amounted to approximately RMB1,033.1 million, RMB1,019.7 million RMB1,185.5 million and RMB195.3 million, representing approximately 86.8%, 96.1%, 90.6% and 91.3% of our total construction and installation costs (excluding the purchase amount from direct suppliers) incurred respectively. Although Shanghai Ditong was our largest supplier and provided substantially all of our construction services during the Track Record Period, in the opinion of the Directors, there are other willing general construction contractors readily available in the market that we can engage to provide us with construction services of a comparable standard at a comparable price. This is because we maintain a list of construction companies with different qualifications in places where our projects are located such that we can contact third party construction contractors that have the necessary qualifications and capability to meet the particular specifications for our different project developments. In addition, pursuant to the relevant regulations governing the tender process, the tender was able to proceed only with the participation of the bidders of comparable standing. For details of the bidding requirements, please see the section headed “Connected Transactions — Non-exempt Connected Transaction”. For each of our property development projects during the Track Record Period and thereafter, a certified engineering supervisory company which is independent of the Group and our construction contractor for the relevant property project was appointed to supervise all aspects of the construction of the property project. The engineering supervisory company is responsible for monitoring the quality of construction materials used in our projects, conducting safety control checks, monitoring the work progress and quality of construction to ensure that our requirements and the construction schedule specified in the relevant contract with our construction contractor are strictly adhered to. For details regarding the independent supervisory process of the independent engineering supervisory company, please refer to the section headed “Business — Procurement and Quality Control” and the section headed “Connected Transactions — Corporate Governance Relating to the Selection Process for Construction Services”. We have been seeking to diversify our service providers by engaging other independent construction companies for our new development projects, for example, we did not invite Shanghai Ditong to participate in the tender for the construction of Phase III of Sunny Town. Following the Listing, the annual transaction value with Shanghai Ditong will not exceed 93.0%, 53.4% and 27.8% of our estimated total construction fees payable for each of the three financial years ending 31 December 2011, respectively.

The Directors are of the view that the shift of the provision of construction services by Shanghai Ditong to independent construction contractors would not materially affect the Group’s business operations because our project management department in each project company retains control over the management of the overall construction of the project and is responsible for monitoring the quality of the construction work and the construction progress. Typically, each of our project companies comprises about 25 experienced staff responsible for the development of a property project. Such staff includes project managers, engineers and personnel in charge of budgeting and finance. The engineers are responsible for monitoring the construction work, the budgeting and finance team is responsible for monitoring the purchase of construction materials and the project managers are responsible for monitoring the construction progress and construction work. The project managers report to the regional companies of our Group about the construction progress and quality of the construction work from time to time. In addition to having our own internal control measures to supervise the construction progress and construction work from time to time, we engage an independent certified engineering supervisory company for each of our project developments to monitor the quality of construction materials used, construction progress and quality of construction work. The supervisory company will provide monthly reports to us and thus our Group can ensure the quality of construction work will not deviate from the construction plan. Our Group can seek compensation from the construction contractor if the quality of construction work deviates from the construction plan. As such, the Directors believe that, with these control measures in place, switching to another general construction contractor will not materially affect our project developments. The Directors also consider that the role of a construction contractor is to provide construction services in accordance with a pre-determined detailed design plan and drawings with technical specifications and thus so long as the detailed design plan with the specifications required have been prepared and the Group retains a sufficient level of quality control over the construction process, the construction work provided by different construction contractors (all holding the same class of qualification licence and having the requisite expertise) will not be different in any material respect as the construction contractors are only expected to follow the detailed construction plan and drawings, and quality requirements in completing the construction work. The Directors also note that after construction is completed, we need to obtain a completion and acceptance certificate from the relevant local authority before we are able to deliver our properties to customers, and thus with these measures we are able to maintain the quality of our project developments even if we shift the construction services provided by Shanghai Ditong to other independent construction contractors.

Independent access to customers

We conduct our own sales and marketing with our own independent sales team or through independent third party agents. The Group has a large and diversified base of customers that are unrelated to the Controlling Shareholders and/or their associates.

Independence of management

The daily operation of our Group is carried out by an independent experienced management team. Save for the Founder, who is a director of Best Era, there is no overlapping of directorships and senior management between our Group and our Controlling Shareholders. In particular, there is no management overlap between the Group and Shanghai Ditong.

Independent access to sources of supplies

Although for each of the three years ended 31 December 2008 and the four months ended 30 April 2009, Shanghai Ditong is the largest supplier of our Group accounting for 51.4%, 54.4%, 42.9% and 41.1% of the Group's total purchase amounts from direct suppliers, construction and installation services and other indirect costs, in the opinion of the Directors, there are other willing general construction contractors readily available in the market that can be engaged to provide us with construction services of comparable standard. We have been seeking to diversify our service providers by engaging other independent construction companies for our new development projects. Going forward, for each of the three years ending 31 December 2011, our Group will monitor the annual construction fees payable to Shanghai Ditong, which will not exceed 40%, 30% and 20%, respectively, of the estimated total amounts payable for the anticipated project developments of our Group.

Founder's Interest outside the Group

Apart from his controlling interests in our Group, at present, the Founder holds interests in companies which are principally engaged in the shipbuilding business in the PRC. None of his interests in these companies compete, directly or indirectly, with our business.

Competing Interests

As of the Latest Practicable Date, apart from his indirect shareholding interests in our Group, none of the Founder or his associates was engaged or otherwise interested in any business which is in direct or indirect competition, or which may potentially compete, with the business of our Group. Our Controlling Shareholders have entered into a deed of non-compete undertaking in favour of our Group. For details, please refer to the paragraph headed "Deed of Non-Compete Undertaking".

Our Group is principally engaged in the development and sale of high quality residential and commercial properties in the PRC whereas the principal business of Shanghai Ditong is the provision of construction services. Although Shanghai Ditong's articles of association permit Shanghai Ditong to engage in property development, Shanghai Ditong has confirmed that it does not engage in the property development business. Further, Shanghai Ditong has undertaken to us that as long as our Shares are listed on the Stock Exchange or it remains a connected person of our Company, it shall not and shall procure that its subsidiaries shall not directly or indirectly engage in any business that competes with the Group's business.

Deed of Non-Compete Undertaking

In order to protect our Group's interests and our current business activities, our Controlling Shareholders, the Founder and Best Era (collectively, the "**Covenantors**"), have entered into a deed of non-compete undertaking dated 9 September 2009 ("**Deed of Non-compete Undertaking**") in favour of our Company (for our Company and as trustee for each of our subsidiaries from time to time), pursuant to which each Covenantor has undertaken and covenanted with our Company that at any time during which our securities are listed on the Stock Exchange and for so long as each Covenantor and/or their respective associates (as defined in Rule 1.01 of the Listing Rules) directly or indirectly hold, whether individually or taken together, 30% or more of the issued share in our Company, each Covenantor shall not and shall procure their respective associates shall not directly or indirectly engage or otherwise be interested in the business of the development, sales, leasing and investment of properties in the PRC (other than through our Group) or business which is the same or similar to that carried on by our Group from time to time. The foregoing does not apply to ownership of shares in any company whose shares are listed on the Stock Exchange or on any other stock exchange and which competes with our Group provided that such shares do not exceed 5% of such listed company's issued share capital and provided further that at no time shall the Founder and/or his associates participate in the management of such company.

In order to promote good corporate governance practices and to improve transparency, the Deed of Non-compete Undertaking includes the following provisions:

(i) the independent non-executive Directors will review, at least on an annual basis, compliance with the Deed of Non-compete Undertaking by the Covenantors;

(ii) each of the Covenantors has undertaken to us that it/he will provide all information necessary for the annual review by the independent non-executive Directors for the enforcement of the Deed of Non-compete Undertaking;

(iii) we will disclose the review by the independent non-executive Directors on the compliance with, and the enforcement of, the Deed of Non-compete Undertaking in our annual report or by way of announcement to the public in compliance with the requirements of the Listing Rules; and

(iv) the Covenantors will make an annual declaration in our annual report on the compliance with the Deed of Non-compete Undertaking in accordance with the principle of voluntary disclosure in the corporate governance report.

The Deed of Non-compete Undertaking will be terminated upon the earlier of the date on which:

(i) the aggregate beneficial shareholding (whether direct or indirect) of the Covenantors and/or their respective associates in our Company falls below 30% of the issued Shares of our Company; or

(ii) the securities of our Company cease to be listed on the Stock Exchange.

On the basis of the matters described in this section, we believe that our Group is capable of carrying on its business independently of our Controlling Shareholders and their respective associates.

Connected Transactions

Following the Global Offering (assuming (i) an Offer Price at the lowest point of the indicative Offer Price range, (ii) the Over-allotment Option and the options granted under the Pre-IPO Share Option Scheme are not exercised, (iii) the Convertible Notes are fully converted and (iv) the Second Share Transfer is completed), the Founder will continue to be our controlling and substantial shareholder beneficially interested in approximately 66.135% of our issued share capital.

In the ordinary and usual course of business, we have entered into certain transactions with the Founder and his associates, which constitute connected persons under the Listing Rules. These transactions will continue after the Listing and hence, upon the Listing, will constitute continuing connected transactions under Chapter 14A of the Listing Rules.

Summary of our Group's connected transactions

	Transactions	Applicable Listing Rules	Exemption/Waiver sought	Annual caps (if applicable)
1.	Deed of Non-compete Undertaking entered into with our Controlling Shareholders	Rule 14A.33(3)	Exempt continuing connected transaction	N/A
2.	Property management services provided by Yangguang Management	Rule 14A.33(3)	Exempt continuing connected transaction	N/A
3.	Construction Services Agreement entered into with Shanghai Ditong	Rule 14A.35	Waiver from the announcement and independent Shareholders' approval requirement	For the three financial years ending 31 December 2011, the annual caps (taking into account the estimated annual fees payable pursuant to the existing construction contracts that Shanghai Ditong is performing) are RMB1,171.3 million, RMB1,677.2 million and RMB1,342.1 million, respectively

Details of the connected transactions summarised in the table above are set forth below.

Exempt Continuing Connected Transactions

1. ***Deed of Non-compete Undertaking***

On 9 September 2009, we entered into the Deed of Non-compete Undertaking with the Founder and Best Era, our Controlling Shareholders. Under the terms of the Deed of Non-compete Undertaking, the Founder and Best Era have agreed not to compete with us in our business, the details of which are set forth in "Relationship with the Controlling Shareholders — Deed of Non-Compete Undertaking".

The Deed of Non-compete Undertaking was entered into solely in connection with the Global Offering. Further, the transaction does not involve any monetary consideration. Accordingly, the transaction qualifies under Rule 14A.33(3) of the Listing Rules as a *de minimis* transaction exempt from reporting, announcement and independent Shareholders' approval requirements of the Listing Rules. In the view of the Directors (including independent non-executive Directors), the terms of the Deed of Non-compete Undertaking are fair, reasonable and in the interests of our Shareholders as a whole.

2. ***Property management services***

Yangguang Management is owned as to 90% by the wife of the Founder. Yangguang Management is therefore our connected person for the purpose of the Listing Rules by virtue of it being an associate of the Founder.

We do not engage in property management services. Yangguang Management is one of the service providers we engage by way of a tender process in accordance with the relevant property management laws and regulations to provide pre-delivery property management services. Yangguang Management currently provides pre-delivery property management services (which include security, property maintenance, gardening and other ancillary services) for two of our project developments. These two project developments are Shanghai Park Avenue (development completed) and Sunshine Venice (development of Phases I, II, IIIA and IIIB completed, and the expected completion of Phase IIIC in September 2009). After more than 70% of the properties in a property development are delivered to our customers, an owners' committee is formed to choose the property management service provider for on-going property management services. Following the delivery of the properties to our customers, such property management services are no longer be provided to us, but are contractually or legally provided to the customers, which therefore will not constitute connected transactions. The provision of pre-delivery property management services by Yangguang Management constitutes a connected transaction.

During the Track Record Period, the aggregate fees for the property management services provided by Yangguang Management to us were approximately RMB862,000, RMB1,764,000, RMB326,000 and RMB51,000, respectively. The following table shows the breakdown by property development of the fees paid by us to Yangguang Management for each of the three financial years ended 31 December 2008 and the four months ended 30 April 2009:

Property development	For the year ended 31 December 2006	For the year ended 31 December 2007	For the year ended 31 December 2008	For the four months ended 30 April 2009
Sunshine Venice	RMB862,000	RMB964,000	Nil	Nil
Shanghai Park Avenue	Nil	RMB800,000	RMB326,000	RMB51,000

The management fee is determined by reference to the prevailing market rates set by the relevant government authorities and is calculated based on the GFA of the units. Our Directors, based on the number of unsold units and their GFAs, estimate that our annual pre-delivery management service fees payable to Yangguang Management for each of the three financial years ending 31 December 2011 will not exceed HK$1,000,000.

On 9 September 2009, we entered into a framework management service agreement with Yangguang Management (the "**Management Service Agreement**"), pursuant to which Yangguang Management has agreed to provide pre-delivery property management service to us according to the property management agreements to be signed between Yangguang Management and us. According to the Management Service Agreement, the management fee will be based on: (a) a rate fixed by the PRC Government, (b) if there is no rate fixed by the PRC Government, a rate proposed by the PRC Government, (c) if there is no rate proposed by the PRC Government, the market rate, or (d) if all the above rates are inapplicable, a rate agreed by Yangguang Management and us. The Management Service Agreement shall be effective from the Listing Date up to 31 December 2011 and the term may be renewed as the parties may mutually agree, subject to compliance with Chapter 14A of the Listing Rules.

Based on the annual fees payable, the applicable percentage ratio(s) will, on an annual basis, be less than 0.1%. Accordingly, our connected transactions with Yangguang Management fall within the *de minimis* exemption under Rule 14A.33(3) of the Listing Rules and are thus exempt from reporting, announcement or independent Shareholders' approval requirements under the Listing Rules.

Non-exempt Continuing Connected Transaction

3. ***Construction Services Agreement***

Shanghai Ditong, which is principally engaged in property construction and engineering work and holds a Class I Qualification for General Contracting of Building Construction Works (房屋建築工程施工總承包一級資質), is controlled by Mr. Zhang De Huang, the father of the Founder. Shanghai Ditong has obtained all relevant licenses as a construction contractor. It is our connected person for the purpose of the Listing Rules by virtue of it being an associate of the Founder.

As at 30 April 2009, to the best of the knowledge of the Directors, Shanghai Ditong had approximately 420 staff members, of which more than 85% held professional qualifications in various fields, including engineering, construction and project management. The board of directors of Shanghai Ditong consists of three directors, namely Mr. Zhang De Huang (father of our Founder), Mr. Yu Jian Feng and Mr. Hu Hai Yun. The directors of Shanghai Ditong are all qualified engineers in the PRC and hold college or university qualifications in construction. Each director has worked for more than 10 years at Shanghai Ditong and has many years of experience in the property construction industry in the PRC, ranging from 15 to 41 years. The directors of Shanghai Ditong are assisted by an experienced senior management team comprising a chief engineer and four managers, who are responsible for the management of the daily operations of Shanghai Ditong. The senior management of Shanghai Ditong has many years of experience in the construction industry, ranging from 17 to 31 years. As at 30 April 2009, Shanghai Ditong had 23 building professionals or project managers with Class I qualifications (一級建造師執業資格或一級項目經理資質), and 14 with Class II qualifications (二級建造師執業資格或二級項目經理資質).

Shanghai Ditong first started to provide construction services to our Group in 1999 and had during the Track Record Period, provided construction services for substantially all of our property developments pursuant to a series of construction contracts the majority of which were approved by the relevant tender bureau or construction management department of the local government in the cities where our projects were located. For the three financial years ended 31 December 2008 and the four months ended 30 April 2009, the total construction costs incurred for the construction services provided by Shanghai Ditong amounted to approximately RMB1,033.1 million, RMB1,019.7 million, RMB1,185.5 million and RMB195.3 million, representing approximately 86.8%, 96.1%, 90.6% and 91.3% of our total construction and installation costs incurred during the Track Record Period, respectively. To the best knowledge of the Directors, other than the provision of construction services to the Group, Shanghai Ditong also provided construction services to a shipbuilding company, an industrial company engaged in the leasing and sale of factories and sale of construction materials, a trading company engaged in the sale of machinery and industrial products and an industrial company engaged in the manufacturing of generators during the Track Record Period. To the best knowledge of the Directors, Shanghai Ditong had not expanded its client base during the Track Record Period because (i) it undertook the construction of a large number of property development projects for our Group as we were building up our property development portfolio and (ii) another Shanghai Ditong's major customer was also rapidly expanding its ship manufacturing operations and required a significant amount of construction services. To the best knowledge of the Directors, for the three financial years ended 31 December 2008, Shanghai Ditong derived approximately 86%, 62% and 75%, respectively of its total revenue from the provision of construction services to the Group and approximately 78%, 49% and 60%, respectively of its net profits were derived from the provision of construction services to our Group.

There are certain rules and regulations in the PRC governing the tender process in the construction industry which our Company is required to comply with. For details, please refer to the section headed "Summary of PRC Law relating to the property sector" in Appendix VII to this prospectus. We select the potential bidders, including Shanghai Ditong, based on, among others, the following factors: their relevant industry experience in completing project developments of comparable size and type, the quality of construction work, compliance with the construction schedule, the type of qualification licence that they hold, and the size and composition of their management team. Please see the section headed "Business — Construction Work" for further details on how we select the potential bidders. Under the PRC Tendering and Bidding Law (中華人民共和國招標投標法) and the Administrative Measures for the Bidding and Submission of Tenders for Construction Projects (工程建設項目施工招標投標辦法), the tender can only proceed if at least three construction companies, all having competent qualifications and the ability to undertake the construction work, have submitted tender bids. Thus, the potential bidders are required to be of comparable standing. After the bids are submitted to the relevant tender bureau, an assessment committee is formed, comprising several industry experts randomly chosen from a pool of industry experts who are independent of our Group and a representative from our Group. It is a requirement that more than two-thirds of the members of the assessment committee are industry experts who possess certain qualification requirements under the relevant local tender laws and regulations. Please see the paragraph headed "Corporate Governance Relating to the Selection Process for Construction Services" below for details on the composition of the assessment committee. In accordance with PRC laws and regulation and industry practice, the successful bidder is selected based on an independent assessment of each of the members of the assessment committee having taken into account, among others, the following factors: the fee quote, the construction schedule for completion, quality of construction work, the construction plan, allocation of manpower, safety measures and standard, equipment and facilities to be adopted and the industry experience of the project manager of the bidder. The successful bidder is chosen independently, as the majority of the members of the assessment committee are industry experts who are randomly chosen from a pool of industry experts with each member of the assessment committee making his/her own assessment in accordance with the prescribed criteria.

As at the Latest Practicable Date, Shanghai Ditong had undertaken eight uncompleted construction projects with us. As part of its construction services, Shanghai Ditong had, during the three financial years ended 31 December 2008 and the four months ended 30 April 2009, procured most of the construction materials for us and such purchase amounts have also been, and will continue to be, included in the total construction fee paid and payable by us to Shanghai Ditong. According to the executed construction contracts, the aggregate construction fees, including the procurement costs, payable to Shanghai Ditong for the three financial years ending 31 December 2011 will be approximately RMB1,112.3 million, RMB1,050.2 million and RMB472.5 million, respectively. Details of the eight undertaken construction projects are as follows:

			Estimated amounts of construction fees payable to Shanghai Ditong			
No.	Name of Project	Stage of Development	For the year ending 31 December 2009	For the year ending 31 December 2010	For the year ending 31 December 2011	Total sum for the three years ending 31 December 2011
1.	Phase IIIB and Phase IIIC of Sunshine Venice, Shanghai	Phase IIIB: Expected completion in August 2009 Phase IIIC: Expected completion in September 2009	RMB58,745,280	Nil	Nil	RMB58,745,280
2.(a)	Phase I and Phase IIA, Shanghai Bay, Shanghai	Phase I: Expected completion in December 2010 Phase IIA: Expected completion in March 2011	RMB273,391,680	RMB117,182,040	Nil	RMB390,573,720

			Estimated amounts of construction fees payable to Shanghai Ditong			
No.	**Name of Project**	**Stage of Development**	**For the year ending 31 December 2009**	**For the year ending 31 December 2010**	**For the year ending 31 December 2011**	**Total sum for the three years ending 31 December 2011**
2.(b)	Binjiang Centre, Shanghai Bay Phase III, Shanghai	South Block: Expected completion in May 2011 North Block: Expected completion in December 2011	RMB159,612,960	RMB701,748,360	RMB395,015,160	RMB1,256,376,480
3.	Phase II of No. 1 City Promotion, Wuxi	Expected completion in November 2009	RMB119,830,680	Nil	Nil	RMB119,830,680
4.	Phase III of Sunshine Holiday, Tianjin	Expected Completion in June 2010	RMB137,880,240	RMB41,239,440	Nil	RMB179,119,680
5.	Phase I of Hefei Villa Glorious, Hefei Anhui Province	Expected completion in October 2011	RMB17,764,800	RMB89,340,000	RMB74,594,520	RMB181,699,320
6.	Retail Part, Phase II of Sunny Town, Shenyang, Liaoning	Expected completion in December 2010	RMB43,783,680	RMB8,217,360	Nil	RMB52,001,040
7.	Phase IA of Sunshine Bordeaux, Beijing	Expected completion in November 2009	RMB212,971,200	Nil	Nil	RMB212,971,200
8.	Phase I of Royal Mansion, Beijing	Residential: Expected completion in December 2010 Retail: Expected completion in June 2011	RMB88,318,680	RMB92,518,200	RMB2,932,920	RMB183,769,800
Total			**RMB1,112,299,200**	**RMB1,050,245,400**	**RMB472,542,600**	**RMB2,635,087,200**

On 9 September 2009, Shanghai Ditong has entered into a framework construction services agreement (the "**Construction Services Agreement**") with our Company, pursuant to which Shanghai Ditong has agreed, in the event it is selected following the tender process, to provide construction and related services to us according to the tender document and the construction contracts to be signed between Shanghai Ditong and us from time to time. The Construction Services Agreement shall be effective from the Listing Date up to 31 December 2011 and the term may be renewed as the parties mutually agree, subject to compliance with Chapter 14A of the Listing Rules.

Our Directors believe that the construction and related services currently provided by Shanghai Ditong are in the ordinary and usual course of business and are conducted on normal commercial terms and are commercially fair and reasonable and in the interest of the Shareholders as a whole.

Upon the review of the tender documents provided by Shanghai Ditong and other bidders and the score sheets prepared by the assessment committees, the Directors believe that the construction services provided by Shanghai Ditong to our Group were on normal commercial terms during the Track Record Period because the fee quote, the construction schedule and allocation of human resources offered by the bidders for our project developments during the Track Record Period were comparable to, and not significantly different from, the other construction contractors in the market. Shanghai Ditong was selected based on an independent assessment by each member of the assessment committee of the relevant tender bureau, taking into account various factors including, but not limited to, the fee quote, the construction schedule, quality of construction work, construction plan, allocation of manpower, safety measures and standard. Although in general the fee quote is given the greatest importance, it is not the sole factor in determining the successful bidder. Had Shanghai Ditong not been selected as the construction contractor for the property developments that we sold during the Track Record Period and instead the bidders with the second highest scores had been selected, our net profit would have been decreased by approximately RMB7.70 million, RMB1.76 million, RMB5.1 million and RMB2.3 million, representing a decrease of approximately 3.0%, 1.7%, 0.4% and 0.3% of the net profit for the three financial years ended 31 December 2008 and the four months ended 30 April 2009, respectively. Shanghai Ditong did not offer the lowest price in the bids for all of our project developments, such as Shanghai Park Avenue, Sunshine Bordeaux and Royal Mansion. In such circumstances, Shanghai Ditong won the bids because it scored higher in other factors such as the construction plan and quality of construction work. For all of our property projects which had undergone the tender process during the Track Record Period, the relevant tender documents specified a target price for bidders' reference. According to the Administrative Measures on Tendering and Bidding in Property Construction and Urban Infrastructure Engineering and Construction (房屋建築和市政基礎設施工程施工招標投標管理辦法) in respect of tenders with a specified target price in the relevant tender documents, if the assessment committee considers the fee quote submitted by a bidder to be below a reasonable range, it has the right to request the bidder to provide a written explanation and relevant supporting documents to the assessment committee. After such review and analysis, if the assessment committee determines that the fee quote submitted by the bidder is below the costs of providing the construction services under the tender documents, it shall not be considered and selected as the successful bidder. The Directors are of the view that Shanghai Ditong was able to offer competitive pricing because of the past long term relationship with our Group, the number of projects undertaken for the Group and that there had not been any material disputes with the Group with regard to settlement, construction progress and construction work such that it has been able to work effectively and efficiently. As the effect on the net profit during the Track Record Period would not have been significant if the bidders with the second highest scores had been selected instead and that a bidder will not be selected if the fee quote is below a reasonable range, the Directors consider that the construction services provided by Shanghai Ditong to our Group were on normal commercial terms during the Track Record Period.

In relation to the anticipated project developments of our Group where the construction company has not been selected, our Company has undertaken that the annual construction fees payable to Shanghai Ditong will not exceed 40%, 30% and 20%, respectively, of the estimated total amounts payable for such anticipated project developments of our Group for each of the three years ending 31 December 2011. Going forward, taking into account the undertaking of our Company and the estimated total amounts payable for the anticipated project developments of our Group of approximately RMB147.6 million, RMB2,090.0 million and RMB4,347.6 million, respectively, for each of the three financial years ending 31 December 2011, the maximum amounts payable to Shanghai Ditong for the three financial years ending 31 December 2011 are approximately RMB59.0 million, RMB627.0 million and RMB869.5 million, respectively. After 31 December 2011, our Group will continue to adopt corporate governance measures in the selection of construction contractors and review its list of construction contractors from time to time so as to evaluate its working relationship with other third party construction contractors. Our Group will comply with the requirements under the Listing Rules if we intend to engage Shanghai Ditong in providing construction services to us after going through the corporate governance measures and the tender process.

During the Track Record Period, the costs incurred for construction and related services, including the procurement of construction materials, provided by Shanghai Ditong to us were approximately RMB1,033.1 million, RMB1,019.7 million, RMB1,185.5 million and RMB195.3 million, respectively. In line with the business strategy of the Group and taking into account factors such as the new property development projects that the Group is expected to undertake, the anticipated increase in inflation rate, costs of construction materials, the undertaking of our Company stated above and the estimated annual fees payable pursuant to the existing construction contracts that Shanghai Ditong is currently performing of approximately RMB1,112.3 million, RMB1,050.2 million and RMB472.5 million, respectively, our Directors estimate that our annual fees in respect of the construction services to be provided by Shanghai Ditong for the three financial years ending 31 December 2011 would not exceed RMB1,171.3 million, RMB1,677.2 million and RMB1,342.1 million, respectively, representing approximately 93.0% and 53.4% and 27.8% of the estimated budgets for the construction costs of the Group.

Application for Waiver

The transaction with Shanghai Ditong described in paragraph 3 above constitutes our only continuing connected transaction under Rule 14A.35 of the Listing Rules. The applicable percentage ratios as defined in Rule 14A.10 of the Listing Rules and calculated with reference to the proposed annual caps each year shown above exceed the 2.5% cap prescribed for the transaction described in paragraph 3 above. As such, any agreement we enter into for construction services with Shanghai Ditong as part of the transaction in paragraph 3 above would require satisfaction of full reporting, announcement and independent Shareholders' approval requirements. In addition, our Directors believe that it is in our interests to continue with the transaction after the Listing. Our Directors also believe that such transaction is conducted upon normal commercial terms and are fair and reasonable and in the interests of the Shareholders as a whole. Our Directors (including independent non-executive Directors) are also of the view that the annual caps of the continuing connected transaction in paragraph 3 above are fair and reasonable. We have applied for and the Stock Exchange has granted us waiver exempting us from strict compliance with the announcement and independent Shareholders' approval requirements of the Listing Rules in respect of the continuing connected transaction in paragraph 3 above subject to the aggregate value of this continuing connected transaction for each financial year not exceeding the relevant annual cap amount set forth in the respective caps stated above.

In applying for the waiver, we have agreed that we will comply with the requirements set out in Chapter 14A of the Listing Rules.

Confirmation from the Joint Sponsors

The Joint Sponsors are of the view that the continuing connected transaction contemplated under paragraph 3 above is entered into in the ordinary and usual course of business of our Group, on normal commercial terms and is in the interest of the Shareholders as a whole and that the proposed annual caps are fair and reasonable. With respect to the continuing connected transactions described under paragraph 3 above, the Joint Sponsors have reviewed the relevant information and historical figures prepared and provided by us and conducted due diligence by discussing with our management and interviewing the tender committee that has assessed the construction companies for a particular project of our Group. Based on the above due diligence, the Joint Sponsors are of the view that the continuing connected transactions described under paragraph 3 have been entered into in the ordinary and usual course of our business, on normal commercial terms and are in the interest of our Shareholders as a whole, and their respective annual caps are fair and reasonable.

CORPORATE GOVERNANCE RELATING TO THE SELECTION PROCESS FOR CONSTRUCTION SERVICES

The Directors are of the view that the interests of the independent Shareholders will be adequately protected with regard to continuing connected transactions with Shanghai Ditong after the Listing for the following reasons:

Management Independence

Mr. Zhang De Huang, father of the Founder, is not a director nor a member of the senior management of our Group companies and, although the Founder holds a 1.33% interest in Shanghai Ditong, there is no management overlap between our Group and Shanghai Ditong. Shanghai Ditong has an independent team responsible for the daily operation of Shanghai Ditong.

Independence in Selection Process

After the Listing, our Group will adopt an independent mechanism with the following features to govern and monitor the selection process of potential bidders:

(a) a tendering committee, comprised of members appointed by the independent non-executive Directors and accountable to the independent non-executive Directors, will be responsible for reviewing the terms and conditions of the tenders. The members of the tendering committee will include the heads of the Group's budgeting department and regional budgeting departments, the general managers of the Group's regional companies and project companies, and project managers of our property development projects. The appointment of the members of the tendering committee by our independent non-executive Directors will be based on nominations by the management team of our Group comprising three of our executive Directors, namely, Mr. Cheng Li Xiong, Mr. Xia Jing Hua and Mr. Yan Zhi Rong, and the chief engineer of the Group, Mr. Fang Shi Min;

(b) objective criteria for identifying potential bidders such as price and quality of construction work, size of the project and construction schedule and services will be prescribed by the tendering committee for each of our project developments and such criteria shall be approved by the independent non-executive Directors;

(c) the relevant project company will contact potential bidders and those which are interested in submitting a bid will provide us with information regarding their qualifications, industry experience and size and composition of their management team; and

(d) the relevant project company will be responsible for compiling a list of potential bidders in accordance with prescribed criteria laid down by the tendering committee and the relevant project company will issue tender application documents to three to five selected construction companies with competent qualifications.

In the event Shanghai Ditong is chosen as one of the construction companies after the selection process described above and it submits a completed tender application document to the relevant project company, the following corporate governance measures will be adopted to monitor the tender process:

(i) the relevant project company will submit Shanghai Ditong's tender application document to the tendering committee for review and approval. The tendering committee will only approve Shanghai Ditong's application if Shanghai Ditong is considered to have a competitive advantage in the relevant market in which the relevant project will be situated. The views of the tendering committee for approving Shanghai Ditong's application will be included in the summary of tender documents to be submitted to the independent non-executive Directors for review as provided in (ii) below; and

(ii) the tendering committee will send a summary of the tender to the independent non-executive Directors for approval at least fourteen days prior to the submission of the tender document to the relevant tender bureau of the local government. The full tender documents will also be sent to the independent non-executive Directors upon request. The independent non-executive Directors can call for meetings with the tendering committee and/or the Board of Directors to discuss the terms and conditions, including the list of potential bidders, of the relevant tender and the independent non-executive Directors can seek advice from industry experts and/or other consultants if they consider necessary. The independent non-executive Directors shall have the right to veto the invitation of any potential bidder (including Shanghai Ditong) as one of the bidders for a particular property development of our Group. Accordingly, Shanghai Ditong shall not be invited to attend the bid in the event that the independent non-executive Directors do not approve the invitation of Shanghai Ditong as one of the bidders.

After the tender documents are finalised by the tendering committee, they will be submitted to the relevant tender bureau of the local government. An assessment committee will be formed, comprising several industry experts randomly chosen from a pool of industry experts who are independent of our Group and a representative from our Group, who will normally be the project manager of the relevant property development project. It is a requirement that more than two-thirds of the members of the assessment committee are industry experts and the assessment committee is typically comprised of five members, four of whom are industry experts. According to Temporary Measures on the Experts and Pool of Experts for Assessment of Bids (評標專家和評標專家庫管理暫行辦法), the pool of experts shall comprise at least 500 industry experts and the industry experts have the right to assess the bids independently in accordance with relevant rules without any interference and according to the Measures on the Tender and Commencement of Construction Projects (工程項目建設施工招標投標辦法), the selected industry expert(s) will be replaced if he/she is found to have a conflict of interest. Industry experts on the assessment committee are required to possess certain qualifications under the relevant local tender laws and regulations. For example, under the Trial Administrative Measures of the Shanghai Municipality on Experts for Assessment of Bids in Construction Projects (上海市建設工程評標專家管理辦法(試行)) which took effect from 1 January 2004, industry experts must have a minimum of eight years' experience in the relevant professional field, be able to fulfil responsibilities with fairness, honesty and integrity, and be knowledgeable in the construction tender laws, regulations, rules and measures of the PRC and the local municipality. After the assessment committee is formed, it will select and award the construction contract to the successful bidder based on its independent assessment of the merits of each potential bidder in accordance with the relevant requirements on bidding process promulgated by the relevant provincial government. Please see section headed "Business — Construction work" for further details of the selection process. As such, while our tendering committee will be responsible for formulating the criteria for identifying suitable bidders, the final decision has always been, and will continue to be, made by the tender bureau set up pursuant to the relevant regulatory requirements. For further details on the bidding and tender law of the PRC and Shanghai, please see section headed "Appendix VII — Summary of PRC Laws Relating to the Property Sector — E. Property Construction".

Independent Review of Construction Services Provided by Shanghai Ditong

In addition, we have also put in place the following procedures with a view to monitoring the quality of construction work by Shanghai Ditong if it is selected to provide construction services to our Group after the above tender and selection procedures:

(a) a certified engineering supervisory company, which is a third party independent from the Group, will be engaged by us in respect of each of our property development projects with Shanghai Ditong to monitor the construction progress and quality of the construction services provided by Shanghai Ditong. Under the PRC Construction Law (中華人民共和國建築法) which took effect on 1 March 1998, certified engineering supervisory companies must possess the necessary qualifications in construction supervision and be responsible for monitoring the quality of construction, construction schedules and costs of a property project. A certified engineering supervisory company is not allowed to be a connected party of or be in a position of having conflicting interests with the construction company undertaking the construction project. Please see section headed "Business — Procurement and Quality Control" for details of the certified engineering supervisory companies.

(b) monthly reports regarding the construction progress and the quality of construction service prepared by the independent certified engineering supervisory companies will be provided to the independent non-executive Directors, and the views and recommendations of the independent non-executive Directors have to be adopted by our Group; and

(c) written approval from the tendering committee is required if Shanghai Ditong seeks to modify the scope of work, construction schedule and other relevant information as provided in the construction contract.

The Directors believe that the above selection and review mechanisms will ensure that the terms of the construction services arrangements are in the best interests of our Company and the independent Shareholders as a whole. In addition to these mechanisms:

- in relation to the anticipated project developments of our Group where construction companies have not been selected, the Company has undertaken that for each of the three financial years ending 31 December 2011, the annual construction fees payable to Shanghai Ditong will not exceed 40%, 30% and 20%, respectively, of the estimated total construction fees payable for such anticipated project developments of our Group. In this regard, the following arrangements will be made:

(i) an estimate of annual construction costs will be provided in the annual budget of the Group; and

(ii) during the year, based on such estimates and the amount paid and payable to Shanghai Ditong, our Company will consider whether it is appropriate to invite Shanghai Ditong to participate in the tender process of the Group's subsequent property development projects and the independent board of Directors shall have the right to veto Shanghai Ditong as one of the bidders.

- Only the independent non-executive Directors shall be counted in the quorum and be entitled to vote at the board meetings of our Company on matters relating to the construction services arrangement between Shanghai Ditong and our Group;

- the Founder and Mr. Ding Xiang Yang, who is the brother-in-law of the Founder and a Director, will excuse themselves from participating in any stage of the tender process, unless expressly requested by the majority of the independent non-executive Directors;

- the Construction Services Agreement between our Group and Shanghai Ditong will be subject to compliance with Chapter 14A of the Listing Rules and in particular the approval of the independent Shareholders pursuant to Rule 14A.35 of the Listing Rules for non-exempt continuing connected transactions will be required, with the material terms of the arrangement with Shanghai Ditong being disclosed in the paragraph headed "Non-exempt Continuing Connected Transactions";

- the terms of the Construction Services Agreement between Shanghai Ditong and our Group will be reviewed by the independent non-executive Directors on a half-yearly basis and their view in respect of these transactions will be disclosed to the Shareholders in compliance with the Listing Rules;

- the independent non-executive Directors will be provided with a report by the auditors of our Company on all the transactions conducted between our Group and Shanghai Ditong on a half-yearly basis, and the content of such report will be in compliance with the requirements under Rule 14A.38 of the Listing Rules;

- pursuant to Rule 14A.39 of the Listing Rules, Shanghai Ditong has undertaken to allow the Group's auditors sufficient access to their records for the purpose of reporting on the connected transaction with Shanghai Ditong in accordance with Rule 14A.38 of the Listing Rules; and

- the Company's annual reports will contain summaries of the mechanisms in place in the relevant financial year and appropriate disclosure on how these mechanisms have operated during the same period.

DIRECTORS

Executive Directors

Mr. Zhang Zhi Rong (張志熔), aged 40, is the Chairman of the Board and an executive Director of our Company, our Founder and Controlling Shareholder of our Group. Mr. Zhang is also a director of Shanghai Chuangmeng. He is primarily responsible for the formulation of our Group's overall strategies. Mr. Zhang has more than 13 years of experience in corporate management and real estate development and investment. Prior to his involvement in real estate development and investment, Mr. Zhang was engaged in the business of construction materials trading and construction sub-contracting in the early 1990s. In 1994, as the real estate industry in the PRC began to develop, Mr. Zhang entered the property development industry with his first residential property development project, Sunshine Greenland in Shanghai, which commenced development in January 1996. He received a master's degree in business administration from Asia Macau International Open University in 2002.

Mr. Ding Xiang Yang (丁向陽), aged 42, is the Vice Chairman of the Board and an executive Director of our Company. He is also a director of a number of our Company's subsidiaries, including Shanghai Xintai, Shanghai Anshun, Tianjin Yangguang Xindi, Tianjian Hongyun and Suzhou Hongsheng. With more than seven years of experience in corporate and strategic management of real estate enterprises in the PRC, Mr. Ding is primarily responsible for our Company's overall strategic planning and development. He joined our Group on 18 March 2001 and played an integral role in formulating our development strategies, operational management and supervising the construction of our projects. Prior to joining our Group, Mr. Ding worked for more than 10 years at the enterprise management department of China Eastern Airlines Corp. Ltd. (中國東方航空股份有限公司), a company listed on the Stock Exchange. Mr. Ding is currently a member of the Chinese People's Political Consultative Conference for Fengxian District, Shanghai. Mr. Ding obtained a bachelor's degree in law from Fudan University in July 1989, and a master's degree in law from Fudan University in July 2002. Mr. Ding is the brother-in-law of the Founder.

Mr. Cheng Li Xiong (程立雄), aged 40, is the Chief Executive Officer and an executive Director of our Company. Mr. Cheng is also a director of our subsidiaries, Shanghai Shengtong and Zhuo Yi Nantong. He is in charge of the overall business operations and management of our Company. Mr. Cheng joined our Group on 1 September 2001 as the general manager of our Company's subsidiary, Shanghai Haosen. Between July 1992 and September 2001, Mr. Cheng worked for Shanghai Property and Land Resources Bureau (上海市房屋土地資源管理局). He has more than 15 years of experience in the planning, development, construction and management of land and property. He is also a qualified property valuer in the PRC. He graduated with a bachelor's degree from Shanghai International Studies University in July 1992.

Mr. Xia Jing Hua (夏景華), aged 37, is an executive Director and a vice president of our Company, responsible for developing the financial strategies and the overall financial and asset management of our Group. Currently, Mr. Xia is a director of our subsidiary, Fuda Nantong. He joined our Group on 2 May 1999 and had been the manager of the auditing department and supervisor of the finance and treasury department of our Company. Between 1994 and 1999, Mr. Xia worked in the loans department of the Zhoushan City branch of Bank of China (中國銀行舟山分行), a company listed on the Stock Exchange and the Shanghai Stock Exchange. Mr. Xia has more than nine years of experience in financial management in the property industry. He received a bachelor's degree in economics from the Zhejiang University of Finance and Economics and a master's degree in public economics and investment from the Shanghai University of Finance & Economics in July 1994 and September 2002 respectively.

Mr. Liu Ning (劉寧), aged 44, is an executive Director and a vice president of our Company and the head of operations for the Shanghai region, responsible for the operational management and project development of our Company's property projects in the Shanghai region. Mr. Liu is a director of Shanghai Xintai and the general manager of Shanghai Yijing, both of which are our subsidiaries. Prior to joining our Group as the chairman of Shanghai Xintai on 5 June 2005, Mr. Liu worked as the executive vice president of Shanghai Jinjiang Realty Co., Ltd., a wholly-owned subsidiary of Shanghai Jin Jiang International Hotels (Group) Company Limited, a company listed on the Stock Exchange with extensive hotel operations in the PRC, from June 2003 to April 2005. Mr. Liu worked for three years at Shanghai (New Asia) Group Co., Ltd. (上海新亞(集團)股份有限公司), a company listed on the Shanghai Stock Exchange, and was its general manager from June 2000 to June 2003. Mr. Liu is a senior economist and an experienced manager of hotel operations, with more than seven years of experience in the hotel and property industry. He is currently the vice president of the Shanghai Young Entrepreneur Association. He graduated with a bachelor's degree in bridge construction from Tongji University in July 1986.

Mr. Li Xiao Bin (李曉斌), aged 45, is an executive Director, a vice president of our Company and the head of operations for the northeast China region, responsible for the operational management and project development of our Company's property projects in the northeast China region. Mr. Li is also a director and general manager of our subsidiary, Liaoning Yangguang Xindi. Since June 2005, Mr. Li has been a director and general manager of Liaoning Yangguang Xindi. Prior to joining our Group, Mr. Li worked for 16 years at the China Timber General Co. (中國木材總公司), a state-owned enterprise, and was its general manager prior to his departure from the company in January 2001. Mr. Li joined our Group on 17 May 2001. He has more than six years of experience in property management and development. He graduated with a master's degree in business administration from Peking University in July 2006.

Mr. Yan Zhi Rong (嚴志榮), aged 48, is an executive Director of our Company and head of project budgeting. Mr. Yan is also a director of a number of our subsidiaries, namely Shanghai Yijing, Shanghai Xintai, Wuxi Wangjiarui, Liaoning Yangguang Xindi, Tianjin Yangguang Xindi, Harbin Yangguang, Shanghai Qiwei and Tianjin Tianxingjian. With more than 10 years of experience in managing the construction and budgets of property projects, Mr. Yan is primarily responsible for supervision of the development and construction of projects, and management of project budgets of our Company. Mr. Yan joined our Group on 8 December 1996 as the manager of our project budgeting department. Prior to joining our Group, Mr. Yan served as the deputy general manager of the property development subsidiary company of Shanghai Materials Bureau (上海市物資局) from 1989 to 1996. Mr. Yan received a graduate diploma in Industrial and Civil Architecture from the Suzhou Industrial College in 1981 and is a qualified engineer in the PRC.

Independent non-executive Directors

Mr. Yim Ping Kuen (嚴炳權), aged 47, is an independent non-executive Director of our Company. Mr. Yim is currently a partner of Lau, Yim, Chiu and Co., a public accounting firm in Hong Kong. Mr. Yim has been a financial controller, company secretary and chief financial officer for various international companies in different industries, including listed companies in Hong Kong and Singapore. He has more than 21 years of experience in accounting and setting up financial operations for companies in Asia. Mr. Yim joined our Group on 17 June 2008, resigned on 16 March 2009 and rejoined our Group on 9 September 2009. Mr. Yim graduated from the University of Hong Kong with a bachelor's degree in social sciences in 1986 and also holds a master's degree in corporate finance from the Hong Kong Polytechnic University. He is a fellow member of the Association of Chartered Certified Accountants and a practising member of the Hong Kong Institute of Certified Public Accountants.

Mr. Liu Shun Fai (廖舜輝), aged 38, is an independent non-executive Director of our Company. Mr. Liu is currently the chief financial officer of AMVIG Holdings Limited (澳科控股有限公司), a company listed on the Stock Exchange. He has been the financial controller and qualified accountant of two listed companies in Hong Kong for eight years. From 2003 to 2007, he served as the accounting controller and assistant company secretary of Hopson Development Holdings Limited (合生創展集團有限公司) ("Hopson Development"), a property development company listed on the Stock Exchange engaged in the development of large-scale residential property projects in various cities in the PRC and he was in charge of accounting and financial reporting of Hopson Development. Mr. Liu was responsible for monitoring the corporate governance measures and continuing connected transactions of Hopson Development, including reviewing the terms of the tender documents and construction contracts entered into between Hopson Development and its connected person(s) for the purpose of assisting its independent non-executive directors and independent financial adviser in opining on the fairness and reasonableness of the continuing connected transactions. Mr. Liu had also worked for a major accounting firm for seven years from 1992 to 1999, during which he gained extensive experience in the auditing of real estate enterprises. Mr. Liu has more than 15 years of experience in auditing and accounting. He joined our Group on 17 June 2008, resigned on 16 March 2009 and rejoined our Group on 9 September 2009. He obtained a bachelor's degree and master's degree in business administration from the Chinese University of Hong Kong in 1992 and 1999, respectively, and is an associate member of the Hong Kong Institute of Certified Public Accountants.

Mr. Wo Rui Fang (沃瑞芳), aged 69, is an independent non-executive Director of our Company. From 1965 to 1993, Mr. Wo worked at the Design Management Bureau of the PRC (now under the Ministry of Housing and Urban-Rural Construction of the PRC), and was head of its information technology division from 1988 to 1993, responsible for the development of new construction design technology and standards. From 1993 to 1997, Mr. Wo served as the vice mayor of Nantong City, Jiangsu Province, PRC and was in charge of the administration of the overall city planning and railway construction. Mr. Wo then re-joined the Design Management Bureau as a senior engineer in 1997. From 1998 to 2001, he was the deputy chairman of the Practice Qualification Management Center of the Ministry of Construction. Mr. Wo has accumulated 30 years of experience in supervising the design and construction of various government property development projects and assessing the design techniques and standards of commercial and residential property development in the PRC. Mr. Wo retired from public service in 2001. He joined our Group on 17 June 2008, resigned on 16 March 2009 and rejoined our Group on 9 September 2009. He graduated from Jilin University with a bachelor's degree in construction in 1964.

Mr. Han Ping (韓平), aged 41, is an independent non-executive Director of our Company. From September 1990 to October 1996, Mr. Han worked for the Jiangsu Province Supply and Marketing Co-operative (江蘇省供銷合作社) and was responsible for the management of its construction and capital investment. In November 1996, Mr. Han became the chief economist of Jiangsu Huaxia Construction Project Management Co., Ltd. (江蘇省華厦工程項目管理有限公司), a company engaged in the provision of construction supervision, project management and construction costs auditing services to property developers and government entities. Since June 2001, Mr. Han has served as the deputy general manager of Jiangsu Huaxia Construction Project Management Co., Ltd. He had been a project manager and auditor of engineering costs for a large number of project developments involving the construction of various kinds of properties, such as hotels, villas and other residential properties, government buildings, logistic centres and warehouses. In 2002, Mr. Han was selected as an industry expert for the assessment of tenders for property construction and urban infrastructure projects by the Office of the Tendering and Bidding of Construction Projects of Jiangsu Province (江蘇省建設工程招標投標辦公室). Over a period of six years, Mr. Han had participated in the assessment of tenders for over 20 construction projects in Jiangsu Province and Beijing. Mr. Han has accumulated more than 18 years of experience in the management and supervision of property construction projects in the PRC. Mr. Han joined our Group on 17 June 2008, resigned on 16 March 2009 and rejoined our Group on 9 September 2009. He graduated with a bachelor's degree in construction engineering and economic management from the Southeast University in 1990. He obtained a master's degree in construction and civil engineering from the Southeast University in 2005. Mr. Han is currently a member of the Hong Kong Institute of Surveyors and is a registered cost engineer, registered supervisory engineer and registered construction professional in the PRC. He holds a Level C certification from the International Project Managers Association (IPMA) and is a certified project management professional.

Information that needs to be disclosed pursuant to Rule 13.51(2) of the Listing Rules

There is no information of each of the Directors which needs to be disclosed pursuant to any of the requirements under Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules, and save as disclosed in this prospectus, there are no other matters that need to be brought to the attention of the Shareholders under Rule 13.51(2) of the Listing Rules.

SENIOR MANAGEMENT

Ms. Fang Zhi Rong (方志榮), aged 41, is the head of the human resources department of the Group, responsible for formulating and implementing the Group's talent management strategies and policies on salary and welfare benefits of employees, as well as organising the management structure and managing the employees' training and assessment programmes of the Group. Prior to joining the Group in March 2002 as the manager of the information department of the Group, Ms. Fang worked for the Shanghai City Water Discharge Co., Ltd. (上海市城市排水有限公司) for more than 12 years. Ms. Fang graduated from the Shanghai University of Finance and Economics with a diploma in statistics in Shanghai University of Finance & Economics.

Mr. Xu Quan (徐蘿), aged 41, is a vice president and head of the investment department of our Group. Mr. Xu is responsible for our Group's business development and project investment. He has been a director of Shanghai Xintai since June 2005. Currently, he is also a director of a number of our subsidiaries, namely Shanghai Xintai, Tianjin Yangguang Xindi, the executive director and general manager of Yonghe Nantong and the general manager of Tianjin Tianxingjian. Mr. Xu worked as the head of the property development department of Hanchang Property (Shanghai) Co., Ltd.

(漢昌物業(上海)有限公司), a foreign invested enterprise, from December 1995 to June 2000. Mr. Xu joined our Group in August 2000 and has more than 10 years of experience in property development and sales in the PRC. He obtained a graduate diploma from East China Normal University in July 1994.

Ms. Liu Yan Xia (劉豔霞), aged 47, is the head of operations for the north China region, responsible for the operational management and project development of our Company's property projects in the north China region. Ms. Liu joined our Group in June 2002 and she is currently the executive director of Beijing Yangguang Xindi and Beijing Hetian Hexin, which are our subsidiary companies. She had also previously worked for Oriental Logistics Holdings Limited (東方物產集團) from 1992 to 2002. She graduated with a bachelor's degree in economics from the Xian Jiaotong University in 1985 and a master's degree in business administration from the Renmin University in November 2002.

Mr. Fang Shi Min (方世敏), aged 70, is the chief engineer of our Group. Mr. Fang is primarily responsible for overseeing the planning, construction, quality control and site supervision of our Group's property development projects. Prior to joining our Group in August 1997, Mr. Fang worked for 30 years at the Shanghai Institute of Architectural Design & Research (上海建築設計研究院). From July 1993 to July 1996, Mr. Fang worked as chief engineer for the Hainan Zhujiang Industrial Shanghai Real Estate Co., Ltd. (海南珠江實業上海房地產公司), responsible for the architectural design and supervision of construction of property development projects. In July 1996, he worked as vice general manager and the chief engineer for Shanghai Anfu Property Co., Ltd (上海安福置業有限公司). Mr. Fang has more than 40 years of experience in the construction industry. He graduated with a bachelor's degree in industrial and civil architecture from Tongji University in July 1962.

Mr. Li Jian Zhong (李建中), aged 52, is the head of operations for the east China region (excluding Shanghai), responsible for the operational management and project development of our Company's property projects in the east China region (excluding Shanghai). Mr. Li is currently the general manager of Wuxi Wangjiarui, Nantong Zhuowei and Nantong Rongsheng and the executive director of Nantong Zhuowei and Nantong Rongsheng, our subsidiaries. Prior to joining our Group in January 2001, Mr. Li worked for the Minhang People's Government (閩行區人民政府), a district level government of Shanghai, from April 1996 to December 2000. Mr. Li has more than seven years of experience in real estate investment and project management. He graduated with a bachelor's degree in management engineering from the East China University of Science and Technology in July 1985. In July 2001, Mr. Li completed a postgraduate course in economics management at the research institute of the Shanghai Academy of Social Sciences.

Mr. Ching Yu Lung (程如龍), aged 39, is our chief financial officer, company secretary and qualified accountant. Mr. Ching is responsible for our overall financial management and corporate finance. Mr. Ching is also an independent non-executive director of Ngai Hing Hong Company Limited (毅興行有限公司), a company listed on the Stock Exchange. Prior to joining our Group in February 2008, Mr. Ching had been the vice president of finance for Hong Kong and China Gas Investment Limited, a subsidiary of the Hong Kong and China Gas Company Limited (香港中華煤氣有限公司), a company listed on the Stock Exchange. Mr. Ching had also been the chief financial officer of a reputable real estate company and the executive director and finance director of Ngai Hing Hong Company Limited (毅興行有限公司), a company listed on the Stock Exchange. He has more than 15 years of experience in auditing, finance and accounting. He obtained a bachelor of business administration degree from the Chinese University of Hong Kong and an executive master of business administration degree from the Tsinghua University in 1992 and 2006 respectively. Mr Ching is a fellow member of Hong Kong Institute of Certified Public Accountants and Association of Chartered Certified Accountants, and a member of American Institute of Certified Public Accountants.

COMPANY SECRETARY

Mr. Ching Yu Lung (程如龍), aged 39, is our chief financial officer, company secretary and qualified accountant. For details regarding Mr. Ching's experience, please refer to the paragraph headed "Senior Management" above.

MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rule 8.12 of the Listing Rules, our Company must have a sufficient management presence in Hong Kong. This normally means that at least two of the executive directors of our Company must be ordinarily resident in Hong Kong. The business operations of our Group are primarily located in the PRC. Due to the business needs, none of the executive Directors has been, is or will be based in Hong Kong.

Accordingly, our Company has applied to the Stock Exchange for, and the Stock Exchange has agreed to grant, a waiver from strict compliance with the requirements under Rule 8.12 of the Listing Rules. In order to maintain effective communication with the Stock Exchange, our Company will put in place the following measures in order to ensure that regular communication is maintained between the Stock Exchange and our Company:

(a) Our Company has appointed two authorised representatives pursuant to Rule 3.05 of the Listing Rules, who will act as our Company's principal channel of communication with the Stock Exchange. The two authorised representatives are Mr. Cheng Li Xiong, our chief executive officer and executive Director, and Mr. Ching Yu Lung, our chief financial officer, company secretary and qualified accountant. Mr. Ching is a Hong Kong resident. The authorised representatives will provide their usual contact details to the Stock Exchange and will be readily contactable by telephone, facsimile and email by the Stock Exchange, if necessary, to deal with enquiries from the Stock Exchange from time to time.

(b) Each of the authorised representatives has the means to contact all Directors (including the independent non-executive Directors) promptly at all times, as and when the Stock Exchange wishes to contact the Directors on any matters.

(c) In addition, all Directors who are not ordinarily resident in Hong Kong have valid travel documents to visit Hong Kong for business purposes and would be able to come to Hong Kong and meet with the Stock Exchange upon reasonable notice.

(d) Each Director will provide his mobile phone number, office phone number, e-mail address and fax number to the Stock Exchange.

In compliance with Rule 3A.19 of the Listing Rules, our Company will retain the services of Guotai Junan Capital Limited to provide our Company with professional advice on continuous compliance with the Listing Rules. Guotai Junan Capital Limited will act as an additional channel of communication with the Stock Exchange. Such retention will commence on the Listing Date and end on the date on which our Company complies with Rule 13.46 of the Listing Rules in respect of its financial results for the first full financial year commencing after the Listing Date.

Directors' Remuneration

We reimburse our Directors for expenses which are necessarily and reasonably incurred for providing services to us or executing their functions in relation to our operations. The executive Directors are also our employees and receive, in their capacity as our employees, compensation in the form of salaries and other allowances and benefits in kind.

For each of the three financial years ended 31 December 2008 and the first four months ended 30 April 2009, the aggregate amount of salaries and other allowances and benefits in kind paid by us to our Directors was RMB2,901,000, RMB3,493,000, RMB3,848,000 and RMB1,288,000, respectively.

Under the arrangements currently in force, we estimate the aggregate remuneration, excluding discretionary bonuses, payable to our Directors for the financial year ending 31 December 2009 to be approximately RMB9,018,000.

Further details of the terms of the above service agreements are set out in "Statutory and General Information — C. Further Information about Directors and Substantial Shareholders — 1. Directors — (b) Particulars of service contracts" in Appendix X to this prospectus.

AUDIT COMMITTEE

Our Company established an audit committee on 9 September 2009 with written terms of reference in compliance with the Code of Corporate Governance Practices as set out in appendix 14 to the Listing Rules. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control system of our Group.

The audit committee has three members who are the independent non-executive Directors. Mr. Yim Ping Kuen has been appointed as the chairman of the audit committee.

REMUNERATION COMMITTEE

Our Company established a remuneration committee on 9 September 2009 with the primary duties of establishing and reviewing the policy and structure of the remuneration for the Directors and senior management.

The remuneration committee has three members, namely Mr. Zhang Zhi Rong, Mr. Liu Shun Fai and Mr. Wo Rui Fang. Mr. Zhang Zhi Rong has been appointed as the chairman of the remuneration committee.

EMPLOYEES

Overview

As of 31 July 2009, we had 740 full-time employees. Breakdowns of employees by function as of the same date were as follows:

Division	Number of Employees
Management	54
Administration	99
Project construction and engineering	147
Sales and marketing	185
Finance	111
Auditing and planning	9
Human resources	26
Pre-construction development	17
Legal and compliance	33
Project design, research and development	51
Others	8
Total	740

Our Group's Relationship with its Employees

Our Group has not experienced any significant problems with its employees or disruption to its operations due to labour 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.

Pre-IPO Share Option Scheme

Our Group has conditionally adopted the Pre-IPO Share Option Scheme. A summary of the principal terms of the Pre-IPO Share Option Scheme and details of outstanding options granted are set out in "Statutory and General Information — D. Other Information — 1. Pre-IPO Share Option Scheme" in Appendix X to this prospectus.

Assuming an Offer Price at the lowest point of the indicative Offer Price range, the options granted under the Pre-IPO Share Option Scheme represent approximately 1.074% of our enlarged share capital following completion of the Global Offering, Capitalisation Issue and the conversion of the Convertible Notes (assuming that (i) the Over-allotment Option and the options granted under the Pre-IPO Share Option Scheme are not exercised and (ii) the Second Share Transfer is completed). Assuming that all of the options granted under the Pre-IPO Share Option scheme are exercised in full on the Listing Date, this would have a dilutive effect on the shareholdings of the Company of approximately 1.063% and a dilutive effect of approximately 1.063% on earnings per Share. However, as the options are exercisable over a period of not more than ten years, any such dilution effect and impact on our earnings per share will be staggered over a period of ten years.

Assuming an Offer Price at the lowest point of the indicative Offer Price range, the shareholding structure of the Company before and after the full exercise of all the options granted under the Pre-IPO Share Option Scheme will be as follows:

Name of Shareholders	Shareholding structure immediately after completion of the Global Offering and the Capitalisation Issue, the conversion of the Convertible Notes and completion of the Second Share Transfer, but before the exercise of the options granted under the Pre-IPO Share Scheme *(Note 1)*		Shareholding structure immediately after completion of the Global Offering and the Capitalisation Issue, the conversion of the Convertible Notes and completion of the Second Share Transfer, and after the exercise of the options granted under the Pre-IPO Share Scheme *(Note 1)*	
	Number of Shares	**%**	**Number of Shares**	**%**
Best Era	5,171,526,562	66.135	5,171,526,562	65.432
DESCIA	43,474,284	0.556	43,474,284	0.550
D.E. Shaw Composite Portfolios, L.L.C.	177,106,875	2.265	177,106,875	2.241
Goldman Sachs RE Investments Holdings Limited	58,927,819	0.754	58,927,819	0.746
Villa (Delaware) LLC	39,825,240	0.509	39,825,240	0.504
Euro Crown Limited	51,760,922	0.662	51,760,922	0.655
Villa (Cayman) Ltd	4,370,625	0.056	4,370,625	0.055
WH Debt Acquisition (Delaware) LLC	14,731,954	0.188	14,731,954	0.186
DB *(Note 2)*	7,963,219	0.102	7,963,219	0.101
Grantees under the Pre-IPO Share Option Scheme	—	—	84,000,000	1.063
Public Shareholders	2,250,000,000	28.774	2,250,000,000	28.468
Total	7,819,687,500	100	7,903,687,500	100

Note 1: Assuming that the Over-allotment Option is not exercised.

Note 2: Assuming an Offer Price at the lowest point of the indicative Offer Price range, 6,393,750 Shares to be converted from the Convertible Notes and 781,969 Shares to be transferred by Best Era will be held by Deutsche Securities Asia Limited.

Share Option Scheme

Our Group has conditionally adopted the Share Option Scheme. A summary of the principal terms of the Share Option Scheme is set out in "Statutory and General Information — D. Other Information — 2. Share Option Scheme" in Appendix X to this prospectus.

COMPLIANCE ADVISER

We have appointed Guotai Junan Capital Limited as our compliance adviser (the "Compliance Adviser") upon the listing of our Shares on the Stock Exchange in compliance with Rule 3A.19 of the Listing Rules.

We have entered into a compliance adviser agreement with the Compliance Adviser, the material terms of which are as follows:

(a) we have appointed the Compliance Adviser as our compliance adviser for the purpose of Rule 3A.10 of the Listing Rules for a period commencing on the Listing Date and ending on the date on which we comply with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the Listing Date, or until the agreement is terminated, whichever is earlier;

(b) the Compliance Adviser shall provide us with services, including guidance and advice as to compliance with the requirements under the Listing Rules and other applicable laws, regulations and codes;

(c) upon request of our Company, the Compliance Adviser shall advise us on the following matters:

(i) where any regulatory announcement, circular or financial report is to be published;

(ii) where a transaction, which might be a notifiable or connected transaction, is contemplated;

(iii) where we propose to use the proceeds of the Global Offering in a manner different from that detailed in this prospectus or where the business activities, developments or results of our Group deviate from any forecast, estimate or other information in this prospectus; and

(iv) where the Stock Exchange makes an inquiry of us of unusual movements in the price or trading volume of the Shares.

(d) we have agreed to indemnify the Compliance Adviser for certain actions against and losses incurred by the Compliance Adviser of its duties under the agreement; and

(e) we may terminate the appointment of the Compliance Adviser if the Compliance Adviser's work is of an unacceptable standard as permitted by Rule 3A.26 of the Listing Rules. The Compliance Adviser may resign or terminate its appointment by service of written notice to us.

The authorised and issued share capital of our Company is as follows:

Number of Shares comprised in the authorised share capital:		Authorised share capital
		(HK$)
38,000,000,000	Shares	380,000,000

Assuming an Offer Price at the highest point of the indicative Offer Price range, the share capital of our Company immediately following the Global Offering will be as follows:

Issued and to be issued, fully paid or credited as fully paid upon completion of the Global Offering		(HK$)
100,000,000	Shares in issue at the date of this prospectus	1,000,000
5,525,000,000	Shares to be issued pursuant to the Capitalisation Issue	55,250,000
241,273,585	Shares to be issued upon the conversion of the Convertible Notes	2,412,735.85
1,875,000,000	Shares to be issued in the Global Offering	18,750,000
7,741,273,585	**Shares**	77,412,735.85

Assuming an Offer Price at the lowest point of the indicative Offer Price range, the share capital of our Company immediately following the Global Offering will be as follows:

Issued and to be issued, fully paid or credited as fully paid upon completion of the Global Offering		(HK$)
100,000,000	Shares in issue at the date of this prospectus	1,000,000
5,525,000,000	Shares to be issued pursuant to the Capitalisation Issue	55,250,000
319,687,500	Shares to be issued upon the conversion of the Convertible Notes	3,196,875
1,875,000,000	Shares to be issued in the Global Offering	18,750,000
7,819,687,500	**Shares**	78,196,875

Assumptions

The above tables assume that the Global Offering becomes unconditional. They take no account of Shares which may be allotted and issued or repurchased by our Company pursuant to the general mandates as described below.

Ranking

The Offer Shares will rank pari passu in all respects with all other Shares in issue as mentioned in this prospectus, and in particular, will rank in full for all dividends and other distributions hereafter declared, paid or made on the Shares after the date of this prospectus save with respect to entitlements under the Capitalisation Issue.

SHARE OPTION SCHEMES

Our Company has conditionally adopted the Pre-IPO Share Option Scheme and the Share Option Scheme, the principal terms of which are set out in the paragraph headed "Statutory and General Information — D. Other Information — 1. Pre-IPO Share Option Scheme and 2. Share Option Scheme" in Appendix X to this prospectus.

GENERAL MANDATE TO ISSUE SHARES

The Directors have been granted a general unconditional mandate to allot, issue and deal with Shares with a total nominal value not exceeding:

(i) 20% of the total nominal value of the share capital of our Company in issue immediately following completion of the Global Offering, Capitalisation Issue and the conversion of the Convertible Notes (excluding any Shares which may be issued pursuant to the exercise of the options which have been granted under the Pre-IPO Share Option Scheme or may be granted under the Share Option Scheme); and

(ii) the aggregate nominal amount of Shares repurchased by our Company pursuant to the general mandate to repurchase shares granted to the Directors.

This mandate does not apply to situations where the Directors allot, issue or deal with Shares under a rights issue, scrip dividend scheme or similar arrangement, or Shares to be issued upon exercise of options granted under the Pre-IPO Share Option Scheme or options to be granted pursuant to the Share Option Scheme.

The mandate will expire at the earlier of:

- at the conclusion of our Company's next annual general meeting;
- upon the expiration of the period within which the next annual general meeting of our Company is required by the Articles or any applicable laws of the Cayman Islands to be held; or
- when varied, revoked or renewed by an ordinary resolution of the shareholders of our Company in general meeting.

For further details of the general mandate to issue shares, see the paragraph headed "Statutory and General Information — A. Further Information about the Company 3. Resolutions in writing of all the shareholders of the Company passed on 9 September 2009" in Appendix X to this prospectus.

GENERAL MANDATE TO REPURCHASE SHARES

The Directors have been granted a general unconditional mandate to exercise all the powers of our Company to repurchase Shares with an aggregate nominal amount of not more than 10% of the total nominal amount of the share capital of our Company in issue immediately following completion of the Global Offering, Capitalisation Issue and the conversion of the Convertible Notes (excluding any Shares which may be issued pursuant to the exercise of the Over-allotment Option, as set out in the table above or options which have been granted under the Pre-IPO Share Option Scheme or may be granted under the Share Option Scheme).

This general mandate relates only to repurchases made on the Stock Exchange and/or on any other stock exchange on which the Shares are listed (and which is recognised by the SFC and the Stock Exchange for this purpose), and which are made in accordance with the Listing Rules. A summary of the relevant Listing Rules is set out in the section headed "Statutory and General Information — A. Further Information about the Company — 7. Repurchase by the Company of Shares" in Appendix X to this prospectus.

This mandate will expire:

- at the conclusion of the next annual general meeting of our Company;

- upon the expiration of the period within which the next annual general meeting of our Company is required by the Articles or any applicable laws of the Cayman Islands to be held; or

- when varied or revoked by an ordinary resolution of the shareholders of our Company in general meeting;

whichever is the earliest.

For further information about the general mandate to repurchase shares, please refer to the section headed "Statutory and General Information — A. Further Information about the Company — 3. Resolutions in writing of all the shareholders of the Company passed on 9 September 2009" in Appendix X to this prospectus.

SUBSTANTIAL SHAREHOLDERS

So far as the Directors are aware, the following persons will, immediately following the completion of the Global Offering and taking no account of any Shares which may be taken up under the Global Offering, have beneficial interests or short positions in any Shares or underlying Shares of our Company which would fall to be disclosed to our Company under the provisions of Division 2 and 3 of Part XV of the SFO, or who 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 Company and are therefore regarded as substantial shareholders of our Company under the Listing Rules:

Shareholder	Number of Shares directly or indirectly held after the Global Offering	Approximate percentage of shareholding in our Company immediately after the Global Offering and the conversion of the Convertible Notes *(Note 1)*		
		Direct interest	Indirect interest	Aggregate direct and indirect interest
		(%)	(%)	(%)
Mr. Zhang Zhi Rong (*Note 2*)	5,171,526,562	—	66.135	66.135
Best Era International Limited	5,171,526,562	66.135	—	66.135

Notes:

1. Assuming (i) Offer Price at the lowest point of the indicative Offer Price range, (ii) no Shares are issued pursuant to the Share Option Scheme and the Pre-IPO Share Option Scheme, (iii) the Over-allotment Option is not exercised, and (iv) the Second Share Transfer is completed.

2. Mr. Zhang Zhi Rong owns the entire issued share capital of Best Era and will be deemed to be interested in the 5,171,526,562 Shares held by Best Era.

For details of the Directors' interests in Shares immediately following the completion of the Global Offering, please refer to section entitled "C. Further Information About Directors and Substantial Shareholders — 1. Directors" in Appendix X to this prospectus.

Save as disclosed herein, the Directors are not aware of any person (who is not a Director) who will, immediately following the completion of the Global Offering, 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 our Company. The Directors are not aware of any arrangement which may at a subsequent date result in a change of control of our Company.

SELLING SHAREHOLDER

Pursuant to the International Underwriting Agreement, Best Era will sell 375,000,000 Shares, representing approximately 4.796% of the total issued share capital of the Company immediately following completion of the Global Offering and Capitalisation Issue and conversion of the Convertible Notes (assuming an Offer Price at the lowest point of the indicative Offer Price range and the Over-allotment Option is not exercised, and excluding any Shares which may be issued pursuant to the exercise of the options which have been granted under the Pre-IPO Share Option Scheme or which may be granted under the Share Option Scheme). The shareholding of the Selling Shareholder immediately prior to and following the Global Offering, Capitalisation Issue and the conversion of the Convertible Notes (assuming an Offer Price at the mid-point of the indicative Offer Price range and the Over-allotment Option is not exercised, and excluding any Shares which may be issued pursuant to the exercise of the options which have been granted under the Pre-IPO Share Option Scheme or which may be granted under the Share Option Scheme) are set forth in the table below:

Selling Shareholder	Number of Shares held prior to the Global Offering and Capitalisation Issue	Number of Sale Shares offered in the Global Offering after the Capitalisation Issue	Number of Shares held immediately after the Global Offering and Capitalisation Issue	Approximate percentage of interest in the Company immediately following the Global Offering and Capitalisation Issue
Best Era	99,300,000	375,000,000 *(Note)*	5,171,526,562	66.135

Note: Subject to increase if the Over-allotment Option is exercised.

The following discussion should be read in conjunction with our audited consolidated financial information together with the accompanying notes, as set forth in the Accountant's Report in Appendix I to this prospectus. Our financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS").

The following discussion and analysis contains certain forward-looking statements that reflect our current views with respect to future events and financial performance. These statements are based on our assumptions and analysis in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, whether actual outcome and developments will meet our expectations and predictions depends on a number of risks and uncertainties. Factors that could cause or contribute to such differences include those discussed in the section headed "Risk Factors" in this prospectus.

OVERVIEW

We are one of the leading property developers focused on the development and sale of high quality properties in key economic cities in the PRC. Our land bank is highly diversified and is located in prime locations in such key economic cities. It comprised, as at 31 July 2009, a total planned GFA of 13,598,083 sq.m. (of which, 6,051,874 sq.m. was GFA for which we have signed master agreements with the relevant local governments but had not as at the Latest Practicable Date obtained the land use right certificates). Of our land bank, approximately 20.2% of our total GFA was located in Shanghai and 18.1% was located in Tianjin and Beijing as at 31 July 2009.

Since we commenced our business in 1996, we have been dedicated to developing our property business in key economic cities in China and, in particular, in Shanghai, in which we believe has the highest level of demand from international and domestic purchasers of any property market in China. Over the past 13 years in Shanghai, we have developed various projects and sold and delivered more than 2.0 million sq.m. of GFA, and successfully established ourselves as one of the leading players in this economic and financial capital of China in terms of total completed GFA. As at 31 July 2009, we had developed or were developing projects in nine cities across the PRC, comprising three municipalities (Shanghai, Tianjin, Beijing), three provincial capitals (Hefei, Shenyang, Harbin) and three key economic centres (Wuxi, Suzhou, Nantong) in the Yangtze River Delta. For the three financial years ended 31 December 2006, 2007 and 2008, our total revenue was RMB1,718.1 million, RMB1,791.9 million and RMB3,949.0 million, respectively. Our total revenue for the four months ended 30 April 2009 was RMB934.0 million, representing a decrease of 4.3% from RMB975.8 million for the four months ended 30 April 2008. For the three financial years ended 31 December 2006, 2007 and 2008, profits attributable to equity owners of our Group were RMB259.2 million, RMB108.1 million and RMB1,255.0 million, respectively. Profit attributable to equity owners of our Group for the four months ended 30 April 2009 was RMB773.5 million, representing an increase of 342.7% from RMB174.7 million for the four months ended 30 April 2008.

During the Track Record Period, substantially all of our revenue was generated from sales of residential properties that we developed.

Leveraging on our success in Shanghai, Tianjin and Beijing, we have expanded, and intend to continue to actively and strategically expand, our property development business in other high growth cities within China. We typically target the upper segment of the market, selling our premium residential properties, while seeking to retain long-term ownership of certain commercial properties in order to benefit from potential capital appreciation as well as to diversify our future income stream.

We have financed our projects primarily through proceeds from our Shareholders' contributions, bank borrowings, pre-sale proceeds of properties, Pre-IPO Financing and the Shanghai Bay Arrangements. We typically follow a financing model under which our start-up cost is mainly financed by bank and other borrowings as well as Shareholders' contributions. This financing model supports our projects until the pre-sales stage, when we are able to repay our borrowings with pre-sale proceeds. The following points summarise our main sources of funds for our projects.

- **Shareholders' contributions**. We have relied to a certain extent on capital contributions from our Shareholders in exchange for equity interests to finance our projects. PRC property developers were required to make a capital contribution of not less than 35% of the total investment of a project when they applied for project-specific loans. On 27 May 2009, such contribution percentage requirement was reduced to 20% for ordinary commodity housing projects and affordable housing projects and 30% for all other property development projects.

- **Bank borrowings**. As at 30 April 2009, we had total secured bank borrowings of RMB1,871.8 million. We usually obtain project-specific bank 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.

- **Pre-sale proceeds of properties.** Pre-sale proceeds are proceeds we receive when we enter into contracts to sell properties prior to their completion. Under PRC law, the following conditions must be fulfiled before the pre-sale of a particular property can commence: (i) the land premium must be paid in full and the land use rights certificate must have been obtained; (ii) the construction works planning permit and the work commencement permit must have been obtained; (iii) the funds contributed to the development of the project must amount to at least 25% of the total amount to be invested in the project and the project progress and the date of completion of the project for use must have been ascertained; and (iv) the pre-sale permit must have been obtained. Upon obtaining a pre-sale permit from the relevant government authorities, we generally enter into pre-sale contracts with our customers. We typically receive an initial payment of at least 20%-30% of the unit purchase price at the execution of the pre-sale contract and the balance typically within 30 days of the execution of the pre-sale contract, by which time the customer is required to have obtained a bank mortgage.

- **Pre-IPO Financing.** In November and December 2007, we issued the Original Notes to the Original Pre-IPO Investors in a total aggregate principal amount of approximately RMB 3,717.4 million and received US$495.7 million in proceeds therefrom. In connection with the subscription of the Original Notes, the Original Pre-IPO Investors and their affiliates also received from one of our Controlling Shareholders a total of 700,000 Shares for no additional monetary consideration. As at 30 April 2009, we had used approximately

US$464.2 million of the net proceeds from the issuance of the Notes to inject capital into the wholly foreign-owned enterprises owned by our HK Subsidiaries, regional companies and project companies in order to expand our land bank. The balance of the proceeds has been deposited into our account maintained in Hong Kong for future land bank acquisitions. On 31 July 2009, we and the Founder entered into the Deed of Amendment with, among others, the Pre-IPO Investors to restructure the Original Notes. For further details please refer to the section headed "History, Reorganisation and Group Structure — Pre-IPO Financing — Restructuring of Original Notes". We have incurred a significant amount of interest expense in relation to the Pre-IPO Financing. Substantially all of the interest expense has been capitalised as properties under development rather than being expensed in our consolidated income statement at the time it was incurred. In future periods, such capitalised interest expense will be expensed in our consolidated income statements as a portion of cost of sales upon the sales of such properties. As a result, such capitalised interest expenses may adversely affect our Group's gross profit margin upon the sales of properties in 2009 and future periods. Our capitalised interest included in cost of sales for the years ended 31 December 2007 and 2008 and the four months ended 30 April 2009 were RMB34.0 million, RMB74.7 million and RMB13.4 million, respectively.

- **Transfer of Blocks Nos. 2, 8, 9 and 10 of Shanghai Bay and Related Arrangements.** In August 2009, pursuant to the Shanghai Bay Arrangements, we transferred our legal ownership interests in Blocks Nos. 2 and 8 of Shanghai Bay, with a total GFA of 56,305 sq. m., to Shanghai Industrial Group. In return, we received a payment of approximately US$190.2 million (equivalent to RMB1.3 billion) which we used to partially redeem the Original Notes. We expect to receive a second payment in an amount equal to the US$ equivalent of RMB0.7 billion when we transfer our legal interests in additional Blocks Nos. 9 and 10 of Shanghai Bay with a total GFA of 51,171 sq. m. to Shanghai Industrial Group. We intend to use approximately US$28 million of such funds to repay the amount outstanding under the bridge loan, the details of which are set out in "Financial Information — Indebtedness and Contingent Liabilities — Bridge Loan". We expect to deposit the balance of approximately US$74 million into an account of Bright New that has been pledged as collateral for the Pre-IPO Financing and may only be used for operating expenses and permitted uses until such financing is repaid.

  Under the Shanghai Bay Arrangements, we have the right and obligation to reacquire the Projects and Shanghai Industrial Group has the right and obligation to resell such Projects to us on 1 December 2011. Assuming we have transferred Blocks Nos. 9 and 10, the consideration for the reacquisition of all of the transferred blocks of the Projects is expected to be RMB2 billion. If the transfer of Blocks Nos. 9 and 10 does not take place, the consideration for the reacquisition of Blocks Nos. 2 and 8 is expected to be RMB1.3 billion. As part of such arrangements, we have also agreed to ensure that Shanghai Industrial Group receives a "shareholder return" (net of tax) for each of the three years ending 31 December 2011, equal to 18% per annum of the consideration paid by Shanghai Industrial Group. The commercial intention for entering into the Shanghai Bay Arrangements was to enable us to obtain financing from, and grant collateral for such financing to, Shanghai Industrial Group in order to refinance a portion of the Pre-IPO Financing as a part of the note restructuring. See "Business — Shanghai Bay Financing Arrangements with the Shanghai Industrial Group".

After the listing of our Shares, we expect to fund our projects by using a combination of sources, including internally generated cash flow, bank loans, proceeds from the Global Offering and other funds raised from the capital markets from time to time. In particular, as at 30 April 2009, the total contracted capital commitment of our projects amounted to RMB7,440 million, of which approximately RMB1,208 million is intended to be funded by the net proceeds we will receive pursuant to the Global Offering. For details of the capital commitment we have made relating to our projects as of 30 April 2009, please refer to Note 32 of Appendix I — Accountant's Report to this prospectus. Based on the best estimate by our Directors as at the Latest Practicable Date, approximately RMB7,440 million is expected to be invested within five years from the date of Listing. Notwithstanding the above and our Directors' estimate, potential investors are reminded that our access to funds may be affected by various factors, including the factors discussed under the section headed "Risk Factors" in this prospectus and "— Factors Affecting Our Results of Operations" in this section.

BASIS OF PRESENTATION

We are a holding company incorporated in the Cayman Islands. We generate our revenue from the businesses conducted by our subsidiaries located in the PRC. During the Track Record Period, all our revenue was related to property development and sales in the PRC.

Our Group undertook the Reorganisation in preparation for the Global Offering. Prior to the Reorganisation, our Founder was the sole ultimate shareholder of our Company and of Bright New, which was the holding company of the subsidiaries of our Group. Upon completion of the Reorganisation on 17 September 2007, we acquired the entire shareholding interest in Bright New from our Founder. As a result of the Reorganisation, we became the holding company of our Group.

The consolidated balance sheets, consolidated income statements, consolidated statements of cash flows and consolidated statements of changes in equity of our Group for the Track Record Period include the financial information of the companies comprising our Group as a result of the Reorganisation as if the current group structure had been in existence throughout the Track Record Period, except that the financial information of those companies newly incorporated/established during the Track Record Period and of those companies newly acquired from third parties accounted for using the purchase method of accounting are included in the consolidated financial information of our Group since their respective dates of incorporation/establishment and acquisition. Please refer to Note 2 of Section II of the Accountant's Report in Appendix I to this prospectus for further description of the basis on which we have prepared our financial information.

Our consolidated financial information as of and for each of the three years ended 31 December 2006, 2007 and 2008 and the four months ended 30 April 2009 were audited by PricewaterhouseCoopers, Certified Public Accountants, Hong Kong. We have prepared our consolidated financial information in accordance with HKFRS, which may differ in material aspects from generally accepted accounting principles in other jurisdictions, such as U.S. GAAP. The consolidated financial information as of and for the four months ended 30 April 2008 has been derived from the unaudited consolidated financial information. We have prepared the unaudited consolidated financial information on the same basis as the audited consolidated financial information.

RECENT DEVELOPMENTS

In March 2009, Nantong Zhuowei acquired 100% of the equity interest in Shanghai Mingbao, which primarily provides fitting and decoration services, from independent individuals, for a total cash consideration of RMB2.5 million. Shanghai Mingbao was incorporated in the PRC on 17 January 2004 and had a registered capital of RMB6 million. We subsequently increased the registered capital of Shanghai Mingbao to RMB100 million in June 2009. The acquisition of Shanghai Mingbao does not have a material impact on the financial performance and position of our Group. For further information of the business of Shanghai Mingbao, please refer to the section headed "Business — Other Business".

On 31 July 2009, a Deed of Amendment was executed amending and restructuring the Original Notes issued in the Pre-IPO Financing and the following actions were taken on 17 August 2009 pursuant to such Deed of Amendment:

(i) the denomination of the Original Notes was changed from RMB to US$;

(ii) we paid interest that was due and outstanding on the Original Notes (as converted into US$) in cash in the aggregate amount of approximately US$27.2 million (payment was made on 10 August 2009);

(iii) we redeemed an aggregate principal amount of US$192.8 million of the Original Notes (as converted into US$); and

(iv) the remaining US$490 million of the Original Notes were replaced by the following two tranches of notes:

  (a) US$325 million of Promissory Notes with a tenor of 18 months and a final maturity date of 31 December 2010; and

  (b) US$165 million of Convertible Notes with a tenor of two years and a final maturity date of 30 June 2011 but which are mandatorily convertible upon our Listing at the Offer Price.

In addition, the Founder agreed to cause Best Era to transfer to the Pre-IPO Investors as of the date of the Listing for no additional consideration Shares in an amount equal to 0.5% of the total Shares outstanding immediately after the Listing.

See "History, Reorganisation and Group Structure — Pre-IPO Financing — Restructuring of Original Notes" and "Appendix IX" for further details including further details of the terms of the Promissory Note and Convertible Notes.

On 17 August 2009, we obtained a bridge loan of US$28 million from Yes Plus Limited, an independent third party, to fund a portion of the partial redemption of the Original Notes. The loan bears interest at a rate of 10% per annum and is guaranteed by the Founder. The Founder's guarantee will be released and discharged on the earlier of the repayment date and the Listing Date. According to the loan agreement, we will repay the bridge loan on the earlier of (a) the date on which we receive the US$ equivalent of RMB0.7 billion for our transfer of Blocks Nos. 9 and 10 of Shanghai Bay to the Shanghai Industrial Group pursuant to the Shanghai Bay Arrangements and (b) the date of redemption or repayment of the Notes.

In August 2009, pursuant to the Shanghai Bay Arrangements, we transferred our legal ownership interests in Blocks No. 2 and 8 of Shanghai Bay, with a total GFA of 56,305 sq. m., to Shanghai Industrial Group. In return, we received a payment of approximately US$190.2 million (equivalent to RMB1.3 billion) which we used to partially redeem the Original Notes. We expect to receive a second payment of the US$ equivalent of RMB0.7 billion from Shanghai Industrial Group upon the transfer of our legal interests in Blocks Nos. 9 and 10 of Shanghai Bay with a total GFA of 51,171 sq. m., which we intend to use to repay the amount outstanding under the bridge loan of US$28 million, the details of which are set out in "History, Reorganisation and Group Structure — Pre-IPO Financing". The balance of such second payment, which will be approximately US$74 million, is expected to be deposited into an account of Bright New that has been pledged as collateral for the Pre-IPO Financing and may only be used for operating expenses and other permitted uses until such financing is repaid. Under the Shanghai Bay Arrangements, we have the right and obligation to reacquire the Projects and Shanghai Industrial Group has the right and obligation to resell such Projects to us on 1 December 2011. Assuming we have transferred Blocks Nos. 9 and 10, the consideration for the reacquisition of all of the transferred blocks of the Projects will be RMB2 billion. If the transfer of Blocks Nos. 9 and 10 does not take place, the consideration for the reacquisition of Block Nos. 2 and 8 will be RMB1.3 billion. As part of such arrangements, we have also agreed to ensure that Shanghai Industrial Group receives a "shareholder return" (net of tax) for each of the three years ending 31 December 2011, which amount shall be calculated based on the actual consideration amount paid by Shanghai Industrial Group and shall represent a total rate of return of 18% per annum. The commercial intention for entering into the Shanghai Bay Arrangements was to enable us to obtain financing from, and grant collateral for such financing to, Shanghai Industrial Group in order to refinance a portion of the Pre-IPO Financing as a part of the note restructuring. See "Business — Shanghai Bay Financing Arrangements with the Shanghai Industrial Group".

In April 2009, we reduced the registered capital of three of our onshore WFOE subsidiaries by approximately US$255 million in aggregate and, in connection therewith, such onshore subsidiaries are now authorised to pay such amounts (once such funds are generated and available) to their respective parent shareholders, three of our offshore Hong Kong subsidiaries. If the Listing does not occur, we intend to use such funds (once such funds are generated and available) to make periodic interest payments on the Convertible Notes and the Promissory Notes and to pay the remaining principal payments thereon as they come due.

On 7 September 2009, the Group entered into a strategic cooperation agreement with China Construction Bank, Shenzhen Branch ("CCB Shenzhen") pursuant to which CCB Shenzhen tentatively agreed to provide the Group credit facilities of up to RMB6 billion. The amount and terms and conditions of each particular utilisation that may be requested by the Group thereunder will still be subject to approval by CCB Shenzhen. CCB Shenzhen has undertaken to offer the Group preferential terms and pricing for these services within the range specified by the relevant regulators. The Group has undertaken not to enter into a strategic cooperation agreement with any other bank for three years and not to obtain credit facilities from other banks unless they are on terms that are comparable with or more favorable than those offered by CCB Shenzhen. Either party may terminate the strategic cooperation agreement on thirty days written notice.

FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our business, financial condition and results of operations have been, and we expect may continue to be, affected by a number of factors, including:

- **Economic growth, speed of urbanisation and demand for residential and commercial properties in China.** China's economic growth has been primarily concentrated in China's urban cities, and economic growth, higher standards of living, population growth and urbanisation are primary drivers of demand for the purchase or rental of residential and commercial properties. As we focus on the development of properties in Shanghai, Tianjin, Beijing and other rapidly growing cities in the PRC, China's economic growth, population growth and urbanisation are important to our operations. The PRC property industry is dependent on the overall economic growth in the PRC and the resultant demand for residential and commercial properties. Developments in the private sector, urbanisation and the resultant demand for properties in China have in the past resulted in increases in sales of our properties. These factors are expected to continue to have a significant impact on our results of operations;

- **Policies in the PRC that affect the development of the real estate industry.** A number of PRC policies heavily impact the real estate industry, including tax policies (including the government incentive grant policy, the preferential income tax policy and the LAT policy), land grant policies, pre-sale policies, policies on interest rates, the availability of mortgages and loans, and other macro-economic policies designed to control the growth of the PRC property market. On 27 May 2009, the State Council issued a Notice on Adjusting Capital Ratios of Fixed Asset Investment Projects ("國務院關於調整固定資產投資項目資本金比例的通知") which, among others, lowered the minimum capital ratio for ordinary commodity housing projects and affordable housing projects from 35% to 20%. The minimum capital ratio for all other property development projects has been lowered from 35% to 30%. This policy is expected to enhance property developers' ability to procure project financing. Property developers are exposed to interest rate risks resulting from fluctuations in interest rates on their debts. The PBOC cut rates five times during the last quarter of 2008, reducing the one-year benchmark lending rate by a total of 189 basis points and the deposit rate by a total of 216 basis points. By the end of 2008, the one-year benchmark lending and deposit rates were 5.31% and 2.25%, respectively. Please see the section headed "Risk Factors — Risk Relating to Our Business — Our business may be adversely affected by future increases in interest rates" of this prospectus;

- **Our ability to identify and acquire suitable land for development.** Our success depends on our ability to secure quality land at prices that can enable us to generate reasonable returns. In recent years, land prices in the PRC have generally shown a steady increase. As the PRC economy continues to grow rapidly and demand for residential and commercial properties remains strong, we expect that competition among developers to acquire land that is suitable for property development will continue to intensify, which may further drive increases in land prices. In addition, the public tender, auction and listing-for-sale practices in respect of the grant of state-owned land use rights have contributed to increased competition for development of land and increased land acquisition costs. On the other hand, the PRC government has introduced macro-economic policies over the past several years at both the central and local levels to further regulate the property market in the PRC, with a view to tightening and controlling the supply of land, in particular, in the prime locations across the PRC. As a result of the above, as well as the price variation due to different locations of the land we acquired throughout the three years ended 31 December 2008, our average land costs per sq.m. as recognised in our cost of sales increased by 54.1% from RMB623 in 2006 to RMB960 in 2007, and by 21.4% from RMB960 in 2007 to RMB1,165 in 2008. Our average land costs per sq.m. were RMB741 for the four months ended 30 April 2009. The increase in average land costs per sq.m. will increase our cost of sales, and consequently will have a negative impact on our gross profit margin. Our gross profit margin is also dependent on other factors, including our recognised average selling price and our construction cost. For a more detailed analysis of our gross profit margin, please see the year to year comparison analysis under the section headed "— Consolidated Results of Operations";

- **Interim fluctuations in results of operations.** We do not recognise revenue until construction of the relevant property has been completed and when the properties have been delivered to the relevant purchasers, i.e., usually when the occupation permit is received and the collectibility of related receivables is reasonably assured. See the section below headed " — Critical Accounting Policies — Recognition of revenue from and costs of sale of properties" for further information. Because the timing of delivery of our properties varies according to our construction timetable, our results of operations may vary significantly from period to period depending on the GFA and timing of delivery of the properties we sell. Periods in which we deliver more GFA typically generate a higher level of revenue. Periods in which we pre-sell a large amount of GFA, however, may not generate a correspondingly high level of recognised revenue if the properties pre-sold are not delivered within the same period. The effect on our results of operations of the timing of delivery of projects is accentuated by the fact that during any particular period of time we can only undertake a limited number of projects due to the substantial capital requirements for land acquisitions and construction costs as well as our limited supply of land. Our ability to complete a project in accordance with the delivery schedule (and thus to recognise our revenue) is also dependent on the timetable of the construction phase, which is in turn dependent on various factors such as the availability of construction materials, labour efficiency, weather in different project areas, and the availability of suitable land as well as the timing of acquisition of such land. In addition, variances in our sales schedules also caused our selling and marketing expenses to fluctuate throughout the Track Record Period. Accordingly, our results of operations fluctuate and our interim results may not proportionally reflect our annual results. Furthermore, given our presence and expansion, our business is, and will continue to be, subject to seasonality. Consequently, our revenue and profits recognised may experience significant fluctuations;

- **Access to and cost of financing.** Bank and other borrowings have been, and we expect will continue to be, an important source of funding for our property developments. Our access to capital and cost of financing will be affected by the prevailing interest rates on bank loans, which is linked to the PBOC benchmark lending rates, the restrictions imposed by the PRC Government on bank lending for property development, and the general condition of the domestic and global capital markets. If the global financial crisis persists, we may not be able to obtain or renew financing on favourable terms. Our outstanding bank borrowings amounted to RMB3,841.9 million, RMB2,521.7 million, RMB2,167.1 million and RMB1,871.8 million as of 31 December 2006, 2007, 2008 and 30 April 2009, respectively. The weighted average effective interest rates for our bank borrowings as of 31 December 2006, 2007, 2008 and 30 April 2009 were 7.07%, 8.60%, 6.33% and 6.05%, respectively. Our interest costs relating to our bank borrowings during the Track Record Period amounted to RMB232.4 million, RMB303.4 million, RMB213.5 million and RMB49.9 million for the three years ended 31 December 2006, 2007, 2008 and the four months ended 30 April 2009, respectively. On 2 November 2007, we issued registered promissory notes in the aggregate principal amount of RMB1,498,760,000 and on 17 December 2007, we issued the Notes in the aggregate principal amount of RMB2,218,590,000 to the Pre-IPO Investors for an aggregate subscription price of US$500,000,000. The interest expenses we had incurred with respect to the Notes for the years ended 2007, and 2008 and the four months ended 30 April 2009 were RMB136.0 million, RMB995.7 million and RMB363.1 million, respectively. In addition, any increases in interest rates will affect the costs of mortgage financing to potential purchasers of our properties, which in turn may affect demand for our properties;

- **Effects of substantial capitalised interest on future periods.** Substantially all of the borrowing costs (including interest expense) related to the Pre-IPO Financing and the borrowing costs related to the Shanghai Bay Arrangements have been or will be capitalised as a part of the cost of acquiring or constructing the projects to which the proceeds of such financing arrangements were applied. These capitalised borrowing costs will not be recognised in our consolidated income statements until construction of such projects is completed and these projects are ready for delivery and are sold. The borrowing costs associated with the Pre-IPO Financing and with the Shanghai Bay Arrangement are significantly higher than the borrowing costs associated with our previous bank borrowings, which constituted substantially all of our capitalised borrowings prior to the Pre-IPO Financing. As a result, to the extent projects have been funded with proceeds from the Pre-IPO Financing or proceeds from the Shanghai Bay Arrangement, such capitalised borrowing costs are expected to be significantly higher than the capitalised borrowing costs we have previously recognised in our income statements which were associated with bank borrowings and may adversely affect our Group's gross profit margin upon the sales of such projects in 2009 and future periods;

- **The performance of and the terms and conditions of our arrangements with the external contractors, such as designers, constructors, sub-constructors and sales and marketing firms with which we cooperate.** We engage external construction constructors, service providers and suppliers to provide us with construction services, various types of construction materials as well as other services such as design and interior decoration. Our primary general construction contractor throughout the Track Record Period was Shanghai Ditong. While we work closely with Shanghai Ditong and retain overall control over the quality and progress of the construction process, both Shanghai Ditong and other general contractors we choose and hire during the process can introduce a performance risk which can have an impact on the results of our operations. For more details, please refer to the section headed "Risk Factors — Risks Relating to Our Business — We rely on the performance of external contractors and suppliers, including Shanghai Ditong, a connected person, to deliver our projects on time and up to our specified quality standards" in this prospectus;

  As Shanghai Ditong is one of our connected persons for the purposes of the Listing Rules, our fees payable to Shanghai Ditong for construction services will be subject to the annual capped amounts as disclosed in this prospectus. Accordingly, we will be required to find and engage the services of other construction companies with which we have not worked before. There can be no assurance that the terms offered to us by such other construction companies will be comparable to those provided to us by Shanghai Ditong. The terms and conditions we can get from such constructors may affect our results of operations. For more details, please refer to the section headed "Risk Factors — Risk Relating to Our Business — We have engaged Shanghai Ditong, a connected person, to provide construction services for substantially all our projects during the Track Record Period and, following our Listing, our use of Shanghai Ditong will be subject to limitations and we cannot assure you that Shanghai Ditong or other construction companies will perform construction services for us on comparable terms" in this prospectus;

- **Price volatility of construction materials.** Our results of operations are affected by price volatility associated with construction materials such as steel and cement. These costs may be reflected in our construction costs and represent a significant portion of our costs of properties sold. We use Shanghai Ditong as our general contractor and directly use a selected number of other contractors for projects such as landscaping and elevator purchase and installation. Shanghai Ditong then sub-contracts most of the construction work, with respect to which it negotiates fixed prices for the items in the contracts, including costs of construction materials. Shanghai Ditong's process of sub-contracting is designed to ensure a limited impact on our results of operations from fluctuating prices of construction materials. While prices of construction materials may generally rise over time and/or experience sharp rises or declines, such movements are generally absorbed by the sub-contractors of Shanghai Ditong whose contracts with Shanghai Ditong are generally on a fixed-price basis, and do not allow for adjustment of the contract price in consideration of the fluctuations in the price of raw materials such as cement and steel during the contract term. Nonetheless, we expect the general trend of price fluctuation associated with our construction materials will continue and will have an impact on our results of operations over the long term;

- **Expansion into other cities.** The further expansion of our operations may impose increased demands on our management's resources and affect our results of operations and financial condition. The PRC real estate industry is highly competitive and localised. Each locality typically has its own local property developers which may have better access to information and knowledge of the market than we have. Our competition with local property developers may create uncertainties as to the level of profitability which we may expect to achieve in certain markets; and

- **Changes in fair value of investment properties.** Our results of operations have in the past been affected by adjustments in the estimated fair value of our investment properties and may continue to be affected by such adjustments in the future. For the year ended 31 December 2008 and the four months ended 30 April 2009, we recognised fair value gains on our investment properties in the amounts of RMB846.1 million and RMB735.2 million, respectively, which represented 40.6% and 69.4% of our consolidated profit before income tax in those periods, respectively. In accordance with HKFRS, we are required to reassess the fair value of our investment properties on each reporting date, and we include the gains or losses arising from changes in the estimated fair value of such investment properties in our consolidated income statements in the period in which they arise. Pursuant to HKAS 40, our investment properties may be recognised by using either the fair value model or the cost model. We recognise investment properties at their estimated fair value because we are of the view that periodic estimated fair value adjustments in accordance with prevailing market conditions provide a more up-to-date picture of the value of our investment properties. The fair values of our investment properties are based on valuations of such properties conducted by our Property Valuer, using property valuation techniques involving certain assumptions about market conditions. Please see the Property Valuation included in Appendix IV to this prospectus for more details. Investors should be aware that the fair value gains on investment properties included in our consolidated income statements reflect unrealised capital gains in the estimated fair value of our investment properties at the relevant reporting date and do not constitute profit generated from our operations or generate any actual cash inflow to us unless and until such investment properties are sold at or above such estimated fair values. Favourable or unfavourable changes in the assumptions of market conditions used by the Property Valuer would result in changes to the fair value of our investment properties and corresponding adjustments to the amount of gains or losses reported in our consolidated income statements in the future.

Additional risks include the overall performance of the PRC property sector in the cities in which we operate, increasing competition among property developers in key economic cities, and the impact on us of the applicable PRC rules and regulations governing the PRC real estate market, such as the use of pre-sale proceeds.

CRITICAL ACCOUNTING POLICIES

We prepared our consolidated financial information in accordance with HKFRS. In preparing such financial information, we are required to make judgements, estimates and assumptions. We evaluate these estimates based on our historical experience, knowledge and assessment of our current business and other conditions, as well as our expectations regarding the future based on available information and various assumptions, which together form our basis for making judgements about matters that are not readily apparent from other sources. As such, our actual results may differ from these estimates. Some of our accounting policies require a higher degree of judgement than others in their application.

When reviewing our consolidated financial information, you should consider: (i) our critical accounting policies; (ii) the judgement and other uncertainties affecting the application of such policies; and (iii) the sensitivity of reported results to changes in conditions and assumptions. We believe the following accounting policies involve the most significant judgement and estimates used in the preparation of our consolidated financial information.

Recognition of revenue from and costs of sale of properties

Our revenue is primarily comprised of the proceeds received or receivable from the sale of properties. Our cost of sales consists of costs incurred directly for property development, such as land acquisition costs, construction costs and capitalised interest. Our revenue and cost of sales are recognised when the risks and ownership of the properties are transferred to the purchasers, which is when construction of the relevant properties has been completed (i.e., usually when the occupation permit is received), the relevant properties have been delivered to the purchasers pursuant to the sale agreements and the collectability of related receivables is reasonably assured. Monies received from pre-sales but prior to completion of our properties are recorded as advanced proceeds received from our customers under current liabilities on our consolidated balance sheets.

Completed properties held for sale and properties under development

Completed properties held for sale and properties under development are stated at the lower of cost and net realisable value.

We make estimates of the net realisable value of completed properties by reference to the available market data including the most recent sale transactions and market survey reports available from independent property valuers, after taking into account the anticipated costs of selling these properties. Properties under development are classified as current assets on our consolidated balance sheets unless the construction period of the relevant property development project is expected to be completed beyond our normal operating cycle. Our initial payments for leasehold land and land use rights included in this category of assets are measured at amortised cost less accumulated impairment losses.

We make estimates of the net realisable value of properties under development by reference to the estimated future discounted cash flows to be derived from such properties. The estimates require judgements as to the anticipated sale prices by reference to recent sale transactions in nearby locations, rates of new property sales, marketing costs (including price discounts required to stimulate sales) and the expected costs for the completion of properties, the legal and regulatory framework and general market conditions. Our estimates may be inaccurate and estimates may need to be adjusted in later periods.

If there is an increase in costs for the completion of properties or a decrease in anticipated selling price, the net realisable value will decrease and this may result in provisions for completed properties held for sale and properties under development. Such provisions require the use of judgement and estimates by our management, taking into account the location of the property, the quality of the building, and the valuation of similar properties in the local market. Where the expectation is different from the original estimate, the carrying value and provision for properties in the periods in which such estimate is changed will be adjusted accordingly.

In respect of the properties under development for future use as investment properties, the Group has recently adopted the amendment to Hong Kong Accounting Standard 40 for the year ended 31 December 2008. Pursuant to the adoption of the amendment, property that is under construction or development for future use as investment property is measured at fair value under the fair value model and the gains or losses arising from changes in the fair value are accounted for as gains or losses upon revaluation in our consolidated income statements. Upon the adoption of the amendment, there was no impact on our financial information as at and for the years then ended 31 December 2006 and 2007. Fair value gains of RMB846.1 million and RMB274.9 million, and the related deferred taxation expense of RMB211.5 million and RMB68.7 million, were recognised in our consolidated income statements for the year ended 31 December 2008 and the four months ended 30 April 2009, respectively.

Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of assets which require a substantial period of time to complete and prepare for their intended use or sale are capitalised as part of the cost of such properties. All other borrowing costs are recorded in the consolidated income statements in the year in which they are incurred. In general, we capitalise the borrowing costs incurred from the commencement of each property development project and cease capitalising these costs when the assets are substantially ready for their intended use or sale. Borrowing costs incurred after the completion of a property development project or otherwise not directly attributable to the acquisition and/or construction of the project are recorded in our consolidated income statements as finance costs in the period in which they are incurred. Investment income earned on the temporary investment of specific borrowings pending their expenditure on the relevant project is deducted from the borrowing cost capitalised.

Substantially all of the borrowing costs (including interest expense) related to the Pre-IPO Financing and borrowing costs related to the Shanghai Bay Arrangement have been capitalised as a part of the cost of acquiring or constructing the projects to which the proceeds of such financing arrangements were applied. These capitalised borrowing costs will not be recognised in our consolidated income statements until construction of such projects is completed and these projects are ready for delivery and are sold. The borrowing costs associated with the Pre-IPO Financing and with the Shanghai Bay Arrangement are significantly higher than the borrowing costs associated with our previous bank borrowings, which constituted substantially all of our capitalised borrowings prior to the Pre-IPO Financing. As a result, to the extent projects have been funded with proceeds from the Pre-IPO Financing or proceeds from the Shanghai Bay Arrangement, such capitalised borrowing costs are expected to be significantly higher than capitalised borrowing costs we have previously recognised in our consolidated income statements which were associated with bank borrowings.

Provision for the PRC Land Appreciation Tax ("LAT")

Under PRC tax laws and regulations, our PRC subsidiaries are subject to LAT collectible by the local tax authorities and levied at progressive rates ranging from 30% to 60% on the appreciation of land value, calculated as the proceeds of sales of properties less deductible expenditures including payments made for obtaining land use rights, construction and infrastructure costs, related taxes and all property development costs. We recognise LAT as an income tax expense and make necessary provisional payments according to the current tax laws and regulations. We recognise LAT based on the appreciation of land value, which is calculated based on the proceeds from the sale of completed properties less deductible expenditures, including charges associated with obtaining land use rights, and other property development related expenditures. We prepay 1% of our pre-sale proceeds as a LAT prepayment in accordance with the requirements of the PRC tax authorities. The tax authorities determine the final LAT liabilities of our Group after completion of our property development projects. This final determination may differ from the amounts that we had estimated. Our projects may go through different phases over multiple periods of time, in which revised tax laws may be enacted and implemented. Thus, upon final assessment of the LAT, after all phases of a project are completed, our final LAT liabilities may differ from our initial estimates. Further, the implementation and settlement of such taxes vary among the regional tax jurisdictions across the PRC and we must wait until each local PRC tax authority assesses the LAT in order to have a finalised calculation and payment amount. Accordingly, significant judgement is required in determining the amount of land appreciation and related taxes for the purpose of preparing our financial information. As such, our final tax liabilities could be different from the amounts that we estimated and such discrepancies may impact our income tax expense in the periods during which such taxes are finalised with local tax authorities.

Deferred income tax

Significant judgement is required in determining our provisions for deferred income tax. Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in our consolidated financial information. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of such transaction, affects neither the accounting nor taxable profit or loss, such as goodwill. Deferred income tax is determined using the tax rates that have been applicable or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising from investments in subsidiaries, except where the timing of the reversal of the temporary differences can be controlled by our Group and it is probable that the temporary differences will not be reversed in the foreseeable future.

SELECTED INCOME STATEMENT ITEMS

Revenue

All of our revenue consists of proceeds from the sale of properties. See "— Critical Accounting Policies — Recognition of revenue from and costs of sale of properties" above. Our revenue for a given period depends primarily on the number of properties we sell and deliver in such period and the prices realised for these properties.

We recognise our revenue after our properties have been sold and delivered. We typically pre-sell our properties prior to their completion in accordance with the PRC pre-sale regulations. We do not, however, recognise the proceeds from pre-sales of properties until we have completed the construction of these properties and the properties have been delivered to the purchasers and the collectibility of related receivables is reasonably assured. There is typically a time gap of about one year between the time we commence pre-sale of properties under development and the delivery of the properties. We record the proceeds received from the pre-sold properties as "Advanced proceeds received from customers", a current liability in our consolidated balance sheets.

The table below sets forth, for the year/period indicated and on a project basis, our revenue.

	Year ended 31 December									Four months ended 30 April					
	2006			2007			2008			2008			2009		
	Revenue	GFA Sold and Delivered	Recognised Average Selling Price[1]	Revenue	GFA Sold and Delivered	Recognised Average Selling Price[1]	Revenue	GFA Sold and Delivered	Recognised Average Selling Price[1]	Revenue	GFA Sold and Delivered	Recognised Average Selling Price[1]	Revenue	GFA Sold and Delivered	Recognised Average Selling Price[1]
	RMB'000	sq.m.	RMB per sq.m.	RMB'000	sq.m.	RMB per sq.m.	RMB'000	sq.m.	RMB per sq.m.	(unaudited) RMB'000	sq.m.	RMB per sq.m.	RMB'000	sq.m.	RMB per sq.m.
Properties sold and delivered															
Sunshine Venice (Phase II)	—	—	—	—	—	—	5,785	681	8,500	5,345	681	7,854	—	—	—
Sunshine Venice (Phase IIIA) ..	1,369,291	188,600	7,260	389,268	57,026	6,826	17,710	2,078	8,524	17,278	2,078	8,316	3,961	429	9,232
Sunshine Venice (Phase IIIB) ..	—	—	—	—	—	—	548,517	61,490	8,920	343,247	45,465	7,550	816,380	81,785	9,982
Chateau De Paris (Phase I) (retail)	—	—	—	—	—	—	167,214	4,778	35,000	—	—	—	—	—	—
Chateau De Paris (Phase I)	6,452	683	9,447	—	—	—	1,400	113	12,403	—	—	—	8,044	447	18,000
Chateau De Paris (Phase II)	—	—	—	—	—	—	958,020	43,807	21,869	—	—	—	39,013	1,470	26,534
Sunglow Xinjing	—	—	—	10,857	1,119	9,702	—	—	—	—	—	—	—	—	—
Sunshine Holiday (Phase I)	342,389	76,654	4,467	3,701	471	7,858	860	144	5,956	841	144	5,824	—	—	—
Sunshine Holiday (Phase II)	—	—	—	—	—	—	978,376	159,303	6,142	—	—	—	983	161	6,098
Shanghai Park Avenue	—	—	—	574,716	26,869	21,390	641,714	22,379	28,674	594,358	20,859	28,494	—	—	—
No. 1 City Promotion	—	—	—	680,313	156,036	4,360	10,488	2,419	4,336	4,373	906	4,827	1,912	448	4,272
Sunny Town (Phase I)	—	—	—	133,087	36,831	3,613	290,157	74,835	3,877	10,369	3,145	3,297	1,797	416	4,321
Sunny Town (Phase II)	—	—	—	—	—	—	93,684	20,486	4,573	—	—	—	34,276	8,483	4,040
Classical Life (Phase I)............	—	—	—	—	—	—	114,699	16,964	6,761	—	—	—	21,205	2,893	7,331
Classical Life (Phase II)...........	—	—	—	—	—	—	120,335	27,430	4,387	—	—	—	6,409	1,489	4,303
Total.......................................	1,718,132	265,937	6,461	1,791,942	278,352	6,438	3,948,959	436,907	9,038	975,811	73,278	13,317	933,980	98,021	9,528

Notes:

(1) Calculated as revenue recognised divided by total GFA sold and delivered for the relevant year/period.

In 2006, we delivered 265,937 sq.m. of GFA at an overall recognised average selling price of RMB6,461 per sq.m.. Sunshine Venice made up the majority of our sales and the initial phase of Sunshine Holiday also was completed and contributed 76,654 sq.m. of GFA to our sales in 2006. The recognised average selling price at Sunshine Venice was RMB7,260 per sq.m. in 2006, while Sunshine Holiday had a recognised average selling price of RMB4,467 per sq.m. in 2006 as property prices in Tianjin were generally lower than those in Shanghai.

In 2007, we delivered 278,352 sq.m. of GFA at an overall recognised average selling price of RMB6,438 per sq.m.. Three new projects, Shanghai Park Avenue, No. 1 City Promotion and Sunny Town, made their initial sales and accounted for approximately three quarters of our revenue and GFA sold and delivered in 2007. Sunshine Venice continued to record sales in 2007 though at a reduced recognised average selling price of RMB6,826 per sq.m., reflecting bulk sales of approximately 40,000 sq.m. made to the local government in 2007. Two of the new projects, located in Wuxi and Shenyang, respectively, had recognised average selling prices of RMB4,360 per sq.m. and RMB3,613 per sq.m., respectively, in 2007 as property prices in Wuxi and Shenyang generally are lower than those in Shanghai. However, the new project in Shanghai, Shanghai Park Avenue, had a substantially higher average selling price of RMB21,390 per sq.m., reflecting its favourable location in Shanghai.

In 2008, we delivered 436,907 sq.m. of GFA at an overall recognised average selling price of RMB9,038 per sq.m.. Six new projects and/or phases, Sunshine Venice (Phase IIIB), Chateau De Paris (Phase I (retail)), Chateau De Paris (Phase II), Sunshine Holiday (Phase II), Classical Life (Phase I and II) and Sunny Town (Phase II), recorded sales in 2008 and accounted for approximately 75.5% of our revenue in 2008. Shanghai Park Avenue continued to record sales in 2008 at a recognised average selling price of RMB28,674 per sq.m., representing an increase of 34.1% from 2007. Chateau De Paris (Phase II) had a recognised average selling price of RMB21,869 per sq.m.. Sunshine Holiday (Phase II) had a recognised average selling price of RMB6,142 per sq.m. and accounted for approximately 24.8% of our total revenue in 2008.

In the four months ended 30 April 2009, we delivered 98,021 sq.m. of GFA at an overall recognised average selling price of RMB9,528 per sq.m., compared to 73,278 sq.m. of GFA in the four months ended 30 April 2008 at an overall recognised average selling price of RMB13,317 per sq.m.. Sunshine Venice (Phase III B) continued to record sales in the four months ended 30 April 2009 at a recognised average selling price of RMB9,982 per sq.m. and accounted for approximately 87.4% of our total revenue for such period.

Cost of sales

Our cost of sales consists primarily of the costs incurred directly from our property development activities which include construction costs, land costs, capitalised interest, and business taxes and other levies. We recognise cost of sales with respect to a property when we recognise our revenue from such property which generally occurs when construction is completed and such property is delivered. Our average cost of sales per sq.m. for the years ended 31 December 2006 and 2007 remained relatively stable at RMB4,103 and RMB4,185, respectively, but increased by 25.4% to RMB5,249 for the year ended 31 December 2008. Our average cost of sales per sq.m. for the four months ended 30 April 2009 was RMB4,906, representing a 22.3% decrease compared to the same period in 2008.

The following table sets out the breakdown of our cost of sales for the three years ended 31 December 2008 and the four months ended 30 April 2008 and 2009:

	Year ended 31 December					Four months ended 30 April		
	2006 RMB'000	2007 RMB'000	2008 RMB'000	06-07 % change	07-08 % change	2008 RMB'000	2009 RMB'000	Apr 08 - Apr 09 % change
						(unaudited)		
Construction costs......	810,063	764,392	1,489,035	(5.6%)	94.8%	280,693	342,731	22.1%
Land costs.................	165,735	267,228	508,943	61.2%	90.5%	106,636	72,592	(31.9%)
Capitalised interest.....	20,112	34,023	74,668	69.2%	119.5%	21,134	13,422	(36.5%)
Business taxes and other levies	95,202	99,175	220,693	4.2%	122.5%	54,103	52,102	(3.7%)
Total	1,091,112	1,164,818	2,293,339	6.8%	96.9%	462,566	480,847	4.0%

Construction costs

Construction costs represent costs for the design and construction of a property project. These costs consist primarily of fees paid to our contractors, including contractors responsible for civil engineering construction, landscaping, construction installation, infrastructure expenses, raw material costs, design costs and salary-related expenses for on-site staff. In 2007, our construction costs were RMB764.4 million, representing a decrease of 5.6% compared to RMB810.1 million in 2006. In 2008, our construction costs were RMB1,489.0 million, representing an increase of 94.8% from RMB764.4 million in 2007. The increase was primarily due to an increase in the proportion of our construction of up-market residential properties and the increase in GFA sold and delivered during 2008. Our average construction cost per sq.m. for the Track Record Period, calculated as our construction costs recognised divided by GFA sold and delivered during the relevant period, was RMB3,046, RMB2,746, RMB3,408 and RMB3,497 for the years ended 2006, 2007, 2008 and the four months ended 30 April 2009, respectively. The decrease in average construction cost from 2006 to 2007 was primarily attributable to the increased sales of low-rise buildings, which generally have lower construction costs per sq.m. compared to our construction costs for high-rise buildings, which comprised most of our sales for 2006. The increase in average construction cost from 2007 to 30 April 2009 was primarily due to an increase in the proportion of our construction of up-market buildings, which is also reflected in the increase in the average selling price. Our construction costs are affected by a number of factors such as:

- the difference in the positioning and types of our projects, including the requirements relating to the design and interior decoration for different property types, which would in turn result in the difference of our construction costs incurred;
- price movements for construction materials, including steel and cement. Market prices of such items may fluctuate and thus impact our costs. Please refer to the section above headed "Factors Affecting Our Results of Operations — Price volatility of construction materials" for further information; and
- decisions relating to the investments in ancillary facilities, such as whether to supplement our properties with playgrounds, gymnasiums, and other recreational facilities.

Since we engage contractors to procure raw materials, most of our construction materials costs are accounted for as part of the contractor fees upon settlement with the relevant contractors during the Track Record Period.

Land costs

Land costs include costs relating to the acquisition of the rights to occupy, use and develop land, including land premiums, demolition and resettlement costs, and land-related taxes. Our land costs in 2007 were RMB267.2 million, representing an increase of 61.2% from RMB165.7 million in 2006, and our land costs in 2008 were RMB508.9 million, representing an increase of 90.5% from RMB267.2 million in 2007. The increases in land costs in 2006, 2007 and 2008 were primarily due to the increase in GFA sold and delivered from 265,937 sq.m. in 2006 to 278,352 sq.m. in 2007 to 436,907 sq.m. in 2008 and the increase in average land costs per sq.m.. Our land costs for the four months ended 30 April 2009 were RMB72.6 million, representing a decrease of 31.9% from RMB106.6 million for the same period in 2008. The decrease was primarily attributable to 87.4% of our total revenue for the four months ended 30 April 2009 coming from the sale of Sunshine Venice (Phase IIIB), whose average land costs per sq.m. were lower compared to Shanghai Park Avenue, the sale of which represented 60.9% of our total revenue for the four months ended 30 April 2008.

Capitalised interest

We also capitalise a portion of our interest expenses to the extent that such costs are directly attributable to the costs of the acquisition, construction or development of our properties. The interest expenses are capitalised as they are incurred along with the development of a project and the recognition of the relevant expenditure, until completion or suspension of the construction phase. Interest expenses incurred after completion of a construction phase are then recognised in our consolidated income statement as finance costs.

Our capitalised interest included in cost of sales for 2007 was RMB34.0 million, representing an increase of 69.2% from RMB20.1 million in 2006. Our capitalised interest included in cost of sales for 2008 was RMB74.7 million, representing an increase of 119.5% from RMB34.0 million in 2007. The increases in capitalised interest in cost of sales in 2007 and 2008 were primarily due to the increases in GFA sold and delivered. Our capitalised interest in cost of sales for the four months ended 30 April 2009 was RMB13.4 million, representing a decrease of 36.5% from RMB21.1 million for the same period in 2008. The decrease was primarily due to higher interest rates and higher capitalised interest associated with Shanghai Park Avenue, the sale of which represented 60.9% of our total revenue for the four months ended 30 April 2008. Substantially all of the borrowing costs (including interest expense) relating to the Pre-IPO Financing and the Shanghai Bay Arrangements have not yet been recognised as a capitalised interest expense included in cost of sales. See "Effects of substantial capitalised interest on future periods". The amounts of capitalised interest under properties under development were approximately RMB266.0 million, RMB608.7 million and RMB1,488.5 million as at 31 December 2006, 2007 and 2008, respectively, and RMB1,868.6 million as at 30 April 2009. The amounts of capitalised interest under completed properties held for sale were approximately RMB8.5 million, RMB7.4 million and RMB57.3 million as at 31 December 2006, 2007 and 2008, respectively, and RMB38.5 million as at 30 April 2009. Please see Notes 10 and 11 to the Group's consolidated financial information as set out in Appendix I.

Business taxes and other levies

Business taxes and other levies in 2007 totalled RMB99.2 million, representing a 4.2% increase from that of RMB95.2 million in 2006. Business taxes and other levies in 2008 totalled RMB220.7 million, representing an increase of 122.5% from that of RMB99.2 million in 2007, which was primarily due to a significant increase in our sales. Our business taxes and other levies for the four months ended 30 April 2009 were RMB52.1 million, remaining relatively stable compared to RMB54.1 million for the four months ended 30 April 2008 as a result of relatively flat sales for these periods.

Gross profit

Gross profit represents revenue less cost of sales. Our gross profit for the four months ended 30 April 2009 decreased by 11.7% to RMB453.1 million from RMB513.2 million for the same period in 2008. Our gross profit in 2008 was RMB1,655.6 million, an increase of 164.0% from RMB627.1 million in 2007. Our gross profit in 2007 was RMB627.1 million, remaining stable compared with RMB627.0 million in 2006. Our gross profit margins for the Track Record Period were 36.5%, 35.0%, 41.9% and 48.5% for 2006, 2007, 2008 and the four months ended 30 April 2009, respectively. The decrease in our gross profit margin from 52.6% for the four months ended 30 April 2008 to 48.5% for the same period in 2009 was primarily because Shanghai Park Avenue, which contributed 60.9% of our revenue for the four months ended 30 April 2008, had a higher gross profit margin than Sunshine Venice (Phase IIIB), which contributed 87.4% of our total revenue for the same period in 2009, partially offset by a decrease in average construction cost per sq.m.. The increase from 2007 to 2008 was primarily due to an increase in sales of up-market residential properties in key central cities, which were sold at a much higher average selling price.

Other gains/(losses)

Other gains for the four months ended 30 April 2009 were RMB735.1 million, primarily due to a recognition of a fair value gain relating to our investment properties in Shanghai. The other losses for the same period in 2008 were RMB22.1 million, primarily due to foreign exchange losses on the Notes from the Pre-IPO financing as a result of RMB appreciation. Other gains for the year ended 2008 were RMB825.6 million, which were primarily due to a recognition of fair value gain relating to our investment properties in Shanghai. Other losses for the year ended 2007 were RMB34.5 million, which were primarily due to foreign exchange losses on the Notes from the Pre-IPO financing as a result of RMB appreciation.

Other income

Our other income consists primarily of rental income, interest income and subsidies received from the government. We received government grants of RMB7.4 million and RMB3.2 million for 2006 and 2007, respectively, as a recognition of the substantial tax payment we had made to the local governments. Local government subsidies are discretionary in nature.

Selling and marketing expenses

Selling and marketing expenses consist primarily of agency fees relating to the sale of properties, advertising and promotional expenses such as newspaper, magazine, pamphlets and billboard advertisements, and salaries and commissions for our sales staff.

Administrative expenses

Our administrative expenses consist primarily of salary and welfare payments relating to our management staff, rental costs of our offices, travelling and entertainment expenses, auditors' remuneration and legal and other professional fees.

Finance costs

Our finance costs consist primarily of interest costs net of capitalised interest. We capitalise the borrowing costs attributable to the amount of borrowings used in our project construction when the development of properties commences and the relevant expenditure and finance cost is incurred. This ceases when the development is in suspension or the construction work is completed. Interest expense incurred after completion of development is recognised in our consolidated income statement as finance costs.

Income tax expense

Our income tax expense line item reflects income taxes we pay in the PRC, including corporate income tax, LAT and any deferred income tax.

No Hong Kong profits tax was provided for the three years ended 31 December 2006, 2007 and 2008 and for the four months ended 30 April 2008 and 2009 as our Group did not have any assessable profits in Hong Kong.

No Cayman Islands profits tax was provided for the three years ended 31 December 2006, 2007 and 2008 and for the four months ended 30 April 2008 and 2009 as our Group did not have any profits in the Cayman Islands.

The LAT in the PRC is levied at progressive rates ranging from 30.0% to 60.0% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including payments made for obtaining land use rights and all property development expenditures after adjusting for an expansion factor, which is included in our consolidated income statements as income tax expense.

On 16 March 2007, the National People's Congress of the PRC enacted the PRC Corporate Income Tax Law under which a uniform corporate income tax rate of 25.0% will be imposed on the taxable income of both domestic enterprises and foreign invested enterprises beginning on 1 January 2008, and the original tax privilege available to foreign invested enterprises will be cancelled. For more information about the new PRC Corporate Income Tax Law, please refer to the section headed "Taxation — Income Tax" in Appendix V to this prospectus. We believe the introduction of the new PRC Corporate Income Tax Law will enable us to enjoy a lower tax rate than the effective tax rate applicable to us in the past.

As of 31 December 2006, we applied the income tax rate of 33.0% in the calculation of our deferred tax assets. Pursuant to the new PRC Corporate Income Tax Law, the corporate income tax rate applicable to our domestic subsidiaries in the PRC decreased from 33.0% to 25.0% effective from 1

January 2008. Accordingly, the tax rate used in calculating deferred income tax assets and liabilities of our domestic subsidiaries as at 31 December 2007 was adjusted to the lower tax rate of 25.0%. The effect of the change in corporate income tax rate was recognised in the consolidated income statement for the year ended 31 December 2007.

CONSOLIDATED RESULTS OF OPERATIONS

The following tables set forth selected data from our consolidated income statements for the three years ended 31 December 2006, 2007 and 2008 and the four months ended 30 April 2008 and 2009:

	Year ended 31 December						Four months ended 30 April			
	2006 RMB'000	% of Revenue	2007 RMB'000	% of Revenue	2008 RMB'000	% of Revenue	2008 RMB'000	% of Revenue	2009 RMB'000	% of Revenue
							(unaudited)			
Revenue	1,718,132	100.0%	1,791,942	100.0%	3,948,959	100.0%	975,811	100%	933,980	100%
Cost of sales	(1,091,112)	(63.5%)	(1,164,818)	(65.0%)	(2,293,339)	(58.1%)	(462,566)	(47.4%)	(480,847)	(51.5%)
Gross profit	627,020	36.5%	627,124	35.0%	1,655,620	41.9%	513,245	52.6%	453,133	48.5%
Other income	15,068	0.9%	17,194	1.0%	21,405	0.5%	7,106	0.7%	6,671	0.7%
Other (losses)/gains, net[1]	—	—	(34,513)	(1.9%)	825,563	20.9%	(22,099)	(2.3%)	735,117	78.7%
Selling and marketing expenses	(46,534)	(2.7%)	(77,426)	(4.3%)	(150,494)	(3.8%)	(46,347)	(4.7%)	(34,278)	(3.7%)
Administrative expenses	(100,187)	(5.8%)	(105,666)	(5.9%)	(214,818)	(5.4%)	(65,071)	(6.7%)	(90,251)	(9.7%)
Finance costs	(73,702)	(4.3%)	(97,225)	(5.4%)	(54,479)	(1.4%)	(18,061)	(1.9%)	(11,376)	(1.2%)
Profit before income tax	421,665	24.5%	329,488	18.4%	2,082,797	52.7%	368,773	37.8%	1,059,016	113.4%
Income tax expenses										
- PRC corporate income tax	(179,927)	(10.5%)	(100,066)	(5.6%)	(259,627)	(6.6%)	(84,355)	(8.6%)	(102,162)	(10.9%)
- PRC land appreciation tax	(358)	(0.02%)	(114,551)	(6.4%)	(363,102)	(9.2%)	(124,785)	(12.8%)	(9,522)	(1.0%)
- Deferred income tax	17,804	1.0%	(6,777)	(0.4%)	(205,077)	(5.2%)	15,093	1.5%	(173,794)	(18.6%)
Total income tax expenses	(162,481)	(9.5%)	(221,394)	(12.4%)	(827,806)	(21.0%)	(194,047)	(19.9%)	(285,478)	(30.6%)
Profit for the year/period attributable to equity owners of our Group	259,184	15.1%	108,094	6.0%	1,254,991	31.8%	174,726	17.9%	773,538	82.8%

Note:

(1) Other (losses)/gains, net included a recognition of estimated fair value gains on investment properties of RMB846.1 million and RMB735.2 million for the year ended 31 December 2008 and for the four months ended 30 April 2009, respectively. These fair value gains are unrealised. See "— Factors Affecting Our Results of Operations — Changes in fair value of investment properties".

The following discussion is based on the consolidated financial information of our Group.

Four months ended 30 April 2009 compared to four months ended 30 April 2008

Revenue. Our revenue for the four months ended 30 April 2009 was RMB934.0 million, representing a decrease of 4.3% compared to RMB975.8 million for the same period in 2008, primarily due to a significant decrease in the average selling price from RMB13,317 per sq.m. for the four months ended 30 April 2008 to RMB9,528 per sq.m. for the same period in 2009, partially offset by an increase in GFA sold and delivered from 73,278 sq. m. in the four months ended 30 April 2008 to 98,021 sq.m. in the corresponding period in 2009. The decrease in the average selling price was primarily because Shanghai Park Avenue, which contributed 60.9% of our revenue for the four months ended 30 April 2008, had a higher average selling price than Sunshine Venice (Phase IIIB), which contributed 87.4% of our total revenue for the same period in 2009.

Cost of sales. Cost of sales for the four months ended 30 April 2009 was RMB480.8 million, representing an increase of 4.0% compared to RMB462.6 million for the same period in 2008. This was primarily due to an increase in GFA sold and delivered in the four months ended 30 April 2009, partially offset by a decrease in average construction cost from RMB3,831 per sq.m. in the four months ended 30 April 2008 to RMB3,497 per sq.m. in the corresponding period in 2009.

Gross profit. We recorded a gross profit of RMB453.1 million for the four months ended 30 April 2009, representing a decrease of 11.7% compared to RMB513.2 million for the same period in 2008. Our gross profit margin decreased from 52.6% for the four months ended 30 April 2008 to 48.5% for the same period in 2009. The decrease in our gross profit margin resulted primarily from Shanghai Park Avenue, which contributed 60.9% of our revenue for the four months ended 30 April 2008, having a higher gross profit margin than Sunshine Venice (Phase IIIB), which contributed 87.4% of our total revenue for the same period in 2009, partially offset by a decrease in average construction cost per sq.m..

Other income. Other income for the four months ended 30 April 2009 was RMB6.7 million, representing a decrease of 6.1% compared to RMB7.1 million for the same period in 2008, primarily due to a decrease in interest income as a result of lower interest rates and a decrease in our average cash balances.

Other gains/(losses). Other gains for the four months ended 30 April 2009 were RMB735.1 million, primarily due to a recognition of a fair value gain on our investment properties in Shanghai. The other losses for the same period in 2008 were RMB22.1 million, primarily due to foreign exchange losses on the Notes from the Pre-IPO financing as a result of RMB appreciation.

Selling and marketing expenses. Our selling and marketing expenses were RMB34.3 million for the four months ended 30 April 2009, representing a decrease of 26.0% from RMB46.3 million for the same period in 2008. This was primarily due to an increase in marketing activities incurred in connection with the pre-sale campaign for Shanghai Park Avenue and Sunshine Venice for the four months ended 30 April 2008.

Administrative expenses. Our administrative expenses were RMB90.3 million for the four months ended 30 April 2009, representing an increase of 38.7% from RMB65.1 million for the same period in 2008, primarily due to an increase in our headcount and their corresponding salaries and welfare costs and an increase in rental expense as a result of the expansion of our operations.

Finance costs. Our finance costs were RMB11.4 million for the four months ended 30 April 2009, representing a decrease of 37.0% from RMB18.1 million for the same period in 2008, which was primarily due to a decrease in interest rates and a slightly higher interest capitalisation rate.

Profit before income tax. Profit before income tax for the four months ended 30 April 2009 was RMB1,059.0 million, representing an increase of 187.2% compared to RMB368.8 million for the same period in 2008. The significant increase in profit before income tax was primarily attributable to a recognition of fair value gain on our investment properties in the four months ended 30 April 2009.

Income tax expenses. Notwithstanding the increase in our profit before income tax for the four months ended 30 April 2009 by 187.2% to RMB1,059.0 million compared to RMB368.8 million for the same period in 2008, our income tax expenses increased only by 47.1% to RMB285.5 million for the four months ended 30 April 2009 from RMB 194.0 million for the same period in 2008. This was primarily due to the significant decrease in our provision for PRC land appreciation tax for the four months ended 30 April 2009 as Shanghai Park Avenue, which accounted for 60.9% of the total sales in the corresponding period in 2008, had a much higher value-added rate compared to projects sold and delivered in the same period in 2009. Our effective income tax rate, with LAT included in income tax expense, was 27.0% for the four months ended 30 April 2009, compared to 52.6% for the same period in 2008. Our effective income tax rate, with LAT included as part of operating costs, was 26.3% for the four months ended 30 April 2009, compared to 28.4% for the same period in 2008.

Profit attributable to equity owners of our Group. Profit attributable to equity owners of our Group for the four months ended 30 April 2009 was RMB773.5 million, representing a significant increase of 342.7% compared to RMB174.7 million for the same period in 2008. Profit attributable to equity owners of our Group as a percentage of revenue was 82.8% for the four months ended 30 April 2009, compared to 17.9% for the same period in 2008, primarily due to a recognition of fair value gain on our investment properties.

Year ended 31 December 2008 compared to year ended 31 December 2007

Revenue. Revenue for 2008 was RMB3,949.0 million, representing a significant increase of 120.4% compared to RMB1,791.9 million in 2007, primarily due to an increase in GFA sold and delivered from 278,352 sq.m. in 2007 to 436,907 sq.m. in 2008 and an increase in sales of up-market residential properties, resulting in an increase in average selling price from RMB6,438 per sq.m. in 2007 to RMB9,038 per sq.m. in 2008. This increase of GFA sold and delivered came primarily from new projects including Chateau De Paris (Phase II), Sunshine Holiday (Phase II) and Sunshine Venice (Phase IIIB) as well as existing projects such as Shanghai Park Avenue.

Cost of sales. Cost of sales in 2008 was RMB2,293.3 million, representing an increase of 96.9% compared to RMB1,164.8 million in 2007. This was primarily due to an increase in GFA sold and delivered in 2008 and higher average construction cost per sq.m. for our up-market residential properties.

Gross profit. We recorded a gross profit of RMB1,655.6 million in 2008, representing an increase of 164.0% from RMB627.1 million in 2007. Our gross profit margin increased significantly from 35.0% in 2007 to 41.9% in 2008. The increase in gross profit margin was primarily due to an increase in sales of up-market residential properties, such as Shanghai Park Avenue and Chateau De Paris (Phase II), which were sold at a much higher average selling price and margin.

Other income. Other income in 2008 was RMB21.4 million, representing an increase of 24.5% compared to RMB17.2 million in 2007, primarily due to rental income arising from certain properties in Chateau De Paris (Phase II) and Sunshine Venice and interest income generated by increased bank balances.

Other gains/(losses). Other gains in 2008 were RMB825.6 million, which were primarily due to a recognition of fair value gain on our investment properties in Shanghai. Other losses in 2007 were RMB34.5 million, which were primarily due to foreign exchange losses on the Notes from the Pre-IPO financing as a result of RMB appreciation.

Selling and marketing expenses. Our selling and marketing expenses were RMB150.5 million in 2008, representing an increase of 94.4% from RMB77.4 million in 2007. This was primarily due to an increase in promotion activities intended to improve our corporate image and marketing activities connected to the pre-sale of our properties.

Administrative expenses. Our administrative expenses were RMB214.8 million in 2008, representing an increase of 103.3% from RMB105.7 million in 2007, which was primarily due to an increase in our headcount and their corresponding salaries and welfare costs.

Finance costs. Our finance costs in 2008 were RMB54.5 million, representing a decrease of 44.0% from RMB97.2 million in 2007, which was primarily due to an increase in capitalised interest as a result of an increase in the number of projects under construction and development.

Profit before income tax. Profit before income tax in 2008 was RMB2,082.8 million, representing an increase of 532.1% compared with RMB329.5 million in 2007. The significant increase in profit before income tax was primarily attributable to an increase in sales of up-market residential properties, such as Shanghai Park Avenue and Chateau De Paris (Phase II), which were sold at a much higher average selling price, and a recognition of fair value gain on our investment properties in 2008.

Income tax expenses. Our income tax expenses in 2008 increased by 273.9% to RMB827.8 million from RMB221.4 million in 2007. The increase in income tax expenses was primarily due to a significant increase in our profit and an increase in land appreciation tax and deferred income tax liability as a result of a recognition of fair value gain on our investment properties in 2008. Our effective income tax rate, with LAT included in income tax expense, was 39.7% in 2008, representing a decrease from 67.2% in 2007. Our effective income tax rate, with LAT included as part of operating costs, was 27.0% in 2008, representing a decrease from 49.7% in 2007. The substantial decrease in effective income tax rates, with LAT included in income tax, or included as part of operating costs, was primarily due to the change of PRC corporate income tax from 33% in 2007 to 25% in 2008. The recognition of deferred income tax liability at 25% in respect of the fair value gain on investment properties, which accounted for 40.6% of the total profit before income tax for the year ended 31 December 2008, also reduced the effective tax rate in 2008.

Profit for the year attributable to equity owners of our Group. Profit for the year attributable to equity owners of our Group in 2008 was RMB1,255.0 million, representing a significant increase of 1,061.0% compared with RMB108.1 million in 2007, primarily due to an increase in gross profit margin arising from up-market residential properties, and a recognition of fair value gain on our investment properties. Profit for the year attributable to equity owners of our Group as a percentage of revenue increased from 6.0% in 2007 to 31.8% in 2008.

Year ended 31 December 2007 compared to year ended 31 December 2006

Revenue. Revenue for 2007 was RMB1,791.9 million, an increase of 4.3% compared to RMB1,718.1 million in 2006, primarily due to an increase in GFA sold and delivered from 265,937 sq.m. in 2006 to 278,352 sq.m. in 2007. This increase in GFA sold and delivered came primarily from new projects including Shanghai Park Avenue, No. 1 City Promotion and Sunny Town as well as existing projects such as Sunglow Xinjing. The recognised average selling price for Sunshine Venice decreased by 6.0% from RMB7,260 in 2006 to RMB6,826 in 2007, due to bulk sales to the local government.

Cost of sales. Cost of sales in 2007 was RMB1,164.8 million, an increase of 6.8% compared to RMB1,091.1 million in 2006. This was primarily due to an increase in additional GFA of 12,415 sq.m. delivered during 2007. This figure was also influenced by a higher land acquisition cost in Shanghai and was partially offset by a decrease in construction costs due to the relatively lower construction cost for certain projects in cities such as Shenyang and Wuxi.

Gross profit. We recorded a gross profit of RMB627.1 million in 2007, remaining stable compared with RMB627.0 million in 2006 and a decrease in gross profit margin from 36.5% in 2006 to 35.0% in 2007. The slight decrease in gross profit margin was due to an increase in average cost of sales per sq.m.. The increase in average cost of sales per sq.m. was due to the increase in land costs, which was partially offset by a decrease in construction costs.

Other income. Other income in 2007 was RMB17.2 million, an increase of 14.1% compared to RMB15.1 million in 2006, primarily due to interest income generated by increased bank balances.

Other losses. Other losses in 2007 were RMB34.5 million, with nil recorded in 2006. The other losses in 2007 were primarily due to foreign exchange losses against the appreciation of the RMB. Our Pre-IPO Financing was borrowed in U.S. dollar and, when the proceeds remitted into the PRC, we suffered exchange rate losses due to appreciation of the RMB against the U.S. dollar.

Selling and marketing expenses. Our selling and marketing expenses were RMB77.4 million in 2007, an increase of 66.4% from RMB46.5 million in 2006. This was primarily due to an increase in marketing activities connected to the pre-sale campaign for Shanghai Bay and Sunshine Venice.

Administrative expenses. Our administrative expenses were RMB105.7 million in 2007, an increase of 5.5% from RMB100.2 million in 2006, which was primarily due to an increase in our headcount and their corresponding salaries and welfare costs, while remaining stable as a percentage of revenues.

Finance costs. Our finance costs in 2007 were RMB97.2 million, an increase of 31.9% from RMB73.7 million in 2006, which was primarily due to an increase in interest rates and an increase in average bank borrowings during 2007.

Profit before income tax. Profit before income tax in 2007 was RMB329.5 million, a decrease of 21.9% compared with RMB421.7 million in 2006. The decrease in profit before income tax was primarily attributable to an increase in finance costs and selling and marketing expenses for new projects, as well as the recognition of exchange losses associated with our Pre-IPO Financing.

Income tax expenses. Our income tax expenses in 2007 increased by 36.3% to RMB221.4 million from RMB162.5 million in 2006. The increase in income tax expenses was primarily due to provisions for LAT for Shanghai Park Avenue, which had no LAT provided in 2006 because no apartment in this project was delivered in 2006. Our effective income tax rate, with LAT included in income tax expense, was 67.2% in 2007, an increase from 38.5% in 2006. Our effective income tax rate, with LAT included as part of operating costs, was 49.7% in 2007, an increase from 38.5% in 2006.

Profit for the year attributable to equity owners of our Group. Profit for the year attributable to equity owners of our Group in 2007 was RMB108.1 million, a decrease of 58.3% compared with RMB259.2 million in 2006, primarily due to the provision of LAT for Shanghai Park Avenue, recognition of foreign exchange losses, increase in selling and marketing expenses, and finance costs. Profit for the year attributable to equity owners of our Group as a percentage of revenue decreased from 15.1% in 2006 to 6.0% in 2007. Our return on equity ratio, calculated as the net profit divided by the shareholders' equity, was 16.1% in 2006.

The following table sets forth our completed properties held for sale, our properties under development, advances from pre-sale proceeds and investment properties as at 30 April 2009.

Completed properties held for sale[(1)]

	Sunshine Venice	No. 1 City Promotion Phase I	Sunshine Holiday Phase I and II	Sunny Town Phase I and II	Shanghai Park Avenue	Chateau De Paris Phase I and II	Classical Life (Phase I and II)	Total
Completed properties held for sale, at cost (RMB'000)	147,596	37,694	35,246	105,905	361,667	309,598	75,919	**1,073,625**

Properties under development[(1)]

	Sunshine Venice Phase III-B	Shanghai Bay Phase I	No. 1 City Promotion Phase II	Sunshine Holiday Phase III	Sunny Town Phase III	Royal Mansion Phase I and II[(2)]	Sunshine Bordeaux Phase IA	Other new projects	Total
Completion date or expected completion date	Aug 2009	Nov 2009/ Dec 2010	Nov 2009	Oct 2009/ Jun 2010	May 2010/ Dec 2011	Dec 2010/ Jun 2011/ Dec 2011	Nov 2009		
Pre-sale commencement date	Nov 2006	Sep 2007	Feb 2008	Jan 2008	Jun 2009	N/A	Jun 2008		
Properties under development, at cost (RMB'000)	191,351	1,538,908	862,695	790,477	639,413	656,552	316,795	2,486,752	**7,482,943**

Advances from pre-sale proceeds

	Sunshine Venice	Shanghai Bay	No. 1 City Promotion	Sunshine Holiday	Sunny Town	Chateau De Paris Phase II	Shanghai Park Avenue	Sunshine Bordeaux	Classical Life (Phase I and II)	Total
Total advances (RMB'000)[3]	308,286	2,358,849	240,815	449,037	11,941	75,802	196,360	112,275	3,458	**3,756,823**

Investment properties[4]

	Sunshine Venice Phase I, II, IIIA, IIIB and IIIC	Chateau De Paris Phase II	Sunglow Xinjing	Shanghai Bay Phase III	Total
Completed properties held for leasing purposes					
Fair value (RMB'000)	535,270	50,970	47,000	—	633,240
Gross floor area (sq.m.)	41,524	1,877	2,076	—	45,477
Properties under development					
Fair value (RMB'000)	374,000	—	—	1,137,700	1,511,700
Gross floor area (sq.m.)	58,658	—	—	114,346	173,004

Notes:

(1) In this Financial Information section, the classification of properties into "completed properties held for sale" and "properties under development" is on the same basis as adopted in the preparation of the Accountant's Report set out in Appendix I to this prospectus.

(2) Land costs of Royal Mansion Phase II is included.

(3) We expect that the pre-sale proceeds from these projects will be recognised as revenue in 2009.

(4) Investment properties as at 31 December 2008 comprised Shanghai Bay Phase III, which was still under development, with the fair value of RMB1,104 million.

DESCRIPTION OF CERTAIN BALANCE SHEET ITEMS

Trade and other receivables and prepayments

Trade and other receivables comprise receivables arising from trade receivables, other receivables and prepayments.

	31 December			30 April
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables:	28,663	32,360	4,419	6,354
Third parties	28,663	32,360	4,419	6,354
Other receivables:	3,068,108	1,286,663	43,647	59,187
Related parties	3,008,426	1,243,556	—	—
Third parties	59,682	43,107	43,647	59,187
Prepayments:	1,393,316	1,788,276	2,547,833	2,364,294
Related parties	1,013,559	653,586	1,170,403	1,114,621
Third parties	379,757	1,134,690	1,377,430	1,249,673
	4,490,087	3,107,299	2,595,899	2,429,835

We set out below the ageing analysis of our trade receivables at the balance sheet dates:

	As at 31 December			As at 30 April
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Not yet due	1,557	5,787	300	1,800
Within 6 months	23,744	13,150	250	2,588
Between 7 and 12 months	—	859	—	10
Between 13 months and 3 years	3,362	12,564	3,869	1,956
Total	28,663	32,360	4,419	6,354

We had trade, other receivables and prepayments of RMB4,490.1 million, RMB3,107.3 million, RMB2,595.9 million and RMB2,429.8 million as at 31 December 2006, 2007, 2008 and 30 April 2009, respectively.

Trade receivables primarily consist of the amount of sales proceeds due to us where the purchaser has initially deposited a down payment but has not yet remitted the balance under the sales contract. Trade receivables were RMB28.7 million, RMB32.4 million, RMB4.4 million and RMB6.4 million as at 31 December 2006, 2007, 2008 and 30 April 2009, respectively. Out of the RMB6.4 million trade receivables balance as at 30 April 2009, RMB1.8 million had been settled as of 30 June 2009. As at 31 December 2008, our trade receivables decreased by 86.3% primarily because trade receivables in 2007 from Shanghai Park Avenue, No. 1 City Promotion and Sunshine Holiday were settled in early 2008. As at 31 December 2007, our trade receivables increased by 12.9% as a result of the increase in sales towards the end of 2007. Our trade receivables aged over 12 months were mainly residual balances owed to us by government bodies from the purchase of our properties. Our Directors are of the view that such amount is recoverable given the financial strength of these debtors.

Other receivables were RMB3,068.1 million, RMB1,286.7 million, RMB43.6 million and RMB59.2 million as at 31 December 2006, 2007, 2008 and 30 April 2009, respectively. Other receivables from related parties primarily comprised non-trade balances and other advances due from Shanghai Ditong, our Founder, companies controlled by our Founder and his family members. As of 31 December 2008, all such other receivables from related parties had been fully settled. Our other receivables from independent third parties primarily comprised other advances, government grants receivable and temporary prepayments for land acquisition before the formal land acquisition agreements are signed. Other advances represented monies lent to related parties and independent third parties, certain of which were interest bearing. Commerce and Finance Law Offices, our PRC counsel, has advised us that such lending activity did not comply with the General Principles of Lending Activities (貸款通則) issued by the People's Bank of China, which generally prohibit direct loans between companies. The penalty imposed for such lending activities is a fine equal to one to five times the interest collected on such loans, payable by the lenders. Pursuant to the relevant loan agreements, the interest we could have collected amounted to RMB2.9 million, RMB11.4 million and RMB0.6 million for the three years ended 31 December 2008. We confirm that we have never collected any interest from those third parties and related parties during the Track Record Period and we did not recognise the income on these loans in our consolidated income statements during the Track Record Period. Therefore, Commerce and Finance Law Offices is of the opinion that there should be no penalty under PRC laws and regulations imposed on us arising from these events. In April 2008, we terminated the loan agreements and permanently waived the related interest income. As at the date of this prospectus, all of such interest-bearing advances have been fully settled. Our other receivables in 2008 decreased by 96.6% primarily due to the settlement of other receivables due from related parties. Our other receivables in 2007 decreased by 58.1% primarily due to partial settlement of receivables due from Shanghai Ditong, our Founder, companies controlled by close family members of and an associated company of our Founder in 2007.

Prepayments

We set out below the breakdown of our prepayments:

	As at 31 December			As at 30 April
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
- Shanghai Ditong	988,709	643,863	1,165,395	1,107,529
- Land cost	305,300	931,599	1,038,977	913,917
- Prepaid business tax and surcharges	46,417	138,881	206,975	212,363
- Others	52,890	73,933	136,486	130,485
Total	1,393,316	1,788,276	2,547,833	2,364,294

Our prepayments were RMB1,393.3 million, RMB1,788.3 million, RMB2,547.8 million and RMB2,364.3 million as at 31 December 2006, 2007, 2008 and 30 April 2009, respectively. Prepayments mainly represent construction costs pre-paid to Shanghai Ditong, prepayment of land related costs, and prepayment of business tax and surcharges. Our prepayments as at 30 April 2009 decreased by 7.2% compared to RMB2,547.8 million as at 31 December 2008, primarily due to a refund of a RMB120 million deposit. The refund was due to our return of a certain piece of land in Harbin as a result of our intention to manage and apply the Company's working capital in a more prudent and cost-conscious manner in light of the financial crisis and credit crunch, both globally and in the PRC. Therefore, the Company returned a certain piece of land in Harbin and received a full refund of the RMB120 million deposit without any penalty. Our prepayments as at 31 December 2008 increased by 42.5% compared to RMB1,788.3 million as at 31 December 2007, primarily due to the increase in prepaid business tax and surcharges and the increase in prepayments to Shanghai Ditong as a result of an increase in the number of projects under construction and development. Our prepayments as at 31 December 2007 increased by 28.3% compared to RMB1,393.3 million as at 31 December 2006, primarily due to an increase in prepaid land costs and business tax and surcharges but was partially offset by the decrease in prepayments to Shanghai Ditong.

Trade and other payables

We set out below the breakdown of our trade and other payables:

	31 December			30 April
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables:	973,053	646,661	742,094	510,642
Related parties	524,923	479,233	523,513	274,025
Third parties	448,130	167,428	218,581	236,617
Other payables:	2,208,983	769,488	379,040	450,019
Related parties	1,829,757	389,893	4,500	—
Third parties	379,226	379,595	374,540	450,019
Other taxes payable	33,621	22,512	64,101	64,404
	3,215,657	1,438,661	1,185,235	1,025,065

We set out below the ageing analysis of our trade payables as of the balance sheet dates:

	As at 31 December			As at 30 April
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Within 6 months	734,181	508,757	586,932	443,320
Between 7 and 12 months	1,024	1,794	87,499	15,858
Between 13 months and 5 years	237,848	136,110	67,663	51,464
Total	973,053	646,661	742,094	510,642

Our Directors believe that it is in line with the industry norm to have trade payables aged more than 12 months, as the balance of trade payables will be settled after the completion of the construction work, which may occur more than a year after the trade payables are incurred. We had trade payables of RMB973.1 million, RMB646.7 million, RMB742.1 million and RMB510.6 million as at 31 December 2006, 2007, 2008 and 30 April 2009, respectively. Out of the balance of RMB510.6 million of trade payables as at 30 April 2009, RMB219.2 million had been settled as of 30 June 2009.

Our trade payables primarily consist of construction costs payable to Shanghai Ditong and other suppliers. Our trade payables as at 30 April 2009 decreased by 31.2% compared to 2008 primarily due to the partial settlement of construction costs due to Shanghai Ditong. Our trade payables in 2008 increased by 14.8% compared to 2007 primarily due to our increased number of projects under construction and development including Sunshine Venice (Phase IIIB), Shanghai Bay (Phase I), Sunny Town (Phase III) and Sunshine Bordeaux (Phase I). Our trade payables in 2007 decreased by 33.5% compared to 2006 primarily due to the settlement of unpaid land premiums for two projects, namely Shanghai Park Avenue and Sunshine Venice, which were brought forward.

Other payables were RMB2,209.0 million, RMB769.5 million, RMB379.0 million and RMB450.0 million as of 31 December 2006, 2007, 2008 and 30 April 2009, respectively. Other payables primarily arose from (i) advances made by Shanghai Ditong, related parties and independent third parties and (ii) advances received from certain government bodies for the purchase of our properties. Advances made by Shanghai Ditong, related parties and independent third parties to us were made for our working capital purposes and some were interest-bearing. We have been advised by our PRC counsel, Commerce and Finance Law Offices, that the interest-bearing portion of loans advanced from the other parties to our Company did not comply with the General Principles of Lending Activities. The parties who provided such loans may be subject to a fine equal to one to five times of the interest collected on the loans. Our Company, as the borrower, however, will not be subject to any penalty under the PRC laws and regulations. Our other payables as at 30 April 2009 increased by 18.7% compared to 31 December 2008 primarily due to the net increase in advances from third parties. Our other payables as at 31 December 2008 decreased by 50.7% compared to 31 December 2007 primarily due to the settlement of other payables due to related parties. Our other payables in 2007 decreased by 65.2% primarily due to repayments to Shanghai Ditong and a related party.

Other taxes payable primarily consist of business taxes payable, deed taxes, urban land-use taxes and stamp duties. We expect to remit such amounts towards the end of 2009.

Amounts due from and to related parties

	As at 31 December			As at 30 April
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Balances included in current assets:				
Prepayments of construction costs to or purchase of services from related companies - included in "Prepayments"				
- Shanghai Ditong	988,709	643,863	1,165,395	1,107,529
- Other companies controlled by close family members of our Founder	—	21	8	3,003
- Companies controlled by our Founder	24,850	9,702	5,000	3,889
- An associate of the Group	—	—	—	200
	1,013,559	653,586	1,170,403	1,114,621
Non-trading balances - included in "Other receivables"				
- Shanghai Ditong	1,301,875	782,984	—	—
- Other companies controlled by close family members of our Founder	268,823	21,803	—	—
- Companies controlled by our Founder	346,081	346,130	—	—
- An associated company of a company controlled by our Founder	1,000	8,350	—	—
- An associated company of our Founder	202,797	9,828	—	—
- Our Founder	887,850	74,461	—	—
	3,008,426	1,243,556	—	—

	As at 31 December			As at 30 April
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Balances included in current liabilities:				
Trading balances - included in "Trade payables"				
- Shanghai Ditong	417,360	393,322	489,797	245,219
- Associated companies of our Founder	5,331	8,346	—	—
- An associate of the Group	—	—	8,777	5,667
- Other companies controlled by close family members of our Founder	14,637	16,295	14,302	12,502
- Companies controlled by our Founder	87,595	61,270	10,637	10,637
	524,923	479,233	523,513	274,025
Non-trading balances - included in "Other payables"				
- Shanghai Ditong	313,145	—	—	—
- Other companies controlled by close family members of our Founder	1,097,494	225,809	—	—
- Companies controlled by our Founder	318,446	75,086	4,500	—
- Our Founder	—	87,340	—	—
- An associated company of a company controlled by our Founder	—	30	—	—
- An associated company of our Founder	100,672	1,628	—	—
	1,829,757	389,893	4,500	—
Non-trading balances included in "Borrowings"				
- A company controlled by our Founder	—	680,000	—	—

All non-trading balances due from and to related parties as shown above have been fully settled as at the date of this prospectus.

LIQUIDITY AND CAPITAL RESOURCES

We have funded our projects principally from proceeds from pre-sales of properties, bank loans, shareholders contributions, the Pre-IPO Financing and the Shanghai Bay Arrangement. For the three years ended 31 December 2006, 2007, 2008 and the four months ended 30 April 2009, we maintained a current ratio (calculated as the total current assets divided by the total current liabilities) at 1.75, 1.18, 1.01 and 1.00, respectively. The decrease of the current ratio in 2008 was mainly due to the increase in current liabilities from RMB10,746.5 million to RMB11,529.3 million as a result of accrued interest on the Notes, which in turn increased the total balance of our borrowings. The decrease of the current ratio in 2007 was mainly due to the increase of our current liabilities from RMB5,564.5 million in 2006 to RMB10,746.5 million in 2007, primarily because of the issuance of the Notes and an increase in advanced proceeds received from our customers in relation to pre-sales.

The following table presents selected cash flow data from our consolidated statements of cash flows for the periods indicated:

	Year ended 31 December			Four months ended 30 April	
	2006	2007	2008	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Net cash (used in)/generated from operating activities	(2,209,647)	1,960,823	(2,726,410)	(2,432,175)	351,170
Net cash (used in)/generated from investing activities	(957,459)	1,769,325	783,437	615,631	(39,989)
Net cash generated from/(used in) financing activities	3,109,702	(606,515)	(935,672)	(692,377)	(280,849)
Net (decrease)/increase in cash and cash equivalents	(57,404)	3,123,633	(2,878,645)	(2,508,921)	30,332
Cash and cash equivalents	112,187	3,199,105	297,221	671,723	327,524

Cash flow from operating activities

We derive our cash flow from operations principally from the pre-sale and sale of properties. Our cash outflow from operations is principally for investments in property under development. We are subject to certain restrictions on how we use pre-sale proceeds as described in the section headed "Summary of PRC Laws Relating to the Property Sector — Property Transactions — Sale of Commodity Properties" in Appendix VII to this prospectus.

In the four months ended 30 April 2009, we had a net cash inflow from operating activities of RMB351.2 million, compared to a net cash outflow of RMB2,432.2 million in the same period in 2008. This net cash inflow primarily consisted of net cash inflow from operations before changes in working capital of RMB340.6 million and cash inflows from changes in operating assets and liabilities of RMB73.2 million, offset by income tax payments of RMB15.9 million and interest payments of RMB46.8 million. Our cash inflows from changes in operating assets and liabilities were primarily due to a decrease of RMB168.1 million in trade and other receivables and prepayments and a decrease of RMB91.5 million in properties under development and completed properties held for sale, partially offset by a decrease in trade and other payables of RMB182.7 million.

In 2008, we had a net cash outflow from operating activities of RMB2,726.4 million, consisting of cash outflows from changes in operating assets and liabilities of RMB3,180.3 million, an income tax payment of RMB271.3 million and interest payments of RMB590.7 million, offset by cash inflow from operations before changes in working capital of RMB1,316.0 million. Our cash outflows from changes in operating assets and liabilities were due primarily to an increase in properties under development and completed properties held for sale of RMB1,643.3 million and increase in trade and other receivables and other prepayments of RMB999.0 million, partially offset by an increase in trade and other payables of RMB198.6 million.

In 2007, we had a net cash inflow from operating activities of RMB1,960.8 million, consisting of net cash inflow from operations before changes in working capital of RMB458.9 million and cash inflows from changes in operating assets and liabilities of RMB1,928.7 million, offset by income tax payments of RMB84.6 million and interest payments of RMB342.1 million. Our cash inflows from changes in operating assets and liabilities were primarily due to additional advanced proceeds received from customers of RMB3,420.7 million, partially offset by a decrease in trade and other payables of RMB314.6 million and an increase in trade and other receivables and prepayments of RMB380.8 million. Our net cash inflow from operating activities in 2007 improved significantly from 2006 primarily due to the increase in advanced proceeds received from customers, from an outflow of RMB643.9 million in 2006 to an inflow of RMB3,420.7 million in 2007.

In 2006, we had a net cash outflow from operating activities of RMB2,209.6 million, consisting of cash outflows from changes in operating assets and liabilities of RMB2,412.7 million, an income tax payment of RMB40.9 million and interest payments of RMB251.7 million, offset by cash inflow from operations before changes in working capital of RMB495.7 million. Our cash outflows from changes in operating assets and liabilities were primarily due to an increase in properties under development and completed properties held for sale of RMB1,248.2 million and increase in trade and other receivables and prepayments of RMB713.0 million, partially offset by an increase in trade and other payables of RMB222.1 million.

Cash flow from investing activities

Our investing activities mainly comprise advances, including advances to independent third parties as well as to related parties, acquisitions of subsidiaries and purchases of property and equipment.

In the four months ended 30 April 2009, we had a net cash outflow from investing activities of RMB40.0 million, compared to a net cash inflow of RMB615.6 million from investing activities in the same period in 2008. This net cash outflow in the four months ended 30 April 2009 primarily comprised purchases of property and equipment of RMB32.4 million and cash outflow in the construction of investment properties of RMB4.0 million.

In 2008, we had a net cash inflow from investing activities of RMB783.4 million, which primarily comprised settlement of advances to related parties and third parties of RMB791.4 million and interest income of RMB7.9 million, partially offset by purchases of property and equipment of RMB16.9 million.

In 2007, we had a net cash inflow from investing activities of RMB1,769.3 million, which primarily comprised net advances from related parties and third parties of RMB1,763.6 million and interest income of RMB6.7 million, partially offset by purchases of property and equipment of RMB5.1 million.

In 2006, we had a net cash outflow from investing activities of RMB957.5 million. This net outflow primarily consisted of net advances to related parties and third parties of RMB957.9 million and outflow incurred by the purchase of property and equipment of RMB4.9 million, partially offset by interest income of RMB3.5 million.

Cash flow from financing activities

Our financing activities consist primarily of deemed distributions to our equity owners, bank borrowings, Notes borrowings, and capital contributions by our subsidiaries' then shareholders prior to the acquisitions by us.

In the four months ended 30 April 2009, we had a net cash outflow from financing activities of RMB280.8 million, compared to a net cash outflow of RMB692.4 million in the same period in 2008. This outflow primarily consisted of repayment of bank loans of RMB415.4 million, partially offset by the inflow of new bank loans of RMB120 million.

In 2008, we had a net cash outflow from financing activities of RMB935.7 million. This outflow primarily comprised repayment of bank loans of RMB1,062.6 million and repayment of advances from related parties and third parties of RMB362.1 million, partially offset by the inflow of new bank loans of RMB489.0 million.

In 2007, we had a net cash outflow from financing activities of RMB606.5 million. This outflow primarily comprised repayment of and proceeds from advances from related parties and third parties of RMB1,475.4 million, payments of RMB2,333.7 million made to our Founder for the acquisition of regional and project companies pursuant to the Reorganisation and a net decrease in borrowings of RMB640.2 million, partially offset by our notes borrowing of RMB3,717.4 million. The payments of RMB2,333.7 million made to our Founder for the acquisition of regional and project companies were determined with reference to valuations of these companies as at 31 May 2007 prepared by an independent valuer.

In 2006, we had a net cash inflow from financing activities of RMB3,109.7 million. This inflow primarily comprised a net increase in bank borrowings of RMB1,641.9 million, advances and repayments from related parties and third parties of RMB787.8 million, as well as capital contributions by our subsidiaries' then shareholders prior to the acquisitions by us of RMB680.0 million.

Net current assets position

Our net current assets as at 31 July 2009 were RMB2,037.9 million, comprising current assets of RMB14,414.7 million and current liabilities of RMB12,376.8 million. As of the same date, our current assets consisted of properties under development of RMB9,110.6 million, completed properties held for sale of RMB856.8 million, inventories of RMB10.6 million, trade and other receivables and prepayments of RMB3,675.1 million, prepaid taxes of RMB94.7 million, restricted cash of RMB77.0 million and cash and cash equivalents of RMB589.9 million. As at 31 July 2009, our current liabilities consisted of advanced proceeds received from customers of RMB4,823.2 million, trade and other payables of RMB1,150.4 million, income tax payable of RMB864.5 million and borrowings of RMB5,538.7 million.

Restricted cash

Restricted cash represents guaranteed deposits for the mortgage loan facilities granted by the banks to the purchasers of our Group's properties. Such cash is restricted from being used or transferred before the repayment of the respective bank loans. As at 31 December 2006, 2007, 2008 and 30 April 2009 and 31 July 2009, the outstanding amount of restricted cash deposited was RMB97.6 million, RMB66.7 million, RMB84.5 million, RMB96.4 million and RMB77.0 million, respectively.

Working capital

As at 31 December 2006, 2007, 2008, and 30 April 2009 and 31 July 2009, our cash and cash equivalents (excluding restricted cash) amounted to RMB112.2 million, RMB3,199.1 million, RMB297.2 million, RMB327.5 million and RMB590.0 million, respectively.

Taking into account the estimated net proceeds from this Global Offering, available banking facilities and cash flow from our operations, our Directors are of the opinion that we have sufficient working capital for our present requirements, that is for the next 12 months from the date of this prospectus.

Related party transactions

With respect to our related party transactions, as set out in Note 33 of the Accountant's Report in Appendix I to this prospectus, our Directors confirm that these transactions were conducted on normal commercial terms and/or on terms that are not less favourable than terms available from independent third parties which are considered fair and reasonable and in the interest of our Shareholders as a whole. All non-trade balances with related parties have been fully settled up to the date of this prospectus and will be discontinued after the Listing Date.

Capital expenditures

For the three years ended 31 December 2006, 2007 and 2008 and the four months ended 30 April 2009, we incurred capital expenditures in the amounts of RMB4.9 million, RMB5.1 million, RMB16.9 million and RMB36.5 million, respectively.

Contractual commitment

We were contractually committed to spend RMB6,439.4 million as at 31 December 2006, RMB6,907.0 million as at 31 December 2007, RMB8,004.7 million as at 31 December 2008, and RMB7,440.1 million as at 30 April 2009 on expenditures required for our property developments, primarily consisting of land costs and costs of construction materials.

The following table sets forth our contractual commitments as of the dates indicated:

	As of 31 December			As at 30 April
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Land use rights	532,522	1,237,070	2,911,901	2,286,901
Property development expenditures	5,906,903	5,669,911	5,092,779	5,153,218
Total	6,439,425	6,906,981	8,004,680	7,440,119

The Company expects to settle the outstanding balance of contractual commitments as at 30 April 2009, using a combination of the proceeds of the Global Offering, bank loans and cash flow from operating activities.

Operating Lease

The following table summarises our operating lease commitments as of the following dates:

	As at 31 December			As at 30 April
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Not later than one year	3,671	12,338	20,845	20,818
Later than one year and not later than five years	8,518	27,102	32,676	29,223
Later than five years	49,527	49,146	48,607	49,174
Total	61,716	88,586	102,128	99,215

The majority of our operating lease commitments that are for more than five years represent our commitment under lease agreements with independent third parties for office areas in Beijing and Shenzhen, which we use as office buildings for the Company and for subleasing. The lease agreement for the office building in Beijing has a term of 40 years. The lease for the office space in Shenzhen will expire in 2012 for one of the two floors and 2013 for the other.

INDEBTEDNESS AND CONTINGENT LIABILITY STATEMENTS

As at 31 July 2009, being the latest practicable date for the purpose of our indebtedness statement, we had total banking facilities of RMB7,715.3 million, consisting of used banking facilities of RMB3,285.3 million and unused banking facilities of RMB4,430.0 million.

Borrowings

Our borrowings as at 31 December 2006, 2007, 2008, 30 April 2009 and 31 July 2009 were as follows:

Group	As at 31 December 2006	As at 31 December 2007	As at 31 December 2008	As at 30 April 2009	As at 31 July 2009
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Borrowings included in non-current liabilities:					
Bank borrowings — secured	2,671,890	2,317,730	537,000	609,560	2,604,985
Borrowings included in current liabilities:					
Bank borrowings — secured	1,170,000	204,000	1,630,110	1,262,200	609,320
Borrowings from a related party — unsecured	—	680,000	—	—	—
Notes borrowing — secured	—	3,665,155	4,307,015	4,670,072	4,929,426
Total borrowings in current liabilities	1,170,000	4,549,155	5,937,125	5,932,272	5,538,746
Total borrowings	3,841,890	6,866,885	6,474,125	6,541,832	8,143,731

The maturities of our borrowings as at 31 December 2006, 2007, 2008, 30 April 2009 and 31 July 2009 were as follows:

	As at 31 December 2006	As at 31 December 2007	As at 31 December 2008	As at 30 April 2009	As at 31 July 2009
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year	1,170,000	4,549,155	5,937,125	5,932,272	5,538,746
After 1 and within 2 years	187,000	857,730	537,000	609,560	991,525
After 2 and within 5 years	2,484,890	1,460,000	—	—	967,483
After 5 years	—	—	—	—	645,977
	3,841,890	6,866,885	6,474,125	6,541,832	8,143,731

The weighted average effective interest rates at each of the balance sheet dates as at 31 December 2006, 2007 and 2008, 30 April 2009 and 31 July 2009 were as follows:

	As at 31 December 2006	As at 31 December 2007	As at 31 December 2008	As at 30 April 2009	As at 31 July 2009
Bank borrowings	7.07%	8.60%	6.33%	6.05%	5.98%
Borrowings from a related party	N/A	0%	N/A	N/A	N/A
Notes borrowing	N/A	42.01%	24.30%	24.30%	24.30%

The carrying amounts of all our borrowings during the three years ended 31 December 2008 were denominated in Renminbi. The Promissory Notes and Convertible Notes issued in 2009 are denominated in US dollars.

Our gearing ratio, calculated as our total borrowings divided by total assets, as at 31 December 2006, 2007, 2008 and 30 April 2009 and 31 July 2009 was 39.0%, 53.9%, 49.2%, 46.3% and 47.4%, respectively. The increase in 2007 was mainly due to the issuance of the Notes with an aggregate principal amount of RMB equivalent of US$500 million on 2 November 2007 and on 17 December 2007.

Banks Borrowings

Our bank borrowings of RMB3,841.9 million, RMB2,521.7 million, RMB2,167.1 million, RMB1,871.8 million and RMB3,214.3 million as at 31 December 2006, 2007, 2008, and 30 April 2009 and 31 July 2009, respectively, were secured by certain properties under development and completed properties held for sale.

Pre-IPO Financing

In November and December 2007, we issued promissory notes to the Original Pre-IPO Investors in a total aggregate principal amount of approximately RMB3,717.4 million (the "Original Notes") and received US$495.7 million in proceeds therefrom. Interest accrued on the Original Notes at the rate of 10% per annum and was payable semi annually on 2 May and 2 November of each year. The entire principal amount of the Original Notes was payable on the earlier of (x) 2 November 2009 and (y) the date of our Listing. In connection with the subscription of the Original Notes, the Original Pre-IPO Investors and their affiliates also received from one of our Controlling Shareholders a total of 700,000 Shares for no additional monetary consideration. We made interest payments of RMB158.8 million and RMB186.9 million on the Original Notes on 2 May 2008 and 2 November 2008, respectively. We did not make interest payments on the Original Notes on 2 May 2009 as we were negotiating to restructure them. On 31 July 2009, a Deed of Amendment was executed amending and restructuring the Original Notes and the following actions were taken on 17 August 2009 pursuant to such Deed of Amendment: (a) the denomination of the Original Notes was changed from RMB to US$; (b) we paid interest that was due and outstanding on the Original Notes (as converted into US$) in cash in the aggregate amount of approximately US$27.2 million; (c) we redeemed an aggregate principal amount of US$192.8 million of the Original Notes (as converted into US$); and (d) the remaining US$490.0 million of the Original Notes were replaced by the following two tranches of notes: (i) US$325.0 million of Promissory Notes with a tenor of 18 months and a final maturity date of 31 December 2010; and (ii) US$165.0 million of Convertible Notes with a tenor of two years and a final maturity date of 30 June 2011 but which are mandatorily convertible upon our Listing at the Offer Price. See "History, Reorganisation and Group Structure — Pre-IPO Financing — Restructuring of the Original Notes" and "Appendix IX" for further details including further details of the terms of the Promissory Note and Convertible Notes.

Shanghai Bay Arrangements

In August 2009, pursuant to a series of related agreements (the "Shanghai Bay Arrangements"), we transferred our legal ownership interests in Blocks Nos. 2 and 8 of Shanghai Bay, with a total GFA of 56,305 sq. m., to an indirect wholly-owned subsidiary of Shanghai Industrial Holdings Limited, a company listed on the Stock Exchange (together with its subsidiaries, "Shanghai Industrial Group"). In return, we received a payment of approximately US$190.2 million (equivalent to RMB1.3 billion) which we used to partially redeem the Original Notes.

Shanghai Industrial Group is obligated to make a second payment to us in an amount equal to the US$ equivalent of RMB0.7 billion when we transfer our legal interests in additional Blocks Nos. 9 and 10 of Shanghai Bay with a total GFA of 51,171 sq. m. to Shanghai Industrial Group. We intend to use approximately US$28 million of such funds to repay the amount outstanding under the bridge loan, the details of which are set out in "History, Reorganisation and Group Structure — Pre-IPO Financing". We will deposit the balance of approximately US$74 million into an account of Bright New that has been pledged as collateral for the Pre-IPO Financing and may only be used for operating expenses and permitted uses until such financing is repaid.

Under the Shanghai Bay Arrangements, we have the right and obligation to reacquire the Projects and Shanghai Industrial Group has the right and obligation to resell such Projects to us on 1 December 2011. Assuming we have transferred Blocks Nos. 9 and 10, the consideration for the reacquisition of all of the transferred blocks of the Projects will be RMB2 billion. If the transfer of Blocks Nos. 9 and 10 does not take place, the consideration for the reacquisition of Blocks Nos. 2 and 8 will be RMB1.3 billion. As part of such arrangements, we have also agreed to ensure that Shanghai Industrial Group receives a "shareholder return" (net of tax) for each of the three years ending 31 December 2011, equal to 18% per annum of the consideration paid by Shanghai Industrial Group. The commercial intention for entering into the Shanghai Bay Arrangements was to enable us to obtain financing from, and grant collateral for such financing to, Shanghai Industrial Group in order to refinance a portion of the Pre-IPO Financing as a part of the Note restructuring. See "Business — Shanghai Bay Financing Arrangements with the Shanghai Industrial Group".

Bridge Loan

On 17 August 2009, we obtained a bridge loan of US$28 million from Yes Plus Limited, an independent third party, to fund a portion of the partial redemption of the Original Notes. The loan bears interest of 10% per annum, and is guaranteed by the Founder. The Founder's guarantee shall be released and discharged on the earlier of the repayment date and the Listing Date. According to the loan agreement, we are required to repay the bridge loan on the earlier of (a) the date on which we receive the US$ equivalent of RMB0.7 billion for our transfer of Blocks Nos. 9 and 10 of Shanghai Bay to the Shanghai Industrial Group pursuant to the Shanghai Bay Arrangements, and (b) the date of redemption or repayment of the Notes. The bridge loan is subordinated to the Notes. We expect that we may repay the bridge loan on the date that we receive the US$ equivalent of RMB0.7 billion for the transfer of Blocks Nos. 9 and 10 of Shanghai Bay to the Shanghai Industrial Group.

Guarantees

We have arranged bank financing for certain purchasers of our property units and provided guarantees to secure the obligations of such purchasers for repayments. Such guarantees terminate upon the earlier of: (i) issuance of the real estate ownership certificate which will generally be available within an average period of one to two years upon the completion of guarantee registration; or (ii) the satisfaction of the mortgage loan by the purchasers of our properties.

Pursuant to the terms of the guarantees, upon any default in mortgage payments by these purchasers, we are responsible to repay the outstanding mortgage principal together with accrued interest and any penalty owed by the defaulting purchasers to the banks, and we are entitled to take over the legal title and possession of the related properties. Our guarantee period starts from the date of the grant of the respective mortgage.

As at 31 December 2006, 2007, 2008, and 30 April 2009 and 31 July 2009, the amount of outstanding guarantees for mortgages were approximately RMB528.6 million, RMB1,860.8 million, RMB2,662.1 million, RMB3,112.4 million and RMB3,555.7 million, respectively.

As at 31 December 2007, completed properties held for sale with carrying values of approximately RMB118.2 million were pledged as collateral for certain borrowings of three related companies. As at 31 December 2008, such pledge has been fully released. No completed properties held for sale were pledged as collateral for borrowings of other companies as at 31 December 2006, 31 December 2008, 30 April 2009 or 31 July 2009.

Financial instruments

As at the Latest Practicable Date, we have not entered into any financial instruments for hedging purposes.

Off-balance sheet commitments and arrangements

As at the Latest Practicable Date, we had not entered into any material off-balance sheet transactions or arrangements.

Disclaimer

Save as disclosed above, as at 31 July 2009, we did not have any outstanding loan capital issued or agreed to be issued, bank overdrafts, loans, debt securities, borrowings or other similar indebtedness, liabilities under acceptance (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, finance leases, hire purchase commitments, guarantees or other material contingent liabilities.

Our Directors confirm that there has not been any material change in the indebtedness position or the contingent liabilities of the Group since 31 July 2009.

PROPERTY INTERESTS

The value of our property interests as of 31 July 2009 as valued by Jones Lang LaSalle Sallmanns Limited, an independent property valuer of our Company, was RMB30,837 million. There was a net revaluation surplus, representing the excess market value of the properties over their book value as of 30 April 2009 (after adjusting for properties acquired or sold during the period from 1 May 2009 to 31 July 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 prospectus.

Disclosure of the reconciliation of the valuation of the interests in properties attributable to us and such property interests in our consolidated balance sheets as of 30 April 2009 as required under Rule 5.07 of Listing Rules is set forth below:

	RMB in millions
Net book value as of 30 April 2009	
Buildings under construction included in property and equipment[1]	395
Properties under development	7,483
Completed properties held for sale	1,074
Investment properties	2,145
	11,097
Movement for the period from 1 May 2009 to 31 July 2009[2]	1,461
Net book value as of 31 July 2009	12,558
Valuation surplus	18,279
Valuation as of 31 July 2009	30,837

(1) Among the property and equipment amounting to an aggregate of approximately RMB422 million as of 30 April 2009, only the buildings under construction amounting to approximately RMB395 million were included in the valuation in Appendix IV.

(2) Movement for the period from 1 May 2009 to 31 July 2009 mainly represented RMB530 million of new purchases of properties and land use rights, RMB931 million of costs incurred for construction of properties under development and investment properties, offset by sales of properties, depreciation and amortisation.

MARKET RISKS

Interest rate risk

We are exposed to interest rate risks resulting from fluctuations in interest rates on our debts. Most of our bank loans bear interest rates that are subject to adjustment by our lenders in accordance with changes made by the PBOC. If the PBOC raises interest rates, our interest cost with respect to variable rate borrowings will increase. In addition, to the extent that we may need to raise debt financing in the future, upward fluctuations in interest rates will increase the cost of new debt. An increase in interest rates may also adversely affect our prospective purchasers' ability to obtain financing and depress overall housing demand in China. We currently do not use and we do not expect to use any derivative instruments to modify the nature of our debt so as to manage our interest rate risks. Please also see the section headed "Risk Factors — Risk Relating to Our Business — Our business may be adversely affected by future increases in interest rates" of this prospectus.

Commodities risk

While we are exposed to the increase in prices of raw materials for our property developments, primarily steel and cement, such exposure is mitigated by our contracting arrangements with Shanghai Ditong, and Shanghai Ditong's sub-contracting activities. Our purchase costs of steel and cement are generally accounted for as part of our contractor fees paid to Shanghai Ditong. Our contractors generally procure basic building materials such as cement and steel. However, we are still exposed to the risks of the increase in the costs of raw materials over time as rising prices for construction materials affect our construction costs in the form of increased fees payable to our contractors. We currently do not and do not expect to engage in commodities hedging activities.

Inflation

According to National Bureau of Statistics of China, China's overall national inflation rate, as represented by changes in the general consumer price index, was approximately 1.5%, 4.8% and 5.9% for the years ended 31 December 2006, 2007 and 2008, respectively. The inflation rate in China has been subject to an upward trend since 2007. Inflation has not had a significant effect on our business during the Track Record Period. However, there can be no assurance as to the impact of a sustained increase in inflation on our business, financial condition, results of operations or prospects.

Foreign exchange risk

We conduct our operations in the PRC and most of our transactions, if not all, are settled in RMB. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in our foreign operations. In addition, the conversion of RMB into foreign currencies is subject to the rules and regulations of foreign exchange control promulgated by the PRC Government. We do not have a foreign currency hedging policy. However, our Directors monitor our foreign exchange exposure closely and may, depending on the circumstances and trends of foreign currency, consider adopting significant foreign currency hedging policy in the future.

Credit risk

Credit risk is managed on a Group basis. Our Group's credit risk arises from cash deposits, and trade and other receivables. Our management has policies to continuously monitor our exposures to these credit risks. Our Group has policies to ensure that sales are made to customers with an appropriate credit history and deposits are placed with banks with appropriate credit ratings. The Group has arranged bank financing for certain purchasers of property units and provided guarantees to secure obligations of such purchasers for repayments. Detailed disclosure regarding these guarantees can be found in Note 34 to the Accountant's Report in Appendix I to this prospectus. Our management makes periodic collective assessments as well as individual assessments on the recoverability of trade and other receivables based on historical payment records, the length of the overdue period, the financial strength of the debtors and whether there are any disputes with the debtors. Our Directors believe that our Group does not have a significant concentration of credit risk.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash from operating activities and the availability of funding through an adequate amount of committed credit facilities. Aside from certain amounts of discretionary cash available, we maintain flexibility in funding by keeping committed credit lines available. We regularly prepare financial plans and submit such plans to our banks, which usually grant us credit lines for such financial plans.

DISCLOSURE REQUIRED UNDER CHAPTER 13 OF THE LISTING RULES

Our Directors have confirmed that, as of the Latest Practicable Date, there are no circumstances which would give rise to a disclosure requirement under Rule 13.13 to 13.19 of the Listing Rules.

DIVIDENDS AND DIVIDEND POLICY

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

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

The amount of dividends eventually declared and distributed to our Shareholders will also depend upon our earnings and financial performance, operating requirements, capital commitment and requirements and other conditions that our Directors may deem relevant or appropriate.

DISTRIBUTABLE RESERVES

The Companies Law does not regulate the source of funds which we may use to declare and pay a dividend, whilst common law provides that dividends may be declared and paid out of profits. Furthermore, under the Companies Law, our share premium account is distributable to Shareholders if immediately following the date on which we propose to distribute the dividend, we will be in a position to pay our debts as they fall due in the ordinary course of business. As at 30 April 2009, we had a reserve of RMB156.3 million that is available for distribution to our Shareholders.

PROFIT FORECAST FOR THE YEAR ENDING 31 DECEMBER 2009

Below we have provided a profit forecast solely in respect of our forecasted net profit for the year ending 31 December 2009. In order to provide you with greater transparency as to the basis of our profit forecast, we have disclosed in this section relevant information in respect of five of our major projects that are projected to contribute more than 80% of our revenue for the year ending 31 December 2009. Such information is included in this prospectus to assist the reader to better understand and assess the reasonableness of the assumptions on which our profit forecast is based.

Basis of preparation

The Directors have prepared the forecast of our Group's consolidated net profit attributable to equity holders of our Company for the year ending 31 December 2009 based on the audited consolidated results of our Group for the year ended 31 December 2008 and the four months ended 30 April 2009, the unaudited management accounts for the two months ended 30 June 2009, and our forecast of the consolidated results of our Group for the remaining six months of the year ending 31 December 2009. The forecast for the year ending 31 December 2009 has been prepared on the basis of accounting policies consistent with those adopted for the purpose of the Accountant's Report in Appendix I to this prospectus and the assumptions set forth below.

Principal assumptions for the profit forecast

The principal assumptions adopted by the Directors of the Company in preparing the profit forecast are as follows:

- There will be no material changes in the existing governmental policies, political, legal, financial or economic conditions in China, Hong Kong or any other country or territory in which we currently operate or which are otherwise material to our revenues;

- With respect to the real estate industry in particular, the PRC Government will not impose material changes or additional austerity measures to dampen sales or prices in the PRC real estate market;

- There will be no changes in legislation, regulations or rules in China, Hong Kong or any other country or territory in which we operate or with which we have arrangements or agreements, which may materially adversely affect our business;

- There will be no material change in the bases or rates of taxation in the countries or territories in which we operate, except as otherwise disclosed in this prospectus;

- There will be no material change in interest rates or foreign currency exchange rates from those prevailing as of the date of this prospectus; and

- Specific assumptions in respect of calculation of the capital value of the investment properties as at 31 December 2009:

  (i) the current financial, economic and political conditions which prevail in China and which are material to the rental income generated by our investment properties will remain unchanged;

  (ii) the conditions in which the investment properties are being operated and which are material to revenue and costs of the properties will be unchanged;

  (iii) the leases that expire will be renewed on normal commercial terms; and

  (iv) investment properties which are under construction will be developed and completed in accordance with our latest development plan.

  Such specific assumptions are consistent with those in the valuation undertaken by Jones Lang LaSalle Sallmanns Limited, our independent valuer in Appendix IV of the Prospectus.

Under HKFRS, changes in the fair value of investment properties will be reflected in our consolidated financial information, through our consolidated income statements. Changes in the fair value of our investment properties are accounted for as other gains/losses, net in our consolidated income statements.

The investment properties were valued by our independent valuer as at 31 July 2009.

For investment properties under construction, the valuer has adopted the direct comparison approach by making reference to comparable sales evidence as available in the relevant market and has 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 expected to be incurred for completing the development.

For completed investment properties, the valuer has adopted an income approach which takes into account the expected rental income of the properties derived from the existing leases or achievable in the existing market with due allowance for the reversionary income potential of the leases, which have then been capitalised to determine the market value at an appropriate capitalisation rate. Where appropriate, reference has also been made to comparable sale transactions as available in the relevant market.

The Group arrived at the estimated fair value gain on investment properties based on (i) the market value of such investment properties as at 30 April 2009 valued by the independent valuer and

(ii) our estimated capital value as at 31 December 2009 based on the anticipated property-specific market trends of the properties carried out by the independent valuer. We expect the fair value of our investment properties as at 31 December 2009, and in turn any fair value changes, continue to be dependent on market conditions and other factors that are beyond our control, and to be based on the market movement anticipation performed by an independent professional valuer involving the use of assumptions that are, by their nature, subjective and uncertain.

In accordance with the Company's accounting policies, properties designated as investment properties should be measured at their fair values and the changes in fair value are recognised in the consolidated income statements. The fair value gain or loss of investment properties is estimated based on certain property valuation techniques which involve, *inter alia*, certain estimates, including comparable sales in the relevant market, current market rental and the forecasted rental price movements for similar properties in a similar location and condition. The Company forecasts that rental prices for the retail and office property markets in Shanghai for the year ending 31 December 2009 will increase between 0-5% and 0-4%, respectively.

Summary of the property development of major projects

The following table provides a summary of the property development projects up to 31 July 2009 that are projected to contribute more than 80% of the revenue of the Company in 2009 ("**Major Projects**"):

	Up to 31 July 2009				
Key projects/project phases to be delivered in 2009	**Sales proceeds received**	**Pre-sales/sales GFA**	**2008 average selling price per sq.m. in respect of properties pre-sold/sold**	**First seven months of 2009 average selling price per sq.m. in respect of properties pre-sold/sold**	**Actual/Expected completion date**
	(RMB million)	**(sq.m.)**			
Shanghai Bay, Shanghai (Phase I)	1,407	53,243	29,581	31,292	Nov-09
Sunshine Venice, Shanghai (Phase IIIA)	4	560	8,478	9,173	Sep-06
Sunshine Venice, Shanghai (Phase IIIB)	1,178	122,717	13,293	15,898	Nov-08/Aug-09
Chateau De Paris, Shanghai (Phase II)	214	8,995	32,339	28,987	Aug-08
Shanghai Park Avenue, Shanghai	523	28,011	27,790	7,037	Apr-07
Sunshine Holiday, Tianjin (Phase II)	1	487	8,485	n/a	Sep-08
Sunshine Holiday, Tianjin (Phase IIIA)	567	77,199	8,238	7,143	Oct-09

As of 31 July 2009, the construction progress with respect to our major projects to be completed in 2009 is as follows (excluding those projects/phases that had been completed as at 31 July 2009):

Shanghai Bay Phase I: The project comprises four 31-32 storey blocks, two 28-storey blocks and on 24-storey block. We topped out the seven blocks between October and December 2007. In October 2007, we commenced working on interior and exterior decoration and installation of various equipment and facilities, two blocks of which are expected to be completed by the end of November 2009.

Sunshine Venice Phase IIIB: The project comprises 28 blocks of buildings, from 3-storey townhouses to 25-storey residential buildings. Given the large scale nature of the project, we topped out each block at different dates, with the last block being topped out in May 2008. Work on interior and exterior decoration and installation of various equipment and facilities commenced in May 2008 and 8 blocks out of the 28 blocks had been completed by November 2008. We have obtained 13 blocks' certificates of completion and delivered such blocks to purchasers in the first half of 2009. Other 2 blocks are expected to be delivered in August 2009 and the remaining 5 blocks are expected to be delivered in the fourth quarter of 2009.

Sunshine Holiday Phase IIIA: The project comprises 8 blocks of 25-27 storey buildings and is expected to be completed by September 2009. Construction works on the project commenced in September 2007. The 8 blocks were topped out between June and December 2008. Interior and exterior decoration and installation of various equipment and facilities for the 8 blocks commenced in June 2008. We expect to obtain certificates of completion in October 2009.

Sensitivity analysis

(i) **Sensitivity analysis on targeted average selling price**

The following table illustrates the sensitivity of the net profit attributable to the equity holders of our Company to the targeted average selling price for the year ending 31 December 2009.

% change in targeted selling prices per sq.m......................	-15%	-10%	-5%	+5%	+10%
Impact on the net profit attributable to equity holders of our Company targeted for the year 2009 (RMB'000)	(487,000)	(327,000)	(161,000)	157,000	312,000

If the targeted average selling prices for all projects rise by 10%, the Group's net profit for the year ending 31 December 2009 will be RMB2,308,000 thousand, i.e. 15.6% higher than the Group's targeted 2009 net profit.

If the targeted average selling prices for all projects rise by 5%, the Group's net profit for the year ending 31 December 2009 will be RMB2,153,000 thousand, i.e. 7.9% higher than the Group's targeted 2009 net profit.

If the targeted average selling prices for all projects decline by 5%, the Group's net profit for the year ending 31 December 2009 will be RMB1,835,000 thousand, i.e. 8.1% lower than the Group's targeted 2009 net profit.

If the targeted average selling prices for all projects decline by 10%, the Group's net profit for the year ending 31 December 2009 will be RMB1,669,000 thousand, i.e. 16.4% lower than the Group's targeted 2009 net profit.

If the targeted average selling prices for all projects decline by 15%, the Group's net profit for the year ending 31 December 2009 will be RMB1,509,000 thousand, i.e. 24.4% lower than the Group's targeted 2009 net profit.

As 88.4% of the forecasted revenue for the period has been pre-sold, the change in average selling price should only apply to those yet to be sold and therefore the actual impact on the Group's net profit in 2009 should be significantly smaller than that reflected above.

(ii) **Sensitivity analysis on targeted GFA sold and delivered**

The following table illustrates the sensitivity of the net profit attributable to shareholders of our Company to the targeted GFA sold and delivered for the year ending 31 December 2009.

% change in targeted GFA sold and delivered................................	-15%	-10%	-5%
Impact on the net profit attributable to equity holders of our Company targeted for the year 2009 (RMB'000)	(266,000)	(177,000)	(89,000)

If the targeted GFA sold and delivered for all projects declines by 5%, the Group's net profit for the year ending 31 December 2009 will be RMB1,908,000 thousand, i.e. 4.5% lower than the Group's targeted 2009 net profit.

If the targeted GFA sold and delivered for all projects declines by 10%, the Group's net profit for the year ending 31 December 2009 will be RMB1,819,000 thousand, i.e. 8.9% lower than the Group's targeted 2009 net profit.

If the targeted GFA sold and delivered for all projects declines by 15%, the Group's net profit for the year ending 31 December 2009 will be RMB1,731,000 thousand, i.e. 13.3% lower than the Group's targeted 2009 net profit.

(iii) **Sensitivity analysis on fair value changes of investment properties**

The total forecasted amount of fair value gain on investment properties for the year ending 31 December 2009 is RMB800 million and its related deferred taxation expense is RMB200 million. The following table illustrates the sensitivity of the net profit attributable to the equity holders of the Company (net of deferred tax effect) to levels of revaluation increase/decrease on investment properties for the year ending 31 December 2009:

Changes in revaluation increase percentage on investment properties compared to our estimated revaluation increase percentage on investment properties	-15%	-10%	-5%	5%	10%	15%
Impact on the net profit attributable to equity holders of our Company targeted for the year 2009 (RMB'000)	(90,000)	(60,000)	(30,000)	30,000	60,000	90,000

If the estimated fair value of investment properties rises/declines by 5%, the Group's net profit for the year ending 31 December 2009 will be not less than RMB2,026,000 thousand/RMB1,966,000 thousand, respectively, i.e. 1.5% higher/lower, respectively, than the Group's targeted 2009 net profit.

If the estimated fair value of investment properties rises/declines by 10%, the Group's net profit for the year ending 31 December 2009 will be not less than RMB2,056,000 thousand/RMB1,936,000 thousand, respectively, i.e. 3.0% higher/lower, respectively, than the Group's targeted 2009 net profit.

If the estimated fair value of investment properties rises/declines by 15%, the Group's net profit for the year ending 31 December 2009 will be not less than RMB2,086,000 thousand/RMB1,906,000 thousand, respectively, i.e. 4.5% higher/lower, respectively, than the Group's targeted 2009 net profit.

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 31 December 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.

Profit forecast for the year ending 31 December 2009

Forecast consolidated net profit attributable to the Shareholders of our Company (net of fair value gains on investment properties (net of deferred tax effect))	Not less than RMB1,396.0 million
Forecast gross fair value gains on investment properties	RMB800.0 million
Less: Provision for deferred tax liabilities on fair value gains on investment properties	RMB(200.0 million)
Forecast fair value gains on investment properties (net of deferred tax)	RMB600.0 million
Forecast consolidated net profit attributable to the Shareholders of our Company (*Note 1*)	Not less than RMB1,996.0 million

	Assuming Convertible Notes are converted at Listing Date	
	Offer Price: HK$4.0	Offer Price: HK$5.3
Unaudited forecast earnings per Share		
(a) Pro forma basis (***Note 2***)		
- Before fair value gains on investment properties	Not less than RMB0.179	Not less than RMB0.180
- After fair value gains on investment properties	Not less than RMB0.255	Not less than RMB0.258
(b) Weighted average basis (***Note 3***)		
- Before fair value gains on investment properties	Not less than RMB0.226	Not less than RMB0.227
- After fair value gains on investment properties	Not less than RMB0.323	Not less than RMB0.324

Notes:

(1) The bases and assumptions on which the above profit forecast has been prepared are set out above as well as in Appendix III to this prospectus.

(2) The calculation of the forecast earnings per Share on a pro forma basis is based on the forecast consolidated net profit attributable to equity holders of our Company for the year ending 31 December 2009 assuming that our Company had been listed since 1 January 2009 and a total of 7,819,687,500 Shares (assuming the Convertible Notes are converted at HK$4.0 per Share) and 7,741,273,585 Shares (assuming the Convertible Notes are converted at HK$5.3 per Share) were in issue during the entire year respectively. This calculation i) assumes that neither the Over-allotment Option nor the options granted under the Pre-IPO Share Option Scheme or the Share Option Scheme will be exercised and ii) has not taken into account the adjustment on the forecast consolidated profit attributable to the Shareholders of the Company for the year ending 31 December 2009 arising from the redemption of the Original Notes, the restructuring of the Original Notes and the issue of the Promissory Notes and the Convertible Notes had these been occurred on 1 January 2009.

(3) The calculation of the forecast earnings per Share on a weighted average basis is based on the forecast consolidated net profit attributable to equity holders of the Company for the year ending 31 December 2009 and a weighted average number of approximately 6,172,168,664 Shares (assuming the Convertible Notes are converted at HK$4.0 per Share) and 6,152,618,894 Shares (assuming the Convertible Notes are converted at HK$5.3 per Share) issued and outstanding during the year respectively. This calculation assumes that neither the Over-allotment Option nor the options granted under the Pre-IPO Share Option Scheme or the Share Option Scheme will be exercised and the Shares to be issued in the Global Offering will be issued on 2 October 2009.

(4) The unaudited pro forma forecast earnings per Share of RMB0.266 as presented in appendix II has not taken into account i) any Shares which may be issued upon the conversion of the Convertible Notes and the exercise of the Over-allotment Option and the share option granted under the Pre-IPO Share Option Scheme, and ii) the adjustment on the forecast consolidated profit attributable to the shareholders of the Company for the year ending 31 December 2009 arising from the redemption of the Original Notes, the restructuring of the Original Notes and the issue of the Promissory Notes and the Convertible Notes had these been occurred on 1 January 2009.

UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

The following unaudited pro forma statement of our adjusted net tangible assets prepared in accordance with Rule 4.29 of the Listing Rules is for illustration purposes only, and is set out here to illustrate the effect of the Global Offering on our net tangible assets as at 30 April 2009 as if it had taken place on 30 April 2009.

The 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 consolidated net tangible assets as at 30 April 2009 or any other date following the Global Offering. It is prepared based on our consolidated net assets as at 30 April 2009 as set out in the Accountant's Report in Appendix I to this prospectus, and adjusted as described below. The unaudited pro forma statement of adjusted net tangible assets does not form part of the Accountant's Report in Appendix I to this prospectus.

	Audited consolidated net tangible assets of the Group attributable to equity holders of the Company as at 30 April 2009(1)	Estimated net proceeds from the Global Offering(2)	Unaudited adjusted net tangible assets	Pro forma adjusted net tangible assets per Share(3)(4)	
	RMB in millions	RMB in millions	RMB in millions	RMB	HK$
Based on an Offer Price of HK$4.0 per Share	1,690.1	6,334.4	8,024.5	1.07	1.21
Based on an Offer Price of HK$5.3 per Share	1,690.1	8,428.4	10,118.5	1.35	1.53

Notes:

(1) The audited consolidated net tangible assets of our Group attributable to the equity holders of our Company as at 30 April 2009 is extracted from the Accountant's Report set out in Appendix I to this prospectus, which is based on the audited consolidated net assets of our Group attributable to the shareholders of our Company as at 30 April 2009 of RMB1,692.5 million less intangible assets of RMB2.4 million.

(2) The estimated net proceeds from the Global Offering are based on the Offer Price of HK$4.0 and HK$5.3 per Share, respectively, after deduction of estimated related fees and expenses (but excluding any discretionary incentive fee) and do not take into account any Share that may be issued pursuant to the exercise of the Over-allotment Option. If the Over-allotment Option is exercised, the unaudited pro forma adjusted net tangible assets attributable to the equity holders of our Company and unaudited pro forma adjusted net tangible assets per Share will increase. We (and in the case of the International Offer, we and the Selling Shareholder) may pay to the Joint Global Coordinators a discretionary incentive fee out of the gross proceeds raised from the Global Offering. If we decide to pay such additional discretionary incentive fee, the pro forma adjusted net tangible assets per Share will decrease.

(3) The unaudited pro forma adjusted net tangible assets per Share are determined after the adjustments as described in note 2 above and on the basis that 7,500,000,000 Shares are issued and outstanding during the entire year, and that the Convertible Notes have not been converted and the Over-allotment Option and the share options granted under the Pre-IPO Share Option Scheme have not been exercised. Subsequent to 30 April 2009, we, the Founder, the Pre-IPO Investors and the Security Trustee, entered into a Deed of Amendment to restructure and modify the terms and conditions of the Original Notes. Among others, we issued US$165 million of Convertible Notes which are mandatorily convertible upon our Listing at the Offer Price. No adjustment has been made to reflect the Note Restructuring Transactions on the unaudited adjusted net tangible assets as presented above.

Upon the mandatory conversion of the Convertible Notes at Listing Date, the number of Shares would be 7,819,687,500 (assuming Offer Price is HK$4.0) and 7,741,273,585 (assuming Offer Price is HK$5.3). The pro forma net tangible assets per Share taken into account of the Note Restructuring Transactions and the mandatory conversion of the Convertible Notes will be different from those presented above.

(4) For the purpose of this unaudited pro forma adjusted net tangible assets statement, the balance stated in Renminbi are converted into Hong Kong dollars at the PBOC rate of HK$1.00 to RMB0.8811 prevailing on 10 September 2009.

(5) As of 31 July 2009, our Group's properties under development, completed properties held for sale and properties under construction in progress were valued by Jones Lang LaSalle Sallmanns Limited, an independent property valuer, and the relevant property valuation report is set out in Appendix IV to this prospectus. The net valuation surplus, representing the excess of market value of the properties over their carrying value, has not been included in our Group's consolidated financial information as at 30 April 2009 because for accounting purposes, our Group's properties under development and completed properties held for sale are stated at the lower of cost and net realisable value while properties under construction in progress are stated at cost less impairment loss. The above adjustments do not take into account of such revaluation surplus.

(6) No adjustment has been made to reflect any trading result or other transaction of the Group entered into subsequent to 30 April 2009.

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that there has been no material adverse change in our financial or trading position or prospects of our Group since 30 April 2009.

FUTURE PLANS

We intend to continue to strengthen our market position in Shanghai, Tianjin and Beijing. By maintaining a strong presence in these key economic cities, we believe we can enhance our brand profile and increase our pricing power and margins. We also intend to continue to expand our business into other high growth cities and into the hotel, retail and office property sectors in China to diversify and enhance the stability of our revenue streams. Our future plans are in line with our business model and long term strategies, details of which are set out in the section headed "Business — Strategies" in this prospectus.

USE OF PROCEEDS

We estimate that the aggregate net proceeds we will receive from the Global Offering (after deducting underwriting fees and estimated expenses payable by us in connection with the Global Offering), assuming the Over-allotment Option is not exercised and assuming an Offer Price of HK$4.65 per Share, being the mid-point of the proposed Offer Price range of HK$4.00 to HK$5.30 per Share, will be approximately HK$8,377 million. We currently intend to apply our net proceeds for the following purposes:

- Approximately 70% of our net proceeds will be used for future project funding purposes in the following manner:

  — approximately 15% will be used for the development of Baoshan Gaojing in Shanghai;

  — approximately 15% will be used for the development of Bashang Jie in Hefei; and

  — approximately 40% will be used for new project acquisition and development in China;

- Approximately 20% of our net proceeds will be used for the repayment of Promissory Notes; For details of Promissory Notes, please refer to the paragraph headed "Promissory Notes" in the section headed "History, Reorganisation and Group Structure — Pre-IPO Financing" in this prospectus;

- The remaining balance, representing 10% of our net proceeds, will be used for general corporate and working capital purposes.

If the Offer Price is fixed at the highest point of the price range, we estimate that the aggregate net proceeds to be received by us from the Global Offering will be approximately HK$9,566 million. If the Offer Price is fixed at the lowest point of the price range, we estimate that the aggregate net proceeds to be received by us from the Global Offering will be approximately HK$7,189 million. The above allocation of the net proceeds among our property development projects will be adjusted on a pro-rata basis, in the event that the Offer Price is fixed at a higher or lower level compared to the mid point of the proposed Offer Price range. Since the additional Shares to be issued pursuant to the exercise of the Over-allotment Option will comprise the Sale Shares only, we will not receive any additional proceeds from the exercise of the Over-allotment Option.

To the extent that the net proceeds are not immediately applied to the above purposes and to the extent permitted by applicable law and regulation, 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 that the net proceeds to be received by the Selling Shareholder from the Global Offering will be approximately HK$1,675 million (assuming the same mid-point of the proposed Offer Price range), after deducting the underwriting fees and commission (excluding any discretionary incentive fee which may be payable by us and, in the case of the International Offer, by us and the Selling Shareholder to the Joint Global Coordinators) and as payable by the Selling Shareholder 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 Shareholder will receive additional net proceeds ranging from approximately HK$1,316 million (assuming an Offer Price of HK$4.00 per Share) to HK$1,744 million (assuming an Offer Price of HK$5.30 per Share). We will not receive any of the net proceeds from the sale of the Sale Shares by the Selling Shareholder in the Global Offering or as a result of the exercise of the Over-allotment Option. Other than the underwriting commission for the Sale Shares (including any commission payable in respect of the sale of additional Shares by the Selling Shareholder pursuant to the exercise of the Over-allotment Option) and a proportionate part of the roadshow and other expenses directly related to the marketing of the Sale Shares, which are to be borne by the Selling Shareholder, we will bear the expenses of the Global Offering.

As at the date of this prospectus, the Directors have not identified any specific target for its potential land acquisition.

UNDERWRITERS FOR THE HONG KONG PUBLIC OFFER

Joint Lead Managers

J.P. Morgan Securities Ltd.
Deutsche Bank AG, Hong Kong Branch
UBS AG, Hong Kong Branch

Co-lead Manager

CCB International Capital Limited

Co-Managers

China Merchants Securities (HK) Co., LTD
Daiwa Securities SMBC Hong Kong Limited
Kingsway Financial Services Group Limited
Wintech Securities Limited

UNDERWRITING ARRANGEMENTS AND EXPENSES

Hong Kong Public Offer

We, the Controlling Shareholders, the Hong Kong Underwriters, the Joint Global Coordinators, and the Joint Bookrunners entered into the Hong Kong Underwriting Agreement on 18 September 2009. As described in the Hong Kong Underwriting Agreement, we are offering the Hong Kong 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 (on our own behalf and on the behalf of the Selling Shareholder) agreeing to the Offer Price), the Hong Kong Underwriters have agreed severally to subscribe or procure subscribers for their respective applicable proportions of the Hong Kong Offer Shares now being offered but which 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 (for themselves and on behalf of the Hong Kong Underwriters) may in their absolute discretion, upon giving notice in writing to us, 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 develops, occurs, exists or comes 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, China, 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 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, strikes, lock-outs, fire, explosion, flooding, earthquake, civil commotion, acts of war, riot, public disorder, civil commotion, acts of terrorism (whether or not responsibility has been claimed), acts of God, epidemic, outbreak of infectious disease (including without limitation Severe Acute Respiratory Syndromes (SARS), H5N1, 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 suspension or limitation on trading in securities generally on the Stock Exchange, the New York Stock Exchange, the Nasdaq National Market, the London Stock Exchange, the Shanghai Stock Exchange, 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 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) any imposition of economic sanction or withdrawal of trading privileges, in whatever form, against any of the Relevant Jurisdictions;

(viii) any change or development or event involving a prospective change in our assets, liabilities, profit, losses, performance, condition, business, financial, earnings, trading position or prospects; or

(ix) the commencement by any judicial or regulatory or governmental or political body or organisation of any public action against a director of our Company or an announcement by any judicial or regulatory body or organisation that it intends to take any such action; or

(x) a petition is presented for the winding up or liquidation of our Company or any of our subsidiaries, or our Company or any of our subsidiaries make any compromise or arrangement with its creditors or enter into a scheme of arrangement or any resolution is passed for the winding-up of our Company or any of our subsidiaries or a provisional liquidator, receiver or manager is appointed over all or part of the assets or undertaking of our Company or of any of our subsidiaries or anything analogous thereto occurs in respect of our Company or any of our subsidiaries; or

(xi) a valid demand by any creditor for repayment or payment of any of our Company's indebtednesses or those of any of our subsidiaries or in respect of which our Company or any of our subsidiaries is liable prior to our stated maturity, or any loss or damage sustained by our Company or any of our 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 our Company or any of our subsidiaries or our Controlling Shareholders,

and which, in any such case and in the sole opinion of the Joint Global Coordinators (for each of itself and on behalf of the other Hong Kong Underwriters),

(A) is or may or will be or is likely to be materially adverse to, whether directly or indirectly, the business, management or financial or trading position, results of operation or prospects of our Company or its subsidiaries as a whole; or

(B) has or may have or will have or is likely to have a material adverse effect on the success of the Global Offering and/or make 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 may make or will or is likely to make it inadvisable or inexpedient to 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, the Application Forms, the formal notice or any announcements in the agreed form issued by our 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

(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 our Company or the Controlling Shareholders as set out in Schedule 5 to 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 liability of our Company or the Controlling Shareholders out of or in connection with any breach, inaccuracy and/or incorrectness of the warranties as set out in Schedule 5 to the Hong Kong Underwriting Agreement and/or pursuant to the indemnities given by our Company, the Controlling Shareholders or any of them under the Hong Kong Underwriting Agreement; or

(v) any breach of any of the obligations or undertakings of our Company, the Controlling Shareholders under the Hong Kong Underwriting Agreement or the International Underwriting Agreement; or

(vi) any 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 our Company and/or our subsidiaries as a whole; or

(vii) the Company withdraws this prospectus and the Applications Forms on the Global Offering.

International Offer

In connection with the International Offer, it is expected that, among other things, our Company and the Controlling Shareholders will enter into the International Underwriting Agreement with, among others, the International Underwriters, the Joint Global Coordinators, the Joint Bookrunners on or about 25 September 2009, shortly after determination of the Offer Price.

Under the International Underwriting Agreement, subject to the conditions set forth therein, the International Underwriters are expected to severally agree to purchase or procure purchases for the International Offer Shares being offered pursuant to the International Offering. The International Underwriting Agreement is expected to provide that it may be terminated on similar grounds as the Hong Kong Underwriting Agreement.

Potential investors shall be reminded that in the event that the International Underwriting Agreement is not entered into, the Global Offering will not proceed. It is expected that pursuant to the International Underwriting Agreement, our Company and the Controlling Shareholders will make similar undertakings as those given pursuant to the Hong Kong Underwriting Agreement as described in the paragraph entitled "Undertakings" below.

Our Selling Shareholder will grant to the International Underwriters the Over-allotment Option, exercisable by the Stabilising Manager in consultation with the Joint Global Coordinators 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 our Selling Shareholder to sell up to 337,500,000 additional Shares at the Offer Price to cover, directly or indirectly and among other things, over-allocations in the International Offer.

Undertakings

Our undertakings to the Stock Exchange and the Underwriters

We have undertaken to the Stock Exchange that no further Shares or securities convertible into equity securities (whether or not of a class already listed) may be issued by us or form the subject of any agreement to such an issue within six months from the Listing Date (whether or not such issue of Shares or securities will be completed within six months from the Listing Date), except in certain circumstances prescribed by Rule 10.08 of the Listing Rules.

Under the Underwriting Agreements, we have undertaken (or in the case of the International Underwriting Agreement, will undertake) to the Joint Global Coordinators (acting on behalf of the Underwriters) and the Joint Sponsors that, among others, except with the prior written consent of the Joint Global Coordinators and subject always to the requirements of the Stock Exchange, save for the Offer Shares and the Sale Shares, Shares to be issued upon the Capitalisation Issue and upon the exercise of the Over-allotment Option, and options granted under the Pre-IPO Share Option Scheme and options to be granted under the Share Option Scheme, neither our Company nor any of our subsidiaries from time to time shall:

- allot and issue or agree to allot and issue any share in our Company or any of our subsidiaries from time to time or grant or agree to grant any option, warrant or other right carrying the right to subscribe for or otherwise acquire any securities of our Company or any of our subsidiaries from time to time during the first six-month period commencing on the Listing Date; and

- during the first six-month period commencing on the Listing Date purchase any Share or securities of our Company.

Undertakings given by each of our Controlling Shareholders to the Stock Exchange and the Underwriters

Our Controlling Shareholders have undertaken to the Stock Exchange and our Company that, except pursuant to the Global Offering (including pursuant to the Over-allotment Option in connection with the Global Offering) and the Second Share Transfer:

(a) at any time in the period commencing on the date of this prospectus and ending on the date which is six months from the Listing Date, they shall not dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of any of the Shares in respect of which they are shown by this prospectus to be the beneficial owner;

(b) at any time in the period of six months commencing on the date on which the period referred to in paragraph (a) expires, they shall not dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of any of the Shares referred to in paragraph (a) above if, immediately following such disposal or upon exercise or enforcement of such options, rights, interests or encumbrances, they would cease to be a controlling shareholder (as defined in the Listing Rules) of our Company;

(c) within the period commencing on the date of this prospectus and ending on the date which is 12 months from the Listing Date, they will:

   (i) when any of the them pledges or charges any securities or interests in any securities of our Company beneficially owned by any of them, whether directly or indirectly, in favour of any authorized institution (as defined in the Banking Ordinance, Chapter 155 of the Laws of Hong Kong) for a bona fide commercial loan, immediately inform our Company of such pledge or charge together with the number of Shares or securities of our Company so pledged or charged; and

   (ii) when any of them receives indications, either verbal or written, from the pledgee or chargee that any of the pledged or charged Shares or securities or interests in any securities of our Company will be disposed of, immediately inform our Company in writing of such indications.

Under the Underwriting Agreements, each of our Controlling Shareholders has undertaken or (in the case of the International Underwriting Agreement) will undertake to the Joint Global Coordinators (on behalf of the Underwriters) that, among other things, each of our Controlling Shareholders will not, save for the Second Share Transfer, without the prior written consent of the Joint Global Coordinators and unless in compliance with the requirements of the Listing Rules:

(a) at any time during the period commencing on the date by reference to which disclosure of the shareholding of the Controlling Shareholders is made and ending on the date which is six months from the Listing Date 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 the share capital, debt capital or other securities of our Company, Best Era or any interest therein held by him or 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 our Company, Best Era or any interest therein) or 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, whether any of the foregoing transactions is 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 provided that the restriction shall not apply to the offer of the Sale Shares pursuant to the Global Offering (including any additional Shares to be sold by the Selling Shareholder under the exercise of the Over-allotment Option) and the lending of Shares pursuant to the stock borrowing arrangements to be entered into on or about 25 September 2009 between Best Era and the Stabilising Manager;

(b) at any time during the period of six months commencing on the date on which the period referred to in paragraph (a) above expires, 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 the share capital, debt capital or other securities of our Company, Best Era or any interest therein held by him or 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 our Company, Best Era or any interest therein) or 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, whether any of the foregoing transactions is 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 a controlling shareholder (as defined in the Listing Rules) of our Company; and

(c) in the event of a disposal by any of him or it of any share capital or any interest therein during the period referred to in paragraph (b) above, the relevant Controlling Shareholder 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 our Company.

Commissions, expenses and indemnities

Under the terms and conditions of the Underwriting Agreements, our Company (and in the case of the International Offer, our Selling Shareholder) has agreed or (in the case of the International Underwriting Agreement) will agree to pay the Joint Global Coordinators (acting on behalf of the Hong Kong Underwriters or the International Underwriters as applicable): (i) a commission of 2.5% of the gross proceeds raised from the Hong Kong Public Offer and from the International Offer, respectively; and (ii) a discretionary incentive fee of up to 1% of the gross proceeds raised from the Hong Kong Public Offer and of a proportion of the gross proceeds raised from the International Offer to be determined between our Company and the Joint Global Coordinators (payable at the sole discretion of our Company and the Selling Shareholder on a proportionate basis, solely to the Joint Global Coordinators). For unsubscribed Hong Kong Offer Shares reallocated to the International Offer, we will pay an underwriting commission, at the rate applicable to the Hong Kong Public Offer, to the Joint Global Coordinators and the relevant International Underwriters (but not the Hong Kong Underwriters). For International Offer Shares reallocated to the Hong Kong Public Offer, we will pay an underwriting commission, at the rate applicable to the International Offer, to the International Underwriters.

The aggregate commissions and estimated expenses, together with the Stock Exchange trading fees, SFC transaction levy, Stock Exchange listing fee, legal and other professional fees, printing and other fees and expenses relating to the Global Offering to be borne by the Company, are estimated to amount in aggregate to approximately HK$342 million (assuming (i) the Over-allotment Option is not exercised; (ii) an additional discretionary incentive fee is not paid by our Company (and in the case of the International Offer, the Selling Shareholder) to the Joint Global Coordinators at our sole discretion; and (iii) an Offer Price of HK$4.65 per Share, being the mid-point of the stated range of the Offer Price between HK$4.00 and HK$5.30 per Share).

Under the terms and conditions of the Underwriting Agreements, we, together with the Controlling Shareholders, have agreed (and/or will agree) to indemnify the Joint Global Coordinators and the other Underwriters for certain losses which they may suffer including losses as a result of certain claims or liabilities which might be incurred by the Underwriters in connection with the Global Offering.

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$5.30 and is expected to be not less than HK$4.00, 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$5.30 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 1,000 Offer Shares, you must pay HK$5,353.48 at the time of your application.

If the Offer Price, as finally determined in the manner described below, is lower than HK$5.30, 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 Offer Shares" and "Further Terms and Conditions of the Hong Kong Public Offer" in this prospectus.

DETERMINATION OF THE OFFER PRICE

We expect the Offer Price to be fixed by agreement among us (on our own behalf and on the behalf of our Selling Shareholder), 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 25 September 2009 and in any event, no later than 30 September 2009. The Offer Price will not be more than HK$5.30 per Offer Share and is expected to be not less than HK$4.00 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, 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. Such notice will also be available at the websites of the Stock Exchange at www.hkex.com.hk and our Company at www.gloriousphl.com.cn.

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 (on our own behalf and on the behalf of our Selling Shareholder), 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 — Liquidity and Capital Resources — Working capital" 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 you have already submitted an application for Hong Kong Offer Shares before the last day for lodging applications under the Hong Kong Public Offer, you will not be allowed to subsequently withdraw your application, even if the number of Offer Shares and/or the offer price range is reduced. 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 Offer Price, if agreed upon by us (on our own behalf and on the behalf of our Selling Shareholder), will be within the offer price range as stated in this prospectus.

If we are unable to reach an agreement with the Joint Global Coordinators, on behalf of the Underwriters, on the Offer Price by 30 September 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 Offer Shares, on or around 30 September 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 and/or sold as described in this prospectus (including any additional Shares that may be allotted and sold 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 fulfiled or waived prior to the times and dates specified, the Global Offering would 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 Offer Shares — 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 despatch share certificates for the Offer Shares on Wednesday, 30 September 2009. However, these share certificates will only become valid certificates of title at 8:00 a.m. on Friday, 2 October 2009 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 and the Selling Shareholder intend to initially make available up to 2,250,000,000 Offer Shares under the Global Offering, of which 2,081,250,000 Offer Shares will be conditionally placed at the Offer Price pursuant to the International Offer and the remaining 168,750,000 Offer Shares will be offered to the public in Hong Kong at the Offer Price under the Hong Kong Public Offer subject to, in each case, reallocation on the basis described under "— Hong Kong Public Offer" below. Out of the 2,081,250,000 Shares to be offered pursuant to the International Offer, 375,000,000 Shares are to be offered by the Selling Shareholder, assuming no exercise of the Over-allotment Option.

Of the total 2,250,000,000 Offer Shares under the Global Offering, we are allotting and offering 1,875,000,000 Shares. The 2,250,000,000 Offer Shares in the Global Offering will represent approximately 29.1% to 28.8% of our enlarged share capital immediately after the completion of the Global Offering, without taking into account the exercise of the Over-allotment Option or options granted under the Pre-IPO Share Option Scheme or the Share Option Scheme and assuming 7,741,273,585 and 7,819,687,500 Shares will be allotted, inclusive of the Shares to be converted into by the Convertible Notes to the Pre-IPO Investors, based on the higher end of the price range of HK$5.30 per Share and the lower end of the price range of HK$4.00 per Share, respectively.

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 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 involve 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 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 Offer Shares validly applied for by applicants. We may, if necessary, allocate the Hong Kong 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 Offer Shares and that those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

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 upon the signing of the International Underwriting Agreement. The Hong Kong Public Offer and the International Offer are subject to the conditions described in the section entitled "Underwriting" in this prospectus. In particular, we (on our own behalf and on the behalf of the Selling Shareholder), 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 18 September 2009, subject to an agreement on the Offer Price between the Joint Global Coordinators (on behalf of the Hong Kong Underwriters) and us 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 about 25 September 2009, the Price Determination Date. The Hong Kong Underwriting Agreement and the International Underwriting Agreement are interconditional 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, 168,750,000 Offer Shares at the Offer Price (representing approximately 7.5% 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 Offer Shares will represent approximately 2.18% to 2.16% of our enlarged issued share capital immediately after completion of the Global Offering, assuming that none of the Over-allotment Option, the Pre-IPO Share Option Scheme or the Share Option Scheme will be exercised and assuming 7,741,273,585 and 7,819,687,500 Shares will be allotted, inclusive of the Shares to be converted into by the Convertible Notes to the Pre-IPO Investors, based on the higher end of the price range of HK$5.30 per Share and the lower end of the price range of HK$4.00 per Share, respectively. 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 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 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 undersubscribed, 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 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 Hong Kong Offer Shares initially included in the Hong Kong Public Offer (that is, 84,375,000 Offer Shares) will be rejected. You are required to give an undertaking and confirmation in the Application Form 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.

Paragraph 4.2 of the Practice Note 18 of the Hong Kong Listing Rules requires a clawback mechanism to be put in place, which would have the effect of increasing the number of Hong Kong Offer Shares to certain percentages of the total number of Offer Shares offering in the Global Offering if certain prescribed total demand levels are reached. An application has been made for, and the Stock

Exchange has granted, a waiver from strict compliance with paragraph 4.2 of Practice Note 18 of the Hong Kong Listing Rules such that, the allocation of the Offer Shares between the Hong Kong Public Offer and the International Offer is subject to the following adjustments:

- If the number of the Offer Shares validly applied for under the Hong Kong Public Offer represents 10 times or more but less than 40 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 Offer Shares available under the Hong Kong Public Offer will be 225,000,000 Offer Shares, representing approximately 10% 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 40 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 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 Offer Shares available under the Hong Kong Public Offer will be 337,500,000 Offer Shares, representing approximately 15% 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 50 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 Offer Shares available under the Hong Kong Public Offer will be 618,750,000 Offer Shares, representing approximately 27.5% 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 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 2,081,250,000 Offer Shares (comprising 1,706,250,000 new Shares and 375,000,000 Sale Shares), representing approximately 92.5% of the Offer Shares initially available under the Global Offering and approximately 26.9% to 26.6% of our enlarged issued share capital immediately after completion of the Global Offering, assuming neither the Over-allotment Option nor the options granted under the Pre-IPO Share Option Scheme or the Share Option Scheme will be exercised and assuming 7,741,273,585 and 7,819,687,500 Shares will be allotted, inclusive of the Shares to be converted into by the Convertible Notes to the Pre-IPO Investors, based on the higher end of the price range of

HK$5.30 per Share and the lower end of the price range of HK$4.00 per Share, respectively. Out of the 2,081,250,000 Shares to be offered pursuant to the International Offer, 375,000,000 Shares are to be offered by the Selling Shareholder.

Pursuant to the International Offer, the International Offer Shares will be conditionally placed on our behalf and on behalf of the Selling Shareholder 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 US 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 Offer Shares under the Hong Kong Public Offer.

OVER-ALLOTMENT OPTION AND STABILISATION

The Over-allotment Option

In connection with the Global Offering, our Selling Shareholder intends to grant the Over-allotment Option to the Joint Global Coordinators on behalf of the International Underwriters. The Over-allotment Option gives Joint Global Coordinators the right, exercisable by the Stabilising Manager 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 our Selling Shareholder to sell up to 337,500,000 additional Shares, representing in aggregate approximately 15% of the initial size of the Global Offering at the Offer Price to cover, directly or indirectly and among other things, over-allocations in the International Offer, if any. The 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 Joint Global Coordinators exercises the Over-allotment option in full, the additional Offer Shares will represent approximately 4.36% to 4.32% of our enlarged issued share capital following the completion of the Global Offering and the exercise of the Over-allotment Option, assuming no exercise of the options granted under the Pre-IPO Share Option Scheme or the Share Option Scheme, and assuming 7,741,273,585 and 7,819,687,500 Shares will be allotted, inclusive of the Shares to be converted into by the Convertible Notes to the Pre-IPO Investors, based on the higher end of the price range of HK$5.30 per Share and the lower end of the price range of HK$4.00 per Share, respectively. In the event that the Over-allotment Option is exercised, we will make a press announcement.

In order to facilitate the settlement of over-allotment in connection with the Global Offering, the Stabilising Manager may choose to borrow, whether on its own or through its affiliates, up to 337,500,000 Shares from Best Era pursuant to a stock borrowing arrangement (being the maximum number of additional Shares which may be sold upon exercise of the Over-allotment Option), or acquire Shares from other sources, including the exercising the Over-allotment Option.

If such stock borrowing arrangement with Best Era is entered into, it will only be effected by the Stabilising Manager or its agent for settlement of over-allocation in the International Offering and such arrangement is not subject to the restrictions of Rule 10.07(1)(a) of the Listing Rules provided that the requirements set forth in Rule 10.07(3) of the Listing Rules are fully complied with. The same number of Shares so borrowed must be returned to Best Era or its nominees on or before the third business day following the earlier of: (i) the last day on which the Over-allotment Option may be exercised; or (ii) the day on which the Over-allotment Option is exercised in full and the relevant Shares subject to the Over-allotment Option have been sold. The stock borrowing arrangement will be effected in compliance with all applicable laws, rules and regulatory requirements. No payment will be made to Best Era by the Stabilising Manager or its agent in relation to such stock borrowing arrangement.

Stabilising Action

In connection with the Global Offering, the Stabilising Manager, or any person acting for it, on behalf of the International Underwriters, may over-allocate or effect transactions with a view to supporting the market price of the Shares at a level higher than that which might otherwise prevail for a limited period after the Listing Date. Such transactions, if commenced, may be discontinued at any time but any stabilising activity is required to be brought to an end no later than the 30th day after the last day for lodging applications under the Hong Kong Public Offer. The Stabilising Manager has been or will be appointed as stabilising manager for the purposes of the Global Offering in accordance with the Securities and Futures (Price Stabilising) Rules made under the SFO and, should stabilising transactions be effected in connection with the Global Offering, this will be at the absolute discretion of the Stabilising Manager in consultation with the Joint Global Coordinators.

Following any over-allocation of Shares in connection with the Global Offering, the Stabilising Manager or any person acting for it may cover such over-allocation by (among other methods) making purchases in the secondary market, exercising the Over-allotment Option in full or in part, or by any combination of purchases and the exercise of the Over-allotment Option. Any such purchases will be made in compliance with all applicable laws and regulatory requirements including the Securities and Futures (Price Stabilising) Rules made under the SFO. The number of Shares which can be over-allocated will not exceed the number of Shares which are the subject of the Over-allotment Option, being 337,500,000 Shares representing approximately 15% of the Shares initially available under the Global Offering.

Stabilisation action permitted in Hong Kong pursuant to the Securities and Futures (Price Stabilising) Rules, as amended, includes: (i) over-allocating for the purpose of preventing or minimising any reduction in the market price of the Shares; (ii) selling or agreeing to sell the Shares so as to establish a short position in them for the purpose of preventing or minimising any reduction in the market price of the Shares; (iii) purchasing or subscribing for, or agreeing to purchase or subscribe for, the Shares pursuant to the Over-allotment Option in order to close out any position established under (i) or (ii) above; (iv) purchasing, or agreeing to purchase, any of the Shares for the sole purpose of preventing or minimising any reduction in the market price of the Shares; (v) selling or agreeing to sell any Shares in order to liquidate any position established as a result of those purchases; and (vi) offering or attempting to do anything as described in (ii), (iii), (iv) or (v).

Specifically, prospective applicants for and investors in Shares should note that:

- The Stabilising Manager may, in connection with the stabilising action, maintain a long position in the Shares;

- There is no certainty regarding the extent to which and the time period for which the Stabilising Manager will maintain such a position;

- Liquidation of any such long position by the Stabilising Manager may have an adverse impact on the market price of the Shares;

- No stabilising action will be taken to support the price of the Shares for longer than the stabilising period which will begin on the Listing Date and is expected to expire on of 24 October 2009, being the 30th day after the last day for lodging applications under the Hong Kong Public Offer. After this date, when no further action may be taken to support the price of the Shares, demand for the Shares, and therefore the price of the Shares, could fall;

- The price of any security (including the Shares) cannot be assured to stay at or above its offer price by the taking of any stabilising action; and

- Stabilising bids may be made or transactions effected in the course of the stabilising action at any price at or below the Offer Price, which means that stabilising bids may be made or transactions effected at a price below the price paid by applicants for, or investors in, the Shares.

A public announcement, as required by the Securities and Futures (Price Stabilising) Rules made under the SFO, will be made within seven days of the expiration of the stabilising period.

1. WHO CAN APPLY FOR THE HONG KONG OFFER SHARES

You can apply for Hong Kong Offer Shares 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 not a United States Person (as defined in Regulation S); and
- are not a legal or natural person of the PRC (except qualified domestic institutional investors).

If you wish to apply for Hong Kong Offer Shares online through the **White Form eIPO** service, in addition to the above 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 by submitting an application through the designated website at **www.eipo.com.hk** if you are an individual applicant. Corporations or joint applicants may not apply by means of **White Form eIPO**. 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 authorised officer, who must state his or her representative capacity.

If an application is made by a person duly authorised under a valid power of attorney, the Joint Global Coordinators (or their respective agents or nominees) may accept it at their discretion, and subject to any conditions they think fit, including production of evidence of the authority of the attorney.

The number of joint applicants may not exceed four.

We and the Joint Global Coordinators or the designated **White Form eIPO** service provider (where applicable) in their capacity as our agent, will have full discretion to reject or accept any application, in full or in part, without assigning any reason.

The Hong Kong Offer Shares are not available to existing beneficial owners of Shares, or Directors or chief executives of our Company or any of our subsidiaries, 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 our subsidiaries.

You should also note that you may apply for shares under the Hong Kong Public Offer or indicate an interest for shares under the International Offer, but may not do both.

2. METHODS OF APPLYING FOR THE HONG KONG OFFER SHARES

There are three ways to make an application for Hong Kong Offer Shares. You may either (i) use an 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) give electronic application instruction to HKSCC to cause HKSCC Nominees to apply for the Hong Kong 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** and **YELLOW** Application Forms or applying online through **White Form eIPO** service or by giving **electronic application instructions** to HKSCC.

3. WHERE TO COLLECT THE PROSPECTUS AND APPLICATION FORMS

You can collect a **WHITE** Application Form and our prospectus during normal business hours from 9:00 a.m. on Monday, 21 September 2009 till 12:00 noon on Thursday, 24 September 2009 from:

Any of the following addresses of the Hong Kong Underwriters:

J.P. Morgan Securities (Asia Pacific) Limited
28th Floor, Chater House
8 Connaught Road
Central, Hong Kong

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

UBS AG, Hong Kong Branch
52/F Two International Finance Centre
8 Finance Street
Central
Hong Kong

CCB International Capital Limited
34/F, Two Pacific Place
88 Queensway
Admiralty
Hong Kong

China Merchants Securities (HK) Co., LTD
48/F, One Exchange Square
Central
Hong Kong

Daiwa Securities SMBC Hong Kong Limited
Level 26, One Pacific Place
88 Queensway
Hong Kong

Kingsway Financial Services Group Limited
5/F, Hutchison House
10 Harcourt Road
Central
Hong Kong

Wintech Securities Limited
1603 Cosco Tower
183 Queen's Road
Central
Hong Kong

or any of the following branches or sub-branches of **Standard Chartered Bank (Hong Kong) Limited** and **The Bank of East Asia, Limited**:

(a) Standard Chartered Bank (Hong Kong) Limited

Area	Branch Name	Address
Hong Kong Island:	Des Voeux Road Branch	Standard Chartered Bank Building, 4-4A, Des Voeux Road Central, Central
	Central Branch	Shop no. 16, G/F and Lower G/F, New World Tower, 16-18 Queen's Road Central, Central
	88 Des Voeux Road Branch	88 Des Voeux Road Central, Central
	Leighton Centre Branch	Shop 12-16, UG/F, Leighton Centre, 77 Leighton Road, Causeway Bay
	Hennessy Road Branch	399 Hennessy Road, Wanchai
	Causeway Bay Branch	G/F, Yee Wah Mansion, 38-40A Yee Wo Street, Causeway Bay
	Quarry Bay Branch	G/F, Westlands Gardens, 1027 King's Road, Quarry Bay
	North Point Centre Branch	North Point Centre, 284 King's Road, North Point
	Aberdeen Branch	Shop 4A, G/F, Aberdeen Centre Site 5, No.6 Nam Ning Street, Aberdeen

Area	Branch Name	Address
Kowloon:	Kwun Tong Branch	1A Yue Man Square, Kwun Tong
	Mongkok Branch	Shop B, G/F, 1/F & 2/F, 617-623 Nathan Road, Mongkok
	Tsimshatsui Branch	G/F, 10 Granville Road, Tsimshatsui
	Cheung Sha Wan Branch	828 Cheung Sha Wan Road, Cheung Sha Wan
	Telford Gardens Branch	Shop P9-12, Telford Centre, Telford Gardens, Tai Yip Street, Kwun Tong
New Territories:	Metroplaza Branch	Shop No. 175 - 176, Level 1, Metroplaza, 223 Hing Fong Road, Kwai Chung
	Yuen Long Fung Nin Road Branch	Shop B at G/F and 1/F, Man Cheong Building, 247 Castle Peak Road, Yuen Long
	Tai Po Branch	23 & 25 Kwong Fuk Road, Tai Po Market, Tai Po

(b) The Bank of East Asia, Limited

Area	Branch Name	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
	Shaukiwan Branch	G/F, Ka Fook Building, 289-293 Shau Kei Wan Road
	Kennedy Town Centre Branch	Shop D, G/F, Kennedy Town Centre, 23 Belcher's Street
Kowloon:	Mongkok Branch	638 - 640 Nathan Road
	Tsim Sha Tsui Branch	Shop A & B, Milton Mansion, 96 Nathan Road
	Yaumatei Branch	G/F, 526 Nathan Road
	Kwun Tong Branch	7 Hong Ning Road
	Ma Tau Wei Road Branch	23 - 27 Ma Tau Wei Road

Area	Branch Name	Address
New Territories:	Shatin Plaza Branch	Shop 3 - 4, Level 1, Shatin Plaza
	Tai Po Plaza Branch	Units 49-52, Level 1, Tai Po Plaza
	Tuen Mun Town Plaza Branch	Shop 2 - 10, UG/F, Tuen Mun Town Plaza Phase II, 3 Tuen Lung Street, Tuen Mun
	East Point City Branch	Shop 217B, Level 2, East Point City, 8 Chung Wa Road, Tseung Kwan O
	Tsuen Wan Branch	239-243 Sha Tsui Road

Prospectuses and **WHITE** Application Forms will be available for collection at the above places during the following times:

Monday, 21 September 2009 — 9:00 a.m. to 5:00 p.m.
Tuesday, 22 September 2009 — 9:00 a.m. to 5:00 p.m.
Wednesday, 23 September 2009 — 9:00 a.m. to 5:00 p.m.
Thursday, 24 September 2009 — 9:00 a.m. to 12:00 noon

You can collect a **YELLOW** Application Form and a prospectus during normal business hours from 9:00 a.m. on Monday, 21 September 2009 to 12:00 noon on Thursday, 24 September 2009 from:

- the Depository Counter of HKSCC at 2nd Floor, Vicwood Plaza, 199 Des Voeux Road Central, Hong Kong; or

- your broker who may have the Application Forms and prospectus available.

4. HOW TO APPLY USING A WHITE OR YELLOW APPLICATION FORM

(a) Obtain an Application Form as described in the section headed "— 3. Where to Collect the Prospectus and Application Forms" above.

(b) Complete the Application Form in English using blue or black 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 cheque(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 cheque 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 cheque 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 locations, as respectively referred to in paragraph (a) of the section headed "— 7. When May Applications be Made" below.

In order for an application made on a **YELLOW** Application Form 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.

(i) If you are applying through a designated CCASS Participant (other than a CCASS Investor Participant):

(A) 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.

(ii) If you are applying as an individual CCASS Investor Participant:

(A) the form must contain your NAME and Hong Kong I.D. Card number;

(B) your participant I.D. must be inserted in the appropriate box.

(iii) If you are applying as a joint individual CCASS Investor Participant:

(A) the form must contain all joint investor participants' NAMES and the Hong Kong I.D. Card number of all joint investor participants;

(B) your participant I.D. must be inserted in the appropriate box.

(iv) If you are applying as a corporate CCASS Investor Participant:

(A) the form must contain your company NAME and Hong Kong Business Registration number;

(B) your participant I.D. and your company chop (bearing your company name) must be inserted in the appropriate box.

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 your application invalid.

5. APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC

(a) General

CCASS Participants may give electronic application instructions to HKSCC to apply for the Hong Kong 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) (using 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 Offer Shares on your behalf. You are deemed to have authorised 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 Global Coordinators and our Hong Kong Share Registrar.

(b) Minimum Subscription Amount and Permitted Numbers

You may give electronic application instructions in respect of a minimum of 1,000 Hong Kong Offer Shares. Each electronic application instruction in respect of more than 1,000 Hong Kong Offer Shares must be in one of the numbers set out in the table in the Application Forms.

(c) Warning

The subscription of the Hong Kong Offer Shares by giving electronic application instructions to HKSCC is only a facility provided to CCASS Participants. Our Company, our Directors, 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 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. 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 noon on Thursday, 24 September 2009, or such later time as described under the section headed "— 7. When May Applications be Made — (e) Effect of Bad Weather Conditions on the Opening of the Application Lists" below.

6. APPLYING THROUGH WHITE FORM eIPO

General

(a) If you are an individual and meet the criteria set out above in "Who can apply for the Hong Kong 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 know 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, you are deemed to have authorised 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 1,000 Hong Kong Offer Shares. Each electronic application instruction in respect of more than 1,000 Hong Kong 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 should give electronic application instructions through **White Form eIPO** at the times set out in paragraph (c) of the section headed "— 7. When May Applications be Made".

(g) You should make payment for your application made by **White Form eIPO** service in accordance with the methods and instructions set out in the designated website at **www.eipo.com.hk**. If you do not make complete payment of the application monies (including any related fees) on or before 12:00 noon on Thursday, 24 September 2009, or such later time as described under the section headed "(e) Effects of Bad Weather Conditions on the Opening of the Application Lists" in the section headed "— 7. When May Applications be Made", 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 Offer Shares through the **White Form eIPO** service is only a facility provided by the designated **White Form eIPO** Service Provider to public investors. Our Company, our Directors, the Joint Global Coordinators and the Underwriters take no responsibility for such applications, and provide no assurance that applications through the **White Form eIPO** service will be submitted to our Company or that you will be allotted any Hong Kong 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. As environmental protection is part of Computershare's Corporate Social Responsibility Programme, Computershare Hong Kong Investor Services Limited will contribute HK$2 per each "**Glorious Property Holdings Limited**" **White Form eIPO** application submitted via **www.eipo.com.hk** to support the funding of "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, 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, 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 "— 8. How many applications may be made" below.

7. WHEN MAY APPLICATIONS BE MADE

(a) Applications on WHITE or YELLOW Application Forms

Your completed **WHITE** or **YELLOW** Application Form, together with payment attached, should be deposited in the special collection boxes provided at any of the branches and/or sub-branches of the receiving bankers listed under the section headed "— 3. Where to Collect the Prospectus and Application Forms" above at the following times:

Monday, 21 September 2009 — 9:00 a.m. to 5:00 p.m.
Tuesday, 22 September 2009 — 9:00 a.m. to 5:00 p.m.
Wednesday, 23 September 2009 — 9:00 a.m. to 5:00 p.m.
Thursday, 24 September 2009 — 9:00 a.m. to 12:00 noon

Completed **WHITE** or **YELLOW** Application Forms, together with payment attached, must be lodged by 12 noon on Thursday, 24 September 2009, or, if the application lists are not open on that day, then by the time and date stated in the paragraph headed "— 7. When May Applications be Made — (e) Effect of Bad Weather Conditions on the Opening of the Application Lists" below.

(b) Electronic Application Instructions to HKSCC via CCASS

CCASS Clearing/Custodian Participants should input electronic application instructions at the following times on the following dates:

Monday, 21 September 2009 — 9:00 a.m. to 8:30 p.m.[1]
Tuesday, 22 September 2009 — 8:00 a.m. to 8:30 p.m.[1]
Wednesday, 23 September 2009 — 8:00 a.m. to 8:30 p.m.[1]
Thursday, 24 September 2009 — 8:00 a.m.[1] to 12:00 noon

(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 Monday, 21 September 2009 until 12:00 noon on Thursday, 24 September 2009 (24 hours daily, except the last application day).

The latest time for inputting electronic application instructions will be 12:00 noon on Thursday, 24 September 2009, the last application day, or if the application lists are not open on that day, by the time and date stated in the paragraph headed "— 7. When May Applications be Made — (e) Effect of Bad Weather Conditions on the Opening of the Application Lists" below.

(c) 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 Monday, 21 September 2009 until 11:30 a.m. on Thursday, 24 September 2009 or such later time as described under the sub-paragraph headed "— 7. When May Applications be Made — (e) Effects of Bad Weather Conditions on the Opening of the Applications 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 Thursday, 24 September 2009, the last application day, or, if the application lists are not open on that day, then by the time and date stated in the subparagraph headed "Effects of Bad Weather Conditions 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.

(d) Application Lists

The application lists will be open from 11:45 a.m. to 12:00 noon on Thursday, 24 September 2009, except as provided in the paragraph headed "— 7. When May Applications be Made — (e) Effect of Bad Weather Conditions on the Opening of the Application Lists" below.

Applicants should note that cheques or banker's cashier orders will not be presented for payment before the closing of the application lists but may be presented at any time thereafter.

(e) Effects of Bad Weather Conditions 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

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Thursday, 24 September 2009. Instead they will open between 11:45 a.m. and 12:00 noon on the next business day which does not have either of those warnings in Hong Kong in force at any time between 9:00 a.m. and 12:00 noon. For this purpose, "business day" means a day that is not a Saturday, Sunday or a public holiday in Hong Kong.

8. HOW MANY APPLICATIONS MAY BE MADE

Multiple applications or suspected multiple applications are liable to be rejected.

You may make more than one application for the Hong Kong Offer Shares if and only if you are a nominee, in which case you may make an application as a nominee by (i) giving electronic application instructions to HKSCC (if you are a CCASS Participant) and; (ii) lodging more than one Application Form in your own name if each application is made 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.

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 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.

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 Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Hong Kong 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 Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purpose of considering whether multiple applications have been made. No application for any other number of Hong Kong Offer Shares will be considered and any such application is liable to be rejected.

For further information, please see the section headed "Further Terms and Conditions of the Hong Kong Public Offer — 5. Multiple Applications" in this prospectus.

9. HOW MUCH ARE THE HONG KONG OFFER SHARES

The maximum offer price is HK$5.30 per share. You must also pay brokerage of 1%, SFC transaction levy of 0.004%, and Stock Exchange trading fee of 0.005%. This means that for every board lot of 1,000 Shares you will pay HK$5,353.48. The Application Forms have tables showing the exact amount payable for numbers of shares up to 84,375,000 Shares.

If the Offer Price as finally determined is less than HK$5.30 per share, appropriate refund payments (including the brokerage, SFC transaction levy and Stock Exchange trading fee attributable to the surplus application monies) will be made to successful applicants, without interest. Details of the procedure for refund are set out below in the section headed "— 10. Publication of Results, Despatch/Collection of Share Certificates and Refunds of Application Monies".

If your application is successful, brokerage is paid to participants of the Stock Exchange (or the Stock Exchange, as the case may be), the Stock Exchange trading fee is paid to the Stock Exchange, and the SFC transaction levy is paid to the SFC.

10. PUBLICATION OF RESULTS, DESPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUNDS OF APPLICATION MONIES

We expect to announce the basis of allotment and the results of applications under the Hong Kong Public Offer on Wednesday, 30 September 2009 (a) in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese), (b) on our website (www.gloriousphl.com.cn) (in English and Chinese) and (c) on the Stock Exchange's website (www.hkex.com.hk). You should note that our website, and all information contained on our website, does not form part of this prospectus.

The results of allocations and the Hong Kong Identity Card/passport/Hong Kong business registration numbers of successful applicants under the Hong Kong Public Offer will be available at the times and date and in the manner specified below:

- Results of allocations for the Hong Kong Public Offer can be found in our announcement to be posted on our Company's website at **www.gloriousphl.com.cn** and the website of the Stock Exchange at **www.hkex.com.hk** on Wednesday, 30 September 2009.

- 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 Wednesday, 30 September 2009 to 12:00 midnight on Tuesday, 6 October 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 Hong Kong Offer Shares allocated to them, if any, by calling 2862 8669 between 9:00 a.m. and 10:00 p.m. from Wednesday, 30 September 2009 to Saturday, 3 October 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 Wednesday, 30 September 2009 to Monday, 5 October 2009 at all the receiving bank branches and sub-branches at the addresses set out in the section headed "How to Apply for Hong Kong Offer Shares — 3. Where to Collect the Prospectus and Application Forms".

e-Refund payment instructions/refund cheques for surplus application monies (if any) under **WHITE** or **YELLOW** Application Forms or **White Form eIPO** service and share certificates for successful applicants under **WHITE** Application Forms or **White Form eIPO** service are expected to be despatched and/or available for collection (as the case may be) on or around Wednesday, 30 September 2009.

Share certificates will only become valid certificates of title at 8:00 a.m. on Friday, 2 October 2009 provided that the Hong Kong Public Offer has become unconditional in all respects and the right of termination described in the section headed "Underwriting — Underwriting Arrangements and Expenses — Hong Kong Public Offer — Grounds for Termination" in this prospectus has not been exercised.

For further information on arrangements for the dispatch/collection of share certificates and refunds of application monies, please refer to the section headed "Further Terms and Conditions of the Hong Kong Public Offer — 8. Refund of Application Monies" in this prospectus.

COMMENCEMENT OF DEALINGS IN THE SHARES

Dealings in the Shares on the Stock Exchange are expected to commence on Friday, 2 October 2009.

The Shares will be traded in board lots of 1,000 Shares each.

Shares will be eligible for CCASS

Subject to the granting of listing of, and permission to deal in, the Shares on the Stock Exchange as well as the 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 on 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.

All necessary arrangements have been made for the Shares to be admitted into CCASS.

1. GENERAL

(a) If you apply for Hong Kong Offer Shares in the Hong Kong Public Offer, you will be agreeing with our Company and the Joint Global Coordinators (for itself and on behalf of the Hong Kong Underwriters) as set out below.

(b) If you give electronic application instructions to HKSCC via CCASS to cause HKSCC Nominees to apply for Hong Kong Offer Shares on your behalf, you will have authorised HKSCC Nominees to apply on the terms and conditions set out below, as supplemented and amended by the terms and conditions applicable to the relevant application method.

If you give electronic application instructions through the designated website at **www.eipo.com.hk**, you will have authorised the designated **White Form eIPO** Service Provider to apply on the terms and conditions set out below, as supplemented and amended by the terms and conditions applicable to the **White Form eIPO** service.

(c) In this section, references to "you", "applicants", "joint applicants" and other like references shall, if the context so permits, include references to making applications electronically by submitting an application to the designated **White Form eIPO** Service Provider through the designated website for the White Form eIPO service and both nominees and principals on whose behalf HKSCC Nominees is applying for Hong Kong Offer Shares, and references to the making of an application shall, if the context so permits, include references to giving electronic application instructions to HKSCC.

(d) Applicants should read this prospectus carefully, including the terms and conditions set out herein and in the Application Forms or imposed by HKSCC prior to making any application for Hong Kong Offer Shares.

2. OFFER TO PURCHASE THE HONG KONG OFFER SHARES

(a) You offer to purchase from us at the Offer Price the number of the Hong Kong Offer Shares indicated in your Application Form (or any smaller number in respect of which your application is accepted) on the terms and conditions set out in this prospectus and the relevant Application Form.

(b) For applicants using Application Forms, a refund cheque in respect of the surplus application monies (if any) representing the Hong Kong Offer Shares applied for but not allocated to you and representing the difference (if any) between the final Offer Price and the maximum Offer Price (including brokerage, the SFC transaction levy and the Stock Exchange trading fee attributable thereto), is expected to be sent to you at your own risk to the address stated on your Application Form on or before Wednesday, 30 September 2009.

Details of the procedure for refunds relating to each of the Hong Kong Public Offer methods are contained below in the paragraphs headed "— 7. If your Application for Hong Kong Offer Shares is Successful (in Whole or in Part)", "— 8. Refund of Application Monies" and "— 9. Additional Information for Applicants Applying by Giving Electronic Application Instructions to HKSCC" in this section.

(c) Any application may be rejected in whole or in part.

(d) Applicants under the Hong Kong Public Offer should note that in no circumstances (save for those provided under section 40 of the Hong Kong Companies Ordinance) can applications be withdrawn once submitted. For the avoidance of doubt, our Company 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** to HKSCC via CCASS is a person who may be entitled to compensation under section 40 of the Hong Kong Companies Ordinance.

3. ACCEPTANCE OF YOUR OFFER

(a) The Hong Kong Offer Shares will be allocated after the application lists close. We expect to announce the final number of Hong Kong Offer Shares, the level of applications under the Hong Kong Public Offer and the basis of allocations of the Hong Kong Offer Shares on Wednesday, 30 September 2009 (a) in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese), (b) on our website (www.gloriousphl.com.cn) (in English and Chinese) and (c) on the Stock Exchange's website (www.hkex.com.hk). You should note that our website, and all information contained on our website, does not form part of this prospectus.

(b) The results of allocations of the Hong Kong Offer Shares under the Hong Kong Public Offer, including the Hong Kong identity card numbers, passport numbers or Hong Kong business registration numbers (where applicable) of successful applicants and the number of Hong Kong Offer Shares successfully applied for, will be made available on Wednesday, 30 September 2009 in the manner described in the section headed "How to Apply for Hong Kong Offer Shares — 10. Publication of Results, Despatch/Collection of Share Certificates and Refunds of Application Monies" in this prospectus.

(c) We may accept your offer to purchase (if your application is received, valid, processed and not rejected) by announcing the basis of allocations and/or making available the results of allocations publicly.

(d) If we accept your offer to purchase (in whole or in part), there will be a binding contract under which you will be required to purchase the Hong Kong Offer Shares in respect of which your offer has been accepted if the conditions of the Global Offering are satisfied or the Global Offering is not otherwise terminated. Further details are contained in the section headed "Structure of the Global Offering" in this prospectus.

(e) You will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your application. This does not affect any other right you may have.

4. EFFECT OF MAKING ANY APPLICATION

(a) By completing and submitting any Application Form you:

- **instruct** and **authorise** our Company and/or the Joint Global Coordinators (or their respective agents or nominees) to execute any transfer forms, contract notes or other documents on your behalf and to do on your behalf all other things necessary to effect the registration of any Hong Kong Offer Shares allocated to you in your name(s) or the name of HKSCC Nominees, as the case may be, as required by our Articles of Association and otherwise to give effect to the arrangements described in this prospectus and the relevant Application Form;

- **undertake** to sign all documents and to do all things necessary to enable you or HKSCC Nominees, as the case may be, to be registered as the holder of the Hong Kong Offer Shares allocated to you, and as required by our Articles of Association;

- **represent, warrant** and **undertake** that you understand that the shares have not been and will not be registered under the US Securities Act and you are outside the United States when completing the Application Form and are not a United States person (as defined in Regulation S under the US Securities Act);

- **confirm** that you have received a copy of this prospectus and have only relied on the information and representations contained in this prospectus in making your application, and will not rely on any other information or representation save as set out in any supplement to this prospectus;

- **agree** (without prejudice to any other rights which you may have) that once your application has been accepted, you may not rescind it because of an innocent misrepresentation and you may not revoke it other than as provided in this prospectus;

- (if the application is made for your own benefit) **warrant** that the application 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 via **White Form eIPO** service;

- (if you are an agent for another person) **warrant** that the application 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 via **White Form eIPO** service, and that you are duly authorised to sign the Application Form or to give **electronic application instructions** as that other person's agent;

- **undertake** and **confirm** that you (if the application is made for your benefit) or the person(s) for whose benefit you have made the application have not applied for or taken up or indicated an interest in or received or been placed or allocated (including conditionally and/or provisionally) and will not apply for or take up or indicate any interest in any International Offer Shares, nor otherwise participate in the International Offer;

- **warrant** the truth and accuracy of the information contained in your application;

- **agree** that your application, any acceptance of it and the resulting contract will be governed by and construed in accordance with the laws of Hong Kong;

- **undertake** and **agree** to accept the shares applied for, or any lesser number allocated to you under the application;

- **authorise** our Company to place your name(s) or the name of HKSCC Nominees, as the case may be, on our register of members as the holder(s) of any Hong Kong Offer Shares allocated to you, and our Company and/or our agents to send any share certificate(s) (where applicable) and/or any refund cheque (where applicable) to you or (in case of joint applicants) the first-named applicant in the Application Form by ordinary post at your own risk to the address stated on your Application Form (except if you have applied for 1,000,000 Hong Kong Offer Shares or more and have indicated in your Application Form your wish to collect your refund cheque and share certificates (where applicable) in person);

- **agree** that the processing of your application, may be done by any of our Company's receiving bankers and is not restricted to the bank at which your Application Form is lodged;

- **understand** that these declarations and representations will be relied upon by our Company and the Joint Global Coordinators in deciding whether or not to allocate any Hong Kong Offer Shares in response to your application and that you may be prosecuted if you make a false declaration;

- if the laws of any place outside Hong Kong are applicable to your application, you **agree** and **warrant** that you have complied with all such laws and none of our Company, the Joint Global Coordinators and the Underwriters nor any of their respective officers or advisers will infringe any laws outside Hong Kong as a result of the acceptance of your offer to purchase, or any actions arising from your rights and obligations under the terms and conditions contained in this prospectus;

- **agree** with our Company, for itself and for the benefit of each shareholder of our Company (and so that our Company will be deemed by its acceptance in whole or in part of the application to have agreed, for itself and on behalf of each shareholder of our Company) (and if applicable, with each CCASS Participant giving **electronic application instructions)** to observe and comply with the Hong Kong Companies Ordinance and the Articles of Association;

- **agree** that our Company, Joint Global Coordinators, the Underwriters and any of their respective directors, officers, employees, agents or advisers and any other parties involved in the Global Offering are liable only for the information and representations contained in this prospectus and any supplement to this prospectus;

- **agree** to disclose to our Company, our Hong Kong Share Registrar, receiving bankers, Joint Global Coordinators and their respective advisers and agents any personal data or other information which they require about you or the person(s) for whose benefit you have made the application; and

- **authorise** our Company to enter into a contract on behalf of you with each Director and officer of our Company whereby such Directors and officers undertake to observe and comply with their obligations to shareholders stipulated in the Articles of Association.

(b) If you apply for the Hong Kong Offer Shares using a **YELLOW** Application Form, in addition to the confirmations and agreements referred to in (a) above, you (and if you are joint applicants, each of you jointly and severally) **agree** that:

- any Hong Kong Offer Shares allocated to you shall be registered in the name of HKSCC Nominees and deposited directly into CCASS operated by HKSCC for credit to your CCASS Investor Participant stock account or the stock account of your designated CCASS Participant in accordance with your election on the Application Form;

- each of HKSCC and HKSCC Nominees reserves the right (1) not to accept any or part of such allotted Hong Kong Offer Shares issued in the name of HKSCC Nominees or not to accept such allotted Hong Kong Offer Shares for deposit into CCASS; (2) to cause such allotted Hong Kong Offer Shares to be withdrawn from CCASS and transferred into your name at your own risk and costs; and (3) to cause such allotted Hong Kong Offer Shares to be issued in your name (or, if you are a joint applicant, to the first-named applicant) and in such a case, to post the share certificates for such allotted Hong Kong Offer Shares at your own risk to the address on your Application Form by ordinary post or to make available the same for your collection;

- each of HKSCC and HKSCC Nominees may adjust the number of allotted Hong Kong Offer Shares issued in the name of HKSCC Nominees;

- neither HKSCC nor HKSCC Nominees shall have any liability for the information and representations not so contained in this prospectus and the Application Form; and

- neither HKSCC nor HKSCC Nominees shall be liable to you in any way.

(c) In addition, 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 done the following things. Neither HKSCC nor HKSCC Nominees shall be liable to our Company or any other person in respect of the things mentioned below:

- **instructed** and **authorised** HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Hong Kong Offer Shares on your behalf;

- **instructed** and **authorised** HKSCC to arrange payment of the maximum Offer Price, brokerage, SFC transaction levy and Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or if the Offer Price is less than the Offer Price per share initially paid on application, refund of the application monies, in each case including brokerage, SFC transaction levy and Stock Exchange trading fee, by crediting your designated bank account; and

- (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 Offer Shares) in addition to the confirmations and agreements set out in paragraph (a), above, **instructed** and **authorised** HKSCC to cause HKSCC Nominees to do on your behalf all the things which it has stated to do on your behalf in the **WHITE** Application Form, HKSCC Nominees is only acting as 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, and HKSCC does the following on behalf of each of the persons:

  — **agree** that the Hong Kong Offer Shares to be allocated 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 your behalf or your CCASS Investor Participant stock account;

  — **undertake and agree** to accept the Hong Kong Offer Shares in respect of which you have given electronic application instructions or any lesser number;

— (if the electronic application instructions are given for your own benefit) **declare** that only one set of electronic application instructions has been given for your benefit;

— (if you are an agent for another person) **declare** that you have only given one set of electronic application instructions for the benefit of that other person and that you are duly authorised to give those instructions as that other person's agent;

— **understand** that the above declaration will be relied upon by our Company, the Directors and Joint Global Coordinators in deciding whether or not to make any allotment of Hong Kong Offer Shares in respect of the electronic application instructions given by you and that you may be prosecuted if you make a false declaration;

— **authorise** our Company to place the name of HKSCC Nominees on the register of members of our Company as the holder of the Hong Kong Offer Shares allotted in respect of your 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;

— **confirm** that you have read the terms and conditions and application procedures set out in this prospectus and agree to be bound by them;

— **confirm** that you have only relied on the information and representations in this prospectus in giving your electronic application instructions or instructing your broker or custodian to give electronic application instructions on your behalf;

— **agree** (without prejudice to any other rights which that person may have) that once the application of HKSCC Nominees has been accepted, the application cannot be rescinded for innocent misrepresentation;

— **agree** that any application made by HKSCC Nominees on behalf of you pursuant to electronic application instructions given by you is irrevocable before Wednesday, 21 October 2009, such agreement to take effect as a collateral contract with our Company and to become binding when you give the instructions and such collateral contract to be in consideration of our Company agreeing that we will not offer any Hong Kong Offer Shares to any person before Wednesday, 21 October 2009, except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application before Wednesday, 21 October 2009 if a person responsible for this prospectus under section 40 of the Hong Kong Companies Ordinance gives a public notice under that section which excludes or limits the responsibility of that person for this prospectus;

— **agree** that once the application of HKSCC Nominees is accepted, neither that application nor your 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 published by our Company;

— **agree** to the arrangements, undertakings and warranties specified in the participant agreement between you 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 Offer Shares.

(d) Our Company, Joint Global Coordinators, the Underwriters and their respective directors and any other parties involved in the Global Offering are entitled to rely on any warranty, representation or declaration made by you in your application.

(e) All the warranties, representations, declarations and obligations expressed to be made, given or assumed by or imposed on the joint applicants shall be deemed to have been made, given or assumed by or imposed on the applicants jointly and severally.

5. MULTIPLE APPLICATIONS

(a) It will be a term and condition of all applications that by completing and delivering an Application Form or by giving electronic application instructions to HKSCC or to the designated **White Form eIPO** Service Provider via **White Form eIPO** Service, you:

- (if the application is made for your own benefit) warrant that the application 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 via **White Form eIPO** service;

- (if you are an agent for another person) warrant that reasonable enquiries have been made of that other person that the application 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 via **White Form eIPO** service and that you are duly authorised to sign the Application Form as that other person's agent.

(b) Except where you are a nominee and provide the information required to be provided in your application, 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 via **White Form eIPO** service;

- 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 via **White Form eIPO** service;

- 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 via **White Form eIPO** service for more than 50% of the shares initially being offered for public subscription under the Hong Kong Public Offer, as more particularly described in the section headed "Structure of the Global Offering — The Hong Kong Public Offer" in this prospectus; or

- have applied for or taken up, or indicated an interest for, or have been or will be placed (including conditionally and/or provisionally) International Offer Shares.

(c) 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 the application made by HKSCC Nominees acting on electronic application instructions). If an application is made by an unlisted company and:

- the only business of that company is dealing in securities; and

- you exercise statutory control over that company,

then the application will be treated as being for your benefit.

For these purposes:

"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 a company; or

— control more than half of the voting power of a company; or

— hold more than half of the issued share capital of a 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).

6. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED HONG KONG OFFER SHARES

You should note the following situations in which the Hong Kong Offer Shares will not be allotted to you or your application is liable to be rejected:

(a) **If your application is revoked:**

By completing and submitting an Application Form or **electronic application instructions** to HKSCC or to the designated **White Form eIPO** Service Provider via **White Form eIPO** you agree that your application or the application made by HKSCC Nominees on your behalf cannot be revoked before Wednesday, 21 October 2009. This agreement will take effect as a collateral contract with our Company, and will become binding when you lodge your Application Form or submit your electronic application instructions to HKSCC and an application has been made by HKSCC Nominees on your behalf accordingly or to the designated **White Form eIPO** Service Provider via **White Form eIPO** service. This collateral contract will be in consideration of our Company agreeing that we will not offer any Hong Kong Offer Shares to any person before Wednesday, 21 October 2009 except by means of one of the procedures referred to in this prospectus.

Your application or the application made by HKSCC Nominees on your behalf may only be revoked before Wednesday, 21 October 2009 if a person responsible for this prospectus under section 40 of the Hong Kong 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 the 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 has been accepted, it cannot be revoked. 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) **If our Company, Joint Global Coordinators or their respective agents exercise their discretion to reject your application:**

We and Joint Global Coordinators (as agent for our Company) or the designated **White Form eIPO** Service Provider (where applicable), or their respective agents and nominees, have full discretion to reject or accept any application, or to accept only part of any application, without having to give any reason.

(c) **If the allotment of Hong Kong Offer Shares is void:**

The allotment of Hong Kong Offer Shares to you or to HKSCC Nominees (if you give **electronic application instructions** or apply by a **YELLOW** Application Form) will be void if the Listing Committee of the Stock Exchange does not grant permission to list the 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 of the Stock Exchange notifies our Company of that longer period within three weeks of the closing of the application lists.

(d) **If:**

- you make multiple applications or suspected multiple applications;
- you or the person for whose benefit you apply have applied for or taken up, or indicated an interest for, 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 giving electronic application instructions to HKSCC, you agree not to apply for International Offer Shares. Reasonable steps will be taken to identify and reject applications in the Hong Kong Public Offer from investors who have received International Offer Shares, and to identify and reject indications of interest in the International Offer from investors who have received Hong Kong Offer Shares;
- you apply for more than 50% of the Hong Kong Offer Shares initially being offered;
- your payment is not made correctly or you pay by cheque or banker's cashier order and the cheque or banker's cashier order is dishonoured upon its first presentation;
- your Application Form is not completed correctly and in accordance with the instructions;
- our Company believes that by accepting your application, this would violate the applicable securities or other laws, rules or regulations of the jurisdiction in which your application is completed and/or signed;
- either of the Underwriting Agreements does not become unconditional; or
- either of the Underwriting Agreements is terminated in accordance with their respective terms.

7. IF YOUR APPLICATION FOR HONG KONG OFFER SHARES IS SUCCESSFUL (IN WHOLE OR IN PART)

No temporary document of title will be issued in respect of the shares.

No receipt will be issued for sums paid on application.

Share certificates will only become valid certificates of title at 8:00 a.m. on Friday, 2 October 2009 provided that the Hong Kong Public Offer has become unconditional in all respects and the right of termination described in the section headed "Underwriting — Underwriting Arrangements and Expenses — Hong Kong Public Offer — Grounds for Termination" in this prospectus has not been exercised.

(a) **If you apply using a WHITE Application Form:**

If you apply for 1,000,000 Hong Kong Offer Shares or more on a **WHITE** Application Form and have indicated your intention in your Application Form to collect your share certificate(s) and/or refund cheque (where applicable) from Computershare Hong Kong Investor Services Limited and have provided all information required by your Application Form, you may collect it/them in person from 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 Wednesday, 30 September 2009 or such other date as notified by our Company in the newspapers as the date of dispatch/collection of share certificates/e-Refund payment instructions/refund cheques.

If you are an individual who opts for personal collection, you must not authorise any other person to make collection on your behalf. If you are a corporate applicant which opts for personal collection, you must attend by your authorised representative bearing a letter of authorisation from your corporation stamped with your corporation's chop. Both individuals and authorised representatives (if applicable) must produce, at the time of collection, evidence of identity acceptable to Computershare Hong Kong Investor Services Limited.

If you do not collect your refund cheque(s) (where applicable) and/or share certificate(s) (where applicable) personally within the time specified for collection, they will be sent to the address as specified in your Application Form promptly thereafter by ordinary post and at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares or if you apply for 1,000,000 Hong Kong Offer Shares or more but have not indicated on your Application Form that you will collect your refund cheque(s) and/or share certificate(s) (where applicable) in person, your refund cheque(s) and/or share certificate(s) (where applicable) will be sent to the address on your Application Form on Wednesday, 30 September 2009, by ordinary post and at your own risk.

(b) **If you apply using a YELLOW Application Form:**

If you apply for Hong Kong Offer Shares using a **YELLOW** Application Form and your application is wholly or partially successful, your share certificate(s) 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 Wednesday, 30 September 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) on a **YELLOW** Application Form for Hong Kong 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 Offer Shares allocated to you with that CCASS Participant.

If you are applying as a CCASS Investor Participant, our Company expects to publish the results of CCASS Investor Participants' applications together with the results of the Hong Kong Public Offer in the newspapers on Wednesday, 30 September 2009. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Wednesday, 30 September 2009 or such other date as shall be determined by HKSCC or HKSCC Nominees. Immediately after the credit of the Hong Kong Offer Shares to your stock account, you can check your new account balance 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). HKSCC will also make available to you an activity statement showing the number of Hong Kong Offer Shares credited to your stock account.

If you apply for 1,000,000 Hong Kong Offer Shares or more and you have elected on your **YELLOW** Application Form to collect your refund cheque (where applicable) in person, please follow the same procedure, as those for **WHITE** Application Form applicants as described above. If you have applied for 1,000,000 Hong Kong Offer Shares or above and have not indicated on your Application Form that you will collect your refund cheque (if any) in person, or if you have applied for less than 1,000,000 Hong Kong Offer Shares, your refund cheque (if any) will be sent to the address on your Application Form on the date of despatch, which is expected to be on Wednesday, 30 September 2009, by ordinary post and at your own risk.

(c) **If you apply through White Form eIPO:**

If you apply for 1,000,000 Hong Kong Offer Shares or more through the **White Form eIPO** service by submitting an electronic application to the designated **White Form elPO** 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) in person from 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 Wednesday, 30 September 2009, or such other date as notified by our company in the newspapers as the date of dispatch/collection of Share certificates/e-Refund payment instructions/refund cheques.

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 Offer Shares, your Share certificate(s) 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 Wednesday, 30 September 2009, by ordinary post and at your own risk.

If you paid the application monies from a single bank account, e-Refund payment instructions (if any) will be despatched to your application payment bank account on or around Wednesday, 30 September 2009. If you used multi-bank accounts to pay the application monies, refund cheque (if any) will be despatched to you on or around Wednesday, 30 September 2009.

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 out below in ''Additional Information for Applicants Applying Through **White Form eIPO**.''

8. REFUND OF APPLICATION MONIES

Your application monies, or the appropriate portion thereof, together with the related brokerage of 1%, SFC transaction levy of 0.004%, and Stock Exchange trading fee of 0.005%, will be refunded if:

- your application is rejected, not accepted or accepted in part only or if you do not receive any Hong Kong Offer Shares for any of the reasons set out above in the section headed "— 6. Circumstances in Which You Will Not Be Allotted Hong Kong Offer Shares" in this prospectus;
- the offer price as finally determined is less than the offer price of HK$5.30 per share (excluding brokerage, SFC transaction levy and Stock Exchange trading fee thereon) initially paid on application;
- the conditions of the Hong Kong Public Offer are not fulfiled in accordance with the section headed "Structure of the Global Offering — Conditions of the Global Offering" in this prospectus; or
- any application is revoked or any allotment pursuant thereto has become void.

No interest will be paid thereon. All interest accrued on such monies will be retained for our benefit.

In a contingency situation involving a substantial over-subscription, at the discretion of our Company and Joint Global Coordinators, cheques for applications for certain small denominations of Hong Kong Offer Shares (apart from successful applications) may not be cleared.

Refund of your application monies (if any) will be made on Wednesday, 30 September 2009 in accordance with the various arrangements as described herein. It is intended that special efforts will be made to avoid any undue delay in refunding application monies where appropriate. Refund cheques will be crossed "Account Payee Only" made out to you, or if you are joint applicants, to the first named applicant. Part of your Hong Kong identity card number or passport number, or, if you are joint applicants, part of the Hong Kong identity card number or passport number of the first-named applicant, provided by you may be printed on your refund cheque, if any. Such data will also be transferred to a third party for refund purposes. Your banker may require verification of your Hong Kong identity card number or passport number before encashment of your refund cheque. Inaccurate completion of your Hong Kong identity card number or passport number may lead to delay in encashment of or may invalidate your refund cheque.

9. ADDITIONAL INFORMATION FOR APPLICANTS APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC

(a) Allocation of Hong Kong Offer Shares

For the purposes of allocating Hong Kong 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 instructions is given will be treated as an applicant.

(b) Deposit of share certificates into CCASS and refund of application monies

- No temporary document of title will be issued. No receipt will be issued for application monies received.
- If your application is wholly or partially successful, 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 Wednesday, 30 September 2009, or, in the event of a contingency, on any other date as shall be determined by HKSCC or HKSCC Nominees Limited.
- Our Company expects to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, our Company 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 Offer in the newspapers on Wednesday, 30 September 2009. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Wednesday, 30 September 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 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 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 Wednesday, 30 September 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 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 your application monies (if any) in respect of wholly and partially unsuccessful applications and/or difference between the offer price and the offer price per share initially paid on application, in each case including brokerage 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 Wednesday, 30 September 2009. No interest will be paid thereon.

(c) **Additional information for applicants applying through White Form eIPO**

For the purposes of allocating Hong Kong Offer Shares, each applicant giving electronic application instructions through the White Form eIPO service to the **White Form elPO** 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 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 elPO** 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**.

Otherwise, any monies payable to you due to a refund for any of the reasons set out above in "Refund of Application Monies" shall be made pursuant to the arrangements described above in "If your application for Hong Kong Offer Shares is successful (in whole or in part) — If you apply through **White Form eIPO**."

10. PERSONAL DATA

The main provisions of the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong (the "PDP Ordinance") came into effect in Hong Kong on 20 December 1996. This Personal Information Collection Statement informs the applicant for and holder of our shares of the policies and practices of our Company and our Hong Kong Share Registrar in relation to personal data and the PDP Ordinance.

(a) **Reasons for the collection of your personal data**

From time to time it is necessary for applicants for securities or registered holders of securities to supply their latest correct personal data to our Company and our Hong Kong Share Registrar when applying for securities or transferring securities into or out of their names or in procuring the services of the Hong Kong Share Registrar. Failure to supply the requested data may result in your application for securities being rejected or in delay or inability of our Company or the Hong Kong Share Registrar to effect transfers or otherwise render their services. It may also prevent or delay registration or transfer of the Hong Kong Offer Shares which you have successfully applied for and/or the dispatch of share certificate(s), and/or e-Refund payment instructions and/or refund cheque(s) to which you are entitled.

It is important that holders of securities inform us and our Hong Kong Share Registrar immediately of any inaccuracies in the personal data supplied.

(b) **Purposes**

The personal data of the applicants and the holders of securities may be used, held and/or stored (by whatever means) for the following purposes:

- processing of your application and e-Refund payment instructions/refund cheque, where applicable, and verification of compliance with the terms and application procedures set out in the Application Forms and this prospectus and announcing results of allocations of the Hong Kong Offer Shares;

- enabling compliance with all applicable laws and regulations in Hong Kong and elsewhere;

- registering new issues or transfers into or out of the name of holders of securities including, where applicable, in the name of HKSCC Nominees;

- maintaining or updating the register of holders of securities of our Company;

- conducting or assisting the conduct of signature verifications, any other verification or exchange of information;

- establishing benefit entitlements of holders of securities of our Company, such as dividends, rights issues and bonus issues;

- distributing communications from our Company and our subsidiaries;
- compiling statistical information and shareholder profiles;
- making disclosures as required by laws, rules or regulations;
- disclosing relevant information to facilitate claims on entitlements; and
- any other incidental or associated purposes relating to the above and/or to enable our Company and our Hong Kong Share Registrar to discharge our obligations to holders of securities and/or regulators and/or other purpose to which the holders of securities may from time to time agree.

(c) **Transfer of personal data**

Personal data held by our Company and our Hong Kong Share Registrar relating to the applicants and the holders of securities will be kept confidential but our Company and our Hong Kong Share Registrar, to the extent necessary for achieving the above purposes or any of them, may make such enquiries as they consider necessary to confirm the accuracy of the personal data and in particular, they may disclose, obtain, transfer (whether within or outside Hong Kong) the personal data of the applicants and the holders of securities to, from or with any and all of the following persons and entities:

- our Company or our appointed agents such as financial advisers and receiving bankers;
- HKSCC and HKSCC Nominees, who will use the personal data for the purposes of operating CCASS (in cases where the applicants have requested for the Hong Kong Offer Shares to be deposited into CCASS);
- any agents, contractors or third-party service providers who offer administrative, telecommunications, computer, payment or other services to our Company and/or our Hong Kong Share Registrar in connection with the operation of their business;
- the Stock Exchange, the SFC and any other statutory, regulatory or government bodies;
- any other persons or institutions with which the applicants or the holders of securities have or propose to have dealings, such as their bankers, solicitors, accountants or stockbrokers.

By signing an Application Form or by giving electronic application instructions to HKSCC or via White Form eIPO Service you agree to all of the above.

(d) **Access to and correction of personal data**

The PDP Ordinance provides the holders of securities with rights to ascertain whether our Company or our Hong Kong Share Registrar holds their personal data, to obtain a copy of that data, and to correct any data that is inaccurate.

In accordance with the PDP Ordinance, our Company and our Hong Kong Share Registrar have the right to charge a reasonable fee for the processing of any data access request. All requests for access to data or correction of data or for information regarding policies and practices and kinds of data held should be addressed to us, at our registered address disclosed in the section headed "Corporate Information" in this prospectus or as notified from time to time in accordance with applicable law, for the attention of our company secretary, or our Hong Kong Share Registrar for the attention of the privacy compliance officer.

The following is the text of a report, prepared for the purpose of incorporation in this Prospectus, received from the Company's reporting accountant, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong.

PRICEWATERHOUSECOOPERS

羅兵咸永道會計師事務所

PricewaterhouseCoopers
22/F, Prince's Building
Central, Hong Kong

21 September 2009

The Directors
Glorious Property Holdings Limited

J.P. Morgan Securities (Asia Pacific) Limited
Deutsche Bank AG, Hong Kong Branch

Dear Sirs,

We set out below our report on the financial information (the "Financial Information") of Glorious Property Holdings Limited (the "Company") and its subsidiaries (together, the "Group") set out in Section I to III below, for inclusion in the prospectus of the Company dated 21 September 2009 (the "Prospectus") in connection with the initial listing of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited. The Financial Information comprises the consolidated balance sheets of the Group as at 31 December 2006, 2007, 2008 and 30 April 2009, the balance sheets of the Company as at 31 December 2007, 2008 and 30 April 2009, and the consolidated statements of income, comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for each of the years ended 31 December 2006, 2007 and 2008 and the four months ended 30 April 2008 and 2009 (the "Relevant Periods"), and a summary of significant accounting policies and other explanatory notes.

The Company was incorporated in the Cayman Islands on 27 July 2007 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. Pursuant to a group reorganisation as described in Note 1 of Section II headed "Reorganisation" below, which was completed in September 2007, the Company became the holding company of the subsidiaries comprising the Group (the "Reorganisation").

As at the date of this report, the Company has direct and indirect interests in the subsidiaries as set out in Note 1 of Section II below. All of these companies are private companies.

All companies comprising the Group have adopted 31 December as their financial year end date. Details of the financial statements of the companies comprising the Group that are subject to audit and the names of the respective auditors are set out in Note 1 of Section II below.

For the purpose of this report, the directors of the Company have prepared consolidated financial statements of the Company for the Relevant Periods, in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (the "Underlying Financial Statements"). We have audited the Underlying Financial Statements for each of the years ended 31 December 2006, 2007 and 2008 and the four months ended 30 April 2009 in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

The Financial Information has been prepared based on the Underlying Financial Statements with no adjustment made thereon.

Directors' responsibility

The directors of the Company are responsible for the preparation and true and fair presentation of the Underlying Financial Statements in accordance with HKFRSs.

For the financial information for each of the years ended 31 December 2006, 2007 and 2008 and the four months ended 30 April 2009, the directors of the Company are responsible for the preparation and true and fair presentation of the financial information in accordance with HKFRSs. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of the financial information that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

For the financial information for the four months ended 30 April 2008, the directors of the Company are responsible for the preparation and the presentation of the financial information in accordance with the accounting policies set out in Note 2 of Section II below which are in conformity with HKFRSs.

Reporting accountant's responsibility

For the financial information for each of the years ended 31 December 2006, 2007 and 2008 and the four months ended 30 April 2009, our responsibility is to express an opinion on the financial information based on our examination and to report our opinion to you. We examined the Underlying Financial Statements used in preparing the financial information and carried out such additional procedures as we considered necessary in accordance with the Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by HKICPA.

For the financial information for the four months ended 30 April 2008, our responsibility is to express a conclusion on the financial information based on our review and to report our conclusion to you. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of the financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Opinion and review conclusion

In our opinion, the financial information for each of the years ended 31 December 2006, 2007 and 2008 and the four months ended 30 April 2009, for the purpose of this report, gives a true and fair view of the state of affairs of the Company as at 31 December 2007 and 2008 and 30 April 2009 and of the state of affairs of the Group as at 31 December 2006, 2007 and 2008 and 30 April 2009 and of the Group's results and cash flows for the respective years and period then ended.

Based on our review, which does not constitute an audit, nothing has come to our attention that causes us to believe that the financial information for the four months ended 30 April 2008, for the purpose of this report, is not prepared, in all material respects, in accordance with the accounting policies set out in Note 2 of Section II below which are in conformity with HKFRSs.

I CONSOLIDATED FINANCIAL INFORMATION

(a) Consolidated balance sheets

	Note	31 December 2006	31 December 2007	31 December 2008	30 April 2009
		RMB'000	RMB'000	RMB'000	RMB'000
ASSETS					
Non-current assets					
Property and equipment	6	17,197	16,400	392,313	421,870
Investment properties	8	—	—	1,103,500	2,144,940
Intangible asset	9	—	—	—	2,441
Investment in an associate ...		—	—	4,500	4,500
Deferred income tax assets ..	20	65,737	58,960	26,820	31,180
		82,934	75,360	1,527,133	2,604,931
Current assets					
Properties under development	10	4,505,737	5,829,489	7,345,976	7,482,943
Completed properties held for sale	11	513,600	357,893	1,201,268	1,073,625
Inventories	12	—	—	—	5,719
Trade and other receivables and prepayments	13	4,490,087	3,107,299	2,595,899	2,429,835
Prepaid taxes		42,133	71,378	106,257	106,641
Financial assets at fair value through profit or loss	14	—	21,091	—	—
Restricted cash	15	97,630	66,690	84,468	96,379
Cash and cash equivalents	16	112,187	3,199,105	297,221	327,524
		9,761,374	12,652,945	11,631,089	11,522,666
Total assets		9,844,308	12,728,305	13,158,222	14,127,597

(a) Consolidated balance sheets (continued)

	Note	31 December 2006	31 December 2007	31 December 2008	30 April 2009
		RMB'000	RMB'000	RMB'000	RMB'000
EQUITY					
Capital and reserves attributable to the equity holders of the Company					
Share capital	17	—	962	962	962
Reserves	18	1,607,958	(336,935)	918,056	1,691,594
Total equity/(deficit)		1,607,958	(335,973)	919,018	1,692,556
LIABILITIES					
Non-current liabilities					
Borrowings	19	2,671,890	2,317,730	537,000	609,560
Deferred income tax liabilities	20	—	—	172,937	351,091
		2,671,890	2,317,730	709,937	960,651
Current liabilities					
Advanced proceeds received from customers		1,060,271	4,480,950	3,742,816	3,756,823
Trade and other payables	21	3,215,657	1,438,661	1,185,235	1,025,065
Income tax payable		118,532	277,782	664,091	760,230
Borrowings	19	1,170,000	4,549,155	5,937,125	5,932,272
		5,564,460	10,746,548	11,529,267	11,474,390
Total liabilities		8,236,350	13,064,278	12,239,204	12,435,041
Total equity and liabilities		9,844,308	12,728,305	13,158,222	14,127,597
Net current assets		4,196,914	1,906,397	101,822	48,276
Total assets less current liabilities		4,279,848	1,981,757	1,628,955	2,653,207

(b) Balance sheets of the Company

	Note	31 December 2007	31 December 2008	30 April 2009
		RMB'000	RMB'000	RMB'000
ASSETS				
Non-current assets				
Interests in subsidiaries	7	3,426,584	3,237,792	3,238,066
Current assets				
Prepayments	13	3,781	48,067	57,279
Cash and cash equivalents	16	214,575	8,912	7,289
		218,356	56,979	64,568
Total assets		3,644,940	3,294,771	3,302,634
EQUITY				
Capital and reserves attributable to the equity holders of the Company				
Share capital	17	962	962	962
Reserves	18	(44,530)	(1,042,714)	(1,405,732)
Total equity		(43,568)	(1,041,752)	(1,404,770)
LIABILITIES				
Current liabilities				
Trade and other payables	21	8,597	358	96
Amounts due to subsidiaries	22	14,756	29,150	37,236
Borrowings	19	3,665,155	4,307,015	4,670,072
Total current liabilities		3,688,508	4,336,523	4,707,404
Total equity and liabilities		3,644,940	3,294,771	3,302,634
Net current liabilities		(3,470,152)	(4,279,544)	(4,642,836)
Total assets less current liabilities		(43,568)	(1,041,752)	(1,404,770)

(c) Consolidated income statements

	Note	Year ended 31 December 2006 RMB'000	Year ended 31 December 2007 RMB'000	Year ended 31 December 2008 RMB'000	Four months ended 30 April 2008 RMB'000 (unaudited)	Four months ended 30 April 2009 RMB'000
Revenue	5	1,718,132	1,791,942	3,948,959	975,811	933,980
Cost of sales	25	(1,091,112)	(1,164,818)	(2,293,339)	(462,566)	(480,847)
Gross profit		627,020	627,124	1,655,620	513,245	453,133
Other income	23	15,068	17,194	21,405	7,106	6,671
Other (losses)/gains, net	24	—	(34,513)	825,563	(22,099)	735,117
Selling and marketing expenses	25	(46,534)	(77,426)	(150,494)	(46,347)	(34,278)
Administrative expenses	25	(100,187)	(105,666)	(214,818)	(65,071)	(90,251)
Finance costs	26	(73,702)	(97,225)	(54,479)	(18,061)	(11,376)
Profit before income tax		421,665	329,488	2,082,797	368,773	1,059,016
Income tax expenses	29	(162,481)	(221,394)	(827,806)	(194,047)	(285,478)
Profit for the year/period attributable to equity holders of the Company		259,184	108,094	1,254,991	174,726	773,538
Other comprehensive income:						
Gain/loss recognised directly in equity		—	—	—	—	—
Total comprehensive income for the year/period attributable to equity holders of the Company		259,184	108,094	1,254,991	174,726	773,538
Earnings per share for profit attributable to the equity holders of the Company (expressed in RMB per share)						
— Basic and diluted	30	N/A	N/A	12.55	1.75	7.74

(d) Consolidated statements of changes in equity

	Attributable to equity holders of the Company					
	Share capital (note 17)	Merger reserve (note 18(b))	Statutory reserve (note 18(c))	Other reserve (note 18(d))	(Accumulated losses)/ retained earnings	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2006	—	758,800	11,027	—	(101,053)	668,774
Total comprehensive income for 2006	—	—	—	—	259,184	259,184
Transfer to statutory reserve	—	—	13,059	—	(13,059)	—
Capital injections to subsidiaries by their then shareholders	—	680,000	—	—	—	680,000
Balance at 31 December 2006	—	1,438,800	24,086	—	145,072	1,607,958
Total comprehensive income for 2007	—	—	—	—	108,094	108,094
Transfer to statutory reserve	—	—	22,730	—	(22,730)	—
Issue of share capital	962	—	—	—	—	962
Capital injections to subsidiaries by their then shareholders	—	124,377	—	—	—	124,377
Shareholder's contribution in relation to Notes borrowing	—	—	—	156,290	—	156,290
Deemed distribution to equity owner	—	(2,333,654)	—	—	—	(2,333,654)
Balance at 31 December 2007	962	(770,477)	46,816	156,290	230,436	(335,973)
Total comprehensive income for 2008	—	—	—	—	1,254,991	1,254,991
Transfer to statutory reserve	—	—	32,373	—	(32,373)	—
Balance at 31 December 2008	962	(770,477)	79,189	156,290	1,453,054	919,018
Total comprehensive income for the period	—	—	—	—	773,538	773,538
Balance at 30 April 2009	962	(770,477)	79,189	156,290	2,226,592	1,692,556
Unaudited:						
Balance at 1 January 2008	962	(770,477)	46,816	156,290	230,436	(335,973)
Total comprehensive income for the period	—	—	—	—	174,726	174,726
Balance at 30 April 2008	962	(770,477)	46,816	156,290	405,162	(161,247)

(e) Consolidated statements of cash flows

	Note	Year ended 31 December 2006 RMB'000	Year ended 31 December 2007 RMB'000	Year ended 31 December 2008 RMB'000	Four months ended 30 April 2008 RMB'000 (unaudited)	Four months ended 30 April 2009 RMB'000
Cash flows from operating activities						
Cash (used in)/generated from operations	31	(1,917,005)	2,387,579	(1,864,380)	(2,300,793)	413,876
Income tax paid		(40,898)	(84,612)	(271,300)	(28,675)	(15,929)
Interest paid		(251,744)	(342,144)	(590,730)	(102,707)	(46,777)
Net cash (used in)/generated from operating activities		(2,209,647)	1,960,823	(2,726,410)	(2,432,175)	351,170
Cash flows from investing activities						
Investment income		1,800	4,127	—	—	—
Purchases of property and equipment		(4,941)	(5,063)	(16,871)	(10,510)	(32,437)
Cash outflow in the construction of investment properties		—	—	—	—	(4,047)
Proceeds from disposals of property and equipment		8	—	963	—	233
Acquisition of subsidiary	36	—	—	—	—	(2,000)
Advances to and receipt of advances to related parties and third parties, net		(957,854)	1,763,559	791,445	622,113	(1,986)
Interest received		3,528	6,702	7,900	4,028	248
Net cash (used in)/generated from investing activities		(957,459)	1,769,325	783,437	615,631	(39,989)
Cash flows from financing activities						
Proceeds from issuance of ordinary shares		—	962	—	—	—
Deemed distribution to equity owner		—	(2,333,654)	—	—	—
Capital injections to subsidiaries by their then shareholders		680,000	124,377	—	—	—
Advances from and repayment of advances from related parties and third parties, net		787,812	(1,475,390)	(362,052)	(368,397)	14,501
Proceeds from borrowings		2,962,000	3,325,155	489,000	145,000	120,000
Repayment of borrowings		(1,320,110)	(3,965,315)	(1,062,620)	(468,980)	(415,350)
Proceeds from Notes borrowing		—	3,717,350	—	—	—
Net cash generated from/(used in) financing activities		3,109,702	(606,515)	(935,672)	(692,377)	(280,849)
Net (decrease)/increase in cash and cash equivalents		(57,404)	3,123,633	(2,878,645)	(2,508,921)	30,332
Cash and cash equivalents at beginning of the year/period		169,591	112,187	3,199,105	3,199,105	297,221
Exchange losses on cash and bank balances		—	(36,715)	(23,239)	(18,461)	(29)
Cash and cash equivalents at end of the year/period	16	112,187	3,199,105	297,221	671,723	327,524

II NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION

1 General Information and Group Reorganisation

(a) General information

Glorious Property Holdings Limited (the "Company") was incorporated in the Cayman Islands on 27 July 2007 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands and is the holding company of its subsidiaries (together, the "Group"). During the Relevant Periods, the subsidiaries of the Company were principally engaged in the development of real estate projects in the People's Republic of China (the "PRC").

(b) Reorganisation

Mr. Zhang Zhi Rong (hereinafter referred to as the "Founder") established various companies in the PRC engaging in the property development business. As part of the Reorganisation, the Founder incorporated Best Era International Limited ("Best Era"), which then established Bright New Investments Limited ("Bright New"). Both Best Era and Bright New were incorporated in the British Virgin Islands ("BVI"). In May 2007, Bright New acquired from a company owned by the Founder five BVI companies namely Allied Honest Holdings Limited, East Harbour Development Limited, Vieward Group Limited, Regal World Development Limited and Grand Target Group Limited (collectively referred to as the "BVI Subsidiaries"). In 2006, the BVI Subsidiaries acquired five Hong Kong companies namely Rich Tech International Enterprise Limited, Extreme (Asia) Limited, Venture Hong Kong Group Limited, Worldex Investment Development Limited, and Cheston Holdings Limited (collectively referred to as the "HK Subsidiaries") from a third party. In May 2007, the HK Subsidiaries acquired all the interest in the registered capital of nine wholly foreign owned enterprises (the "WFOEs") from third parties. At the respective dates of acquisition, all these BVI Subsidiaries, HK Subsidiaries and WFOEs did not have business operations except for investment holding.

In June 2007, the WFOEs acquired the entire equity interest in four companies namely Shanghai Yijing Property Development Co., Ltd., Wuxi Wangjiarui Co., Ltd., Tianjin Yangguang Xindi Investment Co., Ltd. and Liaoning Yangguang Xindi Property Development Co., Ltd. (collectively referred to as the "Regional Companies"), all of which were incorporated in the PRC, from the Founder at an aggregate cash consideration of RMB1,289,020,000. During the period from May to June 2007, the Regional Companies acquired the entire or remaining equity interest of other nine PRC incorporated project companies (the "Project Companies") at an aggregate cash consideration of RMB1,044,634,000 from the Founder. The considerations for the acquisitions of the Regional Companies and Project Companies were determined with reference to valuations of these companies as at 31 May 2007 prepared by an independent valuer and were settled in cash.

On 27 July 2007, the Company was incorporated by Best Era. On 17 September 2007, the Company acquired the entire share capital of Bright New from Best Era by issuing 900 shares of the Company's ordinary shares.

Upon the completion of the Reorganisation, the Company became the holding company of the subsidiaries comprising the Group. Best Era also became the immediate and ultimate holding company of the Company.

During 2007, Best Era transferred 0.7% equity interest in the Company to the Investors in relation to the Notes borrowing as further mentioned in note 19(a). Immediately after such transfer but before completion of the Listing, the Company is owned as to 99.3% by Best Era.

(c) Acquisitions

In 2009, the Group acquired the entire interest in Shanghai Mingbao Construction Co. Ltd. ("Shanghai Mingbao") at cash consideration of RMB2,500,000, the purpose of which is to acquire the business licence held by Shanghai Mingbao. For details of this acquisition, please refer to note 36.

In 2008, the Group acquired the entire interests in two companies namely Nantong Rongsheng Building Real Estate Development Co., Ltd. (南通熔盛大厦房地產開發有限公司) ("Nantong Rongsheng ") and Tianjin Tianxingjian Real Estate Investment Co., Ltd. (天津天行建房地產投資有限公司) ("Tianjin Tianxingjian") at cash considerations of RMB31,803,000, and RMB454,180,000 respectively, the purpose of which is to acquire the land use rights or property development projects owned by these companies. For details of these acquisitions, please refer to note 36.

In 2008, the Group also acquired 45% equity interest in Shanghai Chuangmeng International Architectural Design Co., Ltd. (上海創盟國際建築設計有限公司) (formerly known as Shanghai Haichao Architectural Design Institute, Shanghai Haichao Architectural Design Co., Ltd. and Shanghai Chuangmeng Architectural Design Co., Ltd.) at cash consideration of RMB4,500,000 from the Founder.

Particulars of the subsidiaries of the Company as at the date of this report and during the Relevant Periods are set out below:

Name	Date of incorporation/ establishment	Country/place of incorporation/ establishment and operation	Type of legal entity	Issued/ paid-in/ registered capital	Percentage of attributable equity interest — 31 December 2006	2007	2008	30 April 2009	At the date of this report	Principal activities
Directly held:										
Bright New Investments Limited (明新投資有限公司)	2 May 2007	The BVI	Limited company	US$50,000	N/A	100%	100%	100%	100%	Investment holding
Indirectly held:										
Allied Honest Holdings Limited	30 March 2006	The BVI	Limited company	US$1,000	—	100%	100%	100%	100%	Investment holding
Better Score Limited	25 February 2009	The BVI	Limited company	US$1	N/A	N/A	N/A	100%	—	Investment holding
East Harbour Development Limited	9 March 2006	The BVI	Limited company	US$1,000	—	100%	100%	100%	100%	Investment holding
Grand Target Group Limited (君達集團有限公司)	23 January 2006	The BVI	Limited company	US$1,000	—	100%	100%	100%	100%	Investment holding
Regal World Development Limited	21 February 2006	The BVI	Limited company	US$1,000	—	100%	100%	100%	100%	Investment holding
Vieward Group Limited (景向集團有限公司)	15 February 2006	The BVI	Limited company	US$1,000	—	100%	100%	100%	100%	Investment holding
Rich Tech International Enterprise Limited (富達國際企業有限公司)	2 June 2006	Hong Kong	Limited company	HK$1	—	100%	100%	100%	100%	Investment holding
Extreme (Asia) Limited (永和(亞洲)有限公司)	15 May 2006	Hong Kong	Limited company	HK$1	—	100%	100%	100%	100%	Investment holding

Name	Date of incorporation/ establishment	Country/place of incorporation/ establishment and operation	Type of legal entity	Issued/ paid-in/ registered capital	Percentage of attributable equity interest 31 December 2006	2007	2008	30 April 2009	At the date of this report	Principal activities
Cheston Holdings Limited (卓怡集團有限公司)	14 June 2006	Hong Kong	Limited company	HK$1	—	100%	100%	100%	100%	Investment holding
Worldex Investment Development Limited (恒匯投資發展有限公司)	14 June 2006	Hong Kong	Limited company	HK$1	—	100%	100%	100%	100%	Investment holding
Venture Hong Kong Group Limited (富昇香港集團有限公司)	26 June 2006	Hong Kong	Limited company	HK$1	—	100%	100%	100%	100%	Investment holding
Greater Base Ltd. (基鉅有限公司)	3 March 2009	Hong Kong	Limited company	HK$1	N/A	N/A	N/A	100%	—	Investment holding
Fusheng Real Estate Development (Nantong) Co., Ltd. (富昇房地產開發(南通)有限公司)	27 June 2005	The PRC	Limited company	US$29,960,000	—	100%	100%	100%	100%	Property development and investment holding
Fuda Real Estate Development (Nantong) Co., Ltd. (富達房地產開發(南通)有限公司)	1 August 2006	The PRC	Limited company	US$12,880,000	—	100%	100%	100%	100%	Property development and investment holding
Yonghe Real Estate Development (Nantong) Co., Ltd. (永和房地產開發(南通)有限公司)	10 April 2006	The PRC	Limited company	US$14,800,000	—	100%	100%	100%	100%	Property development and investment holding
Henghui Real Estate Development (Nantong) Co., Ltd. (恒匯房地產開發(南通)有限公司)	22 July 2005	The PRC	Limited company	US$13,990,000	—	100%	100%	100%	100%	Property development and investment holding
Nantong Jigui Road Estate Development Co., Ltd. (南通杰匯置業發展有限公司)	14 April 2006	The PRC	Limited company	US$29,990,000	—	100%	100%	100%	100%	Property development and investment holding
Nantong Jiangle Real Estate Development Co., Ltd. (南通江樂房地產開發有限公司)	27 June 2006	The PRC	Limited company	US$29,800,000	—	100%	100%	100%	100%	Property development and investment holding
Nantong Lehua Real Estate Development Co., Ltd. (南通樂華房地產開發有限公司)	29 June 2006	The PRC	Limited company	US$29,800,000	—	100%	100%	100%	100%	Property development and investment holding
Nantong Huangshi Hui Real Estate Development Co., Ltd. (南通皇室會房地產開發有限公司)	25 July 2005	The PRC	Limited company	US$29,990,000	—	100%	100%	100%	100%	Property development and investment holding

Name	Date of incorporation/ establishment	Country/place of incorporation/ establishment and operation	Type of legal entity	Issued/ paid-in/ registered capital	Percentage of attributable equity interest 31 December 2006	2007	2008	30 April 2009	At the date of this report	Principal activities
Zhuo Yi Real Estate Development (Nantong) Co., Ltd. (卓怡房地產開發(南通)有限公司)	2 August 2006	The PRC	Limited company	US$29,800,000	—	100%	100%	100%	100%	Property development and investment holding
Shanghai Yijing Property Development Co., Ltd. (上海意景房地產開發有限公司)	22 January 2001	The PRC	Limited company	RMB563,587,214	100%	100%	100%	100%	100%	Property development and investment holding
Tianjin Yangguang Xindi Investment Co., Ltd. (天津陽光鑫地投資有限公司)	19 May 2003	The PRC	Limited company	RMB806,039,565	100%	100%	100%	100%	100%	Property development and investment holding
Wuxi Wangjiarui Co., Ltd. (無錫旺佳瑞有限公司)	7 September 2004	The PRC	Limited company	RMB1,197,911,767	100%	100%	100%	100%	100%	Property development and investment holding
Liaoning Yangguang Xindi Property Development Co., Ltd. (遼寧陽光鑫地置業有限公司)	6 June 2005	The PRC	Limited company	RMB1,333,502,483	100%	100%	100%	100%	100%	Property development and investment holding
Shanghai Xintai Property Development Co., Ltd. (上海鑫泰房地產發展有限公司)	22 April 1999	The PRC	Limited company	RMB800,000,000	100%	100%	100%	100%	100%	Property development
Shanghai Shentong Property Development Co., Ltd. (上海勝通房地產開發有限公司)	19 June 2001	The PRC	Limited company	RMB8,000,000	100%	100%	100%	100%	100%	Property development
Shanghai Anshun Property Development Co., Ltd. (上海安順房地產發展有限公司)	18 January 1996	The PRC	Limited company	RMB30,000,000	100%	100%	100%	100%	100%	Property development
Shanghai Haosen Property Co., Ltd. (上海豪森房地產有限公司)	6 October 1998	The PRC	Limited company	RMB80,000,000	100%	100%	100%	100%	100%	Property development
Suzhou Hongsheng Property Co., Ltd. (蘇州弘晟房地產有限公司)	17 March 2005	The PRC	Limited company	RMB170,000,000	100%	100%	100%	100%	100%	Property development
Nantong Zhuowei Trade Development Co., Ltd. (南通焯煒貿易發展有限公司)	5 June 2003	The PRC	Limited company	RMB155,000,000	100%	100%	100%	100%	100%	Property development

Name	Date of incorporation/ establishment	Country/place of incorporation/ establishment and operation	Type of legal entity	Issued/ paid-in/ registered capital	Percentage of attributable equity interest					Principal activities
					31 December			30 April 2009	At the date of this report	
					2006	2007	2008			
Beijing Yangguang Xindi Property Development Co., Ltd. (北京陽光鑫地置業有限公司)	25 February 2003	The PRC	Limited company	RMB129,000,000	100%	100%	100%	100%	100%	Property development
Beijing Hetian Hexin Property Development Co., Ltd. (北京合天和信房地產開發有限公司)	25 December 2001	The PRC	Limited company	RMB130,000,000	100%	100%	100%	100%	100%	Property development
Tianjin Hongyun Investment Co., Ltd. (天津弘耘投資有限公司)	13 September 2004	The PRC	Limited company	RMB88,000,000	100%	100%	100%	100%	100%	Property development
Anhui Hengmao Property Development Co., Ltd. (安徽恒茂房地產開發有限公司)	24 October 2007	The PRC	Limited company	RMB509,830,227	N/A	100%	100%	100%	100%	Property development
Harbin Yangguang Binhai Property Co., Ltd. (哈爾濱陽光濱海置業有限公司)	19 December 2007	The PRC	Limited company	RMB260,000,000	N/A	100%	100%	100%	100%	Property development
Nantong Rongsheng Building Real Estate Development Co., Ltd. (南通熔盛大廈房地產開發有限公司)	12 December 2007	The PRC	Limited company	RMB30,000,000	N/A	—	100%	100%	100%	Property development
Tianjin Tianxingjian Real Estate Investment Co., Ltd. (天津天行建房地產投資有限公司)	20 March 2006	The PRC	Limited company	RMB53,480,000	—	—	100%	100%	100%	Property development
Shanghai Hongye Property Development Co., Ltd. (上海弘曄房地產發展有限公司)	7 April 2008	The PRC	Limited company	RMB150,000,000	N/A	N/A	100%	100%	100%	Property development
Wuxi Wangjiarui Decoration and Renovation Co., Ltd. (無錫旺佳瑞裝飾裝修有限公司)	13 May 2008	The PRC	Limited company	RMB5,000,000	N/A	N/A	100%	100%	100%	Interior and exterior decoration and renovation
Shanghai Shuntianlong Concrete Co., Ltd. (上海順添隆混凝土有限公司)	14 November 2008	The PRC	Limited company	RMB30,000,000	N/A	N/A	100%	100%	100%	Sales of concrete
Shanghai Qiwei Industry Co., Ltd. (上海祺偉實業有限公司)	24 September 2008	The PRC	Limited company	RMB5,000,000	N/A	N/A	100%	100%	100%	Wholesale of construction materials
Shanghai Mingbao Construction Co., Ltd. (上海明寶建設工程有限公司)	17 January 2004	The PRC	Limited company	RMB6,000,000	—	—	—	100%	100%	Interior and exterior decoration and renovation

No statutory audited financial statements have been prepared for those companies incorporated in the BVI where there is no statutory audit requirement. No statutory audited financial statements is required to be issued for the period ended 30 April 2009. The companies that have statutory audited financial statements and the name of the statutory auditors are as follows:

	Statutory auditors		
Subsidiaries	**Year 2006**	**Year 2007**	**Year 2008**
Rich Tech International Enterprise Limited (富達國際企業有限公司)	N/A	PricewaterhouseCoopers	PricewaterhouseCoopers
Extreme (Asia) Limited (永和(亞洲)有限公司)	N/A	PricewaterhouseCoopers	PricewaterhouseCoopers
Cheston Holdings Limited (卓怡集團有限公司)	N/A	PricewaterhouseCoopers	PricewaterhouseCoopers
Worldex Investment Development Limited (恒匯投資發展有限公司)	N/A	PricewaterhouseCoopers	PricewaterhouseCoopers
Venture Hong Kong Group Limited (富昇香港集團有限公司)	N/A	PricewaterhouseCoopers	PricewaterhouseCoopers
Greater Base Limited (基鉅有限公司)	N/A	N/A	N/A
Fusheng Real Estate Development (Nantong) Co., Ltd. (富昇房地產開發(南通)有限公司)	N/A	Rugao Gaojian Certified Public Accountants Co., Ltd. (如皋皋劍會計師事務所有限公司)	Rugao Gaojian Certified Public Accountants Co., Ltd. (如皋皋劍會計師事務所有限公司)
Fuda Real Estate Development (Nantong) Co., Ltd. (富達房地產開發(南通)有限公司)	N/A	Rugao Gaojian Certified Public Accountants Co., Ltd. (如皋皋劍會計師事務所有限公司)	Rugao Gaojian Certified Public Accountants Co., Ltd. (如皋皋劍會計師事務所有限公司)
Yonghe Real Estate Development (Nantong) Co., Ltd. (永和房地產開發(南通)有限公司)	N/A	Rugao Gaojian Certified Public Accountants Co., Ltd. (如皋皋劍會計師事務所有限公司)	Rugao Gaojian Certified Public Accountants Co., Ltd. (如皋皋劍會計師事務所有限公司)
Henghui Real Estate Development (Nantong) Co., Ltd. (恒匯房地產開發(南通)有限公司)	N/A	Rugao Gaojian Certified Public Accountants Co., Ltd. (如皋皋劍會計師事務所有限公司)	Rugao Gaojian Certified Public Accountants Co., Ltd. (如皋皋劍會計師事務所有限公司)
Nantong Jigui Road Estate Development Co., Ltd. (南通杰匯置業發展有限公司)	N/A	Rugao Gaojian Certified Public Accountants Co., Ltd. (如皋皋劍會計師事務所有限公司)	Rugao Gaojian Certified Public Accountants Co., Ltd. (如皋皋劍會計師事務所有限公司)
Nantong Jiangle Real Estate Development Co., Ltd. (南通江樂房地產開發有限公司)	N/A	Rugao Gaojian Certified Public Accountants Co., Ltd. (如皋皋劍會計師事務所有限公司)	Rugao Gaojian Certified Public Accountants Co., Ltd. (如皋皋劍會計師事務所有限公司)
Nantong Lehua Real Estate Development Co., Ltd. (南通樂華房地產開發有限公司)	N/A	Rugao Gaojian Certified Public Accountants Co., Ltd. (如皋皋劍會計師事務所有限公司)	Rugao Gaojian Certified Public Accountants Co., Ltd. (如皋皋劍會計師事務所有限公司)
Nantong Huangshi Hui Real Estate Development Co., Ltd. (南通皇室會房地產開發有限公司)	N/A	Rugao Gaojian Certified Public Accountants Co., Ltd. (如皋皋劍會計師事務所有限公司)	Rugao Gaojian Certified Public Accountants Co., Ltd. (如皋皋劍會計師事務所有限公司)
Zhuo Yi Real Estate Development (Nantong) Co., Ltd. (卓怡房地產開發(南通) 有限公司)	N/A	Rugao Gaojian Certified Public Accountants Co., Ltd. (如皋皋劍會計師事務所有限公司)	Rugao Gaojian Certified Public Accountants Co., Ltd. (如皋皋劍會計師事務所有限公司)
Shanghai Yijing Property Development Co. Ltd. (上海意景房地產開發有限公司)	Shanghai Zhong Qin Wan Xin Certified Public Accountants Co., Ltd. (上海中勤萬信會計師事務所有限公司)	Shanghai Zhong Qin Wan Xin Certified Public Accountants Co., Ltd. (上海中勤萬信會計師事務所有限公司)	Shanghai Tianyi Certified Public Accountants Firm (上海天一會計師事務所)

Subsidiaries	Statutory auditors Year 2006	Year 2007	Year 2008
Shanghai Xintai Property Development Co., Ltd. (上海鑫泰房地產發展有限公司)	Shanghai East Asia Certified Public Accountants Co., Ltd. (上海東亞會計師事務所有限公司)	Shanghai HDDY Certified Public Accountants Co., Ltd. (上海宏大東亞會計師事務所有限公司)	Shanghai HDDY Certified Public Accountants Co., Ltd. (上海宏大東亞會計師事務所有限公司)
Shanghai Shentong Property Development Co., Ltd. (上海勝通房地產開發有限公司)	Shanghai East Asia Certified Public Accountants Co., Ltd. (上海東亞會計師事務所有限公司)	Shanghai HDDY Certified Public Accountants Co., Ltd. (上海宏大東亞會計師事務所有限公司)	Shanghai HDDY Certified Public Accountants Co., Ltd. (上海宏大東亞會計師事務所有限公司)
Shanghai Anshun Property Development Co., Ltd. (上海安順房地產發展有限公司)	Shanghai East Asia Certified Public Accountants Co., Ltd. (上海東亞會計師事務所有限公司)	Shanghai HDDY Certified Public Accountants Co., Ltd. (上海宏大東亞會計師事務所有限公司)	Shanghai HDDY Certified Public Accountants Co., Ltd. (上海宏大東亞會計師事務所有限公司)
Shanghai Haosen Property Co., Ltd. (上海豪森房地產有限公司)	Shanghai East Asia Certified Public Accountants Co., Ltd. (上海東亞會計師事務所有限公司)	Shanghai HDDY Certified Public Accountants Co., Ltd. (上海宏大東亞會計師事務所有限公司)	Shanghai HDDY Certified Public Accountants Co., Ltd. (上海宏大東亞會計師事務所有限公司)
Wuxi Wangjiarui Co., Ltd. (無錫旺佳瑞有限公司)	Wuxi Gong Qin CPAs Ltd. (無錫公勤會計師事務所有限公司)	Wuxi Gong Qin CPAs Ltd. (無錫公勤會計師事務所有限公司)	Wuxi Gong Qin CPAs Ltd. (無錫公勤會計師事務所有限公司)
Suzhou Hongsheng Property Co., Ltd. (蘇州弘晟房地產有限公司)	Jiangsu Xinrui Certified Public Accountants Co., Ltd. (江蘇新瑞會計師事務所有限公司)	Jiangsu Xinrui Certified Public Accountants Co., Ltd. (江蘇新瑞會計師事務所有限公司)	Changshu Xinlian Certified Public Accountants Co., Ltd. (常熟新聯會計師事務所有限公司)
Nantong Zhuowei Trade Development Co., Ltd. (南通焯煒貿易發展有限公司)	Rugao Gao Jian Certified Public Accountants Co., Ltd. (如皋皋劍會計師事務所有限公司)	Rugao Gao Jian Certified Public Accountants Co., Ltd. (如皋皋劍會計師事務所有限公司)	Rugao Gao Jian Certified Public Accountants Co., Ltd. (如皋皋劍會計師事務所有限公司)
Tianjin Yangguang Xindi Investment Co., Ltd. (天津陽光鑫地投資有限公司)	Tian Jin Tian Rui Certified Public Accountants Firm Ltd. (天津天瑞有限責任會計師事務所)	Tian Jin Bohai Certified Public Accountants Ltd. (天津市渤海會計師事務所有限責任公司)	Tian Jin Bohai Certified Public Accountants Ltd. (天津市渤海會計師事務所有限責任公司)
Tianjin Hongyun Investment Co., Ltd. (天津弘耘投資有限公司)	Tian Jin Bohai Certified Public Accountants Ltd. (天津市渤海會計師事務所有限責任公司)	Tian Jin Bohai Certified Public Accountants Ltd. (天津市渤海會計師事務所有限責任公司)	Tian Jin Bohai Certified Public Accountants Ltd. (天津市渤海會計師事務所有限責任公司)
Beijing Yangguang Xindi Property Development Co., Ltd. (北京陽光鑫地置業有限公司)	Beijing Hengcheng Yongxin Certified Public Accountants Co., Ltd. (北京恒誠永信會計師事務所)	Beijing Hengcheng Yongxin Certified Public Accountants Co., Ltd. (北京恒誠永信會計師事務所)	Beijing Hengcheng Yongxin Certified Public Accountants Co., Ltd. (北京恒誠永信會計師事務所)
Beijing Hetian Hexin Property Development Co., Ltd. (北京合天和信房地產開發有限公司)	Beijing Hengcheng Yongxin Certified Public Accountants Co., Ltd. (北京恒誠永信會計師事務所)	Beijing Hengcheng Yongxin Certified Public Accountants Co., Ltd. (北京恒誠永信會計師事務所)	Beijing Zhong Yihe Certified Public Accountants Co., Ltd. (北京中怡和會計師事務所有限公司)
Liaoning Yangguang Xindi Property Development Co., Ltd. (遼寧陽光鑫地置業有限公司)	Liaoning Tiantuo Certified Public Accountants Co., Ltd. (遼寧天拓會計師事務所有限公司)	Liao Ning Concept Certified Public Accountants Co., Ltd. (遼寧理念會計師事務所有限公司)	Liao Ning Concept Certified Public Accountants Co., Ltd. (遼寧理念會計師事務所有限公司)
Anhui Hengmao Property Development Co., Ltd. (安徽恒茂房地產開發有限公司)	N/A	N/A	Anhui Huazhou Certified Public Accountants (安徽華洲會計師事務所)
Wuxi Wangjiarui Decoration and Renovation Co., Ltd. (無錫旺佳瑞裝飾裝修有限公司)	N/A	N/A	Wuxi Gong Qin CPAs Ltd (無錫公勤會計師事務所有限公司)

Subsidiaries	Statutory auditors Year 2006	Year 2007	Year 2008
Harbin Yangguang Binhai Property Co. Ltd. (哈爾濱陽光濱海置業有限公司)	N/A	N/A	Heilongjiang Huaxin Certified Public Accountants Co. Ltd (黑龍江華新會計師事務所有限公司)
Nantong Rongsheng Building Real Estate Development Co., Ltd. (南通熔盛大廈房地產開發有限公司)	N/A	N/A	Rugao Gao Jian Certified Public Accountants Co., Ltd (如皋皋劍會計師事務所有限公司)
Tianjin Tianxingjian Real Estate Investment Co., Ltd. (天津天行建房地產投資有限公司)	N/A	N/A	Tian Jin Bohai Certified Public Accountants Ltd (天津市渤海會計師事務所有限責任公司)

The English names of the PRC companies and statutory auditors referred to above in this note represent management's best efforts in translating the Chinese names of those companies as no English names have been registered or available.

2 Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of the Financial Information are set out below. These policies have been consistently applied during the Relevant Periods, unless otherwise stated.

(a) Basis of presentation

For the purpose of this report, the Financial Information has been prepared to reflect the Reorganisation of a business under common control, in which certain companies comprising the Group are ultimately controlled by the Founder. Accordingly, the Reorganisation has been accounted for as a reorganisation of business under common control using the principles of merger accounting as prescribed in Hong Kong Accounting Guideline 5 "Merger Accounting for Common Control Combination" issued by the HKICPA.

The consolidated income statements, consolidated statements of cash flows and consolidated statements of changes in equity of the Group for the Relevant Periods include the Financial Information of the companies comprising the Group as a result of the Reorganisation as if the current group structure had been in existence throughout the Relevant Periods, except that the Financial Information of those companies newly set up during the Relevant Periods and of those companies accounted for using purchase method of accounting are included in the Financial Information of the Group since their respective dates of establishment/incorporation and acquisition.

The Financial Information has been prepared in accordance with the HKFRSs under the historical cost convention, as modified by the revaluation of investment properties and financial assets at fair value through profit or loss.

The preparation of Financial Information in conformity with the HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Financial Information, are disclosed in note 4 below.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the accounting periods of the Group. The following sets out the changes in accounting policies for the current and prior accounting periods reflected in this Financial Information.

(i) Amendment and interpretations effective in 2008

HKICPA has issued certain new and revised HKFRSs which are effective for accounting periods beginning on or after 1 January 2008.

HKAS 39 & HKFRS 7 (Amendments)	Amendments to HKAS 39 Financial Instruments: Recognition and Measurement and HKFRS 7 Financial Instruments: Disclosures — Reclassification of Financial Assets
HK(IFRIC) - Int 11	HKFRS 2 — Group and Treasury Share Transactions
HK(IFRIC) - Int 12	Service Concession Arrangements
HK(IFRIC) - Int 14	HKAS 19 — The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

These amendments to standards and interpretations did not result in substantial changes to the Group's accounting policies.

(ii) Amendment to standard early adopted by the Group in 2008

The Group has early adopted the following amendment to standard in the preparation of the Financial Information for the year ended 31 December 2008.

HKAS 40	Investment Property

Earlier adoption is permitted and the adoption of the above amendment has resulted in the changes in the Group's accounting policy relating to valuation of property that is under construction or development. Pursuant to the amendment, property that is under construction or development for future use as investment property is within the scope of HKAS 40, such property is measured at fair value under the fair value model. As the Group had no properties under construction which were designated as investment properties as at 31 December 2006 and 2007, there was no impact on the Financial Information as at and for the years then ended 31 December 2006 and 2007 upon the adoption of the amendment. This amendment to HKAS 40 has been applied prospectively.

(iii) Standards and amendments effective in 2009

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 January 2009.

- HKAS 1 (revised), 'Presentation of financial statements'. The revised standard prohibits the presentation of items of income and expenses (that is 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity. All 'non-owner changes in equity' are required to be shown separately in income statement.

- HKFRS 8, 'Operating segments'. HKFRS 8 replaces HKAS 14, 'Segment reporting'. It requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting purposes. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker, who makes strategic decisions.

- Amendment to HKFRS 7, 'Financial instruments: disclosures'. The amendment increases the disclosure requirements about fair value measurement and reinforces existing principles for disclosure about liquidity risk.

The following new standards, amendments to standards and interpretations are mandatory for the first time for the financial year beginning 1 January 2009, but have no significant impact on the Group's Financial Information for the current and prior accounting periods.

HKAS 23 (Revised)	Borrowing Costs
HKAS 32 (Amendment)	Puttable Financial Instruments and Obligations Arising on Liquidation
Amendments to HKFRS 1	First-time adoption of HKFRS and HKAS 27 - Consolidated and Separate Financial Statements - Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 (Amendment)	Share-based Payment Vesting Conditions and Cancellations
HK(IFRIC)-Int 13	Customer Loyalty Programmes
HK(IFRIC)-Int 15	Agreements for the Construction of Real Estate
HK(IFRIC)-Int 16	Hedges of a Net Investment in a Foreign Operation
Improvements to HKFRS — Amendments to:	
HKAS 1 (Revised)	Presentation of Financial Statement
HKAS 2	Inventories
HKAS 7	Cash Flow Statements
HKAS 16	Property, Plant and Equipment
HKAS 19	Employee Benefits
HKAS 20	Accounting for Government Grants and Disclosure of Government Assistance
HKAS 23 (Revised)	Borrowing Costs
HKAS 27	Consolidated and Separate Financial Statements
HKAS 28	Investments in Associates
HKAS 29	Financial Reporting in Hyperinflationary Economies
HKAS 31	Interests in Joint Ventures
HKAS 36	Impairment of Assets
HKAS 38	Intangible Assets
HKAS 39	Financial Instruments: Recognition and Measurement
HKAS 41	Agriculture
Other minor amendments to:	
HKAS 8	Accounting Policies, Changes in Accounting Estimates and Errors
HKAS 10	Events After the Balance Sheet Date
HKAS 18	Revenue
HKAS 34	Interim Financial Reporting

(iv) Amendments and interpretations that are not yet effective and have not been early adopted by the Group

The following new standards, amendments and interpretations have been issued but are not yet effective for the period ended 30 April 2009 and which the Group has not early adopted:

HKAS 27 (Revised)	Consolidated and Separate Financial Statements (effective for annual periods beginning on or after 1 July 2009)
HKAS 39 (amendment)	Financial Instruments: Recognition and measurement (effective for annual periods beginning on or after 1 July 2009)
HKFRS 1 (Revised)	First-time adoption of HKFRS (effective for annual periods beginning on or after 1 July 2009)
Amendments to HKFRS 2	Share-based Payment Group Cash-settled share-based Payment Transactions (effective for annual periods beginning on or after 1 January 2010)
HKFRS 3 (Revised)	Business Combination (effective for annual periods beginning on or after 1 July 2009)
HK(IFRIC) - Int 17	Distributions of non-cash assets to owners (effective for annual periods beginning on or after 1 July 2009)
HK(IFRIC) - Int 18	Transfer of assets from customers (effective for annual periods beginning on or after 1 July 2009)
Improvements to HKFRS — Amendments to:	
HKAS 1	Presentation of Financial Statements (effective for annual periods beginning on or after 1 January 2010)
HKAS 7	Statement of Cash Flows (effective for annual periods beginning on or after 1 January 2010)
HKAS 17	Leases (effective for annual periods beginning on or after 1 January 2010)
HKAS 18	Revenue (effective for annual periods beginning on or after 1 July 2009)
HKAS 36	Impairment of Assets (effective for annual periods beginning on or after 1 January 2010)
HKAS 38	Intangible Assets (effective for annual periods beginning on or after 1 July 2009)
HKAS 39	Financial Instruments: Recognition and Measurement (effective for annual periods beginning on or after 1 January 2010)
HKFRS 2	Share-based Payment (effective for annual periods beginning on or after 1 July 2009)
HKFRS 5	Non-current assets held for sales and discontinued operations (First and second amendments to be effective for annual periods beginning on or after 1 July 2009 and 1 January 2010, respectively)
HKFRS 8	Operating Segments (effective for annual periods beginning on or after 1 January 2010)
HK(IFRIC) - Int 9	Reassessment of Embedded Derivatives (effective for annual periods beginning on or after 1 July 2009)
HK(IFRIC) - Int 16	Hedges of a Net Investment in a Foreign Operation (effective for annual periods beginning on or after 1 July 2009)

The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a significant impact on its results of operations and financial position.

(b) Consolidation

The Financial Information include the financial statements of the Company and all of its subsidiaries.

(i) ***Subsidiaries***

Subsidiaries are all entities (including special purpose vehicles) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that the control ceases.

In the Company's balance sheet, the investment in subsidiaries are stated at cost less provision for impairment losses (note 2(g)). The results of subsidiaries are accounted by the Company on the basis of dividend received and receivable.

(ii) ***Business combination under common control***

The Financial Information incorporates the financial statements 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 the 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. All differences between the cost of acquisition (fair value of consideration paid) and the amounts at which the assets and liabilities are recorded have been recognised directly in equity as part of the capital reserve.

The consolidated income statements includes the results of each of the combining entities or businesses from the earliest date presented or since the date when combining entities or businesses first came under common control, where there is a shorter period, regardless of the date of the common control combination.

The comparative amounts in the Financial Information are presented as if the entities or business had been consolidated at the earliest balance sheet date presented or when they first came under common control, whichever is the later.

A uniform set of accounting policies is adopted by those entities. All intra-group transactions, balances and unrealised gains on transactions between combining entities or businesses are eliminated on consolidation.

Transaction costs, including professional fees, registration fees, costs of furnishing information to shareholders, costs or losses incurred in combining operations of the previously separate businesses, etc., incurred in relation to the common control combination that is to be accounted for by using merger accounting are recognised as an expense in the period in which they are incurred.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(iii) ***Purchase method of accounting***

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group, except for those acquisitions which qualify as a common control combination and are therefore accounted for using the merger accounting.

The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the consolidated income statement.

(iv) ***Associates***

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition (note 2(g)).

The Group's share of its associates post-acquisition profits or losses is recognised in the consolidated income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Dilution gains and losses in associates are recognised in the consolidated income statement.

(c) Foreign currency translation

(i) ***Functional and presentation currency***

Items included in the financial statements of each of the companies comprising the Group are measured using the currency of the primary economic environment in which the company operates (the "functional currency"). The Financial Information is presented in Renminbi ("RMB"), which is the Company's functional and presentation currency.

(ii) ***Transactions and balances***

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statements.

(iii) ***Group companies***

The results and financial positions of all the companies comprising the Group (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

— Assets and liabilities for each balance sheet of the companies comprising the Group are translated at the closing rate at the date of that balance sheet;

— Income and expenses for each income statement of the companies comprising the Group are translated at average exchange rates; and

— All resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the consolidated income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(d) Property and equipment

Property and equipment are stated at historical cost less accumulated depreciation and any impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Repairs and maintenance are expensed in the consolidated income statement during the financial period in which they are incurred.

Depreciation on property and equipment is calculated using the straight-line method to allocate their costs to their residual values over their estimated useful lives, as follows:

Computer and office equipment	5 years
Motor vehicles	5 years
Furniture, fitting and equipment	5 years
Leasehold improvements	Over the lease terms of 1 to 5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the consolidated income statements.

Properties under construction in progress are stated at historical cost less impairment losses. Historical cost includes expenditure that is directly attributable to the development of the properties which comprises land costs, construction costs, borrowing costs and professional fees incurred during the development period. On completion, the properties are transferred to land and buildings within property and equipment.

No depreciation is provided for properties under construction in progress. The carrying amount of properties under construction is written down immediately to its recoverable amount if the assets carrying amount are greater than their estimated recoverable amount (note 2(g)).

(e) Investment properties

Property that is held for long-term rental yields and is not occupied by the Group is classified as investment property. Land held under operating leases are classified and accounted for as investment property when the rest of the definition of investment property is met. The operating lease is accounted for as if it were a finance lease. Investment property is carried at fair value, representing open market value determined annually by external valuers. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If the information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. These valuations are reviewed annually by an independent and professionally qualified valuer, changes in fair values are recorded in the consolidated income statement as part of "other gains/losses, net".

Property that is currently being constructed or developed for future use as investment property is classified as investment properties and stated at fair value. Where fair value of investment property under construction is not reliably measurable, the property is measured at cost until the earlier of the date of construction is completed or the date at which fair value becomes reliably measurable.

If an item of completed properties held for sale becomes an investment property because its use has changed, any difference resulting between the carrying amount and the fair value of this item at the date of transfer is recognised in the consolidated income statement.

(f) Intangible asset

Intangible asset represented the licence which was recorded at cost of acquisition on initial recognition. The licence has a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of licence over their estimated useful lives of 5 years.

(g) Impairment of non-financial assets

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating unit). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(h) Financial assets

The Group classifies its financial assets in the following categories: at fair value through profit or loss, and loans and receivables. The classification depends on the purposes for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(i) ***Financial assets at fair value through profit or loss***

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets.

(ii) ***Loans and receivables***

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables are classified as "trade and other receivables" in the consolidated balance sheet (note 2(m)).

Regular purchases and sales of financial assets are recognised on the trade-date - the date on which the Group commits to purchase or sell the asset. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the consolidated income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Financial assets at fair value through profit or loss are subsequently carried at fair value and loans and receivables are carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the "financial assets at fair value through profit or loss" category are presented in the consolidated income statement within "Other gains/losses, net", in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the income statement as part of other income when the Group's right to receive payments is established.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group established fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis and option pricing models, making maximum use of market inputs and relying as little as possible on entity-specific inputs.

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a Group of financial assets is impaired. Impairment testing of trade and other receivables is described in note 2(m).

(i) Properties under development

Properties under development are stated at the lower of cost and net realisable value. Net realisable value is determined by reference to the sale proceeds of properties sold in the ordinary course of business, less applicable variable selling expenses and the anticipated costs to completion based on prevailing marketing conditions.

Development cost of property primarily comprises land costs, construction costs, borrowing costs and professional fees incurred during the development period. On completion, the properties are transferred to completed properties held for sale.

Properties under development are classified as current assets unless the construction period of the relevant property development project is expected to complete beyond normal operating cycle.

(j) Completed properties held for sale

Completed properties remaining unsold at the balance sheet date are stated at the lower of cost and net realisable value. Cost comprises development costs attributable to the unsold properties. Net realisable value is determined by reference to the sale proceeds of properties sold in the ordinary course of business, less applicable variable selling expenses, or by management estimates based on prevailing marketing conditions.

(k) Land use rights

Land use rights are up-front payments to acquire long-term interest in leasehold properties, which are stated at cost and are amortised on a straight-line basis over the lease period to the consolidated income statement. The amortisation during the period of construction of the properties is capitalised as cost of properties under development.

(l) Inventories

Inventories are stated at the lower of cost or net realisable value. Cost is determined using the weighted average method. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

(m) Trade and other receivables

Trade and other receivables are recognised initially at fair value plus transaction costs that are directly attributable to the acquisition, and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade and other receivables is established when there is objective evidence that the entity will not be able to collect all amounts due according to the original terms of receivables.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the assets is reduced through the use of an allowance account, and the amount of the loss is recognised in the consolidated income statement within "administrative expenses". When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against "administrative expenses" in the consolidated income statement.

Trade and other receivables are included in current assets, except for those mature after 12 months of the balance sheet date which are classified as non-current assets.

(n) Cash and cash equivalents

Cash and cash equivalent includes cash in hand and at banks and deposits held at call with banks with original maturities of three months or less. Bank deposits which are restricted to use are not included in the cash and cash equivalents.

(o) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(p) Trade and other payables

Payables are recognised initially at fair value and subsequently measured at amortised costs using the effective interest method.

(q) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless there is an unconditional right to defer settlement of the liability for at least 12 months after the respective balance sheet date.

(r) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. All other borrowing costs are charged to the consolidated income statement in the year in which they are incurred.

(s) Current and deferred income tax

The income tax expenses for the period comprise current and deferred tax. Tax is recognised in the consolidated income statement.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates position taken in tax return with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Financial Information. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using the tax rates that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference can be controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

(t) Employee benefits

(i) ***Employee leave entitlements***

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the balance sheet date.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(ii) ***Retirement benefits***

In accordance with the rules and regulations in the PRC, the PRC based employees of the Group participate in various defined contribution retirement benefit plans organised by the relevant municipal and provincial governments in the PRC under which the Group and the PRC based employees are required to make monthly contributions to these plans calculated as a percentage of the employees' salaries.

The municipal and provincial governments undertake to assume the retirement benefit obligations of all existing and future retired PRC based employees payable under the plans described above. Other than the monthly contributions, the Group has no further obligation for the payment of retirement and other post retirement benefits of its employees. The assets of these plans are held separately from those of the Group in independently administrated funds managed by the PRC governments.

The Group also participates in a pension scheme under the rules and regulations of the Mandatory Provident Fund Scheme Ordinance ("MPF Scheme") for all employees in Hong Kong. The contributions to the MPF Scheme are based on minimum statutory contribution requirement of the lower of 5% of eligible employees' relevant aggregate income and HK$1,000. The assets of this pension scheme are held separately from those of the Group in independently administrated funds.

The Group's contributions to the defined contribution retirement schemes are expensed as incurred.

(u) Share-based payments

In relation to the provision of certain loans by the Investors, Best Era, which is the Company's immediate holding company and is wholly owned by the Founder has transferred 0.7% equity interest in the Company to the Investors (note 19 (a)) as arrangement fees for the loans. The fair value of the 0.7% equity interest is recognised as part of the transaction costs for obtaining the loans. It is offset against the loans and form part of the borrowing costs as determined by using the effective interest method (note 2(q)).

(v) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sales of properties and services in the ordinary course of the Group's activities. Revenue is shown, net of discount and is recognised as follows:

(i) ***Sales of properties***

Revenue from sale of properties is recognised when the risks and rewards of the properties are transferred to the purchasers, which occurs when the construction of relevant properties has been completed and the properties have been delivered to the purchasers and collectibility of related receivables is reasonably assured. Deposits and instalments received on properties sold prior to the date of revenue recognition are included in the consolidated balance sheet as advanced proceeds received from customers under current liabilities.

(ii) ***Interest income***

Interest income is recognised on a time-proportion basis using the effective interest method.

(w) Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants relating to costs are deferred and recognised in the consolidated income statement over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, it is included in non-current liabilities as deferred government grants and are credited to the consolidated income statement on a straight-line basis over the expected lives of the related assets.

(x) Leases

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

(i) ***The Group is the lessee***

Payments made under operating leases (net of any incentives received from the lessor), including up-front prepayment made for the land use rights, are charged to the consolidated income statement or capitalised in the properties under development (note 2(i)) on a straight-line basis over the period of the lease.

(ii) ***The Group is the lessor***

Properties leased out under operating leases, that management intends to sell in the ordinary course of business, are included in completed properties held for sale. Properties leased out under operating leases, that management intends to held for long-term rental yields, are included in investment properties.

(y) Dividend distribution

Dividend distribution to the then equity holders of the companies comprising the Group during the Relevant Periods is recognised as a liability in the Group's consolidated financial information in the period in which the dividends are appropriately authorised and no longer at the discretion of the entity.

(z) Financial guarantee

Financial guarantee liabilities are recognised in respect of the financial guarantee provided by the Group for property purchasers.

Financial guarantee liabilities are recognised initially at fair value plus transaction costs that are directly attributable to the issue of the financial guarantee liabilities. After initial recognition, such contracts are measured at the higher of the present value of the best estimate of the expenditure required to settle the present obligation and the amount initially recognised less cumulative amortisation.

Financial guarantee liabilities are derecognised from the balance sheet when, and only when, the obligation specified in the contract is discharged or cancelled or expired.

(aa) Provisions and contingent liabilities

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the Financial Information. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognised as a provision.

(ab) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is responsible for making strategic decisions, allocating resources and assessing performance of the operating segments.

3 Financial Risk Management

(a) Financial risk factors

The Group's major financial instruments include cash and bank deposits, trade and other receivables, financial assets at fair value through profit and loss, trade and other payables and borrowings. Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The Company manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

(i) ***Foreign currency exchange risk***

The Group's property development projects are all located in the PRC and all the related transactions are settled in RMB. The Company and certain of the Group's intermediate holding companies operate in Hong Kong which have recognised assets and liabilities in currencies other than RMB. The directors consider the exposures to those assets and liabilities to be insignificant. As at 31 December 2007, the Group holds a significant amount of United States dollars ("USD") , which represented the Notes (see note 19(a)) drew down from the Investors in November and December 2007 in the form of USD cash. As the conversion of RMB into foreign currencies is subject to the rules and regulations of foreign exchange control promulgated by the PRC government, the USD cash have not yet been converted into RMB for the Group's property development projects as at 31 December 2007. For the year ended 31 December 2008, the majority of the USD cash have been converted into RMB.

The Group does not have a foreign currency hedging policy. However, management of the Group monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

As at 31 December 2006, all of the Group's financial assets and liabilities were denominated in RMB. As at 31 December 2007 and 31 December 2008 and 30 April 2009, if RMB had strengthened by 5% against USD, with all other variables held constant, post-tax profit for the year ended 31 December 2007 and 2008 and 30 April 2009 would have been approximately RMB78 million, RMB1 million and RMB1 million lower.

(ii) ***Interest rate risk***

As the Group has no significant assets that bear floating interest rates, the Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group's receivables that carry fixed interest rates expose the Group to fair value interest rate risk.

The Group's exposures to changes in interest rates are mainly attributable to its borrowings (note 19). Borrowings issued at variable rates expose the Group to cash flow interest risk. Borrowings issued at fixed rates exposed the Group to fair value interest rate risk. The Group has not used any interest rate swaps to hedge its exposure to interest rate risk.

The Group analyses its interest rate exposure on a dynamic basis and will consider the interest rate exposure when enter into any refinancing, renewal of existing positions and alternative financing transactions.

(iii) ***Price risk***

The Group is not exposed to material equity securities price risk and commodity price risk as the Group only has very minimal investments in securities that are exposed to price risk.

(iv) ***Credit risk***

Credit risk is managed on a group basis. The Group's credit risk arises from cash deposits, trade and other receivables. Management has policies in place to monitor the exposures to these credit risks on an on-going basis.

For banks and financial institutions, deposits are only placed with reputable banks. For credit exposures to customers, generally, the Group requires full payment from customers before delivery of properties. Credit terms are only granted to customers for very rare cases upon obtaining approval from the Company's senior management after assessing the credit history of those customers. The Group has set out policies to ensure follow-up action is taken to recover overdue debts and the Group reviews regularly the recoverable amount of each individual trade and other receivable to ensure that adequate impairment losses are made for irrecoverable amounts.

The Group has arranged bank financing for certain purchasers of the Group's properties and provided guarantees to secure obligations of such purchasers for repayments. Detailed disclosure of these guarantees is made in note 34.

(v) ***Liquidity risk***

Management of the Group aims to maintain sufficient cash from operating activities and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, the Group maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors the Group's liquidity by preparing and reviewing rolling cashflow forecast that covers (i) monthly cash flow forecast for the coming month and (ii) quarterly cash flow forecast for the next six-month period.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. As the amounts disclosed in the table are the contractual undiscounted cash flows, these amounts will not reconcile to the amounts disclosed on the consolidated balance sheets for borrowings and trade and other payables.

	Less than 1 year	**Between 1 and 2 years**	**Between 2 and 5 years**	**Total**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
At 31 December 2006				
Borrowings	1,376,395	377,903	2,518,162	4,272,460
Trade and other payables	3,225,340	—	—	3,225,340
Financial guarantee	528,603	—	—	528,603
Total	5,130,338	377,903	2,518,162	8,026,403
At 31 December 2007				
Borrowings	5,623,985	973,047	1,499,146	8,096,178
Trade and other payables	1,444,548	—	—	1,444,548
Financial guarantee	1,860,806	—	—	1,860,806
Total	8,929,339	973,047	1,499,146	11,401,532
At 31 December 2008				
Borrowings	6,983,177	565,479	—	7,548,656
Trade and other payables	1,193,093	—	—	1,193,093
Financial guarantee	2,662,065	—	—	2,662,065
Total	10,838,335	565,479	—	11,403,814
At 30 April 2009				
Borrowings	6,591,444	632,552	—	7,223,996
Trade and other payables	1,035,427	—	—	1,035,427
Financial guarantee	3,112,399	—	—	3,112,399
Total	10,739,270	632,552	—	11,371,822

(b) Capital risk management

The Group regards its shareholders' equity as capital. The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as total borrowings divided by total assets, as shown in the consolidated balance sheets. During the Relevant Periods, the Group's strategy was to maintain a gearing ratio below 60%. The gearing ratios as at 31 December 2006, 2007 and 2008 and 30 April 2009 were as follows:

	31 December			30 April
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Total borrowings	3,841,890	6,866,885	6,474,125	6,541,832
Total assets	9,844,308	12,728,305	13,158,222	14,127,597
Gearing ratio	39%	54%	49%	46%

The increase in gearing ratio for the years ended 31 December 2007, 2008 and for the four months ended 30 April 2009 was resulted primarily from the issuance of the Notes borrowing as further mentioned in note 19(a).

(c) Fair value estimation

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group is the current bid price.

The carrying amounts of the Group's financial assets and liabilities including cash and cash equivalents, trade and other receivables, trade and other payables approximate their fair values due to their short maturities. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cashflows at the current market interest rate that is available to the Group for similar financial instruments.

4 Critical Accounting Estimates and Judgements

Estimates and judgements used in preparing the Financial Information are evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that may have a significant effect on the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Income tax and deferred income tax

Significant judgement is required in determining the provision for income tax. There are many transactions and calculations for which the ultimate determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such difference will impact the income tax and deferred tax provision in the period in which such determination is made.

Deferred income tax assets relating to certain temporary differences and tax losses are recognised when management considers to be probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. The outcome of their actual utilisation may be different.

(b) Land appreciation tax

The Group is subject to land appreciation tax in the PRC. However, the implementation and settlement of these taxes varies among various tax jurisdictions in cities of the PRC, and the Group has not finalised its land appreciation taxes calculation and payments with any local tax authorities in the PRC. Accordingly, significant judgement is required in determining the amount of the land appreciation and its related taxes. The Group recognised these land appreciation taxes based on management's best estimates according to the understanding of the tax rules. The final tax outcome could be different from the amounts that were initially recorded, and these differences will impact the income tax expense and deferred income tax provisions in the periods in which such taxes have been finalised with local tax authorities.

(c) Estimated valuation of investment properties

Investment properties are stated at fair value based on the valuation performed by an independent and professionally qualified valuer.

In determining the fair value, the valuer has based on property valuation techniques which involve, inter alia, certain estimates including comparable sales in the relevant market, current market rents for similar properties in the same location and condition, appropriate discount rates and expected future market rents. In relying on the valuation report, management has exercised their judgement and is satisfied that the method of valuation is reflective of the current market condition.

5 Segment Information

Management has determined the operating segments based on the reports reviewed by the chief operating decision-maker that are used to make strategic decisions.

Management regularly reviews the operating results by property development projects. As property development projects are all located in the PRC, their revenue are primarily derived from the sales of properties, and are related and subject to common risk and returns, all property development projects are aggregated into a single reportable segment in accordance with HKFRS 8 "Operating segments". No segment information is presented.

6 Property and equipment

	Computer and office equipment	Motor vehicles	Furniture, fitting and equipment	Leasehold improvements	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2006						
Cost	2,582	15,850	850	—	—	19,282
Accumulated depreciation	(810)	(2,203)	(418)	—	—	(3,431)
Net book amount	1,772	13,647	432	—	—	15,851
Year ended 31 December 2006						
Opening net book amount	1,772	13,647	432	—	—	15,851
Additions	1,402	3,357	182	—	—	4,941
Disposals	(8)	(5)	—	—	—	(13)
Depreciation	(677)	(2,736)	(169)	—	—	(3,582)
Closing net book amount	2,489	14,263	445	—	—	17,197

	Computer and office equipment	Motor vehicles	Furniture, fitting and equipment	Leasehold improvements	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 31 December 2006						
Cost	3,966	19,202	1,032	—	—	24,200
Accumulated depreciation	(1,477)	(4,939)	(587)	—	—	(7,003)
Net book amount	2,489	14,263	445	—	—	17,197
Year ended 31 December 2007						
Opening net book amount	2,489	14,263	445	—	—	17,197
Additions	1,053	3,317	693	—	—	5,063
Disposals	(4)	(2)	—	—	—	(6)
Depreciation	(898)	(4,739)	(217)	—	—	(5,854)
Closing net book amount	2,640	12,839	921	—	—	16,400
At 31 December 2007						
Cost	4,953	22,479	1,725	—	—	29,157
Accumulated depreciation	(2,313)	(9,640)	(804)	—	—	(12,757)
Net book amount	2,640	12,839	921	—	—	16,400
Year ended 31 December 2008						
Opening net book amount	2,640	12,839	921	—	—	16,400
Acquisition of subsidiaries (note 36)	48	—	—	—	—	48
Additions	2,658	8,160	1,499	4,554	—	16,871
Transfer from properties under development	—	—	—	—	367,325	367,325
Disposals	(39)	(776)	(477)	—	—	(1,292)
Depreciation	(967)	(5,048)	(269)	(755)	—	(7,039)
Closing net book amount	4,340	15,175	1,674	3,799	367,325	392,313
At 31 December 2008						
Cost	7,446	29,141	2,714	4,554	367,325	411,180
Accumulated depreciation	(3,106)	(13,966)	(1,040)	(755)	—	(18,867)
Net book amount	4,340	15,175	1,674	3,799	367,325	392,313
Four months ended 30 April 2009						
Opening net book amount	4,340	15,175	1,674	3,799	367,325	392,313
Additions	4,396	160	8	—	27,873	32,437
Disposals	(11)	(295)	—	—	—	(306)
Depreciation	(409)	(1,686)	(164)	(315)	—	(2,574)
Closing net book amount	8,316	13,354	1,518	3,484	395,198	421,870
At 30 April 2009						
Cost	11,816	28,783	2,722	4,554	395,198	443,073
Accumulated depreciation	(3,500)	(15,429)	(1,204)	(1,070)	—	(21,203)
Net book amount	8,316	13,354	1,518	3,484	395,198	421,870

Construction in progress comprises the land costs, construction costs, borrowing costs and professional fees incurred during the development period. The movement of land use rights are as follows:

	Year ended 31 December			Four months ended 30 April
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Opening net book amount	—	—	—	39,440
Transfer from properties under development	—	—	39,440	—
Amortisation				
- Capitalised in plant and equipment	—	—	—	(288)
	—	—	39,440	39,152

Depreciation charge was capitalised or expensed in the following categories in the consolidated balance sheets and the consolidated income statements:

	Year ended 31 December			Four months ended 30 April	
	2006	2007	2008	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Properties under development	468	261	468	173	98
Cost of sales	32	67	—	—	—
Selling and marketing expenses	97	207	260	111	148
Administrative expenses	2,985	5,319	6,311	1,812	2,328
	3,582	5,854	7,039	2,096	2,574

7 Interests in subsidiaries — Company

	31 December		30 April
	2007	2008	2009
	RMB'000	RMB'000	RMB'000
Unlisted shares, at cost	—	—	—
Advances to subsidiaries (a)	3,426,584	3,237,792	3,238,066
	3,426,584	3,237,792	3,238,066

(a) The advances to subsidiaries are unsecured, interest-free and have no fixed terms of repayment. In the opinion of the Company's directors, these advances are considered as quasi-equity loans to the subsidiaries.

8. Investment properties

	31 December			30 April
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Opening carrying value	—	—	—	1,103,500
Additions	—	—	—	4,047
Transfer from properties under development	—	—	257,415	134,212
Transfer from completed properties held for sale	—	—	—	167,992
Fair value gains (included in other gains/(losses), net)	—	—	846,085	735,189
	—	—	1,103,500	2,144,940

The investment properties were valued on 31 December 2008 and on 30 April 2009 at fair value, comprising market value by Jones Lang LaSalle Sallmanns Limited, an independent and professionally qualified valuer.

The Group's interests in investment properties at their carrying amounts are analysed as follows:

	31 December	30 April
	2008	2009
	RMB'000	RMB'000
In the PRC, held on:		
Leases of 10-50 years	1,103,500	1,137,700
Leases of over 50 years	—	1,007,240
	1,103,500	2,144,940

9 Intangible asset

	31 December			30 April
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
For the years/period ended				
Opening net book amount	—	—	—	—
Acquisition of subsidiary (note 36)	—	—	—	2,500
Amortisation charge	—	—	—	(59)
Closing net book amount	—	—	—	2,441
At years/period ended				
Cost	—	—	—	2,500
Accumulated amortisation	—	—	—	(59)
Net book amount	—	—	—	2,441

10 Properties under development

	31 December			30 April
	2006	**2007**	**2008**	**2009**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Within normal operating cycle included under current assets	4,505,737	5,829,489	7,345,976	7,482,943
Amount comprised:				
Land use rights (a)	2,040,802	2,072,702	3,182,450	3,073,655
Construction costs and capitalised expenditures	2,198,913	3,148,044	2,674,982	2,540,718
Interest capitalised	266,022	608,743	1,488,544	1,868,570
	4,505,737	5,829,489	7,345,976	7,482,943

The properties under development are all located in the PRC.

As at 31 December 2006, 2007, 2008 and 30 April 2009, properties under development of carrying values of approximately RMB2,742,886,000, RMB2,891,913,000, RMB2,541,852,000 and RMB2,079,764,000 were pledged as collateral for the Group's borrowings, respectively (note 19).

(a) The movements of land use rights are as follows:

	Year ended 31 December			Four months ended 30 April
	2006	**2007**	**2008**	**2009**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Opening net book amount	1,770,073	2,040,802	2,072,702	3,182,450
Additions	503,355	310,658	2,004,377	17,413
Amortisation:				
- capitalised in properties under development	(30,080)	(35,527)	(48,444)	(18,788)
Transfer to completed properties held for sale	(202,546)	(243,231)	(770,195)	(76,345)
Transfer to investment properties	—	—	(36,550)	(31,075)
Transfer to property and equipment	—	—	(39,440)	—
	2,040,802	2,072,702	3,182,450	3,073,655

11 Completed properties held for sale

	31 December			30 April
	2006	**2007**	**2008**	**2009**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Completed properties held for sale comprised:				
Land use rights (a)	87,650	77,331	359,539	337,635
Construction costs and capitalised expenditures	417,454	273,196	784,436	697,523
Interest capitalised	8,496	7,366	57,293	38,467
	513,600	357,893	1,201,268	1,073,625

The completed properties held for sale are all located in the PRC.

As at 31 December 2006, 2007 and 2008 and 30 April 2009, completed properties held for sale of carrying values of approximately RMB41,408,000, RMB10,133,000, RMB315,590,000 and RMB73,364,000 were pledged as collateral for the Group's borrowings, respectively (note 19).

As at 31 December 2007, completed properties held for sale of carrying values of approximately RMB118,232,000 were pledged as collateral for certain borrowings of three related companies. The Group's maximum credit risk exposure as at 31 December 2007 was the carrying value of the collaterals of approximately RMB118,232,000. As at 31 December 2008, such pledge has been fully released. No completed properties held for sale were pledged as collateral for borrowings of other companies as at 31 December 2006, 31 December 2008 and 30 April 2009.

(a) The movements of land use rights are as follows:

	Year ended 31 December			Four months ended 30 April
	2006	**2007**	**2008**	**2009**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Opening net book amount	46,850	87,650	77,331	359,539
Transfer from properties under development	202,546	243,231	770,195	76,345
Amortisation included in administrative expenses	(695)	(2,634)	(2,948)	(2,901)
Transfer to cost of sales	(161,051)	(250,916)	(485,039)	(70,548)
Transfer to investment properties	—	—	—	(24,800)
	87,650	77,331	359,539	337,635

12 Inventories

	31 December			30 April
	2006	**2007**	**2008**	**2009**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Construction materials, at cost	—	—	—	5,719

13 Trade and other receivables and prepayments

Group	31 December			30 April
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables:	28,663	32,360	4,419	6,354
Third parties (a)	28,663	32,360	4,419	6,354
Other receivables:	3,068,108	1,286,663	43,647	59,187
Related parties (note 33(c))	3,008,426	1,243,556	—	—
Third parties (b)	59,682	43,107	43,647	59,187
Prepayments:	1,393,316	1,788,276	2,547,833	2,364,294
Related parties (note 33(c))	1,013,559	653,586	1,170,403	1,114,621
Third parties	379,757	1,134,690	1,377,430	1,249,673
	4,490,087	3,107,299	2,595,899	2,429,835

Company	31 December		30 April
	2007	2008	2009
	RMB'000	RMB'000	RMB'000
Prepayments to third parties	3,781	48,067	57,279

(a) Trade receivables are mainly arisen from sales of properties. Proceeds in respect of sales of properties are to be received in accordance with the terms of the related sales and purchase agreements and customers are generally required to settle the receivables within 30 days after the date of signing the sales and purchase agreements. The ageing analysis of trade receivables at the balance sheet dates is as follows:

	31 December			30 April
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Not yet due	1,557	5,787	300	1,800
Within 6 months	23,744	13,150	250	2,588
Between 7 and 12 months	—	859	—	10
Between 13 months and 3 years	3,362	12,564	3,869	1,956
	28,663	32,360	4,419	6,354

As at 31 December 2006, 2007 and 2008 and 30 April 2009, trade receivables of RMB27,106,000, RMB26,573,000, RMB4,119,000 and RMB4,554,000 were overdue but not impaired. Trade receivables that are past due but not impaired relate to certain customers that have a good track record with the Group. Based on past experience, management believes that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully receivable. All trade receivables were denominated in RMB.

(b) Other receivables due from third parties are unsecured, interest-free and repayable on demand.

As at 31 December 2006, 2007 and 2008 and 30 April 2009, the fair values of the Group's and the Company's trade and other receivables approximate their carrying amounts. The maximum exposure to credit risk at each balance sheet date is the carrying value of each class of receivables mentioned above. The Group does not hold any collateral as security. None of the receivables from third parties is either past due or impaired.

As at 31 December 2006 and 2007, the Group's receivables due from Shanghai Ditong amounted to RMB1,301,875,000 and RMB782,984,000 respectively, representing 42.0% and 59.4% of the Group's total trade and other receivables as at each balance sheet date. As set out in note 33(c)(i), the other receivables due from Shanghai Ditong has been fully settled subsequent to 31 December 2007.

14 Financial assets at fair value through profit or loss

	31 December			30 April
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Listed securities				
— Equity securities in the PRC	—	4,591	—	—
Unlisted securities				
— funds in the PRC	—	16,500	—	—
Market value of listed and unlisted securities	—	21,091	—	—

Cash flows associated with financial assets at fair value through profit or loss are presented within "operating activities" in the consolidated statements of cash flows.

Changes in fair value of financial assets at fair value through profit or loss are recorded in "other gains/(losses), net" in the consolidated income statements (note 24).

The fair value of all equity securities is based on their current bid prices in an active market.

15 Restricted cash

Restricted cash represents guaranteed deposits for the mortgage loan facilities granted by the banks to the purchasers of the Group's properties. Such restrictions will be released at the earlier of (i) getting agreement from the banks for releasing such restriction, and (ii) the property ownership certificates have been provided to the banks.

16 Cash and cash equivalents

Group	31 December			30 April
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Cash at bank and in hand:				
Denominated in RMB	209,817	991,641	355,104	405,348
Denominated in USD	—	2,273,197	23,341	14,525
Denominated in HKD	—	957	3,244	4,030
	209,817	3,265,795	381,689	423,903
Less: Restricted cash	(97,630)	(66,690)	(84,468)	(96,379)
	112,187	3,199,105	297,221	327,524
Maximum exposure to credit risk	208,836	3,264,893	380,871	422,654

As at 31 December 2006, 2007 and 2008 and 30 April 2009, the Group's five highest bank balances amounted to RMB170,835,000, RMB2,891,422,000, RMB298,816,000 and RMB337,970,000 respectively, representing 81.4%, 88.5%, 78.3% and 79.7% of the Group's total cash and bank balances as at each balance sheet date.

Company	31 December		30 April
	2007	2008	2009
	RMB'000	RMB'000	RMB'000
Cash at bank and in hand:			
Denominated in USD	214,043	8,760	7,134
Denominated in HKD	532	152	155
	214,575	8,912	7,289

The conversion of Renminbi denominated balances into foreign currencies and the remittance of such foreign currencies denominated bank balances and cash out of the PRC are subject to relevant rules and regulations of foreign exchange control promulgated by the PRC government.

Cash at bank earns interest at floating rates based on daily bank deposit rates.

17 Share capital

Company and Group	Number of ordinary shares	Nominal value of ordinary shares	Equivalent nominal value of ordinary shares
		HK$	RMB'000
Authorised:			
Ordinary shares of HK$0.1 each at 27 July 2007 (date of incorporation) (a)	3,800,000	380,000	
Increase pursuant to share sub-division (d)	34,200,000	—	
	38,000,000	380,000	
Creation of additional authorised shares (e)	342,000,000	3,420,000	
Ordinary shares of HK$0.01 each at 31 December 2007	380,000,000	3,800,000	
Creation of additional authorised shares (g)	37,620,000,000	376,200,000	
Ordinary shares of HK$0.01 each at 31 December 2008 and 30 April 2009	38,000,000,000	380,000,000	
Issued:			
Ordinary shares of HK$0.1 each issued on 27 July 2007 (date of incorporation) (a)	100	10	—
Issue of shares for acquisition of Bright New (b)	900	90	—
Allotment of shares of HK$0.1 each (c)	999,000	99,900	96
	1,000,000	100,000	96
Increase pursuant to share sub-division (d)	9,000,000	—	—
	10,000,000	100,000	96
Allotment of new shares of HK$0.01 each (f)	90,000,000	900,000	866
Ordinary shares of HK$0.01 each at 31 December 2007, 31 December 2008 and 30 April 2009	100,000,000	1,000,000	962

(a) The Company was incorporated in the Cayman Islands on 27 July 2007 with an authorised share capital of HK$380,000 divided into 3,800,000 shares of HK$0.1 each. On the same date, the Company issued and allotted 100 nil-paid shares to Best Era.

(b) On 17 September 2007, the Company acquired the entire share capital of Bright New from Best Era in the consideration of (i) issuing 900 ordinary shares of HK$0.1 each and (ii) by crediting as fully paid at par 100 shares in the name of Best Era.

(c) On 18 October 2007, the Company further allotted and issued 999,000 shares to Best Era at par.

(d) Pursuant to a resolution on 18 October 2007, every issued and unissued ordinary share of HK$0.1 was sub-divided into 10 shares of HK$0.01 each such that the Company had an authorised share capital of HK$380,000 divided into 38,000,000 shares of HK$0.01 each and 10,000,000 shares of HK$0.01 each in issue.

(e) Pursuant to a resolution on 2 November 2007, the Company's authorised share capital was increased from HK$380,000 to HK$3,800,000 by the creation of an additional 342,000,000 shares of HK$0.01 each.

(f) On 2 November 2007, the Company further allotted 90,000,000 shares of HK$0.01 each to Best Era at par.

(g) Pursuant to a resolution on 17 June 2008, the Company's authorised share capital was increased from HK$3,800,000 to HK$380,000,000 by the creation of an additional 37,620,000,000 shares of HK$0.01 each.

(h) Pursuant to a board resolution dated 9 September 2009, conditional on the share premium account of the Company being credited as a result of the Global Offering, the Company will capitalise an amount of HK$55,250,000 standing to the credit of its share premium account in paying up in full at par 5,525,000,000 shares, each of which will be alloted and issued to the shareholders.

18 Reserves

(a) Company reserves

	Other reserve (note (d))	Accumulated losses	Total
	RMB'000	RMB'000	RMB'000
As at date of incorporation	—	—	—
Total comprehensive loss for the period from date of incorporation to 31 December 2007	—	(200,820)	(200,820)
Shareholder's contribution in relation to Notes borrowing (note 19(a))	156,290	—	156,290
Balance at 31 December 2007	156,290	(200,820)	(44,530)
Total comprehensive loss for the year	—	(998,184)	(998,184)
Balance at 31 December 2008	156,290	(1,199,004)	(1,042,714)
Total comprehensive loss for the period	—	(363,018)	(363,018)
Balance at 30 April 2009	156,290	(1,562,022)	(1,405,732)

(b) Merger reserve

Merger reserve arises from merger accounting for Reorganisation.

Movement of merger reserve during the Relevant Periods includes paid in capital of the subsidiaries acquired in the Reorganisation and cash considerations of RMB2,333,654,000 paid to the Founder for the acquisition of interests in subsidiaries and assets and liabilities related to the Regional Companies and Project Companies pursuant to the Reorganisation (note 1(b)) which have been treated as a deemed distribution to the equity owner in the consolidated statements of changes in equity. Details of the movement in merger reserve are set out in the consolidated statement of changes in equity.

As a result, merger reserve as at 31 December 2007 represents the difference between the cash consideration and the paid-in capital of the subsidiaries acquired in the Reorganisation.

(c) Statutory reserve

In accordance with the relevant regulations and their articles of association, the Company's subsidiaries incorporated in the PRC are required to allocate at least 10% of their after-tax profit according to PRC accounting standards and regulations to the general statutory reserve until such reserve has reached 50% of registered capital. Appropriations to the enterprise expansion fund and staff welfare and bonus fund are at the discretion of the respective board of directors of the subsidiaries. These reserves can only be used for specific purposes and are not distributable or transferable in the form of loans, advances, or cash dividends. During the years ended 31 December 2006 and 2007 and 2008, appropriations to the general statutory reserve amounted to approximately RMB13,059,000, RMB22,730,000 and RMB32,373,000 respectively.

(d) Other reserve

It represents the 0.7% equity interest in the Company contributed by Best Era in connection with the Notes borrowing (note 19(a)).

19 Borrowings

Group	31 December			30 April
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Borrowings included in non-current liabilities:				
Bank borrowings - secured	2,671,890	2,317,730	537,000	609,560
Borrowings included in current liabilities:				
Bank borrowings - secured	1,170,000	204,000	1,630,110	1,262,200
Borrowing from a related party - unsecured (note 33(c))	—	680,000	—	—
Notes borrowing - secured (a)	—	3,665,155	4,307,015	4,670,072
	1,170,000	4,549,155	5,937,125	5,932,272
Total borrowings	3,841,890	6,866,885	6,474,125	6,541,832

The Group's borrowings are all denominated in RMB.

The Group's bank borrowings of approximately RMB3,481,890,000, RMB2,521,730,000, RMB2,167,110,000 and RMB1,871,760,000 as at 31 December 2006 and 2007 and 2008 and 30 April 2009 respectively were secured by certain properties under development and completed properties held for sale of the Group (note 10 and 11). Please refer to note (a) for the securities in relation to the Notes borrowing.

Company	31 December		30 April
	2007	2008	2009
	RMB'000	RMB'000	RMB'000
Borrowings included in current liabilities:			
Notes borrowing - secured (a)	3,665,155	4,307,015	4,670,072

(a) On 2 November 2007, the Company and certain investors (the "Investors") entered into a subscription agreement (as amended by a supplemental agreement dated 17 December 2007) (collectively, the "Subscription Agreement") pursuant to which the Company agreed to issue and the Investors agreed to subscribe for the RMB denominated, interest bearing, registered promissory notes with an aggregate principal amount of the RMB equivalent of USD500 million (the "Notes") to the Investors or their respective nominee(s). The Notes were drawn on 2 November 2007 and 17 December 2007 for USD200 million and USD300 million respectively and the principal amount of the Notes was fixed at RMB3,717 million, representing the RMB equivalent of USD500 million at the date of drawdown. In relation to the issue of the Notes, Best Era has transferred 0.7% equity interest in the Company to the Investors and the value of such shareholding of RMB156,290,000, which was determined based on a business valuation of the Group as at 31 October 2007 performed by an independent valuer, is regarded as a shareholder's contribution and forms part of the borrowing cost of the Notes.

The Notes shall be redeemed by the Company at the earlier of (i) at the second anniversary of the date of first drawdown and (ii) the date of a qualified initial public offering.

In consideration of the Investors agreeing to enter into the Subscription Agreement and to subscribe for the Notes pursuant to the terms and conditions thereunder, the following securities were created in favour of the Investors:

- a share mortgage over 89.3% of the shares of the Company executed by Best Era to secure the Founder's obligation under the transaction agreements in connection with the Notes (the "Note Documents");
- a share mortgage over 526,400 shares in Rongsheng Heavy Industries Group Co., Ltd. executed by Fine Profit Enterprises Limited, a BVI company controlled by the Founder and engaging in heavy industries business, to secure the respective obligations of the Founder and the Company under the Note Documents;
- a guarantee executed by the Founder to secure the obligations of the Company under the Note Documents;
- a debenture executed by the Company to secure its obligations under the Note Documents;
- guarantees executed by each of the BVI Subsidiaries and HK Subsidiaries to secure the obligations of the Company under the Note Documents;
- share mortgages executed by each of the Company, Bright New and the BVI Subsidiaries to secure the obligations of the Company under the Note Documents; and
- share pledges over the paid up capital of the WFOEs executed by each of the HK Subsidiaries to secure the obligations of the Company under the Note Documents.

All the above securities created pursuant to the above security documents shall be released upon the repayment of all sums due for the Notes.

(b) The maturities of the Group's total borrowings at respective balance sheet dates are as follows:

	31 December			30 April
	2006	**2007**	**2008**	**2009**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Within 1 year	1,170,000	4,549,155	5,937,125	5,932,272
After 1 and within 2 years	187,000	857,730	537,000	609,560
After 2 and within 5 years	2,484,890	1,460,000	—	—
	3,841,890	6,866,885	6,474,125	6,541,832

As at 31 December 2007 and 2008 and 30 April 2009, the Company's borrowings of RMB3,665,155,000, RMB4,307,015,000 and RMB4,670,072,000 are all repayable within one year.

(c) The fair values of the Group's current borrowings approximate their carrying amounts at each balance sheet dates for the reason that the impact of discounting is not significant or the current borrowings carry floating rate interests.

The fair values of the Group's non-current borrowings approximate their carrying amounts at each balance sheet as all the non-current borrowings carry floating rate interests.

(d) The weighted average effective interest rates at each of the balance sheet dates of the Relevant Periods were as follows:

Group	31 December			30 April
	2006	2007	2008	2009
Bank borrowings	7.07%	8.60%	6.33%	6.05%
Borrowing from a related party	N/A	0%	N/A	N/A
Notes borrowing	N/A	42.01%	24.30%	24.30%

Company	31 December		30 April
	2007	2008	2009
Notes borrowing	42.01%	24.30%	24.30%

(e) The exposure of the Group's borrowings to interest-rate changes and the contractual repricing dates (or maturity date whichever is earlier) are as follows:

	31 December			30 April
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Within 6 months	3,841,890	6,675,085	6,474,125	6,541,832
Between 7 and 12 months	—	—	—	—
Between 13 months and 5 years	—	191,800	—	—
	3,841,890	6,866,885	6,474,125	6,541,832

20 Deferred income tax

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset tax assets against tax liabilities and when the deferred income taxes relate to the same tax authority.

	31 December			30 April
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Deferred income tax assets				
— to be realised after more than 12 months	48,457	47,347	11,571	22,674
— to be realised within 12 months	17,280	11,613	15,249	8,506
	65,737	58,960	26,820	31,180
Deferred income tax liabilities				
— to be realised after more than 12 months	—	—	172,937	351,091
— to be realised within 12 months	—	—	—	—
	—	—	172,937	351,091
Deferred income tax asset/(liabilities), net	65,737	58,960	(146,117)	(319,911)

The movement of the deferred income tax assets/(liabilities) is as follows:

	31 December			30 April
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Beginning of the year/period	47,933	65,737	58,960	(146,117)
Recognised in the consolidated income statements (note 29)	17,804	(6,777)	(205,077)	(173,794)
End of the year/period	65,737	58,960	(146,117)	(319,911)

Movement in deferred income tax assets/(liabilities) during the Relevant Periods, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Deferred tax income assets/(liabilities)

	Tax losses	Other expenses	Fair value gains	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2006	47,933	—	—	47,933
Credited to the consolidated income statements	17,804	—	—	17,804
At 31 December 2006	65,737	—	—	65,737
(Charged)/credited to the consolidated income statements	(14,065)	7,288	—	(6,777)
At 31 December 2007	51,672	7,288	—	58,960
Credited/(charged) to the consolidated income statements	2,216	4,228	(211,521)	(205,077)
At 31 December 2008	53,888	11,516	(211,521)	(146,117)
Credited/(charged) to the consolidated income statements	10,003	—	(183,797)	(173,794)
At 30 April 2009	63,891	11,516	(395,318)	(319,911)

Deferred income tax assets are recognised for tax losses carried forward to the extent that the realisation of the related benefit through the future taxable profits is probable. As at 31 December 2006, 2007 and 2008 and 30 April 2009, there were unrecognised tax losses of approximately RMB3,567,000, RMB7,814,000, RMB28,111,000 and RMB38,009,000 to be carried forward for deduction against future taxable profits.

21 Trade and other payables

Group	31 December			30 April
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables (a):	973,053	646,661	742,094	510,642
Related parties (note 33(c))	524,923	479,233	523,513	274,025
Third parties	448,130	167,428	218,581	236,617
Other payables:	2,208,983	769,488	379,040	450,019
Related parties (note 33(c))	1,829,757	389,893	4,500	—
Third parties (b)	379,226	379,595	374,540	450,019
Other taxes payable	33,621	22,512	64,101	64,404
	3,215,657	1,438,661	1,185,235	1,025,065

Company	31 December		30 April
	2007	2008	2009
	RMB'000	RMB'000	RMB'000
Other payables:			
Third parties	8,597	358	96

(a) The ageing analysis of trade payables at the balance sheet dates is as follows:

Group	31 December			30 April
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Within 6 months	734,181	508,757	586,932	443,320
Between 7 and 12 months	1,024	1,794	87,499	15,858
Between 13 months and 5 years	237,848	136,110	67,663	51,464
	973,053	646,661	742,094	510,642

(b) Other payables due to third parties are unsecured and repayable on demand. Amounts of approximately RMB156,246,000, RMB106,111,000, RMB110,000,000 and RMB100,000,000 are bearing interest at rates of 7% - 18% per annum whereas amounts of approximately RMB222,980,000, RMB273,484,000, RMB264,540,000 and RMB350,019,000 are interest-free as at 31 December 2006, 2007 and 2008 and 30 April 2009 respectively.

(c) The carrying amounts of the Group's and the Company's trade and other payables are denominated in the followings currencies:

Group	31 December			30 April
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
HKD	—	436	1,413	429
RMB	3,215,657	1,430,022	1,183,451	1,024,540
Other currencies	—	8,203	371	96
	3,215,657	1,438,661	1,185,235	1,025,065

Company	31 December		30 April
	2007	2008	2009
	RMB'000	RMB'000	RMB'000
HKD	394	—	—
RMB	—	—	—
Other currencies	8,203	358	96
	8,597	358	96

22 Amounts due to subsidiaries — Company

The amounts are unsecured, interest-free and repayable on demand.

23 Other income

	Year ended 31 December			Four months ended 30 April	
	2006	2007	2008	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Interest income	3,529	6,702	7,900	4,028	248
Government grants (a)	7,361	3,225	—	—	—
Investment income/(loss)	1,800	4,127	(1,832)	178	—
Others	2,378	3,140	15,337	2,900	6,423
	15,068	17,194	21,405	7,106	6,671

(a) Government grants mainly represented government subsidies received by the Group from the relevant local government agencies for recognising the Group's contribution to the local government. These government grants were paid at the sole discretion of the relevant government authority and the Group does not anticipate receiving such government grants on a continuing basis.

24 Other (losses)/gains, net

	Year ended 31 December			Four months ended 30 April	
	2006	2007	2008	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Fair value changes of the financial assets at fair value through profit or loss	—	2,202	—	(1,808)	—
Fair value changes of investment properties	—	—	846,085	—	735,189
Exchange losses, net	—	(36,715)	(20,522)	(20,291)	(72)
	—	(34,513)	825,563	(22,099)	735,117

25 Profit before income tax

Profit before income tax is stated after charging the following:

	Year ended 31 December			Four months ended 30 April	
	2006	2007	2008	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Auditors' remuneration	10	80	484	37	16
Advertising costs	22,041	43,632	83,769	23,384	12,629
Business taxes and other levies	95,202	99,175	220,693	54,103	52,102
Costs of completed properties sold	995,910	1,065,643	2,072,646	408,463	428,745
Depreciation (note 6)	3,082	5,526	6,571	1,923	2,476
Amortisation of intangible asset (note 9)	—	—	—	—	59
Amortisation of land use rights (note 11)	695	2,634	2,948	400	2,901
Staff costs - excluding directors' emoluments (note 27)	19,707	32,771	69,397	19,981	27,885
Bad debts written off	1,369	—	—	—	—
Donations	380	50	5,170	50	—
Rental expenses	9,573	8,944	21,039	4,697	10,206
Losses on disposals of property and equipment	5	6	329	—	73

26 Finance costs

	Year ended 31 December			Four months ended 30 April	
	2006	2007	2008	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Interest expenses:					
- bank borrowings	232,351	303,376	213,472	73,407	49,949
- Notes borrowing	—	136,001	995,706	318,660	363,058
- other payables from					
- related parties (note 33(b))	16,145	5,809	1,282	1,282	—
- third parties	14,198	17,051	16,769	4,944	4,335
Total interest expenses	262,694	462,237	1,227,229	398,293	417,342
Less: interest capitalised in properties under development	(188,992)	(365,012)	(1,172,750)	(380,232)	(405,966)
	73,702	97,225	54,479	18,061	11,376

Borrowing costs of the loans used to finance the property development projects of the Group have been capitalised at capitalisation rate ranged from 5.27% to 42.01% during the Relevant Periods.

27 Staff costs — excluding directors' emoluments

	Year ended 31 December			Four months ended 30 April	
	2006	2007	2008	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Wages and salaries	13,290	27,003	56,296	16,918	24,067
Retirement scheme contribution	722	775	2,040	349	311
Staff welfare	5,053	3,745	8,610	2,234	2,671
Medical benefits	166	270	422	95	114
Other allowances and benefits	476	978	2,029	385	722
	19,707	32,771	69,397	19,981	27,885

28 Emoluments for directors and five highest paid individuals

(a) Directors' emoluments

The remuneration of each director of the Company for the year ended 31 December 2006 is set out below:

	Fee	Salaries, bonus, allowance and benefits in kind	Employer's contribution to retirement scheme	Other benefits	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive director:					
Mr. Ding Xiang Yang	—	130	23	12	165
Mr. Cheng Li Xiong	—	210	23	12	245
Mr. Xia Jing Hua	—	130	23	12	165
Mr. Liu Ning	—	260	23	12	295
Mr. Li Xiao Bin	—	1,000	38	13	1,051
Mr. Yan Zhi Rong	—	130	23	12	165
Non-executive director:					
Mr. Zhang Zhi Rong (a)	—	780	23	12	815
Independent Non-executive director:					
Mr. Yim Ping Kuen (b)	—	—	—	—	—
Mr. Liu Shun Fai (b)	—	—	—	—	—
Mr. Wo Rui Fang (b)	—	—	—	—	—
Mr. Han Ping (b)	—	—	—	—	—

The remuneration of each director of the Company for the year ended 31 December 2007 is set out below:

	Fee	Salaries, bonus, allowance and benefits in kind	Employer's contribution to retirement scheme	Other benefits	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive director:					
Mr. Ding Xiang Yang	—	390	25	13	428
Mr. Cheng Li Xiong	—	260	25	13	298
Mr. Xia Jing Hua	—	260	25	13	298
Mr. Liu Ning	—	260	25	13	298
Mr. Li Xiao Bin	—	1,000	41	14	1,055
Mr. Yan Zhi Rong	—	260	25	13	298
Non-executive director:					
Mr. Zhang Zhi Rong (a)	—	780	25	13	818
Independent Non-executive director:					
Mr. Yim Ping Kuen (b)	—	—	—	—	—
Mr. Liu Shun Fai (b)	—	—	—	—	—
Mr. Wo Rui Fang (b)	—	—	—	—	—
Mr. Han Ping (b)	—	—	—	—	—

The remuneration of each director of the Company for the year ended 31 December 2008 is set out below:

	Fee	Salaries, bonus, allowance and benefits in kind	Employer's contribution to retirement scheme	Other benefits	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive director:					
Mr. Ding Xiang Yang	—	360	29	15	404
Mr. Cheng Li Xiong	—	240	29	15	284
Mr. Xia Jing Hua	—	240	29	15	284
Mr. Liu Ning	—	240	29	15	284
Mr. Li Xiao Bin	—	1,495	35	14	1,544
Mr. Yan Zhi Rong	—	240	29	15	284
Non-executive director:					
Mr. Zhang Zhi Rong (a)	—	720	29	15	764
Independent Non-executive director:					
Mr. Yim Ping Kuen (b)	—	—	—	—	—
Mr. Liu Shun Fai (b)	—	—	—	—	—
Mr. Wo Rui Fang (b)	—	—	—	—	—
Mr. Han Ping (b)	—	—	—	—	—

The remuneration of each director of the Company for the four months ended 30 April 2008 is set out below:

	Fee	Salaries, bonus, allowance and benefits in kind	Employer's contribution to retirement scheme	Other benefits	Total
	RMB'000 (unaudited)	RMB'000 (unaudited)	RMB'000 (unaudited)	RMB'000 (unaudited)	RMB'000 (unaudited)
Executive director:					
Mr. Ding Xiang Yang	—	120	9	4	133
Mr. Cheng Li Xiong	—	80	9	4	93
Mr. Xia Jing Hua	—	80	9	4	93
Mr. Liu Ning	—	80	9	4	93
Mr. Li Xiao Bin	—	498	12	5	515
Mr. Yan Zhi Rong	—	80	9	4	93
Non-executive director:					
Mr. Zhang Zhi Rong (a)	—	240	9	4	253
Independent Non-executive director:					
Mr. Yim Ping Kuen (b)	—	—	—	—	—
Mr. Liu Shun Fai (b)	—	—	—	—	—
Mr. Wo Rui Fang (b)	—	—	—	—	—
Mr. Han Ping (b)	—	—	—	—	—

The remuneration of each director of the Company for the four months ended 30 April 2009 is set out below:

	Fee	Salaries, bonus, allowance and benefits in kind	Employer's contribution to retirement scheme	Other benefits	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive director:					
Mr. Ding Xiang Yang	—	120	10	5	135
Mr. Cheng Li Xiong	—	80	10	5	95
Mr. Xia Jing Hua	—	80	10	5	95
Mr. Liu Ning	—	80	10	5	95
Mr. Li Xiao Bin	—	500	13	5	518
Mr. Yan Zhi Rong	—	80	10	5	95
Non-executive director:					
Mr. Zhang Zhi Rong (a)	—	240	10	5	255
Independent Non-executive director:					
Mr. Yim Ping Kuen (b)	—	—	—	—	—
Mr. Liu Shun Fai (b)	—	—	—	—	—
Mr. Wo Rui Fang (b)	—	—	—	—	—
Mr. Han Ping (b)	—	—	—	—	—

Note a: Mr. Zhang Zhi Rong was re-designated as executive director on 9 September 2009.

Note b: Resigned on 16 March 2009 and reappointed on 9 September 2009.

During the Relevant Periods, no director received any emolument from the Group as an inducement to join or leave the Group or compensation for loss of office, no director waived or has agreed to waive any emoluments.

All executive directors joined the Group before 1 January 2006.

(b) *Five highest paid individuals*

The five individuals whose emoluments were the highest in the Group in each of the years ended 31 December 2006, 2007 and 2008 and four months ended 30 April 2008 and 2009 include 4, 3, 1, 1 and 1 directors, respectively. Their emoluments are reflected in the analysis presented above. The emoluments payable to the remaining 1, 2, 4, 4 and 4 individuals in each of the years ended 31 December 2006, 2007 and 2008 and four months ended 30 April 2008 and 2009, respectively, are as follows:

	Year ended 31 December			Four months ended 30 April	
	2006	**2007**	**2008**	**2008**	**2009**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000 (unaudited)**	**RMB'000**
Salaries and other benefits	1,038	1,410	6,031	1,658	1,871

The emoluments fell within the following bands:

	Number of individuals				
	Year ended 31 December			**Four months ended 30 April**	
	2006	**2007**	**2008**	**2008**	**2009**
				(unaudited)	
RMB Nil to RMB1,000,000	—	1	—	4	4
RMB1,000,001 to RMB1,500,000....	1	1	3	—	—
RMB1,500,001 to RMB2,000,000....	—	—	1	—	—
	1	2	4	4	4

29 Income tax expenses

	Year ended 31 December			Four months ended 30 April	
	2006	**2007**	**2008**	**2008**	**2009**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000 (unaudited)**	**RMB'000**
Current income tax					
- PRC corporate income tax	179,927	100,066	259,627	84,355	102,162
- PRC land appreciation tax	358	114,551	363,102	124,785	9,522
	180,285	214,617	622,729	209,140	111,684
Deferred income tax (note 20)					
- Origination and reversal of temporary differences	(17,804)	(9,159)	205,077	(15,093)	173,794
- Impact of change in tax rate.....	—	15,936	—	—	—
	(17,804)	6,777	205,077	(15,093)	173,794
	162,481	221,394	827,806	194,047	285,478

The income tax on the Group's profit before income tax differs from the theoretical amount that would arise using the enacted tax rate of the home country of the companies comprising the Group as follows:

	Year ended 31 December			Four months ended 30 April	
	2006	**2007**	**2008**	**2008**	**2009**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000 (unaudited)**	**RMB'000**
Profit before income tax	421,665	329,488	2,082,797	368,773	1,059,016
Calculated at PRC corporate income tax rate of 33% (25% for year/period ended 31 December 2008 and 30 April 2008 and 2009)..	139,149	108,731	520,699	92,193	264,754
Expenses not deductible for tax	12,253	19,832	17,063	4,902	4,304
Tax losses not recognised as deferred income tax assets	460	1,401	5,074	2,181	2,474
Provision for land appreciation tax	358	114,551	363,102	124,785	9,522
Tax effect on land appreciation tax	(118)	(37,802)	(90,776)	(31,196)	(2,380)
Effect of change in tax rate (a)	—	15,936	—	—	—
Others	10,379	(1,255)	12,644	1,182	6,804
Income tax expenses	162,481	221,394	827,806	194,047	285,478

PRC corporate income tax is provided at the rate of 33% for each of the years ended 31 December 2006 and 2007 and 25% for the year ended 31 December 2008 and for the four months ended 30 April 2008 and 2009 of the profits for the PRC statutory financial reporting purpose, adjusted for those items, which are not assessable or deductible for the PRC corporate income tax purpose.

No Hong Kong profits tax has been provided for the years ended 31 December 2007 and 2008 and for the four months ended 30 April 2008 and 30 April 2009 as there is no assessable profit for these periods. No Hong Kong profits tax was provided for the year ended 31 December 2006 as the Group did not have any companies having business in Hong Kong during the year.

PRC land appreciation tax ("LAT") is levied 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 lease charges of land use rights and all property development expenditures, which is included in the consolidated income statements as income tax. The Group has estimated the tax provision for LAT according to the requirements set forth in the relevant PRC tax laws and regulations. The actual LAT liabilities are subject to the determination by the tax authorities upon completion of the property development projects and the tax authorities might disagree with the basis on which the provision for LAT is calculated.

(a) On 16 March 2007, the National People's Congress approved the Corporate Income Tax Law of the PRC (the "new CIT Law"). The new CIT Law reduces the corporate income tax rate from 33% to 25% with effect from 1 January 2008. Accordingly, the deferred income tax assets/liabilities of the Group that are expected to be reversed on or after 1 January 2008 were adjusted by using tax rate of 25%. The effect on the change in corporate income tax rate was recognised in the consolidated income statement for the year ended 31 December 2007.

30 Earnings per share

No earnings per share information is presented for the years ended 31 December 2006 and 2007 as its inclusion, for the purpose of this report, is not considered as meaningful due to the Reorganisation and the basis of preparation of the Financial Information as disclosed in note 1 above.

Basic earnings per share for the year ended 31 December 2008 and for the four months ended 30 April 2008 and 2009 is calculated by dividing the profit attributable to the equity holders of the Company by the weighted average number of ordinary shares in issue during the year/period.

	Year ended 31 December	**Four months ended 30 April**	
	2008	**2008**	**2009**
	RMB'000	**RMB'000 (unaudited)**	**RMB'000**
Profit attributable to equity holders of the Company	1,254,991	174,726	773,538
Weighted average number of shares in issue (thousand).........	100,000	100,000	100,000

The earnings per share as presented above has not taken into account the proposed capitalisation issue as described in note 17(h).

31 Cash (used in)/generated from operations

		Year ended 31 December			Four months ended 30 April	
	Note	2006	2007	2008	2008	2009
		RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Profit for the year/period		259,184	108,094	1,254,991	174,726	773,538
Adjustments for:						
Income tax expenses	29	162,481	221,394	827,806	194,047	285,478
Interest income	23	(3,529)	(6,702)	(7,900)	(4,028)	(248)
Interest expense	26	73,702	97,225	54,479	18,061	11,376
Investment (income)/loss	23	(1,800)	(4,127)	1,832	(178)	—
Fair value changes of the financial asset at fair value through profit or loss	24	—	(2,202)	—	1,808	—
Fair value changes of investment properties	24	—	—	(846,085)	—	(735,189)
Depreciation	6	3,582	5,854	7,039	2,096	2,574
Amortisation of intangible asset	9	—	—	—	—	59
Amortisation of land use rights	11	695	2,634	2,948	400	2,901
Bad debts written off	25	1,369	—	—	—	—
Losses on disposals of property and equipment	25	5	6	329	—	73
Foreign exchange losses on operating activities	24	—	36,715	20,522	20,291	72
Changes in working capital:						
Properties under development and completed properties held for sale		(1,248,151)	(808,711)	(1,643,283)	(1,748,332)	91,494
Inventories		—	—	—	—	(5,719)
Restricted cash		(29,737)	30,940	(17,778)	(125,638)	(11,911)
Trade and other receivables and prepayments		(713,023)	(380,771)	(998,969)	(1,075,782)	168,050
Financial assets of fair value through profit or loss		—	(18,889)	19,259	16,809	—
Trade and other payables		222,089	(314,560)	198,564	40,087	(182,679)
Advanced proceeds received from customers		(643,872)	3,420,679	(738,134)	184,840	14,007
Cash (used in)/generated from operations		(1,917,005)	2,387,579	(1,864,380)	(2,300,793)	413,876

32 Commitments

(a) Commitments for capital and property development expenditures

	31 December			30 April
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Contracted but not provided for				
Land use rights	532,522	1,237,070	2,911,901	2,286,901
Property development expenditures	5,906,903	5,669,911	5,092,779	5,153,218
	6,439,425	6,906,981	8,004,680	7,440,119
Authorised but not contracted for	34,697	24,876	17,902	13,046

(b) Operating lease commitments

The future aggregate minimum lease payments under non-cancellable operating leases in respect of land and buildings are as follows:

	31 December			30 April
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Not later than one year	3,671	12,338	20,845	20,818
Later than one year and not later than five years	8,518	27,102	32,676	29,223
Later than five years	49,527	49,146	48,607	49,174
	61,716	88,586	102,128	99,215

33 Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. In the opinion of the directors of the Company, the related party transactions were carried out in the normal course of business and at terms mutually negotiated between the Group and the respective related parties.

The following transactions were carried out with related parties:

(a) Purchase of services:

	Year ended 31 December			Four months ended 30 April	
	2006	**2007**	**2008**	**2008**	**2009**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000 (unaudited)**	**RMB'000**
Continuing Transactions:					
Purchase of construction services					
— Shanghai Ditong, a company controlled by close family member of the Founder	1,033,139	1,019,730	1,185,545	249,711	195,278
Non-continuing Transactions:					
Purchase of construction services:					
— Other companies controlled by close family member of the Founder	75,636	3,700	2,117	1,393	—
— Companies controlled by the Founder	1,100	—	—	—	—
	76,736	3,700	2,117	1,393	—
Purchase of gardening services:					
— A company controlled by the Founder	3,609	2,529	3,204	2,919	—
Purchase of property design services:					
— An associated company of the Founder/the Group (i)	12,631	17,524	10,656	3,395	2,598
Purchase of consultancy services:					
— A company controlled by the Founder	33,884	17,658	3,333	1,111	1,111
— An associated company of the Founder	6,000	—	—	—	—
— Other companies controlled by close family member of the Founder	—	—	—	—	—
	39,884	17,658	3,333	1,111	1,111
Commission fees paid/payable to:					
— Other companies controlled by close family member of the Founder	16,926	6,082	18,872	4,885	6,104

(i) During the years ended 31 December 2006, 2007 and 2008 and the four months ended 30 April 2008 and 2009, the Group purchased the property design services from a related company, which was an associated company of the Founder prior to the acquisition of an associate in 2008 as set out in note 1(c). Subsequent to the acquisition, such related company became an associate of the Group.

(b) Interest income and expenses

	Year ended 31 December			Four months ended 30 April	
	2006	**2007**	**2008**	**2008**	**2009**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000 (unaudited)**	**RMB'000**
Non-continuing Transactions:					
Interest expenses:					
- Other companies controlled by close family member of the Founder	3,852	3,467	824	824	—
- Companies controlled by the Founder	12,266	975	458	458	—
- An associated company of the Founder	27	1,367	—	—	—
	16,145	5,809	1,282	1,282	—

(c) Balances with related parties

As at 31 December 2006, 2007, 2008 and 30 April 2009, the Group had the following significant balances with related parties:

	31 December			30 April
	2006	**2007**	**2008**	**2009**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Balances included in current assets:				
Prepayments of construction costs or purchase of services to related companies - included in "Prepayments"				
- Shanghai Ditong	988,709	643,863	1,165,395	1,107,529
- Other companies controlled by close family members of the Founder	—	21	8	3,003
- Companies controlled by the Founder	24,850	9,702	5,000	3,889
- An associate of the Group	—	—	—	200
	1,013,559	653,586	1,170,403	1,114,621
Non-trading balances - included in "Other receivables" (i)				
- Shanghai Ditong	1,301,875	782,984	—	—
- Other companies controlled by close family member of the Founder	268,823	21,803	—	—
- Companies controlled by the Founder	346,081	346,130	—	—
- An associated company of a company controlled by the Founder	1,000	8,350	—	—
- An associated company of the Founder	202,797	9,828	—	—
- The Founder	887,850	74,461	—	—
	3,008,426	1,243,556	—	—

	31 December			30 April
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Balances included in current liabilities:				
Trading balances - included in "Trade payables" (ii)				
- Shanghai Ditong	417,360	393,322	489,797	245,219
- Associated companies of the Founder	5,331	8,346	—	—
- An associate of the Group	—	—	8,777	5,667
- Other companies controlled by close family member of the Founder	14,637	16,295	14,302	12,502
- Companies controlled by the Founder	87,595	61,270	10,637	10,637
	524,923	479,233	523,513	274,025
Non-trading balances - included in "Other payables" (iii)				
- Shanghai Ditong	313,145	—	—	—
- Other companies controlled by close family member of the Founder	1,097,494	225,809	—	—
- Companies controlled by the Founder	318,446	75,086	4,500	—
- The Founder	—	87,340	—	—
- An associated company of a company controlled by the Founder	—	30	—	—
- An associated company of the Founder	100,672	1,628	—	—
	1,829,757	389,893	4,500	—
Non-trading balances - included in "Borrowings" (iv)				
- A company controlled by the Founder	—	680,000	—	—

(i) Non-trading balances due from related parties included in other receivables are unsecured, interest-free and repayable on demand. None of the receivables from related parties is either past due or impaired.

(ii) Trading balances due to related parties are unsecured, interest-free and repayable on demand.

(iii) Non-trading balances due to related parties included in other payables are unsecured and repayable on demand. Of which approximately RMB66,190,000, RMB66,190,000 bear interest at rate of 8% per annum as at 31 December 2006 and 2007 respectively. Approximately RMB20,000,000 bears interest at 7.34% per annum as at 31 December 2006 whereas the rest of approximately RMB1,743,567,000, RMB323,703,000 and RMB4,500,000 are interest-free as at 31 December 2006, 2007 and 2008 respectively.

(iv) The borrowing from a related party was interest-free, unsecured and repayable within one year from drawdown.

(d) Other transactions with related companies

As disclosed in note 11 above, as at 31 December 2007, the Group's completed properties held for sale of carrying value of approximately RMB118,232,000 were pledged as collateral for certain borrowings of three related companies. As at 31 December 2008, such pledge has been released.

(e) Key management compensation

	Year ended 31 December			Four months ended 30 April	
	2006	2007	2008	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Salaries and other short-term employee benefits	4,749	5,927	8,177	2,212	2,576

34 Financial guarantees

The Group has arranged bank financing for certain purchasers of the Group's property units and provided guarantees to secure obligations of such purchasers for repayments. Such guarantees terminate upon the earlier of (i) issuance of the real estate ownership certificate which will generally be available within an average period of one to two years upon the completion of guarantee registration; or (ii) the satisfaction of mortgaged loan by the purchasers of properties.

Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted purchasers to the banks and the Group is entitled to take over the legal title and possession of the related properties. The Group's guarantee period starts from the dates of grant of the mortgages. As at 31 December 2006, 2007 and 2008 and 30 April 2009, the amount of outstanding guarantees for mortgages were approximately RMB528,603,000, RMB1,860,806,000, RMB2,662,065,000 and RMB3,112,399,000 respectively. The maximum credit risk exposure at each balance sheet date is the amount of outstanding guarantees.

The directors consider that the likelihood of default in payments by purchasers is minimal and therefore the financial guarantees measured at fair value is immaterial.

35 Accounting adjustments under common control combination

The below information is included for the purpose of showing the adjustments arising from the common control combination on the consolidated balance sheets.

The consolidated balance sheets as at 30 April 2009:

	The Company	The Operating Group(i)	Adjustments	Consolidated
	RMB'000	RMB'000	RMB'000	RMB'000
Investment in the Operating Group	—	—	—	—
Other (liabilities)/assets - net	(1,404,770)	3,097,326	—	1,692,556
Net (liabilities)/assets	(1,404,770)	3,097,326		1,692,556
Share capital	962	377	(377)	962
Merger reserve (note 18b)	—	(770,854)	377	(770,477)
Statutory reserve	—	76,800	—	76,800
Other reserve	156,290	—	—	156,290
(Accumulated losses)/retained earnings	(1,562,022)	3,791,003	—	2,228,981
	(1,404,770	3,097,326		1,692,556

The consolidated balance sheets as at 31 December 2008:

	The Company	The Operating Group(i)	Adjustments	Consolidated
	RMB'000	RMB'000	RMB'000	RMB'000
Investment in the Operating Group	—	—	—	—
Other (liabilities)/assets - net	(1,041,752)	1,960,770	—	919,018
Net (liabilities)/assets	(1,041,752)	1,960,770		919,018
Share capital	962	377	(377)	962
Merger reserve (note 18b)	—	(770,854)	377	(770,477)
Statutory reserve	—	91,871	—	91,871
Other reserve	156,290	—	—	156,290
(Accumulated losses)/retained earnings	(1,199,004)	2,639,376	—	1,440,372
	(1,041,752)	1,960,770		919,018

The consolidated balance sheets as at 31 December 2007:

	The Company	The Operating Group[(i)]	Adjustments	Consolidated
	RMB'000	RMB'000	RMB'000	RMB'000
Investment in the Operating Group	—	—	—	—
Other liabilities - net	(43,568)	(292,405)	—	(335,973)
Net liabilities	(43,568)	(292,405)		(335,973)
Share capital	962	377	(377)	962
Merger reserve (note 18b)	—	(770,854)	377	(770,477)
Statutory reserve	—	46,816	—	46,816
Other reserve	156,290	—	—	156,290
(Accumulated losses)/retained earnings	(200,820)	431,256	—	230,436
	(43,568)	(292,405)		(335,973)

The consolidated balance sheets as at 31 December 2006:

	The Company	The Operating Group[(i)]	Adjustments	Consolidated
	RMB'000	RMB'000	RMB'000	RMB'000
Investment in the Operating Group	—	—	—	—
Other assets - net	—	1,607,958	—	1,607,958
Net assets	—	1,607,958		1,607,958
Share capital	—	1,438,800	(1,438,800)	—
Merger reserve (note 18b)	—	—	1,438,800	1,438,800
Statutory reserve	—	24,086	—	24,086
Retained earnings	—	145,072	—	145,072
	—	1,607,958		1,607,958

(i) Operating Group comprises all the subsidiaries of the Company.

36 Acquisitions

In 2008, the Group acquired 100% of the equity interests in Nantong Rongsheng at cash consideration of RMB31,803,000. Nantong Rongsheng has signed certain land acquisition agreements and had fully paid the land premium at the date of acquisition. Prior to the acquisition by the Group, Nantong Rongsheng had no business activities except for the holding of the land use right acquisition agreements.

In 2008, the Group acquired 100% of the equity interests in Tianjin Tianxingjian at cash consideration of RMB454,180,000. Tianjin Tianxingjian owned certain land use rights in Tianjin before the acquisition by the Group. Prior to the acquisition by the Group, Tianjin Tianxingjian had no business activities except for the holding of the land use rights.

The activities of Nantong Rongsheng and Tianjin Tianxingjian do not constitute a business and the Group's intention of such acquisition is to acquire the land use rights held by these two companies for future property developments. Accordingly, such acquisition is accounted for as if it is an acquisition of the underlying land use rights.

The allocation of acquisition considerations are as follows:

	At date of acquisition		
	Nantong Rongsheng	**Tianjin Tianxingjian**	**Combined**
	RMB'000	**RMB'000**	**RMB'000**
Property and equipment	48	—	48
Properties under development	157	53,408	53,565
Cash	4,693	4	4,697
Prepayment and other receivables	101,011	—	101,011
	105,909	53,412	159,321
Accruals and other payables	76,078	2	76,080
Net asset	29,831	53,410	83,241
Surplus on properties under development	1,972	400,770	402,742
Acquisition considerations	31,803	454,180	485,983

	RMB'000
Total acquisition consideration	485,983
Less: cash acquired	(4,697)
Cash outflow on acquisition (i)	481,286

(i) The cash outflow on the above acquisitions is presented within the operating activities in the consolidated statements of cash flows.

In 2009, the Group acquired 100% of the equity interest in Shanghai Mingbao at cash consideration of RMB2,500,000. Shanghai Mingbao owned business licence to conduct national interior and exterior decoration and renovation in the PRC. It's the Group intention of such acquisition to acquire the business licence held by Shanghai Mingbao. Other than business licence, no other material assets and liabilities were acquired. As at 30 April 2009, the unsettled consideration of RMB500,000 was included in the other payables in the consolidated balance sheet.

37 Share option schemes

On 17 June 2008, the board of directors approved the below share option schemes:

(i) share options to be granted to selected participants as incentives or rewards for their contribution to the Group (the "Share Option Scheme"). The exercise price per share under the Share Option Scheme will be a price determined by the Company's directors, but shall not be less than the highest of (i) the closing price of the Company's shares as stated in the daily quotations sheet issued by the Hong Kong Stock Exchange Limited (the "Stock Exchange") on the date of grant; (ii) the average closing price of the Company's shares as stated in the Stock Exchange's daily quotation for the five trading days immediately preceding the date of the offer of grant; and (iii) the nominal value of the Company's share. No option has been granted under the Share Option Scheme;

(ii) share options to be granted to the directors, employees, officers, consultants, and business associates of the Group (the "Pre-IPO Share Option Scheme"). On 17 June 2008, options to subscribe for an aggregate of 56,625,000 shares have been conditionally granted to 14 grantees, subject to the condition that the Group completes the IPO within six months from the date of adopting this Pre-IPO Share Option Scheme.

The Share Option Scheme and Pre-IPO Share Option Scheme are both conditional to the successful listing of the Company's shares on the Stock Exchange by 17 December 2008. On 17 December 2008, as the Group has not completed the IPO, the Share Option Scheme and the Pre-IPO Share Option Scheme were cancelled and abandoned, and any options granted or agreed to be granted pursuant to the Pre-IPO Share Option Scheme were then forfeited.

On 9 September 2009, pursuant to the written resolution:

(i) the directors approved a new pre-IPO share option scheme. Up to the date of the report, 84,000,000 options have been granted to certain directors and employees of the Group.

(ii) the directors approved a new share option scheme. No options have been granted up to the date of the report.

38 Subsequent events

(a) On 11 June 2009, the Group entered into a sale and purchase agreement (the "Sale and Purchase Agreement") with S.I. Properties Holdings Limited (the "Purchaser"), a wholly-owned subsidiary of Shanghai Industrial Holdings Limited which is listed on The Stock Exchange of Hong Kong Limited, regarding the transfer of the entire equity interest in its subsidiary, Better Score Limited, to the Purchaser at a total consideration of RMB2 billion (the "Transaction").

Pursuant to the Transaction:

(i) Block Nos. 2, 8, 9 and 10 of Shanghai Bay (the "Properties") will be transferred to the wholly-owned subsidiary of Better Score Limited. Other than the holding of the Properties, Better Score Limited and its subsidiaries are restricted in terms of their business scope;

(ii) the Group retains the right to manage and control over the operational and financial matters of the Properties, including the development, construction and the sale of the Properties;

(iii) the Purchaser will be entitled to a fixed return from the Properties;

(iv) the Group and the Purchaser has a non-cancellable options to acquire and to dispose the legal and beneficial interests in the Properties from the Purchaser and to the Group, respectively on 1 December 2011 (or such other date the parties may mutually agree).

On the basis that the risks and rewards of the Properties have not been transferred from the Group to the Purchaser, the directors are of their opinion that the Transaction, in substance, is a loan arrangement in accordance with the HKFRSs. As a result, at the completion of the Transaction:

(i) the Group continues to consolidate the Properties;

(ii) the consideration of RMB2 billion is regarded as a financial liability and measured at amortised cost using the effective interest method;

(iii) the fixed return payable to the Purchaser is regarded as finance costs.

(b) As part of the Pre-IPO financing, the Company and the Investors entered into the Deed of Amendment setting out the principal terms and conditions of the restructuring of the Notes. On 17 August 2009, the following notes restructuring transactions occurred pursuant to the terms of the Deed of Amendment:

(i) the denomination of the Notes shall be changed from RMB to USD;

(ii) the Company shall pay to each Investor the amount of outstanding cash interest in the aggregate amount of approximately USD27 million;

(iii) the Company shall partially redeem the Notes held by the Investors in the aggregate principal amount of approximately USD167 million and USD26 million of the Notes on 11 August 2009 and 17 August 2009, respectively; and

(iv) after the partial redemption of the Notes as mentioned in (iii) above, the remaining outstanding Notes in the aggregate amount of USD490 million shall be restructured into the following two tranches:

— Promissory Notes with a tenure of 18 months in the aggregate principal amount of USD325 million, which bear interest rates at 6% per annum within the first six-month period; 10% per annum after expiry of the first six-month period; and 15% per annum after the first twelve-month period. Subject to the acceleration event as defined in the Deed of Amendment, the Promissory Notes will bear interest rate at 18% per annum.

— Convertible Notes (mandatorily convertible at IPO at the offer price) with a tenure of two years in the aggregate principal amount of USD165 million, which bear interest rates at 0% if an IPO occurs within the first 6 months; 3% per annum if an IPO occurs within the first 12 months (but after expiry of the first 6 months); and 6% per annum in other cases. Subject to the acceleration event as defined in the Deed of Amendment, the Convertible Notes will bear interest rate at 12% per annum.

(v) the Founder agreed to cause Best Era to transfer to the Investors as of the date of the Listing for no additional consideration shares in an amount equal to 0.5% of the total shares outstanding immediately after the Listing.

III SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared for the Company and its subsidiaries in respect of any period subsequent to 30 April 2009. In addition, no dividend or distribution has been declared, made or paid by the Company or its subsidiaries in respect of any period subsequent to 30 April 2009.

Yours faithfully,
PricewaterhouseCoopers
Certified Public Accountants
Hong Kong

The information sets out in this Appendix does not form part of the Accountant's Report from PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, the reporting accountant of the Company, as set out in Appendix I to this Prospectus, and is included herein for information only.

A. UNAUDITED PRO FORMA NET TANGIBLE ASSETS

The following unaudited pro forma statement of our net tangible assets prepared in accordance with Rule 4.29 of the Listing Rules is for illustration purposes only, and is set out here to illustrate the effect of the Global Offering on our net tangible assets as at 30 April 2009 as if it had been taken place on 30 April 2009.

The unaudited pro forma statement of net tangible assets have been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of our consolidated net tangible assets as at 30 April 2009 or any other date following the Global Offering. It is prepared based on our consolidated net assets as at 30 April 2009 as set out in the Accountant's Report in Appendix I to this prospectus, and adjusted as described below. The unaudited pro forma statement of net tangible assets does not form part of the Accountant's Report as set out in Appendix I to this prospectus.

	Audited consolidated net tangible asset of the Group attributable to equity holders of the Company as at 30 April 2009(1)	Estimated net proceeds from the Global Offering(2)	Unaudited adjusted net tangible assets	Pro forma adjusted net tangible assets per Share(3)(4)	
	RMB in millions	RMB in millions	RMB in millions	RMB	HK$
Based on an Offer Price of HK$4.0 per Share	1,690.1	6,334.4	8,024.5	1.07	1.21
Based on an Offer Price of HK$5.3 per Share	1,690.1	8,428.4	10,118.5	1.35	1.53

Notes:

(1) The audited consolidated net tangible assets of the Group attributable to the equity holders of our Company as at 30 April 2009 is extracted from the Accountant's Report set out in Appendix I to this prospectus, which is based on the audited consolidated net asset of the Group attributable to the shareholders of the Company as at 30 April 2009 of RMB1,692.5 million less intangible assets of RMB2.4 million.

(2) The estimated net proceeds from the Global Offering are based on the Offer Price of HK$4.0 and HK$5.3 per Share, respectively, after deduction of estimated related fees and expenses (but excluding any discretionary incentive fee) and do not take into account any Share that may be issued pursuant to the exercise of the Over-Allotment Option. If the Over-Allotment Option is exercised, the unaudited pro forma adjusted net tangible assets attributable to the equity holders of our Company and unaudited pro forma adjusted net tangible assets per Share will increase. We (and in the case of the International Offer, we and the Selling Shareholder) may pay to the Joint Global Coordinators a discretionary incentive fee out of the gross proceeds raised from the Global Offering. If we decide to pay such additional discretionary incentive fee, the pro forma adjusted net tangible assets per Share will decrease.

(3) The unaudited pro forma adjusted net tangible assets per Share are determined after the adjustments as described in note 2 above and on the basis that 7,500,000,000 Shares are issued and outstanding during the entire year, and that the Convertible Notes have not been converted and the Over-Allotment Option and the share options granted under the Pre-IPO Share Option Scheme have not been exercised. Subsequent to 30 April 2009, we, the Founder, the Pre-IPO Investors and the Security Trustee, entered into a Deed of Amendment to restructure and modify the terms and conditions of the Original Notes. Among others, we issued US$165 million of Convertible Notes which are mandatorily convertible upon our Listing at the Offer Price. No adjustment has been made to reflect the Note Restructuring Transactions on the unaudited adjusted net tangible assets as presented above.

Upon the mandatory conversion of the Convertible Notes at Listing Date, the number of Shares would be 7,819,687,500 (assuming Offer Price is HK$4.0) and 7,741,273,585 (assuming Offer Price is HK$5.3). The pro forma net tangible assets per Share taken into account of the Note Restructuring Transactions and the mandatory conversion of the Convertible Notes will be different from those presented above.

(4) For the purpose of this unaudited pro forma adjusted net tangible assets statement, the balance stated in Renminbi are converted into Hong Kong dollars at the PBOC rate of HK$1.00 to RMB0.8811 prevailing on 10 September 2009.

(5) As of 31 July 2009, our Group's properties under development, completed properties held for sale and properties under construction in progress were valued by Jones Lang LaSalle Sallmanns Limited, an independent property valuer, and the relevant property valuation report is set out in Appendix IV to this prospectus. The net valuation surplus, representing the excess of market value of the properties over their carrying value, has not been included in our Group's consolidated financial information as at 30 April 2009 because for accounting purposes, our Group's properties under development and completed properties held for sale are stated at the lower of cost and net realisable value while properties under construction in progress are stated at cost less impairment loss. The above adjustments do not take into account of such revaluation surplus.

(6) No adjustment has been made to reflect any trading result or other transaction of the Group entered into subsequent to 30 April 2009.

B. UNAUDITED PRO FORMA FORECAST EARNINGS PER SHARE

The following unaudited pro forma forecast earnings per Share prepared in accordance with Rule 4.29 of the Listing Rules is for the illustrative purpose only, and is set out here to illustrate the effect of the Global Offering as if it had taken place on 1 January 2009.

The unaudited pro forma forecast earnings per Share has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the financial results of the Group following the Global Offering.

Forecast consolidated net profit attributable to the Shareholders of our Company (net of fair value gains on investment properties (net of deferred tax effect))	Not less than RMB1,396.0 million
Forecast gross fair value gains on investment properties	RMB800.0 million
Less: Provision for deferred tax liabilities on fair value gains on investment properties	RMB(200.0 million)
Forecast fair value gains on investment properties (net of deferred tax)	RMB600.0 million
Forecast consolidated profit attributable to shareholders of the Company for the year ending 31 December 2009(1)	Not less than RMB1,996.0 million (HK$2,265.4 million)
Unaudited pro forma forecast earnings per Share(2)(3)	RMB0.266 (HK$0.302)

Notes:

(1) The forecast consolidated profit attributable to shareholders of the Company for the year ending 31 December 2009 is extracted from the section headed "Financial Information — Profit Forecast for the Year Ending 31

December 2009" in the prospectus. The bases and assumptions on which the above profit forecast for the year ending 31 December 2009 has been prepared are summarised in Appendix III to this prospectus. Our Directors have prepared the forecast consolidated profit attributable to shareholders of the Company for the year ending 31 December 2009 based on the audited consolidated results of the Group for the year ended 31 December 2008 and for the four months ended 30 April 2009, the unaudited management accounts for the two months ended 30 June 2009 and a forecast of the consolidated results of the Group for the remaining six months ending 31 December 2009. The forecast has been prepared on a basis consistent in all material respects with the accounting policies presently adopted by the Group as set out in Note 2 of the Accountant's Report, the text of which is set out in Appendix I to the prospectus.

(2) The unaudited pro forma forecast earnings per Share is calculated by dividing the forecast consolidated profit attributable to shareholders of the Company for the year ending 31 December 2009 by 7,500,000,000 Shares assumed to be issued and outstanding during the entire year, as if the Global Offering had occurred on 1 January 2009, but without taking into account i) any Shares which may be issued upon the conversion of the Convertible Notes and the exercise of the Over-allotment Option and the share option granted under the Pre-IPO Share Option Scheme, and ii) the adjustment on the forecast consolidated profit attributable to the shareholders of the Company for the year ending 31 December 2009 arising from the redemption of the Original Notes, the restructuring of the Original Notes and the issue of the Promissory Notes and the Convertible Notes had these been occurred on 1 January 2009.

Upon the mandatory conversion of the Convertible Notes at Listing Date, the number of Shares would be 7,819,687,500 (assuming Offer Price is HK$4.0) and 7,741,273,585 (assuming Offer Price is HK$5.3), and the pro forma forecast earnings per Share would be RMB0.255 (HK$0.290) (assuming Offer Price is HK$4.0) and RMB0.258 (HK$0.293) (assuming Offer Price is HK$5.3).

(3) Forecast consolidated profit attributable to shareholders of the Company for the year ending 31 December 2009 and unaudited pro forma forecast earnings per Share are converted into Hong Kong dollars at the PBOC Rate of HK$1.00 to RMB0.8811 prevailing on 10 September 2009.

C. REPORT FROM THE REPORTING ACCOUNTANT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report received from the reporting accountant, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this Prospectus.

PRICEWATERHOUSECOOPERS

羅兵咸永道會計師事務所

PricewaterhouseCoopers
22/F, Prince's Building
Central, Hong Kong

ACCOUNTANT'S REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION TO THE DIRECTORS OF GLORIOUS PROPERTY HOLDINGS LIMITED

We report on the unaudited pro forma financial information of Glorious Property Holdings Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") set out on pages II-1 to II-3 under the headings of "Unaudited Pro Forma Net Tangible Assets" and "Unaudited Pro Forma Forecast Earnings Per Share" (the "Unaudited Pro Forma Financial Information") in Appendix II of the Company's prospectus dated 21 September 2009 (the "Prospectus"), in connection with the proposed initial public offering of the shares of the Company. The Unaudited Pro Forma Financial Information has been prepared by the directors of the Company, for illustrative purposes only, to provide information about how the proposed initial public offering might have affected the relevant financial information of the Group. The basis of preparation of the Unaudited Pro Forma Financial Information is set out on pages II-1 to II-3 of the Prospectus.

Respective Responsibilities of Directors of the Company and Reporting Accountant

It is the responsibility solely of the directors of the Company to prepare the Unaudited Pro Forma Financial Information in accordance with rule 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and 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 rule 4.29(7) 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, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the audited consolidated net tangible assets of the Group as at 30 April 2009 with the accountant's report as set out in Appendix I of the Prospectus, comparing the unaudited forecast profit attributable to equity holders of the Company for the year ending 31 December 2009 with the profit forecast as set out in the sub-section headed "Profit forecast for the year ending 31 December 2009" in the section headed "Financial Information" in the Prospectus, considering the evidence supporting the adjustments and discussing the Unaudited Pro Forma Financial Information with the directors of the Company.

We planned and performed our work so as to obtain the 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 the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to rule 4.29(1) of the Listing Rules.

Our work has not been carried out in accordance with auditing standards or other standards and practices generally accepted in the United States of America or auditing standards of the Public Company Accounting Oversight Board (United States) and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

The Unaudited Pro Forma Financial Information is for illustrative purpose only, based on the judgements 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 adjusted net tangible assets of the Group as at 30 April 2009 or any future date, or

— the earnings per share of the Group for the year ending 31 December 2009 or any future periods.

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 purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to rule 4.29(1) of the Listing Rules.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 21 September 2009

You may find our forecasted profits attributable to equity holders of our Company for the year ending 31 December 2009 in the section entitled "Financial Information — Profit forecast for the year ending 31 December 2009" in this prospectus.

BASES AND ASSUMPTIONS

Below we have provided a profit forecast solely in respect of our forecasted net profit for the year ending 31 December 2009. In order to provide you with greater transparency as to the basis of our profit forecast, we have disclosed in this section relevant information in respect of five of our major projects that are projected to contribute more than 80% of our revenue for the year ending 31 December 2009. Such information is included in this prospectus to assist the reader to better understand and assess the reasonableness of the assumptions on which our profit forecast is based.

Basis of preparation

The Directors have prepared the forecast of our Group's consolidated net profit attributable to equity holders of our Company for the year ending 31 December 2009 based on the audited consolidated results of our Group for the year ended 31 December 2008 and the four months ended 30 April 2009, the unaudited management accounts for the two months ended 30 June 2009, and our forecast of the consolidated results of our Group for the remaining six months of the year ending 31 December 2009. The forecast for the year ending 31 December 2009 has been prepared on the basis of accounting policies consistent with those adopted for the purpose of the Accountant's Report in Appendix I to this prospectus and the assumptions set forth below.

Principal assumptions for the profit forecast

The principal assumptions adopted by the Directors of the Company in preparing the profit forecast are as follows:

- There will be no material changes in the existing governmental policies, political, legal, financial or economic conditions in China, Hong Kong or any other country or territory in which we currently operate or which are otherwise material to our revenues;

- With respect to the real estate industry in particular, the PRC Government will not impose material changes or additional austerity measures to dampen sales or prices in the PRC real estate market;

- There will be no changes in legislation, regulations or rules in China, Hong Kong or any other country or territory in which we operate or with which we have arrangements or agreements, which may materially adversely affect our business;

- There will be no material change in the bases or rates of taxation in the countries or territories in which we operate, except as otherwise disclosed in this prospectus;

- There will be no material change in interest rates or foreign currency exchange rates from those prevailing as of the date of this prospectus; and

- Specific assumptions in respect of calculation of the capital value of the investment properties as at 31 December 2009:

  (i) the current financial, economic and political conditions which prevail in China and which are material to the rental income generated by the investment properties will remain unchanged;

  (ii) the conditions in which the investment properties are being operated and which are material to revenue and costs of the properties will be unchanged;

  (iii) the leases that expire will be renewed on normal commercial terms; and

  (iv) investment properties which are under construction will be developed and completed in accordance with our latest development plan.

  Such specific assumptions are consistent with those in the valuation undertaken by Jones Lang LaSalle Sallmanns Limited, our independent valuer in Appendix IV of the Prospectus.

Under HKFRS, changes in the fair value of investment properties will be reflected in our consolidated financial information, through our consolidated income statements. Changes in the fair value of our investment properties are accounted for as other gains/losses, net in our consolidated income statements.

The investment properties were valued by our independent valuer as at 31 July 2009.

For investment properties under construction, the valuer has adopted the direct comparison approach by making reference to comparable sales evidence as available in the relevant market and has 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 expected to be incurred for completing the development.

For completed investment properties, the valuer has adopted an income approach which takes into account the expected rental income of the properties derived from the existing leases or achievable in the existing market with due allowance for the reversionary income potential of the leases, which have then been capitalised to determine the market value at an appropriate capitalisation rate. Where appropriate, reference has also been made to comparable sale transactions as available in the relevant market.

The Group arrived at the estimated fair value gain on investment properties based on (i) the market value of such investment properties as at 30 April 2009 valued by the independent valuer and (ii) our estimated capital value as at 31 December 2009 based on the anticipated property-specific market trends of the properties carried out by the independent valuer. We expect the fair value of our investment properties as at 31 December 2009, and in turn any fair value changes, continue to be dependent on market conditions and other factors that are beyond our control, and to be based on the market movement anticipation performed by an independent professional valuer involving the use of assumptions that are, by their nature, subjective and uncertain.

In accordance with the Company's accounting policies, properties designated as investment properties should be measured at their fair values and the changes in fair value are recognised in the consolidated income statements. The fair value gain or loss of investment properties is estimated based on certain property valuation techniques which involve, *inter alia*, certain estimates, including comparable sales in the relevant market, current market rental and the forecasted rental price movement for similar properties in a similar location and condition. The Company forecasts that rental prices for the retail and office property markets in Shanghai for the year ending 31 December 2009 will increase between 0-5% and 0-4%, respectively.

Summary of the property development of major projects

The following table provides a summary of the property development projects up to 31 July 2009 that are projected to contribute more than 80% of the revenue of the Company in 2009 ("**Major Projects**") respectively:

	Up to 31 July 2009				
Key projects/project phases to be delivered in 2009	**Sales proceeds received**	**Pre-sales/sales GFA**	**2008 average selling price per sq.m. in respect of properties pre-sold/sold**	**First seven months of 2009 average selling price per sq.m. in respect of properties pre-sold/sold**	**Actual/Expected completion date**
	(RMB million)	**(sq.m.)**			
Shanghai Bay, Shanghai (Phase I)	1,407	53,243	29,581	31,292	Nov-09
Sunshine Venice, Shanghai (Phase IIIA)	4	560	8,478	9,173	Sep-06
Sunshine Venice, Shanghai (Phase IIIB)	1,178	122,717	13,293	15,898	Nov-08/Aug-09
Chateau De Paris, Shanghai (Phase II)	214	8,995	32,339	28,987	Aug-08
Shanghai Park Avenue, Shanghai	523	28,011	27,790	7,037	Apr-07
Sunshine Holiday, Tianjin (Phase II)	1	487	8,485	n/a	Sep-08
Sunshine Holiday, Tianjin (Phase IIIA)	567	77,199	8,238	7,143	Oct-09

As of 31 July 2009, the construction progress with respect to the major projects to be completed in 2009 is as follows (excluding those projects/phases that had been completed as at 31 July 2009):

Shanghai Bay Phase I: The project comprises four 31-32 storey blocks, two 28-storey blocks and on 24-storey block. We topped out the seven blocks between October and December 2007. In October 2007, we commenced working on interior and exterior decoration and installation of various equipment and facilities, two blocks of which are expected to be completed by the end of November 2009.

Sunshine Venice Phase IIIB: The project comprises 28 blocks of buildings, from 3-storey townhouses to 25-storey residential buildings. Given the large scale nature of the project, we topped out each block at different dates, with the last block being topped out in May 2008. Work on interior and exterior decoration and installation of various equipment and facilities commenced in May 2008 and 8 blocks out of the 28 blocks had been completed by November 2008. We have obtained 13 blocks' certificates of completion and delivered such blocks to purchasers in the first half of 2009. Other 2 blocks are expected to be delivered in August 2009 and the remaining 5 blocks are expected to be delivered in the fourth quarter of 2009.

Sunshine Holiday Phase IIIA: The project comprises 8 blocks of 25-27 storey buildings and is expected to be completed by September 2009. Construction works on the project commenced in September 2007. The 8 blocks were topped out between June and December 2008. Interior and exterior decoration and installation of various equipment and facilities for the 8 blocks commenced in June 2008. We expect to obtain certificates of completion in October 2009.

Sensitivity analysis

(i) **Sensitivity analysis on targeted average selling price**

The following table illustrates the sensitivity of the net profit attributable to the equity holders of our Company to the targeted average selling price for the year ending 31 December 2009.

% change in targeted selling prices per sq.m......................	-15%	-10%	-5%	+5%	+10%
Impact on the net profit attributable to equity holders of our Company targeted for the year 2009 (RMB'000)	(487,000)	(327,000)	(161,000)	157,000	312,000

If the targeted average selling prices for all projects rise by 10%, the Group's net profit for the year ending 31 December 2009 will be RMB2,308,000 thousand, i.e. 15.6% higher than the Group's targeted 2009 net profit.

If the targeted average selling prices for all projects rise by 5%, the Group's net profit for the year ending 31 December 2009 will be RMB2,153,000 thousand, i.e. 7.9% higher than the Group's targeted 2009 net profit.

If the targeted average selling prices for all projects decline by 5%, the Group's net profit for the year ending 31 December 2009 will be RMB1,835,000 thousand, i.e. 8.1% lower than the Group's targeted 2009 net profit.

If the targeted average selling prices for all projects decline by 10%, the Group's net profit for the year ending 31 December 2009 will be RMB1,669,000 thousand, i.e. 16.4% lower than the Group's targeted 2009 net profit.

If the targeted average selling prices for all projects decline by 15%, the Group's net profit for the year ending 31 December 2009 will be RMB1,509,000 thousand, i.e. 24.4% lower than the Group's targeted 2009 net profit.

As 88.4% of the forecasted revenue for the period has been pre-sold, the change in average selling price should only apply to those yet to be sold and therefore the actual impact on the Group's net profit in 2009 should be significantly smaller than that reflected above.

(ii) **Sensitivity analysis on targeted GFA sold and delivered**

The following table illustrates the sensitivity of the net profit attributable to shareholders of our Company to the targeted GFA sold and delivered for the year ending 31 December 2009.

% change in targeted GFA sold and delivered................................	-15%	-10%	-5%
Impact on the net profit attributable to equity holders of our Company targeted for the year 2009 (RMB'000)	(266,000)	(177,000)	(89,000)

If the targeted GFA sold and delivered for all projects declines by 5%, the Group's net profit for the year ending 31 December 2009 will be RMB1,908,000 thousand, i.e. 4.5% lower than the Group's targeted 2009 net profit.

If the targeted GFA sold and delivered for all projects declines by 10%, the Group's net profit for the year ending 31 December 2009 will be RMB1,819,000 thousand, i.e. 8.9% lower than the Group's targeted 2009 net profit.

If the targeted GFA sold and delivered for all projects declines by 15%, the Group's net profit for the year ending 31 December 2009 will be RMB1,731,000 thousand, i.e. 13.3% lower than the Group's targeted 2009 net profit.

(iii) **Sensitivity analysis on fair value changes of investment properties**

The total forecasted amount of fair value gain on investment properties for the year ending 31 December 2009 is RMB800 million and its related deferred taxation expense is RMB200 million. The following table illustrates the sensitivity of the net profit attributable to the equity holders of the Company (net of deferred tax effect) to levels of revaluation increase/decrease on investment properties for the year ending 31 December 2009:

Changes in revaluation increase percentage on investment properties compared to our estimated revaluation increase percentage on investment properties	-15%	-10%	-5%	5%	10%	15%
Impact on the net profit attributable to equity holders of our Company targeted for the year 2009 (RMB'000)	(90,000)	(60,000)	(30,000)	30,000	60,000	90,000

If the estimated fair value of investment properties rises/declines by 5%, the Group's net profit for the year ending 31 December 2009 will be not less than RMB2,026,000 thousand/RMB1,966,000 thousand, respectively, i.e. 1.5% higher/lower, respectively, than the Group's targeted 2009 net profit.

If the estimated fair value of investment properties rises/declines by 10%, the Group's net profit for the year ending 31 December 2009 will be not less than RMB2,056,000 thousand/RMB1,936,000 thousand, respectively, i.e. 3.0% higher/lower, respectively, than the Group's targeted 2009 net profit.

If the estimated fair value of investment properties rises/declines by 15%, the Group's net profit for the year ending 31 December 2009 will be not less than RMB2,086,000 thousand/RMB1,906,000 thousand, respectively, i.e. 4.5% higher/lower, respectively, than the Group's targeted 2009 net profit.

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 31 December 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.

Profit forecast for the year ending 31 December 2009

Forecast consolidated net profit attributable to the Shareholders of our Company (net of fair value gains on investment properties (net of deferred tax effect))	Not less than RMB1,396.0 million
Forecast gross fair value gains on investment properties	RMB800.0 million
Less: Provision for deferred tax liabilities on fair value gains on investment properties	RMB(200.0 million)
Forecast fair value gains on investment properties (net of deferred tax)	RMB600.0 million
Forecast consolidated net profit attributable to the Shareholders of our Company (*Note 1*)	Not less than RMB1,996.0 million

	Assuming Convertible Notes are converted at Listing Date	
	Offer Price: HK$4.0	Offer Price: HK$5.3
Unaudited forecast earnings per Share		
(a) Pro forma basis (*Note 2*)		
- Before fair value gains on investment properties	Not less than RMB0.179	Not less than RMB0.180
- After fair value gains on investment properties	Not less than RMB0.255	Not less than RMB0.258
(b) Weighted average basis (*Note 3*)		
- Before fair value gains on investment properties	Not less than RMB0.226	Not less than RMB0.227
- After fair value gains on investment properties	Not less than RMB0.323	Not less than RMB0.324

Notes:

(1) The bases and assumptions on which the above profit forecast has been prepared are set out above as well as in Appendix III to this prospectus.

(2) The calculation of the forecast earnings per Share on a pro forma basis is based on the forecast consolidated net profit attributable to equity holders of our Company for the year ending 31 December 2009 assuming that our Company had been listed since 1 January 2009 and a total of 7,819,687,500 Shares (assuming the Convertible Notes are converted at HK$4.0 per Share) and 7,741,273,585 Shares (assuming the Convertible Notes are converted at HK$5.3 per Share) were in issue during the entire year respectively. This calculation i) assumes that neither the Over-allotment Option nor the options granted under the Pre-IPO Share Option Scheme or the Share Option Scheme will be exercised and ii) has not taken into account the adjustment on the forecast consolidated profit attributable to the Shareholders of the Company for the year ending 31 December 2009 arising from the redemption of the Original Notes, the restructuring of the Original Notes and the issue of the Promissory Notes and the Convertible Notes had these occurred on 1 January 2009.

(3) The calculation of the forecast earnings per Share on a weighted average basis is based on the forecast consolidated net profit attributable to equity holders of the Company for the year ending 31 December 2009 and a weighted average number of approximately 6,172,168,664 Shares (assuming the Convertible Notes are converted at HK$4.0 per Share) and 6,152,618,894 Shares (assuming the Convertible Notes are converted at HK$5.3 per Share) issued and outstanding during the year respectively. This calculation assumes that neither the Over-allotment Option nor the options granted under the Pre-IPO Share Option Scheme or the Share Option Scheme will be exercised and the Shares to be issued in the Global Offering will be issued on 2 October 2009.

(4) The unaudited pro forma forecast earnings per Share of RMB0.266 as presented in appendix II has not taken into account i) any Shares which may be issued upon the conversion of the Convertible Notes and the exercise of the Over-allotment Option and the share option granted under the Pre-IPO Share Option Scheme, and ii) the adjustment on the forecast consolidated profit attributable to the shareholders of the Company for the year ending 31 December 2009 arising from the redemption of the Original Notes, the restructuring of the Original Notes and the issue of the Promissory Notes and the Convertible Notes had these been occurred on 1 January 2009.

(B) LETTER FROM REPORTING ACCOUNTANT ON PROFIT FORECAST

The following is the text of a letter received from PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this Prospectus.

PRICEWATERHOUSECOOPERS

羅兵咸永道會計師事務所

PricewaterhouseCoopers
22/F, Prince's Building
Central, Hong Kong

21 September 2009

The Directors
Glorious Property Holdings Limited

J.P. Morgan Securities (Asia Pacific) Limited
Deutsche Bank AG, Hong Kong Branch

Dear Sirs,

We have reviewed the calculations of and accounting policies adopted in arriving at the forecast of the consolidated profit attributable to equity holders of Glorious Property Holdings Limited (the "Company") for the year ending 31 December 2009 (the "Profit Forecast") as set out in the subsection headed "Profit forecast for the year ending 31 December 2009" in the section headed "Financial Information" in the prospectus of the Company dated 21 September 2009 (the "Prospectus").

We conducted our work in accordance with Auditing Guideline 3.341 on "Accountants' report on profit forecasts" issued by the Hong Kong Institute of Certified Public Accountants.

The Profit Forecast, for which the directors of the Company are solely responsible, has been prepared by them based on the audited consolidated results of the Company and its subsidiaries (hereinafter collectively referred to as the "Group") for the year ended 31 December 2008 and for the four months ended 30 April 2009, the unaudited management accounts for the two months ended 30 June 2009 and a forecast of the consolidated results of the Group for the remaining six months ending 31 December 2009.

In our opinion, the Profit Forecast, so far as the calculations and accounting policies are concerned, has been properly compiled in accordance with the bases and assumptions made by the directors of the Company as set out on pages III-1 to III-7 of the Prospectus, and is presented on a basis consistent in all material respects with the accounting policies presently adopted by the Group as set out in Note 2 of section II of our accountant's report dated 21 September 2009, the text of which is set out in Appendix I of the Prospectus.

Without qualifying our opinion above, we draw attention to section headed "Bases and Assumptions" on pages III-1 to III-7 of the Prospectus which sets out the assumptions adopted by the directors of the Company regarding the fair values of the Group's investment properties as at 31 December 2009. In preparing the Profit Forecast, the directors of the Company have assumed that there will be a credit to the income statement in respect of the revaluation increase, net of the related deferred tax effect, on the investment properties of RMB600 million which is estimated based on the projected valuations at 31 December 2009. The independent valuer is of the view that the fair values of these investment properties at 31 December 2009 estimated by the Company are reasonable. The directors of the Company have confirmed that the projected valuation of the investment properties at 31 December 2009 has been compiled according to valuation bases which are consistent with those adopted by the Company's independent valuer in valuing these properties as at 31 July 2009. The directors of the Company believe that the fair values of the investment properties are the best estimates as at 31 December 2009. However, the fair values of the investment properties and consequently any revaluation increase or decrease on investment properties as at 31 December 2009 may differ materially from the present estimates as they depend on market conditions as at 31 December 2009 and other future events that are beyond the Group's control. Should the actual increase or decrease in fair value of the investment properties differ from the amount presently estimated by the directors of the Company, such difference would have the effect of increasing or decreasing the consolidated profit of the Group attributable to equity holders of the Company for the year ending 31 December 2009.

Yours faithfully,
PricewaterhouseCoopers
Certified Public Accountants
Hong Kong

The following is the text of a letter, prepared for inclusion in this Prospectus, which we have received from J.P. Morgan Securities (Asia Pacific) Limited and Deutsche Bank AG, Hong Kong Branch, the Joint Sponsors, in connection with the forecast of our combined net profits attributable to equity holders of our Company for the year ending December 31, 2009.

J.P.Morgan

Deutsche Bank

J.P. Morgan Securities (Asia Pacific) Limited
28/F Chater House
8 Connaught Road Central
Hong Kong

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

21 September 2009

The Directors
Glorious Property Holdings Limited

Dear Sirs,

We refer to the forecast (the "**Forecast**") of the consolidated profit attributable to shareholders of Glorious Property Holdings Limited (the "**Company**") and its subsidiaries (the "**Group**") for the year ending 31 December 2009 as set out in the sub-section headed "Profit Forecast for the Year Ending 31 December 2009" in the section entitled "Financial Information" in the prospectus issued by the Company dated 21 September 2009 (the "**Prospectus**").

The Forecast, for which the directors of the Company are solely responsible, has been prepared by them based on the audited consolidated results of the Group for the year ended 31 December 2008 and the four months ended 30 April 2009, the unaudited management accounts for the two months ended 30 June 2009 and a forecast of the consolidated results of the Group for the remaining six months ending 31 December 2009.

We have discussed with you the bases and assumptions made by the directors of the Company as set out in Appendix III to the Prospectus, to the extent applicable, upon which the Forecast has been made. We have also considered, and relied upon, the letter dated 21 September 2009 addressed to you and us from PricewaterhouseCoopers regarding the accounting policies and calculations upon which the Forecast has been based.

On the basis of the information comprising the Forecast and on the basis of the accounting policies and calculations adopted by you and reviewed by PricewaterhouseCoopers, we are of the opinion that the 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
J.P. Morgan Securities (Asia Pacific) Limited
Lance Chun-Hao Chen
Managing Director

For and on behalf of
Deutsche Bank AG, Hong Kong Branch
Douglas Morton
Managing Director
Jing Qin
Managing 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 31 July 2009 of the property interests of the Group. As described in section "Documents Available for Inspection" in Appendix XI, a copy of the full valuation report will be made available for public inspection.

Jones Lang LaSalle Sallmanns Limited
17/F Dorset House Taikoo Place
979 King's Road Quarry Bay Hong Kong
tel +852 2169 6000 fax +852 2169 6001
Licence No: C-030171

21 September 2009

The Board of Directors
Glorious Property Holdings Limited
Unit 3702A
37th Floor, Tower 2
Lippo Centre, No. 89 Queensway
Hong Kong

Dear Sirs,

In accordance with your instructions to value the properties in which Glorious Property Holdings 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 31 July 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 (except for the commercial units of property no. 2) which are held by the Group for sale and property interests in Group IV which are held by the Group for future development by direct comparison approach assuming sale of the property interest in its 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 Work Commencement Permits have not yet been issued while the State-owned Land Use Rights Certificates have been obtained; real estate developments for sale are those for which the Construction Work Completion and Inspection Certificate/Tables or Building Ownership Certificates/Real Title Certificates thereof have been issued by the relevant local authority, these also include 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 II and property nos. 17 and 19 in Group III which are currently under development, we have assumed that they will be developed and completed in accordance with the latest development proposals 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 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 Work Commencement Permits have been issued while the Construction Work of Completion and Inspection Certificates/Tables of the buildings thereof have not been issued.

We have valued the property interests in Group III (except for property nos. 17 and 19) which are held by the Group for investment and the commercial units of property no. 2 in Group I by income approach by taking into account the net rental income of the properties derived from the existing leases or achievable in the existing market with due allowance for the reversionary income potential of the leases, which have then been capitalised to determine the market value at an appropriate capitalisation rate. Where appropriate, reference has also been made to the comparable sale transactions as available in the relevant market.

For the property interests in Group V, which are property interests contracted to be acquired by the Group, the Group has entered into agreements with the 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 VI and VII, 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 interests 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 requirements contained in Chapter 5 and Practice Note 12 of 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 leases 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 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 title to the property interests in the PRC and any material encumbrance that might be attached to the property interests or any tenancy amendment. We have relied considerably on the advice given by the Company's PRC legal advisers — Commerce and 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 summarised 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 for sale by the Group in the PRC

No.	Property	Capital value in existing state as at 31 July 2009
		RMB
1.	48 residential units, a clubhouse, a commercial building and 353 car parking spaces in the completed groups of Shanghai Park Avenue No. 389 Anshun Road Changning District Shanghai The PRC	427,700,000
2.	60 residential units, various commercial units, a clubhouse and 431 car parking spaces in the completed groups of Chateau De Paris Phases I & II No. 2093 Xietu Road Xuhui District Shanghai The PRC	513,460,000
3.	160 residential units, 66 villas and 1,480 car parking spaces in the completed groups of Sunshine Venice Phases I, II, IIIA and IIIB located at the southern side of Taopu Road and the western side of Qilianshan Road Putuo District Shanghai The PRC	550,340,000
4.	22 residential units and 711 car parking spaces in the completed groups of No.1 City Promotion Phase I located at the northern side of Wangzhuang East Road, the southern side of Xinguang Road and eastern side of Xingchuang Jiulu New District Wuxi City Jiangsu Province The PRC	29,040,000

No.	Property	Capital value in existing state as at 31 July 2009
		RMB
5.	11 residential units, 25 commercial units, a clubhouse and 705 car parking spaces in the completed groups of Sunshine Holiday Phases I & II located at the northern side of Chenglinzhuang Road Hedong District Tianjin The PRC	324,800,000
6.	39 townhouses, a clubhouse and 140 car parking spaces in the completed groups of Classical Life Phases I & II No.88 Qinfeng Road Yushan Town Changshu City Jiangsu Province The PRC	87,390,000
7.	152 residential units, a clubhouse and 342 car parking spaces in the completed groups of Sunny Town Phases I & II located at the northern side of Nujiang Street Yuhong District Shenyang City Liaoning Province The PRC	104,250,000
	Sub-total:	2,036,980,000

Group II — Property interests held under development by the Group in the PRC

No.	Property	Capital value in existing state as at 31 July 2009
		RMB
8.	Shanghai Bay Phases I , IIA, IIB and a hotel building of Phase III No.1441 Wanping South Road Xuhui District Shanghai The PRC	16,887,710,000
9.	Sunshine Holiday Phase III located at the northern side of Chenglinzhuang Road Hedong District Tianjin The PRC	1,317,000,000
10.	Sunshine Bordeaux Phase I located at Caiyu Town Daxing District Beijing The PRC	428,000,000
11.	Royal Mansion Phases I & II located at Caishi Road Haidian District Beijing The PRC	1,011,080,000
12.	No.1 City Promotion Phase II located at the northern side of Wangzhuang East Road, the southern side of Xinguang Road and the eastern side of Xingchuang Jiulu New District Wuxi City Jiangsu Province The PRC	671,000,000

No.	Property	Capital value in existing state as at 31 July 2009
		RMB
13.	Sunny Town Phase III located at the northern side of Nujiang Street Yuhong District Shenyang City Liaoning Province The PRC	209,020,000
14.	Hefei Villa Glorious Phase I located at the western side of Tongling Road Hefei City Anhui Province The PRC	230,930,000
15.	Harbin Villa Glorious Phase I located at the junction of Wuwei Road, Longkui Road, Anyang Road and Qunli South Road Daoli District Harbin City Heilongjiang Province The PRC	338,200,000
	Sub-total:	21,092,940,000

Group III — Property interests held for investment by the Group in the PRC

No.	Property	Capital value in existing state as at 31 July 2009
		RMB
16.	Various commercial units in the completed groups of Sunshine Venice Phases I, II, IIIA and IIIB located at the southern side of Taopu Road and the western side of Qilianshan Road Putuo District Shanghai The PRC	550,980,000
17.	8 commercial buildings and a shopping mall of Sunshine Venice Phase IIIC located at the southern side of Taopu Road and the western side of Qilianshan Road Putuo District Shanghai The PRC	418,000,000
18.	Various commercial units in the completed groups of Chateau De Paris Phase II No. 2093 Xietu Road Xuhui District Shanghai The PRC	51,400,000
19.	A complex building of Shanghai Bay Phase III No.1441 Wanping South Road Xuhui District Shanghai The PRC	1,202,700,000
20.	Various commercial units in the completed groups of Sunglow Xinjing No.259 Tiandeng Road Xuhui District Shanghai The PRC	47,950,000
	Sub-total:	2,271,030,000

Group IV — Property interests held for future development by the Group in the PRC

No.	Property	Capital value in existing state as at 31 July 2009
		RMB
21.	A parcel of land of Sunshine Venice Phase IV located at the southern side of Taopu Road and the western side of Qilianshan Road Putuo District Shanghai The PRC	451,050,000
22.	2 parcels of land of Dagang Project located at Guan'gang Forest Park Dagang District Tianjin The PRC	978,130,000
23.	A parcel of land of No.1 City Promotion Phase III located at the northern side of Wangzhuang East Road, the southern side of Xinguang Road and the eastern side of Xingchuang Jiulu New District Wuxi City Jiangsu Province The PRC	300,800,000
24.	A parcel of land of No.1 City Promotion Phase IV located at the northern side of Wangzhuang East Road, the southern side of Xinguang Road and the eastern side of Xingchuang Jiulu New District Wuxi City Jiangsu Province The PRC	310,320,000

No.	Property	Capital value in existing state as at 31 July 2009
		RMB
25.	A parcel of land of Nantong Rongsheng Plaza located at the eastern side of Gongnong Road and the southern side of Shiji Avenue Nantong City Jiangsu Province The PRC	785,000,000
26.	9 parcels of land of Rongsheng Garden located at the southern side of Weiwu Road and the eastern side of Jingsi Road Rugao Economic Development Zone Rugao City Jiangsu Province The PRC	120,950,000
27.	The reserved land of Hefei Villa Glorious Phases II, III and IV located at the western side of Tongling Road Hefei City Anhui Province The PRC	413,020,000
28.	The reserved land of Harbin Villa Glorious Phases II and III located at the junction of Wuwei Road, Longkui Road, Anyang Road and Qunli South Road Daoli District Harbin City Heilongjiang Province The PRC	862,700,000
29.	A parcel of land of Sunny Town Phase II located at the northern side of Nujiang Street Yuhong District Shenyang City Liaoning Province The PRC	51,080,000

No.	Property	Capital value in existing state as at 31 July 2009
		RMB
30.	2 parcels of land of Royal Lakefront located at the western side of Jinhai Road and the eastern side of Wangyuan Road Nanqiao Town Fengxian District Shanghai The PRC	1,163,000,000
	Sub-total:	5,436,050,000

Group V — Property interests contracted to be acquired by the Group in the PRC

No.	Property	Capital value in existing state as at 31 July 2009
		RMB
31.	3 parcels of land of Baoshan Gaojing located at the western side of Gaojing Road and the northern side of Yin'gao West Road Baoshan District Shanghai The PRC	No commercial value
32.	A parcel of land of Royal Lakefront located at the western side of Jinhai Road and the eastern side of Wangyuan Road Nanqiao Town Fengxian District Shanghai The PRC	No commercial value
33.	A parcel of land of Sunshine Holiday Phase IV located at the junction of Chenglinzhuang Road and Taixingnan Road Qianjin Village Hedong District Tianjin The PRC	No commercial value

No.	Property	Capital value in existing state as at 31 July 2009
		RMB
34.	A parcel of land of Sunshine Holiday Phase V located at the western side of Taixing South Road Hedong District Tianjin The PRC	No commercial value
35.	A parcel of land of Sunshine Bordeaux Phases II, III and IV located at Caiyu Town Daxing District Beijing The PRC	No commercial value
36.	A parcel of land of Bashang Jie Project located at the eastern side of Ming Guang Road Hefei City Anhui Province The PRC	No commercial value
37.	A parcel of land of Rongsheng Garden located at the eastern side of Zhouwei Harbor, the northern side of Yanjiang Avenue, the western side of Shugang Road and the southern side of dyke of Yangtze River Rugao Economic Development Zone Rugao City Jiangsu Province The PRC	No commercial value
38.	A parcel of land of Sunny Town Phase IV located at Dahan Village Yuhong District Shenyang City Liaoning Province The PRC	No commercial value

No.	Property	Capital value in existing state as at 31 July 2009
		RMB
39.	A parcel of land of Sunny Town Phase V located at Dahan Village Yuhong District Shenyang City Liaoning Province The PRC	No commercial value
	Sub-total:	Nil

Group VI — Property interest rented and occupied by the Group in Hong Kong

No.	Property	Capital value in existing state as at 31 July 2009
		RMB
40.	Unit 3702A on 37th Floor Tower 2 Lippo Centre No.89 Queensway Hong Kong	No commercial value
	Sub-total:	Nil

Group VII — Property interests rented and occupied by the Group in the PRC

No.	Property	Capital value in existing state as at 31 July 2009
		RMB
41.	25 leased properties located in the PRC	No commercial value
	Sub-total:	Nil
	Grand-total:	30,837,000,000

VALUATION CERTIFICATE

Group I — 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 31 July 2009
				RMB
1.	48 residential units, a clubhouse, a commercial building and 353 car parking spaces in the completed groups of Shanghai Park Avenue No. 389 Anshun Road Changning District Shanghai The PRC	The property comprises 48 residential units, a clubhouse, a commercial building and 353 underground car parking spaces in the completed groups of Shanghai Park Avenue which is a residential development completed in 2007. The property and relevant service facilities have a total gross floor area of approximately 36,701.03 sq.m. The details are set out as follows:	The property is currently vacant.	427,700,000

Usage	Gross Floor Area (sq.m.)
Residential	10,656.11
Commercial	822.53
Clubhouse	1,541.07
Car parking spaces	14,987.70
	(353 lots)
Total of the property	**28,007.41**
Service facilities	8,693.62
Total:	**36,701.03**

The land use rights of the property have been granted for a term of 70 years commencing from 26 March 2002 and expiring on 25 March 2072 for residential use.

Notes:

1. Shanghai Anshun Property Development Co., Ltd. ("Shanghai Anshun") is a wholly-owned subsidiary of the Company.

2. Pursuant to 2 State-owned Land Use Rights Grant Contracts dated 26 March 2002 and 28 September 2008, the land use rights of a parcel of land with a site area of approximately 24,625 sq.m. were contracted to be granted to Shanghai Anshun for a term of 70 years expiring on 25 March 2072 for residential use. The total land premium was RMB45,217,376.

3. Pursuant to a Real Estate Title Certificate - Hu Fang Di Chang Zi (2008) Di No. 015410, the land use rights of a parcel of land with a site area of approximately 24,625 sq.m., on which the property is situated, have been granted to Shanghai Anshun for a term of 70 years commencing from 26 March 2002 and expiring on 25 March 2072 for residential use.

4. Pursuant to 6 Construction Work Planning Permits - Hu Chang Jian Ji (2003) Zhuang Nos. 16, 22 and 37, Hu Chang Jian (2004) No. 15, Hu Chang Jian (2005) No. 0505726F01468 and Hu Chang Jian (2006) No. 05061207F03815 in favour of Shanghai Anshun, Shanghai Park Avenue has been approved for construction.

5. Pursuant to 9 Construction Work Commencement Permits - Nos. 011CN0523D01 to 011CN0523D09 in favour of Shanghai Anshun, permission by the relevant local authority has been given to commence the construction of Shanghai Park Avenue.

6. Pursuant to 5 Pre-sales Permits - Chang Ning Fang Di (2006) Yu Zi Nos. 0001595 and 0001451, Chang Ning Fang Di (2007) Yu Zi Nos. 0000892, 0000636 and 0000290 in favour of Shanghai Anshun, the Group is entitled to sell Shanghai Park Avenue to purchasers.

7. Pursuant to 2 Construction Work Completion and Inspection Certificates, the construction of Shanghai Park Avenue has been completed and passed the acceptance inspection.

8. Pursuant to 2 Real Estate Title Certificates - Hu Fang Di Chang Zi (2008) Zi Di Nos. 016049 and 015410, the buildings with a total gross floor area of approximately 48,610.96 sq.m. of Shanghai Park Avenue (including the property) are owned by Shanghai Anshun.

9. As advised by the Group, portions of the property comprising various residential and commercial units with a total gross floor area of approximately 10,997.91 sq.m. have been pre sold to various independent third parties at a total consideration of RMB334,531,136.80. Such portions of the property have not been legally and virtually transferred and therefore we have included the portions in our valuation. In arriving at our opinion on the capital value of the property, we have taken into account the contracted prices of such portions of the property.

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 Group has paid the land premium in respect of the property in full and pursuant to various Real Estate Title Certificates, the Group has acquired the land use rights and the building ownership rights to the property. During the terms of the land use rights, the Group is entitled to occupy, use, lease, mortgage, transfer or otherwise dispose of the property.

    b. The Group has obtained from the PRC Government all requisite approvals in respect of the construction of the property.

    c. The Group is entitled to sell the property.

11. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Grant Contract	Yes
b.	Real Estate Title Certificate	Yes
c.	Construction Work Planning Permit	Yes
d.	Construction Work Commencement Permit	Yes
e.	Pre-sales Permit	Yes
f.	Construction Work Completion and Inspection Certificate/Table	Yes

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 July 2009
				RMB
2.	60 residential units, various commercial units, a clubhouse and 431 car parking spaces in the completed groups of Chateau De Paris Phases I & II No. 2093 Xietu Road Xuhui District Shanghai The PRC	The property comprises 60 residential units, various commercial units, a clubhouse, 317 underground car parking spaces and 114 car parking spaces on civil defence shelter in the completed groups of Chateau De Paris Phases I & II which are residential developments completed in 2004 and 2008. The property and relevant service facilities have a total gross floor area of approximately 53,944.35 sq.m. The details are set out as follows:	The property is currently vacant except for a portion which was leased to a third independent party for commercial purpose. (Please refer to note 9)	513,460,000

Usage	Gross Floor Area of Phase I (sq.m.)	Gross Floor Area of Phase II (sq.m.)
Residential	635.19	5,714.53
Commercial		13,682.12
Clubhouse	321.31	1,588.68
Car parking spaces	3,135.48	17,693.41
	(89 lots)	(342 lots)
Total of the property	**4,091.98**	**38,678.74**
Service facilities	1,352.59	9,821.04
Total:	**5,444.57**	**48,499.78**

The land use rights of the property have been granted for terms with the expiry dates on 22 April 2072 and 6 November 2072 for residential use.

Notes:

1. Shanghai Haosen Property Co., Ltd. ("Shanghai Haosen") is a wholly-owned subsidiary of the Company.

2. Pursuant to 2 State-owned Land Use Rights Grant Contracts dated 28 February 2002 and 18 October 2002, the land use rights of Chateau De Paris Phases I & II were contracted to be granted to Shanghai Haosen for various terms with the expiry dates between 27 February 2072 and 17 October 2072 for residential use. The total land premium was RMB14,168,298.

3. Pursuant to 2 Real Estate Title Certificates - Hu Fang Di Shi Zi (2002) Di Nos. 003696 and 011240, the land use rights of 2 parcels of land (comprising this property and property no. 16) with a total site area of approximately 31,703 sq.m., on which the property is situated, have been granted to Shanghai Haosen for terms with the expiry dates on 22 April 2072 and 6 November 2072 for residential use.

4. Pursuant to 6 Construction Work Planning Permits - Hu Xu Gui Jian (2002) No. 094, Hu Xu Gui Jian (2004) Nos. 046 and 086, Hu Xu Jian (2005) No. 04050908F02052, Hu Xu Jian (2006) No. 04060926F03054 and Hu Xu Jian (2008) No. 04080204F00348 in favour of Shanghai Haosen, Chateau De Paris Phase I & II have been approved for construction.

5. Pursuant to 6 Construction Work Commencement Permits - 01D0086D01310104200102150201, 01D0086D02310104200102150201, 01D0086D03310104200102150201, 0401XH0014D013101042004 03304219, 0401XH0014D02310104200403304219 and 0401XH0014D03310104200403304219 in favour of Shanghai Haosen, permission by the relevant local authority has been given to commence the constructions of Chateau De Paris Phase I & II.

6. Pursuant to 6 Pre-sales Permits - Xu Hui Fang Di (2003) Yu Zi Nos. 029 and 003, and Xu Hui Fang Di (2007) Yu Zi Nos. 0000090, 0000149, 0000607 and 0000887 in favour of Shanghai Haosen, the Group is entitled to sell the buildings of Chateau De Paris Phase I & II to purchasers.

7. Pursuant to 6 Construction Work Completion and Inspection Certificates, the construction of Chateau De Paris Phase I & II has been completed and passed the acceptance inspection.

8. Pursuant to a Real Estate Title Certificate - Hu Fang Di Xu Zi (2004) Zi Di No. 028022, the buildings with a total gross floor area of approximately 30,768.82 sq.m. of Chateau De Paris Phase I (including the unsold portion of Phase I) are owned by Shanghai Haosen.

9. Pursuant to a Tenancy Agreement, a portion of the property with a lettable area of approximately 11,879 sq.m. was rented to an independent third party for a term expiring on 30 September 2027 at an annual rent of RMB13,300,000 with a yearly increase of 2% from the 4th year, exclusive of management fees, water and electricity charges.

10. As advised by the Group, portions of the property comprising various residential units with a total gross floor area of approximately 4,793.39 sq.m. have been pre sold to various independent third parties at a total consideration of RMB156,612,545. Such portions of the property have not been legally and virtually transferred and therefore we have included the portions in our valuation. In arriving at our opinion on the capital value of the property, we have taken into account the contracted prices of such portions of the property.

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 Group has paid the land premium in respect of the property in full and pursuant to various Real Estate Title Certificates, the Group has acquired the land use rights and the building ownership rights to the property. During the terms of the land use rights, the Group is entitled to occupy, use, lease, mortgage, transfer or otherwise dispose of the property.

    b. The Group has obtained from the PRC Government all requisite approvals in respect of the construction of the property.

    c. The Group is entitled to sell the property and legally owned the unsold units of the property.

d. The Tenancy Agreement mentioned in note 8 is binding upon both parties.

e. The Group should not have any legal impediment to obtain the relevant Building Ownership Certificate.

12. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Grant Contract	Yes
b.	Real Estate Title Certificate	Yes
c.	Construction Work Planning Permit	Yes
d.	Construction Work Commencement Permit	Yes
e.	Pre-sales Permit	Yes
f.	Construction Work Completion and Inspection Certificate/Table	Yes

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 July 2009
				RMB
3.	160 residential units, 66 villas and 1,480 car parking spaces in the completed groups of Sunshine Venice Phases I, II, IIIA and IIIB located at the southern side of Taopu Road and the western side of Qilianshan Road Putuo District Shanghai The PRC	Sunshine Venice (comprising the property and property nos. 16, 17 and 21) is erected on a parcel of land with a site area of approximately 429,929 sq.m., and will be developed into four phases.	The property is currently vacant.	550,340,000

The property comprises 736 underground car parking spaces and 504 car parking spaces on civil defence shelter in the completed groups of Sunshine Venice Phases I, II and IIIA which are residential developments completed in 2006.

The property also comprises 160 residential units, 66 villas, 161 underground car parking spaces and 79 car parking spaces on civil defence shelter in the completed groups of Sunshine Venice Phase IIIB which is a residential development completed between November 2008 and August 2009.

The property and relevant service facilities have a total gross floor area of approximately 155,765.70 sq.m. The details are set out as follows:

Usage	Gross Floor Area of Phase I, II, IIIA (sq.m.)	Gross Floor Area of Phase IIIB (sq.m.)
Residential	130.54	30,513.89
Villa		12,297.07
Car parking spaces	44,298.16	8,044.5
	(1,240 lots)	(240 lots)
Total of the property	**44,428.70**	**50,855.46**
Service facilities	49,450.71	11,030.83
Total:	**93,879.41**	**61,886.29**

The land use rights of the property have been granted for terms with the expiry dates on 2 October 2071 and 21 December 2074 for residential use.

Notes:

1. Shanghai Yijing Property Development Co., Ltd. ("Shanghai Yijing") is a wholly-owned subsidiary of the Company.

2. Pursuant to a State-owned Land Use Rights Grant Contract and 4 Supplementary Grant Contracts - Hu Fang Di (2006) Chu Rang He Tong Bu Zi Di No.20, Hu Fang Di (2004) Chu Rang He Tong Bu Zi Di No.88, Hu Fang Di (2003) Chu Rang He Tong Bu Zi Di No.34, Hu Fang Di Zi (2002) Chu Rang He Tong Nei Zi Di No.113 and Hu Fang Di Zi (2001) Chu Rang He Tong Nei Zi Di No.112, all entered into between Shanghai Housing and Land Resources Administration Bureau and Shanghai Yijing, the land use rights of Sunshine Venice Phases I to IV (comprising this property and property nos. 16, 17 and 21) with a total site area of approximately 429,661 sq.m. were contracted to be granted to Shanghai Yijing for a term of 70 years for residential use. The total land premium was RMB64,666,909.

3. Pursuant to 3 Real Estate Title Certificates - Hu Fang Di Pu Zi (2005) Di Nos.000806, 000220 and Hu Fang Di Shi Zi (2002) Di No.012723, the land use rights of Sunshine Venice Phases I to IV (comprising this property and property nos. 16, 17 and 21) with a total site area of approximately 429,929 sq.m. have been granted to Shanghai Yijing for terms with the expiry dates on 2 October 2071 and 21 December 2074 for residential use.

4. Pursuant to 7 Real Estate Title Certificates - Hu Fang Di Pu Zi (2005) Zi Di Nos. 000615, 001628, 040646, Hu Fang Di Pu Zi (2006) Zi Di Nos. 008373 and 032816, Hu Fnag Di Pu Zi (2008) 015063, Hu Fang Di Pu Zi (2009) 004879 and 017015, the buildings with a total gross floor area of approximately 690,637.54 sq.m. of Sunshine Venice Phases I, II, IIIA and IIIB (including the property) are owned by Shanghai Yijing.

5. Pursuant to various Pre-sale Permits in favour of Shanghai Yijing, the Group is entitled to sell the buildings of Sunshine Venice Phases I, II , IIIA and IIIB to purchasers.

6. Pursuant to 8 Construction Work Completion and Inspection Certificates, the construction of residential buildings and villas of Sunshine Venice Phases IIIB has been completed and passed the acceptance inspection.

7. As advised by the Group, portions of the property comprising various residential units and villas with a total gross floor area of approximately 35,183.07 sq.m. have been pre sold to various independent third parties at a total consideration of RMB328,582,435. Such portions of the property have not been legally and virtually transferred and therefore we have included the portions in our valuation. In arriving at our opinion on the capital value of the property, we have taken into account the contracted prices of such portions of the property.

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 paid the land premium in respect of the property in full and pursuant to various Real Estate Title Certificates, the Group has acquired the land use rights and the building ownership rights to the property. During the terms of the land use rights, the Group is entitled to occupy, use, lease, mortgage, transfer or otherwise dispose of the property.

   b. The Group has obtained from the PRC Government all requisite approvals in respect of the construction of the property.

   c. The Group is entitled to sell the property and legally owned the unsold units of the property.

9. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Grant Contract	Yes
b.	Real Estate Title Certificate	Yes
c.	Pre-sale Permit	Yes
d.	Construction Work Completion and Inspection Certificate/Table	Yes

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 July 2009 RMB
4.	22 residential units and 711 car parking spaces in the completed groups of No.1 City Promotion Phase I located at the northern side of Wangzhuang East Road, the southern side of Xinguang Road and eastern side of Hangchuangjiu Road New District Wuxi City Jiangsu Province The PRC	The property comprises 22 residential units, 193 underground car parking spaces and 518 car parking spaces on civil defence shelter in the completed groups of No.1 City Promotion Phase I which is a residential development completed in October 2007. The property and relevant service facilities have a total gross floor area of 33,398.48 sq.m. The details are set out as follows:	The property is currently vacant.	29,040,000

Usage	Gross Floor Area (sq.m.)
Residential	3,375.41
Car parking spaces	24,792.22 (711 lots)
Total of the property	**28,167.63**
Service facilities	5,230.85
Total:	**33,398.48**

The land use rights of the property have been granted for various terms of 40 years expiring on 29 September 2044 for commercial use, 70 years expiring on 29 September 2074 for residential use and 50 years expiring on 29 September 2054 for other use.

Notes:

1. Wuxi Wangjiarui Co., Ltd. ("Wuxi Wangjiarui") is a wholly-owned subsidiary of the Company.

2. Pursuant to a State-owned Land Use Rights Grant Contract - Xi Guo Tu Chu He (2004) No. Di 39 and its Supplementary Grant Contract, the land use rights of No.1 City Promotion Phases I to IV (comprising this property and property nos. 12, 23 and 24) with a total site area of 219,422.90 sq.m. were contracted to be granted to Wuxi Wangjiarui for terms of 70, 40 and 50 years for residential, commercial and other uses respectively. The land premium was RMB493,700,000.

3. Pursuant to a State-owned Land Use Rights Certificate - Xi Xin Guo Yong (2005) No. 192, the land use rights of No.1 City Promotion Phase I and Phase IV (comprising this property and property no. 24) with a site area of approximately 85,583.40 sq.m. have been granted to Wuxi Wangjiarui for various terms of 40 years expiring on

29 September 2044 for commercial use, 70 years expiring on 29 September 2074 for residential use and 50 years expiring on 29 September 2054 for other use. As advised by the Group, the Group is applying for the separate State-owned Land Use Rights Certificate for a portion of the parcel of land with a site area of approximately 58,916.60 sq.m, on which the property is situated, for residential use. For the remaining portion of the parcel of land with a site area of approximately 26,666.80 sq.m., the Group is applying for the separate State-owned Land Use Rights Certificate for hotel use.

4. Pursuant to 3 Construction Work Planning Permits - Xi Xin Gui Jian Xu Nos. 2005-192, 2006-15 and 2006-27 in favour of Wuxi Wangjiarui, No.1 City Promotion Phase I has been approved for construction.

5. Pursuant to 2 Construction Work Commencement Permits - Xi Xin Jian Shi Xu (2005) No.B74 and (2006) No.B41 in favour of Wuxi Wangjiarui, permission by the relevant local authority has been given to commence the construction of No.1 City Promotion Phase I.

6. Pursuant to 2 Pre-sale Permits - (2005) Yu Shou Zhun Zi Di No.068 and (2007) Yu Shou Zhun Zi Di No.086 in favour of Wuxi Wangjiarui, the Group is entitled to sell the buildings of No.1 City Promotion Phase I to purchasers.

7. Pursuant to 5 Construction Work Completion and Inspection Certificates, the construction of No.1 City Promotion Phase I has been completed and passed the acceptance inspection.

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 paid the land premium in respect of the property in full and pursuant to a State-owned Land Use Rights Certificate, the Group has acquired the land use rights to the property. During the terms of the land use rights, the Group is entitled to occupy, use, lease, mortgage, transfer or otherwise dispose of the property.

   b. The Group has obtained from the PRC Government all requisite approvals in respect of the construction of the property.

   c. The Group is entitled to sell the property and legally owned the unsold units of the property.

   d. The Group should not have any legal impediment to obtain the relevant Building Ownership Certificate.

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 Work Planning Permit	Yes
d.	Construction Work Commencement Permit	Yes
e.	Pre-sale Permit	Yes
f.	Construction Work Completion and Inspection Certificate/Table	Yes

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 July 2009 RMB
5.	11 residential units, 25 commercial units, a clubhouse and 705 car parking spaces in the completed groups of Sunshine Holiday Phases I & II located at the northern side of Chenglinzhuang Road Hedong District Tianjin The PRC	The property comprises 11 residential units, 25 commercial units, a clubhouse and 705 car parking spaces on civil defence shelter in the completed groups of Sunshine Holiday Phases I & II which are residential developments completed in 2006 and May 2008. The property and relevant service facilities have a total gross floor area of approximately 49,894.13 sq.m.. The details are set out as follows:	The property is currently vacant.	324,800,000

Usage	Gross Floor Area of Phase I (sq.m.)	Gross Floor Area of Phase II (sq.m.)
Residential	146.82	1,169.7
Commercial		6,113.46
Clubhouse	6,091.32	
Car parking spaces		26,900.00 (705 lots)
Total of the property	**6,238.14**	**34,183.16**
Service facilities	2,489.95	6,982.88
Total:	**8,728.09**	**41,166.04**

The land use rights of the property have been granted for various terms expiring on 15 March 2075 for residential use and 15 March 2045 for commercial service use.

Notes:

1. Tianjin Yangguang Xindi Investment Co., Ltd. ("Tianjin Yangguang Xindi") is a wholly-owned subsidiary of the Company.

2. Pursuant to a State-owned Land Use Rights Grant Contract dated 20 April 2004, the land use rights of Sunshine Holiday Phases I to IV (comprising this property and property nos. 9 and 33) with a site area of approximately 184,680.30 sq.m. were contracted to be granted to Tianjin Yangguang Xindi for various terms of 70, 40 and 50 years for residential, commercial and composite uses respectively. The land premium was RMB403,800,000.

3. Pursuant to a Real Estate Title Certificate — Fang Di Zheng Jin Zi Di No. 102050900018, the land use rights of a parcel of land with a site area of approximately 97,382 sq.m., on which the property is situated, have been granted to Tianjin Yangguang Xindi for various terms expiring on 15 March 2075 for residential use and 15 March 2045 for commercial service use.

4. Pursuant to 3 Construction Work Planning Permits - 2005 Dong Jian Zheng Zi Nos. 0010, 0006 and 2007 He Dong Jian Bu Shen Zi No.0003 in favour of Tianjin Yangguang Xindi, Sunshine Holiday Phases I & II have been approved for construction.

5. Pursuant to 4 Construction Work Commencement Permits - Jian Shi Nos. 1210220200503030, 1210230200506170, 1210220200509246 and 1210230200601017 in favour of Tianjin Yangguang Xindi, permission by the relevant local authority has been given to commence the construction of Sunshine Holiday Phases I & II.

6. Pursuant to various Pre-sales Permits in favour of Tianjin Yangguang Xindi, the Group is entitled to sell the buildings of Sunshine Holiday Phases I & II to purchasers.

7. Pursuant to various Construction Work Completion and Inspection Certificates, the construction of Sunshine Holiday Phase I and II has been completed and passed the acceptance inspection.

8. As advised by the Group, portions of the property comprising 3 residential units with a total gross floor area of approximately 318.22 sq.m. have been pre sold to various independent third parties at a total consideration of RMB2,646,705.10. Such portions of the property have not been legally and virtually transferred and therefore we have included the portions in our valuation. In arriving at our opinion on the capital value of the property, we have taken into account the contracted prices of such portions of the property.

9. 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 paid the land premium in respect of the property in full and pursuant to a Real Estate Title Certificate, the Group has acquired the land use rights and the building ownership rights to the property. During the terms of the land use rights, the Group is entitled to occupy, use, lease, mortgage, transfer or otherwise dispose of the property.

   b. The Group has obtained from the PRC Government all requisite approvals in respect of the construction of the property.

   c. The Group is to freely sell the property and legally owned the unsold units of the property.

   d. The Group should not have any legal impediment to obtain the relevant Building Ownership Certificates.

10. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Grant Contract	Yes
b.	Real Estate Title Certificate (For land only)	Yes
c.	Construction Work Planning Permit	Yes
d.	Construction Work Commencement Permit	Yes
e.	Pre-sales Permit	Yes
f.	Construction Work Completion and Inspection Certificate/Table	Yes

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 July 2009
				RMB
6.	39 townhouses, a clubhouse and 140 car parking spaces in the completed groups of Classical Life Phases I & II No.88 Qinfeng Road Yushan Town Changshu City Jiangsu Province The PRC	The property comprises 39 townhouses, a clubhouse and 140 car parking spaces on civil defence shelter in the completed groups of Classical Life Phases I & II which are residential developments completed between June and December 2008.	The property is currently vacant.	87,390,000

The property and relevant service facilities have a total gross floor area of approximately 19,690.37 sq.m.. The details are set out as follows:

Usage	Gross Floor Area of Phase I (sq.m.)	Gross Floor Area of Phase II (sq.m.)
Townhouse	9,638.77	
Clubhouse	1,627.27	
Residential		
Car parking spaces		4,946.88 (140 lots)
Total of the property	**11,266.04**	**4,946.88**
Service facilities	272.27	3,205.18
Total:	**11,538.31**	**8,152.06**

The land use rights of the property have been granted for terms with the expiry dates on 30 March 2075 and 29 April 2078 for residential use.

Notes:

1. Suzhou Hongsheng Property Co., Ltd. ("Suzhou Hongsheng") is a wholly-owned subsidiary of the Company.

2. Pursuant to a State-owned Land Use Rights Grant Contract dated 22 March 2005, the land use rights of the property with a site area of approximately 55,398 sq.m. were contracted to be granted to Shanghai Hongyun Real Estate Co., Ltd. ("Shanghai Hongyun"), a wholly-owned subsidiary of the Company, for a term of 70 years for residential use. The land premium was RMB99,500,000.

3. Pursuant to a Supplementary Agreement dated 22 March 2005 entered into between Shanghai Hongyun and Suzhou Hongsheng, the aforesaid land use rights of the property have been transferred to Suzhou Hongsheng.

4. Pursuant to 3 State-owned Land Use Rights Certificates - Chang Guo Yong (2005) Zi Di No.000595, Chang Guo Yong (2007) Zi Di No.002321 and Chang Guo Yong (2008) Zi Di No.000913, the land use rights of Classical Life Phases I & II with a total site area of approximately 55,398 sq.m. have been granted to Suzhou Hongsheng for terms with the expiry dates on 30 March 2075 and 29 April 2078 for residential use.

5. Pursuant to 4 Construction Work Planning Permits — Chang Gui Jian Gong 20060053, 20060152, 20070127 and 320581200800033 in favour of Suzhou Hongsheng, Classical Life Phase I & II have been approved for construction.

6. Pursuant to 3 Construction work Commencement Permits - 320581200801070101, 320520200507050201 and 320581200612290501 in favour of Suzhou Hongsheng, permission by the relevant local authorities has been given to commence the construction of Classical Life Phases I & II.

7. Pursuant to 3 Pre-sales Permits - Chang Fang Yu Shou Zi (2007) Di Nos. 005 and 025, and Chang Fang Yu Shou Zi (2008) Di No. 002 in favour of Suzhou Hongsheng, the Group is entitled to sell the buildings of Classical Life Phases I & II to purchasers.

8. Pursuant to 3 Construction Work Completion and Inspection Certificates- Nos. 200806335, 200806336 and 2008012638, the construction of Classical Life Phases I & II has been completed and passed the acceptance inspection.

9. As advised by the Group, portions of the property comprising 4 townhouses and a residential unit with a total gross floor area of approximately 1,369.50 sq.m. have been pre sold to various independent third parties at a total consideration of RMB9,862,261.46. Such portions of the property have not been legally and virtually transferred and therefore we have included the portions in our valuation. In arriving at our opinion on the capital value of the property, we have taken into account the contracted prices of such portions of the property.

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 Group has paid the land premium in respect of the property in full and pursuant to 3 State-owned Land Use Rights Certificates, the Group has acquired the land use rights to the property. During the terms of the land use rights, the Group is entitled to occupy, use, lease, mortgage, transfer or otherwise dispose of the property.

    b. The Group has obtained from the PRC Government all requisite approvals in respect of the construction of the property.

    c. The Group is entitled to sell the property and legally owned the unsold units of the property.

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 Work Planning Permit	Yes
d.	Construction Work Commencement Permit	Yes
e.	Pre-sales Permit	Yes
f.	Construction Work Completion and Inspection Certificate/Table	Yes

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 July 2009
				RMB
7.	152 residential units, a clubhouse and 342 car parking spaces in the completed groups of Sunny Town Phases I & II located at the northern side of Nujiang Street Yuhong District Shenyang City Liaoning Province The PRC	The property comprises 152 residential units, a clubhouse, 270 underground car parking spaces and 72 car parking spaces on civil defence shelter in the completed groups of Sunny Town Phases I & II which are residential development completed between June 2007 and November 2008. The property and relevant service facilities have a total gross floor area of approximately 50,326.70 sq.m. The details are set out as follows:	The property is currently vacant.	104,250,000

Usage	Gross Floor Area of Phase I (sq.m.)	Gross Floor Area of Phase II (sq.m.)
Residential	1,040.31	14,183.77
Clubhouse	4,430.25	
Car parking spaces	4,884.12 (134 lots)	10,027.89 (208 lots)
Total of the property	**10,072.88**	**24,211.66**
Service facilities	15,139.01	621.35
Total:	**25,493.69**	**24,833.01**

The land use rights of the property have been granted for terms with expiry dates on April 2056 and 10 March 2058 for residential use and 19 April 2046 for commercial use.

Notes:

1. Liaoning Yangguang Xindi Property Development Co., Ltd. ("Liaoning Yangguang Xindi") is a wholly-owned subsidiary of the Company.

2. Pursuant to 3 State-owned Land Use Rights Grant Contracts - Shen Gui Guo Tu Chu He Zi 2006 Nos.0038, 0150 and Shen Gui Guo Tu Chu He Zi 2008 No.0011, entered into between the Planning and State-owned Land Resource Bureau of Shenyang City and Liaoning Yangguang Xindi, the land use rights of 3 parcels of land with a total site area of approximately 133,157 sq.m., on which the property is situated, were contracted to be granted to Liaoning Yangguang Xindi for terms with expiry dates on April 2056 and 10 March 2058 for residential use and 19 April 2046 for commercial use. The land premium was RMB181,771,807.

3. Pursuant to 3 State-owned Land Use Rights Certificates - Shen Yang Guo Yong (2006) Di Nos. 0114, 0424 and Shen Yang Guo Yong (2008) Di No. 0060, the land use rights of 3 parcels of land with a total site area of approximately 133,296 sq.m. on which the property is situated, have been granted to Liaoning Yangguang Xindi for terms with expiry dates on 19 April 2056 and 10 March 2058 for residential use and 19 April 2046 for commercial use.

4. Pursuant to 4 Construction Work Planning Permits - Shen Gui Jian Zi Nos.06-0098, 0100, 0221 and Shen Gui Jian Zheng Zi 2008 Nian No. 0041 in favour of Liaoning Yangguang Xindi, Sunny Town Phases I & II have been approved for construction.

5. Pursuant to 6 Construction Work Commencement Permits - Nos. 210107200607050101, 21010720 0607050201, 210107200607070201, 210107200607070101, 210107200612300101 and 210107200804280301, permission by the relevant local authority has been given to commence the construction of Sunny Town Phases I & II.

6. Pursuant to 10 Pre-sale Permits - Shen Fang Yu Shou Di Nos. 06159, 06368, 07009, 07053, 07089, 07096, 07246, 08088, 08146 and 08201 in favour of Liaoning Yangguang Xindi, the Group is entitled to sell the buildings of Sunny Town Phases I & II to purchasers.

7. Pursuant to 7 Construction Work Completion and Inspection Certificates - Nos. 080028, 080097 and 2008 Nian Di Nos. 7194 to 7198, the construction of Sunny Town Phase I has been completed and passed the acceptance inspection.

8. As advised by the Group, various residential units of Sunny Town Phases I and II with a total gross floor area of approximately 5,700.24 sq.m. have been pre sold to various independent third parties at a total consideration of RMB18,586,723. Such portions of the property have not been legally and virtually transferred and therefore we have included the portions in our valuation. In arriving at our opinion on the capital value of the property, we have taken into account the contracted prices of those portions of the property.

9. 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 paid the land premium in respect of the property in full and pursuant to various State-owned Land Use Rights Certificates, the Group has acquired the land use rights to the property. During the terms of the land use rights, the Group is entitled to occupy, use, lease, mortgage, transfer or otherwise dispose of the property.

   b. The Group is entitled to sell the property and legally owned the unsold units of the property.

   c. After Sunny Town Phase II has passed inspection and acceptance procedures, the Group should not have any legal impediment to obtain the relevant Building Ownership Certificates.

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 Work Planning Permit	Yes
d.	Construction Work Commencement Permit	Yes
e.	Pre-sale Permit	Yes
f.	Construction Work Completion and Inspection Certificate/Table	Portion

VALUATION CERTIFICATE

Group II — 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 31 July 2009 RMB
8.	Shanghai Bay Phases I, IIA, IIB and a hotel building of Phase III No.1441 Wanping South Road Xuhui District Shanghai The PRC	Shanghai Bay Phases I, IIA, IIB and a hotel building of Phase III are erected on 6 parcels of contiguous land with a total site area of approximately 161,894 sq.m. Upon completion, Shanghai Bay will comprise 16 residential buildings, a complex building (please refer to property no. 19), a hotel building, 2,555 car parking spaces and other service facilities. At the date of valuation, 7 residential buildings of Shanghai Bay Phase I, 2 residential buildings of Phase IIA, a hotel building of Phase III were being constructed, construction of the remaining buildings has not commenced. As advised by the Group, the property will have a total gross floor area of approximately 778,295.96 sq.m. and the details are set out as follows:	Shanghai Bay Phases I, IIA and the hotel building of Phase III are currently under construction.	16,887,710,000

Usage	Gross Floor Area (sq.m.)
Phase I	
Residential	188,271.72
Commercial	5,657.84
Car parking spaces	18,430.00
	(586 lots)
Service facilities	8,306.57
Sub-total:	220,666.13
Phase IIA	
Residential	46,801.25
Commercial	2,355.58
Car parking spaces	8,739.00
	(204 lots)
Service facilities	2,014.47
Sub-total:	59,910.30

No.	Property	Description and tenure		Particulars of occupancy	Capital value in existing state as at 31 July 2009
					RMB
		Phase IIB			
		Residential	198,850.42		
		Commercial	9,412.80		
		Underground Commercial	81,017.40		
		Car parking spaces	67,733.90 (1,458 lots)		
		Service facilities	17,052.01		
		Sub-total:	374,066.53		
		Phase III			
		Hotel	64,635.00		
		Commercial	25,065.00		
		Car parking spaces	12,815.00 (307 lots)		
		Service facilities	21,138.00		
		Sub-total:	123,653.00		
		Total:	**778,295.96**		
		As advised by the Group, the underground commercial area of the property is scheduled to be completed in June 2014 and the remainder of the property is scheduled to be completed in December 2011.			
		As advised by the Group, the total construction cost is estimated to be approximately RMB9,041,657,000, of which RMB3,257,127,000 had been paid up to the date of valuation.			
		The land use rights of the property have been granted for various terms with the expiry dates on 30 August 2054 and 30 August 2074 for public facility and residential uses.			

Notes:

1. Shanghai Xintai Property Development Co., Ltd. ("Shanghai Xintai") is a wholly-owned subsidiary of the Company.

2. Pursuant to 6 Real Estate Title Certificates - Hu Fang Di Xu Zi(2004) Nos. 044905, 044907 to 044909 and Hu Fang Di Xu Zi(2005) Nos. 009499 and 009500, the land use rights of 6 parcels of land of the property with a total site area of approximately 161,894 sq.m. have been granted to Shanghai Xintai for various terms with the expiry dates on 30 August 2054 and 30 August 2074 for public facility and residential uses.

3. Pursuant to 7 Construction Work Planning Permits - Hu Gui Jian (2005) 00051122F02913, Hu Gui Jian (2006)00060802F02355, Hu Gui Jian (2006) 00060925F03030, Hu Gui Jian (2008) 00080318F00613, Hu Gui Jian (2008) 0008119F02660, Hu Gui Jian (2008) 00080529F01241 and Hu Gui Jian (2009) FA31000020091630, issued by the Planning Administration Bureau of Shanghai in favour of Shanghai Xintai, Shanghai Bay Phases I, IIA and a hotel building of Phase III have been approved for construction.

4. Pursuant to 7 Construction Work Commencement Permits in favour of Shanghai Xintai, permission by the relevant local authority has been given to commence construction work with respect to the portions mentioned in note 3.

5. Pursuant to 3 Pre-sale Permits - Xu Hui Fang Di (2007) Yu Zi Nos. 0000936, 0001061 and 0000412 in favour of Shanghai Xintai, the Group is entitled to sell 7 buildings of Phase I with a total gross floor area of approximately 188,271.72 sq.m. to purchasers.

6. As advised by the Group, various residential units of phase I with a total gross floor area of approximately 111,587.11 sq.m. were contracted to be sold at a total consideration of RMB3,447,309,372.69 but have not been handed over to the purchasers. In arriving at our opinion on the capital value of the property, we have taken into account the contracted prices of such portions of the property.

7. In the valuation of this property, we have deducted the additional value of the land interest which is contributed by the underground commercial units of Phase II due to absence of proper Construction Work Planning Permit and Construction Work Commencement Permit. However, for reference purpose, we are of the opinion that the above additional value of the land interest contributed to the property as at the date of valuation would be RMB1,746,290,000 assuming all relevant permits have been obtained and the planned gross floor area of approximately 148,751.3 sq.m. have been approved.

8. As advised by the Company and according to the opinion provided by the Company's PRC Legal adviser, the land use rights and building ownership rights of Block Nos.2 and 8 under construction of Shanghai Bay Phase I with a total gross floor area of approximately 56,305 sq.m. upon completion have been transferred to Shanghai Penghui Property Development Co., Ltd. However, since the land use rights and building ownership rights of Block Nos.2 and 8 under construction of Shanghai Bay Phase I were still vested in the Group as at the date of valuation, we have included them in our valuation of this report.

9. 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 paid the land premium in respect of the property in full and pursuant to various Real Estate Title Certificates, the Group has acquired the land use rights of the property. During the terms of the land use rights, the Group is entitled to occupy, use, lease, mortgage, transfer or otherwise dispose of the property. A portion of the property with a site area of 178,734 sq.m. is subject to a mortgage, the Group is entitled to occupy and use but cannot lease, mortgage, transfer or otherwise dispose of the portion of the property without prior written consent of the corresponding creditor.

   b. The Group has obtained from the PRC Government requisite approvals in respect of the construction of Phase I, portion of Phase II and the hotel building of Phase III.

   c. After obtaining relevant construction permits, the Group should not have any legal impediment to develop the property.

   d. The Group is freely entitled to sell the 7 buildings of the property mentioned in note 5.

10. A summary of major certificates/approvals is shown as follows:

a.	Real Estate Title Certificate (For land only)	Yes
b.	Construction Work Planning Permit	Portion
c.	Construction Work Commencement Permit	Portion
d.	Pre-sale Permit	Portion
e.	Construction Work Completion and Inspection Certificate/Table	N/A

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 July 2009
				RMB
9.	Sunshine Holiday Phase III located at the northern side of Chenglinzhuang Road Hedong District Tianjin The PRC	Sunshine Holiday Phase III is erected on 2 parcels of contiguous land with a total site area of approximately 71,204.70 sq.m. Upon completion, Sunshine Holiday Phase III will comprise 15 buildings with residential units, commercial units, car parking spaces and other service facilities. As advised by the Group, Sunshine Holiday Phase III is to be completed in June 2010. Upon completion, Sunshine Holiday Phase III will have a total gross floor area of approximately 187,335.22 sq.m. and the details are set out as follows: **Usage** — **Planned Gross Floor Area (sq.m.)** Residential — 155,866.89 Commercial — 1,617.00 Car parking spaces — 21,465.68 (995 lots) Service facilities — 8,385.65 **Total:** — **187,335.22** As advised by the Group, the total construction cost is estimated to be approximately RMB643,507,000, of which RMB340,090,000 had been paid up to the date of valuation. The land use rights of the property have been granted for various terms expiring on 15 March 2075 for residential use and 15 March 2045 for commercial service use.	The property is currently under construction.	1,317,000,000

Notes:

1. Tianjin Yangguang Xindi Investment Co., Ltd. ("Tianjin Yangguang Xindi") is a wholly-owned subsidiary of the Company.

2. Pursuant to a State-owned Land Use Rights Grant Contract dated 20 April 2004, the land use rights of Sunshine Holiday Phases I to IV (comprising this property and property nos. 5 and 33) with a site area of approximately 184,680.30 sq.m. were contracted to be granted to Tianjin Yangguang Xindi for various terms of 70, 40 and 50 years for residential, commercial and composite uses respectively. The land premium was RMB403,800,000.

3. Pursuant to 2 State-owned Land Use Rights Certificates - Dong Dan Guo Yong (2005) Di Nos. 026 and 028, the land use rights of two parcels of land of the property with a total site area of approximately 71,204.70 sq.m. have been granted to Tianjin Yangguang Xindi for terms expiring on 15 March 2075 for residential use and 15 March 2045 for commercial service use.

4. Pursuant to 4 Construction Work Planning Permits - 2007 He Dong Zhu Zheng No. 0010, 2008 He Dong Jian Zheng No. 0008, 2009 He Dong Jian Zheng No. 0001 and 2009 He Dong Zhu Zheng No. 0002 in favour of Tianjin Yangguang Xindi, Sunshine Holiday Phase III has been approved for construction.

5. Pursuant to 2 Construction Work Commencement Permits - Jian Shi 1210220200712699 and 1210220200712676 in favour of Tianjin Yangguang Xindi, permission by the relevant local authority has been given to commence the construction work of Sunshine Holiday Phase III.

6. Pursuant to 12 Pre-sales Permits in favour of Tianjin Yangguang Xindi, the Group is entitled to sell portions of Sunshine Holiday Phase III with a total gross floor area of approximately 81,558.57 sq.m. to purchasers.

7. As advised by the Group, portions of the property comprising a total gross floor area of 77,199.16 sq.m. were contracted to be sold at a total consideration of RMB587,352,358 but have not been handed over to the purchases. In arriving at our opinion on the capital value of the property, we have taken into account of the contracted prices of such portion of property.

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 paid the land premium in respect of the property in full and pursuant to 2 State-owned Land Use Rights Certificates, the Group has acquired the land use rights to the property. During the terms of the land use rights, the Group is entitled to occupy, use, lease, mortgage, transfer or otherwise dispose of the property.

    b. The Group has obtained requisite approvals for the development of the property from the relevant government authorities.

    c. The Group is entitled to sell the property.

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 Work Planning Permit	Yes
d.	Construction Work Commencement Permit	Yes
e.	Pre-sales Permit	Portion
f.	Construction Work Completion and Inspection Certificate/Table	N/A

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 July 2009
				RMB
10.	Sunshine Bordeaux Phase I located at Caiyu Town Daxing District Beijing The PRC	Sunshine Bordeaux Phase I comprises IA & IB and are erected on 2 parcels of contiguous land with a total site area of approximately 180,962.56 sq.m.	Sunshine Bordeaux Phase IA is currently under construction.	428,000,000

Upon completion, Sunshine Bordeaux Phases I A & IB will comprise 45 residential buildings with commercial units, car parking spaces and other service facilities.

As at the date of valuation, 29 residential buildings of Sunshine Bordeaux Phase IA were being constructed, construction of phase IB has not commenced.

Upon completion, Sunshine Bordeaux Phase IA & IB will have a total gross floor area of approximately 238,922.38 sq.m. and the details are set out as follows:

Usage	Gross Floor Area (sq.m.)
Phase IA	
Residential	93,672.40
Commercial	16,460.89
Car parking spaces	12,125.00 (304 lots)
Service facilities	14,643.49
Sub-total:	136,901.78
Phase IB	
Residential	63,993.00
Commercial	16,633.60
Car parking spaces	15,669.00 (375 lots)
Service facilities	5,725.00
Sub-total:	102,020.60
Total:	**238,922.38**

As advised by the Group, Sunshine Bordeaux Phase I is scheduled to be completed in October 2011.

As advised by the Group, the total construction cost is estimated to be approximately RMB738,402,000, of which RMB187,641,000 had been paid up to the date of valuation.

The land use rights of the property have been granted for terms expiring on 5 June 2076 for residential use and 5 June 2046 for commercial use.

Notes:

1. Beijing Hetian Hexin Property Development Co., Ltd. ("Beijing Hetian Hexin") is a wholly-owned subsidiary of the Company.

2. Pursuant to a State-owned Land Use Rights Grant Contract - Jing Di Chu (He) Zi (2006) Di No.0334 dated 6 June 2006, the land use rights of a parcel of land with a site area of 180,962.51 were contracted to be granted to Beijing Hetian Hexin for terms expiring on 5 June 2076 for residential use and 5 June 2046 for commercial use. The land premium was RMB97,000,000.

3. Pursuant to 2 State-owned Land Use Rights Certificates - Jing Xing Guo Yong (2007 Chu) Di Nos. 028 and 029, the land use rights of 2 parcels of land with a total site area of approximately 180,962.56 sq.m. have been granted to Beijing Hetian Hexin for terms expiring on 5 June 2076 for residential use and 5 June 2046 for commercial use.

4. Pursuant to 3 Construction Work Planning Permits - 2008 Gui (Da) Jian Zi Nos. 0012, 0029 and 0063 in favour of Beijing Hetian Hexin, Sunshine Bordeaux Phase IA and portions of Phase IB with a total gross floor area of approximately 225,746 sq.m. have been approved for construction.

5. Pursuant to 2 Construction Work Commencement Permits - 2008 Shi Jian Zi No 0658 and 1062 in favour of Beijing Hetian Hexin, permission by the relevant local authority has been given to commerce the construction of Sunshine Bordeaux Phase IA with a gross floor area of approximately 138,879 sq.m.

6. Pursuant to 7 Pre-sale Permits — Jing Fang Shou Zheng Zi (2008) Nos. 245, 293, 307, 318, 436, 463 and Jing Fang Shou Zheng Zi (2009) No. 43 in favour of Beijing Hetian Hexin, the Group is entitled to sell the 28 residential buildings of Sunshine Bordeaux Phase IA with a total gross floor area of approximately 92,437.46 sq.m. to purchasers.

7. As advised by the Group, portions of the property comprising various residential units with a total gross floor area of approximately 62,366.15 sq.m. have been contracted to be sold at a total consideration of RMB290,504,303 but have not been handed over to the purchasers. In arriving at our opinion on the capital value of the property, we have taken into account the contracted prices of such portions of the property.

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 paid the land premium in respect of the property in full and pursuant to 2 State-owned Land Use Rights Certificates, the Group has acquired the land use rights to the property. During the terms of the land use rights, the Group is entitled to occupy, use, lease, mortgage, transfer or otherwise dispose of the property.

   b. The Group has obtained from the PRC Government requisite approvals in respect of the construction of portion of Sunshine Bordeaux Phase IA mentioned in notes 4 and 5.

   c. The Group is entitled to sell 28 buildings of the property to purchasers under the Pre-sales Permits and legally owned the unsold units of the 28 buildings.

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 Work Planning Permit	Portion
d.	Construction Work Commencement Permit	Portion
e.	Pre-sale Permit	Portion
f.	Construction Work Completion and Inspection Certificate/Table	N/A

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 July 2009
				RMB
11.	Royal Mansion Phases I & II located at Caishi Road Haidian District Beijing The PRC	Royal Mansion Phases I & II are erected on a parcel of land with a site area of approximately 34,850 sq.m. Upon completion, Royal Mansion Phases I & II will comprise 3 residential buildings, 2 commercial buildings with car parking spaces and other service facilities. As at the date of valuation, 2 residential buildings and a commercial building of Royal Mansion Phase I were being constructed, construction of Royal Mansion Phase II has not commenced. Upon completion, Royal Mansion Phases I & II will have a total gross floor area of approximately 130,091.68 sq.m. and the details are set out as follows: **Usage** — **Gross Floor Area (sq.m.)** Phase I Residential: 46,461.90 Commercial: 3,393.00 Car parking spaces: 11,605.29 (295 lots) Service facilities: 6,039.78 Sub-total: 67,499.97 Phase II Residential: 31,589.00 Commercial: 7,233.00 Car parking spaces: 6,794.71 (204 lots) Service facilities: 16,975.00 Sub-total: 62,591.71 **Total: 130,091.68** As advised by the Group, Royal Mansion is scheduled to be completed in December 2011. As advised by the Group, the total construction cost is estimated to be approximately RMB956,297,000, of which RMB106,033,000 had been paid up to the date of valuation. The land use rights of the property have been granted for terms expiring on 11 February 2073 for residential use, 11 February 2043 for commercial use and 11 February 2053 for car parking spaces use.	Royal Mansion Phase I is currently under construction.	1,011,080,000

Notes:

1. Beijing Yangguang Xindi Property Development Co., Ltd. ("Beijing Yangguang Xindi") is a wholly-owned subsidiary of the Company.

2. Pursuant to a State-owned Land Use Rights Grant Contract - Jing Di Chu (He) Zi Di No. 792, the land use rights of a parcel of land with a site area of 30,626 sq.m. were contracted to be granted to Beijing Haikai Real Estate Group Corporation for various terms of 40 and 70 years for commercial and residential uses respectively. The land premium was RMB36,246,240.

3. Pursuant to a Stated-owned Land Use Rights Transfer Contract entered into between Beijing Haikai Real Estate Group Corporation and Beijing Yangguang Xindi dated 6 January 2006, the land use rights of a parcel of land with a site area of approximately 30,626 sq.m. have been transferred from Beijing Haikai Real Estate Group Corporation to Beijing Yangguang Xindi at a consideration of RMB94,820,132.

4. Pursuant to a Supplementary Agreement entered into between Beijing State-owned Land Resources Bureau and Beijing Yangguang Xindi dated 26 July 2007, the site area of the parcel of land mentioned in notes 2 and 3 was changed to approximately 34,168 sq.m. for various terms of 40, 50 and 70 years for commercial, carparking spaces and residential use respectively. The land premium was increased to RMB55,604,880. As advised by the Group, Beijing Yangguang Xindi has paid up the land premium in full.

5. Pursuant to a State-owned Land Use Rights Certificate - Jing Hai Guo Yong (2006 Zhuan) Di No. 3757, the land use rights of a parcel of land with a site area of approximately 34,850 sq.m. have been granted to Beijing Yangguang Xindi for various terms expiring on 11 February 2073 for residential use, 11 February 2043 for commercial use and 11 February 2053 for car parking spaces use.

6. Pursuant to 7 Construction Work Planning Permits - 2008 Gui (Hai) Jian Zi Di Nos.0023, 0067, 0068, 0097, 0135, 0159 and 2008 Gui (Hai) Jian Lin Zi Di No.0009 in favour of Beijing Yangguang Xindi, Royal Mansion Phase I, underground car parking spaces and a commercial building of Royal Mansion Phase II with a total gross floor area of approximately 82,939 sq.m. have been approved for construction.

7. Pursuant to 3 Construction Work Commencement Permits - 2008 Shi Jian Zi No.0639, 2009 Shi Jian Zi No.0505 and 0506 in favour of BeijingYangguang Xindi, permission by the relevant local authority has been given to commence Royal Mansion Phase I and underground car parking spaces of Royal Mansion Phase II with a total gross floor area of approximately 74,296 sq.m.

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 paid the land premium in respect of the property in full and pursuant to a State-owned Land Use Rights Certificate, the Group has acquired the land use rights to the property. During the terms of the land use rights, the Group is entitled to occupy, use, lease, mortgage, transfer or otherwise dispose of the property.

   b. According to a Trust Loan Contract and a Mortgage Contract, the property is mortgaged to Shanghai Xintai and Bohai International Trust Co., Ltd. for a loan expiring on 7 May 2014. The Group cannot transfer as gift, assign, sell, lease, further mortgage or otherwise dispose of the property to any third party without prior written consent of the corresponding creditor.

   c. The Group has obtained from the PRC Government requisite approvals in respect of the construction of the portion of Royal Mansion mentioned in notes 6 and 7.

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 Work Planning Permit	Portion
d.	Construction Work Commencement Permit	Portion
e.	Pre-sale Permit	No
f.	Construction Work Completion and Inspection Certificate/Table	N/A

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 July 2009 RMB
12.	No.1 City Promotion Phase II located at the northern side of Wangzhuang East Road, the southern side of Xinguang Road and the eastern side of Xingchuang Jiulu New District Wuxi City Jiangsu Province The PRC	No.1 City Promotion Phase II is erected on a parcel of land with a site area of approximately 81,552.40 sq.m. Upon completion, No.1 City Promotion Phase II will comprise 4 residential buildings with car parking spaces and other service facilities. Upon completion, No.1 City Promotion Phase II will have a total planned gross floor area of approximately 218,031.92 sq.m. and the details are set out as follows:	The property is currently under construction.	671,000,000

Usage	Planned Gross Floor Area (sq.m.)
Residential	179,432.30
Commercial	84.70
Car parking spaces	25,250.00 (780 lots)
Service facilities	13,264.92
Total:	**218,031.92**

As advised by the Group, No.1 City Promotion Phase II is scheduled to be completed in November 2009.

As advised by the Group, the total construction cost is estimated to be approximately RMB568,288,000, of which RMB382,601,000 had been paid up to the date of valuation.

The land use rights of the property have been granted for various terms of 40 years expiring on 29 September 2044 for commercial use, 70 years expiring on 29 September 2074 for residential use and 50 years expiring on 29 September 2054 for other use.

Notes:

1. Wuxi Wangjiarui Co., Ltd. ("Wuxi Wangjiarui") is a wholly-owned subsidiary of the Company.

2. Pursuant to a State-owned Land Use Rights Grant Contract - Xi Guo Tu Chu He (2004) No. Di 39 and its Supplementary Grant Contract, the land use rights of No.1 City Promotion Phases I to IV (comprising this property and property nos. 4, 23 and 24) with a total site area of 219,422.90 sq.m. were contracted to be granted to Wuxi Wangjiarui for terms of 70, 40 and 50 years for residential, commercial and other uses respectively. The land premium was RMB493,700,000.

3. Pursuant to a State-owned Land Use Rights Certificate - Xi Xin Guo Yong (2006) No. 131, the land use rights of the property with a site area of approximately 81,552.40 sq.m. have been granted to Wuxi Wangjiarui for various terms of 40 years expiring on 29 September 2044 for commercial use, 70 years expiring on 29 September 2074 for residential use and 50 years expiring on 29 September 2054 for other use.

4. Pursuant to 2 Construction Work Planning Permits - Xi Xin Gui Jian Xu (2007) No.4 and Jian Zi Di No. 3202012008X0038 in favour of Wuxi Wangjiarui, No.1 City Promotion Phase II has been approved for construction.

5. Pursuant to 2 Construction Work Commencement Permits - Nos.3202992007061300004A and 320299200200904100002A in favour of Wuxi Wangjiarui, permission by the relevant local authority has been given to commence the construction of No.1 City Promotion Phase II.

6. Pursuant to a Pre-sale Permit in favour of Wuxi Wangjiarui, the Group is entitled to sell the buildings of No.1 City Promotion Phase II to purchasers.

7. As advised by the Group, portions of the property comprising a total gross floor area of approximately 104,206.41 sq.m. were contracted to be sold at a total consideration of RMB465,410,503 but have not been handed over to the purchasers. In arriving at our opinion on the capital value of the property, we have taken into account of the contracted prices of such portions of the property.

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 paid the land premium in respect of the property in full and pursuant to a State-owned Land Use Rights Certificates, the Group has acquired the land use rights to the property. During the terms of the land use rights, the Group is entitled to occupy, use, lease, mortgage, transfer or otherwise dispose of the property (save and except those portions which have been mortgaged).

   b. According to 2 Mortgage Contracts-2007 Nian Kai Fa (Di)Zi Di Nos. 022 and 0041 dated 8 June 2007 and 9 November 2009, the land use rights with a site area of approximately 81,552.4 sq.m. and buildings with a total gross floor area of approximately 75,544.61 sq.m. of the property are mortgaged to Wuxi Branch of China Commercial Bank for loan expiring on 10 June 2008 and 26 December 2009 respectively.

   c. The Group has obtained from the PRC Government requisite approvals in respect of the construction of the construction.

   d. The Group is entitled to sell the buildings under the Pre-sale Permit and legally owned the unsold units of the buildings.

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 Work Planning Permit	Yes
d.	Construction Work Commencement Permit	Yes
e.	Pre-sale Permit	Yes
f.	Construction Work Completion and Inspection Certificate/Table	N/A

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 July 2009 RMB
13.	Sunny Town Phase III located at the northern side of Nujiang Street Yuhong District Shenyang City Liaoning Province The PRC	Sunny Town Phase III is erected on 2 parcels of contiguous land with a site area of approximately 95,433.7 sq.m. Upon completion, Sunny Town Phase III will comprise 27 buildings with residential units, commercial units, car parking spaces and other service facilities. Upon completion, Sunny Town Phase III will have a total gross floor area of approximately 165,934.64 sq.m. and the details are set out as follows:	The property is currently under construction.	209,020,000

Usage	Gross Floor Area (sq.m.)
Residential	127,316.18
Commercial	17,478.28
Car parking spaces	19,105.81 (514 lots)
Service facilities	2,034.37
Total:	**165,934.64**

As advised by the Group, Sunny Town Phase III is scheduled to be completed in December 2011.

As advised by the Group, the total construction cost is estimated to be approximately RMB438,807,000, of which RMB100,311,000 had been paid up to the date of valuation.

The land use rights of the property have been granted for terms expiring on 21 October 2058 for residential use and 21 October 2048 for commercial use.

Notes:

1. Liaoning Yangguang Xindi Property Development Co., Ltd. ("Liaoning Yangguang Xindi") is a wholly-owned subsidiary of the Company.

2. Pursuant to a State-owned Land Use Rights Grant Contract dated 21 October 2008 entered into between Shenyang Planning and State-owned Land Resource Bureau and Liaoning Yangguang Xindi, the land use rights of a parcel

of land with a site area of approximately 61,028 sq.m. were contracted to be granted to Liaoning Yangguang Xindi for terms expiring on 21 October 2058 for residential use and 21 October 2048 for commercial use. The land premium was RMB167,155,692.

3. Pursuant to a State-owned Land Use Rights Certificate - Shen Yang Guo Yong (2008) Di No. 0240, the land use rights of a parcel of land with a site area of approximately 61,028 sq.m. have been granted to Liaoning Yangguang Xindi for terms expiring on 21 October 2058 for residential use and 21 October 2048 for commercial use.

4. Pursuant to a Land Pre-auction Agreement, a parcel of land with a site area of approximately 200,300 sq.m. (comprising the remaining portion of this property with a site area of approximately 34,405.7 sq.m. and the land of property no. 38) has been agreed to be granted to Liaoning Yangguang Xindi at a consideration of RMB548,621,700. The Group has paid the consideration in full.

5. Pursuant to a Construction Land Planning Permit — Di Zi Di No. 210100200900094 in favour of Liaoning Yangguang Xindi, permission towards the planning of a parcel of land with a site area of approximately 34,405.7 sq.m. has been granted to Liaoning Yangguang Xindi.

6. As advised by the Group, the relevant land grant procedures of the land use rights of the property with a site area of approximately 34,405.7 sq.m. are in process. In the valuation of this property, we have attributed no commercial value to such portion of the land because the land use rights are not vested in the Group. However, for reference purpose, we are of the opinion that the capital value of the portion of the land as at the date of valuation would be RMB160,980,000 assuming all relevant title certificates have been obtained and the property could be freely transferred.

7. Pursuant to a Construction Work Planning Permit - Jian Zi Di No. 210100200900001 in favour of Liaoning Yangguang Xindi, 14 buildings of Sunny Town Phase III with a total gross floor area of approximately 61,829 sq.m. have been approved for construction.

8. Pursuant to 2 Construction Work Commencement Permits - No.210107200904020101 and 210107200907300101 in favour of Liaoning Yangguang Xindi, permission by the relevant local authority has been given to commence the construction mentioned in note 6.

9. Pursuant to a Pre-sales Permit - Shen Fang Yu Shou Di No. 09112 in favour of Liaoning Yangguang Xindi, the Group is entitled to sell portion of the property with a total gross floor area of approximately 36,228.24 sq.m. to purchasers.

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 Group has paid the land premium in respect of the property in full and pursuant to a State-owned Land Use Rights Certificate, the Group has acquired the land use rights to portion of the property with a site area of approximately 61,028 sq.m. During the terms of the land use rights, the Group is entitled to occupy, use, lease, mortgage, transfer or otherwise dispose of the property.

    b. The Group has obtained from the PRC Government all requisite approvals in respect of the construction of 14 buildings of the property.

    c. The Group is entitled to sell portion of the property with a total gross floor area of approximately 36,228.24 sq.m.

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 Work Planning Permit	Portion
d.	Construction Work Commencement Permit	No
e.	Pre-sale Permit	No
f.	Construction Work Completion and Inspection Certificate/Table	N/A

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 July 2009
				RMB
14.	Hefei Villa Glorious Phase I located at the western side of Tongling Road Hefei City Anhui Province The PRC	Hefei Villa Glorious is erected on a parcel of land with a site area of approximately 72,478.30 sq.m., which will be developed into four phases. Hefei Villa Glorious Phase I is erected on a portion of the aforesaid land (of which the reserved portion is held by the Group for future development and set out in this valuation report as part of property no.27). Upon completion Hefei Villa Glorious Phase I will comprise 6 residential buildings with other service facilities. Upon completion, Hefei Villa Glorious Phase I will have a total planned gross floor area of approximately 100,943.65 sq.m. and the details are set out as follows:	The property is currently under construction.	230,930,000

Usage	Planned Gross Floor Area (sq.m.)
Residential	96,628.75
Service facilities	4,314.90
Total:	**100,943.65**

As advised by the Group, Hefei Villa Glorious Phase I is scheduled to be completed in October 2011.

As advised by the Group, the total construction cost is estimated to be approximately RMB292,037,000, of which RMB13,389,000 had been paid up to the date of valuation.

The land use rights of the property have been granted for terms of 40 years expiring on 30 April 2048 for commercial and office uses and 70 years expiring on 30 April 2078 for residential use.

Notes:

1. Anhui Hengmao Property Development Co., Ltd. ("Anhui Hengmao") is a wholly-owned subsidiary of the Company.

2. Pursuant to a State-owned Land Use Rights Grant Contract - He Di Shi Qu Jing Ying (2008) No. 39, the land use rights of Heifei Villa Glorious Phases I to IV (comprising this property and property no. 27) with a site area of approximately 72,478.30 sq.m. were contracted to be granted to Anhui Hengmao for a term of 40 and 70 years for residential, commercial and office uses. The total land premium was RMB380,511,075.

3. Pursuant to a State-owned Land Use Rights Certificate - He Guo Yong (2008) No. 365, the land use rights of Heifei Villa Glorious Phases I to IV (comprising this property and property no. 27) with a site area of approximately 65,178.9 sq.m. have been granted to Anhui Hengmao for various terms expiring on 30 April 2078 for residential use and 30 April 2048 for commercial and office uses respectively.

4. Pursuant to a Construction Work Planning Permit - He Gui Jian Min Xu No.2008736 issued by the Planning Administration Bureau of Hefei City, 6 buildings with a total gross floor area of approximately 97,881.6 sq.m. have been approved for construction.

5. Pursuant to a Construction Work Commencement Permit - 10009030022 in favour of Anhui Hengmao, permission by the relevant local authority has been given to commence construction work with respect to the portions mentioned in note 4.

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 Group has paid the land premium in respect of the property in full and pursuant to a State-owned Land Use Rights Certificate, the Group has acquired the land use rights to portion of the property with a site area of approximately 65,178.9 sq.m. During the terms of the land use rights, the Group is entitled to occupy, use, lease, mortgage, transfer or otherwise dispose the land use rights to such portion of the property.

   b. The Group has obtained from the PRC Government all requisite approvals in respect of the construction of 6 buildings of the property.

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	Portion
c.	Construction Work Planning Permit	Portion
d.	Construction Work Commencement Permit	Portion
e.	Pre-sale Permits	No
f.	Construction Work Completion and Inspection Certificate/Table	N/A

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 July 2009 RMB
15.	Harbin Villa Glorious Phase I located at the junction of Wuwei Road, Longkui Road, Anyang Road and Qunli South Road Daoli District Harbin City Heilongjiang Province The PRC	Harbin Villa Glorious is erected on a parcel of land with a site area of approximately 204,959.60 sq.m., which will be developed into three phases. Harbin Villa Glorious Phase I is erected on a portion of the aforesaid land (of which the reserved portion is held by the Group for future development and set out in this valuation report as property no. 28). Upon completion, Harbin Villa Glorious Phase I will comprise 8 residential buildings with car parking spaces and other service facilities. Upon completion, Harbin Villa Glorious Phase I will have a total planned gross floor area of approximately 153,410.51 sq.m. and the details are set out as follows:	The property is currently vacant.	338,200,000

Usage	Planned Gross Floor Area (sq.m.)
Residential	111,485.80
Commercial	9,496.88
Car parking spaces	25,554.81
Service facilities	6,873.02
Total:	**153,410.51**

As advised by the Group, Harbin Villa Glorious Phase I is scheduled to be completed in December 2010.

As advised by the Group, the total construction cost is estimated to be approximately RMB500,930,000, of which RMB11,037,000 had been paid up to the date of valuation.

The land use rights of the property have been granted for terms of 70 years expiring on 13 April 2078 for residential use and 40 years expiring on 13 April 2048 for commercial use.

Notes:

1. Harbin Yangguang Binhai Property Co., Ltd. ("Harbin Yangguang") is a wholly-owned subsidiary of the Company.

2. Pursuant to a State-owned Land Use Rights Grant Contract and its Supplementary Grant Contract dated 14 April 2008, the land use rights of Harbin Villa Glorious Phases I to III (comprising this property and property no. 28) with a site area of approximately 204,959.60 sq.m. were contracted to be granted to Harbin Yangguang for terms of 40 and 70 years for commercial and residential uses respectively. The land premium was RMB530,000,000.

3. Pursuant to a State-owned Land Use Rights Certificate - Ha Guo Yong (2008) Di No. 35, the land use rights of Harbin Villa Glorious Phases I to III (comprising this property and property no. 28) with a site area of approximately 204,959.60 sq.m. have been granted to Harbin Yangguang for terms expiring on 13 April 2078 for residential use and 13 April 2048 for commercial use.

4. Pursuant to a Construction Work Planning Permit - Ha Gui Cheng (Qunli) Jian Zi Di (2008) No. 19 Tiao in favour of Harbin Yangguang, 8 buildings with a total planned gross floor area of approximately 152,171.37 sq.m. have been approved for construction.

5. Pursuant to 17 Construction Work Commencement Permits in favour of Harbin Yangguang, permission by the relevant local authority has been given to commence construction work with respect to the portions mentioned in note 4.

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 Group has paid the land premium in respect of the property in full and pursuant to a State-owned Land Use Rights Certificate, the Group has acquired the land use rights to the property. During the terms of the land use rights, the Group is entitled to occupy, use, lease, mortgage, transfer or otherwise dispose of the property.

   b. The Group has obtained from the PRC Government all requisite approvals in respect of the construction of 8 buildings of the property.

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 Work Planning Permit	Portion
d.	Construction Work Commencement Permit	Portion
e.	Pre-sale Permit	No
f.	Construction Work Completion and Inspection Certificate/Table	N/A

VALUATION CERTIFICATE

Group III — 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 31 July 2009
				RMB
16.	Various commercial units in the completed groups of Sunshine Venice Phases I, II, IIIA and IIIB located at the southern side of Taopu Road and the western side of Qilianshan Road Putuo District Shanghai The PRC	The property comprises 112 commercial units with a total gross floor area of approximately 33,793.15 sq.m. in the completed groups of Sunshine Venice Phases I, II and IIIA which are residential developments completed in 2006. The property also comprises 12 commercial units with a total gross floor area of approximately 8,058.24 sq.m. in the completed groups of Sunshine Venice Phase III B which is a residential development completed in August 2009. The property has an aggregate gross floor area of approximately 41,851.39 sq.m. The land use rights of the property have been granted for terms with the expiry dates between 2 October 2071 and 21 December 2074 for residential use.	Portions of the property with a total gross floor area of approximately 13,584.16 sq.m. were rented to 90 independent third parties, the remaining portion of the property with a total gross floor area of approximately 28,267.23 sq.m. is currently vacant.	550,980,000

Notes:

1. Shanghai Yijing Property Development Co., Ltd. ("Shanghai Yijing") is a wholly-owned subsidiary of the Company.

2. Pursuant to a State-owned Land Use Rights Grant Contract and 4 Supplementary Grant Contracts - Hu Fang Di (2006) Chu Rang He Tong Bu Zi Di No.20, Hu Fang Di (2004) Chu Rang He Tong Bu Zi Di No.88, Hu Fang Di (2003) Chu Rang He Tong Bu Zi Di No.34, Hu Fang Di Zi (2002) Chu Rang He Tong Nei Zi Di No.113 and Hu Fang Di Zi (2001) Chu Rang He Tong Nei Zi Di No.112, all entered into between Shanghai Housing and Land Resources Administration Bureau and Shanghai Yijing, the land use rights of Sunshine Venice Phases I to IV (comprising this property and property nos. 3, 17 and 21) with a total site area of approximately 429,661 sq.m. were contracted to be granted to Shanghai Yijing for a term of 70 years for residential use. The total land premium was RMB64,666,909.

3. Pursuant to 3 Real Estate Title Certificates - Hu Fang Di Pu Zi (2005) Di Nos.000806, 000220 and Hu Fang Di Shi Zi (2002) Di No.012723, the land use rights of Sunshine Venice Phases I to IV (comprising this property and property nos. 3, 17 and 21) with a total site area of approximately 429,929 sq.m. have been granted to Shanghai Yijing for terms with the expiry dates between 2 October 2071 and 21 December 2074 for residential use.

4. Pursuant to 7 Real Estate Title Certificates - Hu Fang Di Pu Zi (2005) Zi Di Nos. 000615, 001628, 040646, Hu Fang Di Pu Zi (2006) Zi Di Nos. 008373 and 032816, Hu Fang Di Pu Zi (2008) 015063, Hu Fang Di Pu Zi (2009) 004879 and 017015, the buildings with a total gross floor area of approximately 1,034,656.65 sq.m. of Sunshine Venice Phases I, II, IIIA and IIIB (including this property) are owned by Shanghai Yijing.

5. Pursuant to various Pre-sale Permits in favour of Shanghai Yijing, the Group is entitled to sell the buildings of Sunshine Venice Phases I, II, IIIA and IIIB to purchasers.

6. Pursuant to various Construction Work Completion and Inspection Certificates, the construction of Sunshine Venice Phases I, II and IIIA and commercial units of Sunshine Venice Phases IIIB have been completed and passed the acceptance inspection.

7. Pursuant to 90 Tenancy Agreements, 90 commercial units with a total lettable area of approximately 13,584.16 sq.m. were rented to 90 independent third parties for various terms at an total annual rent of RMB7,713,813.59.

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 paid the land premium in respect of the property in full and pursuant to 10 Real Estate Title Certificates, the Group has acquired the land use rights and the building ownership rights to the property. During the terms of the land use rights, the Group is entitled to occupy, use, lease, mortgage, transfer or otherwise dispose of the property.

   b. The Group has obtained from the PRC Government all requisite approvals in respect of the construction of the property.

   c. The Group is entitled to sell the property.

   d. According to a Mortgage Contract, the commercial units of Sunshine Venice Phase IIIA of the property are mortgaged to Shanghai Fengxian Branch of China Construction Bank dated 19 June 2007 for a loan expiring on 19 June 2009. As advised by the Group, the Mortgage Contract has not been terminated. The Group cannot transfer as gift, assign, sell, lease, further mortgage or otherwise dispose of the mortgaged portion of the property to any third party without prior written consent of the corresponding creditor.

   e. The construction inspection and acceptance procedures have been completed. The Group should not have any legal impediment to obtain the relevant Building Ownership Certificates.

9. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Grant Contract	Yes
b.	Real Estate Title Certificate	Yes
c.	Pre-sale Permit	Yes
d.	Construction Work Completion and Inspection Certificate/Table	Yes

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 July 2009 RMB
17.	8 commercial buildings and a shopping mall of Sunshine Venice Phase IIIC located at the southern side of Taopu Road and the western side of Qilianshan Road Putuo District Shanghai The PRC	The property comprises 8 commercial buildings and a shopping mall of Sunshine Venice Phase IIIC. Upon completion, the property will have a total planned gross floor area of approximately 58,658.00 sq.m. and the details are set out as follows: **Usage** / **Planned Gross Floor Area (sq.m.)** Commercial 10,826.00 Shopping mall 47,832.00 **Total: 58,658.00** As advised by the Group, the property is scheduled to be completed in September 2009. As advised by the Group, the total construction cost is estimated to be approximately RMB213,226,000, of which RMB86,665,000 had been paid up to the date of valuation. The land use rights of the property have been granted for terms with expiry dates on 2 October 2071 and 21 December 2074 for residential use.	The property was under construction as at the date of valuation.	418,000,000

Notes:

1. Shanghai Yijing Property Development Co., Ltd. ("Shanghai Yijing") is a wholly-owned subsidiary of the Company.

2. Pursuant to a State-owned Land Use Rights Grant Contract and 4 Supplementary Grant Contracts - Hu Fang Di (2006) Chu Rang He Tong Bu Zi Di No.20, Hu Fang Di (2004) Chu Rang He Tong Bu Zi Di No.88, Hu Fang Di (2003) Chu Rang He Tong Bu Zi Di No.34, Hu Fang Di Zi (2002) Chu Rang He Tong Nei Zi Di No.113 and Hu Fang Di Zi (2001) Chu Rang He Tong Nei Zi Di No.112, all entered into between Shanghai Housing and Land Resources Administration Bureau and Shanghai Yijing, the land use rights of Sunshine Venice Phase I to Phase IV (comprising this property and property nos.3, 16 and 21) with a total site area of approximately 429,661 sq.m. were contracted to be granted to Shanghai Yijing for a term of 70 years. The land premium was RMB64,666,909.

3. Pursuant to 3 Real Estate Title Certificates - Hu Fang Di Pu Zi (2005) Di Nos.000806 and 0000220 and Hu Fang Di Shi Zi(2002) Di No.012723, the land use rights of Sunshine Venice Phase I to Phase IV (comprising this property and property nos.3, 16 and 21) with a total site area of approximately 429,929 sq.m. have been granted to Shanghai Yijing for terms with expiry dates on 2 October 2071 and 21 December 2074 for residential use.

4. Pursuant to a Construction Work Planning Permit - Hu Pu Jian (2007) No. 07070614F01669 in favour of Shanghai Yijing, 8 commercial buildings and a shopping mall of Sunshine Venice Phase IIIC have been approved for construction.

5. Pursuant to a Construction Commencement Permit- No. 011F0591D20 in favour of Shanghai Yijing, permission by the relevant local authority has been given to commence the construction of 8 commercial buildings and a shopping mall of Sunshine Venice Phase IIIC.

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 Group has paid the land premium in respect of the property in full and pursuant to 3 Real Estate Title Certificates, the Group has acquired the land use rights to the property. During the terms of the land use rights, the Group is entitled to occupy, use, lease, mortgage, transfer or otherwise dispose of the property.

   b. The Group has obtained from the PRC Government all requisite approvals in respect of the construction of the property.

7. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Grant Contract	Yes
b.	Real Estate Title Certificate	Yes
c.	Construction Work Planning Permit	Yes
d.	Construction Work Commencement Permit	Yes
e.	Pre-sale Permit	No
f.	Construction Work Completion and Inspection Certificate/Table	N/A

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 July 2009 RMB
18.	Various commercial units in the completed groups of Chateau De Paris Phase II No. 2093 Xietu Road Xuhui District Shanghai The PRC	The property comprises various commercial units in the completed groups of Chateau De Paris Phase II which is a residential development completed in August 2008. The property has a total gross floor area of approximately 1,876.81 sq.m. The land use rights of the property have been granted for a term of 70 years expiring on 6 November 2072 for residential use.	The property is currently vacant.	51,400,000

Notes:

1. Shanghai Haosen Property Co., Ltd. ("Shanghai Haosen") is a wholly-owned subsidiary of the Company.

2. Pursuant to a State-owned Land Use Rights Grant Contract dated 18 October 2002, the land use rights of a parcel of land with a site area of approximately 23,848 sq.m., on which the property is located, were contracted to be granted to Shanghai Haosen for a term of 70 years expiring on 17 October 2072 for residential use. The total land premium was RMB9,915,373.

3. Pursuant to a Real Estate Title Certificate - Hu Fang Di Shi Zi (2002) Di No. 011240, the land use rights of a parcel of land with a site area of approximately 23,848 sq.m., on which the property is situated, have been granted to Shanghai Haosen for a term of 70 year expiring on 6 November 2072 for residential use.

4. Pursuant to 3 Construction Work Planning Permits - Hu Xu Gui Jian (2004) No. 086, Hu Xu Jian (2005) No. 04050908F02052 and Hu Xu Jian (2006) No. 04060926F03054 in favour of Shanghai Haosen, Chateau De Paris Phase II has been approved for construction.

5. Pursuant to 3 Construction Work Commencement Permits - 0401XH0014D01310104200403304219, 0401XH0014D02310104200403304219, and 0401XH0014D03310104200403304219 in favour of Shanghai Haosen, permission by the relevant local authority has been given to commence the construction of Chateau De Paris Phase II.

6. Pursuant to 4 Pre-sales Permits - Xu Hui Fang Di (2007) Yu Zi Nos. 0000090, 0000149, 0000607 and 0000887 in favour of Shanghai Haosen, the Group is entitled to sell the buildings of Chateau De Paris Phase II to purchasers.

7. Pursuant to 2 Construction Work Completion and Inspection Certificates, the construction of Chateau De Paris Phase II has been completed and passed the acceptance inspection.

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 paid the land premium in respect of the property in full and pursuant to a Real Estate Title Certificate, the Group has acquired the land use rights to the property. During the terms of the land use rights, the Group is entitled to occupy, use, lease, mortgage, transfer or otherwise dispose of the property.

b. The Group has obtained from the PRC Government all requisite approvals in respect of the construction of the property.

c. The Group is entitled to sell the property.

9. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Grant Contract	Yes
b.	Real Estate Title Certificate (For land only)	Yes
c.	Construction Work Planning Permit	Yes
d.	Construction Work Commencement Permit	Yes
e.	Pre-sales Permit	Yes
f.	Construction Work Completion and Inspection Certificate/Table	Yes

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 July 2009
				RMB
19.	A complex building of Shanghai Bay Phase III No.1441 Wanping South Road Xuhui District Shanghai The PRC	The property comprises a complex building of Shanghai Bay Phase III. The building erected on a parcel of land with a site area of approximately 16,840 sq.m., which was being constructed as at the date of valuation. Upon completion, the complex building of Shanghai Bay Phase III will have a gross floor area of approximately 114,611.00 sq.m. and the details are set out as follows: **Usage** — **Planned Gross Floor Area (sq.m.)** Office — 20,493.00 Hotel — 52,412.00 Commercial — 2,954.00 Car parking spaces — 13,102.00 (362 lots) Service facilities — 25,650.00 Total: — 114,611.00 As advised by the Group, the property is scheduled to be completed in December 2011. As advised by the Group, the total construction cost is estimated to be approximately RMB1,139,636,000, of which RMB214,170,000 had been paid up to the date of valuation. The land use rights of the property have been granted for a term of 50 years expiring on 30 August 2054 for public facility use.	The property is currently under construction.	1,202,700,000

Notes:

1. Shanghai Xintai Property Development Co., Ltd. ("Shanghai Xintai") is a wholly-owned subsidiary of the Company.

2. Pursuant to a Real Estate Title Certificates - Hu Fang Di Xu Zi(2004) Nos. 044906, the land use rights of a parcel of land with a site area of approximately 16,840 sq.m. have been granted to Shanghai Xintai for a term expiring on 30 August 2054 for public facility use.

3. Pursuant to 4 Construction Work Planning Permits - Hu Gui Jian Ji (2006)00061128F03700, Hu Gui Jian Ji (2007) No. 00070410F00987, Hu Gui Jian (2009) FA 31000020090037 and Hu Gui Jian (2009) FA31000020090065 in favour of Shanghai Xintai, the complex building of Phase III has been approved for construction.

4. Pursuant to 2 Construction Work Commencement Permits - 0501XH0062 D01 310104200512052601 and 0501XH0062 D03 310104200512052601 in favour of Shanghai Xintai, permission by the relevant local authority has been given to commence the construction of the complex building of Phase III.

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 paid the land premium in respect of the property in full and pursuant to a Real Estate Title Certificate, the Group has acquired the land use rights to the property. During the terms of the land use rights, the Group is entitled to occupy, use, lease, mortgage, transfer or otherwise dispose of the property.

   b. The Group has obtained from the PRC Government all requisite approvals in respect of the construction of the property.

6. A summary of major certificates/approvals is shown as follows:

a.	Real Estate Title Certificate	Yes
b.	Construction Work Planning Permit	Yes
c.	Construction Work Commencement Permit	Yes
d.	Pre-sale Permit	No
e.	Construction Work Completion and Inspection Certificate/Table	N/A

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 July 2009
				RMB
20.	Various commercial units in the completed groups of Sunglow Xinjing No.259 Tiandeng Road Xuhui District Shanghai The PRC	The property comprises various commercial units with a total gross floor area of approximately 2,075.73 sq.m. in the completed groups of Sunglow Xinjing which is a residential development completed in 2001. The land use rights of the property have been granted for a term of commencing from 31 July 2000 and expiring on 30 July 2070 for residential use.	Portions of the property with a total gross floor area of approximately 1,062.34 sq.m. were rented to 13 independent third parties, the remaining portion of the property with a total gross floor area of approximately 1,013.39 sq.m. was vacant as at date of valuation.	47,950,000

Notes:

1. Shanghai Xintai Property Development Co., Ltd. ("Shanghai Xintai") is a wholly-owned subsidiary of the Company.

2. Pursuant to a Real Estate Title Certificate - Hu Fang Di Pu Zi (2002) Zi Di No. 001110, a building with a total gross floor area of approximately 4,466.08 sq.m. (including the property) is owned by Shanghai Xintai.

3. Pursuant to 13 Tenancy Agreements, 13 commercial units with a total lettable area of approximately 1,062.34 sq.m. were rented to 13 independent third parties for various terms at a total annual rent of RMB1,358,422.32.

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 Certificate and acquired the building ownership to the property.

   b. The Tenancy Agreements mentioned in note 3 are legal, valid and binding.

   c. The Group has not submitted the Tenancy Agreements to the relevant local authorities for registration but non-registration could not affect the validity of the Tenancy Agreements.

VALUATION CERTIFICATE

Group IV — 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 31 July 2009
				RMB
21.	A parcel of land of Sunshine Venice Phase IV located at the southern side of Taopu Road and the western side of Qilianshan Road Putuo District Shanghai The PRC	The property comprises a parcel of land with a site area of approximately 18,600 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 68,065.60 sq.m. The details are set out as follows:	The property is currently vacant.	451,050,000

Usage	Planned Gross Floor Area (sq.m.)
Apartment	37,700.00
School	17,418.60
Car parking Spaces	12,887.00 (322 lots)
Service facilities	60.00
Total:	68,065.60

Notes:

1. Shanghai Yijing Property Development Co., Ltd. ("Shanghai Yijing") is a wholly-owned subsidiary of the Company.

2. Pursuant to a State-owned Land Use Rights Grant Contract and 4 Supplementary Grant Contracts - Hu Fang Di (2006) Chu Rang He Tong Bu Zi Di No.20, Hu Fang Di (2004) Chu Rang He Tong Bu Zi Di No.88, Hu Fang Di (2003) Chu Rang He Tong Bu Zi Di No.34, Hu Fang Di Zi (2002) Chu Rang He Tong Nei Zi Di No.113 and Hu Fang Di Zi (2001) Chu Rang He Tong Nei Zi Di No.112, all entered into between Shanghai Housing and Land Resources Administration Bureau and Shanghai Yijing, the land use rights of Sunshine Venice Phases I to Phase IV (comprising this property and property nos. 3, 16 and 17) with a total site area of approximately 429,661 sq.m. were contracted to be granted to Shanghai Yijing for a term of 70 years. The total land premium was RMB64,666,909.

3. Pursuant to 3 Real Estate Title Certificates - Hu Fang Di Pu Zi (2005) Di Nos.000806, 0000220 and Hu Fang Di Shi Zi(2002) Di No.012723, the land use rights of Sunshine Venice Phase I to Phases IV (comprising this property and property nos. 3, 16 and 17) with a total site area of approximately 429,929 sq.m. have been granted to Shanghai Yijing for various terms expiring on 2 October 2071 and 21 December 2074 for residential use. As advised by the Group, Shanghai Yijing is applying for the individual State-owned Land Use Rights Certificate of the property for commercial use.

4. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers which states that, the Group has paid the land premium in respect of the property in full and pursuant to 3 Real Estate Title Certificates, the Group has acquired the land use rights to the property. During the terms of the land use rights, the Group is entitled to occupy, use, lease, mortgage, transfer or otherwise dispose of the property.

5. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Grant Contract	Yes
b.	Real Estate Title Certificate (For land only)	Yes
c.	Construction Work Planning Permit	No
d.	Construction Work Commencement Permit	No

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 July 2009 RMB
22.	2 parcels of land of Dagang Project located at Guan'gang Forest Park Dagang District Tianjin The PRC	The property comprises 2 parcels of land with a total site area of approximately 312,703.9 sq.m. As advised by the Group, the property is planned to be developed into a commercial and residential development with a total planned gross floor area of approximately 321,450 sq.m. The land use rights of the property have been granted for terms of 40 years expiring on 27 April 2046 for commercial use.	The property is currently vacant.	978,130,000

Notes:

1. Tianjin Tianxingjian Real Estate Investment Co., Ltd. ("Tianjin Tianxingjian") is a wholly-owned subsidiary of the Company.

2. Pursuant to a State-owned Land Use Rights Grant Contract - Gang Gui Di Chu 2006 Di No. 065 dated 28 April 2006, the land use rights of the property with a total site area of approximately 312,703.9 sq.m. were contracted to be granted to Tianjin Tianxingjian for a term of 40 years expiring on 27 April 2046 for commercial use. The land premium was RMB51,600,000. As advised by the Group, Tianjin Tianxingjian has paid up the land premium in full.

3. Pursuant to 2 State-owned Land Use Rights Certificates - Gang Dan Guo Yong (2006) Di Nos. 057 and 058, the land use rights of 2 parcels of land with a total site area of approximately 312,703.9 sq.m. were granted to Tianjin Tianxingjian for a term of 40 years expiring on 27 April 2046 for commercial use.

4. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers which states that, the Group has paid the land premium in respect of the property in full and pursuant to a State-owned Land Use Rights Certificate, the Group has acquired the land use rights to the property. During the terms of the land use rights, the Group is entitled to occupy, use, lease, mortgage, transfer or otherwise dispose of the property.

5. 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 Work Planning Permit	Yes
d.	Construction Work Commencement Permit	No

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 July 2009
				RMB
23.	A parcel of land of No.1 City Promotion Phase III located at the northern side of Wangzhuang East Road, the southern side of Xinguang Road and the eastern side of Hangchuangjiu Road New District Wuxi City Jiangsu Province The PRC	The property comprises a parcel of land with a site area of approximately 52,287.10 sq.m. As advised by the Group, the property is planned to be developed into 5 residential buildings with a total planned gross floor area of approximately 216,506 sq.m. The land use rights of the property have been granted for various terms of 40 years expiring on 29 September 2044 for commercial use, 70 years expiry on 29 September 2074 for residential use and 50 years expiring on 29 September 2054 for other use.	The property is currently vacant.	300,800,000

Notes:

1. Wuxi Wangjiarui Co., Ltd. ("Wuxi Wangjiarui") is a wholly-owned subsidiary of the Company.

2. Pursuant to a State-owned Land Use Rights Grant Contract - Xi Guo Tu Chu He (2004) No. Di 39 and its Supplementary Grant Contract, the land use rights of No.1 City Promotion Phases I to IV (comprising this property and property nos. 4, 12 and 24) with a total site area of 219,422.90 sq.m. were contracted to be granted to Wuxi Wangjiarui for terms of 70, 40 and 50 years for residential, commercial and other uses respectively. The land premium was RMB493,700,000.

3. Pursuant to a State-owned Land Use Rights Certificate - Xi Xin Guo Yong (2008) Di No. 39, the land use rights of a parcel of land with a site area of approximately 52,287.10 sq.m. have been granted to Wuxi Wangjiarui for various terms of 40 years expiring on 29 September 2044 for commercial use, 70 years expiring on 29 September 2074 for residential use and 50 years expiring on 29 September 2054 for other use.

4. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers which states that, the Group has paid the land premium in respect of the property in full and pursuant to a State-owned Land Use Rights Certificate, the Group has acquired the land use rights to the property. During the terms of the land use rights, the Group is entitled to occupy, use, lease, mortgage, transfer or otherwise dispose of the property.

5. 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 Work Planning Permit	No
d.	Construction Work Commencement Permit	No

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 July 2009
				RMB
24.	A parcel of land of No.1 City Promotion Phase IV located at the northern side of Wangzhuang East Road, the southern side of Xinguang Road and the eastern side of Hangchuangjiu Road New District Wuxi City Jiangsu Province The PRC	The property comprises a parcel of land with a site area of approximately 26,666.80 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 102,718 sq.m. The land use rights of the property have been granted for various terms of 40 years expiring on 29 September 2044 for commercial use, 70 years expiring on 29 September 2074 for residential use and 50 years expiring on 29 September 2054 for other use.	The property is currently vacant.	310,320,000

Notes:

1. Wuxi Wangjiarui Co., Ltd. ("Wuxi Wangjiarui") is a wholly-owned subsidiary of the Company.

2. Pursuant to a State-owned Land Use Rights Grant Contract - Xi Guo Tu Chu He (2004) No. Di 39 and its Supplement Grant Contract, the land use rights of No.1 City Promotion Phase I to IV (comprising this property and property nos. 4, 12 and 23) with a site area of 219,422.90 sq.m. were contracted to be granted to Wuxi Wangjiarui for terms of 70, 40 and 50 years for residential, commercial and other uses respectively. The land premium was RMB493,700,000.

3. Pursuant to a State-owned Land Use Rights Certificate - Xi Xin Guo Yong (2005) No. 192, the land use rights of No.1 City Promotion Phases I and Phase IV (comprising this property and property no.4) with a site area of approximately 85,583.40 sq.m. have been granted to Wuxi Wangjiarui for various terms expiring on 29 September 2044 for commercial use, 70 years expiring on 29 September 2074 for residential use and 50 years expiring on 29 September 2054 for other use.

4. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers which states that, the Group has paid the land premium in respect of the property in full and pursuant to a State-owned Land Use Rights Certificate, the Group has acquired the land use rights to the property. During the terms of the land use rights, the Group is entitled to occupy, use, lease, mortgage, transfer or otherwise dispose of the property.

5. 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 Work Planning Permit	No
d.	Construction Work Commencement Permit	No

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 July 2009
				RMB
25.	A parcel of land of Nantong Rongsheng Plaza located at the eastern side of Gongnong Road and the southern side of Shiji Avenue Nantong City Jiangsu Province The PRC	The property comprises a parcel of land with a site area of approximately 45,089.53 sq.m. As advised by the Group, the property is planned to be developed into a composite building with a total planned gross floor area of approximately 283,597 sq.m. The land use rights of the property have been granted for a term expiring on 14 December 2046 for other commercial uses.	The property is currently vacant.	785,000,000

Notes:

1. Nantong Rongsheng Building Real Estate Development Co., Ltd. ("Nantong Rongsheng") is a wholly-owned subsidiary of the Company.

2. Pursuant to a State-owned Land Use Rights Grant Contract and a Supplementary Agreement, the land use rights of a parcel of land with a site area of 45,089.53 sq.m. were contracted to be granted to Nantong Rongsheng for a term of 40 years for office and commercial uses. The land premium was RMB 96,941,594.20.

3. Pursuant to a State-owned Land Use Rights Certificate - Su Tong Guo Yong (2008) Di No. 0110012, the land use rights of Nantong Rongsheng Plaza with a site area of approximately 45,089.53 sq.m. have been granted to Nantong Rongsheng for a term expiring on 14 December 2046 for other commercial use.

4. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers which states that, the Group has paid the land premium in respect of the property in full and pursuant to a State-owned Land Use Rights Certificate, the Group has acquired the land use rights to the property. During the terms of the land use rights, the Group is entitled to occupy, use, lease, mortgage, transfer or otherwise dispose of the property.

5. 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 Work Planning Permit	No
d.	Construction Work Commencement Permit	No

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 July 2009
				RMB
26.	9 parcels of land of Rongsheng Garden located at the southern side of Weiwu Road and the eastern side of Jingsi Road Rugao Economic Development Zone Rugao City Jiangsu Province The PRC	The property comprises 9 parcels of contiguous land with a total site area of approximately 108,479.23 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 131,250 sq.m. The land use rights of the property have been granted for a term for commercial and residential uses expiring on 30 December 2065.	The property is currently vacant.	120,950,000

Notes:

1. Pursuant to 9 State-owned Land Use Rights Transfer Contracts, the land use rights with a total site area of approximately 108,479.23 sq.m. were contracted to be transferred to the Group for a term expiring on 30 December 2065 for commercial and residential uses at a total consideration of RMB51,642,622.22.

2. Pursuant to 9 State-owned Land Use Rights Certificates - Gao Guo Yong (2008) Di Nos. 79 to 87, the land use rights of 9 parcels of land with a total site area of approximately 108,479.23 sq.m. have been granted to the Group for a term expiring on 30 December 2065 for commercial and residential uses.

3. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers which states that, the Group has paid the land premium in respect of the property in full and pursuant to 9 State-owned Land Use Rights Certificates, the Group has acquired the land use rights to the property. During the terms of the land use rights, the Group is entitled to occupy, use, lease, mortgage, transfer or otherwise dispose of the property.

4. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Transfer Contract	Yes
b.	State-owned Land Use Rights Certificate	Yes
c.	Construction Work Planning Permit	No
d.	Construction Work Commencement Permit	No

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 July 2009
				RMB
27.	The reserved land of Hefei Villa Glorious Phases II, III and IV located at the western side of Tongling Road Hefei City Anhui Province The PRC	The property comprises portion of a parcel of land (of which the other portion is held under development by the Group and set out in this valuation report as part of property no.14) with a site area of approximately 72,478.30 sq.m. As advised by the Group, the property is planned to be developed into 3 residential developments with a total planned gross floor area of approximately 287,672 sq.m. The land use rights of the property have been granted for terms of 40 years expiring on 30 April 2048 for commercial and office uses and 70 years expiring on 30 April 2078 for residential use.	A number of old buildings are erected on the property. As advised by the Group, such buildings will be demolished soon.	413,020,000

Notes:

1. Anhui Hengmao Property Development Co., Ltd. ("Anhui Hengmao") is a wholly-owned subsidiary of the Company.

2. Pursuant to a State-owned Land Use Rights Grant Contract - He Di Shi Qu Jing Ying (2008) No. 39, the land use rights of Hefei Villa Glorious Phases I to IV (comprising this property and property no.14) with a site area of approximately 72,478.30 sq.m. were contracted to be granted to Anhui Hengmao for a term of 40 and 70 years for residential, commercial and office uses. The total land premium was RMB380,511,075.

3. Pursuant to a State-owned Land Use Rights Certificate - He Guo Yong (2008) No. 365, the property use rights of Hefei Villa Glorious Phases I to IV (comprising this property and property no.14) with a site area of approximately 65,178.9 sq.m. have been granted to Anhui Hengmao for various terms expiring on 30 April 2078 for residential use and 30 April 2048 for commercial and office uses respectively.

4. In the valuation of this property, we have attributed no commercial value to a portion of the land with a site area of approximately 7,299.4 sq.m. without any title certificate. However, for reference purpose, we are of the opinion that the capital value of the portion of the land as at the date of valuation would be RMB23,400,000 assuming all relevant title certificates have been obtained, the property could be freely transferred, the old buildings have been demolished and the Group has no liability in the relocation costs.

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 paid the land premium in respect of the site in full and pursuant to a State-owned Land Use Rights Certificate, the Group has acquired the land use rights to the site with a site area of approximately 65,178.9 sq.m. During the terms of the land use rights, the Group is entitled to occupy, use, lease, mortgage, transfer or otherwise dispose of the land use rights to such portion of the property.

b. The Group should not have any legal impediment in obtaining the land use rights to the remaining portion of the property with a site area of approximately 7,299.4 sq.m.

c. According to a Mortgage Contract, the land use rights of portion of the land with a site area of approximately 23,666.67 sq.m. registered on the State-owned Land Use Rights Certificate — He Guo Yong (2008) No. 365 are mortgaged to Anhui Branch of China Construction Bank dated 20 March 2009 for a loan expiring on 19 March 2011. The Group cannot transfer as gift, assign, sell, lease, further mortgage or otherwise dispose of the mortgage portion of the property to any third party without prior written consent of the corresponding creditor.

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	Portion
c.	Construction Work Planning Permit	No
d.	Construction Work Commencement Permit	No

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 July 2009
				RMB
28.	The reserved land of Harbin Villa Glorious Phases II and III located at the junction of Wuwei Road, Longkui Road, Anyang Road and Qunli South Road Daoli District Harbin City Heilongjiang Province The PRC	The property comprises portion of a parcel of land (of which the other portion is held under development by the Group and set out in this valuation report as part of property no.15) with a site area of approximately 204,959.60 sq.m. As advised by the Group, the property is planned to be developed into 2 residential developments with a total planned gross floor area of approximately 407,389 sq.m. The land use rights of the property have been granted for terms of 70 years expiring on 13 April 2078 for residential use and 40 years expiring on 13 April 2048 for commercial use.	The property is currently vacant.	862,700,000

Notes:

1. Harbin Yangguang Binhai Property Co., Ltd. ("Harbin Yangguang") is a wholly-owned subsidiary of the Company.

2. Pursuant to a State-owned Land Use Rights Grant Contract and its Supplementary Grant Contract dated 14 April 2008, the land use rights of Harbin Villa Glorious Phases I to III (comprising this property and property no. 15) with a site area of approximately 204,959.60 sq.m. were contracted to be granted to Harbin Yangguang for terms of 40 and 70 years for commercial and residential uses respectively. The land premium was RMB530,000,000.

3. Pursuant to a State-owned Land Use Rights Certificate - Ha Guo Yong (2008) Di No. 35, the land use rights of Harbin Villa Glorious Phases I to III (comprising this property and property no. 15) with a site area of approximately 204,959.60 sq.m. have been granted to Harbin Yangguang for terms expiring on 13 April 2078 for residential use and 13 April 2048 for commercial use.

4. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers which states that, the Group has paid the land premium in respect of the property in full and pursuant to a State-owned Land Use Rights Certificate, the Group has acquired the land use rights to the property. During the terms of the land use rights, the Group is entitled to occupy, use, lease, mortgage, transfer or otherwise dispose of the property.

5. 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 Work Planning Permit	No
d.	Construction Work Commencement Permit	No

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 July 2009
				RMB
29.	A parcel of land of Sunny Town Phase II located at the northern side of Nujiang Street Yuhong District Shenyang City Liaoning Province The PRC	The property comprises a parcel of land with a site area of approximately 5,500 sq.m. As advised by the Group, the property is planned to be developed into a commercial development with a total planned gross floor area of approximately 16,339.89 sq.m. The land use rights of the property have been granted for a term expiring on 10 March 2058 for residential use.	The property is currently vacant.	51,080,000

Notes:

1. Liaoning Yangguang Xindi Property Development Co., Ltd. ("Liaoning Yangguang Xindi") is a wholly-owned subsidiary of the Company.

2. Pursuant to a State-owned Land Use Rights Certificate - Shen Yang Guo Yong (2008) Di No. 0060, the land use rights of a parcel of land with a site area of approximately 42,615.50 sq.m.(including the property) have been granted to Liaoning Yangguang Xindi for a term expiring on 10 March 2058 for residential use.

3. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers which states that, the Group has paid the land premium in respect of the property in full and pursuant to a State-owned Land Use Rights Certificate, the Group has acquired the land use rights to the property. During the terms of the land use rights, the Group is entitled to occupy, use, lease, mortgage, transfer or otherwise dispose of the property.

4. 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 Work Planning Permit	No
d.	Construction Work Commencement Permit	No

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 July 2009
				RMB
30.	2 parcels of land of Royal Lakefront located at the western side of Jinhai Road and the eastern side of Wangyuan Road Nanqiao Town Fengxian District Shanghai The PRC	The property comprises 2 parcels of land with a total site area of approximately 118,306.60 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 231,162.29 sq.m. The land use rights of the property have been granted for terms expiring on 7 April 2078 for residential use and 7 April 2059 for commercial and office uses.	The property was vacant as at the date of valuation.	1,163,000,000

Notes:

1. Suzhou Hongsheng Property Co., Ltd. ("Suzhou Hongsheng") and Shanghai Hongye Property Co., Ltd. ("Shanghai Hongye") are wholly-owned subsidiaries of the Company.

2. Pursuant to 2 State-owned Land Use Rights Grant Contracts - Hu Feng Fang Di (2008) Chu Rang He Tong Di Nos. 24 and 25 dated 8 April 2008, the land use rights of Royal Lakefront (comprising this property and property no.32) with a total site area of 279,730.60 sq.m. were contracted to be granted to Suzhou Hongsheng for terms of 70, 50 and 40 years for residential, commercial office and commercial uses respectively. The land premium was RMB1,139,000,000.

3. Pursuant to 2 Real Estate Title Certificates — Hu Fang Di Feng Zi (2009) Di No. 008888 and 008891, the land use rights of 2 parcels of land with a total site area of approximately 118,306.60 sq.m. have been granted to Shanghai Hongye for terms expiring on 7 April 2078 for residential use and 7 April 2059 for commercial and office uses.

4. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers which states that, the Group has paid the land premium in respect of the property in full and pursuant to 2 Real Estate Title Certificates, the Group has acquired the land use rights to the property. During the terms of the land use rights, the Group is entitled to occupy, use, lease, mortgage, transfer or otherwise dispose of the property.

5. 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 Work Planning Permit	No
d.	Construction Work Commencement Permit	No

VALUATION CERTIFICATE

Group V — Property interests 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 31 July 2009
				RMB
31.	3 parcels of land of Baoshan Gaojing located at the western side of Gaojing Road and the northern side of Yin'gao West Road Baoshan District Shanghai The PRC	The property comprises 3 parcels of land with a total site area of approximately 368,957 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 898,709 sq.m..	A number of old buildings are erected on the property. As advised by the Group, such buildings will be demolished soon.	No commercial value

Notes:

1. Shanghai Shengtong Property Development Co., Ltd. ("Shanghai Shengtong") is a wholly-owned subsidiary of the Company.

2. Pursuant to a Land Acquisition Agreement - Hu Bao Zheng (2003) No. 73 entered into between Shanghai Baoshan Land Reserve Center and Shanghai Baoshan Construction Land Office, Shanghai Baoshan Construction Land Office was entitled to use a parcel of land with a site area of approximately 368,957 sq.m. at a total consideration of RMB74,482,692.49. The consideration will be paid by Shanghai Shengtong. As advised by the Group, Shanghai Shengtong has paid up the relevant consideration to Shanghai Baoshan Construction Land Office.

3. Pursuant to a Supplementary Agreement — Bao Zheng Xie Bu (2007) No. 2 entered into between Shanghai Baoshan Land Reserve Center and Shanghai Shengtong, the consideration mentioned in note 2 was changed to RMB189,674,808. The consideration will be paid to the People's Government of Baoshan District by Shanghai Shengtong.

4. Pursuant to a Document — Hu Bao Fu Tu (2004) No. 85 issued by the People's Government of Baoshan District, the land use rights of a parcel of land with a site area of approximately 63,734 sq.m would be granted to Shanghai Shengtong for a term of 70 years for residential use.

5. Pursuant to a Document — Hu Bao Fu Tu (2004) No. 267 issued by the People's Government of Baoshan District, the land use rights of a parcel of land with a site area of approximately 142,642.80 sq.m will be granted to Shanghai Shengtong for a term of 70 years for residential use

6. As advised by the Group, the residential development, known as Baoshan Gaojing, will be developed into 2 phases. Phase I and phase II have a total site area of approximately 206,376.80 sq.m. and 162,580.20 sq.m. respectively.

7. As at the date of valuation, the property has not been assigned to the Group and thus the title of the property has not been 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 RMB6,818,000,000 assuming all relevant title certificates have been obtained, the property could be freely transferred, the old buildings have been demolished and the Group has no liability in the relocation costs.

8. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers which states that after completing the land auction procedure, obtaining the State-owned Land Use Rights Grant Contract and paying up the land premium, the Group should have no material legal impediment to obtain the Real Estate Title Certificate of the property.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 July 2009
				RMB
32.	A parcel of land of Royal Lakefront located at the western side of Jinhai Road and the eastern side of Wangyuan Road Nanqiao Town Fengxian District Shanghai The PRC	The property comprises a parcel of land with a total site area of approximately 161,424 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 300,894 sq.m.	The property is currently vacant.	No commercial value

Notes:

1. Suzhou Hongsheng Property Co., Ltd. ("Suzhou Hongsheng") is a wholly-owned subsidiary of the Company.

2. Pursuant to 2 State-owned Land Use Rights Grant Contracts - Hu Feng Fang Di (2008) Chu Rang He Tong Di Nos. 24 and 25 dated 8 April 2008, the land use rights of Royal Lakefront (comprising this property and property no.30) with a total site area of 279,730.60 sq.m. were contracted to be granted to Suzhou Hongsheng for terms of 70, 50 and 40 years for residential, commercial office and commercial uses respectively. The land premium was RMB1,139,000,000.

3. In the valuation of this property, we have attributed no commercial value to the property, which has not obtained any title certificate. However, for reference purpose, we are of the opinion that the capital value of the property as at the date of valuation would be RMB1,593,200,000 assuming all relevant title certificates have been obtained and the property 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 states that the Group has obtained the State-owned Land Use Rights Grant Contracts, after paying up the land premium, the Group should not have material legal impediment to obtain the Real Estate Title Certificate of the property.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value on existing state as at 31 July 2009
				RMB
33.	A parcel of land of Sunshine Holiday Phase IV located at the junction of Chenglinzhuang Road and Taixingnan Road Qianjin Village Hedong District Tianjin The PRC	The property comprises a parcel of land with a site area of approximately 16,093.7 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 124,170 sq.m.	A number of old buildings are erected on the property. As advised by the Group, such buildings will be demolished soon.	No commercial value

Notes:

1. Tianjin Yangguang Xindi Investment Co., Ltd. ("Tianjin Yangguang Xindi") is a wholly-owned subsidiary of the Company.

2. Pursuant to a State-owned Land Use Rights Grant Contract dated 20 April 2004, the land use rights of Sunshine Holiday Phases I to IV (comprising this property and property nos. 5 and 9) with a site area of approximately 184,680.30 sq.m. were contracted to be granted to Tianjin Yangguang Xindi for various terms of 70, 40 and 50 years for residential, commercial and composite uses respectively. The land premium was RMB403,800,000. As advised by the Group, the relevant land grant procedures of the property with a site area of approximately 16.093.7 sq.m. are in process.

3. As at the date of valuation, the property has not been assigned to the Group and thus the title of the property has not been 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 RMB638,920,000 assuming all relevant title certificates have been obtained, the property could be freely transferred, the old buildings have been demolished and the Group has no liability in the relocation costs.

4. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers which states that after completing the land auction procedure, obtaining the State-owned Land Use Rights Grant Contract and paying up the land premium, the Group should not have material legal impediment to obtain the State-owned Land Use Rights Certificate of the property.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 July 2009
				RMB
34.	A parcel of land of Sunshine Holiday Phase V located at the western side of Taixing South Road Hedong District Tianjin The PRC	The property comprises a parcel of land with a site area of approximately 56,862.67 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 156,460 sq.m..	The property is currently vacant.	No commercial value

Notes:

1. Tianjin Hongyun Investment Co., Ltd. ("Tianjin Hongyun") is a wholly-owned subsidiary of the Company.

2. Pursuant to a Cooperation Development Agreement entered into between Tianjin Hedong District Real Estate Administration and Tianjin Hongyun, Tianjin Hongyun was entitled to use a parcel of land with a site area of approximately 56,862.67 sq.m. for development at a total consideration of RMB133,411,600. As advised by the Group, Tianjin Hongyun has paid RMB90,000,000 up to the date of valuation.

3. As advised by the Group, the relevant land grant procedures are in process.

4. As at the date of valuation, the property has not been assigned to the Group and thus the title of the property has not been 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 RMB467,000,000, on condition that the relevant title certificates have been obtained by the Group and the Group is entitled to freely transfer, lease, mortgage or otherwise dispose of the property.

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 Cooperation Development Agreement is legal, valid and binding upon both parties.

   b. After completing the land auction procedure, obtaining the State-owned Land Use Rights Grant Contract and paying up the land premium, the Group should have no material legal impediment to obtain the State-owned Land Use Rights Certificate of the property.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 July 2009 RMB
35.	A parcel of land of Sunshine Bordeaux Phases II, III and IV located at Caiyu Town Daxing District Beijing The PRC	The property comprises a parcel of land with a site area of approximately 1,191,983 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 1,256,113 sq.m.	The property is currently vacant.	No commercial value

Notes:

1. Beijing Hetian Hexin Property Development Co., Ltd. ("Beijing Hetian Hexin") is a wholly-owned subsidiary of the Company.

2. Pursuant to a Cooperation Development Agreement entered into between the People's Government of Caiyu Town, Daxing District and Beijing Hetian Hexin and a Government Document — Jing Fa Gai [2007] No. 1308, Beijing Hetian Hexin was entitled to use a parcel of land with a site area of approximately 1,191,983 sq.m. for development.

3. In the valuation of this property, we have attributed no commercial value to the property because the land use rights are not vested in the Group. However, for reference purpose, we are of the opinion that the capital value of the property as at the date of valuation would be RMB2,624,000,000 assuming all relevant title certificates have been obtained and the property 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 Cooperation Development Agreement and Government Document are legal, valid and binding to both parties.

   b. After completing the land auction procedure, obtaining the State-owned Land Use Rights Grant Contract and paying up the land premium, the Group should not have material legal impediment to obtain the State-owned Land Use Rights Certificate of the property.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 July 2009 RMB
36.	A parcel of land of Bashang Jie Project located at the eastern side of Ming Guang Road Hefei City Anhui Province The PRC	The property comprises a parcel of land with a site area of approximately 118,929.04 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 1,263,730 sq.m.	A number of old buildings are erected on the property. As advised by the Group, such buildings will be demolished soon.	No commercial value

Notes:

1. Anhui Hengmao Property Development Co., Ltd. ("Anhui Hengmao") is a wholly-owned subsidiary of the Company.

2. Pursuant to 2 State-owned Land Use Rights Grant Contracts - He Di Shi Qu Jing Ying (2008) Nos. 40 and 41, the planned site area of Bashang Jie Project is approximately 165,320.00 sq.m., of which the land use rights of a parcel of land with a site area of approximately 118,929.04 sq.m. were contracted to be granted to Anhui Hengmao for a term of 40 years for commercial and office uses. The total land premium was RMB1,070,361,360.

3. In the valuation of this property, we have attributed no commercial value to the property, which has not obtained any title certificates. However, for reference purpose, we are of the opinion that the capital value of the property as at the date of valuation would be RMB3,017,100,000 assuming all relevant title certificates have been obtained, the property could be freely transferred, the old buildings have been demolished and the Group has no liability to the relocation costs.

4. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers which states that after paying up the land premium, the Group should not have material legal impediment to obtain the State-owned Land Use Rights Certificate of the property.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 July 2009
				RMB
37.	A parcel of land of Rongsheng Garden located at the eastern side of Zhouwei Harbor, the northern side of Yanjiang Avenue, the western side of Shugang Road and the southern side of dyke of Yangtze River Rugao Economic Development Zone Rugao City Jiangsu Province The PRC	The property comprises a parcel of land with a site area of approximately 5,224,854.1 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 4,375,000 sq.m.	The property is currently vacant.	No commercial value

Notes:

1. Fuda Real Estate Development (Nantong) Co., Ltd. ("Fuda Nantong") is a wholly-owned subsidiary of the Company.

2. Pursuant to a Cooperation Development Construction Agreement entered into between the Committee of Economy Development Zone of Rugao Harbor and Nantong Zhuowei Property Co., Ltd, ("Nantong Zhuowei"), Nantong Zhuowei was entitled to use a parcel of land with a site area of 5,333,333 sq.m. (comprising this property and property no.26) for development.

3. Pursuant to a Agreement entered into between the Committee of Economy Development Zone of Rugao Harbor, Nantong Zhuowei and Fuda Nantong, Fuda Nantong was entitled to use the Land use rights of the parcel of land mentioned in note 2.

4. Pursuant to a State-owned Land Use Rights Grant Contract dated 15 May 2009, the land use rights of the portion of the property with a site area of approximately 318,093 sq.m. were contracted to be granted to Fuda Nantong for terms of 40 and 70 years for commercial and residential uses respectively. The land premium was RMB160,000,779.

5. As advised by the Group, the relevant land grant procedures are in process.

6. In the valuation of this property, we have attributed no commercial value to the property because the land use rights are not vested in the Group. However, for reference purpose, we are of the opinion that the capital value of the property as at the date of valuation would be RMB5,789,940,000 assuming all relevant title certificates have been obtained and the property could be freely transferred.

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 Cooperation Development Construction Agreement is legal, valid and binding to both parties.

   b. After completing the land auction procedure, obtaining the State-owned Land Use Rights Grant Contract and paying up the land premium, the Group should not have material legal impediment to obtain the State-owned Land Use Rights Certificate of the property.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 July 2009
				RMB
38.	A parcel of land of Sunny Town Phases IV located at Dahan Village Yuhong District Shenyang City Liaoning Province The PRC	The property comprises a parcel of land with a total site area of approximately 145,653.13 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 360,957 sq.m.	The property is currently vacant.	No commercial value

Notes:

1. Liaoning Yangguang Xindi Property Development Co., Ltd. ("Liaoning Yangguang Xindi") is a wholly-owned subsidiary of the Company.

2. Pursuant to a Land Pre-auction Agreement, a parcel of land of this property with a site area of approximately 200,300 sq.m. (comprising this property and property no. 13) has been agreed to be granted to Liaoning Yangguang Xindi at a consideration of RMB548,621,700. The Group has paid the consideration in full. As advised by the Group, after obtaining the State-owned Land Use Rights Grant Contract, the State-owned Land Use Rights Certificate will be obtained.

3. As advised by the Group, the relevant land grant procedures of Sunny Town Phase IV are in process.

4. In the valuation of this property, we have attributed no commercial value to the property because the land use rights are not vested in the Group. However, for reference purposes, we are of the opinion that the capital value of the property as at the date of valuation would be RMB788,000,000 assuming all relevant title certificates have been obtained and the property could be freely transferred.

5. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal adviser which states that after completing the land auction procedure, obtaining the State-owned Land Use Rights Grant Contract and paying up the land premium, the Group should not have material legal impediment to obtain the State-owned Land Use Rights Certificate of the property.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 July 2009 RMB
39.	A parcel of land of Sunny Town Phase V located at Dahan Village Yuhong District Shenyang City Liaoning Province The PRC	The property comprises a parcel of land with a site area of approximately 96,667.15 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 207,555 sq.m.	The property is currently vacant.	No commercial value

Notes:

1. Liaoning Yangguang Xindi Property Development Co., Ltd. ("Liaoning Yangguang Xindi") is a wholly-owned subsidiary of the Company.

2. Pursuant to a Land Use Rights Transfer Contract and its Supplementary Agreement, the land use rights of a parcel of land with a site area of approximately 96,667.15 sq.m. have been transferred from Dahan Village Committee of Yuhong District of Shenyang City to Liaoning Yangguang Xindi for residential use.

3. In the valuation of this property, we have attributed no commercial value to the property because the land use rights are not vested in the Group. However, for reference purposes, we are of the opinion that the capital value of the property as at the date of valuation would be RMB499,900,000 assuming all relevant title certificates have been obtained and the property 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 states that after completing the land auction procedure, obtaining the State-owned Land Use Rights Grant Contract and paying up the land premium, the Group should not have material legal impediment to obtain the State-owned Land Use Rights Certificate of the Company.

VALUATION CERTIFICATE

Group VI — 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 31 July 2009 RMB
40.	Unit 3702A on 37th Floor Tower 2 Lippo Centre No. 89 Queensway Hong Kong	The property comprises a unit on the 37th floor of a 41-storey commercial building completed in about 1988. The property has a lettable area of approximately 1,109.00 sq.ft. The property is rented to the Company from Hena Development Co., Ltd., an independent third party, for a term of 2 years expiring on 14 March 2010, at a monthly rent of HK$48,796 exclusive of air-conditioning charges, management fee and government rates.	The property is currently occupied by the Group for office purpose.	No commercial value

Notes:

1. The registered owner of the property is Hena Development Co., Ltd.
2. We were advised that the registered owner is an independent third party to the Company.
3. The property lies within an area zoned for "Commercial" under the relevant outline zoning plan.

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 31 July 2009
				RMB
41.	25 leased properties located in the PRC	The properties comprise 25 buildings or units with a total lettable area of approximately 20,344.38 sq.m. and were mainly completed in various stages between 1994 and 2007. The properties are rented to the Group from various independent third parties for various terms.	The properties are currently occupied by the Group for office purpose.	No commercial value

Notes:

1. Pursuant to 25 Tenancy Agreements entered into between the Group and various independent third parties, 25 buildings or units with a total lettable area of approximately 20,344.38 sq.m. are rented to the Group from various independent third parties (the "Lessors") for various terms at a total annual rent of RMB18,042,412.44.

2. As at the date of this report, the Tenancy Agreements of 2 buildings of the properties with a total lettable area of approximately 2,422.94 sq.m. have been already overdue. As advised by the Group, the Group will not relet the relevant properties after the expiring dates.

3. 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. The Tenancy Agreements are legal, valid and binding.

   b. The Group has the rights to occupy the properties within the terms of the Tenancy Agreements for their designated use.

   c. Pursuant to various Building Ownership Certificates/Real Estate Title Certificates, Lease Registration Certificates or consent letters of lessors, 21 buildings or units with a total lettable area of approximately 15,137.04 sq.m. are legally owned by the lessors and the lessors have the rights to lease the properties to the Group.

   d. For the remaining 4 buildings or units with a total lettable area of approximately 5,207.34 sq.m., the relevant lessors have not submitted the Tenancy Agreements to the relevant local authorities for registration, but non-registration could not affect the validity of the Tenancy Agreements.

Major taxes applicable to property developers

INCOME TAX

According to the "Income Tax Law of The People's Republic of China for Enterprises with Foreign Investment and Foreign Enterprises" enacted by National People's Congress on 9 April 1991 and enforced on 1 July 1991 and its detailed rules enacted by the State Council on 30 June 1991, the rate of enterprise income tax for foreign investment enterprises and enterprise income tax for entities and premises engaged in production and operation by foreign enterprises in China shall be 30%, and the rate of local income tax shall be 3%.

According to the PRC Enterprise Tax Law enacted by the National People's Congress on 16 March 2007 and enforced from 1 January 2008 onwards, a uniform income tax rate of 25% will be applied towards foreign investment enterprise and foreign enterprises which have set up production and operation facilities in the PRC as well as PRC enterprises.

BUSINESS TAX

Pursuant to the "Interim Regulations of the People's Republic of China on Business Tax" enacted by the State Council on 13 December 1993 and enforced on 1 January 1994 and its "Detailed Implementation Rules on the Provisional Regulations of The People's Republic of China on Business Tax" issued by the Ministry of Finance on 25 December 1993, the tax rate on transfer of immovable properties, their superstructures and attachments is 5%.

LAND APPRECIATION TAX

According to the requirements of the Provisional Regulations of The People's Republic of China on Land Appreciation Tax (the "Land Appreciation Provisional Regulations") which was enacted on 13 December 1993 and effected on 1 January 1994, and the Detailed Implementation Rules on the Provisional Regulations of The People's Republic of China on Land Appreciation Tax (the "Land Appreciation Detailed Implementation Rules") which was enacted on 27 January 1995 and enforced back to 1 January 1994, any appreciation amount gained from taxpayer's transfer of property shall be subject to land appreciation tax. Land appreciation tax shall be subject to a regime of four level progressive rates: 30% on the appreciation amount not exceeding 50% of the sum of deductible items; 40% on the appreciation amount exceeding 50% but not exceeding 100% of the sum of deductible items; 50% on the appreciation amount exceeding 100% but not exceeding 200% of the sum of deductible items; and 60% on the appreciation amount exceeding 200% of the sum of deductible items. The related deductible items aforesaid include the following:

- amount paid for obtaining the land use right;
- costs and expenses for development of land;
- costs and expenses of new buildings and ancillary facilities, or estimated prices of old buildings and constructions;
- related tax payable for transfer of property;
- other deductible items as specified by MOF.

According to the requirements of the Land Appreciation Provisional Regulations, the Land Appreciation Detailed Implementation Rules and the Notice issued by the MOF in respect of the Levy and Exemption of Land Appreciation Tax for Development and Transfer Contracts signed before 1 January 1994 which was announced by the MOF and State Administration of Taxation on 27 January 1995, Land Appreciation Tax shall be exempted under any one of the following circumstances:

- Taxpayers building ordinary standard residential properties for sale (i.e. residential properties built in accordance with the local standard for general civilian residential properties. Deluxe apartments, villas, resorts etc. are not under the category of ordinary standard residential properties), where the appreciation amount does not exceed 20% of the sum of deductible items;

- Property taken over 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 originally self-used residential property, of which they have been living there for 5 years or more, and after obtaining tax authorities' approval;

- For property transfer contract which were signed before 1 January 1994, whenever the properties are transferred, the Land Appreciation Tax shall be exempted;

- If the property assignments were signed before 1 January 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 within 5 years after 1 January 1994 for the first time. The date of signing the contract shall be the date of signing the Sale and Purchase Agreement. Particular property projects which are approved by the Government for the development of the whole piece of land and long-term development, of which the properties are transferred for the first time after the 5-year tax-free period, after auditing being conducted by the local financial and tax authorities, and approved by MOF and the State Administration of Taxation, the tax-free period would then be appropriately prolonged.

After the issuance of the "Land Appreciation Provisional Regulations" and the "Land Appreciation Detailed Implementation Rules", due to the relatively long period required for property development and transfer, many districts, while they were implementing the regulations and rules, did not mandatorily require the property development enterprises to declare and pay the Land Appreciation Tax. Therefore, in order to assist the local tax authorities in the collection of Land Appreciation Tax, the MOF, State Administration of Taxation, the Ministry of Construction and the Ministry of Land and Resource had 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 properties are located, and pay the Land Appreciation Tax in accordance with the amount as calculated by the tax authority and within the specified time limit. For those who fail to acquire proof of tax payment or tax exemption from the tax authorities, the property administration authority shall not process the relevant title change procedures, and shall not issue the property title certificate.

State Administration of Taxation also issued the "Notice issued by State Administration of Taxation in respect of the Serious Handling of Administration Work in relation to the Collection of

Land Appreciation Tax" on 10 July 2002 to request local tax authorities to modify the management system of Land Appreciation Tax collection and operation procedures, to build up a proper tax return system for Land Appreciation Tax, to improve the methods of pre-levying for the pre-sale of properties. That notice also pointed out that the preferential policy of Land Appreciation Tax exemption for first time transfer of properties under property development contracts signed before 1 January 1994 or project proposal that has been approved and capital was injected for development, is expired, and that such tax shall be levied again.

State Administration of Taxation issued the "Notice of State Administration of Taxation in respect of the Strengthening of Administration Work in relation to the Collection of Land Appreciation Tax" on 2 August 2004 and the "Notice of State Administration of Taxation in respect of the Further Strengthening of Administration Work in relation to the Collection of Land Appreciation Tax and Land Use Tax in Cities and Towns" on 5 August 2004. The aforesaid notices point out that the administration work in relation to the collection of land appreciation tax should be further strengthened. The preferential policy of Land Appreciation Tax exemption for first time transfer of properties under property development contracts signed before 1 January 1994 is expired and such tax shall be levied again. Where such taxes were still not levied, the situation should be corrected immediately. Also, the notice required that the system of tax declaration and tax sources registration in relation to the land appreciation tax should be further improved and perfected.

On 2 March 2006, the MOF and State Administration of Taxation issued the "Notice of Certain Issues Regarding Land Appreciation Tax". The notice clarifies the relevant issues regarding land appreciation tax as follows:

(i) **As to the Tax Collection and Exemption in the Sale of Ordinary Standard Residential Properties Built by Taxpayer**

The notice sets out the recognised standards for ordinary standard residential properties. Where any developers build ordinary standard residential properties as well as other commercial properties, the value of land appreciation shall be assessed separately. In respect of ordinary standard residential properties for which application for tax exemption has been filed with the tax authority at the locality of the property before the notice is issued and for which land appreciation tax exemption has been granted by the tax authority on the basis of the standards of ordinary residential properties originally set down by the people's government of the province, autonomous region or municipality directly under the Central Government, no adjustment shall be retroactively made.

(ii) **As to the Advance Collection of Land Appreciation Tax as well as the Settlement**

All regions shall further improve the measures for the advance collection of land appreciation tax, and decide the advance collection rate in a scientific and reasonable manner, and adjust it at a proper time according to the level of value appreciation in the property industry and market conditions within the region and on the basis of the specific property categories, namely, ordinary standard residential properties, non-ordinary standard residential properties and commercial properties. 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;

If any tax pre-payment is not paid within the advance collection period, an overdue fines shall be imposed additionally as of the day following the expiration of the prescribed advance collection period, according to the relevant provisions of the Tax Collection and Administration Law and its detailed rules for implementation;

As to any property project that has been completed and gone through the acceptance as well, where the floor area of the property as transferred makes up 85% or more in the salable 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, municipality directly under the Central Government, or a city under separate state planning;

On 28 December 2006, the State Administration of Taxation issued the Notice on the Administration of the Settlement of Land Appreciation Tax of Property Development Enterprises, which came into effect on 1 February 2007. The notice set our further provisions concerning the settlement of land appreciation tax by property developers by clarifying details regarding units responsible for settlement of land appreciation tax, requirements, materials to be submitted, auditing and verification, recognition of revenue of indirect sale and self-use properties, deductible items and handling of transfer after tax is imposed and settled etc. Local provincial tax authorities can formulate their own implementation rules according to the notice and local situation.

DEED TAX

Pursuant to the "Interim regulations of the People's Republic of China on Deed Tax" enacted by the State Council on 7 July 1997 and enforced on 1 October 1997, the transferee, whether an entity or individual, of the title to a land site or building in the PRC shall have to pay deed tax. The rate of deed tax is 3%-5%. The governments of provinces, autonomous regions and municipalities directly under the central government may, within the foresaid range, determine and report their effective tax rates to the MOF and the State Administration of Taxation for the record. Pursuant to the "Implementation Provisions on Deed Tax in Guangdong Province" enacted by the People's Government of Guangdong on 10 June 1998, and enforced on 1 October 1997, the rate of deed tax within Guangdong is 3%.

URBAN LAND USE TAX

Pursuant to the "Provisional Regulations of the People's Republic of China Governing Land Use Tax in Cities and Towns" enacted by the State Council on 27 September 1988 and enforced on 1 November 1988, the land use tax in respect of urban land is levied according to the area of relevant land. The annual tax shall be between RMB0.2 and RMB10 per sq.m. of urban land collected according to the tax rate determined by local tax authorities. According to the "Notice on Land Use Tax Exemption of Foreign Investment Enterprises and Institutions of Foreign Enterprises in China" enacted by the MOF on 2 November 1988 and the "Approval on Land Use Tax Exemption of Foreign Investment Enterprises" issued by the State Administration of Taxation on 27 March 1997, land use fee instead of land use tax shall be collected from a foreign investment enterprise. However, the Provisional Regulations of the People's Republic of China Governing Land Use Tax in Cities and Towns was revised by the State Council on 31 December 2006. As of 1 January 2007, land use tax shall be collected from foreign investment enterprise. The annual tax shall be between RMB0.6 and RMB30.0 per sq.m. of urban land.

BUILDINGS TAX

Under the “Interim Regulations of the People’s Republic of China on Buildings Tax” enacted by the State Council on 15 September 1986 and enforced on 1 October 1986, buildings tax shall be 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.

STAMP DUTY

Under the “Interim regulations of the People’s Republic of China on Stamp Duty” enacted by the State Council on 6 August 1988 and enforced on 1 October 1988, for property rights transfer instruments, including those in respect of property ownership transfer, the rate of stamp duty 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.

MUNICIPAL MAINTENANCE TAX

Under the “Interim Regulations of the People’s Republic of China on Municipal Maintenance Tax” enacted by the State Council on 8 February 1985, any taxpayer, whether an entity or individual, 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 and 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 Enterprises with Foreign Investment and Foreign Enterprises” and the “Approval on Exemption of Municipal Maintenance Tax and Education Surcharge in Foreign-Invested Freightage Enterprises” issued by State Administration of Taxation on 25 February 1994 and on 14 September 2005 respectively, whether foreign investment enterprises are subject to municipal maintenance tax shall be determined in accordance with notices issued by the State Council; and such tax is not applicable to enterprises with foreign investment for the time being, until further explicit stipulations are issued by the State Council.

EDUCATION SURCHARGE

Under the “Interim Provisions on Imposition of Education Surcharge” enacted by the State Council on 28 April 1986 and revised on 7 June 1990 and 20 August 2005, a taxpayer, whether an entity or individual, 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”. Under the supplementary Notice Concerning Imposition of Education Surcharge” issued by the State Council on 12 October 1994, the “Circular Concerning Temporary Exemption from Municipal Maintenance Tax and Education Surcharge For Enterprises with Foreign Investment and Foreign Enterprises” and the “Reply on Exemption of Municipal Maintenance Tax and Education Surcharge in Foreign-Invested Freightage Enterprises” issued by State Administration of Taxation on 25 February 1994 and on 14 September 2005 respectively, whether foreign investment enterprises are subject to the education surcharge shall be determined in accordance with notices issued by the State Council; and such tax is not applicable to enterprises with foreign investment for the time being, until further explicit stipulations are issued by the State Council.

Set out below is a summary of certain provisions of the Memorandum and Articles of the Company and of certain aspects of Cayman company law.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 27 July 2007 under the Companies Law. The Memorandum and 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 adopted on 9 September 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 favour 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 realised 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 travelling, 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 despatch 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 on a poll to one vote for every such share held by him, and any holder of shares of the class present in person or by proxy may demand a poll.

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 authorised 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 (95) per cent. 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 authorised 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 authorised 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 instalments 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 recognised clearing house (or its nominee(s)) is a member of the Company it may authorise 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 authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person authorised pursuant to this provision shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same powers on behalf of the recognised 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 15 months after the holding of the last preceding annual general meeting or a period of 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 authorised 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 summarised 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 summarised 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, 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 (95) per cent 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 (20) per cent 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 recognise 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, realised or unrealised, 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 authorised 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 authorised 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 instalments. If the sum payable in respect of any call or instalment 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 (20) per cent. 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 instalments 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 (20) per cent. 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 authorised 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 authorised 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 summarised 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 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 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 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 authorised 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 authorised 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 authorised 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 authorised to do so by its articles of association, purchase its own shares, including any redeemable shares. However, if the articles of association do not authorise the manner or purchase, a company cannot purchase any of its own shares unless the manner of purchase has first been authorised 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 authorising 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 7 August 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 authorised 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 authorised 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 (75) per cent. 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 months of the offer, the holders of not less than ninety (90) per cent. of the shares which are the subject of the offer accept, the offeror may at any time within two months after the expiration of the said four 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 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 summarising certain aspects of Cayman Islands company law. This letter, together with a copy of the Companies Law, is available for inspection as referred to in the paragraph headed "Documents available for inspection" in Appendix XI. 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 PROPERTY SECTOR IN THE PRC

A. Establishment of a property development enterprise

Pursuant to the "Law of the People's Republic of China on Administration of Urban Property" (the "Urban Property Law") enacted by the Standing Committee of the National People's Congress on 5 July 1994 enforced on 1 January 1995 and revised on 30 August 2007, a property developer is defined as "an enterprise which engages in the development and operation of property for the purposes of making profits". Under the "Regulations on Administration of Development of Urban Property" (the "Development Regulations") enacted by the State Council and enforced on 20 July 1998, a property development enterprise must satisfy the following requirements: (1) has a registered capital of not less than RMB1 million and (2) have four or more full-time professional property/construction technicians and two or more full-time accounting officers, each of whom shall hold the relevant qualifications. The Development Regulations also stipulated that people's governments of the provinces, autonomous regions and/or municipalities directly under the central government may impose more stringent requirements regarding the registered capital and qualifications of professional personnel of a property development enterprise according to the local circumstances.

Pursuant to the Development Regulations, application for registration has to be submitted to the department of administration of industry and commerce above county level for the establishment of property development enterprise. The property development enterprise must file for record with the property development authority in the location of the registration authority, within 30 days of the receipt of its Business License.

Under the "Notice on Adjusting the Portion of Capital Fund for Fixed Assets Investment of Certain Industries" issued by the State Council on 26 April 2004, the portion of capital fund of property projects (excluding economically-affordable housing projects) has been increased from 20% or above to 35% or above.

B. Foreign-invested property development enterprises

Foreign-invested property development enterprises can be established in the form of sino-foreign equity joint venture, sino-foreign co-operative joint venture or wholly-owned foreign enterprise according to the Industrial Guidance Catalogue and other laws and administrative regulations relating to foreign investment enterprises. Prior to the application for registration to the department of administration of industry and commerce, the enterprise must be approved by the authorities of commerce and obtain an Approval Certificate for a Foreign Investment Enterprise.

On Oct 31 2007, China's National Development and Reform Commission (NDRC) and the Ministry of Commerce (MOFCOM) promulgated the new Industrial Guidance Catalogue of Foreign Investments (2007 Revision) ("the 2007 Catalogue"). The 2007 Catalogue has taken effect on 1 December, 2007. The major changes on Real Estate industry in the 2007 Catalogue are the followings: (1) the development and construction of ordinary residential houses has been removed from the encouraged category; (2) the restricted category has been adjusted as the followings: (i) the development of a whole land lot which shall be operated only by sino-foreign equity joint venture or sino-foreign co-operate joint venture; (ii)the construction and operation of up-market hotels, villas, premium office buildings, international conference centres;(iii) housing agents, brokerages and the second-tier real estate market; (3) the construction and operation of large scale theme park has been removed from the Real Estate industry to the Culture, Sports and Entertainment Industries which is still in the restricted category. It means that the enterprise investing in such projects will not be regarded as a real estate development company; (4) the construction and operation of golf courts has been removed from the restricted category to the prohibited category.

On 11 July 2006, the PRC Ministry of Construction, the Ministry of Commerce, the National Development and Reform Commission, the People's Bank of China, the State Administration of Industry and Commerce and the State Administration for Foreign Exchange jointly enacted the "Circular on Standardising the Admittance and Administration of Foreign Capital in the Property Market" (Jianzhufang [2006] 171). According to this Circular, the admittance and administration of the foreign capital in property market must comply with the following requirements:

(a) Foreign institutions or individuals purchasing property in China not for their own use shall follow the principle of commercial existence and apply for establishment of foreign investment enterprises under the regulations of foreign investment in property. The foreign institutions and individuals can only carry on their business pursuant to the approved business scope after obtaining the approvals from the relevant authorities and upon completion of the relevant registrations.

(b) If the total investment of a foreign-invested property development enterprise exceeds or equals to USD10 million, the registered capital must not be less than 50% of the total investment. If the total investment is less than USD10 million, the amount of the registered capital shall follow the existing regulations.

(c) For the establishment of a foreign-invested property development enterprise, the commerce authorities and the department of administration of industry and commerce are in charge of granting approval for establishment and effecting registration of the foreign invested property development enterprise and issuing the Approval Certificate for a Foreign Investment Enterprise and the Business License which are only effective for one year. After settlement of the consideration of land use right, the enterprises should apply for the land use rights certificate by presenting the above-mentioned certificate and license. With the land use rights certificate, the enterprises will receive an official Approval Certificate for a Foreign Investment Enterprise from the commerce authorities, and shall replace the business license with one that has the same operation term as the formal Approval Certificate for Foreign Investment Enterprise in the department of administration of industry and commerce, and then it shall apply for tax registration with the tax authorities.

(d) Transfers of projects of or shares in foreign-invested property development enterprises, and the acquisitions of domestic property development enterprises by foreign investors should follow strictly the relevant laws, regulations and policies to obtain the approvals. The investor should submit: (a) the guarantee letters for the performance of the State-owned Land Use Right Grant Contracts, Construction Land Planning Permit and Construction

Work Planning Permit; (b) Certificate of Land Use Right; (c) the certification on alteration of archival files issued by construction authorities; (d) the certification on the payment of tax issued by the relevant tax authorities.

(e) While merging and acquiring domestic property development enterprises by way of share transfer or other means, or the purchase of shares from the Chinese party in a sino-foreign equity joint venture, the foreign investors shall properly resettle the employees, settle the bank loans and pay all the consideration at a time with its internal fund. The foreign investors with unfavourable record shall not be allowed to conduct any of the aforesaid activities.

On 23 May 2007, MOFCOM and SAFE jointly issued the "Notice Concerning Further Strengthening and Regulating the Examination, Approval and Supervision of Direct Foreign Investment in Real Estate" (關於進一步加强、規範外商直接投資房地產業審批和監管的通知) (Shang Zi Han [2007] No. 50). The Notice provides stricter controlling measures including, among others:

(a) Where the application is filed for establishment of a property company, the land use right, the ownership of the property should be obtained first, or the pre-assignment/ purchase agreement has already been concluded with the land administration authority, land developer/ owner of the property. If the above requirements have not been satisfied, the approval authority shall not approve the application.

(b) Acquisition of or investment in domestic property enterprises by way of return investment (including the same actual controlling person) shall be strictly controlled. Oversea investors may not avoid approval for foreign investment in property by way of changing the actual controlling person of the domestic real estate enterprise. Once the foreign exchange authority has found the foreign-invested property enterprise established by way of deliberately avoiding and false representation, it shall take action against the enterprise's conduct of remittance of capital and interest accrued without approval, and the enterprise shall bear the liability for cheated purchase and evasion of foreign exchange.

(c) Agreement as to any fixed return or of the same effect for either party of a foreign-invested real property enterprise is prohibited.

(d) Local examination and approval authorities must make a filing with MOFCOM for recording their approvals of establishment of foreign-invested real estate enterprises.

(e) Local SAFE administrative authorities and designated foreign exchange banks shall not conduct foreign exchange purchase and settlement process in respect of capital projects for any foreign-invested real property enterprises who fail to satisfy the MOFCOM for filing requirement or annual review procedure.

On 10 July 2007, the SAFE promulgated "Notice of the list of first batch of foreign-invested real estate projects that have been filed with the MOFCOM" (國家外匯管理局綜合司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) (Hui Zhong Fa [2007] No. 130), ceasing to conduct any foreign debt registration and foreign debt settlement process filed subsequent to 1 June 2007 for all foreign-invested property enterprises. The Notice provides that:

(a) For a foreign-invested property enterprise (both newly-established and through capital increase, same below) which has obtained the approval certificate from the competent authorities of the MOFCOM and filed with the MOFCOM after and including (same below) 1 June 2007, the branch institutes will not conduct the foreign debt registration and foreign debts settlement approval process.

(b) For a foreign-invested property enterprise which has obtained the approval certificate from the local competent authorities of the MOFCOM but has not filed with the MOFCOM after and including 1 June 2007, the branch institutes will not conduct foreign exchange registration (or change the registration) and the purchase and settlement process for capital projects.

C. Qualifications of a property developer

(a) *Classifications and assessment of a property development enterprises' qualification*

Under the "Regulations on Administration of Development of Urban Property", a property developer must file for record of its establishment to the property development authority in the location of the registration authority within 30 days after receiving its business license. The property development authority shall assess the qualification classification of the property developer, which is filing for record by considering its assets, professional personnel and development and operation records. A property development enterprise shall only engage in property development projects in compliance with its approved qualification.

Under the "Provisions on Administration of Qualifications of Property Developers" (the "Provisions on Administration of Qualifications") enacted by the Ministry of Construction and entered into force on 29 March 2000, a property developer shall apply for registration of its qualifications according to the Provisions on Administration of 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 development 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 the corresponding authorities. The class 1 qualification shall be subject to preliminary examination by the construction authority under the people's government of the relevant province, autonomous region or municipality directly under the central government and final approval by the construction authority under the State Council. Procedures for assessing class 2 or lower qualifications developers 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, which passes the qualification examination will be issued with a qualification certificate of the relevant class by the qualification assessment authority. After a newly established property developer reports its establishment to the property development authority, the latter shall issue a provisional qualification certificate to the eligible developer within 30 days of receipt of the report. The provisional qualification certificate shall be effective for one year from the date of its issuance. The property development authority can extend the validity period for not more than two years after 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 the expiry of the provisional qualification certificate. Any enterprise engages in the operation of property development without obtaining a qualification certificate will be ordered by the property development authority to rectify the irregularity within a certain period of time, and will be imposed a fine between RMB50,000 and RMB100,000. A property development enterprise failing to rectify the irregularity within the required period of time will have its qualification certificate suspended and a proposal will be sent to the industrial and commercial administration authority for the suspension of business license of such property development enterprise.

(b) ***The business scope of a property developer***

Under the "Provisions on Administration of Qualifications", a developer of any qualification classification may engage in the development and sale of property within its approved scope of business and is not allowed to engage in business which exceeded the approved scope of its qualification classification. A class 1 property developer may undertake a property development project anywhere in the country without any limit of the scale of property project. A property developer of class 2 or lower may undertake a project with a gross floor area of less than 250,000 sq.m. and the specific scope of business shall be determined by the construction authority under the people's government of the relevant province, autonomous region or municipality.

(c) ***The annual inspection of a property developer's qualification***

Pursuant to "Provisions on Administration of Qualifications", the qualification of a property developer should be annually inspected. The construction authority under the State Council or the entrusted institution is responsible for carrying out the annual inspection of class 1 property developer's qualification. Procedures for annual inspection of 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. Any enterprise fails to comply with the qualification requirement or operation requirements will have its qualification classification down-graded or qualification certificate cancelled.

D. Development of a property project

(a) ***Land for property development***

Under the "Interim Regulations of the People's Republic of China on Assignment and Transfer of the Right to Use State-owned Land in Urban Areas" (the "Interim Regulations on Assignment and Transfer") promulgated and enforced by the State Council on 19 May 1990, a system of assignment and transfer of the right to use State-owned land is adopted. A land user shall pay a premium to the State as consideration for the assignment of the land use rights within certain terms, and a land user may transfer, lease, mortgage or otherwise commercially exploit the land use right within his terms of use. Under the Interim Regulations on Assignment 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 for an assignment of land use right. The land user shall pay the assignment price as stipulated in the assignment contract. After paying the assignment price in full, the land user shall register with the land administration authority and obtain a Land Use Right Certificate. The Certificate is an evidence of the acquisition of land use rights. The "Regulations on Administration of Development of Urban Property" provide that the land use rights for a site intended for property development shall be obtained by way of an assignment except for those land use rights, which may be obtained by way of allocation pursuant to the PRC laws or the stipulations of the State Council.

Under the "Regulations on the Assignment of State-Owned Land Use Right through Competitive bidding, Auction and Listing-for-Sale" ("2002 Regulations"), as amended by the 2007 Regulations on 28 September 2007 enacted by the Ministry of Land and Resources on 9 May 2002 and enforced on 1 July 2002, land for commercial use, tourism, entertainment and commodity housing development shall be assigned by way of competitive bidding, public auction or listing-for-sale. The procedures are as follows:

i. The land authority under the people's government of the city and county (the "assignor") shall make an announcement at least 20 days prior to the date of the proposed competitive bidding, public auction or listing-for-sale. The announcement should include basic particulars such as land parcel, qualification requirement of the bidder and auction applicants, methods and criteria on confirming the winning tender or winning bidder, and other conditions such as the deposit of the bid.

ii. The assignor shall conduct a qualification verification of the bidding applicants and auction applicants, inform the applicants who satisfy the requirements set out in the announcement and invite them to attend the competitive bidding, public auction or listing-for-sale.

iii. After determining the winning tender or the winning bidder by the 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 return the bidding or tender deposit to other bidding or auction applicants.

iv. The assignor and the winning tender or winning bidder shall enter into a contract for State-owned land use right assignment according to the time and venue set out in the confirmation. The deposit of the bid paid by the winning tender or winning bidder will be used to set off part of the assignment price of the state-owned land use rights.

v. The winning tender or winning bidder should apply for the land registration after paying off the assignment price in accordance with the State-owned land use right assignment contract. The people's government above the city and county level should issue the "Land Use Permit for State-Owned Land".

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" enacted by the Ministry of Land and Resources on 4 September 2003 (the "Notice"). Commencing from the day of distribution of the Notice, land use for luxurious commodity houses shall be stringently controlled, and applications for land use for building villas shall be stopped. On 21March 2004, the Ministry of Land and Resources together with the Ministry of Supervision promulgated the "Notice in Respect of Enforcing and Supervising The Transfer of Operative Land Use Rights Through Tenders, Bidding and Public Auction (關於繼續開展經營性土地使用權招標拍賣掛牌出讓情況執法監察工作的通知)", which expressively required that after 31 August 2004, no land use rights transfer in the form of agreement by the excuse of historical difficulties will be allowed. On 30 May 2006, the Ministry of Land and Resources issued the "Urgent Notice of Further Strengthening the Administration of the Land". It is expressly prescribed in this Notice that land for property development must be assigned by way of competitive bidding, public auction or Listing-for-sale; the rules of stopping the development project for villas should be strictly enforced; and all supply of land for such purpose and handling of related land use procedure will be ceased from the day of the Notice's issuance.

Under the "Urgent Notice of Further Strengthening the Administration of the Land", the land authority should rigidly execute the "Model Text of the State-owned Land Use Right Assignment Contract" and "Model Text of the State-owned Land Use Right Assignment Supplementary Agreement (for Trial Implementation)" jointly enacted by the Ministry of Land Resources and SAIC. The document of the land assignment should ascertain the requirement of planning, construction and land use such as the restriction of the dwelling size, plot ratio and the time limit of starting and completion. All these should be agreed in the Land Use Right Assignment Contract.

On 28 September 2007, the Ministry of Land Resources promulgated the Regulation on Bidding, Auction and Listing Required for Assignment of State Owned Construction Land (《招標拍賣掛牌出讓國有建設用地使用權規定》) ("this Regulation") ("2007 Regulations"). This Regulation specifies that the assignee of state owned construction land use right shall fully pay up the premium for the land use right in accordance with the state owned land assignment agreement before it could proceed with the relevant procedures for land use right registration and apply for a state owned construction land use right certificate. No assignee could be granted a state owned construction land use right certificate for the land in proportion to the partial payment of the premium that the assignee has paid up. In 2007, it is provided in detail that operative lands for properties to be used for industrial, commercial, tourism, entertainment and commodity residential purposes as well as lands with two or more prospective users must be granted only through competitive bidding.

On 2 January 2007, the National People's Congress promulgated the "Laws on Urban and Rural Planning (城鄉規劃法)" which provided that for construction projects having obtained rights to use State-owned lands by way of grant, after the rights to use State-owned lands grant contract have been verified, the construction entity shall apply for a permit for construction site planning from the relevant municipal or county or city or rural planning authority.

(b) ***Development of a property project***

i. *Commencement of a property project and the idle land*

Under the Urban Property Law, those who have obtained the land use right through an assignment must develop the land in accordance with the terms of use and within the period of commencement prescribed in the contract for the land use rights assignment. According to the "Measures on Disposing Idle Land" enacted and enforced by the Ministry of Land and Resources on 28 April 1999, the land can be defined as idle land under any of the following circumstances:

- development and construction of the land is not commenced within the prescribed time limit after obtaining the land use right without consent from the people's government who approved the use of the land;

- where the "Contract on Paid Use of the Right to Use State-Owned Land" or the "Approval Letter on Land Used for Construction" has not prescribed the date of commencing the development and construction, the development and construction of the land is not commenced at the expiry of one year from the date when the "Contract on Paid Use 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 been commenced but the area of the development and construction that has been commenced 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 have been continuously suspended for one year or more without an approval; and

- other circumstances prescribed by the laws and the administrative regulations.

The municipality or county-level municipality administrative department shall, after a piece of land which has been ascertained as idle land, notify the concerned land user and draft a proposal on methods of disposal of the idle land including but not limited to extending the time period for development and construction (provided that the extension shall be no longer than one year), changing the use of the land, arranging for temporary use, ascertaining a new land user by competitive bidding, public auction. The administrative department of land under the people's government of city or county level shall, after the proposal on disposal has been approved by the original people's government who approved the use of the land, arrange for implementation of the proposal. To the land which is obtained by assignment and is within the scope of city planning, if the work has not been commenced after one year from the prescribed date of commencement, a surcharge on idle land equivalent to less than 20% of the assignment price may be levied; if the work has not been commenced after two years from the prescribed date of commencement, the land can be confiscated without any compensation. However, the preceding stipulations shall not apply if the delay is caused by force majeure; acts of government or acts of other relevant departments under the government; or by the indispensable preliminary work.

The State Council promulgated the "Notice on Promoting the Saving and Intensification of Use of Land (Guo Fa No.[2008]) (關於促進節約集約用地的通知(國發[2008] 3號))" on 3 January 2008, which required that policy in respect of unused land shall be strictly implemented. If the land approved for development left idle for more than two years, it must be recovered for reused without any compensation by the government according to applicable laws and regulations. Even if the land may not be recovered according to relevant laws and regulations, the land shall be disposed of in time and used efficiently through altering usage of the land, equivalent exchange etc. For lands left unused for over one year but less than two years, an idle land fees shall be levied at a rate equal to 20% of the price for the land granted or allocated.

ii. *Planning of a property project*

According to the "Measures for Control and Administration of Assignment and Transfer of Right to Use Urban State-owned Land" enacted by the Ministry of Construction on 4 December 1992 and enforced on 1 January 1993 and the "Notice of the Ministry of Construction on Strengthening the Planning Administration of Assignment and Transferring Right to Use State-owned Land" enacted and enforced by the Ministry of Construction on 26 December 2002, after signing an assignment contract, a property developer shall apply for a Opinion on Construction Project's Site Selection and a Permit for Construction Site Planning from the city and county planning authority with the assignment contract. After obtaining a Permit for Construction Site Planning, a property developer shall organise the necessary planning and the design work with regard to planning and design requirements; and apply for a Permit for Construction Work Planning from city planning authority with the relevant approval documents. On 30 June 2001, a permit for housing demolition and removal was obtained pursuant to the "Regulations for the Administration of Demolition and Removal in Urban Areas (城市房屋拆遷管理條例)", and the "Notice on Controlling the Scale of Demolition and Removal and Strengthening Administration of Demolition and Removal (關於控制城鎮房屋拆遷規模嚴格拆遷管理的通知)" issued by the State Council on 6 June 2001.

iii. *Construction of a property project*

After obtaining the Permit for Construction Work Planning, a property developer shall apply for a Construction Permit from the construction authority under the local people's government above the county level according to the "Measures for the Administration of Construction Permits for Construction Projects" enacted by the Ministry of Construction on 15 October 1999 and revised and enforced on 4 July 2001.

iv. *Completion of a property project*

According to the "Regulations on Administration of Development of Urban Property", the "Regulation on the Quality Management of Construction Projects" enacted and enforced by the State Council on 30 January 2000, the "Interim Measures for Reporting Details Regarding Acceptance Examination Upon Completion of Buildings and Municipal Infrastructure" enacted by the Ministry of Construction in April 2000 and the "Interim Provisions on Acceptance Examination Upon Completion of Buildings and Municipal Infrastructure" enacted and enforced by the Ministry of Construction on 30 June 2000, after completion of work for a project, a property developer shall apply for the acceptance examination upon completion to the property development authority under the people's government on or above the county level and report details of the acceptance examination, upon which the "Record of acceptance examination upon project completion". For a housing estate or other building complex project, an acceptance examination shall be conducted upon completion of the whole project and where such a project is developed in phases, separate acceptance examination may be carried out for each completed phase.

E. Property Construction

(a) ***the Bid and Tender Law of the People's Republic of China***

Under the Bid and Tender Law of the People's Republic of China《中華人民共和國招標投標法》promulgated by the Standing Committee of the National People's Congress dated 30 August 1999 and implemented on 1 January 2000, tender is compulsory with respect to construction projects within the territory of the PRC such as large-scale infrastructure and public utilities relating to social public interests or public security, including the investigation, design, construction, construction supervision thereof as well as procurements pertaining to important equipment and materials in connection with project construction. The tender is divided into open tender and invited tender. Any entity or individual shall not nullify related projects that must be offered to tender as statutory required or circumvent tender through any other means. The successful tenderer, on the basis of contractual covenant or upon the tenderee's consent, may contract to others the non-principal non-critical works in the tender project. The individual accepting such contracting shall be equipped with appropriate qualifications and shall not subcontract his portion of works. The successful tenderer shall be accountable to the tenderee for the subcontracted project while the subcontractor shall bear joint liability for the same. To conduct bidding and tendering activities within the PRC territory, relevant entity or individual shall comply with the above regulation.

(b) ***The Rules on the Shanghai Bidding of Construction Management Interim Procedures***

According to the rules on the Shanghai Bidding of Construction Management Interim Procedures《上海市建設工程施工招標投標管理暫行辦法》approved by Shanghai Government Order No. 54 amended and re-issued on 19th December 1997, where in Shanghai (including the Commission and the Office of the Council, the district and county) of the annual fixed assets investment plan construction projects should be carried out in accordance with this approach construction tender. The tender will be required to have legal personality is the building of a unit or the total project contractor. The bidding could be the city business license holders of the construction and installation enterprises, project contracting companies and other provinces and cities under the Shanghai Municipal Construction Enterprise Management sector of the construction. In the selection process, the selected bidding group is made up of the tender, the tender's superior departments, the preparation of bidding price, the designer and so on. Through voting, score or the other ways, the final award will be decided by the selected bidding group. In addition, the process of decision should be supervised under the office of Shanghai Municipal Construction Enterprise Management or the Construction Management of district and county. Then, the bidding notice should be delivered to the successful bidder within 2 days after the decision of the selected bidding group. The tender should subscribe the Construction Contracting Contract with the successful bidder within 15 days from the date of delivery of the bidding notice.

F. Property Transactions

(a) *Transfer of property*

According to the "Urban Property Law" and the "Provisions on Administration of Transfer of Urban Property" enacted by the Ministry of Construction on 7 August 1995 and revised on 15 August 2001, a property owner may sell, give or otherwise legally transfer a property to another person or legal entity. When transferring a building, the ownership of the building and the land use rights attached 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 assignment, the real property may only be transferred on the condition that: (a) the assignment price has been paid in full for the assignment of the land use rights as provided by the assignment contract and a land use right certificate has been obtained; (b) the development has been carried out according to the assignment contract; and with respect to 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 assignment, 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 right assignment 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 assignment contract, consent shall first be obtained from the original assignor and the planning administration authority under the local government of the relevant city or county and an agreement to amend the land use right assignment contract or a new land use right assignment contract shall be signed in order to, inter alia, adjust the land use right assignment price accordingly.

If the land 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 under the regulations of the State Council. If the people's government vested with the necessary approval power approves such a transfer, 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.

(b) ***Sale of commodity properties***

Under the "Regulatory Measures on the Sale of Commodity Properties" enacted by the Ministry of Construction on 4 April 2001 and enforced on 1 June 2001, sale of commodity properties can include both pre-completion and post-completion sales.

i. *Permit of pre-completion sale of commodity properties*

According to the "Regulations on Administration of Development of Urban Property" and the "Measures for Administration of Pre-completion Sale of Commodity Properties" (the "Pre-completion Sale Measures") enacted by the Ministry of Construction on 15 November 1994 and revised on 15 August 2001 and 20 July 2004 respectively, the pre-completion sale of commodity properties shall be subject to a permit system, under which a property developer intending to sell a commodity building before its completion shall make the necessary pre-completion sale registration with the property development authority of the relevant city or county to obtain a permit of pre-completion sale of commodity properties. A commodity building may only be sold before completion provided that: (a) the assignment price has been paid in full for the assignment of the concerned land use rights and a land use rights certificate has been issued; (b) a Permit for Construction Work Planning and a Permit for Construction of Work have been obtained; (c) the funds invested in the development of the commodity properties put to pre-completion sale represent 25% or more of the total investment in the project and the progress of work and the completion and delivery dates have been ascertained; and (d) the pre-completion sale has been registered and a Permit for Pre-completion Sale of Commodity Properties has been obtained.

In addition, according to the "Regulations on Administration of Pre-completion Sale of Commodity Properties of Guangdong Province" enacted by the Standing Committee of Guangdong Provincial People's Congress on 22 August 1998 and revised on 14 October 2000, and the "Notice on Adjusting Conditions of Image and Progress for Commodity Building Pre-sale Project in Guangdong Province" issued by the Guangdong Provincial Construction Bureau in January 2001, the following conditions shall be fulfiled for pre-completion sale of commodity properties in Guangdong: (a) the property developer has obtained a real property development qualification certificate and a business license; (b) the construction quality and safety monitoring procedures have been performed; (c) the structural construction and the toping-out must have been completed in respect of properties of not more than seven stories (including seven stories), and at least two-third of the structural construction must have been completed in respect of properties of more than seven stories; (d) a special property pre-completion sale account with a commercial bank in the place where the project is located has been opened; and (e) the properties pre-completion sale project and its land use rights are free from any third party rights.

ii. *Management of pre-completion sale proceeds of commodity properties*

According to the Pre-completion Sale Measures, the proceeds obtained by a property developer from the advance sale of commercial houses must be used for the construction of the relevant projects. The specific measures for the supervision on proceeds from the advance sale of commodity properties shall be formulated by the property administrative departments.

iii. *Conditions of the sale of post-completion commodity properties*

Under the "Measures for Administration of Sale of Commodity Properties", commodity properties may be put to post-completion sale only when the following preconditions have been satisfied: (a) The property development enterprise offering to sell the post-completion properties shall have a enterprise legal person business license and a qualification certificate of a property developer; (b) The enterprise has obtained a land use right certificate or other approval documents of land use; (c) The enterprise has the permit for construction project planning and the permit for construction; (d) The commodity commodities have been completed and been inspected and accepted as qualified; (e) The relocation of the original residents has been well settled; (f) The supplementary essential facilities for supplying water, electricity, heating, gas, communication, etc. have been made ready for use, and other supplementary essential facilities and public facilities have been made ready for use, or the schedule of construction and delivery date of have been specified; (g) The property management plan has been completed.

Before the post-completion sale of a commodity building, a property developer shall submit the Property Development Project Manual and other documents showing that the preconditions for post-completion sale have been fulfiled to the property development authority for making a record.

iv. *Regulations on sale of commodity properties*

According to the "Regulations on Administration of Development of Urban Property" and the Pre-completion Sale Measures, for the pre-completion sale of a commodity building, the developer shall sign a contract on the pre-sale of the commodity building with the purchaser. The developer shall, within 30 days upon signing the contract, apply for registration and record of contract for pre-completion sale commodity building to the relevant administrative departments governing the property and land administration department of the city or country governments. Property administrative department shall take the initiative to apply network information technology to gradually implement web-based registration of pre-sale contracts.

Pursuant to the "Circular of the General Office of the State Council on Forwarding the Opinion of the Ministry of Construction and Other Department on Doing a Good Job of Stabilising House Prices" on 9 May 2005, there are several regulations concerning commodity properties sale:

- The buyer of a commodity building is prohibited from conducting any transfer of the pre-sale of the commodity building that he has bought but is still under construction.

Before completion and delivery of an advance sale commodity building to the advance buyer, and before the advance buyer obtains the individual property ownership certificate, the administrative department of property shall not handle any transfer of the commodity building. If there is discrepancy in the name of the applicant for property ownership and the name of the advance buyer in the advance sales contract, the property ownership registration administration shall not records the application of property ownership;

- Apply a real name system for house purchase; carry out an immediate archival filing network system for pre-sale contracts of commodity properties.

On 6 July 2006, the Ministry of Construction, NDRC, and the SAIC jointly enacted a Notice on Reorganising and Regulating Order in the Property Transactions, the details of which are as follows:

- The developer should start to sell the commodity properties within 10 days after receiving "Permit for Pre-completion Sale of commodity properties". Without this permit, the pre-completion sale of commodity properties, as well as subscription (including reservation, registration and number-selecting) and acceptance of the any kind of pre-sale payments, is forbidden;

- The property administration authority should establish an immediate network system for advance sales contracts of commodity properties and a system for the publication of property transaction information. The basic situation of the commodity building, the schedule of the sale and the rights status should be duly, truly and fully published in the network system and on the locale of sale. The advance buyer of a commodity building is prohibited from conducting any transfer of the advance sale of the commodity building that he has bought but is still under construction;

- Without the "Permit for Pre-completion Sale of commodity properties", no advertisement of the pre-completion sale of commodity properties can be allowed to publish;

- Property development enterprises with a record of serious irregularity or enterprises which do not satisfy the requirements of pre-completion sale of commodity properties is not allowed to take part in sale activities;

- The property administration authority should strictly carry out the regulations of the pre-completion sale contract registration and records and apply the real name system for property purchase.

(c) ***Mortgages of Property***

Under the "Real Rights Law of the People's Republic of China" enacted by the National People's Congress on 16 March 2007 and enforced on 1 October 2007, the "Urban Property Law" and the "The Security Law of the People's Republic of China" enacted by the Standing Committee of the National People's Congress on 30 June 1995 and enforced on 1 October 1995, and the "Measures on the Administration of Mortgage of Buildings in Urban Areas" enacted by the Ministry of Construction in May 1997 and revised on 15 August 2001, mortgage refers to the act of a debtor, or a third party, who, without transferring the occupancy of the properties, charge those properties as security for the creditor's rights; when the debtor fails to pay his debt, the creditor has a right to obtain compensation, in accordance with the stipulations of this law, by converting the properties into money or seek preferential payments from the proceeds from the auction or sale of the concerned properties. The creditor's rights that the mortgagor mortgaged shall not exceed the value of the properties mortgaged. After being mortgaged, the balance of value of the properties that exceeded the creditor's rights can be mortgaged for a second time, but the sum of the mortgage shall not exceed the value of the balance. When a mortgage is created on the ownership of a building on state-owned land legally obtained, a mortgage shall be simultaneously created on the land use right of the land on which the building is erected. When the land use rights of State-owned lands acquired through means of assignment is 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 individually. When the buildings of the 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 has been signed, the parties to the mortgage shall register the mortgage with the property administration authority 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 property ownership certificate has been obtained legally, the registration authority shall make an entry under the "third party rights" item on the original property ownership certificate and then issue a Certificate of Third Party Rights to Property to the mortgagee. If a mortgage is created on the commodity building put to pre-completion 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.

(d) ***Lease of buildings***

Under the "Urban Property Law" and the "Measures for Administration of Leases of Buildings in Urban Areas" enacted by the Ministry of Construction on 28 April 1995 and enforced on 1 June 1995, the parties to a lease of a building shall enter into a lease contract in writing which shall be effective upon signing by both parties. A system which has been adopted for registering 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. The term of a leased building and the related land shall not be more than 20 years.

G. Property financing

According to the "Notice of the People's Bank of China on Regulating Home Financing Business" enacted by the People's Bank of China (the "PBOC") on 19 June 2001, all banks must comply with the following requirements before granting residential development loans, individual home 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 an amount of own capital no less than 30% of the total investment required of the project, the project itself must have been issued with a Land Use Rights Certificates, Construction Land Planning Permit, Construction Work Planning Permit and Permit of Construction Work.

(b) In respect of the grant of individual home 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 home purchase loan to buy a pre-completion house, the said 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 properties have already been completed.

The PBOC issued the Circular on Further Strengthening the Management of Loans for Property Business on 5 June 2003 to specify the requirements for banks to provide loans for the purposes of property development and individual home mortgage as follows:

(a) The property loan by commercial banks to property development enterprises shall be granted only under the title of property development loan and it is strictly forbidden to extent such loans as current capital loan for property development project or other loan item. No lending of any type shall be granted for projects which have not obtained the Land Use Right Certificates, Construction Land Permit, Construction Planning Permit and Construction Work Permit.

(b) Commercial banks shall not grant loans to property developers to pay off land premium; and

(c) Commercial banks may only provide mortgage loans to individual buyers when the main structural buildings have been topped out. When a borrower applies for individual home loans for his first residential unit, the down payment remains to be 20%. In respect of his loan application for additional purchase of residential unit(s), the percentage of the first instalment shall be increased.

Pursuant to the Guidance on Risk Management of Property Loans of Commercial Banks issued by China Banking Regulatory Commission on 2 September 2004, any property developer applying for property development loans shall have at least 35% of capital funds required for the development.

According to the "Notice of the People's Bank of China on the Adjustment of Commercial Bank Housing Loan Policies and the Interest Rate of Excess Reserve Deposit", enacted by PBOC on 16 March 2005, starting from 17 March 2005, the down payment of individual home increased from 20% to 30% in cities and areas where property prices grow too quickly. The commercial banks can independently determine scope of such property price rise according to specific situations in different cities or areas.

On 24 May 2006, the State Council forwarded the "Opinion of the Ministry of Construction and Other Departments on Adjusting the Housing Supply Control Structure and Stabilising the Property Prices. The regulations provide the following:

(a) Tightening the control of advancing loan facilities. The commercial banks are not allowed to advance their loan facilities to property developers who do not have the required 35% or more of the total capital for the construction projects. The commercial banks should be prudent in granting loan facilities and/or revolving credit facilities in any form to the property developers who have a large number of idle lands and unsold commodity properties. The commercial banks shall not accept mortgages of commodity properties remaining unsold for three years or longer, and the commercial banks shall not accept such commodity building as collateral for loans.

(b) From 1 June 2006 and onward, purchasers need to pay a minimum of 30% of the purchase price as down payment. However, if purchasers purchase apartments with a floor area of 90 sq.m. or less for residential purposes, the existing requirement of 20% of the purchase price as down payment remains unchanged.

According to "Circular on Standardising the Admittance and Administration of Foreign Capital in Property Market" enforced on 11 July 2006, foreign-invested property development enterprises which have not paid up their registered capital fully, or failed to obtain a Land Use Right Certificate, or with under 35% of the capital for the project, will not be allowed to obtain a loan in or outside China, and foreign exchange administration departments shall not approve any settlement of foreign loans by such enterprises.

On 27 September 2007, the PBOC, CBRC jointly issued the "Notice on Strengthening the Administration of Commercial Real Estate Credit Loans" (《關於加强商業性房地產信貸管理的通知》), which further stipulates stringent requirements to the grant of loans in respect to the second and subsequent purchases of housing by individuals. For those who has used credit loans to purchase a housing and applied for purchasing the second (inclusive) or more housing, the down payment shall not be less than 40% of the total purchase price, while the interest rate of such loan shall not be lower than 1.1 times of the benchmark interest rate of the same grade for the same period as announced by the PBOC. Moreover, the ratio of the down payment and the level of the interest rate of the loan shall be substantially adjusted upwards according to the number of purchases. The specific increase range will be determined by commercial banks at their own discretion based on the relevant principles of credit risk management.

H. Insurance of a property project

There are no mandatory provisions in the PRC laws, regulations and government rules which require a property developer to take out insurance policies for its property projects.

In light of the "Construction Law of the People's Republic of China" enacted by the Standing Committee of the National People's Congress on 1 November 1997 and enforced on 1 March 1998, construction enterprises must take out accident and casualty insurance for workers engaged in dangerous operations and pay insurance premium. In the "Opinions of the Ministry of Construction on Strengthening the Insurance of Accidental Injury in the Construction Work" by the Ministry of Construction on 23 May 2003, the Ministry of Construction further emphasises the importance of the insurance of accidental injury in the construction work and put forward the detailed opinions of guidance. The "Guidance on the Insurance of Accidental Injury in the Construction Work of Guangdong Province" enacted by construction department of Guangdong Province on 8 September 2004 prescribes the scope, object, term, coverage, amount and premium of insurance for accidental injury. Besides, the Guidance especially emphasises that the persons who have been already insured of work-related injury insurances still need to be insured of accidental injury insurance when he or she takes part in the on-site construction work. According to the common practice of the property industry in Guangdong, except for the accidental injury insurance, construction companies are usually required to submit insurance proposals in the course of tendering and bidding for construction projects. Construction companies shall pay for the insurance premium at their own costs and take out various types of insurance to cover their liabilities, such as property risks, third party's liability risk, performance guarantee in the course of construction and all-risks associated with the construction and installation work throughout the construction period. The insurance cover for all the aforementioned risks shall cease immediately after the completion and acceptance upon inspection of construction.

I. Measures on Adjusting the Structure of Housing Supply and Stabilising Housing Price

The General Office of the State Council enacted the "Circular on Stabilising Housing Price" on 26 March 2005, requiring measures to be taken to restrain the housing price from increasing too fast and to promote the healthy development of the property market. On 9 May 2005, the General Office of the State Council issued the Opinion of the Ministry of Construction and other Departments on Doing a Good Job of Stabilising House Prices, the opinion provides that:

(a) ***Intensifying the planning and control and improving the supply structure of houses***

Where the housing price is in excessive growth and where the supply of ordinary commodity houses with medium or low price and economical houses is insufficient, construction of residential properties should mainly involve projects of ordinary commodity houses with medium or low price and economical houses. The construction of low-density, upmarket houses shall be strictly controlled. With respect to construction projects of medium-or low-price ordinary commodity houses, before any grant of land, the municipal planning authority shall, according to the level of control required, set out conditions for planning and design 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 apartment sizes. Such conditions and requirements will be set out 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 examined again, and those that turn out to be not in compliance with the planning permits will be revoked.

(b) ***Intensifying the control over the supply of land and rigorously enforcing the administration of land***

Where the price of land for residential use and residential properties grows too fast, the proportion of land for residential use to the total land supply should be appropriately raised, and the land supply for the construction of ordinary commodity houses with medium or low price and economical house should be emphatically increased. Land supply for villa construction shall continue to be suspended, and land supply for up-market housing property construction shall be strictly restricted.

(c) ***Adjusting the policies of business tax on residential property house transfer and strictly regulating the collection and administration of tax***

From 1 June 2005, business tax on transfer of a residential property by an individual within two years from purchase will be levied on the basis of the full amount of the sale proceeds. Transfer of an ordinary residential property by an individual two years or more after purchase shall be exempted for business tax. For transfer of a house other than ordinary residential property by an individual two years or more after purchase, the business tax will be levied on the basis of the balance between the proceeds from selling the property and the purchase price.

(d) ***Strictly Rectifying and Regulating the Market Order and Seriously Investigating into and Punishing Any Irregular and Rule-breaking Sales***

The buyer of a pre-completion commodity property is prohibited from conducting any transfer of the pre-sale commodity property that he has bought but is still under construction. A real name system for property purchase should be applied, and an immediate archival filing network system for advance sales contracts of commodity properties should be carried out.

On 24 May 2006, the State Council forwarded the "Opinion on Adjusting the Housing Supply Structure and Stabilising Property Prices (《關於調整住房供應結構穩定住房價格的意見》) (the "Opinion") of the Ministry of Construction and other relevant government authorities. The Opinion provides the following:

i. *Adjusting the Housing Supply Structure*

- Developers must focus on providing small to medium sized ordinary commodity properties at low to mid-level prices to cater to the demands of local residents;

- As of 1 June 2006, newly approved and newly commenced building construction projects must have at least 70% of the total construction work area designated for small apartments with floor areas of 90 sq.m. or below (including economically affordable apartments). If municipalities directly under the Central Government, cities listed on state plans (省會城市) and provincial capital cities (計劃單列市) have special reasons to adjust such prescribed ratio, they must obtain special approval from the Ministry of Construction. Construction projects that have been approved but have not yet obtained a construction permit must follow the prescribed ratio.

ii. *Further adjustments by tax, loan and land policies*

- From 1 June 2006, business tax will be levied on the full amount of the sale proceeds on conveyance of residential properties within a period of five years from the date of purchase. If an individual sells his ordinary standard apartment after five or more years from the date of purchase, business tax will normally be exempted. If an individual sells his non-ordinary apartment after five or more years from the date of purchase, business tax will be levied on the balance between the selling price and the purchase price;

- Commercial banks are not allowed to advance loan facilities to property developers who do not have the required 35% or more of the total capital for the construction projects. The commercial banks should be prudent in granting loan facilities and/or revolving credit facilities in any form to the property developers who have a large number of idle lands and unsold commodity apartments. Banks shall not accept mortgages of commodity apartments remaining unsold for three years or more;

- From 1 June 2006 and onward, purchasers need to pay a minimum of 30% of the purchase price as down payment. However, if purchasers buy apartments of 90 sq.m. or less for residential purposes, the existing requirement of 20% of the purchase price as down payment remains unchanged;

- At least 70% of the total land supply for residential property development must be used for developing small-to-medium-sized low-cost public housing. Based on the restrictions of residential property size ratio and residential property price, land supply will be granted by way of auction to the property developer who offers the highest bid. 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 restricted;

- The relevant authorities will levy a higher surcharge against those property developers who have not commenced the construction work for longer than one year from the commencement date stipulated in the construction contract and will order them to set a date for commencing the construction work and a date of completion. The relevant authorities will confiscate without compensation the land from those property developers who have not commenced the construction work beyond two years from the commencement date stipulated in the construction contract without proper reasons. The relevant authorities will dispose of the idle land of those property developers who have suspended the construction work consecutively for one year without an approval, have invested less than one-fourth of the total proposed investment and have developed less than one-third of the total proposed construction area.

iii. *Reasonably Monitoring the Scope and Progress of Demolition of Urban Housing*

The management and reasonable control of the scope and progress of the demolition of urban housing should be strengthened to halter the excessive property growth triggered by passive means.

iv. *Further Rectifying and Regulating the Order of Property Properties Market*

- In order to ensure that the prescribed ratio regarding types and sizes is followed, the relevant authorities will need to re-examine the approval of those construction projects which have been granted planning permit but have not been commenced. The relevant authorities will ensure that no Planning Permit (規劃許可證), Construction Permit (施工許可證) or Permit for Pre-Sale of Commodity Properties (商品房預售許可證) is issued to those construction projects which do not satisfy the controlling requirements, in particular, the prescribed ratio requirement. If the property developers, without an approval, alter the architectural design, the construction items, and exceed the prescribed ratio, the relevant authorities have the power to dispose of the property and to confiscate the property in accordance with the law;

- The property administration authority and the administration of industry and commerce will investigate illegal dealings such as contract fraud cases in accordance with the law. The illegal conduct of pre-completion sale of commodity apartments without satisfying all the conditions will be ordered to stop and be imposed a proper administrative penalty in accordance with the law. For those property developers who maliciously manipulate the supply of commodity housing, the relevant authorities will imposed a proper administrative penalty including revoking the business licenses of those serious offenders and will pursue personal liability for those concerned.

v. *Gradually relieving the housing demands for low-income families*

To expedite the establishment of low-cost public housing supply system in various cities and counties; to monitor and regulate the construction of economically affordable apartments; to aggressively develop the second-hand property market and property rental market.

vi. *Improving information disclosure system and system for collecting property statistics*

On 6 July 2006, the Ministry of Construction promulgated a supplemental Opinion on Carrying Out the Residential Property Size Ratio in Newly-Built Residential Buildings (Jianzhufang [2006] No. 165) (《關於落實新建住房結構比例要求的若干意見》) ("the Supplemental Opinion"). The Supplemental Opinion provides the following:

- As of 1 June 2006, of the newly approved and newly commenced construction projects in different cities including town and counties (from 1 June 2006 and onward), at least 70% of the total construction area must be used for building small apartments with unit floor area of 90 sq.m. or below (including economically affordable apartments);

- The relevant authorities in different localities must strictly follow the prescribed ratio requirement in their respective locality. The relevant authorities must ensure the conditions of newly built commodity apartments including the planning and the design, and must ensure that the property size ratio is adhered to. If a property developer has not followed the ratio requirement without providing proper reasons, the town planning authorities will not issue a Planning Permit. If the property developer has not followed the requirements of the Planning Permit, the relevant authority censoring the planning documents will not issue a certification, the construction authority will not issue a Construction Permit, and the property authority will not issue a Permit for pre-completion sale of the commodity apartments.

In the case of construction projects that were granted approval before 1 June 2006 but that were not granted a construction work permit by that date, the relevant local governments in different localities should ascertain the details of the projects and ensure that the prescribed residential property size ratio requirement is complied with.

II. LEGAL SUPERVISION RELATING TO PROPERTY MANAGEMENT SECTOR IN THE PRC

A. Foreign-invested property service enterprises

According to the "Foreign Investment Industrial Guidance Catalogue", property management falls within the Category of Permitted Foreign Investment Industries. According to the "Foreign Investment Industrial Guidance Catalogue" and the relevant requirements set out under the laws and the administrative regulations on foreign investment enterprises, a foreign invested property service enterprise can be set up in the form of Sino-foreign equity joint venture, Sino-foreign cooperative joint venture or wholly foreign owned enterprise. Before the administration of Industry and Commerce registers a foreign investment enterprise as a foreign-invested property service enterprise, the foreign-invested property service enterprise should obtain an approval from the relevant department of commerce and receive a "foreign investment enterprise approval certificate".

B. Qualifications of a property service enterprise

According to the "Regulation on Property Management" enacted by the State Council on 8 June 2003, enforced on 1 September 2003 and revised on 26 August 2007, the state implements a qualification scheme system in monitoring the property service enterprises. According to the "Measures for Administration of Qualifications of Property Service Enterprises" enacted by the Ministry of Construction on 17 March 2004, enforced on 1 May 2004 and revised on 26 November 2007, a newly established property service enterprise shall, within 30 days from the date of receiving its business license, apply to the relevant local bureau in charge of the property management under the local government or to the municipalities directly under the Central Government for a grading assessment. The departments of qualification examination and approval will check and issue a "property management qualification certificate" corresponding to their grading assessment results.

According to the "Measures for the Administration on Qualifications of Property Service Enterprises", and revised on 26 November, 2007 the qualifications of a property service enterprise shall be classified as class one, class two and class three. The competent construction department of the State Council shall be responsible for issuance and administration of the qualification certificate of the class one property service 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 class two property service enterprises, and the competent realty 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 classes two and three property service 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 class three property service enterprises.

The property service enterprises with the class one qualification may undertake various property management projects. The property service enterprises with the class two qualification may undertake the property management business of residential management projects of less than 300,000 sq.m. and the non-residential management projects of less than 80,000 sq.m. The property service enterprises with the class three qualification may undertake the property management business of residence projects of less than 200,000 sq.m. and non-residence projects under 50,000 sq.m.

C. Employment of a property service enterprise

According to the "Regulation on Property Management", the general meeting of owners can select and dismiss the property service enterprises if the consent of both the owners holding 1/2 or more of the private building area out of the total building area and 1/2 or more of the relevant property owners has been obtained. If, before the formal employment of a property management by the owners or the general meeting, the construction unit is to employ a property service enterprise, it shall enter into a preparation stage property services contract in writing with the property service enterprise.

Shanghai Bay Arrangements

Transfer of the Projects

On 11 June 2009, the Founder and Bright New entered into the Better Score Sale and Purchase Agreement with S.I. Properties and Shanghai Industrial Holdings Limited. The total consideration payable by S.I. Properties under the Better Score Sale and Purchase Agreement was the US$ equivalent of RMB2.0 billion. The consideration was determined following arm's length negotiations between Bright New and S. I. Properties taking into account the market value of the Projects in their existing state at the time. The capital value of the Projects as at 30 April 2009 as advised by Jones Lang LaSalle Sallmanns Limited was approximately RMB2.8 billion. Pursuant to the Better Score Sale and Purchase Agreement, Bright New agreed to transfer its entire issued share capital in Better Score Limited to S.I. Properties on the condition that S.I. Properties would provide us with an amount in the US$ equivalent of RMB1.3 billion. S.I. Properties is a wholly-owned subsidiary of Shanghai Industrial Holdings Limited, a company whose securities are listed on the Stock Exchange. Our Group and our Controlling Shareholders are independent of and unrelated with S.I. Properties, its controlling shareholder(s) and/or its subsidiaries. At the time of the above transfer, Better Score Limited indirectly held Block Nos. 2 and 8 of Shanghai Bay.

On 10 August 2009, we received a payment of approximately US$190.2 million (equivalent to RMB1.3 billion) which we used to partially redeem the Original Notes. S.I. Properties is obligated to make a second payment to us in an amount equal to the US$ equivalent of RMB0.7 billion when we transfer our legal interests in additional Blocks Nos. 9 and 10 of Shanghai Bay to S.I. Properties. We intend to use approximately US$28 million of such funds to repay the amount outstanding under the bridge loan, the details of which are set out in "History, Reorganisation and Group Structure — Pre-IPO Financing". We will deposit the balance of approximately US$74 million into an account of Bright New that has been pledged as collateral for the Pre-IPO Financing and may only be used for operating expenses and permitted uses until such financing is repaid.

Following the above mentioned transfer, Better Score Limited became a wholly-owned subsidiary of S.I. Properties and indirectly holds the legal and beneficial interests in Block Nos. 2 and 8 of Shanghai Bay through Shanghai Penghui, which is a wholly-owned subsidiary of Nantong Jiju, which in turn is a wholly-owned subsidiary of Greater Base Limited, a direct wholly-owned subsidiary of Better Score Limited.

Compulsory buy-back and management of the Projects

As an integral part of the above arrangement:

(i) Shanghai Xintai, Nantong Jiju, Shanghai Penghui, the Founder and Shanghai Industrial Holdings Limited entered into the Shanghai Penghui Share Transfer Agreement on 5 August 2009. It is stated in the Shanghai Penghui Share Transfer Agreement that Shanghai Xintai (or such person or persons of our Group nominated by it) has a right and an obligation to buy-back from Nantong Jiju, and Nantong Jiju has a right and an obligation to transfer back to Shanghai Xintai (or such person or persons of our Group nominated by it), the entire equity interest in Shanghai Penghui on 1 December 2011 (or such other date as Shanghai Xintai and Nantong Jiju may mutually agree). The parties shall sign the relevant transfer documents within thirty days thereafter. Upon exercise of such buy-back, Shanghai Xintai shall pay to Nantong Jiju an amount equal to RMB2.0 billion (if Block Nos. 9 and 10 of Shanghai Bay are transferred), which is equivalent to the aggregate principal amount received by our Group under the Better Score Sale and Purchase Agreement.

During the term of the Shanghai Penghui Share Transfer Agreement, if, among other things, (a) Shanghai Xintai fails to acquire Shanghai Penghui due to material litigation, or (b) Shanghai Xintai fails to ensure that Shanghai Penghui distributes shareholder's return in accordance with the Management Agreement and Shanghai Xintai, the Founder or Bright New fails to reimburse such shortfall to S.I. Properties or Nantong Jiju (such events are collectively referred to as "**Non-performing Events**"), Nantong Jiju shall have the right to (x) issue a notice requiring Shanghai Xintai to take remedial action; (y) issue a notice requiring Shanghai Xintai to immediately acquire Shanghai Penghui and pay a penalty payment of 8.0% of the RMB equivalent of the total consideration paid by S.I. Properties under the Better Score Sale and Purchase Agreement if Shanghai Penghui fails to take remedial action as stated in (x) above, such interest rate of 8.0% was determined by the parties by reference to what the parties considered to be the typical borrowing costs of a PRC property developer at the time, and (z) terminate the Shanghai Penghui Share Transfer Agreement if Shanghai Xintai fails to acquire Shanghai Penghui and pay penalty payment in accordance with (y) above.

In the event the Shanghai Penghui Share Transfer Agreement is terminated in accordance with the above, Nantong Jiju shall have the right to dispose of the entire equity interest of Shanghai Penghui and/or its assets. However, if Nantong Jiju decides to dispose of its entire equity interest in Shanghai Penghui and/or its assets upon termination of the Shanghai Penghui Share Transfer Agreement, Nantong Jiju has agreed (a) not to dispose of the equity interest in Shanghai Penghui and/or any of its underlying assets to any related persons of Nantong Jiju; (b) to notify Shanghai Xintai of the proposed disposal within seven days after the relevant proposal is formulated; and (c) to dispose of its equity interest in Shanghai Penghui to Shanghai Xintai provided that, prior to the time when Nantong Jiju has executed all of the necessary documents for its internal corporate approval in connection with such proposed disposal, Shanghai Xintai, upon receipt of the notice referred to (b) above, will be able to purchase all of the equity interest in Shanghai Penghui in accordance with the Shanghai Penghui Share Transfer Agreement and pay Nantong Jiju all penalty payments in full.

If Nantong Jiju exercises its right to dispose of Shanghai Penghui (and/or its underlying assets) upon termination of the Shanghai Penghui Share Transfer Agreement, but the net proceeds from such disposal are less than the amount that Nantong Jiju is entitled to receive under the Shanghai Penghui Share Transfer Agreement (including the principal amount equivalent to RMB2.0 billion (if Block Nos. 9 and 10 of Shanghai Bay are transfered) under the Shanghai Penghui Share Transfer Agreement, the unpaid shareholder's return under the Management Agreement and any outstanding penalty payment) ("**Nantong Jiju Entitlement**"), Shanghai Xintai and the Founder shall reimburse Nantong Jiju the shortfall amount. In the event that the net proceeds from the disposal of Shanghai Penghui (and/or its underlying assets) exceed Nantong Jiju Entitlement, Nantong Jiju shall: (a) return the excess amount to Shanghai Xintai (in case of sale of Shanghai Penghui); or (b) retain the excess amount in Shanghai Penghui and transfer Shanghai Penghui back to Shanghai Xintai (upon request by Shanghai Xintai) at nil consideration (in case of disposal of the underlying assets of Shanghai Penghui).

(ii) Shanghai Xintai, Nantong Jiju, the Founder, Bright New, S.I. Properties and Shanghai Penghui entered into the Management Agreement on 5 August 2009 pursuant to which Shanghai Xintai agreed to continue to manage the construction and sale of the Projects, as well as other daily operations of Shanghai Penghui, for the period commencing from the date of the Management Agreement and ending on the date of the occurrence of a termination event as specified in the Management Agreement (the "**Management Period**"). Termination events include, among others, the completion of the relevant business registration procedures for the transfer of the entire equity interest of Shanghai Penghui to Shanghai Xintai pursuant to the Shanghai Penghui Share Transfer Agreement. Shanghai Xintai shall be solely responsible for managing the financial and operational matters regarding the construction and operations of the Projects and it shall also be responsible for paying all construction and installation fees (including renovation fees), basic construction fees, and outstanding land premium (if any) in respect of the Projects (such amounts shall be treated as a part of the account payables in Shanghai Penghui's account). The operations of Shanghai Penghui bank account(s) shall be managed by designated persons of Shanghai Penghui, such designated persons include a representative of Shanghai Xintai and a representative of Nantong Jiju. During the Management Period, save for the development and operations of the Projects, Shanghai Penghui cannot carry out other business operations and it shall not engage any other person to manage the construction, operation and financial matters of the Projects.

As part of the Shanghai Bay Arrangements, S.I. Properties, through Nantong Jiju, shall receive a shareholder's return (net of tax) for each of the three years ending 31 December 2011 representing a total rate of return of 18% per annum. Such shareholder's return is calculated based on the actual consideration amount paid by S.I. Properties and the date of payment of the consideration.

Our source of funding for payments of the shareholder's return to S.I. Properties for the three years ending 31 December 2011 and the buy back of the Projects in 2011 is primarily the pre-sale proceeds of the Projects. To the extent that the pre-sale proceeds of the Projects are not sufficient for this purpose, Shanghai Xintai shall settle the balance through its own resources such as bank loans and cash flow generated from its business operations.

Collateral and Guarantee

As security for the performance of Bright New and Shanghai Xintai under the Better Score Sale and Purchase Agreement, the Shanghai Penghui Share Transfer Agreement and the Management Agreement, the following collateral and guarantee were provided:

(1) *Guarantee provided by Tianjin Yangguang Xindi*

Pursuant to the Better Score Sale and Purchase Agreement, Tianjin Yangguang Xindi provided a joint and several guarantee in the guaranteed amount of RMB500,000,000 in favour of Nantong Jiju. The guarantee shall be released upon the Listing.

(2) *Pledge of Block 6 Development*

Pursuant to the Better Score Sale and Purchase Agreement, if prior to 31 December 2011 Block No. 6 of Shanghai Bay ("**Block 6 Development**") is developed to a stage that it can be pledged (i.e. Certificate of Real Estate Ownership (房地產權證), Plot Planning Permission (建設用地規劃許可證), Construction Project Planning Permission (建設工程規劃許可證), Building Construction Permit (建築工程施工許可證) have all been obtained), Shanghai Xintai shall pledge Block 6 Development in favour of Nantong Jiju for a pledge value of RMB350 million. When Block 6 Development is developed to a stage such that it can be pre-sold, S.I. Properties and Nantong Jiju shall begin the pre-sale of the Block 6 Development and the proceeds from such pre-sale shall be deposited into the designated bank account of Shanghai Penghui, such account shall be managed by designated persons of Shanghai Penghui, which include a representative of Shanghai Xintai and a representative of Nantong Jiju, until the pledge is released or we acquire the entire equity interest of Shanghai Penghui. S.I. Properties has agreed to unconditionally release the pledge over Block 6 Development upon the earlier of (i) the pre-sale proceeds of Block 6 Development actually received by Shanghai Penghui amounting to an aggregate of RMB350 million and (ii) the acquisition of the entire equity interest of Shanghai Penghui by Shanghai Xintai in accordance with the Shanghai Penghui Share Transfer Agreement. Shanghai Xintai shall be entitled to all of the pre-sale proceeds exceeding the RMB350 million received by Shanghai Penghui.

In the event that on 31 December 2011 Block 6 Development has not been developed to a stage such that it can be pledged and Shanghai Xintai does not acquire the entire equity interest of Shanghai Penghui in accordance with the Shanghai Penghui Share Transfer Agreement, Shanghai Xintai shall pay RMB350 million to Nantong Jiju.

(3) *Guarantee by the Founder*

The Founder entered into the Better Score Sale and Purchase Agreement, Management Agreement and Shanghai Penghui Share Transfer Agreement as a guarantor, guaranteeing (i) the due and punctual performance and discharge by Bright New of its obligations under or pursuant to the Better Score Sale and Purchase Agreement; (ii) the due and punctual performance by Shanghai Xintai of its obligations under the Shanghai Penghui Share Transfer Agreement; and (iii) the payment obligations of Shanghai Xintai under the Management Agreement. Such guarantee will be replaced by a guarantee to be provided by our Company upon Listing.

Nature of the above arrangements

The Directors are of the view that whilst the legal and beneficial interest in Better Score Limited and the Projects have been transferred to S.I. Properties, the abovementioned arrangements and effectively a financing arrangement for the reasons set out below:

(i) S.I. Properties has a right and an obligation under the Shanghai Penghui Share Transfer Agreement to transfer the legal and beneficial interests in the Projects back to us on 1 December 2011 (or such other date as Shanghai Xintai and Nantong Jiju may mutually agree).

(ii) Other than (a) the shareholder's return pursuant to the Management Agreement, (b) the repayment of the principal amount equivalent to RMB2.0 billion (if Block Nos. 9 and 10 of Shanghai Bay are transferred) upon exercise of the buy-back obligation by us as set out in the Shanghai Penghui Share Transfer Agreement and (c) the right to dispose of Shanghai Penghui upon termination of the Shanghai Penghui Share Transfer Agreement, S.I. Properties does not, and will not, have any right with respect to the Projects.

(iii) We have retained the right to manage and control operational and financial matters with respect to the Projects, including the development, construction and the sale of the Projects.

(iv) We have assumed the risk of depreciation in the value of the Projects and are entitled to any appreciation gain the Projects may bring.

(v) Upon the occurrence of the Non-performing Events as described in the Shanghai Penghui Share Transfer Agreement, Nantong Jiju shall have the right to dispose of the entire interest of Shanghai Penghui and/or its assets. In the event that the net proceeds from the disposal of Shanghai Penghui and/or its underlying assets exceed Nantong Jiju Entitlement, Nantong Jiju shall: (a) return the excess amount to Shanghai Xintai (in case of sale of Shanghai Penghui); or (b) retain the excess amount in Shanghai Penghui and transfer Shanghai Penghui back to Shanghai Xintai (upon request by Shanghai Xintai) at nil consideration (in case of disposal of the underlying assets of Shanghai Penghui).

The above arrangement is reflected in the accountant's report set out in Appendix I to the prospectus. On that basis, the Directors have concluded that the arrangement, in substance, should be regarded as a loan transaction in accordance with the Hong Kong Financial Reporting Standards, given that the risk and reward of the Projects have not been transferred to Nantong Jiju and therefore the results and balance sheet of Shanghai Penghui will be fully consolidated into our consolidated financial statements.

Our PRC legal counsel opined that the Shanghai Penghui Share Transfer Agreement and the Management Agreement and the transactions contemplated therein are legal, valid, binding, and are in compliance with relevant PRC rules and regulations. Our PRC legal counsel further opined that the transfer of the Projects together with the related arrangements are not considered loan transactions and thus the General Principles of Loans (貸款通知) are not applicable.

Reasons for entering into the Shanghai Bay Arrangements

One of the key benefits for entering into the Shanghai Bay Arrangements was to repay a portion of the Original Notes (as converted into US$) in the aggregate principal amount of US$192,775,841 as part of the restructuring as described in "History, Reorganisation and Group Structure — Pre-IPO Financing — Restructuring of Original Notes". As at 31 December 2008, the weighted average effective interest rate of the Original Notes was approximately 24.3% . In addition, since Renminbi (which is the denominator of the Original Notes) has appreciated since the Original Notes were issued, thereby further increasing the Company's financing costs with respect to the Original Notes, our Directors believe that it would be beneficial to the financial position of our Group to refinance a portion of the Original Notes with the proceeds from the Shanghai Bay Arrangements due to the relatively lower interest rate payable with respect to such proceeds. At the time of entering into the Shanghai Bay Arrangements, our Group had not encountered any difficulties in obtaining financing for any of its projects. However, our Company did not seek to obtain any offshore financing (but instead opted for the Shanghai Bay Arrangements) to repay the Original Notes because it would not have been possible for our Group to provide the security package that the relevant offshore financial institutions would have demanded.

Definitions used in this Appendix

Terms (other than those defined in the Definitions section) shall have the following meaning:

"Better Score Sale and Purchase Agreement"	the sale and purchase agreement dated 11 June 2009 and entered into by and among the Founder, Bright New, Shanghai Industrial Holdings Limited and S.I. Properties (as supplemented by a supplemental agreement dated 30 July 2009) in relation to the transfer of the entire issued share capital of Better Score Limited
"Management Agreement"	the management agreement dated 5 August 2009 and entered into by and among Shanghai Xintai, Nantong Jiju, the Founder, Bright New, S.I. Properties and Shanghai Penghui in relation to the management of the Projects and other daily operations of Shanghai Penghui
"Shanghai Penghui Share Transfer Agreement"	the share transfer agreement dated 5 August 2009 and entered into by and among Shanghai Xintai, Nantong Jiju, Shanghai Penghui, the Founder and Shanghai Industrial Holdings Limited in relation to the acquisition of Shanghai Penghui
"S.I. Properties"	S.I. Properties Holdings Limited, an indirect wholly-owned subsidiary of Shanghai Industrial Holdings Limited and an independent third party

The following is a summary of the principal terms and conditions of the Promissory Notes and the Convertible Notes which are, and will remain, effective upon the Listing. This summary aims to give you an overview of the Promissory Notes and the Convertible Notes, the terms and conditions of which are set forth in the Note Restructuring Documents.

Principal Terms and Conditions of the Promissory Notes

Issuer	:	Glorious Property Holdings Limited
Principal Amount	:	US$325,000,000
Pre-IPO Investors holding the Promissory Notes*	:	D. E. Shaw Composite Portfolios, L.L.C., Goldman Sachs RE Investments Holdings Limited, WH Debt Acquisition (Delaware) LLC, Villa (Delaware) LLC, DB, Euro Crown Limited
Maturity	:	31 December 2010
Interest	:	(a) The Promissory Notes shall bear interest on their outstanding principal amount from the Calculation Start Date at the rate of 18% per annum compounded monthly, which interest shall be payable in arrears on the last business day of each month falling after the Note Completion Date and on the date on which the outstanding principal amount of all the Promissory Notes is repaid in full by the Company (each a "**PN Interest Payment Date**"). (b) Subject to no Acceleration Event having occurred during the entire PN Relevant Period, each holder of the Promissory Notes agrees to accept payment of the PN Semi-Annual Interest, (if applicable) the PN Early Redemption Interest and the PN Redemption Interest in full satisfaction and discharge of the obligation of the Company to pay interest on the Promissory Notes under paragraph (a) above.

* *The Promissory Notes are held in Euroclear by the Pre-IPO Investors through their respective custodian*

(c) Upon the occurrence of an Acceleration Event (the "**Acceleration Event Date**"), the interest payable on the Promissory Notes shall be determined by reference to paragraph (a) above. Any interest that has been paid by the Company pursuant to paragraph (b) above prior to (and including) the Acceleration Event Date shall be applied by the holders of the Promissory Notes to discharge any interest payable by the Company pursuant to paragraph (a) above. To the extent that there is any shortfall between the interest payable by the Company on the Promissory Notes under paragraph (a) above and the amount of interest that has been paid by the Company on the Promissory Notes up to and including the Acceleration Event Date, such shortfall amount shall become due and payable on the first PN Interest Payment Date following the Acceleration Event Date.

Redemption at the Option of the Holders of the Promissory Notes : If the Investor Representative has issued an acceleration notice following the occurrence of an Acceleration Event, the Company shall immediately upon receipt of a put notice delivered by a holder of the Promissory Notes redeem in whole (but not in part) the Promissory Notes the subject of such put notice at a redemption price equal to the aggregate of (A) 100 per cent. of the principal amount of each relevant Promissory Note and (B) accrued interest on each relevant Promissory Note at the rate of 18% per annum from the Calculation Start Date up to the date of redemption of such Promissory Note, minus the amount of interest paid on such Promissory Note for the period from, and including, the Calculation Start Date to, but excluding, the date of redemption of such Note.

Redemption at the Option of the Company : At any time prior to the maturity date of the Promissory Notes, the Company may, without any penalty or fee, by giving not less than 30 nor more than 60 days' notice to the holders of the Promissory Notes, redeem all or part of the Promissory Notes at a redemption price equal to 100 per cent. of the principal amount of each relevant Promissory Note to be redeemed, together with accrued interest on each relevant Promissory Note determined in accordance with the terms of the Note Restructuring Documents.

Stamp Duties	:	The Company will bear and pay any stamp, issue, registration, documentary or other similar duties and taxes on or in connection with the issue and delivery of the Promissory Notes, the exchange of the PN Global Certificate for interests in a definitive PN Certificate and the execution and delivery of the PN Deed Poll. The Company will also indemnify the holders of the Promissory Notes from and against all stamp, issue, registration, documentary or other taxes and duties paid by any of them in any jurisdiction in connection with any action taken by or on behalf of the Investor Representative or, as the case may be, the holders of the Promissory Notes to enforce the obligations of the Company under the PN Deed Poll or the Promissory Notes.
Purchases	:	The Company or any of its affiliates may at any time and from time to time purchase Promissory Notes in the open market or otherwise. All Notes which are redeemed or purchased by or on behalf of (whether directly or indirectly) by the Company or any of its affiliates will immediately be cancelled.
Covenants of the Company	:	Please refer to section headed "Covenants of the Company" below.
Securities	:	Please refer to section headed "Securities for the Notes" below.
Governing Law	:	Hong Kong

Principal Terms and Conditions of the Convertible Notes

Issuer	:	Glorious Property Holdings Limited
Principal Amount	:	US$165,000,000
Pre-IPO Investors holding the Convertible Notes*	:	D. E. Shaw Composite Portfolios, L.L.C. Goldman Sachs RE Investments Holdings Limited WH Debt Acquisition (Delaware) LLC Villa (Delaware) LLC DB Euro Crown Limited

* *The Convertible Notes are held in Euroclear by the Pre-IPO Investors through their respective custodian*

Interest : (a) The Convertible Notes shall bear interest on their outstanding principal amount from (and including) the Calculation Start Date at the rate of 12% per annum compounded monthly, which interest shall be payable in arrears on the last business day of each month falling after the Note Completion Date and on the date on which all the Convertible Notes have been converted and the date on which the outstanding principal amount of all the Convertible Notes have been repaid in full by the Company (each a "**CN Interest Payment Date**").

(b) Subject to no Acceleration Event having occurred during the entire CN Relevant Period, each holder of the Convertible Notes agrees to accept payment of the CN Semi-Annual Interest and (if applicable) the CN Early Redemption Interest in full satisfaction and discharge of the obligation of the Company to pay interest on the Convertible Notes under paragraph (a) above.

(c) Upon the occurrence of an Acceleration Event, the interest payable on the Convertible Notes shall be determined by reference to paragraph (a) above. Any interest that has been paid by the Company pursuant to paragraph (b) above prior to (and including) the Acceleration Event Date shall be applied towards discharge of any interest payable by the Company pursuant to paragraph (a) above. To the extent that there is any shortfall between the interest payable by the Company on the Convertible Notes under paragraph (a) above and the amount of interest that has been paid by the Company on the Convertible Notes up to and including the Acceleration Event Date, such shortfall amount shall become due and payable on the first CN Interest Payment Date following the Acceleration Event Date.

Interest Accrual : If Listing occurs after the expiry of the first six months from the Calculation Start Date but before the expiry of the first 12 months from the Calculation Start Date, unless a Convertible Note has been redeemed or purchased by the Company, an amount equal to the Interest Return Amount in respect of that Convertible Note shall be deducted from the amount of interest payable in respect of that Convertible Note (the "**IPO Interest**") on the date which is the earlier of the date on which that Convertible Note has been converted into Shares and the date on which the outstanding principal amount of that Convertible Note has been repaid or redeemed in full by the Company.

Mandatory Conversion : (a) Subject to paragraph (b) below, all outstanding Convertible Notes shall be mandatorily converted into Shares on the Listing Date in accordance with the following formula:

(A-B)/C

Where:

A= the principal amount of the relevant Convertible Notes (translated into the relevant currency at a rate of exchange equal to the mid-exchange rate between U.S. dollars and the relevant currency quoted by The Hongkong and Shanghai Banking Corporation Limited (or any other bank nominated by the Investors) at 11 a.m. (Hong Kong time) on the Listing Date);

B = if Listing occurs after the expiry of the first six months from the Calculation Start Date but before the expiry of the first 12 months from the Calculation Start Date and the IPO Interest is less than the Interest Return Amount, the difference between the Interest Return Amount and the IPO Interest (translated into the relevant currency at a rate of exchange equal to the mid-exchange rate between U.S. dollars and the relevant currency quoted by The Hongkong and Shanghai Banking Corporation Limited (or any other bank nominated by the Investors) at 11 a.m. (Hong Kong time) on the Listing Date); and

C = the Conversion Price.

(b) If:

(i) any event referred to in paragraph (a) or (d) of the definition of Acceleration Event has occurred;

(ii) the Investor Representative has served an Acceleration Notice on the Company; and

(iii) such event referred to in paragraph (i) above is outstanding on or after the 40th day prior to the expected Listing Date (the **"Election Period Start Date"**),

each holder of Convertible Notes shall have the right (the **"Election Right"**) to elect that all Convertible Notes held by it shall not be subject to the mandatory conversion arrangement referred to in paragraph (a) above by serving a notice (the **"Election Notice"**) during the period from the Election Period Start Date to 20 days prior to the expected Listing Date (both days inclusive). If a holder of Convertible Notes serves an Election Notice in accordance with the terms of the Note Restructuring Documents, the Convertible Notes held by it will not be converted into Shares on the Listing Date and the CN Redemption Price shall become immediately due and payable on the Listing Date and, for the avoidance of doubt, interest on each Convertible Note held by that holder of Convertible Notes shall continue to accrue until (but excluding) the date on which that holder of Convertible Notes receives payment of the CN Redemption Price in relation to such Convertible Note.

Redemption at the Option of the Holder of Convertible Notes	:	If: (a) Listing has not occurred prior to 1 July 2011 and upon any holder of Convertible Notes giving to the Company not less than 15 nor more than 30 days' notice (the "**notice period**"); or (b) the Investor Representative has issued an Acceleration Notice following the occurrence of an Acceleration Event, the Company shall immediately upon receipt of a put notice redeem in whole (but not in part) the Convertible Notes the subject of such put notice at a redemption price equal to the aggregate of (A) 100 per cent. of the principal amount of each relevant Convertible Note and (B) accrued interest on each relevant Convertible Note at the rate set out under the heading of "Principal Terms and Conditions of the Convertible Notes — Interest" in this Appendix IX from the Calculation Start Date up to the date of redemption of such Convertible Note, minus the amount of interest paid on such Convertible Note for the period from, and including, the Calculation Start Date to, but excluding, the date of redemption of such Convertible Note (the "**CN Redemption Price**").
Stamp Duties	:	(a) The Company will bear and pay any stamp, issue, registration, documentary or other similar duties and taxes on or in connection with the issue and delivery of the Convertible Notes, the exchange of the CN Global Certificate for interests in a definitive certificate, the execution and delivery of the CN Deed Poll and the deposit of CN Certificates for the conversion of the Convertible Notes and the issue and delivery of Shares following such deposit, except for the taxes and duties required to be paid by the holders of Convertible Notes under paragraph (c) below. The Company will also indemnify the holders of the Convertible Notes from and against all stamp, issue, registration, documentary or other taxes and duties paid by any of them in any jurisdiction in connection with any action taken by or on behalf of the Investor Representative or, as the case may be, the holders of the Convertible Notes to enforce the obligations of the Company under the CN Deed Poll or the Convertible Notes.

(b) The Company must pay any and all taxes and capital, stamp, issue and registration duties payable in the Cayman Islands or, as the case may be, the place of the Stock Exchange, by the Company in respect of the allotment and issue of Shares and listing of the Shares on the Stock Exchange on conversion. The Company will also pay all other expenses arising on the issue of Share on conversion of the Convertible Notes.

(c) Subject to paragraph (b) above, as a condition precedent to conversion, a holder of the Convertible Notes delivering a CN Certificate in respect of a Convertible Note for conversion must pay any taxes and capital, stamp, issue and registration duties arising on conversion and such holder of the Convertible Notes must also pay all, if any, taxes arising by reference to any disposal or deemed disposal of a Convertible Note in connection with such conversion.

Covenants of the Company	:	Please refer to section headed "Covenants of the Company" below.
Securities	:	Please refer to section headed "Securities for the Notes" below.
Governing Law	:	Hong Kong

Covenants of the Company

The Company has given the following covenants according to the Note Documents:

Use of proceeds : The Company shall not, and procure that its subsidiaries will not:

(a) use any of the proceeds in any trade or business carried on in the United States or lend any of the proceeds to, or for the account or benefit of, any United States Persons; and

(b) engage in any trade or business carried on in the United States.

Business of the Company : The business of the Company and its subsidiaries shall be that of real estate development and related business in the PRC, which shall at all times be conducted in the interests of the Company.

Reserved Matters : The Company shall not and shall procure that the other members of the Group do not take any action or decision relating to any of the following matters without the prior written consent, which consent shall not be unreasonably withheld or delayed, of the Investor Representative (acting on the instructions of the Pre-IPO Investors in accordance with the terms of the Note Restructuring Documents):

(a) any member of the Group undergoing a reorganisation, including, without limitation, an amalgamation, reconstruction, merger or consolidation;

(b) any proposal to wind up any member of the Group or other voluntary proceeding seeking liquidation, administration (whether out of court or otherwise), readjustment or other relief under any bankruptcy, insolvency or similar law or the appointment of a trustee, receiver, administrator (whether out of court or otherwise) or liquidator or similar officer;

(c) any member of the Group establishing any subsidiary or the acquisition of any share capital or other securities of any corporate entities (other than in the ordinary course of business of the Group), of a total value per transaction for more than US$2,000,000 (or its equivalent), or an aggregate amount of more than US$10,000,000 (or its equivalent) within a twelve month period;

(d) any member of the Group entering into (or terminating) any material partnership, joint ventures, consortium, profit-sharing agreement, technology license or any other similar arrangement or collaboration with any other entity (other than in the ordinary course of business of the Group), of a total value per transaction for more than US$2,000,000 (or its equivalent), or an aggregate amount of more than US$10,000,000 (or its equivalent) within a twelve month period;

(e) the allotment or issue of any shares or of any other securities of any member of the Group (other than the Company) or the grant of any option or rights to subscribe for or to convert any instrument into such shares or securities, other than issuances and grants to other member of the Group (provided, however, that (i) the Offshore Subsidiaries and the WFOEs may only issue shares and any other securities to a member of the Group that is an existing shareholder of such Offshore Subsidiary or WFOE, as applicable, and (ii) any shares or any other securities of an Offshore Subsidiary or WFOE issued pursuant to this paragraph shall be promptly pledged to the Security Trustee in substantially the forms of the Group Member Mortgages (as defined in the PN Deed Poll);

(f) any redemption, purchase or other acquisition of any shares, equity interests or securities of any member of the Group (other than the Company), except for the redemption, purchase or acquisition by other members of the Group;

(g) altering the memorandum and/or articles of association, bye-laws or other constitutional documents of any member of the Group (other than the Company or otherwise as required by law or regulations (including the Listing Rules);

(h) materially changing the nature or scope of the Business (as described in the Promissory Notes Conditions and the Convertible Notes Conditions) or the business of any member of the Group, including the sole business of each Offshore Subsidiary in holding the shareholding interest in another Offshore Subsidiary or a WFOE (as the case may be) or each WFOE in holding the equity interest in a project company or land use right certificates, or any member of the Group establishing any new business or lines of business;

(i) the adoption of any amendment to the funding plan resulting in an increase in the aggregate amount of the indebtedness of the Group to exceed RMB5 billion (or its equivalent);

(j) the adoption by any member of the Group (other than the Company) of any share option or share incentive scheme or employee share trust or share ownership plan save for the adoption prior to an Approved IPO of a share option scheme to take effect after an Approved IPO on terms complying with the requirements of the Listing Rules;

(k) any change in the principal accounting policies of any member of the Group, including any change of the financial year, other than any changes required by applicable laws or in order to comply with Accounting Standards promulgated from time to time by the Hong Kong Institute of Public Certified Accountants;

(l) any member of the Group acquiring or incurring (whether in a single transaction or series of transactions) any business (or any material part of any business) or any assets outside the ordinary course of business, including, without limitation, the acquisition of Shanghai Ditong;

(m) any member of the Group disposing of or leasing (whether in a single transaction or series of transactions) any business (or any material part of any business) or any assets, except in the ordinary course of business;

(n) any member of the Group borrowing, leasing, issuing any guarantee, raising money, issuing any trust receipts, undertaking any trade financing or undertaking any project financing or otherwise incurring any Indebtedness, except for:

(i) existing commercial financial facilities set forth in annex 11 to the subscription agreement dated 2 November 2007 entered into by and among the Company, the Founder and the Original Pre-IPO Investors (the "**Existing Loans**");

(ii) financing incurred for construction, project development and acquisition of land made pursuant to the funding plan (up to an aggregate amount of RMB5 billion, inclusive of approximately RMB3.6 billion of Existing Loans), the proceeds of which shall be exclusively used for construction projects of the Group provided that the terms and the amount of each such financing be informed to the Pre-IPO Investors at the signing of each such financing; and

(iii) financing incurred for construction, project development and acquisition of land made outside the funding plan, the proceeds of which shall be exclusively used for construction projects of the Group, and the terms and the amount of which shall be approved by the Pre-IPO Investors (financings made pursuant to this paragraph (n)(i) through (iii) shall be referred to hereinafter as "**Permitted Loans**");

(o) any member of the Group entering into any contract or commitment under which any member of the Group may incur costs of RMB100,000,000 or more or which may not be fulfiled or completed within one year, except for contracts and commitments entered into in the ordinary course of business;

(p) creating any mortgage, charge, encumbrance or other security interest of any nature in respect of any part of any undertaking, property or assets of any member of the Group except as may be required by Permitted Loans;

(q) any member of the Group giving any guarantee, bond or indemnity in respect of or to secure the liabilities or obligations of any person (other than any other members of the Group);

(r) any member of the Group making any loan or advance or otherwise give credit (other than credit given in the normal course of the business and on normal arm's length commercial terms) to any person (other than any other member of the Group) except for deposits with its bankers;

(s) entering into any transaction or series of related transactions by any member of the Group, or by any combination of the foregoing, which has an objective and/or the principal effect of securing a tax benefit thereof and with adverse consequences to the Group or any member of the Group;

(t) commencing any tax-motivated restructuring of any member of the Group, or any combination of the foregoing, or of the business or thereof with adverse consequences to the Group or any member of the Group;

(u) any member of the Group making any material acquisition or disposal (including any grant of any license) of or relating to any intellectual property rights;

(v) any member of the Group factoring or discounting any book debts other than those carried out in the normal course of the business and on normal arm's length commercial terms;

(w) any member of the Group entering into any future contract, forward contract, swap agreement, option agreement or similar agreement or arrangement related to the procurement of any materials, currency or interest rate, or engaging in any hedging practices or incurring any hedging obligations;

(x) any member of the Group entering into any sale and leaseback transaction;

(y) if a Compliance Code (as defined below) is adopted, any modification and/or amendment to the Compliance Code;

(z) any member of the Group entering into any contract, commitment or arrangement to do any of the foregoing; and

(aa) the incurrence of any capital expenditure item of any member of the Group in excess of RMB50 million (or its equivalent in other currencies), provided, that the Company shall not split or divide any capital expenditure item of a member of the Group for the purpose of avoiding the requirement of the Pre-IPO Investors' consent.

Consent to Indebtedness : Each of the Pre-IPO Investors and the Investor Representative agrees and consents that, with effect from the Listing:

(i) any member of the Group established under the laws of the PRC may incur any Indebtedness if such Indebtedness, when aggregated with the Indebtedness of all members of the Group established under the laws of the PRC, does not exceed RMB6 billion (or its equivalent);

(ii) any member of the Group may (subject to (i) above) incur any indebtedness if such Indebtedness, when aggregated with the Indebtedness of all members of the Group, does not exceed RMB13.5 billion (or its equivalent); and

(iii) incurrence of any Indebtedness permitted under (i) and (ii) above and the creation of any mortgage, charge, encumbrance or other security interest of any nature in respect of any part of any undertaking, property or assets of any member of the Group which is established under the laws of the PRC to secure such Indebtedness shall not require separate prior written consent of the Investor Representative as a Reserved Matter.

For the purpose of this consent, any payment obligations owed by a member of the Group under or in connection with the Shanghai Bay Arrangements shall be considered as Indebtedness under (ii) above but shall not constitute Indebtedness under (i) above.

Major Matters : The Company will notify the Noteholders as soon as reasonably practicable after it or any of its subsidiaries is aware of any of the following matters:

(a) any amendment to, waiver of any term or early termination of, or the grant of any consent under, a Relevant Document by Shanghai Xintai;

(b) the assignment or transfer of any rights and/or obligations under a Relevant Document by Shanghai Xintai or the taking of any action by Shanghai Xintai which may jeopardise the existence or enforceability of a Relevant Document;

(c) Shanghai Penghui undergoing a reorganisation, including, without limitation, an amalgamation, reconstruction, merger or consolidation;

(d) Shanghai Penghui becoming the creditor in respect of any loan or advance, or give any guarantee or indemnity, to or for the benefit of any person in respect of any obligation of any other person, factoring or discounting any book debts, entering into any future contract, forward contract, swap agreement, option agreement or similar agreement or arrangement related to the procurement of any materials, currency or interest rate, or engaging in any hedging practices or incurring any hedging obligations or entering into any sale and leaseback transaction, except for any guarantee given by Shanghai Penghui in its normal course of business and on arms' length commercial terms to any individual buyer of property unit owned by Shanghai Penghui for the purpose of enabling such individual buyer to secure a mortgage over the relevant property unit;

(e) Shanghai Penghui disposing of or leasing (whether in a single transaction or series of transactions) any of its business (or material part of such business), undertaking, assets or income except for disposal of any property unit by Shanghai Penghui on a strata sale basis in its ordinary course of business and on arms' length commercial terms (which, for the avoidance of doubt, does not include any en bloc sale by Shanghai Penghui);

(f) Shanghai Penghui creating any mortgage, charge, encumbrance or other security interest of any nature in respect of any part of its undertaking, business, assets or income, other than any mortgage, charge, encumbrance or other security interest granted by Shanghai Penghui in its ordinary course of business for the purpose of securing any construction loan facility made or to be made available to Shanghai Penghui;

(g) Shanghai Penghui incurring any Indebtedness, except for (i) any Indebtedness incurred or to be incurred by the Shanghai Penghui under clause 1.1.9.3, clause 1.5 and clause 1.8.1 of the Asset Management Entrustment Agreement; (ii) any Indebtedness incurred by Shanghai Penghui in its ordinary course of business for a total amount of US$2,000,000 (or its equivalent) in any one single transaction, provided that such transaction, when aggregated with any other transactions under this sub-paragraph (ii), shall not exceed US$10,000,000 (or its equivalent) within any 12 month-period; and (iii) any taxes incurred by Shanghai Penghui during its ordinary course of business;

(h) any change in the name, registered capital, business scope, term of operation or amendment or proposal to amend the articles of association or any other constitutional documents of, Shanghai Penghui;

(i) any proposal to wind up Shanghai Penghui or other voluntary proceedings seeking liquidation, administration (whether out of court or otherwise), readjustment or other relief under any bankruptcy, insolvency or similar law;

(j) Shanghai Penghui entering into (i) any contract (other than the Relevant Documents) or arrangement in relation to any equity interest in Shanghai Penghui; (ii) any contract (other than the Relevant Documents) in relation to the assets or management of Shanghai Penghui; or (iii) contracts or commitment (other than the Relevant Documents or contracts falling within sub-paragraph (i) or sub-paragraph (ii) above) under which the Shanghai Penghui may incur costs of RMB100,000,000 or more or which may not be fulfiled or completed within one year, except for contracts or commitments entered into in its ordinary course of business; the contracts, arrangement and/or commitment referred to in this paragraph shall include, but is not limited to, contracts, arrangement and/or commitment in connection with the following matters:

(A) establishment of any subsidiary or the acquisition of any share capital or other securities of any corporate entities;

(B) entry into (or termination of) any material partnership, joint ventures, consortium, profit-sharing agreement, technology license or any other similar arrangement or collaboration with any other entity;

(C) the allotment or issue of any shares or of any other securities of Shanghai Penghui or the grant of any option or rights to subscribe for or to convert any instrument into such shares or securities;

(D) the acquisition by Shanghai Penghui (whether in a single transaction or series of transactions) any business (or any material part of any business) or any assets outside its ordinary course of business; and

(E) alteration of the memorandum and/or articles of association, bye-laws or other constitutional documents of Shanghai Penghui;

(k) major decisions relating to the conduct (including the settlement) of legal proceedings to which Shanghai Penghui is a party;

(l) Shanghai Penghui declaring, making or paying any dividend or other distribution to any of its shareholders;

(m) any change in the nature or scope of the business of Shanghai Penghui (which sole business is the development, construction and sale of the Projects);

(n) the appointment or removal of any director of Shanghai Xintai, the general manager, the finance chief (財務負責人) or the finance manager (財務經理) of Shanghai Penghui;

(o) any consent, or proposal to grant consent, to Nantong Jiju Infrastructure Development Co., Ltd. selling, transferring or otherwise disposing of, or creating any mortgage, charge, encumbrance or other security interest of any nature over, any of its equity interest in Shanghai Penghui; and

(p) Shanghai Xintai or Shanghai Penghui (as the case may be) entering into any contract, commitment or arrangement to do any of the foregoing,

provided that if such matter is material or of a price sensitive nature to Shanghai Industrial Holdings Limited (**"SIHL"**) or SIHL is required to notify its shareholders or make disclosure in accordance with the Listing Rules, the above notification to the Noteholders should not be released to the Noteholders earlier than the time as the relevant information is notified to the shareholders of SIHL or disclosed by SIHL by way of announcement in accordance with the Listing Rules.

Notification Matters : The Company shall notify each of the Noteholders of any action or decision taken in relation to any of the following matters: (a) any change to the size, composition or powers of the board of directors of the Company; (b) the appointment, removal and conditions of employment of the company secretary or any director or senior executive of the Company, including the chief executive officer, chief financial officer or chief operating officer; (c) the adoption prior to an Approved IPO by the Company of any share option or share incentive scheme or employee share trust or share ownership plan to take effect after an Approved IPO on terms requirements of the Listing Rules; and (d) appointing or removing the auditors of the Company, including without limitation the appointing any auditors in replacement of any who resigns.

Financial Covenants : The Company agrees and undertakes that, at all times from the date of the Note Completion until all of the Notes have been redeemed, it shall maintain subject to the condition below:

(a) an Assets to Liabilities Ratio equal to or more than 143 per cent. or an Adjusted Liabilities Value of no more than RMB11,000,000,000 (or its equivalent) (provided, however, that the Issuer shall use its best efforts to maintain an Assets to Liabilities Ratio equal to or more than 143 per cent.); and

(b) a Loan to Value Ratio equal to or lower than 30 per cent.

Compliance with and calculation of the ratios referred to in this section shall be required as at each of the Relevant Dates. Testing shall be carried out on each of the Test Dates (in respect of the most recent Relevant Date), the first of which shall fall on 31 January 2010 (in respect of the first Relevant Date, 31 December 2009). The Company shall provide each Noteholder with a compliance certificate signed by two authorised signatories of the Company on or before each Test Date, setting out (among other things) the calculation of the ratios referred to in this section. For the avoidance of doubt, the failure to carry out testing on a Test Date due to the failure to procure the Appraised Asset Net Worth or the Consolidated Borrowings in a timely manner shall be deemed to be a breach of this section.

Condition: In consideration of the Approved IPO, the Adjusted Liabilities Value referred to in paragraph (a) above shall be increased to RMB13,500,000,000 (or its equivalent) with effect from the date of the Approved IPO.

Sanctions Compliance : The Company undertakes to procure that none of the Group, any member of the Group and/or any agent or other person acting for or on behalf of the Group or any member of the Group, shall engage in any transactions or enter into any contract or association with or involving, directly or indirectly, countries, territories, governments, entities, individuals and other persons (including transactions or contracts which the Company knows or has reasons to believe involve goods, services or technology of origin from such countries or territories) that, at the date of the transaction, contract, or association, are targets of any law, regulation, order or license relating to any economic sanctions programme administered by the U.S. Department of the Treasury's Office of Foreign Assets Control, including without limitation any programme the regulations of which are codified in Chapter V of Subtitle B of Title 31 of the U.S. Code of Federal Regulations.

Anti-corruption :

(a) The Company undertakes to procure that none of the Group, any member of the Group and/or any agent or other person acting for or on behalf of the Group or any member of the Group, shall, in connection with the operations of the Group, offer, promise or give, or authorise or approve the payment, gift or promise of anything of value, directly or through a third party, to any officer or employee of a non-U.S. government or any department, agency, or instrumentality thereof, or of a public international organisation, or any person acting in an official capacity for or on behalf of any such government or department, agency or instrumentality, or for or on behalf of any such public international organisation, including any non-U.S. political party, party official or candidate for non-U.S. political office (a "**Foreign Official**") for the purpose of securing any improper business advantage for the Group or any member of the Group, including to obtain or retain business.

(b) The Company shall adopt a compliance programme and code of conduct (the "**Compliance Code**") within two months from the date of the Note Completion, on terms satisfactory to the Investor Representative, that will be binding on the Group, each member of the Group and their respective affiliates, including the directors, officers, employees and agents of each such person and the shareholders acting on behalf of each such person. In implementing the Compliance Code, the Company covenants that they will use their respective reasonable endeavours to ensure that the Group and each member of the Group and their respective affiliates, including the directors, officers, employees, agents and other business partners of each such entity and the shareholders acting on behalf of each such entity, follow the policies and procedures set forth in the Compliance Code.

(c) The Company covenants with each of the Noteholders that it will ensure that the following representation remains true, accurate and not misleading at all times for so long as any Note remains outstanding:

Neither the Founder, any member of the Group or any director, officer, agent, employee, or any other person acting for or on behalf of the foregoing (individually and collectively, a "**Company Affiliate**"), has violated the U.S. Foreign Corrupt Practices Act or any other applicable anti-bribery or anti-corruption laws, nor has any Company Affiliate offered, paid, promised to pay, or authorised the payment of any money, or offered, given, promised to give, or authorised the giving of anything of value, to any officer, employee or any other person acting in an official capacity for any government entity as to any political party or official thereof or to any candidate for political office (individually and collectively, a "**Government Official**") or to any person under circumstances where such Company Affiliate knew or was aware of a high probability that all or a portion of such money or thing of value would be offered, given or promised, directly or indirectly, to any Government Official, for the purpose of (i) (A) influencing any act or decision of such Government Official in his official capacity; (B) inducing such Government Official to do or omit to do any act in violation of his lawful duty; (C) securing any improper advantage; or (D) inducing such Government Official to influence or affect any act or decision of any government entity, or (ii) in order to assist any member of the Group in obtaining or retaining business for or with, or directing business to any member of the Group.

Paid up share capital of the Company : The Company undertakes to ensure that it will have at all times until the Notes are fully repaid, a paid up share capital of not less than HK$1,000,000.

Further Assurance :

(a) So far as it is legally able, the Company agrees to exercise or procure the exercise of all voting rights and powers (direct or indirect) available to it in relation to any person and/or the Company to ensure that the provisions of the Note Documents are completely and punctually observed and performed and generally that full effect is given to the principles set out in the Note Restructuring Documents.

(b) The Company shall ensure that its subsidiaries comply with (i) all obligations under the Note Restructuring Documents which are expressed to relate to members of the Group (as the case may be) and (ii) all obligations under any agreement entered into by any of its subsidiaries pursuant to the Note Restructuring Documents. The obligation of the Company under this section shall not be discharged or impaired by any amendment to or variation of any Note Restructuring Document, any release of or granting of time or other indulgence to any of its subsidiaries or any third party or any other act, event or omission which but for this section would operate to impair or discharge the obligation of the Company under this section.

(c) The Company shall at all times execute and do or cause to be done all such assurances, acts and things as may be necessary at any time or times to give effect to the terms and conditions of the Notes, the CN Deed Poll, the PN Deed Poll, the Convertible Notes Agency Agreement, the Promissory Notes Agency Agreement, the Guarantees (as defined in the Note Restructuring Documents), the Security Documents (as defined in the Note Restructuring Documents) and the Investor Rights Agreement.

(d) The Company shall timely comply with and perform all its obligations under the terms and conditions of the Notes, the CN Deed Poll, the PN Deed Poll, the Convertible Notes Agency Agreement and the Promissory Notes Agency Agreement and use its best endeavours to procure that the Paying Agents, the registrar and the transfer agents under the Convertible Notes Agency Agreement and the Promissory Notes Agency Agreement comply with and perform all their respective obligations thereunder.

Provision of Information and Reports : (a) The Company shall supply each Noteholder with copies of audited consolidated annual financial statements (profit and loss statement, cash flow statement, balance sheets) of the Group in accordance with HKFRS as soon as the same is available but in any event no later than 120 days after each year-end and unaudited consolidated semi-annual financial statements (profit and loss statement, cash flow statement, balance sheets) of the Group for each six-month period ending on 30 June as soon as the same is available but in any event no later than 90 days after each such six-month period.

(b) The Company shall keep each Noteholder informed, on a current basis, of any events, discussions, notices or changes with respect to any criminal or regulatory investigation or action involving the Company or any of other member of the Group.

(c) The Company shall promptly provide, upon request of any Noteholder, information concerning the Company and its subsidiaries that such requesting Noteholder reasonably requires to complete its tax returns or that its direct or indirect investors reasonably require to complete their tax returns, provided that any information required to be provided by the Company under this paragraph (c) shall be limited to publicly available information after the Listing Date.

(d) For so long as any Noteholder holds any equity interest in the Company, the Company shall promptly provide, upon request of any Noteholder, information concerning the income and assets of the Company and its subsidiaries that is sufficient to allow such Noteholder to determine if the Company is a "passive foreign investment company", for United States federal income tax purposes, provided that any information required to be provided by the Company under this paragraph (d) shall be limited to publicly available information after the Listing Date.

(e) The Company shall promptly notify the Security Trustee and Investor Representative of any event of default (howsoever described) arising under the Best Era Loan Agreement.

Securities for the Notes

The Notes are secured by the following securities, among others, which were created in favour of DB Trustees (Hong Kong) Limited (the "**Security Trustee**"), as security trustee for the Noteholders, in connection with the issuance of the Notes:

Securities

1. guarantees executed by each of the BVI Subsidiaries and HK Subsidiaries to secure our obligations under the Note Documents;

2. share mortgages executed by each of us, Bright New and the BVI Subsidiaries to secure our obligations under the Note Documents;

3. share pledges over the paid up capital of the WFOEs executed by each of the HK Subsidiaries to secure our obligations under the Note Documents;

4. first fixed charge/mortgage over the shares of each non-PRC company that becomes a member of the Group after 17 December 2007 but before an IPO;

5. pledge over the equity in each PRC company (i) that becomes a member of the Group after 17 December 2007 but before an IPO and (ii) which equity is directly held by a non-PRC member of the Group; and

6. an account charge executed by Bright New in favour of the Security Trustee.

Definitions used in this Appendix

Terms (other than those defined in the Definitions section) shall have the following meanings:

"Acceleration Event" means each of the following events with respect to the Promissory Notes or the Convertible Notes:

(a) default in the payment of principal, premium (if any), Mandatory Redemption Amount or redemption price of the Promissory Notes or the Convertible Notes, as the case may be, when the same becomes due and payable in respect of the Promissory Notes or the Convertible Notes and such default continues for a period of 7 business days after the due date of payment;

(b) any failure by the Company to deliver the Shares as and when the Shares are required to be delivered following conversion of Convertible Notes and such failure continues for 7 business days after the due date of delivery;

(c) breach of any covenant set forth in Condition 5 of the Promissory Notes, Condition 5 of the Convertible Notes or Clause 3 (Reserved Matters and Covenants) of the Investor Rights Agreement, unless the breach is capable of remedy and is remedied within 20 Business Days after written notice is given by the Investor Representative to the Company or the Founder (as the case may be);

(d) default in the payment of interest on any Promissory Note or any Convertible Note when the same becomes due and payable, and such default continues for a period of 20 business days;

(e) an Obligor defaults in the performance of or breaches any covenant or agreement under a Note Document to which it is a party (other than any of the covenant or agreement referred to in paragraphs (a) to (d) above), unless the default or breach is capable of remedy and is remedied within a period of 20 business days after written notice is given by the Investor Representative to the Company;

(f) there occurs with respect to any Indebtedness of the Company or any other member of the Group having an outstanding principal amount of U.S.$10,000,000 (or its equivalent) or more in the aggregate for all such Indebtedness of all such persons, whether such Indebtedness now exists or shall hereafter be created, (i) an event of default that has caused the holder thereof to declare such Indebtedness to be due and payable prior to its stated maturity and/or (ii) the failure to make a principal payment when due and such default or failure continues for a period of 20 Business Days;

(g) any final judgement or order for the payment of money in excess of U.S.$10,000,000 (or its equivalent) in the aggregate for all such final judgements or orders shall be rendered against the Company or any other member of the Group and shall not be paid or discharged for a period of 20 business days during which a stay of enforcement, by reason of a pending appeal or otherwise, is not in effect;

(h) any involuntary case or other proceeding is commenced against the Company, or any other member of the Group with respect to it or its debts under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, the appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Company or any other member of the Group or for all or substantially all of the property and assets of the Company or any other member of the Group and such involuntary case or other proceeding remains undismissed and unstayed for a period of 20 business days; or an order for relief is entered against the Company or any other member of the Group under any applicable bankruptcy, insolvency or other similar law as now or hereafter in effect;

(i) unless otherwise for the purposes of consummation of an Approved IPO, the Company or any other member of the Group (i) commences a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or consents to the entry of an order for relief in an involuntary case under any such law, (ii) consents to the appointment of or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Company or any other member of the Group or for all or substantially all of the property and assets of the Company or any other member of the Group or (iii) effects any general assignment for the benefit of creditors;

(j) any default by an Obligor in the performance of any of its obligations under a Note Document to which it is a party which adversely affects the enforceability, validity or perfection of the applicable encumbrance on the security created pursuant to the Note Documents in any material respect or default by Bright New of subclause 5.4, subclause 5.6(d) or subclause 5.8(b) of the Account Charge, unless such default is capable of remedy and is remedied within a period of 20 business days or (ii) breach of any provision set out in clause 4 (Restrictions on Dealings) or clause 5 (Accounts) of the Account Charge by Bright New (except in the case of subclause 5.4, subclause 5.6(d) or subclause 5.8(b) of the Account Charge);

(k) an Obligor denies or disaffirms its obligations under any Note Document to which it is a party or a Note Document ceases to be or is not in full force and effect or the Security Trustee ceases to have a first priority security interest in the security created pursuant to the Note Documents;

(l) it is or will become unlawful for an Obligor to perform or comply with any one or more of its obligations under a Note Document to which it is a party;

(m) the authority of the Company or any other member of the Group to conduct its business, or the authority of the Founder with respect to the management and ownership of the Company and the Group, is wholly or substantially curtailed by any seizure, expropriation, nationalisation, intervention, restriction or other action by or on behalf of any governmental or regulatory authority or agency, or any other person;

(n) any event occurs which under the laws of any relevant jurisdictions has an analogous effect to any of the events referred to in any of the foregoing paragraphs; or

(o) an event of default (howsoever described) occurs and is continuing under the Best Era Loan Agreement.

"Account Charge" means a charge dated 31 July 2009 and entered into between Bright New and the Security Trustee in relation to a bank account held by Bright New with an account bank approved by the Noteholders.

"Adjusted Assets Value" means the book value of the assets of the Group as of the most recent quarterly or annual financial statements supplied in accordance with the section headed "Provision of Information and Reports" above, minus an amount equivalent to the receipts in advance made by any customer of the Group with respect to any real property units that are to be purchased by such customer.

"Adjusted Liabilities Value" means the book value of the liabilities of the Group as of the most recent quarterly or annual financial statements supplied in accordance with the section headed "Provision of Information and Reports" above, minus any receipts in advance made by any customer of the Group with respect to any real property units that are to be purchased by such customer.

"Acceleration Notice" means the notice given by the Investor Representative to the Company that the Notes are immediately due and payable at the redemption price of the Promissory Notes or the Convertible Notes following the occurrence of an Acceleration Event.

"Appraised Asset Net Worth"	means the value of real estate properties held by the Group with a good and marketable title, or pursuant to legally binding land transfer contracts, as determined by an appraiser (the cost of which to be borne by the Company) nominated by the Investor Representative as of each of the Relevant Dates.
"Approved IPO"	means a public offering of the Shares coupled with a listing on the Stock Exchange, which if not a Qualified IPO, is approved in accordance with the provisions of the terms of the Note Documents.
"Asset Management Entrustment Agreement"	means the asset management agreement (委托建設和經營管理協議) entered or to be entered into between Shanghai Xintai, Nantong Jiju Infrastructure Development Co., Ltd., Shanghai Penghui, the Founder, Bright New and S. I. Properties Holdings Limited.
"Assets to Liabilities Ratio"	means the ratio determined by dividing the Adjusted Assets Value by the Adjusted Liabilities Value.
"Best Era Loan Agreement"	means the US$70 million loan agreement dated 6 March 2008, as supplemented by a supplemental loan agreement dated 4 September 2009, between, among others, Best Era, The Hongkong and Shanghai Banking Corporation Limited as facility agent and security agent and the lenders referred to therein.
"CN Certificate"	means a certificate issued in the name of the holder of one or more Convertible Notes.
"CN Deed Poll"	means the deed poll dated 17 August 2009, as amended by a deed poll dated 4 September 2009, constituting the Convertible Notes.
"CN Early Redemption Interest"	means the interest accrued on the outstanding principal amount of the Convertible Notes at the CN Reduced Rate from (and including) the Calculation Start Date or (as the case may be) the date on which CN Semi-Annual Interest was last paid, payable in arrears on the date on which any part of the Convertible Notes is converted into Shares.
"CN Global Certificate"	means the single global certificate issued in respect of all or party of the Convertible Notes.

"CN Reduced Rate" means:

(i) if an IPO occurs within the first 6 months after the Calculation Start Date, 0%;

(ii) if an IPO occurs within the first 12 months (but after expiry of the first 6 months) after the Calculation Start Date, 3% per annum; and

(iii) in all other cases, 6% per annum.

"CN Relevant Period" means the period commencing on the Note Completion Date and ending on the date which is the earlier of the date on which all the Convertible Notes have been converted and the date on which the outstanding principal amount of all the Notes have been repaid in full by the Company.

"CN Semi-Annual Interest" means the interest accrued on the outstanding principal amount of the Convertible Notes at the CN Reduced Rate from (and including) the Calculation Start Date or (as the case may be) the date on which CN Semi-Annual Interest was last paid, payable in arrears on the last business day of each 6-month period falling after the Calculation Start Date.

"Consolidated Borrowings" means Indebtedness of the Group, on a consolidated basis, (other than ordinary trade indebtedness), including those incurred in respect of (a) money borrowed or raised, (b) any bond, note, loan stock, debenture or similar instrument, (c) acceptance credit, trust receipts or commercial paper facilities, (d) deferred payments for assets or services acquired, (e) rental payments under leases (whether in respect of land, machinery, equipment or otherwise) entered into primarily as a method of raising finance or of financing the acquisition of the asset leased, (f) guarantees, bonds, standby letters of credit or other instruments issued in connection with the performance of contracts, (g) any crystallised amount in respect of any derivative transactions which is payable by any member of the Group, and (h) Contingencies, all

	determined in accordance with HKFRS. For avoidance of doubt, Consolidated Borrowings shall not include any prepayments made by any customer of the Group with respect to any real property units that are to be purchased by such customer.
"Contingencies"	means (a) capital commitments which have been contracted for, (b) guarantees and other assurances against financial loss in respect of Consolidated Borrowings of any person (other than subsidiaries within the Group), and (c) commitments under operating leases.
"Conversion Price"	means the Offer Price.
"Convertible Notes Agency Agreement"	means the paying and conversion agency agreement dated 17 August 2009, as amended by a letter dated 17 August 2009, between the Company as issuer, Deutsche Bank AG, Hong Kong Branch as principal agent, paying agent, conversion agent, transfer agent and registrar and the other paying, conversion and transfer agents appointed under it relating to the Convertible Notes.
"Indebtedness"	means borrowings and other indebtedness by way of overdraft, acceptance credit or similar facilities, loan stocks, bonds, debentures, notes, debt or inventory financing, projecting financing, trade financing with a term greater than 3-months, finance leases or sale and lease back arrangements, issuance of trust receipts with a term greater than 3-months, loans payables, notes payables, or any other arrangements under which there is an amount payable in respect of sums payable, or the purpose of which is to borrow money, together with forex, interest rate or other swaps, hedging obligations, bills of exchange, recourse obligations on factored debts and obligations under other derivative instruments, determined in accordance with HKFRS. For the avoidance of doubt, any payment obligations owed by a member of the Group under or in connection with the Shanghai Bay Arrangements shall be considered as Indebtedness under this definition.
"Interest Return Amount"	in respect of a Note means the interest that would have accrued on that Note during the first six months from the Calculation Start Date at a rate of 3 per cent. per annum.

"Investor Rights Agreement"	means an investor rights agreement dated 2 November 2007, as amended by a supplemental agreement dated 17 December 2007 between the Initial Investor, the Company and the Founder, a second supplemental agreement dated 16 February 2008 between the Company, the Founder and the Investors named therein, and further amended by a deed of priorities dated 6 March 2008 between (among others) Best Era, the Company, the Founder, DB Trustees (Hong Kong) Limited and The Hongkong and Shanghai Banking Corporation Limited (as may be further amended, restated or supplemented from time to time).
"Hong Kong Subsidiary"	means each member of the Group which is incorporated in Hong Kong, including the following companies: (i) Rich Tech, (ii) Extreme Asia, (iii) Venture Group, (iv) Worldex Investment and (v) Cheston Holdings.
"Loan to Value Ratio"	means the ratio determined by dividing the Consolidated Borrowings by the Appraised Asset Net Worth.
"Mandatory Redemption Amount"	the allocation and application by the Company on the Listing Date of not less than 20 per cent. of the net proceeds of an Approved IPO for mandatory redemption of the Promissory Notes at a redemption price equal to 100 per cent. of the principal amount of each relevant Promissory Note to be redeemed, together with accrued interest on each relevant Promissory Note determined in accordance with the PN Deed Poll (the amount of Notes redeemed shall be applied towards reducing the scheduled redemption amounts in inverse order of maturity).
"Offshore Subsidiaries"	means each member of the Group incorporated outside of the PRC which is a subsidiary of the Company.
"Paying Agent"	means Deutsche Bank AG, Hong Kong Branch, and unless the context otherwise requires, include its successors as such and any future paying agent appointed in accordance with the Convertible Notes Paying Agency Agreement or the Promissory Notes Paying Agency Agreement.
"PN Certificate"	means the certificate in definitive form representing the Promissory Notes.

"PN Deed Poll"	means the deed poll dated 17 August 2009, as amended by a deed poll dated 4 September 2009, constituting the Promissory Notes.
"PN Early Redemption Interest"	means the interest accrued on the outstanding principal amount of the Promissory Notes at the PN Reduced Rate from (and including) the Calculation Start Date or (as the case may be) the date on which PN Early Redemption Interest or PN Semi-Annual Interest was last paid, payable in arrears on the date on which any principal amount of the Promissory Notes is repaid or prepaid prior to the maturity date of the Promissory Notes otherwise than in accordance with the amortisation schedule of the Promissory Notes.
"PN Global Certificate"	means the single global certificate issued in respect of all or party of the Promissory Notes.
"PN Redemption Interest"	means the interest accrued on the outstanding principal amount of the Promissory Notes at a rate of 5% per annum from (and including the Calculation Start Date) or (as the case may be) the date on which PN Early Redemption Interest or PN Semi-Annual Interest as last paid, payable in arrears on the maturity date of the Promissory Notes or the date on which the outstanding amount of the Promissory Notes is repaid or redeemed in full, provided that no PN Redemption Interest shall accrue and be payable on any principal amount of the Notes which is repaid or redeemed in full during the 12 months period after the Calculation Start Date.
"PN Reduced Rate"	means: (a) with respect to any principal amount of the Promissory Notes that is repaid or redeemed by the Company within the first six months after the Calculation Start Date, 6% per annum; and (b) with respect to any principal amount of the Promissory Notes that is repaid or redeemed by the Company after expiry of the first six months after the Calculation Start Date, 10% per annum.

"PN Relevant Period"	means the period commencing on the Note Completion Date and ending on the date on which the outstanding principal amount of all the Promissory Notes have been repaid in full by the Company.
"PN Semi-Annual Interest"	means the interest accrued on the outstanding principal amount of the Promissory Notes at the PN Reduced Rate from (and including) the Calculation Start Date or (as the case may be) the date on which PN Semi-Annual Interest was last paid, payable in arrears on the last business day of each 6-month period falling after the Calculation Start Date.
"Promissory Notes Agency Agreement"	means the paying and conversion agency agreement dated 17 August 2009, as amended by a letter dated 17 August 2009, made between the Company, Deutsche Bank AG, Hong Kong Branch as principal agent, paying agent, transfer agent and registrar and the other paying and transfer agents appointed under it relating to the Promissory Notes.
"Regional Companies"	means Wuxi Wangjiarui, Shanghai Yijing, Tianjin Yangguang Xindi, and Liaoning Yangguang Xindi.
"Relevant Dates"	means 31 December 2007 and 30 June 2008 and thereafter each 31 December and 30 June and **Relevant Date** means any of the foregoing.
"Relevant Document"	means the Asset Management Entrustment Agreement, the Share Acquisition Agreement and each Property Transfer Agreement.
"Share Acquisition Agreement"	means the share acquisition agreement (股權買賣協議) for the acquisition of the entire equity interest in Shanghai Penghui entered into between Shanghai Xintai, the Nantong Jiju Infrastructure Development Co., Ltd., Shanghai Penghui, the Founder and Shanghai Industrial Holdings Limited.
"Test Date"	mean each day falling on the thirtieth day after a Relevant Date and "**Test Dates**" means all of the foregoing.

"Transfer Agent"	means Deutsche Bank AG, Hong Kong Branch, and unless the context otherwise requires, include its successors as such and any future transfer agent appointed in accordance with the Convertible Notes Paying Agency Agreement or the Promissory Notes Paying Agency Agreement.
"United States Person"	means an individual who is a citizen or resident of the United States, a corporation, partnership or other entity created or organised in or under the laws of the United States or any political subdivision thereof, or any estate or trust the income of which is subject to United States Federal income taxation regardless of its source.
"WFOEs"	means all the following wholly foreign-owned enterprise organised under the laws of the PRC and held by the Hong Kong Subsidiaries: Fusheng Nantong, Fuda Nantong, Yonghe Nantong, Henghui Nantong, Nantong Jigui, Nantong Jiangle, Nantong Lehua, Nantong Huangshi Hui and Zhuo Yi Nantong.

A. FURTHER INFORMATION ABOUT THE COMPANY

1. Incorporation

Our Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 27 July 2007. The Company has established a place of business in Hong Kong at Unit 3702A, 37th Floor, Tower Two, Lippo Centre, 89 Queensway, Admiralty, Hong Kong and is registered in Hong Kong under Part XI of the Companies Ordinance, with Mr. Ching Yu Lung of Unit 3702A, 37th Floor, Tower Two, Lippo Centre, 89 Queensway, Admiralty, Hong Kong appointed as the authorised representative of the Company for the acceptance of service of process and notices on behalf of the Company in Hong Kong. As the Company is incorporated in the Cayman Islands, it operates subject to the Companies Law and to its constitution, which comprises the Memorandum and the Articles. A summary of various provisions of the constitution of the Company and relevant aspects of the Companies Law is set out in Appendix VI to this prospectus.

2. Change in and transfer of share capital of the Company

The authorised share capital of the Company as of the date of its incorporation was HK$380,000 divided into 3,800,000 shares of par value HK$0.10 each. On 27 July 2007, one nil-paid share of par value HK$0.10 each was allotted and issued to Codan Trust Company (Cayman) Limited and such share was transferred to Best Era on the same date and subsequently paid up. 99 shares of par value HK$0.10 each were also allotted and issued to Best Era on 27 July 2007 and subsequently paid up. On 17 September 2007, Best Era transferred 50,000 shares of Bright New, representing the entire issued share capital of Bright New, to the Company in consideration of (i) the crediting as fully paid at par the 100 nil paid shares registered in name of Best Era, and (ii) the allotment and issue of 900 shares of par value HK$0.10 each, credited as fully paid up, to Best Era. On 18 October 2007, 999,000 shares of par value HK$0.10 each were allotted and issued to Best Era for cash at par and on the same date, every issued and unissued share of par value HK$0.10 each was sub-divided into 10 Shares of HK$0.01 each, such that the Company had an authorised share capital of HK$380,000 divided into 38,000,000 Shares of HK$0.01 each. Best Era held 10,000,000 Shares after the sub-division of Shares.

Pursuant to certain share transfer agreements all dated 18 October 2007, Best Era transferred 7,770 Shares to Goldman Sachs Investments Limited, 10,360 Shares to Goldman Sachs RE Investments Holdings Limited, 2,590 Shares to WH Debt Acquisition (Delaware) LLC, 10,500 Shares to Deutsche Bank AG, acting through its London branch and 38,780 Shares to D. E. Shaw Composite Investments Asia 2 (Cayman) Limited.

On 2 November 2007, the authorised share capital of the Company was increased from HK$380,000 to HK$3,800,000 by the creation of an additional 342,000,000 Shares of HK$0.01 each; and 90,000,000 Shares were allotted and issued to Best Era, which held 99,930,000 Shares after such allotment of Shares. On the same date, Best Era, pursuant to a Charge Over Shares in Glorious Property Holdings Limited dated 2 November 2007, charged 89,300,000 Shares to DB Trustees (Hong Kong) Limited (in its capacity as Security Trustee for the Noteholders (as defined in the Investor Rights Agreement dated 2 November 2007 entered into by and among the Company, the Founder, DESCIA, DB, Goldman Sachs RE Investments Holdings Limited, Villa (Delaware) LLC and WH Debt Acquisition (Delaware) LLC) and apart from charging the Shares, Best Era, pursuant to certain share transfer agreements all dated 2 November, 2007, transferred 69,930 Shares to Goldman Sachs Investments Limited, 93,240 Shares to Goldman Sachs RE Investments Holdings Limited, 23,310 Shares to WH Debt Acquisition (Delaware) LLC, 94,500 Shares to DB and 349,020 Shares to DESCIA. On 26 November 2007, pursuant to a share transfer agreement, Goldman Sachs Investments Ltd. transferred 69,930 Shares to Villa (Cayman) Ltd. and on 19 February 2008, Goldman Sachs Investments Limited further transferred 7,770 Shares to Villa (Cayman) Ltd.. On 7 March 2008, pursuant to a share transfer agreement, DB transferred 91,000 Shares to Euro Crown Limited.

On 17 June 2008, the authorised share capital of the Company was increased from HK$3,800,000 to HK$380,000,000 by the creation of additional 37,620,000,000 Shares of HK$0.01 each.

On the Listing Date, assuming an Offer Price at the lowest point of the indicative Offer Price range, Best Era will transfer 21,660,534 Shares to DESCIA, 5,786,569 Shares to Goldman Sachs RE Investments Holdings Limited, 1,446,642 Shares to WH Debt Acquisition (Delaware) LLC, 4,339,927 Shares to Villa (Delaware) LLC, 781,969 Shares to Deutsche Securities Asia Limited and 5,082,797 Shares to Euro Crown Limited.

Immediately following completion of the Global Offering, the Capitalisation Issue and the conversion of the Convertible Notes but without taking into account any Shares which may be issued upon the exercise of the options which have been granted under the Pre-IPO Share Option Scheme or may be granted under the Share Option Scheme, 7,819,687,500 Shares will be in issue, fully paid, and 30,180,312,500 Shares will remain unissued (assuming an Offer Price at the lowest point of the indicative Offer Price range). Other than pursuant to the exercise of the options which have been granted under the Pre-IPO Share Option Scheme or options which may be granted under the Share Option Scheme, the Directors do not have any present intention to issue any of the authorised but unissued share capital of the Company and, without the prior approval of the Shareholders in general meeting, no issue of Shares will be made which would effectively alter the control of the Company.

Save for aforesaid and as mentioned in the paragraph headed "Resolutions in writing of all the Shareholders of the Company passed on 9 September 2009" below, there has been no alteration in the share capital of the Company since its incorporation.

3. Resolutions in writing of all the Shareholders of the Company passed on 9 September 2009

Pursuant to the resolutions in writing passed by all the Shareholders of the Company on 9 September 2009:

(a) conditional on the share premium account of the Company being credited as a result of the Global Offering, the Directors were authorised to capitalise an amount of HK$55,250,000 from the amount standing to the credit of the share premium account of the Company and that the said sum be applied in paying up in full at par 5,525,000,000 Shares, such Shares to be allotted and issued, credited as fully paid at par to Best Era, Goldman Sachs RE

Investments Holdings Limited, WH Debt Acquisition (Delaware) LLC, Euro Crown Limited, DB, DESCIA and Villa (Cayman) Ltd., being shareholders of the Company appearing on the register of members of the Company at 4:00 p.m. on 8 September 2009;

(b) conditional on (i) the Listing Committee of the Stock Exchange granting the approval of the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned herein (including any Shares which may be issued pursuant to the exercise of the options which have been granted under the Pre-IPO Share Option Scheme or may be granted under the Share Option Scheme or the conversion of the Convertible Notes) and such listing and permission not having been subsequently revoked prior to the commencement of dealings in the Shares on the Stock Exchange, (ii) the Offer Price having been duly determined in accordance with the terms of the Underwriting Agreements and the execution and delivery of the Underwriting Agreements, and (iii) the obligations of the Underwriters under the Underwriting Agreements becoming unconditional (including, if relevant, as a result of the waiver of any condition(s) by the Joint Global Coordinators (acting for themselves and on behalf of the Underwriters) and not being terminated in accordance with the terms of such agreements or otherwise, in each case on or before such dates as may be specified in the Underwriting Agreements and in any event no later than the date that is 30 days after the date of this prospectus:

(i) the Global Offering and the Over-allotment Option were approved and the Directors were authorised to effect the same and to allot and issue the new Shares in the Global Offering;

(ii) the rules of the Pre-IPO Share Option Scheme and the Share Option Scheme (the principal terms of which are set out in the paragraphs headed "Pre-IPO Share Option Scheme" and "Share Option Scheme" in Appendix X to this prospectus) were approved and adopted and the Directors were authorised, at their absolute discretion to grant options to subscribe for Shares under the Pre-IPO Share Option Scheme and the Share Option Scheme and to allot, issue and deal with Shares pursuant thereto and to take all such steps as they consider necessary or desirable to implement the Pre-IPO Share Option Scheme and the Share Option Scheme; and

(iii) the Directors were authorised to allot and issue the new Shares upon the conversion of the Convertible Notes at the Offer Price;

(c) a general unconditional mandate was given to the Directors to exercise all the powers of the Company to allot, issue and deal in, otherwise than by way of rights issue or an issue of Shares upon the exercise of options which have been granted under the Pre-IPO Share Option Scheme or may be granted under the Share Option Scheme or under any option scheme or similar arrangement for the time being adopted for the grant or issue to officers and/or employees of the Company and/or any of its subsidiaries or any other person of Shares or rights to acquire Shares or any scrip dividend schemes or similar arrangements providing for the allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the Articles or a specific authority granted by the shareholders in general meeting, Shares with a total nominal value not exceeding 20% of the total nominal value of the share capital of the Company in issue immediately following completion of the Global Offering, the Capitalisation Issue and the conversion of the

Convertible Notes (excluding any Shares which may be issued pursuant to the exercise of the options which have been granted under the Pre-IPO Share Option Scheme or may be granted under the Share Option Scheme), such mandate to remain in effect until whichever is the earliest of:

(i) the conclusion of the next annual general meeting of the Company;

(ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles or any applicable laws of the Cayman Islands to be held; or

(iii) the passing of an ordinary resolution of the shareholders of the Company in general meeting revoking, varying or renewing such mandate;

(d) a general unconditional mandate was given to the Directors authorising them to exercise all powers of the Company to repurchase on the Stock Exchange or on any other stock exchange on which the shares of the Company may be listed and which is recognised by the SFC and the Stock Exchange for this purpose such number of Shares with a total nominal value not exceeding 10% of the aggregate of the total nominal amount of the share capital of the Company in issue immediately following completion of the Global Offering, the Capitalisation Issue and the conversion of the Convertible Notes (excluding any Shares which may be issued pursuant to the exercise of the options which have been granted under the Pre-IPO Share Option Scheme or may be granted under the Share Option Scheme), such mandate to remain in effect until whichever is the earliest of:

(i) the conclusion of the next annual general meeting of the Company;

(ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles or any applicable laws of the Cayman Islands to be held; or

(iii) the passing of an ordinary resolution of the shareholders of the Company in general meeting revoking, varying or renewing such mandate;

(e) the general unconditional mandate mentioned in paragraph (c) above was extended by the addition to the aggregate nominal value of the share capital of the Company which may be allotted or agreed conditionally or unconditionally to be allotted by the Directors pursuant to such general mandate of an amount representing the aggregate nominal value of the share capital of the Company repurchased by the 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 total nominal value of the share capital of the Company in issue immediately following the completion of the Global Offering, the Capitalisation Issue and the conversion of the Convertible Notes (excluding Shares which may be allotted and issued pursuant to the exercise of the options which have been granted under the Pre-IPO Share Option Scheme or may be granted under the Share Option Scheme); and

(f) the Company approved and adopted the Articles.

4. Corporate reorganisation

The companies comprising the Group underwent the Reorganisation in preparation for the listing of the Shares on the Stock Exchange. The Reorganisation involved the following:

(a) Establishment/Acquisition of BVI and Hong Kong companies to acquire interests of wholly foreign owned enterprises;

(b) Acquisition of project companies by regional companies;

(c) Acquisition of regional companies by wholly foreign owned enterprises; and

(d) Incorporation of the Company.

For details, please refer to the paragraph "Corporate Reorganisation" in the section headed "History, Reorganisation and Group Structure".

5. Changes in share capital of subsidiaries

The Company's subsidiaries are referred to in the Accountant's Report, the text of which is set out in Appendix I to this prospectus. The following sets out the changes to the share capital made by the subsidiaries of the Company during the two years preceding the date of this prospectus:

(a) ***Fusheng Nantong***

On 7 November 2007, the registered capital of Fusheng Nantong was increased from US$20,060,000 to US$29,960,000.

(b) ***Fuda Nantong***

(i) On 7 November 2007, the registered capital of Fuda Nantong was increased from US$29,880,000 to US$97,880,000.

(ii) On 28 April 2009, the registered capital of Fuda Nantong was decreased from US$97,880,000 to US$12,880,000.

(c) ***Yonghe Nantong***

(i) On 7 November 2007, the registered capital of Yonghe Nantong was increased from US$29,800,000 to US$98,800,000.

(ii) On 17 April 2009, the registered capital of Yonghe Nantong was decreased from US$98,800,000 to US$14,800,000.

(d) ***Henghui Nantong***

(i) On 7 November 2007, the registered capital of Henghui Nantong was increased from US$15,000,000 to US$99,990,000.

(ii) On 28 April 2009, the registered capital of Henghui Nantong was decreased from US$99,990,000 to US$13,990,000.

(e) ***Nantong Jigui***

On 7 November 2007, the registered capital of Nantong Jigui was increased from US$10,000,000 to US$29,990,000.

(f) ***Nantong Jiangle***

On 7 November 2007, the registered capital of Nantong Jiangle was increased from US$15,000,000 to US$29,800,000.

(g) ***Nantong Lehua***

On 7 November 2007, the registered capital of Nantong Lehua was increased from US$1,500,000 to US$29,800,000.

(h) ***Nantong Huangshi Hui***

On 7 November 2007, the registered capital of Nantong Huangshi Hui was increased from US$15,000,000 to US$29,990,000.

(i) ***Shanghai Yijing***

On 14 January 2008, the registered capital of Shanghai Yijing was increased from RMB50,000,000 to RMB563,587,214.

(j) ***Beijing Yangguang Xindi***

On 22 November 2007, the registered capital of Beijing Yangguang Xindi was increased from RMB29,000,000 to RMB129,000,000.

(k) ***Tianjin Yangguang Xindi***

(i) On 15 November 2007, the registered capital of Tianjin Yangguang Xindi was further increased from RMB250,000,000 to RMB448,143,370.

(ii) On 10 January 2008, the registered capital of Tianjin Yangguang Xindi was further increased from RMB448,143,370 to RMB806,039,565.

(l) ***Liaoning Yangguang Xindi***

(i) On 16 November 2007, the registered capital of Liaoning Yangguang Xindi was increased from RMB50,000,000 to RMB796,515,593.

(ii) On 7 January 2008, the registered capital of Liaoning Yangguang Xindi was further increased from RMB796,515,593 to RMB1,333,502,300.

(m) ***Wuxi Wangjiarui***

(i) On 31 January 2007, the registered capital of Wuxi Wangjiarui was increased from RMB250,000,000 to RMB350,000,000.

(ii) On 16 November 2007, the registered capital of Wuxi Wangjiarui was further increased from RMB350,000,000 to RMB739,830,227.

(iii) On 9 January 2008, the registered capital of Wuxi Wangjiarui was further increased from RMB739,830,227 to RMB1,197,911,767.

(n) ***Beijing Hetian Hexin***

On 16 July 2008, the registered capital of Beijing Hetian Hexin was increased from RMB30,000,000 to RMB130,000,000.

(o) ***Suzhou Hongsheng***

(i) On 25 July 2007, the registered capital of Suzhou Hongsheng was increased from RMB25,000,000 to RMB50,000,000.

(ii) On 25 January 2008, the registered capital of Suzhou Hongsheng was further increased from RMB50,000,000 to RMB170,000,000.

(p) ***Nantong Zhuowei***

(i) On 30 November 2007, the registered capital of Nantong Zhuowei was increased from RMB80,000,000 to RMB130,000,000.

(ii) On 24 January 2008, the registered capital of Nantong Zhuowei was further increased from RMB130,000,000 to RMB 155,000,000.

(q) ***Tianjin Hongyun***

(i) On 15 January 2007, the registered capital of Tianjin Hongyun was further increased from RMB28,000,000 to RMB58,000,000.

(ii) On 12 February 2007, the registered capital of Tianjin Hongyun was increased from RMB58,000,000 to RMB88,000,000.

(r) ***Tianjin Tianxingjian***

On 27 February 2008, the registered capital of Tianjian Tianxingjian was increased from RMB10,000,000 to RMB53,480,000.

(s) ***Shanghai Shuntianlong***

On 13 April 2009, the registered capital of Shanghai Shuntianlong was increased from RMB100,000 to RMB30,000,000.

(t) ***Shanghai Qiwei***

On 15 June 2009, the registered capital of Shanghai Qiwei was increased from RMB5,000,000 to RMB100,000,000.

(u) ***Shanghai Mingbao***

On 15 June 2009, the registered capital of Shanghai Mingbao was increased from RMB6,000,000 to RMB100,000,000.

(v) ***Anhui Hengmao***

On 18 December 2007, the registered capital of Anhui Hengmao was increased from RMB289,830,277 to RMB509,830,277.

(w) ***Shanghai Hongye***

On 19 August 2008, the registered capital of Shanghai Hongye was increased from RMB50,000,000 to RMB150,000,000.

The principal purpose of reducing the registered capital of Fuda Nantong, Yonghe Nantong and Henghui Nantong is to create cash reserves offshore, which would be used to repay, in the event that the Listing does not occur, portion of the Convertible Notes and the Promissory Notes that remain outstanding and the periodic interest payments of the Convertible Notes and the Promissory Notes. As at the Latest Practicable Date, such cash reserves had not been funded.

Save as set out above, there has been no alteration in the share capital of any of the subsidiaries of the Company within the two years immediately preceding the date of this prospectus.

6. Particulars of subsidiaries

The Group has interests in a number of major PRC subsidiaries. Set out below is a summary of corporate information of these PRC subsidiaries:

(a) ***Fusheng Nantong***

Date of Establishment	:	27 June 2005
Place of Establishment	:	Nantong
Nature	:	Wholly foreign owned enterprise
Number of Directors	:	1
Registered Capital	:	US$29,960,000
Shareholder	:	Venture Group — 100% interest
Nature of Business	:	Residential property development, construction and operation

(b) ***Fuda Nantong***

Date of Establishment	:	1 August 2006
Place of Establishment	:	Nantong
Nature	:	Wholly foreign owned enterprise
Number of Directors	:	1
Registered Capital	:	US$12,880,000
Shareholder	:	Rich Tech — 100% interest
Nature of Business	:	Residential property development, construction and operation

(c) ***Yonghe Nantong***

Date of Establishment	:	10 April 2006
Place of Establishment	:	Nantong
Nature	:	Wholly foreign owned enterprise
Number of Directors	:	1
Registered Capital	:	US$14,800,000

Shareholder	:	Extreme Asia — 100% interest
Nature of Business	:	Residential property development, construction and operation

(d) ***Henghui Nantong***

Date of Establishment	:	22 July 2005
Place of Establishment	:	Nantong
Nature	:	Wholly foreign owned enterprise
Number of Directors	:	1
Registered Capital	:	US$13,990,000
Shareholder	:	Worldex Investment — 100% interest
Nature of Business	:	Residential property development, construction and operation

(e) ***Nantong Jigui***

Date of Establishment	:	14 April 2006
Place of Establishment	:	Nantong
Nature	:	Wholly foreign owned enterprise
Number of Directors	:	1
Registered Capital	:	US$29,990,000
Shareholder	:	Extreme Asia — 100% interest
Nature of Business	:	Residential property development, construction and operation

(f) ***Nantong Jiangle***

Date of Establishment	:	27 June 2006
Place of Establishment	:	Nantong
Nature	:	Wholly foreign owned enterprise
Number of Directors	:	1
Registered Capital	:	US$29,800,000
Shareholder	:	Cheston Holdings — 100% interest

Nature of Business	:	Residential property development, construction and operation

(g) ***Nantong Lehua***

Date of Establishment	:	29 June 2006
Place of Establishment	:	Nantong
Nature	:	Wholly foreign owned enterprise
Number of Directors	:	1
Registered Capital	:	US$29,800,000
Shareholder	:	Rich Tech — 100% interest
Nature of Business	:	Residential property development, construction and operation

(h) ***Nantong Huangshi Hui***

Date of Establishment	:	25 July 2005
Place of Establishment	:	Nantong
Nature	:	Wholly foreign owned enterprise
Number of Directors	:	1
Registered Capital	:	US$29,990,000
Shareholder	:	Worldex Investment — 100% interest
Nature of Business	:	Residential property development, construction and operation

(i) ***Zhuo Yi Nantong***

Date of Establishment	:	2 August 2006
Place of Establishment	:	Nantong
Nature	:	Wholly foreign owned enterprise
Number of Directors	:	1
Registered Capital	:	US$29,800,000
Shareholder	:	Cheston Holdings — 100% interest

Nature of Business	:	Residential property development, construction and operation

(j) ***Shanghai Shengtong***

Date of Establishment	:	19 June 2001
Place of Establishment	:	Shanghai
Nature	:	Limited liability company
Number of Directors	:	1
Registered Capital	:	RMB8,000,000
Shareholder	:	Shanghai Yijing — 100% interest
Nature of Business	:	Real estate development and operation

(k) ***Shanghai Anshun***

Date of Establishment	:	18 January 1996
Place of Establishment	:	Shanghai
Nature	:	Limited liability company
Number of Directors	:	1
Registered Capital	:	RMB30,000,000
Shareholder	:	Shanghai Yijing — 100% interest
Nature of Business	:	Real estate development and operation; property management

(l) ***Shanghai Xintai***

Date of Establishment	:	22 April 1999
Place of Establishment	:	Shanghai
Nature	:	Limited liability company
Number of Directors	:	7
Registered Capital	:	RMB800,000,000
Shareholder	:	Shanghai Yijing — 100% interest
Nature of Business	:	Real estate development and operation; management and leasing of property; sales of construction materials, renovation materials, hardware and goods, consultation and investigation of market information (excluding social survey, social research, opinion survey and opinion poll)

(m) ***Shanghai Yijing***

Date of Establishment	:	22 January 2001
Place of Establishment	:	Shanghai
Nature	:	Limited liability company
Number of Directors	:	3
Registered Capital	:	RMB563,587,214
Shareholders	:	Fuda Nantong — 17.33% interest Nantong Jigui — 16.34% interest Henghui Nantong — 45.22% interest Fusheng Nantong — 21.11% interest
Nature of Business	:	Real estate development and operation; management of property; sales of construction materials, iron materials, rubber products and hardware

(n) ***Shanghai Haosen***

Date of Establishment	:	6 October 1998
Place of Establishment	:	Shanghai
Nature	:	Limited liability company
Number of Directors	:	1
Registered Capital	:	RMB80,000,000
Shareholder	:	Shanghai Yijing — 100% interest
Nature of Business	:	Real estate development and operation; leasing; investment consultancy; sales of renovation materials

(o) ***Beijing Yangguang Xindi***

Date of Establishment	:	25 February 2003
Place of Establishment	:	Beijing
Nature	:	Limited liability company
Number of Directors	:	1
Registered Capital	:	RMB129,000,000
Shareholder	:	Tianjin Yangguang Xindi — 100% interest
Nature of Business	:	Real estate development and sales; development and consultation in technology; provision of technology; consultation in enterprise management (excluding professional services)

(p) ***Tianjin Yangguang Xindi***

Date of Establishment	:	19 May 2003
Place of Establishment	:	Tianjin
Nature	:	Limited liability company
Number of Directors	:	5
Registered Capital	:	RMB806,039,565
Shareholders	:	Yonghe Nantong — 80.53% interest Nantong Huangshi Hui — 19.47% interest
Nature of Business	:	Investment in the real estate industry, food and beverage industry, commercial industry and technical industry; consultancy services in construction materials and information in the real estate industry; wholesale and retail of interior renovation materials; timber materials and products; construction materials; light manufacturing and chemical materials (excluding hazardous, toxic and poisonous chemicals and products), metal materials, hardware and goods; real estate development and sales of commercial houses

(q) ***Liaoning Yangguang Xindi***

Date of Establishment	:	6 June 2005
Place of Establishment	:	Shenyang
Nature	:	Limited liability company
Number of Directors	:	3
Registered Capital	:	RMB1,333,502,300
Shareholders	:	Nantong Jiangle — 17.77% interest Nantong Lehua — 15.52% interest Fusheng Nantong — 6.12% interest Nantong Jigui — 8.32% interest Nantong Huangshi Hui — 7.21% interest Henghui Nantong — 33.73% interest Yonghe Nantong — 11.33% interest
Nature of Business	:	Real estate development and sales of commercial houses; sales of construction materials, metal materials and hardware; leasing of sites and facilities; information consultancy services

(r) ***Wuxi Wangjiarui***

Date of Establishment	:	7 September 2004
Place of Establishment	:	Wuxi
Nature	:	Limited liability company
Number of Directors	:	3
Registered Capital	:	RMB1,197,911,767
Shareholders	:	Zhuo Yi Nantong — 28.94% interest Fuda Nantong — 66.44% interest Yonghe Nantong — 3.38% interest Fusheng Nantong — 1.24% interest
Nature of Business	:	Investment with internal resources; real estate development and operation; domestic trade; property management and interior renovation services; leasing of machineries

(s) ***Beijing Hetian Hexin***

Date of Establishment	:	25 December 2001
Place of Establishment	:	Beijing
Nature	:	Limited liability company
Number of Directors	:	1
Registered Capital	:	RMB130,000,000
Shareholder	:	Tianjin Yangguang Xindi — 100% interest
Nature of Business	:	Real estate development; sales of commercial houses; real estate information consultancy services; management of self-owned property; renovation of homes

(t) ***Suzhou Hongsheng***

Date of Establishment	:	17 March 2005
Place of Establishment	:	Suzhou
Nature	:	Limited liability company
Number of Directors	:	1

Registered Capital	:	RMB170,000,000
Shareholder	:	Wuxi Wangjiarui — 100% interest
Nature of Business	:	Real estate development, operation and investment; property management; interior renovation; sales of construction materials, renovation materials, metal materials and timber; leasing of machineries

(u) ***Nantong Zhuowei***

Date of Establishment	:	5 June 2003
Place of Establishment	:	Nantong
Nature	:	Limited liability company
Number of Directors	:	1
Registered Capital	:	RMB155,000,000
Shareholder	:	Wuxi Wangjiarui — 100% interest
Nature of Business	:	Sales of metal materials, machinery equipments, shipping equipment and accessories, construction materials, renovation materials, concrete, plastic products, rubber products, timber, hardware and electrical materials, clothes, daily household necessities, sports products and office stationeries; lease of general machineries; property management, interior renovation

(v) ***Tianjin Hongyun***

Date of Establishment	:	13 September 2004
Place of Establishment	:	Tianjin
Nature	:	Limited liability company
Number of Directors	:	3
Registered Capital	:	RMB88,000,000
Shareholder	:	Nantong Zhuowei — 100% interest
Nature of Business	:	Wholesale and retail of construction materials, metal materials, timber, hardware, elements of cement; manufacturing; investment in real estate industry, commercial industry, food and beverage industry and technical industry; construction of property; sales of commercial houses

(w) ***Shanghai Chuangmeng***

Date of Establishment	:	15 September 1993
Place of Establishment	:	Shanghai
Nature	:	Limited liability company
Number of Directors	:	3
Registered Capital	:	RMB10,000,000
Shareholder	:	Shanghai Yijing — 45% interest Yuan Feng — 45% interest Gao Wei Ping — 3% interest Wu Zhen Guo — 5% interest Fang Shi Min — 2% interest
Nature of Business	:	Construction operation, architectural innovation, scientific and technological consultation in innovation material, chemical, electrical industry, development and transfer of technology, manufacture (outward processing) and sales of self-produced product and goods relating to the forgoing scope (excluding hazardous goods), A grade of architectural design

(x) ***Shanghai Shuntianlong***

Date of Establishment	:	14 November 2008
Place of Establishment	:	Shanghai
Nature	:	Limited liability company
Number of Directors	:	1
Registered Capital	:	RMB30,000,000
Shareholder	:	Nantong Zhuowei — 100% interest
Nature of Business	:	Manufacture, processing, retail and sales of concrete and concrete ancillary products; retail and sales of construction materials, metal materials, timber, hardware and concrete products

(y) ***Shanghai Qiwei***

Date of Establishment	:	24 September 2008
Place of Establishment	:	Shanghai
Nature	:	Limited liability company
Number of Directors	:	1
Registered Capital	:	RMB100,000,000
Shareholder	:	Nantong Zhuowei — 100% interest
Nature of Business	:	Retail and sales of machinery equipments, construction materials, metal materials, shipping equipment and accessories, sports products, stationery, office stationery, daily household necessities, communication apparatus (excluding ground receiving equipment for satellite broadcasting); operation of building construction; installation of machinery equipments (excluding special machinery equipments and agricultural machinery equipments); graphic design and composition; consultation in business information; conference service; exhibition service

(z) ***Shanghai Mingbao***

Date of Establishment	:	17 January 2004
Place of Establishment	:	Shanghai
Nature	:	Limited liability company
Number of Directors	:	1
Registered Capital	:	RMB100,000,000
Shareholder	:	Nantong Zhuowei — 100% interest
Nature of Business	:	Level 2 of professional contracting of fitting and decoration projects; level 3 of equipment installation; level 3 of professional contracting of intelligent buildings; second grade of special architectural design; public safety project; import and export business for goods and technology; architectural design; consultancy service in installation; cleaning service; consultation in investment and investment management

(aa) ***Anhui Hengmao***

Date of Establishment	:	24 October 2007
Place of Establishment	:	Anhui
Nature	:	Limited liability company
Number of Directors	:	1
Registered Capital	:	RMB509,830,227
Shareholder	:	Wuxi Wangjiarui — 100% interest
Nature of Business	:	Real estate development and operation

(bb) ***Harbin Yangguang***

Date of Establishment	:	19 December 2007
Place of Establishment	:	Harbin
Nature	:	Limited liability company
Number of Directors	:	3
Registered Capital	:	RMB260,000,000
Shareholder	:	Liaoning Yangguang Xindi — 100% interest
Nature of Business	:	Real estate development; property management; sales of commercial houses; real estate information consultancy services; leasing of construction machineries and sites; sales of construction materials, metal materials and hardware

(cc) ***Nantong Rongsheng***

Date of Establishment	:	12 December 2007
Place of Establishment	:	Nantong
Nature	:	Limited liability company
Number of Directors	:	1
Registered Capital	:	RMB30,000,000
Shareholder	:	Wuxi Wangjiarui — 100% interest
Nature of Business	:	Real estate development and operation

(cc) ***Tianjin Tianxingjian***

Date of Establishment	:	20 March 2006
Place of Establishment	:	Tianjin
Nature	:	Limited liability company
Number of Directors	:	3
Registered Capital	:	RMB53,480,000
Shareholder	:	Tianjin Yangguang Xindi — 100% interest
Nature of Business	:	Real estate investment and development; sales of commercial houses; property management; business information consultation services

(dd) ***Shanghai Hongye***

Date of establishment	:	7 April 2008
Place of Establishment	:	Shanghai
Nature	:	Limited liability company
Number of Directors	:	3
Registered Capital	:	RMB150,000,000
Shareholder	:	Suzhou Hongsheng — 100% interest
Nature of Business	:	Real estate development and operation; property management; interior renovation; leasing of machineries and facilities; wholesale and retail of construction materials, renovation materials, metal materials, timber, hardware, ordinary goods and office supplies

(ee) ***Wuxi Decoration & Renovation***

Date of Establishment	:	13 May 2008
Place of Establishment	:	Wuxi
Nature	:	Limited liability company
Number of Directors	:	1
Registered Capital	:	RMB5,000,000
Shareholder	:	Wuxi Wangjiarui — 100% interest
Nature of business	:	Interior and exterior decoration and renovation work

7. Repurchase by the Company of Shares

This section includes the information required by the Stock Exchange to be included in this prospectus concerning the repurchase by the Company of its own securities.

(a) ***Regulations of the Listing Rules***

The Listing Rules permit companies whose primary listings are on the Stock Exchange to repurchase their securities on the Stock Exchange subject to certain restrictions, the most important of which are summarised below:

(i) *Shareholders' approval*

All repurchases of securities on the Stock Exchange by a company with a primary listing on the Stock Exchange must be approved in advance by an ordinary resolution, either by way of general mandate or by specific approval in relation to specific transaction.

(*Note*: Pursuant to the written resolutions of all the shareholders of the Company passed on 9 September 2009, a general unconditional mandate (the ''Repurchase Mandate'') was given to the Directors authorising any repurchase by the Company of Shares on the Stock Exchange, or on any other stock exchange on which the securities of the Company may be listed and which is recognised by the SFC and the Stock Exchange of such number of Shares with a total nominal value as will represent up to 10% of the total nominal value of the share capital of the Company in issue immediately following the completion of the Global Offering, the Capitalisation Issue and the conversion of the Convertible Notes (excluding any Shares which may be issued pursuant to the exercise of the options which have been granted under the Pre-IPO Share Option Scheme or may be granted under the Share Option Scheme) at any time until the conclusion of the next annual general meeting of the Company or the expiration of the period within which the next annual general meeting of the Company is required by the Articles or any applicable laws of Cayman Islands to be held or the passing of an ordinary resolution by the shareholders in general meeting revoking, varying or renewing such mandate, whichever occurs first.)

(ii) *Source of funds*

Repurchases must be funded out of funds legally available for the purpose in accordance with the memorandum of association of the Company, the Articles and the applicable laws and regulations of the Cayman Islands. 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 prevailing from time to time.

(b) ***Reasons for repurchases***

The Directors believe that it is in the best interests of the Company and the Shareholders of the Company for the Directors to have a general authority from the shareholders of the Company to enable the Company to repurchase Shares in the market. Repurchases of Shares will only be made when the Directors believe that such repurchases will benefit the Company and the Shareholders of the Company. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net value of the Company and its assets and/or its earnings per Share.

(c) ***Funding of repurchases***

In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with the memorandum of association of the Company and the Articles and the applicable laws and regulations of the Cayman Islands.

Pursuant to the Repurchase Mandate, repurchases will be made out of funds of the Company legally permitted to be utilised in this connection, including profits of the Company or out of a fresh issue of Shares made for the purpose of the repurchase or, if authorised by the Articles and subject to the Companies Law, out of capital of the Company and, in the case of any premium payable on the repurchase, out of the profits of the Company or from sums standing to the credit of the share premium account of the Company or, if authorised by the Articles and subject to the Companies Law, out of capital of the Company.

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 the working capital or gearing position of the Company which, in the opinion of the Directors, are from time to time appropriate for the Company. However, there might be a material adverse impact on the working capital or gearing position of the Company as compared with the position disclosed in this prospectus in the event that the Repurchase Mandate is exercised in full.

(d) ***Share capital***

Assuming an Offer Price at the lowest point of the indicative Offer Price range, if we exercise in full of the Repurchase Mandate, on the basis of 7,819,687,500 Shares in issue immediately after the completion of the Global Offering, the Capitalisation Issue and the conversion of the Convertible Notes without taking into account any Shares which may be issued upon the exercise of the options which have been granted under the Pre-IPO Share Option Scheme or may be granted under the Share Option Scheme, it would result in up to 781,968,750 Shares being repurchased by the Company during the period prior to the earliest of:

(i) the conclusion of the next annual general meeting of the Company;

(ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles and applicable laws and regulations of the Cayman Islands to be held; or

(iii) the revocation, variation or renewal of the Repurchase Mandate by an ordinary resolution of the shareholders of the Company in general meeting.

(e) ***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), have any present intention if the Repurchase Mandate is approved by the Shareholders of the Company, to sell any Shares to the Company or its subsidiaries. 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 and the applicable laws and regulations of the Cayman Islands.

No connected person (as defined in the Listing Rules) of the Company has notified the Company that he or it has a present intention to sell Shares to the Company, or has undertaken not to do so, if the Repurchase Mandate is exercised.

No repurchase of Shares has been made by the Company since its incorporation.

If as a result of a repurchase of Shares, a shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purpose of the Hong Kong Code on Takeovers and Mergers (the "Takeovers Code"). Accordingly, a shareholder of the Company, or a group of shareholders of the Company acting in concert (within the meaning of the Takeovers Code), depending on the level of increase of the shareholders' interest, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code as a result of a repurchase of Shares made immediately after the listing of the Shares on the Stock Exchange. Save as aforesaid, the Directors are not aware of any other consequences which would arise under the Takeovers Code as a consequence of any repurchases made pursuant to the Repurchase Mandate immediately after the listing of the Shares.

B. FURTHER INFORMATION ABOUT THE BUSINESS

1. Summary of material contracts

The following contracts (not being contracts in the ordinary course of business) have been entered into by the Company or any of its subsidiaries within the two years preceding the date of this prospectus and are or may be material:

(1) an equity transfer agreement dated 29 April 2007, as supplemented by two supplemental agreements dated 29 April 2007 and 25 September 2007, entered into by and among Tianjin Yangguang Xindi, Shanghai Yangguang Investment (Group) Co., Ltd. (上海陽光投資(集團)有限公司) and Beijing Yangguang Xindi pursuant to which Tianjin Yangguang Xindi acquired 50% and 50% equity interests of Beijing Hetian Hexin from Shanghai Yangguang Investment (Group) Co., Ltd. (上海陽光投資(集團)有限公司) and Beijing Yangguang Xindi for a respective consideration of RMB15,006,780.77;

(2) an equity transfer agreement dated 30 April 2007, as supplemented by two supplemental agreements dated 30 April 2007 and 25 September 2007, entered into by and among Tianjin Yangguang Xindi, China Yangguang Investment Group Co., Ltd. (中國陽光投資集團有限公司), Shanghai Yangguang Investment (Group) Co., Ltd. (上海陽光投資(集團)有限公司) and Ms. Yue Li pursuant to which Tianjin Yangguang Xindi acquired 40%, 30% and 30% equity interests of Beijing Yangguang Xindi from China Yangguang Investment Group Co., Ltd. (中國陽光投資集團有限公司), Shanghai Yangguang Investment (Group) Co., Ltd. (上海陽光投資(集團)有限公司) and Ms. Yue Li for a consideration of RMB8,596,971,472, RMB6,447,728.60 and RMB6,447,728.60, respectively;

(3) an equity transfer agreement dated 1 May 2007, as supplemented by two supplemental agreements dated 1 May 2007 and 25 September 2007, entered into by and among Shanghai Yijing, Shanghai Yangguang Investment (Group) Co., Ltd. (上海陽光投資(集團) 有限公司), Mr. Zhang De Ming, Mr. Zhang Jian Tao and Mr. Lv Jian Bing pursuant to which Shanghai Yijing acquired 6.25%, 2.5%, 1.5% and 2.25% equity interests of Shanghai Haosen from Shanghai Yangguang Investment (Group) Co., Ltd. (上海陽光投資(集團) 有限公司), Mr. Zhang De Ming, Mr. Zhang Jian Tao and Mr. Lv Jian Bing for a consideration of RMB7,979,021.18, RMB3,191,608.46, RMB1,914,965.08 and RMB2,872,447.62, respectively;

(4) an equity transfer agreement dated 2 May 2007, as supplemented by two supplemental agreements dated 2 May 2007 and 25 September 2007, entered into by and among Shanghai Yijing, Mr. Ding Xiang Yang and Mr. Zhang De Huang pursuant to which Shanghai Yijing acquired 60% and 40% equity interests of Shanghai Anshun from Mr. Ding Xiang Yang and Mr. Zhang De Huang at a consideration of RMB117,527,379.31 and RMB78,351,586.21, respectively;

(5) an equity transfer agreement dated 5 May 2007, as supplemented by two supplemental agreements dated 5 May 2007 and 25 September 2007, entered into between Wuxi Wangjiarui and Shanghai Hongyun Property Holdings Co., Ltd. (上海弘耘置業股份有限公司) pursuant to which Wuxi Wangjiarui acquired 24% equity interests of Suzhou Hongsheng from Shanghai Hongyun Property Holdings Co., Ltd. (上海弘耘置業股份有限公司) for a consideration of RMB5,879,753.92;

(6) an equity transfer agreement dated 5 May 2007, as supplemented by two supplemental agreements dated 5 May 2007 and 25 September 2007, entered into between Wuxi Wangjiarui and Nantong Zhuowei pursuant to which Wuxi Wangjiarui acquired 40% equity interests of Suzhou Hongsheng from Nantong Zhuowei for a consideration of RMB9,799,589.87;

(7) an equity transfer agreement dated 5 May 2007, as supplemented by two supplemental agreements dated 5 May 2007 and 25 September 2007, entered into between Wuxi Wangjiarui and Shanghai Anshun pursuant to which Wuxi Wangjiarui acquired 36% equity interests of Suzhou Hongsheng from Shanghai Anshun for a consideration of RMB8,819,630.88;

(8) an equity transfer agreement dated 8 May 2007, as supplemented by a supplemental agreement dated 8 May 2007, entered into between Wuxi Wangjiarui and Shanghai Ditong and a supplemental agreement dated 25 September 2007 entered into by and among Wuxi Wangjiarui, Shanghai Ditong and Nantong Zhuosheng Petroleum Chemicals Co., Ltd.* (南通焯晟石油化工有限公司) pursuant to which Wuxi Wangjiarui acquired 55% equity interests of Nantong Zhuowei from Shanghai Ditong for a consideration of RMB44,000,000;

(9) an equity transfer agreement dated 8 May 2007, as supplemented by a supplemental agreement dated 8 May 2007, entered into between Wuxi Wangjiarui and Nantong Zhuosheng Petroleum Chemicals Co., Ltd.* (南通焯晟石油化工有限公司) and a supplemental agreement dated 25 September 2007 entered into by and among Wuxi Wangjiarui, Shanghai Ditong and Nantong Zhuosheng Petroleum Chemicals Co., Ltd.* (南通焯晟石油化工有限公司) pursuant to which Wuxi Wangjiarui acquired 45% equity interests of Nantong Zhuowei from Nantong Zhuosheng Petroleum Chemicals Co., Ltd. (南通焯晟石油化工有限公司) for a consideration of RMB36,000,000;

(10) an equity transfer agreement dated 20 May 2007, as supplemented by two supplemental agreements dated 20 May 2007 and 25 September 2007, entered into by and among Shanghai Yijing, Mr. Zhang Zhi Rong, Mr. Cheng Li Xiong and Mr. Ding Xiang Yang pursuant to which Shanghai Yijing acquired 50%, 20% and 30% equity interests of Shanghai Shengtong from Mr. Zhang Zhi Rong, Mr. Cheng Li Xiong and Mr. Ding Xiang Yang at a consideration of RMB9,945,145.43, RMB3,978,058.17 and RMB5,967,087.26, respectively;

(11) an equity transfer agreement dated 14 June 2007, as supplemented by two supplemental agreements dated 14 June 2007 and 25 September 2007, entered into by and among Shanghai Yijing, Shanghai Yangguang Investment (Group) Co., Ltd. (上海陽光投資(集團)有限公司) and Shanghai Anshun pursuant to which Shanghai Yijing acquired 80.625% and 0.625% equity interests of Shanghai Xintai from Shanghai Yangguang Investment (Group) Co., Ltd. (上海陽光投資(集團)有限公司) and Shanghai Anshun at a consideration of RMB651,063,401.08 and RMB5,047,003.11, respectively;

(12) an equity transfer agreement dated 15 June 2007, as supplemented by two supplemental agreements dated 16 June 2007 and 25 September 2007, entered into between Yonghe Nantong and China Yangguang Investment Group Co., Ltd. (中國陽光投資集團有限公司) pursuant to which Yonghe Nantong acquired 52% equity interests of Tianjin Yangguang Xindi from China Yangguang Investment Group Co., Ltd. (中國陽光投資集團有限公司) for a consideration of RMB134,683,804.94;

(13) an equity transfer agreement dated 15 June 2007, as supplemented by two supplemental agreements dated 16 June 2007 and 25 September 2007, entered into between Yonghe Nantong and Mr. Ding Xiang Yang pursuant to which Yonghe Nantong acquired 19.2% equity interests of Tianjin Yangguang Xindi from Mr. Ding Xiang Yang for a consideration of RMB49,729,404.91;

(14) an equity transfer agreement dated 15 June 2007, as supplemented by two supplemental agreements dated 16 June 2007 and 25 September 2007, entered into between Nantong Huangshi Hui and Mr. Zhang De Huang pursuant to which Nantong Huangshi Hui acquired 28.8% equity interests of Tianjin Yangguang Xindi from Mr. Zhang De Huang for a consideration of RMB74,594,107.35;

(15) an equity transfer agreement dated 16 June 2007, as supplemented by two supplemental agreements dated 16 June 2007 and 25 September 2007, entered into between Nantong Jigui and Shanghai Hongyun Property Holdings Co., Ltd. (上海弘秐置業股份有限公司) pursuant to which Nantong Jigui acquired 10% equity interests of Shanghai Yijing from Shanghai Hongyun Property Holdings Co., Ltd. (上海弘秐置業股份有限公司) for a consideration of RMB53,756,747.16;

(16) an equity transfer agreement dated 16 June 2007, as supplemented by two supplemental agreements dated 16 June 2007 and 25 September 2007, entered into by and among Henghui Nantong, Mr. Zhang Zhi Rong, Mr. Yao Zheng Yan and Mr. Jiang Jian pursuant to which Henghui Nantong acquired 19.6%, 17% and 18.2% equity interests of Shanghai Yijing from Mr. Zhang Zhi Rong, Mr. Yao Zheng Yan and Mr. Jiang Jian for a consideration of RMB105,363,224.46, RMB91,386,470.16 and RMB97,837,279.83, respectively;

(17) an equity transfer agreement dated 16 June 2007, as supplemented by two supplemental agreements dated 16 June 2007 and 25 September 2007, entered into by and among Fusheng Nantong, Mr. Hou Mao Rong, Ms. Zhang Mei Lan and Ms. Gu Jian Mei pursuant to which Fusheng Nantong acquired 13.2%, 12.4% and 9.6% equity interests of Shanghai Yijing from Mr. Hou Mao Rong, Ms. Zhang Mei Lan and Ms. Gu Jian Mei for a consideration of RMB70,958,906.28, RMB66,658,366.44 and RMB51,606,477.27, respectively;

(18) an equity transfer agreement dated 17 June 2007, as supplemented by two supplemental agreements dated 17 June 2007 and 25 September 2007, entered into by and among Nantong Jiangle, Nantong Lehua, China Yangguang Investment Group Co., Ltd. (中國陽光投資集團有限公司) and Mr. Yan Zhi Rong pursuant to which Nantong Jiangle acquired 60% and 20% equity interests of Liaoning Yangguang Xindi from China Yangguang Investment Group Co., Ltd. (中國陽光投資集團有限公司) and Mr. Yan Zhi Rong for a consideration of RMB69,804,001.49 and RMB23,268,000.49, respectively, and Nantong Lehua acquired 20% equity interests of Liaoning Yangguang Xindi from Mr. Yan Zhi Rong for a consideration of RMB23,268,000.49;

(19) an equity transfer agreement dated 18 June 2007, as supplemented by two supplemental agreements dated 18 June 2007 and 25 September 2007, entered into between Fuda Nantong and China Yangguang Investment Group Co., Ltd. (中國陽光投資集團有限公司) pursuant to which Fuda Nantong acquired 14.29% equity interests of Wuxi Wangjiarui from China Yangguang Investment Group Co., Ltd. (中國陽光投資集團有限公司) for a consideration of RMB53,745,398.99;

(20) an equity transfer agreement dated 18 June 2007, as supplemented by two supplemental agreements dated 18 June 2007 and 25 September 2007, entered into between Fuda Nantong and Shanghai Yijing pursuant to which Fuda Nantong acquired 42.86% equity interests of Wuxi Wangjiarui from Shanghai Yijing for a consideration of RMB161,198,586.47;

(21) an equity transfer agreement dated 18 June 2007, as supplemented by two supplemental agreements dated 18 June 2007 and 25 September 2007, entered into between Zhuo Yi Nantong and Mr. Zhang De Huang pursuant to which Zhuo Yi Nantong acquired 38.57% equity interests of Wuxi Wangjiarui from Mr. Zhang De Huang for a consideration of RMB145,063,683.63;

(22) an equity transfer agreement dated 18 June 2007, as supplemented by two supplemental agreements dated 18 June 2007 and 25 September 2007, entered into between Zhuo Yi Nantong and Mr. Lu Xiao Jun pursuant to which Zhuo Yi Nantong acquired 4.28% equity interests of Wuxi Wangjiarui from Mr. Lu Xiao Jun for a consideration of RMB16,097,292.35;

(23) an equity transfer agreement dated 20 June 2007, as supplemented by two supplemental agreements dated 20 June 2007 and 25 September 2007, entered into between Tianjin Yangguang Xindi and Mr. Ding Xiang Yang pursuant to which Tianjin Yangguang Xindi acquired 0.91% equity interests of Tianjin Hongyun from Mr. Ding Xiang Yang for a consideration of RMB790,746.21;

(24) a subscription agreement dated 2 November 2007, as amended by a supplemental agreement dated 17 December 2007 entered into by and among DESCIA, DB, Goldman Sachs RE Investments Holdings Limited, Villa (Delaware) LLC, WH Debt Acquisition (Delaware) LLC, the Company and the Founder, and a second supplemental agreement dated 16 February 2008 entered into by and among DESCIA, DB, Goldman Sachs RE Investments Holdings Limited, Villa (Delaware) LLC, WH Debt Acquisition (Delaware) LLC, King's

Cross Asset Funding 46 S.A.R.L, The Hongkong and Shanghai Banking Corporation Limited, the Company and the Founder pursuant to the which the Company agreed to issue certain promissory notes in the aggregate amount of US$500,000,000 to the Original Pre-IPO Investors;

(25) a side agreement dated 2 November 2007 entered into by and among DESCIA, DB, Goldman Sachs RE Investments Holdings Limited, the Company and the Founder, pursuant to which the parties agreed to undertake their respective obligations set forth therein in consideration of their entering into the subscription agreement dated 2 November 2007;

(26) an agreement concerning the offshore restricted account dated 17 December 2007 entered into by and among DESCIA, DB, Goldman Sachs RE Investments Holdings Limited, Villa (Delaware) LLC, WH Debt Acquisition (Delaware) LLC, the Company and the Founder, pursuant to which the parties agreed to amend the terms of the operation of the bank account of the Company stated therein;

(27) a sale and purchase agreement dated 15 February 2008 entered into between Bright New and the Founder, pursuant to which Bright New transferred the entire issued share capital of Perfect Luck Group Limited to the Founder for a consideration of US$50,000;

(28) an equity transfer agreement dated 24 February 2008 entered into between Wuxi Wangjiarui and Jiangsu Rongsheng Investment Group Co., Ltd. (江蘇熔盛投資集團有限公司) pursuant to which Wuxi Wangjiarui acquired 100% equity interests of Nantong Rongsheng from Jiangsu Rongsheng Investment Group Co., Ltd. (江蘇熔盛投資集團有限公司) for a consideration of RMB31,803,400.

(29) an equity transfer agreement dated 7 March 2008 by and among Tianjin Yangguang Xindi, Tianjin City Kaixiang Steel Trading Co., Ltd. (天津市凱祥鋼材貿易有限公司), Tianjin City Li Feng Yuan Da Steel Group Co., Ltd. (天津市利豐源達鋼鐵集團有限公司) and Mr. Yu Sheng Qiang (于盛強), as supplemented by a supplemental agreement dated 14 August 2008 entered into between Tianjin Yangguang Xindi and Tianjin City Kaixiang Steel Trading Co., Ltd. (天津市凱祥鋼材貿易有限公司), pursuant to which Tianjin Yangguang Xindi acquired 100% equity interests of Tianjin Tianxingjian from Tianjin City Kaixiang Steel Trading Co., Ltd. (天津市凱祥鋼材貿易有限公司) for a consideration of RMB454,180,000;

(30) an equity transfer agreement dated 20 October 2008 entered into between Shanghai Xintai and Nantong Zhuowei pursuant to which Nantong Zhuowei acquired 100% equity interests of Shanghai Qiwei from Shanghai Xintai for a consideration of RMB5,000,000;

(31) an equity transfer agreement dated 25 November 2008, as supplemented by a supplemental agreement dated 5 December 2008, entered into between Tianjin Yangguang Xindi and Nantong Zhuowei pursuant to which Nantong Zhuowei acquired 100% equity interests of Tianjin Hongyun from Tianjin Yangguang Xindi for a consideration of RMB88,000,000;

(32) an equity transfer agreement dated 28 November 2008 entered into by and among Nantong Zhuowei, Ms. Shi Xiao Lei (施曉蕾) and Mr. Shi Xiao Yu (施曉宇) pursuant to which Nantong Zhuowei acquired 100% equity interests of Shanghai Mingbao from Ms. Shi Xiao Lei (施曉蕾) and Mr. Shi Xiao Yu (施曉宇) for an aggregate consideration of RMB2,500,000;

(33) a sale and purchase agreement relating to the entire issued share capital of Better Score Limited dated 11 June 2009, as supplemented by a supplemental agreement dated 30 July 2009, entered into by and among Bright New, S.I. Properties Holdings Limited, the Founder and Shanghai Industrial Holdings Limited, pursuant to which Bright New transferred the entire issued share capital and a shareholder loan of Better Score Limited to S.I. Properties Holdings Limited for a consideration of the US$ equivalent of RMB1,300,000,000;

(34) a deed of amendment dated 31 July 2009 entered into by and among the Company, the Founder, Best Era, Fine Profit Enterprises Limited, Bright New, Allied Honest, East Harbour, Vieward Group, Regal World, Grand Target, Rich Tech, Extreme Asia, Venture Group, Worldex Investment, Cheston Holdings, Fusheng Nantong, Fuda Nantong, Yonghe Nantong, Henghui Nantong, Nantong Jigui, Nantong Jiangle, Nantong Lehua, Nantong Huangshi Hui, Zhuo Yi Nantong, DESCIA, DB, Euro Crown Limited, Goldman Sachs RE Investments Holdings Limited, Villa (Delaware) LLC, WH Debt Acquisition (Delaware) LLC and DB Trustees (Hong Kong) Limited setting out the steps and condition for restructuring the RMB-denominated, interest bearing, registered promissory notes in the aggregate principal amount of the RMB equivalent of US$500,000,000 issued by the Company;

(35) an account charge dated 31 July 2009 entered into between Bright New and DB Trustees (Hong Kong) Limited, pursuant to which Bright New charged in favour of DB Trustees (Hong Kong) Limited (by way of a first fixed charge) all of its rights to its bank account specified therein to secure the repayment of all amount payable in respect of the Notes and other Note Documents;

(36) an equity transfer agreement dated 5 August 2009 entered into by and among Shanghai Xintai, Nantong Jiju, Shanghai Penghui, the Founder and Shanghai Industrial Holdings Limited pursuant to which Shanghai Xintai has a right and an obligation to buy back from Nantong Jiju, and Nantong Jiju has a right and an obligation to transfer back to Shanghai Xintai, the entire equity interest in Shanghai Penghui on 1 December 2011;

(37) a management agreement dated 5 August 2009 entered into by and among Shanghai Penghui, Shanghai Xintai, Nantong Jiju, Bright New, S.I. Properties Holdings Limited and the Founder pursuant to which Shanghai Xintai agreed to manage the Projects pursuant to the terms therein;

(38) a guarantee dated 5 August 2009 executed by Tianjin Yangguang Xindi in favour of Nantong Jiju in the guaranteed amount of RMB500,000,000 to secure the performance of the obligations of Shanghai Xintai under the Shanghai Bay Arrangements;

(39) a deed poll in respect of the Convertible Notes dated 17 August 2009, as amended by a deed poll dated 4 September 2009, executed by the Company constituting the Convertible Notes;

(40) a deed poll in respect of the Promissory Notes dated 17 August 2009, as amended by a deed poll dated 4 September 2009, executed by the Company constituting the Promissory Notes;

(41) a paying and conversion agency agreement dated 17 August 2009, as amended by a letter dated 17 August 2009, entered into by and among the Company, the Founder, Bright New, Allied Honest, East Harbour, Vieward Group, Regal World, Grand Target, Rich Tech, Extreme Asia, Venture Group, Worldex Investment, Cheston Holdings and Deutsche Bank, pursuant to which the Company appointed Deutsche Bank as its agents in respect of the Convertible Notes;

(42) a paying agency agreement dated 17 August 2009, as amended by a letter dated 17 August 2009, entered into by and among the Company, the Founder, Bright New, Allied Honest, East Harbour, Vieward Group, Regal World, Grand Target, Rich Tech, Extreme Asia, Venture Group, Worldex Investment, Cheston Holdings and Deutsche Bank, pursuant to which the Company appointed Deutsche Bank as its agents in respect of the Promissory Notes;

(43) a security trust deed dated 2 November 2007 as amended by a supplemental deed dated 17 December 2007 and a second supplemental deed dated 31 July 2009 and amended and restated on 17 August 2009 entered into by and among the Company, the Founder, Best Era, Bright New, Allied Honest, East Harbour, Vieward Group, Regal World, Grand Target, Rich Tech, Extreme Asia, Venture Group, Worldex Investment, Cheston Holdings, Fusheng Nantong, Fuda Nantong, Yonghe Nantong, Henghui Nantong, Nantong Jigui, Nantong Jiangle, Nantong Lehua, Nantong Huangshi Hui, Zhuo Yi Nantong and DB Trustees (Hong Kong) Limited, pursuant to which DB Trustees (Hong Kong) Limited agreed to hold the transaction security, the proceeds of the transaction security and the benefit of each guarantee and each security document in connection with the Notes on trust as security trustee;

(44) an investor rights agreement dated 2 November 2007 as amended by a supplemental deed dated 17 December 2007, a second supplemental deed dated 16 February 2008, a third supplemental deed dated 31 July 2009 and amended and restated on 17 August 2009 entered into by and among the Company, the Founder, DESCIA, DB, Goldman Sachs RE Investments Holdings Limited, Villa (Delaware) LLC, WH Debt Acquisition (Delaware) LLC and Euro Crown Limited which set out the rights of the investors named therein;

(45) a deed of guarantee dated 17 August 2009 which amended and restated the deeds of guarantee dated 2 November 2007 entered into by and among the Founder, Bright New, Allied Honest, East Harbour, Vieward Group, Regal World, Grand Target, Rich Tech, Extreme Asia, Venture Group, Worldex Investment, Cheston Holdings as guarantors in favour of DB Trustees (Hong Kong) Limited, pursuant to which the guarantors agreed to guarantee the liabilities and obligations of the Company under the Notes and other Note Documents;

(46) a deed of amendment dated 17 August 2009 entered into between the Company as chargor and DB Trustees (Hong Kong) Limited as security trustee relating to a charge over shares in Bright New dated 2 November 2007, pursuant to which the terms of the charge over shares dated 2 November 2007 were amended;

(47) a charge over shares in Bright New dated 17 August 2009 entered into between the Company and DB Trustees (Hong Kong) Limited which amended and restated the charge over shares in Bright New dated 2 November 2007, pursuant to which the Company charged the shares of Bright New in favour of DB Trustees (Hong Kong) Limited to secure, among others, the repayment of all amounts payable by the Company in respect of the Notes and other Note Documents;

(48) a deed of amendment dated 17 August 2009 entered into between Bright New and DB Trustees (Hong Kong) Limited relating to a charge over shares in Allied Honest, East Harbour, Vieward Group, Regal World and Grand Target dated 2 November 2007, pursuant to which the terms of the charge over shares dated 2 November 2007 were amended;

(49) a charge over shares in East Harbour, Allied Honest, Regal World, Grand Target and Vieward Group dated 17 August 2009 entered into between Bright New and DB Trustees (Hong Kong) Limited which amended and restated the charge over shares in East Harbour, Allied Honest, Regal World, Grand Target and Vieward Group dated 2 November 2007, pursuant to which Bright New charged the shares of East Harbour, Allied Honest, Regal World, Grand Target and Vieward Group in favour of DB Trustees (Hong Kong) Limited to secure, among others, the repayment of all amounts payable by the Company in respect of the Notes and other Note Documents;

(50) a deed of amendment dated 17 August 2009 entered into between Allied Honest and DB Trustees (Hong Kong) Limited relating to a charge over shares in Rich Tech dated 2 November 2007, pursuant to which the terms of the charge over shares dated 2 November 2007 were amended;

(51) a charge over shares in Rich Tech dated 17 August 2009 entered into between Allied Honest and DB Trustees (Hong Kong) Limited which amended and restated the charge over shares in Rich Tech dated 2 November 2007, pursuant to which Allied Honest charged the share of Rich Tech in favour of DB Trustees (Hong Kong) Limited to secure, among others, the repayment of all amounts payable by the Company in respect of the Notes and other Note Documents;

(52) a deed of amendment dated 17 August 2009 entered into between East Harbour and DB Trustees (Hong Kong) Limited relating to a charge over shares in Extreme Asia dated 2 November 2007, pursuant to which the terms of the charge over shares dated 2 November 2007 were amended;

(53) a charge over shares in Extreme Asia dated 17 August 2009 entered into between East Harbour and DB Trustees (Hong Kong) Limited which amended and restated the charge over shares in Extreme Asia dated 2 November 2007, pursuant to which East Harbour

charged the share in Extreme Asia in favour of DB Trustees (Hong Kong) Limited to secure, among others, the repayment of all amounts payable by the Company in respect of the Notes and other Note Documents;

(54) a deed of amendment dated 17 August 2009 entered into between Regal World and DB Trustees (Hong Kong) Limited relating to a charge over shares in Worldex Investment dated 2 November 2007, pursuant to which the terms of the charge over shares dated 2 November 2007 were amended;

(55) a charge over shares in Worldex Investment dated 17 August 2009 entered into between Regal World and DB Trustees (Hong Kong) Limited which amended and restated the charge over shares in Worldex Investment dated 2 November 2007, pursuant to which Regal World charged the share of Worldex Investment in favour of DB Trustees (Hong Kong) Limited to secure, among others, the repayment of all amounts payable by the Company in respect of the Notes and other Note Documents;

(56) a deed of amendment dated 17 August 2009 entered into between Vieward Group and DB Trustees (Hong Kong) Limited relating to a charge over shares in Venture Group dated 2 November 2007, pursuant to which the terms of the charge over shares dated 2 November 2007 were amended;

(57) a charge over shares in Venture Group dated 17 August 2009 entered into between Vieward Group and DB Trustees (Hong Kong) Limited which amended and restated the charge over shares in Venture Group dated 2 November 2007, pursuant to which Vieward Group charged the share of Venture Group in favour of DB Trustees (Hong Kong) Limited to secure, among others, the repayment of all amounts payable by the Company in respect of the Notes and other Note Documents;

(58) a deed of amendment dated 17 August 2009 entered into between Grand Target and DB Trustees (Hong Kong) Limited relating to a charge over shares in Cheston Holdings dated 2 November 2007, pursuant to which the terms of the charge over shares dated 2 November 2007 were amended;

(59) a charge over shares in Cheston Holdings dated 17 August 2009 entered into between Grand Target and DB Trustees (Hong Kong) Limited which amended and restated the charge over shares in Cheston Holdings dated 2 November 2007, pursuant to which Grand Target charged the share of Cheston Holdings in favour of DB Trustees (Hong Kong) Limited to secure, among others, the repayment of all amounts payable by the Company in respect of the Notes and other Note Documents;

(60) an amended and restated agreement on pledge of equity interest in Fuda Nantong dated 17 August 2009 entered into by and among Rich Tech, Fuda Nantong and DB Trustees (Hong Kong) Limited, pursuant to which Rich Tech pledged the equity interest in Fuda Nantong in favour of DB Trustees (Hong Kong) Limited to secure, among others, the repayment of all amounts payable by the Company in respect of the Notes and other Note Documents (both English and Chinese versions);

(61) an amended and restated agreement on pledge of equity interest in Nantong Lehua dated 17 August 2009 entered into by and among Rich Tech, Nantong Lehua and DB Trustees (Hong Kong) Limited, pursuant to which Rich Tech pledged the equity interest in Nantong Lehua in favour of DB Trustees (Hong Kong) Limited to secure, among others, the repayment of all amounts payable by the Company in respect of the Notes and other Note Documents (both English and Chinese versions);

(62) an amended and restated agreement on pledge of equity interest in Yonghe Nantong dated 17 August 2009 entered into by and among Extreme Asia, Yonghe Nantong and DB Trustees (Hong Kong) Limited, pursuant to which Extreme Asia pledged the equity interest in Yonghe Nantong in favour of DB Trustees (Hong Kong) Limited to secure, among others, the repayment of all amounts payable by the Company in respect of the Notes and other Note Documents (both English and Chinese versions);

(63) an amended and restated agreement on pledge of equity interest in Nantong Jigui dated 17 August 2009 entered into by and among Extreme Asia, Nantong Jigui and DB Trustees (Hong Kong) Limited, pursuant to which Extreme Asia pledged the equity interest in Nantong Jigui in favour of DB Trustees (Hong Kong) Limited to secure, among others, the repayment of all amounts payable by the Company in respect of the Notes and other Note Documents (both English and Chinese versions);

(64) an amended and restated agreement on pledge of equity interest in Fusheng Nantong dated 17 August 2009 entered into by and among Venture Group, Fusheng Nantong and DB Trustees (Hong Kong) Limited, pursuant to which Venture Group pledged the equity interest in Fusheng Nantong in favour of DB Trustees (Hong Kong) Limited to secure, among others, the repayment of all amounts payable by the Company in respect of the Notes and other Note Documents (both English and Chinese versions);

(65) an amended and restated agreement on pledge of equity interest in Henghui Nantong dated 17 August 2009 entered into by and among Worldex Investment, Henghui Nantong and DB Trustees (Hong Kong) Limited, pursuant to which Worldex Investment pledged the equity interest in Henghui Nantong in favour of DB Trustees (Hong Kong) Limited to secure, among others, the repayment of all amounts payable by the Company in respect of the Notes and other Note Documents (both English and Chinese versions);

(66) an amended and restated agreement on pledge of equity interest in Nantong Huangshi Hui dated 17 August 2009 entered into by and among Worldex Investment, Nantong Huangshi Hui and DB Trustees (Hong Kong) Limited, pursuant to which Worldex Investment pledged the equity interest in Nantong Huangshi Hui in favour of DB Trustees (Hong Kong) Limited to secure, among others, the repayment of all amounts payable by the Company in respect of the Notes and other Note Documents (both English and Chinese versions);

(67) an amended and restated agreement on pledge of equity interest in Nantong Jiangle dated 17 August 2009 entered into by and among Cheston Holdings, Nantong Jiangle and DB Trustees (Hong Kong) Limited, pursuant to which Cheston Holdings pledged the equity interest in Nantong Jiangle in favour of DB Trustees (Hong Kong) Limited to secure, among others, the repayment of all amounts payable by the Company in respect of the Notes and other Note Documents (both English and Chinese versions);

(68) an amended and restated agreement on pledge of equity interest in Zhou Yi Nantong dated 17 August 2009 entered into by and among Cheston Holdings, Zhou Yi Nantong and DB Trustees (Hong Kong) Limited, pursuant to which Cheston Holdings pledged the equity interest in Zhou Yi Nantong in favour of DB Trustees (Hong Kong) Limited to secure, among others, the repayment of all amounts payable by the Company in respect of the Notes and other Note Documents (both English and Chinese versions);

(69) a loan agreement (the "Bridge Loan Agreement") dated 17 August 2009 entered into by and among the Company, the Founder and Yes Plus Limited pursuant to which Yes Plus Limited agreed to make a term loan facility to the Company up to an aggregate principal amount of US$30,000,000;

(70) a subordination deed dated 17 August 2009 entered into by and among the Company, the Founder, Yes Plus Limited and DB Trustees (Hong Kong) Limited, pursuant to which the Company, the Founder and Yes Plus Limited agreed to subordinate all liabilities owed by the Company and the Founder to Yes Plus Limited under the Bridge Loan Agreement to all liabilities payable under the Note Documents in accordance with the terms of the subordination deed;

(71) a settlement agreement dated 17 August 2009 entered into between the Company and Deutsche Bank, pursuant to which the Company appointed Deutsche Bank as its settlement agent in respect of the settlement arrangement of the Notes;

(72) an accession agreement dated 17 August 2009 entered into by and among the Company, the Founder, DESCIA and D.E. Shaw Composite Portfolios, L.L.C., pursuant to which D.E. Shaw Composite Portfolios, L.L.C acceded to the investor rights agreement dated 2 November 2007 (as amended and/or restated from time to time);

(73) a deed of amendment dated 4 September 2009 entered into by and among the Company, the Founder, Best Era, Bright New, Allied Honest, East Harbour, Vieward Group, Regal World, Grand Target, Rich Tech, Extreme Asia, Venture Group, Worldex Investment, Cheston Holdings, Fusheng Nantong, Fuda Nantong, Yonghe Nantong, Henghui Nantong, Nantong Jigui, Nantong Jiangle, Nantong Lehua, Nantong Huangshi Hui, Zhuo Yi Nantong, D.E. Shaw Composite Portfolios, L.L.C., DB, Euro Crown Limited, Goldman Sachs RE Investments Holdings Limited, Villa (Delaware) LLC, WH Debt Acquisition (Delaware) LLC, DESCIA and DB Trustees (Hong Kong) Limited, pursuant to which the parties agreed to amend certain terms and conditions of the Notes and release Best Era and the Founder from their respective liabilities under certain Note Documents with effect from the effective time (as defined in the deed of amendment);

(74) a loan agreement dated 9 September 2009 entered into between the Company and Mr. Wan Chi Keung, pursuant to which Mr. Wan Chi Keung agreed to grant a term loan facility of up to HK$51,300,000 to the Company;

(75) a side letter dated 9 September 2009 executed by the Company and Bright New in favour of DESCIA, D.E. Shaw Composite Portfolios, L.L.C., DB, Euro Crown Limited, Goldman Sachs RE Investments Holdings Limited, Villa (Delaware) LLC and WH Debt Acquisition (Delaware) LLC and DB Trustees (Hong Kong) Limited, pursuant to which, among other

things, the Company and Bright New agreed and acknowledged that no amount will be required to be withdrawn or transferred by Bright New from the bank account of Bright New charged in favour of DB Trustees (Hong Kong) Limited at any time for the purpose of reimbursing the Founder of any interest payment (as defined therein) or any other amount paid to the Founder by Company using the proceeds of the bridge loan (as defined therein);

(76) a deed of non-compete undertaking dated 9 September 2009 executed by the Founder and Best Era in favour of our Company pursuant to which the Founder and Best Era gave non-compete undertakings in favour of the Company (for the Company and as trustee for each of the Company's subsidiaries from time to time), details of which are set forth in the section headed "Relationship with the Controlling Shareholders — Deed of Non-compete Undertaking" in this prospectus;

(77) a deed of indemnity dated 9 September 2009 executed by the Founder and Best Era (the "Indemnifiers") in favour of the Company pursuant to which the Indemnifiers provided certain estate duty and taxation related indemnities in favour of the Company, details of which are set forth in the paragraph headed "Estate duty and Tax Indemnity" in Appendix X to this prospectus;

(78) a guarantee dated 11 September 2009 executed by the Company in favour of S.I. Properties Holdings Limited pursuant to which the Company agreed to guarantee the performance of Bright New of its obligations under the sale and purchase agreement relating to the entire issued share capital of Better Score Limited dated 11 June 2009 as amended by a supplemental agreement dated 30 July 2009 with effect from the Listing Date;

(79) a letter of guarantee dated 11 September 2009 issued by the Company to Nantong Jiju and Shanghai Penghui, pursuant to which the Company agreed to be the guarantor in substitution of the Founder under (i) the equity transfer agreement dated 5 August 2009 entered into by and among Shanghai Xintai, Nantong Jiju, Shanghai Penghui, the Founder and Shanghai Industrial Holdings Limited and (ii) the management agreement dated 5 August 2009 entered into by and among Shanghai Penghui, Shanghai Xintai, Nantong Jiju, Bright New, S.I. Properties Holdings Limited and the Founder, with effect from the Listing Date;

(80) a deed of release dated 11 September 2009 entered into by and among Bright New, the Founder, S.I. Properties Holdings Limited and Shanghai Industrial Holdings Limited, pursuant to which the parties agreed to release the obligations and liabilities of the Founder under the sale and purchase agreement relating to the entire issued share capital of Better Score Limited dated 11 June 2009 as amended by a supplemental agreement dated 30 July 2009 with effect from the Listing Date;

(81) an agreement of release dated 11 September 2009 entered into by and among Shanghai Xintai, Nantong Jiju, Shanghai Penghui, Bright New, S.I. Properties Holdings Limited, the Founder, Shanghai Industrial Holdings Limited and Tianjin Yangguang Xindi, pursuant to which the parties agreed to (a) release the obligations and liabilities of the Founder under (i) the sale and purchase agreement relating to the entire issued share capital of Better Score Limited dated 11 June 2009, as amended by a supplemental agreement dated 30 July 2009, entered into by and among Bright New, S. I. Properties Holdings Limited, the Founder and

Shanghai Industrial Holdings Limited, (ii) the equity transfer agreement dated 5 August 2009 entered into by and among Shanghai Xintai, Nantong Jiju, Shanghai Penghui, the Founder and Shanghai Industrial Holdings Limited, and (iii) the management agreement dated 5 August 2009 entered into by and among Shanghai Penghui, Shanghai Xintai, Nantong Jiju, Bright New, S.I. Properties Holdings Limited and the Founder, with effect from the Listing Date, and (b) release the guarantee dated 5 August 2009 executed by Tianjin Yangguang Xindi in favour of Nantong Jiju, with effect from the Listing Date;

(82) a cornerstone investor agreement dated 11 September 2009 entered into by and among the Company, China Southern Fund Management Co., Ltd acting in relation to its management of China Southern International Selection Allocation Fund and the Joint Global Coordinators pursuant to which China Southern Fund Management Co., Ltd acting in relation to its management of China Southern International Selection Allocation Fund agreed to subscribe for Shares for the aggregate purchase price of up to US$20,000,000 at the Offer Price;

(83) a cornerstone investor agreement dated 11 September 2009 entered into by and among the Company, Gavast Estates Limited and the Joint Global Coordinators pursuant to which Gavast Estates Limited agreed to subscribe for Shares for the aggregate purchase price of up to US$30,000,000 at the Offer Price;

(84) a cornerstone investor agreement dated 11 September 2009 entered into by and among the Company, SIHL Treasury Limited and the Joint Global Coordinators pursuant to which SIHL Treasury Limited agreed to subscribe for Shares for the aggregate purchase price of up to US$50,000,000 at the Offer Price;

(85) a cornerstone investor agreement dated 11 September 2009 entered into by and among the Company, Moral King International Limited and the Joint Global Coordinators pursuant to which Moral King International Limited agreed to subscribe for Shares for the aggregate purchase price of up to US$30,000,000 at the Offer Price; and

(86) the Hong Kong Underwriting Agreement dated 18 September 2009, details of which are set out in the section headed "Underwriting" in this prospectus.

Note: Name of entities marked with an asterisk (*) are translations of their Chinese names for reference only.

2. Intellectual Property Rights

(a) *Trademarks*

(i) As of the Latest Practicable Date, the Group was the registered owner the following trademarks:

Trademark	Place of Registration	Registered Owner	Class	Products and Services Covered	Trademark No.	Registered period
	Hong Kong	Company	19	Building materials (non-metallic); non-metallic rigid pipes for building; asphalt, pitch and bitumen; non-metallic transportable buildings; monuments, not of metal	301052090	10 years starting from 15 February 2008
			36	Insurance; financial affairs; monetary affairs; real estate affairs		
			37	Building construction; repair; installation services		
			43	Services for providing food and drink; temporary accommodation		
	Hong Kong	Company	19	Building materials (non-metallic); non-metallic rigid pipes for building; asphalt, pitch and bitumen; non-metallic transportable buildings; monuments, not of metal	301069272	10 years starting from 11 March 2008
			36	Insurance; financial affairs; monetary affairs; real estate affairs		
			37	Building construction; repair; installation services		

Trademark	Place of Registration	Registered Owner	Class	Products and Services Covered	Trademark No.	Registered period
			43	Services for providing food and drink; temporary accommodation		
	Hong Kong	Company	19	Building materials (non-metallic); non-metallic rigid pipes for building; asphalt, pitch and bitumen; non-metallic transportable buildings; monuments, not of metal	301069272	10 years starting from 11 March 2008
			36	Insurance; financial affairs; monetary affairs; real estate affairs		
			37	Building construction; repair; installation services		
			43	Services for providing food and drink; temporary accommodation		
	Hong Kong	Company	19	Building materials (non-metallic); non-metallic rigid pipes for building; asphalt, pitch and bitumen; non-metallic transportable buildings; monuments, not of metal	301069281	10 years starting from 11 March 2008
			36	Insurance; financial affairs; monetary affairs; real estate affairs		
			37	Building construction; repair; installation services		
			43	Services for providing food and drink; temporary accommodation		

Trademark	Place of Registration	Registered Owner	Class	Products and Services Covered	Trademark No.	Registered period
恒盛地產	Hong Kong	Company	19	Building materials (non-metallic); non-metallic rigid pipes for building; asphalt, pitch and bitumen; non-metallic transportable buildings; monuments, not of metal	301069281	10 years starting from 11 March 2008
			36	Insurance; financial affairs; monetary affairs; real estate affairs		
			37	Building construction; repair; installation services		
			43	Services for providing food and drink; temporary accommodation		
恒盛地产	Hong Kong	Company	19	Building materials (non-metallic); non-metallic rigid pipes for building; asphalt, pitch and bitumen; non-metallic transportable buildings; monuments, not of metal	301069281	10 years starting from 11 March 2008
			36	Insurance; financial affairs; monetary affairs; real estate affairs		
			37	Building construction; repair; installation services		
			43	Services for providing food and drink; temporary accommodation		

Trademark	Place of Registration	Registered Owner	Class	Products and Services Covered	Trademark No.	Registered period
恒盛地产	Hong Kong	Company	19	Building materials (non-metallic); non-metallic rigid pipes for building; asphalt, pitch and bitumen; non-metallic transportable buildings; monuments, not of metal	301069281	10 years starting from 11 March 2008
			36	Insurance; financial affairs; monetary affairs; real estate affairs		
			37	Building construction; repair; installation services		
			43	Services for providing food and drink; temporary accommodation		
恒盛地产	Hong Kong	Company	19	Building materials (non-metallic); non-metallic rigid pipes for building; asphalt, pitch and bitumen; non-metallic transportable buildings; monuments, not of metal	301158480	10 years starting from 11 July 2008
			36	Insurance; financial affairs; monetary affairs; real estate affairs		
			37	Building construction; repair; installation services		
			43	Services for providing food and drink; temporary accommodation		

Trademark	Place of Registration	Registered Owner	Class	Products and Services Covered	Trademark No.	Registered period
	Hong Kong	Company	19	Building materials (non-metallic); non-metallic rigid pipes for building; asphalt, pitch and bitumen; non-metallic transportable buildings; monuments, not of metal	301158480	10 years starting from 11 July 2008
			36	Insurance; financial affairs; monetary affairs; real estate affairs		
			37	Building construction; repair; installation services		
			43	Services for providing food and drink; temporary accommodation		
	Hong Kong	Company	19	Building materials (non-metallic); non-metallic rigid pipes for building; asphalt, pitch and bitumen; non-metallic transportable buildings; monuments, not of metal	301158480	10 years starting from 11 July 2008
			36	Insurance; financial affairs; monetary affairs; real estate affairs		
			37	Building construction; repair; installation services		
			43	Services for providing food and drink; temporary accommodation		

Trademark	Place of Registration	Registered Owner	Class	Products and Services Covered	Trademark No.	Registered period
	Hong Kong	Company	19	Building materials (non-metallic); non-metallic rigid pipes for building; asphalt, pitch and bitumen; non-metallic transportable buildings; monuments, not of metal	301158480	10 years starting from 11 July 2008
			36	Insurance; financial affairs; monetary affairs; real estate affairs		
			37	Building construction; repair; installation services		
			43	Services for providing food and drink; temporary accommodation		
SUNGLOW	PRC	Shanghai Yijing	36	Real estate leasing; real estate agency; housing agency; real estate intermediary; real estate assessment; real estate management; apartment management; apartment leasing; housing (apartment); office (real estate) leasing; sales of commodity properties; agency; ownership entrustment; trusts; entrusted management	3277298	14 May 2005 to 13 May 2014
	PRC	Tianjin Yangguang Xindi	41	Education, provide training, entertainments activities and recreational activities	3065554	28 April 2003 to 27 April 2013

(ii) As of the Latest Practicable Date, the Group had applied for registration of the following trademarks:

Trademark	Place of application	Applicant	Class	Products and Services Covered	Application No.	Application date
	Hong Kong	Company	36	Insurance; financial affairs; monetary affairs; real estate affairs	301069290	11 March 2008
			43	Services for providing food and drink; temporary accommodation		
	Hong Kong	Company	36	Insurance; financial affairs; monetary affairs; real estate affairs	301069290	11 March 2008
			43	Services for providing food and drink; temporary accommodation		
	PRC	Company	36	Note 1	6616490	24 March 2008
			37	Note 2	6616495	24 March 2008
	PRC	Company	36	Note 1	6616492	24 March 2008
			37	Note 2	6616491	24 March 2008
GLORIOUS PROPERTY	PRC	Company	36	Note 1	6616304	24 March 2008
			37	Note 2	6616303	24 March 2008
	PRC	Company	36	Note 1	6616264	24 March 2008
			37	Note 2	6616263	24 March 2008
	PRC	Company	36	Note 1	6616266	24 March 2008
			37	Note 2	6616265	24 March 2008

Trademark	Place of application	Applicant	Class	Products and Services Covered	Application No.	Application date
	PRC	Company	36	Note 1	6616268	24 March 2008
			37	Note 2	6616267	24 March 2008
	PRC	Shanghai Xintai	41	Education, provide training, entertainments activities and recreational activities	7089005	1 December 2008
皇浦荟	PRC	Shanghai Xintai	41	Education, provide training, entertainments activities and recreational activities	7088981	1 December 2008

Note 1: Real estate leasing; real estate agency; housing agency; real estate intermediary; real estate assessment; real estate management; apartment management; apartment leasing; housing (apartment); office (real estate) leasing; sales of commodity properties; agency; ownership entrustment; trusts; entrusted management

Note 2: Construction supervision; construction information; leasing of construction equipment; construction; construction of factories; construction of commercial booths and shops; construction of commodity housing; interior decoration; installation and repairing of heating equipment; installation and repairing of electrical appliance.

(b) ***Design Patent***

As of the Latest Practicable Date, the Group was the registered owner of the following design patents:

Design patent	Place of registration	Registered Owner	Patent no.	Registered period
	PRC	Company	200830113940.7	10 years starting from 28 March 2008
	PRC	Company	200830113941.1	10 years starting from 28 March 2008

(c) ***Domain Name***

As of the Latest Practicable Date, the Group was the registered owner of the following domain name:

Domain name	Place of Registration	Registered Owner	Registration date	Expiry date
www.gphl.com.hk	Hong Kong	Company	3 October 2007	16 February 2013
www.gloriousphl.com.cn	PRC	Company	9 January 2008	9 January 2011

The information contained on our websites is not part of this prospectus.

Save as disclosed herein, there are no other trade or service marks, patents, other intellectual or industrial property rights which are material to the business of the Group.

3. Related party transactions

Details of the related party transactions that we have entered into are set forth in note 33 of the Accountant's report, the text of which is set out in Appendix I to this prospectus.

C. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. Directors

(a) ***Disclosure of interest — interests and short positions of the Directors and the chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations***

Immediately following completion of the Global Offering, the Capitalisation Issue and the conversion of the Convertible Notes, the interest or short position of Directors or chief executives of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest or short positions which they were 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 entered in the register referred to therein, or which will be required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies in the Listing Rules once the Shares are listed are as follows:

(i) *Interest in our Company*

Name of Director	**Capacity**	**Number of Shares**	**Approximate shareholding percentage (%)**
Mr. Zhang Zhi Rong *(Note 2)*	Interest of a controlled corporation	5,171,526,562(L)	66.135

Notes:

1. The letter "L" denotes the person's long position in such shares.
2. Mr. Zhang Zhi Rong owns the entire issued share capital of Best Era and is deemed to be interested in 5,171,526,562 Shares held by Best Era.
3. Assuming an Offer Price at the lowest point of the indicative Offer Price range.

(ii) *Interest in the underlying shares of our Company*

Name of Director	**Nature of Interest**	**Number of Shares in the Company subject to options granted under the Pre-IPO Share Option Scheme**	**Approximate percentage of shareholding upon the exercise of the options granted under the Pre-IPO Share Option Scheme**
Mr. Zhang Zhi Rong.....................	Beneficial owner	15,000,000	0.190
Mr. Ding Xiang Yang	Beneficial owner	15,000,000	0.190
Mr. Cheng Li Xiong	Beneficial owner	15,000,000	0.190
Mr. Xia Jing Hua	Beneficial owner	5,000,000	0.063
Mr. Yan Zhi Rong	Beneficial owner	5,000,000	0.063
Mr. Liu Ning................................	Beneficial owner	5,000,000	0.063
Mr. Li Xiao Bin	Beneficial owner	5,000,000	0.063

Note:

1 Without taking into account any Shares which may be granted under the Share Option Scheme but assuming that all options granted under the Pre-IPO Share Option Scheme have been exercised at the same time in full.

2 Assuming an Offer Price at the lowest point of the indicative Offer Price range.

(iii) *Interest in an associated corporation of our Company*

Name of Director	Name of associated corporation	Number of shares	Shareholding Percentage
Mr. Zhang Zhi Rong	Best Era International Limited	50,000	100%
Mr. Zhang Zhi Rong *(Note 1)*..........	Shanghai Chuangmeng International Architectural Design Co., Ltd.	—	3%

Note:

1. Ms. Gao Wei Ping holds 3% equity interests of Shanghai Chuangmeng. Since Mr. Zhang Zhi Rong is the spouse of Ms. Gao, he is deemed to be interested in the 3% equity interests of Shanghai Chuangmeng held by Ms. Gao.

(b) ***Particulars of service contracts***

Each of the executive Directors has entered into a service contract with the Company for a term of three years commencing from the Listing Date subject to termination by not less than three months' notice in writing served by either party on the other. Each of the executive Directors is entitled to their respective basic salaries set out below. Each of the executive Directors is entitled to a discretionary bonus of a sum to be determined by the Board at its absolute discretion. An executive Director may not vote on any resolution of the Directors regarding the amount of bonus payable to him.

Each of the independent non-executive Directors has entered into an appointment letter with the Company for a term of one year commencing from the Listing Date. Each of the independent non-executive Directors is entitled to their respective annual fees set out below. The appointments are subject to the provisions of retirement by rotation of Directors under the Articles.

(c) ***Directors' remuneration***

An aggregate of approximately RMB3,848,000 and RMB1,288,000 were paid to the Directors as remuneration for the year ended 31 December 2008 and the first four months ended 30 April 2009. The current annual director's fees and remuneration of the executive and independent non-executive Directors for the year ending 31 December 2009 are as follows:

Name of Director	Approximate annual director's remuneration (RMB)
Executive Directors	
Mr. Zhang Zhi Rong	2,055,000
Mr. Ding Xiang Yang	1,535,000
Mr. Cheng Li Xiong	1,444,000
Mr. Yan Zhi Rong	702,000
Mr. Xia Jing Hua	702,000
Mr. Li Xiao Bin	1,666,000
Mr. Liu Ning	702,000
Independent non-executive Directors	
Mr. Liu Shun Fai	53,000
Mr. Yim Ping Kuen	53,000
Mr. Wo Rui Fang	53,000
Mr. Han Ping	53,000

Under the arrangement currently in force, the estimated aggregate amount of remuneration, excluding discretionary bonuses, payable by the Group to the Directors for the year ending 31 December 2009 will be approximately RMB9,018,000.

Further details of the terms of the above service contracts are set out in the paragraph headed "Particulars of service contracts" above.

2. Substantial Shareholders

So far as the Directors are aware, immediately following the completion of the Global Offering, the Capitalisation Issue, the conversion of the Convertible Notes and completion of the Second Share Transfer (but without taking into account Shares to be issued pursuant to the exercise of the options which have been granted under the Pre-IPO Share Option Scheme or may be granted under the Share Option Scheme), the following person will have an interest or short position in the Shares and the underlying Shares which would fall to be disclosed to the Company under provisions of Divisions 2 and 3 of Part XV of the SFO, or, 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 members of the Group:

Name of Shareholder	Capacity	Number of Shares held	Approximate shareholding percentage (%)
Best Era International Limited *(Note 2)*	Beneficial owner	5,171,526,562(L)	66.135

Notes:

1. The letter "L" denotes the persons long position in such shares.
2. Best Era is owned as to 100% by the Founder.
3. Assuming an Offer Price at the lowest point of the indicative Offer Price range.

3. Disclaimers

Save as disclosed herein and as at the Latest Practicable Date:

(a) none of the Directors or chief executive of the Company has any interest or short position in the Shares, underlying Shares or debentures of the Company or any of its associated corporation (within the meaning of the SFO) which will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or which will be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which will be required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies once the Shares are listed;

(b) none of the Directors or experts referred to under the heading ''Consents of experts'' in this Appendix has any direct or indirect interest in the promotion of the Company, or in any assets which have within the two years immediately preceding the date of this prospectus been acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group;

(c) none of the Directors or experts referred to under the heading ''Consents of experts'' in this Appendix is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of the Group;

(d) none of the Directors has any existing or proposed service contracts with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation));

(e) taking no account of Shares which may be taken up under the Global Offering, none of the Directors knows of any person (not being a Director or chief executive of the Company) who will, immediately following completion of the Global Offering, have an interest or short position in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of SFO or be interested, directly or indirectly, in 10% or more of the nominal value of any class of share capital carrying voting rights to vote in all circumstances at general meetings of any member of the Group;

(f) none of the experts referred to under the heading ''Consents of experts'' in this Appendix is interested beneficially or otherwise any shareholding in any member of the Group or has any right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group; and

(g) so far as is known to the Directors, none of the Directors, their respective associates or shareholders of the Company who are interested in more than 5% of the issued share capital of the Company has any interests in the five largest customers or the five largest suppliers of the Group.

D. OTHER INFORMATION

1. Pre-IPO Share Option Scheme

Summary of Terms

The purpose of the Pre-IPO Share Option Scheme is to give the participants an opportunity to acquire a personal stake in our Company and help motivate such participants to optimise their performance and efficiency, and also to help retain the participants whose contributions are important to the long-term growth and profitability of our Group. The principal terms of the Pre-IPO Share Option Scheme, approved by written resolutions of the Shareholders dated 9 September 2009, are substantially the same as the terms of the Share Option Scheme except that:

(a) the exercise price per Share under the Pre-IPO Share Option Scheme shall be equal to 60% discount to the Offer Price (assuming an Offer Price of HK$4.65 per Share, being the mid-point of the Offer Price range of HK$4.00 to HK$5.30 per Share, the exercise price per Share will be HK$1.86);

(b) any option granted under the Pre-IPO Share Option Scheme will be exercisable in the following manner:

(i) up to twenty (20)% of the Shares that are subject to the options so granted to him/her (round down to the nearest whole number) at any time during the period commencing on the Listing Date and ending on the first anniversary of the Listing Date;

(ii) up to forty (40)% of the Shares that are subject to the options so granted to him/her less the number of Shares in respect of which the option has been exercised (rounded down to the nearest whole number) at any time during the period commencing from the expiry of the first anniversary of the Listing Date and ending on the second anniversary of the Listing Date;

(iii) up to sixty (60)% of the Shares that are subject to the option so granted to him/her less the number of Shares in respect of which the option has been exercised (rounded down to the nearest whole number) at any time during the period commencing from the expiry of the second anniversary of the Listing Date and ending on the third anniversary of Listing Date;

(iv) up to eighty (80)% of the Shares that are subject to the option so granted to him/her less the number of Shares in respect of which the option has been exercised (rounded down to the nearest whole number) at any time during the period commencing from the expiry of the third anniversary of the Listing Date and ending on the fourth anniversary of Listing Date; and

(v) such number of Shares subject to the option so granted to him/her less the number of Shares in respect of which the option has been exercised (rounded to the nearest whole number) at any time commencing from the expiry of the fourth anniversary of the Listing Date and ending on the expiration of the tenth anniversary of the date of acceptance of the grant of options;

(c) the total number of Shares which may be issued upon the exercise of all options granted under the Pre-IPO Share Option Scheme is 84,000,000 Shares, representing approximately 1.074% of the enlarged issued share capital of our Company immediately after completion of the Global Offering, Capitalisation Issue and the conversion of the Convertible Notes into our Shares (assuming an Offer Price at the lowest point of the indicative Offer Price range and excluding the Shares to be issued pursuant to the Pre-IPO Share Option Scheme); and

(d) save for the options which have been granted, no further options will be granted on or after the Latest Practicable Date.

Options granted pursuant to the Pre-IPO Share Option Scheme are non-transferable. No Share will be issued under the Pre-IPO Share Option Scheme if the Company's public float will as a result of such issue be less than the minimum requirements under the Listing Rules.

Application has been made to the Listing Committee of the Stock Exchange for the approval of the listing of and permission to deal in the 84,000,000 Shares to be issued pursuant to the exercise of the options granted under the Pre-IPO Share Option Scheme.

Outstanding Options Granted

As at the date of this prospectus, options to subscribe for an aggregate of 84,000,000 Shares (representing approximately 1.074% of the enlarged issued share capital of our Company immediately after completion of the Global Offering, assuming that the Over-allotment Option is not exercised and excluding the Shares to be issued pursuant to the Pre-IPO Share Option Scheme) at an exercise price equal to 60% discount to the Offer Price have been conditionally granted to 15 participants by our Company at a consideration of HK$1.00 under the Pre-IPO Share Option Scheme. All the options under the Pre-IPO Share Option Scheme were granted on 9 September 2009 and no further options will be granted under the Pre-IPO Share Option Scheme from the Latest Practicable Date.

Particulars of the options granted under the Pre-IPO Share Option Scheme are as follows:

Name of grantee	Address	Position	No. of Shares subject to the option	Percentage of issued share capital immediately after completion of the Global Offering and the Capitalisation Issue[1] (%)
Directors				
Mr. Zhang Zhi Rong (張志熔) ..	35/F Bowen Lookout 13 Bowen Road Mid-Levels Hong Kong	Chairman and executive Director	15,000,000	0.190
Mr. Ding Xiang Yang (丁向陽) .	No. 5, Lane 1111 Xinzhong Road Minhang District Shanghai 201101 PRC	Vice Chairman and executive Director	15,000,000	0.190
Mr. Cheng Li Xiong (程立雄)...	No. 1475 Kangqiao Peninsula Lane 2727 Hunan Highway Pudong District Shanghai 201204 PRC	Chief executive officer and executive Director	15,000,000	0.190
Mr. Xia Jing Hua (夏景華)	Room 602, No. 45 Lane 823 Changdao Road Pudong New District Shanghai 201206 PRC	Executive Director	5,000,000	0.063
Mr. Yan Zhi Rong (嚴志榮)	Room 501, No.6 Lane 256 1 Zhongshan South Road Huangpu District Shanghai 200011 PRC	Executive Director	5,000,000	0.063

Name of grantee	Address	Position	No. of Shares subject to the option	Percentage of issued share capital immediately after completion of the Global Offering and the Capitalisation Issue[1] (%)
Mr. Liu Ning (劉寧)	Room 1102, No. 3 Lane 168 Nandandong Road Xuhui District South Shanghai 200032 PRC	Executive Director	5,000,000	0.063
Mr. Li Xiao Bin (李曉斌)	No.401, Door 3, 21/F Yutaoyuan District II Xicheng District Beijing 100035 PRC	Executive Director	5,000,000	0.063
Senior management and/or other employees of the Group				
Mr. Lin Chak Pui, Louis (林澤培)	6th Floor, Flat A, Carrie Garden, 345 Tai Hang Road, HK	Assistant to Chairman	5,000,000	0.063
Mr. Ching Yu Lung (程如龍)	Room D, 26/F Tower 3, Central Park 18 Hoi Ting Road Kowloon Hong Kong	Chief financial Officer	5,000,000	0.063
Mr. Song Jue Ping (宋決平)	Room 301, No. 4 Lane 422, Huanghua Road Shanghai PRC	Director of Wuxi Wangjiarui	1,500,000	0.019
Mr. Peng Yao Ming (彭耀明)	Room 401, Gate 1 Block 2, 24 Shiji Cheng Hexi District Tianjin PRC	Director of Tianjin Yangguang Xindi	1,500,000	0.019
Ms. Zhuang Yu Qian (莊玉倩)	Room 302, No. 3 Lane 1688 Kaixuan Road Shanghai PRC	Senior manager of Shanghai Yijing	1,500,000	0.019
Mr. Fang Shi Min (方世敏)	Room 602, No. 19 Lane 728 Anyuan Road Shanghai PRC	Chief engineer	1,500,000	0.019

Name of grantee	Address	Position	No. of Shares subject to the option	Percentage of issued share capital immediately after completion of the Global Offering and the Capitalisation Issue[1] (%)
Ms. Pan Xia (潘霞)	Room 1202, No. 22 Land 288 Lianhua Road Minxing District Shanghai PRC	Assistant to the chief financial officer	1,500,000	0.019
Ms. Fang Zhi Rong (方志榮)....	Room 1601, No.4, Lane 1688 Kaixuan Road, Shanghai PRC	Head of human resources	1,500,000	0.019
		Total	**84,000,000**	**1.063**

Note:

1 Assuming an Offering Price at the lowest point of the indicative Offer Price range and the Over-allotment Option is not exercised and without taking into account any Shares which may be granted under the Share Option Scheme but assuming that all options granted under the Pre-IPO Share Option Scheme have been exercised at the same time in full.

Out of the Shares to be issued upon the exercise of all the options granted under the Pre-IPO Share Option Scheme, options representing 65,000,000 Shares were granted to seven Directors of the Company, options representing 8,000,000 Shares were granted to three senior managers and officers of the Company and options representing 11,000,000 Shares were granted to five other employees and officers of the Group.

The number of options granted to each grantee under the Pre-IPO Share Option Scheme was determined by the Board at the time of grant based upon a number of factors including the length of service and performance of the grantees, the requirement that our Shares be listed on a recognised stock exchange before the options could be exercised and an estimate of the likely period before which any such listing would occur.

The options issued under the Pre-IPO Share Option Scheme represent approximately 1.074% of our enlarged share capital as at the Listing Date (assuming that the Over-allotment Option and the Pre-IPO Share Options are not exercised and excluding the Shares to be issued pursuant to the Pre-IPO Share Option Scheme). If all options are exercised, this would have a dilutive effect of approximately 1.063% on earnings per Share. However, as the options are exercisable over a period of not more than ten years, any such dilution and impact on earnings per Share will be staggered over several years. No further options will be granted under the Pre-IPO Share Option Scheme after the Latest Practicable Date.

2. Share Option Scheme

The following is a summary of the principal terms of the Share Option Scheme approved by the written resolutions of all the Shareholders of the Company passed on 9 September 2009:

(i) *Purpose of the scheme*

The purpose of the Share Option Scheme is to enable the Group to grant options to selected participants as incentives or rewards for their contribution to the Group. The Directors consider the Share Option Scheme, with its broadened basis of participation, will enable the Group to reward the employees, the Directors and other selected participants for their contributions to the Group. Given that the Directors are entitled to determine any performance targets to be achieved as well as the minimum period that an option must be held before an option can be exercised on a case by case basis, and that the exercise price of an option cannot in any event fall below the price stipulated in the Listing Rules or such higher price as may be fixed by the Directors, it is expected that grantees of an option will make an effort to contribute to the development of the Group so as to bring about an increased market price of the Shares in order to capitalise on the benefits of the options granted.

(ii) *Who may join*

The Directors (which expression shall, for the purpose of this paragraph, include a duly authorised committee thereof) may, at its absolute discretion, invite any person belonging to any of the following classes of participants, to take up options to subscribe for Shares:

(a) any employee (whether full-time or part-time, including any executive director but excluding any non-executive director) of the Company, any of its subsidiaries or any entity ("Invested Entity") in which any member of the Group holds an equity interest ("Eligible Employee");

(b) any non-executive directors (including independent non-executive directors) of the Company, any of its subsidiaries or any Invested Entity;

(c) any supplier of goods or services to any member of the Group or any Invested Entity;

(d) any customer of the Group or any Invested Entity;

(e) any person or entity that provides research, development or other technological support to the Group or any Invested Entity;

(f) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity;

(g) any adviser (professional or otherwise) or consultant to any area of business or business development of the Group or any Invested Entity; and

(h) any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of the Group.

For the purposes of the Share Option Scheme, the options may be granted to any company wholly-owned by one or more persons belonging to any of the above classes of participants. For the avoidance of doubt, the grant of any options by the Company for the subscription of Shares or other securities of the Group to any person who falls within any of the above classes of participants shall not, by itself, unless the Directors otherwise determined, be construed as a grant of option under the Share Option Scheme.

The eligibility of any of the above class of participants to the grant of any option shall be determined by the Directors from time to time on the basis of the Directors' option as to his contribution to the development and growth of the Group.

(iii) ***Maximum number of Share which may be issued upon exercise of all options***

(a) The maximum number of Shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme of the Group shall not in aggregate exceed 30% of the issued share capital of the Company from time to time.

(b) The total number of Shares which may be issued upon exercise of all options (excluding, for this purpose, options which have lapsed in accordance with the terms of the Share Option Scheme and any other share option scheme of the Group) to be granted under the Share Option Scheme and any other share option scheme of the Group shall not in aggregate exceed 10% of the Shares in issue on the day on which trading of the Shares commence on the Stock Exchange ("General Scheme Limit"), but excluding any Shares which may be issued upon the exercise of the Over-allotment Option.

(c) Subject to paragraph (a) above and without prejudice to paragraph (d) below, the Company may issue a circular to its Shareholders and seek approval of its Shareholders in general meeting to extend the General Scheme Limit provided that 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 options scheme of the Group shall not exceed 10% of the Shares in issue as at the date of approval of the limit and for the purpose of calculating the limit, options (including those outstanding, cancelled, lapsed or exercised in accordance with the Share Option Scheme and any other share option scheme of the Group) previously granted under the Share Option Scheme and any other share option scheme of the Group will not be counted. The circular sent by the Company to its Shareholders shall contain, among other information, the information required under Rule 17.02(2)(d) of the Listing Rules and the disclaimer required under Rule 17.02(4) of the Listing Rules.

(d) Subject to paragraph (a) above and without prejudice to paragraph (c) above, the Company may seek separate Shareholders' approval in general meeting to grant options beyond the General Scheme Limit or, if applicable, the extended limit referred to in paragraph (c) above to participants specifically identified by the Company before such approval is sought. In such event, the Company must send a circular to its Shareholders containing a general description of the specified participants, the number and terms of options to be granted, the purpose of granting options to the specified participants with an explanation as to how the terms of the options serve such purpose and such other information required under Rule 17.02(2)(d) of the Listing Rules and the disclaimer required under Rule 17.02(4) of the Listing Rules.

(iv) ***Maximum entitlement of each participant***

The total number of Shares issued and which may fall to be issued upon exercise of the options granted under the Share Option Scheme and any other share option scheme of the Group (including both exercised or outstanding options) to each participant in any 12-month period shall not exceed 1% of the issued share capital of the Company for the time being ("Individual Limit"). Any further grant of options in aggregate in excess of the Individual Limit in any 12-month period up to and including the date of such further grant shall be subject to the issue of a circular to the Shareholders and the Shareholders' approval in general meeting of the Company with such participant and his associates abstaining from voting. The number and terms (including the exercise price) of options to be granted to such participant must be fixed before Shareholders' approval and the date of board meeting for proposing such further grant should be taken as the date of grant for the purpose of calculating the exercise price under note (1) to Rule 17.03(9) of the Listing Rules.

(v) ***Grant of options to connected persons***

(a) Any grant of options under the Share Option Scheme to a director, chief executive or substantial shareholder of the Company or any of their respective associates must be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the proposed grantee of the options).

(b) Where any grant of options to a substantial Shareholder of the Company or an independent non-executive Director 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 and 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; and

(ii) having an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HK$5 million;

such further grant of options must be approved by Shareholders of the Company in general meeting. The Company must send a circular to the Shareholders. All connected persons of the Company must abstain from voting at such general meeting, except that any connected person may vote against the relevant resolution at the general meeting provided that his intention to do so has been stated in the circular. Any vote taken at the meeting to approve the grant of such options must be taken on a poll. Any change in the terms of options granted to a substantial shareholder or an independent non-executive Director or any of their respective associates must be approved by the Shareholders in general meeting.

(vi) ***Time of acceptance and exercise of option***

An option may be accepted by a participant within 21 days from the date of the offer of grant of the option.

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period to be determined and notified by the Directors to each grantee, which period may commence on a day after the date upon which the offer for the grant of options is made but shall end in any event not later than 10 years from the date of grant of the option subject to the provisions for early termination under the Share Option Scheme. Unless otherwise determined by the Directors and stated in the offer of the grant of options to a grantee, there is no minimum period required under the Share Option Scheme for the holding of an option before it can be exercised.

(vii) ***Performance targets***

Unless the Directors otherwise determined and stated in the offer of the grant of options to a grantee, a grantee is not required to achieve any performance targets before any options granted under the Share Option Scheme can be exercised.

(viii) ***Subscription price for Shares and consideration for the option***

The subscription price per Share under the Share Option Scheme will be a price determined by the Directors, but shall not be less than the highest of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of the offer of grant, which must be a Business Day; (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations for the five trading days immediately preceding the date of the offer of grant; and (iii) the nominal value of a Share.

A nominal consideration of HK$1.00 is payable on acceptance of the grant of an option.

(ix) ***Ranking of Shares***

(a) Shares allotted upon the exercise of an option will be subject to all the provisions of the Articles of Association of the Company and will rank pari passu in all respects with the fully paid Shares in issue on the date on which the option is duly exercised or, if that date falls on a day when the register of members of the Company is closed, the first day of the re-opening of the register of members ("Exercise Date") and accordingly will entitle the holders thereof to participate in all dividends or other distributions paid or made on or after the Exercise Date other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be before the Exercise Date. A Share allotted upon the exercise of an option shall not carry voting rights until the completion of the registration of the grantee on the register of members of the Company as the holder thereof.

(b) Unless the context otherwise requires, references to "Shares" in this paragraph include references to shares in the ordinary equity share capital of the Company of such nominal amount as shall result from a subdivision, consolidation, re-classification or re-construction of the share capital of the Company from time to time.

(x) ***Restrictions on the time of grant of options***

No offer for grant of options shall 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 announced in accordance with the requirements of the Listing Rules. In particular, during the period commencing one month immediately preceding the earlier of (a) the date of the meeting of the Directors for the approval of the Company's results for any year, half-year, quarter or any other interim period; and (b) the last date on which the Company must publish its announcement of its results for any year, half-year, quarter or any other interim period, and ending on the date of the announcement of the results, no offer for grant of options may be made.

The Directors may not grant any option to a participant who is a Director during the periods or times in which Directors are prohibited from dealing in shares pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers prescribed by the Listing Rules or any corresponding code or securities dealing restrictions adopted by the Company.

(xi) ***Period of the Share Option Scheme***

The Share Option Scheme will remain in force for a period of 10 years commencing on the date on which the Share Option Scheme is adopted.

(xii) ***Rights are personal to the grantee***

An option is personal to the grantee and shall not be transferable or assignable.

(xiii) ***Rights on ceasing employment***

If the grantee of an option is an Eligible Employee and ceases to be an Eligible Employee for any reason other than death, ill-health or retirement in accordance with his contract of employment or for serious misconduct or other grounds referred to in sub-paragraph (xiv) below before exercising his option in full, the option (to the extent not already exercised) will lapse on the date of cessation and will not be exercisable unless the Directors otherwise determine in which event the grantee may exercise the option (to the extent not already exercised) in whole or in part within such period as the Directors may determine following the date of such cessation, which will be taken to be the last day on which the grantee was at work with the Group or the Invested Entity whether salary is paid in lieu of notice or not.

(xiv) ***Rights on death, ill-health or retirement***

If the grantee of an option is an Eligible Employee and ceases to be an Eligible Employee by reason of his death, ill-health or retirement in accordance with his contract of employment before exercising the option in full, his personal representative(s), or, as appropriate, the grantee may exercise the option (to the extent not already exercised) in whole or in part within a period of 12 months following the date of cessation which date shall be the last day on which the grantee was at work with the Group or the Invested Entity whether salary is paid in lieu of notice or not or such longer period as the Directors may determine.

(xv) ***Rights on dismissal***

If the grantee of an option is an Eligible Employee and ceases to be an Eligible Employee by reason that he has been guilty of serious misconduct or has committed any act of bankruptcy or has become insolvent or has made any arrangements or composition with his creditors generally, or has been convicted of any criminal offence (other than an offence which in the opinion of the Directors does not bring the grantee or the Group or the Invested Entity into disrepute), his option will lapse automatically and will not be exercisable on or after the date of ceasing to be an Eligible Employee.

(xvi) ***Rights on breach of contract***

If the Directors shall at their absolute discretion determine that (a) (1) the grantee of any option (other than an Eligible Employee) or his associate has committed any breach of any contract entered into between the grantee or his associate on the one part and the Group or any Invested Entity on the other part; or (2) that the grantee has committed any act of bankruptcy or has become insolvent or is subject to any winding-up, liquidation or analogous proceedings or has made any arrangement or composition with his creditors generally; or (3) the grantee could no longer make any contribution to the growth and development of the Group by reason of the cessation of its relations with the Group or by other reason whatsoever; and (b) the option granted to the grantee under the Share Option scheme shall lapse as a result of any event specified in items (1), (2) or (3) above, his option will lapse automatically and will not be exercisable on or after the date on which the Directors have so determined.

(xvii) ***Rights on a general offer, a compromise or arrangement***

If a general or partial offer, whether by way of take-over offer, share re-purchase offer, or scheme of arrangement or otherwise in like manner is made to all the holders of Shares, or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror, the Company shall use all reasonable endeavours to procure that such offer is extended to all the grantees on the same terms, mutatis mutandis, and assuming that they will become, by the exercise in full of the options granted to them, shareholders of the Company.

If such offer becomes or is declared unconditional or such scheme of arrangement is formally proposed to Shareholders, a grantee shall be entitled to exercise the option (to the extent not already exercised) to its full extent or to the extent specified in the grantee's notice to the Company in exercise of his option at any time before the close of such offer (or any revised offer) or the record date for entitlements under such scheme of arrangement, as the case may be.

(xviii) ***Rights on winding up***

In the event of a resolution being proposed for the voluntary winding-up of the Company during the option period, the grantee may, subject to the provisions of all applicable laws, by notice in writing to the Company at any time not less than two Business Days before the date on which such resolution is to be considered and/or passed, exercise his option (to the extent not already exercised) either to its full extent or to the extent specified in such notice in accordance with the provisions of the Share Option Scheme and the Company shall allot and issue to the grantee the Shares in respect of which such grantee has exercised his option not less than one Business Day before the date on which such resolution is to be considered and/or passed whereupon the grantee shall accordingly be entitled, in respect of the Shares allotted and issued to him in the aforesaid manner, to participate in the distribution of the assets of the Company available in liquidation pari passu with the holders of the Shares in issue on the day prior to the date of such resolution. Subject thereto, all options then outstanding shall lapse and determine on the commencement of the winding-up of the Company.

(xix) ***Grantee being a company wholly-owned by eligible participants***

If the grantee is a company wholly-owned by one or more eligible participants: sub-paragraphs (xi), (xiii), (xiv) and (xv) shall apply to the grantee and to the options to such grantee, mutatis mutandis, as if such options had been granted to the relevant eligible participant, and such options shall accordingly lapse or fall to be exercisable after the event(s) referred to in sub-paragraphs (xi), (xiii), (xiv) and (xv) shall occur with respect to the relevant eligible participant, and the options granted to the grantee shall lapse and determine on the date the grantee ceases to be wholly-owned by the relevant eligible participant provided that the Directors may in their absolute discretion decide that such options or any part thereof shall not so lapse or determine subject to such conditions or limitations as they may impose.

(xx) ***Adjustments to the subscription price***

In the event of a capitalisation issue, rights issue, subdivision or consolidation of Shares or reduction of capital of the Company whilst an option remains exercisable, such corresponding adjustment (if any) certified by the auditors for the time being of or an independent financial adviser to the Company as fair and reasonable will be made to (a) the number or nominal amount of Shares to which the Share Option Scheme or any option relates, so far as unexercised, (b) the subscription price of the option concerned, and/or (c) (unless the relevant grantee elects to waive such adjustment) the number of Shares comprised in the option or which remain comprised in the option, provided that (i) any adjustments shall give a grantee the same proportion of the issued share capital to which he was entitled prior to such alteration; (ii) the issue of Shares or other securities of the Group as consideration in a transaction may not be regarded as a circumstance requiring adjustment; and (iii) no adjustment shall be made the effect of which would be to enable a Share to be issued at less than its nominal value. In addition, in respect of any such adjustments, other than any adjustment made on a capitalisation issue, such auditors or independent financial adviser must confirm to the Directors in writing that the adjustments satisfy the requirements of the relevant provision of the Listing Rules and such other applicable guidance and/or interpretation of the Listing Rules from time to time issued by the Stock Exchange (including, but not limited to, the "Supplementary Guidance on Main Board Listing Rule 17.03(13) and the Note immediately after the Rule" attached to the letter from the Stock Exchange dated 5 September 2005 to all issuers relating to the share option scheme).

(xxi) ***Cancellation of options***

Any cancellation of options granted but not exercised must be subject to the prior written consent of the relevant grantee and the approval of the Directors.

When the Company cancels any option granted to a grantee but not exercised and issues new option(s) to the same grantee, the issue of such new option(s) may only be made with available unissued options (excluding the options so cancelled) within the General Scheme Limit or the new limits approved by the Shareholders pursuant to sub-paragraphs (ii) (c) and (d) above.

(xxii) ***Termination of the Share Option Scheme***

The Company may by resolution in general meeting at any time terminate the Share Option Scheme and in such event no further options shall be offered but in all other respects the provisions of the Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any options (to the extent not already exercised) granted prior to the termination or otherwise as may be required in accordance with the provisions of the Share Option Scheme. Options (to the extent not already exercised) granted prior to such termination shall continue to be valid and exercisable in accordance with the Share Option Scheme.

(xxiii) ***Lapse of option***

An option shall lapse automatically (to the extent not already exercised) on the earliest of:

(a) the expiry of the period referred to in sub-paragraph (vi);

(b) the expiry of the periods or dates referred to in sub-paragraphs (xi), (xiii), (xiv), (xv), (xvii) and (xviii);

(c) in respect of a grantee who is an Eligible Employee, the date on which the grantee ceases to be an Eligible Employee by reason of a termination of his employment on the grounds that he has been guilty of persistent or serious misconduct, or has committed any act of bankruptcy or has become insolvent or has made any arrangement or composition with his creditors generally, or has been convicted of any criminal offence (other than an offence which in the opinion of the Directors does not bring the grantee or any member of the Group or the Invested Entity into disrepute);

(d) in respect of a grantee other than an Eligible Employee, the date on which the Directors shall at their absolute discretion determine that (i) (a) the grantee or his associate has committed any breach of any contract entered into between the grantee or his associate on the one part and any member of the Group or any Invested Entity on the other part; or (b) the grantee has committed any act of bankruptcy or has become insolvent or is subject to any winding-up, liquidation or analogous proceedings or has made any arrangement or composition with his creditors generally or (c) the grantee could no longer make any contribution to the growth and development of any member of the Group by reason of the cessation of its relations with the Group or by any other reason whatsoever; and (ii) the option shall lapse as a result of any event specified in sub-paragraph (a), (b) or (c) above; and

(e) the date on which the Directors shall exercise the Company's right to cancel the option by reason of a breach of sub-paragraph (xxii) by the grantee in respect of that or any other options.

(xxiv) ***Others***

(a) The Share Option Scheme is conditional on the Listing Committee of the Stock Exchange granting the listing of and permission to deal in, such number of Shares to be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme, such number representing the General Scheme Limit. Application has been made to the Listing Committee of the Stock Exchange for the listing of and permission to deal in the Shares to be issued within the General Scheme Limit pursuant to the exercise of any options which may be granted under the Share Option Scheme.

(b) The terms and conditions of the Share Option Scheme relating to the matters set out in Rule 17.03 of the Listing Rules shall not be altered to the advantage of grantees of the options except with the approval of the Shareholders in general meeting.

(c) 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 of the Company in general meeting, except where the alterations take effect automatically under the existing terms of the Share Option Scheme.

(d) The amended terms of the Share Option Scheme or the options shall comply with the relevant requirements of Chapter 17 of the Listing Rules.

(e) Any change to the authority of the Directors or the scheme administrators in relation to any alteration to the terms of the Share Option Scheme shall be approved by the Shareholders of the Company in general meeting.

(xxv) ***Grant of option***

As at the date of this prospectus, no options have been granted or agreed to be granted under the Share Option Scheme.

(xxvi) ***Value of options***

The Directors consider it inappropriate to disclose the value of options which may be granted under the Share Option scheme as if they had been granted as at the Latest Practicable Date. Any such valuation will have to be made on the basis of certain option pricing model or other methodology, which depends on various assumptions including, the exercise price, the exercise period, interest rate, expected volatility and other variables. As no options have been granted, certain variables are not available for calculating the value of options. The Directors believe that any calculation of the value of options as at the Latest Practicable Date based on a number of speculative assumptions would not be meaningful and would be misleading to investors.

3. Convertible Notes

The Company granted certain Convertible Notes in the aggregate principal amount of US$165,000,000, which are mandatorily convertible on the Listing Date at the Offer Price, to each Pre-IPO Investor. Details of the Convertible Notes, see the section headed "History, Reorganisation and Group Structure — Pre-IPO Financing — Convertible Notes" and Appendix VIII "Summary of the Promissory Notes and the Convertible Notes".

4. Estate duty and Tax indemnity

Mr. Zhang Zhi Rong and Best Era (the "Indemnifiers") have entered into a deed of indemnity with and in favour of the Company (for itself and as trustee for each of its subsidiaries) (being the contract referred to in paragraph (77) of the paragraph headed "Summary of material contracts" in this Appendix) to provide indemnities on a joint and several basis in respect of, *inter alia*, (1) Hong Kong estate duty which is or becomes payable by any member of the Group, by virtue of section 35 or section 43 of the Estate Duty Ordinance (Chapter 111 of the Laws of Hong Kong) on or about the date of commencement of trading in the Shares on the Stock Exchange; and (2) taxation falling on any of the Group Companies resulting from or by reference to any income, profits or gains earned, accrued or received (or deemed to be so earned, accrued or received) on or before the date of commencement of trading in the Shares on the Stock Exchange.

The Indemnifiers will, however, not be liable under the deed of indemnity:

(i) to the extent that provision or allowance has been made for such taxation or taxation claims in the audited combined accounts of the Group companies or any of them for the three years ended 31 December, 2008 and the four months ended 30 April 2009 (the "Accounts"); or

(ii) to the extent that such taxation falling on any member of the Group in respect of any period commencing on or after 30 April 2009 unless liability for such taxation would not have arisen but for some act or omission of, or transactions entered into by the Group companies or any of them (whether alone or in conjunction with some other act, omission or transaction, whenever occurring) otherwise than in the ordinary course of business after the date on which trading in the Shares on the Stock Exchange commences (other than pursuant to a binding commitment existing at the date of this deed of indemnity); or

(iii) to the extent provisions or reserve made such taxation in the Accounts is finally established to be an overprovision or an excessive reserve; or

(iv) to the extent that the taxation claim arises or is incurred as a result of the imposition of taxation as a consequence of any retrospective change in the law coming into force after the date of the deed of indemnity or to the extent that such taxation claim arises or is increased by an increase in rates of taxation after such date with retrospective effect.

The Directors have been advised that no material liability for estate duty is likely to fall on the Company or any of its subsidiaries in the Cayman Islands, Hong Kong, BVI or PRC.

5. Litigation

As of the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened by or against any member of the Group.

6. Joint Sponsors

The Joint Sponsors has made an application on behalf of the Company to the Listing Committee of the Stock Exchange for a listing of, and permission to deal in, all the Shares in issue and to be issued as mentioned in this prospectus (including any Shares falling to be issued pursuant to the Share Option Scheme and the Pre-IPO Share Option Scheme, the conversion of the Convertible Notes and the exercise of the Over-allotment Option).

7. Preliminary expenses

The preliminary expenses of the Company are estimated to be approximately HK$15,000 and are payable by the Company.

8. Promoter

The Company does not have a promoter. Save as disclosed in this prospectus, within the two years immediately preceding the date of this prospectus, no cash, securities or other benefit has been paid, allotted or given nor are any proposed to be paid, allotted or given to any promoters in connection with the Global Offering or the related transactions described in this prospectus.

9. Qualification of experts

The following are the qualifications of the experts who have given opinion or advice which are contained in this prospectus:

Name	Qualifications
J.P. Morgan Securities (Asia Pacific) Limited	Licensed to conduct Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 7 (providing automated trading services) of the regulated activities under the SFO, and a restricted licensed bank under the Banking Ordinance (Cap. 155 of the Laws of Hong Kong)
Deutsche Bank AG, Hong Kong Branch	Registered for Type 1 regulated activity (dealing in securities), Type 4 regulated activity (advising on securities) and Type 6 regulated activity (advising on corporate finance) under the SFO, and a licensed bank under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)
PricewaterhouseCoopers	Certified Public Accountants
Conyers Dill & Pearman	Legal adviser to our Company on Cayman Islands law
Commerce and Finance Law Offices	Legal adviser to our Company on PRC law
Jones Lang LaSalle Sallmanns Limited	Independent property valuer and market research consultant

10. Consents of experts

Each of the Joint Sponsors, PricewaterhouseCoopers, Conyers Dill & Pearman, Commerce and Finance Law Offices and Jones Lang LaSalle Sallmanns Limited has given and has not withdrawn its written consent to the issue of this prospectus with the inclusion of its report and/or letter and/or valuation certificate and/or opinion and the references to its name included herein in the form and context in which it is respectively included.

11. Particulars of the Selling Shareholder

Name	Description	Registered Office	Sale Shares
Best Era International Limited *(Note 1)* ...	Limited liability company	P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands	375,000,000 *(Note 2)*

Note 1: The entire issued share capital in Best Era is owned by Mr. Zhang Zhi Rong, our Founder and executive Director.

Note 2: Subject to increase if the Over-allotment Option is exercised.

12. 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 Companies Ordinance so far as applicable.

13. Taxation of holders of Shares

Dealings in Shares registered on our Hong Kong branch register of members will be subject to Hong Kong stamp duty. Intending holders of Shares are recommended to consult their professional advisers if they are in doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of or dealing in Shares. It is emphasised that none of our Company, Directors or the other parties involved in the Global Offering can accept responsibility for any tax effect on, or liabilities of, holders of Shares resulting from their subscription for, purchase, holding or disposal of or dealing in Shares.

Profits from dealings in the Shares arising in or derived from Hong Kong may also be subject to Hong Kong profits tax.

The sale, purchase and transfer of Shares are subject to Hong Kong stamp duty, the current rate of which is 0.2% of the consideration or, if higher, the value of the Shares being sold or transferred.

Under present Cayman Islands law, transfers and other dispositions of shares of Cayman Islands exempted companies are exempt from Cayman Islands stamp duty (except for such companies which hold an interest in land in the Cayman Islands).

14. Miscellaneous

(a) Save as disclosed in this prospectus, and, where applicable, as at the Latest Practicable Date:

  (i) within the two years preceding the date of this prospectus, no share or loan capital of the Company or any of its subsidiaries has been issued or agreed to be issued or is proposed to be fully or partly paid either for cash or a consideration other than cash;

(ii) no share or loan capital of the Company or any of its subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;

(iii) within the two years preceding the date of this prospectus, 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 share or loan capital of the Company or any of its subsidiaries;

(iv) within the two years preceding the date of this prospectus, no commission has been paid or is payable for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any share in the Company or any of its subsidiaries; and

(v) no founder, management or deferred shares of the Company or any of its subsidiaries have been issued or agreed to be issued and no amount or benefit had been paid or given within two preceding years or is intended to be paid or given to any promoter.

(b) None of the persons named in the paragraph headed “Consents of experts” in this Appendix is interested beneficially or otherwise in any shares of any member of the Group or has any right or option (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for any securities in any member of the Group.

(c) The Directors confirm that there has been no material adverse change in the financial or trading position or prospects of the Group since 30 April 2009 (being the date to which the latest audited combined financial statements of the Group were made up).

(d) There has been no interruption in the business of the Group which may have or has had a significant effect on the financial position of the Group in the 12 months preceding the date of this prospectus.

(e) The register of members of the Company will be maintained in Hong Kong by Computershare Hong Kong Investor Services Limited. Unless the Directors otherwise agree, all transfer and other documents of title of Shares must be lodged for registration with and registered by the Company’s share register in Hong Kong and may not be lodged in the Cayman Islands. All necessary arrangements have been made to enable the Shares to be admitted to CCASS.

(f) No company within the Group is presently listed on any stock exchange or traded on any trading system.

15. Bilingual prospectus

The English and Chinese versions of this prospectus are being published separately, in reliance upon the exemption provided by Section 4 of the Companies Ordinance (Exemptions of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32 of the Laws of Hong Kong).

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to the copy of this prospectus delivered to the Registrar of Companies in Hong Kong for registration were copies of the WHITE, YELLOW and GREEN Application Forms, the written consents referred to in the paragraph headed "10. Consents of experts" under the section headed "D. Other information" in Appendix X to this prospectus, particulars of the Selling Shareholder and copies of the material contracts referred to in the paragraph headed "1. Summary of material contracts" under the section headed "B. Further Information about the Business" in Appendix X to this prospectus.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the office of Paul, Hastings, Janofsky & Walker at 22/F, Bank of China Tower, 1 Garden 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 and the Articles;

(b) the Accountant's Report of the Group from PricewaterhouseCoopers, the text of which is set out in Appendix I to this prospectus;

(c) the report on the unaudited pro forma financial information of the Group from PricewaterhouseCoopers, the text of which are set out in Appendix II to this prospectus;

(d) the letters from PricewaterhouseCoopers and the Joint Sponsors relating to the profit forecast, the texts of which are set out in Appendix III to this prospectus;

(e) the audited financial statements of the companies comprising the Group for the two financial years ended 31 December 2008 (or for the period since their respective dates of incorporation where it is shorter);

(f) the letter, summary of values and valuation certificates relating to the property interests of the Group prepared by Jones Lang LaSalle Sallmanns Limited, the texts of which are set out in Appendix IV to this prospectus;

(g) the letter of advice prepared by Conyers Dill & Pearman, our legal adviser on Cayman Islands law, summarising certain aspects of the Cayman Islands company law as set out in Appendix VI to this prospectus;

(h) the PRC legal opinions issued by Commerce & Finance Law Offices, our legal adviser on PRC laws, in respect of our general matters and property interests;

(i) the Companies Law;

(j) the rules of the Share Option Scheme and the Pre-IPO Share Option Scheme;

(k) the material contracts referred to in the paragraph headed "1. Summary of material contracts" under the section headed "B. Further Information about the Business" in Appendix X to this prospectus;

(l) the service contracts referred to in the section entitled "C. Further Information About Directors and Substantial Shareholders — 1. Directors — (b) Particulars of service contracts" in Appendix X to this prospectus;

(m) the written consents referred to in the paragraph headed "10. Consent of experts" in Appendix X to this prospectus;

(n) the research report prepared by Jones Lang LaSalle Sallmanns Limited, an extract of which are set out in the section headed "Industry Overview" of this prospectus; and

(o) the particulars of the Selling Shareholder.

GLORIOUS PROPERTY HOLDINGS LIMITED

恒 盛 地 產 控 股 有 限 公 司