



旭輝控股(集團)有限公司

CIFI HOLDINGS (GROUP) CO. LTD.

(Incorporated in the Cayman Islands with limited liability)
Stock Code : 00884

Global Offering



Joint Global Coordinators and Joint Sponsors



Morgan Stanley



Joint Bookrunners and Joint Lead Managers



Morgan Stanley



IMPORTANT

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



CIFI GROUP
旭輝集團

CIFI Holdings (Group) Co. Ltd.
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(Incorporated in the Cayman Islands with limited liability)

GLOBAL OFFERING

Number of Offer Shares under the Global Offering	:	1,255,000,000 Shares (subject to adjustment and the Over-allotment Option)
Number of Hong Kong Offer Shares	:	125,500,000 Shares (subject to adjustment)
Number of International Placing Shares	:	1,129,500,000 Shares (subject to adjustment and the Over-allotment Option)
Maximum Offer Price	:	HK\$1.65 per Offer Share (payable in full on application in Hong Kong dollars, subject to refund on final pricing, plus brokerage of 1%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005%)
Nominal Value	:	HK\$0.10 per Share
Stock Code	:	00884

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

A copy of this prospectus, having attached to it the documents specified in the section headed "Documents delivered to the Registrar of Companies" in Appendix VIII 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 and the Registrar of Companies in Hong Kong take no responsibility for the contents of this prospectus or any other document referred to above.

The Offer Price is expected to be fixed by agreement between the Joint Bookrunners (on behalf of the Underwriters) and us on the Price Determination Date. The Price Determination Date is expected to be on or around 16 November 2012 and, in any event, not later than 22 November 2012. The Offer Price will be not more than HK\$1.65 and is currently expected to be not less than HK\$1.33 unless otherwise announced. Applicants for the Hong Kong Offer Shares are required to pay, on application, the maximum Offer Price of HK\$1.65 for each Hong Kong Offer Share together with brokerage of 1%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005%, subject to refund if the Offer Price as finally determined should be lower than HK\$1.65.

The Joint Bookrunners (on behalf of the Underwriters) may, with our consent, reduce the number of Hong Kong Offer Shares and/or the indicative Offer Price range below that stated in this prospectus (which is HK\$1.33 to HK\$1.65 per Offer Share) at any time on or before the morning of the last day for lodging applications under the Hong Kong Public Offer. In such case, notices of the reduction in the number of the Hong Kong Offer Shares and/or the indicative Offer Price range 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 last day for lodging applications under the Hong Kong Public Offer. Such notices will also be available at our website at www.cifi.com.cn and the website of the Stock Exchange at www.hkexnews.hk. If, for any reason, the Offer Price is not agreed between the Joint Bookrunners (on behalf of the Underwriters) and us, the Global Offering (including the Hong Kong Public Offer) will not proceed. Further details are set out in the sections headed "Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares" in this prospectus.

The obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement to procure subscribers for or themselves to subscribe for the Hong Kong Offer Shares are subject to termination by the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters) if certain grounds arise before 8:00 a.m. on the Listing Date. These grounds are set out in the section headed "Underwriting — Grounds for termination" in this prospectus. It is important that you refer to that section for further details.

The Offer Shares have not been, and will not be, registered under the US Securities Act and, subject to certain exceptions, may not be offered or sold in the United States.

13 November 2012

IMPORTANT

We will be relying on section 9A of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliances with Provisions) Notice (Chapter 32L of the Laws of Hong Kong) and will be issuing the **white** and **yellow** Application Forms without them being accompanied by a printed prospectus. The contents of this prospectus are identical to the electronic form prospectus which can be accessed and downloaded from the websites of our Company at www.cifi.com.cn, under the “Investor Relations — HKIPO — Prospectus” section, and the website of the Stock Exchange at www.hkexnews.hk, under the “HKExnews — Listed Company Information — Latest Listed Company Information” section, respectively.

Members of the public who wish to obtain a copy of this printed prospectus may obtain a copy, free of charge, upon request during normal business hours from 9:00 a.m. on Tuesday, 13 November 2012 until 12:00 noon on Friday, 16 November 2012 at the following locations:

1. the Depository Counter of HKSCC at 2nd Floor, Infinitus Plaza, 199 Des Voeux Road Central, Hong Kong;
2. any of the following addresses of the Joint Sponsors and/or the Hong Kong Underwriters:

Citigroup Global Markets Asia Limited	50th Floor Citibank Tower Citibank Plaza 3 Garden Road Central Hong Kong
Morgan Stanley Asia Limited	Level 46 International Commerce Centre 1 Austin Road West Kowloon Hong Kong
Standard Chartered Securities (Hong Kong) Limited	15/F Two International Finance Centre 8 Finance Street Central Hong Kong
BOCOM International Securities Limited	BOCOM International Securities Limited 9th Floor, Man Yee Building 68 Des Voeux Road Central Hong Kong
First Shanghai Securities Limited	19th Floor, Wing On House 71 Des Voeux Road Central Hong Kong
CCB International Capital Limited	34/F, Two Pacific Place 88 Queensway Admiralty Hong Kong

IMPORTANT

3. any one of the following branches of:

(i) **Standard Chartered Bank (Hong Kong) Limited**

	Branch Name	Address
Hong Kong Island	Des Voeux Road Branch	Standard Chartered Bank Building 4-4A, Des Voeux Road Central Central
	Wanchai Southorn Branch	Shop C2 on G/F and 1/F Lee Wing Building No. 156-162 Hennessy Road Wanchai

(ii) **Bank of Communications Co., Ltd. Hong Kong Branch**

	Branch Name	Address
Kowloon	Cheung Sha Wan Plaza Sub-Branch	Unit G04 Cheung Sha Wan Plaza 833 Cheung Sha Wan Road
New Territories	Shatin Sub-Branch	Shop No. 193 Level 3, Lucky Plaza

Details of where this printed prospectus may be obtained will be displayed prominently at every branch of Standard Chartered Bank (Hong Kong) Limited and Bank of Communications Co., Ltd. Hong Kong Branch where **white** and **yellow** Application Forms are distributed.

During normal business hours from 9:00 a.m. on Tuesday, 13 November 2012 until 12:00 noon on Friday, 16 November 2012, at least three copies of this printed prospectus will be available for inspection at every location where the **white** and **yellow** Application Forms are distributed as set out in the section headed “How to Apply for Hong Kong Offer Shares — Applying by Using a White or Yellow Application Form” in this prospectus.

EXPECTED TIMETABLE *(Note 1)*

Latest time to complete electronic applications under
the **White Form eIPO** service through the designated
website **www.eipo.com.hk** *(Note 2)*11:30 a.m. on 16 November 2012

Application lists open *(Note 3)*11:45 a.m. on 16 November 2012

Latest time to lodge **white** and **yellow** Application Forms
and to give **electronic application instructions**
to HKSCC *(Note 4)*12:00 noon on 16 November 2012

Latest time to complete payment of the White Form
eIPO applications by effecting internet banking
transfer(s) or PPS payment transfer(s)12:00 noon on 16 November 2012

Application lists close *(Note 3)*12:00 noon on 16 November 2012

Expected Price Determination Date *(Note 5)*16 November 2012

(1) Announcement of:

- the Offer Price;
- the level of applications in the Hong Kong Public Offer;
- the level of indications of interest in the International Placing; and
- the basis of allotment 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 22 November 2012

(2) 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 (please refer to the section
headed "How to Apply for Hong Kong Offer Shares = Publication
of results" in this prospectus) from 22 November 2012

(3) A full announcement of the Hong Kong Public Offer containing (1)
and (2) above to be published on the website of the Stock Exchange
at **www.hkexnews.hk** *(Note 6)* and the Company's website at
www.cifi.com.cn *(Note 7)* from 22 November 2012

Results of allocations in the Hong Kong Public Offer will be
available at **www.iporesults.com.hk** with a "search by ID" function22 November 2012

EXPECTED TIMETABLE *(Note 1)*

White Form e-Refund payment instructions in respect of wholly or partially unsuccessful applications to be despatched on or before <i>(Notes 8 and 13)</i>	22 November 2012
Refund cheques in respect of wholly or partially unsuccessful applications to be posted on or before <i>(Notes 9, 10, 11 and 13)</i>	22 November 2012
Share certificates to be posted or deposited into CCASS on or before <i>(Notes 9 to 12)</i>	22 November 2012
Dealings in Shares on the Stock Exchange expected to commence	at 9:00 a.m. on 23 November 2012

Notes:

- (1) All times refer to Hong Kong local time. Details of the structure of the Global Offering, including its conditions, are set out in the section headed “Structure of the Global Offering” in this prospectus. We will publish an announcement in case there is any change in the expected timetable of the Hong Kong Public Offer shown above.
- (2) 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 at or before 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, at which time the application lists will close.
- (3) If there is a “black” rainstorm warning or a tropical cyclone warning signal number 8 or above in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on 16 November 2012, the application lists will not open on that day. Please refer to the section headed “How to Apply for Hong Kong Offer Shares — Effect of bad weather on the opening of the application lists” in this prospectus.
- (4) Applicants who apply for Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC should refer to the section headed “How to Apply for Hong Kong Offer Shares — Applying by giving electronic application instructions to HKSCC” in this prospectus.
- (5) The Price Determination Date is expected to be on or around 16 November 2012 and, in any event, not later than 22 November 2012. If, for any reason, we and the Joint Bookrunners (on behalf of the Underwriters) are unable to reach an agreement on the Offer Price, the Hong Kong Public Offer and the International Placing will not become unconditional and will lapse immediately.
- (6) The announcement will be available for viewing on the “New Listings — Main Board — Allotment Results” page on the Stock Exchange’s website at www.hkexnews.hk.
- (7) None of the website or any of the information contained on the website forms part of this prospectus.
- (8) Applicants who apply through the **White Form eIPO** service by paying the application monies through a single bank account may have e-Refund payment instructions (if any) despatched to the application payment account on or before

EXPECTED TIMETABLE *(Note 1)*

22 November 2012. Applicants who apply through the **White Form eIPO** service by paying the application monies through multiple bank accounts may have refund cheque(s) sent to the address specified in their application instructions to the designated White Form eIPO Service Provider on or before 22 November 2012, by ordinary post and at their own risk.

- (9) Applicants who apply on **white** Application Forms for 1,000,000 Hong Kong Offer Shares or more and have indicated in their Application Forms that they wish to collect refund cheques (where applicable) and Share certificates (where applicable) in person from the Hong Kong Share Registrar may collect refund cheques (where applicable) and Share certificates (where applicable) in person from the Hong Kong Share Registrar 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 22 November 2012. Applicants being individuals who opt for personal collection must not authorise any other persons to make their collection on their behalf. Applicants being corporations who opt for personal collection must attend by their authorised representatives bearing letters of authorisation from their corporations stamped with the corporation's chop. Identification documents and (where applicable) authorisation documents acceptable to the Hong Kong Share Registrar must be produced at the time of collection. Further information is set out in the section headed "How to Apply for Hong Kong Offer Shares — Despatch/collection of Share certificates and refund of application monies" in this prospectus. Part of your Hong Kong Identity Card number/passport number, or, if you are a joint applicant, part of the Hong Kong Identity Card number/passport number of the first-named applicant, provided by you may be printed on your refund cheque, if any. Such data would also be transferred to a third party for refund purpose. Your banker may require verification of your Hong Kong Identity Card number/passport number before encashment of your refund cheque. Inaccurate completion of your Hong Kong Identity Card number/passport number may lead to delay in encashment of, or may invalidate, your refund cheque.
- (10) Applicants who apply on **yellow** Application Forms for 1,000,000 Hong Kong Offer Shares or more and have indicated in their Application Forms that they wish to collect refund cheques in person may collect their refund cheque (if any) but may not elect to collect their Share certificates, which will be deposited into CCASS for credit to their designated CCASS Participant stock accounts or CCASS Investor Participant stock accounts, as appropriate. The procedures for collection of refund cheques (if any) for applicants who apply on **yellow** Application Forms are the same as those for applicants who apply on **white** Application Forms.
- (11) Uncollected Share certificates and/or refund cheques (if any) will be despatched by ordinary post at the applicants' own risk to the addresses specified in the relevant Application Forms. Further information is set out in the section headed "How to Apply for Hong Kong Offer Shares — Despatch/collection of Share certificates and refund of application monies" in this prospectus.
- (12) Share certificates for the Hong Kong Offer Shares applied by **yellow** Application Forms and giving electronic application instructions to HKSCC are expected to be deposited into CCASS on 22 November 2012 for credit to the respective CCASS Participant's stock accounts.
- (13) Refunds will be issued in respect of wholly or partially unsuccessful applications and in respect of successful applicants in the event that the Offer Price as finally determined is less than the price payable on application.

Share certificates will only become valid certificates of title if the Global Offering has become unconditional in all respects and neither of the Underwriting Agreements has been terminated in accordance with its terms before 8:00 a.m. on the Listing Date, which is expected to be 23 November 2012. Investors who trade Shares on the basis of publicly available allocation details before the receipt of Share certificates and before the Share certificates become valid do so entirely at their own risk.

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IMPORTANT NOTICE TO INVESTORS

This prospectus is issued by CIFI Holdings (Group) Co. Ltd. solely in connection with the Hong Kong Public Offer and the Hong Kong Offer Shares, and does not constitute an offer to sell, or a solicitation of an offer to subscribe for or buy, any securities other than the Hong Kong Offer Shares. 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. This prospectus may not be used for the purpose of, and does not constitute, an offer to sell, or a solicitation of an offer to subscribe for or buy, any securities in any other jurisdiction or in any other circumstances.

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 from 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 Joint Global Coordinators, the Joint Bookrunners, the Joint Sponsors, the Joint Lead Managers, any of the Underwriters, any of their directors, or any other persons or parties involved in the Global Offering.

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SUMMARY

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 the information that may be important to you. You should read the whole prospectus before you decide to invest in the Offer Shares.

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

OVERVIEW

We are engaged in the property development, property investment and property management business in the PRC. We are a strategy-oriented and shareholder value-focused real estate enterprise. We develop our business strategies in line with government policies related to the real estate sector in the PRC.

For our residential property development, we principally focus on developing residential properties with small-to-medium unit sizes, comfortable living environment and locations with good public transportation links. For our commercial property development for sale, we principally focus on developing commercial properties at locations outside of city centres of first-tier cities with attractive nearby facilities and good transportation links and locations in city areas of second- and third-tier cities. We also develop and retain ownership of certain commercial properties as our investment property. Additionally, we provide property management services to our residential and commercial customers through our own property management companies.

Our business operations are diversified in terms of geographic locations which reduce our risks in future expansion. We have established a strong market position in Shanghai and have been active in expanding our business in Beijing, as well as in selected second- and third-tier cities in the PRC. We were ranked tenth in the “2009-2010 Shanghai Top 50 Real Estate Developers” (2009-2010 上海房地產開發企業50強) report published by Shanghai Real Estate Trade Association (上海市房地產行業協會). Nationally, we were awarded as one of the China Top 100 Real Estate Developers (中國房地產百強企業) from 2006 to 2012 by the Enterprise Research Institute of Development Research Centre of the State Council (國務院發展研究中心企業研究所), the Institute of Real Estate Studies of Tsinghua University (清華大學房地產研究所) and the China Index Academy (中國指數研究院). These agencies also named us as one of the Top 10 Real Estate Developers by Profitability (盈利性Top 10) and by Operating Efficiency (運營效率Top 10) in 2012.

As at the Latest Practicable Date, we had 43 property projects covering 11 cities, which can be broadly divided into three geographic regions in the PRC: the Yangtze River Delta Region (長江三角區域), the Bohai Economic Rim (環渤海經濟圈) and the Central Western Region (中西部). As at 31 August 2012, we had a land bank with an aggregate GFA of approximately 6.16 million sq.m.

Over the years, we have faced various challenges, including those arising from real estate-related austerity measures in the PRC, as well as the global financial crisis and property market cycles. By adhering to our business and financial strategies, we have successfully implemented strategic plans to help us withstand these challenges.

BUSINESS MODEL

For our property development, we integrate site selection, planning, design, construction and property management and follow our standardised process management to ensure development

SUMMARY

efficiency and product quality. We have standardised operating procedures that cover various phases in our development process, including site selection, planning and design. We outsource substantially all of our construction work to external construction contractors. We provide property management services to the owners of our residential and commercial properties.

COMPETITIVE STRENGTHS

Our focused operating strategies give us the following competitive strengths:

- We principally focus on developing residential properties with small-to-medium unit sizes, comfortable living environment and locations with good public transportation links, all of which are more aligned with the real estate-related macro-policies in the PRC
- We have strong execution capabilities to achieve rapid asset turnover, which improves our operating cash flow and return on equity
- We have adopted coherent business and financial strategies which balance quality growth and financial prudence
- We have achieved a nationwide geographical coverage and a strong presence in selected first-, second- and third-tier cities in the PRC
- We have a highly disciplined and systematic approach to land acquisition and have strategically acquired a large amount of low-cost land reserves
- We have a highly experienced senior management team and an efficient management structure between our headquarters and regional companies which support nationwide expansion

FUTURE BUSINESS STRATEGIES

Within the next five years, we aim to become (i) one of the top 20 real estate enterprises in the PRC in terms of sales, (ii) a nationally renowned real estate brand name, and (iii) a mainstream real estate company in each city where we have presence. We plan to implement the following future business strategies to achieve our stated growth objectives:

- We strive to optimise our land bank structure to achieve higher profitability and sustainable quality growth
- We seek to improve our asset turnover by further enhancing the level of standardisation of our products and operations
- We plan to further develop our brand and improve customer satisfaction and loyalty
- We aim to further attract, retain, motivate and develop a talented workforce through long-term human resources development plan and performance-linked incentive schemes
- We plan to establish a balanced and quality investment property portfolio

SUMMARY

SELECTED OPERATING AND FINANCIAL INFORMATION

SELECTED OPERATING INFORMATION

The table below is a summary of our land bank for property projects as at 31 August 2012 by city and region, and by type of property project.

	<u>Completed</u>	<u>Under Development</u>	<u>Future Development</u>	<u>Total Land Bank</u>	<u>% of Total Land Bank</u>
	<u>Saleable / Rentable GFA Remaining Unsold</u>	<u>GFA Under Development</u>	<u>Planned GFA^(Note)</u>	<u>Total GFA</u>	
	<i>(sq.m.)</i>	<i>(sq.m.)</i>	<i>(sq.m.)</i>	<i>(sq.m.)</i>	<i>(%)</i>
<i>By city and region</i>					
Shanghai	46,701	992,157	319,699	1,358,557	22.1
Suzhou	3,215	293,692	465,405	762,312	12.4
Hefei	3,963	267,111	287,576	558,650	9.0
Zhenjiang	—	163,195	—	163,195	2.6
Jiaxing	136,664	—	—	136,664	2.2
The Yangtze River Delta					
Region: Sub-total	190,543	1,716,155	1,072,680	2,979,378	48.3
Beijing	24,683	171,763	289,809	486,255	7.9
Langfang	14,115	354,948	—	369,063	6.0
Tangshan	—	—	379,770	379,770	6.2
Tianjin	—	123,773	621,825	745,598	12.1
The Bohai Economic Rim:					
Sub-total	38,798	650,484	1,291,404	1,980,686	32.2
Chongqing	42,506	372,460	244,212	659,178	10.7
Changsha	5,544	527,316	—	532,860	8.7
The Central Western Region:					
Sub-total	48,050	899,776	244,212	1,192,038	19.4
Others - Fuzhou	3,678	—	—	3,678	0.1
TOTAL	281,069	3,266,415	2,608,296	6,155,780	100.0
<i>By type of property project</i>					
Residential	56,801	2,345,642	1,696,503	4,098,946	66.6
Office/Commercial-for-sale	38,338	302,667	553,297	894,302	14.5
Commercial properties held or intended to be held for rental	87,400	45,415	39,713	172,528	2.8
Ancillary hotel	—	5,392	76,039	81,431	1.3
Carpark	94,852	420,435	216,506	731,793	11.9
Others	3,678	146,864	26,238	176,780	2.9
TOTAL	281,069	3,266,415	2,608,296	6,155,780	100.0

Note: The planned GFA includes (i) planned GFA of approximately 101,665 sq.m. of Shanghai Jiading New Site Project for which we have entered into land grant contract in September 2012, (ii) planned GFA of approximately 184,640 sq.m. of Suzhou G84 Site Project and Suzhou G88 Site Project for which we received successful land tender auction confirmations in October 2012, and (iii) planned GFA of approximately 163,104 sq.m. of Tianjin CIFI Century Waterside for which we have acquired 51% equity interest in Tianjin Shijixing in October 2012.

SUMMARY

Please refer to the section headed “Business — Overview of Our Property Developments” in this prospectus for further details of our property projects.

The following table sets out the breakdown of our revenue recognised from sales of properties by city and region for the years/periods indicated.

	Year ended 31 December						Six months ended 30 June			
	2009		2010		2011		2011		2012	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%
Shanghai	707,786	27.4	1,679,970	41.2	1,662,293	42.5	197,686	58.5	107,828	5.5
Suzhou	230,059	8.9	352,244	8.6	—	—	—	—	777,897	39.9
Hefei	—	—	153,110	3.8	338,281	8.6	—	—	—	—
Zhenjiang	—	—	230,153	5.7	6,595	0.2	6,594	2.0	—	—
Jiaxing	—	—	—	—	644,379	16.5	—	—	6,833	0.3
The Yangtze River Delta Region:										
Sub-total	937,845	36.3	2,415,477	59.3	2,651,548	67.8	204,280	60.5	892,558	45.7
Beijing	1,618,756	62.7	244,988	6.0	5,262	0.1	5	*	779,098	40.0
Langfang	—	—	467,697	11.5	486,790	12.4	6,913	2.0	10,125	0.5
The Bohai Economic Rim:										
Sub-total	1,618,756	62.7	712,685	17.5	492,052	12.5	6,918	2.0	789,223	40.5
Chongqing	—	—	441,783	10.8	656,415	16.8	36,787	10.9	269,205	13.8
Changsha	—	—	503,738	12.4	114,269	2.9	89,925	26.6	—	—
The Central Western Region:										
Sub-total	—	—	945,521	23.2	770,684	19.7	126,712	37.5	269,205	13.8
Others — Fuzhou	23,704	1.0	1,397	*	—	—	—	—	—	—
TOTAL	2,580,305	100.0	4,075,080	100.0	3,914,284	100.0	337,910	100.0	1,950,986	100.0

* less than 0.1%

SUMMARY

The following table sets out the breakdown of our revenue recognised from sales of properties, total GFA delivered and recognised ASP by type of property projects for the years/periods indicated.

Project	Year ended 31 December						Six months ended 30 June								
	2009			2010			2011			2012					
	Total GFA delivered	ASP	Revenue	Total GFA delivered	ASP	Revenue	Total GFA delivered	ASP	Revenue	Total GFA delivered	ASP	Revenue			
RMB'000	sq.m.	RMB	RMB'000	sq.m.	RMB	RMB'000	sq.m.	RMB	RMB'000	sq.m.	RMB				
Residential projects															
Buildings	452,774	48,302	9,374	3,202,655	438,849	7,298	2,953,407	287,001	10,291	283,253	22,759	12,446	1,805,868	159,256	11,339
Carpark	593	127	4,669	9,555	5,258	1,817	56,964	27,253	2,090	53,284	20,945	2,544	41,693	12,497	3,336
Commercial/Office projects															
Buildings	2,126,883	215,035	9,891	806,871	72,587	11,116	898,970	37,397	24,039	—	—	—	101,025	2,957	34,165
Carpark	—	—	—	55,062	25,139	2,190	4,943	2,477	1,996	1,368	250	5,472	2,400	523	4,589
Others	55	—	—	937	—	—	—	—	—	5	—	—	—	—	—
Total	2,580,305	263,464	9,794	4,075,080	541,833	7,521	3,914,284	354,128	11,053	337,910	43,954	7,688	1,950,986	175,233	11,134

SUMMARY

SELECTED FINANCIAL INFORMATION

Selected consolidated statements of comprehensive income

	Year ended 31 December			Six months ended 30 June	
	2009	2010	2011	2011	2012
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> <i>(unaudited)</i>	<i>RMB'000</i>
Revenue					
Sales of properties	2,580,305	4,075,080	3,914,284	337,910	1,950,986
Rental income	10,040	11,675	12,411	6,983	16,508
Property management income	37,468	50,473	60,078	25,901	33,806
Other property related service income	3,647	25,212	21,557	1,401	187
	2,631,460	4,162,440	4,008,330	372,195	2,001,487
Gross profit	796,600	1,110,792	1,369,491	160,557	566,968
Profit and total comprehensive income for the year/period <i>(Note)</i>	448,801	674,961	1,462,055	266,183	849,898
Attributable to:					
Equity owners of the Company	342,045	474,176	1,336,920	190,572	808,673
Non-controlling interests	106,756	200,785	125,135	75,611	41,225

Note:

Excluding effects from the fair value gain upon transfer to investment properties, change in fair value of investment properties, change in fair value of trust loans related derivatives and the relevant deferred taxes, our core profit and total comprehensive income and core profit attributable to equity owners of the Company for the financial years/periods indicated are set out in the table below.

	Year ended 31 December			Six months ended 30 June	
	2009	2010	2011	2011	2012
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Core profit and total comprehensive income for the year/period	407,100	568,700	615,400	15,500	114,700
Core profit attributable to equity owners of the Company for the year/period	309,600	390,700	488,500	12,100	119,100

SUMMARY

Selected consolidated statements of financial position

	At 31 December			At 30 June
	2009	2010	2011	2012
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
NON-CURRENT ASSETS	694,802	812,436	2,478,976	3,717,707
CURRENT ASSETS	6,826,673	10,574,115	16,745,922	18,203,717
CURRENT LIABILITIES	4,145,258	6,000,785	9,287,577	11,867,334
Bank and other borrowings				
- due within one year	774,270	1,327,100	1,922,656	2,942,490
Trust loans related derivatives	—	—	50,000	61,000
NON-CURRENT LIABILITIES	1,421,264	2,777,000	6,292,826	5,616,953
Bank and other borrowings				
- due after one year	1,361,000	2,648,380	5,828,896	4,921,313
Trust loans related derivatives	—	35,000	82,000	60,000
TOTAL EQUITY	1,954,953	2,608,766	3,644,495	4,437,137

Selected consolidated statements of cash flow

	Year ended 31 December			Six months ended	
	2009	2010	2011	30 June	2012
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				<i>(unaudited)</i>	
Net cash from (used in) operating activities	<u>541,507</u>	<u>(932,099)</u>	<u>(2,695,214)</u>	<u>(2,202,906)</u>	<u>(462,654)</u>

Bank and other borrowings

The following table sets out the breakdown of our outstanding bank and other borrowings as at the dates indicated.

	At 31 December			At 30 June
	2009	2010	2011	2012
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Bank loans, secured	<u>1,502,950</u>	<u>2,629,300</u>	<u>4,859,856</u>	<u>5,120,606</u>
Bank loans, unsecured	—	—	—	31,500
Trust loans				
— Conventional loans	290,000	130,000	1,716,000	1,242,000
— Loans with obligation to repurchase equity interest	—	1,125,000	1,076,266	1,202,547
Other loans, secured	300,000	—	—	150,000
Other loans, unsecured	<u>42,320</u>	<u>91,180</u>	<u>99,430</u>	<u>117,150</u>
	<u>2,135,270</u>	<u>3,975,480</u>	<u>7,751,552</u>	<u>7,863,803</u>

Key Financial Ratio

	At 31 December			At 30 June
	2009	2010	2011	2012
	Net debt-to-equity	39.7	68.9	141.5

SUMMARY

OUR FINANCING RESOURCES AND REQUIREMENTS

Property developments require substantial capital investment for land acquisition and construction and it may take many months or years before positive cash flows can be generated. The significant increase in our net cash outflow from operating activities in 2011 was primarily due to our land acquisition for 10 property projects in the PRC in that year as we capitalised on the opportunity to expand and structure our land bank with new land sites suitable for quick asset turnover. Since the projects for the newly acquired parcels of land were still in the initial investment/ construction phase, we did not have any corresponding cash inflow from these projects to offset the cash outflow. In addition, our net cash flow from operating activities in 2011 were also impacted by a decrease in our contracted sales from approximately RMB6,216.8 million in 2010 to approximately RMB5,437.2 million in 2011 as property sales were negatively affected by the nationwide weak sentiment for property purchases, especially in the fourth quarter of 2011, as a result of the continued real estate-related austerity measures in the PRC.

We funded our growth principally from internally generated funds, bank borrowings and trust financings. Our financing methods vary from project to project and are subject to limitations imposed by the PRC regulations and monetary policies. Our policy is to finance our property developments with internally generated cash flows to the extent practicable so as to reduce the level of external funding required.

Our increasing use of trust financing during the Track Record Period was partly due to the tightening of credit policy for real estate industry in the PRC. Compared to bank loans, trust financings offer greater flexibility in terms of availability. While drawdowns on bank loans usually depend on actual construction progress, drawdowns on trust financings may be made in full in one or multiple instalments as agreed with the relevant trust companies. However, financing costs under these trust financing arrangements are generally higher than those under bank loans. There is no guarantee that we will be able to enter into these arrangements, if needed, in the future at all or on favourable terms. Please refer to the section headed “Business — Operating cash flow and financing plans” in this prospectus for a detailed description of our secured trust financings arrangement.

As at the Latest Practicable Date, we had a total of 43 property projects covering 11 cities. For these existing 43 property projects, our total estimated future development costs (including unpaid land costs, construction costs and capitalised interest costs) as at 31 August 2012 amounted to approximately RMB17,500.0 million. Out of such total estimated future development costs, the estimated future development costs of our projects under development and held for future development for the financial year ending 31 December 2012 is approximately RMB7,980.0 million. Our Directors believe that such capital expenditure plan is manageable and we intend to fund such capital expenditure by executing our sales plan efficiently and generating sufficient operating cash flow from property sales, as well as by obtaining external financing including bank borrowings and trust financings. Taking into account our current project development, sales and pre-sales schedules, the estimated net proceeds from our Global Offering and the measures described above, our Directors expect our operating cash position to improve in 2012 and our Group to have sufficient working capital to maintain our operations.

SUMMARY

Following the Global Offering, we plan to further develop offshore financing channels, such as offshore bonds and loans. We expect that more diversified and flexible sources of financing will help us to fund our continued expansion in the PRC, to take advantage of attractive land purchase opportunities as they arise, and to enhance Shareholders' return.

For further information, please refer to the section headed "Financial Information — Liquidity and Capital Resources" in this prospectus.

RECENT CORPORATE DEVELOPMENTS

Our recent developments subsequent to 30 June 2012 and up to the Latest Practicable Date were as follows:

- From 1 July 2012 up to the Latest Practicable Date, we purchased new sites for development in Baoshan district (寶山區) and in Jiading district (嘉定區), Shanghai, in Gaoxin district (高新區), Suzhou and in Binhai Tourism Zone (濱海旅遊區) and in Hangu district (漢沽區), Tianjin, respectively. For further information, please refer to the section headed "Business — Description of our property projects" in this prospectus.
- From 1 July to 31 October 2012, we entered into contracted sales for our property development projects with an aggregate contract value of approximately RMB3,811.6 million.
- We recorded unaudited gross profit margins of approximately 24.8% for the nine months ended 30 September 2012, which represented a slight decrease when compared to the gross profit margins of approximately 28.3% for the six months ended 30 June 2012. Such decrease was mainly due to the recognition of revenue from Hefei CIFI Central Park Phase II and Suzhou CIFI Ronchamp Town which recorded lower profit margin.

Our Directors have confirmed that up to the date of this prospectus, there has been no material adverse change in our financial or trading position since 30 June 2012, the end of period reported in the accountants' report set out in Appendix I to this prospectus, and there has been no event since 30 June 2012 which would materially affect the information shown in the accountants' report set out in Appendix I to this prospectus.

RECENT MARKET DEVELOPMENTS

In the second and third quarter of 2012, there was a recovery of transaction volume in the overall PRC real estate sector when compared with the first quarter of 2012. In certain cities of the PRC, such as Shanghai, Beijing, Chongqing and Tianjin where our property projects are located, there has been a modest rebound of average selling price in the primary housing market in the second quarter of 2012, when compared with the first quarter of 2012. As a result of such improving market sentiment in the PRC real estate sector, our Group's overall business and financial performance as mainly reflected by our contracted sales has generally improved since January 2012 up to the Latest Practicable Date when compared with 2011. From 1 January to 31 October 2012, we entered into contracted sales for our property development projects with approximately RMB7,510.9 million, which exceeded our aggregate contracted sales in the entire year of 2011.

SUMMARY

PROFIT FORECAST FOR THE YEAR ENDING 31 DECEMBER 2012

We prepared the following profit forecast for the year ending 31 December 2012 on the bases described in Appendix III to this prospectus. You should read the bases in Appendix III to this prospectus when you analyse our profit forecast for the year ending 31 December 2012.

Forecast consolidated net profit attributable to the equity owners of our Company ^(Notes 1, 2 and 3)not less than RMB1,802 million

Unaudited pro forma forecast earnings per Share ^(Notes 4 and 5)not less than RMB0.31
(approximately HK\$0.38)

Notes:

- (1) The forecast consolidated net profit attributable to the equity owners of our Company for the year ending 31 December 2012 is extracted from the section headed “Financial Information — Profit Forecast for the year ending 31 December 2012”. The bases and assumptions which the above profit forecast has been prepared are summarised in Appendix III to this prospectus.

The above forecast has been prepared based on the audited results of our Group for the six months ended 30 June 2012, the results shown in the unaudited management accounts of our Group for the two months ended 31 August 2012 and a forecast of the results of the remaining four months ending 31 December 2012.

(2) **Sensitivity Analysis**

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

The following table illustrates the sensitivity of the net profit attributable to our equity owners to the average selling price for the year ending 31 December 2012 ignoring the effect of change in average selling price on our Group’s income tax.

% change in average selling price	5%	10%	15%	20%	-5%	-10%	-15%	-20%
Impact on net profit to our equity owners targeted for the year 2012 (RMB in millions)	21	41	62	83	(21)	(41)	(62)	(83)
% of total targeted net profit to our equity owners	1.1%	2.3%	3.4%	4.6%	-1.1%	-2.3%	-3.4%	-4.6%

The analysis above includes only changes in average selling prices for the 6% of GFA not pre-sold to purchasers as at 31 August 2012.

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

The following table illustrates the sensitivity of the net profit attributable to our equity owners to the targeted GFA sold and delivered for the year ending 31 December 2012.

% change in targeted GFA sold and delivered	-5%	-10%	-15%	-20%	-25%
Impact on net profit to our equity owners targeted for the year 2012 (RMB in millions)	(6)	(12)	(18)	(24)	(30)
% of total targeted net profit to our equity owners	-0.3%	-0.7%	-1.0%	-1.3%	-1.7%

The analysis above includes only changes in GFA to be sold and delivered for the 6% of GFA not pre-sold to purchasers as at 31 August 2012.

SUMMARY

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

The following table illustrates the sensitivity of the net profit attributable to our equity owners (net of deferred tax effect) to levels of revaluation increase/decrease on investment properties for the year ending 31 December 2012:

% change in fair value of investment properties	5%	10%	15%	-5%	-10%	-15%
Impact on net profit to our equity owners targeted for 2012 (RMB in millions)	130	259	389	(130)	(259)	(389)
% of total targeted net profit to our equity owners	7.2%	14.4%	21.6%	-7.2%	-14.4%	-21.6%

(iv) *Sensitivity analysis on fair value change of trust loans related derivatives*

The following table illustrates the sensitivity of the net profit attributable to our equity owners to levels of revaluation increase/decrease on trust loans related derivatives for the year ending 31 December 2012:

% change in fair value of trust loans related derivatives	5%	10%	15%	-5%	-10%	-15%
Impact on net profit to our equity owners targeted for 2012 (RMB in millions)	9	18	27	(9)	(18)	(27)
% of total targeted net profit to our equity owners	0.5%	1.0%	1.5%	-0.5%	-1.0%	-1.5%

The above illustrations are intended to be for reference only and any variation could exceed the ranges given. The above sensitivity analysis 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 average selling price, targeted GFA sold and delivered, and fair value changes of investment properties and trust loans related derivatives for the year ending 31 December 2012, the average selling price, GFA sold and delivered, and fair value changes of investment properties and trust loans related derivatives 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.

- (3) Forecast consolidated net profit attributable to the equity holders of our Company (excluding fair value gains) is not less than RMB865 million. Forecast fair value gains on investment properties (deducting deferred tax effect and non-controlling interests) is RMB925 million (approximately HK\$1,135 million). Forecast fair value gain on trust loans related derivatives is RMB12 million (approximately HK\$15 million).
- (4) The calculation of the unaudited pro forma fully diluted earnings per Share is based on the forecast consolidated profit attributable to equity holders of the Company for the year ending 31 December 2012, assuming the Global Offering had been completed on 1 January 2012 and a total of 5,770,000,000 Shares in issue during the entire period, taking no account of any additional income our Group may have earned from the forecast net proceeds from the Global Offering and any Shares which may fall to be allotted and issued pursuant to the exercise of the Over-allotment Option.
- (5) Forecast earning per Share is translated into Hong Kong dollars at an exchange rate of HK\$1 to RMB0.81522, the rate of the PBOC prevailing on 30 June 2012.

REAL ESTATE-RELATED AUSTERITY MEASURES IMPLEMENTED BY THE PRC GOVERNMENT

The PRC property market is heavily regulated and subject to frequent introduction of new regulations by the PRC Government, which may adversely affect property developers. The PRC Government has introduced a number of real estate-related austerity measures since the second half of 2010, such as setting home purchase and mortgage restrictions, controlling the supply of credit by raising interest rates and changing bank reserve ratios, implementing lending restrictions to property developers, and imposing property tax and duties. During the same period, the local government policies for the real estate market in the PRC in the cities where our property projects are located are generally consistent with the policies at the national level. For additional information on real estate reforms and recent regulatory developments, please refer to the section headed “Industry Overview — Overview of the Real Estate Market in the PRC” and the section headed “Summary of Principal PRC Legal and Regulatory Provisions” in Appendix VI to this prospectus.

SUMMARY

The PRC Government's real estate-related austerity measures implemented since the second half of 2010, especially the home purchase and mortgage restrictions, have affected the overall market sentiment of the property market in the PRC and cooled down the transaction volume and prices of the primary residential property market. As a result, our contracted sales decreased in 2011 as residential property sales were negatively affected by the nationwide weak sentiment for property purchases especially in the fourth quarter of 2011. The continued real estate-related austerity measures may have further negative impact on our property sales and financial performance.

In addition, our working capital sufficiency will depend on the average selling price of our projects and the GFA to be contracted, which may fluctuate significantly as a result of the real estate-related austerity measures and the uncertain and volatile condition of the PRC property market.

OFFER STATISTICS *(Note 1)*

	<u>Based on an Offer Price of HK\$1.33</u>	<u>Based on an Offer Price of HK\$1.65</u>
Market capitalisation of our Shares <i>(Note 2)</i>	HK\$7,674 million	HK\$9,521 million
Prospective price/earnings multiple		
(a) pro forma fully diluted <i>(Note 3)</i>	3.5 times	4.3 times
(b) weighted average <i>(Note 4)</i>	2.8 times	3.4 times
Unaudited pro forma adjusted net tangible asset value per Share <i>(Note 5)</i>	HK\$1.14	HK\$1.20

Notes:

- (1) All statistics in this table are based on the assumption that the Over-allotment Option is not exercised.
- (2) The calculation of market capitalisation is based on 5,770,000,000 Shares expected to be issued and outstanding immediately following completion of the Global Offering.
- (3) The calculation of the prospective price/earnings multiple on a pro forma fully diluted basis is based on the forecast earnings per Share on a pro forma fully diluted basis at the respective Offer Price of HK\$1.33 and HK\$1.65.
- (4) The calculation of the prospective price/earnings multiple on a weighted average basis is based on the forecast earnings per Share on a weight average basis at the respective Offer Price of HK\$1.33 and HK\$1.65.
- (5) The unaudited pro forma adjusted net tangible asset value per Share is calculated after making the adjustments referred to in Appendix II to this prospectus and based on 5,770,000,000 Shares expected to be issued and outstanding immediately following completion of the Global Offering.

DIVIDEND POLICY

For the financial years ended 31 December 2009, 2010 and 2011 and the six months ended 30 June 2012, dividends of RMB3.0 million, RMB10.0 million, RMB26.0 million and nil, respectively, were paid by Shanghai Xuhui Investment and Xukai Shanghai Investment to their then existing shareholders.

SUMMARY

Our Directors will declare dividends, if any, in Hong Kong dollars with respect to the Shares on a per Share basis and we will pay such dividends in Hong Kong dollars. The amount of dividends actually distributed to our Shareholders will depend upon our earnings and financial condition, operating requirements, capital requirements and any other conditions that our Directors may deem relevant. Any final dividend will be subject to the approval of our Shareholders.

Our Board currently intends to distribute to our Shareholders dividends of not less than 20% of any core net profit for the financial year ending 31 December 2012 and for each financial year after the Listing. The intended dividend distribution for the financial year ending 31 December 2012 is expected to be declared by March 2013 and is subject to the approval of our Shareholders. There is no assurance that dividends of any amount will be declared or distributed each year or in any given year.

Please refer to the section headed “Financial Information — Dividends and distributable reserves” in this prospectus for a detailed description of our dividend policy.

USE OF PROCEEDS

We estimate that the net proceeds to our Company from the Global Offering, after deducting the underwriting commissions and estimated expenses in relation to the Global Offering payable by us, will be approximately HK\$1,720 million before any exercise of the Over-allotment Option, assuming an Offer Price at HK\$1.49 per Share, being the midpoint of the Offer Price range set out in this prospectus. We intend to use the net proceeds for the following purposes:

- (i) approximately 80% (or approximately HK\$1,376 million) will be used for acquisitions of new projects or land for development in the PRC. As at the Latest Practicable Date, we had yet identified or committed to any acquisition targets for our use of net proceeds from the Global Offering;
- (ii) approximately 10% (or approximately HK\$172 million) will be used for the repayment of bank borrowings (including part of the principal amount and interests accrued under the SCB Facility Agreement); and
- (iii) approximately 10% (or approximately HK\$172 million) will be used for working capital and other general corporate purposes.

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

RISK FACTORS

There are certain risks involved in our operations. For example, we are dependent on the performance of the real estate market in the PRC, particularly in the cities in which we develop our property projects and manage the properties we have developed. Our operations are also subject to extensive governmental regulations, and in particular, we are susceptible to changes in policies related to the real estate industry in the PRC. A detailed discussion of the risk factors that our Directors believe are particularly relevant to our Group is set out in the section headed “Risk Factors” in this prospectus.

DEFINITIONS

In this prospectus, unless the context otherwise requires, the following terms have the following meanings.

“Ally Shine”	Ally Shine Limited (聯盛有限公司), a company incorporated in the BVI with limited liability on 7 April 2011 and wholly-owned as to 100% by Mr Zhu Yu (朱瑜). As at the Latest Practicable Date, Ally Shine was interested in approximately 0.12% of the total issued share capital of our Company
“Ample Advantage”	Ample Advantage Investments Limited (滿發投資有限公司), a company incorporated in the BVI with limited liability on 20 January 2012, which acquired the entire issued share capital of Xu Ming BVI as part of the Suzhou Xu Ming Arrangement
“Ample Spring”	Ample Spring Group Limited (豐泉集團有限公司), a company incorporated in the BVI with limited liability on 7 April 2011 and wholly-owned by Madam Wang Huiping (王慧萍). As at the Latest Practicable Date, Ample Spring was interested in approximately 0.28% of the total issued share capital of our Company
“Application Forms”	white, yellow and green application forms or, where the context so requires, any of them
“Articles of Association” or “Articles”	the articles of association of our Company, adopted on 9 October 2012 and effective on the Listing Date (as amended or supplemented from time to time)
“ASP”	the average selling price per sq.m. which is derived by dividing sales of properties by the total GFA delivered in a given period
“asset turnover rate”	contracted sales (net of any cancelled contracted sales) divided by (average total asset less investment properties) during each financial period on an annualised basis
“Audit Committee”	the audit committee of our Board
“Beijing Wangxin”	北京望馨置業有限公司 (Beijing Wangxin Property Co., Ltd.*), a company established in the PRC with limited liability on 8 December 2003 and an indirect wholly-owned subsidiary of our Company

DEFINITIONS

“Beijing Xudong Management”	北京旭東物業管理有限公司 (Beijing Xudong Property Management Co., Ltd.*), a company established in the PRC with limited liability on 31 May 2002 and an indirect wholly-owned subsidiary of our Company
“Beijing Xuhui Shunxin”	北京旭輝順欣置業有限公司 (Beijing Xuhui Shunxin Property Co., Ltd.*), a company established in the PRC with limited liability on 12 December 2011 and an indirect wholly-owned subsidiary of our Company
“Beijing Xuhui Sunshine”	北京旭輝陽光置業有限公司 (Beijing Xuhui Sunshine Property Co., Ltd.*), a company established in the PRC with limited liability on 13 January 2011 and an indirect subsidiary of our Company in which we have an effective equity interest of 80%
“Beijing Xuhui Xingke”	北京旭輝興科置業有限公司 (Beijing Xuhui Xingke Property Co., Ltd.*), a company established in the PRC with limited liability on 12 August 2009 and an indirect wholly-owned subsidiary of our Company
“Beijing Xuhui Xingsheng”	北京旭輝興勝置業有限公司 (Beijing Xuhui Xingsheng Property Co., Ltd.*), a company established in the PRC with limited liability on 16 June 2011 and an indirect wholly-owned subsidiary of our Company
“Beijing Xuhui Xingteng”	北京旭輝興騰置業有限公司 (Beijing Xuhui Xingteng Property Co., Ltd.*), a company established in the PRC with limited liability on 12 August 2009 and an indirect wholly-owned subsidiary of our Company
“Beijing Xuxingcheng”	北京旭興城置業有限公司 (Beijing Xuxingcheng Property Co., Ltd.*), a company established in the PRC with limited liability on 13 January 2011 and an indirect wholly-owned subsidiary of our Company
“Beijing Yongxu”	北京永旭置業有限公司 (Beijing Yongxu Property Co., Ltd.*), a company established in the PRC with limited liability on 5 April 2004 and an indirect wholly-owned subsidiary of our Company
“Board”	our board of Directors
“Business Advantage”	Business Advantage Limited, a company incorporated in the BVI with limited liability on 10 February 2012 and the holding company of Ample Advantage, which in turn acquired the entire issued share capital of Xu Ming BVI under the Suzhou Xu Ming Arrangement

DEFINITIONS

“business day”	a day (other than a Saturday or a Sunday) on which banks in Hong Kong are generally open for normal banking business
“BVI”	the British Virgin Islands
“CAGR”	compound annual growth rate
“Capitalisation Issue”	the issue of Shares to be made on the capitalisation of certain sums standing to the credit of the share premium account of our Company referred to in the section headed “Further information about our Company — Written resolutions passed by our Shareholders” in Appendix VII to this prospectus
“Cayman Companies Law”	the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, as amended, supplemented or otherwise modified from time to time
“CBRC”	China Banking Regulatory Commission (中國銀行業監督管理委員會)
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Clearing Participant”	a person admitted to participate in CCASS as a direct clearing participant or general clearing participant
“CCASS Custodian Participant”	a person admitted to participate in CCASS as a custodian participant
“CCASS Investor Participant”	a person admitted to participate in CCASS as an investor participant who may be an individual, joint individuals or a corporation
“CCASS Participant”	a CCASS Clearing Participant, CCASS Custodian Participant or CCASS Investor Participant
“Champ Flourish”	Champ Flourish Limited (冠茂有限公司), a company incorporated in the BVI with limited liability on 7 April 2011 and wholly-owned by Mr Shen Zhenyu (沈震宇). As at the Latest Practicable Date, Champ Flourish was interested in approximately 0.12% of the total issued share capital of our Company
“Changsha Lilongchang”	長沙利隆昌房地產開發有限公司 (Changsha Lilongchang Real Estate Development Co., Ltd.*), a company established in the PRC with limited liability on 6 September 2011 and an indirect wholly-owned subsidiary of our Company

DEFINITIONS

“Changsha Xuhai”	長沙旭海房地產開發有限公司 (Changsha Xuhai Real Estate Development Co., Ltd.*), a company established in the PRC with limited liability on 10 June 2011 and an indirect wholly-owned subsidiary of our Company
“Changsha Xuxiang”	長沙旭湘房地產開發有限公司 (Changsha Xuxiang Real Estate Development Co., Ltd.*), a company established in the PRC with limited liability on 20 August 2007 and an indirect wholly-owned subsidiary of our Company
“China” or “PRC”	the People’s Republic of China, for the purpose of this prospectus and except where the context requires, references in this prospectus to the PRC or China do not include Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Chongqing Xuchang”	重慶旭昌房地產開發有限公司 (Chongqing Xuchang Real Estate Development Co., Ltd.*), a company established in the PRC with limited liability on 10 March 2011 and an indirect wholly-owned subsidiary of our Company
“Chongqing Xupeng”	重慶旭鵬房地產開發有限公司 (Chongqing Xupeng Real Estate Development Co., Ltd.*), a company established in the PRC with limited liability on 4 July 2005 and an indirect wholly-owned subsidiary of our Company
“CIFI Enterprises”	CIFI Enterprises Co. Limited 旭輝企發有限公司 (formerly known as CIFI Holdings (Group) Co. Limited 旭輝控股(集團)有限公司), a company incorporated in Hong Kong with limited liability on 12 May 2011 and an indirect wholly-owned subsidiary of our Company
“CIFI (PRC)”	旭輝集團股份有限公司 (CIFI Group Co., Ltd. (PRC)*), a joint stock company established in the PRC with limited liability on 15 August 2000 and an indirect wholly-owned subsidiary of our Company
“Citi”	Citigroup Global Markets Asia Limited
“commodity properties”	residential properties, commercial properties and other properties that are developed by real estate developers for the purposes of sale or lease after their completion
“Companies Ordinance”	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) (as amended, supplemented or otherwise modified from time to time)

DEFINITIONS

“Company”	CIFI Holdings (Group) Co. Ltd. (旭輝控股(集團)有限公司), an exempted company incorporated in the Cayman Islands under the Cayman Companies Law with limited liability on 20 May 2011. The expression “we”, “us” and “our Company” may be used to refer to our Company or our Group as the context may require
“construction land planning permit”	construction land planning permit (建設用地規劃許可證) issued by local urban zoning and planning bureaus or equivalent authorities in China
“construction work commencement permit”	construction work commencement permit (建築工程施工許可證) issued by local construction authorities in China
“construction work planning permit”	construction work planning permit (建設工程規劃許可證) issued by local urban zoning and planning bureaus or equivalent authorities in China
“Controlling Shareholder(s)”	has the meaning ascribed to it under the Listing Rules, and in the context of our Company for the purpose of this prospectus and the Listing, means Rosy Fortune, Ding Chang, Eminent Talent, Rain-Mountain, Mr Lin Zhong (林中), Mr Lin Wei (林偉) and Mr Lin Feng (林峰)
“core net profit margin”	our net core profit (excluding effects from the fair value gain upon transfer to investment properties, change in fair value of investment properties, change in fair value of trust loans related derivatives and the relevant deferred taxes) before non-controlling interests divided by our revenue for each financial period
“CSRC”	China Securities Regulatory Commission (中國證券監督管理委員會)
“current ratio”	current assets divided by current liabilities at the end of each financial period
“de-centralised locations”	locations outside of city centres
“Deed of Non-competition”	the deed of non-competition undertaking from the Controlling Shareholders to us dated 9 October 2012
“Ding Chang”	Ding Chang Limited (鼎昌有限公司), a company incorporated in the BVI with limited liability on 7 April 2011, the entire issued share capital of which is indirectly held by Standard Chartered Trust acting as the trustee of the Sun Success Trust
“Director(s)”	the director(s) of our Company

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“EIT”	the PRC Enterprise Income Tax
“EIT Law”	the PRC Enterprise Income Tax Law 《中華人民共和國企業所得稅法》 issued on 16 March 2007, effective 1 January 2008
“EIT Rules”	the Implementing Rules of the PRC Enterprise Income Tax Law 《中華人民共和國企業所得稅法實施條例》 issued on 6 December 2007, effective 1 January 2008
“Eminent Talent”	Eminent Talent Limited (卓駿有限公司), a company incorporated in the BVI with limited liability on 29 March 2011 and wholly-owned by Mr Lin Wei (林偉), a Controlling Shareholder
“FIREE”	foreign-invested real estate enterprise
“first-time homebuyers”	homebuyers purchasing properties for the first time
“first-time home upgraders”	homebuyers upgrading properties for the first time
“Full Happiness”	Full Happiness International (PTC) Limited (滿福國際有限公司), a limited liability company incorporated in the BVI on 23 March 2011 which held approximately 3.02% interest in the Company as at the Latest Practicable Date as the trustee of the Full Happiness Trust
“Full Happiness Trust”	the Full Happiness Trust, a trust of which Full Happiness acts as the trustee and the beneficiary objects include employees of our Group as grantees of the Pre-IPO Share Award Scheme
“Fuzhou Wancheng”	福州萬誠房地產開發有限公司 (Fuzhou Wancheng Real Estate Development Co., Ltd.*), a company established in the PRC with limited liability on 14 July 2004 and an indirect wholly-owned subsidiary of our Company
“gearing ratio”	our total bank and other borrowings under IFRS as a percentage of total equity at the end of each financial period
“GDP”	gross domestic product
“GFA”	gross floor area
“Global Offering”	the Hong Kong Public Offer and the International Placing
“Grand High”	Grand High Group Limited (昂偉集團有限公司), a company incorporated in the BVI with limited liability on 7 April 2011 and wholly-owned by Mr Ye Yifang (葉一方). As at the Latest Practicable Date, Grand High was interested in approximately 0.61% of the total issued share capital of our Company

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“green application form(s)”	the application form(s) to be completed by the White Form eIPO Service Provider, Computershare Hong Kong Investor Services Limited
“gross profit margin”	gross profit divided by our revenue for each financial period
“Group”	our Company and its subsidiaries, or where the context so requires, in respect of the period before our Company became the holding company of its present subsidiaries, the present subsidiaries of our Company or the businesses operated by its present subsidiaries or (as the case may be) their predecessors
“Hefei Xubin”	合肥旭濱房地產開發有限公司 (Hefei Xubin Real Estate Development Co., Ltd.*), a company established in the PRC with limited liability on 19 January 2011 and an indirect wholly-owned subsidiary of our Company
“Hefei Xuhai”	合肥旭海房地產開發有限公司 (Hefei Xuhai Real Estate Development Co., Ltd.*), a company established in the PRC with limited liability on 12 November 2007 and an indirect wholly-owned subsidiary of our Company
“HIBOR”	the Hong Kong interbank market offer rate as set out in the SCB Facility Agreement
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HKSCC Nominees”	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong dollars” or “HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong Offer Shares”	the 125,500,000 new Shares (subject to adjustment as described in the section headed “Structure of the Global Offering” in this prospectus) being offered by us for subscription under the Hong Kong Public Offer
“Hong Kong Public Offer”	the offer of the Hong Kong Offer Shares for subscription by the public in Hong Kong for cash at the Offer Price (plus brokerage of 1%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005%), on the terms and subject to the conditions described in this prospectus and the Application Forms
“Hong Kong Share Registrar”	Computershare Hong Kong Investor Services Limited

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“Hong Kong Underwriters”	the underwriters of the Hong Kong Public Offer listed in the section headed “Underwriting — Hong Kong Underwriters” in this prospectus
“Hong Kong Underwriting Agreement”	the underwriting agreement dated 12 November 2012 relating to the Hong Kong Public Offer between, among others, the Joint Global Coordinators, the Joint Bookrunners, the Hong Kong Underwriters and us
“Hunan Longsheng”	湖南隆晟置業發展有限公司 (Hunan Longsheng Property Development Co., Ltd.*), a company established in the PRC with limited liability on 29 May 2006 and an indirect wholly-owned subsidiary of our Company
“Idea Magic”	Idea Magic Limited, a company incorporated in the BVI with limited liability on 10 March 2011. As at the Latest Practicable Date, Idea Magic was interested in approximately 1.33% of the total issued share capital of our Company
“IFRS”	International Financial Reporting Standards, which are standards and interpretations adopted by the International Accounting Standards Board. They comprise: (a) International Financial Reporting Standards; (b) International Accounting Standards; and (c) Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee
“Independent Third Party/Parties”	a person or persons which is or are independent of, and not connected with, any directors, chief executive or substantial shareholders (within the meaning under the Listing Rules) of our Company or any of its subsidiaries or any of their respective associate(s)
“International Placing”	the conditional placing of the International Placing Shares to institutional, professional and other investors
“International Placing Agreement”	the underwriting agreement relating to the International Placing which is expected to be entered into between, among others, the Joint Global Coordinators, the International Underwriters and us on or around 16 November 2012
“International Placing Shares”	the 1,129,500,000 Shares (subject to adjustment and the Over-allotment Option as described in the section headed “Structure of the Global Offering” in this prospectus) to be issued by us under the International Placing
“International Underwriters”	the underwriters of the International Placing

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“Investors Subscription Agreements”	the share subscription agreements made by our Company as issuer with 12 investors as subscribers (items (27) to (41) set out in the section headed “Further Information about our Company — Summary of our material contracts” in Appendix VII to this prospectus) pursuant to which our Company had issued and allotted Shares to the 12 investors as detailed in the paragraph headed “Investment by 12 investors” in the section headed “History, Reorganisation and Group Structure” in this prospectus
“Issue Mandate”	the general unconditional mandate given to our Directors relating to the issue of new Shares, further details of which are set out in the section headed “Further information about our Company — Written resolutions passed by our Shareholders” in Appendix VII to this prospectus
“Jiaxing Xumei Management”	嘉興旭美商業管理有限公司 (Jiaxing Xumei Business Management Co., Ltd.*), a company established in the PRC with limited liability on 20 January 2011 and an indirect wholly-owned subsidiary of our Company
“Joint Bookrunners” or “Joint Lead Managers”	Citi, Morgan Stanley, Standard Chartered, BOCOM International Securities Limited and First Shanghai Securities Limited
“Joint Global Coordinators” or “Joint Sponsors”	Citi, Morgan Stanley and Standard Chartered (in alphabetical order)
“km”	kilometre, a unit of length in the metric system, equal to 1,000 metres
“land grant contract”	State-owned land use rights grant contract (國有土地使用權出讓合同) between a land user and the relevant PRC governmental land administrative authorities
“land use rights certificate”	State-owned land use rights certificate (國有土地使用權證) issued by the relevant local government
“LAT”	Land Appreciation Tax (土地增值稅) as defined in the Provisional Regulations of the PRC on Land Appreciation Tax 《中華人民共和國土地增值稅暫行條例》 and the Detailed Implementation Rules on the Provisional Regulations of the PRC on Land Appreciation Tax 《中華人民共和國土地增值稅暫行條例實施細則》 as described in Appendix VI to this prospectus

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“Latest Practicable Date”	3 November 2012, being the latest practicable date before the printing of this prospectus for ascertaining certain information in this prospectus
“Le Cheng”	Le Cheng Limited (樂成有限公司), a company incorporated in the BVI with limited liability on 7 April 2011 and wholly-owned by Mr Liu Qingquan (劉清泉). As at the Latest Practicable Date, Le Cheng was interested in approximately 0.16% of the total issued share capital of our Company
“Lin’s Family Trust”	the Lin’s Family Trust, a discretionary trust set up by Mr Lin Zhong, Mr Lin Wei and Mr Lin Feng of which Standard Chartered Trust acts as the trustee and the beneficiaries of which are certain family members of Mr Lin Zhong and Mr Lin Feng
“Listing”	the listing of our Shares on the Main Board
“Listing Committee”	the Listing Committee of the Stock Exchange
“Listing Date”	the date, expected to be on or about 23 November 2012, on which our Shares are listed on the Main Board
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended, supplemented or otherwise modified from time to time)
“Main Board”	the stock market operated by the Stock Exchange before the establishment of the Growth Enterprise Market of the Stock Exchange (excluding the options market) and which continues to be operated by the Stock Exchange in parallel with the Growth Enterprise Market of the Stock Exchange
“M&A Provisions”	the Provisions on the Mergers and Acquisitions of Domestic Enterprises by Foreign Investors 《關於外國投資者併購境內企業的規定》 issued by six PRC ministries and commissions, effective 8 September 2006 and revised on 22 June 2009
“Memorandum of Association” or “Memorandum”	the memorandum of association of our Company, adopted on 9 October 2012 and effective on the Listing Date (as amended or supplemented from time to time)
“Ministry of Construction”	the Ministry of Housing and Urban-Rural Development of the PRC (中華人民共和國住房和城鄉建設部) or its predecessor, the Ministry of Construction of the PRC (中華人民共和國建設部)
“Ministry of Finance”	the Ministry of Finance of the PRC (中華人民共和國財政部)

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“Ministry of Supervision”	the Ministry of Supervision of the PRC (中華人民共和國監察部)
“MLR”	the Ministry of Land and Resources of the PRC (中華人民共和國國土資源部)
“MOFCOM”	the Ministry of Commerce of the PRC (中華人民共和國商務部), or its predecessor, the Ministry of Foreign Trade and Economic Cooperation of the PRC (中華人民共和國對外貿易經濟合作部), as appropriate to the context
“Morgan Stanley”	Morgan Stanley Asia Limited
“National Bureau of Statistics”	the National Bureau of Statistics of the PRC (中華人民共和國國家統計局)
“NDRC”	the National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)
“net debt-to-equity ratio”	our total bank and other borrowings under IFRS less bank balances, cash and restricted cash as a percentage of total equity at the end of each financial period
“Nice Vision”	Nice Vision Enterprises Limited (景欣企業有限公司), a company incorporated in the BVI with limited liability on 11 March 2011 and wholly-owned by Mr Weng Xiaofeng (翁曉峰). As at the Latest Practicable Date, Nice Vision was interested in approximately 0.70% of the total issued share capital of our Company
“Nomination Committee”	the nomination committee of our Board
“Notice 75”	the Notice on Issuers Relating to the Administration of Foreign Exchange in Fund-raising and Round-trip Investment Activities of Domestic Residents Conducted via Offshore Special Purpose Companies (《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》) promulgated by SAFE on 21 October 2005 and effective on 1 November 2005
“NPC”	the National People’s Congress of the PRC (中華人民共和國全國人民代表大會)

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“Offer Price”	the final Hong Kong dollar price per Offer Share (exclusive of brokerage, SFC transaction levy and Stock Exchange trading fee) at which the Offer Shares are to be subscribed under the Hong Kong Public Offer and the International Placing Shares are to be offered under the International Placing, to be determined in the manner further described in the section headed “Structure of the Global Offering — Pricing and allocation” in this prospectus
“Offer Shares”	the Hong Kong Offer Shares and the International Placing Shares together, where relevant, with any additional Shares issued under the exercise of the Over-allotment Option
“Over-allotment Option”	the option expected to be granted by us to the International Underwriters, exercisable by the Joint Global Coordinators on behalf of the International Underwriters under the International Placing Agreement under which we may be required to allot and issue up to 188,250,000 additional new Shares, representing 15% of the initial number of Offer Shares offered under the Global Offering, both at the final Offer Price, to cover over-allocations in connection with the International Placing
“PBOC”	the People’s Bank of China (中國人民銀行), the central bank of the PRC
“PRC Government” or “State”	the central government of the PRC, including all governmental subdivisions (including provincial, municipal and other regional or local governmental entities) and their instrumentalities or, where the context requires, any of them
“PRC Legal Advisers”	Commerce & Finance Law Offices, our PRC legal advisers
“Pre-IPO Share Award Scheme”	the share award scheme adopted by our Company for the benefit of our employees, a summary of the principal terms of which is set forth in the section headed “Other information — Pre-IPO Share Award Scheme” in Appendix VII to this prospectus
“pre-sale permit”	commodity property pre-sale permit (商品房預售許可證) issued by a local housing and building administrative bureau or an equivalent authority with respect to pre-sale of the relevant properties

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“Price Determination Agreement”	the agreement to be entered into among the Joint Bookrunners (on behalf of the Underwriters) and our Company immediately following the determination of the Offer Price in accordance with the Hong Kong Underwriting Agreement to record the price so determined
“Price Determination Date”	the date on which the Offer Price is fixed for the purpose of the Global Offering
“property ownership certificate”	property ownership certificate (房屋所有權證), certificate issued by a local real estate bureau with respect to the ownership rights of the buildings on such land
“Property Valuer”	Savills Valuation and Professional Services Limited
“QIBs”	qualified institutional buyers within the meaning of Rule 144A
“Radiant Ally”	Radiant Ally Investments Limited (旭匯投資有限公司), a company incorporated in the BVI with limited liability on 8 May 2012 and indirect wholly-owned subsidiary of the Company
“Rain-Mountain”	Rain-Mountain Limited, a company incorporated in the BVI with limited liability on 18 April 2011, the entire issued share capital of which is indirectly held by Standard Chartered Trust acting as the trustee of the Sun-Mountain Trust
“Reap Boom”	Reap Boom Limited (豐興有限公司), a company incorporated in the BVI with limited liability on 4 March 2011 and wholly-owned by Mr Wang Xiaofei (王肖飛). As at the Latest Practicable Date, Reap Boom was interested in approximately 0.16% of the total issued share capital of our Company
“Regulation S”	Regulation S under the US Securities Act
“Remuneration Committee”	the remuneration committee of our Board
“Reorganisation”	the reorganisation of our group of companies now comprising our Group conducted in preparation for the Listing, details of which are set out in the section headed “History, Reorganisation and Group Structure — Reorganisation and Group Structure” in this prospectus

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“Repurchase Mandate”	the general unconditional mandate relating to the repurchase of the Shares granted to our Directors, further details of which are set out in the sections headed “Further Information about our Company — Written resolutions passed by our Shareholders” and “Repurchase by our Company of its Shares” in Appendix VII to this prospectus
“return on equity”	our profit attributable to our equity owners divided by equity attributable to our equity owners for each financial period on an annualised basis
“RMB” or “Renminbi”	Renminbi yuan, the lawful currency of the PRC
“Rosy Fortune”	Rosy Fortune Investments Limited (茂福投資有限公司), a company incorporated in the BVI with limited liability on 18 March 2011, the entire issued share capital of which is indirectly held by Standard Chartered Trust acting as the trustee of the Lin’s Family Trust
“Rule 144A”	Rule 144A under the US Securities Act
“SAFE”	the State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
“SAIC”	the State Administration for Industry and Commerce of the PRC (中華人民共和國國家工商行政管理總局)
“SAT”	the State Administration of Taxation of the PRC (中華人民共和國國家稅務總局)
“SCB Facility Agreement”	an agreement dated 14 September 2011 between us and Standard Chartered Bank (Hong Kong) Limited, an affiliate of Standard Chartered, for a loan facility of HK\$580 million made by us, details of which are set out in sections headed “Relationship with the Controlling Shareholders — Financial independence” and “Financial Information — Indebtedness and contingent liabilities” in this prospectus
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (as amended, supplemented or otherwise modified from time to time)
“Shanghai Haiji”	上海海際房地產有限公司 (Shanghai Haiji Real Estate Co., Ltd.*), a company established in the PRC with limited liability on 11 March 2005 and an indirect subsidiary of our Company in which we have an effective equity interest of 53%

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“Shanghai Hanpuka”	上海漢普卡商業管理有限公司 (Shanghai Hanpuka Commercial Management Co., Ltd.*), a wholly foreign-owned enterprise established in the PRC on 17 August 2011 and an indirect wholly-owned subsidiary of our Company
“Shanghai Tongshuo”	上海同碩房地產發展有限公司 (Shanghai Tongshuo Real Estate Development Co., Ltd.*), a company established in the PRC with limited liability on 1 February 2005 and an indirect subsidiary of our Company in which we have an effective equity interest of 75.5%, with the remaining interest of 24.5% held by 上海匯融投資控股有限公司 (Shanghai Huirong Investment Holding Co., Ltd.*)
“Shanghai Xinbo”	上海欣博房地產有限公司 (Shanghai Xinbo Real Estate Co., Ltd.*), a company established in the PRC with limited liability on 13 March 2003 and an indirect wholly-owned subsidiary of our Company
“Shanghai Xincheng”	上海鑫辰置業發展有限公司 (Shanghai Xincheng Property Development Co., Ltd.*), a company established in the PRC with limited liability on 14 April 1998 and an indirect wholly-owned subsidiary of our Company
“Shanghai Xinzhi Construction”	上海新置建築工程有限公司 (Shanghai Xinzhi Construction Co., Ltd.*), a company established in the PRC with limited liability on 20 July 2005 and an indirect wholly-owned subsidiary of our Company
“Shanghai Xubang”	上海旭邦置業有限公司 (Shanghai Xubang Property Co., Ltd.*), a company established in the PRC with limited liability on 14 April 2011 and an indirect wholly-owned subsidiary of our Company
“Shanghai Xubo”	上海旭博置業有限公司 (Shanghai Xubo Property Co., Ltd.*), a company established in the PRC with limited liability on 14 May 2010 and an indirect wholly-owned subsidiary of our Company
“Shanghai Xuchuang”	上海旭創置業有限公司 (Shanghai Xuchuang Property Co., Ltd.*), a company established in the PRC with limited liability on 11 September 2007 and an indirect wholly-owned subsidiary of our Company
“Shanghai Xufeng”	上海旭豐房地產開發有限公司 (Shanghai Xufeng Real Estate Development Co., Ltd.*), a company established in the PRC with limited liability on 25 January 2005 and an indirect wholly-owned subsidiary of our Company

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“Shanghai Xuhe”	上海旭和置業有限公司 (Shanghai Xuhe Property Co., Ltd.*), a company established in the PRC with limited liability on 24 October 2012 and an indirect wholly-owned subsidiary of our Company
“Shanghai Xuhui”	上海旭匯置業有限公司 (Shanghai Xuhui Property Co., Ltd.*), a company established in the PRC with limited liability on 14 October 2009 and an indirect wholly-owned subsidiary of our Company
“Shanghai Xuhui Investment”	上海旭輝投資諮詢有限公司 (Shanghai Xuhui Investment Advisory Co., Ltd.*) (formerly known as 上海旭輝投資有限公司), a company established in the PRC with limited liability on 9 November 2006 and an indirect wholly-owned subsidiary of our Company
“Shanghai Xujia”	上海旭嘉置業有限公司 (Shanghai Xujia Property Co., Ltd.*), a company established in the PRC with limited liability on 23 June 2011 and an indirect wholly-owned subsidiary of our Company
“Shanghai Xumei Investment”	上海旭美商業投資管理有限公司 (Shanghai Xumei Business Investment Management Co., Ltd.*), a company established in the PRC with limited liability on 8 June 2010 and an indirect wholly-owned subsidiary of our Company
“Shanghai Xuming”	上海旭明置業有限公司 (Shanghai Xuming Property Co., Ltd.*), a company established in the PRC with limited liability on 28 December 2010 and an indirect wholly-owned subsidiary of our Company
“Shanghai Xupu”	上海旭浦置業有限公司 (Shanghai Xupu Property Co., Ltd.*), a company established in the PRC with limited liability on 5 November 2003 and an indirect subsidiary of our Company in which we have an effective equity interest of 97%, with the remaining interest of 3% held by 上海煜錦投資管理有限公司 (Shanghai Yujin Investment Management Co., Ltd.*)
“Shanghai Xuqiang”	上海旭強置業有限公司 (Shanghai Xuqiang Property Co., Ltd.*), a company established in the PRC with limited liability on 19 September 2011 and an indirect wholly-owned subsidiary of our Company
“Shanghai Xusheng Agency”	上海旭盛房地產經紀有限公司 (Shanghai Xusheng Real Estate Agency Co., Ltd.*), a company established in the PRC with limited liability on 27 November 2006 and an indirect wholly-owned subsidiary of our Company

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“Shanghai Xutai”	上海旭泰房地產有限公司 (Shanghai Xutai Real Estate Co., Ltd.*), a company established in the PRC with limited liability on 5 November 2010 and an indirect wholly-owned subsidiary of our Company
“Shanghai Xutong”	上海旭通置業有限公司 (Shanghai Xutong Property Co., Ltd.*), a company established in the PRC with limited liability on 8 August 2012 and an indirect wholly-owned subsidiary of our Company
“Shanghai Xuyu”	上海旭煜置業有限公司 (Shanghai Xuyu Property Co., Ltd.*), a company established in the PRC with limited liability on 12 January 2011 and an indirect wholly-owned subsidiary of our Company
“Shanghai Yijian Design”	上海藝建建築設計諮詢有限公司 (Shanghai Yijian Architectural Design & Consulting Co., Ltd.*), a company established in the PRC with limited liability on 12 August 2002 and an indirect wholly-owned subsidiary of our Company
“Shanghai Yiyi”	上海益壹置業有限公司 (Shanghai Yiyi Property Co., Ltd.*), a company established in the PRC with limited liability on 15 October 2002 and a former indirect subsidiary of our Company in which we had an effective equity interest of 97.95% and was disposed of in June 2011 to two Independent Third Parties
“Shanghai Yonghui”	上海永匯房地產開發有限公司 (Shanghai Yonghui Real Estate Development Co., Ltd.*), a company established in the PRC with limited liability on 18 April 2001 and an indirect wholly-owned subsidiary of our Company
“Shanghai Yongsheng Management”	上海永升物業管理有限公司 (Shanghai Yongsheng Property Management Co., Ltd.*), a company established in the PRC with limited liability on 31 May 2002 and an indirect wholly-owned subsidiary of our Company
“Share Option Scheme”	the share option scheme adopted by us on 9 October 2012, the principal terms of which are summarised in the section headed “Share Option Scheme” in Appendix VII to this prospectus
“Shareholder(s)”	holder(s) of Shares
“Share(s)”	ordinary share(s) with a nominal value of HK\$0.10 each in our share capital

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“Shenzhen Zhong Ke”	深圳市中科龍盛創業投資有限公司 (Shenzhen Zhong Ke Long Sheng Venture Investment Company Limited*), a company established in the PRC on 13 March 2007 with limited liability and a former shareholder of CIFI (PRC) which held minority interest of 2.05% in CIFI (PRC) which was subsequently transferred to Shanghai Xuhui Investment on 28 April 2012
“sq.km.”	square kilometres
“sq.m.”	square metres
“Stabilising Manager”	Citigroup Global Markets Asia Limited
“Standard Chartered”	Standard Chartered Securities (Hong Kong) Limited
“Standard Chartered Trust”	Standard Chartered Trust (Cayman) Limited, as trustee of, respectively, the Sun Success Trust, the Sun-Mountain Trust and the Lin’s Family Trust
“State Council”	the State Council of the PRC (中華人民共和國國務院)
“Stock Borrowing Agreement”	a stock borrowing agreement to be entered into on or about 16 November 2012 between the Stabilising Manager and Ding Chang
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Sun-Mountain Trust”	the Sun-Mountain Trust, a discretionary trust set up by Mr Lin Feng of which Standard Chartered Trust acts as the trustee and the beneficiaries of which are certain family members of Mr Lin Feng
“Sun Success Trust”	the Sun Success Trust, a discretionary trust set up by Mr Lin Zhong of which Standard Chartered Trust acts as the trustee and the beneficiaries of which are certain family members of Mr Lin Zhong
“Suzhou Xu Ming”	蘇州旭名置業有限公司 (Suzhou Xu Ming Real Estate Co., Ltd.*), a wholly foreign owned enterprise held by Xu Ming HK and established in the PRC on 29 May 2012, which became indirectly and wholly held by Ample Advantage as part of the Suzhou Xu Ming Arrangement, but was treated as our wholly-owned subsidiary under IFRS on our consolidated financial statements

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“Suzhou Xu Ming Arrangement”	the transfer of Xu Ming BVI to Ample Advantage in relation to Suzhou CIFI Luxury Courtyard, and the arrangement for the management and compulsory buyback of such project by our Group, the details of which are set out in the section headed “Business — Description of our Property Projects — Suzhou — Suzhou CIFI Luxury Courtyard — Suzhou Xu Ming Arrangement” in this prospectus
“Suzhou Xuhui”	蘇州旭輝置業有限公司 (Suzhou Xuhui Property Co., Ltd.*), a company established in the PRC with limited liability on 13 March 2007 and an indirect wholly-owned subsidiary of our Company
“Suzhou Xuhui High-Tech”	蘇州旭輝高科置業有限公司 (Suzhou Xuhui High-Tech Property Co., Ltd.*), a company established in the PRC with limited liability on 3 December 2009 and an indirect wholly-owned subsidiary of our Company
“Suzhou Xuhui Xingteng”	蘇州旭輝興騰置業有限公司 (Suzhou Xuhui Xingteng Property Co., Ltd.*), a company established in the PRC with limited liability on 3 December 2009 and an indirect wholly-owned subsidiary of our Company
“Takeovers Code”	the Hong Kong Codes on Takeovers and Mergers and Share Repurchases
“Tangshan Xuhui Yiwen”	唐山旭輝藝文房地產開發有限公司 (Tangshan Xuhui Yiwen Real Estate Development Co., Ltd.*), a company established in the PRC with limited liability on 7 July 2011 and an indirect subsidiary of our Company in which we have an effective equity interest of 80%, with the remaining interest of 20% held by 復旦大學上海視覺藝術學院 (Shanghai Institute of Visual Art of Fudan University*)
“Tianjin Shijixing”	天津世紀興房地產開發有限公司 (Tianjin Shijixing Real Estate Development Co., Ltd.*), a company established in the PRC with limited liability on 16 April 2010 and an indirect subsidiary of our Company in which we have an effective equity interest of 51%, with the remaining 12%, 12%, and 25% interest held by 天津新時代房地產開發有限公司 (Tianjin Xinshidai Real Estate Development Co., Ltd.*), 天津晟達房地產開發有限公司 (Tianjin Shengda Real Estate Development Co., Ltd.*), and 天津開發區萬通實業發展集團有限公司 (Tianjin Economic Zone Wantong Industries Development Group Co., Ltd.*) respectively

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“Tianjin Xubin”	天津旭濱創意產業園管理有限公司 (Tianjin Xu Bin Creative Industrial Park Managements Limited*), a company established in the PRC on 25 July 2012 and an indirect wholly-owned subsidiary of our Company
“Tianjin Xuhai”	天津旭海房地產開發有限公司 (Tianjin Xuhai Real Estate Development Co., Ltd.*), a company established in the PRC with limited liability on 5 August 2011 and an indirect wholly-owned subsidiary of our Company
“Track Record Period”	the period comprising the three financial years ended 31 December 2011 and the six months ended 30 June 2012
“Underwriters”	the Hong Kong Underwriters and the International Underwriters
“Underwriting Agreements”	the Hong Kong Underwriting Agreement and the International Placing Agreement
“United States” or “US”	the United States of America
“US dollars” or “US\$”	United States dollars, the lawful currency of the United States
“US Securities Act”	the US Securities Act of 1933, as amended from time to time, and the regulations and rules promulgated under it
“WFOE”	wholly foreign-owned enterprise established in the PRC
“White Form eIPO”	the application for Hong Kong Offer Shares to be issued in 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
“Xiamen Yongsheng”	廈門永升實業發展有限公司 (Xiamen Yongsheng Enterprise Development Co., Ltd.*), a company established in the PRC with limited liability on 20 November 1997 and an indirect wholly-owned subsidiary of our Company
“Xiamen Yongsheng Services”	廈門市永升物業服務有限公司 (Xiamen Yongsheng Property Services Co., Ltd.*), a company established in the PRC with limited liability on 13 November 1995 and an indirect wholly-owned subsidiary of our Company

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“Xing Tai”	Xing Tai Enterprises Limited (興泰企業有限公司), a company incorporated in the BVI with limited liability on 30 March 2011 and wholly-owned by Mr Li Yujun (李裕軍). As at the Latest Practicable Date, Xing Tai was interested in approximately 0.08% of the total issued share capital of our Company
“Xu Hui (HK)”	Xu Hui Investments (HK) Limited (旭匯投資(香港)有限公司), a company incorporated in Hong Kong with limited liability on 18 June 2012 and an indirect wholly-owned subsidiary of the Company
“Xu Ming BVI”	Xu Ming Limited (旭名有限公司), a company established in the BVI with limited liability on 20 September 2011, the entire issued share capital of which was directly held by Ample Advantage on 13 April 2012 as part of the Suzhou Xu Ming Arrangement, but was treated as our wholly-owned subsidiary under IFRS in our consolidated financial statements
“Xu Ming HK”	Xu Ming (HK) Limited (旭名(香港)有限公司), a company established in Hong Kong with limited liability on 27 September 2011, the entire issued share capital of which was indirectly held by Ample Advantage on 13 April 2012 as part of the Suzhou Xu Ming Arrangement, but was treated as our wholly-owned subsidiary under IFRS in our consolidated financial statements
“Xu Sheng”	Xu Sheng Limited (旭昇有限公司), a company incorporated in the BVI with limited liability on 9 May 2011 and a direct wholly-owned subsidiary of our Company
“Xukai Shanghai Investment”	旭凱(上海)投資顧問有限公司 (Xukai (Shanghai) Investment Consultant Co., Ltd.*) (formerly known as 上海旭凱投資有限公司), a company established in the PRC with limited liability on 8 April 2005 and an indirect wholly-owned subsidiary of our Company
“Zhejiang Xuhui”	浙江旭輝置業有限公司 (Zhejiang Xuhui Property Co., Ltd.*), a company established in the PRC with limited liability on 23 August 2006 and an indirect wholly-owned subsidiary of our Company
“Zhenjiang Xujiang”	鎮江市旭江房地產開發有限公司 (Zhenjiang City Xujiang Real Estate Development Co., Ltd.*), a company established in the PRC with limited liability on 4 February 2008 and an indirect wholly-owned subsidiary of our Company

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“Zhenjiang Xurun”	鎮江市旭潤房地產開發有限公司 (Zhenjiang City Xurun Real Estate Development Co., Ltd.*), a company established in the PRC with limited liability on 19 July 2010 and an indirect wholly-owned subsidiary of our Company
“Zhongshi Real Estate”	中石房地產開發有限公司 (Zhongshi Real Estate Development Co., Ltd.*), a company established in the PRC with limited liability on 14 November 2006 and an indirect wholly-owned subsidiary of our Company
“%”	per cent

In the context of this prospectus, references to our “land bank”, “development projects”, “property projects” or “projects” refer to our property projects with land for which we have obtained land-use rights and property projects for which we have not obtained land-use rights but have entered into the land grant contracts or received successful tender auction confirmations as at 31 August 2012 and adjusted for new projects that we acquired after 31 August 2012 and up to the Latest Practicable Date. We have not included in our “land bank”, “development projects”, “property projects” or “projects” any properties acquired by us after the Latest Practicable Date.

The terms “associate”, “connected person”, “connected transaction”, “controlling shareholder”, “subsidiary” and “substantial shareholder” have the meanings given to such terms under the Listing Rules, unless the context otherwise requires.

If there is any inconsistency between the official Chinese name of the PRC laws or regulations or the PRC Government authorities or the PRC entities mentioned in this prospectus and their English translation, the Chinese version shall prevail. English translations of official Chinese names are for identification purposes only.

* denotes English translation of the name of a Chinese company or entity, or vice versa, and is provided for identification purposes only.

RISK FACTORS

You should carefully consider all of the information in this prospectus, including the risks and uncertainties described below, before making an investment in the Offer Shares. Our business, financial condition and operating results may be materially and adversely affected by any of these risks. The trading price of our Shares could decline due to any of these risks, and you may lose all or part of your investment.

RISKS RELATING TO OUR BUSINESS

We are dependent on the performance of the real estate market in the PRC, particularly in the cities in which we develop our property projects and manage the properties we have developed.

Our business and prospects depend on the performance of the real estate market in the PRC, particularly in the cities where we have property projects. Any real estate market downturn in China generally or in the cities in which we have property projects may materially and adversely affect our business, financial condition and operating results. The real estate market in the PRC is affected by many factors, including changes in the PRC's social, political, economic and legal environment, changes in the PRC Government's fiscal and monetary policy, the lack of a mature and active secondary market for residential and commercial properties in China and consumer spending, all of which are beyond our control.

In addition, there may be over-supply of properties or economic downturn in China generally or in the cities where we have property projects. Furthermore, the real estate-related austerity measures in the PRC, particularly in the cities where we have property projects, may materially and adversely affect our business, financial condition and operating results. The nationwide contracted sales amount for residential properties decreased by 6.1% in the fourth quarter of 2011 as compared to the corresponding figures in the fourth quarter of 2010. Our contracted sales (net of any cancelled contracted sales) for our property development projects decreased by approximately 12.5% as compared to the corresponding figures in 2010 to approximately RMB5,437.2 million in 2011 as property sales were negatively affected by the nationwide weak sentiment for property purchases especially in the fourth quarter of 2011. Any over-supply, economic downturn or austerity measures imposed by the PRC Government may result in a decline in property sales or property prices nationally or regionally, which may have a material adverse effect on our business, financial condition and operating results.

Our profitability and operating results are affected by the success of our business model and our ability to successfully expand our business in China.

Our business model is to have a business operation that is diversified in terms of geographic locations and the groups of customers whom we target. We have established strong market position in Shanghai and have been active in expanding our business in Beijing, as well as in selected second- and third-tier cities in the PRC. Our success is dependent on our managerial and operational resources, capital contributions, and our knowledge of the needs of our target customers. We cannot assure you that our business model will be successful in cities where we have presence. If we fail to establish or expand our business model as much as anticipated, our business, financial condition and operating results may be materially and adversely affected.

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We also intend to further expand into other selected emerging cities in China with good growth potential through land acquisitions or acquisition of companies with suitable land reserves. Expansion may place substantial strain on our managerial, operational and financial resources. In addition, we may not have the same level of familiarity with contractors, business practices, regulations, customer preferences, behaviour and spending pattern as other local and more experienced property developers in such cities, which may put us in a less competitive position as compared to such property developers. Any failure to leverage our experience or failure to understand the real estate market of a city to which we want to expand in the PRC may have a material adverse effect on our business, financial condition and operating results.

Our profit margin varies with each property development, and we may not be able to sustain our existing profit margin.

We recorded gross profit margin of approximately 30.3%, 26.7%, 34.2% and 28.3% for the financial years ended 31 December 2009, 2010 and 2011 and the six months ended 30 June 2012, respectively. Factors that may affect our gross profit margin include: (i) product mix, (ii) selling price, and (iii) cost of development. We cannot assure you that we can always maintain or increase our gross profit margin. If we are unable to maintain our gross profit margin, our profitability may be materially and adversely affected.

We may not have adequate resources to fund our existing and future property development.

Property development is capital intensive. We finance our property development projects primarily through internally generated funds and external financing, including bank borrowings and trust financings. We may also access the capital markets to raise further financing. As at 31 December 2009, 2010 and 2011 and 30 June 2012, our total outstanding bank and other borrowings under IFRS were RMB2,135.3 million, RMB3,975.5 million, RMB7,751.6 million and RMB7,863.8 million, respectively. Out of such total outstanding bank and other borrowings, our secured trust financings accounted for RMB290.0 million, RMB1,255.0 million, RMB2,792.3 million and RMB2,444.5 million, respectively. Our ability to procure adequate financing from banks and other financial institutions depends on a number of factors that are beyond our control, such as general economic conditions in the PRC, performance and outlook of the property development industry in the PRC, our financial strength and performance, availability of credit from financial institutions, and regulatory measures instituted by the PRC Government. We cannot assure you that we will be able to meet our sales targets or that banks, trust companies or other lenders will grant us sufficient financings in the future as we expect. As a result, we may not be able to raise enough funds for our operations in the future.

There are certain PRC laws and regulations which govern financing policies on PRC financial institutions (including banks, trust companies and others) for the real estate sector and tighten the criteria for banks to provide loans to real estate development enterprises and limit the accessibility of bank financing to our development projects. Please refer to the section headed “Summary of Principal PRC Legal and Regulatory Provisions” in Appendix VI to this prospectus.

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The PRC Government may further tighten financing policies on PRC financial institutions (including banks, trust companies and others) for the real estate sector. These real estate-related financing policies may limit our ability and flexibility to use bank and other borrowings to finance our property projects and therefore may require us to maintain a relatively high level of internally sourced cash. We cannot assure you that we will be able to secure adequate financing or renew our existing loans prior to their expiry or that our business, financial condition and operating results may not be materially and adversely affected as a result of these and other governmental actions and policy initiatives.

Other than bank loans, we have also obtained trust financings from a number of trust companies in the PRC. If the PRC Government tightens the regulations on these trust financing arrangements, we may not be able to raise funds through such arrangements and may need to resort to other financings to fund our property development.

We may not always be able to obtain land reserves that are suitable for our property development at commercially acceptable prices.

We derive our revenue principally from the sale of properties that we have developed. We must therefore maintain or increase our land reserves, each with sufficient size and appropriate scope of usage for our property development, in suitable locations at an appropriate pace in order to ensure sustainable business growth. For the financial years ended 31 December 2009, 2010 and 2011, we acquired land parcels in respect of our eight, six and 10 property projects, respectively. In 2012 and up to the Latest Practicable Date, we acquired land parcels in respect of our six property projects.

The PRC Government controls the availability of land in China. The PRC Government's land supply policies have a direct impact on our ability to acquire land use rights and our costs of acquisition. In recent years, the PRC central and local governments have implemented various measures to regulate the means by which property developers may obtain land and the manner in which land can be developed. The PRC Government also controls land supply through zoning, land usage regulations and other measures. All these measures could intensify the competition for land in China among property developers. Please refer to the section headed "Risk Factors — Risks Relating to Our Industry — Our operations are subject to extensive governmental regulations, and in particular, we are susceptible to changes in policies related to the real estate industry in the PRC and the PRC Government may adopt further measures to slow down growth in the real estate sector" in this prospectus for further details.

Our ability to identify and acquire suitable land is subject to a number of factors, some of which are beyond our control. For additional information on the regulatory procedures and restrictions on land acquisition in the PRC, please refer to the section headed "Summary of Principal PRC Legal and Regulatory Provisions" in Appendix VI to this prospectus. To the extent that we are unable to acquire suitable sites at commercially acceptable prices for our project development on a timely basis or at prices which will enable us to achieve reasonable returns, our business, financial condition and operating results may be materially and adversely affected.

RISK FACTORS

We maintain a certain level of indebtedness, and any recurrence of the global financial crisis and economic downturn or a deterioration of our cash flow position may materially and adversely affect our ability to service our indebtedness and to continue our operations.

We maintain a certain level of indebtedness to finance our operations. As at 31 December 2009, 2010 and 2011 and 30 June 2012, our total outstanding bank and other borrowings under IFRS were RMB2,135.3 million, RMB3,975.5 million, RMB7,751.6 million and RMB7,863.8 million, respectively. As at 31 December 2009, 2010 and 2011 and 30 June 2012, our net debt-to-equity ratio was approximately 39.7%, 68.9%, 141.5% and 138.3%, respectively.

The cash flow and operating results of our operating subsidiaries will affect our liquidity and our ability to service our indebtedness. For the financial years ended 31 December 2010 and 2011 and the six months ended 30 June 2012, we had net cash outflows from operating activities of RMB932.1 million, RMB2,695.2 million and RMB462.7 million, respectively. We cannot assure you that we will not experience periods of net cash outflows from operating activities in the future or maintain sufficient cash flow to service our indebtedness. If we are unable to make scheduled payments in connection with our debts and other fixed payment obligations as they become due, we may need to refinance such obligations or obtain additional financing. Our ability to do so will depend on a number of factors, many of which are beyond our control. We cannot assure you that our refinancing efforts would be successful or timely or that we could secure additional financing on acceptable terms, or at all. If we fail to maintain sufficient cash flow to service our indebtedness or if our refinancing efforts are otherwise unsuccessful, our business, financial condition and operating results may be materially and adversely affected. In addition, the global capital and credit markets have in recent years experienced periods of extreme volatility and disruption. The global financial crisis in these years has caused banks and other credit providers to restrict the availability of new credit facilities and to require more collateral and higher pricing upon the renewal of existing credit facilities. The recurrence of the global financial crisis or prolonged disruptions to the credit market may cause a further decline in the PRC economy, limiting our ability to raise funds from current or other funding sources, or cause our access to funds to be more expensive, which may materially and adversely affect our business, financial condition and operating results.

In addition to bank and other borrowings, we rely on internally generated funds, in particular, pre-sale proceeds of our properties as a major source of funding for our operations. If our pre-sale activities are significantly limited or otherwise materially and adversely affected as a result of changes in the relevant PRC laws and regulations, the occurrence of a global economic downturn, or a significant economic slowdown in China generally or in the cities where we have properties, our cash flow position and ability to service our indebtedness may be materially and adversely affected. Furthermore, if banks or other financial institutions decline to provide additional loans to us or to re-finance our existing loans when they mature as a result of our perceived credit risk, and we fail to raise financing through other channels, our business, financial condition and operating results may be materially and adversely affected.

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Our profitability and operating results are affected by changes in interest rates.

Changes in interest rates have affected, and will continue to affect, our financing costs. Except for the SCB Facility Agreement, our bank borrowings are principally denominated in Renminbi. The interest rates on our Renminbi bank borrowings are primarily affected by the benchmark interest rate set by the PBOC, which has fluctuated significantly in recent years. For the financial years ended 31 December 2009, 2010 and 2011 and the six months ended 30 June 2012, our average annualised borrowing cost (calculated by total interest expenses expensed and capitalised divided by average bank and other borrowings under IFRS during the relevant period) was 10.8%, 9.3%, 9.8% and 10.3%, respectively. In addition, changes in interest rates may affect our customers' ability to secure mortgages on acceptable terms, which, in turn, may affect their ability to purchase our properties. We cannot assure you that the PBOC will not raise lending rates further or otherwise discourage bank lending or that our business, financial condition and operating results may not be materially and adversely affected as a result.

We may not be able to complete or deliver our development projects on time.

The progress and costs of a development project may be materially and adversely affected by many factors, including:

- delays in obtaining necessary licences, permits or approvals from governmental agencies or authorities;
- relocation of existing residents and/or demolition of existing buildings;
- shortages of materials, equipment, contractors and skilled labour;
- labour disputes;
- construction accidents;
- natural catastrophes;
- adverse weather conditions;
- changes in governmental policies; and
- economic downturn.

In 2009, there was a delay in the completion and delivery of Beijing CIFI Olympic City. The delay was caused by the suspension of construction work during the Beijing Olympics period. We made an aggregate compensation amounting to RMB20,359,000 to the purchasers. Such amount was provided as general administrative expense for the financial year of 2009. The Group did not receive any compensation from the PRC Government for the suspension of construction work during the Beijing Olympics period. We cannot assure you that we will not experience any significant delays in the completion or delivery of our projects, or that we will not be subject to any liabilities for any such

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delays. Liabilities arising from any delays in the completion or delivery of our projects may have a material adverse effect on our business, financial condition and operating results. As our revenue from sale of properties generally depends on our schedule of delivery of our properties, if completion of our development projects are delayed, our business, financial condition and operating results may be materially and adversely affected.

Our operating results fluctuate from period to period, and such fluctuations make it difficult to predict our future performance, which may vary significantly from period to period.

As we derive our revenue principally from the sale of properties developed by us, our operating results may vary significantly from period to period.

Our contracted sales amount derived from pre-sale or sale of properties in any given period depends on (i) the number of property development projects and the amount of GFA available for pre-sale or sale as completed properties, and (ii) the underlying demand for such GFA available for pre-sale. According to our accounting policies, our recognised revenue mainly depends on the project completion schedule and our contracted sales amount mainly depends on the number and amount of projects which have obtained pre-sale permits. Periods in which we deliver properties with a higher aggregate GFA typically generate higher levels of revenue. However, we may not have a smooth distribution of recognised revenue and contracted sales amount over different periods of the year due to a combination of factors, which include the overall delivery schedules of our projects, the market demand for our properties of prospective customers, the timing of the sale of properties that we have developed and any fluctuation in costs such as land costs and construction costs. Historically, we have experienced lower pre-sale transaction volume during the first six months of the year. As a result, our contracted sales amount and recognised revenue may generally be lower in the first six months than in the last six months of the year. For example, our recognised revenue in the six months ended 30 June 2011 only accounted for approximately 9.3% of our recognised revenue in the financial year ended 31 December 2011.

Consequently, our operating results for any given period may not be indicative of the actual demand for our properties or the pre-sale or sales achieved during such period. Our revenue and profit during any given period generally reflect property purchase decisions made by purchasers at some time in the past. As a result, our operating results are not necessarily indicative of results that may be expected for any future period and may lead to fluctuations in the price of our Shares.

We may not have adequate insurance to cover our potential losses and claims.

We do not maintain insurance against all risks associated with our industry, either because we have deemed it commercially unfeasible to do so, or because our insurers have carved certain risks out of their standard policies. We cannot assure you that we will not be sued or held liable for damages due to tortious acts. In addition, there are certain losses for which insurance is not available on commercially reasonable terms, such as losses suffered due to earthquake, war, civil unrest and certain other events of force majeure. Please refer to the section headed “Business — Insurance” in this prospectus for further information. We cannot assure you that our commercial properties, upon completion, will be comprehensively insured. If we suffer any losses, damage or liabilities in the course of our operations arising from events for which we do not have insurance cover, we may not

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have sufficient funds to cover such losses, damage or liabilities or to replace any property development that has been destroyed. The occurrence of any of the above events and the resulting payment we may make to cover any losses, damage or liabilities may have a material adverse effect on our business, financial condition and operating results.

We may be affected by the performance of external contractors and costs of construction materials.

We engage external contractors to carry out various work, including, construction, equipment installation, internal decoration, landscaping, pipeline engineering and lift installation. We select external contractors mainly through a tender process. We cannot guarantee that any such external contractor will provide satisfactory services at the required quality level. If the performance of any external contractor is unsatisfactory, we may need to replace the external contractor or take other actions to remedy the situation, which may materially and adversely affect the cost and construction progress of our projects. Furthermore, our external contractors may undertake projects from other developers, engage in risky undertakings or otherwise encounter financial or other difficulties, which may cause delay in the completion of our property projects or increase our project development costs. The occurrence of any of the above events may have a material adverse effect on our business, financial condition and operating results.

We procure construction materials through our external contractors or by ourselves. If the costs of construction materials increase beyond the agreed pre-determined price, the external contractors may request to transfer such increase to us or to increase the contractor fees. If there is a material increase in the costs of construction materials and we cannot pass such increase to our customers, our business, financial condition and operating results may be materially and adversely affected.

We may be materially and adversely affected if we fail to obtain, or if there are material delays in obtaining, requisite governmental approvals for our property business.

The real estate industry in the PRC is heavily regulated by the PRC Government. In order to undertake and complete a property development or to commence property leasing, a property developer or owner must obtain various permits, licences, certificates and other approvals from the relevant governmental and administrative authorities at various stages of the property development process, including, but not limited to, land use rights certificates, construction land planning permits, construction work planning permits and construction work commencement permits, pre-sale permits, permits to carry out property management services, various qualification certificates and certificates of completion. Each approval is dependent on the satisfaction of certain conditions.

We cannot assure you that we will not encounter problems in obtaining such governmental approvals or in fulfilling the conditions required for obtaining the approvals, or that we will be able to comply with new laws, regulations or policies that may come into effect from time to time with respect to the real estate industry in general or the particular processes with respect to the granting of approvals. If we fail to obtain the relevant approvals or to fulfil the conditions of the approvals for our property development, those developments may not proceed on schedule. As a result, our business, financial condition and operating results may be materially and adversely affected.

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The PRC Government may impose fines or other penalties on us if we fail to comply with the terms of the land grant contracts, and we may not be able to obtain land use rights certificates with respect to certain parcels of land.

Under PRC laws and regulations, if a developer fails to comply with the terms of the relevant land grant contract, including those relating to the payment of land premium, scope of usage of the land and the time for commencement and completion of the property development, the PRC Government may issue a warning or impose fines or other penalties on the developer. Specifically, under current PRC laws and regulations, if a developer fails to pay any outstanding land premium by the stipulated deadline, the developer may be subject to a late payment fine calculated on a daily basis or other penalties.

If a developer fails to commence development for more than one year but less than two years from the commencement date stipulated in the land grant contract, the MLR or its local branches may launch an investigation in respect of idle land. Upon the investigation, if the MLR or its local branches prove the land to be idle land, they will issue the Letter of Identification of Idle Land and impose a land idle fee on the land of 20% of the land premium specified in the contract. If a developer fails to commence development for more than two years, the land will be subject to reclamation by the PRC Government unless the delay in development is caused by governmental actions or force majeure. In addition, notwithstanding that the commencement of the development is in line with the relevant land grant contract, if the developed GFA on the land is less than one-third of the total GFA of the project or if the total capital expenditure is less than one-fourth of the total investment of the project, and the development of the land has been suspended for over one year without governmental approval, the land will be treated as idle land. Please refer to the section headed “Summary of Principal PRC Legal and Regulatory Provisions” in Appendix VI to the prospectus. We cannot assure you that circumstances leading to reclamation or significant delays in development schedules will not arise in the future. If any of our land is subject to reclamation, we will not only lose the opportunity to develop property projects on the land, but may also lose all our past investment in the land, including land premium paid and development costs incurred.

As at the Latest Practicable Date, we had certain parcels of land, with a total planned GFA of approximately 0.71 million sq.m., in respect of which we have not obtained the land use rights certificates. If we fail to obtain the land use rights certificate for any of these parcels of land, we will not be able to commence development and may be required to acquire other parcels of land as replacements and our business, financial condition and operating results may be materially and adversely affected.

We have two property developments which require demolition and resettlement and the completion of these property developments may be delayed.

As at the Latest Practicable Date, certain portions of our two property development in Shanghai CIFI La Baie D’Evian and Shanghai CIFI Jiangwan Mansion required demolition of existing buildings or resettlement of original residents. As at 31 August 2012, these two projects incurred development costs in an aggregate amount of approximately RMB442 million and accounted for an aggregate GFA of approximately 66,725 sq.m. or approximately 1.1% of the total GFA of our land bank. Our PRC Legal Advisers have advised us that for both property developments, we are not responsible for the

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demolition and resettlement under PRC laws and regulations and the related contracts for the acquisition of the land, and that the sellers of the land are responsible for the demolition and resettlement. Our PRC Legal Advisers have also advised us that for both property developments, we are not liable to pay additional demolition and resettlement costs under PRC laws and regulations and the related contracts for the acquisitions of the land. As at the Latest Practicable Date, the demolition and resettlement of both projects had not been completed. To our best knowledge and based on the latest progress, we estimate the demolition and resettlement of Shanghai CIFI La Baie D'Evian and Shanghai CIFI Jiangwan Mansion to be completed in around first half of 2013. Given the nature of demolition and resettlement which depends on various external factors which are beyond our control, we cannot guarantee that there will not be any delay. Even if we are not responsible for the demolition and resettlement, if the party responsible for the demolition or resettlement and the original residents fail to reach an agreement on the amount of compensation, either of them may apply to the relevant authorities for a ruling on the amount of compensation. Dissenting residents may also refuse to relocate. Such administrative process or resistance or refusal to relocate may delay the timetable of our development projects or, in extreme cases, prevent their completion. The occurrence of any of the above events may have an adverse effect on our business, financial condition and operating results.

We may be negatively impacted by the proceedings and delay arising from other parties failing to reach agreement in respect of compensation. Such proceedings and delay, if they occur, may materially and adversely affect our reputation. In addition, any such delays to our development projects will lead to an increase in costs and a delay in the expected cash inflow resulting from pre-sale of the relevant project, which may, in turn, materially and adversely affect our business, financial position and operating results.

Our operating results include the change in fair value of our investment properties or change in fair value upon transfer to investment properties, which may fluctuate significantly over financial periods and may materially and adversely affect our business, financial condition and operating results.

For the financial years ended 31 December 2009, 2010 and 2011 and the six months ended 30 June 2012, the aggregate of the fair value gains of our investment properties and change in fair value upon transfer to our investment properties were RMB55.6 million, RMB141.7 million, RMB1,148.8 million and RMB965.6 million, respectively. For the financial years ended 31 December 2009, 2010 and 2011 and the six months ended 30 June 2012, such aggregate amount accounted for approximately 7.8%, 13.7%, 52.1% and 75.4%, respectively, of our profit before tax in those periods. The change in fair value in relation to our investment properties may fluctuate in the future. Our business, financial condition and operating results may be materially and adversely affected by any significant changes in the fair value of our investment properties completed or under development or any transfer of properties held for sale/under development to investment properties.

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The appraised value of our properties may be different from the actual realisable value and is subject to change.

The appraised value of our properties as set out in the property valuation report prepared by our Property Valuer as set out in Appendix IV to this prospectus is based on various assumptions that include elements of subjectivity and uncertainty, and may be subject to substantial fluctuations. Therefore, the appraised value of our properties should not be taken as their actual realisable value or a forecast of their realisable value. Unforeseeable changes to the development of our property projects, as well as national and local economic conditions, may affect the value of our properties. In particular, the fair value of our investment properties could remain stable or decrease if the market for comparable properties in the PRC experiences a downturn as a result of the austerity measures in the PRC, the continued effect of the recent economic downturn, or otherwise.

The appraised value of our property development projects and our land reserves are based on a number of assumptions, which, among others, include the following:

- we will complete development projects on time;
- we have obtained or will obtain all consents, approvals and certificates from relevant government authorities for the development projects on a timely basis and without onerous conditions; and
- we have paid all the land premium and obtained all land use rights certificates and transferable land use rights.

If any of the assumptions proves to be incorrect or the actual realisable value of any of our properties is significantly lower than its appraised value, our business, financial condition and operating results may be materially and adversely affected.

Our profit forecast involves estimates and assumptions in relation to fair value gains which may prove to be incorrect.

The profit forecast of RMB1,802 million for the year ending 31 December 2012 reflects an estimated fair value gain on our investment properties of RMB925 million (excluding deferred tax effect and non-controlling interests). The extent of any fair value gains or losses on our investment properties for the year ending 31 December 2012 depends on market conditions and other factors that are beyond our control. While we have considered for the purposes of our profit forecast what we believe is the best estimate of the fair value gains on our investment properties as at 31 December 2012, the actual amount of fair value gain or loss on investment properties as at that date may differ materially from our estimate. Furthermore, we expect the fair value of our investment properties as at 31 December 2012 to continue to be based on the valuation performed by an independent professional property valuer, involving the use of assumptions that are, by their nature, subjective and uncertain, including those described in the section headed “Risk Factors — Risks Relating to Our Business — The appraised value of our properties may be different from the actual realisable value and is subject to change” in this prospectus.

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Our profitability and operating results are affected by the development and profitability of our property rental segment and our ability to continue to attract and maintain key tenants.

For the financial years ended 31 December 2009, 2010 and 2011 and the six months ended 30 June 2012, rental income accounted for approximately 0.4%, 0.3%, 0.3% and 0.8%, respectively, of our total revenue. As we seek to increase our portfolio of investment properties, rental income may become an increasingly important contributor to our revenue going forward. We may not, however, be able to identify new tenants or secure existing tenants for our properties for lease. An increase in the number of competing properties, particularly in close proximity to our properties, could increase competition for tenants, reduce the relative attractiveness of our properties and force us to reduce rents or incur additional costs in order to make our properties more attractive. If there is a significant downturn in the commercial property leasing markets generally or in the cities where we have investment properties, we may not be able to maintain our current levels of rental income. Our inability to expand our portfolio of commercial properties for lease and operations, to secure suitable tenants or otherwise to enhance the profitability of our leasing segment or to maintain our current levels of rental income may have an adverse effect on our business, financial condition and operating results.

We are subject to certain restrictive covenants and risks normally associated with debt and trust financing which may limit or otherwise materially and adversely affect our business, financial condition and operating results.

We are subject to certain restrictive covenants in our loan and financing agreements with certain banks and trust companies, respectively. Our loan agreements may contain cross default clauses. If any cross default occurs, these banks are entitled to accelerate payment of all or any part of the indebtedness owing under all the loan agreements and to enforce all or any of the security for such indebtedness. In addition, certain loan agreements contain covenants where we or our relevant PRC operating subsidiaries may not enter into merger, joint venture, or restructuring, decrease our registered share capital, transfer material assets, liquidate, change our shareholding, or distribute dividends without the relevant lenders' prior written consent or unless we fully settle the outstanding amounts under the relevant loan agreements. Our trust financing agreements generally also contain certain covenants, among others, under which we or our relevant PRC subsidiaries undertake not to repay shareholders' loans, misuse proceeds, provide guarantees, distribute dividends, enter into merger, joint venture, or acquisition, transfer material assets or change our registered share capital without notifying the relevant trust company, obtaining the prior consent of the relevant trust company, or fully repaying the outstanding amount under the relevant trust financing agreement. In addition, our trust financings are generally secured by either (i) a pledge of all of our equity interest in the relevant project subsidiary, or (ii) a transfer of a minority equity interest and a pledge of our remaining equity interest in the relevant project subsidiary, in each case, to the relevant trust company. If we fail to comply with any of those covenants or repay these trust financings in part or in full at their respective maturity dates, we may lose part or all of our equity interest in these project subsidiaries and our proportionate share of the asset value of the relevant property project. The occurrence of any of the above events may have a material adverse effect on our business, financial condition and operating results, as well as cash flow and cash that is available for distributions to our Shareholders.

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Our operating results include the change in fair value of trust loans related derivatives, which may fluctuate significantly over financial periods, and any increase in the fair value of these derivatives would reduce our profits and adversely affect our operating results in the future.

During the Track Record Period, two of our subsidiaries (Shanghai Xubo and Hefei Xubin) entered into trust financing arrangements that involved repurchase obligations of the equity interest from a trust company in the relevant project subsidiary at repurchase considerations determined based on the operational performance of, or the valuation of the equity interest in, the relevant project subsidiary. For more details on these two trust financing arrangements, please refer to the section headed “Business — Operating cash flow and financing plans — Our secured trust financings” in this prospectus. These trust financings are classified in our consolidated financial statements as loan liabilities and financial derivatives on initial recognition and are re-measured to fair value through profit or loss at subsequent reporting dates. For the financial year ended 31 December 2011 and the six months ended 30 June 2012, we incurred a fair value loss and a fair value gain on trust loans related derivatives of RMB15.0 million and RMB11.0 million, respectively. The fair value of these derivatives is likely to fluctuate from time to time and may increase in the future, resulting in a greater loss. In addition, depending on the available terms and opportunities, we may enter into similar trust financing arrangements involving financial derivatives in the future to fund our property development activities. Any increase in the fair value of our trust loans related derivatives from these trust financing arrangements would reduce our profits and adversely affect our operating results in the future.

Failure to maintain certain level of shareholding in our Company by our Controlling Shareholders may constitute event of default under the SCB Facility Agreement.

Our Company obtained a loan facility of HK\$580 million from Standard Chartered Bank (Hong Kong) Limited, an affiliate of Standard Chartered under the SCB Facility Agreement dated 14 September 2011. The loan term is 24 months commencing from the date of the SCB Facility Agreement. Pursuant to the SCB Facility Agreement, it would be an event of default if, during the term of the facility, our Controlling Shareholders namely Mr Lin Zhong, Mr Lin Wei and Mr Lin Feng, their family trusts and the companies beneficially owned by them together fail to maintain beneficial shareholding of at least 80% of the entire issued share capital of our Company prior to Listing and at least 51% of the entire issued share capital of our Company after the Listing. The occurrence of the aforesaid event of default would render all outstanding liabilities of our Company under the SCB Facility Agreement to become immediately due and payable. As at the Latest Practicable Date, Mr Lin Zhong, Mr Lin Wei, Mr Lin Feng, their family trusts and the companies beneficially owned by them were together interested in approximately 89.25% of the entire issued share capital of our Company. They will own an aggregate of approximately 69.84% of the entire issued share capital of our Company immediately after the Capitalisation Issue and the Global Offering (assuming the Over-allotment Option is not exercised). If their aggregate shareholding falls below 51% after the Listing, it will constitute an event of default under the SCB Facility Agreement and our Company may be required to pay all outstanding liabilities immediately.

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We may be subject to fines due to the lack of registration of our leases.

Pursuant to the Measures for Administration of Lease of Commodity Properties 《商品房屋租賃管理辦法》, which was promulgated by the Ministry of Construction on 1 December 2010 and became effective on 1 February 2011, registration of leases is required and a fine will be imposed on the parties to a lease for failing to register a lease. For an entity, the fine will range from RMB1,000 to RMB10,000, and for an individual, the fine will not be more than RMB1,000 for non-registration of a lease. As at 31 August 2012, we leased 32 properties in the PRC from different landlords, and all of the lease agreements had yet to be registered with the relevant government authorities. Our PRC Legal Advisers have advised us that the lack of registration of a lease will not affect its legality, validity or enforceability unless the lease contains a provision which stipulates that the validity of the lease is subject to registration. Our PRC Legal Advisers have also advised us that we may be subject to fines for the lack of registration of our leases. Please refer to the section headed “Business — Legal proceedings and compliance” in this prospectus for further details on the potential legal consequences of the lack of registration of leases. For details of the leases which have not been registered, please refer to the property valuation report as set out in Appendix IV to this prospectus.

Property owners may not engage us or may terminate us as the provider of property management services which may materially and adversely affect our business, financial condition and operating results.

Through our property management companies, we provide property management services to the owners of the residential and commercial properties that we have developed. Our Directors believe that property management is an important part of our business and critical to the successful marketing and promotion of our property development. Under PRC laws and regulations, the home owners of a residential property that we have developed do not necessarily have to engage us as the provider of property management services. Furthermore, the home owners of a residential community of a certain scale have the right to change the property management service provider upon the consent of a certain percentage of home owners. If home owners of the projects that we have developed choose not to engage or to terminate our property management services, our reputation, business, financial condition and operating results may be materially and adversely affected.

Our Company is a holding company that relies on payment from our subsidiaries for funding, and any limitation on the ability of our PRC subsidiaries to pay dividends to us may have a material adverse effect on our ability to conduct our business.

We are a holding company incorporated in the Cayman Islands and operate our core business primarily through our subsidiaries in the PRC. We rely on dividends paid by our subsidiaries for cash requirements, including the funds necessary to service any debt we incur and to pay any dividend we declare. If any of our subsidiaries incurs debt in its own name in the future, the instruments governing the debt may restrict dividends or other distributions on its equity interest to us. In addition, our PRC subsidiaries are required to set aside a certain percentage of their after-tax profit based on PRC accounting standards each year for their reserve fund in accordance with the requirements of relevant laws and provisions in their respective articles of association. As a result, our PRC subsidiaries may be restricted in their ability to transfer any portion of their net income to us whether in the form of dividends, loans or advances. In addition, restrictive covenants in bank credit facilities, convertible

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bond instruments or other agreements that we or our subsidiaries may enter into in the future, if any, may also restrict the ability of our PRC subsidiaries to make distributions to us. Any limitation on the ability of our PRC subsidiaries to pay dividends to us may materially and adversely limit our ability to grow, make investments or acquisitions that could be beneficial to our businesses, pay dividends, service our indebtedness or otherwise fund and conduct our business.

We paid dividends in the past but there can be no assurance that we will pay dividends in the future.

For the financial years ended 31 December 2009, 2010 and 2011 and the six months ended 30 June 2012, dividends of RMB3.0 million, RMB10.0 million, RMB26.0 million and nil, respectively, were paid by Shanghai Xuhui Investment and Xukai Shanghai Investment to their then existing shareholders. There can be no assurance as to whether and when we will pay dividends in the future. Any future declaration of dividends will be proposed by our Board, and the amount of any dividends will depend on various factors, including our financial condition, operating results, future business prospects and other factors that our Board may determine to be important. Please refer to the section headed “Financial Information — Dividends and distributable reserves” in this prospectus for further details.

A deterioration in our brand image may materially and adversely affect our business, financial condition and operating results.

We rely to a significant extent on our brand name and image to attract potential customers to our properties. Any negative incident or negative publicity concerning us or our properties may materially and adversely affect our reputation and business prospects. Brand value is based largely on consumer perceptions with a variety of subjective qualities and can be damaged even by isolated business incidents that degrade consumer trust. Consumer demand for our properties and our brand value could diminish significantly if we fail to preserve the quality of our properties or fail to deliver a consistently positive consumer experience in our properties, or if we are perceived to act in an unethical or socially irresponsible manner. Any negative publicity and the resulting decrease in brand value, or failure to establish our brand may have a material adverse effect on our business, financial condition and operating results.

Certain of our PRC subsidiaries did not contribute housing provident funds and social security insurance.

Under applicable PRC laws and regulations, our PRC subsidiaries are required to register with the relevant authorities in respect of housing provident fund and social security insurance and to contribute housing provident funds and social security insurance for their employees.

During the Track Record Period, certain of our PRC subsidiaries did not register with the relevant authorities on a timely basis and did not contribute housing provident funds and social security insurance for their employees. According to the Regulations on Management of Housing Provident Fund 《住房公積金管理條例》, such PRC subsidiaries may be required to pay for the unpaid housing provident fund contributions, and we may be subject to a fine in the amount of between RMB10,000 and RMB50,000 for not registering with the relevant authorities on a timely basis. For

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social security insurance, according to the relevant PRC laws and regulations if we are ordered to pay the social security insurance but fail to do so as required by the local social security authorities, a fine calculated at a rate of 0.05% per day on the delinquent payments may be imposed on us. Please refer to the section headed “Business — Legal proceedings and compliance” in this prospectus for further details.

Our success depends on the continued services of our executive Directors and members of our senior management.

Our success in implementing proposed plans and maintaining growth in our profitability largely depends on the continued services provided by our executive Directors and members of our senior management. We are dependent on our executive Directors and members of our senior management. In addition, along with our steady growth and expansion into other cities in China, we will need to employ, train and retain employees on a much larger geographical scale. The ability to attract skilled employees is dependent on the resources available in each geographic area. Furthermore, labour supply will be impacted by the economic condition of each geographic area, and we cannot assure you that our labour costs will not increase as a result of a shortage in the supply of skilled personnel. If any member of our core management team leaves and we fail to find a suitable substitute or we cannot attract and retain the management personnel necessary to maintain efficient operations, our business, financial condition and operating results may be materially and adversely affected.

We may be involved in disputes 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, tenants, residents of surrounding areas, business partners and purchasers. These disputes may lead to protests and legal or other proceedings and may result in damage to our reputation, substantial costs and diversion of resources and management’s attention.

We carry out some of our business through joint ventures with our business partners. Such joint venture arrangements involve a number of risks, including, but not limited to:

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

Furthermore, as some of our projects comprise multiple phases, purchasers of our properties in earlier phases may commence legal action against us if our subsequent planning and development of

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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, which may subject us to administrative proceedings and unfavourable decrees that may result in liabilities and cause delays to our property development. We may also be involved in disputes or legal proceedings in relation to delays in the completion and delivery of our projects. The occurrence of any of the above events may have a material adverse effect on our business, financial condition and operating results. During the Track Record Period, we were involved in certain legal or other disputes in the ordinary course of our business. Please refer to the section headed “Business — Legal proceedings and compliance” in this prospectus for further details.

There may be a dilutive effect on the earnings per Share associated with the Share Option Scheme and an impact on future earnings.

We have conditionally adopted the Share Option Scheme. For details of the Share Option Scheme, please refer to section headed “Statutory and General Information — Share Option Scheme” in Appendix VII to this prospectus.

The issue of any options which may be granted under the Share Option Scheme in the future will result in an increase in the number of Shares in issue and may result in the dilution of the percentage of ownership of our Shareholders, the earnings per Share and net asset value per Share.

The hotel industry is cyclical, and our hotel properties may not be able to replicate our success in residential and commercial property development.

We currently have four hotel properties being planned as part of our property projects. The operating results of our hotel properties will depend, to a large extent, on the performance of the economy and the real estate market conditions in the PRC. Historically, the hotel industry has been cyclical and affected by, among other factors, the supply of, and demand for, comparable properties, the rate of economic growth, interest rates, inflation, and political and economic developments. There can be no assurance that the PRC economy will not slow down or that hotel property values and rates will not decline or that interest rates in the PRC will not rise in the future. We have less experience in the hotel properties than in the residential and commercial property development business, and we may not always be able to identify or resolve issues that arise in relation to the hotel. Due to our lack of experience in the hotel properties, we may face considerable reputational and financial risks if the hotels do not meet the expectations of hotel customers. We cannot assure you that there will be sufficient demand for our hotels properties. A general decline in the economy, or in hotel property values and rates, may have a material adverse effect on our business, financial condition and operating results. If we fail in our hotel properties, it may have a material adverse effect on our brand, business, financial condition and operating results.

Ample Advantage may not comply with its obligations under the Suzhou Xu Ming Arrangement.

We developed the Suzhou CIFI Luxury Courtyard through the Suzhou Xu Ming Arrangement, the details of which are set out in the section headed “Business — Description of our Property Projects — 2. Suzhou — Suzhou CIFI Luxury Courtyard” in this prospectus. Pursuant to the Suzhou Xu Ming Arrangement, Ample Advantage acquired from us in April 2012 the entire issued share capital of Xu

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Ming BVI which subsequently acquired the entire interest in Suzhou CIFI Luxury Courtyard through Suzhou Xu Ming, being a WFOE established by Xu Ming HK which in turn is directly and wholly owned by Xu Ming BVI. We are entrusted by Suzhou Xu Ming to be responsible for the day-to-day operations and management of Suzhou Xu Ming as well as development, construction and sale of Suzhou CIFI Luxury Courtyard. Xu Ming BVI comprises a maximum of six directors and each of our Group and Ample Advantage has the right to nominate three of the directors. Ample Advantage has covenanted to us that, prior to the compulsory buyback exercised by us to acquire the entire interest in Xu Ming BVI, all the major events in respect of Xu Ming BVI and its subsidiaries are subject to the consent of the majority of the board members of Xu Ming BVI. Ample Advantage has further undertaken to us that Xu Ming BVI and its subsidiaries will not be engaged in any business other than those related to Suzhou CIFI Luxury Courtyard. Xu Ming BVI and its subsidiaries are regarded as our wholly-owned subsidiaries under IFRS and the results and assets of Suzhou CIFI Luxury Courtyard are fully consolidated into our consolidated financial statements. As at 30 June 2012, the consolidated asset value of Xu Ming BVI and its subsidiaries was RMB519.5 million. However, there may be a risk that Ample Advantage fails to comply with its obligations and Suzhou CIFI Luxury Courtyard would not be developed as planned by our Group.

Although Ample Advantage has undertaken to indemnify us if it breaches any covenants and undertakings given under the Suzhou Xu Ming Arrangement and Business Advantage, as holding company of Ample Advantage, has also guaranteed the performance of Ample Advantage and has given indemnity in favour of us, there may be a risk that both Ample Advantage and Business Advantage do not have sufficient financial resources to honour their indemnities.

RISKS RELATING TO OUR INDUSTRY

Our operations are subject to extensive governmental regulations, and in particular, we are susceptible to changes in policies related to the real estate industry in the PRC and the PRC Government may adopt further measures to slow down growth in the real estate sector.

Our business is subject to extensive governmental regulations. As with other PRC property developers, we must comply with various requirements mandated by the relevant PRC laws and regulations, including the policies and procedures established by local authorities designed for the implementation of such laws and regulations.

Further, in response to concerns over the scale of the increase in property investment and the overheating of the real estate sector in the PRC over the past few years, the PRC Government has introduced a number of policies to control the growth and curtail the overheating of, and to control foreign investment in, the PRC property sector. Please refer to the section headed “Summary of Principal PRC Legal and Regulatory Provisions — Administrative Rules on Stabilising prices of real estate market” in Appendix VI to this prospectus for details of these laws and regulations.

The PRC Government’s restrictive measures could limit our access to capital resources, reduce market demand and increase our operating costs. The PRC Government may adopt additional and more stringent measures in the future, which may further slow down the development of the construction and property development industries and materially and adversely affect our business, financial condition and operating results. In particular, any additional or more stringent measures imposed by

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the PRC Government in the future to curb high-quality property projects may materially and adversely affect our business, financial condition and operating results. For additional information on regulatory restrictions in the real estate industry in the PRC, please refer to the section headed “Summary of Principal PRC Legal and Regulatory Provisions” in Appendix VI to this prospectus.

Changes in PRC laws and regulations with respect to pre-sale may materially and adversely affect our business performance.

We depend on cash flows from the pre-sale of properties as an important source of funding for our property development. 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 development. We cannot assure you that the PRC Government will not implement further restrictions on property pre-sale, such as imposing additional conditions for obtaining pre-sale permits or imposing further restrictions on the use of pre-sale proceeds. The adoption of any such measures may materially and adversely affect our cash flow position and force us to seek alternative sources of funding to finance our project development.

In addition, we make certain undertakings in our sale and purchase agreements including delivering completed properties and property ownership certificates to the customers within the period stipulated in the sale and purchase agreements. These sale and purchase agreements and the relevant PRC laws and regulations provide for remedies for breach of such undertakings. For example, if we pre-sell a property project and fail to complete that property project, we will be liable to the purchasers for their losses. Should we fail to complete a pre-sale property project on time, our purchasers may seek compensation for late delivery pursuant to either their contracts with us or relevant PRC laws and regulations. If our delay extends beyond a specified period, our purchasers may terminate the sale and purchase agreements and claim compensation. We cannot assure you that we will not experience significant delays in the completion and delivery of our projects which may have a material adverse effect on our business, financial condition and operating results.

According to the relevant PRC laws and regulations, property developers are typically required to assist purchasers in the registration and application for the relevant individual property ownership certificates within 90 days after delivery of the property or within a time frame set out in the relevant sale and purchase agreements. Property developers, including us, generally elect to specify the deadline for the delivery of the individual property ownership certificates in the sale and purchase agreements to allow sufficient time for the application and approval process. Under current regulations, we are required to submit requisite governmental approvals in connection with our property development, including land use rights documents, construction work planning permits and certificates of completion, to the local bureau of land resources and housing administration after the receipt of the certificates of completion for the relevant properties and to apply for the general property ownership certificates in respect of these properties. Within regulated periods after delivery of the properties, we are required to submit the relevant sale and purchase agreements and identification documents of the purchasers, together with the general property ownership certificates, for the bureau’s review before its issuance of the individual property ownership certificates in respect of the properties purchased. Delay by the various administrative authorities in reviewing the relevant applications and granting the relevant approvals as well as other factors may affect timely delivery of the general, as well as individual, property ownership certificates.

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The relevant PRC tax authorities may challenge the basis on which we calculate our LAT obligations.

Under PRC laws and regulations, our PRC subsidiaries that are engaged in the property development business are subject to LAT as determined by the local authorities in the location in which each project is located. All income from the transfer of State-owned land use rights, buildings and their attached facilities in the PRC is subject to LAT at progressive rates ranging from 30% to 60% of the appreciation value as defined in the relevant tax laws. Certain exemptions are available for the sale of ordinary residential properties if the appreciation values do not exceed 20% of the total deductible items (as defined in the relevant tax laws). Sales of commercial properties are not eligible for such an exemption. Whether a property qualifies for the ordinary residential property exemption is determined by the local government. Sales of higher-end properties and commercial properties are generally assessed at higher appreciation values, and are therefore generally subject to higher LAT rates. On 28 December 2006, the SAT promulgated the Notice on the Settlement Management of Land Appreciation Tax on Real Estate 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》, which took effect on 1 February 2007. Such notice provides further clarifications as to the settlement of LAT. Local provincial tax authorities can formulate their own implementation rules according to the notice and local situations. On 12 May 2009, the SAT issued the Regulations of Land Appreciation Tax Settlement Administration 《土地增值稅清算管理規程》 effective on 1 June 2009, which further clarifies the specific conditions and procedures for the settlement of LAT. We estimate and make provisions for the full amount of applicable LAT in accordance with the requirements set out in the relevant PRC tax laws and regulations, but only prepay 1.0% to 5.0% of the pre-sale proceeds each year as required by the local tax authorities under prevailing practice. For the financial years ended 31 December 2009, 2010 and 2011 and the six months ended 30 June 2012, we made provisions for LAT in the total amount of RMB114.1 million, RMB111.5 million, RMB195.0 million and RMB78.6 million, respectively.

We estimate and make provision for the amount of applicable LAT at the time the relevant property sales revenue is recognised and recorded in our books, but actual LAT payment will only be made at the time specified by the relevant PRC tax laws and regulations. We cannot assure you that the local tax authorities will agree with the basis on which we calculate our LAT obligations during the Track Record Period. In addition, we cannot assure you that the applicable tax rate for LAT will not increase, or that the PRC Government or local tax authorities will not abolish the authorised taxation method, or that we will be able to obtain approval in the future to use the authorised taxation method. If the relevant tax authorities determine that a higher amount of LAT should be paid, our business, financial condition and operating results may be materially and adversely affected.

Furthermore, relevant notices issued by the PRC Government relating to the settlement of LAT allow provincial tax authorities to formulate their own implementation rules according to the local situation. If the implementation rules promulgated in the cities in which our projects are located require us to settle all unpaid LAT at the same time, or impose other conditions, our business, financial conditions and operating results may be materially and adversely affected.

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The terms on which mortgage loans are available, if at all, may affect our sales.

Many purchasers of our 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 properties. In addition, the PRC Government and commercial banks may 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. Furthermore, mortgagee banks may not lend to any individual borrower if the monthly repayment of the anticipated mortgage loan would exceed 50% of the individual borrower's monthly income. Please refer to the section headed "Summary of Principal PRC Legal and Regulatory Provisions" in Appendix VI to this prospectus for further information relating to the down payment requirements under current PRC laws and regulations. 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, financial condition and operating results may be materially and adversely affected.

In line with industry practice, we provide guarantees to banks for mortgages they offer to our purchasers until the time when we complete the relevant properties and the property ownership certificates and the certificates of other interests with respect to the relevant properties are delivered to the mortgagee banks. If a purchaser defaults on a mortgage loan, we may have to repossess the underlying property by paying off the mortgage. If we fail to do so, the mortgagee bank may sell the underlying property and recover any additional outstanding amount from us as the guarantor of the mortgage loan.

As at 30 June 2012, our outstanding guarantees in respect of our customers' mortgage loans amounted to RMB535.2 million. Our Directors confirm that we did not experience any material default on mortgage guarantees during the Track Record Period. If any material defaults occur which require us to honour our guarantees and we cannot resell the repossessed properties at appropriate prices, our business, financial condition and operating results may be materially and adversely affected. We cannot assure you that changes in laws, regulations, policies or practices which may prohibit or restrict property developers from providing guarantees to banks in respect of mortgages offered to property purchasers will not occur in the PRC in the future. If there are such changes in laws, regulations, policies or practices and these banks do 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-sale of our properties. Such difficulties in financing could result in a substantially lower sales and pre-sale of our properties, which may materially and adversely affect our cash flow, business, financial condition and operating results.

Intensified competition may materially and adversely affect our business, financial condition and operating results.

Competition within the PRC real estate industry is intense. In recent years, many competitors, including large-scale nationwide and overseas property developers have entered the property development markets in cities of China where we have operations. Many of them may have more financial, marketing, technical or other resources than us. Competition among property developers may cause an increase in land premium and raw material costs, shortages in quality construction

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contractors, surplus in property supply leading to decreasing property prices, further delays in issuance of governmental approvals, and higher costs to attract or retain skilled employees. In addition, real estate markets across China are influenced by various other factors, including changes in economic conditions, banking practices and consumer sentiment. If we fail to compete effectively, our business, financial condition and operating results may be materially and adversely affected.

Our property development business is subject to claims under statutorily mandated quality warranties.

Under Regulations on the Administration of Quality of Construction Works 《建設工程質量管理條例》, all property development companies in the PRC must provide certain quality warranties for the properties they construct or sell. We are required to provide these warranties to our customers. We may sometimes receive quality warranties from third-party contractors we hire to construct our development projects. If a significant number of claims are brought against us under our warranties and if we are unable to obtain reimbursement for such claims from third-party contractors in a timely manner or at all, or if the retention money retained by us is not sufficient to cover our payment obligations under the quality warranties, we could incur significant expenses to resolve such claims or face delays in correcting the related defects, which may in turn harm our reputation and have a material and adverse effect on our business, financial condition and results of operations.

Our investment properties are illiquid.

Investments in properties, in general, are illiquid compared to many other types of investments. Therefore, our ability to sell one or more of our investment properties in response to changing economic, financial and investment conditions promptly, or at all, is limited. We cannot assure you that we will be able to sell any of our investment properties at prices or on terms satisfactory to us, if at all. We cannot predict the length of time needed to find a purchaser and to complete the sale of a property currently held or planned to be held for investment purposes. Moreover, should we decide to sell a property subject to a tenancy agreement, we may have to obtain consent from or pay termination fees to our tenant. In addition, investment properties may not be readily convertible to alternative uses if they become unprofitable due to competition, age, decreased demand or other factors. The conversion of investment properties to alternative uses generally requires substantial capital expenditures. In particular, we may be required to expend funds to maintain properties, correct defects, or make improvements before a property can be sold and we may not have sufficient funds available for such purposes. These factors and any others that would impede our ability to respond to adverse changes in the performance of our investment properties may materially and adversely affect our ability to retain tenants and to compete against our competitors and therefore our business, financial condition and operating results may be materially and adversely affected.

Our transfer of funds into China to finance our development projects is subject to approval by the PRC Government and, as a result, the use of our net proceeds from the Global Offering as disclosed in this prospectus may be delayed.

In recent years, in an effort to cool down its economy, the PRC Government has introduced a series of rules and measures, including those aimed at controlling the inflow of foreign funds into the property development industry or for property speculation. The transfer of our net proceeds from the Global Offering into China will be subject to such PRC governmental approval process.

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On 24 December 2011, MOFCOM and the NDRC jointly promulgated the revised Catalogue for the Guidance of Foreign Investment Industries (2011 version) 《外商投資產業指導目錄》(2011年修訂), which became effective on 30 January 2012. On 23 May 2007, MOFCOM and SAFE jointly promulgated the Notice on Further Reinforcing and Regulating the Approval and Supervision on 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》, often known as “**Notice No. 50**”, pursuant to which, prior to obtaining approval for the establishment of an Foreign Investment Real Estate Enterprise (hereinafter referred to as “FIREE”), either (i) both the land use rights certificates and property ownership certificates must have been obtained, or (ii) contracts for obtaining land use rights or property ownership must have been entered into. In addition, a foreign-invested enterprise needs to obtain approval before expanding its business scope into the real estate sector or engaging in a new real estate development project. Part of the net proceeds from the Global Offering will need to be funded as registered capital contribution into newly established FIREEs or engage in new real estate project in China. Pursuant to Notice No. 50, we must first enter into land grant contracts before we may apply for the establishment of a new FIREE. Alternatively, if we elect to engage in any new real estate project development through an existing FIREE, we must first apply to the relevant PRC governmental authorities to expand the scope of business or scale of operations of such FIREE. In any event, we must file with MOFCOM and wait until such filing is complete before we could transfer the proceeds into China for the property development. As most of the net proceeds from the Global Offering will be used for acquisitions of new projects or land for development in the PRC, and such new project or land acquisitions has yet to be identified or committed by us, we have not commenced the application for the requisite approval to remit the net proceeds from the Global Offering to the PRC. We cannot assure you how long this process will take, or whether the investment approval and the filing with MOFCOM will be successful. Failure to obtain such governmental approvals and filings or material delays in the approval or filing process may materially and adversely affect our development plans and/or result in us suffering foreign exchange loss as a result of which our business, financial condition and operating results may be materially and adversely affected.

On 10 July 2007, the General Department of SAFE promulgated the Notice on Publication of the List of the First Batch of Foreign-Invested Real Estate Projects that Have Filed with MOFCOM 《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》, often known as “**Notice No. 130**”, together with a list of FIREEs that had effected their filings with MOFCOM. According to Notice No. 130, SAFE no longer processes foreign debt registrations or applications by FIREEs for exchange settlement of foreign debt if such FIREEs had not obtained their approval certificates from the relevant PRC governmental authorities and had not effected their filings with MOFCOM before 1 June 2007. SAFE further states in Notice No. 130 that it will not process any foreign exchange registration (or change of such registration) or application for settlement in foreign currency under the capital account by any FIREE if the FIREE has obtained only the foreign-invested enterprise approval certificates on or after 1 June 2007 but has not completed its filing with MOFCOM. On 18 June 2008, MOFCOM promulgated the Notice on Better Implementation of the Filing of Foreign Investment in the Real Estate Industry 《關於做好外商投資房地產業備案工作的通知》, often known as “**Notice No. 23**”. According to Notice No. 23, MOFCOM authorises provincial departments in charge of commerce to verify the record-filing materials of FIREEs. Accordingly, our Directors are of the view that going forward, it may be difficult for us to obtain funding by way of foreign shareholder loans as a result of Notice No. 130.

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In addition, any capital contributions or loans that we, as an offshore company, make to our PRC operating subsidiaries, including from the proceeds of the Global Offering, are subject to other foreign investment regulations in the PRC. For example, any of our loans to our PRC project companies cannot exceed the difference between the total investment amount that our PRC project companies are approved to make under the relevant PRC laws and regulations, and their respective registered capital, and must be registered with or approved by the local branches of SAFE as a procedural matter. Please refer to the section headed “Risk Factors — PRC regulations on provisions of loans and direct investments by offshore holding companies to PRC entities may delay or prevent us from using proceeds we receive from the Global Offering to make loans or additional capital contributions to our PRC subsidiaries” in this prospectus for further information.

RISKS RELATING TO CONDUCTING BUSINESS IN THE PRC

Any adverse change in the political and economic policies of the PRC Government may materially and adversely affect our business, prospects, financial condition and operating results and may result in our inability to sustain our growth and expansion strategies.

Our operations are conducted in the PRC. Accordingly, our business, prospects, financial condition and operating results are, to a significant degree, subject to the economic, political and legal developments of the PRC.

The PRC economy differs from other developed economies of the world in many respects, including:

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

As a result of these differences, our business may not develop in the same way or at the same rate as might be expected if the PRC economy were similar to those of other developed countries. The PRC Government has implemented economic reform measures emphasising utilisation of market forces in the development of the PRC economy and is continuing to play a significant role in regulating industries by imposing industrial policies.

We cannot, however, predict whether changes in the political, economic and social conditions and policies in the PRC, or in the relevant laws, regulations and rules, may have a material adverse

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effect on our current or future business, financial condition and operating results. There is no assurance that the PRC Government will continue to pursue its current economic reform policies, or that such policies will successfully create economic growth to have favourable impacts on our future business, financial condition and operating results.

Inflation in China may have a material adverse effect on our business, financial condition and operating results.

While the PRC economy has experienced rapid growth, such growth has been uneven among various sectors of the economy and in different geographic areas of the country. Rapid economic growth can lead to growth in money supply and inflation. If prices of our properties rise at a rate that is insufficient to compensate for the rise in our costs, our business, financial condition and operating results may be materially and adversely affected. To control inflation in the past, the PRC Government has imposed control on bank credits, limits on loans for fixed assets and restrictions on State bank lending. Such an austerity measure can lead to a slowdown in the economic growth and may materially and adversely affect our business, financial condition and operating results.

The PRC legal system is less developed than legal systems in certain other jurisdictions and embodies inherent uncertainties that could limit the legal protection available to us and to our Shareholders.

Our operations are conducted in the PRC. The PRC legal system is based on written statutes and thus prior court decisions can only be cited as reference and have limited use as precedents. Since the late 1970s, the PRC Government has been developing a comprehensive system of laws, regulations and rules in relation to economic matters.

However, due to the fact that these laws, regulations and rules 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, regulations and rules involve some degree of uncertainty with respect to the outcome of any legal action that may be taken against us in the PRC. The interpretation of statutes, regulations and rules may also be subject to government policies which can change to reflect domestic political factors.

In addition, the PRC legal system is based, in part, on governmental policies and internal rules (some of which are not published on a timely basis or at all) that may have a retroactive effect. Furthermore, we may be deemed to have violated certain policies or rules for the actions of our counterparties in various transactions even if we are not aware of whether our counterparties are acting in compliance with applicable PRC laws and regulations. As a result, we may not be aware of actual or deemed violations of such policies and rules until some time after such violations have taken place. Furthermore, any litigation we undertake in the PRC, regardless of its outcome, may be protracted and result in substantial costs to us and diversion of both our resources and management attention.

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PRC regulations relating to acquisition of PRC companies by offshore holding companies may limit our ability to acquire PRC companies and may materially and adversely affect the implementation of our acquisition strategies as well as our business and prospects.

The M&A Provisions provide rules with which foreign investors must comply should they seek to (i) purchase the equities of the shareholders of a domestic non-foreign-funded enterprise, or subscribe to the increased capital of a domestic non-foreign-funded enterprise, and thus change the domestic non-foreign-funded enterprise into a foreign-funded enterprise, or (ii) set up a foreign-funded enterprise to acquire assets from a domestic enterprise, or acquire assets from a domestic enterprise and set up a foreign-funded enterprise by contribution of the acquired assets. The M&A Provisions stipulate that the business scope upon acquisition of a domestic enterprise must conform to the Catalogue for the Guidance of Foreign Investment Industries (2011 version) 《外商投資產業指導目錄》(2011年修訂) promulgated by the NDRC and MOFCOM. The M&A Provisions also provide for the takeovers procedures for equity interests in domestic enterprises.

There are uncertainties as to how the M&A Provisions will be interpreted or implemented. If we decide to acquire a PRC enterprise, we cannot assure you that we or the owners of such PRC enterprise can successfully complete all necessary approval requirements under the M&A Provisions. This may restrict our ability to implement our acquisition strategies and may materially and adversely affect our business, financial condition and operating results.

Failure to comply with the SAFE regulations relating to special purpose vehicles by our beneficial owners may materially and adversely affect our business operations, limit our ability to inject capital into our PRC subsidiaries, limit the ability of our PRC subsidiaries to distribute profit to us or subject us to fines.

On 21 October 2005, SAFE promulgated the Notice 75 which became effective on 1 November 2005. The notice requires PRC domestic resident natural persons (境內居民自然人) to register or file with the local SAFE branch in the following circumstances: (i) before establishing or controlling any company (referred to in the notice as a “**special purpose vehicle**”) outside the PRC for the purpose of capital financing, (ii) after contributing their assets or shares of a domestic enterprise into overseas special purpose vehicles, or raising funds overseas after such contributions, and (iii) after any major change in the share capital of the special purpose vehicles without any round-trip investment being made.

Our individual Controlling Shareholders are required to comply with foreign exchange registration requirements in all material respects in connection with our investments and financing activities. If our individual Controlling Shareholders or we fail to comply with the relevant SAFE requirements, such failure may subject our individual Controlling Shareholders or us to fines and legal sanctions, restrict our ability to inject capital into our subsidiaries in the PRC or limit the ability of our subsidiaries in the PRC to distribute profit to us, which as a result may materially and adversely affect our business, financial condition and operating results.

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PRC regulations on provisions of loans and direct investments by offshore holding companies to PRC entities may delay or prevent us from using proceeds we receive from the Global Offering to make loans or additional capital contributions to our PRC subsidiaries.

Notice on Relevant Business Operations Issues on the Improvement of the Administration of Payment and Settlement of Foreign Exchange Capital of Foreign-Invested Enterprises 《關於完善外商投資企業外匯資本金支付結匯管理有關業務操作問題的通知》 requires that (i) the capital verification of a foreign-invested enterprise shall be conducted by accountants before the foreign-invested enterprise applies for the payment and settlement of foreign currency capital, (ii) the RMB proceeds converted from the foreign-invested enterprise's foreign currency capital shall be used within the approved business scope and unless otherwise regulated, such proceeds shall not be invested in the domestic equity interests. Other than FIREEs, foreign-invested enterprises shall not use the RMB proceeds converted from its foreign exchange capital to purchase domestic properties for non-self use, and (iii) the RMB proceeds converted from foreign-invested enterprises' foreign currency capital shall not be used to repay the unused RMB loans.

As an offshore holding company of our PRC subsidiaries, our Company may make loans to our PRC subsidiaries, or we may make additional capital contributions to our PRC subsidiaries by utilising the proceeds we receive from the Global Offering, subject to the foreign investment regulations in the PRC and registration or approval with the PRC Government. We cannot assure you that we will be able to obtain these governmental registrations or approvals on a timely basis, if at all, with respect to our future loans or capital contributions to our PRC subsidiaries or any of their respective subsidiaries. If we fail to receive such registrations or approvals, our ability to use the proceeds received from the Global Offering and to fund our PRC operations may be negatively affected, which may materially and adversely affect our liquidity and ability to expand our business.

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

Under the EIT Law, enterprises established outside China whose “de facto management bodies” are located in China are considered “resident enterprises” and will generally be subject to a uniform 25% EIT on their worldwide income. Under the EIT Rules, “de facto management bodies” are defined as bodies that have material and overall management control over the business, personnel, accounts and properties of an enterprise. Substantially all of our management is currently based in China and may remain in China. Therefore, we may be treated as a PRC resident enterprise for EIT purposes and thus be subject to EIT on our worldwide income. However, a PRC resident enterprise is exempt from dividend income received from qualified resident enterprises. The tax consequences of such treatment are currently unclear, as they will depend on the implementation regulations and how local tax authorities apply or enforce the EIT Law and the EIT Rules. Our business, financial condition and operating results may be materially and adversely affected if we are subject to PRC taxation on our worldwide income.

Fluctuations in foreign exchange rates and changes in foreign exchange regulations may materially and adversely affect our business, financial condition, operating results and our ability to remit payments.

Our revenue and expenditures are denominated in Renminbi, which is currently not a freely convertible currency. However, we will require foreign currencies for dividend payment (if any) to our Shareholders and repayment of loans denominated in currencies other than Renminbi. As a result, we are exposed to risks associated with fluctuations in the exchange rates of foreign currency.

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As at 30 September 2012, our outstanding bank borrowings denominated in Hong Kong dollars amounted to HK\$580 million. We have not entered and do not intend to enter into any agreement to hedge our exchange rate exposure. For further details of the principal and interest of the above borrowings, please refer to the section headed “Financial Information — Indebtedness and contingent liabilities — Bank and other borrowings” in this prospectus. In the PRC, since 1994, the conversion of Renminbi into foreign currencies, including Hong Kong and US dollars, has been based on rates set by the PBOC. The PRC Government has, with effect from 21 July 2005, reformed the exchange rate regime by permitting Renminbi to fluctuate within a narrow and managed band based on market supply and demand with reference to a basket of currencies. Since then, Renminbi has been appreciating against the US dollar and the Hong Kong dollar. The PRC Government may take further actions that could cause future exchange rates to vary significantly from current or historical exchange rates. A depreciation in the Renminbi would (i) adversely affect the value of any dividends we pay to our Shareholders outside the PRC, and (ii) require us to use more Renminbi funds to service the same amount of any foreign currency debt. An appreciation in the Renminbi, however, would adversely affect the value of the proceeds we will receive from the Global Offering or any capital contributions in foreign currency if they are not converted into Renminbi in a timely manner. Up till the Latest Practicable Date, we had not entered and did not intend to enter into any agreement to hedge our exchange rate exposure.

Under the current PRC foreign exchange regulations, following the completion of the Global Offering, by complying with certain procedural requirements, we will be able to pay dividends (if any) in foreign currencies without prior approval from SAFE. Currently, Renminbi is convertible without approval from SAFE only with respect to current account transactions, and not with respect to capital account transactions. Dividend payments and payments for goods and services are current account transactions. Under current regulations, PRC companies may convert Renminbi into foreign currency for current account transactions directly at commercial banks authorised to deal with foreign exchange transactions by complying with certain requirements. It is uncertain whether the PRC Government, at its discretion, will take measures in the future to restrict access to foreign currencies for current account transactions under certain circumstances. Such restrictions, if imposed, may have a material adverse effect on our ability to receive payments from our subsidiaries in the PRC.

Income in respect of our Shares or dividends from PRC subsidiaries may become subject to PRC taxes.

Dividends

Under the EIT Law and EIT Rules, dividends, interests, rent, royalties and gains on transfers of property payable by a foreign-invested enterprise in China to its foreign investor who is a non-resident enterprise will be subject to a 10% withholding tax, unless such non-resident enterprise’s jurisdiction of incorporation has a tax treaty with PRC that provides for a reduced rate of withholding tax. Under the Arrangement between the PRC and Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income 《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》 (the “**Tax Agreement**”), the effective withholding tax applicable to a Hong Kong non-resident company is currently 5% if it directly owns no less than 25% stake in the Chinese foreign-invested enterprise.

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If we are required under the EIT Law and EIT Rules to pay EIT on the dividends we received from our PRC subsidiaries at an ordinary rate or to withhold PRC income tax on dividends payable to our non-PRC corporate shareholders, your investment in us may be materially and adversely affected.

Capital Gain

Pursuant to the Notice on Strengthening the Administration of Enterprises Income Tax on Income From Transfers of Equity Interests by Non-resident Enterprises《國家稅務總局關於加強非居民企業股權轉讓所得企業所得稅管理的通知》, or Circular 698, issued by the SAT on 10 December 2009 with retroactive effect from 1 January 2008, and Public Notice [2011] No. 24《國家稅務總局公告2011年第24號》 issued by the SAT on 28 March 2011, where a non-resident enterprise transfers the equity interests of a PRC resident enterprise indirectly through disposing of the equity interests of an overseas holding company, or Indirect Transfer, and the (i) actual tax imposed on the capital gain from the equity transfer is lower than 12.5%, or (ii) the jurisdiction in which the overseas holding company is established excludes foreign-sourced capital gain income, the foreign investor shall report this Indirect Transfer to the competent tax authority of the PRC resident enterprise. Using a “substance over form” principle, the PRC tax authority may disregard the existence of the overseas holding company if it lacks a reasonable commercial purpose and was established for the purpose of avoiding PRC tax. As a result, gains derived from such Indirect Transfer may be subject to PRC withholding tax at a rate of 10%. However, there is still uncertainty as to the application of Circular 698. Our business, financial condition and operating results may be materially and adversely affected if we are subject to Circular 698 in the future.

It may be difficult to effect service of process in connection with disputes brought in courts outside the PRC on, or to enforce judgments obtained from non-PRC courts against, us or our management who reside in the PRC.

Substantially all of our management resides in the PRC and substantially all of our assets are located in the PRC. Accordingly, it may be difficult for you to effect service of process in connection with disputes brought in the courts outside the PRC on, or to enforce judgments obtained from non-PRC courts against, us or our management who reside in the PRC.

In addition, the PRC does not have treaties providing for the reciprocal recognition and enforcement of judgments awarded by courts in the United States, the Cayman Islands and most other western countries. Hence, the recognition and enforcement in the PRC of judgments of a court in any of these jurisdictions in relation to any matter not subject to a binding arbitration provision may be difficult or even impossible.

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Acts of God, acts of war, epidemics, such as severe acute respiratory syndrome (SARS), H5N1 avian flu or H1N1 influenza, and other disasters may affect our business.

Our business is subject to general and social conditions in the PRC. Natural disasters, epidemics, acts of God and other disasters that are beyond our control may materially and adversely affect the economy, infrastructure and livelihood of the people of the PRC. Some cities in the PRC are under the threat of flood, earthquake, rainstorm, typhoon, sandstorm or drought. Our business, financial condition and operating results may be materially and adversely affected if any of these natural disasters occurs in the areas in which we operate.

Epidemics threaten people's lives and may materially and adversely affect their livelihoods as well as living and consumption patterns. The occurrence of an epidemic is beyond our control and there is no assurance that the outbreak of SARS, H5N1 avian flu or H1N1 influenza will not happen again. Any epidemic occurring in areas in which we operate, or even in areas in which we do not operate, may materially and adversely affect our business, financial condition and operating results.

Acts of war and terrorist attacks may cause damage or disruption to us, our employees, facilities, our distribution channels, markets, suppliers and customers, the occurrence of any of which may materially and adversely affect our business, revenue, cost of sales, financial condition and operating results or Share price. Potential war or terrorist attacks may also cause uncertainties and cause our business to suffer in ways that we cannot currently predict.

RISKS RELATING TO THE GLOBAL OFFERING AND OUR SHARES

As there has been no prior public market for our Shares before the Listing, the liquidity and market price of our Shares following the Listing may be volatile.

Before the Listing, there has been no public market for our Shares. The Offer Price for our Shares will be the result of negotiations between the Joint Bookrunners (on behalf of the Underwriters) and us, which may differ from the market prices of our Shares after the 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 will result in the development of an active and liquid public trading market for our Shares following the Listing or in the future or, if it does develop, that it will be sustained after the Listing or that the market price of our Shares will not decline below the Offer Price. The market price, liquidity and trading volume of our Shares may be volatile and may result in substantial losses for investors purchasing the Offer Shares in the Global Offering.

Factors that may affect the volume and price at which our Shares will be traded include, among other things:

- variations in our revenue, earnings and cash flows;
- changes in our pricing policies as a result of the presence of competitors;
- changes in our senior management personnel;

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- our new investments;
- investors' perception of us and our future business plans;
- changes in laws, regulations and rules in the PRC; and
- general economic and other factors in the PRC.

We can give no assurance that these developments will not occur in the future.

Purchasers of the Offer 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 the Offer Shares is higher than the net tangible asset value per Share immediately before the Global Offering. Therefore, purchasers of the Offer Shares in the Global Offering will experience an immediate dilution in the pro forma net tangible asset value to RMB0.96 (or HK\$1.18) per Share (assuming an Offer Price of HK\$1.49, which is the mid-point of our indicative Offer Price range, and assuming the Over-allotment Option and any options which may be granted under the Share Option Scheme are not exercised).

To expand our business, we may consider offering and issuing additional Shares in the future. Purchasers of our Offer Shares may experience further dilution in the net tangible asset value per Share if we issue additional Shares in the future at a price which is lower than the net tangible asset value per Share.

Any actual or perceived sale of Shares in the future by our existing Shareholders may have a material adverse effect on our Share price.

Future sales by our existing Shareholders of a substantial number of our Shares in the public markets after the Listing may materially and adversely affect the market price of our Shares prevailing from time to time. Only a limited number of our Shares currently outstanding will be available for sale immediately after the Listing due to contractual and regulatory restrictions on re-sale. Please refer to the section headed "Underwriting — Undertakings" in this prospectus for a description of some of the contractual and regulatory restrictions on re-sale. Nevertheless, after these restrictions lapse or if they are waived or breached, future sales of a substantial number of our Shares, or the perception that these sales may occur, may materially and adversely affect the market prices of our Shares and our ability to raise equity capital in the future.

You may face difficulties in protecting your interests because we were incorporated under Cayman Islands laws, and the laws of the Cayman Islands for minority shareholders protection may be different from those under the laws of Hong Kong or other jurisdictions.

Our corporate affairs are governed by the Memorandum of Association, the Articles of Association, and by the Cayman Companies Law and common law of the Cayman Islands. The laws of the Cayman Islands relating to the protection of the interests of minority shareholders differ in some respects from those established under statutes and judicial precedent in existence in Hong Kong and

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other jurisdictions. These differences may mean that the remedies available to the Company's minority shareholders may be different from those they would have under the laws of Hong Kong or other jurisdictions. Please refer to the section headed "Summary of the Constitution of our Company and Cayman Islands Company Law" in Appendix V to this prospectus for further information.

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, some of which may not be consistent with information contained in this prospectus.

Prior to the publication of this prospectus, there was newspaper article in the PRC which include certain financial and other information about our operations. We have not authorised the disclosure of any such information in the media. We wish to emphasise to potential investors that we do not accept any responsibility for the accuracy or completeness of any press articles or other media and that such press articles or other media were not prepared or approved by us. 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 in 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.

Facts and statistics in this prospectus relating to the PRC, the PRC economy and the PRC property development industry may not be fully reliable.

Facts and statistics in this prospectus relating to the PRC and the industry in which we operate, including those relating to the PRC economy and the PRC property development industry, are derived from various publicly available government and official sources or private publications from Independent Third Parties which our Directors believe are reliable. However, we cannot give any assurance as to the quality or reliability of such source materials. Our Directors believe that the sources of this information are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading in any material respect. The information has not been independently verified by us, the Joint Global Coordinators, the Joint Bookrunners, the Joint Sponsors, the Joint Lead Managers, the Underwriters, nor any of their or our directors, affiliates or advisers or any other parties involved in the Global Offering. We, therefore, make no representation as to the accuracy and completeness of such information. Accordingly, such facts and statistics should not be unduly relied upon. Investors should give consideration as to how much weight or importance they should attach to or place on such facts or statistics and should not place undue reliance on them.

FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements that are, by their nature, subject to significant risks and uncertainties. These forward-looking statements include, without limitation, statements relating to:

- our business and operating strategies and our various measures and initiatives to implement them;
- our future business development and various business opportunities that we may pursue;
- general outlook on the real estate industry in China;
- the expected growth and market opportunities as to the real estate industry in China in general and the cities in which we operate;
- fluctuations in general economic and business conditions in China;
- changes in competitive conditions and our ability to compete under these conditions;
- changes in the political, economic, legal and social conditions in the PRC, including the specific policies of the PRC Government which affect land supply, availability and finance costs, and pre-sale, pricing and volume of our property development projects;
- our capital expenditure and property development plans;
- costs of bank loans and other forms of financing, and our ability to secure adequate financing for our property development;
- projects under construction or planning;
- our financial condition;
- our dividend policy;
- our ability to enter into new geographic markets and expand our operations;
- our expectations with respect to our ability to acquire adequate suitable land use rights for future development;
- the performance of the obligations and undertakings of the independent contractors;
- our ability to obtain permits and licences to carry on our business;
- significant delay in obtaining the occupation permits, proper legal titles or approvals for our properties under development or held for future development;

FORWARD-LOOKING STATEMENTS

- the expected commencement and completion date of our property development projects and the planned details of such projects;
- our ability to successfully sell or complete our property projects in a timely manner;
- the timely repayment by our customers of mortgage loans guaranteed by us;
- the interpretation and implementation of the existing regulations and rules relating to LAT and any future changes to LAT;
- changes in currency exchange rates;
- our property valuation set out in “Property Valuation” in Appendix IV to this prospectus; and
- other factors beyond our control.

The words “aim”, “anticipate”, “believe”, “consider”, “could”, “estimate”, “expect”, “going forward”, “intend”, “may”, “ought to”, “plan”, “potential”, “predict”, “project”, “propose”, “seek”, “should”, “will”, “would”, “with a view to” and similar expressions and the negative of these words, as they relate to us, are intended to identify a number of these forward-looking statements. These forward-looking statements reflect the current views of our Directors with respect to future events and are subject to certain risks, uncertainties and assumptions, including the risk factors described in this prospectus. Our Directors confirm that these forward-looking statements are made after due and careful consideration. Although our Directors believe that our Company’s current views as reflected in these forward-looking statements based on currently available information are fair and reasonable, our Company can give no assurance that these views will prove to be correct. Purchasers of our Offer Shares are cautioned that reliance on any forward-looking statements involves risks and uncertainties. The uncertainties in this regard include, but are not limited to, those identified in the section headed “Risk Factors” in this prospectus, many of which are not within our control. In light of these and other uncertainties, the inclusion of forward-looking statements in this prospectus should not be regarded as representations by us or our Directors that its plans or objectives will be achieved. If any or all of these risks or uncertainties materialise, or the underlying assumptions prove to be incorrect, our business, financial condition and operating results may be materially and adversely affected and actual outcomes may differ materially from those described in this prospectus as anticipated, believed, estimated or expected.

Subject to the requirements of the Listing Rules, we do not intend to publicly 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 in this prospectus are qualified by reference to this cautionary statement.

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

In preparation for the Listing, our Company has sought the following waivers from strict compliance with the relevant provisions of the Listing Rules:

CONNECTED TRANSACTIONS

Our subsidiary Zhejiang Xuhui as landlord entered into a lease agreement with 嘉興旭彩百貨有限公司 (Jiaxing Xucai Department Store Co., Ltd.*) as tenant on 17 June 2011 in respect of the commercial arcade of Jiaxing CIFI Square. Such leased premises is used by Jiaxing Xucai as department store and for ancillary retail purpose and such lease is expected to continue after Listing, which will constitute non-exempt continuing connected transactions of our Company under the Listing Rules upon the Listing. Our Company has applied to the Stock Exchange for a waiver from the strict compliance with the announcement requirements in respect of such non-exempt continuing connected transactions under Chapter 14A of the Listing Rules. The details of such waiver are set out in the section headed “Connected Transactions — Continuing Connected Transactions” in this prospectus.

MANAGEMENT PRESENCE IN HONG KONG

Rule 8.12 of the Listing Rules provides that a new applicant applying for a primary listing on the Main Board of the Stock Exchange must have a sufficient management presence in Hong Kong, which normally means that at least two of its executive Directors must be ordinarily resident in Hong Kong.

As the principal place of business and operations of the Group are substantially located, managed and conducted in the PRC, the senior management staff of the Company are and will therefore continue to be based in the PRC. It would be practically difficult and commercially unnecessary for us to relocate our executive Directors to Hong Kong. As such, we have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with Rule 8.12 of the Listing Rules on the following conditions:

- (1) we will appoint two authorised representatives pursuant to Rule 3.05 of the Listing Rules, who will act as the Company’s principal channel of communication with the Stock Exchange and ensure that they comply with the Listing Rules at all times. The two authorised representatives to be appointed are Mr Lin Zhong, being our executive Director and Chairman, and Mr Lin Feng, being our executive Director and Chief Executive Officer. Pursuant to Rule 3.06(2) of the Listing Rules, we will appoint two alternate authorised representatives, namely Mr Yau Sze Ka, being our Chief Financial Officer and the alternate authorised representative to Mr Lin Zhong, and Mr Ng Kin Man, being the Finance and Company Secretarial Manager of the Company and the alternate authorised representative to Mr Lin Feng. Both Mr Yau and Mr Ng are ordinarily resident in Hong Kong and based in Hong Kong office of the Group. All of them will be available to meet with the Stock Exchange in Hong Kong within a reasonable period of time upon the request of the Stock Exchange and will be readily contactable by telephone, facsimile and email to deal promptly with the inquiries from the Stock Exchange. Each of the authorised representatives and the alternate authorised representatives will be authorised to communicate on behalf of the Company with the Stock Exchange;

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

- (2) all the authorised representatives and the alternate authorised representatives have means to contact all the Directors (including the independent non-executive Directors) promptly at all times as and when the Stock Exchange wishes to contact the Directors for any matters. To enhance the communication between the Stock Exchange, the authorised representatives, the alternate authorised representatives and the Directors, we will implement a policy that (a) each Director will have to provide his respective mobile telephone number, office telephone number, fax number and email address to the authorised representatives and the alternate authorised representatives; (b) each executive Director will endeavour to provide accessible telephone numbers or means of communication to the authorised representatives and the alternate authorised representatives when he is travelling; and (c) each Director will provide his mobile telephone number, office telephone number, fax number and email addresses to the Stock Exchange;
- (3) we will promptly inform the Stock Exchange of any changes on the authorised representatives and/or the alternate authorised representatives;
- (4) we will appoint First Shanghai Capital Limited as compliance adviser pursuant to Rule 3A.19 of the Listing Rules, who will act as an additional channel of communication with the Stock Exchange for a period commencing on the Listing Date and ending on the date on which the Company distributes the annual report for the first full financial year after the Listing Date in accordance with Rule 13.46(2) of the Listing Rules; and
- (5) all Directors (including the independent non-executive Directors) who are not ordinarily resident in Hong Kong have confirmed that they possess valid travel documents to visit Hong Kong and will be able to meet with the relevant members of the Stock Exchange within a reasonable period of time, when required.

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus, for which our Directors collectively and individually accept full responsibility, contains particulars given in compliance with the Companies Ordinance, the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the Laws of Hong Kong) and the Listing Rules for the purpose of giving information to the public with regard to us. Our Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement in this prospectus or this prospectus misleading.

INFORMATION ON THE GLOBAL OFFERING

The Offer Shares are offered solely on the basis of the information contained and representations made in this prospectus and the Application Forms and on the terms and subject to the conditions set out in this prospectus and the Application Forms. No person is authorised to give any information in connection with the Global Offering or to make any representation not contained in this prospectus, and any information or representation not contained in this prospectus must not be relied upon as having been authorised by us, the Joint Global Coordinators, the Joint Bookrunners, the Joint Sponsors, the Joint Lead Managers, the Underwriters, any of their respective directors, agents, employees or advisers or any other parties involved in the Global Offering.

Details of the structure of the Global Offering, including its conditions, are set out in the section headed "Structure of the Global Offering" in this prospectus, and the procedures for applying for Hong Kong Offer Shares are set out in the section headed "How to Apply for Hong Kong Offer Shares" in this prospectus and in the relevant Application Forms.

RESTRICTIONS ON OFFER AND SALE OF THE OFFER SHARES

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

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

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

Prospective applicants for the Offer Shares should consult their financial advisers and take legal advice, as appropriate, to inform themselves of, and to observe, all applicable laws and regulations of any relevant jurisdiction. Prospective applicants for the Offer Shares should inform themselves as to the relevant legal requirements of any applicable exchange control regulations and applicable taxes in the countries of their respective citizenship, residence or domicile.

PROFESSIONAL TAX ADVICE RECOMMENDED

Potential investors in the Global Offering are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of, and dealing in, our Shares (or exercising rights attached to them). None of us, the Joint Global Coordinators, the Joint Bookrunners, the Joint Sponsors, the Joint Lead Managers, the Underwriters, any of their respective directors or any other persons or parties involved in the Global Offering accepts responsibility for any tax effects on, or liabilities of, any person resulting from the subscription, purchase, holding or disposal of, dealing in, or the exercise or any rights in relation to, our Shares.

REGISTER OF MEMBERS AND STAMP DUTY

Our Company's principal register of members will be maintained by our principal share registrar, Maples Fund Services (Cayman) Limited, in the Cayman Islands and our Company's register of members in Hong Kong will be maintained by the Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited, in Hong Kong.

Dealings in our Shares registered in the register of members in Hong Kong will be subject to Hong Kong stamp duty.

CURRENCY TRANSLATIONS

Unless otherwise specified, amounts denominated in RMB have been translated, for illustration purposes only, into Hong Kong dollars in this prospectus at the following rate, which was the exchange rate set by the PBOC for foreign exchange transactions prevailing on 30 June 2012:

HK\$1.23 = RMB1.00

No representation is made that any amounts in RMB or HK\$ can be or could have been at the relevant dates converted at the above rate or any other rates, or at all.

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

LANGUAGE

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

ROUNDING

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

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

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

DIRECTORS

	Residential address	Nationality
Executive Directors		
Mr Lin Zhong (林中)	No.5 Villa, Miramar Garden Lane 1720 Hongqiao Road Shanghai PRC	Chinese
Mr Lin Wei (林偉)	Suite 2605, The 9th Building Palm Springs No.8 Chaoyang Park South Road Chaoyang District Beijing PRC	Chinese
Mr Lin Feng (林峰)	No.95, Lane 3001-88 Hongmei Road Minhang District Shanghai PRC	Chinese
Independent non-executive Directors		
Mr Gu Yunchang (顧雲昌)	9-2-302, Tangquan Yishu West Fourth Ring Road North Beijing 100195 PRC	Chinese
Mr Zhang Yongyue (張永岳)	Room 401 No. 10, Lane 895, Jinshajiang Road Putuo District Shanghai PRC	Chinese
Mr Tan Wee Seng (陳偉成)	136-101, Lane Bridge Villa 9 Lai Guang Ying Donglu Chaoyang District Beijing 100102 PRC	Malaysian

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

PARTIES INVOLVED IN THE GLOBAL OFFERING

**Joint Global Coordinators and
Joint Sponsors**

(in alphabetical order)

Citigroup Global Markets Asia Limited
50th Floor, Citibank Tower
Citibank Plaza, 3 Garden Road
Central
Hong Kong

Morgan Stanley Asia Limited
Level 46
International Commerce Centre
1 Austin Road West
Kowloon
Hong Kong

Standard Chartered Securities (Hong Kong) Limited
15/F, Two International Finance Centre
8 Finance Street
Central
Hong Kong

**Joint Bookrunners and
Joint Lead Managers**

Citigroup Global Markets Asia Limited
50th Floor, Citibank Tower
Citibank Plaza, 3 Garden Road
Central
Hong Kong

Morgan Stanley Asia Limited
Level 46
International Commerce Centre
1 Austin Road West
Kowloon
Hong Kong

Standard Chartered Securities (Hong Kong) Limited
15/F, Two International Finance Centre
8 Finance Street
Central
Hong Kong

BOCOM International Securities Limited
9th Floor, Man Yee Building
68 Des Voeux Road Central
Hong Kong

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

	First Shanghai Securities Limited 19th Floor, Wing On House 71 Des Voeux Road Central Hong Kong
Legal advisers to our Company	<i>As to Hong Kong and US law</i> Reed Smith Richards Butler 20th Floor, Alexandra House 18 Chater Road Central Hong Kong <i>As to PRC law</i> Commerce & Finance Law Offices 6F NCI Tower A12 Jianguomenwai Avenue Chaoyang District Beijing 100022 PRC <i>As to Cayman Islands law</i> Maples and Calder 53/F, The Center 99 Queen's Road Central Hong Kong
Legal advisers to the Underwriters	<i>As to Hong Kong and US law</i> Hogan Lovells 11th Floor, One Pacific Place 88 Queensway Hong Kong <i>As to PRC law</i> Jingtian & Gongcheng 34/F, Tower 3, China Central Place 77 Jianguo Road Chaoyang District Beijing 100025 PRC
Auditors and reporting accountants	Deloitte Touche Tohmatsu <i>Certified Public Accountants</i> 35th Floor, One Pacific Place 88 Queensway Hong Kong

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

Property Valuer

Savills Valuation and Professional Services Limited
23/F, Two Exchange Square
Central
Hong Kong

Receiving banks

Standard Chartered Bank (Hong Kong) Limited
15/F, Standard Chartered Tower
388 Kwun Tong Road
Kwun Tong
Kowloon
Hong Kong

Bank of Communications Co., Ltd. Hong Kong Branch
20 Pedder Street
Central
Hong Kong

CORPORATE INFORMATION

Registered office	P.O. Box 309 Ugland House Grand Cayman KY1-1104 Cayman Islands
Headquarters	CIFI Hongqiao International 5th Floor, Block 3, Lane 288, Tongxie Road Changning District Shanghai PRC
Principal place of business in Hong Kong	Suites 2002-2003, 20th Floor One Pacific Place 88 Queensway Hong Kong
Company's website address	www.cifi.com.cn <i>(information on the website does not form part of this prospectus)</i>
Company secretary	Lo Tai On, CPA
Authorised representatives	Lin Zhong Suites 2002-2003, 20th Floor One Pacific Place 88 Queensway Hong Kong Lin Feng Suites 2002-2003, 20th Floor One Pacific Place 88 Queensway Hong Kong
Alternate authorised representatives	Yau Sze Ka Ng Kin Man, CPA, ACCA
Audit Committee	Tan Wee Seng (<i>Chairman</i>) Zhang Yongyue Gu Yunchang
Remuneration Committee	Zhang Yongyue (<i>Chairman</i>) Lin Zhong Tan Wee Seng
Nomination Committee	Lin Zhong (<i>Chairman</i>) Gu Yunchang Zhang Yongyue

CORPORATE INFORMATION

Compliance adviser	First Shanghai Capital Limited 19/F Wing On House 71 Des Voeux Road Central Hong Kong
Principal share registrar and transfer office	Maples Fund Services (Cayman) Limited P.O. Box 1093, Boundary Hall Cricket Square Grand Cayman KY1-1102 Cayman Islands
Hong Kong Share Registrar	Computershare Hong Kong Investor Services Limited Shops 1712-1716, 17th Floor Hopewell Centre 183 Queen's Road East Wanchai Hong Kong
Principal banks	<p><u>PRC</u></p> <p>Agricultural Bank of China Shanghai Jiading Sub-branch No.355 Ta Cheng Road Jiading District Shanghai PRC</p> <p>Bank of Communications Shanghai Qingpu Sub-branch No.348 Gong Yuan Road Qingpu District Shanghai PRC</p> <p>China Construction Bank Shanghai Nujiang Road Sub-branch No.311 Nujiang Road Putuo District Shanghai PRC</p> <p><u>Hong Kong</u></p> <p>Standard Chartered Bank (Hong Kong) Limited 13th Floor Standard Chartered Bank Building 4-4A Des Voeux Road Central Hong Kong</p>

INDUSTRY OVERVIEW

This section contains information and statistics relating to the economy of China and the industry in which we operate. We believe that the sources of the information are appropriate sources for such information. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading in any material respect. We have derived such information and data partly from publicly available government and official sources and private publications, which have not been independently verified by us, the Joint Global Coordinators, the Joint Bookrunners, the Joint Sponsors, the Joint Lead Managers, the Underwriters, nor any of their or our directors, affiliates, advisers or any other parties involved in the Global Offering. Furthermore, information excerpted from PRC Government sources may not be consistent with the information compiled within or outside China by third parties. We make no representation as to the correctness or accuracy of government or official information contained in this prospectus. Accordingly, such information should not be unduly relied upon. We have, however, taken such care as we consider reasonable in the reproduction and extraction of such information.

OVERVIEW OF THE PRC ECONOMY

China has experienced a significant economic growth since the adoption of the reform and opening-up policy by the PRC Government in 1978. China's nominal GDP grew at a CAGR of 16.9% from 2006 to 2011, reaching approximately RMB47.2 trillion in 2011, making China one of the fastest growing economies in the world. For the six months ended 30 June 2012, China's nominal GDP increased to approximately RMB22,709.8 billion, representing a period-on-period growth rate of approximately 7.8%.

The table below sets out selected economic statistics for China for the years/periods indicated.

	2006	2007	2008	2009	2010	2011	Six months ended 30 June 2011	Six months ended 30 June 2012
Nominal GDP (RMB in billion)	21,631.4	26,581.0	31,404.5	34,090.3	40,151.3	47,156.4	20,445.9	22,709.8
Population (million)	1,314.5	1,321.3	1,328.0	1,334.5	1,341.0	1,347.4	N/A	N/A
Fixed asset investment (RMB in billion)	10,999.8	13,732.4	17,282.8	22,459.9	27,812.2	31,102.2	12,456.7	15,071.0
Per capita GDP (RMB)	16,500	20,169	23,708	25,608	30,015	35,083	N/A	N/A
Real GDP growth rate (%)	12.7	14.2	9.6	9.2	10.4	9.2	9.6	7.8

Sources: CEIC Data Company Ltd.; National Bureau of Statistics of China

Notes:

- (1) N/A — data not yet available
- (2) CEIC Data Company Ltd. is an independent data provider in the international financial information service industry. CEIC Data Company Ltd. compiles and updates economic and financial data for research by economists and analysts. The data compiled by CEIC Data Company Ltd. is used by investment banks, corporations, law firms, consultants, investment and insurance companies, universities and libraries, and multinational organisations. CEIC Data Company Ltd. has not been commissioned by our Company.

INDUSTRY OVERVIEW

Before the global financial crisis in 2008, China's nominal GDP grew at a CAGR of approximately 18.3% between 2003 and 2008. Following the global financial crisis in 2008, China further strengthened its economy by loosening macroeconomic policies and launching its RMB4 trillion stimulus package in 2008. Starting in 2010, in order to cope with the rising inflation and unbalanced economic growth, China implemented a series of economic austerity measures to slow down its overheated economy by adjusting interest rates, bank deposit reserve ratio and austerity measures for the housing market. From 2009 to 2011, China's real GDP grew at an annual growth rate of approximately 9.2%, 10.4% and 9.2%, respectively.

The PRC's annual real GDP growth rate target set by the PRC Government in recent years had been 8% between 2005 and 2011. However, as mentioned above, the actual growth rate of the country consistently surpassed the targeted level.

In March 2012, the PRC Government announced a real GDP growth rate target of 7.5% in 2012 and an average real GDP growth rate target of 7% for the five-year plan which ends in 2015. After years of high but unbalanced economic growth, the PRC Government sets a more moderate annual growth target which aims to improve the quality of economic growth and to promote economic restructuring as a way to sustain longer-term growth.

OVERVIEW OF THE REAL ESTATE MARKET IN THE PRC

Historical development of the real estate policies in the PRC

Prior to the 1980s, the real estate industry in the PRC was part of the nation's planned economy. From the 1980s, the PRC's real estate and housing sector began the transition to a market-oriented system. Since 2003, the PRC Government has at various times taken action to tighten its control over the overheated real estate market and enacted various policies and administrative measures to discourage speculation in the residential property market and to increase the supply of affordable housing.

A brief timeline of key events in the development of the real estate policies and regulations in the PRC is set out below:

- 2006 On 30 May 2006, the MLR published the Urgent Notice on Tightening Land Administration 《關於當前進一步從嚴土地管理的緊急通知》. The notice requires that land used for commodity property development must be assigned by tender, auction or listing-for-sale, and land supply for medium- to low-price, small- to medium-size ordinary residential commodity properties (including economically affordable housing) or low-rental residential properties, including economically affordable housing, shall be satisfied as a priority and the land supply for large-size, low-density residential properties shall be strictly restricted. In addition, the supply of land for new villa projects shall be suspended.

- 2007 Pursuant to the Measures on Administration of Trust Companies 《信託公司管理辦法》, which became effective on 1 March 2007, "trust companies" shall mean financial institutions which are incorporated in accordance with the Company Law of the

INDUSTRY OVERVIEW

People's Republic of China and are engaged mainly in trust business in the PRC. "Trust business" shall mean the business operation that the trust company undertakes as a trustee of a trust and handles trust matters under a fiduciary capacity for the purpose of operating business and receiving remunerations. The minimum amount of registered capital of a trust company shall be RMB300 million or the equivalent value in a freely convertible currency.

On 8 September 2007, the MLR promulgated the Notice on Strengthening the Handling of Idle Land 《關於加大閒置土地處置力度的通知》. The notice sets out the principles for dealing with idle land. Prior to granting land use rights, issues relating to the ownership of land, the compensation and the settlement regarding land shall be properly dealt with. The notice also prescribes that the land use rights certificate shall not be issued before the land premium for acquisition of land has been paid in full, nor shall it be issued separately according to the proportion of payment of land premium.

On 27 September 2007, the PBOC and the CBRC jointly promulgated the Notice on Strengthening the Credit Management of Commercial Real Estate 《關於加強商業性房地產信貸管理的通知》 to tighten the control over real-estate loans from commercial banks.

On 10 July 2007, the General Department of SAFE issued the Notice on Publication of the List of the First Batch of Foreign-Invested Real Estate Projects that Have Filed with MOFCOM 《關於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》. The notice restricts FIREEs from making offshore shareholder loans. The notice provides that, among other things, SAFE will no longer process foreign exchange registrations (or change in such registrations) or applications for the sale and settlement of foreign currency under capital account by FIREEs that obtained their foreign-invested enterprise approval certificates from local commerce departments on or after 1 June 2007 but have not completed their filing with MOFCOM.

2008 On 3 January 2008, the State Council issued the Notice on Promoting Saving and Intensification of Use of Land 《關於促進節約集約用地的通知》. The notice requires strict enforcement of policies concerning dealing with idle land.

On 22 October 2008, the PBOC issued the Notice on Several Issues Regarding the Expansion of Downward Floating Interest Rate for Individual Commercial Housing Loans 《關於擴大商業性個人住房貸款利率下浮幅度有關問題的通知》 to reduce the down payment requirements to 20% of the purchase price, and to lower the lending rate for residential properties of a commercial nature for individuals to 70% of the benchmark lending rate.

INDUSTRY OVERVIEW

2009 On 25 May 2009, the State Council issued the Notice on Adjustment of Capital Ratio of Fixed Asset Investment Projects 《關於調整固定資產投資項目資本金比例的通知》, which sets out the minimum capital ratio for ordinary residential property development projects and social security housing development projects as 20%, and the minimum capital ratio for other property development projects as 30%.

2010 On 7 January 2010, the General Office of the State Council promulgated the Notice on Promoting the Stable and Sound Development of the Real Estate Market 《關於促進房地產市場平穩健康發展的通知》, which, among other things, provides that family units (including the borrower, the borrower's spouse and minors) with outstanding mortgage loans intending to buy second residential properties for themselves are required to pay a down payment of no less than 40% of the purchase price for these second residential properties, and the applicable interest rate shall be set strictly based upon the associated risk level.

Pursuant to the Notice on Strengthening the Supervision of Trust Companies' Real Estate Business 《關於加強信託公司房地產業務監管有關問題的通知》 promulgated on 11 February 2010, trust companies may not offer loans for land acquisitions or early-stage land development and may only grant loans to eligible property developers who satisfy specific requirements set out in the notice and other relevant rules.

On 8 March 2010, the MLR issued the Notice on Certain Issues on Strengthening Land Supply and Supervision of Real Estate 《關於加強房地產用地供應和監管有關問題的通知》. Pursuant to the notice, the land price must not be less than 70% of the standard land grant fee for the applicable grade of land. Parties to the land grant must execute a land grant contract within 10 business days of completing the tender, auction or listing-for-sale process. Any property developers who fail to comply with the reporting requirement during the property development period are prohibited from acquiring land for at least one year.

On 13 April 2010, the Ministry of Construction promulgated the Notice on Further Strengthening the Supervision of the Real Estate Market and Improving the Pre-sale System of Commercial Housing 《關於進一步加強房地產市場監管完善商品住房預售制度有關問題的通知》. It provides that, among other things, within 10 days after the real estate developers have obtained the pre-sale permit for the project for sale, they are required to make a public announcement on the units available for pre-sale and the price of each unit at one time.

On 17 April 2010, the State Council issued the Notice on Strict Control of the Escalation of Property Prices in Certain Cities 《關於堅決遏制部分城市房價過快上漲的通知》, which further increases the minimum down payment in respect of mortgage loans on purchases of a second residential property by individuals to 50% of the

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purchase price and provides that the applicable mortgage rate must be at least 1.1 times that of the corresponding benchmark interest rate over the same corresponding period released by the PBOC. The minimum down payment in respect of mortgage loans on purchases of a third or a further residential property by individuals may be substantially increased at the commercial bank's discretion and based on its risk control policies. The notice also specifies that the down payment for first self-used residential properties with a GFA of more than 90 sq.m. must be at least 30% of the purchase price. In addition, in those areas where property prices have escalated and property supply is tight, commercial banks may, depending on the level of risk, suspend granting mortgage loans to buyers purchasing a third or a further residential property or to those non-local residents who fail to provide certificates evidencing their payment for over one year of local tax or social insurance.

On 29 September 2010, the PBOC and the CBRC promulgated the Notice on Promoting Differentiated Housing Credit Policy 《關於完善差別化住房信貸政策有關問題的通知》, which, among other things:

- prohibits commercial banks from granting or extending loans to property developers that violate laws and regulations such as:
 - (i) holding idle land;
 - (ii) changing the land use and nature;
 - (iii) delaying the commencement and completion of development; and
 - (iv) intentionally holding back the sale of properties for future sale, for the purpose of selling these properties at a higher price;
- prohibits commercial banks from granting housing loans to families that purchase three or more houses or non-local residents who fail to provide certificates evidencing their payment for over one year of local tax or social insurance; and
- increases the minimum down payment to at least 30% for all first home purchases with mortgage loans.

On 29 September 2010, the Ministry of Finance, the Ministry of Construction and the SAT promulgated the Notice on the Adjustment of the Deed Tax and Personal Income Tax Preferential Policies in Real Estate Transactions 《關於調整房地產交易環節契稅個人所得稅優惠政策通知》, which provides that deed tax rate is reduced to 1% for first-time individual buyer who purchases an ordinary residential property with a GFA of less than 90 sq.m. as the family's sole property.

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On 4 November 2010, the Ministry of Construction and SAFE promulgated the Notice on Further Regulating of the Administration of Housing Purchase by Offshore Institutions and Individuals 《關於進一步規範境外機構和個人購房管理的通知》，which provides that an offshore individual is only permitted to purchase a house for self-use in the PRC and an offshore institution which has branches or representative offices in the PRC is only permitted to purchase non-residential houses for office use in the cities where they are registered.

On 12 November 2010, the CBRC issued the Notice on Risk Alert for Trust Companies' Real Estate Business 《關於信託公司房地產業務風險提示的通知》 requiring all trust companies to conduct self-examination immediately on the compliance risk of the real estate trust business. Business compliance and risk exposure shall be analysed on a case-by-case basis, including whether the real estate development projects to which loans were issued by trust companies have satisfied the conditions such as the availability of all the "Four Permits" (namely, the land use rights certificate, construction land planning permit, construction work planning permit and construction work commencement permit), whether the real estate developer or its controlling shareholder has obtained Class 2 qualification, and whether the capital ratio of the project has reached the national minimum requirement. All banking regulatory bureaus shall strengthen compliance supervision and risk control over real estate business of trust companies within their jurisdiction. If problems are discovered during self-examination and inspection, measures shall be taken immediately to order the trust company for rectification and non-compliance behaviour shall be penalised in accordance with the relevant rules and regulations.

On 23 November 2010, the Ministry of Construction promulgated the Circular Regarding Submitting the Assignment of Urban Low-Income Housing Plan 《關於報送城鎮保障性安居工程計劃任務的通知》，under which the PRC Government plans to construct an additional 10 million property units of low-income housing in 2011.

2011 On 26 January 2011, the General Office of the State Council issued the Notice on Further Adjustment and Control of Real Estate Market 《國務院辦公廳關於進一步做好房地產市場調控工作有關問題的通知》 ("2011 Notice"), which provides, among other things, that:

- each municipal government shall issue its annual housing price control target in respect of newly constructed residential properties in the first quarter of 2011, after taking into account of the local economic development, the average increase rate of per capita disposable income and the capability to pay for residential properties;
- the reinforcement of the management of government-subsidised residential properties and the increase in the supply of public leasing residential properties;

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- the strengthening of the supervision and inspection of LAT collection in respect of property development projects where the prices of properties developed are higher than properties in the vicinity;
- real estate development enterprises are encouraged to build a certain proportion of public leasing residential properties together with the development of ordinary residential properties, and hold, operate or sell these public leasing residential properties to the PRC Government;
- second residential property purchasers are required to pay a down payment of no less than 60% of the purchase price for these second residential properties and the applicable mortgage rate must be at least 1.1 times that of the corresponding benchmark interest rate;
- any transfer of residential properties by individuals within five years of purchase shall be subject to a business tax calculated based on the relevant sale prices received;
- entities and persons participating in the bidding of land shall state the source of capital and provide the relevant evidence;
- land use rights granted over a parcel of land where a construction work commencement permit has not been obtained for more than two years shall be revoked and a fine will be imposed on the land which has been idle for more than one year;
- no land or any development project on the land shall be transferred in any manner whatsoever if the total project development investment is less than 25% (excluding the land premium);

and

- if:
 - (i) a local authority fails to issue its annual housing price control target in respect of newly constructed residential properties on a timely basis; or
 - (ii) a local authority fails to comply with the obligation in achieving the target of government-subsidised residential properties; or
 - (iii) the housing prices of newly constructed residential properties exceed the relevant annual price control target of these properties,

the relevant local authority shall report to the State Council and the responsible persons of such local authority may be held accountable by the Ministry of Supervision, the Ministry of Construction in accordance with the relevant PRC laws and regulations.

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On 27 January 2011, the Ministry of Finance and the SAT promulgated the Notice on Adjusting the Business Tax Policies on Individual Housing Transfer 《關於調整個人住房轉讓營業稅政策的通知》. The Notice provides, effective from 28 January 2011, that transfers of residential properties by individuals who have held them for less than five years are subject to business tax calculated on a gross basis; transfers of non-residential properties by individuals who have held them for five years or more are subject to business tax calculated on a net basis; and transfers of residential properties by individuals who have held them for five years or more are exempted from business tax.

On 8 March 2011, the General Office of CBRC issued the Notice on Promoting Housing Financial Services and Strengthening Risk Management 《關於做好住房金融服務加強風險管理的通知》, which stipulates that in handling the individual housing loan business after the promulgation of the 2011 Notice, banking financial institutions shall strictly implement the provision that with respect to families that purchase second residential properties through loans, the down payment shall not be less than 60%, and the loan interest rate shall not be less than 1.1 times of the benchmark rate.

The local government policies for the real estate market in the PRC in the cities where our property projects are located are generally consistent with the policies at national level. For additional information on real estate reforms and recent regulatory development, please refer to the section headed “Summary of Principal PRC Legal and Regulatory Provisions” in Appendix VI to this prospectus.

Key growth drivers of the real estate market in the PRC

In addition to ongoing housing reform and the overall growth of the PRC economy, the key factors driving growth of the real estate market in the PRC are increases in disposable income and rapid urbanisation.

The table below sets out selected economic statistics of the PRC for the years indicated.

	2006	2007	2008	2009	2010	2011
Urban population (million)	582.9	606.3	624.0	645.1	669.8	690.8
Urbanisation rate (%)	44.3	45.9	47.0	48.3	50.0	51.3
Per capita disposable income of urban households (RMB)	11,759	13,786	15,781	17,175	19,109	21,810

Source: National Bureau of Statistics of China

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Furthermore, demand for real estate property is also driven by the emergence and growth of the mortgage lending market in China. Due to this favourable market environment, investment in real estate development in China rose from approximately RMB1,942.3 billion in 2006 to approximately RMB6,174.0 billion in 2011, representing a CAGR of approximately 26.0%.

The table below sets out selected data relating to the property market in the PRC for the years/periods indicated.

	2006	2007	2008	2009	2010	2011	Six months ended 30 June 2011	Six months ended 30 June 2012
Real estate development (RMB in billion)	1,942.3	2,528.9	3,120.3	3,624.2	4,825.9	6,174.0	2,625.2	3,061.0
GFA of commodity properties sold (million sq.m.)	618.6	773.5	659.7	947.6	1,047.6	1,099.5	444.2	399.6
GFA of residential properties sold (million sq.m.)	554.2	701.4	592.8	861.8	933.8	970.3	398.0	353.5
Average price of commodity properties (RMB per sq.m.)	3,367	3,864	3,800	4,681	5,032	5,377	5,536	5,834
Average selling price of residential properties (RMB per sq.m.)	3,119	3,645	3,576	4,459	4,725	5,011	5,190	5,467
Total sales revenue of commodity properties (RMB in billion)	2,082.6	2,988.9	2,506.8	4,435.5	5,272.1	5,911.9	2,458.9	2,331.4
Total sales revenue for residential properties (RMB in billion)	1,728.8	2,556.6	2,119.6	3,843.3	4,412.1	4,861.9	2,065.7	1,932.3

Sources: CEIC Data Company Ltd.; National Bureau of Statistics of China

The average price of commodity properties sold in China increased from approximately RMB3,367 per sq.m. in 2006 to approximately RMB5,377 per sq.m. in 2011, while the average selling price of residential properties increased from approximately RMB3,119 per sq.m. in 2006 to approximately RMB5,011 per sq.m. in 2011.

For the six months ended 30 June 2012, the average price of commodity properties sold in China reached approximately RMB5,834 per sq.m., representing a period-on-period increase of approximately 5.4%. For the six months ended 30 June 2012, the average selling price of residential properties increased to approximately RMB5,467 per sq.m., representing a period-on-period increase of approximately 5.3%.

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Recent developments and trends in the real estate market in the PRC

Demand for real estate in China has seen a steady increase over the years. According to CEIC Data Company Ltd., an independent data provider, and the National Bureau of Statistics of China, the total sales revenue of commodity properties in China increased from approximately RMB2,082.6 billion in 2006 to approximately RMB5,911.9 billion in 2011. During the same period, the aggregate GFA of commodity properties sold in China increased from approximately 618.6 million sq.m. in 2006 to approximately 1,099.5 million sq.m. in 2011. Of the 1,099.5 million sq.m. of the aggregate GFA of commodity properties sold in 2011, approximately 970.3 million sq.m. were residential properties, representing an increase of approximately 3.9% from 2010.

Growth in the real estate market increased moderately in 2010 and 2011, in response to the change of policy environment after the PRC Government issued a number of real estate-related austerity measures. Nationwide contracted sales increased by approximately 18.9% and 12.1% in 2010 and 2011, respectively.

For the six months ended 30 June 2012, the total sales revenue of commodity properties decreased to approximately RMB2,331.4 billion, representing a period-on-period decrease of approximately 5.2%. The aggregate GFA of commodity properties sold in China for the six months ended 30 June decreased by approximately 10.0% to approximately 399.6 million sq.m. from approximately 444.2 million sq.m. in the same period in 2011. Of the approximately 399.6 million sq.m. of the aggregate GFA of commodity properties sold, approximately 353.5 million sq.m. were residential GFA sold, which experienced a period-on-period decrease of approximately 11.2%. In the second and third quarter of 2012, there was a recovery of transaction volume in the overall PRC real estate sector when compared with the first quarter of 2012.

In the current tightening policy environment, the performance of the real estate market in second- and third-tier cities is relatively better than the performance of first-tier cities as recent austerity measures tend to have a greater impact on first-tier cities. In 2011, contracted sales amount increased in 9 out of 14 second-tier cities, compared to one out of four first-tier cities. According to CEIC Data Company Ltd., in certain cities of the PRC, such as Shanghai, Beijing, Chongqing and Tianjin, there has been a modest rebound of average selling price in the second quarter of 2012 when compared with the first quarter of 2012.

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The table below sets out the comparison of year-on-year changes/period-on-period changes (%) in contracted sales amount between first- and second-tier cities for the years/period indicated.

	Year ended 31 December				Six months ended 30 June
	2008	2009	2010	2011	2012
	Nationwide	(16.1)	76.9	18.9	12.1
First-tier cities					
Beijing	(34.1)	96.6	(10.6)	(16.8)	1.7
Guangzhou	(20.2)	37.6	30.2	(5.5)	(3.6)
Shanghai	(38.7)	128.5	(31.2)	(13.8)	(17.7)
Shenzhen	(24.2)	88.4	(19.9)	21.6	8.8
Second-tier cities					
Changchun	19.3	48.9	50.8	20.9	8.7
Changsha	(12.7)	81.7	44.7	18.9	(19.0)
Chengdu	(25.5)	88.2	13.9	19.2	(5.1)
Chongqing	(17.3)	72.2	34.1	16.2	4.2
Dalian	3.0	51.6	18.8	(14.4)	(12.1)
Hangzhou	(25.6)	135.9	(9.1)	(22.4)	12.8
Harbin	(2.6)	33.8	57.8	12.6	19.3
Hefei	(2.8)	63.7	8.1	32.9	3.7
Jinan	28.3	39.3	54.0	19.8	11.9
Nanjing	(40.4)	137.3	(7.7)	(9.2)	11.3
Ningbo	(35.6)	126.3	6.2	(12.8)	(19.7)
Qingdao	(9.5)	79.3	27.2	(13.8)	(13.3)
Shenyang	11.8	13.2	38.1	35.7	(0.7)
Tianjin	(16.3)	45.4	13.9	18.2	(0.8)

Source: CEIC Data Company Ltd.

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The real estate markets of selected cities in the PRC

Shanghai

- *Overview*

Shanghai is the leading financial and commercial centre in China, as well as one of the fastest growing financial capitals in the world. Shanghai has an area of approximately 6,341 sq.km. and a population of approximately 23.5 million as at 31 December 2011. The table below sets out selected economic statistics of Shanghai for the years/period indicated.

	2006	2007	2008	2009	2010	2011	Six months ended 30 June 2012
Nominal GDP (RMB in billion)	1,057.2	1,249.4	1,407.0	1,504.6	1,716.6	1,919.6	955.2
Real GDP growth rate (%)	12.7	15.2	9.7	8.2	10.3	8.2	7.2
Per capita GDP (RMB)	54,858	62,041	66,932	69,164	76,074	82,560	N/A
Per capita disposable income of urban households (RMB)	20,668	23,623	26,675	28,838	31,838	36,230	20,689

Source: Shanghai Bureau of Statistics

- *The real estate market in Shanghai*

The GFA of completed residential properties in Shanghai was approximately 14.2 million sq.m. in 2010, representing a decline of approximately 6.6% over 2009. The total residential GFA sold in Shanghai was approximately 16.9 million sq.m. in 2010, representing a decline of approximately 42.3% over 2009, while the average selling price increased to approximately RMB14,290 per sq.m. by approximately 15.6% from 2009. Furthermore, the GFA of completed commercial properties in Shanghai was approximately 2.0 million sq.m. in 2009, representing an decrease of approximately 13.0% over 2008. The total commercial GFA sold in Shanghai was approximately 1.3 million sq.m. in 2009, representing an increase of approximately 8.3% over 2008, while the average selling price in 2010 increased by approximately 3.6% from 2009 to approximately RMB15,779 per sq.m. The GFA of completed residential properties in Shanghai was approximately 15.5 million sq.m. in 2011, representing an increase of approximately 9.2% over 2010. The total residential GFA sold in Shanghai was approximately 14.7 million sq.m. in 2011, representing a decline of approximately 13.0% over 2010, and the average selling price decreased to approximately RMB13,448 per sq.m. by approximately 5.9% from 2010. Furthermore, the GFA of completed commercial properties in Shanghai was approximately 2.3 million sq.m. in 2011. The total commercial GFA sold in Shanghai was approximately 1.0 million sq.m. in 2011, representing a decline of approximately 23.1% over 2010, while the average selling price in 2011 increased by approximately 20.5% from 2010 to RMB19,008 per sq.m.

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The table below illustrates key figures relating to the real estate market in Shanghai for the years indicated.

	2006	2007	2008	2009	2010	2011
Residential						
Total GFA completed (million sq.m.)	27.5	28.4	19.0	15.2	14.2	15.5
Total GFA sold (million sq.m.)	26.2	32.8	20.1	29.3	16.9	14.7
Average selling price (RMB per sq.m.)	7,039	8,253	8,115	12,364	14,290	13,448
Commercial						
Total GFA completed (million sq.m.)	N/A	2.6	2.3	2.0	N/A	2.3
Total GFA sold (million sq.m.)	N/A	2.0	1.2	1.3	1.3	1.0
Average selling price (RMB per sq.m.)	6,479	6,613	6,610	15,237	15,779	19,008

Sources: CEIC Data Company Ltd.; Shanghai Bureau of Statistics and National Bureau of Statistics of China

- *Vacancy rate of shopping mall*

According to the research report published by the Property Valuer in July 2012, the shopping mall vacancy rate in primary locations in Shanghai in the second quarter of 2012 was 3.1%.

Beijing

- *Overview*

As the nation's capital, Beijing's economy has developed significantly over the years and this was primarily due to the robust growth of national economy as well as the increasing inflow of foreign direct investments. Beijing has an area of approximately 16,411 sq.km. and a population of approximately 20.2 million as at 31 December 2011.

The table below sets out selected economic statistics of Beijing for the years/period indicated.

	2006	2007	2008	2009	2010	2011	Six months ended 30 June 2012
Nominal GDP (RMB in billion)	811.8	984.7	1,111.5	1,215.3	1,377.8	1,600.0	8,348.6
Real GDP growth rate (%)	13.0	14.5	9.1	10.2	10.2	8.1	7.2
Per capita GDP (RMB)	52,054	61,274	66,797	70,452	75,943	80,394	N/A
Per capita disposable income of urban households (RMB)	19,978	21,989	24,725	26,738	29,073	32,903	18,154

Source: Beijing Bureau of Statistics

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- *The real estate market in Beijing*

The GFA of completed residential properties in Beijing was approximately 13.2 million sq.m. in 2011, representing a decrease of approximately 12% over 2010. The total residential GFA sold in Beijing was approximately 10.4 million sq.m. in 2011, representing a decline of approximately 13.3% over 2010, while the average selling price in 2011 decreased to approximately RMB16,845 per sq.m. by approximately 1.8% from 2010. Furthermore, the GFA of completed commercial properties in Beijing was approximately 2.3 million sq.m. in 2011, representing a decline of approximately 14.8% over 2010. The total commercial GFA sold in Beijing was approximately 1.0 million sq.m. in 2011, representing a decline of approximately 28.6% over 2010, while the average selling price in 2011 increased by approximately 11.0% from 2010 to approximately RMB24,920 per sq.m.

The table below illustrates key figures relating to the real estate market in Beijing for the years indicated:

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Residential						
Total GFA completed (million sq.m.)	21.9	18.5	14.0	16.1	15.0	13.2
Total GFA sold (million sq.m.)	22.1	17.3	10.3	18.8	12.0	10.4
Average selling price (RMB per sq.m.)	7,375	10,661	11,648	13,224	17,151	16,845
Commercial						
Total GFA completed (million sq.m.)	2.9	3.2	3.1	3.2	2.7	2.3
Total GFA sold (million sq.m.)	1.1	1.3	1.1	1.6	1.4	1.0
Average selling price (RMB per sq.m.)	14,965	17,585	17,148	19,091	22,452	24,920

Sources: CEIC Data Company Ltd.; Beijing Bureau of Statistics and National Bureau of Statistics of China

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Chongqing

- *Overview*

Chongqing is one of the four municipalities directly under the administration of the central PRC Government. Chongqing has an area of approximately 82,400 sq.km. and a population of approximately 33.3 million as at 31 December 2011. The table below sets out selected economic statistics of Chongqing for the years/period indicated.

	2006	2007	2008	2009	2010	2011	Six months ended 30 June 2012
Nominal GDP (RMB in billion)	390.7	467.6	579.4	653.0	792.6	1,001.1	5,307.2
Real GDP growth rate (%)	12.4	15.9	14.5	14.9	17.1	16.4	14.0
Per capita GDP (RMB)	13,939	16,629	20,490	22,920	27,596	34,500	N/A
Per capita disposable income of urban households (RMB)	11,570	12,591	14,368	15,749	17,532	20,250	11,760

Source: Chongqing Bureau of Statistics

- *The real estate market in Chongqing*

The GFA of completed residential properties in Chongqing was approximately 28.3 million sq.m. in 2011, representing an increase of approximately 29.8% over 2010. The total residential GFA sold in Chongqing was approximately 40.6 million sq.m. in 2011, representing an increase of approximately 1.8% over 2010, while the average selling price in 2011 increased by approximately 11.2% from 2010 to approximately RMB4,492 per sq.m.

The table below illustrates key figures relating to the real estate market in Chongqing for the years indicated.

	2006	2007	2008	2009	2010	2011
Residential						
Total GFA completed (million sq.m.)	17.0	17.7	19.5	23.8	21.8	28.3
Total GFA sold (million sq.m.)	20.1	33.1	26.7	37.7	39.9	40.6
Average selling price (RMB per sq.m.)	2,081	2,588	2,640	3,266	4,040	4,492

Sources: CEIC Data Company Ltd.; Chongqing Bureau of Statistics and National Bureau of Statistics of China

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Hebei Province

- *Overview*

Hebei Province has an area of approximately 188,800 sq.km. and a population of approximately 72.4 million as at 31 December 2011. The table below illustrates selected economic statistics of Hebei Province for the years/period indicated.

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	Six months ended 30 June 2012
Nominal GDP (RMB in billion)	1,146.8	1,360.7	1,601.2	1,723.5	2,039.4	2,422.8	1,221.9
Real GDP growth rate (%)	13.4	12.8	10.1	10.0	12.2	11.3	9.5
Per capita GDP (RMB)	16,682	19,662	22,986	24,581	28,668	N/A	N/A
Per capita disposable income of urban households (RMB)	10,305	11,691	13,441	14,718	16,263	18,292	10,232

Source: Hebei Bureau of Statistics

- *The real estate market in Langfang*

Langfang is a city located in the central part of Hebei Province. It has a total area of approximately 6,429 sq.km. and a population of approximately 4.2 million as at 31 December 2011. The table below illustrates selected economic statistics of Langfang for the years indicated.

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Nominal GDP (RMB in billion)	71.6	88.4	106.2	114.8	135.1	161.2
Real GDP growth rate (%)	15.3	15.0	11.8	10.8	12.5	11.5
Per capita GDP (RMB)	N/A	25,248	29,120	34,658	N/A	N/A

Sources: Langfang Bureau of Statistics; Hebei Bureau of Statistics

The GFA of completed residential properties in Langfang was approximately 5.2 million sq.m. in 2010, representing an increase of approximately 13.0% over 2009. The total residential GFA sold in Langfang was approximately 7.6 million sq.m. in 2010, representing an increase of approximately 24.6% over 2009, while the average selling price in 2010 increased by approximately 17.6% from 2009 to approximately RMB4,869 per sq.m.

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The table below illustrates key figures relating to the real estate market in Langfang for the years indicated.

	2006	2007	2008	2009	2010
Residential					
Total GFA completed (million sq.m.)	1.9	1.5	2.1	4.6	5.2
Total GFA sold (million sq.m.)	2.5	3.5	4.1	6.1	7.6
Average selling price (RMB per sq.m.)	2,583	3,336	3,904	4,142	4,869

Source: Hebei Bureau of Statistics

- *The real estate market in Tangshan*

Tangshan is a city located in the eastern part of Hebei Province. It has a total area of approximately 13,472 sq.km. and a population of approximately 7.4 million as at 31 December 2011. The table below illustrates selected economic statistics of Tangshan for the years/period indicated.

	2006	2007	2008	2009	2010	2011	Six months ended 30 June 2012
Nominal GDP (RMB in billion)	233.6	277.9	353.7	381.3	446.9	544.2	277.4
Real GDP growth rate (%)	14.6	15.0	13.1	11.3	13.1	11.7	11.0
Per capita GDP (RMB)	32,947	37,734	48,190	50,706	59,667	71,626	N/A

Sources: Bureau of Industry and Information Technology of Tangshan; Tangshan Bureau of Statistics

The GFA of completed residential properties in Tangshan was approximately 3.7 million sq.m. in 2010, representing an increase of approximately 32.1% over 2009. The total residential GFA sold in Tangshan was approximately 4.4 million sq.m. in 2010, representing an increase of approximately 10% over 2009, while the average selling price in 2010 increased by approximately 13.5% from 2009 to approximately RMB3,902 per sq.m.

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The table below illustrates key figures relating to the real estate market in Tangshan for the years indicated.

	2006	2007	2008	2009	2010
Residential					
Total GFA completed (million sq.m.)	1.7	0.7	2.8	2.8	3.7
Total GFA sold (million sq.m.)	2.1	1.6	2.9	4.0	4.4
Average selling price (RMB per sq.m.)	2,243	3,029	3,008	3,439	3,902

Source: Hebei Bureau of Statistics

Tianjin

- *Overview*

Tianjin is one of the four municipalities directly under the administration of the central PRC Government. Tianjin has an area of approximately 11,947 sq.km. and a population of approximately 13.5 million as at 31 December 2011. The table below sets out selected economic statistics of Tianjin for the years/period indicated.

	2006	2007	2008	2009	2010	2011	Six months ended 30 June 2012
Nominal GDP (RMB in billion)	446.3	525.3	671.9	752.2	922.4	1,119.1	586.5
Real GDP growth rate (%)	14.7	15.5	16.5	16.5	17.4	16.4	14.1
Per capita GDP (RMB)	42,141	47,970	58,656	62,574	72,994	N/A	N/A
Per capita disposable income of urban households (RMB)	14,283	16,357	19,423	21,402	24,293	26,921	N/A

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

- *The real estate market in Tianjin*

The GFA of completed residential properties in Tianjin was approximately 16.4 million sq.m. in 2011, representing an increase of approximately 2.5% over 2010. The total residential GFA sold in Tianjin was approximately 14.5 million sq.m. in 2011, representing an increase of approximately 11.5% over 2010, while the average selling price in 2011 increased by approximately 7.5% from 2010 to approximately RMB8,539 per sq.m.

INDUSTRY OVERVIEW

The table below illustrates key figures relating to the real estate market in Tianjin for the years indicated.

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Residential						
Total GFA completed (million sq.m.)	13.1	14.0	14.9	15.8	16.0	16.4
Total GFA sold (million sq.m.)	13.3	14.0	11.4	14.6	13.0	14.5
Average selling price (RMB per sq.m.)	4,649	5,576	5,598	6,605	7,940	8,539

Sources: CEIC Data Company Ltd.; National Bureau of Statistics of China

Jiangsu Province

- *Overview*

Jiangsu Province has an area of approximately 102,600 sq.km. and a population of approximately 79.0 million as at 31 December 2011. The table below illustrates selected economic statistics of Jiangsu Province for the years/period indicated.

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	Six months ended 30 June 2012
Nominal GDP (RMB in billion)	2,174.2	2,601.8	3,098.2	3,445.7	4,090.3	4,860.4	2,538.3
Real GDP growth rate (%)	14.9	14.9	12.7	12.4	12.6	11.0	9.9
Per capita GDP (RMB)	28,943	34,294	40,499	44,744	52,840	61,649	N/A
Per capita disposable income of urban households (RMB)	14,084	16,378	18,680	20,552	22,944	26,341	15,655

Source: Jiangsu Bureau of Statistics

INDUSTRY OVERVIEW

- *The real estate market in Zhenjiang*

Zhenjiang is a city located in the southwestern part of Jiangsu Province. It has a total area of approximately 3,847 sq.km. The table below illustrates selected economic statistics of Zhenjiang for the years indicated.

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Nominal GDP (RMB in billion)	102.5	121.3	140.8	167.2	195.7	231.0
Real GDP growth rate (%)	15.2	15.5	12.8	13.7	13.3	12.3
Per capita GDP (RMB)	38,229	40,333	46,473	54,732	63,325	73,947

Source: Zhenjiang Bureau of Statistics

The GFA of completed residential properties in Zhengjiang was approximately 2.6 million sq.m. in 2011, representing an increase of approximately 44.4% over 2010. The total residential GFA sold in Zhengjiang was approximately 2.8 million sq.m. in 2011, representing a decline of approximately 6.7% over 2010. The average selling price in 2010 increased by approximately 28.9% from 2009 to approximately RMB5,153 per sq.m.

The table below illustrates key figures relating to the real estate market in Zhengjiang for the years indicated.

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Residential						
Total GFA completed (million sq.m.)	2.0	1.8	2.4	2.5	1.8	2.6
Total GFA sold (million sq.m.)	2.3	2.8	1.9	4.2	3.0	2.8
Average selling price (RMB per sq.m.)	2,444	2,940	3,340	3,999	5,153	N/A

Sources: CEIC Data Company Ltd.; Zhengjiang Bureau of Statistics and Jiangsu Bureau of Statistics

INDUSTRY OVERVIEW

- *The real estate market in Suzhou*

Suzhou is a city located in the southern part of Jiangsu Province. It has a total area of approximately 8,488 sq.km. and a population of approximately 6.4 million as at 31 December 2011. The table below illustrates selected economic statistics of Suzhou for the years/period indicated:

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>Six months ended 30 June 2012</u>
Nominal GDP (RMB in billion)	482.0	570.0	670.1	774.0	922.9	1,050.0	585.1
Real GDP growth rate (%)	15.5	16.0	12.5	11.5	13.3	12.0	N/A
Per capita GDP (RMB)	80,116	94,318	112,872	122,565	145,229	N/A	N/A

Source: Suzhou Bureau of Statistics

The GFA of completed residential properties in Suzhou was approximately 12.2 million sq.m. in 2010, representing a decline of approximately 13.5% over 2009. The total residential GFA sold in Suzhou was approximately 11.8 million sq.m. in 2010, representing a decline of approximately 41.3% over 2009, while the average selling price in 2010 increased by approximately 48.4% from 2008 to approximately RMB8,213 per sq.m.

The table below illustrates key figures relating to the real estate market in Suzhou for the years indicated.

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Residential						
Total GFA completed (million sq.m.)	14.8	14.8	11.3	14.1	12.2	9.2
Total GFA sold (million sq.m.)	11.9	16.5	8.3	20.1	11.8	9.4
Average selling price (RMB per sq.m.)	4,194	4,956	5,533	N/A	8,213	N/A

Sources: CEIC Data Company Ltd.; Suzhou Bureau of Statistics and Jiangsu Bureau of Statistics

INDUSTRY OVERVIEW

Zhejiang Province

- *Overview*

Zhejiang Province has an area of approximately 101,800 sq.km. and a population of approximately 54.6 million as at 31 December 2011. The table below illustrates selected economic statistics of Zhejiang Province for the years/period indicated.

	2006	2007	2008	2009	2010	2011	Six months ended 30 June 2012
Nominal GDP (RMB in billion)	1,571.8	1,875.4	2,146.3	2,299.0	2,772.2	3,200.0	1,579.0
Real GDP growth rate (%)	13.9	14.7	10.1	8.9	11.9	9.0	7.4
Per capita GDP (RMB)	31,241	36,676	41,405	43,842	51,711	58,665	N/A
Per capita disposable income of urban households (RMB)	18,265	20,574	22,727	24,611	27,359	30,971	18,802

Source: Zhejiang Bureau of Statistics

- *The real estate market in Jiaxing*

Jiaxing is a city located in the northern part of Zhejiang Province. It has a total area of approximately 3,915 sq.km. and a population of approximately 3.4 million as at 31 December 2011. The table below illustrates selected economic statistics of Jiaxing for the years/period indicated.

	2006	2007	2008	2009	2010	2011	Six months ended 30 June 2012
Nominal GDP (RMB in billion)	134.5	158.6	182.0	191.8	230.0	266.8	128.7
Real GDP growth rate (%)	13.9	14.5	10.7	9.3	13.7	10.6	6.5
Per capita GDP (RMB)	40,162	47,177	53,929	56,607	67,534	59,057	N/A

Sources: Jiaxing Bureau of Statistics and Zhejiang Bureau of Statistics

The GFA of completed residential properties in Jiaxing was approximately 5.2 million sq.m. in 2011, representing an increase of approximately 33.3% over 2010. The total residential GFA sold in Jiaxing was approximately 4.3 million sq.m. in 2011, representing a decline of approximately 4.4% over 2010, while the average selling price in 2011 increased by approximately 22.5% from 2010 to approximately RMB7,440 per sq.m.

INDUSTRY OVERVIEW

The table below illustrates key figures relating to the real estate market in Jiaxing for the years indicated.

	2006	2007	2008	2009	2010	2011
Residential						
Total GFA completed (million sq.m.)	3.4	2.8	2.6	3.7	3.9	5.2
Total GFA sold (million sq.m.)	2.9	3.4	2.5	5.5	4.5	4.3
Average selling price (RMB per sq.m.)	3,298	3,953	4,340	4,906	6,075	7,440

Sources: CEIC Data Company Ltd.; Jiaxing Bureau of Statistics

Anhui Province

- *Overview*

Anhui Province has an area of approximately 139,600 sq.km. and a population of approximately 68.8 million as at 31 December 2011. The table below illustrates selected economic statistics of Anhui Province for the years/period indicated.

	2006	2007	2008	2009	2010	2011	Six months ended 30 June 2012
Nominal GDP (RMB in billion)	611.3	736.1	885.2	1,006.3	1,235.9	1,511.0	778.2
Real GDP growth rate (%)	12.5	14.2	12.7	12.9	14.6	13.5	12.0
Per capita GDP (RMB)	9,996	12,039	14,448	16,408	N/A	25,340	N/A
Per capita disposable income of urban households (RMB)	9,771	11,474	12,990	14,086	15,788	18,606	10,692

Source: Anhui Bureau of Statistics

INDUSTRY OVERVIEW

- *The real estate market in Hefei*

Hefei is the capital city of Anhui Province. It has a total area of approximately 11,430 sq.km. and a population of approximately 7.5 million as at 31 December 2011. The table below illustrates selected economic statistics of Hefei for the years/period indicated.

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	Six months ended 30 June 2012
Nominal GDP (RMB in billion)	112.1	140.2	177.7	210.2	270.3	363.7	175.2
Real GDP growth rate (%)	17.9	18.7	17.7	17.8	17.5	15.4	13.5
Per capita GDP (RMB)	23,203	28,134	34,482	41,543	N/A	48,563	N/A

Source: Hefei Bureau of Statistics

The GFA of completed residential properties in Hefei was approximately 4.8 million sq.m. in 2011, representing a decline of approximately 17.2% over 2010. The total residential GFA sold in Hefei was approximately 10.7 million sq.m. in 2011, representing an increase of approximately 24.4% over 2010, while the average selling price in 2011 increased by approximately 2.3% from 2010 to approximately RMB5,630 per sq.m.

The table below illustrates key figures relating to the real estate market in Hefei for the years indicated.

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Residential						
Total GFA completed (million sq.m.)	N/A	5.1	4.6	4.8	5.8	4.8
Total GFA sold (million sq.m.)	N/A	9.5	8.7	11.8	8.6	10.7
Average selling price (RMB per sq.m.)	N/A	3,154	3,425	4,095	5,502	5,630

Sources: CEIC Data Company Ltd.; China Real Estate Statistics Yearbook 2010 and Hefei Bureau of Statistics

INDUSTRY OVERVIEW

Hunan Province

- *Overview*

Hunan Province has an area of approximately 211,829 sq.km. and a population of approximately 71.4 million as at 31 December 2011. The table below illustrates selected economic statistics of Hunan Province for the years/period indicated.

	2006	2007	2008	2009	2010	2011	Six months ended 30 June 2012
Nominal GDP (RMB in billion)	768.9	944.0	1,155.5	1,306.0	1,603.8	1,963.5	990.9
Real GDP growth rate (%)	12.8	15.0	13.9	13.7	14.6	12.8	11.5
Per capita GDP (RMB)	11,830	14,405	17,521	20,226	24,719	29,828	N/A
Per capita disposable income of urban households (RMB)	10,505	12,294	13,821	15,084	16,566	18,844	10,864

Sources: Hunan Bureau of Statistics; National Bureau of Statistics of China

- *The real estate market in Changsha*

Changsha is a city located in the northeastern part of Hunan Province. It has a total area of approximately 11,818 sq.km. and a population of approximately 7.1 million as at 31 December 2011. The table below illustrates selected economic statistics of Changsha for the years/period indicated.

	2006	2007	2008	2009	2010	2011	Six months ended 30 June 2012
Nominal GDP (RMB in billion)	212.0	258.1	330.1	374.5	454.7	561.9	289.7
Real GDP growth rate (%)	15.3	15.7	15.5	14.7	15.5	14.5	12.9
Per capita GDP (RMB)	32,983	39,727	50,336	56,620	66,443	79,530	N/A

Source: Changsha Bureau of Statistics

INDUSTRY OVERVIEW

The GFA of completed residential properties in Changsha was approximately 12.0 million sq.m. in 2011, representing an increase of approximately 3.4% over 2010. The total residential GFA sold in Changsha was approximately 13.9 million sq.m. in 2011, representing a decline of approximately 14.2% over 2010, while the average selling price in 2011 increased by approximately 26.9% from 2010 to approximately RMB5,484 per sq.m.

The table below illustrates key figures relating to the real estate market in Changsha for the years indicated.

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Residential						
Total GFA completed (million sq.m.)	5.4	5.8	6.4	11.0	11.6	12.0
Total GFA sold (million sq.m.)	6.9	9.3	8.0	13.6	16.2	13.9
Average selling price (RMB per sq.m.)	2,431	3,191	3,165	3,533	4,322	5,484

Sources: CEIC Data Company Ltd.; Changsha Bureau of Statistics and China Real Estate Statistics Yearbook 2010

Competition in the real estate market of the PRC

While our Directors believe that there is no reliable and consistent industry source publishing respective market share of major PRC real estate developers over the years, the real estate market in the PRC is highly fragmented. Competition in the real estate market in the PRC has intensified over the past few years. Industry participants in different cities in the PRC include national, regional and local real estate developers. We compete with other real estate developers on the basis of a number of factors, including product quality, service quality, price, financial resources, brand recognition, ability to acquire land and other factors. We believe that the real estate market in the PRC still has large growth potential. Please refer to the section headed “Business — Competition” in this prospectus for further details on the competitive landscape of the real estate market in the PRC.

HISTORY, REORGANISATION AND GROUP STRUCTURE

HISTORY AND DEVELOPMENT

Mr Lin Zhong, the founder of our Group and the Chairman of our Company, began his business in property management in Xiamen in 1995 by establishing Xiamen Yongsheng Services. Mr Lin Zhong further explored the property development market in Xiamen through Xiamen Yongsheng Xuri Investment Co., Ltd.* (廈門永升旭日投資有限公司) (“**Yongsheng Xuri**”, formerly known as 永升旭日集團房地產開發有限公司) which was established by Mr Lin Zhong in 1996, and Xiamen Yongsheng which was established in 1997 and in turn controlled by Yongsheng Xuri. In 1997, Xiamen Yongsheng Services became a corporation directly controlled by Yongsheng Xuri after the disposal of the equity interest in Xiamen Yongsheng Services by Mr Lin Zhong to Yongsheng Xuri. With the participation of Mr Lin Wei, the younger brother of Mr Lin Zhong, in Xiamen Yongsheng Services and Yongsheng Xuri since their establishment, Mr Lin Zhong and Mr Lin Wei laid the foundation of our expansion of real estate market in the PRC.

In August 2000, with an attempt to expand the business in other regions, CIFI (PRC) (known as 上海永升置業有限責任公司 (Shanghai Yongsheng Real Estate Co., Ltd*)) at the time of establishment) was formed by Yongsheng Xuri and Xiamen Yongsheng with a registered capital of RMB9.98 million in Shanghai. Yongsheng Xuri and Xiamen Yongsheng held 90% and 10% equity interest, respectively, in CIFI (PRC) at the time of its establishment. CIFI (PRC) then became our principal operating subsidiary through which project companies were established in the PRC. Since the establishment of CIFI (PRC) in Shanghai in 2000, Mr Lin Zhong had been the chairman of our Group formulating the strategic development plan and overseeing the business operation of our Group. As part of the strategic business expansion in Beijing, Mr Lin Wei had been based in Beijing since 2001 exploring business opportunities for the Group there. Our Group’s business has been expanded to Beijing under the leadership of Mr Lin Wei and he became a director of CIFI (PRC) in 2006. Mr Lin Feng, the youngest brother of Mr Lin Zhong and Mr Lin Wei, has commenced his contribution to the Group since 2001 and also became a director of CIFI (PRC) in 2006.

As illustrated in the section headed “Our control in ownership of CIFI (PRC), our principal operating subsidiary holding our PRC operations” below (paragraph (3)(iii) and (iv)), in September 2002, Yongsheng Xuri acquired all equity interest of CIFI (PRC) owned by Xiamen Yongsheng and in July 2003, Yongsheng Xuri disposed all its equity interest in CIFI (PRC) to Mr Lin Zhong, Mr Lin Wei and Mr Lin Feng. After the disposal, Yongsheng Xuri ceased to own any interest in CIFI (PRC). Further, CIFI (PRC) acquired equity interest in Xiamen Yongsheng from Yongsheng Xuri in October 2003 and Xiamen Yongsheng acquired equity interest in Xiamen Yongsheng Services from Yongsheng Xuri in November 2003. Xiamen Yongsheng and Xiamen Yongsheng Services then became the subsidiaries of CIFI (PRC). Yongsheng Xuri had ceased to be engaged in property development and management business since 2003 and it had not been involved in any business in competition with the Group since then.

The key milestones in our history and development are as follows:

- | | |
|------|--|
| 2000 | • CIFI (PRC) (known as 上海永升置業有限責任公司 (Shanghai Yongsheng Real Estate Co., Ltd*)) at the time of establishment) was formed in Shanghai |
| 2002 | • Commenced acquiring land in Beijing |

HISTORY, REORGANISATION AND GROUP STRUCTURE

- 2006
 - Commenced acquiring land in Suzhou and Jiaxing
 - First awarded and continued to be awarded between 2006-2012 as one of the China Top 100 Real Estate Developers (中國房地產百強企業)^(Note 1)
 - Obtained the Class 1 Qualification Certificate of China real estate developer (全國房地產開發企業一級資質)
- 2007
 - Commenced acquiring land in Hefei, Chongqing, Changsha and Zhenjiang
- 2008
 - Commenced acquiring land in Langfang
- 2010
 - Ranked tenth on the “2009-2010 Shanghai Top 50 Real Estate Developers” (2009-2010 上海房地產開發企業50強)^(Note 2)
- 2011
 - Commenced acquiring land in Tianjin and Tangshan
 - Awarded as one of the Top 10 Real Estate Developers by Profitability (盈利性Top 10) and by Operating Efficiency (運營效率Top 10)^(Note 1)

Notes:

- (1) By Enterprise Research Institute of Development Research Centre of the State Council (國務院發展研究中心企業研究所), Institute of Real Estate Studies of Tsinghua University (清華大學房地產研究所) and China Index Academy (中國指數研究院)
- (2) By Shanghai Real Estate Trade Association (上海市房地產行業協會)

During the past decade, our Group had grown from a regional developer into one of the large-scale nationwide property developers in the PRC and has established a strong presence covering first-, second- and third-tier cities in three geographic regions, the Yangtze River Delta (長江三角區域), the Bohai Economic Rim (環渤海經濟圈) and the Central Western Region (中西部).

Our control in ownership of CIFI (PRC), our principal operating subsidiary holding our PRC operations

- (1) On 27 March 2001, the registered capital of CIFI (PRC) was increased from RMB9.98 million to RMB16 million by capital injections of RMB5.418 million from Yongsheng Xuri and RMB0.602 million from Xiamen Yongsheng. The equity holding in CIFI (PRC) remained the same, with Yongsheng Xuri holding 90% equity interest and Xiamen Yongsheng holding 10% equity interest.
- (2) On 20 September 2001, the registered capital of CIFI (PRC) was further increased from RMB16 million to RMB46 million by capital injections of RMB18 million from Mr Lin Zhong, RMB9 million from Mr Lin Wei and RMB3 million from Mr Lin Feng. After the capital increase, Mr Lin Zhong, Mr Lin Wei and Mr Lin Feng collectively held 65.22% equity interest of CIFI (PRC) while Yongsheng Xuri and Xiamen Yongsheng respectively held 31.30% and 3.48%.

HISTORY, REORGANISATION AND GROUP STRUCTURE

- (3) During the period between 2001 and 2003, Mr Lin Zhong, Mr Lin Wei and Mr Lin Feng had collectively acquired all the equity interest of CIFI (PRC) owned by Yongsheng Xuri and Xiamen Yongsheng:
- (i) On 11 December 2001, the registered capital of CIFI (PRC) was increased from RMB46 million to RMB60 million by capital injections of RMB8.4 million from Mr Lin Zhong, RMB4.2 million from Mr Lin Wei and RMB1.4 million from Mr Lin Feng. After the capital increase, Mr Lin Zhong, Mr Lin Wei and Mr Lin Feng collectively held 73.33% equity interest of CIFI (PRC) while Yongsheng Xuri and Xiamen Yongsheng respectively held 24% and 2.67%;
 - (ii) On 17 January 2002, the registered capital of CIFI (PRC) was increased from RMB60 million to RMB66 million by capital injections of RMB0.4 million from Mr Lin Zhong, RMB4.2 million from Mr Lin Wei and RMB1.4 million from Mr Lin Feng. After the capital increase, Mr Lin Zhong, Mr Lin Wei and Mr Lin Feng collectively held 75.76% equity interest of CIFI (PRC) while Yongsheng Xuri and Xiamen Yongsheng respectively held 21.82% and 2.42%;
 - (iii) On 23 September 2002, as a restructuring effort to integrate Xiamen Yongsheng into our Group's business, Yongsheng Xuri acquired all equity interest of CIFI (PRC) owned by Xiamen Yongsheng at a cash consideration of RMB1.6 million determined on the basis of the transferor's original investment cost. At the same time, the registered capital of CIFI (PRC) was increased from RMB66 million to RMB100 million by capital injections of RMB23.6 million from Mr Lin Zhong, RMB7.8 million from Mr Lin Wei and RMB2.6 million from Mr Lin Feng. After the equity transfer and the capital injections, Mr Lin Zhong, Mr Lin Wei and Mr Lin Feng collectively held 84% equity interest of CIFI (PRC) while Yongsheng Xuri held 16%; and
 - (iv) On 31 July 2003, Mr Lin Zhong, Mr Lin Wei and Mr Lin Feng respectively acquired the 9.6%, 4.8% and 1.6% equity interest held by Yongsheng Xuri in CIFI (PRC) at a total cash consideration of RMB16 million determined on the basis of the transferor's original investment cost. After the equity transfer, Mr Lin Zhong, Mr Lin Wei and Mr Lin Feng collectively held 100% equity interest of CIFI (PRC), in which 60% is held by Mr Lin Zhong, 30% is held by Mr Lin Wei and 10% was held by Mr Lin Feng.
- (4) On 9 September 2004, CIFI (PRC) completed its change of name registration to 旭輝集團有限公司 (CIFI Group Co., Ltd*).
- (5) On 16 February 2005, the registered capital of CIFI (PRC) was increased from RMB100 million to RMB200 million by pro-rata capital injections of RMB60 million from Mr Lin Zhong, RMB30 million from Mr Lin Wei and RMB10 million from Mr Lin Feng. After the capital increase, their respective equity holdings remained the same.

HISTORY, REORGANISATION AND GROUP STRUCTURE

- (6) On 29 November 2006, in order to transform CIFI (PRC) into a joint stock company, Mr Lin Zhong, Mr Lin Wei and Mr Lin Feng, together, transferred 80% and 10% equity interest of CIFI (PRC) respectively to Shanghai Xuhui Investment and Xukai Shanghai Investment, both of which were in turn owned by Mr Lin Zhong, Mr Lin Wei and Mr Lin Feng as to 60%, 30% and 10% respectively:
- (i) Mr Lin Zhong, Mr Lin Wei and Mr Lin Feng respectively transferred their 48%, 24% and 8% equity interest of CIFI (PRC) to Shanghai Xuhui Investment at the respective considerations of RMB96 million, RMB48 million and RMB16 million which were determined on the basis of their original investment costs;
 - (ii) Mr Lin Zhong, Mr Lin Wei and Mr Lin Feng respectively transferred their 6%, 3% and 1% equity interest of CIFI (PRC) to Xukai Shanghai Investment at the respective considerations of RMB12 million, RMB6 million and RMB2 million which were determined on the basis of their original investment costs; and
 - (iii) After the above transfers, Mr Lin Zhong, Mr Lin Wei and Mr Lin Feng collectively held 10% equity interest of CIFI (PRC) while Shanghai Xuhui Investment and Xukai Shanghai Investment respectively held 80% and 10%.

On 28 December 2006, CIFI (PRC) completed its registration as a joint stock company.

- (7) In order to improve shareholding structure and capital base, CIFI (PRC) had undergone three capital increases in 2007 by the issue and allotment of new shares to a total of 25 minority shareholders:
- (i) On 7 June 2007, the registered capital of CIFI (PRC) was increased from RMB477 million to RMB491.26 million and the capital was contributed by eight individuals. The eight individuals were the directors, supervisors, senior managers and persons with exceptional contributions to the development of CIFI (PRC) (the “**Eight Key Individuals**”). The Eight Key Individuals were Mr Weng Xiaofeng (翁曉峰), Mr Ye Qicai (葉啟才), Madam Wang Huiping (王慧萍), Mr Liu Qingquan (劉清泉), Mr Wang Xiaofei (王肖飛), Mr Zhu Yu (朱瑜), Mr Shen Zhenyu (沈震宇) and Mr Li Yujun (李裕軍). They subscribed for new shares of CIFI (PRC) at a subscription price of RMB1.18 per share and together held the then 2.89% equity interest in CIFI (PRC) after the allotment. These Eight Key Individuals, through their respective wholly-owned BVI companies (in respect of Mr Ye Qicai (葉啟才), through a BVI company wholly owned by his son, Mr Ye Yifang (葉一方)), subscribed for new Shares of our Company as further described in step 3 under the sub-section headed “Corporate Reorganisation” of this section.
 - (ii) On 25 June 2007, the registered capital of CIFI (PRC) was further increased from RMB491.26 million to RMB575.26 million. Mr Ye Yifang (葉一方), who is a project manager of Shanghai Xuhui and the son of Mr Ye Qicai (葉啟才), and another 15 passive investors subscribed for new shares of CIFI (PRC) at a subscription price of RMB2.75 per share. Mr Ye Yifang (葉一方) held 0.17% equity interest and the 15

HISTORY, REORGANISATION AND GROUP STRUCTURE

passive investors together held the then 13.98% equity interest in CIFI (PRC) after allotment. These 15 passive investors included seven PRC enterprises and eight PRC individuals: (1) Shenzhen Zhong Ke, the controlling shareholder of which is a company listed on Shanghai Stock Exchange, namely Zhejiang Longsheng Group Co., Ltd. (浙江龍盛集團股份有限公司); (2) Jiangsu Changjiang Electronics Technology Co., Ltd (江蘇長電科技股份有限公司), a company listed on Shanghai Stock Exchange; (3) 浙江銀都投資有限公司 (Zhejiang Yindu Investments Co., Ltd.*) (“**Zhejiang Yindu**”), a PRC domestic company; (4) 浙江裕隆實業股份有限公司 (Zhejiang Yulong Enterprises Co., Ltd.*), a PRC domestic company; (5) 浙江天聖控股集團有限公司 (Zhejiang Tiansheng Holding Group Co., Ltd.), a PRC domestic company; (6) 杭州創益投資有限公司 (Hangzhou Chuangyi Investment Co., Ltd.*) (“**Hangzhou Chuangyi**”), a PRC domestic company; (7) 廈門市兆宏投資有限公司 (Xiamen Zhaohong Investments Co., Ltd.*), a PRC domestic company; (8) Madam Chen Xuejuan (陳雪娟); (9) Mr Zhu Kun (朱崐); (10) Madam Yu Jing (余靜); (11) Mr Feng Zhibin (馮志斌); (12) Mr Liu Jinguo (劉進國); (13) Mr Lin Zhiwei (林志偉); (14) Mr Chen Zhijie (陳智傑) and (15) Mr Chen Wensuo (陳文鎖). Three of the Eight Key Individuals, namely Madam Wang Huiping (王慧萍), Mr Zhu Yu (朱瑜) and Mr Li Yujun (李裕軍) also contributed to the capital increase at the same subscription price. After the capital increase, CIFI (PRC) had 29 shareholders: Mr Lin Zhong, Mr Lin Wei and Mr Lin Feng directly and indirectly (through Shanghai Xuhui Investment and Xukai Shanghai Investment) owned a total of 82.93% equity interest, the Eight Key Individuals and Mr Ye Yifang (葉一方) held a total of 3.09% equity interest and the 15 passive investors held a total of 13.98% equity interest in CIFI (PRC); and

- (iii) On 10 September 2007, the registered capital of CIFI (PRC) was further increased from RMB575.26 million to RMB600 million and the capital was contributed by an additional new passive investor and the then 13 existing shareholders at the subscription price of RMB2.75 per share. The additional new investor was 聯想控股有限公司 (Legend Holdings Limited)(together with the aforesaid 15 passive investors, the “**16 Passive Investors**”), which is a controlling shareholder of Lenovo Group Limited (聯想集團有限公司), a company listed on the Stock Exchange. The then 13 existing shareholders included nine passive investors and four of the Eight Key Individuals, namely Mr Weng Xiaofeng (翁曉峰), Mr Ye Qicai (葉啓才), Mr Wang Xiaofei (王肖飛) and Mr Zhu Yu (朱瑜). After the capital increase, CIFI (PRC) had 30 shareholders: Mr Lin Zhong, Mr Lin Wei and Mr Lin Feng directly and indirectly (through Shanghai Xuhui Investment and Xukai Shanghai Investment) owned a total of 79.51% equity interest, the Eight Key Individuals together with Mr Ye Yifang (葉一方) held a total of 3.38% equity interest and the 16 Passive Investors held a total of 17.11% equity interest in CIFI (PRC).

The 16 Passive Investors held the then minority interest in CIFI (PRC) for investment purpose. Please refer to the section headed “Corporate Reorganisation — 5. Investment by 12 investors” below for the relationship between certain of them and some of the investors of our Company. Save as disclosed, the 16 Passive Investors had no relationship with our Group and its connected persons.

HISTORY, REORGANISATION AND GROUP STRUCTURE

REORGANISATION AND GROUP STRUCTURE

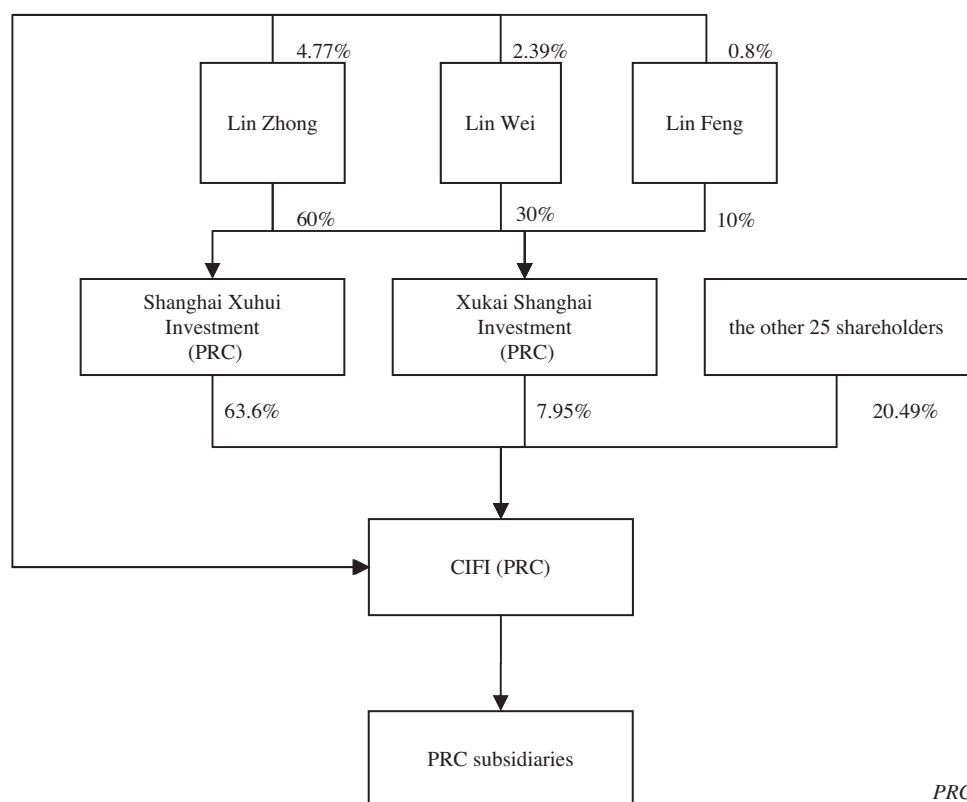
Corporate Reorganisation

Our Group underwent a reorganisation in preparation for the Listing which involves the following steps:

1. *Acquisition of minority interest in CIFI (PRC) by Shanghai Xuhui Investment and Xukai Shanghai Investment*

Since 10 September 2007, the equity interest of CIFI (PRC) had been held by 30 shareholders. Shanghai Xuhui Investment, Xukai Shanghai Investment, Mr Lin Zhong, Mr Lin Wei and Mr Lin Feng respectively held 63.6%, 7.95%, 4.77%, 2.39% and 0.8% direct equity interest in CIFI (PRC). The other 25 shareholders, comprising the Eight Key Individuals, Mr Ye Yifang (葉一方) and the 16 Passive Investors, held a total of 20.49% direct equity interest in CIFI (PRC). Each of Shanghai Xuhui Investment and Xukai Shanghai Investment was held as to 60% by Mr Lin Zhong, 30% by Mr Lin Wei and 10% by Mr Lin Feng. Accordingly, Mr Lin Zhong, Mr Lin Wei and Mr Lin Feng owned a total of 79.51% direct and indirect equity interest in CIFI (PRC).

The following chart depicts the corporate structure described above:



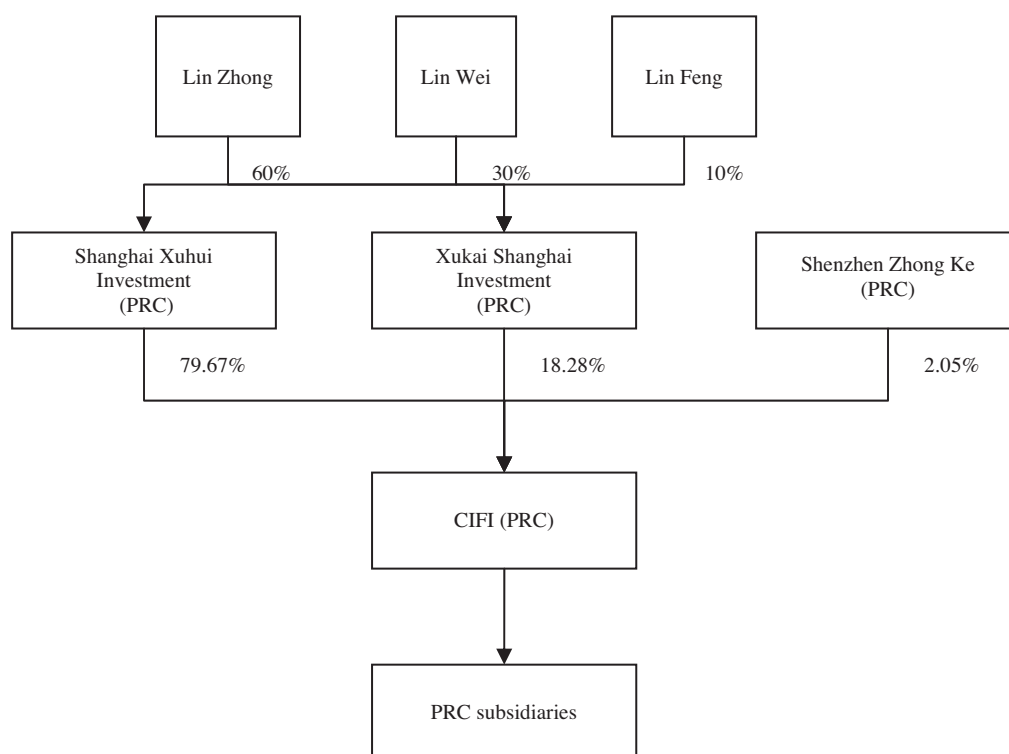
PRC

HISTORY, REORGANISATION AND GROUP STRUCTURE

During the period from 17 April 2011 to 11 May 2011, Shanghai Xuhui Investment and Xukai Shanghai Investment acquired all the direct equity interest held by Mr Lin Zhong, Mr Lin Wei and Mr Lin Feng in CIFI (PRC) and other direct equity interest held by the then existing minority shareholders except Shenzhen Zhong Ke. Shanghai Xuhui Investment acquired a total of 16.07% direct equity interest in CIFI (PRC) at an aggregate consideration of RMB409,387,800. The sellers of the shares to Shanghai Xuhui Investment included the 16 Passive Investors (other than Shenzhen Zhong Ke) (as to approximately 15.05%), six of the Eight Key Individuals (namely Madam Wang Huiping (王慧萍), Mr Zhu Yu (朱瑜), Mr Li Yujun (李裕軍), Mr Weng Xiaofeng (翁曉峰), Mr Ye Qicai (葉啓才) and Mr Wang Xiaofei (王肖飛)) (as to approximately 0.84%) and Mr Ye Yifang (葉一方) (as to approximately 0.17%). The sale price per share was RMB4.245, representing a premium of approximately 54.36% over the original investment cost of RMB2.75 per share of the transferors. Xukai Shanghai Investment acquired a total of 10.33% direct equity interest in CIFI (PRC) at an aggregate consideration of RMB73,112,800. The sellers of the shares to Xukai Shanghai Investment included Mr Lin Zhong, Mr Lin Wei and Mr Lin Feng (as to approximately 7.96%) and the Eight Key Individuals (as to approximately 2.37%). The sale price per share was RMB1.18, representing a premium of approximately 18% over the original investment cost of RMB1 per share of Mr Lin Zhong, Mr Lin Wei and Mr Lin Feng and was equivalent to the original investment cost per share paid by the Eight Key Individuals in June 2007.

After the aforesaid share transfers, CIFI (PRC) was owned as to 79.67% by Shanghai Xuhui Investment, 18.28% by Xukai Shanghai Investment and 2.05% by Shenzhen Zhong Ke, an Independent Third Party (save and except its minority investment in CIFI (PRC)).

The following chart depicts the corporate structure after the aforesaid transfers:



PRC

HISTORY, REORGANISATION AND GROUP STRUCTURE

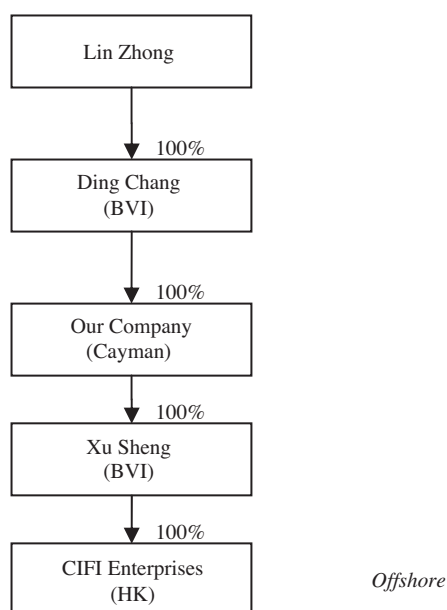
2. *Establishment of our offshore structure*

CIFI Enterprises was incorporated on 12 May 2011 with an authorised share capital of HK\$10,000 divided into 10,000 shares of par value of HK\$1.00 each. One share was issued to Mr Lin Zhong upon incorporation.

Our Company was incorporated in the Cayman Islands on 20 May 2011 with an authorised share capital of HK\$1,000,000,000 divided into 10,000,000,000 shares of par value of HK\$0.1 each. One Share was issued to Mapcal Limited as the initial subscriber which was subsequently transferred to Ding Chang, a BVI company wholly owned by Mr Lin Zhong at HK\$0.1 on 20 May 2011.

Xu Sheng was incorporated in BVI on 9 May 2011 with an authorised share capital of US\$50,000 divided into 50,000 shares of par value of US\$1.00 each. The Company acquired the one issued share of Xu Sheng on 20 May 2011. On 23 May 2011, Xu Sheng acquired the one issued share of CIFI Enterprises from Mr Lin Zhong at HK\$1.00. CIFI Enterprises became a wholly owned subsidiary of Xu Sheng.

The following chart depicts our then offshore corporate structure:



HISTORY, REORGANISATION AND GROUP STRUCTURE

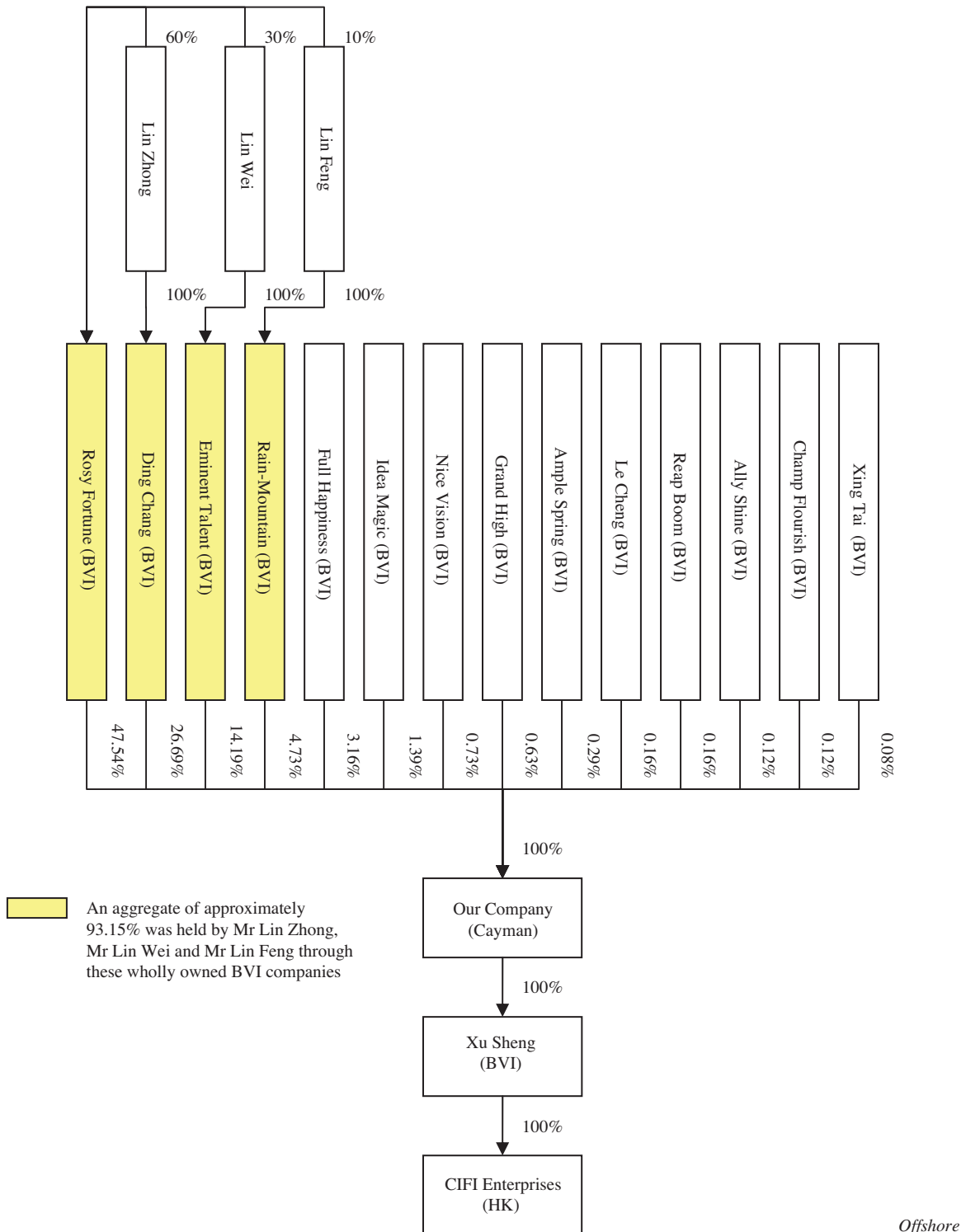
3. *Allotment of Shares in our Company to Mr Lin Zhong, Mr Lin Wei and Mr Lin Feng, the Eight Key Individuals and Full Happiness Trust*
- (a) On 19 July 2011, our Company allotted a total of 54,753,999 new Shares at par value of HK\$0.1 each with details as follows:
- (i) 32,044,399 Shares were allotted to Ding Chang, a BVI company wholly owned by Mr Lin Zhong;
 - (ii) 17,032,200 Shares were allotted to Eminent Talent, a BVI company wholly owned by Mr Lin Wei; and
 - (iii) 5,677,400 Shares were allotted to Rain-Mountain, a BVI company wholly owned by Mr Lin Feng.
- (b) On 23 August 2011, our Company further allotted a total of 68,546,000 new Shares at par value of HK\$0.1 each with details as follows:
- (i) 58,453,885 Shares were allotted to Rosy Fortune, a BVI company owned as to 60% by Mr Lin Zhong, 30% to Mr Lin Wei and 10% to Mr Lin Feng;
 - (ii) 948,162 Shares were allotted to Ding Chang, a BVI company wholly owned by Mr Lin Zhong;
 - (iii) 503,965 Shares were allotted to Eminent Talent, a BVI company wholly owned by Mr Lin Wei;
 - (iv) 167,988 Shares were allotted to Rain-Mountain, a BVI company wholly owned by Mr Lin Feng;
 - (v) 3,900,000 Shares were allotted to Full Happiness, the trustee of Full Happiness Trust which holds the said 3,900,000 Shares on trust for 106 employees of our Group pursuant to the Pre-IPO Share Award Scheme;
 - (vi) 1,720,000 Shares were allotted to Idea Magic, a BVI company wholly owned by Mr Lin Chu Chang, who is a personal consultant to the Chairman;
 - (vii) 906,000 Shares were allotted to Nice Vision, a BVI company wholly owned by Mr Weng Xiaofeng (翁曉峰), who is a director of CIFI (PRC) and a former shareholder of CIFI (PRC) holding 0.82% in it;

HISTORY, REORGANISATION AND GROUP STRUCTURE

- (viii) 782,000 Shares were allotted to Grand High, a BVI company wholly owned by Mr Ye Yifang (葉一方), who is a project manager of Shanghai Xuhui and a former shareholder of CIFI (PRC) holding 0.17% in it, and his father is one of the Eight Key Individuals, namely Mr Ye Qicai (葉啟才);
 - (ix) 364,000 Shares were allotted to Ample Spring, a BVI company wholly owned by Madam Wang Huiping (王慧萍), who is a former shareholder of CIFI (PRC) holding 0.67% in it;
 - (x) 200,000 Shares were allotted to Le Cheng, a BVI company wholly owned by Mr Liu Qingquan (劉清泉), who is the Vice President and Finance Director of our Group and a former shareholder of CIFI (PRC) holding 0.17% in it;
 - (xi) 200,000 Shares were allotted to Reap Boom, a BVI company wholly owned by Mr Wang Xiaofei (王肖飛), who is a former general manager and director of our certain subsidiaries in Beijing and a former shareholder of CIFI (PRC) holding 0.43% in it;
 - (xii) 150,000 Shares were allotted to Ally Shine, a BVI company wholly owned by Mr Zhu Yu (朱瑜), who is the Vice President of our Group and a former shareholder of CIFI (PRC) holding 0.22% in it;
 - (xiii) 150,000 Shares were allotted to Champ Flourish, a BVI company wholly owned by Mr Shen Zhenyu (沈震宇), who is the Director of Legal Affairs of our Group and a former shareholder of CIFI (PRC) holding 0.13% in it; and
 - (xiv) 100,000 Shares were allotted to Xing Tai, a BVI company wholly owned by Mr Li Yujun (李裕軍), who is a general manager of our certain subsidiaries in Changsha and a former shareholder of CIFI (PRC) holding 0.11% in it.
- (c) On 29 September 2011, our Company further allotted a total of 300,000 new Shares at par value of HK\$0.1 each to Rosy Fortune, a BVI company owned as to 60% by Mr Lin Zhong, 30% by Mr Lin Wei and 10% by Mr Lin Feng.

HISTORY, REORGANISATION AND GROUP STRUCTURE

The following chart depicts the corporate structure after the aforesaid allotments:



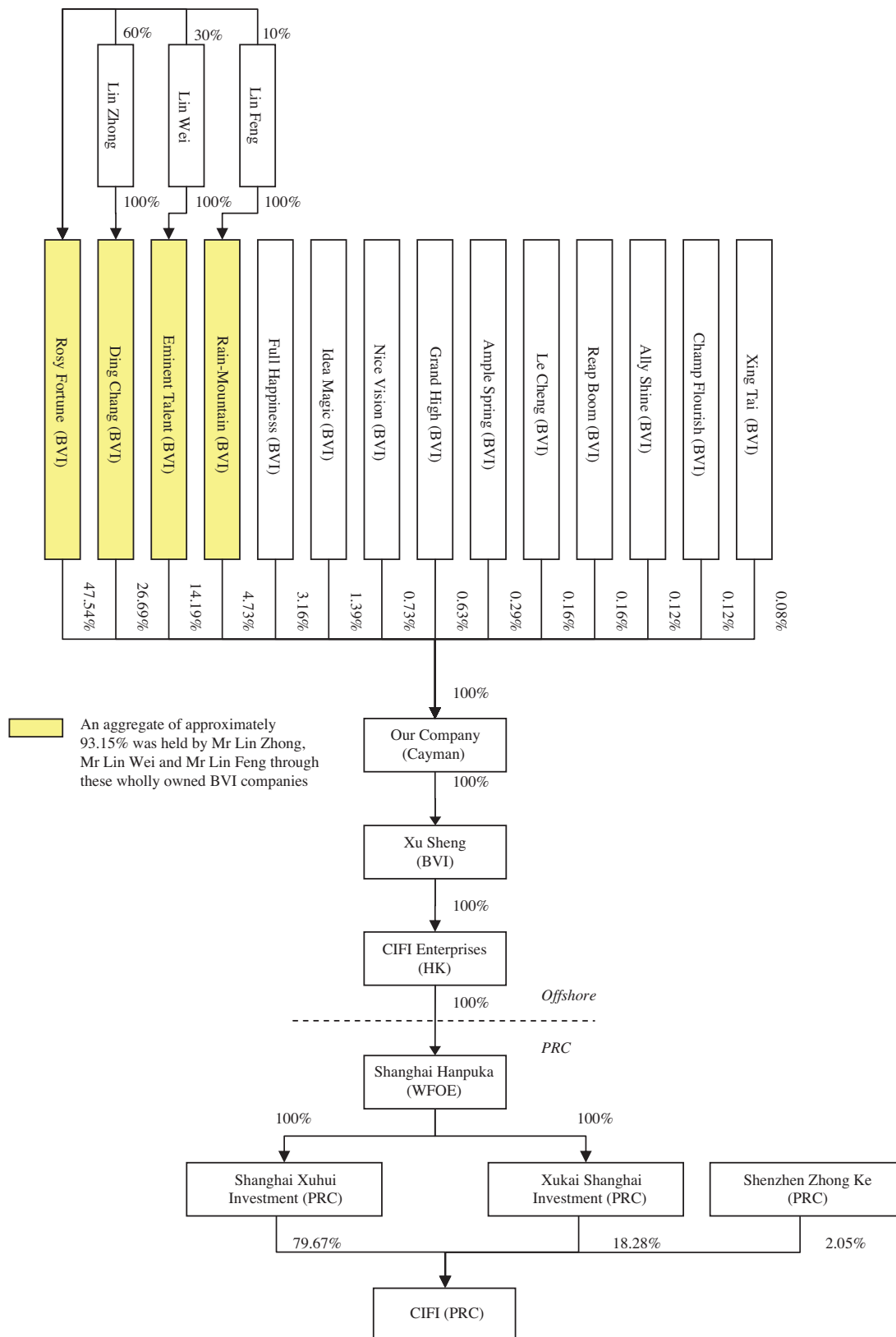
HISTORY, REORGANISATION AND GROUP STRUCTURE

4. *Establishment of Shanghai Hanpuka and acquisition of Shanghai Xuhui Investment and Xukai Shanghai Investment*

- (a) On 17 August 2011, CIFI Enterprises established Shanghai Hanpuka, a wholly foreign owned enterprise in Shanghai, PRC with a registered capital of US\$10,000,000. Necessary registration required under the Notice 75 related to the establishment of Shanghai Hanpuka by CIFI Enterprises, which is indirectly controlled by our individual Controlling Shareholders had been completed; and
- (b) On 9 September 2011, Shanghai Hanpuka acquired all equity interest in Shanghai Xuhui Investment and Xukai Shanghai Investment from Mr Lin Zhong, Mr Lin Wei and Mr Lin Feng at a total consideration of RMB186,716,300 (as to RMB165,884,800 for Shanghai Xuhui Investment and RMB20,831,500 for Xukai Shanghai Investment) determined with reference to the net asset value of Shanghai Xuhui Investment and Xukai Shanghai Investment as at 30 June 2011 appraised by an independent valuer engaged by Shanghai Xuhui Investment and Xukai Shanghai Investment. After the acquisition, our Company indirectly holds 97.95% equity interest in CIFI (PRC) and Shenzhen Zhong Ke holds a minority equity interest of 2.05%.

HISTORY, REORGANISATION AND GROUP STRUCTURE

The following chart depicts the corporate structure after the said acquisition:



HISTORY, REORGANISATION AND GROUP STRUCTURE

5. Investment by 12 investors

On 30 September 2011, 12 investors subscribed for a total of 5,400,000 new Shares of our Company at a total consideration of HK\$292,443,321 pursuant to the Investors Subscription Agreements signed by each of them with our Company respectively. The said total consideration was fully paid up and settled on 30 September 2011. The subscription price for each of the Shares subscribed by all the investors was the same, being HK\$54.16 which was determined by our Company and the investors on arm's length negotiation. Taking into account of the Shares allotted to the investors under the Capitalisation Issue, the effective price paid by the investors for each Share was HK\$1.55. The proceeds from the investment were applied as general working capital of our Group.

The table below sets out the name of the investors and their respective shareholding in our Company:

Name of investor	No. of Shares in our Company		Approximate shareholding in our Company prior to Listing	Approximate shareholding in our Company immediately after Listing (assuming the Over-allotment Option is not exercised)	Identity of investor
	Before Capitalisation Issue	After Capitalisation Issue			
1. Easyinfo Holdings Limited (易信達控股有限公司) (“Easyinfo”)	300,000	10,500,000	0.23%	0.18%	— Independent Third Party
2. Prestige City Investments Limited (駿城投資有限公司) (“Prestige City”)	300,000	10,500,000	0.23%	0.18%	— The entire legal and beneficial interest in Easyinfo and Prestige City are owned by Yuan Xiaolan (袁曉瀾) and Ma Jun (馬駿) respectively. Each of Yuan Xiaolan and Ma Jun firstly subscribed for 300,000 Shares of our Company on 30 September 2011 and they transferred their direct equity interest in our Company to Easyinfo and Prestige City on 2 March 2012 respectively
					— Both Yuan Xiaolan and Ma Jun are shareholders of Hangzhou Chuangyi. They respectively own 17.26% and 18.57% equity interest in Hangzhou Chuangyi, which in turn was a former passive investor of CIFI (PRC) holding 1.22% equity interest in it

HISTORY, REORGANISATION AND GROUP STRUCTURE

Name of investor	No. of Shares in our Company		Approximate shareholding in our Company prior to Listing	Approximate shareholding in our Company immediately after Listing (assuming the Over-allotment Option is not exercised)	Identity of investor
	Before Capitalisation Issue	After Capitalisation Issue			
3. Run Cheng Investments Limited (潤成投資有限公司)	300,000	10,500,000	0.23%	0.18%	— Independent Third Party — A BVI company wholly owned by Zhu Aiquan (朱愛泉) who is a controlling shareholder of Zhejiang Yindu, a former passive investor of CIFI (PRC) holding 1.72% equity interest in it
4. Heng On Environmental Company Limited (恒安環保有限公司)	300,000	10,500,000	0.23%	0.18%	— Independent Third Party — A Hong Kong company 33.3% owned by Shao Nan (邵楠) and 66.7% by Yu Wei (郁煒)
5. Joint Delight International Limited (同欣國際有限公司)	300,000	10,500,000	0.23%	0.18%	— Independent Third Party — A Hong Kong company 80% owned by Mak Wai Shun (麥偉順) and 20% by Chen Wensuo (陳文鎖), who is a former passive investor of CIFI (PRC) holding 0.08% equity interest in it
6. Biosun Investments Limited (皓峰有限公司)	300,000	10,500,000	0.23%	0.18%	— Independent Third Party — A BVI company wholly owned by Chen Huixiang (陳慧湘), a relative of Liu Jinguo (劉進國) who is a former passive investor of CIFI (PRC) holding 0.17% equity interest in it
7. Fulland Spirit Limited	300,000	10,500,000	0.23%	0.18%	— Independent Third Party — A BVI company wholly owned by Li Yong Mei (李詠梅), the wife of Zhu Kun (朱崑) who is a former passive investor of CIFI (PRC) holding 0.42% equity interest in it

HISTORY, REORGANISATION AND GROUP STRUCTURE

Name of investor	No. of Shares in our Company		Approximate shareholding in our Company prior to Listing	Approximate shareholding in our Company immediately after Listing (assuming the Over-allotment Option is not exercised)	Identity of investor
	Before Capitalisation Issue	After Capitalisation Issue			
8. Federal Success Investment Group Limited (聯達投資集團有限公司)	300,000	10,500,000	0.23%	0.18%	— A BVI company 48% owned by Cai Yuzhi (蔡玉治), 20% by Wu Gang (吳剛), 15% by Yu Lei (于磊), 15% by Zhang Shenghua (張盛華) and 2% by Tsoi Yuk Ming (蔡玉明), all are Independent Third Parties except that Cai Yuzhi (蔡玉治) holds a minority interest of 6% in 北京恒盛陽光房地產開發有限公司 (Beijing Hengsheng Sunshine Real Estate Development Co., Ltd.*), which in turn is a 20% shareholder of Beijing Xuhui Sunshine. Beijing Xuhui Sunshine is our subsidiary 80% owned by CIFI (PRC)
9. Dragon Fame Investments Limited (龍譽投資有限公司) ("Dragon Fame")	300,000	10,500,000	0.23%	0.18%	— Independent Third Party — The entire legal and beneficial interest in Dragon Fame are owned by Long Minghui (龍明輝). Long Minghui firstly subscribed for 300,000 Shares of our Company on 30 September 2011 and he transferred his direct equity interest in our Company to Dragon Fame on 2 March 2012
10. Su Yichuan (蘇逸川)	600,000	21,000,000	0.47%	0.36%	— Independent Third Party

HISTORY, REORGANISATION AND GROUP STRUCTURE

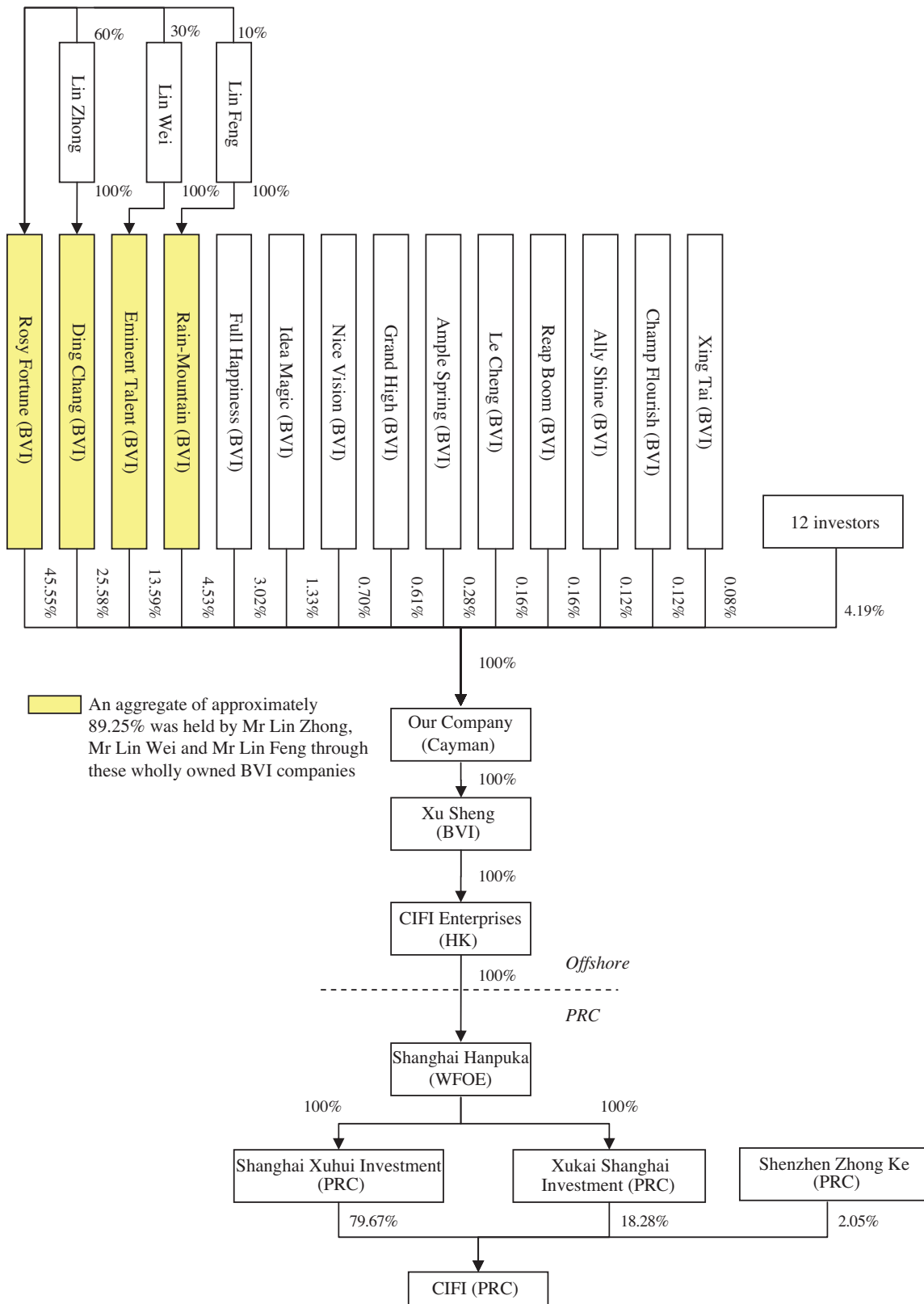
Name of investor	No. of Shares in our Company		Approximate shareholding in our Company prior to Listing	Approximate shareholding in our Company immediately after Listing (assuming the Over-allotment Option is not exercised)	Identity of investor
	Before Capitalisation Issue	After Capitalisation Issue			
11. Grandsun International Investment Limited (正日國際投資有限公司)	900,000	31,500,000	0.70%	0.56%	— Independent Third Party — A BVI company wholly owned by Yip Chi Yu (葉志如)
12. Yu Chong (余中)	1,200,000	42,000,000	0.93%	0.74%	— Independent Third Party — Yu Chong (余中) is the brother of Yu Jing (余靜), a former passive investor of CIFI (PRC) holding 0.38% equity interest in it
Total:	<u>5,400,000</u>	<u>189,000,000</u>	4.19%	3.28%	

All of the above investors are only passive investors with no right to nominate directors or management to our Group. No special rights have been assigned to the Shares issued to the investors whose entitlements are equal to that of other Shareholders of our Company under our Articles of Association. To the best knowledge of our Directors after making reasonable enquiry, all of the above investors and, as the case may be, their ultimate beneficial owners are Independent Third Parties, except that one of the ultimate individual shareholders of Federal Success Investment Group Limited (“**Federal Success**”), who holds 48% equity interest in Federal Success, is interested in 6% equity interest of 北京恒盛陽光房地產開發有限公司 (Beijing Hengsheng Sunshine Real Estate Development Co., Ltd.*), which in turn is a 20% shareholder of our subsidiary Beijing Xuhui Sunshine.

The investors had given a lock-up undertaking pursuant to which they had undertaken not to sell, dispose, transfer nor enter into any agreement to sell, dispose, transfer or otherwise create any options, rights, interests or encumbrances in respect of the Shares they own in our Company, and as the case may be, the ultimate beneficial owners of the corporate investors had further undertaken not to sell, dispose, transfer nor enter into any agreement to sell, dispose, transfer or otherwise create any options, rights, interests or encumbrances in respect of their interest held in the corporate investors, from the date of completion of the subscription, being 30 September 2011, up to nine months after the Listing Date. Please refer to items (27) to (41) of the section headed “Summary of our material contracts” in Appendix VII to this prospectus for details of the Investors Subscription Agreements.

HISTORY, REORGANISATION AND GROUP STRUCTURE

The following chart depicts the corporate structure of our Group after the investment by the 12 investors:

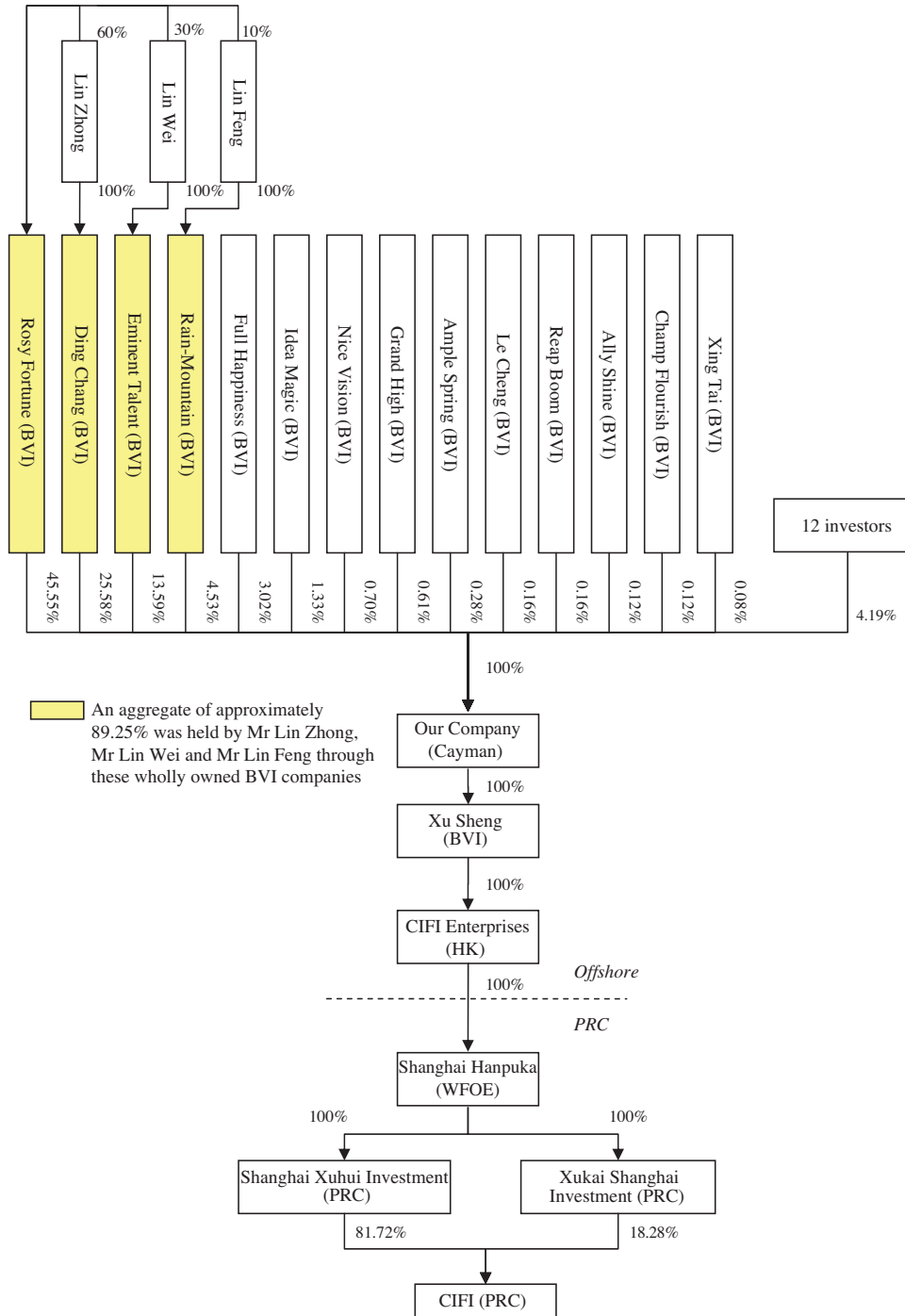


HISTORY, REORGANISATION AND GROUP STRUCTURE

6. Shanghai Xuhui Investment's acquisition of minority interest in CIFI (PRC) held by Shenzhen Zhong Ke

On 28 April 2012, Shanghai Xuhui Investment acquired 2.05% equity interest in CIFI (PRC) from Shenzhen Zhong Ke at a consideration of RMB57,256,300, representing a premium of approximately 69.27% over the original investment cost of RMB33,825,000. After the acquisition, CIFI (PRC) is owned as to 81.72% by Shanghai Xuhui Investment and 18.28% by Xukai Shanghai Investment, and is an indirect wholly-owned subsidiary of our Company.

The following chart depicts the corporate structure of our Group after the said acquisition:



HISTORY, REORGANISATION AND GROUP STRUCTURE

FAMILY TRUST SETTLEMENTS BY MR LIN ZHONG, MR LIN FENG AND MR LIN WEI

On 21 May 2012, Mr Lin Zhong and Mr Lin Feng transferred to Eternally Success International Limited (“**Eternally Success**”) and Beauty Fountain Holdings Limited (“**Beauty Fountain**”) the entire issued share capital of, respectively, Ding Chang and Rain-Mountain, for nil consideration for the settlement of their family trusts, namely the Sun Success Trust and the Sun-Mountain Trust respectively with Standard Chartered Trust as the trustee. The discretionary objects of the Sun Success Trust include certain family members of Mr Lin Zhong and the discretionary objects of the Sun-Mountain Trust include certain family members of Mr Lin Feng. On the same date, Mr Lin Zhong and Mr Lin Feng also transferred to Gentle Beauty Assets Limited (“**Gentle Beauty**”) their respective entire interest in the issued share capital of Rosy Fortune, representing 60% and 10% equity interest of Rosy Fortune, for nil consideration for the settlement of the Lin’s Family Trust with Standard Chartered Trust as the trustee. On 8 June 2012, Mr Lin Wei further transferred his 30% equity interest in Rosy Fortune to Gentle Beauty for nil consideration and Rosy Fortune was then wholly owned by Gentle Beauty as part of the arrangement in relation to Lin’s Family Trust. The discretionary objects of the Lin’s Family Trust include certain family members of Mr Lin Zhong and Mr Lin Feng.

OUR OPERATING SUBSIDIARIES

As at the Latest Practicable Date, our Group had either established or acquired 56 operating subsidiaries in the PRC to develop specific real estate projects or provide property management services. The following tables illustrate the corporate information of our operating subsidiaries:

(1) *Subsidiaries established by our Company (or through its wholly owned subsidiaries)*

Our Company has controlled majority shareholding in the subsidiaries since their establishment:

<u>Name of subsidiary</u>	<u>Date of incorporation</u>	<u>Effective equity interest owned by our Company under IFRS</u>
(1) Beijing Wangxin	8 December 2003	100%
(2) Beijing Xudong Management	31 May 2002	100%
(3) Beijing Xuhui Shunxin	12 December 2011	100%
(4) Beijing Xuhui Sunshine	13 January 2011	80%
(5) Beijing Xuhui Xingke	12 August 2009	100%
(6) Beijing Xuhui Xingsheng	16 June 2011	100%
(7) Beijing Xuhui Xingteng	12 August 2009	100%
(8) Beijing Xuxingcheng	13 January 2011	100%
(9) Beijing Yongxu	5 April 2004	100%
(10) Changsha Lilongchang	6 September 2011	100%
(11) Changsha Xuhai	10 June 2011	100%
		<i>(Note 1)</i>
(12) Changsha Xuxiang	20 August 2007	100%
(13) Chongqing Xuchang	10 March 2011	100%
(14) Fuzhou Wancheng	14 July 2004	100%
(15) Hefei Xubin	19 January 2011	100%
(16) Hefei Xuhai	12 November 2007	100%
		<i>(Note 2)</i>
(17) Jiaxing Xumei Management	20 January 2011	100%
(18) Shanghai Xubang	14 April 2011	100%
(19) Shanghai Xubo	14 May 2010	100%

HISTORY, REORGANISATION AND GROUP STRUCTURE

<u>Name of subsidiary</u>	<u>Date of incorporation</u>	<u>Effective equity interest owned by our Company under IFRS</u>
(20) Shanghai Xuchuang	11 September 2007	100%
(21) Shanghai Xufeng	25 January 2005	100%
(22) Shanghai Xuhe	24 October 2012	100%
(23) Shanghai Xuhui	14 October 2009	100%
(24) Shanghai Xujia	23 June 2011	100%
(25) Shanghai Xumei Investment	8 June 2010	100%
(26) Shanghai Xuming	28 December 2010	100%
(27) Shanghai Xupu	5 November 2003	97%
		<i>(Note 3)</i>
(28) Shanghai Xuqiang	19 September 2011	100%
(29) Shanghai Xusheng Agency	27 November 2006	100%
(30) Shanghai Xutai	5 November 2010	100%
(31) Shanghai Xutong	8 August 2012	100%
		<i>(Note 4)</i>
(32) Shanghai Xuyu	12 January 2011	100%
(33) Shanghai Yonghui	18 April 2001	100%
(34) Shanghai Yongsheng Management	31 May 2002	100%
(35) Suzhou Xuhui	13 March 2007	100%
(36) Suzhou Xuhui High-Tech	3 December 2009	100%
(37) Suzhou Xuhui Xingteng	3 December 2009	100%
(38) Suzhou Xu Ming	29 May 2012	100%
		<i>(Note 5)</i>
(39) Tangshan Xuhui Yiwen	7 July 2011	80%
(40) Tianjin Xubin	25 July 2012	100%
(41) Tianjin Xuhai	5 August 2011	100%
		<i>(Note 6)</i>
(42) Zhejiang Xuhui	23 August 2006	100%
(43) Zhenjiang Xurun	19 July 2010	100%

Notes:

- 35% interest in Changsha Xuhai was held by 上海中城聯盟投資管理有限公司 (CURA Investment Management (Shanghai) Co., Ltd.*) (“CURA Investment”) which it acquired from our Group in July 2012 pursuant to a financing arrangement under which CURA Investment provided a fund in the sum of RMB150,000,000 to Changsha Xuhai. We are regarded as having 100% interest in Changsha Xuhai under IFRS.
- 40% interest in Hefei Xuhai was held by CURA Investment which it acquired from our Group in July 2012 pursuant to a financing arrangement under which CURA Investment provided a fund in the sum of RMB150,000,000 to Hefei Xuhai. We are regarded as having 100% interest in Hefei Xuhai under IFRS.
- The remaining 3% interest in Shanghai Xupu was held by 上海煜錦投資管理有限公司 (Shanghai Yujin Investment Management Co., Ltd.*) as a passive minority investor which is an Independent Third Party apart from its minority interest in Shanghai Xupu. For the background of minority shareholders of our other non-wholly owned subsidiaries, please refer to the sub-section headed “Minority Shareholders of Non-Wholly Owned Subsidiaries of our Company” in this section.
- 30% interest in Shanghai Xutong was held by 上海中城舜齊投資中心 (有限合伙) (CURA Shun Qi Investment Centre (Limited Partnership*)) (“CURA Shun Qi”) which it acquired from our Group in November 2012 pursuant to a financing arrangement under which CURA Shun Qi provided a fund in the sum of RMB420,000,000 to Shanghai Xutong. We are regarded as having 100% interest in Shanghai Xutong under IFRS.
- Our interest in Suzhou Xu Ming is held through the Suzhou Xu Ming Arrangement, the details of which are disclosed in the section headed “Business — Description of our Property Projects — 2. Suzhou — Suzhou CIFI Luxury Courtyard” in this prospectus.
- 30% interest in Tianjin Xuhai was held by CURA Investment which it acquired from our Group in September 2012 pursuant to a financing arrangement under which CURA Investment provided a fund in the sum of RMB220,000,000 to Tianjin Xuhai. We are regarded as having 100% interest in Tianjin Xuhai under IFRS.

HISTORY, REORGANISATION AND GROUP STRUCTURE

(2) Subsidiaries acquired by our Company (through its wholly owned subsidiaries)

Name of subsidiary	Date of incorporation	Details of acquisition	Date of transaction	Effective equity interest owned by our Company under IFRS
(44) Chongqing Xupeng	4 July 2005	<ul style="list-style-type: none"> • Chongqing Xupeng was owned by 重慶南丁醫院 投資管理有限公司 (Chongqing Nanding Hospital Investment Management Limited*) (“Chongqing Nanding”) and Mr Wei Chengwei (衛承偉), both are Independent Third Parties, as to 75% and 25% respectively upon establishment. • In August 2007, CIFI (PRC) acquired a total of 51% equity interest in Chongqing Xupeng from Chongqing Nanding (as to 26%) and Mr Wei Chengwei (as to 25%). • In November 2007, CIFI (PRC) further acquired the remaining 49% equity interest in Chongqing Xupeng from Chongqing Nanding. 	31 August 2007	100%
(45) Hunan Longsheng	29 May 2006	<ul style="list-style-type: none"> • Hunan Longsheng was owned by Mr Liu Yi (劉毅) and Ms Zhou Yan (周艷), both are Independent Third Parties, as to 60% and 40% respectively upon establishment. • In September 2007, CIFI (PRC) acquired the entire equity interest in Hunan Longsheng. 	25 September 2007	100%

HISTORY, REORGANISATION AND GROUP STRUCTURE

Name of subsidiary	Date of incorporation	Details of acquisition	Date of transaction	Effective equity interest owned by our Company under IFRS
(46) Shanghai Haiji	11 March 2005	<ul style="list-style-type: none"> • Shanghai Haiji was controlled by 上海實業發展股份有限公司 (Shanghai Industrial Development Co., Ltd*) (“Shanghai Industrial”), an Independent Third Party since its establishment. • In January 2010, CIFI (PRC) acquired the entire equity interest in Shanghai Haiji from Shanghai Industrial. • In February 2010, CIFI (PRC) disposed minority interest of 47% to 上海祝源企業發展有限公司 (Shanghai Zhuyuan Enterprises Development Co., Ltd*), an Independent Third Party. 	<ul style="list-style-type: none"> • 5 January 2010 • 10 February 2010 	53%
(47) Shanghai Tongshuo	1 February 2005	<ul style="list-style-type: none"> • Shanghai Tongshuo was controlled by 上海凱通實業有限公司 (Shanghai Kaitong Industrial Limited*) (“Shanghai Kaitong”), an Independent Third Party since its establishment. • In May 2007, CIFI (PRC) acquired 75.5% equity interest in Shanghai Tongshuo from Shanghai Kaitong. • In October 2007, Shanghai Kaitong further disposed its remaining minority interest of 24.5% to 上海匯融投資控股有限公司 (Shanghai Huirong Investment Holding Co., Ltd*) (“Shanghai Huirong”), an Independent Third Party. 	<ul style="list-style-type: none"> • 31 May 2007 • 17 October 2007 	75.5%

HISTORY, REORGANISATION AND GROUP STRUCTURE

Name of subsidiary	Date of incorporation	Details of acquisition	Date of transaction	Effective equity interest owned by our Company under IFRS
(48) Shanghai Xinbo	13 March 2003	<ul style="list-style-type: none"> • Shanghai Xinbo had been controlled by 上海華麗家族(集團)有限公司 (Shanghai Deluxe Family (Group) Limited*), an Independent Third Party, since 26 November 2004. • In April 2006, CIFI (PRC) and Shanghai Xufeng, a wholly owned subsidiary of CIFI (PRC), acquired a total of 70% equity interest in Shanghai Xinbo. • In December 2008, CIFI (PRC) and Shanghai Xufeng further acquired the remaining 30% equity interest in Shanghai Xinbo. 	<ul style="list-style-type: none"> • 3 April 2006 • 25 December 2008 	100%
(49) Shanghai Xincheng	14 April 1998	<ul style="list-style-type: none"> • CIFI (PRC) acquired a majority interest of 60% in Shanghai Xincheng in February 2004 from Ms Zhang Xumin (張序敏) (as to 40%) and Ms Li Peiyang (李佩英) (as to 20%), both are Independent Third Parties. • CIFI (PRC) and Shanghai Yonghui, the wholly owned subsidiary of CIFI (PRC), completed the acquisition of the remaining minority interest in Shanghai Xincheng in November 2005. 	<ul style="list-style-type: none"> • 25 February 2004 • 28 November 2005 	100%

HISTORY, REORGANISATION AND GROUP STRUCTURE

Name of subsidiary	Date of incorporation	Details of acquisition	Date of transaction	Effective equity interest owned by our Company under IFRS
(50) Shanghai Xinzhi Construction	20 July 2005	<ul style="list-style-type: none"> • Shanghai Xinzhi Construction was owned by Mr Lin Zhong, Mr Lin Wei and Mr Lin Feng as to 60%, 30%, and 10% respectively. • In September 2007, CIFI (PRC) acquired the entire equity interest in Shanghai Xinzhi Construction. 	<ul style="list-style-type: none"> • 20 September 2007 	100%
(51) Shanghai Yijian Design	12 August 2002	<ul style="list-style-type: none"> • Shanghai Yijian Design was owned by each of Mr Lin Zhong and Mr Lin Feng as to 50%. • In November 2008, CIFI (PRC) acquired the entire equity interest in Shanghai Yijian. 	<ul style="list-style-type: none"> • 4 November 2008 	100%
(52) Tianjin Shijixing	16 April 2010	<ul style="list-style-type: none"> • Tianjin Shijixing was owned by 天津開發區萬通實業發展集團有限公司 (Tianjin Economic Zone Wantong Industries Development Group Co., Ltd*), 天津晟達房地產開發有限公司 (Tianjin Shengda Real Estate Development Co., Ltd*) and 天津新時代房地產開發有限公司 (Tianjin Xinshidai Real Estate Development Co., Ltd*), all of which are Independent Third Parties, as to 51%, 24.5% and 24.5% respectively upon establishment. • CIFI (PRC) acquired 51% interest in Tianjin Shijixing in October 2012 by capital injection in Tianjin Shijixing. 	<ul style="list-style-type: none"> • 12 October 2012 	51%

HISTORY, REORGANISATION AND GROUP STRUCTURE

Name of subsidiary	Date of incorporation	Details of acquisition	Date of transaction	Effective equity interest owned by our Company under IFRS
(53) Xiamen Yongsheng	20 November 1997	<ul style="list-style-type: none"> • Xiamen Yongsheng was controlled by Yongsheng Xuri which was in turn controlled by Mr Lin Zhong. • In October 2003, CIFI (PRC) acquired a majority interest of 74.67% in Xiamen Yongsheng from Yongsheng Xuri. • In December 2006, CIFI (PRC) further acquired the remaining minority interest in Xiamen Yongsheng from Mr Lin Zhong and 廈門新海聯進出口貿易有限公司 (Xiamen Xin Hailian Imp. & Exp. Co. Ltd.*) (“Xin Hailian”), a corporation controlled by Mr Lin Zhong. 	<ul style="list-style-type: none"> • 27 October 2003 • 4 December 2006 	100%
(54) Xiamen Yongsheng Services	13 November 1995	<ul style="list-style-type: none"> • Xiamen Yongsheng Services was controlled by Yongsheng Xuri which was in turn controlled by Mr Lin Zhong. • In November 2003, Xiamen Yongsheng, a subsidiary of CIFI (PRC), acquired a majority interest of 90% in Xiamen Yongsheng Services from Yongsheng Xuri. • Shanghai Yongsheng Management, a wholly owned subsidiary of CIFI (PRC), subsequently acquired the entire equity interest in Xiamen Yongsheng Services in February 2007 (comprising interest previously held by Xiamen Yongsheng and Xin Hailian). 	<ul style="list-style-type: none"> • 27 November 2003 • 6 February 2007 	100%

HISTORY, REORGANISATION AND GROUP STRUCTURE

Name of subsidiary	Date of incorporation	Details of acquisition	Date of transaction	Effective equity interest owned by our Company under IFRS
(55) Zhenjiang Xujiang	4 February 2008	<ul style="list-style-type: none"> • Zhenjiang Xujiang was owned by Mr Liu Yuanhe (劉元河), an Independent Third Party and CIFI (PRC) as to 51% and 49% respectively upon establishment. • In March 2008, CIFI (PRC) acquired the said 51% equity interest from Mr Liu Yuanhe. 	31 March 2008	100%
(56) Zhongshi Real Estate	14 November 2006	<ul style="list-style-type: none"> • Zhongshi Real Estate was set up by Madam Zhao Chuanhua (趙傳華), an Independent Third Party. • CIFI (PRC) acquired the entire equity interest in Zhongshi Real Estate from Madam Zhao Chuanhua in January 2008. 	25 January 2008	100%

HISTORY, REORGANISATION AND GROUP STRUCTURE

MINORITY SHAREHOLDERS OF OUR NON-WHOLLY OWNED SUBSIDIARIES

Certain of our subsidiaries are non-wholly owned subsidiaries. Background of the minority shareholders and our cooperation arrangement with them are as below.

Shanghai Tongshuo

In May 2007, CIFI (PRC) acquired 75.5% equity interest in Shanghai Tongshuo from Shanghai Kaitong, an Independent Third Party, for a cash consideration of RMB7.55 million. In October 2007, Shanghai Kaitong transferred the remaining 24.5% equity interest in Shanghai Tongshuo to Shanghai Huirong for a cash consideration of RMB2.45 million. The considerations for the above transfers were determined by reference to the registered capital of Shanghai Tongshuo, being RMB10 million.

In accordance with the articles of Shanghai Tongshuo, CIFI (PRC) is entitled to control the majority of the board of directors of Shanghai Tongshuo by virtue of its right to nominate majority directors to the board. The board of directors of Shanghai Tongshuo comprises five directors, three nominated by CIFI (PRC) and two nominated by Shanghai Huirong. CIFI (PRC) is also entitled to appoint the chairman of the board. The quorum of board meetings shall be four directors and all board resolutions must be passed by majority vote. Any profits or losses of Shanghai Tongshuo will be distributed to or shared between CIFI (PRC) and Shanghai Huirong in proportion to their respective capital contribution.

Shanghai Tongshuo is the project company for Shanghai CIFI Jiangwan Mansion (上海旭輝•江灣墅). Other than its equity interest in Shanghai Tongshuo, Shanghai Huirong is an Independent Third Party.

Shanghai Haiji

On 5 January 2010, CIFI (PRC) acquired from Shanghai Industrial, an Independent Third Party listed on the Shanghai Stock Exchange, 100% equity interest in Shanghai Haiji and related shareholders' loans of RMB165,341,349.42, for a cash consideration of RMB400,800,028 through a public auction at the Shanghai United Assets and Equity Exchange* (上海聯合產權交易所).

On 14 January 2010, CIFI (PRC) entered into an equity transfer agreement with 上海祝源企業發展有限公司 (Shanghai Zhuyuan Enterprises Development Co., Ltd*, ("Shanghai Zhuyuan")) pursuant to which CIFI (PRC) disposed 47% equity interest in Shanghai Haiji to Shanghai Zhuyuan for a cash consideration of RMB79.9 million. As at the Latest Practicable Date, the registered capital of Shanghai Haiji is RMB170 million, which were contributed by CIFI (PRC) and Shanghai Zhuyuan as to RMB90.1 million and RMB79.9 million respectively, representing 53% and 47% of the entire registered capital of Shanghai Haiji respectively.

HISTORY, REORGANISATION AND GROUP STRUCTURE

In accordance with the terms of the cooperation agreement executed by CIFI (PRC) and Shanghai Zhuyuan on 20 November 2009 and the articles of Shanghai Haiji, CIFI (PRC) is entitled to control the majority of the board of directors of Shanghai Haiji by virtue of its right to nominate majority directors to the board. The board of directors of Shanghai Haiji comprises five directors, three nominated by CIFI (PRC) and two nominated by Shanghai Zhuyuan. CIFI (PRC) is also entitled to appoint the chairman of the board. The quorum of board meetings shall be no less than two-thirds of the total number of directors and all board resolutions must be passed by majority vote. Any profits or losses of Shanghai Haiji will be distributed to or shared between CIFI (PRC) and Shanghai Zhuyuan in proportion to their capital contribution.

Shanghai Haiji is the project company for Shanghai CIFI Yangpu Commercial Square (上海旭輝•楊浦商業廣場). Other than its equity interest in Shanghai Haiji, Shanghai Zhuyuan is an Independent Third Party.

Beijing Xuhui Sunshine

In December 2010, CIFI (PRC) entered into a cooperation agreement with 北京恒盛陽光房地產開發有限公司 (Beijing Hengsheng Sunshine Real Estate Development Co., Ltd*, “**Beijing Hengsheng**”) pursuant to which CIFI (PRC) and Beijing Hengsheng agreed to inject RMB80 million and RMB20 million, respectively, to set up Beijing Xuhui Sunshine.

In accordance with the terms of the cooperation agreement and the articles of Beijing Xuhui Sunshine, CIFI (PRC) is entitled to control the majority of the board of directors of Beijing Xuhui Sunshine by virtue of its right to nominate majority directors to the board. The board of directors of Beijing Xuhui Sunshine comprises three directors, two nominated by CIFI (PRC) and one nominated by Beijing Hengsheng. CIFI (PRC) is also entitled to appoint the chairman of the board. The quorum of board meetings shall be no less than two-thirds of the total number of directors and all board resolutions must be passed by majority vote. Any profits or losses of Beijing Xuhui Sunshine will be distributed to or shared between CIFI (PRC) and Beijing Hengsheng in proportion to their respective capital contribution. As at the Latest Practicable Date, the entire registered capital of Beijing Xuhui Sunshine, being RMB100 million, has been fully paid up. CIFI (PRC) and Beijing Hengsheng each held 80% and 20% of the entire registered capital of Beijing Xuhui Sunshine respectively.

Beijing Xuhui Sunshine is the project company for Beijing CIFI Private Villa Riverside Garden (北京旭輝•御錦). Other than its equity interest in Beijing Xuhui, Beijing Hengsheng is an Independent Third Party.

Tangshan Xuhui Yiwen

In July 2011, Tangshan Xuhui Yiwen was established by CIFI (PRC) and 復旦大學上海視覺藝術學院 Shanghai Institute of Visual Art of Fudan University (“**Shanghai Institute**”). CIFI (PRC) and Shanghai Institute injected RMB8 million and RMB2 million, respectively, in Tangshan Xuhui Yiwen.

HISTORY, REORGANISATION AND GROUP STRUCTURE

In accordance with the articles of Tangshan Xuhui Yiwen, CIFI (PRC) is entitled to control the majority of the board of directors of Tangshan Xuhui Yiwen by virtue of its right to nominate majority directors to the board. The board of directors of Tangshan Xuhui Yiwen comprises three directors, two nominated by CIFI (PRC) and one nominated by Shanghai Institute. The quorum of board meetings shall be at least half of the total number of directors and all board resolutions must be passed by majority vote. Any profits of Tangshan Xuhui Yiwen will be distributed to CIFI (PRC) and Shanghai Institute in proportion to their respective capital contribution.

The registered capital of Tangshan Xuhui Yiwen is RMB10 million, which were contributed by CIFI (PRC) and Shanghai Institute as to RMB8 million and RMB2 million respectively, representing 80% and 20% of the entire registered capital of Tangshan Xuhui Yiwen respectively.

Tangshan Xuhui Yiwen is the project company for Tangshan CIFI English Village (唐山旭輝•英倫小鎮). Other than its equity interest in Tangshan Xuhui Yiwen, Shanghai Institute is an Independent Third Party.

Tianjin Shijixing

In September 2012, CIFI (PRC) entered into a cooperation arrangement with 天津開發區萬通實業發展集團有限公司 (Tianjin Economic Zone Wantong Industries Development Group Co., Ltd*, “**Tianjin Wantong**”), 天津晟達房地產開發有限公司 (Tianjin Shengda Real Estate Development Co., Ltd*, “**Tianjin Shengda**”) and 天津新時代房地產開發有限公司 (Tianjin Xinshidai Real Estate Development Co., Ltd*, “**Tianjin Xinshidai**”) pursuant to which CIFI (PRC) agreed to inject RMB31,224,500 into Tianjin Shijixing for 51% equity interest.

In accordance with the terms of the cooperation arrangement and the articles of Tianjin Shijixing, CIFI (PRC) is entitled to control the majority of the board of directors of Tianjin Shijixing by virtue of its right to nominate majority directors to the board. The board of directors of Tianjin Shijixing comprises three directors, two nominated by CIFI (PRC) and one nominated by Tianjin Wantong, Tianjin Shengda and Tianjin Xinshidai jointly. CIFI (PRC) is also entitled to appoint the chairman of the board. The quorum of board meetings shall be no less than two-thirds of the total number of directors and all board resolutions must be passed by majority vote. Subject to certain exceptions, unanimous approvals shall be required for certain reserved matters such as provision of guarantee in support of loan granted to third parties, making of external investments, provision of loan to third parties and payment or contract sum of more than RMB5 million. Any profits and losses of Tianjin Shijixing will be distributed to or shared among CIFI (PRC), Tianjin Wantong, Tianjin Shengda and Tianjin Xinshidai in proportion to their respective capital contribution.

The registered capital of Tianjin Shijixing is RMB61,224,500 which was contributed by CIFI (PRC), Tianjin Wantong, Tianjin Shengda, and Tianjin Xinshidai as to RMB31,224,500, RMB15,300,000, RMB7,350,000 and RMB7,350,000, respectively, representing 51%, 25%, 12% and 12% of the entire registered capital of Tianjin Shijixing respectively.

Tianjin Shijixing is the project company for Tianjin CIFI Century Waterside (天津旭輝•世紀水岸). Other than their equity interest in Tianjin Shijixing, Tianjin Wantong, Tianjin Shengda and Tianjin Xinshidai are Independent Third Parties.

HISTORY, REORGANISATION AND GROUP STRUCTURE

SUZHOU XU MING ARRANGEMENT

In April 2012, we entered into the Suzhou Xu Ming Arrangement with Ample Advantage in relation to the Suzhou CIFI Luxury Courtyard, the results and assets of which are fully consolidated into our consolidated financial statements. Please refer to the section headed “Business — Description of our Property Projects — 2. Suzhou — Suzhou CIFI Luxury Courtyard” in this prospectus for further details.

CAPITALISATION ISSUE

Pursuant to the resolutions of our Shareholder passed on 9 October 2012, conditional on the share premium account of our Company having sufficient balance, or otherwise being credited as a result of the issue of the new Shares under the Global Offering, our Directors were authorised to capitalise HK\$438,600,000 standing to the credit of the share premium account of our Company by applying such sum in paying up in full at par 4,386,000,000 Shares for allotment and issue to Shareholder(s) whose name(s) appear(s) on the register of members of our Company at the close of business on 9 October 2012 in proportion (as nearly as possible without involving fractions) to their then existing shareholdings in our Company. All the new shares to be issued pursuant to the Capitalisation Issue shall rank pari passu in all respects with the existing issued Shares.

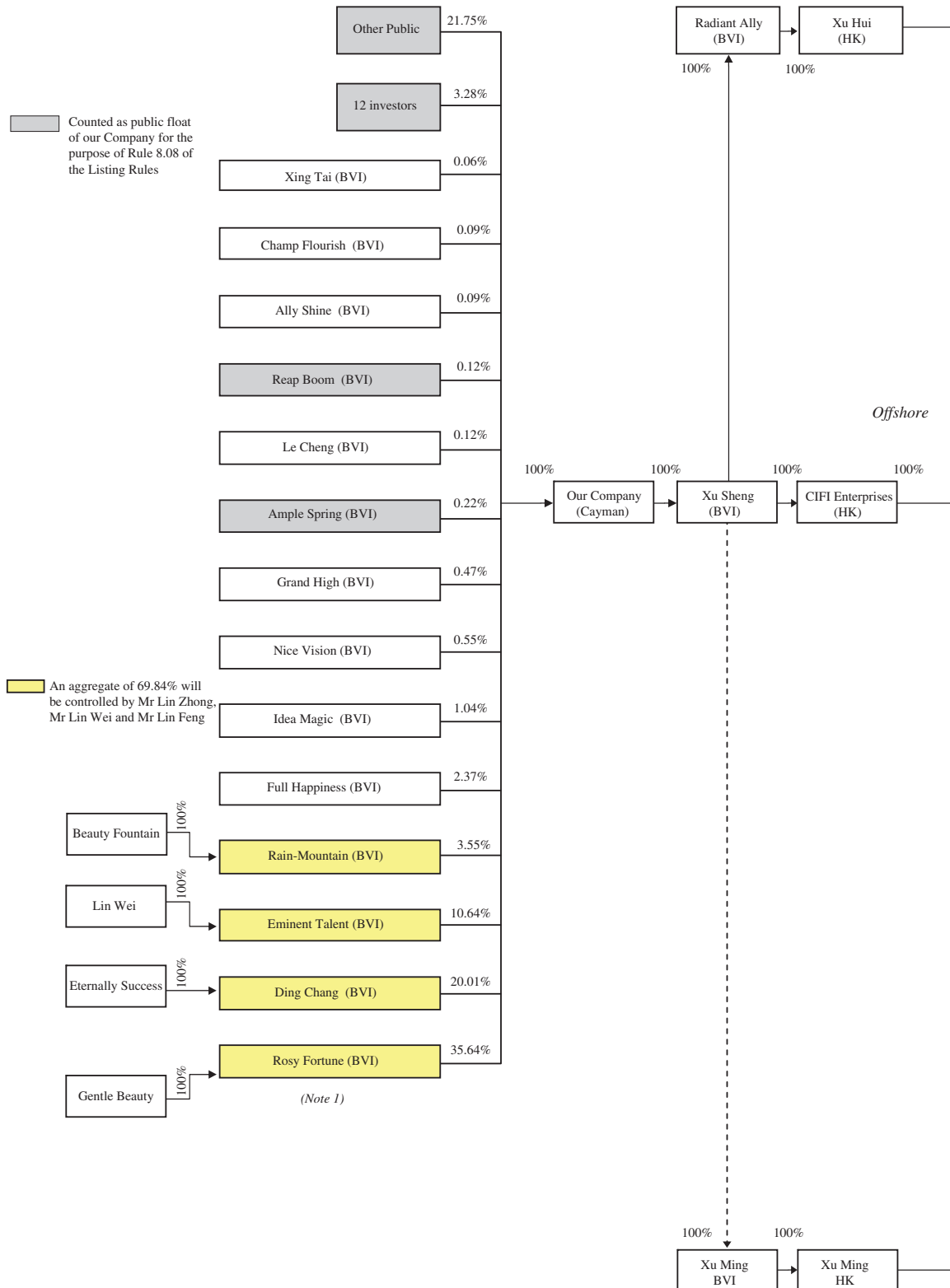
Set out below are the number of Shares held by our existing Shareholders as at the Latest Practicable Date prior to the Capitalisation Issue and the number of Shares to be held by our existing Shareholders immediately after the Capitalisation Issue:

<u>Name of Shareholders</u>	<u>No. of Shares held by our existing Shareholders as at the Latest Practicable Date prior to the Capitalisation Issue</u>	<u>No. of Shares to be held by our existing Shareholders immediately after the Capitalisation Issue</u>
Rosy Fortune	58,753,885	2,056,385,975
Ding Chang	32,992,562	1,154,739,670
Eminent Talent	17,536,165	613,765,775
Rain-Mountain	5,845,388	204,588,580
Full Happiness	3,900,000	136,500,000
Idea Magic	1,720,000	60,200,000
Nice Vision	906,000	31,710,000
Grand High	782,000	27,370,000
Ample Spring	364,000	12,740,000
Le Cheng	200,000	7,000,000
Reap Boom	200,000	7,000,000
Ally Shine	150,000	5,250,000
Champ Flourish	150,000	5,250,000
Xing Tai	100,000	3,500,000
12 investors	5,400,000	189,000,000
Total	<u>129,000,000</u>	<u>4,515,000,000</u>

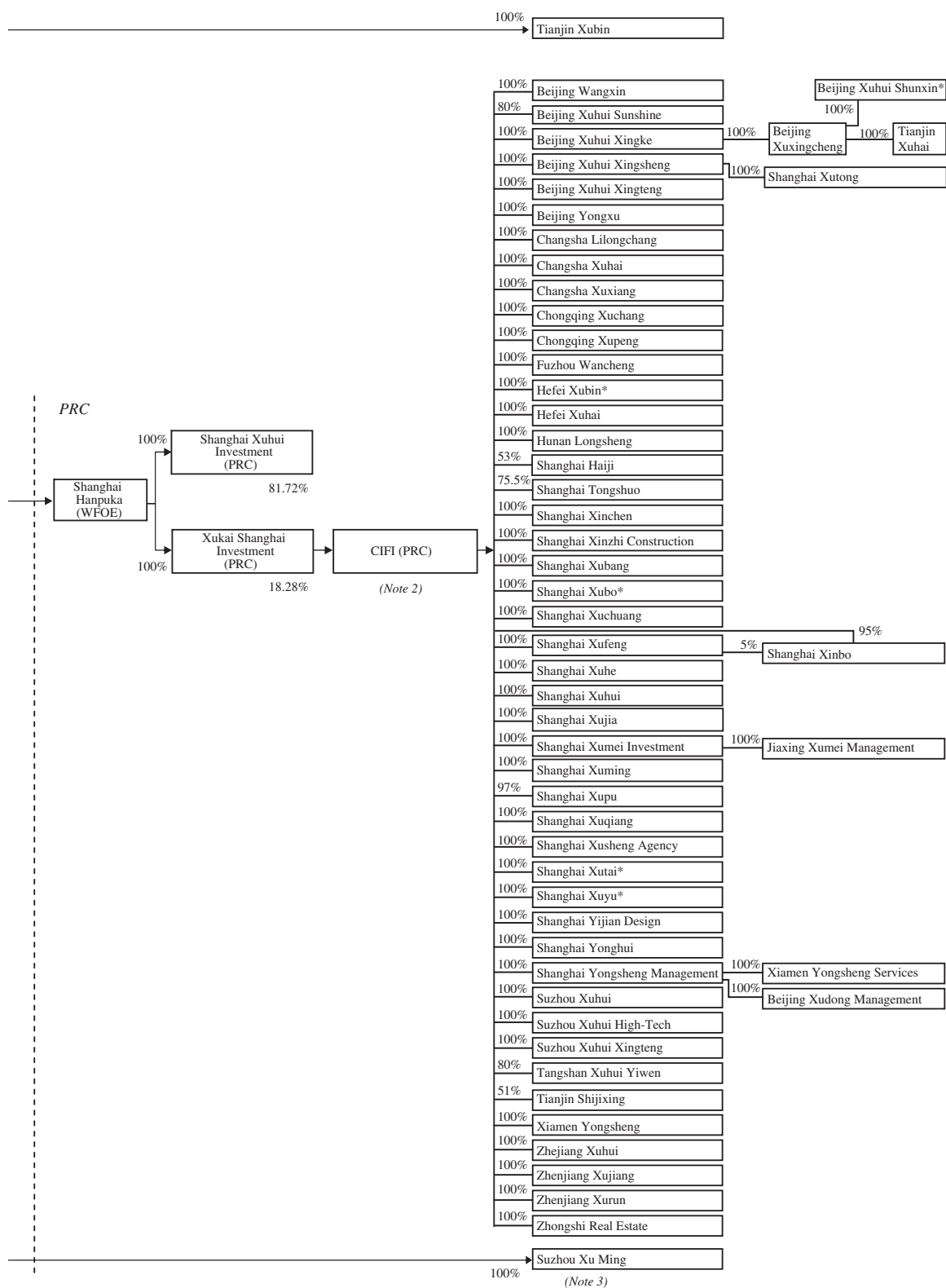
HISTORY, REORGANISATION AND GROUP STRUCTURE

OUR GROUP STRUCTURE

The shareholding structure of our Group immediately after the Capitalisation Issue and the Global Offering (assuming the Over-allotment Option is not exercised) will be as follows:



HISTORY, REORGANISATION AND GROUP STRUCTURE



HISTORY, REORGANISATION AND GROUP STRUCTURE

Notes:

1. Eternally Success and Beauty Fountain are wholly owned by Standard Chartered Trust which is the trustee for respective family trusts of Mr Lin Zhong and Mr Lin Feng. Gentle Beauty is also wholly owned by Standard Chartered Trust which is the trustee for Lin's Family Trust in which certain family members of Mr Lin Zhong and Mr Lin Feng are discretionary objects.
2. The shareholding held by CIFI (PRC) in the subsidiaries shown in the chart are the effective equity interest owned by CIFI (PRC) in such subsidiaries under IFRS. As at the Latest Practicable Date, certain percentage of interest in our PRC subsidiaries marked with * in the chart were pledged and/or assigned to third party trust financing institutions as security for our project financing arrangements. Please refer to the section headed "Business — Operating cash flow and financing plans" in this prospectus for details.
3. Our interest in Suzhou Xu Ming is held through the Suzhou Xu Ming Arrangement, the details of which are disclosed in the section headed "Business — Description of our Property Projects — 2. Suzhou — Suzhou CIFI Luxury Courtyard" in this prospectus.

REGULATIONS ON THE ACQUISITION OF DOMESTIC ENTERPRISES

On 8 August 2006, six PRC Government authorities, including MOFCOM and the CSRC, promulgated the M&A Provisions which came into effect on 8 September 2006. The M&A Provisions require that an offshore special purpose vehicle controlled directly or indirectly by PRC domestic companies, enterprises or natural persons shall obtain approval of MOFCOM prior to acquisition of the domestic enterprises related to such companies, enterprises or natural persons. Our PRC Legal Advisers, based on their understanding of the current PRC laws, regulations and rules, have advised us that Mr Lin Zhong, Mr Lin Wei and Mr Lin Feng, the individual Controlling Shareholders of the Group, are not regarded as PRC domestic natural persons (境內自然人) or residents under the M&A Provisions as Mr Lin Zhong had been a permanent resident of Canada, and Mr Lin Wei and Mr Lin Feng had been permanent residents of The Republic of The Gambia prior to the acquisition of the relevant domestic enterprises by our Company. Accordingly, our Reorganisation is not subject to the M&A Provisions so that it is not necessary for us to obtain approval from MOFCOM for the reorganisation nor from the CSRC for the listing and trading of our securities on the Stock Exchange.

On 21 October 2005, the SAFE promulgated the Notice 75 which became effective on 1 November 2005. Although our individual Controlling Shareholders have already obtained foreign permanent resident status, they have not obtained foreign nationality. As such, our individual Controlling Shareholders are still regarded as possessing Chinese nationality under the Nationality Law of the PRC. PRC domestic resident natural persons (境內居民自然人) under the Notice 75 cover natural persons who originally held interest in a domestic enterprise while subsequently hold such interest through an offshore special purpose vehicle as ultimate owners. Our PRC Legal Advisers have advised us that although our individual Controlling Shareholders have already obtained foreign permanent resident status, they had once owned interest in the then domestic enterprises and subsequently acquired the interest of such domestic enterprises through offshore special purpose vehicle owned by them in the course of our corporate reorganisation in preparation for the Listing. Our individual Controlling Shareholders are therefore regarded as PRC domestic resident natural persons (境內居民自然人) under the Notice 75 and foreign exchange filing under the Notice 75 is required.

BUSINESS

OVERVIEW

We are engaged in the property development, property investment and property management business in the PRC. We are a strategy-oriented and shareholder value-focused real estate enterprise. We develop our business strategies in line with government policies related to the real estate sector in the PRC.

For our residential property development, we principally focus on developing residential properties with small-to-medium unit sizes, comfortable living environment and locations with good public transportation links. We strive to provide high-quality residential properties in comfortable living environment at affordable prices mainly targeted at the mass market. For our commercial property development for sale, we principally focus on developing commercial properties at locations outside of city centres of first-tier cities with attractive nearby facilities and good transportation links and locations in city areas of second- and third-tier cities.

We strive to provide high-quality residential and commercial properties to our customers by focusing on every principal step of the development process, from site selection and planning, to landscaping and construction. In addition to property development and property investment, we provide property management services to our residential and commercial customers through our own property management companies. We believe that this is important to develop our brand and our reputation as a developer of high-quality residential and commercial properties.

Our business operations are diversified in terms of geographic locations which reduce our risks in future expansion. We have established a strong market position in Shanghai and have been active in expanding our business in Beijing, as well as in selected second- and third-tier cities in the PRC.

- Nationally, we were awarded as one of the China Top 100 Real Estate Developers (中國房地產百強企業) from 2006 to 2012 by the Enterprise Research Institute of Development Research Centre of the State Council (國務院發展研究中心企業研究所), the Institute of Real Estate Studies of Tsinghua University (清華大學房地產研究所) and the China Index Academy (中國指數研究院). These agencies also named us as one of the Top 10 Real Estate Developers by Profitability (盈利性 Top 10) and by Operating Efficiency (運營效率 Top 10) in 2012.
- Since our presence in Shanghai in 2000, we have established a strong market position in Shanghai. We were ranked tenth in the “2009-2010 Shanghai Top 50 Real Estate Developers” (2009-2010上海房地產開發企業50強) report published by Shanghai Real Estate Trade Association (上海市房地產行業協會). We had presence in Beijing in 2001 and have since expanded our position in the capital city. Leveraging our success in Shanghai, we have also expanded to the real estate markets in second- and third-tier cities. We believe that we have established our status as a quality property developer in China.

Over the years, we have faced various challenges, including those arising from real estate-related austerity measures in the PRC, as well as the global financial crisis and property market cycles. By adhering to our business and financial strategies, we have successfully implemented strategic plans to help us withstand these challenges.

BUSINESS

As at the Latest Practicable Date, we had 43 property projects covering 11 cities, which can be broadly divided into three geographic regions in the PRC: the Yangtze River Delta Region (長江三角區域), the Bohai Economic Rim (環渤海經濟圈) and the Central Western Region (中西部).

- The Yangtze River Delta Region

Shanghai is the leading financial and commercial centre in China, as well as one of the fastest growing financial capitals in the world. Shanghai is the centre of our property development activities in the Yangtze River Delta Region and where our headquarters is located. From Shanghai, we have expanded to nearby cities with large populations and relatively high growth in urban disposable income, including Suzhou, Zhenjiang, Jiaxing and Hefei.

As at the Latest Practicable Date, we had a total of 26 property projects in the Yangtze River Delta Region. As at 31 August 2012, we had a land bank under these projects with an aggregate GFA of approximately 2.99 million sq.m. comprising our completed unsold projects with an aggregate GFA of approximately 0.19 million sq.m., our projects under development with an aggregate GFA of approximately 1.72 million sq.m., and our projects held for future development with an aggregate GFA of approximately 1.08 million sq.m.

- The Bohai Economic Rim

As the nation's capital, Beijing has developed significantly over the years with the increasing inflow of foreign direct investment. Beijing is the centre of our property development activities in the Bohai Economic Rim. From Beijing, we have expanded our project development activities to Langfang, Tangshan and Tianjin.

As at the Latest Practicable Date, we had a total of 12 property projects in the Bohai Economic Rim. As at 31 August 2012, we had a land bank under these projects with an aggregate GFA of approximately 1.98 million sq.m., comprising our completed unsold projects with an aggregate GFA of approximately 0.04 million sq.m., our projects under development with an aggregate GFA of approximately 0.65 million sq.m., and our projects held for future development with an aggregate GFA of approximately 1.29 million sq.m.

- The Central Western Region

In the Central Western Region, we have property development in Chongqing and Changsha. As a central government designated pilot reform city under the West Development Strategy, Chongqing is one of the most important economic and transportation hubs of western China. Chongqing has experienced significant economic growth in the past years and is one of the most populous cities in the PRC. Changsha is another major commercial and industrial centre in the Central Western Region and has also experienced significant economic growth in the past years.

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As at the Latest Practicable Date, we had a total of five property projects in the Central Western Region. As at 31 August 2012, we had a land bank under these projects with an aggregate GFA of approximately 1.19 million sq.m., comprising our completed unsold projects with an aggregate GFA of approximately 0.05 million sq.m., our projects under development with an aggregate GFA of approximately 0.90 million sq.m., and our projects held for future development with an aggregate GFA of approximately 0.24 million sq.m.

We also develop and retain ownership of certain commercial properties as our investment property. As at 31 August 2012, we held five projects in various stages of development with an aggregate GFA of approximately 0.17 million sq.m. as our investment property.

As at 31 August 2012, we had a land bank with an aggregate GFA of approximately 6.16 million sq.m., comprising completed unsold projects with an aggregate GFA of approximately 0.28 million sq.m., projects under development with an aggregate GFA of approximately 3.27 million sq.m., and projects held for future development with an aggregate GFA of approximately 2.61 million sq.m.

COMPETITIVE STRENGTHS

We are a strategy-oriented and shareholder value-focused real estate enterprise in China.

Since 2010, the PRC Government has introduced a series of real estate-related austerity measures. We believe that these government measures had significantly impacted and profoundly changed the industry environment and competitive landscape. Despite the government measures, China is still undergoing fast-paced urbanisation which will certainly lead to sustained upsurges in number of families and population in cities faced with continued influx of migrants from other parts of the country. However, different strategies will have to be adopted as a consequence of the change in the business environment of the real estate industry.

In response to these profound changes in the industry, we have proactively reinforced our operating strategies since 2010 in order to enable us to succeed in this new phase of the real estate industry in China. Focused operating strategies give us the following competitive strengths:

We principally focus on developing residential properties with small-to-medium unit sizes, comfortable living environment and locations with good public transportation links, all of which are more aligned with the real estate-related macro-policies in the PRC

We believe that having a product positioning in line with government policies and market trends is essential to our success. The main focus of the current government measures is to curb speculative real estate investment, whereas ordinary commodity residential properties targeted at end-users as well as commercial/office properties for sale are less affected. Since 2010, we have reinforced our existing operating strategies to target demand of end-users.

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For residential properties, we principally focus on developing “comfort-living, mass market demand and affordable” residential products. Our Directors consider that such residential products have small-to-medium unit sizes generally less than 120 sq.m. and the characteristics of: (i) comfortable living environment, (ii) locations with good public transportation links, and (iii) design and layout well-suited for first-time homebuyers and first-time home upgraders.

For commercial properties, we principally focus on developing commercial/office properties for sale in de-centralised locations in first-tier cities and in city areas in second- and third-tier cities. These commercial projects offer a compelling value proposition for small- to medium-size enterprises which are typically seeking products with the right balance of cost, quality, and location.

As at 31 August 2012, residential products with unit size less than 120 sq.m. and commercial products for sale in aggregate accounted for approximately 68% of our total GFA excluding carpark of our land bank.

We have strong execution capabilities to achieve rapid asset turnover, which improves our operating cash flow and return on equity

In order to sustain quality growth without sacrificing return on shareholders' equity, rapid asset turnover and careful use of financial leverage have been our fundamental operating objectives since 2010.

We have developed strong execution capabilities to achieve rapid asset turnover, which can be attributed to:

- our disciplined approach to land acquisition, particularly our policy of generally not buying land that has title and planning issues or that requires resettlement. These issues can often take a long time to resolve, resulting in difficulties to ascertain the development schedule of the projects;
- our in-depth knowledge of the needs of our target customers;
- our efficient project planning and design capabilities enable us to quickly determine and implement the positioning and design of projects. With these efficient project planning and design capabilities, we are generally able to obtain project planning and construction approvals within a short period of time after land acquisition; and
- our standardised products and operating procedures covering various phases in our development process, including planning and design, selection of construction contractors and suppliers, construction supervision and quality control, and sales and marketing. With these standardised operating procedures, we are able to have efficient development schedules for our projects which allow us to (i) commence construction within a short period of time after acquiring land, and start pre-sale of the property at the earliest possible time; (ii) sell most of our projects during the pre-sale period, and (iii) avoid carrying a large inventory of un-sold projects upon completion of projects.

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Rapid asset turnover not only improves our operating cash flow and our return on shareholders' equity but also helps us achieve financial stability which mitigates any material adverse effect from market volatilities. For the financial years ended 31 December 2009, 2010 and 2011 and the six months ended 30 June 2012, our annualised asset turnover rate was approximately 53.0%, 69.8%, 39.1% and 41.7%, respectively.

We have adopted coherent business and financial strategies which balance quality growth and financial prudence

We have adopted coherent strategies in business expansion and cashflow management, which involve prudent and cautious use of financial leverage and rapid asset turnover in order to enhance our return on equity. These strategies are well balanced for quality growth and financial stability, and enable us to lower risks and remain poised to capture strategic market opportunities as they arise.

We generate most of our operating cash from property sales. Our strong cash position enables us to strategically acquire land at competitive prices, primarily using internally generated funds. We insist on maintaining sufficient operating cash and saleable resources every month to cover our accumulated debt on loans maturing within one year. During downturns in the property market in the second half of 2010 and 2011, we capitalised on the opportunity to expand and structure our land bank with new land sites suitable for quick asset turnover. Even during the difficult real estate market environment in 2011, we had gained the support of financial institutions and had been able to raise more debts to support our future growth. This strategy resulted in a higher net debt-to-equity ratio in 2011 and in the first half of 2012. As at 31 December 2009, 2010, 2011 and 30 June 2012, our net debt-to-equity ratio was approximately 39.7%, 68.9%, 141.5% and 138.3%, respectively. We consider that our financial leverage is still at a manageable level. Following the Global Offering, we expect our net debt-to-equity ratio to decrease due to our enlarged equity base, and we plan to further develop offshore financing channels, such as offshore bonds and loans. We expect that our funding costs will be lower when we become a publicly listed company with more diversified sources of financing.

We have achieved a nationwide geographical coverage and a strong presence in selected first-, second- and third-tier cities in the PRC

We believe that our geographical expansion, together with the growth of our business in cities in which we already have an established presence, is a key factor in our competitive market position in the real estate industry in the PRC.

Since our presence in Shanghai in 2000, we have successfully established a strong market position there. We believe that we can replicate our success in Shanghai to other high-growth cities in the PRC. We had presence in Beijing in 2001 and have since expanded our position in the capital city. We recognised that second- and third-tier cities would play an increasingly important role in the real estate market in the PRC as a result of urbanisation and would benefit from the anticipated strong economic growth in these regional property markets. Hence, we began acquiring land in Suzhou and

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Jiaxing in 2006, in Hefei, Chongqing, Zhenjiang and Changsha in 2007, in Langfang in 2008, and in Tianjin and Tangshan in 2011. As at the Latest Practicable Date, our property development projects covered 11 cities in three geographic regions in the PRC: the Yangtze River Delta Region, the Bohai Economic Rim and the Central Western Region.

Compared with other comparable real estate developers, our early expansion to second- and third-tier cities allowed us to gain a foothold in these local property markets. Over the years, we have accumulated extensive knowledge of the business environment and the distinctive subcultures of the regional real estate markets where we operate, including (i) enhancing our local planning and execution capability, (ii) transplanting our standardised products in first-tier cities to second- and third-tier cities to shorten project development cycle, and (iii) developing extensive working relationships with the various local governments and local business partners. Further, we have accumulated sufficient management talents and formed an efficient management structure to succeed in these regional markets. Our established regional presence gives us a first-mover advantage compared to our competitors without operations in these cities and reduces our future investment risks when we continue to expand in these regional markets.

Overall, our established and balanced presence in first-, second- and third-tier cities has thus helped to ensure that our overall business operations have been less affected by the government policies and real estate-related austerity measures.

We have a highly disciplined and systematic approach to land acquisition and have strategically acquired a large amount of low-cost land reserves

We have adopted a highly disciplined and systematic approach to land acquisition. In order to achieve quick asset turnover, we generally do not buy land that has title and planning issues. These land issues can often take a long time to resolve, resulting in difficulties to ascertain the development schedules of the projects. We insist on building a land bank sufficient for our project developments and well diversified in terms of number of projects, different geographical regions and with a balanced spread among first-, second- and third-tier cities. Most of our development projects within our existing landbank are single-phased projects. These characteristics of our land bank facilitate quick asset turnover and ensure financial stability.

We acquire most of our land sites through public tenders, auctions and listings-for-sale. In addition, we may consider acquiring land sites by (i) investing in or taking over property holding companies, (ii) acquiring construction-in-progress from original project owners, or (iii) establishing joint ventures with other real estate developers for land acquisition. In 2011, we systematically monitored and evaluated hundreds of land acquisition opportunities in 36 cities within our operational coverage. Out of these acquisition opportunities, we pursued selected parcels of land by taking into consideration various criteria including: (i) location, as well as development and growth potential of a particular site, (ii) local governmental planning and development requirements or restrictions applicable to the site, and (iii) local market conditions and consumer behaviour.

As at the Latest Practicable Date, we had a land bank comprising a total of 43 projects. As at 31 August 2012, we had a land bank with an aggregate GFA of approximately 6.16 million sq.m.

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Up to the Latest Practicable Date, we systematically executed our land acquisition plan as follows:

Year	Number of projects	Cities	Average land acquisition costs excluding carpark <i>(RMB per sq.m.)</i>	Total GFA excluding carpark <i>(sq.m.)</i>
Prior to 2009	13	Shanghai, Suzhou, Hefei, Jiaxing, Beijing, Langfang, Chongqing, Changsha and Fuzhou	932	1,061,622
2009	8	Shanghai, Suzhou and Beijing	3,515	609,252
2010	6	Shanghai, Zhenjiang and Beijing	4,454	689,013
2011	10	Shanghai, Suzhou, Hefei, Beijing, Tangshan, Tianjin, Chongqing and Changsha	1,940	2,184,037
2012	6	Shanghai, Suzhou and Tianjin	1,983	869,086
	<u>43</u>		<u>2,247</u>	<u>5,413,010</u>

Notes:

- (1) The above table includes our projects in Fuzhou CIFI Riverside and all the other completed unsold projects we held in the Yangtze River Delta Region, the Bohai Economic Rim and the Central Western Region.
- (2) Information in the above table is based on the relevant successful land tender auction confirmations, the land grant contracts, the land transfer agreements or the share transfer agreements.
- (3) The number of projects, average land acquisition costs excluding carpark and total GFA excluding carpark in the above table represent the number of projects, average land acquisition costs excluding carpark and total GFA excluding carpark of our remaining projects (that is, projects which are not delivered) as at 31 August 2012.
- (4) The total GFA excluding carpark in the above table excludes the total GFA of the carpark which we held for sale and for investment.

We have a highly experienced senior management team and an efficient management structure between our headquarters and regional companies which support nationwide expansion

We have a highly experienced senior management team comprising well-regarded professionals in real estate development, planning, design, finance and other relevant fields.

Our Chairman, Mr Lin Zhong (林中), has over 22 years of experience in the real estate business. Our Vice Chairman, Mr Lin Wei (林偉), and our Chief Executive Officer, Mr Lin Feng (林峰), have over 17 and 10 years of experience, respectively, in the real estate business. We have adopted a three-tier management system comprising our board of directors, senior management at the

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headquarters level and senior management at the regional project company level. This management structure ensures a direct reporting line between our regional project companies and our headquarters, which facilitates the operating efficiency for our nationwide expansion and enhances the overall internal control of our Group.

FUTURE BUSINESS STRATEGIES

Recent real estate-related austerity measures in the PRC have resulted in continued consolidation within the property industry, as some property developers have been weakened by the impact of those measures in terms of their customer base, their financial position, and, ultimately, their business viability. Despite the on-going austerity measures, we believe that the PRC property sector still has long term prospects given China's continued economic growth, urbanisation trends, high household savings rates and increasing demand of end-users.

Within the next five years, we aim to become (i) one of the top 20 real estate enterprises in the PRC in terms of sales, (ii) a nationally renowned real estate brand name, and (iii) a mainstream real estate company in each city where we have a presence. We plan to implement the following future business strategies to achieve our stated growth objectives:

We strive to optimise our land bank structure to achieve higher profitability and sustainable quality growth

We aim to optimise our land bank structure by increasing the proportion of land reserves (i) in second- and third-tier cities, and (ii) in large parcels of land suitable for multi-phase property development with attractive purchase and payment terms.

While we continue to maintain our strong presence in first-tier cities like Shanghai and Beijing, we plan to strategically increase the proportion of our land reserves in second- and third-tier cities. Other than cities where we already have presence, we also intend to expand into new cities within the three geographical regions we have already covered. Our increased focus on second- and third-tier cities will enable us to reduce the impact of the real estate-related austerity measures, which tend to have a greater impact on first-tier cities.

Historically, we have had a higher proportion of land reserves suitable for smaller-scale and single-phase projects. As we increase our equity base through the Global Offering, we intend to strategically purchase large parcels of land suitable for multi-phase development in selected cities which can offer us attractive payment and purchase conditions, favourable government support policies, and have large infrastructure spending and new industry development policies. We will seek to acquire parcels of land that are low-cost and large-scale in nature and, in our view, may give us the potential benefit from value appreciation over the long term. We believe that there are good opportunities to acquire such land suitable for our future development plans in cities located mostly in the Bohai Economic Rim and the Central Western Region. These cities typically have a large population base, a good industrial base and sophisticated economies. The development in these cities

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is boosted by recent favourable local government policy to support the development of new industries, such as logistics, technology, travel and leisure. Through these efforts, we believe that we could capture growth opportunities in these cities and regions and broaden our revenue base and profitability.

We seek to improve our asset turnover by further enhancing the level of standardisation of our products and operations

We focus our business model on achieving rapid asset turnover in order to sustain strong growth and shareholders' return with financial discipline.

In order to further improve our asset turnover, we plan to enhance the standardisation of project development process, including (i) further broadening and fine-tuning standardised product database for different products and different geographical regions to shorten product design cycle, and (ii) further standardising our operational procedures for other business aspects including project development, procurement, contracting and construction, sales and marketing to achieve rapid development and sale of each project. A highly standardised operational model will allow us to reduce our costs and to achieve operational efficiency, and ultimately achieve growth in our business.

We plan to further develop our brand and improve customer satisfaction and loyalty

A premium brand will improve our pricing power and profitability at times with positive market sentiments and enhance sales rate and turnover during challenging market conditions. It will also drive our customer loyalty and facilitate our efforts to expand into new cities. In 2011, we engaged an internationally renowned consultancy firm to research and track our customers' satisfaction rating for the purpose of internal evaluation and future improvement.

We aim to reinforce our brand image by providing a better value of our products through better architectural designs and improved landscaping and by enhancing our property management services. We plan to allocate more resources to brand management and brand promotion, and to incorporate customers' satisfaction as an integral and significant part of our management evaluation and appraisal system.

We aim to further attract, retain, motivate and develop a talented workforce through long-term human resources development plan and performance-linked incentive schemes

We aim to attract and retain our workforce through various initiatives in order to support our growth and expansion. We have adopted a long-term human resources development plan which offers long-term talent development and performance-linked incentive schemes for our employees. Our human resources policies emphasise on long-term development of quality workforce, promotion of positive corporate culture and performance-linked staff evaluation and incentive schemes. We currently have in place a Pre-IPO Share Award Scheme and have conditionally adopted a Share Option Scheme to further motivate our management and employee performance. For additional information

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on the Pre-IPO Share Award Scheme and the Share Option Scheme, please refer to the section headed “Statutory and General Information” in Appendix VII to this prospectus. We believe that, with these initiatives, we can attract, retain, motivate and develop a high-quality workforce and align the interests of our workforce with those of the Group.

We plan to establish a balanced and quality investment property portfolio

We plan to selectively increase investment properties located in prime locations and have the potential to appreciate in value. We believe that by selectively increasing our investment property portfolio, we will be able to train our commercial real estate management team, to develop our operational capabilities in investment properties, to benefit from rising property values as a result of continued urbanisation and growth in domestic consumption in the PRC, and to mitigate any possible downturn in the real estate development business in the PRC. We intend to allocate not more than approximately 10% of our annual land acquisition budget to new investment property projects. We believe maintaining a low yet reasonable proportion of quality investment properties in our business will not significantly affect our asset turnover while enhancing our experience in commercial property and asset management. We believe that such operating experience in commercial properties is critical to positioning ourselves as a national market leader and a respected property company in the PRC.

OVERVIEW OF OUR PROPERTY DEVELOPMENTS

As at the Latest Practicable Date, our property portfolio consisted of 43 property projects under various stages of development located in the Yangtze River Delta Region, the Bohai Economic Rim and the Central Western Region.

For our residential property development, we principally focus on developing residential units with small-to-medium unit sizes, comfortable living environment and locations with good public transportation links. Within our residential property development, we mainly develop the following types of residential properties:

- high-rise and mid-rise apartments (高層住宅和小高層住宅) — which are typically buildings higher than nine storeys, with the average GFA of each unit ranging from 80 sq.m. to 120 sq.m.;
- low-rise garden apartments (花園洋房) — which are typically low-rise buildings of five to eight storeys, with the average GFA of each unit ranging from 120 sq.m. to 150 sq.m.; and
- townhouses (聯排住宅) — which typically include connected townhouses (聯排式住宅), courtyard townhouses (合院式住宅) and split-level townhouses (疊拼式住宅).

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Our residential projects may also comprise street-level retail areas and ancillary hotels (配套酒店). We typically intend to sell the street-level retail areas within our residential projects. We currently have four projects which will have an ancillary hotel on the premise. We intend to retain ownership of these hotel properties, but plan to engage independent operators to manage these hotel properties.

Although it is impracticable for us to have a reliable, complete and up-to-date analysis of whether our customers are first-time homebuyers and first-time home upgraders, according to our internal records calculated based on the development plans as at 31 August 2012, approximately 52% of the total GFA of our projects (carpark excluded), or approximately 68% of the total residential GFA of our projects, are small-to-medium unit sized residential properties of less than 120 sq.m. Based on our experience in the real estate industry and observation on the market trend, we consider properties with unit size less than 120 sq.m. are well-suited for first-time homebuyers and first-time home upgraders. Our Directors believe that in general, first-time homebuyers, first-time home upgraders and commercial property buyers have generally been less affected by real estate-related austerity measures and the purchases made by these consumers are also less discretionary in nature than purchases made by real estate investors. Please refer to the section headed “Business — Real estate-related austerity measures implemented by the PRC Government” in this prospectus for further information relating to the real estate-related austerity measures in the PRC.

For our office and commercial property development, we principally focus on developing office and commercial projects in de-centralised locations in first-tier cities and in city area locations in second- and third-tier cities. Within our commercial property development, we mainly develop the following types of office and commercial properties:

- office buildings (辦公樓) — we develop office buildings catering for buyers who purchase the entire building and to buyers who purchase individual strata-title office units (辦公室單位). The average GFA of our en-bloc office towers (整棟辦公大樓) ranges from 1,000 sq.m. to 3,000 sq.m. The average GFA of strata-title office units ranges from 100 sq.m. to 500 sq.m. These office and commercial projects offer a compelling value proposition for small- to medium-size enterprises, which are typically seeking property with the right balance of cost, product quality, and convenience by location; and
- retail and commercial arcade (零售商業中心) — we develop retail and commercial arcades which are typically retained by our Group as investment properties. The average GFA of these retail and commercial arcades ranges from 30,000 sq.m. to 80,000 sq.m. and are leased out as retail outlets or food and beverage outlets.

We also develop integrated city complexes (城市綜合體) comprising different property elements such as residential properties, office buildings, street-level retail outlets and retail and commercial arcades. For these integrated projects, we typically intend to sell the residential or office portions while retaining the retail and commercial arcades as our investment properties.

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The names of our property development projects used in this prospectus are those project names which we have used, or intend to use, to market our properties. Some of the names of our property development projects may be different from the names registered with the relevant authorities, and are subject to approval by the relevant authorities and may be subject to change. The following map shows the geographic locations of our principal businesses:



Our property development projects may be broadly categorised as follows:

- Completed projects — comprising property projects which we have completed and of which we have received the relevant certificates of completion issued by the relevant governmental authorities;
- Projects under development — comprising property projects in respect of which we have received the relevant construction work commencement permits and which are pending completion or certain phase(s) of which are pending completion; and
- Projects for future development — comprising property projects in respect of which we have (a) received the relevant land use rights certificates, (b) signed the relevant land grant

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contracts but not yet obtained land use rights certificates, or (c) received the confirmation letter on bidding for granting land use right but not yet signed the relevant land grant contracts and, in each case, construction work has not yet commenced.

Those of our property development projects comprising multiple phases of development may fall into any one or more of the above categories.

As at 31 August 2012, we had a land bank with an aggregate GFA of approximately 6.16 million sq.m, comprising completed unsold projects with an aggregate GFA of approximately 0.28 million sq.m., projects under development with an aggregate GFA of approximately 3.27 million sq.m., and projects for future development with an aggregate GFA of approximately 2.61 million sq.m.

The table below sets forth our classification of properties, and the corresponding classification of properties in the accountants' report and the property valuation report, which are included as Appendix I and Appendix IV, respectively, to this prospectus:

<u>This prospectus</u>	<u>Accountants' report</u>	<u>Property valuation report</u>
<ul style="list-style-type: none"> • Completed projects comprising property projects which we have completed and of which we have received the relevant certificates of completion issued by the relevant governmental authorities 	<ul style="list-style-type: none"> • Property, plant and equipment • Prepaid lease payments • Properties held for sale • Investment properties 	<p>Group I — Properties held by the Group for sale in the PRC</p> <p>Group IV — Properties held by the Group for investment in the PRC (consisting of completed properties only)</p>
<ul style="list-style-type: none"> • Projects under development comprising property projects in respect of which we have received the relevant construction work commencement permits and which are pending completion or certain phase(s) of which are pending completion 	<ul style="list-style-type: none"> • Properties under development • Investment properties 	<p>Group II — Properties held by the Group for under development in the PRC</p> <p>Group IV — Properties held by the Group for investment in the PRC (consisting of properties under development only)</p>

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This prospectus	Accountants' report	Property valuation report
<ul style="list-style-type: none"> • Projects for future development comprising property projects in respect of which we have (a) received the relevant land use rights certificates, (b) signed the relevant land grant contracts but not yet obtained land use rights certificates, or (c) received the confirmation letter on bidding for granting land use right but not yet signed the relevant land grant contracts and, in each case, construction work has not yet commenced 	<ul style="list-style-type: none"> • Prepaid lease payments for projects in respect of which we have received the relevant land use rights certificates • Properties under development for projects in respect of which we have received the relevant land use rights certificates • Deposits for land use rights for properties held for sale for projects in respect of which we have signed the relevant land grant contracts but not yet obtained land use rights certificates • Accounts and other receivables, deposits and prepayments for projects in respect of which we have signed the confirmation letter on bidding for granting land use right but not yet signed the relevant land grant contracts at the end of the reporting period but such land grant contracts were entered subsequently up to the Latest Practicable Date 	<p>Group III — Properties held by the Group for future development in the PRC</p>

Our PRC Legal Advisers have advised us that the restrictions in the Catalogue for the Guidance of Foreign Investment Industries (2011 version) 《外商投資產業指導目錄》（2011年修訂） are not applicable to our properties under development.

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PORTFOLIO OF OUR PROPERTY DEVELOPMENT PROJECTS

By project

The table below is a summary of our portfolio of property development projects as at 31 August 2012. Except for “Group’s Effective Equity Interest in the Project”, “Market Value of the Property”, and “Group’s Attributable Market Value”, the figures are rounded up to the nearest whole number:

Project	Site Area (sq.m.)	Actual / Estimated Construction Commencement Date	Actual / Estimated Completion Date	COMPLETED			UNDER DEVELOPMENT			FUTURE DEVELOPMENT				Reference to Property Valuation Report (Property number)			
				GFA Completed	GFA Remaining Unsold	Saleable / Rentable GFA	GFA Under Development	Saleable / Rentable GFA	Of which was Pre-sold	Planned GFA	Land Use Rights Not Yet Obtained	Development Costs Incurred	Estimated Future Development Costs		Group’s Effective Equity Interest in the Project	Market Value of the Property (RMB million)	Group’s Attributable Market Value (RMB million)
SHANGHAI 上海																	
Shanghai CIFI Rose Bay																	
上海 旭輝·玫瑰灣	73,228	1Q 2011	4Q 2012	—	—	150,465	172,365	150,465	99,882	—	—	1,288	132	100.00%	1,687.00	1,687.00	24
Low-rise garden apartments 花園洋房						30,667			14,137								
Mid-rise apartments 小高層住宅						98,977			85,329								
Retail outlets 商場						920			416								
Carpark 停車位						19,901			—								
Shanghai CIFI Private Mansion																	
上海 旭輝·百合宮館	39,993	3Q 2011	4Q 2013	—	—	61,882	73,341	61,882	9,838	—	—	675	216	100.00%	706.00	706.00	25
Townhouses 聯排住宅						14,340			—								
Mid-rise apartments 小高層住宅						41,225			9,838								
Carpark 停車位						6,317			—								
Shanghai CIFI Comfortable Joyous Bay																	
上海 旭輝·灣悅灣	64,369	3Q 2011	1Q 2013	—	—	134,816	136,376	134,816	96,790	—	—	631	162	100.00%	903.00	903.00	26
Low-rise garden apartments 花園洋房						43,037			38,477								
Mid-rise apartments 小高層住宅						71,357			57,890								
Retail outlets 商場						1,944			423								
Carpark 停車位						18,478			—								

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Project	Site Area (sq.m.)	Actual / Estimated Construction Commencement Date	Actual / Estimated Completion Date	COMPLETED			UNDER DEVELOPMENT			FUTURE DEVELOPMENT			Group's Effective Equity Interest in the Project	Market Value of the Property (RMB million)	Group's Attributable Market Value (RMB million)	Reference to Property Valuation Report (Property number)	
				GFA Completed (sq.m.)	GFA Remaining Unsold (sq.m.)	Saleable / Rentable GFA (sq.m.)	GFA Under Development (sq.m.)	Saleable / Rentable GFA (sq.m.)	Of which was Pre-sold (sq.m.)	Planned GFA (sq.m.)	Land Use Rights Not Yet Obtained (sq.m.)	Development Costs Incurred (RMB million)					Estimated Future Development Costs (RMB million)
Shanghai CIFI Pleasant Garden 上海 悦輝·悅庭 Low-rise garden apartments 花園洋房 Mid-rise apartments 小高層住宅 Retail outlets 商場 Carpark 停車位	36,499	3Q 2011	2Q 2013	—	—	73,629	73,629	72,543	3,453	—	—	310	141	458.00	458.00	27	
Shanghai CIFI Luxury Courtyard 上海 悅輝·華庭 Mid-rise apartments 小高層住宅 Office 辦公樓 Retail and commercial arcade 零售商業中心 Carpark 停車位	26,396	3Q 2012	4Q 2013	—	—	66,007	66,007	63,387	—	—	—	306	264	369.00	369.00	28	
Shanghai Booshan District Panjiang Road Project 上海寶山區潘涇路項目 Residential 住宅	99,067	1Q 2013	1Q 2015	—	—	—	—	—	—	—	178,321	178,321	416	991	524.00	524.00	47
Shanghai Jiading New Site Project* 上海嘉定新地塊項目 Residential 住宅	37,612	2Q 2013	1Q 2015	—	—	—	—	—	—	—	101,665	101,665	141	678	N/A	N/A	48
Shanghai CIFI Hongqiao International 上海 悅輝·虹橋國際 Office 辦公樓 Retail and commercial arcade 零售商業中心 Carpark 停車位	22,917	2Q 2010	4Q 2011	59,508	24,361 6,687	—	—	—	—	—	—	—	189	44	395.00	395.00	1
Shanghai CIFI Pujiang International 上海 悅輝·浦江國際 Office 辦公樓 Retail and commercial arcade 零售商業中心 Carpark 停車位	72,352	3Q 2012	1Q 2014	—	—	188,430	188,430	186,930	—	—	—	696	663	1,239.00	1,239.00	29	

* Land acquired in September 2012

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Project	Site Area (sq.m.)	Actual / Estimated Construction Commencement Date	Actual / Estimated Completion Date	COMPLETED			UNDER DEVELOPMENT			FUTURE DEVELOPMENT			Reference to Property Valuation Report (Property number)		
				GFA Completed (sq.m.)	Saleable / Rentable GFA Unsold (sq.m.)	GFA Under Development (sq.m.)	Saleable / Rentable GFA (sq.m.)	Of which was Pre-sold (sq.m.)	Planned GFA (sq.m.)	Land Use Rights Not Yet Obtained (sq.m.)	Development Costs Incurred (RMB million)	Estimated Future Development Costs (RMB million)		Group's Effective Equity Interest in the Project	Market Value of the Property (RMB million)
Shanghai CIFI Yangpu Commercial Square 上海 楊浦•陽明商業廣場 Retail and commercial arcade 零售商業中心 Office 辦公樓 Carpark 停車位	18,292	2Q 2011	2Q 2014	—	—	65,954	65,145	—	—	548	389	55.00%	1,199.00	635.47	30 & 60
Shanghai CIFI Century Square 上海 楊浦•世紀廣場 Office 辦公樓 Carpark 停車位	45,781	4Q 2005	4Q 2008	130,469	14,905 6,995 7,910	—	—	—	—	102	3	100.00%	288.00	288.00	2
Shanghai Jiading New Town Yumin Road Project 上海嘉定新鎮裕民路項目 Retail and commercial arcade 零售商業中心	19,857	4Q 2012	4Q 2014	—	—	—	—	39,713	—	106	306	100.00%	117.00	117.00	61
Shanghai CIFI La Baie D'Evian Completed portion 上海 楊浦•佘山灣 (完成部分) Townhouses 聯排住宅 Carpark 停車位	189,802	3Q 2006/ N/A	4Q 2010/ 4Q 2011	197,069	2,232 429 1,803	—	—	—	—	—	—	100.00%	13.90	13.90	3 & 4
Shanghai CIFI La Baie D'Evian Under development 上海 楊浦•佘山灣 (在選中) Townhouses 聯排住宅		2Q 2009	2Q 2014	—	—	24,537	17,800	—	—	83	45	100.00%	321.00	321.00	31
Shanghai CIFI Jiangyan Mansion 上海 楊浦•江灣藍 Low-rise garden apartments 花園洋房 Townhouses 聯排住宅 Carpark 停車位	26,000	1Q 2011	2Q 2013/ 2Q 2014	—	—	42,188	42,176 19,504 14,546 8,126	—	—	359	114	75.50%	1,304.00	984.52	32

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Project	Site Area (sq.m.)	Actual / Estimated Construction Commencement Date	Actual / Estimated Completion Date	COMPLETED			UNDER DEVELOPMENT				FUTURE DEVELOPMENT			Reference to Property Valuation Report (Property number)			
				GFA Completed	GFA Remaining Unsold	Saleable / Rentable GFA	GFA Under Development	Saleable / Rentable GFA	Of which was Pre-sold	Planned GFA	Land Use Rights Not Yet Obtained	Development Costs Incurred	Estimated Future Development Costs		Group's Effective Equity Interest in the Project	Market Value of the Property	Group's Attributable Market Value
Shanghai CIFI Pebble Beach																	
上海 碧輝·鑽石灘 Courtyard Townhouses 合院式住宅	145,473	1Q 2011	1Q 2013	—	—	149,330	85,033	1,408	—	—	805	212	97.00%	1,652.00	1,602.44	33	
Clubhouse 會所							70,610	1,408									
Hotel 酒店							9,031	—									
							5,392	—									
Shanghai CIFI Ronchamp Town																	
上海 羅輝·尚香郡 Low-rise garden apartments 花園洋房	14,490	2Q 2010	4Q 2011	26,521	5,203	—	—	—	—	—	23	30	100.00%	39.00	39.00	5	
Carpark 停車位					409												
					4,794												
SUZHOU 蘇州																	
Suzhou CIFI Canal County																	
蘇州 碧輝·上河郡 Townhouses 聯排住宅	176,897	4Q 2010	2Q 2012/ 4Q 2012	92,824	2,222	226,537	218,129	115,268	—	—	802	221	100.00%	1,298.60	1,298.60	6 & 34	
Mid-rise apartments 小高層住宅					2,222		—	—									
Retail outlets / serviced apartments 商舖/服務式公寓					—		157,030	111,788									
Carpark 停車位					—		29,362	3,480									
					—		31,737	—									
Suzhou CIFI Ronchamp Town																	
蘇州 碧輝·尚香郡 Mid-rise apartments 小高層住宅	56,984	4Q 2010	3Q 2012/ 4Q 2012	46,609	671	67,155	65,605	15,076	—	—	364	280	100.00%	372.00	372.00	7 & 35	
Low-rise garden apartments 花園洋房					—		14,764	12,353									
Carpark 停車位					671		31,425	2,723									
					—		19,416	—									
Suzhou CIFI California Bay																	
蘇州 碧輝·芭堤蘭灣 Townhouses 聯排住宅	82,300	3Q 2007	2Q 2010	64,243	322	—	—	—	—	—	2	—	100.00%	6.30	6.30	8	
					322												
					322												
Suzhou CIFI Luxury Courtyard																	
蘇州 碧輝·華庭 High-rise apartments 高層住宅	110,194	4Q 2012	4Q 2014	—	—	—	—	—	—	—	528	835	100.00%	574.00	574.00	49	
Clubhouse 會所							280,765	227,224									
Carpark 停車位							2,214	2,214									
							51,327	51,327									

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Project	Site Area (sq.m.)	Actual / Estimated Construction Commencement Date	Actual / Estimated Completion Date	COMPLETED			UNDER DEVELOPMENT			FUTURE DEVELOPMENT			Reference to Property Valuation Report (Property number)		
				GFA Completed (sq.m.)	Saleable / Rentable GFA Remaining Unsold (sq.m.)	Saleable / Rentable GFA Under Development (sq.m.)	Saleable / Rentable GFA (sq.m.)	Of which was Pre-sold (sq.m.)	Planned GFA (sq.m.)	Land Use Rights Not Yet Obtained (sq.m.)	Development Costs Incurred (RMB million)	Estimated Future Development Costs (RMB million)		Group's Effective Equity Interest in the Project	Market Value of the Property (RMB million)
Suzhou G84 Site Project* 蘇州G84地塊項目 Residential住宅 Retail outlets 商舖	42,852	2Q 2013	4Q 2015	—	—	—	94,274	94,274	86	561	100.00%	N/A	N/A	50	
Suzhou G88 Site Project* 蘇州G88地塊項目 Residential住宅 Retail outlets 商舖	55,612	2Q 2013	4Q 2015	—	—	—	90,366	90,366	39	916	100.00%	N/A	N/A	51	
HEFEI 合肥															
Hefei CIFI Central Park Phase I 合肥 罍巷•中央公園一期 Storage rooms + multi-purposes rooms 儲藏室 + 綜合用房	51,717	3Q 2008	4Q 2011	61,774	3,963	—	—	—	—	—	100.00%	19.30	19.30	9	
Hefei CIFI Central Park Phase II 合肥 罍巷•中央公園二期 High-rise apartments 高層住宅 Storage rooms 儲藏室 Carpark 停車位		2Q 2010	3Q 2012	—	—	130,186	128,940 108,614 3,467 16,859	88,672 88,145 527 —	—	536	46	100.00%	588.00	588.00	36
Hefei CIFI Private Mansion Phase I 合肥 罍巷•桐府一期 High-rise apartments 高層住宅 Townhouses 聯排住宅 Retail outlets 商舖 Storage rooms 儲藏室 Carpark 停車位		1Q 2012	4Q 2013	—	—	136,925	136,925 102,748 12,124 6,543 3,377 12,133	76,302 75,864 438 — — —	—	1,355	1,370	100.00%	632.00	632.00	37
Hefei CIFI Private Mansion Phases II & III 合肥 罍巷•桐府二期及三期 Residential住宅	73,029	1Q 2013	4Q 2014	—	—	—	287,576	287,576	—	—	100.00%	1,030.00	1,030.00	52	

* Land acquired in October 2012

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Project	Site Area (sq.m.)	Actual / Estimated Construction Commencement Date	Actual / Estimated Completion Date	COMPLETED			UNDER DEVELOPMENT			FUTURE DEVELOPMENT			Reference to Property Valuation Report (Property number)				
				GFA Completed (sq.m.)	Saleable / Rentable GFA (sq.m.)	Remaining Unsold GFA (sq.m.)	GFA Under Development (sq.m.)	Saleable / Rentable GFA (sq.m.)	Of which was Pre-sold (sq.m.)	Planned GFA (sq.m.)	Land Use Rights Not Yet Obtained (sq.m.)	Development Costs Incurred (RMB million)		Estimated Future Development Costs (RMB million)	Group's Effective Equity Interest in the Project	Market Value of the Property (RMB million)	Group's Attributable Market Value (RMB million)
ZHENJIANG 鎮江																	
Zhenjiang CIFI Times																	
鎮江 旭輝·時代城 High-rise apartments 高層住宅	32,713	1Q 2011	2Q 2013	—	—	—	163,195	158,763	24,992	—	—	665	367	100.00%	1,013.00	1,013.00	38
Office 辦公樓					88,752	21,607											
Retail outlets 商舖					28,617	—											
Carpark 停車位					16,295	3,385											
					25,099	—											
JIAXING 嘉興																	
Jiaxing CIFI Square																	
嘉興 旭輝廣場 High-rise apartments 高層住宅	40,862	1Q 2009	4Q 2011	198,970	136,664	17,000	—	—	—	—	—	756	176	100.00%	3,110.00	3,110.00	10 & 62
Retail and commercial arcade 零售商業中心					82,540												
Carpark 停車位					37,124												
BEIJING 北京																	
Beijing CIFI Private Mansion																	
北京 旭輝·樺府 Low-rise garden apartments 花園洋房	63,619	4Q 2010	4Q 2012	—	—	—	171,763	170,494	94,111	—	—	1,538	279	100.00%	2,299.00	2,299.00	39
High-rise apartments 高層住宅					74,058	48,921											
Retail outlets 商舖					66,665	44,783											
Carpark 停車位					1,011	407											
Clubhouse 會所					24,668	—											
					4,092	—											
Beijing CIFI Purple County																	
北京 旭輝·紫郡 Low-rise garden apartments 花園洋房	26,337	2Q 2010	2Q 2012	48,331	1,123	553	—	—	—	—	—	14	54	100.00%	14.80	14.80	11
Carpark 停車位					—	570											

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Project	Site Area (sq.m.)	Actual / Estimated Construction Commencement Date	Actual / Estimated Completion Date	COMPLETED			UNDER DEVELOPMENT			FUTURE DEVELOPMENT			Reference to Property Valuation Report (Property number)				
				GFA Completed (sq.m.)	GFA Remaining Unsold (sq.m.)	Saleable / Rentable GFA (sq.m.)	GFA Under Development (sq.m.)	Saleable / Rentable GFA (sq.m.)	Of which was Pre-sold (sq.m.)	Planned GFA (sq.m.)	Land Use Rights Not Yet Obtained (sq.m.)	Development Costs Incurred (RMB million)		Estimated Future Development Costs (RMB million)	Group's Effective Equity Interest in the Project	Market Value of the Property (RMB million)	Group's Attributable Market Value (RMB million)
Beijing CIFI Private Villa Riverside Garden 北京 麗輝·御峯 Low-rise garden apartments 花園洋房 Retail outlets 商場 Clubhouse 會所 Carpark 停車位	76,380	4Q 2012	4Q 2014	—	—	—	—	—	—	168,944	—	1,130	415	80.00%	1,235.00	988.00	53
Beijing CIFI International Negotiate Garden 北京 麗輝·雲樞中心 Office 辦公樓 Commercial 商業 Carpark 停車位	34,640	4Q 2012	2Q 2014	—	—	—	—	—	—	120,865	—	232	446	100.00%	253.00	253.00	54
Beijing CIFI Wangxin Commercial Centre 北京 麗輝·望馨商業中心 Retail and commercial arcade 零售商業中心 Carpark 停車位	6,903	2Q 2006	4Q 2007	22,397	7,130	4,860 2,270	—	—	—	—	—	26	—	100.00%	62.80	62.80	12 & 63
Beijing CIFI Olympic City 北京 麗輝·奧都 Retail outlets 商場 Carpark 停車位 Storage rooms 儲藏室	49,455	1Q 2007	1Q 2010	214,394	7,159	506 1,125 5,528	—	—	—	—	—	21	5	100.00%	43.90	43.90	13
Beijing CIFI Shanghai Salon 北京 麗輝·上海沙龍 Carpark 停車位	141,488	3Q 2002	3Q 2006	235,139	9,271	9,271	—	—	—	—	—	25	—	100.00%	48.10	48.10	14
LANGFANG 廊坊																	
Langfang CIFI Path Waif Phase I 廊坊 麗輝·十九城邦一期 Clubhouse 會所	85,937	2Q 2009	4Q 2010	75,942	7,173	7,173	—	—	—	—	—	52	—	100.00%	86.10	86.10	15

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Project	Site Area (sq.m.)	Actual / Estimated Construction Commencement Date	Actual / Estimated Completion Date	COMPLETED			UNDER DEVELOPMENT			FUTURE DEVELOPMENT			Reference to Property Valuation Report (Property number)				
				GFA Completed	GFA Remaining Unsold	Saleable / Rentable GFA	GFA Under Development	Saleable / Rentable GFA	Of which was Pre-sold	Planned GFA	Land Use Rights Not Yet Obtained	Development Costs Incurred		Estimated Future Development Costs	Group's Effective Equity Interest in the Project	Market Value of the Property	Group's Attributable Market Value
Langfang CIFI Path Waif Phase II																	
廊坊 福麟·十九城邦二期 High-rise apartments 高层住宅	52,289	2Q 2010	4Q 2011/ 4Q 2013	63,237	6,942	193,696	190,737 171,124	12,359 12,359	—	—	—	100.00%	1,088.70	1,088.70	16 & 40		
Townhouses 聯排住宅				—	6,942	—	—	—	—	—	—	—	—	—	—		
Retail outlets 商場				—	—	—	3,730	—	—	—	—	—	—	—	—		
Storage rooms 儲藏室				—	—	—	870	—	—	—	—	—	—	—	—		
Carpark 停車位				—	—	—	15,013	—	—	—	749	652	—	—	—		
Langfang CIFI Path Waif Phase III																	
廊坊 福麟·十九城邦三期 High-rise apartments 高层住宅	88,270	2Q 2011	4Q 2012/ 4Q 2014	—	—	161,252	161,252	10,740	—	—	—	100.00%	494.00	494.00	41		
Townhouses 聯排住宅				—	—	—	115,371	—	—	—	—	—	—	—	—		
Carpark 停車位				—	—	—	33,990	10,740	—	—	—	—	—	—	—		
				—	—	—	11,891	—	—	—	—	—	—	—	—		
TANGSHAN 唐山																	
Tangshan CIFI English Village																	
唐山 福麟·英倫小鎮 Mid-rise apartments/Low-rise garden apartments 小高层住宅 / 花園洋房	346,159	4Q 2012	4Q 2014	—	—	—	—	—	—	379,770	—	246	1,185	248.00	198.40	55	
Townhouses 聯排住宅				—	—	—	174,780	—	—	—	—	—	—	—	—	—	
Retail and commercial arcade 零售商業中心				—	—	—	117,670	—	—	—	—	—	—	—	—	—	
Hotel 酒店				—	—	—	26,720	—	—	—	—	—	—	—	—	—	
Carpark 停車位				—	—	—	5,600	—	—	—	—	—	—	—	—	—	
				—	—	—	50,000	—	—	—	—	—	—	—	—	—	
TIANJIN 天津																	
Tianjin CIFI Roseale Phase I																	
天津 福麟·玫瑰一期 Residential 住宅		1Q 2012	2Q 2014	—	—	123,773	122,179	27,157	—	—	—	—	—	—	—	—	
Carpark 停車位				—	—	—	108,562	27,157	—	—	—	—	—	—	—	—	
				—	—	—	13,617	—	—	—	—	—	—	—	—	—	
Tianjin CIFI Roseale Phase II																	
天津 福麟·玫瑰二期 Residential 住宅		4Q 2012	4Q 2014	—	—	—	—	—	—	196,421	196,421	789	771	1,088.00	1,088.00	42	
Retail outlets 商場				—	—	—	—	—	—	167,585	167,585	—	—	—	—	—	
Carpark 停車位				—	—	—	—	—	—	4,960	4,960	—	—	—	—	—	
				—	—	—	—	—	—	22,519	22,519	—	—	—	—	—	

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Project	Site Area (sq.m.)	Actual / Estimated Construction Commencement Date	Actual / Estimated Completion Date	COMPLETED			UNDER DEVELOPMENT			FUTURE DEVELOPMENT			Reference to Property Valuation Report (Property number)				
				GFA Completed	GFA Remaining Unsold	Saleable / Rentable GFA	GFA Under Development	Saleable / Rentable GFA	Of which was Pre-sold	Planned GFA	Land Use Rights Not Yet Obtained	Development Costs Incurred		Estimated Future Development Costs	Group's Effective Equity Interest in the Project	Market Value of the Property	Group's Attributable Market Value
Tianjin Binhai Site Project 天津濱海地塊項目	262,300	2H 2013	2015	—	—	—	—	262,300	262,300	22	1,078	100.00%	N/A	N/A	56		
Tianjin CIFI Century Waterside* 天津·禧麟·世紀水岸 Residential 住宅	65,461	2Q 2013	4Q 2015	—	—	—	—	163,104	163,104	177	678	51.00%	177.00	90.27	57		
CHONGQING 重慶																	
Chongqing CIFI Ronchamp Town Phase I 重慶 旭輝·朗香郡一期 Retail outlets 商場 Carpark 停車位	29,255	1Q 2009	2Q 2010	46,645	3,592	2,528	1,064	—	—	—	13	100.00%	26.90	26.90	17		
Chongqing CIFI Ronchamp Town Phase II 重慶 旭輝·朗香郡二期 Low-rise garden apartments 花園洋房 Carpark 停車位	25,094	4Q 2009	4Q 2010	49,723	714	430	284	—	—	—	1	100.00%	3.40	3.40	18		
Chongqing CIFI Ronchamp Town Phase III 重慶 旭輝·朗香郡三期 Low-rise garden apartments 花園洋房 Carpark 停車位	59,636	1Q 2010	4Q 2011	126,377	21,296	12,163	9,133	—	—	—	68	100.00%	117.00	117.00	19		
Chongqing CIFI Ronchamp Town Phase IV 重慶 旭輝·朗香郡四期 Low-rise garden apartments 花園洋房 Mid-rise apartments 小高層住宅 Carpark 停車位	23,713	3Q 2010	2Q 2012	50,431	16,904	14,570	1,090	1,244	—	—	93	100.00%	151.00	151.00	20		

* Project acquired in October 2012

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Project	Site Area (sq.m.)	Actual / Estimated Construction Commencement Date	COMPLETED				UNDER DEVELOPMENT				FUTURE DEVELOPMENT			Reference to Property Valuation Report (Property number)				
			Actual / Estimated Completion Date	GFA Completed	Saleable / Rentable GFA	Remaining Unsold GFA	GFA Under Development	Saleable / Rentable GFA	Of which was Pre-sold	Planned GFA	Land Use Rights Not Yet Obtained	Development Costs Incurred	Estimated Future Development Costs		Group's Effective Equity Interest in the Project	Market Value of the Property	Group's Attributable Market Value	
																		(sq.m.)
Chongqing CIFI Ronchamp Town Phase V																		
重慶 龍輝·尚香郡五期 High-rise apartments 高層住宅	28,551	2Q 2011	4Q 2013	—	—	198,760	192,742	123,396	—	—	—	—	—	—	—	390.00	390.00	43
Retail outlets 商場							166,012	122,952										
Carpark 停車位							4,317	444										
							22,413	—						308	724			
Chongqing CIFI Ronchamp Town Phase VI																		
重慶 龍輝·尚香郡六期 High-rise apartments 高層住宅	18,698	4Q 2012	4Q 2014	—	—	—	—	—	—	—	—	—	64,351	—	—	106.00	106.00	58
Hotel 酒店													20,447					
Carpark 停車位													32,280					
													5,500					
Chongqing CIFI Langyuejun																		
重慶 龍輝·尚悅郡 Mid-rise apartments / Low-rise garden apartments 小高層住宅 / 花園洋房	71,916	2Q 2012	4Q 2013	—	—	173,700	171,977	12,156	—	—	—	—	—	—	—	303.00	303.00	44
Retail and commercial arcade 零售商業中心							145,634	12,156										
Carpark 停車位							1,880	—										
							24,463	—										
Chongqing CIFI Purple City																		
重慶 龍輝·紫都 Hotel 酒店	44,405	4Q 2012	4Q 2014	—	—	—	—	—	—	—	—	—	179,861	—	—	58.60	58.60	59
Office 辦公樓													38,159					
Retail and commercial arcade 零售商業中心													101,561					
Carpark 停車位													8,920					
													26,453					
CHANGSHA 長沙																		
Changsha CIFI Upward Community																		
長沙 龍輝·上郡 Retail outlets 商場	23,319	1Q 2009	4Q 2010	131,224	5,544	—	—	—	—	—	—	—	—	—	8	17.50	17.50	21
Carpark 停車位													189					
													5,335					
Changsha CIFI Luxury Courtyard																		
長沙 龍輝·華庭 High-rise apartments 高層住宅	33,739	4Q 2010	4Q 2012	—	—	183,126	182,400	128,154	—	—	—	—	—	—	—	599.00	599.00	45
Retail outlets 商場							148,679	121,671										
Carpark 停車位							6,143	5,388										
							27,578	1,095										

BUSINESS

Project	Site Area (sq.m.)	Actual / Estimated Construction Commencement Date	Actual / Estimated Completion Date	COMPLETED			UNDER DEVELOPMENT			FUTURE DEVELOPMENT			Reference to Property Valuation Report (Property number)			
				GFA Completed (sq.m.)	Saleable / Rentable GFA Remaining Unsold (sq.m.)	Saleable / Rentable GFA Under Development (sq.m.)	Saleable / Rentable GFA Pre-sold (sq.m.)	Of which was Pre-sold (sq.m.)	Planned GFA (sq.m.)	Land Use Rights Not Yet Obtained (sq.m.)	Development Costs Incurred (RMB million)	Estimated Future Development Costs (RMB million)		Group's Effective Equity Interest in the Project	Market Value of the Property (RMB million)	Group's Attributable Market Value (RMB million)
Changsha CIFI Private Mansion																
长沙 麓郡·御府 High-rise apartments 高层住宅	97,494	1Q 2012	4Q 2014	—	—	344,190	339,231	50,821	50,821	—	575	664	100.00%	922.00	922.00	46
Townhouses 联排住宅							212,282	50,821	50,821							
Service apartments 服務式公寓							19,198	—	—							
Retail outlets 商舖							47,270	—	—							
Carpark 停車位							10,729	—	—							
							49,752	—	—							
TOTAL							<u>281,069</u>	<u>3,266,415</u>	<u>2,608,296</u>							

Notes:

The planned GFA includes (i) planned GFA of approximately 101,665 sq.m. of Shanghai Jiading New Site Project for which we have entered into land grant contract in September 2012, (ii) planned GFA of approximately 184,640 sq.m. of Suzhou G84 Site Project and Suzhou G88 Site Project for which we received successful land tender auction confirmations in October 2012, and (iii) planned GFA of approximately 163,104 sq.m. of Tianjin CIFI Century Waterside for which we have acquired 51% equity interest in Tianjin Shijixing in October 2012.

Regarding Shanghai Jiading New Site Project, should all the outstanding land premium be settled in full, the market value of the property as at 31 August 2012 would be RMB290 million.

Regarding Suzhou G84 Site Project, should all the outstanding land premium be settled in full, the market value of the property as at 31 August 2012 would be RMB430 million.

Regarding Suzhou G88 Site Project, should all the outstanding land premium be settled in full, the market value of the property as at 31 August 2012 would be RMB195 million.

Regarding Tianjin Binhai Site Project, should all the outstanding land premium be settled in full, the market value of the property as at 31 August 2012 would be RMB91 million.

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 documents are available. If more than one document is available, such information is based on the most recent document available.

The aggregate GFA of a project includes saleable and non-saleable GFA, as well as rentable 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 which is not for sale and largely includes ancillary facilities and amenities such as clubhouses. "Rentable GFA" refers to GFA that is not for sale and is available for rental purposes.

The figures for aggregate GFA, total GFA, saleable GFA and rentable GFA that appear in this prospectus are based on figures provided in the relevant governmental documents, such as the property ownership certificate, the construction work planning permit, the pre-sale permit, the construction land planning permit or the land use rights certificate. The categories of information contained in this prospectus are based on our internal records. The following are estimates only: (a) figures for GFA under development, GFA for future development, GFA sold, GFA pre-sold and non-saleable GFA; and (b) information regarding total cost of development (including land costs, construction costs and capitalised finance costs), planned construction period, number of units, number of units pre-sold and selling price. The information setting out the construction period for completed blocks or phases of our projects in this prospectus is based on the relevant governmental documents or our own internal records.

A property is considered sold when the sale and purchase agreement with a customer has been executed and the property has been delivered to the customer. A property is considered pre-sold when the sale and purchase agreement has been executed but the property has not yet been delivered to the relevant customer.

Development costs are direct costs relating to the relevant project which include land costs, construction costs and capitalised interest costs.

Development costs for completed properties refer to costs relating to the remaining unsold portion.

Development costs for properties under development or held for future development refer to costs relating to the entire project.

Group's effective equity interest in the project refers to the Group's effective equity interest in the project as at the Latest Practicable Date.

BUSINESS

The table below is a summary of our land bank for property projects as at 31 August 2012 by city and region.

By city and region

	Completed	Under Development	Future Development	Total Land Bank	% of Total Land Bank
	Saleable / Rentable GFA				
	Remaining Unsold	GFA Under Development	Planned GFA ^(Note)	Total GFA	
	<i>(sq.m.)</i>	<i>(sq.m.)</i>	<i>(sq.m.)</i>	<i>(sq.m.)</i>	<i>(%)</i>
Shanghai	46,701	992,157	319,699	1,358,557	22.1
Suzhou	3,215	293,692	465,405	762,312	12.4
Hefei	3,963	267,111	287,576	558,650	9.0
Zhenjiang	—	163,195	—	163,195	2.6
Jiaxing	136,664	—	—	136,664	2.2
The Yangtze River Delta Region: Sub-total	190,543	1,716,155	1,072,680	2,979,378	48.3
Beijing	24,683	171,763	289,809	486,255	7.9
Langfang	14,115	354,948	—	369,063	6.0
Tangshan	—	—	379,770	379,770	6.2
Tianjin	—	123,773	621,825	745,598	12.1
The Bohai Economic Rim: Sub-total	38,798	650,484	1,291,404	1,980,686	32.2
Chongqing	42,506	372,460	244,212	659,178	10.7
Changsha	5,544	527,316	—	532,860	8.7
The Central Western Region: Sub-total	48,050	899,776	244,212	1,192,038	19.4
Others - Fuzhou	3,678	—	—	3,678	0.1
TOTAL	281,069	3,266,415	2,608,296	6,155,780	100.0

Note: The planned GFA includes (i) planned GFA of approximately 101,665 sq.m. of Shanghai Jiading New Site Project for which we have entered into land grant contract in September 2012, (ii) planned GFA of approximately 184,640 sq.m. of Suzhou G84 Site Project and Suzhou G88 Site Project for which we received successful land tender auction confirmations in October 2012, and (iii) planned GFA of approximately 163,104 sq.m. of Tianjin CIFI Century Waterside for which we have acquired 51% equity interest in Tianjin Shijixing in October 2012.

BUSINESS

The table below is a summary of our land bank for property projects as at 31 August 2012 by type of property project.

By type of property project

	Completed	Under Development	Future Development	Total Land Bank	% of Total Land Bank
Saleable / Rentable GFA	Remaining Unsold	GFA Under Development	Planned GFA^(Note)	Total GFA	
	<i>(sq.m.)</i>	<i>(sq.m.)</i>	<i>(sq.m.)</i>	<i>(sq.m.)</i>	<i>(%)</i>
Residential	56,801	2,345,642	1,696,503	4,098,946	66.6
Office/Commercial-for-sale	38,338	302,667	553,297	894,302	14.5
Commercial properties held or intended to be held for rental	87,400	45,415	39,713	172,528	2.8
Ancillary hotel	—	5,392	76,039	81,431	1.3
Carpark	94,852	420,435	216,506	731,793	11.9
Others	3,678	146,864	26,238	176,780	2.9
TOTAL	<u>281,069</u>	<u>3,266,415</u>	<u>2,608,296</u>	<u>6,155,780</u>	<u>100.0</u>

Note: The planned GFA includes (i) planned GFA of approximately 101,665 sq.m. of Shanghai Jiading New Site Project for which we have entered into land grant contract in September 2012, (ii) planned GFA of approximately 184,640 sq.m. of Suzhou G84 Site Project and Suzhou G88 Site Project for which we received successful land tender auction confirmations in October 2012, and (iii) planned GFA of approximately 163,104 sq.m. of Tianjin CIFI Century Waterside for which we have acquired 51% equity interest in Tianjin Shijixing in October 2012.

Please refer to the section headed “Business — Overview of Our Property Developments” in this prospectus for further details of our property development projects.

BUSINESS

DESCRIPTION OF OUR PROPERTY PROJECTS

The Yangtze River Delta Region

1. Shanghai

Shanghai CIFI Rose Bay (上海 旭輝•玫瑰灣)



Shanghai CIFI Rose Bay is a residential property project located in the Qingpu district (青浦區), Shanghai.

Shanghai CIFI Rose Bay is located on Qinghewan Road (清河灣路). The developer of the project is Shanghai Xubo. In July 2010, Shanghai Xubo entered into the land grant contract relating to the project at a consideration of approximately RMB726 million. As at 31 August 2012, the land premium had been fully paid for the project.

The project will occupy a total site area of approximately 73,228 sq.m. with an aggregate GFA of approximately 172,365 sq.m. It is expected to comprise low-rise garden apartments (花園洋房), mid-rise apartments (小高層住宅), retail outlets and car parking spaces, with an aggregate saleable GFA of approximately 150,465 sq.m. The residential units and retail and commercial arcade, as well as car parking spaces, are primarily intended for sale.

As at 31 August 2012, we had pre-sold approximately 99,882 sq.m. of residential units and retail and commercial arcade and still held unsold residential units with an aggregate saleable GFA of approximately 30,178 sq.m., retail and commercial arcade with an aggregate saleable GFA of approximately 504 sq.m., and car parking spaces with an aggregate saleable GFA of approximately 19,901 sq.m.

BUSINESS

The following table sets out the development status as at 31 August 2012:

Commencement of construction	First quarter of 2011
Estimated completion date	Fourth quarter of 2012
Date of pre-sale permit(s)	June - September 2011
	June 2012
Saleable/rentable GFA under the pre-sale permit(s) (sq.m.)	126,341
Development costs incurred (RMB million)	1,288
Estimated future development costs to completion (RMB million)	132

Shanghai CIFI Private Mansion (上海 旭輝•百合宮館)



Shanghai CIFI Private Mansion is located adjacent to Shanghai CIFI Rose Bay. The developer of the project is Shanghai Xutai. In November 2010, Shanghai Xutai entered into the land grant contract relating to the project at a consideration of approximately RMB457 million. As at 31 August 2012, the land premium had been fully paid for the project.

The project will occupy a total site area of approximately 39,993 sq.m. with an aggregate GFA of approximately 73,341 sq.m. It is expected to comprise townhouses (聯排住宅), mid-rise apartments (小高層住宅) and car parking spaces, with an aggregate saleable GFA of approximately 61,882 sq.m. The residential units and car parking spaces are primarily intended for sale.

As at 31 August 2012, we had pre-sold approximately 9,838 sq.m. of residential units and still held unsold residential units with an aggregate saleable GFA of approximately 45,727 sq.m. and car parking spaces with an aggregate saleable GFA of approximately 6,317 sq.m.

BUSINESS

The following table sets out the development status as at 31 August 2012:

Commencement of construction	Third quarter of 2011
Estimated completion date	Fourth quarter of 2013
Date of pre-sale permit(s)	December 2011, June 2012
Saleable/rentable GFA under the pre-sale permit(s) (sq.m.)	54,017
Development costs incurred (RMB million)	675
Estimated future development costs to completion (RMB million)	216

Shanghai CIFI Comfortable Joyous Bay (上海 旭輝•瀾悅灣)



Shanghai CIFI Comfortable Joyous Bay is a residential property project located in Luoqing Town (羅涇鎮) of Baoshan district (寶山區), Shanghai. The developer of the project is Shanghai Xuming. In January 2011, Shanghai Xuming entered into the land grant contract relating to the project at a consideration of approximately RMB325 million. As at 31 August 2012, the land premium had been fully paid for the project.

The project will occupy a total site area of approximately 64,369 sq.m. with an aggregate GFA of approximately 136,376 sq.m. It is expected to comprise mid-rise apartments (小高層住宅), low-rise garden apartments (花園洋房), street-level retail outlets and car parking spaces, with an aggregate saleable GFA of approximately 134,816 sq.m. The residential units and street-level retail outlets, as well as car parking spaces, are primarily intended for sale.

As at 31 August 2012, we had pre-sold approximately 96,790 sq.m. of residential units and retail outlets and still held unsold residential units with an aggregate saleable GFA of approximately 18,027 sq.m., street-level retail outlets with an aggregate saleable GFA of approximately 1,521 sq.m., and car parking spaces with an aggregate saleable GFA of approximately 18,478 sq.m.

BUSINESS

The following table sets out the development status as at 31 August 2012:

Commencement of construction	Third quarter of 2011
Estimated completion date	First quarter of 2013
Date of pre-sale permit(s)	November 2011, February - April 2012
Saleable/rentable GFA under the pre-sale permit(s) (sq.m.)	106,928
Development costs incurred (RMB million)	631
Estimated future development costs to completion (RMB million)	162

Shanghai CIFI Pleasant Garden (上海 旭輝•朗悦庭)



Shanghai CIFI Pleasant Garden is a residential property project located in Liantang Town (練塘鎮) of Qingpu district (青浦區), Shanghai. The developer of the project is Shanghai Xuyu. In January 2011, Shanghai Xuyu entered into the land grant contract relating to the project at a consideration of approximately RMB178 million. As at 31 August 2012, the land premium had been fully paid for the project.

The project will occupy a total site area of approximately 36,499 sq.m. with an aggregate GFA of approximately 73,629 sq.m. It is expected to comprise mid-rise apartments (小高層住宅), low-rise garden apartments (花園洋房), street-level retail outlets and car parking spaces, with an aggregate saleable GFA of approximately 72,543 sq.m. The residential units and street-level retail outlets, as well as car parking spaces, are primarily intended for sale.

As at 31 August 2012, we had pre-sold approximately 3,453 sq.m. of residential units and retail outlets and still held unsold residential units with an aggregate saleable GFA of approximately 63,063 sq.m., street-level retail outlets with an aggregate saleable GFA of approximately 1,450 sq.m., and car parking spaces with an aggregate saleable GFA of approximately 4,577 sq.m.

BUSINESS

The following table sets out the development status as at 31 August 2012:

Commencement of construction	Third quarter of 2011
Estimated completion date	Second quarter of 2013
Date of pre-sale permit(s)	December 2011
Saleable/rentable GFA under the pre-sale permit(s) (sq.m.)	33,106
Development costs incurred (RMB million)	310
Estimated future development costs to completion (RMB million)	141

Shanghai CIFI Luxury Courtyard (上海 旭輝•華庭)

Shanghai CIFI Luxury Courtyard is a residential and commercial property project located north of Gaotai Road (高臺路) and near Yungu Road (雲谷路) in Jiading New Town (嘉定新城), Shanghai. The developer of the project is Shanghai Xuqiang. In October 2011, Shanghai Xuqiang entered into the land grant contract relating to the project at a consideration of approximately RMB274 million. As at 31 August 2012, the land premium had been fully paid for the project.

The project will occupy a total site area of approximately 26,396 sq.m. with an aggregate GFA of approximately 66,007 sq.m. It is expected to comprise mid-rise apartments (小高層住宅), office buildings (辦公樓), a retail and commercial arcade (零售商業中心) and car parking spaces, with an aggregate saleable GFA of approximately 63,387 sq.m. The residential and office units, as well as retail outlets and car parking spaces, are primarily intended for sale.

The following table sets out the development status as at 31 August 2012:

Commencement of construction	Third quarter of 2012
Estimated completion date	Fourth quarter of 2013
Date of pre-sale permit(s)	N/A
Saleable/rentable GFA under the pre-sale permit(s) (sq.m.)	N/A
Development costs incurred (RMB million)	306
Estimated future development costs to completion (RMB million)	264

Shanghai Baoshan District Panjing Road Project (上海寶山區潘涇路項目)

Shanghai Baoshan District Panjing Road Project is a residential and commercial property project located on Panjing Road (潘涇路) in Baoshan district (寶山區), Shanghai, near Shanghai CIFI Comfortable Joyous Bay. The developer of the project is Shanghai Xutong. In July 2012, Beijing Xuhui Xingsheng entered into the land grant contract relating to the project at a consideration of approximately RMB520 million. In August 2012, the grantee of the land grant contract relating to the project has been changed to Shanghai Xutong. As at the Latest Practicable Date, the land premium had been fully paid for the project.

BUSINESS

The project will occupy a total site area of approximately 99,067 sq.m. with an aggregate planned aboveground GFA of approximately 178,321 sq.m. It is expected to comprise mainly residential apartments, which are primarily intended for sale.

The following table sets out the development status as at 31 August 2012:

Estimated commencement of construction	First quarter of 2013
Estimated completion date	First quarter of 2015
Date of pre-sale permit(s)	N/A
Saleable/rentable GFA under the pre-sale permit(s) (sq.m.)	N/A
Development costs incurred (RMB million)	416
Estimated future development costs to completion (RMB million)	991

Shanghai Jiading New Site Project (上海嘉定新地塊項目)

Shanghai Jiading New Site Project is a residential property project located in Jiading district (嘉定區), Shanghai. In September 2012, CIFI (PRC) entered into the land grant contract relating to the project at a consideration of approximately RMB283 million. As at the Latest Practicable Date, the Group paid portion of land premium of approximately RMB141 million and the outstanding land premium was approximately RMB142 million for the project.

The project will occupy a total site area of approximately 37,612 sq.m. with an aggregate GFA of approximately 101,665 sq.m., which comprises an aggregate planned aboveground GFA of approximately 80,721 sq.m. It is expected to comprise mainly residential apartments, which are primarily intended for sale.

The following table sets out the development status as at the Latest Practicable Date:

Estimated commencement of construction	Second quarter of 2013
Estimated completion date	First quarter of 2015
Date of pre-sale permit(s)	N/A
Saleable/rentable GFA under the pre-sale permit(s) (sq.m.)	N/A
Development costs incurred (RMB million)	141
Estimated future development costs to completion (RMB million)	678

BUSINESS

Shanghai CIFI Hongqiao International (上海 旭輝•虹橋國際)



Shanghai CIFI Hongqiao International is an office and commercial property project located on Tongxie Road (通協路) and near Xiehe Road (協和路) in the Hongqiao Linkong Economic Zone (虹橋臨空經濟園區) in Changning district (長寧區), Shanghai. The project is conveniently located near the Shanghai Hongqiao Airport (上海虹橋機場) and the Shanghai Hongqiao Transportation Hub (上海虹橋交通樞紐). The developer of the project is Shanghai Xuchuang. Shanghai Xuchuang completed the construction of the project in the fourth quarter of 2011.

The project occupies a total site area of approximately 22,917 sq.m. with an aggregate GFA of approximately 59,508 sq.m. The project consists of office buildings (辦公樓), a retail and commercial arcade (零售商業中心) and car parking spaces. We use part of the premise, with an aggregate GFA of approximately 6,687 sq.m. as our headquarters.

As at 31 August 2012, we still held unsold office units and retail and commercial arcade with an aggregate saleable GFA of approximately 11,456 sq.m. and car parking spaces with an aggregate saleable GFA of approximately 12,905 sq.m.

Shanghai CIFI Pujiang International (上海 旭輝•浦江國際)

Shanghai CIFI Pujiang International is an office and commercial property project located in Pujiang Town (浦江鎮) of Minhang district (閔行區), Shanghai. The developer of the project is Shanghai Xubang. In June 2011, Shanghai Xubang entered into the land grant contract relating to the project at a consideration of approximately RMB505 million. As at 31 August 2012, the land premium had been fully paid for the project.

BUSINESS

The project will occupy a total site area of approximately 72,352 sq.m. with an aggregate GFA of approximately 188,430 sq.m. It is expected to comprise office buildings (辦公樓), a retail and commercial arcade (零售商業中心) and car parking spaces, with an aggregate saleable and rentable GFA of approximately 186,930 sq.m. The office units and retail outlets, as well as car parking spaces, are primarily intended for sale.

The following table sets out the development status as at 31 August 2012:

Commencement of construction	Third quarter of 2012
Estimated completion date	First quarter of 2014
Date of pre-sale permit(s)	N/A
Saleable/rentable GFA under the pre-sale permit(s) (sq.m.)	N/A
Development costs incurred (RMB million)	696
Estimated future development costs to completion (RMB million)	663

Shanghai CIFI Yangpu Commercial Square (上海 旭輝•楊浦商業廣場)

Shanghai CIFI Yangpu Commercial Square is an office and commercial property project located on Kongjiang Road (控江路) in Yangpu district (楊浦區), Shanghai. The project is being jointly developed by our Group and 上海祝源企業發展有限公司 (Shanghai Zhuyuan Enterprises Development Co., Ltd*) (“**Shanghai Zhuyuan**”) through Shanghai Haiji, a non-wholly owned subsidiary of CIFI (PRC) with its equity interest owned by CIFI (PRC) and Shanghai Zhuyuan as to 53.0% and 47.0%, respectively. Shanghai Zhuyuan is an Independent Third Party. In January 2010, CIFI (PRC) acquired the entire interest and debt interest in Shanghai Haiji from an Independent Third Party and disposed 47.0% interest in Shanghai Haiji to Shanghai Zhuyuan in February 2010. As at 31 August 2012, the land premium had been fully paid for the project.

The project will occupy a total site area of approximately 18,292 sq.m. with an aggregate GFA of approximately 65,954 sq.m. It is expected to comprise office buildings (辦公樓), a retail and commercial arcade (零售商業中心) and car parking spaces, with an aggregate saleable and rentable GFA of approximately 65,145 sq.m. The office units are primarily intended for sale, while the retail and commercial arcade and the car parking spaces with an aggregate rentable GFA of approximately 45,415 sq.m. will be retained by our Group for investment purpose.

The following table sets out the development status as at 31 August 2012:

Commencement of construction	Second quarter of 2011
Estimated completion date	Second quarter of 2014
Date of pre-sale permit(s)	N/A
Saleable/rentable GFA under the pre-sale permit(s) (sq.m.)	N/A
Development costs incurred (RMB million)	548
Estimated future development costs to completion (RMB million)	389

BUSINESS

Shanghai CIFI Century Square (上海 旭輝•世紀廣場)



Shanghai CIFI Century Square is an office property project located on Danba Road (丹巴路) in Changfeng Commercial Area (長風商務區) in Putuo district (普陀區), Shanghai. The developer of the project is Shanghai Xufeng. Shanghai Xufeng completed the construction of the project in the fourth quarter of 2008.

The project occupies a total site area of approximately 45,781 sq.m. with an aggregate GFA of approximately 130,469 sq.m. The project consists of office buildings (辦公樓), street-level retail outlets and car parking spaces. As at 31 August 2012, we had sold all the retail outlets and still held unsold office units with an aggregate saleable GFA of approximately 6,995 sq.m. and car parking spaces with an aggregate saleable GFA of approximately 7,910 sq.m. We used the unsold office portion of the project as our headquarters upon its completion. As at 31 August 2012, we moved our headquarters to Shanghai CIFI Hongqiao International and we intend to sell the remaining unsold portion of the project.

Shanghai Jiading New Town Yumin Road Project (上海嘉定新城裕民路項目)

Shanghai Jiading New Town Yumin Road Project is a commercial property project located north of Gaotai Road (高臺路) and near Yumin Road (裕民路) in Jiading New Town (嘉定新城), Shanghai. The developer of the project is Shanghai Xujia. In July 2011, Shanghai Xujia entered into the land grant contract relating to the project at a consideration of approximately RMB103 million. As at 31 August 2012, the land premium had been fully paid for the project.

BUSINESS

The project will occupy a total site area of approximately 19,857 sq.m. with an aggregate GFA of approximately 39,713 sq.m. It is expected to comprise a retail and commercial arcade (零售商業中心). The project will be retained by our Group for investment purpose.

The following table sets out the development status as at 31 August 2012:

Estimated commencement of construction	Fourth quarter of 2012
Estimated completion date	Fourth quarter of 2014
Date of pre-sale permit(s)	N/A
Saleable/rentable GFA under the pre-sale permit(s) (sq.m.)	N/A
Development costs incurred (RMB million)	106
Estimated future development costs to completion (RMB million)	306

Shanghai CIFI La Baie D'Evian (上海 旭輝•依雲灣)



Shanghai CIFI La Baie D'Evian is a residential property project located on Gubei Road (顧北路) in Baoshan district (寶山區), Shanghai. The developer of the project is Shanghai Xinbo. CIFI (PRC) and Shanghai Xufeng acquired 100% equity interest in Shanghai Xinbo through various transactions between 2006 and 2008. As at 31 August 2012, the land premium had been fully paid for the project.

The project will occupy a total site area of approximately 189,802 sq.m. and is divided into two portions:

Completed portion

The completed portion of the project consists of mid-rise apartments (小高層住宅), townhouses (聯排住宅) and car parking spaces. This portion was completed in the fourth quarter of 2010 and fourth quarter of 2011. As at 31 August 2012, we still held unsold townhouses (聯排住宅) with an aggregate saleable GFA of approximately 429 sq.m. and car parking spaces with an aggregate saleable GFA of approximately 1,803 sq.m.

BUSINESS

Under development

A portion of the site of this project is subject to resettlement of original residents. Our PRC Legal Advisers have advised us that we are not responsible for the demolition and resettlement under PRC laws and regulations and the related contracts for the acquisition of the land, and that the seller of the land is responsible for the demolition and resettlement. Our PRC Legal Advisers have also advised us that we are not liable to pay additional demolition and resettlement costs under PRC laws and regulations and the related contracts for the acquisition of the land. As at the Latest Practicable Date, the demolition and resettlement of the project had not been completed. To our best knowledge and based on the latest progress, we estimate the demolition and resettlement be completed in around the first half of 2013. Upon completion of the resettlement, this portion will be developed into townhouses (聯排住宅) with an aggregate saleable GFA of approximately 17,800 sq.m. The townhouses (聯排住宅) are primarily intended for sale.

The following table sets out the development status as at 31 August 2012:

Commencement of construction (under development)	Second quarter of 2009
Estimated completion date (under development)	Second quarter of 2014
Date of pre-sale permit(s) (under development)	N/A
Saleable/rentable GFA under the pre-sale permit(s) (sq.m.) (under development)	N/A
Development costs incurred (RMB million) (under development)	83
Estimated future development costs to completion (RMB million) (under development)	45

Shanghai CIFI Jiangwan Mansion (上海 旭輝•江灣墅)



Shanghai CIFI Jiangwan Mansion is a residential property project located on Xin Jiang Wan Cheng Road (新江灣城街道) in the Wujiaochang Town of Yangpu district (楊浦區五角場鎮), Shanghai. The project is being jointly developed by our Group and 上海匯融投資控股有限公司 (Shanghai Huirong Investment Holding Co., Ltd*) (“**Shanghai Huirong**”) through Shanghai Tongshuo, a non-wholly owned subsidiary of CIFI (PRC) with its equity interest owned by CIFI (PRC)

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and Shanghai Huirong as to 75.5% and 24.5%, respectively. Shanghai Huirong is an Independent Third Party. In May 2007, CIFI (PRC) acquired the said 75.5% equity interest in Shanghai Tongshuo from an Independent Third Party. As at 31 August 2012, the land premium had been fully paid for the project.

A portion of the site intended for townhouses construction is subject to resettlement of original residents. Our PRC Legal Advisers have advised us that we are not responsible for the demolition and resettlement under PRC laws and regulations and the related contracts for the acquisition of the land, and that the seller of the land is responsible for the demolition and resettlement. Our PRC Legal Advisers have also advised us that we are not liable to pay additional demolition and resettlement costs under PRC laws and regulations and the related contracts for the acquisition of the land. As at the Latest Practicable Date, the demolition and resettlement of the project had not been completed. To our best knowledge and based on the latest progress, we estimate the demolition and resettlement be completed in around the first half of 2013.

The project will occupy a total site area of approximately 26,000 sq.m. with an aggregate GFA of approximately 42,188 sq.m. It is expected to comprise low-rise garden apartments (花園洋房), townhouses (聯排住宅) and car parking spaces, with an aggregate saleable GFA of approximately 42,176 sq.m. The residential units and car parking spaces are primarily intended for sale.

The following table sets out the development status as at 31 August 2012:

Commencement of construction	First quarter of 2011
Estimated completion date (low-rise garden apartments)	Second quarter of 2013
Estimated completion date (townhouses)	Second quarter of 2014
Date of pre-sale permit(s)	N/A ^(Note)
Saleable/rentable GFA under the pre-sale permit(s) (sq.m.)	N/A
Development costs incurred (RMB million)	359
Estimated future development costs to completion (RMB million)	114

Note:

“N/A” — indicates that the property project has not applied for or obtained pre-sale permit(s).

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Shanghai CIFI Pebble Beach (上海 旭輝•圓石灘)



Shanghai CIFI Pebble Beach is a residential property project located on Haima Road (海馬路) in the Haiwan Tourist Area (海灣旅遊區) of Fengxian district (奉賢區), Shanghai. The developer of the project is Shanghai Xupu. In October 2009, Shanghai Xupu acquired the project in the form of construction-in-progress (在建工程) from the original project owner at a consideration of approximately RMB290 million. As at 31 August 2012, the consideration has been fully paid for the project.

The project will occupy a total site area of approximately 145,473 sq.m. with an aggregate GFA of approximately 149,330 sq.m. It is expected to comprise courtyard townhouses (合院式住宅), an ancillary hotel (配套酒店) and a clubhouse, with an aggregate saleable and rentable GFA of approximately 85,033 sq.m. The residential units are primarily intended for sale, while the ancillary hotel and the clubhouse with an aggregate GFA of approximately 14,423 sq.m. will be retained by our Group. We intend to lease the ancillary hotel properties to an independent hotel operator.

As at 31 August 2012, we had pre-sold courtyard townhouses with an aggregate GFA of approximately 1,408 sq.m. and still held unsold courtyard townhouses, ancillary hotel and clubhouse with an aggregate saleable and rentable GFA of approximately 83,625 sq.m.

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The following table sets out the development status as at 31 August 2012:

Commencement of construction	First quarter of 2011
Estimated completion date	First quarter of 2013
Date of pre-sale permit(s)	May 2011
Saleable/rentable GFA under the pre-sale permit(s) (sq.m.)	45,806
Development costs incurred (RMB million)	805
Estimated future development costs to completion (RMB million)	212

Shanghai CIFI Ronchamp Town (上海 旭輝•朗香郡)



Shanghai CIFI Ronchamp Town is a residential property project located on Huaji Road (華濟路) and near Longwu Road (龍吳路) in the Binjiang area of Xuhui district (徐匯區濱江區域), Shanghai. The developer of the project is Shanghai Xuhui. Shanghai Xuhui completed the construction of the project in the fourth quarter of 2011.

The project occupies a total site area of approximately 14,490 sq.m. with an aggregate GFA of approximately 26,521 sq.m. The project consists of low-rise garden apartments (花園洋房) and car parking spaces. As at 31 August 2012, we still held unsold residential units with an aggregate saleable GFA of approximately 409 sq.m. and unsold car parking spaces with an aggregate saleable GFA of approximately 4,794 sq.m.

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Shanghai CIFI New Dream (上海 旭輝•新構想)



Shanghai CIFI New Dream is a residential property project located on Juye Road (巨野路) and near Miaopu Road (苗圃路) in Pudong New Area (浦東新區), Shanghai. The developer of the project is Shanghai Xinchun. Shanghai Xinchun completed the construction of the project in the fourth quarter of 2007.

The project occupies a total site area of approximately 33,068 sq.m. with an aggregate GFA of approximately 75,039 sq.m. The project consists of high-rise apartments (高層住宅), street-level retail outlets and car parking spaces. As at 31 August 2012, we had sold all the residential units, street-level retail outlets and car parking spaces.

2. Suzhou

Suzhou CIFI Canal County (蘇州 旭輝•上河郡)



Suzhou CIFI Canal County is a residential property project located south of Xingxian Road (興賢路) and east of Wenchang Road (文昌路) in Gaoxin district (高新區), Suzhou. The developer of the project is Suzhou Xuhui High-Tech. In December 2009, Suzhou Xuhui High-Tech entered into the land grant contract relating to the project at a consideration of approximately RMB630 million. As at 31 August 2012, the land premium had been fully paid for the project.

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The project will occupy a total site area of approximately 176,897 sq.m. with an aggregate GFA of approximately 319,361 sq.m. It is expected to comprise mid-rise apartments (小高層住宅), townhouses (聯排住宅), serviced apartments, street-level retail outlets and car parking spaces, with an aggregate saleable GFA of approximately 310,953 sq.m. The residential units and street-level retail outlets, as well as the serviced apartments and car parking spaces, are primarily intended for sale.

Suzhou Xuhui High-Tech completed the townhouses construction in the second quarter of 2012. As at 31 August 2012, we still held unsold townhouses units with an aggregate GFA of approximately 2,222 sq.m.

As at 31 August 2012, we had pre-sold approximately 115,268 sq.m. of residential units, serviced apartments and street-level retail outlets. We still held unsold residential units with an aggregate saleable GFA of approximately 45,242 sq.m., street-level retail outlets and serviced apartments with an aggregate saleable GFA of approximately 25,882 sq.m., and car parking spaces with an aggregate saleable GFA of approximately 31,737 sq.m.

The following table sets out the development status as at 31 August 2012:

Commencement of construction	Fourth quarter of 2010
Estimated completion date (Mid-rise apartments)	Fourth quarter of 2012
Date of pre-sale permit(s)	November - December 2010, April - December 2011, April 2012
Saleable/rentable GFA under the pre-sale permit(s) (sq.m.)	238,443
Development costs incurred (RMB million)	802
Estimated future development costs to completion (RMB million)	221

Suzhou CIFI Ronchamp Town (蘇州 旭輝•朗香郡)



Suzhou CIFI Ronchamp Town is a residential property project located north of Daxinhe Road (大新河路) and east of Xinyu Road (星宇路) in Gaoxin district (高新區), Suzhou. The developer of the project is Suzhou Xuhui Xingteng. In December 2009, Suzhou Xuhui Xingteng entered into the land grant contract relating to the project at a consideration of approximately RMB224 million. As at 31 August 2012, the land premium had been fully paid for the project.

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The project will occupy a total site area of approximately 56,984 sq.m. with an aggregate GFA of approximately 113,764 sq.m. It is expected to comprise mid-rise apartments (小高層住宅), low-rise garden apartments (花園洋房) and car parking spaces, with an aggregate saleable GFA of approximately 112,214 sq.m. The residential units and car parking spaces are primarily intended for sale.

Suzhou Xuhui Xingteng completed part of the low-rise garden apartments construction in the third quarter of 2012. As at 31 August 2012, we still held unsold low-rise garden apartments with an aggregate GFA of approximately 671 sq.m.

As at 31 August 2012, we had pre-sold approximately 15,076 sq.m. of residential units. We still held unsold residential units with an aggregate saleable GFA of approximately 31,113 sq.m. and car parking spaces with an aggregate saleable GFA of approximately 19,416 sq.m.

The following table sets out the development status as at 31 August 2012:

Commencement of construction	Fourth quarter of 2010
Estimated completion date	Fourth quarter of 2012
Date of pre-sale permit(s)	November 2010, June 2011
Saleable/rentable GFA under the pre-sale permit(s) (sq.m.)	65,193
Development costs incurred (RMB million)	364
Estimated future development costs to completion (RMB million)	280

Suzhou CIFI California Bay (蘇州 旭輝•芭堤蘭灣)



Suzhou CIFI California Bay is a residential property project located on Qingjian Road (青劍路) in Industrial Park district (工業園區), Suzhou. The developer of the project is Suzhou Xuhui. Suzhou Xuhui completed the construction of the project in the second quarter of 2010.

The project occupies a total site area of approximately 82,300 sq.m. with an aggregate GFA of approximately 64,243 sq.m. The project consists of townhouses (聯排住宅). As at 31 August 2012, we still held unsold residential units with an aggregate saleable GFA of approximately 322 sq.m.

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Suzhou CIFI Luxury Courtyard (蘇州 旭輝•華庭)

(a) *Development description*

Suzhou CIFI Luxury Courtyard is a residential property project located at China National Highway 312 East, Guanshan River South, Gaoxin district, Hushuguan Developing Zone (蘇州高新區澱墅關開發區觀山河南、312國道東), Suzhou. In December 2011, Xu Ming HK entered into a land grant contract relating to acquisition of the site for development of Suzhou CIFI Luxury Courtyard, details of which are set out in the paragraph headed “Suzhou Xu Ming Arrangement” below.

The project will occupy a total site area of approximately 110,194 sq.m. with an aggregate GFA of approximately 280,765 sq.m. It is expected to comprise high-rise apartments (高層住宅), a clubhouse and car parking spaces. The residential units and car parking spaces are primarily intended for sale.

The following table sets out the development status as at 31 August 2012:

Estimated commencement of construction	Fourth quarter of 2012
Estimated completion date	Fourth quarter of 2014
Date of pre-sale permit(s)	N/A
Saleable/rentable GFA under the pre-sale permit(s) (sq.m.)	N/A
Development costs incurred (RMB million)	528
Estimated future development costs to completion (RMB million)	835

(b) *Suzhou Xu Ming Arrangement*

On 21 December 2011, Xu Ming HK as assignee and Suzhou Land Resources Administration Bureau (蘇州市國土資源局) (the “**Suzhou Land Bureau**”) as assignor entered into a land grant contract (the “**Suzhou Land Grant Contract**”) in relation to acquisition of the site for development of Suzhou CIFI Luxury Courtyard by Xu Ming HK (through a WFOE to be established by it). The total consideration under the land grant contract is approximately RMB507 million. The said WFOE would be the project company holding and developing Suzhou CIFI Luxury Courtyard. Xu Ming HK was wholly owned by Xu Ming BVI which in turn was established by Xu Sheng, a direct wholly-owned subsidiary of our Company. Xu Ming BVI and Xu Ming HK are special-purpose investment holding companies. Through the Suzhou Xu Ming Arrangement, the details of which are set out in the paragraph headed “Details of Suzhou Xu Ming Arrangement” below, the WFOE namely Suzhou Xu Ming was set up in May 2012.

Rationale of Suzhou Xu Ming Arrangement

As part of the corporate reorganisation of our Group in preparation for the Listing, our ultimate Controlling Shareholders had completed their registration for round-trip investment (返程投資登記) with the relevant SAFE authority pursuant to the Notice 75. Xu Ming HK was advised by the relevant PRC authority that the then proposed establishment of Suzhou Xu Ming indirectly held by Xu Sheng requires subsequent filing for round-trip investment (返程投資變更登記) pursuant to the Notice 75.

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The said subsequent filing is a prerequisite to foreign exchange clearance (結匯). As Suzhou Xu Ming is a WFOE, any contribution of registered capital by Xu Ming HK in Suzhou Xu Ming must be remitted in foreign currency instead of RMB as required by the relevant authorities. Only after the foreign exchange clearance procedures are completed, the money remitted as registered capital in foreign currency (US dollar in current case) could then be converted into RMB to pay land premium. Based on the prevailing PRC rules and regulations, there is no legal impediment for the Group to conduct the requisite subsequent filing. However, the land premium had to be settled by June 2012 pursuant to the Suzhou Land Grant Contract while completion of the foreign exchange clearance procedures is uncertain and is not within the control of our Group.

In order to facilitate and speed up the establishment of Suzhou Xu Ming for vesting the ownership of Suzhou CIFI Luxury Courtyard and to ensure timely payment of land premium pursuant to the Suzhou Land Grant Contract, Xu Sheng, Ample Advantage and Business Advantage entered into Suzhou Xu Ming Arrangement as stipulated below.

Details of Suzhou Xu Ming Arrangement

On 13 April 2012, Xu Sheng as vendor, Ample Advantage as purchaser and Business Advantage (being the holding company of Ample Advantage) as guarantor entered into a sale and purchase agreement in relation to the transfer of the entire issued share capital in Xu Ming BVI from Xu Sheng to Ample Advantage (the “**Xu Ming SPA**”). The consideration of the transfer was US\$1, being the net asset value of Xu Ming BVI upon the transfer. To the best knowledge of the Directors based on the information available to them, the ultimate legal and beneficial shareholder of Ample Advantage is Mr Lin Chu Chang. Mr Lin Chu Chang is also the sole director of Ample Advantage. He indirectly held approximately 1.33% interest in the Company as at the Latest Practicable Date and will have approximately 1.04% indirect interest in the Company immediately after the Capitalisation Issue and the Global Offering (assuming the Over-allotment Option is not exercised).

Pursuant to the Xu Ming SPA, Ample Advantage had undertaken to Xu Sheng that after completion of the share transfer of Xu Ming BVI which took place on 13 April 2012 (the “**Transfer Completion**”), it will procure Xu Ming HK to promptly take all necessary actions for the establishment of Suzhou Xu Ming. Suzhou Xu Ming was established in the PRC on 29 May 2012 and relevant foreign exchange clearance was completed. As at 31 August 2012, a sum in US dollar equivalent to approximately RMB507 million representing the entire land premium for Suzhou CIFI Luxury Courtyard was paid. As at the Latest Practicable Date, Suzhou Xu Ming has obtained the land use right certificate.

Xu Sheng shall buyback from Ample Advantage and Ample Advantage shall transfer back to Xu Sheng the entire equity interest in Xu Ming BVI upon a buyback notice being served by Xu Sheng on Ample Advantage at US\$1 (the “**Compulsory Buyback**”). The buyback notice has to be served by Xu Sheng before (i) the expiry of the six-month period after the Listing Date or (ii) the expiry of the two-year period after the Transfer Completion, whichever is earlier. It is the current intention of Xu Sheng to buyback the entire interest in Xu Ming BVI in the first half of 2013.

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After the Transfer Completion and up to the occurrence of the Compulsory Buyback (the “**Relevant Period**”), the board of directors of each of Xu Ming BVI and Xu Ming HK comprises a maximum of six members. Our Group has the right to nominate three directors of Xu Ming BVI and Xu Ming HK and Ample Advantage has the right to nominate the remaining three directors.

Pursuant to the Xu Ming SPA, during the Relevant Period, save with the consent of the majority members of the board of directors of Xu Ming BVI, Ample Advantage has undertaken to Xu Sheng that it will ensure that, among other things:

- none of Ample Advantage, Xu Ming BVI, Xu Ming HK and Suzhou Xu Ming shall (or agree to) enter into any contract, document, commitment or arrangement or engage in any business, operation or activities other than those related to or in connection with Suzhou CIFI Luxury Courtyard as approved by Xu Sheng;
- no action is taken by any of Ample Advantage, Xu Ming BVI, Xu Ming HK and Suzhou Xu Ming to jeopardize the interests of Xu Sheng to buyback the entire issued share capital of Xu Ming BVI pursuant to the Compulsory Buyback or which is inconsistent with the consummation of the transactions contemplated by the Compulsory Buyback;
- no disposal or transfer of the equity interest in Xu Ming BVI, Xu Ming HK and Suzhou Xu Ming shall take place nor any encumbrances shall be created in respect of the share capital of Xu Ming BVI, Xu Ming HK and Suzhou Xu Ming;
- other than the establishment of Suzhou Xu Ming, Xu Ming BVI and Xu Ming HK shall not create any subsidiary, invest in any securities of any person or otherwise acquire any interest in any other person or enter into any joint venture or partnership;
- other than the Facility (as defined below) granted by Xu Sheng, none of Xu Ming BVI, Xu Ming HK and Suzhou Xu Ming shall borrow loans or incur other indebtedness or liabilities or make or provide any guarantees, pledges, security or indemnification guarantees for any other companies;
- no cash dividend or distribution of any kind will be declared or paid by Xu Ming BVI, Xu Ming HK and Suzhou Xu Ming; and
- each of Xu Ming BVI, Xu Ming HK and Suzhou Xu Ming shall take all necessary steps to preserve and protect its respective assets.

Ample Advantage has further undertaken that during the Relevant Period, Xu Ming BVI and Xu Ming HK shall remain as investment vehicles for the sole purpose of holding the indirect interests in Suzhou CIFI Luxury Courtyard through Suzhou Xu Ming.

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To further safeguard the interest of our Group, Suzhou Xu Ming entered into an entrusted development and management agreement (the “**Entrusted Development and Management Agreement**”) with a PRC subsidiary of CIFI (PRC) designated by CIFI (PRC) (“**CIFI PRC Subsidiary**”) and Xu Ming HK on 11 June 2012 concerning the engagement of CIFI PRC Subsidiary by Suzhou Xu Ming for the day-to-day operations and management of Suzhou Xu Ming as well as development, construction and sale of the project. The term of the Entrusted Development and Management Agreement commenced from the date of its execution and will end on the date of completion of the Compulsory Buyback. CIFI PRC Subsidiary shall be solely responsible for managing the financial and operational matters of Suzhou CIFI Luxury Courtyard including its development, construction and sale. Suzhou Xu Ming covenanted to CIFI PRC Subsidiary that it shall not engage any other third party in relation to the management, development, construction and sale of Suzhou CIFI Luxury Courtyard unless with prior consent of CIFI PRC Subsidiary.

Pursuant to the Entrusted Development and Management Agreement, Suzhou Xu Ming has three directors, two of which are nominated by CIFI PRC Subsidiary and one of which is nominated by Xu Ming HK. The general manager of Suzhou Xu Ming is also be nominated by CIFI PRC Subsidiary. During the term of the Entrusted Development and Management Agreement, save for Suzhou CIFI Luxury Courtyard, Suzhou Xu Ming is restricted from carrying out other business operations. Suzhou Xu Ming is also restricted from declaring or making any distribution (including dividends) without the unanimous consent of the directors of Suzhou Xu Ming. No fee will be payable by Suzhou Xu Ming to CIFI PRC Subsidiary for the engagement but Suzhou Xu Ming will reimburse CIFI PRC Subsidiary against the costs incurred by CIFI PRC Subsidiary in connection with performance of its obligation under the Entrusted Development and Management Agreement. The Entrusted Development and Management Agreement could not be terminated prior to expiry of its term unless by mutual consent of the signing parties.

Other than the directors nominated by the Group to the board of directors of the subsidiaries of Ample Advantage (who are also the directors and senior management of the Group), no director of the subsidiaries of Ample Advantage has any past or present relationship with the Company, its subsidiaries, their directors, shareholders, senior management or any of their respective associates.

Loan granted by Xu Sheng to Xu Ming BVI

Xu Sheng has granted a loan facility of up to a sum of Hong Kong dollar equivalent to RMB560,000,000 (the “**Facility**”), being the proposed amount of registered capital of Suzhou Xu Ming, to Xu Ming BVI which could only be applied for the purpose of registered capital injection to Suzhou Xu Ming. Suzhou Xu Ming could only use the Facility for payment of the land premium for Suzhou CIFI Luxury Courtyard and certain initial development costs. The Facility shall be subject to upward adjustments in the event that any additional capital injection in Suzhou Xu Ming (the “**Additional Capital Injection**”) is demanded by the relevant PRC authority (as evidenced by valid official notice or such other supporting documents acceptable to Xu Sheng) by increasing the Facility to an amount equal to such Additional Capital Injection. Interest will be charged on the Facility on monthly basis at a percentage rate of up to 12.5% per annum which is determined with reference to the cost of Xu Sheng in obtaining the funding. The Facility is repayable upon demand by Xu Sheng. Under IFRS, the Facility and the interest are treated as intra-group transactions within the Group.

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Nature of Suzhou Xu Ming Arrangement and treatment of Xu Ming BVI, Xu Ming HK and Suzhou Xu Ming under our consolidated financial statements

The transfer of interest in Xu Ming BVI to Ample Advantage is a transitional arrangement for the purpose of facilitating the acquisition of Suzhou CIFI Luxury Courtyard. We shall buyback and Ample Advantage shall transfer back to us the entire interest in Xu Ming BVI pursuant to the Compulsory Buyback. The Group has not, since its establishment, entered into arrangement similar to the Suzhou Xu Ming Arrangement in relation to other subsidiaries. Other than Suzhou CIFI Luxury Courtyard, during the Track Record Period, we acquired lands through PRC domestic enterprises held by CIFI (PRC) and we were not subject to foreign exchange clearance requirement in respect of such acquisitions. By establishing a WFOE instead of using PRC domestic enterprises held by CIFI (PRC), our Group could apply financing or credit facilities obtained offshore by our offshore subsidiaries for land acquisition and project development in the PRC. For future land acquisitions, we intend to hold our property projects either through WFOE under our offshore subsidiaries, or through domestic subsidiaries under CIFI (PRC). For the new project acquisitions to be financed by proceeds from the Global Offering, we intend to acquire new land projects through WFOE under our offshore subsidiaries. We may or may not adopt similar arrangements as the Suzhou Xu Ming Arrangement for our future land acquisitions and property projects. As at the Latest Practicable Date, we had yet identified or committed to any acquisition targets for our use of net proceeds from the Global Offering.

To further ensure Ample Advantage, Xu Ming BVI, Xu Ming HK and Suzhou Xu Ming perform their duties contemplated under the Xu Ming SPA and the Entrusted Development and Management Agreement, Ample Advantage has undertaken to Xu Sheng that it shall indemnify Xu Sheng on full indemnity basis against all loss, damages and costs that Xu Sheng may suffer as a result of breach of undertakings and non-performance of duties by Ample Advantage, Xu Ming BVI, Xu Ming HK and Suzhou Xu Ming. Business Advantage, as holding company of Ample Advantage, has also guaranteed the performance of such duties and given full indemnity in favour of Xu Sheng. Further, Ample Advantage has guaranteed the performance of Xu Ming BVI as borrower in relation to the Facility and undertaken to Xu Sheng that if Xu Ming BVI fails to pay any amount when due and payable in connection with the Facility, it shall immediately on demand pay the amount in full.

Under the above arrangements, we retained effective control on day-to-day operations and management as well as development, construction and sale of the project. Under the transitional arrangement for the purpose of facilitating the acquisition of Suzhou CIFI Luxury Courtyard, the activities of Xu Ming BVI and its subsidiaries are being conducted on behalf of our Group according to our specific business needs as set out above so that our Group obtains benefits from their operations.

In view of the above arrangement, Xu Ming BVI and its subsidiaries should be consolidated when the substance of the relationship between our Group and Xu Ming BVI and its subsidiaries indicates that Xu Ming BVI and its subsidiaries are controlled by our Group.

Xu Ming BVI and its subsidiaries are regarded as our wholly-owned subsidiaries under IFRS as reflected in Appendix I to the prospectus. The results and assets of Suzhou CIFI Luxury Courtyard would be fully consolidated into our consolidated financial statements and Suzhou CIFI Luxury Courtyard therefore forms part of the property of our Group.

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Unlike the rights that we have as shareholders of subsidiaries which are directly held by us, the rights of Ample Advantage, as sole shareholder of Xu Ming BVI, are restricted in a way that it has no right to control the board of directors of Xu Ming BVI whereas each of our Group and Ample Advantage has right to nominate three of the directors out of six. Voting rights of Ample Advantage are further limited to the extent that no shareholder's resolution would be passed which is inconsistent with the arrangements in relation to Xu Ming BVI and its subsidiaries as agreed between Xu Sheng and Ample Advantage. Further, Ample Advantage's entitlement to distribution by Xu Ming BVI is limited in a way that no cash dividend or distribution of any kind will be declared or made by Xu Ming BVI unless with the consent of majority of its board members. Given that the results and assets of Suzhou CIFI Luxury Courtyard would be fully consolidated into our financial statements and we shall buyback the interest in Xu Ming BVI, the arrangement that no fee would be payable by Suzhou Xu Ming to CIFI PRC Subsidiary under the Entrusted Development and Management Agreement is justifiable. Up to the Latest Practicable Date, no notice has been received from any relevant authorities indicating their concern on Suzhou Xu Ming Arrangement.

Mr Lin Chu Chang is a Hong Kong permanent resident and possesses Chinese nationality. Our PRC Legal Advisers opined that Hong Kong permanent resident making investment in the PRC is deemed as foreigner under relevant PRC laws and regulations in spite of the Chinese nationality. Further, under the Suzhou Xu Ming Arrangement, Mr Lin Chu Chang indirectly established a new WFOE through offshore vehicle but he had never held any interest in PRC domestic enterprise and subsequently acquired such enterprise through offshore vehicle owned by him. As such, Mr Lin Chu Chang is not regarded as PRC domestic resident natural person (境内居民自然人) under the Notice 75, nor SAFE filings with respect to round-trip investment pursuant to the Notice 75 is necessary.

Our PRC Legal Advisers opined that the transactions under the Xu Ming SPA do not contravene any prevailing PRC laws and regulations governing round-trip investment activities of PRC residents nor constitute a circumvention of any prevailing PRC laws and regulations including the Notice 75 and would not be challenged by relevant authorities. The PRC Legal Advisers further advised that the Entrusted Development and Management Agreement is legal, valid and enforceable in the PRC.

The BVI legal adviser engaged by the Company in respect of the Suzhou Xu Ming Arrangement advised that the execution of and the performance of the respective obligations by Xu Sheng as vendor and Ample Advantage as purchaser under the Xu Ming SPA do not result in a breach of any law or regulation applicable to Xu Sheng and Ample Advantage in the BVI and the Xu Ming SPA and the Facility granted by Xu Sheng to Xu Ming BVI constitute legal, valid and binding obligations of Xu Sheng and Ample Advantage enforceable in the BVI in accordance with their respective terms.

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Suzhou G84 Site Project (蘇州 G84 地塊項目)

Suzhou G84 Site Project is a residential property project located at south of Mayuan Road (馬運路) and east of Changjiang Road (長江路), Fengqiao Street (楓橋街道), Gaoxin district (高新區), Suzhou. In October 2012, CIFI (PRC) successfully won the right to acquire at auction the land parcels relating to the project at a consideration of approximately RMB430 million. As at the Latest Practicable Date, the Group had paid approximately RMB85.8 million as deposit for bidding the land use rights (such deposit will be treated as part of the land premium upon signing of the relevant land grant contract).

The project will occupy a total site of approximately 42,852 sq.m. with an aggregate planned aboveground GFA of approximately 94,274 sq.m. It is expected to comprise mainly residential apartments, which are primarily intended for sale.

The following table sets out the development status as at the Latest Practicable Date:

Estimated commencement of construction	Second quarter of 2013
Estimated completion date	Fourth quarter of 2015
Date of pre-sale permit(s)	N/A
Saleable/rentable GFA under the pre-sale permit(s) (sq.m.)	N/A
Development costs incurred (RMB million)	86
Estimated future development costs to completion (RMB million)	561

Suzhou G88 Site Project (蘇州 G88 地塊項目)

Suzhou G88 Site Project is a residential property project located at east of Xingfeng Road (星豐路) and north of Daxinhe Luhuede (大新河綠化地), Hushuguan (澁墅關), Gaoxin district (高新區), Suzhou. In October 2012, CIFI (PRC) successfully won the right to acquire at auction the land parcels relating to the project at a consideration of approximately RMB193 million. As at the Latest Practicable Date, the Group had paid approximately RMB38.6 million as deposit for bidding the land use rights (such deposit will be treated as part of the land premium upon signing of the relevant land grant contract).

The project will occupy a total site of approximately 55,612 sq.m. with an aggregate planned aboveground GFA of approximately 90,366 sq.m. It is expected to comprise mainly residential apartments, which are primarily intended for sale.

The following table sets out the development status as at the Latest Practicable Date:

Estimated commencement of construction	Second quarter of 2013
Estimated completion date	Fourth quarter of 2015
Date of pre-sale permit(s)	N/A
Saleable/rentable GFA under the pre-sale permit(s) (sq.m.)	N/A
Development costs incurred (RMB million)	39
Estimated future development costs to completion (RMB million)	916

BUSINESS

3. Hefei

Hefei CIFI Central Park (合肥 旭輝•中央宮園)



Hefei CIFI Central Park is a residential property project located in New Municipal and Cultural District Development (政務文化新區), Hefei. The developer of the project is Hefei Xuhai. In November 2007, Hefei Xuhai entered into the land grant contract relating to the project at a consideration of approximately RMB341 million. As at 31 August 2012, the land premium had been fully paid for the project.

The project will occupy a total site area of approximately 51,717 sq.m. and is divided into two phases:

Phase I

Hefei CIFI Central Park Phase I is located on Dongzhi Road (東至路).

Phase I of the project occupies an aggregate GFA of approximately 61,774 sq.m. The project consists of high-rise apartments (高層住宅), Townhouses (聯排住宅), street-level retail outlets and storage rooms and multi-purposes rooms. Hefei Xuhai completed the construction of Phase I in the fourth quarter of 2011. As at 31 August 2012, we still held unsold storage rooms and multi-purposes rooms with an aggregate saleable GFA of approximately 3,963 sq.m.

Phase II

Phase II of the project will occupy an aggregate GFA of approximately 130,186 sq.m. It is expected to comprise high-rise apartments (高層住宅), storage rooms and car parking spaces, with an aggregate saleable GFA of approximately 128,940 sq.m. The residential units, storage rooms and car parking spaces are primarily intended for sale.

As at 31 August 2012, we had pre-sold approximately 88,672 sq.m. of residential units and storage rooms and still held unsold residential units with an aggregate saleable GFA of approximately 20,469 sq.m., storage rooms with an aggregate saleable GFA of approximately 2,940 sq.m. and car parking spaces with an aggregate saleable GFA of approximately 16,859 sq.m.

BUSINESS

The following table sets out the development status as at 31 August 2012:

Commencement of construction (Phase II)	Second quarter of 2010
Estimated completion date (Phase II)	Third quarter of 2012
Date of pre-sale permit(s) (Phase II)	September - December 2010, March 2011
Saleable/rentable GFA under the pre-sale permit(s) (sq.m.) (Phase II)	95,401
Development costs incurred (RMB million)	536 <i>(Note 1)</i>
Estimated future development costs to completion (RMB million)	46 <i>(Note 2)</i>

Notes:

- (1) The development costs incurred is for both Phase I and Phase II.
- (2) The estimated future development costs to completion is for both Phase I and Phase II.

Hefei CIFI Private Mansion (合肥 旭輝•御府)



Hefei CIFI Private Mansion is a residential property project located southwest of the intersection of Fangxing Boulevard (方興大道) and Xizang Road (西藏路) in Binhu New Town (濱湖新區), Hefei. The developer of the project is Hefei Xubin. In January 2011, Hefei Xubin entered into the land grant contract relating to the project at a consideration of approximately RMB1,068 million. As at 31 August 2012, the land premium had been fully paid for the project.

BUSINESS

The project will occupy a total site area of approximately 107,180 sq.m. and will be divided into three phases:

Phase I

Phase I of the project will occupy a total site area of approximately 34,151 sq.m. with an aggregate GFA of approximately 136,925 sq.m. It is expected to comprise high-rise apartments (高層住宅), townhouses (聯排住宅), street-level retail outlets, storage rooms and car parking spaces, with an aggregate saleable GFA of approximately 136,925 sq.m. The residential units, street-level retail outlets and storage rooms, as well as car parking spaces, are primarily intended for sale.

As at 31 August 2012, we had pre-sold approximately 76,302 sq.m. of residential units. We still held unsold residential units with an aggregate saleable GFA of approximately 38,570 sq.m., street-level retail outlets with an aggregate saleable GFA of approximately 6,543 sq.m., storage rooms with an aggregate saleable GFA of approximately 3,377 sq.m. and car parking spaces with an aggregate saleable GFA of approximately 12,133 sq.m.

Phase II and Phase III

Phase II and III of the project will occupy a total site area of approximately 73,029 sq.m. with an aggregate GFA of approximately 287,576 sq.m. It is expected to comprise residential units, with an aggregate saleable GFA of approximately 287,576 sq.m. The residential units are primarily intended for sale.

The following table sets out the development status as at 31 August 2012:

Commencement of construction (Phase I)	First quarter of 2012
Estimated completion date (Phase I)	Fourth quarter of 2013
Estimated commencement of construction (Phase II to III)	First quarter of 2013
Estimated completion date (Phase II to III)	Fourth quarter of 2014
Date of pre-sale permit(s) (Phase I)	March - July 2012
Saleable/rentable GFA under the pre-sale permit(s) (sq.m.) (Phase I)	88,333
Date of pre-sale permit(s) (Phase II to III)	N/A
Saleable/rentable GFA under the pre-sale permit(s) (sq.m.) (Phase II to III)	N/A
Development costs incurred (RMB million)	1,355 ^(Note 1)
Estimated future development costs to completion (RMB million)	1,370 ^(Note 2)

Notes:

- (1) The development costs incurred is for Phase I to Phase III.
- (2) The estimated future development costs to completion is for Phase I to Phase III.

4. Zhenjiang

Zhenjiang CIFI Times (鎮江 旭輝•時代城)



Zhenjiang CIFI Times is an integrated city complex (城市綜合體) located south of Tianqiao Road (天橋路) in Jingkou district (京口區), Zhenjiang. The developer of the project is Zhenjiang Xurun. In July 2010 and November 2010, Zhenjiang Xurun entered into the land grant contracts relating to the project at a consideration of approximately RMB410 million. As at 31 August 2012, the land premium had been fully paid for the project.

The project will occupy a total site area of approximately 32,713 sq.m. with an aggregate GFA of approximately 163,195 sq.m. It is expected to comprise high-rise apartments (高層住宅), office buildings (辦公樓), street-level retail outlets and car parking spaces, with an aggregate saleable GFA of approximately 158,763 sq.m. The residential and office units, as well as street-level retail outlets and car parking spaces, are primarily intended for sale.

As at 31 August 2012, we had pre-sold approximately 21,607 sq.m. of residential units and 3,385 sq.m. of street-level retail outlets. We still held unsold residential units with an aggregate saleable GFA of approximately 67,145 sq.m., office units and street-level retail outlets with an aggregate saleable GFA of approximately 41,527 sq.m., and car parking spaces with an aggregate saleable GFA of approximately 25,099 sq.m.

The following table sets out the development status as at 31 August 2012:

Commencement of construction	First quarter of 2011
Estimated completion date	Second quarter of 2013
Date of pre-sale permit(s)	October 2011
Saleable/rentable GFA under the pre-sale permit(s) (sq.m.)	42,405
Development costs incurred (RMB million)	665
Estimated future development costs to completion (RMB million)	367

BUSINESS

Zhenjiang CIFI Ronchamp Town (鎮江 旭輝•朗香郡)



Zhenjiang CIFI Ronchamp Town is a residential property project located on Gangzhong Road (港中路) in Zhenjiang New District Dagang Area (鎮江新區大港片區), Zhenjiang. The developer of the project is Zhenjiang Xujiang. Zhenjiang Xujiang completed the construction of the project in the fourth quarter of 2010.

The project occupies a total site area of approximately 53,133 sq.m. with an aggregate GFA of approximately 70,277 sq.m. The project consists of low-rise garden apartments (花園洋房), street-level retail outlets and car parking spaces.

As at 31 August 2012, we had sold all the residential units, street-level retail outlets and car parking spaces.

5. Jiaxing

Jiaxing CIFI Square (嘉興 旭輝廣場)



Jiaxing CIFI Square is an integrated city complex (城市綜合體) located east of Zhongshan Road (中山路), Jiaxing. The developer of the project is Zhejiang Xuhui. In November 2006, January 2008 and January 2009, Zhejiang Xuhui entered into the land grant contracts relating to the project at a consideration of approximately RMB261 million. Zhejiang Xuhui completed the construction of the project in the fourth quarter of 2011.

The project occupies a total site area of approximately 40,862 sq.m. with an aggregate GFA of approximately 198,970 sq.m. The project consists of high-rise apartments (高層住宅), a retail and commercial arcade (零售商業中心) and car parking spaces. The retail and commercial arcade with an aggregate rentable GFA of approximately 82,540 sq.m. is retained by our Group for investment purpose. As at 31 August 2012, we still held unsold residential units with an aggregate saleable GFA of approximately 17,000 sq.m. and car parking spaces with an aggregate saleable GFA of approximately 37,124 sq.m.

BUSINESS

The Bohai Economic Rim

6. Beijing

Beijing CIFI Private Mansion (北京 旭輝•御府)



Beijing CIFI Private Mansion is a residential property project located in Daxing district (大興區), Beijing. The developer of the project is Beijing Xuhui Xingteng. In September 2009, Beijing Xuhui Xingteng entered into the land grant contract relating to the project at a consideration of approximately RMB820 million. As at 31 August 2012, the land premium had been fully paid for the project.

The project will occupy a total site area of approximately 63,619 sq.m. with an aggregate GFA of approximately 171,763 sq.m. It is expected to comprise low-rise garden apartments (花園洋房), high-rise apartments (高層住宅), street-level retail outlets, a clubhouse and car parking spaces, with an aggregate saleable GFA of approximately 170,494 sq.m. The residential units and retail outlets, as well as clubhouse and car parking spaces, are primarily intended for sale.

As at 31 August 2012, we had pre-sold approximately 94,111 sq.m. of residential units and street-level retail outlets. We still held unsold residential units with an aggregate saleable GFA of approximately 47,019 sq.m., street-level retail outlets and clubhouse with an aggregate saleable GFA of approximately 4,696 sq.m., and car parking spaces with an aggregate saleable GFA of approximately 24,668 sq.m.

The following table sets out the development status as at 31 August 2012:

Commencement of construction	Fourth quarter of 2010
Estimated completion date	Fourth quarter of 2012
Date of pre-sale permit(s)	June - October 2011
Saleable/rentable GFA under the pre-sale permit(s) (sq.m.)	149,645
Development costs incurred (RMB million)	1,538
Estimated future development costs to completion (RMB million)	279

BUSINESS

Beijing CIFI Purple County (北京 旭輝•紫郡)



Beijing CIFI Purple County is a residential property project located in Daxing district (大興區), Beijing. The developer of the project is Beijing Xuhui Xingke. Beijing Xuhui Xingke completed the construction of the project in the second quarter of 2012.

The project occupies a total site area of approximately 26,337 sq.m. with an aggregate GFA of approximately 48,331 sq.m. It consists of low-rise garden apartments (花園洋房) and car parking spaces. As at 31 August 2012, we still held unsold residential units with an aggregate saleable GFA of approximately 553 sq.m. and car parking spaces with an aggregate saleable GFA of approximately 570 sq.m.

Beijing CIFI Private Villa Riverside Garden (北京 旭輝•御錦)

Beijing CIFI Private Villa Riverside Garden is a residential property project located in Tongzhou district (通州區), Beijing. The project is being jointly developed by our Group and Beijing Hengsheng Sunshine Real Estate Development Co., Ltd* (“**Beijing Hengsheng**”) (北京恒盛陽光房地產開發有限公司) through Beijing Xuhui Sunshine, a non-wholly owned subsidiary of CIFI (PRC) with its registered capital contributed 80.0% by us and 20.0% by Beijing Hengsheng. Beijing Hengsheng is an Independent Third Party. In March 2011, Beijing Xuhui Sunshine entered into the land grant contract relating to the project at a consideration of approximately RMB974 million. As at 31 August 2012, the land premium had been fully paid for the project.

The project will occupy a total site area of approximately 76,380 sq.m. with an aggregate GFA of approximately 168,944 sq.m. It is expected to comprise low-rise garden apartments (花園洋房), street-level retail outlets, clubhouse and car parking spaces.

BUSINESS

The following table sets out the development status as at 31 August 2012:

Estimated Commencement of construction	Fourth quarter of 2012
Estimated completion date	Fourth quarter of 2014
Date of pre-sale permit(s)	N/A
Saleable/rentable GFA under the pre-sale permit(s) (sq.m.)	N/A
Development costs incurred (RMB million)	1,130
Estimated future development costs to completion (RMB million)	415

Beijing CIFI International Negotiate Garden (北京 旭輝•空港中心)

Beijing CIFI International Negotiate Garden is an office and commercial property project located at the north of Shunpingnanfu Road, Shunyi District (順義區), Beijing. The developer of the project is Beijing Xuhui Shunxin. In December 2011, Beijing Xuxingcheng entered into the land grant contract relating to the project at a consideration of approximately RMB215 million. In February 2012, the grantee of the land grant contract relating to the project has been changed to Beijing Xuhui Shunxin. As at 31 August 2012, the land premium had been fully paid for the project.

The project will occupy a total site area of approximately 34,640 sq.m. with an aggregate GFA of approximately 120,865 sq.m. It is expected to comprise office buildings (辦公樓), spaces for commercial usage, and car parking spaces. The office buildings, spaces for commercial usage and car parking spaces are primarily intended for sale.

The following table sets out the development status as at 31 August 2012:

Estimated commencement of construction	Fourth quarter of 2012
Estimated completion date	Second quarter of 2014
Date of pre-sale permit(s)	N/A
Saleable/rentable GFA under the pre-sale permit(s) (sq.m.)	N/A
Development costs incurred (RMB million)	232
Estimated future development costs to completion (RMB million)	446

BUSINESS

Beijing CIFI Wangxin Commercial Centre (北京 旭輝•望馨商業中心)



Beijing CIFI Wangxin Commercial Centre is a commercial property project located in Wangjing Area (望京區域) in Chaoyang district (朝陽區), Beijing. The developer of the project is Beijing Wangxin. Beijing Wangxin completed the construction of the project in the fourth quarter of 2007.

The project occupies a total site area of approximately 6,903 sq.m. with an aggregate GFA of approximately 22,397 sq.m. The project consists of a retail and commercial arcade (零售商業中心) and car parking spaces. As at 31 August 2012, we still held unsold car parking spaces with an aggregate saleable GFA of approximately 2,270 sq.m. and had retained 4,860 sq.m. of the retail outlets for investment purpose.

Beijing CIFI Olympic City (北京 旭輝•奧都)



Beijing CIFI Olympic City is an office and commercial property project located on Beiyuan Road (北苑路) in Chaoyang district (朝陽區), Beijing. The developer of the project is Beijing Yongxu. Beijing Yongxu completed the construction of the project in the first quarter of 2010.

BUSINESS

The project occupies a total site area of approximately 49,455 sq.m. with an aggregate GFA of approximately 214,394 sq.m. The project consists of office buildings (辦公樓), street-level retail outlets, storage rooms and car parking spaces. As at 31 August 2012, we had sold all the office units and still held street-level retail outlets and storage rooms with an aggregate saleable GFA of approximately 6,034 sq.m. and car parking spaces with an aggregate saleable GFA of approximately 1,125 sq.m.

Beijing CIFI Shanghai Salon (北京 旭輝•上海沙龍)



Beijing CIFI Shanghai Salon is a residential property project located on Tianbao South Street (天寶南路) in Economic and Technology Development Area (經濟技術開發區), Beijing. The construction of the project was completed in the third quarter of 2006.

The project occupies a total site area of approximately 141,488 sq.m. with an aggregate GFA of approximately 235,139 sq.m. The project consists of high-rise apartments (高層住宅), street-level retail outlets and car parking spaces. As at 31 August 2012, we had sold all the residential units and street-level retail outlets and still held unsold car parking spaces with an aggregate saleable GFA of approximately 9,271 sq.m.

7. Langfang

Langfang CIFI Path Walf (廊坊 旭輝•十九城邦)



Langfang CIFI Path Walf is a three-phase residential property project located in Langfang Economic and Technology Development Zone (廊坊經濟技術開發區), Langfang. The developer of the project is Zhongshi Real Estate. In January 2008, CIFI (PRC) acquired 100% equity interest in Zhongshi Real Estate.

Phase I

Zhongshi Real Estate completed the construction of Phase I in the fourth quarter of 2010.

Phase I of the project occupies a total site area of approximately 85,937 sq.m. with an aggregate GFA of approximately 75,942 sq.m. The project consists of townhouses (聯排住宅) and a clubhouse. As at 31 August 2012, we still held unsold a clubhouse with an aggregate saleable GFA of approximately 7,173 sq.m.

Phase II

Phase II of the project will occupy a total site area of approximately 52,289 sq.m. with an aggregate GFA of approximately 256,933 sq.m. It is expected to comprise high-rise apartments (高層住宅), townhouses (聯排住宅), street-level retail outlets, storage rooms and car parking spaces, with an aggregate saleable GFA of approximately 253,974 sq.m. The residential units and street-level retail outlets, as well as storage rooms and car parking spaces, are primarily intended for sale.

Zhongshi Real Estate completed the townhouses construction of Phase II in the fourth quarter of 2011. As at 31 August 2012, we still held unsold townhouses units with an aggregate GFA of approximately 6,942 sq.m.

BUSINESS

As at 31 August 2012, we had pre-sold approximately 12,359 sq.m. of high-rise apartments and still held unsold high-rise apartments with an aggregate saleable GFA of approximately 158,765 sq.m., street-level retail outlets with an aggregate saleable GFA of approximately 3,730 sq.m., storage rooms with an aggregate saleable GFA of approximately 870 sq.m. and car parking spaces with an aggregate saleable GFA of approximately 15,013 sq.m.

Phase III

Phase III of the project will occupy a total site area of approximately 88,270 sq.m. with an aggregate GFA of approximately 161,252 sq.m. It is expected to comprise high-rise apartments (高層住宅), townhouses (聯排住宅) and car parking spaces, with an aggregate saleable GFA of approximately 161,252 sq.m. The residential units and car parking spaces are primarily intended for sale.

As at 31 August 2012, we had pre-sold approximately 10,740 sq.m. of residential units and still held unsold residential units with an aggregate saleable GFA of approximately 138,621 sq.m. and car parking spaces with an aggregate saleable GFA of approximately 11,891 sq.m.

The following table sets out the development status as at 31 August 2012:

Commencement of construction (Phase II)	Second quarter of 2010
Estimated completion date (Phase II - High-rise apartments)	Fourth quarter of 2013
Commencement of construction (Phase III)	Second quarter of 2011
Estimated completion date (Phase III - Townhouses)	Fourth quarter of 2012
Estimated completion date (Phase III - High-rise apartments)	Fourth quarter of 2014
Date of pre-sale permit(s) (Phase II)	July - December 2010, April - June 2011
Saleable/rentable GFA under the pre-sale permit(s) (sq.m.) (Phase II)	158,316
Date of pre-sale permit(s) (Phase III)	June - October 2011
Saleable/rentable GFA under the pre-sale permit(s) (sq.m.) (Phase III)	87,898
Development costs incurred (RMB million)	749 ^(Note 1)
Estimated future development costs to completion (RMB million)	632 ^(Note 2)

Notes:

- (1) The development costs incurred is for both Phase II and Phase III.
- (2) The estimated future development costs to completion is for both Phase II and Phase III.

BUSINESS

8. Tangshan

Tangshan CIFI English Village (唐山 旭輝•英倫小鎮)

Tangshan CIFI English Village is a residential and commercial property project located in Caofeidian New District (曹妃甸新區), Tangshan. The project is being jointly developed by our Group and Shanghai Institute of Visual Art of Fudan University (“**Shanghai Institute**”) (復旦大學上海視覺藝術學院), through Tangshan Xuhui Yiwen, a joint venture enterprise of CIFI (PRC) with its registered capital contributed 80.0% by us and 20.0% by Shanghai Institute. Shanghai Institute is an Independent Third Party. In June 2011, Tangshan Xuhui Yiwen entered into the land grant contracts relating to the project at an aggregate consideration of approximately RMB223 million. As at 31 August 2012, the land premium had been fully paid for the project.

The project will occupy a total site area of approximately 346,159 sq.m. with an aggregate GFA of approximately 379,770 sq.m. It is expected to comprise mid-rise apartments (小高層住宅), low-rise garden apartments (花園洋房), townhouses (聯排住宅), a retail and commercial arcade (零售商業中心), an ancillary hotel (配套酒店) and car parking spaces.

The following table sets out the development status as at 31 August 2012:

Estimated commencement of construction	Fourth quarter of 2012
Estimated completion date	Fourth quarter of 2014
Date of pre-sale permit(s)	N/A
Saleable/rentable GFA under the pre-sale permit(s) (sq.m.)	N/A
Development costs incurred (RMB million)	246
Estimated future development costs to completion (RMB million)	1,185

9. Tianjin

Tianjin CIFI Rosedale (天津 旭輝•瀾郡)

Tianjin CIFI Rosedale is a residential property project located east of Haixing Road (海興路) and north of Tengfei Avenue (騰飛大道) in Tanggu District (塘沽區), Tianjin. The developer of the project is Tianjin Xuhai. In September 2011, Tianjin Xuhai entered into the land grant contracts relating to the project at an aggregate consideration of approximately RMB675 million. As at 31 August 2012, the land premium had been fully paid for the project.

BUSINESS

The project will occupy a total site area of approximately 120,696 sq.m. and will be divided into two phases:

Phase I

Phase I of the project will occupy an aggregate GFA of approximately 123,773 sq.m. It is expected to comprise residential units (住宅) and car parking spaces, with an aggregate saleable GFA of approximately 122,179 sq.m. The residential units and car parking spaces are primarily intended for sale.

As at 31 August 2012, we had pre-sold 27,157 sq.m. of residential units and still held unsold residential units with an aggregate saleable GFA of approximately 81,405 sq.m., as well as car parking spaces with an aggregate saleable GFA of approximately 13,617 sq.m.

Phase II

Phase II of the project will occupy an aggregate GFA of approximately 196,421 sq.m. It is expected to comprise residential units (住宅), street-level retail outlets and car parking spaces. The residential units, street-level retail outlets and car parking spaces are primarily intended for sale.

The following table sets out the development status as at 31 August 2012:

Commencement of construction (Phase I)	First quarter of 2012
Estimated completion date (Phase I)	Second quarter of 2014
Estimated commencement of construction (Phase II)	Fourth quarter of 2012
Estimated completion date (Phase II)	Fourth quarter of 2014
Date of pre-sale permit(s) (Phase I)	June 2012
Saleable/rentable GFA under the pre-sale permit(s) (sq.m.) (Phase I)	39,208
Date of pre-sale permit(s) (Phase II)	N/A
Saleable/rentable GFA under the pre-sale permit(s) (sq.m.) (Phase II)	N/A
Development costs incurred (RMB million)	789 ^(Note 1)
Estimated future development costs to completion (RMB million)	771 ^(Note 2)

Notes:

- (1) The development costs incurred is for both Phase I and Phase II.
- (2) The estimated future development costs to completion is for both Phase I and Phase II.

BUSINESS

Tianjin Binhai Site Project (天津濱海地塊項目)

Tianjin Binhai Site Project is an industrial and office project located on Tianjin Binhai Tourism Zone (天津濱海旅遊區) in Tianjin. In August 2012, Tianjin Xubin successfully won the right to acquire at auction the two land parcels relating to the project at a total consideration of approximately RMB85.6 million. As at 31 August 2012, the Group had paid RMB21.5 million as deposit for bidding the land use rights (such deposit will be treated as part of the land premium upon signing of the relevant land grant contract).

The project will occupy a total site area of approximately 262,300 sq.m. with an aggregate planned aboveground GFA of not less than approximately 262,300 sq.m. It is expected to comprise mainly industrial park office properties, which are primarily intended for sale.

The following table sets out the development status as at 31 August 2012:

Estimated commencement of construction	Second half of 2013
Estimated completion date	By phases from 2015
Date of pre-sale permit(s)	N/A
Saleable/rentable GFA under the pre-sale permit(s) (sq.m.)	N/A
Development costs incurred (RMB million)	22
Estimated future development costs to completion (RMB million)	1,078

Tianjin CIFI Century Waterside (天津 旭輝•世紀水岸)

Tianjin CIFI Century Waterside is a residential property project located in Chadian Town (茶淀鎮), Hangu district (漢沽區), Tianjin. The developer of the project is Tianjin Shijixing. In October 2012, CIFI (PRC) acquired 51% equity interest in Tianjin Shijixing. As at the Latest Practicable Date, the land premium had been fully paid for the project.

The project will occupy a total site area of approximately 65,461 sq.m. with an aggregate planned aboveground GFA of approximately 163,104 sq.m. It is expected to comprise mainly residential units (住宅), which are primarily intended for sale.

The following table sets out the development status as at the Latest Practicable Date:

Estimated commencement of construction	Second quarter of 2013
Estimated completion date	Fourth quarter of 2015
Date of pre-sale permit(s)	N/A
Saleable/rentable GFA under the pre-sale permit(s) (sq.m.)	N/A
Development costs incurred (RMB million)	177
Estimated future development costs to completion (RMB million)	678

BUSINESS

The Central Western Region

10. Chongqing

Chongqing CIFI Ronchamp Town (重慶 旭輝•朗香郡)



Chongqing CIFI Ronchamp Town is a six-phase residential property project located in Yubei district (渝北區), Chongqing. The developer of the project is Chongqing Xupeng. Through two transactions in August 2007 and November 2007, CIFI (PRC) acquired 100% equity interest in Chongqing Xupeng from two Independent Third Parties.

Phase I

Chongqing CIFI Ronchamp Town Phase I is located on Baotong Road (寶桐路) and Shuanghu Road (雙湖路).

Phase I of the project was completed in the second quarter of 2010. As at 31 August 2012, we had sold all the residential units and still held unsold street-level retail outlets with an aggregate saleable GFA of approximately 2,528 sq.m. and car parking spaces with an aggregate saleable GFA of approximately 1,064 sq.m.

Phase II

Phase II of the project was completed in the fourth quarter of 2010. As at 31 August 2012, we still held unsold residential units with an aggregate saleable GFA of approximately 430 sq.m. and car parking spaces with an aggregate saleable GFA of approximately 284 sq.m.

Phase III

Phase III of the project was completed in the fourth quarter of 2011. As at 31 August 2012, we still held unsold residential units with an aggregate saleable GFA of approximately 12,163 sq.m. and car parking spaces with an aggregate saleable GFA of approximately 9,133 sq.m.

BUSINESS

Phase IV

Phase IV of the project was completed in the second quarter of 2012. As at 31 August 2012, we still held unsold residential units with an aggregate saleable GFA of approximately 15,660 sq.m. and car parking spaces with an aggregate saleable GFA of approximately 1,244 sq.m.

Phase V

Phase V of the project will occupy a total site area of approximately 28,551 sq.m. with an aggregate GFA of approximately 198,760 sq.m. It is expected to comprise high-rise apartments (高層住宅), street-level retail outlets and car parking spaces, with an aggregate saleable GFA of approximately 192,742 sq.m. The residential units and street-level retail outlets, as well as car parking spaces, are primarily intended for sale.

As at 31 August 2012, we had pre-sold approximately 122,952 sq.m. of residential units and 444 sq.m. of retail outlets. We still held unsold residential units with an aggregate saleable GFA of approximately 43,060 sq.m., street-level retail outlets with an aggregate saleable GFA of approximately 3,873 sq.m., and car parking spaces with an aggregate saleable GFA of approximately 22,413 sq.m.

Phase VI

Phase VI of the project will occupy a total site area of approximately 18,698 sq.m. with an aggregate GFA of approximately 64,351 sq.m. It is expected to comprise high-rise apartments (高層住宅), an ancillary hotel (配套酒店) and car parking spaces. The residential units and car parking spaces are primarily intended for sale, while the ancillary hotel with an aggregate rentable GFA of approximately 32,280 sq.m. will be retained by our Group.

The following table sets out the development status as at 31 August 2012:

Commencement of construction (Phase V)	Second quarter of 2011
Estimated completion date (Phase V)	Fourth quarter of 2013
Estimated commencement of construction (Phase VI)	Fourth quarter of 2012
Estimated completion date (Phase VI)	Fourth quarter of 2014
Date of pre-sale permit(s) (Phase V)	August - December 2011, June 2012
Saleable/rentable GFA under the pre-sale permit(s) (sq.m.) (Phase V)	124,202
Date of pre-sale permit(s) (Phase VI)	N/A
Saleable/rentable GFA under the pre-sale permit(s) (sq.m.) (Phase VI)	N/A
Development costs incurred (RMB million)	308 ^(Note 1)
Estimated future development costs to completion (RMB million)	724 ^(Note 2)

Notes:

- (1) The development costs incurred is for both Phase V and Phase VI.
- (2) The estimated future development costs to completion is for both Phase V and Phase VI.

BUSINESS

Chongqing CIFI Langyuejun and Purple City (重慶 旭輝•朗悅郡及紫都)

Chongqing CIFI Langyuejun and Purple City is an integrated city complex (城市綜合體) located in Caijia Town, Beibei district (北碚區蔡家鎮) in Liangjiang New Area (兩江新區), Chongqing. The developer of the project is Chongqing Xuchang. In April 2011, Chongqing Xuchang entered into the land grant contract relating to the project at a consideration of approximately RMB230 million. As at 31 August 2012, the land premium had been fully paid for the project. The project will occupy a total site area of approximately 116,321 sq.m. with an aggregate GFA of approximately 353,561 sq.m. and will be divided into different portions:

Chongqing CIFI Langyuejun (重慶 旭輝•朗悅郡)

Chongqing CIFI Langyuejun will occupy a total site area of approximately 71,916 sq.m. with an aggregate GFA of approximately 173,700 sq.m. It is expected to comprise mid-rise apartments (小高層住宅), low-rise garden apartments (花園洋房), a retail and commercial arcade (零售商業中心) and car parking spaces. The residential units and car parking spaces are primarily intended for sale, while the retail and commercial arcade with an aggregate planned GFA of approximately 1,880 sq.m. will be retained by our Group.

Chongqing CIFI Purple City (重慶 旭輝•紫都)

Chongqing CIFI Purple City will occupy a total site area of approximately 44,405 sq.m. with an aggregate GFA of approximately 179,861 sq.m. It is expected to comprise office buildings (辦公樓), a retail and commercial arcade (零售商業中心), an ancillary hotel (配套酒店) and car parking spaces. The office units and car parking spaces are primarily intended for sale, while the ancillary hotel and the retail and commercial arcade with an aggregate planned GFA of approximately 47,079 sq.m. will be retained by our Group.

The following table sets out the development status as at 31 August 2012:

Commencement of construction (Langyuejun)	Second quarter of 2012
Estimated completion date (Langyuejun)	Fourth quarter of 2013
Estimated commencement of construction (Purple City)	Fourth quarter of 2012
Estimated completion date (Purple City)	Fourth quarter of 2014
Date of pre-sale permit(s) (Langyuejun)	August 2012
Saleable/rentable GFA under the pre-sale permit(s) (sq.m.) (Langyuejun)	18,060
Date of pre-sale permit(s) (Purple City)	N/A
Saleable/rentable GFA under the pre-sale permit(s) (sq.m.) (Purple City)	N/A
Development costs incurred (RMB million)	293 ^(Note 1)
Estimated future development costs to completion (RMB million)	1,244 ^(Note 2)

Notes:

- (1) The development costs incurred is for both Langyuejun and Purple City.
- (2) The estimated future development costs to completion is for both Langyuejun and Purple City.

11. Changsha

Changsha CIFI Upward Community (長沙 旭輝•藏郡)



Changsha CIFI Upward Community is a residential property project located on Chazishan Road (茶子山路) in Yuelu district (嶽麓區), Changsha. The developer of the project is Changsha Xuxiang. Changsha Xuxiang completed the construction of the project in the fourth quarter of 2010.

The project occupies a total site area of approximately 23,319 sq.m. with an aggregate GFA of approximately 131,224 sq.m. The project consists of high-rise apartments (高層住宅), street-level retail outlets and car parking spaces. As at 31 August 2012, we had sold all the residential units and still held unsold street-level retail outlet units with an aggregate saleable GFA of approximately 189 sq.m. and car parking spaces with an aggregate saleable GFA of approximately 5,355 sq.m.

Changsha CIFI Luxury Courtyard (長沙 旭輝•華庭)



Changsha CIFI Luxury Courtyard is a residential property project located south of Panpan Road (盼盼路) in Changsha County (長沙縣), Changsha. The developer of the project is Hunan Longsheng. In September 2007, CIFI (PRC) acquired 100% equity interest in Hunan Longsheng. As at 31 August 2012, the land premium had been fully paid for the project.

BUSINESS

The project will occupy a total site area of approximately 33,739 sq.m. with an aggregate GFA of approximately 183,126 sq.m. It is expected to comprise high-rise apartments (高層住宅), street-level retail outlets and car parking spaces, with an aggregate saleable GFA of approximately 182,400 sq.m. The residential units and street-level retail units, as well as car parking spaces, are primarily intended for sale.

As at 31 August 2012, we had pre-sold approximately 121,671 sq.m. of residential units and still held unsold residential units with an aggregate saleable GFA of approximately 27,008 sq.m. We had pre-sold approximately 5,388 sq.m. of street-level retail units and still held unsold street-level retail outlets with an aggregate saleable GFA of approximately 755 sq.m. We had pre-sold approximately 1,095 sq.m. of car parking spaces and still held unsold car parking spaces with an aggregate saleable GFA of approximately 26,483 sq.m.

The following table sets out the development status as at 31 August 2012:

Commencement of construction	Fourth quarter of 2010
Estimated completion date	Fourth quarter of 2012
Date of pre-sale permit(s)	April - October 2011
	March 2012
Saleable/rentable GFA under the pre-sale permit(s) (sq.m.)	153,944
Development costs incurred (RMB million)	386
Estimated future development costs to completion (RMB million)	129

Changsha CIFI Private Mansion (長沙 旭輝•御府)



Changsha CIFI Private Mansion is a residential property project located in Yuelu district (嶽麓區), Changsha. The developer of the project is Changsha Xuhai. In May 2011, Changsha Xuhai entered into the land grant contract relating to the project at a consideration of approximately RMB439 million. As at 31 August 2012, the land premium had been fully paid for the project.

The project will occupy a total site area of approximately 97,494 sq.m. with an aggregate GFA of approximately 344,190 sq.m. It is expected to comprise high-rise apartments (高層住宅), townhouses (聯排住宅), serviced apartments, street-level retail outlets and car parking spaces. The residential units and street-level retail outlets, as well as car parking spaces, are primarily intended for sale.

BUSINESS

As at 31 August 2012, we had pre-sold approximately 50,821 sq.m. of residential units and still held unsold residential units with an aggregate saleable GFA of approximately 227,929 sq.m., street-level retail outlets with an aggregate saleable GFA of approximately 10,729 sq.m., and car parking spaces with an aggregate saleable GFA of approximately 49,752 sq.m.

The following table sets out the development status as at 31 August 2012:

Commencement of construction	First quarter of 2012
Estimated completion date	Fourth quarter of 2014
Date of pre-sale permit(s)	June - September 2012
Saleable/rentable GFA under the pre-sale permit(s) (sq.m.)	111,590
Development costs incurred (RMB million)	575
Estimated future development costs to completion (RMB million)	664

The Other Region

12. Fuzhou

Fuzhou CIFI Riverside (福州 旭輝•左海岸)



Fuzhou CIFI Riverside is a residential property project located on Minjiang Main Road (閩江大道) in Cangshan district (倉山區), Fuzhou. The developer of the project is Fuzhou Wancheng. Fuzhou Wancheng completed the construction of the project in the first quarter of 2008.

The project occupies a total site area of approximately 31,556 sq.m. with an aggregate GFA of approximately 84,806 sq.m. The project consists of high-rise apartments (高層住宅), street-level retail outlets, a clubhouse, a kindergarten and car parking spaces. As at 31 August 2012, we had sold all the residential units, street-level retail outlets and car parking spaces, while the clubhouse and the kindergarten were retained by our Group.

BUSINESS

CONTRACTED SALES

For the financial years ended 31 December 2009, 2010 and 2011 and the nine months ended 30 September 2012, we entered into contracted sales (net of any cancelled contracted sales) for our property development projects with an aggregate contract value of approximately RMB3,201.1 million, RMB6,216.8 million, RMB5,437.2 million and RMB6,425.3 million, respectively, which corresponded to an aggregate contracted GFA of approximately 336,000 sq.m., 670,000 sq.m., 541,000 sq.m. and 731,000 sq.m, respectively. Our contracted sales decreased in 2011 as property sales were negatively affected by the nationwide weak sentiment for property purchases, especially in the fourth quarter of 2011, as a result of the continued real estate-related austerity measures in the PRC. These austerity measures may have further negative impact on our property sales and financial performance in the future.

From 1 October to 31 October 2012, we entered into contracted sales for our property development projects with approximately RMB1,085.6 million and for the ten months ended 31 October 2012 an aggregate contract value of approximately RMB7,510.9 million.

For the financial years ended 31 December 2009, 2010 and 2011 and the nine months ended 30 September 2012, our contracted ASP was approximately RMB9,527, RMB9,287, RMB10,054 and RMB8,789, respectively. The fluctuation in our contracted ASP during the Track Record Period was primarily due to differences in our product sales mix over the same period.

BUSINESS

The following table sets out the breakdown of our contracted sales, contracted GFA and contracted ASP for each listed project for the financial years ended 31 December 2009, 2010 and 2011, and the nine months ended 30 September 2012, respectively.

Project	Year ended 31 December						Nine months ended 30 September					
	2009			2010			2011			2012		
	Contracted Sales (RMB'000)	Contracted GFA (sq.m.)	Contracted ASP (RMB per sq.m.)	Contracted Sales (RMB'000)	Contracted GFA (sq.m.)	Contracted ASP (RMB per sq.m.)	Contracted Sales (RMB'000)	Contracted GFA (sq.m.)	Contracted ASP (RMB per sq.m.)	Contracted Sales (RMB'000)	Contracted GFA (sq.m.)	Contracted ASP (RMB per sq.m.)
Shanghai CIFI Rose Bay	—	—	—	—	—	—	828,569	54,451	15,217	735,139	50,949	14,429
Residential	—	—	—	—	—	—	10,555	417	25,312	11,871	538	22,065
Commercial	—	—	—	—	—	—	—	—	—	—	—	—
Shanghai CIFI Private Mansion	—	—	—	—	—	—	—	—	—	—	—	—
Residential	—	—	—	—	—	—	—	—	—	—	—	—
Shanghai CIFI Comfortable Joyous Bay	—	—	—	—	—	—	158,864	16,028	9,912	852,535	86,781	9,824
Residential	—	—	—	—	—	—	—	—	—	9,548	500	19,096
Commercial	—	—	—	—	—	—	—	—	—	—	—	—
Shanghai CIFI Pleasant Garden	—	—	—	—	—	—	5,697	703	8,104	21,476	2,649	8,107
Residential	—	—	—	—	—	—	—	—	—	4,301	287	14,986
Commercial	—	—	—	—	—	—	—	—	—	—	—	—
Shanghai CIFI Hongqiao International	—	—	—	381,458	15,243	25,025	384,052	14,546	26,403	—	—	—
Office	—	—	—	31,735	1,019	31,143	138,780	4,353	31,881	—	—	—
Commercial	—	—	—	—	—	—	—	—	—	—	—	—
Shanghai CIFI Pujiang International	—	—	—	—	—	—	—	—	—	78,377	3,651	21,467
Office	—	—	—	—	—	—	—	—	—	—	—	—
Shanghai CIFI Century Square	516,063	23,714	21,762	146,974	6,277	23,415	—	—	—	—	—	—
Office	16,500	461	35,792	410,331	53,182	7,716	—	—	—	—	—	—
Commercial	—	—	—	36,903	8,101	4,555	2,584	464	5,569	3,154	673	4,686
Carpark	—	—	—	—	—	—	—	—	—	—	—	—
Shanghai CIFI La Bate D'Evian	1,174,215	92,184	12,738	219,825	8,510	25,831	4,268	1,879	2,271	7,300	285	25,614
Residential	—	—	—	12,773	6,387	2,000	—	—	—	1,074	488	2,201
Carpark	—	—	—	—	—	—	—	—	—	—	—	—
Shanghai CIFI Pebble Beach	—	—	—	—	—	—	35,772	1,408	25,406	—	—	—
Residential	—	—	—	—	—	—	—	—	—	—	—	—
Shanghai CIFI Ronchamp Town	—	—	—	594,019	20,010	29,686	40,605	1,309	31,020	7,603	270	28,159
Residential	—	—	—	—	—	—	—	—	—	14,276	3,015	4,735
Carpark	—	—	—	—	—	—	—	—	—	—	—	—
Shanghai CIFI New Dream	1,640	124	13,226	—	—	—	—	—	—	—	—	—
Residential	38,844	2,140	18,151	—	—	—	—	—	—	—	—	—
Commercial	593	127	4,669	2,516	509	4,943	5,999	1,272	4,716	4,058	1,049	3,868
Carpark	—	—	—	—	—	—	—	—	—	—	—	—
Suzhou CIFI Canal County	—	—	—	389,431	44,608	8,730	839,674	99,209	8,464	511,266	61,728	8,283
Residential	—	—	—	—	—	—	5,540	309	17,929	77,519	3,400	22,800
Commercial	—	—	—	—	—	—	—	—	—	—	—	—
Suzhou CIFI Ronchamp Town	—	—	—	66,044	7,736	8,537	201,950	24,388	8,281	256,238	33,397	7,672
Residential	—	—	—	—	—	—	—	—	—	4,185	730	5,733
Carpark	—	—	—	—	—	—	—	—	—	—	—	—
Suzhou CIFI California Bay	497,092	53,037	9,373	6,030	318	18,962	4,500	278	16,187	—	—	—
Residential	—	—	—	—	—	—	—	—	—	—	—	—

BUSINESS

Project	Year ended 31 December						Nine months ended 30 September					
	2009			2010			2011			2012		
	Contracted Sales (RMB'000)	Contracted GFA (sq.m.)	Contracted ASP (RMB per sq.m.)	Contracted Sales (RMB'000)	Contracted GFA (sq.m.)	Contracted ASP (RMB per sq.m.)	Contracted Sales (RMB'000)	Contracted GFA (sq.m.)	Contracted ASP (RMB per sq.m.)	Contracted Sales (RMB'000)	Contracted GFA (sq.m.)	Contracted ASP (RMB per sq.m.)
Hefei CIFI Central Park (Phase I)												
Residential	106,090	8,289	12,799	332,359	45,123	7,366	9,580	970	9,876	3,524	503	7,006
Commercial	—	—	—	—	—	—	43,204	3,241	13,330	177	65	2,723
Hefei CIFI Central Park (Phase II)												
Residential	—	—	—	257,402	35,372	7,277	322,526	40,663	7,932	100,599	13,115	7,671
Commercial	—	—	—	435	94	4,628	594	267	2,225	455	234	1,944
Hefei CIFI Private Mansion (Phase I)												
Residential	—	—	—	—	—	—	—	—	—	562,749	85,255	6,601
Zhenjiang CIFI Times												
Residential	—	—	—	—	—	—	71,325	9,446	7,551	105,425	14,345	7,349
Commercial	—	—	—	—	—	—	97,287	2,801	34,733	14,708	573	25,668
Zhenjiang CIFI Ronchamp Town												
Residential	34,259	9,860	3,475	174,350	45,575	3,826	—	—	—	—	—	—
Commercial	3,736	2,068	1,807	20,080	10,097	1,989	—	—	—	—	—	—
Carpark	—	—	—	4,314	2,525	1,709	—	—	—	—	—	—
Jiaxing CIFI Square												
Residential	—	—	—	434,547	37,863	11,477	207,717	15,802	13,145	108,171	10,814	10,003
Beijing CIFI Private Mansion												
Residential	—	—	—	—	—	—	690,998	36,363	19,003	1,176,534	64,027	18,376
Commercial	—	—	—	—	—	—	12,157	285	42,656	4,800	122	39,344
Beijing CIFI Purple County												
Residential	—	—	—	736,551	37,219	19,790	18,967	1,311	14,468	9,958	538	18,509
Carpark	—	—	—	—	—	—	—	—	—	13,830	8,740	1,582
Beijing CIFI Wangxin Commercial Centre												
Commercial	—	—	—	86,000	9,880	8,704	—	—	—	—	—	—
Beijing CIFI Olympic City												
Office	2,429	229	10,607	1,152	69	16,696	—	—	—	—	—	—
Commercial	93,180	3,814	24,431	129,096	7,367	17,524	2,742	88	31,159	—	—	—
Carpark	12,243	6,954	1,761	7,941	5,501	1,444	—	—	—	—	—	—
Langfang CIFI Path Waif (Phase I)												
Residential	155,955	23,473	6,644	317,501	44,617	7,116	5,434	663	8,196	—	—	—
Langfang CIFI Path Waif (Phase II)												
Residential	—	—	—	333,199	39,132	8,515	238,402	26,733	8,918	18,171	2,593	7,008
Langfang CIFI Path Waif (Phase III)												
Residential	—	—	—	—	—	—	50,897	5,520	9,220	53,203	5,552	9,583
Tianjin CIFI Rosedale												
Residential	—	—	—	—	—	—	—	—	—	219,924	29,141	7,547

BUSINESS

Project	Year ended 31 December						Nine months ended 30 September					
	2009			2010			2011			2012		
	Contracted Sales (RMB'000)	Contracted GFA (sq.m.)	Contracted ASP (RMB per sq.m.)	Contracted Sales (RMB'000)	Contracted GFA (sq.m.)	Contracted ASP (RMB per sq.m.)	Contracted Sales (RMB'000)	Contracted GFA (sq.m.)	Contracted ASP (RMB per sq.m.)	Contracted Sales (RMB'000)	Contracted GFA (sq.m.)	Contracted ASP (RMB per sq.m.)
Chongqing CIFI Ronchamp Town (Phase I)												
Residential	151,814	32,746	4,636	—	—	—	—	—	—	—	—	—
Commercial	44,762	4,228	10,587	7,706	607	12,695	—	—	—	—	—	—
Carpark	8,097	1,769	4,577	1,459	261	5,590	440	55	8,000	200	26	7,692
Chongqing CIFI Ronchamp Town (Phase II)												
Residential	—	—	—	245,481	42,432	5,785	5,226	952	5,489	—	—	—
Carpark	—	—	—	11,283	2,149	5,250	1,241	165	7,521	602	83	7,253
Chongqing CIFI Ronchamp Town (Phase III)												
Residential	—	—	—	481,443	69,201	6,957	139,951	21,126	6,625	32,169	5,664	5,680
Carpark	—	—	—	15,574	2,246	6,934	6,979	911	7,661	973	127	7,661
Chongqing CIFI Ronchamp Town (Phase IV)												
Residential	—	—	—	44,303	6,437	6,883	123,961	16,534	7,497	80,630	11,622	6,938
Carpark	—	—	—	—	—	—	—	—	—	7,437	964	7,715
Chongqing CIFI Ronchamp Town (Phase V)												
Residential	—	—	—	—	—	—	371,676	67,512	5,505	353,193	64,583	5,469
Commercial	—	—	—	—	—	—	10,881	420	25,907	650	24	27,083
Chongqing CIFI Langyuejun												
Residential	—	—	—	—	—	—	—	—	—	122,230	20,476	5,969
Changsha CIFI Upward Community												
Residential	305,419	65,000	4,699	248,071	47,381	5,236	2,769	492	5,628	—	—	—
Commercial	9,404	793	11,859	15,444	1,524	10,134	17,922	1,419	12,630	4,065	301	13,505
Carpark	4,170	2,800	1,489	11,552	4,690	2,463	3,747	1,400	2,676	320	140	2,286
Changsha CIFI Luxury Courtyard												
Residential	—	—	—	—	—	—	299,654	63,526	4,717	283,063	62,363	4,539
Commercial	—	—	—	—	—	—	13,514	1,138	11,875	44,009	4,614	9,538
Carpark	—	—	—	—	—	—	—	—	—	3,630	1,185	3,063
Changsha CIFI Private Mansion												
Residential	—	—	—	—	—	—	—	—	—	306,790	58,481	5,246
Fuzhou CIFI Riverside												
Residential	2,954	227	13,013	—	—	—	—	—	—	—	—	—
Commercial	21,676	1,979	10,953	1,550	152	10,197	—	—	—	—	—	—
Total	3,201,135	336,016	9,527	6,216,832	669,414	9,287	5,437,200	540,817	10,054	6,425,265	731,079	8,789

BUSINESS

PROPERTY DEVELOPMENT

In developing a project, we follow a process of planning and execution that is systematic in approach while being flexible enough to accommodate new development in the fast-evolving business and regulatory environments of the real estate market in the PRC. Our headquarters and our regional project companies work closely together in developing a project. Our headquarters is responsible for making strategic decisions about project development, while the regional project companies generally oversee the day-to-day operations of the project development. We have adopted a three-tier management system comprising the board of directors, senior management at the headquarters level and senior management at the regional project company level. Our three-tier management system ensures a direct reporting line between the regional project companies and our headquarters, which enhances the overall internal control of our Group. We established this management and project development structure primarily because of the importance of local market conditions and other local factors to the property development industry in the PRC.

We have established 11 departments at our headquarters, including the Sales and Marketing Centre (營銷管理中心), Operation Department (運營管理部), Design Department (設計管理部), Cost Control Department (成本審算管理部), Contract Procurement Department (合約採購管理部), Construction Management Department (工程管理部), Business Development Department (業務拓展部), Chief Executive Officer's Office (總裁辦公室), Human Resources Department (人力資源部), Financial Management Department (財務管理部) and Legal Department (法務審計部), to oversee, support and facilitate the operations of our project companies. These include city and site selection, product positioning, design, cost planning, public tenders, contract preparation, construction, sales and marketing, financing, legal matters, human resources and other operations.

City and Site Selection

City and site selection is one of the most important and fundamental steps in the property development process. Our Business Development Department is primarily involved in the city and site selection process by identifying and evaluating a range of cities and sites in the PRC for potential property development opportunities. We collect relevant information regarding the potential acquisition opportunity and conduct preliminary feasibility studies and market research to evaluate the potential risks and return of the investment, potential property demand in that area, preferences of the target customer groups and potential competition from other property developers in the vicinity. We then draw up an initial project development blueprint and conduct a preliminary feasibility study. If we are satisfied with the result of the feasibility study, we will continue with our due diligence investigations and conduct a more detailed analysis of the potential acquisition. If the due diligence result is satisfactory, we will prepare a detailed project design and investment return analysis. This will then be passed to our Investment Committee, which consists of our Chairman, Mr Lin Zhong (林中), our Chief Executive Officer, Mr Lin Feng (林峰) and senior management including those from our Business Development Department, Sales and Marketing Department and Financial Management Department, for consideration.

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We generally take into consideration various criteria when deciding whether to pursue a site at a particular time, which include: (i) adhering to land sites suitable for our development strategies, and focusing on superior locations, such as areas identified by the PRC Government to be the key development areas, (ii) following our disciplined approach to land acquisition, particularly our policy of generally not buying land that has title and planning issues or that requires resettlement, (iii) taking into consideration the real estate-related austerity measures, such as the prevailing national and local governmental policies, (iv) researching on the local market conditions and consumer behaviours, (v) considering the growth potential of a particular site, and (vi) focusing on locations with rapid economic growth and significant property appreciation potential and that offer a comfortable living environment with generous supporting infrastructure and proximity to cultural, leisure and commercial facilities, as well as sites with convenient access to public transportation.

Land Acquisition

We acquire land from the PRC Government through public tenders, auctions and listings-for-sale. According to the Regulations on the Grant of State-owned Land Use Rights by Tender, Auction or Listing-for-Sale 《招標拍賣掛牌出讓國有建設用地使用權規定》, which were promulgated by the MLR on 28 September 2007 and became effective on 1 November 2007, the PRC Government may only grant land use rights in respect of State-owned land for business, tourism, entertainment and residential commodity property development purposes by way of public tenders, auctions or listings-for-sale. Please refer to the section headed “Summary of Principal PRC Legal and Regulatory Provisions” in Appendix VI to this prospectus for further details of the applicable PRC laws and regulations.

In addition, we may acquire land in the PRC by (i) investing in or taking over property holding companies, (ii) acquiring construction-in-progress from the original project owners, or (iii) establishing joint ventures with other real estate developers for land acquisition. As a property developer focusing on the development and operation of integrated residential and commercial properties, our Directors believe that acquiring land at competitive prices is critical to our overall development strategy.

Project Planning and Design

We have standardised operating procedures that cover various phases in our development process, including planning and design. Our efficient and standardised project planning and design capabilities enable us to quickly determine and implement the positioning and design of projects. Our Design Department is responsible for generating the core concepts and master planning for our projects. Once the master design concept of a property development project is established, we contract out the detailed project design work to reputable architectural and design firms. Based on the master design concept, our Design Department collaborates with the selected architectural and design firms to transform the concept into a more detailed design drawing, which must be approved by the relevant PRC governmental authorities. Once approved, the design drawing becomes the basis of the project.

Construction*Appointment of Construction Companies*

We outsource substantially all of our construction work to external construction contractors and select the construction contractors through a tender process. During the Track Record Period, the Group engaged over 30 construction contractors. The Group has maintained relationships typically ranging from two to six years with these contractors. We have established a selection procedure to choose our construction contractors in order to ensure compliance with our quality and workmanship standards. We conduct detailed due diligence on the construction contractors during the bidding process. We typically take into account a construction contractor's professional qualifications, reputation in the industry, track record, prices tendered, financial condition and technical abilities.

The construction contractor is typically obliged to undertake the construction work in strict compliance with our designs and requirements, and to provide regular progress reports to enable us to closely monitor the construction progress. Payments to construction contractors are made in stages in accordance with the terms and conditions stipulated in the construction contract signed between the construction contractors and us. The percentage of each stage payment varies from project to project. Upon signing a construction contract with us, generally, the construction contractor will be required to give us a performance bond of approximately 5% to 10% of the total payment. At closing and settlement, generally, we will settle approximately 95% of the total payment, and retain approximately 5% as retention money. The retention money is used to cover any contingent expenses incurred as a result of any construction defects. The construction contractors are required to provide us with warranties, with warranty periods generally ranging from two to five years, for any losses we incur as a result of not meeting contractually or statutorily specified quality standards. The unused portion of the retention money will be returned to the contractors after the expiry of the warranty period. In general, where the construction schedules are delayed for more than the period of time as stipulated in the contracts, we will be entitled to a pre-determined amount as penalty and, in some cases, we will have the right to terminate the contracts. Our Directors believe that the amount of retention money we withhold under our construction contracts is in line with the industry practice in the PRC and is sufficient to cover the construction warranties we give to our customers under the sale and purchase agreements.

Quality Control and Construction Supervision

We place a heavy emphasis on quality control and construction supervision of our projects. The construction contracts we enter into with the construction contractors typically contain warranties with respect to quality and timely completion of the construction projects. The following are some important measures or procedures we adopt for quality control and supervision of our property development:

- we require construction contractors to comply with the relevant PRC laws and regulations relating to the quality of construction, such as environmental, labour, social and safety regulations, as well as our own standards and specifications;

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- in compliance with the relevant PRC laws and regulations, we engage certified construction supervision companies to monitor certain aspects of our project construction as specified by the relevant PRC laws and regulations. These construction supervision companies conduct quality and safety control checks on all building materials and workmanship on-site. They also monitor the progress of construction, work site safety and the construction completion schedule;
- we generally designate a few reputable suppliers from which our construction contractors can source material; and
- we exercise on-site inspection from time to time.

We did not encounter any material quality problems nor receive any material complaints in this regard nor experience any material adverse losses resulting from quality problems during the Track Record Period and up to the Latest Practicable Date.

Procurement

We typically procure the construction materials to be used in our projects through our construction contractors. However, in certain circumstances, we are responsible for procuring specialised building materials, such as elevators, windows, doors and interior fixtures, while the construction contractors are responsible for procuring more general construction materials such as cement and steel. In most circumstances, we designate a few reputable suppliers from which our construction contractors can source materials. This is done in order to ensure that the construction materials meet our particular standards and requirements. The construction contractors also procure all equipment necessary for each project in accordance with specifications provided by us.

Sales and Marketing

Sales and Marketing Plan

Our Sales and Marketing Centre at the headquarters level formulates our nationwide marketing strategies and coordinates our promotion activities with our project companies.

The Sales and Marketing Departments of our regional project companies are responsible for marketing our property products. Our sales and marketing personnel at the headquarters and regional levels co-operate closely to determine the appropriate sales and marketing plans for a particular project. They also conduct comprehensive market research, formulate pre-sale, sales and pricing strategies and plan and organise on-site pre-sale and sales procedures. We market our properties mainly by way of billboard advertisements, newspapers, magazines, model displays and internet. During the Track Record Period and up to the Latest Practicable Date, the Group has utilised normal and traditional sales and promotional methods such as price discounts, gifts and lucky draws (with normal gifts), weekend sales events to promote sales. We also employ external professional property sales agencies from time to time to provide sales and marketing services for certain of our property

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development projects. For the financial years ended 31 December 2009, 2010 and 2011 and the six months ended 30 June 2012, the total selling and marketing expenses that we paid for our property development were RMB36.7 million, RMB74.1 million, RMB140.9 million and RMB86.7 million, respectively, which represented 1.4%, 1.8%, 3.5% and 4.3% of our revenue for the same period.

The performance of our sales and marketing personnel is assessed throughout the sales and pre-sale process. Personnels who have met their pre-determined sales target have the opportunity to be awarded with monetary bonuses in addition to the monthly salary.

Pre-sale

The sales process of our property projects generally begins with pre-sale. There are various PRC laws and regulations governing pre-sale of properties which impose conditions to be fulfilled before the pre-sale of a particular property can commence. These include obtaining the relevant land use rights certificate, the construction work planning permit and the construction work commencement permit. For further details of the laws and regulations governing pre-sale, please refer to the section headed “Summary of Principal PRC Legal and Regulatory Provisions” in Appendix VI to this prospectus.

Cancelled contracted sales are transactions cancelled after the pre-sale contracts have been signed and registered with the relevant government authorities, but before the delivery of completed properties. For the contracted sales made in the financial years ended 31 December 2009, 2010, 2011 and the nine months ended 30 September 2012, we recorded cancelled contracted sales in the aggregate amount of approximately RMB14.2 million, RMB131.8 million, RMB66.4 million and RMB8.7 million respectively, representing approximately 0.4%, 2.1%, 1.2% and 0.1% of our contracted sales for the same period. We consider that the higher levels of cancelled contracted sales in 2010 and 2011 were related to the implementation of real estate-related austerity measures by the PRC Government as certain buyers who had committed the purchase before the implementation of these austerity measures might have encountered difficulty in completing the purchase after the implementation of such austerity measures. The contracted sales disclosed in the section headed “Business — Contracted sales” had already deducted the relevant cancelled contracted sales.

The pre-sale/sale contracts for the contracted sales of the Group are based on the standard form of sales contracts regulated by the relevant land and commercial bureaus. Such standard pre-sale/sales contract typically requires the purchaser to pay deposits according to payment schedule stipulated under the pre-sale/sales contract, and also stipulates the penalty in the case of late payment or default payment by the purchasers. In the case of cancelled contracted sales, save as the late payment penalty and the forfeiture of certain portion of monies out of paid deposits as stipulated in the pre-sale/sales contracts, we generally cannot claim against the purchasers for any other penalties under the pre-sale/sales contracted which is based on the standard form adopted in the relevant city in the PRC. The standard form of the pre-sale/sales contract varies from city to city. The amount of the total purchase consideration required to be paid by the Group’s customers as deposits and be forfeited as penalty for cancelled contracted sales will be based on pre-sales/sales contracts regulated by the relevant land and commercial bureaus and the Group is not in the position to govern or determine such percentage. For the financial years ended 31 December 2009, 2010 and 2011 and the six months ended 30 June 2012, we recognised income from forfeited deposits from cancelled contracted sales of

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approximately RMB206,000, RMB672,000, RMB323,000 and RMB1.7 million, respectively. The forfeited deposits recognised as income in the six months ended 30 June 2012 relate to certain of the contracted sales that signed in or before 2011 but the cancellation registrations were completed within the six months ended 30 June 2012. The actual forfeited deposit income had not and is not expected to account for a significant percentage of the contracted sales.

For most of the properties under cancelled contracted sales, we were able to sell them to new purchasers. As a result, our business, financial condition and operating results were not materially and adversely affected by these cancelled contracted sales during the Track Record Period. For the financial years ended 31 December 2009, 2010, 2011 and the nine months ended 30 September 2012, we sold the properties under cancelled contracted sales to new purchasers and recorded these re-sold transactions in the aggregate amount of approximately RMB12.9 million, RMB110.3 million, RMB37.5 million and RMB2.7 million, respectively.

Our Directors confirm that none of the properties delivered to the purchasers after relevant recognition of revenue was returned to us during the Track Record Period. Our Directors are not aware of any cancelled contracted sales during the Track Record Period which was primarily due to significant quality problems.

Payment Arrangements

Our customers, including those purchasing pre-sale properties, can choose between payment by mortgage financing or by cash. The payment terms for pre-sale and sales of properties are substantially identical. We typically require our customers to pay a non-refundable deposit before entering into formal sale and purchase agreements. Normally, this deposit will be forfeited if the customers subsequently decide not to enter into formal sale and purchase agreements with us. Upon executing formal sale and purchase agreements, customers who choose to make cash payment are typically required to make payment in full or by instalment of the total purchase price of the property (less any non-refundable deposit paid by them) before delivery of property. For customers who choose to fund their purchase using mortgage loans provided by mortgagee banks, they are typically required to pay at least 30% to 60% of the purchase price as a down payment in full or by instalment, and the rest in the form of mortgage loan drawdown are typically paid to us within one to six months from the date of the formal sale and purchase agreement based on the prevailing bank mortgage policies and practices in the PRC. Under the relevant PRC laws and regulations, they may obtain mortgage loans with a repayment period of up to 30 years. In addition, these customers must pay to us the remaining balance of the purchase price that is not covered by the mortgagee banks.

Some of our customers purchase our properties with the assistance of mortgage financing. In line with the industry practice in the PRC, we assist our customers with mortgage loans and provide guarantees as security for mortgage loans from the banks to our customers. Under the guarantees, we are required to guarantee the timely repayment of the principal and interest amount of the loans by the purchasers. As a guarantor, we are jointly responsible for the payment of the mortgage loan. These guarantees are released upon the earlier of (i) the relevant property ownership certificates being obtained and the certificates of other interests with respect to the relevant properties being delivered to the mortgagee banks, or (ii) the settlement of mortgage loans between the mortgagee banks and our customers.

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The payment method for customers of our commercial properties is similar to the payment arrangement for our residential properties, the key difference being that the down payment is typically at least 50% of the purchase price as required by the PRC laws and regulations governing commercial properties.

As at 30 June 2012, our outstanding guarantees on the mortgage loans of our customers amounted to approximately RMB535.2 million. Please refer to the section headed “Risk Factors — Risks Relating to Our Industry — The terms on which mortgage loans are available, if at all, may affect our sales” in this prospectus.

Delivery and After-sales Services

We have a dedicated customer service department to manage our after-sales services. Telephone hotlines are available to our customers to conveniently express their feedback and complaints about our properties and services. Our customers can also join our membership club, CIFI Property Customers Club (旭客會), and we provide free publications to our members to cultivate a sense of belonging and community.

Delivery of Completed Properties

We endeavour to deliver our properties to our customers on a timely basis. We closely monitor the progress of construction of our property development projects. The time frame for delivery is set out in the sale and purchase agreements entered into with our customers. Our sales and marketing staff, our construction team and the staff of our property management companies will inspect the properties prior to delivery to ensure quality.

Once a property development project has passed the requisite completion and acceptance inspections, we will notify our customers in respect of delivery. If we fail to deliver the property to our customers on the date of delivery stipulated in the sale and purchase agreement, we will be liable to pay a certain percentage of the pre-sale proceeds.

After delivery of completed properties, we are typically required to obtain a general property ownership certificate for each of our completed projects and, in general, will assist our customers in obtaining their property ownership certificates by providing the requisite information to the local title office for registration. Based on our experience, the actual timing for the issuance of property ownership certificates is subject to government administrative procedures and is not within our control (other than the submission of application), and certain cities could take a relatively longer period of time to issue property ownership certificates than the other cities in China. We may be subject to the risk of failing to obtain property ownership certificates. For further information, please refer to the section headed “Risk Factors — Risks Relating to Our Business — We may not be able to complete or deliver our development projects on time” in this prospectus for further information. Please also refer to the section headed “Business — Legal proceedings and compliance — Delay in completion or delivery of property projects”.

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According to our accounting policies, our revenue is recognised when properties are delivered to our customers. The recognition of our revenue from sales of properties is not subject to the grant of the property ownership certificates to the purchasers.

Information Technology System

We have invested in information technology to make our project development process more efficient and product know-how easy to use and convenient to share. We have implemented information technology systems including office automation, knowledge management, cost management, project planning and human resources. We are also in the process of implementing more systems, such as customer relationship management system and enterprise resource planning system. Our human resources system enables our employees to access to our company policies and regulations and handle administrative procedures. Our enterprise resource planning system, upon implementation, will enable us to check the cost status and progress of each project, review contracts and analyse project operations.

INVESTMENT PROPERTIES

Along with our residential property projects, we also develop commercial properties and retain ownership of a portion of our commercial properties for lease. As we intend to hold these properties for long-term investment purposes, they are treated as investment properties. As at 31 August 2012, we held five completed, under-development and future development properties with an aggregate GFA of approximately 0.17 million sq.m. as investment properties. We plan to selectively increase investment properties located in prime locations that are likely to appreciate in value. Please refer to the section headed “Property Valuation” in Appendix IV to this prospectus for further details of our investment properties portfolio.

PROPERTY MANAGEMENT SERVICES

Maintaining high-quality property management services to our customers is of paramount importance to developing our brand and our reputation as a developer of high-quality and prestigious residential and commercial properties. We provide property management services to the owners of our residential and commercial properties. The services provided by the above property management companies include security, maintenance of common facilities, gardening, landscaping and other ancillary services.

Under PRC laws and regulations, the home owners of a residential community of a certain scale have the right to change the property management service provider upon consent of a certain percentage of home owners. During the Track Record Period, we did not experience any incident where the owners of our properties terminated services of our property management companies.

PROPERTIES USED BY US

We have offices located in leased properties owned by Independent Third Parties or in our own properties. As at 31 August 2012, the aggregate floor area of properties leased by us is approximately 7,505 sq.m. Please refer to the section headed “Property Valuation” in Appendix IV to this prospectus for further details of properties used by us.

REAL ESTATE-RELATED AUSTERITY MEASURES IMPLEMENTED BY THE PRC GOVERNMENT

The PRC property market is heavily regulated and subject to frequent introduction of new regulations by the PRC Government, which may adversely affect property developers. The PRC Government has introduced a number of real estate-related austerity measures since the second half of 2010, such as setting home purchase and mortgage restrictions, controlling the supply of credit by raising interest rates and changing bank reserve ratios, implementing lending restrictions to property developers, and imposing property tax and duties. The major policies and measures introduced by the PRC Government since 2010 include, but are not limited to:

- The General Office of the State Council issued the Notice on Further Adjustment and Control of Real Estate Market (the “**2011 Notice**”) 《國務院辦公廳關於進一步做好房地產市場調控工作有關問題的通知》 which, among other things:
 - (1) required each municipality, provincial capital and cities with soaring housing prices to implement and enforce measures to restrict the purchase of residential properties. In principle: (i) families having local household registration and owning one residential property or families not having local household registration but are able to provide evidence of tax payment or social insurance payment within a certain period are allowed to purchase one additional residential property (including newly constructed residential commodity properties and second-hand residential properties); and (ii) real estate development enterprises shall suspend any sale of their properties to families having local household registration and owning two or more residential properties, or families owning one or more residential property but not having local household registration and are not able to provide certain proof of local tax payment or social insurance payment;
 - (2) required second residential property purchasers to pay a down payment of no less than 60% of the purchase price;
 - (3) required any transfer of residential properties by individuals within five years of purchase be subject to a business tax calculated based on the relevant sale prices received; and
 - (4) strengthened regulations on land transfers, property development projects and idle land.
- The POBC and the CBRC jointly issued the Notice on Promoting Differentiated Housing Credit Policy 《關於完善差別化住房信貸政策有關問題的通知》, which, among other things:
 - (1) increased the minimum of down payment to at least 30% for all first home purchases with mortgage loans;

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- (2) prohibited commercial banks from granting housing loans to families that purchase three or more houses or non-local residents who fail to provide one-year or longer tax payment certificates or social insurance payment certificates; and
 - (3) prohibited commercial banks from granting or extending loans to property developers that violate laws and regulations such as: (i) holding idle land; (ii) changing the land use and nature; (iii) delaying the commencement and completion of development; and (iv) intentionally holding back the sale of properties for future sale, for the purpose of selling these properties at a higher price.
- The General Office of CBRC issued the Notice on Promoting Housing Financial Services and Strengthening Risk Management 《關於做好住房金融服務加強風險管理的通知》, which stipulated that in handling the individual housing loan business after the promulgation of the 2011 Notice, banking financial institutions shall strictly implement the provision that with respect to families that purchase second residential properties through loans, the down payment shall not be less than 60%, and the loan interest rate shall not be less than 1.1 times of the benchmark rate.
 - The Ministry of Finance and the SAT jointly issued the Notice on Business Tax Imposed on Individuals Transferring Houses (關於調整個人住房轉讓營業稅政策的通知) to curb transfers of properties by individuals within five years of purchase.

During the same period, the local government policies for the real estate market in the PRC in the cities where our property projects are located are generally consistent with the policies at national level. For additional information on real estate reforms and recent regulatory developments, please refer to the section headed “Industry Overview — Overview of the Real Estate Market in the PRC” and the section headed “Summary of Principal PRC Legal and Regulatory Provisions” in Appendix VI to this prospectus.

The PRC Government’s real estate-related austerity measures implemented since the second half of 2010, especially the home purchase and mortgage restrictions, have affected the overall market sentiment of the property market in the PRC and cooled down the transaction volume and prices of the primary residential property market. As a result, our contracted sales decreased in 2011 as residential property sales were negatively affected by the nationwide weak sentiment for property purchases especially in the fourth quarter of 2011. The continued real estate-related austerity measures may have further negative impact on our property sales and financial performance.

In addition, our working capital sufficiency will depend on the average selling price of our projects and the GFA to be contracted, which may fluctuate significantly as a result of the real estate-related austerity measures and the uncertain and volatile condition of the PRC property market.

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OPERATING CASH FLOW AND FINANCING PLANS

Property developments require substantial capital investment for land acquisition and construction and it may take many months or years before positive cash flows can be generated. To date, we have funded our growth principally from internally generated funds, bank borrowings and trust financings. Our financing methods vary from project to project and are subject to limitations imposed by the PRC regulations and monetary policies. According to the guidelines issued by the CBRC, no domestic PRC bank loan may be granted to projects which have not obtained the relevant land use rights certificate, construction land planning permit, construction work commencement permit and construction work planning permit. Furthermore, according to the Notice on Adjusting Capital Ratio of Fixed Asset Investment Projects 《關於調整固定資產投資項目資本金比例的通知》, issued by the State Council issued on 25 May 2009, no less than 30% of the total investment in a property development project must come from a real estate developer's own capital for the development project. Our policy is to finance our property developments with internally generated cash flows to the extent practicable so as to reduce the level of external funding required.

Our operating cash flow and net debt-to-equity ratio

Despite the real estate-related austerity measures in the PRC and the recent global financial crisis and property market downturn, our focused market positioning and prudent financial strategies enable us to balance a healthy financial position and strong growth. We generate most of our operating cash from property sales.

For the financial years ended 31 December 2010 and 2011 and the six months ended 30 June 2012, we had net cash outflow from operating activities of RMB932.1 million, RMB2,695.2 million and RMB462.7 million, respectively. Our net cash outflow from operating activities during these periods was primarily due to cash outflows relating to land acquisitions and development costs for properties under development. Throughout these periods, we managed to fund our net cash outflow with internally generated funds and external financing, including bank borrowings and trust financings.

As at 31 December 2009, 2010 and 2011 and 30 June 2012, our net debt-to-equity ratio was approximately 39.7%, 68.9%, 141.5% and 138.3%, respectively.

Our bank and other borrowings

As at 31 December 2009, 2010 and 2011 and 30 June 2012, our outstanding total bank and other borrowings under IFRS amounted to RMB2,135.3 million, RMB3,975.5 million, RMB7,751.6 million and RMB7,863.8 million, respectively. Out of such total bank and other borrowings under IFRS as at 31 December 2009, 2010 and 2011 and 30 June 2012, our secured trust financings accounted for RMB290.0 million, RMB1,255.0 million, RMB2,792.3 million and RMB2,444.5 million, respectively.

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The following table shows the range of effective interest rates for our bank borrowings for the periods indicated:

	Year ended 31 December			Six months ended 30 June
	2009	2010	2011	2012
Bank loans	<u>5.4%-10.0%</u>	<u>5.3%-15.0%</u>	<u>6.7%-16.0%</u>	<u>6.4%-16.0%</u>
Trust financings	<u>12.0%-15.0%</u>	<u>5.0%-19.6%</u>	<u>11.0%-24.2%</u>	<u>12.0%-24.2%</u>
Other loans	<u>12.0%-18.0%</u>	<u>12.0%</u>	<u>12.0%</u>	<u>12.0%-19.0%</u>

For the financial years ended 31 December 2009, 2010 and 2011 and the six months ended 30 June 2012, our average annualised borrowing cost (calculated by total interest expenses expensed and capitalized divided by average bank and other borrowings under IFRS during the relevant period) was 10.8%, 9.3%, 9.8% and 10.3%, respectively.

Our secured trust financings

We have obtained, from time to time, secured trust financings from a number of trust companies in the PRC during the Track Record Period. Compared to bank loans, trust financings offer greater flexibility in terms of availability. While drawdowns on bank loans usually depend on actual construction progress, drawdowns on trust financings may be made in full in one or multiple instalments as agreed with the relevant trust companies. However, we have to bear higher financing costs due to higher interest rates under these trust financing arrangements. There is no guarantee that we will be able to enter into these arrangements, if needed, in the future at all or on favourable terms.

(a) *Types of our secured trust financings*

Our secured trust financings are broadly categorised into:

- Type 1 trust financing arrangement: which involves a pledge of the equity interest held by us in, and/or land use rights held by, the relevant project subsidiary, or
- Type 2 trust financing arrangement: which involves a transfer of a minority equity interest, and a pledge of the remaining equity interest held by us, in the relevant project subsidiary to the trust company.

These secured trust financings also generally involve other security and/or guarantee:

- corporate and/or shareholders' guarantees; and/or
- pledge of land use rights of the relevant property project; and/or

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- other security in the form of an assignment of rental income, sales revenue and other income generated from the relevant project company or an assignment of shareholders' loan.

We generally apply the fund obtained from each secured trust financing arrangement to the project undertaken by the relevant borrowing subsidiary unless the relevant trust company otherwise agrees. At maturity, and upon satisfaction of the terms for the repayment of the secured trust financings, the relevant corporate and/or shareholders' guarantees and project liens are released and, as the case may be, the pledge of the equity interest in the relevant project subsidiary is released and/or the minority interest in the relevant project subsidiary is repurchased from the trust company.

(b) *Management of the project companies*

We retain the rights in respect of the day-to-day operation and management of our project companies and borrowing subsidiaries. Generally, none of the trust companies participated or intervened in the day-to-day operation and management of the relevant project companies or borrowing subsidiaries. Generally, no consent from the trust companies is required to carry out our daily operational activities in the ordinary course of business of our project companies or borrowing subsidiaries.

(c) *Board representation*

Under the type 2 trust financing arrangement, the trust companies are entitled to appoint minority number of directors in our project companies or borrowing subsidiaries. We retain majority of the board seats in all relevant project companies and borrowing subsidiaries so that we have control over the decision making of the board. The board representatives appointed by the trust companies have right to veto certain board decisions such as those concerning corporate budget, management compensation and related party transactions. During the Track Record Period, there has been no dissenting vote cast by any of the board representatives appointed by the trust companies.

(d) *Veto right*

In holding the minority interest in our project companies under the type 2 trust financing arrangement, the trust companies are given veto rights in connection with certain shareholder decisions related to major corporate actions or transactions, such as increase or reduction of company capital, transfer, pledge or disposal of material assets, providing guarantee, dividend distributions, mergers and acquisitions, related party transactions, management policy in relation to finance, budget and compensation, and/or use of surplus fund. Such rights are generally consistent with customary protection given to creditors under secured borrowing transactions.

(e) *Control over underlying properties*

As we have the right to appoint majority number of directors in the relevant project companies, we retain our rights to develop, manage and operate the property projects undertaken by our project companies, and are entitled to market and sell the properties without any consent of the trust companies.

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(f) *Dividend or other profit distributions*

Under certain secured trust financing agreements, the relevant project subsidiary and the borrowing subsidiary undertake not to distribute dividends without the trust companies' consent. Under the type 2 trust financing arrangement, we maintain the controlling stake in the relevant project subsidiaries and no dividends and other profit distributions could be declared and/or paid by the relevant project subsidiaries unless we pass resolution to approve so as majority shareholder. The trust companies have no right to request the relevant project subsidiaries to declare and/or pay dividends and other profit distributions to them. The main purpose of obtaining financing from trust companies is to finance the construction and development of projects of our Group. There would be no retained earnings or reserves available for distribution before completion of construction of the projects and the sales of properties situated at the projects. As such, the relevant project companies would not be in position to declare or distribute dividends or other profit distributions. At the time when the properties are sold, our Group would repay the financing and buyback the minority interest held by the trust companies. Up to the Latest Practicable Date, we had not declared and/or paid any dividends or other profit distributions to the trust companies.

(g) *Secured trust financings entered into by our Group and related accounting treatment*

For our trust financings due and repayable during the Track Record Period, we had repaid such financings in full and the relevant guarantees and/or securities were released pursuant to the terms of the relevant agreements. As at 30 September 2012, we had 12 outstanding secured trust financings with an aggregate outstanding amount of RMB2,724.4 million. Out of such 12 outstanding trust financings, 8 were Type 1 trust financings arrangement and the remaining 4 were Type 2 trust financings arrangement. Although the trust companies hold minority equity interests in relevant project subsidiaries under the Type 2 trust financings arrangement, such trust financings are treated as bank and other borrowings in our consolidated financial statements.

Further, the two trust financings obtained by Shanghai Xubo and Hefei Xubin under the Type 2 trust financings which involve obligation to repurchase the equity interest in relevant project companies from the trust companies at pre-determined repurchase consideration based on the valuation of the relevant equity interest are classified as trust loans related derivatives in our consolidated financial statements. The valuation is agreed to be conducted by independent appraiser firm upon the time when the minority interests in relevant project companies are repurchased by us from the trust companies.

(h) *Opinion of our PRC Legal Advisers in respect of secured trust financings*

Our PRC Legal Advisers opined that our PRC subsidiaries involved in outstanding secured trust financing arrangements as at 30 September 2012 have been in compliance with the relevant PRC laws, regulations and rules and the agreements executed relating to our secured trust financing arrangements are valid and binding upon the parties to such agreements.

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The following table sets out certain details of our outstanding secured trust financings obtained from trust companies in the PRC as at 30 September 2012.

Project subsidiary obtaining trust financing	Effective date and term of financing	Trust company	Development project under subsidiary obtained by the project	Maximum trust financing amount	Cost of financing	Relevant equity interest held by trust company	Relevant equity interest pledged to trust company	Number of directors that can be nominated by the trust company	Arrangement at maturity	Basis of determination of repurchase of relevant equity interest	Effective equity interest of the project subsidiary owned by us under IFRS	Amount outstanding on the financial statements as at 30 September 2012	As at 31 August 2012, relevant asset value of the project subsidiary (which was the total incurred development costs of the relevant project)
													(per annum)
<i>(Note 1)</i>													
<i>Type 1 trust financing arrangement</i>													
Suzhou Xuhui Xingteng	2011.9.26 — 2013.3.25	蘇州信託有限公司 (Suzhou Trust Co., Ltd.)	Suzhou CIFI Ronchamp Town	RMB200,000,000	16%	Nil	100% equity interest in Suzhou Xuhui Xingteng	Nil	To repay trust financing	Not applicable	100%	RMB200,000,000	RMB364,000,000
Zhejiang Xuhui	2011.5.25 — 2013.5.24	上海愛建信託投資有限公司 (Shanghai AJ Trust & Investment Co., Ltd.)	Jiaxing CIFI Square	RMB560,000,000	16%	Nil	100% equity interest in Zhejiang Xuhui	Nil	To repay trust financing	Not applicable	100%	RMB560,000,000	RMB756,000,000
Chongqing Xupeng	2012.6.28 — 2013.3.28	杭州工商信託股份有限公司 (Hangzhou Industrial & Commercial Trust Co., Ltd.)	Chongqing CIFI Ronchamp Town	RMB50,000,000	16%	Nil	Nil	Nil	To repay trust financing	Not applicable	100%	RMB50,000,000	RMB483,000,000
Shanghai Xubang	2011.7.22 — 2013.1.22	杭州工商信託股份有限公司 (Hangzhou Industrial & Commercial Trust Co., Ltd.)	Shanghai CIFI Pujiang International	RMB250,000,000	13% subject to adjustment	Nil	100% equity interest in Shanghai Xubang	Shanghai Xubang 1 out of 3	To repay loan	Not applicable	100%	RMB250,000,000	RMB696,000,000
Beijing Xuhui Shunxin	2012.7.26 — 2014.2.12	杭州工商信託股份有限公司 (Hangzhou Industrial & Commercial Trust Co., Ltd.)	Beijing CIFI International Negotiate Garden	RMB120,000,000	16.5%	Nil	100% equity interest in Beijing Xuhui Shunxin	Nil	To repay trust financing	Not applicable	100%	RMB120,000,000	RMB232,000,000

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Project subsidiary obtaining trust financing	Effective date and term of financing	Trust company	Development project under project subsidiary obtained by the project subsidiary financing	Maximum trust financing amount	Cost of financing (per annum)	Relevant equity interest held by trust company	Relevant equity interest pledged to trust company	Number of directors that can be nominated by the trust company	Arrangement at maturity	Basis of determination of relevant equity interest	Effective equity interest of the project subsidiary owned by us under IFRS	Amount outstanding on the financial statements as at 30 September 2012	As at 31 August 2012, relevant asset value of the project subsidiary (which was the total incurred development costs of the relevant project)
(Note 1)													
Shanghai Xuqiang	2012.7.26 — 2014.2.12	杭州工商信託股份有限公司 (Hangzhou Industrial & Commercial Trust Co., Ltd.)	Shanghai CIFI Luxury Courtyard	RMB130,000,000	16.5%	Nil	100% equity interest in Shanghai Xuqiang	Nil	To repay trust financing	Not applicable	100%	RMB130,000,000	RMB306,000,000
Shanghai Xuqiang	2012.8.31 — 2014.8.29	興業國際信託有限公司 (China Industrial International Trust Limited)	Shanghai CIFI Luxury Courtyard	RMB330,000,000	10%	Nil	Nil	Nil	To repay trust financing	Not applicable	100%	RMB330,000,000	RMB306,000,000
Shanghai Xinzhi Construction	2012.9.21 — 2014.9.20	四川信託有限公司 (Sichuan Trust Co., Ltd.)	Not applicable	RMB200,000,000	12.5%	Nil	Nil	Nil	To repay trust financing	Not applicable	100%	RMB112,450,000	Not applicable
Sub-total:											Type 1 trust financing arrangement: RMB1,752,450,000		
<i>Type 2 trust financing arrangement</i>													
Shanghai Xuyu	2011.9.30 — 2013.3.31	四川信託有限公司 (Sichuan Trust Co., Ltd.)	Shanghai CIFI Pleasant Garden	RMB150,000,000	13%	49% equity interest in Shanghai Xuyu	51% equity interest in Shanghai Xuyu	Shanghai Xuyu 2 out of 5	To repurchase equity interest/ additional capital reserve of Shanghai Xuyu	13% rate of return per annum	100%	RMB150,000,000	RMB310,000,000
Shanghai Xutai	2011.10.9 — 2013.4.9	新華信託股份有限公司 (New China Trust & Investment Co., Ltd.)	Shanghai CIFI Private Mansion	RMB244,530,000	16.8%	49.15% effective equity interest in Shanghai Xutai indirectly holding through an intermediate investment holding company	50.85% equity interest in Shanghai Xutai	Shanghai Xutai 1 out of 3	To repay loan and to repurchase effective equity interest in Shanghai Xutai	16.8% rate of return per annum	100%	RMB244,530,000	RMB675,000,000

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Project subsidiary obtaining trust financing	Effective date and term of financing	Trust company	Development project under project subsidiary obtained by the project subsidiary financing trust	Maximum trust financing amount	Cost of financing	Relevant equity interest held by trust company	Relevant equity interest pledged to trust company	Number of directors that can be nominated by the trust company	Arrangement at maturity	Basis of determination of repurchase of relevant equity interest	Effective equity interest of the project subsidiary owned by us under IFRS	Amount outstanding on the financial statements as at 30 September 2012	As at 31 August 2012, relevant asset value of the project subsidiary (which was the total incurred development costs of the relevant project)
													(per annum)
Shanghai Xubo	2010.11.4 — 2012.5.3 (Note 2)	杭州工商信託股份有限公司 (Hangzhou Industrial & Commercial Trust Co., Ltd.)	Shanghai CIFI Rose Bay	RMB400,000,000 (Note 2)	12%	30% effective equity interest in Shanghai Xubo indirectly holding through an intermediate investment holding company	70% equity interest in Shanghai Xubo	Shanghai Xubo 1 out of 3	To repay shareholders' loan and to repurchase effective equity interest in Shanghai Xubo	Note 2	100%	RMB— RMB1,288,000,000 (Note 2)	
Hefei Xubin	2011.12.31 — 2014.12.30	華豐信託有限責任公司 (Huabao Trust Co., Ltd.)	Hefei CIFI Private Mansion	RMB600,000,000 (Note 3)	16%	49% equity interest in Hefei Xubin	51% equity interest in Hefei Xubin	Hefei Xubin: 2 out of 5	To repurchase equity interest/ additional capital reserve of Hefei Xubin	Note 3	100%	RMB577,461,645 (Note 3)	
Sub-total: Type 2 trust financing arrangement:												RMB971,991,645	
Total:												RMB2,724,441,645	

Notes:

- All of the trust companies shown in the table are Independent Third Parties, except for holding certain minority equity interest in the relevant project companies under Type 2 trust financing arrangement as part of the security in connection with the trust financing. Those trust companies which hold equity interest in our project companies will be regarded as connected persons of our Group after the Listing under the Listing Rules by virtue of their holding of 10% or more of the equity interest in our subsidiaries. We will comply with the applicable provisions of the Listing Rules relating to connected transactions if any transaction is made between our Group and these trust companies after the Listing.
 - Only the trust companies which have the right to nominate directors to our subsidiaries mentioned in the table above would be entitled to veto rights in major decisions of the relevant subsidiaries.
- The English translation of the names of the trust companies is provided for identification purposes only.
- (i) For Shanghai Xubo trust financing arrangement, the maximum financing amount comprised RMB370,000,000 as loan to Shanghai Xubo and RMB30,000,000 as consideration for the transfer of 30% effective equity interest in Shanghai Xubo.

- (ii) Repurchase consideration of 30% effective equity interest in Shanghai Xubo = Original transfer consideration + fixed premium + floating premium (if any).
Original transfer consideration = RMB30,000,000. The original transfer consideration is payable in lump sum upon maturity.
- Fixed premium = Original transfer consideration x 12% x duration in years. The fixed premium is payable every three months after the effective date of the trust financing arrangement.
- Floating premium = Valuation of 30% effective equity interest in Shanghai Xubo by independent appraisers' firm less the original transfer consideration and the fixed premium. The floating premium, if any, is payable upon notice by the trust company regarding the repurchase.
- The trust company has the right to determine the appraisal date for the valuation of the equity interest in Shanghai Xubo as any date which falls after (i) the fixed premium and the original transfer consideration are paid in full, (ii) Shanghai Xubo has fully repaid the shareholders' loan which was assigned by CIFI (PRC) to the trust company as part of the security under the trust financing arrangement and other associated fees, and (iii) the project contracted sales ratio by GFA exceeds 70% of its total saleable GFA. If the project contracted sales ratio by GFA has not exceed 70% of its total saleable GFA after 33 months from the effective date of the trust financing arrangement, the appraisal date for the valuation of the equity interest in Shanghai Xubo shall be the last date of the 33th month after the effective date of the trust financing arrangement.
- (iii) As at 30 September 2012, the outstanding amount of Shanghai Xubo trust financing arrangement carried at amortised cost on our consolidated financial statements under IFRS was RMBnil, using an effective interest rate of 19.6%.
- (iv) As at 30 September 2012, Shanghai Xubo has repaid the shareholders' loan, but the effective equity interest in Shanghai Xubo was not repurchased yet.
3. (i) For Hefei Xubin trust financing arrangement, the maximum financing amount comprised RMB600,000,000 as injection of registered capital and additional special reserve.
- (ii) The trust company will realize its investment in Hefei Xubin trust financing arrangement between 30 months and 36 months after the effective date of the Hefei Xubin trust financing arrangement by effecting an exit mechanism through liquidation of Hefei Xubin or disposing the relevant project or the relevant equity interest of Hefei Xubin. Before the end of the 30th month after the effective date of the Hefei Xubin trust financing agreement, CIFI (PRC) has the right to purchase the relevant equity interest held by the trust company in Hefei Xubin at a pre-agreed repurchase consideration. Such repurchase consideration should be the higher of (i) valuation of 49% equity interest in Hefei Xubin, and (ii) a consideration calculated based on a formula depending on various parameters, which, amongst others, include the actual ASP of the contracted sales of the relevant project.
- In the event that CIFI (PRC) does not purchase the relevant equity interest held by the trust company, the trust company has the right to sell all of the equity interest in Hefei Xubin to a third-party purchaser. The proceeds from such sale would be paid first to the trust company until its investment value, RMB600,000,000 x (1+16% per annum x 3), has been paid in full. The remaining proceeds would be paid to CIFI (PRC).
- (iii) As at 30 September 2012, the outstanding amount of Hefei Xubin trust financing arrangement carried at amortised cost on our consolidated financial statements under IFRS was RMB577,462,000, using an effective interest rate of 24.2%.

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Improving our cash flow and diversifying our financing channels

Our policy is to maintain sufficient operating cash and saleable resources every month to cover our accumulated debt on loans maturing within one year. As at 31 December 2009, 2010 and 2011 and 30 June 2012, we maintained sufficient cash to cover our unpaid land premium. From 1 January 2012 to 31 October 2012, we launched pre-sale of seven development projects. For the rest of 2012, we plan to further launch pre-sale of another three development projects. These pre-sale in 2012 will contribute to our cash flow position in 2012 and onwards.

As at 31 August 2012, the outstanding land premium for our projects held for further development was approximately RMB64.1 million. As we have purchased new sites for development after 31 August 2012, the outstanding land premium for our projects held for future development as at the Latest Practicable Date was approximately RMB704.0 million.

As at the Latest Practicable Date, we had a total of 43 property projects in 11 cities. For these existing 43 property projects, our total estimated future development costs as at 31 August 2012 amounted to approximately RMB17,500.0 million. Out of such total estimated future development costs, the estimated future development costs of our projects under development and held for future development for the financial year ending 31 December 2012 is approximately RMB7,980.0 million. Our Directors believe that such capital expenditure plan is manageable and we intend to fund such capital expenditure by executing our sales plan efficiently and generating sufficient operating cash flow from property sales, as well as by obtaining external financing including bank borrowings and trust financings. Taking into account our current project development, sales and pre-sales schedules, the estimated net proceeds from the Global Offering and the measures described above, our Directors expect our operating cash position to improve in 2012 and our Group to have sufficient working capital to maintain our operations.

Following the Global Offering, we plan to further develop offshore financing channels, such as offshore bonds and loans. We expect that more diversified and flexible sources of financing will help us to fund our continued expansion in the PRC, to take advantage of attractive land purchase opportunities as they arise, and to enhance Shareholders' return.

SUPPLIERS AND CUSTOMERS

For the financial years ended 31 December 2009, 2010 and 2011, and the six months ended 30 June 2012, our five largest customers, comprising individual purchasers of our residential properties and commercial properties for sale, in aggregate, accounted for approximately 12.6%, 10.8%, 9.3% and 5.1% of our total revenue, and our single largest customer accounted for approximately 8.7%, 4.2%, 2.6% and 3.4% of our total revenue in the same periods, respectively.

For the financial years ended 31 December 2009, 2010 and 2011, and the six months ended 30 June 2012, our five largest suppliers, primarily comprising construction companies and general contractors, accounted for approximately 17.6%, 35.2%, 26.6% and 15.9% of our total cost of sales, respectively, and our single largest supplier accounted for approximately 5.2%, 13.2%, 11.4% and 7.8% of our cost of sales in the same periods, respectively.

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None of our Directors, their associates and any Shareholders (who or which to the knowledge of our Directors owns more than 5% of our Company's share capital) has any interest in any of our five largest customers or suppliers.

COMPETITION

Competition in the real estate market in the PRC has intensified over the past few years. We compete against national and regional real estate developers in the PRC. We compete with other real estate developers on the basis of a number of factors, including product quality, service quality, price, financial resources, brand recognition, ability to acquire land and other factors. We believe that the real estate market in the PRC has large growth potential. However, different regions of the PRC have different regulatory restrictions on property development, and consumer preference typically varies between different regions of the PRC. We believe that, with our solid and strong foothold in a number of cities and our ability to differentiate our products, we are less affected by the changes in market conditions. Furthermore, given our product differentiation, creditworthiness, reputation, quality products and services and our management skills in developing properties in the past decade, we believe we can react promptly to challenges in the real estate market in the PRC. For further information, please refer to the section headed "Risk Factors — Risks Relating to Our Industry — Intensified competition may materially and adversely affect our business, financial condition and operating results" in this prospectus.

INTELLECTUAL PROPERTY RIGHTS

Our intellectual property forms an integral basis for our strong brand recognition and is important to our Group's business. As at the Latest Practicable Date, we had 13 trademarks and three domain names which were registered in the PRC, and one trademark and one domain name which was registered in Hong Kong and had applied for two trademark registrations in Hong Kong. The information on our websites does not constitute a part of this prospectus. Please refer to the section headed "Further information about our Company — Intellectual property rights of our Group" in Appendix VII to this prospectus for further details relating to our intellectual property.

INSURANCE

In accordance with the relevant PRC laws and regulations, we contribute to social welfare insurance for our full-time employees in the PRC, including basic pension insurance, basic medical insurance, unemployment insurance, work-related injury insurance and maternity insurance.

Property developers are not required under PRC national and local laws and regulations to maintain insurance coverage in respect of their property development operations. In general, our construction contractors and our property management companies are required to purchase certain insurance coverage for our properties. Our construction contractors typically have to maintain all-risk policy for our properties under construction and, in general, cover the insurance of the subcontractors, while our property management companies generally have to maintain property management liability insurance. Consistent with what our Directors believe to be customary practice in the property development industry in the PRC, we do not separately maintain all-risk policy for all our properties, whether they are under development or have been completed prior to delivery; nor do we separately

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carry insurance against personal injury or other liabilities that may occur during the construction of our property development. Our Directors consider that the insurance coverage of our Group is adequate and the insurance policy of our Group is in the line with the industry standards. There is a risk that we may incur uninsured losses, damage or liabilities. For further information, please refer to the section headed “Risk Factors — Risks Relating to Our Business — We may not have adequate insurance to cover our potential losses and claims” in this prospectus.

LEGAL PROCEEDINGS AND COMPLIANCE

Legal Proceedings

During the Track Record Period, we were involved in legal or other disputes in the ordinary course of our business, primarily disputes with purchasers, construction contractors and employees. As at the Latest Practicable Date, we were involved in the following legal dispute with China Construction Sixth Engineering Bureau Civil Engineering Co., Ltd (中建六局土木工程有限公司) (“**China Construction Sixth Bureau**”). In April 2010, a construction fee dispute claim was brought by China Construction Sixth Bureau against our subsidiaries, Shanghai Xinzhi Construction (上海新置建筑工程有限公司), CIFI (PRC) and Suzhou Xuhui. Such claim was related to the construction of Suzhou CIFI California Bay. China Construction Sixth Bureau claimed for approximately RMB40.6 million, which includes amounts of outstanding construction fee and performance bond, plus penalty in respect of outstanding construction fee and interest in respect of performance bond and outstanding construction fee. Our bank balance of RMB21,768,000 was held in custody of the People’s Court of the Qingpu district in Shanghai, the PRC as ordered by it since December 2010. We have already expensed a portion of the claim as part of the cost of sales. No further provision has been made for this legal proceeding as our Directors believe that the ultimate outcome of this legal proceeding will not have a material adverse effect on our business, financial condition and operating results. As at the Latest Practicable Date, the case was pending before the People’s Court of the Qingpu district in Shanghai.

Save as disclosed above and based on information available to us, we were not, during the Track Record Period and up to the Latest Practicable Date, engaged in any litigation, arbitration or claim of material importance, and no litigation, arbitration or claim of material importance is known to our Directors to be pending or threatened by or against us that may have a material adverse effect on our business, financial condition and operating results.

Compliance

Our PRC Legal Advisers have advised us that all of our PRC subsidiaries have obtained all material licences, permits or certificates required for our business operations and have been in compliance in all material respects with all relevant PRC laws, regulations and rules in relation to main aspects of our business operations during the Track Record Period and up to the Latest Practicable Date (except CIFI (PRC) which is in the due process of renewal of its Real Estate Enterprise Certificate and our PRC Legal Advisers have advised us that there is no legal impediment for CIFI (PRC) to renew such certificate).

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Idle land

Our PRC Legal Advisers have advised us that none of the land currently owned by us constitutes or may be regarded as idle land and be subject to penalty or confiscation pursuant to the relevant PRC laws and regulations. Our Directors confirm that we had complied with all the relevant rules and regulations relating to idle land in the PRC during the Track Record Period and up to the Latest Practicable Date. Our Directors also confirm that the tightened enforcement on forfeiture of idle land or land grant deposits did not have any material adverse effect on the our business, financial condition and operating results during the Track Record Period and up to the Latest Practicable Date.

Permitted GFA

Our Directors confirm that all of our property projects have passed the requisite completion and acceptance inspection in relation to the permitted GFA during the Track Record Period and up to the Latest Practicable Date.

Delay in completion or delivery of property projects

In 2009, there was a delay in the completion and delivery of Beijing CIFI Olympic City. The delay was caused by the suspension of construction work during the Beijing Olympics period. We made an aggregate compensation amounting to RMB20,359,000 to the purchasers. Such amount was provided as general administrative expense for the financial year of 2009. The Group did not receive any compensation from the PRC Government for the suspension of construction work during the Beijing Olympics period.

Save as disclosed above and based on information available to us, our Directors confirm that we did not experience any material incidents relating to construction delay, delay in delivering properties to our customers, or increase in development costs during the Track Record Period and up to the Latest Practicable Date.

Infringement of trademarks and other intellectual property rights

Our Directors confirm that we did not encounter any material incidents relating to the infringement of trademarks and other intellectual property rights during the Track Record Period and up to the Latest Practicable Date.

Environmental matters

Property developers in China are subject to a number of environmental laws and regulations including the PRC Environmental Protection Law 《中華人民共和國環境保護法》, the PRC Environmental Impact Assessment Law 《中華人民共和國環境影響評價法》, the PRC Prevention and Control of Noise Pollution Law 《中華人民共和國環境噪聲污染防治法》 and the PRC Administrative Regulations on Environmental Protection for Development Projects 《建設項目環境保護管理條例》. Please refer to the section headed “Summary of Principal PRC Legal and Regulatory Provisions” in Appendix VI to this prospectus for details of these environmental laws and regulations.

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Our Directors believe that we are in compliance in all material respects with applicable environmental laws and regulations in China. Our main expense relating to compliance with applicable environmental protection rules and regulation is the cost to prepare the assessment report on environmental impact, which we have submitted to the environmental authorities prior to the commencement of the construction of our projects. During the Track Record Period and up to the Latest Practicable Date, we did not experience any problems in the inspections conducted by the relevant environmental authorities upon delivery of our properties to our customers.

Our PRC Legal Advisers are of the opinion that, based on the verifications issued by the competent PRC environmental authorities and after their due enquiry, nothing has come to their knowledge that our PRC subsidiaries have ever materially contravened PRC environmental laws and regulations, as a result of which being fined materially by PRC environmental authorities during the Track Record Period.

For the financial years ended 31 December 2009, 2010 and 2011 and the six months ended 30 June 2012, we incurred approximately RMB215,000, RMB891,000, RMB739,000 and RMB315,000, respectively, for compliance with applicable environmental protection rules and regulations. On the assumption that there will not be material changes in the environmental protection rules and regulations, our annual main environmental protection expense will depend on the number of projects which are subject to the preparation of the assessment report on environmental impact with the cost to prepare an assessment report being approximately RMB100,000.

Housing provident fund and social security insurance contributions

In the PRC, we are required to comply with various national and local labour and social welfare laws and regulations, including the Regulations on Management of the Housing Provident Fund 《住房公積金管理條例》, which were promulgated and became effective on 3 April 1999 and then amended on 24 March 2002. Due to differences in local regulations, inconsistent implementation or interpretation by local authorities in the PRC, different levels of acceptance of the social security system by employees, during the Track Record Period, certain of our PRC subsidiaries did not register with the relevant authorities on a timely basis and did not contribute housing provident funds and social security insurance for their employees.

According to the relevant PRC laws and regulations on housing provident fund, we may be subject to a fine in the amount of between RMB10,000 and RMB50,000 for not registering with the relevant authorities on a timely basis. Furthermore, according to the relevant PRC laws and regulations on social security insurance, if we are ordered to pay the social security insurance but fail to do so as required by the local social security authorities, a fine calculated at a rate of 0.05% per day on the delinquent payments may be imposed on us.

As at the Latest Practicable Date, all of our subsidiaries which are required to register had already registered with the relevant authorities in respect of housing provident fund and social security insurance and we had already made full contribution after the registration. As at the Latest Practicable Date, we have not been ordered by any authorities to make contribution previously unpaid prior to the registration nor are we aware of any employee complaints or demands for payment of previously unpaid housing provident funds and social security insurance. Further, the relevant subsidiaries

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involved were project companies which had not engaged material headcounts before registration with the relevant authorities. Taking into account the immaterial headcounts in these relevant subsidiaries, our Directors consider that the unpaid housing provident fund and social security insurance contributions are not material and therefore no provision for such unpaid contribution was provided by our Group during the Track Record Period. Our Controlling Shareholders have undertaken to indemnify us to the extent that we become required to pay any unpaid housing provident fund and social security insurance and any fines or penalties imposed by the relevant authorities with respect to such non-payment of housing provident funds and social security insurance.

In order to ensure on-going compliance with the PRC laws and regulations relating to housing provident fund and social security insurance, our Human Resources Department (人力資源部) is the designated department responsible for liaising with the relevant local PRC authorities to ensure that we fulfil our obligation as to the payment of housing provident fund and social security insurance contributions in a timely manner. The regional project companies are required to provide evidence of payment for housing provident fund and social security insurance to our Human Resources Department every month.

We consider that the above measures are adequate to ensure on-going compliance with the PRC laws and the regulations.

Tax filing

We were not delinquent in the payment of any taxes due and were in compliance with all tax laws and regulations during the Track Record Period.

Leased buildings

As at 31 August 2012, we leased 32 properties in the PRC from different landlords, of which 32 of the lease agreements have yet to be registered with the relevant government authorities. Registration of lease agreements requires submission of certain documents of landlords, including their identity documentation, to relevant authorities and therefore the registration is subject to cooperation of landlords which is not within our control. Most of the unregistered leases relate to the premises which we use as office spaces or staff dormitories. Our PRC Legal Advisers have advised us that under relevant PRC laws and regulations, an executed lease must be registered and filed with the relevant government authorities. Under PRC laws, a fine will be imposed on the parties to a lease for failing to register a lease. For each of the lease agreements in which we are a lessee and the lease agreements have yet to be registered with the relevant government authorities, a fine ranging between RMB1,000 and RMB10,000 may be imposed. Our PRC Legal Advisers have advised us that the lack of registration of a lease will not affect its legality, validity or enforceability unless the lease contains a provision which stipulates that the validity of the lease is subject to registration. During the Track Record Period and up to the Latest Practicable Date, we have not been ordered by any authorities to pay any fine in relation to non-registration of lease agreements. Certain landlords have agreed to indemnify us against all fines and penalties imposed on us as a result of non-registration of leases. Our Controlling Shareholders have undertaken to indemnify us to the extent that we become required to pay any fines or penalties imposed by the relevant authorities with respect to such non-registration of lease agreements.

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As most of the premises of which the leases are unregistered are used by us as office or staff dormitories and taking into account the advice of our PRC Legal Advisers on the impact of the non-registration, we believe that the non-registration would not, individually or in aggregate, have a material adverse effect on our business, financial condition or operating results. In relation to the risk associated with the above property title deficiencies, please refer to the section headed “Risk Factors — Risks Relating to Our Business — We may be subject to fines due to the lack of registration of our leases” in this prospectus for further information.

In order to ensure on-going compliance with the PRC laws and regulations relating to registration of executed lease agreements, where we are the lessee to an executed lease agreement, we seek cooperation from the lessors of the leased properties to register executed lease agreements with the relevant PRC Government authorities. However, we may not be able to control whether and when the lessors will do so.

We consider that the above measures are adequate to ensure on-going compliance with the PRC laws and the regulations.

Townhouses

According to the approval documents such as project approvals, construction land planning permits, construction project planning permits and construction permits of our 13 residential projects for development of townhouse (including Shanghai CIFI Pebble Beach 上海旭輝•圓石灘), all such projects are approved for residential and commodity housing purposes. Therefore, our PRC Legal Advisers opine that these construction projects (including Shanghai CIFI Jiangwan Mansion (上海旭輝•江灣墅)) do not fall into the villa (別墅) category under 《外商投資產業指導目錄(2007年修訂)》 (the Catalogue for the Guidance of Foreign Investment Industries (2007 version)), neither will the relevant government department make a different interpretation for this purpose.

Ancillary hotel projects

According to the Catalogue for the Guidance of Foreign Investment Industries (2007 version), hotels are divided into high-end hotels and ordinary hotels. Development, construction and operation of high-end hotels are under restricted foreign investment industry, while ordinary hotels are under permitted foreign investment industry. Pursuant to Provisional Regulation concerning Investment Within China by Foreign Investment Enterprises, when a foreign-invested enterprise establishes or acquires (re-invests in) a domestic company, approval from the competent authority will be required if the business to be operated by such domestic company is under restricted industry, whereas approval from competent authority will not be required if the business to be operated by such domestic company is under encouraged or permitted industry. As regards whether the commercial ancillary hotels developed in the four projects (including Shanghai CIFI Pebble Beach) are high-end hotels under the Catalogue for the Guidance of Foreign Investment Industries (2007 version). The understandings of our PRC Legal Advisers are as follows:

1. According to our PRC Legal Advisers' enquiry of the subsisting relevant PRC laws and regulations, currently there is no clear definition of high-end hotels.

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2. Our PRC Legal Advisers had a telephone enquiry in this regard with the State Development and Reform Commission and the Commerce Department, the organs which promulgated the Catalogue for the Guidance of Foreign Investment Industries (2007 version), and staff of the above departments confirmed that currently there is no clear definition of high-end hotels.
3. According to the approval documents such as project approvals, construction land planning permits, construction project planning permits and construction permits of the four projects for development of including hotels (including Shanghai CIFI Pebble Beach), these hotel projects are approved for use as ancillary facilities of the overall construction project, and there is no clear distinction between high-end hotels and ordinary hotels in such approval documents.
4. Based on our PRC Legal Advisers' experience in other projects, there has been a foreign-invested enterprise which acquired a domestic enterprise and a hotel built by such domestic enterprise was as a result defined as high-end hotels and the acquired domestic enterprise was requested to execute the relevant approval procedures. The reason is that the domestic enterprise has entrusted the hotel to a famous international hotel management group for management. Our PRC Legal Advisers understand that the competent department of commerce will base on the hardware and software facilities and the management team when the hotels have put into operation and other standards for the comprehensive judgment for high-end hotels. At present, the four projects for development of including hotels (including Shanghai CIFI Pebble Beach) are under planning and construction and have not been put into operation.

Our PRC Legal Advisers understand that the construction projects for these ancillary hotel properties have not violated the provision of the Catalogue for the Guidance of Foreign Investment Industries (2007 version). After commencement of operation of the above hotel properties, CIFI Group Co., Ltd. (PRC)* (旭輝集團股份有限公司) as a domestic subsidiary of a foreign-invested enterprise needs to declare to and determined by the competent department of commerce whether these hotel properties are high-end hotels, and whether approval procedures are needed according to Provisional Regulation concerning Investment Within China by Foreign Investment Enterprises. As advised by our PRC Legal Advisers, if CIFI (PRC) is required by the competent authority to apply for the approval procedures under the Provisional Regulation concerning Investment Within China by Foreign Investment Enterprises, there will be no legal impediment for CIFI (PRC) as a domestic subsidiary of a foreign-invested enterprise to obtain the approval.

Measures to prevent future non-compliance

In view of our business operation in different regions of the PRC, our internal control measures were implemented at regional level with reporting line to senior management at the headquarters level established. The regional general managers oversee the internal control at regional level with reference to the internal control guidelines adopted by the Group and they report to the senior management if any internal control incident is identified. The senior management at the headquarters and the regional general manager will then evaluate the incident and consider appropriate rectification measures.

RELATIONSHIP WITH THE CONTROLLING SHAREHOLDERS

OUR FOUNDERS AND OUR CONTROLLING SHAREHOLDERS

Upon completion of the Global Offering, Rosy Fortune, Ding Chang, Eminent Talent and Rain-Mountain will be respectively holding approximately 35.64%, 20.01%, 10.64% and 3.55% of our Company's issued share capital (assuming no exercise of the Over-allotment Option by the Underwriters and excluding any Shares that may be issued pursuant to the Share Option Scheme). The three brothers, Mr Lin Zhong, Mr Lin Wei and Mr Lin Feng are the founders of our Group and executive Directors of our Company. On 21 May 2012, Mr Lin Zhong and Mr Lin Feng respectively transferred 60% and 10% equity interests in Rosy Fortune (which were then owned by Mr Lin Zhong, Mr Lin Wei and Mr Lin Feng as to 60%, 30% and 10%, respectively) to the Lin's Family Trust at nil consideration by way of gift for the settlement of the trust. At the same time, Mr Lin Zhong and Mr Lin Feng respectively transferred the entire interest in Ding Chang and Rain-Mountain to the Sun Success Trust and the Sun-Mountain Trust at nil consideration by way of gift for the settlement of the trusts. On 8 June 2012, Mr Lin Wei transferred his 30% interest in Rosy Fortune to the Lin's Family Trust at nil consideration. All the aforesaid trusts are discretionary family trusts with Standard Chartered Trust acting as the trustee. Mr Lin Zhong and Mr Lin Feng are the respective settlor of the Sun Success Trust and the Sun-Mountain Trust. Mr Lin Zhong, Mr Lin Wei and Mr Lin Feng are the settlors of the Lin's Family Trust. After the aforesaid transfers, Rosy Fortune, Ding Chang and Rain-Mountain are wholly held by Gentle Beauty Assets Limited, Eternally Success International Limited and Beauty Fountain Holdings Limited respectively, the entire issued share capital of all of which are in turn owned by Standard Chartered Trust. Thus, Mr Lin Zhong, Mr Lin Wei and Mr Lin Feng will be entitled to control the exercise of an aggregate of approximately 69.84% voting power at general meetings of our Company through the trusts as settlors upon completion of the Global Offering (assuming no exercise of the Over-allotment Option by the Underwriters and excluding any Shares that may be issued pursuant to the Share Option Scheme). Rosy Fortune, Ding Chang, Eminent Talent, Rain-Mountain, Mr Lin Zhong, Mr Lin Wei and Mr Lin Feng are our Controlling Shareholders.

None of our Controlling Shareholders nor our Directors is currently engaged in any property development business or related business which is in competition or potentially in competition with the business of the Group.

INDEPENDENCE FROM OUR FOUNDERS AND OUR CONTROLLING SHAREHOLDERS

We believe that our Group is capable of carrying on its business independently of our Controlling Shareholders, our founders and their respective associates after the Listing Date for the following reasons:

Operational Independence

Save and except the leasing of commercial arcade of Jiaying CIFI Square by Zhejiang Xuhui to 嘉興旭彩百貨有限公司 (Jiaying Xucai Department Store Co., Ltd.*) as disclosed in the section headed "Connected Transactions" in this prospectus, there does not exist any continuing connected transactions between our Controlling Shareholders or their respective associates and our Group which will be subject to the announcement and independent shareholders' approval requirement under the Listing Rules upon the Listing.

RELATIONSHIP WITH THE CONTROLLING SHAREHOLDERS

None of our Controlling Shareholders and their respective associates has any interest which competes with or is likely to compete with the business of our Group. Rosy Fortune, Ding Chang, Eminent Talent and Rain-Mountain are holding companies and do not carry on any business other than holding the equity interests in our Company.

Financial Independence

Pursuant to the SCB Facility Agreement dated 14 September 2011, our Company obtained a loan facility of HK\$580 million from Standard Chartered Bank (Hong Kong) Limited, an affiliate of Standard Chartered for a term of 24 months commencing from the date of the SCB Facility Agreement. Rosy Fortune, Ding Chang, Eminent Talent and Rain-Mountain, being our Controlling Shareholders beneficially owned by Mr Lin Zhong, Mr Lin Wei and Mr Lin Feng, pledged a total of 115,128,000 Shares of our Company (representing approximately 89.25% of our issued share capital before the Capitalisation Issue and the Global Offering) to the lender in connection with such bank borrowing and the pledge will be released upon Listing. Such pledge of Shares by our Controlling Shareholders is disclosed pursuant to Rule 13.17 of the Listing Rules. Further, Rosy Fortune, Ding Chang, Eminent Talent and Rain-Mountain had also guaranteed the obligations of our Company under the SCB Facility Agreement. Such guarantee will also be released upon Listing.

During the term of the facilities granted under the SCB Facility Agreement, Mr Lin Zhong, Mr Lin Wei and Mr Lin Feng, their family trusts and the companies beneficially owned by them namely Rosy Fortune, Ding Chang, Eminent Talent and Rain-Mountain together are required to maintain beneficial shareholding of not less than 80% of the entire issued share capital of our Company prior to the Listing and not less than 51% of the entire issued share capital of our Company after Listing and any of Mr Lin Zhong, Mr Lin Wei and Mr Lin Feng shall remain as the chairman of our Board. Such requirements as to level of ownership in our Company and maintenance of chairman role result in the disclosure obligation under Rule 13.18 of the Listing Rules.

We expect to repay part of the bank borrowing under the SCB Facility Agreement using a portion of the proceeds from the Global Offering. Please refer to the section headed “Future Plans and Use of Proceeds” in this prospectus.

Save as disclosed above, our Group has the ability to operate independently from the Controlling Shareholders from a financial perspective. Our internal control, financial management system and accounting system are all delineated from those of our Controlling Shareholders. The Directors believe that our Group is capable of obtaining financing from external sources without reliance on the Controlling Shareholders.

DEED OF NON-COMPETITION

On 9 October 2012, our Controlling Shareholders (each a “**Covenantor**” and collectively, “**Covenantors**”) and the Company entered into the Deed of Non-competition pursuant to which Rosy Fortune, Ding Chang, Eminent Talent, Rain-Mountain, Mr Lin Zhong, Mr Lin Wei, and Mr Lin Feng, have jointly and severally undertaken, not to compete with our Group.

RELATIONSHIP WITH THE CONTROLLING SHAREHOLDERS

The Controlling Shareholders have undertaken with our Company (for itself and as trustee for the benefit of members of our Group) that they shall not, and shall use their best endeavours to procure that their respective associates (other than any member of the Group) (the “**Affiliates**”) will not, engage, invest, participate or be interested (economically or otherwise) in any Property Business (as defined below) during the period commencing on the Listing Date and ending on the earlier of:

- (i) the date when collectively the Controlling Shareholders, and, as the case may be, any of their Affiliates, cease to hold, or otherwise be interested in, beneficially in aggregate, whether directly or indirectly, 30% or more of the issued ordinary share capital of our Company;
- (ii) the date when the Shares cease to be listed on the Stock Exchange; or
- (iii) in relation to a particular Controlling Shareholder individually, the date when such Controlling Shareholder and all of his/its Affiliates cease to hold, or otherwise be interested in beneficially, whether directly or indirectly, any of the Shares (the “**Non-competition Period**”),

whether alone or jointly with another person and whether directly or indirectly or on behalf of or to assist or act in concert with any other person except:

- (a) through their interests in our Group;
- (b) through acquiring or holding any investment or interest in units or shares of any company, investment trust, joint venture, partnership or other entity in whatever form which engages in any Property Business (a “**Competing Entity**”) where such investment or interest does not exceed 5% of the outstanding voting shares of such Competing Entity provided such investment or interest does not grant, nor does the relevant party and/or his Affiliates otherwise hold, any right to control the composition of the board of directors or managers of such Competing Entity nor any right to participate, directly or indirectly, in such Competing Entity (“**Passive Investments**”);
- (c) interests in properties in the PRC acquired and held solely for residential use (only in the case of Mr Lin Zhong, Mr Lin Wei and Mr Lin Feng and including the residential use of their families), or for investment purposes for so long as such interests do not involve any office or retail property development in the PRC and are not in competition with the business of our Group from time to time;
- (d) any Property Business which we have decided not to make an investment as approved in writing by a majority of all the independent non-executive Directors of our Company; or
- (e) interests in properties situated outside of the PRC.

RELATIONSHIP WITH THE CONTROLLING SHAREHOLDERS

Each of Rosy Fortune, Ding Chang, Eminent Talent, Rain-Mountain, Mr Lin Zhong, Mr Lin Wei and Mr Lin Feng has undertaken with our Company (for itself and as trustee for the benefit of members of our Group) to procure that any investment or commercial opportunity relating to any Property Business (“**New Opportunity**”) that they or any of their respective Affiliates identify or propose or that is offered or presented to them by a third party, shall be first referred to our Company in accordance with the terms of the Deed of Non-competition. The independent non-executive Directors of our Company will determine whether to exercise the right of first refusal relating to the New Opportunity.

Under the Non-competition Deed, the obligations and liabilities of Rosy Fortune, Ding Chang, Eminent Talent, Rain-Mountain, Mr Lin Zhong, Mr Lin Wei and Mr Lin Feng are joint and several.

For the purposes of the Deed of Non-competition, the term “**Property Business**” means the conducting of any one or more of the following business or investment activities in the PRC:

- (a) acquiring, holding, developing, transferring, disposing, leasing or otherwise dealing in, whether directly or indirectly, land, real estate properties, or any property-related investments;
- (b) engaging in, directly or indirectly, the business of property management;
- (c) engaging, having a right or in any way having an economic interest in, directly or indirectly, the promotion or development of or investment in land or real estate properties or any property management business;
- (d) acquiring, holding, transferring, disposing or otherwise dealing in, directly or indirectly, any option, right or interest over any of the matters set out in paragraphs (a) to (c) above; or
- (e) acquiring, holding, transferring, disposing or otherwise dealing in, directly or indirectly, any interest in (including, without limitation, shares of) any company, joint venture, corporation or entity of any nature, whether or not incorporated, with any interest in the matters set out in paragraphs (a) to (d) above.

In the event of any disagreement between any of the Covenantors and our Company as to whether or not any activity or proposed activity of any of the Covenantors constitutes a Property Business, the matter will be determined by the independent non-executive Directors whose majority decisions are final and binding.

RELATIONSHIP WITH THE CONTROLLING SHAREHOLDERS

Each of the Controlling Shareholders has also undertaken with our Company (for itself and as trustee for the benefit of members of our Group) that, during the Non-Competition Period, each of them:

- (a) will provide all information necessary for the annual review by the independent board committee of our Company for the enforcement of the undertakings contained in the Deed of Non-competition by each of them;
- (b) will make an annual declaration in compliance with such undertakings in the annual reports of our Company; and
- (c) shall excuse themselves from, and abstain from voting and not be counted as quorum of, any meetings of Shareholders and/or the Board for consideration and approval of any matters referred to in the Deed of Non-competition which have given or may give rise to conflicts of interest, whether actual or potential, of the relevant Controlling Shareholders.

We confirm that our independent non-executive Directors will review, at least on an annual basis, the compliance with the undertakings in the Deed of Non-competition by the Controlling Shareholders, including the right of first refusal regarding any New Opportunity given by them hereunder and we will disclose decisions of our independent non-executive Directors either in our annual reports or by way of announcements. We also confirm that our Directors, apart from the Controlling Shareholders (if they are Directors), will make similar annual declarations on compliance in respect of their own undertakings on non-competition in our annual report.

In considering whether to pursue any New Opportunity, our independent non-executive Directors will take into account ordinary commercial considerations, such as our Company's financial condition, management efficiency, operational performance, growth prospect and earning potentials of the relevant business and any other information at the relevant time with reference to the prevailing circumstances. Our independent non-executive Directors will always act in the best interests of our Company and the Shareholders as a whole. They will review annually all the decisions taken in each quarter of the year in relation to whether to pursue the New Opportunity and disclose such decisions and the rationales in our annual report. The Controlling Shareholders and their respective associates will abstain from voting for or against the relevant resolutions and will not be counted as part of the quorum at the relevant meetings of Shareholders and/or the Board.

CONNECTED TRANSACTIONS

CONTINUING CONNECTED TRANSACTIONS

After Listing, the following transaction will be regarded as our continuing connected transaction within the meaning of the Listing Rules:

Non-exempt continuing connected transaction subject to disclosure and reporting requirements but is exempt from independent shareholders' approval

Lease Agreement

Our subsidiary Zhejiang Xuhui as landlord entered into a lease agreement with 嘉興旭彩百貨有限公司 (Jiaxing Xucai Department Store Co., Ltd.*) (“**Jiaxing Xucai**”) as tenant (the “**Lease Agreement**”) on 17 June 2011 in respect of the commercial arcade of Jiaxing CIFI Square (the “**Leased Premises**”) which is located on Zhongshan East Road in Jiaxing, the PRC. The Leased Premises is of 28,000 sq.m. and is used by Jiaxing Xucai as department store and for ancillary retail purposes. Pursuant to the Lease Agreement, the Leased Premises is leased by Zhejiang Xuhui as owner of Jiaxing CIFI Square to Jiaxing Xucai for a term of 15 years commencing from 17 June 2011. Our another subsidiary, Shanghai Yongsheng Management provides property management services to Jiaxing CIFI Square, and Jiaxing Xucai as occupier of Jiaxing CIFI Square pays fees to Shanghai Yongsheng Management pursuant to the Lease Agreement in relation to its services provided (the “**Management Fees**”).

Jiaxing Xucai is wholly owned by 上海建浦投資管理有限公司 (Shanghai Jianpu Investment Management Co., Ltd.*), which in turn is owned by Mr Lin Zhong, Mr Lin Wei and Mr Lin Feng, being our Directors as to 60%, 30% and 10% respectively. As such, Jiaxing Xucai is an associate of Mr Lin Zhong, Mr Lin Wei and Mr Lin Feng and therefore is a connected person of our Company under Chapter 14A of the Listing Rules.

As Jiaxing Xucai was only incorporated in 2011, there was no historical transaction of a similar nature prior to 2011. In accordance with the terms of the Lease Agreement, the obligation to pay Rental (as defined below) and Management Fees would commence upon the commencement of business of department store by Jiaxing Xucai. The department store business commenced in late April 2012. Pursuant to the terms of the Lease Agreement, the maximum annual rental payable by Jiaxing Xucai to our Group for the year ending 31 December 2012 and each of the two years ending 31 December 2013 and 2014 (the “**current rent period**”) will be RMB8,700,000 and RMB13,000,000 respectively (the “**Rental**”) and the maximum annual Management Fees payable by Jiaxing Xucai to Shanghai Yongsheng Management for the three years ending 31 December 2012, 2013 and 2014 will be RMB1,300,000, RMB1,850,000 and RMB2,050,000 respectively. As such, the aggregate maximum amount payable by Jiaxing Xucai to our Group under the Lease Agreement for each of the three years ending 31 December 2012, 2013 and 2014 are expected to be RMB10,000,000, RMB14,850,000 and RMB15,050,000 respectively. The Rental and the Management Fees are payable by Jiaxing Xucai on monthly basis. For the six months ended 30 June 2012, a total transaction sum of RMB2,309,000 was made pursuant to the transactions contemplated under the Lease Agreement.

CONNECTED TRANSACTIONS

After the end of the current rent period, the Rental will be increased every two years by at least 14.5% during the term of the Lease Agreement (the “**Basic Upward Adjusted Rent**”). A turnover rent calculated by reference to 6.5% of the monthly turnover generated by Jiaxing Xucai at the Leased Premises will also be implemented (the “**Turnover Rent**”). Jiaxing Xucai will pay on a monthly basis the Basic Upward Adjusted Rent or the Turnover Rent to Zhejiang Xuhui, whichever is higher.

The Rental and the Management Fees payable under the Lease Agreement will be reviewed by the independent non-executive Directors every three years taking into account of the market conditions, but in any event should not be lower than the rent and fees applicable to a third party tenant leasing the premises for similar purposes. The Rental and the Management Fees under the Lease Agreement are determined with reference to the prevailing market rent and management fees of comparable property. The arrangement relating to the Turnover Rent is also in line with normal business practice for lease of premises to tenants using the same for department store, supermarket or retail purposes. Savills Valuation and Professional Services Limited, being the independent property valuer appointed by our Company, has reviewed the terms of the Lease Agreement and considers that the Rental and the Management Fees payable under it are fair and reasonable and reflect the prevailing market rate.

Waiver

The transaction stipulated under the Lease Agreement constitutes continuing connected transaction of our Group under Rule 14A.34 of the Listing Rules. The applicable percentage ratios as defined in Rule 14A.10 of the Listing Rules and calculated with reference to the annual caps of RMB10,000,000, RMB14,850,000 and RMB15,050,000 from 2012 to 2014 are more than 0.1% but less than 5%. As such, the continuing connected transaction would be subject to reporting and announcement requirements but would be exempt from independent shareholders’ approval.

Our Directors and the Joint Sponsors consider that it would be unduly burdensome for our Company to make disclosure after the Listing when the value of such transaction exceed the de minimis thresholds under Rule 14A.33(3) of the Listing Rules, and the costs involved would not be beneficial to the Shareholders. Our Directors and the Joint Sponsors are of the view that the term of the lease is more than three years on the following reasons:

- (i) Our Group intends to attract an influx of customers visiting the commercial complex of CIFI Jiaxing Square by maintaining department store and supermarket anchor tenants within the complex. The presence of such customer-generating anchor stores will enhance the overall value of CIFI Jiaxing Square;
- (ii) It is a normal business practice for such department store or supermarket tenants to require a long term lease of at least 15 years, for example, our existing tenancy agreement with Carrefour;
- (iii) A long term lease will help to lock-in stable rental income and reduce the risks associated with loss of rental income as a result of termination of shorter term lease(s); and

CONNECTED TRANSACTIONS

- (iv) The rental payable by Jiaxing Xucai under the Lease Agreement will be adjusted upward and calculated with reference to the turnover generated at the Leased Premises after the current rent period which will also be subject to review by the independent non-executive Directors with reference to prevailing market rate. As such, the entry into long-term lease agreement with Jiaxing Xucai will enable our Group to benefit from stable rental income and the interest of our Group will nevertheless be safeguarded through the review by the independent non-executive Directors.

Accordingly, waiver has been sought from strict compliance with the announcement requirements stipulated in Chapter 14A of the Listing Rules for the continuing connected transaction mentioned above on the following conditions:

- (a) the annual caps of RMB10,000,000, RMB14,850,000 and RMB15,050,000 respectively for each of the year ending 31 December 2012, 2013 and 2014 will not be exceeded;
- (b) our Company will comply with the other requirements of Chapter 14A of the Listing Rules, including Rules 14A.35(1), 14A.35(2), 14A.36 to 14A.40 of the Listing Rules (where applicable); and
- (c) the continuing connected transaction will be subject to annual review by the auditors of our Company and the independent non-executive Directors each year in accordance with Rules 14A.37 and 14A.38 of the Listing Rules and the other requirements under Rules 14A.39 to 14A.41 of the Listing Rules.

We will re-comply with the applicable requirements under Chapter 14A of the Listing Rules after the three-year waiver period.

Directors' and Joint Sponsors' view

Our Directors, including the independent non-executive Directors, are of the view that (i) the annual caps under the Lease Agreement are determined through arm's length negotiations between the relevant parties; (ii) the Lease Agreement is entered into in the ordinary and usual course of business of our Group and on normal commercial terms; and (iii) the terms and the annual caps of the Lease Agreement are fair and reasonable so far as the Shareholders are concerned and in the interests of the Shareholders as a whole.

The Joint Sponsors have reviewed the relevant information provided by our Company relating to the non-exempt continuing connected transaction described above and have also conducted due diligence by discussion with our Company and have obtained the necessary representations and information from our Company. Based on the Joint Sponsors' due diligence, the Joint Sponsors are of the view that (i) the annual caps under the Lease Agreement are determined through arm's length negotiations between the relevant parties; (ii) the Lease Agreement is entered into in the ordinary and usual course of business of our Group and on normal commercial terms; and (iii) the terms and the annual caps of the Lease Agreement are fair and reasonable so far as the Shareholders are concerned and in the interests of the Shareholders as a whole.

CONNECTED TRANSACTIONS

If any terms of the above transaction are altered in any material respect, our Company will comply with the provisions of Chapter 14A of the Listing Rules as and when necessary.

ACQUISITION BY DIRECTORS OF PROPERTIES DEVELOPED BY OUR GROUP DURING THE TRACK RECORD PERIOD

During the Track Record Period, we sold certain properties developed by our Group to some of the directors of our Group pursuant to a property purchase scheme (the “**Purchase Scheme**”) which is offered to eligible employees of our Group. Under the Purchase Scheme, each eligible employee could purchase properties developed by our Group each year at a discount rate typically ranged from 2% to 5% which is determined with reference to his/her length of service, job position and seniority in our Group. The Purchase Scheme required that the discounted purchase price could not be lower than cost. Properties subject to the Purchase Scheme are residential units, office units, and commercial shops developed by our Group. Application of our employees to purchase the properties have to be reviewed and approved by the general manager responsible for the relevant development project, our human resources department and our Chief Executive Officer. During the Track Record Period, the total amount of sales of the Group attributable to the Purchase Scheme was approximately RMB114 million with an aggregate GFA of approximately 14,347 sq.m.

Details of the properties sold to the directors of our Group during the Track Record Period are summarised in the table below:

<u>Name</u>	<u>Address of Property</u>	<u>Consideration</u> <i>(RMB'000)</i>
Lin Feng <i>(Executive Director)</i>	Room 312, Block 2, Shanghai CIFI Hongqiao International B1710, 17th floor, Jiaxing CIFI Square	3,875 583
Weng Xiaofeng <i>(Director of CIFI (PRC))</i>	Rooms 802 and 803, Block 6, Phase I, Hefei CIFI Central Park	842

The transactions above have been completed before Listing. After the Listing Date, any acquisition by Directors of properties developed by our Group will be transacted at prevailing market rates and subject to the disclosure and applicable requirements of the Listing Rules governing connected transactions.

RELATED PARTY TRANSACTIONS

The details of the significant related party transactions which we carried out during the Track Record Period are set out in the section headed “Appendix I — Accountants’ Report” in this prospectus.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

DIRECTORS

The following information sets forth certain information relating to Directors:

Name	Age	Appointment Date	Position	Responsibilities	Relationship with other Directors
LIN Zhong (林中)	44	20 May 2011	Chairman and Executive Director	Formulating corporate strategies, business development and overall management The Chairman of the Nomination Committee and a member of the Remuneration Committee	Brother of Mr Lin Wei and Mr Lin Feng
LIN Wei (林偉)	40	20 May 2011	Vice Chairman and Executive Director	Formulating corporate strategies, business development and overall management	Brother of Mr Lin Zhong and Mr Lin Feng
LIN Feng (林峰)	37	20 May 2011	Chief Executive Officer and Executive Director	Overseeing business operations and overall management	Brother of Mr Lin Zhong and Mr Lin Wei
GU Yunchang (顧雲昌)	68	9 October 2012	Independent non-executive Director	A member of the Audit Committee and the Nomination Committee	Nil
ZHANG Yongyue (張永岳)	58	9 October 2012	Independent non-executive Director	The Chairman of the Remuneration Committee and a member of the Audit Committee and the Nomination Committee	Nil
TAN Wee Seng (陳偉成)	57	9 October 2012	Independent non-executive Director	The Chairman of the Audit Committee and a member of the Remuneration Committee	Nil

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Executive Directors

Mr LIN Zhong (林中), aged 44, our founder, is the executive Director and Chairman of the Company. Mr Lin Zhong has about 22 years of experience in the real estate business. He laid the foundation of our Group by establishing Xiamen Yongsheng Services in 1995. Mr Lin Zhong had been the chairman, chief executive officer and director of CIFI (PRC), our principal operating subsidiary holding our PRC operation, since its establishment in 2000. He was appointed as Director on 20 May 2011. He is also a director of Ding Chang and Rosy Fortune, our Controlling Shareholders. Mr Lin Zhong has been elected as the “2006 Top 100 of the New Oriental Entrepreneur (2006新滬商TOP100)” of the New Oriental Entrepreneur Century Forum (新滬商世紀論壇), the “2006 Devoting Person of the China Real Estate Brand (2006中國房地產品牌貢獻人物)” of the China Real Estate Top 10 Research (中國房地產TOP10研究組), and has been commended as the “Top 100 Leader of City Construction of the China Real Estate in Year 2007 (2007年度中國房地產100位城市建設領袖人物)” by China Association of Real Estate Developers (中國房地產開發商協會), U.N. Renju Environment Development Promotion (聯合國人居環境發展促進會), China Real Estate Brand Name Research Centre (中國房地產品牌研究中心) and China Real Estate Annual Association (中國房地產年會組委會). He was also awarded “2010 Star of Real Estates (2010年房產之星)” by China & Oversea Pictorial (中國與海外畫報社), Shanghai Association of International Urban Ecological Economy (上海市生態經濟學會國際城市生態經濟專業委員會) and Fudan University Real Estate Research Center (復旦大學房地產研究中心). He was appointed as the Council Member of the Board of Council of the Real Estate Comprehensive Development Committee of the China Real Estate and Residence Research Institute (中國房地產及住宅研究會房地產綜合開發委員會理事會理事) in 2006, the Standing Council Member of the “Residential Property” Magazine Board Unit of The Centre For Housing Industrialisation (建設部住宅產業化促進中心《住宅產業》雜誌理事會常務理事) in 2006, the Member of the 3rd Board of Directors of the Oriental Real Estate Institute (東方房地產學院第三屆董事會董事) in 2011, and the Council Member of the 6th Board of Council of Shanghai Land Institute (上海市土地學會第六屆理事會理事) in 2011. Mr Lin Zhong graduated from the Xiamen University (廈門大學) with a Bachelor’s Degree in Economics in July 1990. He further pursued and obtained an Executive Master of Business Administration Degree from Cheung Kong Graduate School of Business (長江商學院) in October 2009. Mr Lin Zhong is a brother of Mr Lin Wei and Mr Lin Feng.

Mr LIN Wei (林偉), aged 40, is the executive Director and Vice-Chairman of the Company. Mr Lin Wei laid the foundation of our Group with Mr Lin Zhong in 1995 when Xiamen Yongsheng Services, a member of our Group was established. Mr Lin Wei has about 17 years of experience in the real estate business. Mr Lin Wei was appointed as a director of CIFI (PRC), our principal operating subsidiary holding our PRC operation in 2006. He was appointed as Director on 20 May 2011. He is also a Director of Rosy Fortune and Eminent Talent, our Controlling Shareholders. Mr Lin Wei was awarded 2007 Beijing Real Estate Top 10 Driving Force (北京地產十大推動力人物) by Beijing Daily and Beijing Evening News (北京日報及北京晚報) and 2009 Beijing Outstanding Entrepreneurs (北京優秀企業家). Mr Lin Wei is a brother of Mr Lin Zhong and Mr Lin Feng.

Mr LIN Feng (林峰), aged 37, is the executive Director and Chief Executive Officer of the Company. Mr Lin Feng has about 10 years of experience in the real estate business. He joined our Group in 2001 and was appointed as a director of CIFI (PRC), our principal operating subsidiary holding our PRC operation in 2006. He was appointed as Director on 20 May 2011. He is also a

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

director of Rosy Fortune and Rain-Mountain, our Controlling Shareholders. Mr Lin Feng graduated from the Xiamen University (廈門大學) with a Bachelor's Degree in Economics in July 1998 and further obtained a Master of Business Administration Degree from the University of Dundee in July 2001. Mr Lin Feng is a brother of Mr Lin Zhong and Mr Lin Wei.

Independent non-executive Directors

Mr GU Yunchang (顧雲昌), aged 68, was appointed as our independent non-executive Director on 9 October 2012. Mr Gu has been the vice president of the China Real Estate Research Association since 2006 and had also been the vice president and secretary-general of the China Real Estate Association from 1998 to 2006.

Mr Gu formerly served at different positions in the Ministry of Construction of the PRC, including the deputy director at Policy Research Centre of Ministry of Construction from 1988 to 1998; the person-in-charge of the City and Township Residence Research Centre of Ministry of Construction from 1986 to 1988; and the Deputy Division Head and Division Head at Urban Residence Bureau of Ministry of Construction from 1979 to 1986.

Mr Gu engaged in theory and policy research, market research and analysis concerning China real estate industry. In the 1980s, he participated in the policy research and formulation of China's city and village residential construction techniques, carrying on a State key project "2000 China", and won the First Class National Science Technology Advance Award in China twice. After joining the China Real Estate Association in 1998, he has been involved in promoting the development of the China real estate industry as well as undertaking the research and analysis of the national real estate market. He is also the main organiser and writer of the China Real Estate Market Report, an annual analysis report issued by the China Real Estate Association. Mr Gu was an independent non-executive director of Shimao Property Holdings Limited (SEHK stock code: 813) from April 2006 to May 2011. Mr Gu has been the independent non-executive director of Sino-Ocean Land Holdings Limited (SEHK stock code:3377) and of E-House (China) Holdings Limited (NYSE:EJ) since 2007 and 2008, respectively. Mr Gu has also been the independent director of COFCO Property (Group) Co., Ltd. (SZSE stock code: 000031) since April 2012. Mr Gu obtained a bachelor's degree in Urban Planning from Tongji University in July 1966.

Mr ZHANG Yongyue (張永岳), aged 58, was appointed as our independent non-executive Director on 9 October 2012 and is the chairman of our Remuneration Committee. Mr Zhang obtained a bachelor's degree in Economics in September 1982 from East China Normal University (華東師範大學) where he taught since his graduation and he had become a Professor of Enterprise Management at the same university since 1998. He has been the independent director of CIFI (PRC) since 2006. He is currently a professor at the Faculty of Business of East China Normal University, and the Dean of Shanghai E-house China R&D Institute, concurrently as the vice president of the China Institute of Real Estate Appraisers and Agents, Shanghai Economist Association, Shanghai Real Estate Economy Society, as well as Council Member of China Real Estate Association.

Mr TAN Wee Seng (陳偉成), aged 57, was appointed as our independent non-executive Director on 9 October 2012 and is the chairman of our Audit Committee. Mr Tan has over 30 years of business, financial, operation and strategy management experience and has also held various senior management positions in a number of multinational and Chinese corporations.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Mr Tan has been an independent director of ReneSola Ltd. and 7 Days Group Holdings Limited since 2009, the shares of both companies are listed on the New York Stock Exchange. He has also been a non-executive director of Xtep International Holdings Limited (SEHK stock code: 1368) and of Sa Sa International Holdings Limited (SEHK stock code: 178) since 2010 and the independent non-executive director of Biostime International Holdings Limited (SEHK stock code: 1112) since 2010. In 1999, he served as a senior vice president of Reuters and the head of Information and Trading System for the China, Mongolia and North Korea regions. From 2003 to 2008, he served as an executive director, chief financial officer and company secretary of Li Ning Company Limited (SEHK stock code: 2331).

Mr Tan is a fellow member of the Chartered Institute of Management Accountants, United Kingdom and a fellow member of the Hong Kong Institute of Directors since 2007.

Other information under Rule 13.51(2) of the Listing Rules

In April 2012, Mr Lin Wei's wife instituted divorce proceedings in Canada and obtained an injunction order granted by the Superior Court of Justice of Toronto, Canada (the "**Canadian Family Court**") against Mr Lin Wei restricting him from disposing any of his assets wherever situate. In connection with the Canadian divorce proceedings, Mr Lin Wei's wife further obtained an injunction order granted by the High Court of Justice of the British Virgin Islands (the "**BVI Court**") against Mr Lin Wei and Eminent Talent, a company wholly owned by Mr Lin Wei directly which in turn held approximately 13.59% interest in the Company as at the Latest Practicable Date. The BVI Court ordered that (a) Mr Lin Wei be restrained from taking any steps to sell or otherwise deal with any of the shares owned by him in Eminent Talent; and (b) Eminent Talent be restrained from taking any steps to sell or otherwise deal with any of the shares owned by it in the Company otherwise than pursuant to an arrangement for the whole of the Company's shares to be listed on the Stock Exchange (the "**BVI Court Order**").

In early May 2012, a court hearing was conducted in the Canadian Family Court at which Mr Lin Wei sought a stay and/or dismissal of the Canadian divorce proceedings on the basis that the Canadian Family Court has no jurisdiction to consider the case. The Canadian Family Court released a judgment in June 2012 ruling that the Canadian Family Court does not have jurisdiction to hear the divorce application and the Canadian injunction granted in April 2012 is void and of no further force and effect. Mr Lin Wei's wife then commenced an appeal of the judgment at the Court of Appeal for Ontario. The hearing of the appeal is scheduled to be held in December 2012. There will also be a hearing for the divorce to be conducted in the PRC in April 2013. Pending the appeal to be heard by the Court of Appeal for Ontario, Mr Lin Wei shall not take any steps to set aside the BVI Court Order in the BVI.

Save as disclosed, each of our Directors has confirmed with respect to himself that: (a) he had not held any directorships, current or past, since the beginning of the Track Record Period up to the Latest Practicable Date in any public companies, the securities of which are listed on any securities market in Hong Kong and/or overseas; (b) he is not related to any other Director, senior management

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

or substantial Shareholder of the Company or Controlling Shareholders; (c) there is no information to be disclosed for him pursuant to the requirements under Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules; and (d) there are no other matters that need to be brought to the attention of holders of securities of the Company.

SENIOR MANAGEMENT

Mr YAU Sze Ka (游思嘉), aged 40, is the Chief Financial Officer of the Group. Mr Yau has over 18 years of experience in capital markets and corporate management. He joined the Group in July 2011. From December 2005 to June 2011, Mr Yau was the director of corporate affairs of Lai Sun Garment (International) Limited, where he was responsible for corporate finance, business development and investor relationships. From January 2003 to December 2005, he was a director of DBS Asia Capital Limited. From September 1999 to January 2003, he worked for ICEA Capital Limited and his last position held was executive director (investment banking division). During his employment with DBS Asia Capital Limited and ICEA Capital Limited, Mr Yau executed a wide variety of capital markets and corporate finance transactions, including initial public offerings, equity fund raisings, mergers and acquisitions, and corporate restructuring. Mr Yau graduated from the University of California at Berkeley with a Bachelor of Science Degree in May 1994. He is also a holder of Chartered Financial Analyst.

Mr LIU Qingquan (劉清泉), aged 64, is the Vice President and Finance Director of the Group. Mr Liu is experienced in financial management. He joined our Group in May 2005. He qualified as senior accountant (高級會計師) in the PRC in December 1994.

Mr ZHU Yu (朱瑜), aged 50, is the Vice President of the Group. Mr Zhu joined our Group in March 2006. Prior to joining our Group, he was the secretary of the board and deputy general manager of Jiangsu Xiake Color Spinning Co., Ltd (江蘇霞客環保色紡股份有限公司) a listed company in the PRC. Mr Zhu graduated from Nanjin Normal University (南京師範大學) with a Bachelor's Degree in Mathematics in July 1982. He also obtained the qualification of associate professor in the PRC in June 2001.

Mr SHEN Zhenyu (沈震宇), aged 58, is the Director of Legal Affairs of the Group. Mr. Shen has various experience in legal work. Mr Shen joined the Group in May 2005. Prior to joining the Group, he obtained the senior judge certificate (Grade 4) in the PRC and served in the judiciary in the PRC.

Mr PAN Taoyuan (潘道原), aged 44, is the President Assistant and General Manager of Sales Marketing Management Centre of the Group. Mr Pan joined the Group in February 2008. Before joining our Group, Mr Pan worked in Shanghai P & R Real Estate Consultant Co., Ltd (上海普潤房地產顧問有限公司) as the deputy general manager from October 2004 to January 2007. Mr Pan graduated from the National Taichung Institute of Technology in June 1989 majoring in Japanese language.

Mr ZHANG Liang (張良), aged 38, is the Vice President and the Chief Human Resources Officer of the Group. Mr Zhang joined the Group in February 2012. Prior to joining our Group, Mr Zhang worked in SPH Ke Yuan Xinhai Pharmaceutical Co., Ltd (上藥科園信海醫藥有限公司) (formerly

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known as CITIC Pharma)) as the Chief Human Resources Officer from July 2010 to January 2012. He also worked in Tianjin Tasly Group Co., Ltd. (天津天士力集團有限公司) as the President Assistant and the Director of the Human Resources Centre from April 2005 to July 2010. Mr Zhang had worked in Motorola (China) Electronics Limited (摩托羅拉(中國)電子有限公司) from December 1995 to April 2005, as the Human Resources Manager of semi-conductor department (半導體事業部) and the Asia Pacific Representative of Global Performance Management Project. Mr. Zhang graduated from the China Europe International Business School (中歐國際工商學院) with a MBA Degree, and Tianjin Foreign Studies University (天津外國語大學) with a Bachelor of Arts Degree.

Mr ZHANG Weifeng (張偉峰), aged 43, is the President Assistant and the Director of Business Development of the Group. Mr Zhang joined our Group in February 2009. Prior to joining our Group, Mr Zhang held managerial positions and had worked as the chief sales manager at Shanghai Jingrui Properties (Group) Co. Ltd. between 2000 and 2008. He had also worked in Procter & Gamble PRC as a Senior Manager in the China Research and Development Centre from July 1994 to June 2000. Mr Zhang graduated from the Nanjing University in July 1994 with a Master of Science Degree.

Mr DING Yuangang (丁元剛), aged 46, is the Director of Operations Management of the Group. Mr Ding joined the Group in June 2010. He had various experience in information technology. Prior to joining the Group, he worked as Group Chief Information Officer for Chongqing Longhu Development Co., Ltd. Mr Ding graduated from the Harbin Institute of Technology University (哈爾濱工業大學) with a Bachelor Degree in Computer Software in July 1987. He further completed the Mini-EMBA programme at Cheung Kong Graduate School of Business in October 2008. Mr Ding also obtained the qualification of senior engineer in the PRC in March 1999. He has been awarded the Excellent Chief Information Officer Awards 2009.

Mr YANG Xin (楊欣), aged 39, is the Director of Treasury of the Group. Mr Yang joined the Group in July 2010. He has experience in banking and finance. Prior to joining the Group, he worked in various management positions at Agricultural Bank of China Limited. Mr Yang graduated from the Shanghai Jiao Tong University with a Bachelor's Degree in International Finance in July 1995 and a Master of Business Administration Degree in June 2004. He also holds the Senior International Finance Manager qualification issued by International Financial Management Association.

Mr WU Xue (吳雪), aged 45, is the Director of Engineering of our Group. Mr Wu joined our Group in July 2012. He has over a decade of experience in engineering, project management and business development. Prior to joining our Group, Mr Wu had worked in various group companies of China Vanke Co., Ltd. (萬科集團) in Shanghai, Southern Jiangsu from 2001 to 2012 where he had held managerial positions in project management, engineering and business development since August 2004. Prior to that, Mr Wu worked in China Construction Fifth Engineering Division Corp., Ltd (中國建築第五工程局有限公司). Mr Wu graduated from the Huazhong University of Science and Technology (華中科技大學, formerly known as 華中理工大學) with a Bachelor of Engineering degree majoring in Industrial and Civil Construction Engineering in July 1990. Mr Wu obtained the qualification of engineer in the PRC in August 1995.

Mr GU Shiquan (顧世權), aged 48, is the Chief Engineer of our Group. Mr Gu joined our Group in May 2008. He is experienced in engineering and project management. Prior to joining our Group, Mr Gu had worked for China National Real Estate Development Bengbu Company (中國房地產開發

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蚌埠公司)。In July 1986, Mr Gu graduated from the Anhui University of Architecture (安徽建築工業學院), majoring in Industrial and Civil Engineering. Mr Gu obtained the qualifications of Class 2 Registered Architect (PRC) (國家二級註冊建築師) from The National Administration Board of Architect Registration (全國註冊建築師管理委員會) and Senior Engineer (高級工程師) from The Anhui Province Construction Engineering Professional Senior Engineer Review Board (安徽省建設工程專業高級工程師評審委員會) in December 1998, and Class 1 Registered Structural Engineer (PRC) (國家一級註冊結構工程師) from The National Administration Board of Engineering Registration (Structural) PRC (全國註冊工程師管理委員會(結構)) in May 2001.

COMPANY SECRETARY

Mr LO Tai On (羅泰安), aged 58, was appointed as our Company Secretary in October 2012. Mr Lo is a member of the Hong Kong Institute of Certified Public Accountants. He has over 25 years of experience in the field of company secretarial services and is now a director of Fair Wind Secretarial Services Ltd., a secretarial company rendering secretarial services. Mr Lo is also the company secretary of AAC Technologies Holdings Inc. (SEHK stock code: 2018), Pak Fah Yeow International Limited (SEHK stock code: 239), and Good Friend International Holdings Inc. (SEHK stock code: 2398), all of which are listed on the Stock Exchange. Mr Lo is not an employee of our Group and Mr Yau Sze Ka, our Chief Financial Officer, will be the person whom Mr Lo can contact for the purpose of Code F.1.1 of Corporate Governance Code as set out in Appendix 14 of the Listing Rules.

AUDIT COMMITTEE

We established an audit committee in October 2012 with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph C3 of the Corporate Governance Code as set out in Appendix 14 of the Listing Rules. The primary duties of the Audit Committee are to provide our Board with an independent review of the effectiveness of the financial reporting process, internal control and risk management system of our Group, to oversee the audit process and to perform other duties and responsibilities as assigned by our Board. The Audit Committee consists of three independent non-executive Directors, Mr Tan Wee Seng (being the chairman of the Audit Committee), Mr Gu Yunchang and Mr Zhang Yongyue.

REMUNERATION COMMITTEE

We established a remuneration committee in October 2012 with written terms of reference in compliance with paragraph B1 of the Corporate Governance Code as set out in Appendix 14 of the Listing Rules. The primary duties of the Remuneration Committee include (but without limitation): (a) making recommendations to our Directors on our policy and structure for all remuneration of our Directors and senior management and on the establishment of a formal and transparent procedure for developing policies on such remuneration; (b) determining the terms of the specific remuneration package of our Directors and senior management; and (c) reviewing and approving performance-based remuneration by reference to corporate goals and objectives resolved by our Directors from time to time. The Remuneration Committee consists of 3 members, of whom 2 are independent non-executive Directors, being Mr Tan Wee Seng and Mr Zhang Yongyue (as the chairman of the Remuneration Committee), and Mr Lin Zhong, our executive Director and Chairman.

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NOMINATION COMMITTEE

We established a nomination committee in October 2012 with written terms of reference in compliance with paragraph A.4 of the Corporate Governance Code as set out in Appendix 14 of the Listing Rules. The primary duties of the Nomination Committee are to review the structure, size and composition of the Board, and select and make recommendations to our Board on the appointment of Directors and senior management. The Nomination Committee consists of 3 members, of whom 2 are independent non-executive Directors, being Mr Gu Yunchang and Mr Zhang Yongyue, and Mr Lin Zhong (as the chairman of the Nomination Committee), our executive Director and Chairman.

COMPLIANCE ADVISER

We have appointed First Shanghai Capital Limited as our compliance adviser under Rule 3A.19 of the Listing Rules to advise us on the following matters in accordance with Rule 3A.23 of the Listing Rules:

- (a) before the publication of any regulatory announcement, circular or financial report;
- (b) where a transaction, which might be a notifiable or connected transaction, is contemplated including share issues and share repurchases;
- (c) where we propose to use the proceeds of the Global Offering in a manner different from that detailed in this prospectus or where the business activities, developments or results of our Group deviate from any forecast, estimate or other information in this prospectus; and
- (d) where the Stock Exchange makes an inquiry of us of unusual movements in the price or trading volume of our listed securities or any other matters under Rule 13.10 of the Listing Rules.

The term of the appointment will commence on the Listing Date and end on the date on which we send our financial results as required under Rule 13.46 of the Listing Rules for the first full financial year commencing after the Listing Date.

DIRECTORS' REMUNERATION

Each of the executive Directors has entered into a service contract with us commencing from the Listing Date for a period of three years respectively which may be terminated by either party by serving on the other party a prior written notice of not less than six months. Under the service contracts, the annual basic salary payable to the executive Directors ranges between approximately RMB1.8 million to RMB3 million (or its equivalent in other currencies). Each of the executive Directors is also entitled to a discretionary bonus as determined by the Remuneration Committee by reference to the performance of our Group. Particulars of the terms of the above service contracts are set out in the section headed "Further information about our Directors — Particulars of Directors' service contracts" in Appendix VII to this prospectus.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

In respect of each of the financial years ended 31 December 2009, 2010 and 2011 and the six months ended 30 June 2012, no remuneration was paid to our Directors as an inducement to join or upon joining our Group. No compensation was paid to, or receivable by, our Directors or past Directors for each of the financial years ended 31 December 2009, 2010 and 2011 and the six months ended 30 June 2012 for the loss of office as director of any member of our Group or of any other office in connection with the management of the affairs of any member of our Group. None of our Directors waived any emoluments for the financial years ended 31 December 2009, 2010 and 2011 and the six months ended 30 June 2012.

Under the arrangements currently in force, the aggregate amount of remuneration (excluding any discretionary bonus which may be paid) payable by our Group to our Directors for the financial year ending 31 December 2012 will be approximately RMB7 million.

The five highest paid individuals included no Director for the financial year ended 31 December 2009, two Directors for the financial year ended 31 December 2010, no Director for the financial year ended 31 December 2011, two Directors for the six months ended 30 June 2011 and three Directors for the six months ended 30 June 2012. The emoluments of the remaining five highest paid individuals for the year ended 31 December 2009, the remaining three highest paid individuals for the year ended 31 December 2010, the remaining five highest paid individuals for the year ended 31 December 2011, remaining three highest paid individuals for the six months ended 30 June 2011 and remaining two highest paid individuals for the six months ended 30 June 2012 are as follows:

	Year ended 31 December			Six months ended 30 June	
	2009	2010	2011	2011	2012
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Basic salaries and allowances	2,352	2,026	3,427	1,030	1,542
Bonus	585	504	1,323	—	74
Retirement benefit contributions	221	121	261	60	25
	<u>3,158</u>	<u>2,651</u>	<u>5,011</u>	<u>1,090</u>	<u>1,641</u>

In respect of each of the three financial years ended 31 December 2011 and the six months ended 30 June 2012, no remuneration was paid to the five highest paid individuals of our Group as an inducement to join or upon joining our Group. No compensation was paid to or receivable by such individuals for each of the three financial years ended 31 December 2011 and the six months ended 30 June 2012 for the loss of any office in connection with the management of the affairs of any member of our Group.

Save as disclosed above, no other payments have been paid or are payable in respect of each of the three financial years ended 31 December 2011 and the six months ended 30 June 2012 to our Directors by our Group.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

EMPLOYEES

As at 30 June 2012, we had 2,723 full-time employees. The following table sets out a breakdown of our personnel by function as at 30 June 2012:

	<u>Number of employees</u>
Management	30
Finance	112
Administration and human resources	204
Land acquisition and business development	54
Project planning, research and design	101
Procurement and cost control	129
Engineering and technical	339
Project management	19
Internal control	27
Sales, marketing and customer services	384
Commercial property leasing and management	98
Property management	<u>1,226</u>
Total:	<u><u>2,723</u></u>

Our relationship with employees

Our Directors believe that our employees are among the most valuable assets of our Group and have contributed to the success of our Group. During the Track Record Period, we did not experience any significant turnover of staff or any disruption to our business operations due to labour disputes. Our Directors consider that we have maintained a good relationship with our employees.

Employee benefits

In the PRC, in accordance with the relevant national and local labour and social welfare laws and regulations, we are required to pay in respect of our employees in the PRC various social security funds including basic pension insurance (基本養老保險), basic medical insurance (基本醫療保險), unemployment insurance (失業保險), work-related injury insurance (工傷保險) and maternity insurance (生育保險). According to the current applicable local regulations, the approximate percentages of the various insurances applicable to us are set out below:

<u>Social security funds</u>	<u>Approximate percentage of the relevant employees' monthly salary</u>
Basic pension insurance	20.0
Basic medical insurance	6.0-10.0
Unemployment insurance	2.0
Work-related injury insurance	0.2-3.0
Maternity insurance	0.8

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

The contributions excluding directors retirement benefit costs paid by us for the financial years ended 31 December 2009, 2010 and 2011 and the six months end 30 June 2012 were approximately RMB5.6 million, RMB8.6 million, RMB19.5 million and RMB12.1 million, respectively.

Staff costs

The staff costs (including staff welfare expenses but excluding director remuneration, which are set out in the section headed “Directors’ remuneration” above) paid by us for the financial years ended 31 December 2009, 2010, 2011 and the six months ended 30 June 2012 were approximately RMB69.8 million, RMB123.1 million, RMB172.2 million and RMB148.6 million, respectively.

Employee Incentive Schemes

We adopted the Pre-IPO Share Award Scheme and the Share Option Scheme, the purpose of which is to motivate our Directors, senior management and employees to optimize their future contributions to our Group and reward them for their past contribution. Details of the principal terms of the Pre-IPO Share Award Scheme and the Share Option Scheme are summarised in the section headed “(5) Other Information — (A) Pre-IPO Share Award Scheme and (B) Share Option Scheme” in Appendix VII to this prospectus.

Exercise of any options granted to our PRC citizen employees under the Share Option Scheme after Listing will be subject to the Implementation Rules of the Administrative Measures for Individual Foreign Exchange 《個人外匯管理辦法實施細則》, which were promulgated by SAFE on 5 January 2007 and became effective on 1 February 2007, and the Notice on Certain Issues of Foreign Exchange Administration regarding PRC Individuals’ Participation in Employee Share Incentive Plans and Employee Stock Option Plans of Overseas Listed Companies 《關於境內個人參與境外上市公司股權激勵計劃外匯管理有關問題的通知》 promulgated by SAFE on 15 February 2012 and came into force on the same day. Pursuant to the aforesaid regulation, if any of our PRC citizen employees are granted options under the Share Option Scheme after the Listing, they must, through our PRC subsidiary or its agent in the PRC, make necessary registration with SAFE prior to exercise of the granted options.

SHARE CAPITAL

SHARE CAPITAL

Our Company's authorised and issued share capital immediately following the Capitalisation Issue and the Global Offering will be as follows:

Authorised share capital: *HK\$*

10,000,000,000 Shares	1,000,000,000
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*Issued and to be issued, fully paid or credit as fully paid,
upon completion of the Global Offering (assuming that
the Over-allotment Option is not exercised)* *HK\$*

129,000,000 Shares in issue as at the date of this prospectus	12,900,000
4,386,000,000 Shares to be issued under the Capitalisation Issue	438,600,000
<u>1,255,000,000</u> Shares to be issued pursuant to the Global Offering	<u>125,500,000</u>
<u>5,770,000,000</u> Total	<u>577,000,000</u>

*Issued and to be issued, fully paid or credited as fully paid,
upon completion of the Global Offering (assuming that
the Over-allotment Option is exercised in full)* *HK\$*

129,000,000 Shares in issue as at the date of this prospectus	12,900,000
4,386,000,000 Shares to be issued under the Capitalisation Issue	438,600,000
1,255,000,000 Shares to be issued pursuant to the Global Offering	125,500,000
<u>188,250,000</u> Shares to be issued pursuant to the Over-allotment Option	<u>18,825,000</u>
<u>5,958,250,000</u> Total	<u>595,825,000</u>

Assumptions

The above table assumes that the Capitalisation Issue and the Global Offering have become unconditional. It takes no account of any Shares (a) which may be allotted and issued upon the exercise of any options that may be granted under the Share Option Scheme or (b) which may be allotted and repurchased by our Company pursuant to the Issue Mandate and Repurchase Mandate as described below.

Ranking

The Offer Shares will rank *pari passu* in all respects with all Shares now in issue or to be issued as mentioned in this prospectus, and will qualify in full for all dividends or other distributions declared, made or paid on the Shares after the date of this prospectus other than participation in the Capitalisation Issue.

SHARE CAPITAL

CAPITALISATION ISSUE

Pursuant to the resolutions of our Shareholder passed on 9 October 2012, conditional on the share premium account of our Company having sufficient balance, or otherwise being credited as a result of the issue of the new Shares under the Global Offering, our Directors were authorised to capitalise HK\$438,600,000 standing to the credit of the share premium account of our Company by applying such sum in paying up in full at par 4,386,000,000 Shares for allotment and issue to Shareholder(s) whose name(s) appear(s) on the register of members of our Company at the close of business on 9 October 2012 in proportion (as nearly as possible without involving fractions) to their then existing shareholdings in our Company. All the new shares to be issued pursuant to the Capitalisation Issue shall rank *pari passu* in all respects with the existing issued Shares.

GENERAL MANDATE TO ISSUE SHARES

Subject to the Global Offering becoming unconditional, our Directors have been granted a general unconditional mandate to allot, issue and deal with unissued Shares with a total nominal value of not more than the sum of:

- (a) 20% of the aggregate nominal value of Shares in issue immediately following completion of the Global Offering and the Capitalisation Issue (without taking into consideration of any Shares to be issued upon exercise of the Over-allotment Option and any options which may be granted under the Share Option Scheme); and
- (b) the aggregate nominal value of Shares repurchased by us pursuant to the Repurchase Mandate.

Our Directors may, in addition to the Shares which they are authorised to issue under the Issue Mandate, allot, issue and deal in the Shares pursuant to a rights issue, or any scrip dividend scheme or similar arrangements providing for allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the Articles of Association.

The Issue Mandate will expire:

- at the conclusion of our Company's next annual general meeting;
- upon the expiry of the period within which our Company is required by applicable laws or the Articles of Association to hold its next annual general meeting; or
- when varied or revoked by an ordinary resolution of its Shareholders in general meeting,

whichever occurs first.

For further information on the Issue Mandate, please refer to the section headed "Further information about our Company — Written resolutions passed by our Shareholders" in Appendix VII to this prospectus.

SHARE CAPITAL

GENERAL MANDATE TO REPURCHASE SHARES

Subject to the Global Offering becoming unconditional, our Directors have been granted a general unconditional mandate to exercise all the powers of our Company to repurchase Shares with nominal value of not more than 10% of the aggregate nominal value of the Shares in issue immediately following completion of the Global Offering and the Capitalisation Issue (without taking into consideration of any Shares to be issued upon exercise of the Over-allotment Option and any options which may be granted under the Share Option Scheme).

The Repurchase 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 “Further information about our Company — Repurchase by our Company of its Shares” in Appendix VII to this prospectus.

The Repurchase Mandate will expire:

- at the conclusion of our Company’s next annual general meeting;
- upon the expiry of the period within which our Company is required by applicable laws or the Articles of Association to hold its next annual general meeting; or
- when varied or revoked or renewed by an ordinary resolution of its Shareholders in general meeting,

whichever occurs first.

For further information on the Repurchase Mandate, please refer to the section headed “Further information about our Company — Repurchase by our Company of its Shares” in Appendix VII to this prospectus.

FINANCIAL INFORMATION

You should read the following discussion and analysis of our operating results and financial condition in conjunction with our consolidated financial statements as at and for the financial years ended 31 December 2009, 2010 and 2011 and the six months ended 30 June 2012, including the notes thereto, set out in the accountants' report included as Appendix I to this prospectus. Our consolidated financial statements have been prepared in accordance with IFRS, which may differ in material respects from generally accepted accounting principles in other jurisdictions. You should read the whole of the accountants' report included as Appendix I to this prospectus and not rely merely on the information contained in this section.

The following discussion and analysis contains forward-looking statements that involve risks and uncertainties. Our future results could differ materially from those discussed in such forward looking statements as a result of various factors, including those set out under the sections headed "Risk Factors" in this prospectus.

OVERVIEW

We are engaged in the property development, property investment and property management business in the PRC. We are a strategy-oriented and shareholder value-focused real estate enterprise. We develop our business strategies in line with government policies related to the real estate sector in the PRC.

For our residential property development, we principally focus on developing residential properties with small-to-medium unit sizes, comfortable living environment and locations with good public transportation links. For our commercial property development for sale, we principally focus on developing commercial properties at locations outside of city centres of first-tier cities with attractive nearby facilities and good transportation links and locations in city areas of second- and third-tier cities. We also develop and retain ownership of certain commercial properties as our investment property. Additionally, we provide property management services to our residential and commercial customers through our own property management companies.

BASIS OF PRESENTATION

Pursuant to our Reorganisation as more fully described in the section headed "History, Reorganisation and Group Structure" in this prospectus and in "Appendix VII — Statutory and General Information" to this prospectus, our Company became the holding company of the subsidiaries now comprising our Group on 9 September 2011.

The consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows of our Group include the results, changes in equity and cash flows of the subsidiaries now comprising our Group and have been prepared as if the current group structure had been in existence throughout the Track Record Period, or since their respective dates of incorporation or establishment, whichever is the shorter period. The consolidated statements of financial position of our Group as at 31 December 2009, 2010 and 2011 and 30 June 2012 have been prepared to present the assets and liabilities of our Group as at the respective dates as if the current group structure had been in existence at those dates.

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All significant intra-group transactions and balances have been eliminated on combination.

KEY FACTORS AFFECTING OUR PERFORMANCE

Our business, operating results and financial condition are affected by a number of factors, many of which are beyond our control. Some of the key factors include the following:

Economic growth, speed of urbanisation and demand for real estate properties in China

The economic growth, urbanisation and rising standard of living in China have been the main driving forces behind the increasing market demand for properties. At the current stage of China's economic development, the real estate industry in China is significantly dependent on China's overall economic growth, including the increase in the purchasing power of Chinese consumers and the resulting demand for properties. We believe that the rate of urbanisation and the overall economic growth in China are especially important to the continued growth of our business. The rate of urbanisation and the overall economic growth in China will continue to be affected by a number of macroeconomic factors, including changes in the global economy and world markets as well as the macroeconomic, fiscal and monetary policies of the PRC Government.

The regulatory environment and measures affecting the real estate industry in China

Our business and operating results have been, and will continue to be, affected by the regulatory environment in China and by PRC governmental policies and measures on property development and related industries. In recent years, the PRC Government has implemented a series of measures with a view to controlling the real estate market. The PRC Government has taken various restrictive measures to discourage speculation in the real estate market and to increase the supply of affordable residential properties. From time to time, the PRC Government adjusts or introduces macroeconomic control policies to encourage or restrict development in the private real estate sector through regulating, among other things, land grants, pre-sale of properties, bank financing and taxation. Measures taken by the PRC Government to control money supply, credit availability and fixed assets also have a direct impact on our business and operating results. The PRC Government may introduce initiatives which may affect our access to capital and the means by which we may finance our property development. These and other measures have affected the overall economy in China, with differing effects on various sectors.

In 2010 and 2011, in response to the rising property prices across the country, the PRC Government announced new policies and adopted new measures to curtail speculation in the real estate market and imposed more stringent requirements on property developers. Please refer to the section headed "Risk Factors — Risks Relating to Our Industry — Our operations are subject to extensive governmental regulations, and in particular, we are susceptible to changes in policies related to the real estate industry in the PRC and the PRC Government may adopt further measures to slow down growth in the real estate sector" in this prospectus for more details on the relevant PRC laws and regulations. The new measures include, among other things, higher minimum down payment requirements, restrictions on purchase of properties and increases in bank lending rates for mortgage financings. Since a substantial portion of our customers depend on mortgage financing to purchase our properties, regulations or measures adopted by the PRC Government that are intended to restrict the

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ability of purchasers to obtain mortgages, that limit their ability to resell their properties or that increase the cost of mortgage financing may decrease market demand for our properties and adversely affect our revenue. PRC regulatory measures in the real estate industry will continue to impact our business and operating results.

Ability to acquire quality land at reasonable prices

Our operating results and continued growth will depend on our ability to secure quality development land at prices that can yield reasonable returns. Based on our current plans, we believe that our land reserves are sufficient for our property development requirements for the next few years. As the PRC economy continues to grow and demand for residential properties remains relatively strong, we expect that competition among property developers for land that is suitable for property development will remain intense. In addition, PRC governmental land supply policies and implementation measures may further intensify competition for land in China among property developers. For example, the statutory means of public tender, auction and listing-for-sale practice in respect of the grant of State-owned land use rights is likely to increase competition for development land and, consequently, increase land acquisition costs. Furthermore, in November 2009, the PRC Government raised the minimum down payment of land premium to 50% and required that land premium be fully paid within one year after the signing of a land grant contract, subject to limited exceptions. These and future changes of policy may materially and adversely affect our cash flows and our ability to acquire suitable land for our operations.

Timing and length of property development

Our operating results tend to fluctuate from period to period. The number of property developments that a developer can undertake during any particular period is limited by the substantial amount of capital required to fund land acquisitions and to pay construction costs, as well as by the supply of land and other factors. Property development may take many months, or sometimes years, before any pre-sale takes place and even longer to complete. According to our accounting policy for revenue recognition, although the pre-sale of a property generates positive cash flows for us in the period in which it is made, no revenue is recognised in respect of the sale of a property until its development has been completed and the property has been delivered to the purchaser. Since the delivery of our properties varies according to our construction timetable, our operating results may vary significantly from period to period.

Pre-sale

Pre-sale constitutes one of the important sources of our operating cash flows during our project development process. PRC law allows us to pre-sell properties before their completion upon satisfaction of certain requirements and requires us to use the pre-sale proceeds to finance their development. Please refer to the section headed “Business — Property Development — Sales and Marketing” in this prospectus for more details. The amount and timing of cash inflows from pre-sale are affected by a number of factors, including the development schedule of each of our projects, restrictions on pre-sale imposed by the PRC Government, availability and affordability of mortgage

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financings for our purchasers, market demand for our properties subject to pre-sale and the number of our properties available for pre-sale. In addition, reduced cash flows from pre-sale of our properties will likely increase our reliance on external financing, which may increase our cost and may impact our ability to finance our continuing property developments.

Access to and cost of financing

Property development requires substantial capital investments for land acquisition and construction, and it may take many months or years before positive cash flows can be generated. During the Track Record Period, we financed our operations primarily through internally generated funds, bank borrowings and trust financings.

Our access to capital and cost of financing are also affected by restrictions imposed from time to time by the PRC Government on financings for property development. For bank loans, we are highly susceptible to any regulations or measures adopted by the PBOC that restrict bank lending, particularly those that restrict the ability of real estate developers to obtain financing. As commercial banks in the PRC link the interest rates on their loans to benchmark lending rates published by the PBOC, we expect that any increase in the benchmark lending rates will increase our borrowing costs generally. Please refer to the section headed “Risk Factors — Risks Relating to our Business — Our profitability and operating results are affected by changes in interest rates” in this prospectus for more details.

From time to time, we obtained secured trust financings from a number of trust companies in the PRC during the Track Record Period. Compared to bank loans, trust financings offer greater flexibility in terms of availability. While drawdowns on bank loans usually depend on actual construction progress, drawdowns on trust financings may be made in full in one or multiple instalments as agreed with the relevant trust companies. However, financing costs under these trust financing arrangements are generally higher than those under bank loans. Please refer to the section headed “Business — Operating cash flow and financing plans” in this prospectus for more details. There is no guarantee that we will be able to enter into these arrangements, if needed, in the future at all or on favourable terms.

As at 31 December 2009, 2010 and 2011 and 30 June 2012, our outstanding total bank and other borrowings under IFRS amounted to RMB2,135.3 million, RMB3,975.5 million, RMB7,751.6 million and RMB7,863.8 million, respectively. The effect of increases in interest rates on our financing costs would not be immediately apparent due to the capitalisation of our borrowing costs in our consolidated financial statements. Upon completion of a property project and once the related properties have been delivered to buyers, the capitalised interest expenses on these properties will be recognised in the cost of sales in our consolidated statements of comprehensive income.

Location and product mix

The location of our property projects and the type of properties are important factors affecting our operating results. We have in the past generated, and intend in the future to generate, revenue mainly from sales of properties and rental income. As a result, our operating results and the sources and amount of our cash generated from operations may vary significantly from period to period

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depending on the type and GFA of our completed properties that we sell or lease. Our operating results and cash flows will also vary depending on market demand at the time we sell or lease our properties, the selling prices for our property development projects, and the rental and occupancy rates of our investment properties, which depend on local market prices which, in turn, depend on local supply and demand conditions, as well as the type of properties being developed.

Price volatility of construction materials

A principal component of our cost of sales is construction costs, and historically, construction materials costs have been the primary driver of our construction costs. Construction costs fluctuate as a result of changes in the prices of key construction materials such as steel and cement. Construction costs have a direct effect on our gross margin.

Substantially all of the costs of construction materials have been accounted for as part of the contractor fees upon settlement with the relevant contractors. If the cost of construction materials increases beyond our expectation, the contractors may request to transfer such increase in costs to us by increasing their contractor fees. Our profitability may suffer if we cannot pass on any resulting increases in construction costs to our customers. Furthermore, as we typically pre-sell our properties prior to their completion, we may be unable to pass on any increases in costs to our customers if construction costs increase subsequent to such pre-sale.

Valuation of our investment properties

We retain ownership of a portion of the GFA of our commercial properties for lease. Our investment properties are stated at their fair value on our consolidated statements of financial position as non-current assets as at each financial position date on the basis of valuations by our independent property valuer. Gains arising from a change in fair value upon the transfer of properties held for sale to investment properties are accounted for as fair value gain upon such transfer. Gains or losses arising from changes in the fair value of our investment properties are accounted for as change in fair value of investment properties in our consolidated statements of comprehensive income. These gains or losses may have a substantial effect on our profits. The fair value of our investment properties are based on valuations of such properties conducted by our valuer, using property valuation techniques involving certain assumptions of market conditions. Please refer to “Appendix IV — Property Valuation” to this prospectus for more details. The fair value of our investment properties may have been higher or lower if the valuer had used a different set of bases or assumptions or if the valuation had been conducted by other qualified independent professional valuers using a different set of bases and assumptions. Investors should be aware that the fair value gains on investment properties included in our consolidated statements of comprehensive income 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 values. Favourable or unfavourable changes in the assumptions of market conditions used by our 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 statements of comprehensive income in the future. The amount of revaluation adjustments have been, and may continue to be, significantly affected by the prevailing property markets and may go down as well as up. Please refer to the section headed “Risk Factors — Risks

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Relating to our Business — Our operating results include the change in fair value of our investment properties or change in fair value upon transfer to investment properties, which may fluctuate significantly over financial periods and may materially and adversely affect our business, financial condition and operating results” in this prospectus for more details.

CRITICAL ACCOUNTING POLICIES

The discussion and analysis of our financial condition and operating results are based upon our consolidated financial statements as at and for the financial years ended 31 December 2009, 2010 and 2011 and the six months ended 30 June 2012, which have been prepared in accordance with IFRS. Our reported financial condition and operating results are sensitive to accounting methods, assumptions and estimates that underlie the preparation of the financial statements. We continually evaluate our estimates and assumptions and base them on historical experience and on various other factors that our Directors believe to be relevant under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results typically differ from these estimates. The estimates and assumptions that may have a significant effect on the carrying amounts of assets and liabilities mainly include those related to property development activities.

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

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold and services provided in the normal course of business, net of discounts.

Revenue from sale of properties in the ordinary course of business is recognised when all of the following criteria are satisfied:

- the significant risks and rewards of ownership of the properties are transferred to purchasers;
- neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the properties are retained;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to us; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

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Deposits received from purchasers prior to meeting the above criteria for revenue recognition are included in the consolidated statements of financial position under current liabilities.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

Property management service income is recognised over the period in which the services are rendered.

Other property related service income is recognised when the services are rendered.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to us and the amount of revenue can be measured reliably. Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Dividend income from investments is recognised when our rights to receive payment have been established (provided that it is probable that the economic benefits will flow to us and the amount of revenue can be measured reliably).

Construction costs estimation for revenue recognition

Certain of our projects are divided into several phases according to their development and delivery plans. We recognise sales upon delivery of properties. Cost of sales including construction costs specific to the phases and common costs allocable to the phases are calculated based on management's best estimation of the total development costs for the whole project and the allocation to each phase at the time when the properties are delivered.

Properties under development

When the leasehold land and buildings are in the course of development for sale, the leasehold land component is amortised over a straight-line basis over the lease term. During the construction period, the amortisation charge provided for the leasehold land is included as part of the costs of properties under development. Properties under development which are intended to be held for own use or their investment potential are classified as non-current assets. Properties under development which are intended to be held for sale are classified as current assets and carried at the lower of cost and net realisable value.

Properties held for sale

Properties held for sale are stated at the lower of cost and net realisable value. Cost includes the costs of land, development expenditure incurred and, where appropriate, borrowing costs capitalised. Net realisable value is determined based on prevailing market conditions.

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Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values using the fair value model. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

Property under construction or development for future use as an investment property is classified as investment property under development and is initially measured at cost and subsequently at fair values using the fair value model. If the fair value cannot be reliably determined, the investment property under development will be measured at cost until such time as fair value can be determined or development is completed, in which time any difference between the fair value and the carrying amount will be recognised in profit or loss in that period.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the period in which the item is derecognised.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred taxation.

The tax currently payable is based on taxable profit for the year/period. Taxable profit differs from profit as reported in the consolidated statements of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. Our liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred taxation is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated statements of financial position and the corresponding tax base used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred taxation liabilities are generally recognised for all taxable temporary differences and deferred taxation assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred taxation liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where we are able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred taxation assets arising from deductible temporary differences associated with such

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investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred taxation assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred taxation assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred taxation liabilities and assets reflects the tax consequences that would follow from the manner in which we expect, at the end of the reporting period, to recover or settle the carrying amount of our assets and liabilities. Deferred taxation is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case the deferred taxation is also recognised in other comprehensive income or directly in equity, respectively.

For the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model in accordance with IAS 40 “Investment Property”, such properties are presumed to be recovered through sale. Such a presumption is rebutted when the investment property is depreciable and is held within a business model of the Group whose business objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. If the presumption is rebutted, deferred tax liabilities and deferred tax assets for such investment properties are measured in accordance with the above general principles set out in IAS 12 (i.e. based on the expected manner as to how the properties will be recovered).

Share-based payment transactions

The fair value of services received determined by reference to the fair value of Shares granted at the grant date is expensed on a straight-line basis over the vesting period with a corresponding increase in equity.

At the end of each reporting period, we revise our estimates of the number of Shares that are expected to ultimately vest. The impact of the revision of the estimates, if any, is recognised in profit or loss, with a corresponding adjustment to reserve.

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Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalised as part of the cost of those assets. Capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned from temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Valuation of trust loans related derivatives

The fair value of trust loans related financial derivative instruments is calculated using the Monte Carlo simulation by considering a number of parameters including volatility, credit spread, risk free rate, property selling prices of the project, the property development plan estimated by management and maturity dates determined by the terms of the relevant agreements and the property sale plan estimated by management.

Where the actual future market data or property development plans vary, a material adjustment on the fair values of trust loans related derivatives may arise. When estimating the fair value of these derivatives with reference to a valuation report from an independent appraiser, we have exercised our judgment and are satisfied that the method of valuation is reflective of current market conditions and our best estimation of the relevant property development plans.

LAT

We are subject to LAT in the PRC. However, the implementation of the tax varies among different tax jurisdictions in various cities of the PRC and certain of our projects have not finalised their LAT calculations with any local tax authorities in the PRC. Accordingly, significant judgment is required in determining the amount of land appreciation and its related income tax provisions. We recognised the LAT based on management's best estimates. The final tax outcome could be different from the amounts that were initially recorded, and these differences will impact the income tax expense and the related income tax provisions in the periods in which such tax is finalised with local tax authorities.

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CERTAIN KEY ITEMS AFFECTING OUR CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Revenue

Our revenue represents income recognised from sales of properties, rental income from the leasing of investment properties and other properties, and income received from property management and related services.

The following table sets out the breakdown of our revenue by business segments and their percentage of total revenue for the periods indicated.

	Year ended 31 December						Six months ended 30 June			
	2009		2010		2011		2011		2012	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%
	<i>(unaudited)</i>									
Sales of properties	2,580,305	98.1	4,075,080	97.9	3,914,284	97.7	337,910	90.8	1,950,986	97.5
Rental income	10,040	0.4	11,675	0.3	12,411	0.3	6,983	1.9	16,508	0.8
Property management income	37,468	1.4	50,473	1.2	60,078	1.5	25,901	6.9	33,806	1.7
Other property related service income	3,647	0.1	25,212	0.6	21,557	0.5	1,401	0.4	187	—*
Total	<u>2,631,460</u>	<u>100.0</u>	<u>4,162,440</u>	<u>100.0</u>	<u>4,008,330</u>	<u>100.0</u>	<u>372,195</u>	<u>100.0</u>	<u>2,001,487</u>	<u>100.0</u>

* Less than 0.1%

Sales of properties

Revenue recognised from the sale of properties represents consideration received or receivable, net of discounts allowed, from sales of our properties held for sale in a given period. We expect that income from sales of properties will continue to account for the substantial majority of our total revenue in the future.

As income from sales of properties constitutes substantially all of our revenue, our operating results for a given period are dependent upon the type and GFA of properties we have delivered during that period, the market demand for those properties and the price we obtained from the pre-sale or sale of the properties. Conditions in the property markets in which we operate change from period to period and are affected significantly by the general economic, political and regulatory developments in the PRC, particularly in the cities in which we operate.

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Consistent with industry practice, we typically enter into sales contracts with purchasers while the properties are still under development but after satisfying the conditions for pre-sale in accordance with PRC laws and regulations. Please refer to the section headed “Business — Property Development — Sales and Marketing” in this prospectus for more details. Before the criteria for the recognition of sales of properties are met, payments received from purchasers are recorded as receipt in advance from property sales, which is included in current liabilities. Please refer to “Critical Accounting Policies — Revenue recognition” in this section for more details.

The following table sets out the breakdown of our revenue recognised from sales of properties, total GFA delivered and recognised ASP by type of property projects for the years/periods indicated.

Project	Year ended 31 December						Six months ended 30 June								
	2009			2010			2011			2012					
	Revenue	Total GFA Recognised	Total GFA Recognised	Revenue	Total GFA Recognised	Total GFA Recognised	Revenue	Total GFA Recognised	Total GFA Recognised	Revenue	Total GFA Recognised				
RMB'000	delivered	ASP	RMB'000	delivered	ASP	RMB'000	delivered	ASP	RMB'000	delivered	ASP				
	sq.m.	RMB	sq.m.	RMB	sq.m.	RMB	sq.m.	RMB	sq.m.	RMB	sq.m.				
<i>Residential projects</i>															
Buildings	452,774	48,302	9,374	3,202,655	438,849	7,298	2,953,407	287,001	10,291	283,253	22,759	12,446	1,805,868	159,256	11,339
Carpark	593	127	4,669	9,555	5,258	1,817	56,964	27,253	2,090	53,284	20,945	2,544	41,693	12,497	3,336
<i>Commercial/Office projects</i>															
Buildings	2,126,883	215,035	9,891	806,871	72,587	11,116	898,970	37,397	24,039	—	—	—	101,025	2,957	34,165
Carpark	—	—	—	55,062	25,139	2,190	4,943	2,477	1,996	1,368	250	5,472	2,400	523	4,589
Others	55	—	—	937	—	—	—	—	—	5	—	—	—	—	—
Total	2,580,305	263,464	9,794	4,075,080	541,833	7,521	3,914,284	354,128	11,053	337,910	43,954	7,688	1,950,986	175,233	11,134

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The following table sets out the breakdown of our revenue recognised from sales of properties by city and region for the years/periods indicated.

	Year ended 31 December						Six months ended 30 June			
	2009		2010		2011		2011		2012	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
Shanghai	707,786	27.4	1,679,970	41.2	1,662,293	42.5	197,686	58.5	107,828	5.5
Suzhou	230,059	8.9	352,244	8.6	—	—	—	—	777,897	39.9
Hefei	—	—	153,110	3.8	338,281	8.6	—	—	—	—
Zhenjiang	—	—	230,153	5.7	6,595	0.2	6,594	2.0	—	—
Jiaxing	—	—	—	—	644,379	16.5	—	—	6,833	0.3
The Yangtze River Delta Region: Sub-total	937,845	36.3	2,415,477	59.3	2,651,548	67.8	204,280	60.5	892,558	45.7
Beijing	1,618,756	62.7	244,988	6.0	5,262	0.1	5	*	779,098	40.0
Langfang	—	—	467,697	11.5	486,790	12.4	6,913	2.0	10,125	0.5
The Bohai Economic Rim: Sub-total	1,618,756	62.7	712,685	17.5	492,052	12.5	6,918	2.0	789,223	40.5
Chongqing	—	—	441,783	10.8	656,415	16.8	36,787	10.9	269,205	13.8
Changsha	—	—	503,738	12.4	114,269	2.9	89,925	26.6	—	—
The Central Western Region: Sub-total	—	—	945,521	23.2	770,684	19.7	126,712	37.5	269,205	13.8
Others — Fuzhou	23,704	1.0	1,397	*	—	—	—	—	—	—
TOTAL	2,580,305	100.0	4,075,080	100.0	3,914,284	100.0	337,910	100.0	1,950,986	100.0

* less than 0.1%

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Rental income

Our rental income includes recurring revenue from the leasing of our investment properties and other properties. Fluctuations in our rental income during the Track Record Period are primarily due to changes in the rental income from these commercial properties from period to period due to the addition and removal of these properties upon sale. Our rental income is recognised on a straight-line basis over the relevant lease period.

The following table sets out the breakdown of our revenue from rental income for the periods indicated.

	Year ended 31 December			Six months ended 30 June	
	2009	2010	2011	2011	2012
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Rental income from:					
Investment properties ^(Note 1)					
Jiaxing CIFI Square-commercial podium ^(Note 2)	—	—	7,869	5,250	15,590
Beijing CIFI Shanghai Salon ^(Note 3)	5,037	3,581	—	—	—
Beijing CIFI Wangxin Commercial Centre ^(Note 4)	1,667	2,272	1,853	—	—
Xiamen Yongsheng Hailian Centre ^(Note 5)	525	639	631	451	451
	7,229	6,492	10,353	5,701	16,041
Others	2,811	5,183	2,058	1,282	467
	10,040	11,675	12,411	6,983	16,508

Notes:

- (1) Investment properties refer to properties that were classified as investment properties in our consolidated financial statements. As at the Latest Practicable Date, the occupancy rate of each of our completed investment properties was 100%.
- (2) None of the commercial podium of Jiaxing CIFI Square was classified as investment properties until 2011. As at 31 December 2011 and 30 June 2012, the occupancy rate of the commercial podium of Jiaxing CIFI Square classified as investment properties in our consolidated financial statements was 100%.

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Taking into account the entire GFA of the commercial podium of Jiaxing CIFI Square including those classified (i.e. lease commenced and in effect) and yet to be classified (i.e. lease yet to be commenced) under investment properties in our consolidated financial statements, the overall occupancy rate of the commercial podium of Jiaxing CIFI Square was approximately 23.0%, 60.0% and 91.0% as at 30 June 2011, 31 December 2011 and 30 June 2012, respectively.

- (3) The occupancy rate of Beijing CIFI Shanghai Salon was 100% as at 31 December 2009. In November 2010, we sold all of our equity interest in Beijing Xuheng Property Co., Ltd. (北京旭恒置業有限公司) (“**Beijing Xuheng**”), which held the relevant investment properties in Beijing CIFI Shanghai Salon.
- (4) The occupancy rate of Beijing CIFI Wangxin Commercial Centre was 100% as at 31 December 2009, 2010 and 2011. In January 2012, we filed a lawsuit against the tenant claiming for approximately RMB2.5 million, including rent arrears, penalty management fees, interest and damages caused by the tenant. The tenant filed a counterclaim in June 2012 disputing its payment obligations and claiming for penalty and damages from us of approximately RMB1.9 million. Due to the lawsuit, no rental income was recognised from this property for the six months ended 30 June 2012. No provision has been made for this legal proceeding as our Directors believe that the ultimate outcome of this legal proceeding will not have a material adverse effect on our business, financial condition and operating results. As at the Latest Practicable Date, the case was pending before the People’s Court of the Chaoyang District in Beijing.
- (5) The occupancy rate of Xiamen Yongsheng Hailian Centre was 100% as at the end of each financial period during our Track Record Period.

Property management income

Our property management income represents income generated from property management services we provide to the owners of our residential and commercial properties. This income is recognised over the period when our property management services are rendered. We expect that our revenue from property management services will increase over time due to the cumulative growth of our portfolio of properties under management.

Other property related service income

We also generate other property related service income from provision of property related consultancy services to our customers. This income is typically project-based and is recognised when the services are rendered.

Cost of sales

Cost of sales comprises primarily the costs we incur directly in relation to our property development activities, which include construction costs, land acquisition costs and capitalised borrowing costs. Cost of sales also includes other business costs incurred in relation to our property rental, property management and other property related services as well as sales related taxes.

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The following table sets out information relating to our cost of sales for the periods indicated.

	Year ended 31 December						Six months ended 30 June			
	2009		2010		2011		2011		2012	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
Cost of property sales										
Construction costs	903,602	49.2	1,693,600	55.5	1,394,277	52.8	108,503	51.2	704,883	49.1
Land acquisition costs	660,848	36.0	896,984	29.4	819,963	31.1	37,383	17.7	513,520	35.8
Capitalised borrowing costs	94,796	5.2	179,672	5.9	113,795	4.3	7,803	3.7	65,890	4.6
Sub-Total	1,659,246	90.4	2,770,256	90.8	2,328,035	88.2	153,689	72.6	1,284,293	89.5
Cost of property rental	161	*	458	*	852	*	4,590	2.2	556	*
Cost of property management	27,660	1.5	41,410	1.4	57,286	2.2	23,967	11.3	35,422	2.5
Cost of other property related services	82	*	32	*	5,243	0.2	767	0.4	779	0.1
Sales related taxes	147,711	8.1	239,492	7.8	247,423	9.4	28,625	13.5	113,469	7.9
Total	1,834,860	100.0	3,051,648	100.0	2,638,839	100.0	211,638	100.0	1,434,519	100.0
Total GFA delivered (sq.m.)	263,464		541,833		354,128		43,954		175,233	
Average cost of property sales per sq.m. delivered (RMB) ^(Note 1)	6,298		5,113		6,574		3,497		7,329	
Average construction costs per sq.m. delivered (RMB) ^(Note 2)	3,430		3,126		3,937		2,469		4,023	
Average land acquisition costs per sq.m. delivered (RMB) ^(Note 3)	2,508		1,655		2,315		851		2,930	
Average capitalised borrowing costs per sq.m. delivered (RMB) ^(Note 4)	360		332		321		178		376	

Notes:

* less than 0.1%

- (1) Average cost of property sales per sq.m. delivered is derived by dividing total cost of property sales by total GFA delivered.
- (2) Average construction costs per sq.m. delivered is derived by dividing total construction costs of property sales by total GFA delivered.
- (3) Average land acquisition costs per sq.m. delivered is derived by dividing total land acquisition costs of property sales by total GFA delivered.
- (4) Average capitalised borrowing costs per sq.m. delivered is derived by dividing total capitalised borrowing costs by total GFA delivered.

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Cost of property sales

Cost of property sales includes construction costs, land acquisition costs and capitalised borrowing costs. We recognise the cost of property sales for a given period to the extent that revenue from such properties has been recognised in such period. Prior to their completion, properties under development are included in our consolidated statements of financial position carried at the lower of cost and net realisable value.

Construction costs

Construction costs include all of the costs for the design and construction of a project, including payments to third-party contractors and designers and cost of construction materials. Our construction costs are affected by a number of factors such as changes in construction labour costs and construction materials costs (particularly steel and cement), location and types of properties, choice of materials, landscaping and investments in ancillary facilities.

Land acquisition costs

Land acquisition costs represent costs relating to the acquisition of the rights to occupy, use and develop land, and primarily include land premiums incurred in connection with land grants from the PRC Government or land obtained in the secondary market by transfer, cooperative arrangement, corporate acquisition or otherwise. Our land acquisition costs are influenced by a number of factors, including location of property projects, timing of acquisitions and a project's plot ratios. Land acquisition costs are also affected by our method of acquisition, whether by PRC Government-organised tenders, auctions or listings-for-sale, through private sale transactions and cooperative agreements with third parties in the secondary market or through the acquisition of other companies that hold land use rights. We may also be required to pay demolition and resettlement costs. Our land acquisition costs are also subject to changes in PRC government policies and regulations.

Capitalised borrowing costs

We capitalise a portion of our cost of bank and other borrowings (including interest expense) to the extent that such cost is directly attributable to the acquisition, construction or production of a particular property project. Fluctuations in the amount and timing of capitalisation from period to period may also affect our finance costs.

Cost of rental income, property management services and other property related services

Cost of rental income primarily includes the maintenance costs for our leased properties as well as fees and costs associated with the management of our leased properties. Cost of rental income is recognised when such costs are incurred.

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Cost of property management services primarily includes staff costs associated with our property management companies and other costs associated with the management of the properties that we have developed.

Cost of other property related services primarily includes direct costs associated with the provision of these services.

Sales related taxes

Sales related taxes include business tax, municipal maintenance tax, education surcharge and other local taxes which are payable by us in connection with our property development activities.

Gross profit

Gross profit represents revenue less cost of sales.

Other income

Other income primarily comprises government grant (which is non-recurring in nature and represents government incentives which may be available to corporates investing in the relevant city or district), interest income, forfeited deposits from purchasers resulting from cancelled contracted sales, sundry income, gain on the change in fair value of investments held for trading, dividend income from available-for-sale investments and others.

(Loss) gain on disposal of subsidiaries

During the Track Record Period, we sold our equity interests in certain project subsidiaries. Considerations for the sale of these subsidiaries were made generally with reference to the market prices of the properties held by them and on normal commercial terms. (Loss) gain on disposal of subsidiaries represents the recognised loss or gain on the sale of our equity interests in these subsidiaries.

Fair value gain upon transfer to investment properties

Properties held for sale are transferred to investment properties when it is evidenced by the commencement of an operating lease to another party. Any difference between the fair value of the property at the date of transfer and its carrying amount will be recognised in profit or loss.

The fair value of our investment properties is likely to fluctuate from time to time and the fair value of our investment properties may decrease in the future. Any such decrease in the fair value of our investment properties would reduce our profits.

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The following table sets out the breakdown of our fair value gain upon transfer to investment properties for the periods indicated.

	Year ended 31 December			Six months ended 30 June	
	2009	2010	2011	2011	2012
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Fair value gain upon transfer to investment properties:					
Jiaxing CIFI Square	—	—	1,025,365	252,481	905,083
Beijing CIFI Wangxin Commercial Centre	<u>32,289</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
	<u>32,289</u>	<u>—</u>	<u>1,025,365</u>	<u>252,481</u>	<u>905,083</u>

During the Track Record Period, we recognised substantial fair value gains upon transfer of various portions of the commercial podium of Jiaxing CIFI Square to investment properties in our consolidated financial statements, including (i) transfer of its basement portion into investment properties in the first half of 2011; (ii) transfer of its department store portion into investment properties in the second half of 2011; and (iii) transfer of certain floor spaces of its shopping mall portion into investment properties in the first half of 2012, in each case, upon the commencement of the relevant lease contracts. These substantial gains represent the difference between the fair value of the relevant properties after substantial appreciation and their original book costs. We acquired the land for Jiaxing CIFI Square in 2006. Between 2006 and 2011, there was a substantial increase in the capital value of commercial properties in the city centre of Jiaxing. The increase in the fair value of Jiaxing CIFI Square was in line with the increase in the capital value of comparable commercial properties nearby over the same period.

Change in fair value gain on investment properties

Investment properties are interests in land and buildings held to earn recurring income. Investment properties are stated at their fair value on each financial position date.

Gains or losses arising from changes in the fair values of investment properties are included in our consolidated statements of comprehensive income in the year/period in which they arise. Please refer to “Appendix IV — Property Valuation” to this prospectus for more details. Based on such valuation, we recognised the aggregate fair market value of our investment properties on our consolidated statements of financial position, recognised fair value gains or losses on investment properties on our consolidated statements of comprehensive income and recognised the relevant deferred tax under tax expenses on our consolidated statements of comprehensive income.

The fair value of each of our investment properties is likely to fluctuate from time to time and the fair value of our investment properties may decrease in the future. Any such decrease in the fair value of our investment properties would reduce our profits.

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The following table sets out the breakdown of our fair value gain on investment properties for the periods indicated.

	Year ended 31 December			Six months ended 30 June	
	2009	2010	2011	2011	2012
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Fair value gain on investment properties:					
Beijing CIFI Shanghai Salon	4,200	—	—	—	—
Beijing CIFI Wangxin Commercial Centre	700	700	1,400	600	600
Jiaxing CIFI Square	—	—	7,400	(600)	32,000
Shanghai CIFI Yangpu Commercial Square	19,084	139,919	107,769	81,121	21,676
Shanghai Jiading New Town Yumin Road Project	—	—	3,886	—	5,960
Xiamen Yongsheng Hailian Centre	(700)	1,100	3,000	700	300
	<u>23,284</u>	<u>141,719</u>	<u>123,455</u>	<u>81,821</u>	<u>60,536</u>

During the Track Record Period, the increases in the fair value of our investment properties were not as significant as our fair value gains upon transfer to investment properties. For the financial years ended 31 December 2009, 2010 and 2011 and the six months ended 30 June 2012, the increases in the fair value of our investment properties accounted for approximately 4.6%, 24.4%, 5.5% and 1.8% of our investment properties, respectively. Such increases in the fair value of our investment properties were generally in line with the appreciation of land and/or buildings at comparable city areas where our relevant investment properties are located. In particular, the significant increases in the fair value of our investment properties in 2010 and 2011 were substantially attributable to the increases in the fair value of Shanghai CIFI Yangpu Commercial Square, which were in line with the appreciation of the overall capital value and/or rental values of commercial properties at comparable city areas in Shanghai over the same period.

Change in fair value of trust loans related derivatives

During the Track Record Period, two of our subsidiaries (Shanghai Xubo and Hefei Xubin) entered into two trust financing arrangements that involved repurchase obligations of the equity interest from a trust company in the relevant project subsidiary at repurchase considerations determined based on the operational performance of, or the valuation of the equity interest in, the relevant project subsidiary. For more details on these two trust financing arrangements, please refer to the section headed “Business — Operating cash flow and financing plans” in this prospectus. These

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two trust financings are classified in our consolidated financial statements as loan liabilities and financial derivatives on initial recognition and are re-measured to fair value through profit or loss at subsequent reporting dates. We engaged an independent appraiser to assist us in determining the fair value of these trust loans related derivatives. Based on such valuation, we recognised fair value gain or loss on trust loans related derivatives on our consolidated statements of comprehensive income.

The fair value of each of these derivatives is likely to fluctuate from time to time and the value of these derivatives may increase in the future. Any such increase in the fair value of these derivatives would reduce our profits.

Selling and marketing expenses

Selling and marketing expenses primarily include commissions, advertising expenses, salaries of sales staff and other promotional expenses. Our selling and marketing expenses in any period are affected by the number of new projects launched in that period.

The following table sets forth a breakdown of our selling and marketing expenses for the years/periods indicated.

	Year ended 31 December			Six months ended 30 June	
	2009	2010	2011	2011	2012
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Staff salaries ^(Note 1)	6,113	13,341	23,750	10,210	20,163
Commission ^(Note 1)	2,400	2,496	11,230	7,055	10,893
Advertising expenses	18,288	42,238	58,502	20,972	23,753
Other promotional expenses ^(Note 2)	<u>9,929</u>	<u>15,984</u>	<u>47,463</u>	<u>10,807</u>	<u>31,897</u>
	<u>36,730</u>	<u>74,059</u>	<u>140,945</u>	<u>49,044</u>	<u>86,706</u>

Notes:

- (1) Commission includes sales commissions paid to our sales staff and third-party agents. Staff salaries under selling and marketing expenses represent salaries paid to our sales staff. Our staff salaries increased during the Track Record Period due to increases in sales staff headcounts and higher pay levels due to the inflation over the same period. Both commissions and staff salaries increased more significantly for the financial year ended 31 December 2011 compared to the financial year ended 31 December 2010 as more payments were needed in order to incentivize sales during the tough real estate market sentiment in 2011.
- (2) Other promotional expenses include display and decoration expenses, printing expenses and miscellaneous promotional expenses. The significant increase in our other promotional expenses for the six months ended 30 June 2012 as compared to the six months ended 30 June 2011 was due to the increase in the number of our property projects on sale.

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Administrative expenses

Administrative expenses primarily include salaries and benefits for our personnel (other than selling and marketing personnel), auditing expenses, travel expenses, general office expenses and other miscellaneous expenses. Our administrative expenses generally increase with our principal business activities and our geographical coverage as well as the number of property projects being undertaken by us.

The following table sets forth a breakdown of our administrative expenses for the years/periods indicated.

	Year ended 31 December			Six months ended 30 June	
	2009	2010	2011	2011	2012
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Staff salaries ^(Note 1)	36,028	52,815	97,943	50,627	61,358
Rental, office, travelling and entertainment expenses	21,432	29,709	37,328	15,956	19,436
Legal, audit and professional fees	11,765	8,306	29,211	14,040	15,573
Depreciation	3,118	3,792	7,738	2,185	6,385
Miscellaneous ^(Note 2)	<u>34,585</u>	<u>33,310</u>	<u>44,503</u>	<u>15,448</u>	<u>44,786</u>
	<u>106,928</u>	<u>127,932</u>	<u>216,723</u>	<u>98,256</u>	<u>147,538</u>

Notes:

- (1) Staff salaries under administrative expenses increased during the Track Record Period due to increases in the headcounts of our personnel (other than selling and marketing personnel) and higher pay levels due to inflation over the same period.
- (2) Miscellaneous expenses primarily include bank charges, water and electricity expenses, donations and share-based payments. The increase in our miscellaneous expenses from 2010 to 2011 was primarily due to an increase of RMB12.5 million in bank charges primarily as a result of an one-off bank arrangement fee under the SCB Facility Agreement. The significant increase in our miscellaneous expenses for the six months ended 30 June 2012 as compared to the six months ended 30 June 2011 was primarily due to increases in other taxes, bank charges and meeting expenses.

Other expenses

Other expenses represent professional fees and other expenses directly related to the Listing. We expensed professional fees and other expenses directly related to the Listing of approximately RMB4.6 million and RMB7.8 million in the financial year ended 31 December 2011 and the six months ended 30 June 2012, respectively. We estimate that we would further expense additional

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professional fees and other expenses directly related to the Listing of around RMB14 million in our consolidated statements of comprehensive income in the second half of 2012. Such other expenses exclude underwriting commissions, brokerages and other expenses related to the Global Offering which could be netted off from our share premium accounts, instead of being expensed in our consolidated statements of comprehensive income.

Finance costs

Finance costs primarily consist of interest expenses for bank and other borrowings net of capitalised interest relating to properties under development. Interest costs which are not related to a project cannot be capitalised. As a result, our finance costs may fluctuate from period to period depending on the level of interest costs that are capitalised within the reporting period as well as the amount of outstanding principal and interest rates.

Income tax expense

Our income tax expense for a given year or period includes payments and provisions made for EIT and LAT during the year or period. Fluctuations in our effective tax rate from period to period are primarily due to changes in our effective rates of EIT and LAT. For the financial years ended 31 December 2009, 2010 and 2011 and the six months ended 30 June 2012, our effective tax rate (calculated as income tax expense divided by profit before taxation) was 36.9%, 34.7%, 33.7% and 33.7%, respectively.

EIT

We are subject to EIT in China. Under the EIT Law and EIT Rules, the statutory tax rate for all of our PRC subsidiaries has been 25% since 1 January 2008, except for certain of our PRC subsidiaries which were previously approved to enjoy the preferential EIT rate of 15% before 1 January 2008 and were taxed at 20%, 22% and 24% for the financial years ended 31 December 2009, 2010 and 2011, respectively, pursuant to relevant grandfathering rules.

As approved by various competent tax bureaus, certain of our PRC subsidiaries are subject to the statutory tax rate of 25% on their respective deemed taxable income, ranging from 8% to 10% of revenue in accordance with the prescribed tax calculation method pursuant to the applicable PRC tax regulations. Please refer to note 9 to the accountants' report in Appendix I to this prospectus for more details.

In addition, a portion of our EIT consists of deferred tax. Please refer to note 28 to the accountants' report in Appendix I to this prospectus for more details.

LAT

Under PRC laws and regulations, our PRC subsidiaries that are engaged in the property development business are subject to LAT as determined by the local authorities in the location in which each project is located. All income from the transfer of State-owned land use rights, buildings and their attached facilities in the PRC is subject to LAT at progressive rates ranging from 30% to 60%

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of the appreciation value as defined in the relevant tax laws. Certain exemptions are available for the sale of ordinary residential properties if the appreciation values do not exceed 20% of the total deductible items (as defined in the relevant tax laws). Sales of commercial properties are not eligible for such exemptions. Whether a property qualifies for the ordinary residential property exemption is determined by the local government. Historically, sales of higher-end properties and commercial properties had higher appreciation values, and were therefore generally subject to higher LAT rates. On 28 December 2006, the SAT issued the Notice on the Settlement Management of Land Appreciation Tax on Real Estate 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》, which took effect on 1 February 2007. Such notice provides further clarifications to the settlement of LAT. Local provincial tax authorities can formulate their own implementation rules according to the notice and local situations. On 12 May 2009, the SAT issued the Regulations of Land Appreciation Tax Settlement Administration 《土地增值稅清算管理規程》 effective on 1 June 2009, which further clarifies the specific conditions and procedures for the settlement of LAT. We estimate and make provisions for the full amount of applicable LAT in accordance with the requirements set out in the relevant PRC tax laws and regulations, but only prepay 1.0% to 5.0% of the pre-sale proceeds each year as required by the local tax authorities under prevailing market practice. For each of the financial years ended 31 December 2009, 2010 and 2011 and the six months ended 30 June 2012, we made provisions for LAT in the total amount of RMB114.1 million, RMB111.5 million, RMB195.0 million and RMB78.6 million, respectively. For each of the financial years ended 31 December 2009, 2010 and 2011 and the six months ended 30 June 2012, we made actual LAT payments of approximately RMB42.3 million, RMB76.4 million, RMB138.5 million and RMB100.9 million, respectively.

Hong Kong profits tax

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

Cayman Islands tax

Based on tax regulations in the Cayman Islands, we are not subject to Cayman Islands income tax because we operate as an exempted company.

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SUMMARY CONSOLIDATED FINANCIAL INFORMATION

The following table sets out, for the periods indicated, certain items derived from our consolidated statements of comprehensive income.

	Year ended 31 December			Six months ended 30 June	
	2009	2010	2011	2011	2012
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> <i>(unaudited)</i>	<i>RMB'000</i>
Revenue	2,631,460	4,162,440	4,008,330	372,195	2,001,487
Cost of sales	<u>(1,834,860)</u>	<u>(3,051,648)</u>	<u>(2,638,839)</u>	<u>(211,638)</u>	<u>(1,434,519)</u>
Gross profit	796,600	1,110,792	1,369,491	160,557	566,968
Other income	19,233	15,594	16,785	7,510	10,862
(Loss) gain on disposal of subsidiaries	—	(2,076)	82,228	84,313	—
Fair value gain upon transfer to investment properties	32,289	—	1,025,365	252,481	905,083
Change in fair value of investment properties	23,284	141,719	123,455	81,821	60,536
Change in fair value of trust loans related derivatives	—	—	(15,000)	—	11,000
Selling and marketing expenses	(36,730)	(74,059)	(140,945)	(49,044)	(86,706)
Administrative expenses	(106,928)	(127,932)	(216,723)	(98,256)	(147,538)
Other expenses	—	—	(4,644)	—	(7,787)
Finance costs	<u>(16,949)</u>	<u>(30,031)</u>	<u>(35,508)</u>	<u>(19,019)</u>	<u>(31,387)</u>
Profit before taxation	710,799	1,034,007	2,204,504	420,363	1,281,031
Income tax expense	<u>(261,998)</u>	<u>(359,046)</u>	<u>(742,449)</u>	<u>(154,180)</u>	<u>(431,133)</u>
Profit and total comprehensive income for the year/period <i>(Note)</i>	<u>448,801</u>	<u>674,961</u>	<u>1,462,055</u>	<u>266,183</u>	<u>849,898</u>
Attributable to:					
Equity owners of the Company	342,045	474,176	1,336,920	190,572	808,673
Non-controlling interests	<u>106,756</u>	<u>200,785</u>	<u>125,135</u>	<u>75,611</u>	<u>41,225</u>
Profit and total comprehensive income for the year/period	<u>448,801</u>	<u>674,961</u>	<u>1,462,055</u>	<u>266,183</u>	<u>849,898</u>

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Note:

Excluding effects from the fair value gain upon transfer to investment properties, change in fair value of investment properties, change in fair value of trust loans related derivatives and the relevant deferred taxes, our core profit and total comprehensive income and core profit attributable to equity owners of the Company for the financial periods indicated are set out in the table below.

	Year ended 31 December			Six months ended 30 June	
	2009	2010	2011	2011	2012
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Core profit and total comprehensive income for the year/period	407,100	568,700	615,400	15,500	114,700
Core profit attributable to equity owners of the Company for the year/period	309,600	390,700	488,500	12,100	119,100

PERIOD TO PERIOD COMPARISON OF OPERATING RESULTS

Six Months Ended 30 June 2012 Compared to Six Months Ended 30 June 2011

Revenue

Our revenue increased by 437.7% to RMB2,001.5 million for the six months ended 30 June 2012 from RMB372.2 million for the six months ended 30 June 2011, primarily due to an increase in revenue recognised from sales of properties.

- Sales of properties. Revenue recognised from sales of properties increased by 477.4% to RMB1,951.0 million for the six months ended 30 June 2012 from RMB337.9 million for the six months ended 30 June 2011. This increase was primarily due to an increase in our total GFA delivered and an increase in our recognised ASP for properties delivered. Our total GFA delivered increased by 298.7% to 175,233 sq.m. for the six months ended 30 June 2012 from 43,954 sq.m. for the six months ended 30 June 2011. The significant increase in GFA delivered was primarily due to the completion and delivery of Beijing CIFI Purple County, the townhouses portion of Suzhou CIFI Canal County and Chongqing Ronchamp Town Phase IV. Our recognised ASP for properties delivered increased by 44.8% to RMB11,134 for the six months ended 30 June 2012 from RMB7,688 for the six months ended 30 June 2011. This increase in ASP was primarily due to recognition of sales of properties from Shanghai CIFI Hongqiao International, Beijing CIFI Purple County and the townhouses portion of Suzhou CIFI Canal County, which had higher recognised ASP compared to the recognised ASP of most properties delivered during the same period in 2011.

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The following table sets out the breakdown of our revenue recognised from sales of properties, the total GFA delivered and recognised ASP by project for the six months ended 30 June 2011 and 2012, respectively.

Project	Six months ended 30 June					
	2011	2012	2011	2012	2011	2012
	Revenue (RMB'000)		Total GFA Delivered (sq.m.)		Recognised ASP (RMB per sq.m.)	
<i>Commercial/Office projects</i>						
Shanghai CIFI Hongqiao International						
Buildings	—	101,025	—	2,957	—	34,165
Shanghai CIFI Century Square						
Carpark	1,368	2,400	250	523	5,472	4,589
<i>Residential projects</i>						
Shanghai CIFI La Baie D'Evian						
Buildings	178,187	—	6,891	—	25,858	—
Carpark	16,236	346	7,890	150	2,058	2,307
Shanghai CIFI New Dream						
Carpark	1,895	4,058	1,017	1,049	1,863	3,868
Suzhou CIFI Canal County						
Buildings	—	773,397	—	83,739	—	9,236
Suzhou CIFI California Bay						
Buildings	—	4,500	—	278	—	16,187
Zhenjiang CIFI Ronchamp Town						
Buildings	2,300	—	559	—	4,114	—
Carpark	4,294	—	2,525	—	1,701	—
Jiaxing CIFI Square						
Buildings	—	6,833	—	712	—	9,597
Beijing CIFI Purple County						
Buildings	—	765,628	—	38,867	—	19,699
Carpark	—	13,470	—	7,866	—	1,712
Langfang CIFI Path Walf						
Buildings	6,913	10,125	1,000	1,028	6,913	9,849
Chongqing CIFI Ronchamp Town						
Buildings	24,244	245,385	3,346	34,632	7,246	7,085
Carpark	12,543	23,819	6,153	3,432	2,039	6,940
Changsha CIFI Upward Community						
Buildings	71,609	—	10,963	—	6,532	—
Carpark	18,316	—	3,360	—	5,451	—
<i>Others</i>	5	—	—	—	—	—
Total	337,910	1,950,986	43,954	175,233	7,688	11,134

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- Rental income. Our rental income increased by 135.7% to RMB16.5 million for the six months ended 30 June 2012 from RMB7.0 million for the six months ended 30 June 2011. This increase was primarily due to an increase in our rental income from investment properties resulting from the commencement of the leasing of the department store and certain floor spaces of the shopping mall portion of Jiaxing CIFI Square, partially offset by a decrease in our rental income from other properties.
- Property management income. Our revenue generated from property management increased by 30.5% to RMB33.8 million for the six months ended 30 June 2012 from RMB25.9 million for the six months ended 30 June 2011. This increase was primarily due to an increase in the number of property projects under management as additional new property projects were completed by us and included in our property management portfolio during the period.
- Other property related service income. Our revenue generated from other property related services decreased by 85.7% to RMB0.2 million for the six months ended 30 June 2012 from RMB1.4 million for the six months ended 30 June 2011.

Cost of sales

Cost of sales increased by 577.9% to RMB1,434.5 million for the six months ended 30 June 2012 from RMB211.6 million for the six months ended 30 June 2011. This increase was primarily due to an increase in cost of property sales as a result of an increase in total GFA delivered from 43,954 sq.m. for the six months ended 30 June 2011 to 175,233 sq.m. for the six months ended 30 June 2012, and increases in (i) average construction costs per sq.m. for properties delivered, to RMB4,023 for the six months ended 30 June 2012 from RMB2,469 for the six months ended 30 June 2011, (ii) average land acquisition costs per sq.m. for properties delivered, to RMB2,930 for the six months ended 30 June 2012 from RMB851 for the six months ended 30 June 2011, and (iii) average capitalized borrowing costs per sq.m. for the properties delivered, to RMB376 for the six months ended 30 June 2012 from RMB178 for the six months ended 30 June 2011. The average construction costs and average land acquisition costs per sq.m. in the six months ended 30 June 2012 were higher compared to the six months ended 30 June 2011 as the average construction costs and average land acquisition costs per sq.m. for the properties delivered in Beijing CIFI Purple County and Shanghai CIFI Hongqiao International (both of which had higher ASP) for the six months ended 30 June 2012 were significantly higher than most of our properties delivered for the same period in 2011.

Gross profit

Gross profit increased by 253.1% to RMB567.0 million for the six months ended 30 June 2012 from RMB160.6 million for the six months ended 30 June 2011. Our gross profit margin decreased to 28.3% for the six months ended 30 June 2012 from 43.1% for the six months ended 30 June 2011. This decrease was primarily due to the higher gross profit margin for our properties delivered in Shanghai CIFI La Baie D'Evian for the six months ended 30 June 2011, which was a major contributor to our recognised revenue in that period, as compared to the overall gross profit margin for our properties delivered for the six months ended 30 June 2012. In addition, we realised negative gross profit in respect of property management segment in the six months ended 30 June 2012. The reason was primarily due to higher increases in relevant operating expenses, mainly staff salaries expenses, in the property management segment compared to increases in management fee income during the period.

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Other income

Other income increased by 45.3% to RMB10.9 million for the six months ended 30 June 2012 from RMB7.5 million for the six months ended 30 June 2011. This increase was primarily due to increases in government grant, interest income, dividend income from available-for-sale investments and forfeited deposits from purchasers resulting from cancelled contracted sales.

The forfeited deposits recognised as other income for the six months ended 30 June 2012 related to certain contracted sales made in or before 2011 but the cancellation registrations were completed within the six months ended 30 June 2012.

(Loss) gain on disposal of subsidiaries

We did not recognise any gain or loss on disposal of subsidiaries for the six months ended 30 June 2012 as there was no disposal of subsidiaries during the period. For the six months ended 30 June 2011, we recognised a gain of RMB84.3 million on the disposal of Shanghai Yiyi, a property company, in connection with the sale of the remaining unsold GFA of Shanghai Yunsun Tower.

Fair value gain upon transfer to investment properties

For the six months ended 30 June 2012, we recognised a fair value gain upon transfer to investment properties in the amount of RMB905.1 million as a result of certain floor spaces of the shopping mall portion of Jiaxing CIFI Square, with an aggregate GFA of around 20,223 sq.m., being leased out and transferred to investment properties in that period. For the six months ended 30 June 2011, we recognised a fair value gain upon transfer to investment properties in the amount of RMB252.5 million in connection with the basement supermarket portion of Jiaxing CIFI Square, with an aggregate GFA of around 14,906 sq.m., being leased out and transferred to investment properties during the period.

Change in fair value of investment properties

We recognised a fair value gain on investment properties of RMB60.5 million for the six months ended 30 June 2012 as compared to a fair value gain on investment properties of RMB81.8 million for the six months ended 30 June 2011.

Change in fair value of trust loans related derivatives

During the six months ended 30 June 2012, we recognised a fair value gain on trust loans related derivatives of RMB11.0 million, which reflected the change in fair value of the embedded financial derivatives relating to the trust financing arrangements of Shanghai Xubo and Hefei Xubin for the six months ended 30 June 2012. During the six months ended 30 June 2011, we did not incur any fair value gain or loss on trust loans related derivatives.

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Selling and marketing expenses

Selling and marketing expenses increased by 76.9% to RMB86.7 million for the six months ended 30 June 2012 from RMB49.0 million for the six months ended 30 June 2011. This increase was primarily due to increases in sales commissions, advertising expenses, staff salaries and other related fees as we launched more property projects for pre-sale with increased sales and marketing efforts.

Administrative expenses

Administrative expenses increased by 50.1% to RMB147.5 million for the six months ended 30 June 2012 from RMB98.3 million for the six months ended 30 June 2011. This increase was primarily due to increases in staff salaries, professional fees and other administrative expenses.

Other expenses

For the six months ended 30 June 2012, we had other expenses of RMB7.8 million consisting of professional fees and other expenses related to the Listing. We did not have any such expenses for the six months ended 30 June 2011.

Finance costs

Finance costs expensed increased by 65.3% to RMB31.4 million for the six months ended 30 June 2012 from RMB19.0 million for the six months ended 30 June 2011. This increase in finance costs expensed was primarily attributable to an increase in the total finance costs incurred, net of the portion being capitalised in properties under development during the period. Total finance costs expensed and capitalised increased by 68.9% to RMB403.3 million for the six months ended 30 June 2012 from RMB238.8 million for the six months ended 30 June 2011. Total finance costs expensed and capitalised represented 10.3% of our average bank and other borrowings under IFRS during the six months ended 30 June 2012, compared to 9.1% during the six months ended 30 June 2011. This increase in total finance costs expensed and capitalised was primarily attributable to increases in average rate of interest costs and average bank and other borrowings outstanding during the period.

Profit before taxation

As a result of the above factors, profit before taxation increased by 204.7% to RMB1,281.0 million for the six months ended 30 June 2012 from RMB420.4 million for the six months ended 30 June 2011.

Excluding effects from the fair value gain upon transfer to investment properties, change in fair value of investment properties and change in fair value of trust loans related derivatives, our core profit before taxation increased by 253.5% to RMB304.4 million for the six months ended 30 June 2012 from RMB86.1 million for the six months ended 30 June 2011.

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Income tax expense

Income tax expense increased by 179.6% to RMB431.1 million for the six months ended 30 June 2012 from RMB154.2 million for the six months ended 30 June 2011. Our effective tax rate decreased to 33.7% for the six months ended 30 June 2012 from 36.7% for the six months ended 30 June 2011. This decrease in our effective tax rate was mainly attributable to lower LAT provision rate and lower provision rate of deferred taxation related to fair value gain upon transfer to investment properties for the six months ended 30 June 2012. The lower LAT provision rate was primarily due to our lower overall profit margin for the six months ended 30 June 2012.

Profit and total comprehensive income for the period

As a result of the above factors, profit and total comprehensive income for the period increased by 219.3% to RMB849.9 million for the six months ended 30 June 2012 from RMB266.2 million for the six months ended 30 June 2011.

Excluding effects from the fair value gain upon transfer to investment properties, change in fair value of investment properties, change in fair value of trust loans related derivatives and the relevant deferred taxes, our core profit and total comprehensive income increased by 640.0% to RMB114.7 million for the six months ended 30 June 2012 from RMB15.5 million for the six months ended 30 June 2011. Our core net profit margin increased to 5.7% for the six months ended 30 June 2012 from 4.2% for the six months ended 30 June 2011.

Profit attributable to equity owners and non-controlling interests

Profit attributable to our equity owners increased by 324.3% to RMB808.7 million for the six months ended 30 June 2012 from RMB190.6 million for the six months ended 30 June 2011. Excluding effects from the fair value gain upon transfer to investment properties, change in fair value of investment properties, change in fair value of trust loans related derivatives and the relevant deferred taxes, our core profit attributable to our equity owners increased by 884.3% to RMB119.1 million for the six months ended 30 June 2012 from RMB12.1 million for the six months ended 30 June 2011.

Profit attributable to non-controlling interests decreased by 45.5% to RMB41.2 million for the six months ended 30 June 2012 from RMB75.6 million for the six months ended 30 June 2011. This decrease was primarily due to an increase in our effective equity interest under IFRS in our principal subsidiary, CIFI (PRC), from 97.95% as at 30 June 2011 to 100.0% as at 30 June 2012.

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Year Ended 31 December 2011 Compared to Year Ended 31 December 2010

Revenue

Our revenue decreased by 3.7% to RMB4,008.3 million for the financial year ended 31 December 2011 from RMB4,162.4 million for the financial year ended 31 December 2010, primarily due to a decrease in revenue recognised from sales of properties.

- Sales of properties. Revenue recognised from sales of properties decreased by 3.9% to RMB3,914.3 million for the financial year ended 31 December 2011 from RMB4,075.1 million for the financial year ended 31 December 2010. This decrease was primarily due to a decrease in our total GFA delivered during the year, which was partially offset by an increase in our recognised ASP for properties delivered. Our total GFA delivered decreased by 34.6% to 354,128 sq.m. for the financial year ended 31 December 2011 from 541,833 sq.m. for the financial year ended 31 December 2010. Compared to the previous year, our total GFA delivered decreased as there were less projects completed in terms of GFA in 2011. Our recognised ASP for properties delivered increased by 47.0% to RMB11,053 for the financial year ended 31 December 2011 from RMB7,521 for the financial year ended 31 December 2010. This increase in ASP was primarily due to initial recognition of sales from Shanghai CIFI Ronchamp Town, Shanghai CIFI Hongqiao International and the residential portion of Jiaxing CIFI Square, all of which had higher recognised ASP in 2011 compared to the recognised ASP of the properties delivered in 2010.

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The following table sets out the breakdown of our revenue recognised from sales of properties, the total GFA delivered and recognised ASP for each listed project for the financial years ended 31 December 2010 and 2011, respectively.

Project	Year ended 31 December					
	2010	2011	2010	2011	2010	2011
	<i>Revenue (RMB'000)</i>		<i>Total GFA Delivered (sq.m.)</i>		<i>Recognised ASP (RMB per sq.m.)</i>	
<i>Commercial/Office projects</i>						
Shanghai CIFI Hongqiao International Buildings	—	826,790	—	31,942	—	25,884
Shanghai CIFI Century Square Buildings	581,215	—	59,256	—	9,809	—
Shanghai CIFI Century Square Carpark	35,908	2,742	7,925	499	4,531	5,495
Hefei CIFI Central Park Buildings	—	42,000	—	2,801	—	14,995
Beijing CIFI Olympic City Buildings	225,656	3,061	13,331	92	16,927	33,272
Beijing CIFI Olympic City Carpark	19,154	2,201	17,214	1,978	1,113	1,113
Changsha CIFI Upward Community Buildings	—	27,119	—	2,562	—	10,585
<i>Residential projects</i>						
Shanghai CIFI Ronchamp Town Buildings	—	634,447	—	21,330	—	29,744
Shanghai CIFI La Baie D'Evian Buildings	1,062,088	178,187	80,769	6,892	13,150	25,854
Shanghai CIFI La Baie D'Evian Carpark	—	17,041	—	8,265	—	2,062
Shanghai CIFI New Dream Carpark	—	3,086	—	1,272	—	2,426
Jiaxing CIFI Square Buildings	—	644,379	—	53,855	—	11,965
Suzhou CIFI California Bay Buildings	352,244	—	33,271	—	10,587	—
Zhenjiang CIFI Ronchamp Town Buildings	230,153	2,281	66,962	543	3,437	4,201
Zhenjiang CIFI Ronchamp Town Carpark	—	4,314	—	2,525	—	1,709
Hefei CIFI Central Park Buildings	153,110	296,281	11,632	42,874	13,163	6,911
Langfang CIFI Path Walf Buildings	467,697	486,790	67,091	55,986	6,971	8,695
Chongqing CIFI Ronchamp Town Buildings	432,228	643,451	76,704	93,908	5,635	6,852
Chongqing CIFI Ronchamp Town Carpark	9,555	12,964	5,258	6,301	1,817	2,057
Changsha CIFI Upward Community Buildings	503,738	67,591	102,293	11,613	4,924	5,820
Changsha CIFI Upward Community Carpark	—	19,559	—	8,890	—	2,200
Fuzhou CIFI Riverside Buildings	1,397	—	127	—	11,000	—
<i>Others</i>	937	—	—	—	—	—
Total	4,075,080	3,914,284	541,833	354,128	7,521	11,053

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- Rental income. Our rental income increased by 6.0% to RMB12.4 million for the financial year ended 31 December 2011 from RMB11.7 million for the financial year ended 31 December 2010. This increase was primarily due to the commencement of leasing of the basement of the commercial podium of Jiaxing CIFI Square, which was partially offset by a decrease in rental income from other properties.
- Property management income. Our revenue generated from property management increased by 19.0% to RMB60.1 million for the financial year ended 31 December 2011 from RMB50.5 million for the financial year ended 31 December 2010. This increase was primarily due to an increase in the number of property projects under management as additional new property projects were completed by us and included in our property management portfolio during the year.
- Other property related service income. Our revenue generated from other property related services decreased by 14.3% to RMB21.6 million for the financial year ended 31 December 2011 from RMB25.2 million for the financial year ended 31 December 2010.

Cost of sales

Cost of sales decreased by 13.5% to RMB2,638.8 million for the financial year ended 31 December 2011 from RMB3,051.6 million for the financial year ended 31 December 2010. This decrease was primarily due to a decrease in total GFA delivered to 354,128 sq.m. in 2011 from 541,833 sq.m. in 2010, which was partially offset by increases in average construction costs per sq.m. for properties delivered, to RMB3,937 in 2011 from RMB3,126 in 2010, and average land acquisition costs per sq.m. for properties delivered, to RMB2,315 in 2011 from RMB1,655 in 2010. The average construction costs and average land acquisition costs per sq.m. in 2011 were higher compared to 2010 as the average construction costs and average land acquisition costs per sq.m. for the properties delivered in Shanghai CIFI Hongqiao International and Shanghai CIFI Ronchamp Town (both of which had higher ASP) in 2011 were significantly higher than most of our properties delivered in 2010.

Gross profit

Gross profit increased by 23.3% to RMB1,369.5 million for the financial year ended 31 December 2011 from RMB1,110.8 million for the financial year ended 31 December 2010. Our gross profit margin increased to 34.2% for the financial year ended 31 December 2011 from 26.7% for the financial year ended 31 December 2010. This increase in our gross profit margin was primarily due to the higher gross profit margin for our properties delivered in Shanghai CIFI Ronchamp Town, Shanghai CIFI Hongqiao International, Shanghai CIFI La Baie D'Evian and the residential portion of Jiaxing CIFI Square for the financial year ended 31 December 2011 as compared to the overall gross profit margin for our properties delivered in 2010.

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Other income

Other income increased by 7.7% to RMB16.8 million for the financial year ended 31 December 2011 from RMB15.6 million for the financial year ended 31 December 2010. This increase was primarily due to an increase in interest income which was attributable to the increase in our bank balances and cash during the year.

(Loss) gain on disposal of subsidiaries

We recognised a gain on disposal of subsidiaries of RMB82.2 million for the financial year ended 31 December 2011 primarily due to the disposal of Shanghai Yiyi, a property development company, in connection with the sale of the remaining unsold GFA of Shanghai Yunsun Tower. For the financial year ended 31 December 2010, we incurred a loss on disposal of subsidiaries of RMB2.1 million.

Fair value gain upon transfer to investment properties

For the financial year ended 31 December 2011, we recognised a fair value gain upon transfer to investment properties in the amount of RMB1,025.4 million as a result of the basement supermarket and department store portions of Jiaxing CIFI Square with an aggregate GFA of around 38,480 sq.m. being leased out and transferred to investment properties in that year. We did not have such a gain for the financial year ended 31 December 2010.

Change in fair value of investment properties

We recognised a fair value gain on investment properties of RMB123.5 million for the financial year ended 31 December 2011 as compared to a fair value gain on investment properties of RMB141.7 million for the financial year ended 31 December 2010.

Change in fair value of trust loans related derivatives

We incurred a fair value loss on trust loans related derivatives of RMB15.0 million for the financial year ended 31 December 2011. This fair value loss reflected the change in fair value of the embedded financial derivative relating to the trust financing arrangement of Shanghai Xubo in 2011.

Selling and marketing expenses

Selling and marketing expenses increased by 90.1% to RMB140.9 million for the financial year ended 31 December 2011 from RMB74.1 million for the financial year ended 31 December 2010. This increase was primarily due to increases in sales commissions, advertising expenses, staff salaries and other related fees as we launched more property projects for pre-sale with increased sales and marketing efforts.

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Administrative expenses

Administrative expenses increased by 69.4% to RMB216.7 million for the financial year ended 31 December 2011 from RMB127.9 million for the financial year ended 31 December 2010. This increase was primarily due to increases in staff salaries and bonuses, general expenses and professional fees. The increase in staff salaries and bonuses was primarily due to an increase in the headcount of our administrative staff as new subsidiaries were established in 2011. The increase in professional fees was primarily due to the Reorganisation during the year.

Other expenses

For the financial year ended 31 December 2011, we had other expenses of RMB4.6 million consisting of professional fees and other expenses related to the Listing. We did not have any such expenses for the financial year ended 31 December 2010.

Finance costs

Finance costs expensed increased by 18.3% to RMB35.5 million for the financial year ended 31 December 2011 from RMB30.0 million for the financial year ended 31 December 2010. This increase in finance costs expensed was primarily attributable to an increase in the total finance costs incurred, net of the portion being capitalised in properties under development during the year. Total finance costs expensed and capitalised increased by 104.0% to RMB576.6 million for the financial year ended 31 December 2011 from RMB282.7 million for the financial year ended 31 December 2010. Total finance costs expensed and capitalised represented 9.8% of our average bank and other borrowings under IFRS for the financial year ended 31 December 2011, compared to 9.3% for the financial year ended 31 December 2010. This increase in total finance costs expensed and capitalised was primarily attributable to increases in average rate of interest costs and average bank and other borrowings outstanding during the year.

Profit before taxation

As a result of the above factors, profit before taxation increased by 113.2% to RMB2,204.5 million for the financial year ended 31 December 2011 from RMB1,034.0 million for the financial year ended 31 December 2010.

Excluding effects from the fair value gain upon transfer to investment properties, change in fair value of investment properties and change in fair value of trust loans related derivatives, our core profit before taxation increased by 20.0% to RMB1,070.7 million for the financial year ended 31 December 2011 from RMB892.3 million for the financial year ended 31 December 2010.

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Income tax expense

Income tax expense increased by 106.8% to RMB742.4 million for the financial year ended 31 December 2011 from RMB359.0 million for the financial year ended 31 December 2010. Our effective tax rate decreased slightly to 33.7% for the financial year ended 31 December 2011 from 34.7% for the financial year ended 31 December 2010. This decrease in our effective tax rate was mainly attributable to lower provision rate of deferred taxation related to fair value gain upon transfer to investment properties, partially offset by higher LAT provision rate in 2011. The higher LAT provision rate in 2011 was primarily due to the higher gross profit margin for our properties delivered in 2011 as compared to 2010.

Profit and total comprehensive income for the year

As a result of the above factors, profit and total comprehensive income for the year increased by 116.6% to RMB1,462.1 million for the financial year ended 31 December 2011 from RMB675.0 million for the financial year ended 31 December 2010.

Excluding effects from the fair value gain upon transfer to investment properties, change in fair value of investment properties, change in fair value of trust loans related derivatives and the relevant deferred taxes, our core profit and total comprehensive income for the year increased by 8.2% to RMB615.4 million for the financial year ended 31 December 2011 from RMB568.7 million for the financial year ended 31 December 2010. Our core net profit margin increased to 15.4% for the financial year ended 31 December 2011 from 13.7% for the financial year ended 31 December 2010.

Profit attributable to equity owners and non-controlling interests

Profit attributable to our equity owners increased by 181.9% to RMB1,336.9 million for the financial year ended 31 December 2011 from RMB474.2 million for the financial year ended 31 December 2010. Excluding effects from the fair value gain upon transfer to investment properties, change in fair value of investment properties, change in fair value of trust loans related derivatives and the relevant deferred taxes, our core profit attributable to our equity owners increased by 25.0% to RMB488.5 million for the financial year ended 31 December 2011 from RMB390.7 million for the financial year ended 31 December 2010.

Profit attributable to non-controlling interests decreased by 37.7% to RMB125.1 million for the financial year ended 31 December 2011 from RMB200.8 million for the financial year ended 31 December 2010. This decrease was primarily due to an increase in our effective equity interest under IFRS in our principal subsidiary, CIFI (PRC), from 79.51% as at 31 December 2010 to 97.95% as at 31 December 2011.

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Year Ended 31 December 2010 Compared to Year Ended 31 December 2009

Revenue

Our revenue increased by 58.2% to RMB4,162.4 million for the financial year ended 31 December 2010 from RMB2,631.5 million for the financial year ended 31 December 2009, primarily due to an increase in revenue recognised from sales of properties.

- *Sales of properties.* Revenue recognised from sales of properties increased by 57.9% to RMB4,075.1 million for the financial year ended 31 December 2010 from RMB2,580.3 million for the financial year ended 31 December 2009. This increase was primarily due to an increase in our total GFA delivered, which was partially offset by a decrease in our recognised ASP for properties delivered. Our total GFA delivered increased by 105.7% to 541,833 sq.m. for the financial year ended 31 December 2010 from 263,464 sq.m. for the financial year ended 31 December 2009. Compared to the previous year, our total GFA delivered increased as there were more projects completed in terms of GFA in 2010. Our recognised ASP for properties delivered decreased by 23.2% to RMB7,521 for the financial year ended 31 December 2010 from RMB9,794 for the financial year ended 31 December 2009. This decrease was primarily due to (i) an increase in sales of properties at Langfang CIFI Path Walf, Changsha CIFI Upward Community, Chongqing CIFI Ronchamp Town and Zhenjiang CIFI Ronchamp Town in 2010, which had lower recognised ASP than those of our properties delivered in 2009, and (ii) a decrease in the recognised ASP of our properties delivered in Shanghai CIFI Century Square due to sales of buildings constructed in the earlier phase of the property project and car parking spaces in 2010, which had lower recognised ASP compared to the properties of such project delivered in 2009, partially offset by (i) an increase in recognised ASP of our properties delivered in Shanghai CIFI La Baie D'Evian, Beijing CIFI Olympic City and Suzhou CIFI California Bay over the same period and (ii) higher recognised ASP for our properties delivered in Hefei CIFI Central Park in 2010.

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The following table sets out the breakdown of our revenue recognised from sales of properties, total GFA delivered and recognised ASP for each listed project for the financial years ended 31 December 2009 and 2010, respectively.

Project	Year ended 31 December					
	2009	2010	2009	2010	2009	2010
	<i>Revenue</i> (RMB'000)		<i>Total GFA Delivered</i> (sq.m.)		<i>Recognised ASP</i> (RMB per sq.m.)	
<i>Commercial/Office projects</i>						
Shanghai CIFI Century Square						
Buildings	508,182	581,215	23,329	59,256	21,783	9,809
Carpark	—	35,908	—	7,925	—	4,531
Beijing CIFI Olympic City						
Buildings	1,618,701	225,656	191,706	13,331	8,444	16,927
Carpark	—	19,154	—	17,214	—	1,113
<i>Residential projects</i>						
Shanghai CIFI La Baie D'Evian						
Buildings	158,624	1,062,088	13,682	80,769	11,594	13,150
Shanghai CIFI New Dream						
Buildings	40,387	—	2,264	—	17,839	—
Carpark	593	—	127	—	4,669	—
Suzhou CIFI California Bay						
Buildings	230,059	352,244	30,372	33,271	7,575	10,587
Zhenjiang CIFI Ronchamp Town						
Buildings	—	230,153	—	66,962	—	3,437
Hefei CIFI Central Park						
Buildings	—	153,110	—	11,632	—	13,163
Langfang CIFI Path Walf						
Buildings	—	467,697	—	67,091	—	6,971
Chongqing CIFI Ronchamp Town						
Buildings	—	432,228	—	76,704	—	5,635
Carpark	—	9,555	—	5,258	—	1,817
Changsha CIFI Upward Community						
Buildings	—	503,738	—	102,293	—	4,924
Fuzhou CIFI Riverside						
Buildings	23,704	1,397	1,984	127	11,948	11,000
<i>Others</i>	55	937	—	—	—	—
Total	2,580,305	4,075,080	263,464	541,833	9,794	7,521

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- *Rental income.* Our rental income increased by 17.0% to RMB11.7 million for the financial year ended 31 December 2010 from RMB10.0 million for the financial year ended 31 December 2009. This increase was primarily due to an increase in our rental income from other properties to RMB5.2 million in 2010 from RMB2.8 million in 2009, which was partially offset by a decrease in our rental income from investment properties. Our rental income from investment properties decreased to RMB6.5 million in 2010 from RMB7.2 million in 2009, which was primarily due to a decrease in rental income from Beijing CIFI Shanghai Salon in 2010.
- *Property management income.* Revenue generated from property management increased by 34.7% to RMB50.5 million for the financial year ended 31 December 2010 from RMB37.5 million for the financial year ended 31 December 2009. This increase was primarily due to an increase in the number of property projects under management as additional new property projects were completed by us and included in our property management portfolio during the year.
- *Other property related service income.* Revenue generated from other property related services increased by 600.0% to RMB25.2 million for the financial year ended 31 December 2010 from RMB3.6 million for the financial year ended 31 December 2009.

Cost of sales

Cost of sales increased by 66.3% to RMB3,051.6 million for the financial year ended 31 December 2010 from RMB1,834.9 million for the financial year ended 31 December 2009. This increase was primarily due to an increase in cost of property sales as a result of an increase in total GFA delivered to 541,833 sq.m. in 2010 from 263,464 sq.m. in 2009, which was partially offset by decreases in average construction costs per sq.m. for properties delivered, to RMB3,126 in 2010 from RMB3,430 in 2009, and average land acquisition costs per sq.m. for properties delivered, to RMB1,655 in 2010 from RMB2,508 in 2009. The average construction costs and average land acquisition costs per sq.m. in 2010 were lower compared to 2009 as the proportion of recognised revenue and total GFA delivered from projects outside Shanghai and Beijing were higher in 2010. These projects typically had lower average construction costs and average land acquisition costs per sq.m. compared to projects in Shanghai and Beijing.

Gross profit

Gross profit increased by 39.4% to RMB1,110.8 million for the financial year ended 31 December 2010 from RMB796.6 million for the financial year ended 31 December 2009. Our gross profit margin decreased to 26.7% for the financial year ended 31 December 2010 from 30.3% for the financial year ended 31 December 2009. This decrease was primarily due to (i) an increase in our sales of certain properties outside Shanghai and Beijing in 2010, which had lower gross profit margins, and (ii) a decrease in the overall gross profit margin for Shanghai CIFI Century Square due to sales of buildings constructed in the earlier phase of the project and car parking spaces in 2010 which had lower gross profit margins as compared to the properties of such project delivered in 2009.

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Other income

Other income decreased by 18.8% to RMB15.6 million for the financial year ended 31 December 2010 from RMB19.2 million for the financial year ended 31 December 2009. This decrease was primarily due to decreases in the amount of government grant and sundry income, which was partially offset by an increase in interest income.

(Loss) gain on disposal of subsidiaries

We incurred a loss of RMB2.1 million for the financial year ended 31 December 2010 on the disposal of Beijing Xuheng in connection with the sale of the remaining unsold GFA of Beijing CIFI Shanghai Salon, partially offset by a gain on the disposal of Changsha Xuxing Real Estate Development Co., Ltd. (長沙旭星房地產開發有限公司), in connection with a discontinued property development project. We did not have any gain or loss on disposal of subsidiaries for the financial year ended 31 December 2009.

Fair value gain upon transfer to investment properties

We did not have any fair value gain upon transfer to investment properties for the financial year ended 31 December 2010. For the financial year ended 31 December 2009, we recognised a fair value gain upon transfer to investment properties in the amount of RMB32.3 million as a result of a portion of Beijing CIFI Wangxin Commercial Centre with an aggregate GFA of 4,860 sq.m. being transferred to investment properties in that year.

Change in fair value of investment properties

We recognised a fair value gain on investment properties of RMB141.7 million for the financial year ended 31 December 2010 compared to a fair value gain on investment properties of RMB23.3 million for the financial year ended 31 December 2009. This increase was primarily due to the fair value gain in Shanghai CIFI Yangpu Commercial Square in 2010.

Change in fair value of trust loans related derivatives

There was no change in fair value of trust loans related derivatives for the financial years ended 31 December 2009 and 2010, respectively.

Selling and marketing expenses

Selling and marketing expenses increased by 101.9% to RMB74.1 million for the financial year ended 31 December 2010 from RMB36.7 million for the financial year ended 31 December 2009. This increase was primarily due to increases in sales commissions, advertising expenses, staff salaries and other related fees as we launched more property projects for pre-sale with increased sales and marketing efforts.

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Administrative expenses

Administrative expenses increased by 19.6% to RMB127.9 million for the financial year ended 31 December 2010 from RMB106.9 million for the financial year ended 31 December 2009. This increase in administrative expenses was primarily due to increases in staff salaries and general expenses.

Other expenses

We did not have any other expenses related to the Listing for the financial years ended 31 December 2009 and 2010, respectively.

Finance costs

Finance costs expensed increased by 77.5% to RMB30.0 million for the financial year ended 31 December 2010 from RMB16.9 million for the financial year ended 31 December 2009. This increase in finance costs expensed was primarily attributable to an increase in the total finance costs incurred, net of the portion being capitalised in properties under development during the year. Total finance costs expensed and capitalised increased by 58.0% to RMB282.7 million for the financial year ended 31 December 2010 from RMB178.9 million for the financial year ended 31 December 2009. Total finance costs expensed and capitalised represented 9.3% of our average bank and other borrowings under IFRS for the financial year ended 31 December 2010, compared to 10.8% for the financial year ended 31 December 2009. This increase in total finance costs expensed and capitalised was primarily attributable to an increase in average bank and other borrowings outstanding during the year, partially offset by a decrease in average rate of interest costs over the same period.

Profit before taxation

As a result of the above factors, profit before taxation increased by 45.5% to RMB1,034.0 million for the financial year ended 31 December 2010 from RMB710.8 million for the financial year ended 31 December 2009. Excluding effects from the fair value gain upon transfer to investment properties, change in fair value of investment properties and change in fair value of trust loans related derivatives, our core profit before taxation increased by 36.2% to RMB892.3 million for the financial year ended 31 December 2010 from RMB655.2 million for the financial year ended 31 December 2009.

Income tax expense

Income tax expense increased by 37.0% to RMB359.0 million for the financial year ended 31 December 2010 from RMB262.0 million for the financial year ended 31 December 2009. Our effective tax rate decreased slightly to 34.7% for the financial year ended 31 December 2010 from 36.9% for the financial year ended 31 December 2009. This decrease in our effective tax rate was mainly attributable to lower LAT provision rate in 2010.

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Profit and total comprehensive income for the year

As a result of the above factors, our profit and total comprehensive income for the year increased by 50.4% to RMB675.0 million for the financial year ended 31 December 2010 from RMB448.8 million for the financial year ended 31 December 2009.

Excluding effects from the fair value gain upon transfer to investment properties, change in fair value of investment properties, change in fair value of trust loans related derivatives and the relevant deferred taxes, our core profit and total comprehensive income for the year increased by 39.7% to RMB568.7 million for the financial year ended 31 December 2010 from RMB407.1 million for the financial year ended 31 December 2009. Our core net profit margin decreased to 13.7% for the financial year ended 31 December 2010 from 15.5% for the financial year ended 31 December 2009.

Profit attributable to equity owners and non-controlling interests

Profit attributable to our equity owners increased by 38.7% to RMB474.2 million for the financial year ended 31 December 2010 from RMB342.0 million for the financial year ended 31 December 2009. Excluding effects from the fair value gain upon transfer to investment properties, change in fair value of investment properties, change in fair value of trust loans related derivatives and the relevant deferred taxes, our core profit attributable to our equity owners increased by 26.2% to RMB390.7 million for the financial year ended 31 December 2010 from RMB309.6 million for the financial year ended 31 December 2009.

Profit attributable to non-controlling interests increased by 88.0% to RMB200.8 million for the financial year ended 31 December 2010 from RMB106.8 million for the financial year ended 31 December 2009. This increase was primarily due to an increase in profit attributable to non-controlling interests of Shanghai Haiji as a result of a fair value gain in Shanghai CIFI Yangpu Commercial Square which was classified as an investment property under development under IFRS.

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SUMMARY CONSOLIDATED FINANCIAL POSITION

	At 31 December			At 30 June
	2009	2010	2011	2012
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Non-Current Assets	694,802	812,436	2,478,976	3,717,707
Investment properties	502,100	579,900	2,231,300	3,398,200
Property, plant and equipment	81,393	90,016	106,286	116,877
Available-for-sale investment ^(Note 1)	9,463	9,463	9,463	9,463
Restricted cash	—	21,768	21,768	21,768
Current Assets	6,826,673	10,574,115	16,745,922	18,203,717
Properties held for sale	429,620	341,984	1,161,790	1,029,900
Properties under development	4,076,023	7,167,658	10,880,027	13,614,907
Accounts and other receivables, deposits and prepayments	166,190	341,253	576,368	691,968
Amounts due from non-controlling interests	—	—	2,000	35,600
Deposits for land use rights for properties held for sale	775,055	544,280	1,379,096	940,846
Taxation recoverable ^(Note 2)	18,306	20,795	172,745	183,300
Bank balances and cash	1,359,839	2,156,546	2,573,896	1,707,196
Current Liabilities	4,145,258	6,000,785	9,287,577	11,867,334
Accounts payable and accrued charges	593,483	926,083	1,747,371	1,897,935
Deposits received from property sales	2,244,520	3,094,630	4,726,260	6,186,886
Taxation payable ^(Note 3)	309,082	437,299	655,253	592,565
Bank and other borrowings - due within one year	774,270	1,327,100	1,922,656	2,942,490
Trust loans related derivatives ^(Note 4)	—	—	50,000	61,000
Non-Current Liabilities	1,421,264	2,777,000	6,292,826	5,616,953
Bank and other borrowings - due after one year	1,361,000	2,648,380	5,828,896	4,921,313
Trust loans related derivatives ^(Note 5)	—	35,000	82,000	60,000
Deferred taxation liabilities	60,264	93,620	381,930	635,640
Total Equity	<u>1,954,953</u>	<u>2,608,766</u>	<u>3,644,495</u>	<u>4,437,137</u>
Equity attributable to equity owners of the Company	1,371,136	1,835,312	3,270,628	4,103,066
Non-controlling interests	583,817	773,454	373,867	334,071

Notes:

- (1) The available-for-sale investment refers to our investment in CURA Investment Management (Shanghai) Co., Ltd. (上海中城聯盟投資管理有限公司) (“CURA Investment”).

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- (2) Our taxation recoverable primarily arose from tax payment in relation to our deposits received from property sales. The increase in our taxation recoverable during the Track Record Period was generally in line with the increase in the number of our property projects under pre-sale.
- (3) Our taxation payable generally fluctuated with our income tax expense calculated mainly based on the profits earned by our subsidiaries and our tax payments during each quarter. The fluctuation in our taxation payable during the Track Record Period was generally in line with the fluctuation in our core profits before taxation over the same period.
- (4) The trust loans related derivatives under current liabilities in the amount of RMB50.0 million as at 31 December 2011 and RMB61.0 million as at 30 June 2012 were related to the trust financing arrangement of Shanghai Xubo.
- (5) The trust loans related derivatives under non-current liabilities in the amount of RMB35.0 million as at 31 December 2010 were related to the trust financing arrangement of Shanghai Xubo. The trust loans related derivatives under non-current liabilities in the amount of RMB82.0 million as at 31 December 2011 and RMB60.0 million as at 30 June 2012 were related to the trust financing arrangement of Hefei Xubin.

Net Current Assets

As at 31 December 2009, 2010 and 2011 and 30 June 2012, we had net current assets of RMB2,681.4 million, RMB4,573.3 million, RMB7,458.3 million and RMB6,336.4 million, respectively. As at 30 September 2012, we had net current assets of RMB6,925.4 million. The following table sets forth our current assets, current liabilities and net current assets as at the dates indicated:

	At 31 December			At 30 June	At 30
	2009	2010	2011	2012	September
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
					<i>(unaudited)</i>
CURRENT ASSETS					
Properties held for sale	429,620	341,984	1,161,790	1,029,900	928,996
Properties under development	4,076,023	7,167,658	10,880,027	13,614,907	14,570,068
Accounts and other receivables, deposits and prepayments	166,190	341,253	576,368	691,968	819,883
Amounts due from non-controlling interests	—	—	2,000	35,600	35,600
Deposits for land use rights for properties held for sale	775,055	544,280	1,379,096	940,846	1,406,332
Taxation recoverable	18,306	20,795	172,745	183,300	209,767
Investments held for trading	1,640	1,599	—	—	—
Bank balances and cash	<u>1,359,839</u>	<u>2,156,546</u>	<u>2,573,896</u>	<u>1,707,196</u>	<u>2,505,337</u>
	<u>6,826,673</u>	<u>10,574,115</u>	<u>16,745,922</u>	<u>18,203,717</u>	<u>20,475,983</u>

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	At 31 December			At 30 June	At 30 September
	2009	2010	2011	2012	2012
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> (unaudited)
CURRENT LIABILITIES					
Accounts payable and accrued charges	593,483	926,083	1,747,371	1,897,935	1,439,871
Deposits received from property sales	2,244,520	3,094,630	4,726,260	6,186,886	7,680,487
Amounts due to non-controlling interests	223,903	215,673	186,037	186,458	157,688
Taxation payable	309,082	437,299	655,253	592,565	511,340
Bank and other borrowings - due within one year	774,270	1,327,100	1,922,656	2,942,490	3,699,180
Trust loans related derivatives ^(Note)	—	—	50,000	61,000	62,000
	<u>4,145,258</u>	<u>6,000,785</u>	<u>9,287,577</u>	<u>11,867,334</u>	<u>13,550,566</u>
Net Current Assets	<u>2,681,415</u>	<u>4,573,330</u>	<u>7,458,345</u>	<u>6,336,383</u>	<u>6,925,417</u>

Note: The fair value of the trust loans related derivatives as at 30 September 2012 was based on the valuation of these derivatives performed by the independent professional valuers as at 31 August 2012.

Investment properties

The value of our investment properties was RMB502.1 million, RMB579.9 million, RMB2,231.3 million and RMB3,398.2 million as at 31 December 2009, 2010 and 2011 and 30 June 2012, respectively. The value of our investment properties increased by 52.3% to RMB3,398.2 million as at 30 June 2012 from RMB2,231.3 million as at 31 December 2011, primarily as a result of certain floor spaces of the shopping mall portion of Jiaxing CIFI Square, with an aggregate GFA of around 20,223 sq.m., being leased out and transferred to investment properties during the six months ended 30 June 2012. The value of our investment properties increased by 284.8% to RMB2,231.3 million as at 31 December 2011 from RMB579.9 million as at 31 December 2010, primarily as a result of the basement supermarket and department store portions of Jiaxing CIFI Square, with an aggregate GFA of around 38,480 sq.m., being leased out and transferred to investment properties in 2011. The value of our investment properties increased by 15.5% to RMB579.9 million as at 31 December 2010 from RMB502.1 million as at 31 December 2009, primarily as a result of the fair value gain in Shanghai CIFI Yangpu Commercial Square in 2010.

Properties held for sale

The value of our properties held for sale was RMB429.6 million, RMB342.0 million, RMB1,161.8 million and RMB1,029.9 million as at 31 December 2009, 2010 and 2011 and 30 June 2012, respectively. Properties held for sale were completed development properties that had not been contracted for sales or completed development properties that had been contracted for sales but had not been delivered to purchasers. During the Track Record Period, the value of our properties held for sale generally grew in line with our expansion in property development activities, with the exception

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of the followings: (i) the value of our properties held for sale as at 31 December 2010 decreased as compared to the value of our properties held for sale as at 31 December 2009, primarily due to significant clearance and delivery of completed properties in 2010 as the real estate market sentiment improved; (ii) the value of our properties held for sale as at 30 June 2012 decreased as compared to the value of our properties held for sale as at 31 December 2011, primarily due to less GFA being completed for the six months ended 30 June 2012 as compared to the financial year ended 31 December 2011.

In addition, the value of our properties held for sale as at 30 September 2012 decreased as compared to the value of our properties held for sale as at 30 June 2012, primarily as a result of certain floor spaces of the department store portion of Jiaxing CIFI Square being leased out and transferred to investment properties during the period.

Properties under development

The value of our properties under development was RMB4,076.0 million, RMB7,167.7 million, RMB10,880.0 million and RMB13,614.9 million as at 31 December 2009, 2010 and 2011 and 30 June 2012, respectively. The increase in the value of our properties under development during the Track Record Period was primarily due to expansion of our property development activities resulting in increase in properties under construction. The value of our properties under development as at 30 September 2012 also increased as compared to the value of our properties under development as at 30 June 2012. This increase was also primarily due to the expansion of our property development activities during the period.

Accounts and other receivables, deposits and prepayments

We had total accounts and other receivables, deposits and prepayments in the amount of RMB166.2 million, RMB341.3 million, RMB576.4 million and RMB692.0 million as at 31 December 2009, 2010 and 2011 and 30 June 2012, respectively. The table below sets out the breakdown of our accounts and other receivables, deposits and prepayments as at the dates indicated.

	At 31 December			At 30 June
	2009	2010	2011	2012
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables	12,399	10,278	184,986	123,944
Other receivables ^(Note)	72,293	235,334	183,882	249,157
Prepaid tax	63,643	61,512	162,103	273,272
Deposits and prepayments	<u>17,855</u>	<u>34,129</u>	<u>45,397</u>	<u>45,595</u>
	<u>166,190</u>	<u>341,253</u>	<u>576,368</u>	<u>691,968</u>

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Note:

Included in our other receivables were amounts due from related companies of RMB14.3 million, RMB13.5 million, nil and nil as at 31 December 2009, 2010, 2011 and 30 June 2012, respectively, which were non-trade in nature, unsecured, interest-free and repayable on demand. The related companies represented companies in which certain Directors and certain Controlling Shareholders and their close family members have control or beneficial interests. Included in our other receivables as at 31 December 2010 were amounts due from Mr Lin Zhong and Mr Lin Feng, our Directors, of RMB2.1 million and RMB1.7 million, respectively, which were non-trade in nature, unsecured, interest-free and repayable on demand.

Our trade receivables mainly arise from sale of properties. Considerations in respect of properties sold are paid by the purchasers in accordance with the terms of related sale and purchase agreements. The following table is an aged analysis of our trade receivables, based on the date of agreement and net of provision, as at the dates indicated.

	At 31 December			At 30 June
	2009	2010	2011	2012
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Within 60 days	10,143	6,967	181,135	70,509
61 - 180 days	1,661	3,109	112	20,099
181 - 365 days	595	110	—	30,109
1 - 2 years	—	92	3,739	3,227
	<u>12,399</u>	<u>10,278</u>	<u>184,986</u>	<u>123,944</u>

Our trade receivables as at 30 June 2012 mainly comprises receivables from sales of properties. Considerations in respect of properties sold are paid in accordance with the terms of the related sale and purchase agreements, normally within 60 days from the date of agreement. As at 30 September 2012, approximately RMB60.4 million of our trade receivables as at 30 June 2012 had been subsequently settled by relevant customers, of which RMB25.1 million were over 60 days past due, and there has not been a significant change in credit quality for the remaining unsettled trade receivables (net of provision) and the amounts are still considered recoverable.

Other receivables mainly represented temporary payments, miscellaneous projects related deposits paid which are refundable upon maturity and amounts due from related companies and directors which were non-trade in nature, unsecured, interest-free and repayable on demand.

Other receivables increased by 225.5% to RMB235.3 million as at 31 December 2010 from RMB72.3 million as at 31 December 2009. This increase was primarily due to more deposits paid for participation in various land auctions.

Other receivables decreased by 21.9% to RMB183.9 million as at 31 December 2011 from RMB235.3 million as at 31 December 2010. This decrease was primarily due to less deposits paid for participation in various land auctions and repayment from related companies.

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Other receivables increased by 35.5% to RMB249.2 million as at 30 June 2012 from RMB183.9 million as at 31 December 2011. This increase was primarily due to temporary payments in respect of construction costs on behalf of contractors in miscellaneous projects.

Deposits and prepayments mainly represented prepaid construction cost to contractors.

Accounts payable and accrued charges

We had total accounts payable and accrued charges in the amount of RMB593.5 million, RMB926.1 million, RMB1,747.4 million and RMB1,897.9 million as at 31 December 2009, 2010 and 2011 and 30 June 2012, respectively. Our accounts payables and accrued charges generally increased in line with the expansion of our property development activities during the Track Record Period. The table below sets out the breakdown of our accounts payable and accrued charges as at the dates indicated.

	At 31 December			At 30 June
	2009	2010	2011	2012
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade payables	421,785	571,653	1,013,064	895,701
Other payables and accrued charges ^(Note)	<u>171,698</u>	<u>354,430</u>	<u>734,307</u>	<u>1,002,234</u>
	<u>593,483</u>	<u>926,083</u>	<u>1,747,371</u>	<u>1,897,935</u>

Note:

Included in our other payables and accrued charges were: (i) amounts due to related companies of RMB3.6 million, RMB9.6 million, nil and nil as at 31 December 2009, 2010 and 2011 and 30 June 2012, respectively, which were non-trade in nature, unsecured, interest-free and repayable on demand; (ii) rental deposits received from a related company of nil, nil, RMB16.0 million and RMB11.0 million as at 31 December 2009, 2010 and 2011 and 30 June 2012, respectively; (iii) amounts due to the Directors of RMB5.5 million, RMB5.6 million, RMB2.9 million and RMB2.3 million as at 31 December 2009, 2010 and 2011 and 30 June 2012, respectively, which were unsecured, interest-free and repayable on demand; and (iv) interest-free advances of RMB177.6 million and RMB137.1 million from an independent third party as at 31 December 2011 and 30 June 2012, respectively. As at 30 September 2012, approximately RMB137.1 million of such advances outstanding as at 30 June 2012 had been subsequently settled by us. The related companies mentioned in (i) and (ii) above represented companies in which certain Controlling Shareholders and Directors have control or beneficial interests.

Trade payables and accrued expenditure on construction comprise construction costs and other project-related expenses which are payable based on project progress measured by us.

Other payables and accrued charges mainly represented accrued loan interest, various deposits received from contractors in relation to tendering and execution of construction contracts and deposits

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received in respect of a primary development project, rental deposits received from a related company, amounts due to our related companies and Directors which were non-trade in nature, unsecured, interest-free, and repayable on demand, as well as advances from independent third party which were interest-free, short-term and repayable on demand.

Other payables and accrued charges increased by 106.4% to RMB354.4 million as at 31 December 2010 from RMB171.7 million as at 31 December 2009. This increase was primarily due to the tender deposits received from contractors.

Other payables and accrued charges increased by 107.2% to RMB734.3 million as at 31 December 2011 from RMB354.4 million as at 31 December 2010. This increase was primarily due to an increase in accrued loan interest, deposits received in respect of a primary development project, an interest-free advance from an independent third party and more deposits received from contractors in relation to tendering and execution of construction contracts due to an increase in the number of projects under development.

Other payables and accrued charges increased by 36.5% to RMB1,002.2 million as at 30 June 2012 from RMB734.3 million as at 31 December 2011. This increase was primarily due to more deposits received from contractors in relation to the tendering and execution of construction contracts due to an increase in the number of projects under development.

KEY FINANCIAL RATIOS

The following table sets out a summary of certain financial ratios for the periods or as at the dates indicated.

	At 31 December			At 30 June
	2009	2010	2011	2012
Current ratio (times)	1.6	1.8	1.8	1.5
Gearing ratio (%)	109.2	152.4	212.7	177.2
Net debt-to-equity ratio (%)	39.7	68.9	141.5	138.3
	Year ended 31 December			Six months ended 30 June
	2009	2010	2011	2012
Return on equity (%)	24.9	25.8	40.9	39.4
Gross profit margin (%)	30.3	26.7	34.2	28.3
Core net profit margin (%)	15.5	13.7	15.4	5.7

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Current ratio

Current ratio is our current assets divided by our current liabilities at the end of each financial period.

As at the end of each financial period during the Track Record Period, our current ratio consistently ranged between 1.5 and 1.8 times. This was primarily due to our prudent financial strategy maintained during the Track Record Period. Our current ratio increased slightly from 31 December 2009 to 31 December 2010, which was primarily due to greater increase in certain current assets compared with current liabilities, including properties under development, cash and bank balances, and our increased utilisation of long-term borrowings compared to short-term borrowings for the financing of our property development. Our current ratio remained largely constant from 31 December 2010 to 31 December 2011. Our current ratio slightly decreased from 31 December 2011 to 30 June 2012, which was primarily due to the greater increase in current liabilities compared with current assets. There was an increase in current liabilities as at 30 June 2012 as more borrowings became due within one year in the middle of the year.

Net debt-to-equity ratio

Net debt-to-equity ratio is our total bank and other borrowings under IFRS less bank balances, cash and restricted cash as a percentage of total equity at the end of each financial period.

As at the end of each financial period during the Track Record Period, our net debt-to-equity ratio increased as we generally utilised more net debts to support our enlarged scale of property development. As at 31 December 2010 and 2011, we considered our net debt-to-equity ratio as prudent and low on an absolute basis. In 2011, we capitalised on the weak sentiment in the land market to expand our land bank and proactively raised more net debts with increases in both bank borrowings and trust financings to support the growth of our property development business. This strategy has resulted in a higher net debt-to-equity ratio as at 31 December 2011 and as at 30 June 2012.

Gearing ratio

Gearing ratio is our total bank and other borrowings under IFRS as a percentage of total equity at the end of each financial period.

The reasons for the fluctuations in our gearing ratio as at the end of each financial period during the Track Record Period were similar to those for changes in our net debt-to-equity ratio as set out above.

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Return on equity

Return on equity is our profit attributable to our equity owners divided by equity attributable to our equity owners for each financial period.

The reasons for the general increase in our return on equity during the Track Record Period were largely in line with the reasons underlying the general increase in our profit attributable to our equity owners during the Track Record Period as set out in the paragraph headed “Period to period comparison of operating results” in this section.

Gross profit margin

Gross profit margin is our gross profit divided by our revenue for each financial period.

The reasons for fluctuations in our gross profit margin are set out in the paragraph headed “Period to period comparison of operating results” in this section.

Core net profit margin

Core net profit margin is our net core profit (excluding effects from the fair value gain upon transfer to investment properties, change in fair value of investment properties, change in fair value of trust loans related derivatives and the relevant deferred taxes) before non-controlling interests divided by our revenue for each financial period.

The fluctuations in our core net profit margins from 2009 to 2011 were due to similar fluctuations in our gross profit margins, partially offset by effects of changes in our selling and marketing expenses, administrative expenses and income tax expenses for the relevant financial year. Our core net profit margins for the six months ended 30 June 2011 and 2012 were both lower compared to core net profit margins for the full respective financial year, as our overall expenses are normally recognised evenly throughout the full financial year while our recognised revenue is normally lower during the first half as compared to the second half of the relevant financial year, as more properties are usually delivered during the second half as compared to the first half of the relevant financial year.

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LIQUIDITY AND CAPITAL RESOURCES

To date, we have financed our working capital, capital expenditures and other capital requirements primarily through internally generated funds, bank borrowings and trust financings.

Cash flows

The following table sets out selected cash flow data from our consolidated statements of cash flows for the periods indicated.

	Year ended 31 December			Six months ended 30 June	
	2009	2010	2011	2011	2012
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				<i>(unaudited)</i>	
Net cash generated from (used in) operating activities	541,507	(932,099)	(2,695,214)	(2,202,906)	(462,654)
Net cash (used in) from investing activities	(404,041)	159,572	(29,595)	(2,462)	(40,768)
Net cash from (used in) financing activities	<u>1,092,280</u>	<u>1,569,234</u>	<u>3,142,159</u>	<u>1,934,330</u>	<u>(363,278)</u>
Net increase (decrease) in cash and cash equivalents	1,229,746	796,707	417,350	(271,038)	(866,700)
Cash and cash equivalents at beginning of the year/period	<u>130,093</u>	<u>1,359,839</u>	<u>2,156,546</u>	<u>2,156,546</u>	<u>2,573,896</u>
Cash and cash equivalents at end of the year/period	<u><u>1,359,839</u></u>	<u><u>2,156,546</u></u>	<u><u>2,573,896</u></u>	<u><u>1,885,508</u></u>	<u><u>1,707,196</u></u>

Cash flows from operating activities

Our cash used in operating activities principally comprises payments for our property development activities and land acquisitions. Our cash from operating activities is generated principally from proceeds received from pre-sale and sales of our properties, rental income from the leasing of our investment properties and other properties, and income from our property management and other property related services.

For the six months ended 30 June 2012, we had net cash outflow from operating activities of RMB462.7 million, which was primarily due to an increase in properties under development of

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RMB2,405.3 million, an increase in accounts and other receivables, deposits and prepayments of RMB114.8 million and an increase in properties held for sale of RMB72.2 million, partially offset by a profit before taxation of RMB1,281.0 million, an increase in deposits received from property sales of RMB1,460.6 million, a decrease in deposits for land use rights for properties held for sale of RMB438.3 million and an increase in accounts payable and accrued charges of RMB165.9 million.

For the financial year ended 31 December 2011, we had net cash outflow from operating activities of RMB2,695.2 million, which was primarily due to an increase in properties under development of RMB3,198.0 million, an increase in properties held for sale of RMB1,235.7 million, an increase in deposits for land use rights for properties held for sale of RMB834.8 million and an increase in accounts and other receivables, deposits and prepayments of RMB255.2 million, partially offset by a profit before taxation of RMB2,204.5 million, an increase in deposits received from property sales of RMB1,631.6 million and an increase in accounts payable and accrued charges of RMB563.2 million.

For the financial year ended 31 December 2010, we had net cash outflow from operating activities of RMB932.1 million, which was primarily due to an increase in properties under development of RMB2,967.2 million and an increase in accounts and other receivables, deposits and prepayments of RMB174.3 million, partially offset by a profit before taxation of RMB1,034.0 million, an increase in deposits received from property sales of RMB850.1 million, an increase in accounts payable and accrued charges of RMB326.9 million, a decrease in deposits for land use rights for properties held for sale of RMB230.8 million and a decrease in properties held for sale of RMB87.6 million.

For the financial year ended 31 December 2009, we had net cash inflow from operating activities of RMB541.5 million, which was primarily due to a profit before taxation of RMB710.8 million, an increase in deposits received from property sales of RMB405.3 million, an increase in accounts payable and accrued charges of RMB140.6 million, a decrease in accounts and other receivables, deposits and prepayments of RMB132.7 million and a decrease in properties held for sale of RMB74.7 million, partially offset by an increase in deposits for land use rights for properties held for sale of RMB612.3 million and an increase in properties under development of RMB121.5 million.

Cash flows from investing activities

Our cash inflows from investing activities primarily reflect interest income, proceeds from disposal of items of property, plant and equipment, and disposal of subsidiaries. Our cash outflows from investing activities primarily reflect purchase of property, plant and equipment, acquisition of a subsidiary, additions to investment properties under development, advances to non-controlling interests and restricted cash.

For the six months ended 30 June 2012, we had net cash outflow from investing activities of RMB40.8 million, which was primarily due to advances to non-controlling interests of RMB33.6 million, additions to investment properties under development of RMB8.7 million and purchase of property, plant and equipment of RMB5.3 million, partially offset by interest received of RMB5.3 million and dividends received from available-for-sale investment of RMB1.3 million.

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For the financial year ended 31 December 2011, we had net cash outflow from investing activities of RMB29.6 million, which was primarily due to additions to investment properties under development of RMB111.6 million and purchase of property, plant and equipment of RMB27.7 million, partially offset by proceeds from disposal of subsidiaries of RMB79.8 million and repayment from related companies of RMB13.5 million.

For the financial year ended 31 December 2010, we had net cash inflow from investing activities of RMB159.6 million, which was primarily due to proceeds from disposal of subsidiaries of RMB214.8 million, partially offset by additions to investment properties under development of RMB25.1 million, placement of restricted cash of RMB21.8 million, advance to our Directors of RMB15.6 million and purchase of prepaid lease payments and property, plant and equipment of RMB14.1 million.

For the financial year ended 31 December 2009, we had net cash outflow from investing activities of RMB404.0 million, which was primarily due to acquisition of subsidiaries of RMB399.4 million.

Cash flows from financing activities

Our cash inflows from financing activities primarily reflect proceeds from new bank and other borrowings and advances and capital injection from our non-controlling interests. Our cash outflows from financing activities primarily reflect repayment of bank and other borrowings, payment of interest thereon, repayments to non-controlling interests, acquisition of additional interests in subsidiaries from non-controlling interests and dividends paid, and distributions made, to our shareholders.

For the six months ended 30 June 2012, we had net cash outflow from financing activities of RMB363.3 million, which was primarily due to repayment of bank and other borrowings of RMB1,252.3 million and interest payments of RMB336.6 million, partially offset by new bank and other borrowings of RMB1,323.1 million.

For the financial year ended 31 December 2011, we had net cash inflow from financing activities of RMB3,142.2 million, which was primarily due to new bank and other borrowings of RMB6,758.2 million, partially offset by repayment of bank and other borrowings of RMB2,883.5 million, interest payments of RMB441.9 million, acquisition of additional interests in a subsidiary from non-controlling interests of RMB426.2 million and cash outflow as a result of the Reorganisation in the amount of RMB186.7 million.

For the financial year ended 31 December 2010, we had net cash inflow from financing activities of RMB1,569.2 million, which was primarily due to new bank and other borrowings of RMB5,140.9 million, partially offset by repayment of bank and other borrowings of RMB3,265.7 million and interest payments of RMB282.7 million.

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For the financial year ended 31 December 2009, we had net cash inflow from financing activities of RMB1,092.3 million, which was primarily due to new bank and other borrowings of RMB1,844.3 million and advances from non-controlling shareholders of RMB221.4 million and disposal of partial interest in a subsidiary to non-controlling interests of RMB110.7 million, partially offset by repayment of bank and other borrowings of RMB892.9 million and interest payments of RMB178.9 million.

Capital resources

Property developments require substantial capital investment for land acquisition and construction and it may take many months or years before positive cash flows can be generated. To date, we have funded our growth principally from internally generated funds, bank borrowings and trust financings. Our financing methods vary from project to project and are subject to limitations imposed by PRC regulations and monetary policies.

We intend to continue to fund our future development and debt servicing costs from existing financial resources and cash generated from operations. We may also raise additional funds through debt or equity offerings in the future to finance all or a portion of our future development, for debt servicing or for other purposes. Our ability to obtain adequate financing to satisfy our debt service requirements may be limited by our financial condition and operating results and the liquidity of international and domestic financial markets. Any failure by us to achieve timely rollover, extension or refinancing of our short-term debt may result in our inability to meet our obligations in connection with debt service, accounts payable and/or other liabilities when they become due and payable.

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INDEBTEDNESS AND CONTINGENT LIABILITIES

Bank and other borrowings

The following table sets out the breakdown of our outstanding bank and other borrowings as at the dates indicated.

	At 31 December			At 30 June	September
	2009	2010	2011	2012	2012
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
					<i>(unaudited)</i>
Bank loans, secured	<u>1,502,950</u>	<u>2,629,300</u>	<u>4,859,856</u>	<u>5,120,606</u>	<u>5,781,151</u>
Bank loans, unsecured	—	—	—	31,500	31,500
Trust loans <i>(Note 1)</i>					
— Conventional loans	290,000	130,000	1,716,000	1,242,000	1,640,000
— Loans with obligation to repurchase equity interest	—	1,125,000	1,076,266	1,202,547	971,992
Other loans, secured <i>(Note 2)</i>	300,000	—	—	150,000	657,000
Other loans, unsecured	<u>42,320</u>	<u>91,180</u>	<u>99,430</u>	<u>117,150</u>	<u>118,850</u>
	<u>2,135,270</u>	<u>3,975,480</u>	<u>7,751,552</u>	<u>7,863,803</u>	<u>9,200,493</u>

Notes:

- (1) Trust loans were trust financings obtained from trust companies in the PRC. Please refer to the section headed “Business — Operating cash flow and financing plans” in this prospectus and Note 25 “Bank and Other Borrowings” to the accountants’ report included as Appendix I to this prospectus for more details.
- (2) Other secured loans were loans obtained from CURA Investment pursuant to certain capital injection agreements entered into in 2009 and a cooperation agreement entered into in 2012.

Based on the information from CURA Investment and China Urban Realty Association, CURA Investment is a fund management company sponsored and invested by core members of China Urban Realty Association. China Urban Realty Association 中國城市房地產開發商策略聯盟 is an industry alliance founded and participated by a group of leading real estate developers in China. We entered into loan transactions with CURA Investment due to arm’s length commercial considerations taking into account comparable market available terms, availability and suitability of such financings.

Our secured bank and other borrowings are secured by certain investment properties, properties under development, properties held for sale, and/or equity interests in certain of our subsidiaries. Certain of our trust financings are also secured by a transfer of a minority equity interest in the relevant project subsidiary to the relevant trust company. For more details on our trust financing arrangements, please refer to the section headed “Business — Operating cash flow and financing plans” in this prospectus. Our other unsecured loans are borrowed from Independent Third Parties.

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The following table sets out the maturity profiles of our bank and other borrowings as at the dates indicated.

	At 31 December			At 30 June	At 30 September
	2009	2010	2011	2012	2012
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Within one year or on demand	774,270	1,327,100	1,922,656	2,942,490	3,699,180
More than one year, but not exceeding two years	456,250	1,096,380	2,763,390	2,545,360	3,430,739
More than two years, but not exceeding three years	897,250	756,200	2,536,506	2,065,953	1,562,406
More than three years, but not exceeding four years	5,750	317,200	334,000	12,000	272,000
More than four years, but not exceeding five years	1,750	421,200	159,000	262,000	22,000
More than five years	—	57,400	36,000	36,000	214,168
	<u>2,135,270</u>	<u>3,975,480</u>	<u>7,751,552</u>	<u>7,863,803</u>	<u>9,200,493</u>
Less: Amount due within one year shown under current liabilities	<u>(774,270)</u>	<u>(1,327,100)</u>	<u>(1,922,656)</u>	<u>(2,942,490)</u>	<u>(3,699,180)</u>
Amount due after one year	<u>1,361,000</u>	<u>2,648,380</u>	<u>5,828,896</u>	<u>4,921,313</u>	<u>5,501,313</u>

Our bank borrowings are arranged at fixed and variable rates. The following table shows the range of effective interest rates for our bank and other borrowings for the periods indicated:

	Year ended 31 December			Six months ended 30 June	Nine months ended 30 September
	2009	2010	2011	2012	2012
	Bank loans	<u>5.4%-10.0%</u>	<u>5.3%-15.0%</u>	<u>6.7%-16.0%</u>	<u>6.4%-16.0%</u>
Trust loans	<u>12.0%-15.0%</u>	<u>5.0%-19.6%</u>	<u>11.0%-24.2%</u>	<u>12.0%-24.2%</u>	<u>10.0%-24.2%</u>
Other loans	<u>12.0%-18.0%</u>	<u>12.0%</u>	<u>12.0%</u>	<u>12.0%-19.0%</u>	<u>3.6%-19.0%</u>

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For the financial years ended 31 December 2009, 2010 and 2011 and the six months ended 30 June 2012, our average annualised borrowing cost (calculated by dividing total interest expenses expensed and capitalised by average bank and other borrowings under IFRS during the relevant period) was 10.8%, 9.3%, 9.8% and 10.3%, respectively.

SCB Facility Agreement

Pursuant to the SCB Facility Agreement, we obtained a loan facility in the amount of HK\$580 million from Standard Chartered Bank (Hong Kong) Limited, an affiliate of Standard Chartered, for a term of 24 months. The interest rate on this facility is HIBOR plus a margin, which is 8.0% for the first 12-month period, 10.0% for the six-month period thereafter and 12.0% for the last six-month period of the facility. In November 2011, we drew down the entire facility under the SCB Facility Agreement for the acquisition of certain new property projects and land for development in the PRC and for general working capital. As part of the collateral for this facility, four of our Controlling Shareholders (Rosy Fortune, Ding Chang, Eminent Talent and Rain-Mountain) have pledged a total of 115,128,000 Shares of our Company (representing approximately 89.25% of our issued share capital before the Capitalisation Issue and the Global Offering) to the lender. Furthermore, these four Controlling Shareholders had also guaranteed our obligations under the SCB Facility Agreement. The pledge and the guarantee will be released upon the Listing. Please refer to the section headed “Relationship with the Controlling Shareholders — Financial Independence” in this prospectus for more details.

Indebtedness

As at 30 September 2012, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this prospectus, we had outstanding indebtedness of RMB9,358.2 million, consisting of bank and other borrowings of RMB9,200.5 million and amounts due to non-controlling interest of RMB157.7 million. We also had trust loans related derivatives of RMB120.0 million as at 30 September 2012. During the Track Record Period, as our business scale expanded with increased overall properties under development, our utilisation of our banking and other loan facilities increased. As at 31 December 2009, 2010, 2011, 30 June 2012 and 30 September 2012, we had un-utilised banking facilities of RMB38.5 million, RMB38.5 million, RMB1,256.9 million, RMB752.4 million and RMB903.4 million, respectively. The significant increase in our un-utilised banking facilities from 2010 to 2011 was largely in line with the growth of our property projects being undertaken over the same period. As at 30 September 2012, the Group’s bank borrowings amounting to RMB1,558 million were secured by personal guarantees given by certain directors of the Company and the remaining indebtedness were unguaranteed.

Certain of our banking and other loan facilities are subject to a number of customary affirmative and/or negative covenants, such as restrictions on change of control and disposition of material assets, as well as financial ratios, such as debt-to-equity ratio, with which we must comply. The SCB Facility Agreement contains various financial covenants, including requirements that (i) the ratio of our consolidated onshore borrowing (as defined in the relevant agreement) to consolidated tangible total assets (as defined in the relevant agreement) will not exceed 45% before 31 December 2011 and will not exceed 40% after 31 December 2011, and (ii) the ratio of consolidated net borrowings (as defined in the relevant agreement) to the consolidated tangible net worth (as defined in the relevant

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agreement) after the Listing Date will not exceed 50%. Certain onshore bank loans in the PRC which we obtained to finance the construction of our development projects contain certain customary financial covenants, including a requirement that the liability-to-asset ratio of the relevant project company will not exceed 75%.

In respect of the un-utilised facilities available to us as at 30 September 2012, there are no additional collateral or security required for any drawdown of such facilities. During the Track Record Period and up to the Latest Practicable Date, our Directors confirmed that they are not aware of any breach of any of the covenants contained in our banking and other loan facilities constituting any event of default nor aware of any restrictions that will limit our ability to drawdown on our un-utilised facilities.

Except as disclosed in this prospectus, we did not have any outstanding debt securities issued and outstanding or authorised or otherwise created but unissued, term loans, other borrowings or indebtedness in the nature of borrowing including bank overdrafts, liabilities under acceptances (other than normal trade bills), acceptance credits, hire purchase commitments, mortgages and charges, material contingent liabilities or guarantees outstanding as at 30 September 2012.

Contingent liabilities

Mortgage guarantees

We have provided mortgage guarantees to PRC banks in respect of the mortgage loans provided by the PRC banks to our customers. Our mortgage guarantees are issued from the dates of grant of the relevant mortgage loans and released upon the earlier of (i) the relevant property ownership certificates being obtained and the certificates of other interests with respect to the relevant properties being delivered to the mortgagee banks, or (ii) the settlement of mortgage loans between the mortgagee banks and our customers.

The following table shows our total mortgage guarantees as at the dates indicated.

	At 31 December			At 30 June
	2009	2010	2011	2012
	RMB'000	RMB'000	RMB'000	RMB'000
Mortgage guarantees	<u>225,520</u>	<u>294,718</u>	<u>496,834</u>	<u>535,238</u>

Our Directors confirm that we did not experience any material default on mortgage guarantees during the Track Record Period.

As at 30 September 2012, we provided mortgage guarantees amounting to RMB603.1 million in respect of mortgage loans granted to purchasers of our developed properties.

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Legal contingencies

In the normal course of business, we are involved in lawsuits and other proceedings. Please refer to the section headed “Risk Factors — Risks Relating to Our Business — We may be involved in disputes arising out of our operations from time to time and may face significant liabilities as a result” in this prospectus for more details. While the outcomes of such contingencies, lawsuits or other proceedings cannot be determined at present, we believe that no liabilities resulting from these proceedings will have a material adverse effect on our business, financial condition or operating results.

During the Track Record Period, we were involved in a legal dispute with a construction contractor. In April 2010, a construction fee dispute claim of approximately RMB40.6 million, which included amounts of outstanding construction fee and performance bond, plus penalty in respect of outstanding construction fee and interest in respect of performance bond and outstanding construction fee, was brought by the construction contractor against certain of our subsidiaries in relation to a property development project in Suzhou, the PRC. Our bank balance of RMB21,768,000 was held in custody of the People’s Court of the Qingpu district in Shanghai, the PRC since December 2010. We have assessed the claim and obtained legal advice, and considered that the ultimate outcome of this legal proceeding will not have a material adverse effect on our financial position.

Off-balance sheet commitments and arrangements

Except for the contingent liabilities set out above, we have not entered into any financial guarantees or other commitments to guarantee the payment obligations of any third parties. We have not entered into any derivative contracts that are indexed to our Shares and classified as shareholder’s equity, or that are not reflected in our consolidated financial statements. We do not have any variable interests in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or engages in leasing or hedging or research and development services with us.

Our Directors have confirmed that there have been no material changes in our indebtedness and contingent liabilities since 30 September 2012.

Our Directors have further confirmed that during the Track Record Period and as at the Latest Practicable Date:

- there was no default in payment or material breach of covenants under our loan agreements or other credit facilities;
- we did not experience any technical breach of covenants that was waived by relevant banks or financial institutions;
- we were not subject to any loan recall or early repayment request by our lenders; and
- we did not encounter any difficulty in obtaining external borrowings necessary for our operations.

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All guarantees and financial assistance from and to the Controlling Shareholders, Directors and related parties will be settled or released upon Listing.

Contractual obligations

As at 31 December 2009, 2010 and 2011 and 30 June 2012, we had the following commitments in respect of acquisition of land use rights contracted in but not provided for.

	At 31 December			At 30 June
	2009	2010	2011	2012
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Expenditure in respect of acquisition of land use rights contracted for but not provided for in our consolidated financial statements	<u>1,149,945</u>	<u>1,341,910</u>	<u>1,797,370</u>	<u>193,594</u>

Subsequent to 30 June 2012, we incurred the following additional contractual obligations:

- In August 2012, we received successful land tender auction confirmations in respect of two parcels of land in Tianjin at a total consideration of approximately RMB85.6 million. Please refer to the section headed “Business — Description of our property projects — Tianjin Binhai Site Project (天津濱海地塊項目)” in this prospectus for more details.
- In September 2012, we entered into a land grant contract acquiring the land use rights of a parcel of land in Shanghai at a consideration of approximately RMB282.5 million. Please refer to the section headed “Business — Description of our property projects — Shanghai Jiading New Site Project (上海嘉定新地塊項目)” in this prospectus for more details.
- In October 2012, we received successful land tender auction confirmations in respect of two parcels of land in Suzhou at a total consideration of approximately RMB621.4 million. Please refer to the sections headed “Business — Description of our property projects — Suzhou G84 Site Project (蘇州G84地塊項目)” and “Business — Description of our property projects — Suzhou G88 Site Project (蘇州 G88地塊項目)” in this prospectus for more details.
- In October 2012, we acquired 51% equity interest in Tianjin Shijixing. Please refer to the section headed “Business — Description of our property projects — Tianjin CIFI Century Waterside (天津 旭輝•世紀水岸)” in this prospectus for more details.

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We lease certain of our office premises under operating leases with terms ranging from one to 20 years. As at 31 December 2009, 2010 and 2011 and 30 June 2012, the total future minimum lease payments under non-cancellable operating leases were payable as follows.

	At 31 December			At 30 June
	2009	2010	2011	2012
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Within one year	2,453	2,255	6,746	7,294
In the second to fifth year inclusive	2,073	918	11,293	8,942
After five years	<u>—</u>	<u>—</u>	<u>—</u>	<u>26</u>
	<u>4,526</u>	<u>3,173</u>	<u>18,039</u>	<u>16,262</u>

We lease out a number of buildings under operating leases. The leases typically have a term of one to 20 years. The following table summarises amounts of receivables from our non-cancellable operating leases as at the dates indicated.

	At 31 December			At 30 June
	2009	2010	2011	2012
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Within one year	7,302	3,744	29,557	55,995
In the second to fifth year inclusive	14,589	14,233	102,165	192,505
After five years	<u>14,590</u>	<u>11,202</u>	<u>349,035</u>	<u>308,881</u>
	<u>36,481</u>	<u>29,179</u>	<u>480,757</u>	<u>557,381</u>

WORKING CAPITAL

Our Directors believe that after taking into account the estimated net proceeds from the Global Offering, available banking facilities and cash flows from our operations, we have sufficient working capital for our present requirements and for the next 12 months from the date of this prospectus.

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QUANTITATIVE AND QUALITATIVE DISCLOSURE OF MARKET RISKS

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

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

Commodities risk

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

Interest rate risk

We are exposed to interest rate risks, primarily relating to our bank and other borrowings and bank deposits with variable interest rates. We undertake debt obligations to support our property development and general working capital needs. Upward fluctuations in interest rates increase the cost of our financing. Fluctuations in interest rates can also lead to significant fluctuations in the fair values of our debt obligations. Our net profit is also affected by changes in interest rates due to the impact such changes have on interest income from our bank deposits.

As at 31 December 2009, 2010 and 2011 and 30 June 2012, if interest rates on bank and other borrowings had been 1.0% higher or lower, and interest rates on bank deposits had been 0.5% higher or lower, with all other variables held constant, our profit for the year/period would have been lower or higher by RMB4.4 million, RMB7.1 million, RMB2.5 million and RMB4.5 million, respectively.

Foreign exchange rate risk

We conduct our business primarily in Renminbi. We are exposed to foreign exchange rate risk on the portion of our bank deposits that we maintain in Hong Kong dollars and US dollars as well as on the outstanding principal loan balance of HK\$406 million as at 30 September 2012 under the SCB Facility Agreement. On 21 July 2005, the PRC Government changed its policy of pegging the value of the Renminbi to the US dollar. Under the new policy, the Renminbi is permitted to fluctuate within a narrow and managed band against a basket of certain foreign currencies. This change in policy has resulted in a gradual appreciation of the Renminbi against the US dollar and, in turn, the Hong Kong dollar which value is linked to the US dollar. The PRC Government may take further actions that could

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cause future exchange rates to vary significantly from current or historical exchange rates. A depreciation in the Renminbi would (i) adversely affect the value of any dividends we pay to our Shareholders outside the PRC and (ii) require us to use more Renminbi funds to service the same amount of any foreign currency debt. An appreciation in the Renminbi, however, would adversely affect the value of the proceeds we will receive from the Global Offering or any capital contributions in foreign currency if they are not converted into Renminbi in a timely manner. We do not have a foreign currency hedging policy. However, our Directors monitor our foreign exchange exposure closely and may, depending on the circumstances and trend of foreign currencies, consider adopting a significant foreign currency hedging policy in the future.

Inflation/deflation risk

According to the National Bureau of Statistics, China's overall national inflation/(deflation) rate, as represented by changes in the general consumer price index, was approximately (0.7%), 3.3% and 5.4% for the financial years ended 31 December 2009, 2010 and 2011, respectively. Inflation or deflation has not had a significant effect on our business during the Track Record Period. However, we cannot assure you that any inflation or deflation in China in the future will not have an adverse effect on our business, financial condition, operating results or prospects.

DIVIDENDS AND DISTRIBUTABLE RESERVES

Dividends

Subject to the Cayman Companies Law, through a general meeting we may declare dividends in any currency but no dividend shall be declared in excess of the amount recommended by the Board. 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 in our Directors' discretion. With the sanction of an ordinary resolution, dividends may also be declared and paid out of our share premium account or any other fund or account which can be authorised for this purpose in accordance with the Cayman Companies Law and our Articles of Association.

Our Directors will declare dividends, if any, in Hong Kong dollars with respect to Shares on a per Share basis and we will pay such dividends in Hong Kong dollars. The amount of dividends actually distributed to our Shareholders will depend upon our earnings and financial condition, operating requirements, capital requirements and any other conditions that our Directors may deem relevant. Any final dividend will be subject to the approval of our Shareholders.

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

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For the financial years ended 31 December 2009, 2010 and 2011 and the six months ended 30 June 2012, dividends of RMB3.0 million, RMB10.0 million, RMB26.0 million and nil, respectively, were paid by Shanghai Xuhui Investment and Xukai Shanghai Investment to their then existing shareholders.

Subject to the limitations mentioned above, and in the absence of circumstances which might affect the amount of available distributable reserves, whether by losses or otherwise, our Board currently intends to distribute to our Shareholders dividends of not less than 20% of any core net profit for the financial year ending 31 December 2012 and for each financial year after the Listing. The intended dividend distribution for the financial year ending 31 December 2012 is expected to be declared by March 2013 and is subject to the approval of our Shareholders. There is no assurance that dividends of any amount will be declared or distributed each year or in any given year.

Distributable reserves

As at 30 June 2012, the Company's reserve available for distribution to the shareholders amounted to RMB195.1 million.

NO MATERIAL ADVERSE CHANGE

Our Directors have confirmed that up to the date of this prospectus, there has been no material adverse change in our financial or trading position since 30 June 2012, the end of period reported in the accountants' report set out in Appendix I to this prospectus, and there has been no event since 30 June 2012 which would materially affect the information shown in the accountants' report set out in Appendix I to this prospectus.

RELATED PARTY TRANSACTIONS

With respect to the related party transactions set out in the accountants' report in Appendix I to this prospectus, our Directors confirm that these transactions were conducted on normal commercial terms and/or on terms not less favourable than terms available from Independent Third Parties, which are considered fair, reasonable and in the interest of our shareholders as a whole.

PROPERTY INTERESTS AND PROPERTY VALUATION

Savills Valuation and Professional Services Limited, an independent property valuer, has valued our property interests as at 31 August 2012 and is of the opinion that the aggregate value of our property interests attributable to us as at such date was RMB28,431 million. The full text of the letter, summary of valuation and valuation certificates with regard to such property interests are set out in "Appendix IV — Property Valuation" to this prospectus.

FINANCIAL INFORMATION

The statement below shows the reconciliation of the aggregate value of certain properties and prepaid land lease payments as reflected in the audited consolidated financial statements as at 30 June 2012 as set out in Appendix I to this prospectus with the valuation of these properties and lease prepayments as at 31 August 2012 as set out in “Appendix IV — Property Valuation” to this prospectus.

	<i>RMB (million)</i>	<i>RMB (million)</i>
Valuation of properties (including the lease prepayments (land use rights)) attributable to us as at 31 August 2012 as set out in the property valuation report in “Appendix IV — Property Valuation” to this prospectus		28,431
Net book value of the following properties as at 30 June 2012 set out in Appendix I to this prospectus:		
- Property, plant and equipment ⁽¹⁾	84	
- Prepaid lease prepayments (land use rights)	89	
- Property under development	13,615	
- Investment properties	3,398	
- Properties held for sale	1,030	
- Deposits for land use rights for properties held for sale	941	
Net book value as at 30 June 2012	19,157	
Add: Additions during the period from 1 July 2012 to 31 August 2012	1,845	
Less: Disposals during the period from 1 July 2012 to 31 August 2012	(204)	
Net book value as at 31 August 2012		20,798
Net valuation surplus		7,633

Note:

- (1) Approximately RMB33.0 million of the property, plant and equipment was excluded from the property valuation report as set out in Appendix IV to this prospectus and was therefore also excluded from this reconciliation.

DISCLOSURE REQUIRED UNDER THE LISTING RULES

Except for the pledge of Shares by our Controlling Shareholders and maintenance of not less than 51.0% shareholding in our Company by our Controlling Shareholders as required under the SCB Facility Agreement, the details of which are set out in the paragraph headed “Indebtedness and Contingent Liabilities — Bank and other borrowings” in this section and the section headed “Relationship with the Controlling Shareholders — Financial Independence” in this prospectus, our Directors have confirmed that there are no circumstances which, had we been required to comply with Rules 13.13 to 13.19 of the Listing Rules, would have given rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

FINANCIAL INFORMATION

UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

The following unaudited pro forma adjusted net tangible assets statement was prepared in accordance with Rule 4.29 of the Listing Rules and are for illustration purposes only. It may not give a true picture of our net tangible assets following the Global Offering. The following unaudited pro forma adjusted net tangible assets statement is set out here to illustrate the effect of the Global Offering on the net tangible assets of the Group as at 30 June 2012 as if it had taken place on 30 June 2012. It is based on our consolidated net assets as at 30 June 2012 as shown in the accountants' report, the text of which is set out in Appendix I to this prospectus, and adjusted as described below. The unaudited pro forma adjusted net tangible assets statement does not form part of the accountants' report.

	Audited consolidated net tangible assets of the Group attributable to equity holders of the Company as at 30 June 2012^(Note 1)	Forecast net proceeds from the Global Offering^(Note 2)	Unaudited pro forma adjusted net tangible assets attributable to the equity holders of the Company	Unaudited pro forma adjusted net tangible assets per Share^(Note 3)	
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB</i>	<i>HK\$</i>
Based on an Offer Price of HK\$1.33 per Share	4,103,066	1,250,000	5,353,066	0.93	1.14
Based on an Offer Price of HK\$1.65 per Share	4,103,066	1,560,000	5,663,066	0.98	1.20

Notes:

- (1) The audited consolidated net tangible assets of the Group attributable to the equity holders of the Company as at 30 June 2012 is extracted from the accountants' report set out in Appendix I to this prospectus.
- (2) The forecast net proceeds from the Global Offering is based on the total number of Offer Shares and the Offer Price range of HK\$1.33 and HK\$1.65 per Share, after deduction of the underwriting fees and related expenses payable by us and taking no account of any Shares which may be allotted and issued upon the exercise of the Over-allotment Option.
- (3) The unaudited pro forma adjusted net tangible assets per Share is calculated after making the adjustments referred to in this section and on the basis of a total of 5,770,000,000 Shares expected to be issued and outstanding immediately following completion of the Global Offering.

FINANCIAL INFORMATION

PROFIT FORECAST FOR THE YEAR ENDING 31 DECEMBER 2012

We prepared the following profit forecast for the year ending 31 December 2012 on the bases described in Appendix III to this prospectus. You should read the bases in Appendix III to this prospectus when you analyse our profit forecast for the year ending 31 December 2012.

Forecast consolidated net profit attributable to the equity

owners of our Company *(Notes 1, 2, 3 and 4)*not less than RMB1,802 million

Unaudited pro forma forecast earnings per Share *(Notes 5 and 6)*not less than RMB0.31
(approximately HK\$0.38)

Notes:

(1) The above profit forecast has been prepared in accordance with the following principal assumptions:

- The existing political, legal, fiscal or economic conditions in the PRC would not result in a material effect on our business;
- There will be no material change in the PRC government policies affecting the pricing and sales of our properties;
- There will be no material change in the prevailing banking and mortgage policies applicable to our Group or our customers;
- There will be no material change in the basis or rates of taxation in the PRC;
- There will be no material change in inflation and interest rates in the PRC;
- Our operations, results and financial condition will not be materially and adversely affected by the risk factors set forth in the section headed “Risk Factors” in the prospectus;
- Changes in foreign exchange rates will have no material impact on our operations;
- No new construction projects outside our stated plans will be launched and the existing projects will be completed according to our plans;
- Major contracts on our sales and leasing of properties will not be cancelled;
- The actual construction costs will not vary significantly from the signed contracts or the budget in any way that is more significant than historical experience;
- All of our properties are developed, sold and delivered in accordance with management’s plans and there are no substantial changes in development schedule due to delay in obtaining the relevant government’s approval;

FINANCIAL INFORMATION

- There will be no acquisition of subsidiaries;
 - There will be no material change in our staff wages or other major operational expenses;
 - There will be no delay in the approval process on land use rights in respect of property development;
 - Impact of adverse weather conditions on our property development will not differ from those of last year;
 - There will be no serious dispute or other abnormalities or changes in our operations; and
 - The projected market values of our investment properties as at 31 December 2012 are estimated by our Directors with reference to the independent property valuer's report set out in Appendix IV to the prospectus from the Property Valuer, our independent property valuer. The investment approach for our completed investment properties was adopted by the Property Valuer to assess the market value of such properties by capitalising the net rental income derived from the existing tenancies with due allowance for reversionary incoming potential of the respective properties. Pursuant to the investment approach, the market value of a property is assessed by adding the estimated value of (i) the lease term interest of the property and (ii) the reversionary interest of the property. The estimated value of the lease term interest is derived by capitalising a property's contractual rental income for the relevant period, being in this case from 30 June 2012 through the end of the terms of the relevant leases. The estimated value of the reversionary interest is derived by capitalising the property's estimated market rental for the rest of its remaining life after the end of the terms of the relevant lease. In assessing the market value of our investment properties under construction, the Property Valuer has valued such properties on the basis that they will be developed and completed in accordance with the latest development proposals. The Property Valuer has adopted the direct comparison approach by making reference to comparable sales transactions as available in the relevant markets and has also taken into account the expended construction costs and the costs that will be expended to complete the developments to reflect the quality of the completed developments. In preparing our analysis of the effect of the increase in fair value on our profit forecast, our forecast is based on (i) the market valuation of our investment properties prepared by the Property Valuer as at 30 June 2012 and 31 August 2012 and (ii) the anticipated stable to moderately upward property-specific market trends which are estimated by the Property Valuer.
- (2) On the bases and assumptions set out above, and in the absence of the occurrence of unforeseen circumstances, we have forecasted that the consolidated net profit attributable to the equity owners of our Company for the year ending 31 December 2012 is unlikely to be less than RMB1,802 million, which includes the change of RMB925 million in the fair value of investment properties, after deducting deferred tax effect and non-controlling interests, and the change of RMB12 million in the fair value of trust loans related derivatives.

Under IFRS, movement in the valuation of investment properties and trust loans related derivatives will be reflected in our financial statements through our consolidated statement of comprehensive income. Gains or losses arising from transfer to investment properties, changes in the fair value of our investment properties and trust loans related derivatives are accounted for as profit or loss on fair value gains on investment properties and trust loans related derivatives in our consolidated statement of comprehensive income.

We expect the fair value of our investment properties and trust loans related derivatives as at 31 December 2012, and in turn any fair value gains on investment properties and trust loans related derivatives, to continue to be dependent on market conditions and other factors that are beyond our control, and to be based on the valuations performed by the independent professional valuers involving the use of assumptions that are, by their nature, subjective and uncertain. See "Risk Factors — Risks Relating to Our Business — The appraised value of our properties may be different from the actual realisable value and is subject to change."

FINANCIAL INFORMATION

Changes in the fair value of our investment properties and trust loans related derivatives are dependent on market conditions and factors that are beyond our control. While we have considered for the purposes of the profit forecast what we believe is the best estimate of the fair value of our investment properties and trust loans related derivatives as at 31 December 2012, and our independent professional valuers are of the view that the assumptions upon which the forecast is based are reasonable, the fair value of our investment properties and trust loans related derivatives and/or any fair value gains or losses on investment properties and trust loans related derivatives as at the relevant time may differ materially from (and may be materially higher or lower than) our estimate.

Sensitivity analysis

(i) Sensitivity analysis on targeted average selling price

The following table illustrates the sensitivity of the net profit attributable to our equity owners to the average selling price for the year ending 31 December 2012 ignoring the effect of change in average selling price on our Group's income tax.

% change in average selling price	5%	10%	15%	20%	-5%	-10%	-15%	-20%
Impact on net profit to our equity owners targeted for the year 2012 (RMB in millions)	21	41	62	83	(21)	(41)	(62)	(83)
% of total targeted net profit to our equity owners	1.1%	2.3%	3.4%	4.6%	-1.1%	-2.3%	-3.4%	-4.6%

If the average selling prices rise by 5%, the Group's net profit for the year ending 31 December 2012 will be RMB1,823 million (i.e. 1.1% higher than the Group's forecasted 2012 net profit).

If the average selling prices rise by 10%, the Group's net profit for the year ending 31 December 2012 will be RMB1,843 million (i.e. 2.3% higher than the Group's forecasted 2012 net profit).

If the average selling prices rise by 15%, the Group's net profit for the year ending 31 December 2012 will be RMB1,864 million (i.e. 3.4% higher than the Group's forecasted 2012 net profit).

If the average selling prices rise by 20%, the Group's net profit for the year ending 31 December 2012 will be RMB1,885 million (i.e. 4.6% higher than the Group's forecasted 2012 net profit).

If the average selling prices decline by 5%, the Group's net profit for the year ending 31 December 2012 will be RMB1,782 million (i.e. 1.1% lower than the Group's forecasted 2012 net profit).

If the average selling prices decline by 10%, the Group's net profit for the year ending 31 December 2012 will be RMB1,761 million (i.e. 2.3% lower than the Group's forecasted 2012 net profit).

If the average selling prices decline by 15%, the Group's net profit for the year ending 31 December 2012 will be RMB1,740 million (i.e. 3.4% lower than the Group's forecasted 2012 net profit).

If the average selling prices decline by 20%, the Group's net profit for the year ending 31 December 2012 will be RMB1,719 million (i.e. 4.6% lower than the Group's forecasted 2012 net profit).

The analysis above includes only changes in average selling prices for the 6% of GFA not pre-sold to purchasers as at 31 August 2012.

FINANCIAL INFORMATION

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

The following table illustrates the sensitivity of the net profit attributable to our equity owners to the targeted GFA sold and delivered for the year ending 31 December 2012.

% change in targeted GFA sold and delivered	-5%	-10%	-15%	-20%	-25%
Impact on net profit to our equity owners targeted for the year 2012 (RMB in millions)	(6)	(12)	(18)	(24)	(30)
% of total targeted net profit to our equity owners	-0.3%	-0.7%	-1.0%	-1.3%	-1.7%

If the targeted GFA sold and delivered declines by 5%, the Group's net profit for the year ending 31 December 2012 will be RMB1,796 million (i.e., 0.3% lower than the Group's targeted 2012 net profit).

If the targeted GFA sold and delivered declines by 10%, the Group's net profit for the year ending 31 December 2012 will be RMB1,790 million (i.e., 0.7% lower than the Group's targeted 2012 net profit).

If the targeted GFA sold and delivered declines by 15%, the Group's net profit for the year ending 31 December 2012 will be RMB1,784 million (i.e., 1.0% lower than the Group's targeted 2012 net profit).

If the targeted GFA sold and delivered declines by 20%, the Group's net profit for the year ending 31 December 2012 will be RMB1,778 million (i.e., 1.3% lower than the Group's targeted 2012 net profit).

If the targeted GFA sold and delivered declines by 25%, the Group's net profit for the year ending 31 December 2012 will be RMB1,772 million (i.e., 1.7% lower than the Group's targeted 2012 net profit).

The analysis above includes only changes in GFA to be sold and delivered for the 6% of GFA not pre-sold to purchasers as at 31 August 2012.

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

The following table illustrates the sensitivity of the net profit attributable to our equity owners (net of deferred tax effect) to levels of revaluation increase/decrease on investment properties for the year ending 31 December 2012:

% change in fair value of investment properties	5%	10%	15%	-5%	-10%	-15%
Impact on net profit to our equity owners targeted for 2012 (RMB in millions)	130	259	389	(130)	(259)	(389)
% of total targeted net profit to our equity owners	7.2%	14.4%	21.6%	-7.2%	-14.4%	-21.6%

If the fair value of investment properties rises by 5%, the Group's net profit for the year ending 31 December 2012 will be RMB1,932 million (i.e., 7.2% higher than the Group's targeted 2012 net profit).

If the fair value of investment properties rises by 10%, the Group's net profit for the year ending 31 December 2012 will be RMB2,061 million (i.e., 14.4% higher than the Group's targeted 2012 net profit).

If the fair value of investment properties rises by 15%, the Group's net profit for the year ending 31 December 2012 will be RMB2,191 million (i.e., 21.6% higher than the Group's targeted 2012 net profit).

If the fair value of investment properties declines by 5%, the Group's net profit for the year ending 31 December 2012 will be RMB1,672 million (i.e., 7.2% lower than the Group's targeted 2012 net profit).

FINANCIAL INFORMATION

If the fair value of investment properties declines by 10%, the Group's net profit for the year ending 31 December 2012 will be RMB1,543 million (i.e., 14.4% lower than the Group's targeted 2012 net profit).

If the fair value of investment properties declines by 15%, the Group's net profit for the year ending 31 December 2012 will be RMB1,413 million (i.e., 21.6% lower than the Group's targeted 2012 net profit).

(iv) *Sensitivity analysis on fair value change of trust loans related derivatives*

The following table illustrates the sensitivity of the net profit attributable to our equity owners to levels of revaluation increase/decrease on trust loans related derivatives for the year ending 31 December 2012:

% change in fair value of trust loans related derivatives	5%	10%	15%	-5%	-10%	-15%
Impact on net profit to our equity owners targeted for 2012 (RMB in millions)	9	18	27	(9)	(18)	(27)
% of total targeted net profit to our equity owners	0.5%	1.0%	1.5%	-0.5%	-1.0%	-1.5%

If the fair value of trust loans related derivatives rises by 5%, the Group's net profit for the year ending 31 December 2012 will be RMB1,811 million (i.e., 0.5% higher than the Group's targeted 2012 net profit).

If the fair value of trust loans related derivatives rises by 10%, the Group's net profit for the year ending 31 December 2012 will be RMB1,820 million (i.e., 1.0% higher than the Group's targeted 2012 net profit).

If the fair value of trust loans related derivatives rises by 15%, the Group's net profit for the year ending 31 December 2012 will be RMB1,829 million (i.e., 1.5% higher than the Group's targeted 2012 net profit).

If the fair value of trust loans related derivatives declines by 5%, the Group's net profit for the year ending 31 December 2012 will be RMB1,793 million (i.e., 0.5% lower than the Group's targeted 2012 net profit).

If the fair value of trust loans related derivatives declines by 10%, the Group's net profit for the year ending 31 December 2012 will be RMB1,784 million (i.e., 1.0% lower than the Group's targeted 2012 net profit).

If the fair value of trust loans related derivatives declines by 15%, the Group's net profit for the year ending 31 December 2012 will be RMB1,775 million (i.e., 1.5% lower than the Group's targeted 2012 net profit).

The above illustrations are intended to be for reference only and any variation could exceed the ranges given. The above sensitivity analysis 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 average selling price, targeted GFA sold and delivered, and fair value changes of investment properties and trust loans related derivatives for the year ending 31 December 2012, the average selling price, GFA sold and delivered, and fair value changes of investment properties and trust loans related derivatives 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.

- (3) Our Directors believe that our profit forecast for the year ending 31 December 2012 is reasonable, realistic and up-to-date and will not be materially impacted by the current market conditions and the PRC government's tightening policies. The pre-sale of our properties has been consistently strong. As at 31 August 2012, we had contracted or pre-sold approximately 94% of our GFA to be booked in 2012. As at 31 August 2012, the construction progress of our projects to be delivered to purchasers in the second half of 2012 is as follows: most of the construction work relating to Shanghai CIFI Rose Bay, Beijing CIFI Private Mansion, Changsha CIFI Luxury Courtyard, Langfang CIFI Path Walf, Suzhou CIFI Canal County and Suzhou CIFI Ronchamp Town has been completed. These projects are now undergoing decoration and installation. Our marketing plan for these projects in the second half of 2012 is consistent with our past marketing practices. In general, our sales are marginally higher in the second half of each year.

FINANCIAL INFORMATION

- (4) Forecast consolidated net profit attributable to the equity holders of our Company (excluding fair value gains) is not less than RMB865 million. Forecast fair value gains on investment properties (deducting deferred tax effect and non-controlling interests) is RMB925 million (approximately HK\$1,135 million). Forecast fair value gain on trust loans related derivatives is RMB12 million (approximately HK\$15 million).
- (5) The calculation of the unaudited pro forma fully diluted earnings per Share is based on the forecast consolidated profit attributable to equity holders of the Company for the year ending 31 December 2012, assuming the Global Offering had been completed on 1 January 2012 and a total of 5,770,000,000 Shares in issue during the entire period, taking no account of any additional income our Group may have earned from the forecast net proceeds from the Global Offering and any Shares which may fall to be allotted and issued pursuant to the exercise of the Over-allotment Option.
- (6) Forecast earning per Share is translated into Hong Kong dollars at an exchange rate of HK\$1 to RMB0.81522, the rate of the PBOC prevailing on 30 June 2012.

FUTURE PLANS AND USE OF PROCEEDS

FUTURE PLANS AND USE OF PROCEEDS

Please refer to the section headed “Business — Future business strategies” in this prospectus for a detailed description of our future plans.

We estimate that the net proceeds to our Company from the Global Offering, after deducting the underwriting commissions and estimated expenses in relation to the Global Offering payable by us, will be approximately HK\$1,720 million before any exercise of the Over-allotment Option, assuming an Offer Price at HK\$1.49 per Share, being the midpoint of the Offer Price range set out in this prospectus. We intend to use the net proceeds for the following purposes:

- (i) approximately 80% (or approximately HK\$1,376 million) will be used for acquisitions of new projects or land for development in the PRC. As at the Latest Practicable Date, we had yet identified or committed to any acquisition targets for our use of net proceeds from the Global Offering;
- (ii) approximately 10% (or approximately HK\$172 million) will be used for the repayment of bank borrowings (including part of the principal amount and interests accrued under the SCB Facility Agreement); and
- (iii) approximately 10% (or approximately HK\$172 million) will be used for working capital and other general corporate purposes.

If the Over-allotment Option is exercised in full, we estimate that we would receive additional net proceeds of approximately HK\$269 million, assuming an Offer Price of HK\$1.49 per Share, being the midpoint of the Offer Price range stated in this prospectus. The additional net proceeds received from the exercise of the Over-allotment Option will be applied pro rata to the above mentioned purposes (other than the repayment of the borrowings and the interests accrued thereon referred to in paragraph (ii) above). If the Over-allotment Option is exercised at the higher or lower end of the Offer Price range stated in this prospectus, we will adjust our allocation of the net proceeds for the above mentioned purposes on a pro rata basis (other than the repayment of the borrowings and the interests accrued thereon referred to in paragraph (ii) above). In such event, we will announce the net proceeds from the exercise of the Over-allotment Option.

To the extent that the net proceeds are not immediately applied for the above purposes and to the extent permitted by the relevant laws and regulations, we intend to deposit the net proceeds into short-term deposits with licensed banks in Hong Kong and/or the PRC and/or financial institutions in Hong Kong.

If the Offer Price is finally determined at the lower end of the indicative Offer Price range, being HK\$1.33 per Offer Share, the net proceeds from the issue of new Shares will decrease by approximately HK\$200 million to approximately HK\$1,520 million, as compared with the above computation (which is based on the midpoint of the indicative Offer Price range). In such case, other

FUTURE PLANS AND USE OF PROCEEDS

than the repayment of the borrowings and the interests accrued thereon referred to in paragraph (ii) above, our Directors intend to reduce the amount to be applied for acquisitions of new projects or land for development in the PRC and working capital and other general corporate purposes in the same proportions as set out above.

If the Offer Price is finally determined at the higher end of the indicative Offer Price range, being HK\$1.65 per Offer Share, the net proceeds of the issue of new Shares will increase by approximately HK\$190 million to approximately HK\$1,910 million, as compared with the above computation (which is based on the midpoint of the indicative Offer Price range). Our Directors intend to apply such additional net proceeds in the same proportions as set out above (other than the repayment of the borrowings and the interests accrued thereon referred to in paragraph (ii) above).

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

UNDERWRITING

HONG KONG UNDERWRITERS

Joint Lead Managers

Citigroup Global Markets Asia Limited
Morgan Stanley Asia Limited
Standard Chartered Securities (Hong Kong) Limited
BOCOM International Securities Limited
First Shanghai Securities Limited

Co-Lead Manager

CCB International Capital Limited

UNDERWRITING ARRANGEMENTS AND EXPENSES

Hong Kong Public Offer

Hong Kong Underwriting Agreement

Under the Hong Kong Underwriting Agreement, we are offering the Hong Kong Offer Shares for subscription by the public in Hong Kong at the Offer Price, on the terms and subject to the conditions of this prospectus and the Application Forms. Subject to the Listing Committee granting the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus and to certain other conditions set out in the Hong Kong Underwriting Agreement, the Hong Kong Underwriters have agreed severally and not jointly to procure subscribers for, or themselves to subscribe for, their respective proportions of the Hong Kong Offer Shares which are being offered but are not taken up under the Hong Kong Public Offer on the terms and subject to the conditions of this prospectus, the Application Forms and the Hong Kong Underwriting Agreement.

The Hong Kong Underwriting Agreement is conditional on and subject to the International Placing Agreement having been signed and having become unconditional.

UNDERWRITING

Grounds for termination

The obligations of the Hong Kong Underwriters to subscribe or procure subscribers for the Hong Kong Offer Shares under the Hong Kong Underwriting Agreement are subject to termination by notice from the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters) to our Company, 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 new laws, rules, statutes, ordinances, regulations, or any change in or any development including a prospective change in existing law or regulation, or any change or development involving a prospective change in the interpretation or application thereof by any court or other competent authority in or affecting Hong Kong, the PRC, the Cayman Islands, the BVI, the United States, any member of the European Union or any other jurisdiction relevant to our Group and the Global Offering (each a “**Relevant Jurisdiction**”); or
 - (ii) any change or development involving a prospective change, or any event or series of events resulting in or representing a change or development, in local, national, regional or international financial, political, military, industrial, economic, currency market, fiscal or regulatory or market conditions, or any monetary or trading settlement system or matters 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, riots, fire, explosion, flooding, pandemic or epidemic, outbreak of an infectious disease (including SARS, H5N1, Avian flu, swine flu or any related or mutated forms thereof), civil commotion, acts of war, any local, national, regional or international outbreak or escalation of hostilities (whether or not war is declared), acts of terrorism (whether or not responsibility has been claimed), declaration of a national or international emergency or war, riot, public disorder, economic sanctions, acts of God, calamity or wide-spread epidemic, or political or social crisis) in or affecting any Relevant Jurisdiction; or
 - (iv) (A) the imposition of any moratorium, suspension or limitation on trading in shares or securities generally on the Stock Exchange, the New York Stock Exchange, the Nasdaq Global Market, the London Stock Exchange, the Shanghai Stock Exchange, the Shenzhen Stock Exchange or the Tokyo Stock Exchange or (B) a general moratorium on commercial banking activities or securities settlement, payment or clearance services or procedures in any Relevant Jurisdiction declared by the relevant authorities, or a disruption in commercial banking activities or foreign exchange trading or securities settlement or clearance services in or affecting any Relevant Jurisdiction; or
 - (v) any change or development involving a prospective change in taxation or exchange controls, currency exchange rates or foreign investment regulations, in any Relevant Jurisdiction adversely affecting an investment in the Shares; or

UNDERWRITING

- (vi) any executive Director being charged with an indictable offense or prohibited by operation of law or otherwise disqualified from taking part in the management of a company, or the commencement by any regulatory body of any public action against any executive Director in his capacity as such or an announcement by any regulatory body that it intends to take any such action; or
- (vii) a petition is presented for the winding-up or liquidation of any member of our Group or any member of our Group makes any composition or arrangement with its creditors or enters into a scheme of arrangement or any resolution is passed for the winding-up of any member of our Group or a provisional liquidator, receiver or manager is appointed over all or part of the assets or undertaking of any member of our Group or anything analogous thereto occurs in respect of any member of our Group; or

and which, in any such case and in the sole opinion of the Joint Global Coordinators (for themselves and on behalf of the other Hong Kong Underwriters),

- (A) is or may or will be or is likely to be materially adverse to, or materially and prejudicially affect, the business, or financial or trading position and prospects of our Company and our subsidiaries as a whole; or
 - (B) has or may have or will have or is likely to have an adverse effect on the success of the Global Offering or the level of Offer Shares being applied for or accepted or the distribution of Offer Shares and/or make it impracticable, inadvisable or inexpedient for any part of the Hong Kong Underwriting Agreement, the Hong Kong Public Offer or the Global Offering to be performed or implemented as envisaged; or
 - (C) makes or will or is likely to make it impracticable, inadvisable 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:
- (i) that any statement contained in this prospectus, the Application Forms, the formal notice and any announcements issued by our Company in connection with the Hong Kong Public Offer (including any amendments or supplements thereto) was or has or may become, untrue, incorrect or misleading in any material respect; or
 - (ii) any matter has arisen or has been discovered which would or is likely to, had it arisen immediately before the date of this prospectus, not having been disclosed in this prospectus, constitute a material omission therefrom; or
 - (iii) any of the representations, warranties and undertakings given by the warrantors in the Hong Kong Underwriting Agreement and the International Placing Agreement is (or might when repeated be) untrue, inaccurate or misleading in any respect; or

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- (iv) any event, act or omission which gives or may give rise to any liability of our Company and the Controlling Shareholders pursuant to the indemnities given by our Company and the Controlling Shareholders under the Hong Kong Underwriting Agreement or the International Placing Agreement; or
- (v) any material breach of any of the obligations of our Company and the Controlling Shareholders under the Hong Kong Underwriting Agreement or the International Placing Agreement; or
- (vi) any material adverse change or prospective material adverse change in the assets, liabilities, conditions, profits, losses, business, properties, results of operations, financial or trading position or prospects (financial or otherwise) of our Company and our subsidiaries as a whole (including any litigation or claim being threatened or instigated against our Company or our subsidiaries); or
- (vii) that a valid demand has been issued by any creditor for repayment or payment of any indebtedness of our Company or any member of our Group or in respect of which our Company or any member of our Group is liable prior to its stated maturity which materially affects the business, financial or other condition of our Company.

Undertakings

Undertakings to the Stock Exchange under the Listing Rules

(A) Undertaking by us

Under Rule 10.08 of the Listing Rules, we have undertaken to the Stock Exchange that we will not issue any further Shares or securities convertible into our equity securities (whether or not of a class already listed) or enter into any agreement to such issue within six months from the Listing Date (whether or not such issue of Shares or our securities will be completed within six months from the commencement of dealing), except pursuant to the Capitalisation Issue and the Global Offering (including the exercise of the Over-allotment Option and any options which may be granted under the Share Option Scheme) or for the circumstances provided under Rule 10.08 of the Listing Rules.

(B) Undertaking by the Controlling Shareholders

In accordance with Rule 10.07(1) of the Listing Rules, the Controlling Shareholders have undertaken to the Stock Exchange that except pursuant to the Global Offering, the Over-allotment Option or, if applicable, the stock borrowing arrangement that may be entered into with the Stabilising Manager or its agent, (a) they will not, at any time during the period commencing from the date of this prospectus and ending on the date which is six months from the Listing Date, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interest or encumbrances in respect of, any of the Shares in respect of which they are shown by this prospectus to be the beneficial owners (whether direct or indirect); and (b) they will not, at any time during the period of six months from the date on which the period referred to in paragraph (a) above expires, dispose of, nor enter into

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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 the exercise or enforcement of such options, rights, interests or encumbrances, they would cease to be the Controlling Shareholders.

Note (2) of Rule 10.07(2) of the Listing Rules provides that the rule does not prevent a controlling shareholder from using the shares owned by it as securities (including a charge or a pledge) in favour of an authorised institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) (as amended) for a bona fide commercial loan.

The Controlling Shareholders have further undertaken to the Stock Exchange and the Company that they will, within a period commencing on the date of this prospectus and ending on a date which is 12 months from the Listing Date, immediately inform us in writing of:

- (a) any pledges or charges of any Shares or securities of our Company beneficially owned by them in favour of any authorised institution as permitted under the Listing Rules, and the number of such Shares or securities of our Company so pledged or charged; and
- (b) any indication received by them, either verbal or written, from any pledgee or chargee of any of the Shares or securities of our Company pledged or charged that any of such Shares or securities will be disposed of.

We will also inform the Stock Exchange as soon as we have been informed of any of the above matters (if any) by the Controlling Shareholders and disclose such matters in accordance with the publication requirements under Rule 2.07C of the Listing Rules as soon as possible after being so informed by the Controlling Shareholders.

Undertakings under the Hong Kong Underwriting Agreement

(A) Undertaking by us

Pursuant to the Hong Kong Underwriting Agreement, we have irrevocably and unconditionally undertaken to each of the Joint Global Coordinators, the Joint Bookrunners, the Joint Sponsors and the Hong Kong Underwriters that, except pursuant to the Global Offering (including pursuant to the Over-allotment Option) and the Share Option Scheme, at any time from the Listing Date up to and including the date falling six months from the Listing Date (the “**First Six Months Period**”), we will not without the prior written consent of the Joint Global Coordinators and unless in compliance with the requirements set out in the Listing Rules:

- (i) offer, accept subscription for, pledge, charge, allot, issue, sell, contract to allot, issue or sell, sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, lend or otherwise transfer or dispose of, either directly or indirectly, conditionally or unconditionally, any of

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our share capital or any interest in our equity securities or any voting right or any other right attaching thereto (including but not limited to any securities convertible into, exercisable or exchangeable for, or that represent the right to receive such share capital or equity securities or any interest in our share capital); or

- (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of such share capital or equity securities or any interest therein or any voting right or any other right attaching thereto; or
- (iii) offer or agree or contract to enter or enter into any transaction with the same economic effect as any transaction described in (i) and (ii) above; or
- (iv) publicly announce any intention to enter into any transaction described in (i), (ii) or (iii) above,

whether any of such transactions described in (i), (ii) or (iii) above is to be settled by delivery of share capital or such other equity securities in cash or otherwise or publicly disclose that our Company will or may enter into any transaction described above. We further agree that, in the event of an issue or a disposal of any Shares as described in (i), (ii) or (iii) above or any of our equity securities or any interest therein during the period of six months immediately after the expiry of the First Six Months Period (the “**Second Six Months Period**”), we will take all necessary steps to ensure that such an issue or disposal will not create a disorderly or false market for our Shares.

(B) Undertaking by the Controlling Shareholders

Pursuant to the Hong Kong Underwriting Agreement, each of the Controlling Shareholders has severally undertaken to each of us, the Joint Global Coordinators (acting on behalf of all the Hong Kong Underwriters) and the Joint Sponsors that, except pursuant to the Stock Borrowing Agreement referred to in the section headed “Structure of the Global Offering — Stock Borrowing Arrangement” or otherwise with the prior written consent of the Joint Global Coordinators and unless in compliance with the requirements of the Listing Rules:

- (a) he/it will not and, will procure that none of his/its associates or companies controlled by him/it or any nominee or trustee holding in trust for him/it or pursuant to any trust of which he/it is the settlor will, at any time during the period commencing from the Latest Practicable Date and ending on the last day of the First Six Months Period, offer, pledge, charge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, lend, make any short sale or otherwise transfer or dispose of (nor enter into any agreement to transfer or dispose of or otherwise create any options, rights, interest or encumbrances in respect of), either directly or indirectly (including by way of altering the composition or classes of beneficiaries of any trust), conditionally or unconditionally, any of the share capital or other equity securities of our Company or any interest therein held by him/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 equity securities of the Company or any interest therein, owned directly by any of

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the Controlling Shareholders (including holding as a custodian)) or with respect to which any of the Controlling Shareholders has beneficial ownership, 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 or any interest therein, whether any of the foregoing transactions is to be settled by delivery of share capital or such other equity securities, in cash or otherwise, or offer to or agree to do any of the foregoing or announce any intention to do so; and

- (b) he/it will not and, will procure that none of his/its associates or companies controlled by him/it or any nominee or trustee holding in trust for him/it or pursuant to any trust of which he/it is the settlor will, at any time during the Second Six Months Period, 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 (including by way of altering the composition or classes of beneficiaries of any trust), conditionally or unconditionally, any of the share capital or other equity securities of our Company or any interest therein held by him/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 equity securities of our Company 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 or any interest therein, whether any of the foregoing transactions is to be settled by delivery of share capital or such other equity 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/it or all of them as a group would cease to be the Controlling Shareholders; and
- (c) in the event of a disposal by him/it of our Company's share capital or any interest therein as may be permitted by the Joint Global Coordinators and in compliance with the Listing Rules, he/it will take all necessary steps to ensure that such a disposal will not create a disorderly or false market for the Shares or other securities of our Company.

Each of the Controlling Shareholders has further severally undertaken to each of us, the Joint Global Coordinators (acting on behalf of the Hong Kong Underwriters) and the Joint Sponsors that, except for the pledge of the Shares by the Controlling Shareholders in favour of Standard Chartered Bank (Hong Kong) Limited pursuant to the SCB Facility Agreement referred to in the section headed "Relationship with the Controlling Shareholders — Financial Independence" which shall be released upon the Listing, he/it will, within the period commencing on the Latest Practicable Date and ending on the date which is 12 months after the Listing Date, immediately inform us, the Joint Global Coordinators, the Joint Sponsors and the Stock Exchange of:

- (a) any pledges or charges of any Shares or other securities of our Company beneficially owned by him/it and the number of such Shares or other securities so pledged or charged and the purpose for which such pledge or charge is to be created; and

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- (b) any indication received by him/it, either verbal or written, from any pledgee or chargee of any Shares or other securities of our Company pledged or charged that such Shares or other securities of our Company so pledged or charged will be disposed of.

Indemnity

Each of us and the Controlling Shareholders have jointly and severally undertaken to indemnify the Joint Global Coordinators, the Joint Sponsors and the Hong Kong Underwriters for certain losses which they may suffer, including losses arising from their performance of their obligations under the Hong Kong Underwriting Agreement and any breach by us or the Controlling Shareholders of the Hong Kong Underwriting Agreement.

International Placing

International Placing Agreement

In connection with the International Placing, we and the Controlling Shareholders, among others, expect to enter into the International Placing Agreement with the International Underwriters. Under the International Placing Agreement, the International Underwriters, subject to certain conditions, will agree severally and not jointly to procure purchasers for, or themselves purchase, their respective proportions of the International Placing Shares being offered under the International Placing.

Under the International Placing Agreement, we expect to grant to the International Underwriters the Over-allotment Option, exercisable by the Joint Global Coordinators (on behalf of the International Underwriters) at any time from the Listing Date up to (and including) the date which is the 30th day after the last day for lodging applications under the Hong Kong Public Offer, to require us to allot and issue up to an aggregate of 188,250,000 additional new Shares, representing in aggregate 15% of the number of Offer Shares initially available under the Global Offering. These Shares will be issued at the Offer Price and will be solely for the purpose of covering over-allocations, if any, in the International Placing.

It is expected that the International Placing Agreement may be terminated on similar grounds as those in the Hong Kong Underwriting Agreement. Potential investors shall be reminded that if the International Placing Agreement is not entered into, the Global Offering will not proceed.

We and the Controlling Shareholders will agree to indemnify the International Underwriters against certain liabilities, including liabilities under the US Securities Act.

Commissions and expenses

The Hong Kong Underwriters will receive a commission of 2.5% of the aggregate Offer Price payable for the Hong Kong Offer Shares initially offered under the Hong Kong Public Offer, out of which they will pay any sub-underwriting commissions.

For unsubscribed Hong Kong Offer Shares reallocated to the International Placing, we will pay an underwriting commission at the rate applicable to the International Placing and such commission will be paid to the International Underwriters and not the Hong Kong Underwriters.

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The commissions payable to the Underwriters will be borne by our Company in relation to the new Shares to be issued under the Global Offering. Our Company may also in its sole discretion pay all or any of the Underwriters an additional incentive fee of up to 1.5% of the Offer Price multiplied by the total number of the Offer Shares (the “**Incentive Fee**”).

The aggregate commissions (inclusive of the Incentive Fee, assuming that our Company will exercise its sole discretion to pay the maximum Incentive Fee), together with listing fees, SFC transaction levy and Stock Exchange trading fee in respect of the new Shares offered by us, legal and other professional fees and printing and other expenses relating to the Global Offering, are estimated to be approximately HK\$150 million (assuming an Offer Price of HK\$1.49, which is the midpoint of the indicative Offer Price range, and assuming the Over-allotment Option is not exercised) in total and are payable by us.

Activities by syndicate members

We describe below a variety of activities that each of the underwriters of the Hong Kong Public Offer and the International Placing, together referred to as “**Syndicate Members**”, may individually undertake, and which do not form part of the underwriting or the stabilising process. When engaging in any of these activities, it should be noted that the Syndicate Members are subject to restrictions, including the following:

- (a) under the agreement among the Syndicate Members, all of them (except for the Stabilising Manager or its designated affiliate as the stabilising manager) must not, in connection with the distribution of the Offer Shares, effect any transactions (including issuing or entering into any option or other derivative transaction relating to the Offer Shares), whether in the open market or otherwise, with a view to stabilising or maintaining the market price of any of the Offer Shares at levels other than those which might otherwise prevail in the open market; and
- (b) all of them must comply with all applicable laws, including the market misconduct provisions of the SFO, including the provisions prohibiting insider dealing, false trading, price rigging and stock market manipulation.

The Syndicate Members and their affiliates are diversified financial institutions with relationships in countries around the world. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, trading, hedging, investing and other activities for their own account and for the accounts of others. In relation to the Shares, those activities could include acting as agent for buyers and sellers of the Shares, entering into transactions with those buyers and sellers in a principal capacity, proprietary trading in the Shares, and entering into over the counter or listed derivative transactions or listed and unlisted securities transactions (including issuing securities such as derivative warrants listed on a stock exchange) which have the Shares as their or part of their underlying assets. Those activities may require hedging activity by those entities involving, directly or indirectly, buying and selling the Shares. All such activity could occur in Hong Kong and elsewhere in the world and may result in the Syndicate Members and their affiliates holding long and/or short positions in the Shares, in baskets of securities or indices including the Shares, in units of funds that may purchase the Shares, or in derivatives related to any of the foregoing.

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In relation to issues by the Syndicate Members or their affiliates of any listed securities having the Shares as their underlying, whether on the Stock Exchange or on any other stock exchange, the rules of the exchange may require the issuer of those securities (or one of its affiliates or agents) to act as a market maker or liquidity provider in the security, and this will also result in hedging activity in the Shares in most cases.

All of these activities may occur both during and after the end of the stabilising period described under the section headed “Structure of the Global Offering — Stabilisation” in this prospectus. These activities may affect the market price or value of the Shares, the liquidity or trading volume in the Shares, and the volatility of the Shares’ share price, and the extent to which this occurs from day to day cannot be estimated.

Underwriters’ interest in our Group

Other than disclosed in the preceding paragraph, the obligations under the Hong Kong Underwriting Agreement and the International Placing Agreement and, if applicable, the stock borrowing arrangement that may be entered into between the Stabilising Manager or its agent with Ding Chang, none of the Underwriters has any shareholding interest in any member of our Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

Joint Sponsors’ independence

Each of Citi and Morgan Stanley satisfies the independence criteria applicable to sponsors as set out in Rule 3A.07 of the Listing Rules.

The Sun Success Trust was established by Mr Lin Zhong with Standard Chartered Trust, as the sole trustee and the Sun-Mountain Trust was established by Mr Lin Feng with Standard Chartered Trust, as the sole trustee. In addition, the Lin’s Family Trust was established by Mr Lin Zhong, Mr Lin Feng and Mr Lin Wei with Standard Chartered Trust, as the sole trustee. Please refer to the section headed “History, Reorganisation and Group Structure — Family Trust Settlements by Mr Lin Zhong, Mr Lin Feng and Mr Lin Wei” in this prospectus for details. Standard Chartered Trust (in its capacity as the trustee of the Sun Success Trust, the Sun-Mountain Trust and the Lin’s Family Trust) as the sole trustee of the Sun Success Trust, the Sun-Mountain Trust and the Lin’s Family Trust will have an indirect attributable interest of approximately 69.84% in our Company’s issued share capital (assuming the Over-allotment Option is not exercised and excluding any Shares that may be issued pursuant to the Share Option Scheme). Standard Chartered Trust is an affiliate of Standard Chartered. In such circumstance, Standard Chartered does not satisfy the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules.

STRUCTURE OF THE GLOBAL OFFERING

THE GLOBAL OFFERING

This prospectus is published in connection with the Hong Kong Public Offer as part of the Global Offering. Citi, Morgan Stanley and Standard Chartered are the Joint Global Coordinators and the Joint Sponsors to the Listing. Citi, Morgan Stanley, Standard Chartered, BOCOM International Securities Limited and First Shanghai Securities Limited are the Joint Bookrunners of the Global Offering and the Joint Lead Managers of the Hong Kong Public Offer.

The Global Offering comprises:

- the Hong Kong Public Offer of 125,500,000 Offer Shares (subject to adjustment as mentioned below) in Hong Kong as described below under “Hong Kong Public Offer”; and
- the International Placing of 1,129,500,000 Offer Shares (subject to adjustment and the Over-allotment Option as mentioned below) in the United States with QIBs in reliance on Rule 144A or another available exemption from the registration requirements under the US Securities Act, and outside the United States (including with professional, institutional and corporate investors and other investors who we anticipate to have a sizeable demand for the Offer Shares in Hong Kong) in offshore transactions in reliance on Regulation S.

Investors may apply for the Hong Kong Offer Shares under the Hong Kong Public Offer or indicate an interest, if qualified to do so, for the International Placing Shares under the International Placing, but may not do both. The Hong Kong Public Offer is open to members of the public in Hong Kong as well as to institutional and professional investors in Hong Kong. The International Placing will involve selective marketing of the International Placing Shares to QIBs in the United States in reliance on Rule 144A or another available exemption from the registration requirements under the US Securities Act, as well as to institutional and professional investors and other investors in other jurisdictions outside the United States in reliance on Regulation S. The International Underwriters are soliciting from prospective investors indications of interest in acquiring the International Placing Shares in the International Placing. Prospective investors will be required to specify the number of International Placing Shares they would be prepared to acquire either at different prices or at a particular price.

The number of Offer Shares to be offered under the Hong Kong Public Offer and the International Placing respectively may be subject to reallocation as described in the section headed “Pricing and allocation” below.

References in this prospectus to applications, Application Forms, application or subscription monies or the procedure for application relate only to the Hong Kong Public Offer.

PRICING AND ALLOCATION

The Offer Price is expected to be fixed by agreement among the Joint Bookrunners (on behalf of the Underwriters) and us on the Price Determination Date, when market demand for the Offer Shares will be determined. The Price Determination Date is expected to be on or around 16 November 2012 and in any event, no later than on 22 November 2012.

STRUCTURE OF THE GLOBAL OFFERING

The Offer Price will be not more than HK\$1.65 per Offer Share and is expected to be not less than HK\$1.33 per Offer Share, unless otherwise announced not later than the morning of the last day for lodging applications under the Hong Kong Public Offer, as explained below. Prospective investors 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.

If, based on the level of interest expressed by prospective institutional and professional investors and other investors during the book-building process, the Joint Bookrunners (on behalf of the Underwriters and with the consent of our Company) consider the number of Offer Shares being offered under the Global Offering and/or the indicative Offer Price range to be inappropriate, the Joint Bookrunners (on behalf of the Underwriters) may 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 before 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 on 16 November 2012, cause to be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) notices of the reduction in the number of Offer Shares being offered under the Global Offering and/or the indicative Offer Price range. Such notices will also be available at our website at www.cifi.com.cn and the website of the Stock Exchange at www.hkexnews.hk, and will also include confirmation or revision, as appropriate, of the Global Offering statistics as currently set out in the section headed “Summary” in this prospectus and any other financial information which may change as a result of such reduction. Before submitting applications for Hong Kong Offer Shares, applicants should have regard to the possibility that any announcement of a reduction in the number of Offer Shares being offered under the Global Offering and/or the indicative Offer Price range may not be made until the day which is the last day for lodging applications under the Hong Kong Public Offer. Upon the issue of such notices, the revised number of Offer Shares and/or the indicative Offer Price range will be final and conclusive. The Offer Price, if agreed upon, will be fixed within such revised Offer Price range. In the absence of any notice being published of a reduction in the number of Offer Shares being offered under the Global Offering and/or the indicative Offer Price range stated in this prospectus on or before the last day for lodging applications under the Hong Kong Public Offer, the Offer Price, if agreed upon, will under no circumstances be set outside the Offer Price range as stated in this prospectus.

The Offer Shares to be offered in the Hong Kong Public Offer and the International Placing may, in certain circumstances, be reallocated as between these offerings at the discretion of the Joint Global Coordinators. Allocation of the International Placing Shares under the International Placing 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 it is expected that the relevant investor is likely to buy further, and/or hold or sell Offer Shares after the Listing. Such allocation may be made to professional, institutional or corporate investors and is intended to result in a distribution of our Offer Shares on a basis which would lead to the establishment of a solid Shareholder base to the benefit of our Company and our Shareholders as a whole.

STRUCTURE OF THE GLOBAL OFFERING

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. The allocation of Hong Kong Offer Shares could, where appropriate, consist 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 those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

The applicable Offer Price, level of applications in the Hong Kong Public Offer, the level of indications of interest in the International Placing, the basis of allocations of the Hong Kong Offer Shares and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Hong Kong Public Offer are expected to be made available through a variety of channels in the manner described in the section headed “How to Apply for Hong Kong Offer Shares — Publication of results” in this prospectus.

CONDITIONS OF THE HONG KONG PUBLIC OFFER

Acceptance of all applications for the Hong Kong Offer Shares under the Hong Kong Public Offer will be conditional on:

- (a) the granting by the Listing Committee for the listing of, and permission to deal in, the Shares in issue, the Offer Shares (including any Shares which may be issued under the exercise of the Over-allotment Option) (subject only to allotment), Shares to be issued under the Capitalisation Issue and Shares which may fall to be issued on the exercise of any options which may be granted under the Share Option Scheme;
- (b) the Offer Price being duly determined and the execution and delivery of the Price Determination Agreement on or around the Price Determination Date;
- (c) the execution and delivery of the International Placing Agreement on or around the Price Determination Date; and
- (d) the obligations of the Underwriters under the Hong Kong Underwriting Agreement and the International Placing Agreement having become unconditional and not having been terminated in accordance with the terms of the respective 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 13 December 2012, being the 30th day after the date of this prospectus.

If, for any reason, the Offer Price is not agreed on or before 22 November 2012 between the Joint Bookrunners (on behalf of the Underwriters) and us, the Global Offering will not proceed and will lapse.

STRUCTURE OF THE GLOBAL OFFERING

If the above conditions are not fulfilled or waived before the times and dates specified, the Global Offering will lapse and the Stock Exchange will be notified immediately. We will cause a notice of the lapse of the Hong Kong Public Offer to be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) on the next day following such lapse. In such eventuality, all application monies will be returned, without interest, on the terms set out in the section headed “How to Apply for Hong Kong Offer Shares — Despatch/collection of Share certificates and refund of application monies” in this prospectus. In the meantime, the application monies will be held in separate bank account(s) with the receiving bank(s) or other bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) (as amended).

Share certificates for the Offer Shares are expected to be issued on 22 November 2012 but will only become valid certificates of title at 8:00 a.m. on the Listing Date, provided that (a) the Global Offering has become unconditional in all respects and (b) neither of the Underwriting Agreements has been terminated in accordance with its terms.

The consummation of each of the Hong Kong Public Offer and the International Placing is conditional upon, among other things, the other becoming unconditional and not having been terminated in accordance with its terms.

HONG KONG PUBLIC OFFER

Number of Offer Shares initially offered

We are initially offering 125,500,000 Offer Shares at the Offer Price, representing approximately 10% of the 1,255,000,000 Offer Shares initially available under the Global Offering, for subscription by the public in Hong Kong. Subject to the reallocation of Offer Shares between the International Placing and the Hong Kong Public Offer, the number of Offer Shares offered under the Hong Kong Public Offer will represent approximately 2.18% of our enlarged issued share capital immediately after completion of the Capitalisation Issue and the Global Offering, assuming that the Over-allotment Option is not exercised.

Allocation

For allocation purposes only, the Hong Kong Offer Shares initially being offered for subscription under the Hong Kong Public Offer (after taking into account any adjustment in the number of Offer Shares allocated between the Hong Kong Public Offer and the International Placing) will be divided equally into two pools (subject to adjustment of odd lot size): Pool A will comprise 62,750,000 Hong Kong Offer Shares and Pool B will comprise 62,750,000 Hong Kong Offer Shares, both of which will be available on an equitable basis to successful applicants. All valid applications that have been received for Hong Kong Offer Shares with a total amount (excluding brokerage, SFC transaction levy and Stock Exchange trading fee) of HK\$5 million or less will fall into Pool A and all valid applications that have been received for Hong Kong Offer Shares with a total amount (excluding brokerage, SFC transaction levy and Stock Exchange trading fee) of more than HK\$5 million and up to the total value of Pool B will fall into Pool B.

STRUCTURE OF THE GLOBAL OFFERING

Applications should be aware that applications in Pool A and Pool B are likely to receive different allocation ratios. If Hong Kong Offer Shares in one pool (but not both pools) are under-subscribed, the surplus Hong Kong Offer Shares will be transferred to the other pool to satisfy demand in that other pool and be allocated accordingly. Applicants can only receive an allocation of Hong Kong Offer Shares from either Pool A or Pool B but not from both pools and may only apply for Hong Kong Offer Shares in either Pool A or Pool B. In addition, multiple or suspected multiple applications within either pool or in both pools will be rejected. No application will be accepted from applicants for more than 62,750,000 Hong Kong Offer Shares (being 50% of the initial number of Hong Kong Offer Shares).

Reallocation and clawback

Paragraph 4.2 of the Practice Note 18 of the 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.

The allocation of Offer Shares between the Hong Kong Public Offer and the International Placing is subject to adjustment. If the number of Offer Shares validly applied for in the Hong Kong Public Offer represents (a) 15 times or more but less than 50 times, (b) 50 times or more but less than 100 times, and (c) 100 times or more, of the number of Offer Shares initially available under the Hong Kong Public Offer, the total number of Offer Shares available under the Hong Kong Public Offer will be increased to 376,500,000, 502,000,000 and 627,500,000 Offer Shares, representing 30% (in the case of (a)), 40% (in the case of (b)) and 50% (in the case of (c)), respectively, of the total number of Offer Shares initially available under the Global Offering (before any exercise of the Over-allotment Option). In such cases, the number of Offer Shares allocated to the International Placing will be correspondingly reduced, in such manner as the Joint Global Coordinators deem appropriate, and such additional Offer Shares will be allocated to Pool A and Pool B.

The Offer Shares to be offered in the Hong Kong Public Offer and the International Placing may, in certain circumstances, be reallocated as between these offerings at the discretion of the Joint Global Coordinators. Subject to the foregoing paragraph, the Joint Global Coordinators may in their discretion reallocate International Placing Shares from the International Placing to Hong Kong Public Offer to satisfy valid applications under the Hong Kong Public Offer. If the Hong Kong Offer Shares are not fully subscribed, the Joint Global Coordinators have the authority to reallocate all or any unsubscribed Hong Kong Offer Shares to the International Placing, in such proportions as the Joint Global Coordinators deem appropriate.

Applications

The Joint Global Coordinators (on behalf of the Underwriters) may require any investor who has been offered Offer Shares under the International Placing, and who has 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 it is excluded from any application for Hong Kong Offer Shares under the Hong Kong Public Offer.

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Each applicant under the Hong Kong Public Offer will also be required to give an undertaking and confirmation in the application submitted by him that he and any person for whose benefit he is making the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any International Placing Shares under the International Placing, and such applicant's application is liable to be rejected if the undertaking and/or confirmation is breached or untrue (as the case may be) or such applicant has been or will be placed or allocated International Placing Shares under the International Placing.

Applicants under the Hong Kong Public Offer are required to pay, on application, the maximum Offer Price of HK\$1.65 per Offer Share plus brokerage of 1%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005%. If the Offer Price, as finally determined on the Price Determination Date, is lower than HK\$1.65, being the maximum Offer Price, we will refund the respective difference (including brokerage, the SFC transaction levy and the Stock Exchange trading fee attributable to the surplus application monies) to successful applicants, without interest. Furthermore, details are set out in the section headed "How to Apply for Hong Kong Offer Shares" in this prospectus.

INTERNATIONAL PLACING

Number of Offer Shares offered

The number of Offer Shares to be initially offered for subscription or sale under the International Placing will be 1,129,500,000 Offer Shares (subject to adjustment and the Over-allotment Option, representing approximately 90% of the Offer Shares under the Global Offering and approximately 19.58% of our enlarged issued share capital immediately after the Capitalisation Issue and the Global Offering, assuming that the Over-allotment Option is not exercised. The International Placing is subject to the Hong Kong Public Offer becoming unconditional.

Allocation

Under the International Placing, the International Underwriters will conditionally place our Offer Shares with QIBs in the United States in reliance on Rule 144A, as well as with professional, institutional and corporate investors and other investors who we anticipate to have a sizeable demand for our Offer Shares in Hong Kong and other jurisdictions outside the United States in reliance on Regulation S. Allocation of International Placing Shares under the International Placing will be effected in accordance with the "book-building" process described in the section headed "Pricing and allocation" above and 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 it is expected that the relevant investor is likely to buy further Offer Shares, and/or hold or sell its Offer Shares, after the Listing. Such allocation is intended to result in a distribution of the Offer Shares on a basis which would lead to the establishment of a solid professional and institutional Shareholder base for the benefit of our Company and our Shareholders as a whole.

STRUCTURE OF THE GLOBAL OFFERING

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

We have applied to the Listing Committee for the listing of, and permission to deal in, the Shares in issue and the Offer Shares being offered under the Global Offering (including the additional Offer Shares which may be made available under the exercise of the Over-allotment Option) (subject to allotment only), Shares to be issued under the Capitalisation Issue and Shares which may be issued on the exercise of any options which may be granted under the Share Option Scheme.

Save as disclosed in this prospectus, no part of our Share or loan capital is listed on or dealt in on any other stock exchange and no such listing or permission to list is being or proposed to be sought in the near future.

OVER-ALLOTMENT OPTION

It is expected that we will grant the Over-allotment Option to the International Underwriters, exercisable by the Joint Global Coordinators on behalf of the International Underwriters at any time within 30 days from the last date for lodging applications under the Hong Kong Public Offer. Under the Over-allotment Option, the Joint Global Coordinators will have the right to require us to allot and issue up to an aggregate of 188,250,000 additional new Shares, representing in aggregate 15% of the Offer Shares initially available under the Global Offering to, among other things, cover over-allocations in the International Placing, if any. If the Over-allotment Option is exercised in full, the additional Offer Shares will represent approximately 3.16% of our enlarged issued share capital following the completion of the Capitalisation Issue, the Global Offering and the exercise of the Over-allotment Option. These Offer Shares will be issued at the Offer Price. An announcement will be made if the Over-allotment Option is exercised.

STOCK BORROWING ARRANGEMENT

To facilitate the settlement of over-allocations in connection with the Global Offering, the Stabilising Manager may choose to borrow, whether on its own or through its affiliates, up to 188,250,000 Shares, representing 15% of the Offer Shares (being the maximum number of Offer Shares which may be issued upon exercise of the Over-allotment Option), from Ding Chang to cover over-allocation through the stock borrowing arrangements under the Stock Borrowing Agreement, or acquire Shares from other sources, including the exercising the Over-allotment Option.

If such stock borrowing arrangement with Ding Chang is entered into, it will only be effected by the Stabilising Manager or its agent for settlement of over-allocation in the International Placing and such arrangement is not subject to the restrictions of Rule 10.07(1)(a) of the Listing Rules provided that the requirements set out in Rule 10.07(3) of the Listing Rules are complied with. Such stock borrowing arrangement is fully described in this prospectus and must be for the sole purpose of covering any short position prior to the exercise of the Over-allotment Option. The maximum number of Shares to be borrowed from Ding Chang by the Stabilising Manager is the maximum number of Shares that may be issued upon full exercise of the Over-allotment Option. The same number of Offer Shares so borrowed must be returned to Ding Chang or its nominees on or before the third business day following the earlier of (a) the last day on which the Over-allotment Option may be exercised, or (b) the day on which the Over-allotment Option is exercised in full and the relevant Offer Shares

STRUCTURE OF THE GLOBAL OFFERING

subject to the Over-allotment Option having been issued. The stock borrowing arrangement will be effected in compliance with all applicable laws, rules and regulatory requirements. No payment will be made to Ding Chang by the Stabilising Manager or its agent in relation to such stock borrowing arrangement.

STABILISATION

Stabilisation is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilise, the underwriters may bid for, or purchase, the securities in the secondary market, during a specified period of time, to retard and, if possible, prevent, any decline in the market price of the securities below the offer price. Such transactions may be effected in all jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulatory requirements, including those of Hong Kong. In Hong Kong and certain other jurisdictions, the price at which stabilisation is effected is not permitted to exceed the Offer Price.

In connection with the Global Offering, Citigroup Global Markets Asia Limited, as stabilising manager (the “**Stabilising Manager**”), its affiliates or any person acting for it, on behalf of the Underwriters and in consultation with the other Joint Global Coordinators, may over-allocate Shares or effect short sales or any other stabilising transactions with a view to stabilising or maintaining the market price of our Shares at a level higher than that which might otherwise prevail in the open market. Short sales involve the sale by the Stabilising Manager of a greater number of Shares than the Underwriters are required to purchase in the Global Offering. “Covered” short sales are sales made in an amount not greater than the Over-allotment Option.

The Stabilising Manager may close out any covered short position by either exercising the Over-allotment Option to purchase additional Shares or purchasing Shares in the open market. In determining the source of the Shares to close out the covered short position, the Stabilising Manager will consider, among other things, the price of Shares in the open market as compared to the price at which they may purchase additional Shares pursuant to the Over-allotment Option. Stabilising transactions consist of certain bids or purchases made for the purpose of preventing or retarding a decline in the market price of the Shares while the Global Offering is in progress. Any market purchases of our Shares may be effected on any stock exchange, including the Stock Exchange, any over-the counter market or otherwise, provided that they are made in compliance with all applicable laws and regulatory requirements. However, there is no obligation on the Stabilising Manager or any person acting for it to conduct any such stabilising activity, which if commenced, will be done at the absolute discretion of the Stabilising Manager and may be discontinued at any time. Any such stabilising activity is required to be brought to an end within 30 days of the last day for lodging applications under the Hong Kong Public Offer. The number of our Shares that may be over-allocated will not exceed the number of our Shares that may be issued under the Over-allotment Option, namely, 188,250,000 Shares, which is 15% of the number of Offer Shares initially available under the Global Offering, in the event that the whole or part of the Over-allotment Option is exercised.

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The Stabilising Manager, its affiliates or any person acting for it, in consultation with the other Joint Global Coordinators, may take all or any of the following stabilising actions in Hong Kong during the stabilisation period:

- (i) purchase, or agree to purchase, any of the Shares or offer or attempt to do so for the sole purpose of preventing or minimising any reduction in the market price of the Shares;
- (ii) in connection with any action described in paragraph (i) above:
 - (A) (1) over-allocate the Shares; or
 - (2) sell or agree to sell the Shares so as to establish a short position in them, for the sole purpose of preventing or minimising any reduction in the market price of the Shares;
 - (B) exercise the Over-allotment Option and purchase or subscribe for or agree to purchase or subscribe for the Shares in order to close out any position established under paragraph (A) above;
 - (C) sell or agree to sell any of the Shares acquired by it in the course of the stabilising action referred to in paragraph (i) above in order to liquidate any position that has been established by such action; or
 - (D) offer or attempt to do anything as described in paragraph (ii)(A)(2), (ii)(B) or (ii)(C) above.

The Stabilising Manager, its affiliates or any person acting for it, in consultation with the other Joint Global Coordinators, may, in connection with the stabilising action, maintain a long position in the Shares, and there is no certainty as to the extent to which and the time period for which it will maintain such a position. Investors should be warned of the possible impact of any liquidation of the long position by the Joint Global Coordinators, their affiliates or any person acting for them, which may include a decline in the market price of the Shares.

Stabilisation cannot be used to support the price of the Shares for longer than the stabilisation period, which begins on the Listing Date and ends on the thirtieth day after the last day for lodging applications under the Hong Kong Public Offer. The stabilising period is expected to end on 16 December 2012, after which an announcement will be made pursuant to section 9 and schedule 3 of the Securities and Futures (Price Stabilization) Rules made under the SFO. After this date, no further stabilising action may be taken, demand for the Shares, and therefore then market price, could fall.

Any stabilising action taken by the Stabilising Manager, its affiliates or any person acting for it, may not necessarily result in the market price of our Shares staying at or above the Offer Price either during or after the stabilising period. Stabilising bids for or market purchases of our Shares by the Stabilising Manager, or any person acting for it, may be made at a price at or below the Offer Price and therefore at or below the price paid for our Shares by purchasers.

STRUCTURE OF THE GLOBAL OFFERING

DEALING ARRANGEMENTS

Assuming that the Hong Kong Public Offer becomes unconditional at or before 8:00 a.m. in Hong Kong on 23 November 2012, it is expected that dealings in the Shares on the Stock Exchange will commence at 9:00 a.m. on 23 November 2012.

UNDERWRITING ARRANGEMENTS

The Hong Kong Public Offer is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement, subject to agreement on the Offer Price between the Joint Bookrunners (on behalf of the Underwriters) and us on the Price Determination Date.

We expect that we will, on or about 16 November 2012, shortly after determination of the Offer Price, enter into the International Placing Agreement relating to the International Placing.

The terms of the underwriting arrangements, the Hong Kong Underwriting Agreement and the International Placing Agreement are summarised in the section headed “Underwriting” in this prospectus.

HOW TO APPLY FOR HONG KONG OFFER SHARES

MIXED MEDIA OFFER

We will be relying on section 9A of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliances with Provisions) Notice (Chapter 32L of the Laws of Hong Kong) and will be issuing the **white** and **yellow** Application Forms without them being accompanied by a printed prospectus. The contents of this prospectus are identical to the electronic form prospectus which can be accessed and downloaded from the websites of our Company at www.cifi.com.cn, under the “Investor Relations — HKIPO — Prospectus” section, and the website of the Stock Exchange at www.hkexnews.hk, under the “HKExnews — Listed Company Information — Latest Listed Company Information” section, respectively.

Members of the public who wish to obtain a copy of this printed prospectus may obtain a copy, free of charge, upon request during normal business hours from 9:00 a.m. on Tuesday, 13 November 2012 until 12:00 noon on Friday, 16 November 2012 at the following locations:

1. the Depository Counter of HKSCC at 2nd Floor, Infinitus Plaza, 199 Des Voeux Road Central, Hong Kong;
2. any of the following addresses of the Joint Sponsors and/or the Hong Kong Underwriters:

Citigroup Global Markets Asia Limited	50th Floor Citibank Tower Citibank Plaza 3 Garden Road Central Hong Kong
Morgan Stanley Asia Limited	Level 46 International Commerce Centre 1 Austin Road West Kowloon Hong Kong
Standard Chartered Securities (Hong Kong) Limited	15/F Two International Finance Centre 8 Finance Street Central Hong Kong
BOCOM International Securities Limited	9th Floor, Man Yee Building 68 Des Voeux Road Central Hong Kong
First Shanghai Securities Limited	19th Floor, Wing On House 71 Des Voeux Road Central Hong Kong
CCB International Capital Limited	34/F, Two Pacific Place 88 Queensway Admiralty Hong Kong

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3. any one of the following branches of:

(i) **Standard Chartered Bank (Hong Kong) Limited**

	Branch Name	Address
Hong Kong Island	Des Voeux Road Branch	Standard Chartered Bank Building 4-4A, Des Voeux Road Central Central
	Wanchai Southorn Branch	Shop C2 on G/F and 1/F Lee Wing Building No. 156-162 Hennessy Road Wanchai

(ii) **Bank of Communications Co., Ltd. Hong Kong Branch**

	Branch Name	Address
Kowloon	Cheung Sha Wan Plaza Sub-Branch	Unit G04 Cheung Sha Wan Plaza 833 Cheung Sha Wan Road
	New Territories Shatin Sub-Branch	Shop No. 193 Level 3, Lucky Plaza

Details of where this printed prospectus may be obtained will be displayed prominently at every branch of Standard Chartered Bank (Hong Kong) Limited and Bank of Communications Co., Ltd. Hong Kong Branch where **white** and **yellow** Application Forms are distributed.

During normal business hours from 9:00 a.m. on Tuesday, 13 November 2012 until 12:00 noon on Friday, 16 November 2012, at least three copies of this printed prospectus will be available for inspection at every location where the **white** and **yellow** Application Forms are distributed as set out in the section headed “How to Apply for Hong Kong Offer Shares — Channels of Applying for Hong Kong Offer Shares — 3. Applying by Using a White or Yellow Application Form” in this prospectus.

1. CHANNELS OF APPLYING FOR HONG KONG OFFER SHARES

There are three channels to make an application for the Hong Kong Offer Shares. You may apply for the Hong Kong Offer Shares (a) by either using a **white** or **yellow** Application Form; (b) by applying online through the designated website of the White Form eIPO Service Provider (www.eipo.com.hk), referred to in this prospectus as the “**White Form eIPO** service”; or (c) by giving **electronic application instructions** 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 you and your joint applicant(s) may not make more than one application (whether individually or jointly) by applying using a **white** or **yellow** Application Form or applying online through the **White Form eIPO** service or by giving **electronic application instructions** to HKSCC.

HOW TO APPLY FOR HONG KONG OFFER SHARES

2. WHO CAN APPLY FOR HONG KONG OFFER SHARES

You can apply for the Hong Kong Offer Shares available for subscription by the public on a **white** or **yellow** Application Form if you or any person(s) for whose benefit you are applying are an individual, and:

- are 18 years of age or older;
- have a Hong Kong address;
- are outside the United States (or are a person described in paragraph (h)(3) of Rule 902 under Regulation S) and will be acquiring the Hong Kong Offer Shares in an offshore transaction (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 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 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, the Joint Global Coordinators or the designated White Form eIPO Service Provider (where applicable) or our or their agents 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, our 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;

HOW TO APPLY FOR HONG KONG OFFER SHARES

- persons who will become our connected persons immediately upon completion of the Global Offering;
- persons who are not outside the United States (or described in paragraph (h)(3) of Regulation S) and acquiring the Hong Kong Offer Shares in an offshore transaction (as defined in Regulation S);
- persons who do not have a Hong Kong address; or
- persons who participate in the International Placing.

You may apply for Hong Kong Offer Shares under the Hong Kong Public Offer or indicate an interest for International Placing Shares under the International Placing, but may not do both.

3. APPLYING BY USING A WHITE OR YELLOW APPLICATION FORM

Which Application Form to use

Use a **white** Application Form if you want the Hong Kong Offer Shares to be issued in your own name.

Use a **yellow** Application Form if you want the Hong Kong Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS for credit to your CCASS Investor Participant stock account or your designated CCASS Participant's stock account.

Where to collect the Application Forms

You can collect a **white** Application Form during normal business hours from 9:00 a.m. on Tuesday, 13 November 2012 until 12:00 noon on Friday, 16 November 2012 from any of the following addresses of the Hong Kong Underwriters:

Citigroup Global Markets Asia Limited

50th Floor
Citibank Tower
Citibank Plaza
3 Garden Road
Central
Hong Kong

Morgan Stanley Asia Limited

Level 46
International Commerce Centre
1 Austin Road West
Kowloon
Hong Kong

HOW TO APPLY FOR HONG KONG OFFER SHARES

Standard Chartered Securities (Hong Kong) Limited	15/F Two International Finance Centre 8 Finance Street Central Hong Kong
BOCOM International Securities Limited	9th Floor, Man Yee Building 68 Des Voeux Road Central Hong Kong
First Shanghai Securities Limited	19th Floor, Wing On House 71 Des Voeux Road Central Hong Kong
CCB International Capital Limited	34/F, Two Pacific Place 88 Queensway Admiralty Hong Kong

or any one of the following branches of:

(i) **Standard Chartered Bank (Hong Kong) Limited**

	Branch name	Address
Hong Kong Island	Des Voeux Road Branch	Standard Chartered Bank Building 4-4A, Des Voeux Road Central Central
	88 Des Voeux Road Branch	88 Des Voeux Road Central Central
	Wanchai Southorn Branch	Shop C2 on G/F and 1/F Lee Wing Building No. 156-162 Hennessy Road Wanchai
	Causeway Bay Branch	G/F, Yee Wah Mansion 38-40A Yee Wo Street Causeway Bay
Kowloon	Kwun Tong Hoi Yuen Road Branch	G/F, Fook Cheong Building No. 63 Hoi Yuen Road Kwun Tong
	Tsimshatsui Branch	G/F, 10 Granville Road Tsimshatsui
New Territories	Tsuen Wan Branch	Shop C, G/F & 1/F Jade Plaza 298 Sha Tsui Road Tsuen Wan
	New Town Plaza Branch	Shop 215, 222 & 223 Phase 1, New Town Plaza Shatin

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(ii) **Bank of Communications Co., Ltd. Hong Kong Branch**

	Branch Name	Address
Hong Kong Island	Hong Kong Branch	20 Pedder Street Central
	Quarry Bay Sub-Branch	G/F., 981C King's Road Quarry Bay
	North Point Sub-Branch	442-444 King's Road
Kowloon	Cheung Sha Wan Plaza Sub-Branch	Unit G04 Cheung Sha Wan Plaza 833 Cheung Sha Wan Road
	New Territories	Shatin Sub-Branch

You can collect a **yellow** Application Form and a prospectus during normal business hours from 9:00 a.m. on Tuesday, 13 November 2012 until 12:00 noon on Friday, 16 November 2012 from:

- (1) The Depository Counter of HKSCC at 2nd Floor, Infinitus Plaza, 199 Des Voeux Road Central, Hong Kong; or
- (2) Your stockbroker, who may have such Application Forms and this prospectus available.

How to complete the Application Forms

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.

You should note that by completing and submitting the Application Form, among other things:

- (a) you **agree** with our Company and each Shareholder, and our Company agrees with each of our Shareholders, to observe and comply with the Cayman Companies Law, the Companies Ordinance, the Memorandum of Association and the Articles of Association;
- (b) you **confirm** that you have received a copy of this prospectus and have only relied on the information and representations in this prospectus, the Application Forms and any supplemental to this prospectus in making your application and will not rely on any other information and representations save as set out in this prospectus, the Application Forms and any supplement to this prospectus;

HOW TO APPLY FOR HONG KONG OFFER SHARES

- (c) you **agree** that none of our Company, our Controlling Shareholders, the Joint Global Coordinators, the Joint Bookrunners, the Joint Sponsors, the Underwriters and any other parties involved in the Global Offering or any of their respective directors, officers, employees, partners, agents or advisers is or will be liable for any information and representations not contained in this Prospectus and any supplement thereto;
- (d) you **agree** that our Company, our Directors and any person who has authorised the issue of this prospectus are liable only for the information and representations contained in this prospectus, the Application Forms and any supplement to this prospectus;
- (e) you **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 for, and will not apply for or take up, or indicate an interest for, and have not received or been placed or allocated (including conditionally and/or provisionally) any International Placing Shares nor otherwise participated in the International Placing;
- (f) you **agree** to disclose to our Company, the Joint Sponsors, the Joint Global Coordinators, the Underwriters, the Hong Kong Share Registrar, the receiving banks and/or their respective advisers and agents personal data and any information which they require about you or the person(s) for whose benefit you have made the application;
- (g) you **instruct** and **authorise** our Company and/or the Joint Global Coordinators (or their agents or nominees), as agents of our Company, to do on your behalf all things necessary to register any Hong Kong Offer Shares allotted to you in your name(s) (for applicants on a **white** Application Form) or in the name of HKSCC Nominees (for applicants on a **yellow** Application Form), as required by the Articles of Association, and otherwise to give effect to the arrangements described in this prospectus and the Application Forms;
- (h) you **undertake** to sign all documents and to do all things necessary to enable you (for applicants on a **white** Application Form) or HKSCC Nominees (for applicants on a **yellow** Application Form) to be registered as the holder of the Hong Kong Offer Shares to be allotted to you, and as required by the Articles of Association and otherwise to give effect to the arrangements described in this prospectus and the Application Forms;
- (i) you **warrant** the truth and accuracy of the information contained in your application;
- (j) 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 Sponsors, the Joint Global Coordinators and the Underwriters nor any of their respective directors, officers or advisers will infringe any law outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus;
- (k) you **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;

HOW TO APPLY FOR HONG KONG OFFER SHARES

- (l) you **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;
- (m) you **agree** with us (for ourselves and for the benefit of each Shareholder) that Shares are freely transferable by their holders;
- (n) you **represent, warrant and undertake** that you understand that the Hong Kong Offer Shares have not been and will not be registered under the US Securities Act and you and any person for whose account or benefit you are acquiring the Hong Kong Offer Shares are outside the United States (as defined in Regulation S) when completing and submitting the Application Form or are a person described in paragraph (h)(3) of Rule 902 of Regulation S;
- (o) you **undertake and agree** to accept the number of Hong Kong Offer Shares applied for, or any lesser number allocated to you under the application; and
- (p) you **agree** that the processing of your application may be done by our Company's receiving bank and is not restricted to the bank at which your application was lodged.

In order for the **yellow** Application Forms to be valid, you, as the applicant(s), must complete the **yellow** Application Forms as indicated below and sign on the first page of the **yellow** Application Forms. Only written signatures will be accepted.

(a) **If the application is made through a designated CCASS Participant (other than a CCASS Investor Participant):**

The designated CCASS Participant must endorse the form with its company chop (bearing its company name) and insert its participant I.D. in the appropriate box in the Application Form.

(b) **If the application is made by an individual CCASS Investor Participant:**

- (i) the Application Form must contain the CCASS Investor Participant's name and Hong Kong identity card number; and
- (ii) the CCASS Investor Participant must insert its participant I.D. in the appropriate box in the Application Form.

(c) **If the application is made by a joint individual CCASS Investor Participant:**

- (i) the Application Form must contain the names and Hong Kong identity card numbers of all joint CCASS Investor Participants; and
- (ii) the participant I.D. must be inserted in the appropriate box in the Application Form.

HOW TO APPLY FOR HONG KONG OFFER SHARES

(d) **If the application is made by a corporate CCASS Investor Participant:**

- (i) the Application Form must contain the CCASS Investor Participant's company name and Hong Kong business registration number; and
- (ii) the participant I.D. and company chop (bearing its company name) must be inserted in the appropriate box in the Application Form.

Incorrect or incomplete details of the CCASS Participant (including participant I.D. and/or company chop bearing its company name) or other similar matters may render the application invalid.

Nominees who wish to submit separate applications in their names on behalf of different beneficial owners are requested to designate on each Application Form in the box marked "For nominees" account numbers or other identification codes for each beneficial owner or, in the case of joint beneficial owners, for each joint beneficial owner.

If your application is made through a duly authorised attorney, our Company and the Joint Global Coordinators (or their respective agents and nominees), as our agent(s), may accept it at their discretion, and subject to any conditions they think fit, including evidence of the authority of your attorney. We and the Joint Global Coordinators, in the capacity of our agents, or our or their agents or nominees, will have full discretion to reject or accept any application, in full or in part, without assigning any reason.

4. APPLYING THROUGH WHITE FORM eIPO

General

- (a) You may apply through **White Form eIPO** service by submitting an application through the designated website at **www.eipo.com.hk** if you satisfy the relevant eligibility criteria for this as set out above in "Who can apply for Hong Kong Offer Shares" and on that website. If you apply through **White Form eIPO** service, the Shares will be issued in your own name.
- (b) Detailed instructions for application through the **White Form eIPO** service are set out on the designated website at **www.eipo.com.hk**. You should read these instructions carefully. If you do not follow the instructions, your application may be rejected by the designated White Form eIPO Service Provider and may not be submitted to our Company.
- (c) If you give electronic application instructions through the designated website at **www.eipo.com.hk**, you will have to authorise the designated White Form eIPO Service Provider to apply on the terms and subject to the conditions set out in this prospectus, as supplemented and amended by the terms and conditions applicable to the **White Form eIPO** service.
- (d) 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. These additional 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 before making any application.

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- (e) 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 the Hong Kong Share Registrar.
- (f) You may submit an application through the **White Form eIPO** service in respect of a minimum of 2,000 Hong Kong Offer Shares. Each electronic application instruction in respect of more than 2,000 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**.
- (g) You may submit your application to the designated White Form eIPO Service Provider through the designated website **www.eipo.com.hk** from 9:00 a.m. on Tuesday, 13 November 2012 until 11:30 a.m. on Friday, 16 November 2012 or such later time as described under the section headed “Effect of bad weather on the opening of the application lists” below (24 hours daily, except on the last application day). The latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Friday, 16 November 2012, the last application day, or, if the application lists are not open on that day, then by the time and date stated in the section headed “Effect of bad weather on the opening of the application lists” below.

You will not be permitted to submit your application to the designated White Form eIPO Service Provider through the designated website at **www.eipo.com.hk** after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained an application reference number from the website before 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.

- (h) 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 Friday, 16 November 2012, or such later time as described under the section headed “Effect of bad weather on the opening of the application lists” below, the designated White Form eIPO Service Provider will reject your application and your application monies will be returned to you in the manner described on the designated website at www.eipo.com.hk.**
- (i) Once you have completed 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** service more than once and obtaining different application reference numbers without effecting full payment in respect of a particular application reference number will not constitute an actual application.

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- (j) **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 Sponsors, 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 papers via the self-serviced and electronic application process. Computershare Hong Kong Investor Services Limited, being the designated White Form eIPO Service Provider, will contribute HK\$2 per each “CIFI Holdings (Group) Co. Ltd.” 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 the 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. If 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** or **yellow** Application Form or give **electronic application instructions** to HKSCC via CCASS.

Conditions of the White Form eIPO service

In using the **White Form eIPO** service to apply for the Hong Kong Offer Shares, the applicant shall be deemed to have accepted the following conditions:

That the applicant:

- **applies** for the desired number of Hong Kong Offer Shares on the terms and subject to the conditions set out in this prospectus and the White Form eIPO designated website at www.eipo.com.hk subject to the Articles of Association;
- **undertakes and agrees** to accept the Hong Kong Offer Shares applied for, or any lesser number allotted to the applicant on such application;
- **declares** that this is the only application made and the only application intended by the applicant to be made whether on a **white** or **yellow** Application Form or by giving **electronic application instructions** to HKSCC or the White Form eIPO Service Provider under the **White Form eIPO** service, to benefit the applicant or the person for whose benefit the applicant is applying;

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- **undertakes and confirms** that the applicant (if the application is made for the applicant's benefit) or the person(s) for whose benefit the applicant is applying have not applied for or taken up, or indicated an interest for, and will not apply for, or take up, or indicate an interest for, and have not received or been placed or allocated (including conditionally and/or provisionally) any International Placing Shares under the International Placing, nor otherwise participate in the International Placing;
- **understands** that this declaration, warranties and representation will be relied upon by our Company in deciding whether or not to make any allotment of Hong Kong Offer Shares in response to such application;
- **instructs and authorises** our Company (or its agents or nominees) to place the applicant's name on the register of members of our Company as the holder of any Hong Kong Offer Shares to be allotted to the applicant, and (on the terms and subject to the conditions set out in this prospectus) to send any Share certificates by ordinary post at the applicant's own risk to the address given on the White Form eIPO application except where the applicant has applied for 1,000,000 or more Hong Kong Offer Shares and that applicant collects any Share certificate(s) in person in accordance with the procedures prescribed in the White Form eIPO designated website at **www.eipo.com.hk** and this prospectus;
- **requests** that any e-Refund payment instructions be despatched to the application payment account where the applicant had paid the application monies from a single bank account;
- **requests** that any refund cheque(s) be made payable to the applicant who had used multi-bank accounts to pay the application monies;
- **has read** the terms and conditions and application procedures set out in the White Form eIPO designated website at **www.eipo.com.hk** and this prospectus and **agrees** to be bound by them;
- **represents, warrants and undertakes** that each of the applicant and any person for whose account or benefit the applicant is applying is outside the United States (as defined in Regulation S) when completing and submitting this Application Form or is a person described in paragraph (h)(3) of Rule 902 of Regulation S, and the allotment of or application for the Hong Kong Offer Shares to or by whom or for whose benefit this application is made would not require our Company to comply with any requirements under any law or regulation (whether or not having the force of law) of any territory outside Hong Kong; and
- **agrees** that such application, any acceptance of it and the resulting contract will be governed by and construed in accordance with the laws of Hong Kong.

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Supplemental information

If any supplement to this prospectus is issued, applicant(s) who have already submitted an electronic application instruction through the **White Form eIPO** service 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 through the **White Form eIPO** service that have been submitted remain valid and may be accepted. Subject to the provisions referred to in this section, an application once made through the **White Form eIPO** service is irrevocable and applicants shall be deemed to have applied on the basis of this prospectus as supplemented.

Effect of completing and submitting an application through the White Form eIPO service

By completing and submitting an application through the **White Form eIPO** service, you for yourself or as agent or nominee and on behalf of any person for whom you act as agent or nominee shall be deemed to:

- (a) **agree** with our Company and each Shareholder, and our Company agrees with each of our Shareholders, to observe and comply with the Cayman Companies Law, the Companies Ordinance, the Memorandum of Association and the Articles of Association;
- (b) **confirm** that you have read the terms and conditions and application procedures set out in this prospectus and the White Form eIPO designated website at www.eipo.com.hk and **agree** to be bound by them and you have only relied on the information and representations in this prospectus in making your application and will not rely on any other information and representations save as set out in this prospectus and any supplement to this prospectus;
- (c) **agree** that our Company, our Directors, and any person who has authorised the issue of this prospectus are liable only for the information and representations contained in this prospectus and any supplement to this prospectus;
- (d) **undertake** and **confirm** that you (if the application is made for your benefit) or the person(s) for whose benefit you have made your application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, and have not received or been placed or allocated (including conditionally and/or provisionally) any International Placing Shares under the International Placing nor otherwise participated in the International Placing;
- (e) **agree** to disclose to our Company, the Joint Sponsors, the Joint Global Coordinators, the Underwriters, the Hong Kong Share Registrar, the receiving banks and/or their respective advisers and agents personal data and any information which they require about you or the person(s) for whose benefit you have made in your application;

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- (f) **instruct** and **authorise** our Company and/or the Joint Global Coordinators (or their agents or nominees) as agents of our Company, to do on your behalf all things necessary to register any Hong Kong Offer Shares allotted to you in your name, as required by the Articles of Association, and otherwise to give effect to the arrangements described in this prospectus and the White Form eIPO designated website at **www.eipo.com.hk**;
- (g) **warrant** the truth and accuracy of the information contained in your application;
- (h) if the laws of any place outside Hong Kong are applicable to your application, **agree** and **warrant** that you have complied with all such laws and none of our Company, the Joint Sponsors, the Joint Global Coordinators and the Underwriters nor any of their respective directors, officers or advisers will infringe any laws outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus and the White Form eIPO designated website at **www.eipo.com.hk**;
- (i) **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;
- (j) **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;
- (k) **represent, warrant** and **undertake** that you understand that the Hong Kong Offer Shares have not been and will not be registered under the US Securities Act and you and any person for whose account or benefit you are acquiring the Hong Kong Offer Shares are outside the United States (as defined in the Regulation S) when completing and submitting your application or are a person described in paragraph (h)(3) of Rule 902 of Regulation S;
- (l) **undertake** and **agree** to accept the Hong Kong Offer Shares applied for, or any lesser number allocated to you under your application;
- (m) **agree** with our Company and each Shareholder that the Shares are freely transferable by the holders thereof;
- (n) **authorise** our Company to enter into a contract on your behalf with each of our Directors and officers whereby each such Director and officer undertakes to observe and comply with his or her obligations to Shareholders as stipulated in the Memorandum of Association and the Articles of Association;

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- (o) (if the application is made for your own benefit) **warrant** that this 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 White Form eIPO Service Provider through the **White Form eIPO** service; and
- (p) (if you are an agent for another person) **warrant** reasonable enquiries have been made of that other person that this is the only application which will be made for the benefit of that other person on a **white** or **yellow** Application Form or by giving **electronic application instructions** to HKSCC or to the White Form eIPO Service Provider through the **White Form eIPO** service, and that you are duly authorised to submit the application as that other person's agent.

Our Company, the Joint Global Coordinators, the Joint Bookrunners, the Joint Sponsors, the Underwriters and their respective directors, officers, employees, partners, agents, advisers, and any other parties involved in the Global Offering are entitled to rely on any warranty, representation or declaration made by you in such application.

Power of attorney

If your application is made by a duly authorised attorney, our Company and the Joint Global Coordinators (or their respective agents or nominees), as our agent(s), may accept it at their discretion, and subject to any conditions as any of them may think fit, including evidence of the authority of your attorney.

Additional information

For the purpose of allocating Hong Kong Offer Shares, each applicant giving **electronic application instructions** through **White Form eIPO** service to the White Form eIPO Service Provider through the designated website at **www.eipo.com.hk** will be treated as an applicant.

If your payment of application monies is insufficient, or in excess of the required amount, having regard to the number of Hong Kong Offer Shares for which you have applied, or if your application is otherwise rejected by the designated White Form eIPO Service Provider, the designated White Form eIPO Service Provider may adopt alternative arrangements for the refund of monies to you. Please refer to the additional information provided by the designated White Form eIPO Service Provider on the designated website at **www.eipo.com.hk**.

Otherwise, any monies payable to you due to a refund for any of the reasons set out below in the section headed "Despatch/collection of Share certificates and refund of application monies" in this prospectus.

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5. APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC

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.

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
2nd Floor, Infinitus 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** through 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 and the Hong Kong Share Registrar.

Application for Hong Kong Offer Shares by HKSCC Nominees on your behalf

Where a **white** Application Form is signed by HKSCC Nominees on behalf of persons who have given **electronic application instructions** to apply for the Hong Kong Offer Shares:

- (a) HKSCC Nominees is only acting as a nominee for those persons and shall not be liable for any breach of the terms and conditions of the **white** Application Form or this prospectus;
- (b) HKSCC Nominees does the following things on behalf of each such person:
 - **agrees** that the Hong Kong Offer Shares to be allotted shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the stock account of the CCASS Participant who has inputted **electronic application instructions** on that person's behalf or that person's CCASS Investor Participant stock account;

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- **undertakes** and **agrees** to accept the Hong Kong Offer Shares in respect of which that person has given **electronic application instructions** or any lesser number;
- **undertakes** and **confirms** that that person has not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, and has not received, been placed or allocated (including conditionally and/or provisionally) any International Placing Shares, nor otherwise participated in the International Placing;
- (if the **electronic application instructions** are given for that person's own benefit) **declares** that only one set of **electronic application instructions** has been given for that person's benefit;
- (if that person is an agent for another person) **declares** that that person has only given one set of **electronic application instructions** for the benefit of that other person and that that person is duly authorised to give those instructions as that other person's agent;
- **understands** that the above declaration will be relied upon by our Company, our Directors and the 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 that person and that that person may be prosecuted if he makes a false declaration;
- **authorises** 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 that person's **electronic application instructions** and to send Share certificate(s) and/or refund monies in accordance with the arrangements separately agreed between our Company and HKSCC;
- **confirms** that that person has read the terms and conditions and application procedures set out in this prospectus and **agrees** to be bound by them;
- **confirms** that that person has received a copy of the prospectus and has only relied on the information and representations in this prospectus in giving that person's **electronic application instructions** or instructing that person's broker or custodian to give **electronic application instructions** on that person's behalf and will not rely on any other information and representations save as set out in this prospectus and any supplement to this prospectus;
- **agrees** that our Company, our Directors and any person who has authorised the issue of this prospectus are liable only for the information and representations contained in this prospectus and any supplement to this prospectus;
- **agrees** to disclose to our Company, the Joint Sponsors, the Joint Global Coordinators, the Underwriters, the Hong Kong Share Registrar, the receiving bank and/or their respective advisers and agents that person's personal data and any information which they may require about that person;

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- **agrees** (without prejudice to any other rights which that person may have) that once the application of HKSCC Nominees is accepted, the application cannot be rescinded for innocent misrepresentation;
- **agrees** that any application made by HKSCC Nominees on behalf of that person under **electronic application instructions** given by that person is irrevocable on or before Friday, 23 November 2012, such agreement to take effect as a collateral contract with our Company and to become binding when that person gives the instructions and such collateral contract to be in consideration of our Company agreeing that it will not offer any Hong Kong Offer Shares to any person before Friday, 23 November 2012, except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong) if a person responsible for this prospectus under section 40 of the Companies Ordinance (as applied by section 342E of the Companies Ordinance) gives a public notice under that section which excludes or limits the responsibility of that person for this prospectus;
- **agrees** that once the application of HKSCC Nominees is accepted, neither that application nor that person's **electronic application instructions** can be revoked, and that acceptance of that application will be evidenced by the announcement of the results of the Hong Kong Public Offer made available by our Company;
- **agrees** to the arrangements, undertakings and warranties specified in the participant agreement between that person and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, in respect of the giving of **electronic application instructions** relating to Hong Kong Offer Shares;
- **agrees** with our Company for ourselves and for the benefit of each of our Shareholders (and so that we will be deemed by its acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for ourselves and on behalf of each of our Shareholders, with each CCASS Participant giving **electronic application instructions**) to observe and comply with the Cayman Companies Law, the Companies Ordinance, the Memorandum of Association and the Articles of Association;
- **agrees** with us (for ourselves and for the benefit of each Shareholder) that Shares are freely transferable by their holders;
- **authorises** our Company to enter into a contract on your behalf with each of our Directors and officers whereby each such Director and officer undertakes to observe and comply with his or her obligations to Shareholders as stipulated in the Memorandum of Association and the Articles of Association; and
- **agrees** that that person's application, any acceptance of it and the resulting contract will be governed by and construed in accordance with the laws of Hong Kong.

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Effect of giving electronic application instructions to HKSCC

By giving **electronic application instructions** to HKSCC or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and if 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 the Offer Price being less than the price per Offer 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
- **instructed** and **authorised** HKSCC to cause HKSCC Nominees to do on your behalf all the things which it is stated to do on your behalf in the **white** Application Form.

Multiple applications

If 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.

Minimum subscription amount and permitted numbers

You may give, if you are CCASS Investor Participants, or cause your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** in respect of a minimum of 2,000 Hong Kong Offer Shares. Such instructions in respect of more than 2,000 Hong Kong Offer Shares must be in one of the numbers of Hong Kong Offer Shares set out in the table in the Application Forms. No application for any other number of Hong Kong Offer Shares will be considered and any such application is liable to be rejected.

Allocation of Hong Kong Offer Shares

For the purpose 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 given will be treated as an applicant.

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Section 40 of the Companies Ordinance

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** is a person who may be entitled to compensation under section 40 of the Companies Ordinance (as applied by section 342E of the Companies Ordinance).

Personal Data

The section of the Application Form headed “Personal Data” applies to any personal data held by our Company, the Hong Kong Share Registrar and the receiving bank about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

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 Sponsors, the Joint Global Coordinators and the Underwriters take no responsibility for the application and provide no assurance that any CCASS Participant will be allotted any Hong Kong Offer Shares.

To ensure that CCASS Investor Participants can give their **electronic application instructions** to HKSCC through the CCASS Phone System or the CCASS Internet System, CCASS Investor Participants are advised not to wait until the last minute to input their **electronic application instructions** to the systems. If 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: (a) submit a **white** or **yellow** Application Form; or (b) go to HKSCC’s Customer Service Centre to complete an input request form for **electronic application instructions** before 12:00 noon on Friday, 16 November 2012 or such late time as described in the section headed “Effect of bad weather on the opening of the application lists” below.

6. HOW MANY APPLICATIONS YOU MAY MAKE

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 give **electronic application instructions** to HKSCC through CCASS (if you are a CCASS Participant) and lodge more than one **white** or **yellow** 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 (or, in the case of joint beneficial owners, for each such beneficial owner). If you do not include this information, the application will be treated as being made for your benefit.

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Otherwise, multiple applications are not allowed.

If you apply by means of **White Form eIPO** service, once you complete payment in respect of any electronic application instructions 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** service 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 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.

It will be a term and condition of all applications that by completing and delivering an Application Form or submitting an **electronic application instruction**, you:

- (if the application is made for your own benefit) **warrant** that such application is the only application which has been or will be made for your benefit on a **white** or **yellow** Application Form or by giving **electronic application instructions** to HKSCC or to the designated White Form eIPO Service Provider through the **White Form eIPO** service; or
- (if you are an agent for another person) **warrant** that reasonable enquiries have been made of that other person that such 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 through the **White Form eIPO** service, and that you are duly authorised to sign the Application Form or give **electronic application instructions** as that other person's agent.

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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 or any of your joint applicants:

- make more than one application (whether individually or jointly with others) on a **white** or **yellow** Application Form or by giving **electronic application instructions** to HKSCC or to the designated White Form eIPO Service Provider through the **White Form eIPO** service; or
- apply (whether individually or jointly with others) on one **white** Application Form and one **yellow** Application Form or on one **white** or **yellow** Application Form and give **electronic application instructions** to HKSCC or to the designated White Form eIPO Service Provider through the **White Form eIPO** service; or
- apply (whether individually or jointly with others) on one **white** or **yellow** Application Form or by giving **electronic application instructions** to HKSCC or to the designated White Form eIPO Service Provider through the **White Form eIPO** service for more than 62,750,000 Offer Shares, being 50% of the Hong Kong Offer Shares initially being offered for public subscription under the Hong Kong Public Offer, as more particularly described in the section entitled “Structure of the Global Offering — Hong Kong Public Offer”; or
- make **electronic application instructions** through the **White Form eIPO** service that are not completed in accordance with the instructions, terms and conditions set out in the designated website at www.eipo.com.hk; or
- have applied for or taken up, or indicated an interest for, or will apply for or take up, or indicate an interest for, and have received or placed or allocated (including conditionally and/or provisionally) any International Placing Shares under the International Placing or otherwise participated in the International Placing.

All of your applications will also be rejected as multiple applications if more than one application on a **white** or **yellow** Application Form or by giving **electronic application instructions** to HKSCC or to the designated White Form eIPO Service Provider through the **White Form eIPO** service 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 principal business of that company is dealing in securities; and
- you exercise statutory control over that company,

then the application will be treated as being made for your benefit.

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Unlisted company means a company with no equity securities listed on the Stock Exchange.

Statutory control in relation to a company means you:

- control the composition of the board of directors of the company; or
- control more than half of the voting power of the company; or
- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profit or capital).

7. HOW MUCH ARE THE HONG KONG OFFER SHARES

The maximum Offer Price is HK\$1.65 per Offer Share. You must also pay brokerage of 1%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005%. This means that for a minimum board lot of 2,000 Offer Shares, you will pay HK\$3,333.27. The Application Forms have tables showing the exact amount payable for the numbers of Hong Kong Offer Shares that may be applied for. Your application must be for a minimum of 2,000 Offer Shares. Applications must be in one of the numbers set out in the tables in the Application Forms. No application for any other number of Offer Shares will be considered and any such application is liable to be rejected.

You must pay the maximum Offer Price, and related brokerage, SFC transaction levy and Stock Exchange trading fee in full when you apply for the Hong Kong Offer Shares. You must pay the amount payable upon application for Hong Kong Offer Shares by one cheque or one banker's cashier order in accordance with the terms set out in the Application Form (if you apply by an Application Form) or this prospectus.

If your application is successful, brokerage is paid to the Stock Exchange or participants of the Stock Exchange (as the case may be) and the SFC transaction levy and Stock Exchange trading fee are paid to the Stock Exchange (in the case of the SFC transaction levy, collected on behalf of the SFC).

8. WHEN MAY APPLICATION BE MADE

Applications on white and yellow Application Forms

Completed **white** or **yellow** Application Forms, together with payment attached, must be lodged by 12:00 noon on Friday, 16 November 2012, or, if application lists are not open on that day, then by the time and date stated in the section headed "Effect of bad weather on the opening of the application lists" below.

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Your completed Application Form, together with payment in Hong Kong dollars attached, should be deposited in the special collection boxes provided at any of the branches of Standard Chartered Bank (Hong Kong) Limited and Bank of Communications Co., Ltd. Hong Kong Branch (please refer to the section headed “Where to collect the Application Forms” above) at the following times:

Tuesday, 13 November 2012 — 9:00 a.m. to 5:00 p.m.
Wednesday, 14 November 2012 — 9:00 a.m. to 5:00 p.m.
Thursday, 15 November 2012 — 9:00 a.m. to 5:00 p.m.
Friday, 16 November 2012 — 9:00 a.m. to 12:00 noon

The application lists will open from 11:45 a.m. to 12:00 noon on Friday, 16 November 2012.

No proceedings will be taken on applications for the Shares and no allotment of any such Offer Shares will be made until the closing of the application lists. No allotment of any of the Offer Shares will be made later than Thursday, 13 December 2012.

Time for inputting electronic application instructions to HKSCC through CCASS

CCASS Clearing/Custodian Participants can input **electronic application instructions** at the following times on the following dates:

Tuesday, 13 November 2012 — 9:00 a.m. to 8:30 p.m.⁽¹⁾
Wednesday, 14 November 2012 — 8:00 a.m. to 8:30 p.m.⁽¹⁾
Thursday, 15 November 2012 — 8:00 a.m. to 8:30 p.m.⁽¹⁾
Friday, 16 November 2012 — 8:00 a.m.⁽¹⁾ **to 12:00 noon**

Note:

(1) These times are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants.

CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m. on Tuesday, 13 November 2012 until 12:00 noon on Friday, 16 November 2012 (24 hours daily, except the last application day).

Application through White Form eIPO

Please refer to the section headed “Applying through White Form eIPO” in this prospectus.

9. EFFECT OF BAD WEATHER ON THE OPENING OF THE APPLICATION LISTS

The application lists will not open if there is:

- a tropical cyclone warning signal number 8 or above; or
- a “black” rainstorm warning signal,

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in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Friday, 16 November 2012. 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.

Regarding White Form eIPO applications, the latest time for submitting an application to the designated White Form eIPO Service Provider through **White Form eIPO** service will be 11:30 a.m. on Friday, 16 November 2012 and the latest time for completing full payment of application monies will be 12:00 noon on Friday, 16 November 2012. If there is:

- a tropical cyclone warning signal number 8 or above; or
- a “black” rainstorm warning signal,

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Friday, 16 November 2012, the latest time to complete the application and the latest time to complete payment will be postponed to 11:30 a.m. and 12:00 noon, respectively, 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.

Business Day means a day that is not a Saturday, Sunday or a public holiday in Hong Kong.

If the application lists of the Hong Kong Public Offer do not open and close on Friday, 16 November 2012 or if there is a tropical cyclone warning signal number 8 or above or a “black” rainstorm warning signal in force in Hong Kong on the other dates mentioned in the section headed “Expected Timetable” in this prospectus, such dates mentioned in the section headed “Expected Timetable” in this prospectus may be affected. An announcement will be made in such event.

10. PUBLICATION OF RESULTS

We expect to announce the Offer Price, the level of indication of interest in the International Placing, the basis of allotment of the Hong Kong Offer Shares, the results of applications under the Hong Kong Public Offer and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Hong Kong Public Offer no later than 9:00 a.m. on Thursday, 22 November 2012 and in the manner specified below:

- on the website of the Stock Exchange (www.hkexnews.hk); and
- on the website of our Company (www.cifi.com.cn).

A notification announcement under Rule 2.17A of the Listing Rules which also includes the Offer Price, an indication of the level of interest in the International Placing, the level of applications of the Hong Kong Public Offer and the basis of allocation of the Hong Kong Offer Shares will be published by us on Thursday, 22 November in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese).

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In addition, we expect to announce the results of applications and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Hong Kong Public Offer at the times and dates and in the manner specified below:

- Results of allocations for the Hong Kong Public Offer will be available from our designated results of allocations website at www.iporesults.com.hk on a 24-hour basis from 8:00 a.m. on Thursday, 22 November 2012 to 12:00 midnight on Wednesday, 28 November 2012. 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 Thursday, 22 November 2012 to Sunday, 25 November 2012; 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 on Thursday, 22 November 2012 to Saturday, 24 November 2012 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 — Where to collect the Application Forms” above.

11. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED HONG KONG OFFER SHARES

Full details of the circumstances in which you will not be allotted the Hong Kong Offer Shares are set out in the notes attached to the Application Forms (whether you are making your application by an Application Form or electronically instructing HKSCC to cause HKSCC Nominees to apply on your behalf), and you should read them carefully. You should note in particular the following situations in which the Hong Kong Offer Shares will not be allotted to you:

- **If your application is revoked:**

By completing and submitting an Application Form or giving an **electronic application instruction** to HKSCC or to the designated White Form eIPO Service Provider through **White Form eIPO** service, you agree that your application or the application made by HKSCC Nominees or the White Form eIPO Service Provider on your behalf may not be revoked on or before the end of the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or a public holiday in Hong Kong) unless a person responsible for this prospectus under section 40 of the Companies Ordinance (as applied by section 342E of the Companies Ordinance) gives a public notice under that section which excludes or limits the responsibility for that person for this prospectus. This agreement will take effect as a collateral contract with us, 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 White Form eIPO Service Provider. This collateral

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contract will be in consideration of our Company agreeing that it will not offer any Hong Kong Offer Shares to any person on or before the end of the fifth day after time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or a public holiday in Hong Kong) except by means of one of the procedures referred to in this prospectus.

If any supplement to this prospectus is issued, applicant(s) who have already submitted an application may or may not (depending on the information contained in the supplement) be notified that they can withdraw their applications. If applicant(s) have not been so notified, or if applicant(s) have been notified but have not withdrawn their applications in accordance with the procedure to be notified, all applications that have been submitted remain valid and may be accepted. Subject to the above, an application once made is irrevocable and applicants shall be deemed to have applied on the basis of this prospectus as supplemented.

If your application or the application made by HKSCC Nominees or the White Form eIPO Service Provider 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 announcement 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.

- **Full discretion for our Company, the Joint Global Coordinators or the designated White Form eIPO Service Provider (where applicable) or their agents and nominees to reject or accept your application:**

Our Company, the Joint Global Coordinators (as agents 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. No reasons have to be given for any rejection or acceptance.

- **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** to HKSCC or apply by a **yellow** Application Form) will be void if the Listing Committee does not grant permission to list the Offer Shares either:

- within three weeks from the closing date of the application lists; or
- within a longer period of up to six weeks if the Listing Committee notifies our Company of that longer period within three weeks of the closing date of the application lists.

- **You will not receive any allotment if:**

- you make multiple applications or you are suspected of having made multiple applications;
- you or the person for whose benefit you apply for have applied for or taken up, or indicated an interest for or received, or have been or will be placed or allocated (including

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conditionally and/or provisionally) any International Placing Shares under the International Placing or otherwise participated in the International Placing. By filling in any of the Application Forms or applying by giving **electric application instructions** to HKSCC or applying by White Form eIPO through the designated White Form eIPO Service Provider, you agree not to apply for Hong Kong Offer Shares as well as International Placing Shares in the International Placing. Reasonable steps will be taken to identify and reject applications in the Hong Kong Public Offer from investors who have received International Placing Shares in the International Placing, and to identify and reject indications of interest in the International Placing from investors who have received Hong Kong Offer Shares in the Hong Kong Public Offer;

- your **electronic application instructions** through the **White Form eIPO** service are not completed in accordance with the instructions, terms and conditions set out in the designated website at **www.eipo.com.hk**;
- your payment is not made correctly;
- 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 in accordance with the instructions as stated in the Application Form (if you apply by an Application Form);
- our Company or the Joint Global Coordinators believe 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 or your address is located;
- if you apply for more than 50% of the Hong Kong Offer Shares initially being offered in the Hong Kong Public Offer for subscription (that is 62,750,000 Hong Kong Offer Shares);
- the Underwriting Agreements do not become unconditional; or
- the Underwriting Agreements are terminated in accordance with their respective terms.

You should also note that you may apply for Hong Kong Offer Shares under the Hong Kong Public Offer or indicate an interest for International Placing Shares under the International Placing, but may not do both.

12. DESPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND OF APPLICATION MONIES

If an application is rejected, not accepted or accepted in part only, or if the Offer Price as finally determined is less than the initial price per Offer Share (excluding the related brokerage, SFC transaction levy and Stock Exchange trading fee) initially paid on application, or if the conditions of the Hong Kong Public Offer are not fulfilled in accordance with the section headed "Structure of the Global Offering — Conditions of the Hong Kong Public Offer" in this prospectus or if any application

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is revoked or any allotment under the application has become void, the application monies, or the appropriate portion of the application monies, together with the related brokerage, SFC transaction levy and Stock Exchange trading fee, will be refunded, without interest. It is intended that special efforts will be made to avoid any undue delay in refunding application monies where appropriate.

No temporary document of title will be issued in respect of the Hong Kong Offer Shares. No receipt will be issued for application monies paid on application but, subject to personal collection as mentioned below, in due course they will be sent to you (or, in the case of joint applicants, to the first-named applicant) by ordinary post, at your own risk, to the address specified on your application:

- (a) for applications on **white** Application Forms or by giving **electronic application instructions** through the **White Form eIPO** service: (i) Share certificate(s) for all the Hong Kong Offer Shares applied for, if the application is wholly successful; or (ii) Share certificate(s) for the number of Hong Kong Offer Shares successfully applied for, if the application is partially successful. For wholly successful and partially successful applications on **yellow** Application Forms: Share certificates for Shares successfully applied for will be deposited into CCASS as described below;
- (b) for applications on **white** or **yellow** Application Forms, refund cheque(s) crossed “Account Payee Only” in favour of the applicant (or, in the case of joint applicants, the first-named applicant) for (i) the surplus application monies for the Hong Kong Offer Shares unsuccessfully applied for, if the application is partially unsuccessful; or (ii) all the application monies, if the application is wholly unsuccessful; and/or (iii) the difference between the Offer Price and the initial price per Offer Share paid on application if the Offer Price is less than the price per Offer Share initially paid on application, in each case including brokerage of 1%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005%, attributable to such refund/surplus monies but without interest;
- (c) for applications made through the **White Form eIPO** service by paying the application monies through a single bank account, and where an applicant’s application is wholly or partially unsuccessful and/or the final Offer Price is different from the Offer Price initially paid on the application, e-Refund payment instructions (if any) will be despatched to the application payment account on or before Thursday, 22 November 2012; and
- (d) for applications made through the **White Form eIPO** service by paying the application monies through multiple bank accounts, and where applicant’s application is wholly or partially unsuccessful and/or the final Offer Price is different from the Offer Price initially paid on the application, refund cheque(s) will be sent to the address specified in the application instructions to the designated White Form eIPO Service Provider on or before Thursday, 22 November 2012, by ordinary post and at applicant’s own risk.

Part of your Hong Kong identity card number/passport number, or, if you are joint applicants, part of the Hong Kong identity card number/passport number of the first-named applicant, provided by you may be printed on your refund cheque, if any. Such data could also be transferred to a third

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party for refund purposes. Your bank may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque. Inaccurate completion of your Hong Kong identity card/passport number may lead to delay in encashment of, or may invalidate, your refund cheque.

Subject to personal collection as mentioned below, refund cheques for surplus application monies (if any) in respect of wholly and partially unsuccessful applications and the difference between the Offer Price and the price per Offer Share initially paid on application (if any) under **white** or **yellow** Application Forms; and Share certificates for wholly and partially successful applicants under **white** Application Forms or by giving **electronic application instructions** through the **White Form eIPO** service are expected to be posted on or before Thursday, 22 November 2012. The right is reserved to retain any Share certificate(s) and any surplus application monies pending clearance of cheque(s).

Share certificates will only become valid certificates of title at 8:00 a.m. on the Listing Date provided that the Hong Kong Public Offer has become unconditional in all respects and the right of termination described in the section entitled “Underwriting — Grounds for termination” has not been exercised. You will receive one Share certificate for all the Hong Kong Offer Shares issued to you under the Hong Kong Public Offer (except pursuant to applications made on a **yellow** Application Form or by **electronic application instructions** to HKSCC where Share certificates will be deposited into CCASS).

(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 refund cheque(s) (where applicable) and/or Share certificate(s) (where applicable) from the Hong Kong Share Registrar and have provided all information required by your Application Form, you may collect your refund cheque(s) (where applicable) and Share certificate(s) (where applicable) from the Hong Kong Share Registrar 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 Thursday, 22 November 2012 or such other date as notified by us in the newspapers as the date of collection/despatch 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 that 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 the Hong Kong Share Registrar. 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 then be sent to the address as specified in your Application Form (or the address of the first-named applicant in case of a joint application) by ordinary post and at your own risk shortly after the time for collection.

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) (where applicable) and/or Share certificate(s) (where applicable) in person or if your application is rejected, not accepted or accepted in part only, or if the conditions of the Hong Kong

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Public Offer are not fulfilled in accordance with the section headed “Structure of the Global Offering — Conditions of the Hong Kong Public Offer” in this prospectus, or if your application is revoked or any allotment under the application has become void, your refund cheque(s) (where applicable) and/or Share certificate(s) (where applicable) will be sent to the address on your Application Form (or the address of the first-named applicant in case of a joint application), 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 on Thursday, 22 November 2012, or under contingent situation, on any other date as shall be determined by HKSCC or HKSCC Nominees.

If you are applying through a designated CCASS Participant (other than a CCASS Investor Participant) for Hong Kong 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, we expect to publish the results of CCASS Investor Participants’ applications together with the results of the Hong Kong Public Offer in the manner described in “How to Apply for Hong Kong Offer Shares — Publication of results” on Thursday, 22 November 2012. You should check the announcement made by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Thursday, 22 November 2012, 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 CCASS Investor Participant 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 instructions as those for **white** Application Form applicants as described above.

If you have applied for 1,000,000 Hong Kong Offer Shares or more and have not indicated on your Application Forms that you will collect your refund cheque(s) (if any) in person, or you have applied for less than 1,000,000 Hong Kong Offer Shares or if your application is rejected, not accepted or accepted in part only, or if the conditions of the Hong Kong Public Offer are not fulfilled in accordance with the section headed “Structure of the Global Offering — Conditions of the Hong Kong Public Offer” in this prospectus, or if your application is revoked or any allotment under the

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application has become void, your refund cheque(s) (where applicable) in respect of the application monies or the appropriate portion of the application monies, together with the related brokerage, SFC transaction levy, Stock Exchange trading fee, if any, (without interest) will be sent to the address on your Application Form on Thursday, 22 November 2012 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 eIPO Service Provider through the designated website at **www.eipo.com.hk** and your application is wholly or partially successful, you may collect your Share certificate(s) in person from the Hong Kong Share Registrar 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 Thursday, 22 November 2012, or such other date as notified by our Company in the newspapers as the date of collection/despatch 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 then be sent to the address specified in your application instructions to the designated White Form eIPO Service Provider promptly, 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 Thursday, 22 November 2012, by ordinary post and at your own risk.

If you paid the application monies from a single bank account and your application is wholly or partially unsuccessful and/or the final Offer Price is different from the Offer Price initially paid on the application, e-Refund payment instructions (if any) will be despatched to the application payment account on or before Thursday, 22 November 2012.

If you used multiple bank accounts to pay the application monies and your application is wholly or partially unsuccessful and/or the final Offer Price is different from the Offer Price initially paid on the application, refund cheque(s) will be sent to the address specified in your application instructions to the designated White Form eIPO Service Provider on or before Thursday, 22 November 2012, by ordinary post and at the applicant's own risk.

Please also note the additional information relating to refund of application monies overpaid, application money underpaid or applications rejected by the designated White Form eIPO Service Provider set out above in "Applying through White Form eIPO — Additional information".

(d) If you apply by giving electronic application instructions to HKSCC:

Allocation for 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 of such instructions is given will be treated as an applicant.

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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 on Thursday, 22 November 2012, or, in the event under a contingency, on any other date as shall be determined by HKSCC or HKSCC Nominees.
- We will publish the application results of CCASS Participant (and where the CCASS Participant is a broker or custodian, our Company will include information relating to the relevant beneficial owner, if supplied), 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 manner described in “How to Apply for Hong Kong Offer Shares — Publication of results” and to publish the basis of allotment of the Hong Kong Offer Shares in the newspapers on Thursday, 22 November 2012. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Thursday, 22 November 2012 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 Thursday, 22 November 2012. Immediately after the credit of the Hong Kong Offer Shares to your CCASS Investor Participant stock account and the credit of refund monies to your designated 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 price per Offer Share initially paid on application, in each case including brokerage of 1%, SFC transaction levy of 0.003% 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 Thursday, 22 November 2012. No interest will be paid on the application monies.

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Refund of application monies

If you do not receive any Hong Kong Offer Shares for any reason, our Company will refund your application monies, including the related brokerage of 1%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005%. No interest will be paid on the application monies.

If your application is accepted only in part, our Company will refund to you the appropriate portion of your application monies, including the related brokerage of 1%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005%, without interest.

If the Offer Price as finally determined is less than the price per Hong Kong Offer Share (excluding brokerage, SFC transaction levy and Stock Exchange trading fee) initially paid on application, our Company will refund to you the surplus application monies, together with the related brokerage of 1%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005% attributable to the surplus application monies, without interest.

All interest accrued before the date of despatch of refund cheques will be retained for our benefit.

In a contingency situation involving a substantial over-subscription, at the discretion of our Company and the 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 Thursday, 22 November 2012 in accordance with the various arrangements as described in this section.

13. COMMENCEMENT OF DEALINGS IN THE SHARES

Dealings in the Shares on the Stock Exchange are expected to commence at 9:00 a.m. on Friday, 23 November 2012.

The Shares will be traded in board lots of 2,000 each. The stock code of the Shares is 00884.

HOW TO APPLY FOR HONG KONG OFFER SHARES

14. SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the Shares and we comply with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares on the Stock Exchange or any other date HKSCC chooses. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second business day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Investors should seek the advice of their stockbroker or other professional adviser for details of the settlement arrangement as such arrangements may affect their rights and interests.

All necessary arrangements have been made enabling the Shares to be admitted into CCASS.

The following is the text of a report, prepared for the purpose of incorporation in this prospectus, received from Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, the reporting accountants of our Company.

Deloitte.
德勤

德勤·關黃陳方會計師行
香港金鐘道88號
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35/F One Pacific Place
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Hong Kong

13 November 2012

The Directors
CIFI Holdings (Group) Co. Ltd.
Citigroup Global Markets Asia Limited
Morgan Stanley Asia Limited
Standard Chartered Securities (Hong Kong) Limited

Dear Sirs,

We set out below our report on the financial information (the “Financial Information”) regarding CIFI Holdings (Group) Co. Ltd. (the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”) for each of the three years ended 31 December 2009, 2010, 2011 and the six months ended 30 June 2012 (the “Relevant Periods”) for inclusion in the prospectus of the Company in connection with the listing of the Company’s shares on the Main Board of The Stock Exchange of Hong Kong Limited dated 13 November 2012 (the “Prospectus”).

The Company was incorporated on 20 May 2011 and registered in the Cayman Islands 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 corporate reorganisation, as described more fully in the section headed “History, Reorganisation and Group Structure” in the Prospectus (the “Reorganisation”), the Company became the holding company of the companies now comprising the Group on 9 September 2011.

APPENDIX I
ACCOUNTANTS' REPORT OF THE GROUP

All subsidiaries have adopted 31 December as their financial year end date. As at the date of this report, the Company has direct and indirect interests in the following subsidiaries comprising the Group:

Name of subsidiary	Place and date of incorporation/ establishment	Equity interest attributable to the Group at				Date of report	Issued and fully paid share capital/ registered capital	Place of operation	Principal activities
		31 December			30 June				
		2009	2010	2011	2012				
Beijing Xudong Property Management Co., Ltd. 北京旭東物業管理有限公司	The People's Republic of China ("PRC") 31 May 2002	79.51%	79.51%	97.95%	100%	100%	Registered RMB3,000,000 Paid up capital RMB3,000,000	PRC	Property management
Beijing Xuhui Xingke Property Co., Ltd. 北京旭輝興科置業有限公司	PRC 12 August 2009	79.51%	79.51%	97.95%	100%	100%	Registered RMB100,000,000 Paid up capital RMB100,000,000	PRC	Property development
Beijing Xuhui Xingteng Property Co., Ltd. ("Beijing Xuhui Xingteng") 北京旭輝興騰置業有限公司	PRC 12 August 2009	79.51%	79.51%	97.95%	100%	100%	Registered RMB100,000,000 Paid up capital RMB100,000,000	PRC	Property development
Beijing Yongxu Property Co., Ltd. 北京永旭置業有限公司	PRC 5 April 2004	79.51%	79.51%	97.95%	100%	100%	Registered RMB20,000,000 Paid up capital RMB20,000,000	PRC	Property development
Beijing Wangxin Property Co., Ltd. 北京望馨置業有限公司	PRC 8 December 2003	79.51%	79.51%	97.95%	100%	100%	Registered RMB10,000,000 Paid up capital RMB10,000,000	PRC	Property development
Changsha Xuxiang Real Estate Development Co., Ltd. 長沙旭湘房地產開發有限公司	PRC 20 August 2007	79.51%	79.51%	97.95%	100%	100%	Registered RMB50,000,000 Paid up capital RMB50,000,000	PRC	Property development
Chongqing Xupeng Real Estate Development Co., Ltd. ("Chongqing Xupeng") 重慶旭鵬房地產開發有限公司	PRC 4 July 2005	79.51%	79.51%	97.95%	100%	100%	Registered RMB80,000,000 Paid up capital RMB80,000,000	PRC	Property development
CIFI Group Co., Ltd.(PRC) ("CIFI (PRC)") 旭輝集團股份有限公司	PRC 15 August 2000	79.51%	79.51%	97.95%	100%	100%	Registered RMB600,000,000 Paid up capital RMB600,000,000	PRC	Investment holding
Xu Sheng Limited ("Xu Sheng") 旭昇有限公司	The British Virgin Islands ("BVI") 9 May 2011	N/A	N/A	100%	100%	100%	Authorised USD50,000 Paid up capital USD1	Hong Kong	Investment holding

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Name of subsidiary	Place and date of incorporation/ establishment	Equity interest attributable to the Group at				Date of report	Issued and fully paid share capital/ registered capital	Place of operation	Principal activities
		31 December		30 June					
		2009	2010	2011	2012				
CIFI Enterprises Co. Limited ("CIFI Enterprises") (formerly known as CIFI (Holdings) Group Company Limited) 旭輝企發有限公司	Hong Kong 12 May 2011	N/A	N/A	100%	100%	100%	Authorised HK\$10,000 Paid up capital HK\$1	Hong Kong	Investment holding
Shanghai Hanpuka Commercial Management Co., Ltd. ("Shanghai Hanpuka") 上海漢普卡商業管理有限公司	PRC 17 August 2011	N/A	N/A	100%	100%	100%	Registered USD10,000,000 Paid up capital USD1,500,000	PRC	Investment holding
Fuzhou Wancheng Real Estate Development Co., Ltd. 福州萬誠房地產開發有限公司	PRC 14 July 2004	79.51%	79.51%	97.95%	100%	100%	Registered RMB10,000,000 Paid up capital RMB10,000,000	PRC	Property development
Fuzhou Xuteng Real Estate Development Co., Ltd. ("Fuzhou Xuteng Real Estate") 福州旭騰房地產開發有限公司	PRC 28 February 2005	79.51%	79.51%	97.95%	— [#]	— [#]	Registered RMB10,000,000 Paid up capital RMB10,000,000	PRC	Property development
Fuzhou Yongsheng Property Management Co., Ltd. 福州永升物業管理有限公司	PRC 17 November 1999	79.51%	79.51%	97.95%	100%	— [#]	Registered RMB1,000,000 Paid up capital RMB1,000,000	PRC	Property management
Fuzhou Yongsheng Real Estate Development Co., Ltd. ("Fuzhou Yongsheng Real Estate") 福州永升房地產開發有限公司	PRC 11 December 1998	79.51%	79.51%	97.95%	— [#]	— [#]	Registered RMB10,000,000 Paid up capital RMB10,000,000	PRC	Property development
Hefei Xuhai Real Estate Development Co., Ltd. 合肥旭海房地產開發有限公司	PRC 12 November 2007	79.51%	79.51%	97.95%	100%	100%	Registered RMB50,000,000 Paid up capital RMB50,000,000	PRC	Property development
Hunan Longsheng Property Development Co., Ltd. 湖南隆晟置業發展有限公司	PRC 29 May 2006	79.51%	79.51%	97.95%	100%	100%	Registered RMB50,000,000 Paid up capital RMB50,000,000	PRC	Property development
Shanghai Haiji Real Estate Co., Ltd. ("Shanghai Haiji") 上海海際房地產有限公司	PRC 11 March 2005	42.14%	42.14%	51.91%	53%	53%	Registered RMB170,000,000 Paid up capital RMB90,100,000	PRC	Property development

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Name of subsidiary	Place and date of incorporation/ establishment	Equity interest attributable to the Group at				Date of report	Issued and fully paid share capital/ registered capital	Place of operation	Principal activities
		31 December		30 June					
		2009	2010	2011	2012				
Shanghai Tongshuo Real Estate Development Co., Ltd. 上海同碩房地產發展有限公司	PRC 1 February 2005	60.03%	60.03%	73.95%	75.5%	75.5%	Registered RMB10,000,000 Paid up capital RMB7,550,000	PRC	Property development
Shanghai Xincheng Property Development Co., Ltd. 上海鑫辰置業發展有限公司	PRC 14 April 1998	79.51%	79.51%	97.95%	100%	100%	Registered RMB30,000,000 Paid up capital RMB30,000,000	PRC	Property development
Shanghai Xinbo Real Estate Co., Ltd. ("Shanghai Xinbo") 上海欣博房地產有限公司	PRC 13 March 2003	79.51%	79.51%	97.95%	100%	100%	Registered RMB80,000,000 Paid up capital RMB80,000,000	PRC	Property development
Shanghai Xinzhi Construction Co., Ltd. ("Shanghai Xinzhi") 上海新置建築工程有限公司	PRC 20 July 2005	79.51%	79.51%	97.95%	100%	100%	Registered RMB60,000,000 Paid up capital RMB60,000,000	PRC	Property construction
Shanghai Xuhui Investment Advisory Co., Ltd. ("Shanghai Xuhui Investment") 上海旭輝投資諮詢有限公司	PRC 9 November 2006	100%	100%	100%	100%	100%	Registered RMB160,000,000 Paid up capital RMB160,000,000	PRC	Investment holding
Xukai (Shanghai) Investment Consultant Co., Ltd. ("Xukai Shanghai Investment") 旭凱(上海)投資顧問有限公司	PRC 8 April 2005	100%	100%	100%	100%	100%	Registered RMB20,000,000 Paid up capital RMB20,000,000	PRC	Investment holding
Shanghai Xumei Business Investment Management Co., Ltd. 上海旭美商業投資管理有限公司	PRC 8 June 2010	N/A	79.51%	97.95%	100%	100%	Registered RMB20,000,000 Paid up capital RMB20,000,000	PRC	Property management
Shanghai Xubo Property Co., Ltd. ("Shanghai Xubo") 上海旭博置業有限公司	PRC 14 May 2010	N/A	79.51%	97.95%	100%	100%	Registered RMB100,000,000 Paid up capital RMB100,000,000	PRC	Property development
Shanghai Xuchuang Property Co., Ltd. ("Shanghai Xuchuang") 上海旭創置業有限公司	PRC 11 September 2007	79.51%	79.51%	97.95%	100%	100%	Registered RMB60,000,000 Paid up capital RMB60,000,000	PRC	Property development
Shanghai Xuhui Property Co., Ltd. 上海旭匯置業有限公司	PRC 14 October 2009	79.51%	79.51%	97.95%	100%	100%	Registered RMB35,000,000 Paid up capital RMB35,000,000	PRC	Property development

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Name of subsidiary	Place and date of incorporation/ establishment	Equity interest attributable to the Group at				Date of report	Issued and fully paid share capital/ registered capital	Place of operation	Principal activities
		31 December		30 June					
		2009	2010	2011	2012				
Shanghai Xuming Property Co., Ltd. 上海旭明置業有限公司	PRC 28 December 2010	N/A	79.51%	97.95%	100%	100%	Registered RMB100,000,000 Paid up capital RMB100,000,000	PRC	Property development
Shanghai Xupu Property Co., Ltd. ("Shanghai Xupu") 上海旭浦置業有限公司	PRC 5 November 2003	79.51%	77.12%	95.01%	97%	97%	Registered RMB30,000,000 Paid up capital RMB29,100,000	PRC	Property development
Shanghai Xusheng Real Estate Agency Co., Ltd. 上海旭盛房地產經紀有限公司	PRC 27 November 2006	79.51%	79.51%	97.95%	100%	100%	Registered RMB1,000,000 Paid up capital RMB1,000,000	PRC	Provision of property agency service
Shanghai Xufeng Real Estate Development Co., Ltd. 上海旭豐房地產開發有限公司	PRC 25 January 2005	79.51%	79.51%	97.95%	100%	100%	Registered RMB80,000,000 Paid up capital RMB80,000,000	PRC	Property development
Shanghai Xutai Real Estate Co., Ltd. ("Shanghai Xutai") 上海旭泰房地產有限公司	PRC 5 November 2010	N/A	79.51%	97.95%	100%	100%	Registered RMB59,000,000 Paid up capital RMB59,000,000	PRC	Property development
Shanghai Yonghui Real Estate Development Co., Ltd. 上海永匯房地產開發有限公司	PRC 18 April 2001	79.51%	79.51%	97.95%	100%	100%	Registered RMB10,000,000 Paid up capital RMB10,000,000	PRC	Property development
Shanghai Yongsheng Property Management Co., Ltd. ("Shanghai Yongsheng") 上海永升物業管理有限公司	PRC 31 May 2002	79.51%	79.51%	97.95%	100%	100%	Registered RMB10,000,000 Paid up capital RMB10,000,000	PRC	Property management
Shanghai Yijian Architectural Design & Consulting Co., Ltd. ("Shanghai Yijian") 上海藝建建築設計諮詢有限公司	PRC 12 August 2002	79.51%	79.51%	97.95%	100%	100%	Registered RMB1,000,000 Paid up capital RMB1,000,000	PRC	Provision of consultancy service
Xiamen Yongsheng Enterprise Development Co., Ltd. 廈門永升實業發展有限公司	PRC 20 November 1997	79.51%	79.51%	97.95%	100%	100%	Registered RMB45,000,000 Paid up capital RMB45,000,000	PRC	Property development
Xiamen Yongsheng Property Services Co., Ltd. ("Xiamen Yongsheng") 廈門市永升物業服務有限公司	PRC 13 November 1995	79.51%	79.51%	97.95%	100%	100%	Registered RMB3,000,000 Paid up capital RMB3,000,000	PRC	Property management
Zhenjiang City Xujiang Real Estate Development Co., Ltd. 鎮江市旭江房地產開發有限公司	PRC 4 February 2008	79.51%	79.51%	97.95%	100%	100%	Registered RMB20,000,000 Paid up capital RMB20,000,000	PRC	Property development

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Name of subsidiary	Place and date of incorporation/ establishment	Equity interest attributable to the Group at				Date of report	Issued and fully paid share capital/ registered capital	Place of operation	Principal activities
		31 December		30 June					
		2009	2010	2011	2012				
Zhenjiang City Xurun Real Estate Development Co., Ltd. ("Zhenjiang Xurun") 鎮江市旭潤房地產開發有限公司	PRC 19 July 2010	N/A	79.51%	97.95%	100%	100%	Registered RMB50,000,000 Paid up capital RMB50,000,000	PRC	Property development
Zhejiang Xuhui Property Co., Ltd. ("Zhejiang Xuhui") 浙江旭輝置業有限公司	PRC 23 August 2006	79.51%	79.51%	97.95%	100%	100%	Registered RMB100,000,000 Paid up capital RMB100,000,000	PRC	Property development
Zhongshi Real Estate Development Co., Ltd. ("Zhongshi Real Estate") 中石房地產開發有限公司	PRC 14 November 2006	79.51%	79.51%	97.95%	100%	100%	Registered RMB100,000,000 Paid up capital RMB100,000,000	PRC	Property development
Suzhou Xuhui High-Tech Property Co., Ltd. ("Suzhou Xuhui High-Tech") 蘇州旭輝高科置業有限公司	PRC 3 December 2009	79.51%	79.51%	97.95%	100%	100%	Registered RMB649,000,000 Paid up capital RMB649,000,000	PRC	Property development
Suzhou Xuhui Property Co., Ltd. 蘇州旭輝置業有限公司	PRC 13 March 2007	79.51%	79.51%	97.95%	100%	100%	Registered RMB140,000,000 Paid up capital RMB140,000,000	PRC	Property development
Suzhou Xuhui Xingteng Property Co., Ltd. ("Suzhou Xuhui Xingteng") 蘇州旭輝興騰置業有限公司	PRC 3 December 2009	79.51%	79.51%	97.95%	100%	100%	Registered RMB191,000,000 Paid up capital RMB191,000,000	PRC	Property development
Beijing Xuhui Sunshine Property Co., Ltd. ("Beijing Xuhui Sunshine") 北京旭輝陽光置業有限公司	PRC 13 January 2011	N/A	N/A	78.36%	80%	80%	Registered RMB100,000,000 Paid up capital RMB80,000,000	PRC	Property development
Beijing Xuxingcheng Property Co., Ltd. 北京旭興城置業有限公司	PRC 13 January 2011	N/A	N/A	97.95%	100%	100%	Registered RMB10,000,000 Paid up capital RMB10,000,000	PRC	Property development
Jiaxing Xumei Business Management Co., Ltd. 嘉興旭美商業管理有限公司	PRC 20 January 2011	N/A	N/A	97.95%	100%	100%	Registered RMB5,000,000 Paid up capital RMB5,000,000	PRC	Property management
Chongqing Xuchang Real Estate Development Co., Ltd. 重慶旭昌房地產開發有限公司	PRC 10 March 2011	N/A	N/A	97.95%	100%	100%	Registered RMB20,000,000 Paid up capital RMB20,000,000	PRC	Property development

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		31 December		30 June					
		2009	2010	2011	2012				
Hefei Xubin Real Estate Development Co., Ltd. ("Hefei Xubin") 合肥旭濱房地產開發有限公司	PRC 19 January 2011	N/A	N/A	97.95%	100%	100%	Registered RMB200,000,000 Paid up capital RMB200,000,000	PRC	Property development
Shanghai Xubang Property Co., Ltd. ("Shanghai Xubang") 上海旭邦置業有限公司	PRC 14 April 2011	N/A	N/A	97.95%	100%	100%	Registered RMB30,000,000 Paid up capital RMB30,000,000	PRC	Property development
Shanghai Xuyu Property Co., Ltd. ("Shanghai Xuyu") 上海旭煜置業有限公司	PRC 12 January 2011	N/A	N/A	97.95%	100%	100%	Registered RMB39,000,000 Paid up capital RMB39,000,000	PRC	Property development
Changsha Xuhai Real Estate Development Co., Ltd. ("Changsha Xuhai") 長沙旭海房地產開發有限公司	PRC 10 June 2011	N/A	N/A	97.95%	100%	100%	Registered RMB100,000,000 Paid up capital RMB100,000,000	PRC	Property development
Beijing Xuhui Xingsheng Property Co., Ltd. 北京旭輝興勝置業有限公司	PRC 16 June 2011	N/A	N/A	97.95%	100%	100%	Registered RMB10,000,000 Paid up capital RMB10,000,000	PRC	Property development
Shanghai Xujia Property Co., Ltd. ("Shanghai Xujia") 上海旭嘉置業有限公司	PRC 23 June 2011	N/A	N/A	97.95%	100%	100%	Registered RMB10,000,000 Paid up capital RMB10,000,000	PRC	Property development
Tangshan Xuhui Yiwen Real Estate Development Co., Ltd. ("Tangshan Xuhui") 唐山旭輝藝文房地產開發有限公司	PRC 7 July 2011	N/A	N/A	78.36%	80%	80%	Registered RMB10,000,000 Paid up capital RMB8,000,000	PRC	Property development
Tianjin Xuhai Real Estate Development Co., Ltd. ("Tianjin Xuhai") 天津旭海房地產開發有限公司	PRC 5 August 2011	N/A	N/A	97.95%	100%	100%	Registered RMB100,000,000 Paid up capital RMB100,000,000	PRC	Property development
Shanghai Xuqiang Property Co., Ltd. ("Shanghai Xuqiang") 上海旭強置業有限公司	PRC 19 September 2011	N/A	N/A	97.95%	100%	100%	Registered RMB10,000,000 Paid up capital RMB10,000,000	PRC	Property development
Changsha Lilongchang Real Estate Development Co., Ltd. ("Changsha Lilongchang") 長沙利隆昌房地產開發有限公司	PRC 6 September 2011	N/A	N/A	97.95%	100%	100%	Registered RMB10,000,000 Paid up capital RMB10,000,000	PRC	Property development
Xu Ming Limited ("Xu Ming") 旭名有限公司	BVI 20 September 2011	N/A	N/A	100%	100%	100%*	Authorised USD50,000 Paid up capital USD1	Hong Kong	Investment holding

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Name of subsidiary	Place and date of incorporation/ establishment	Equity interest attributable to the Group at				Date of report	Issued and fully paid share capital/ registered capital	Place of operation	Principal activities
		31 December		30 June					
		2009	2010	2011	2012				
Xu Ming (HK) Limited ("Xu Ming (HK)") 旭名(香港)有限公司	Hong Kong 27 September 2011	N/A	N/A	100%	100%	100%*	Authorised HK\$10,000 Paid up capital HK\$1	Hong Kong	Investment holding
Beijing Xuhui Shunxin Property Co., Ltd. ("Beijing Xuhui Shunxin") 北京旭輝順欣置業有限公司	PRC 12 December 2011	N/A	N/A	97.95%	100%	100%	Registered RMB100,000,000 Paid up capital RMB100,000,000	PRC	Property development
Suzhou Xu Ming Property Development Co., Ltd. ("Suzhou Xu Ming") 蘇州旭名置業有限公司	PRC 29 May 2012	N/A	N/A	N/A	100%	100%*	Registered RMB560,000,000 Paid up capital RMB557,716,710	PRC	Property development
Tianjin Xu Bin Creative Industrial Park Managements Limited ("Tianjin Xubin") 天津旭濱創意產業園管理有限公司	PRC 25 July 2012	N/A	N/A	N/A	N/A	100%	Registered USD20,000,000 Paid up capital nil	PRC	Property development
Shanghai Xutong Property Co., Ltd. ("Shanghai Xutong") 上海旭通置業有限公司	PRC 8 August 2012	N/A	N/A	N/A	N/A	100%	Registered RMB10,000,000 Paid up capital RMB10,000,000	PRC	Property development
Tianjin Shijixing Real Estate Development Co., Limited ("Tianjin Shijixing") 天津世紀興房地產開發有限公司	PRC 16 April 2010	N/A	N/A	N/A	N/A	51%	Registered RMB61,224,500 Paid up capital RMB31,224,500	PRC	Property development
Shanghai Xuhe Property Co., Ltd. 上海旭和置業有限公司	PRC 24 October 2012	N/A	N/A	N/A	N/A	100%	Registered RMB10,000,000 Paid up capital RMB10,000,000	PRC	Property development
Beijing Xudong Property Co., Ltd. 北京旭東置業有限公司	PRC 12 October 2001	79.51%	— #	— #	— #	— #	Registered RMB30,000,000 Paid up capital RMB30,000,000	PRC	Property development
Beijing Xuheng Property Co., Ltd. ("Beijing Xuheng") 北京旭恒置業有限公司	PRC 7 March 2007	79.51%	— **	— **	— **	— **	Registered RMB10,000,000 Paid up capital RMB10,000,000	PRC	Property development
Changsha Xuxing Real Estate Development Co., Ltd. ("Changsha Xuxing") 長沙旭星房地產開發有限公司	PRC 24 December 2007	79.51%	— **	— **	— **	— **	Registered RMB60,000,000 Paid up capital RMB60,000,000	PRC	Property development
Shanghai Yiyi Property Co., Ltd. ("Shanghai Yiyi") 上海益壹置業有限公司	PRC 15 October 2002	79.51%	79.51%	— **	— **	— **	Registered RMB10,000,000 Paid up capital RMB10,000,000	PRC	Property development

Name of subsidiary	Place and date of incorporation/ establishment	Equity interest attributable to the Group at				Date of report	Issued and fully paid share capital/ registered capital	Place of operation	Principal activities
		31 December		30 June					
		2009	2010	2011	2012				
Jiaxing Xucai Department Store Co., Ltd. ("Jiaxing Xucai") 嘉興旭彩百貨有限公司	PRC 17 June 2011	N/A	N/A	—**	—**	—**	Registered RMB20,000,000 Paid up capital RMB20,000,000	PRC	Inactive

* Pursuant to Suzhou Xu Ming Arrangement as defined in the Prospectus, these companies are held by a minority shareholder of the Company and entrusted the Group to be responsible for day-to-day operations and management of the companies and the Group retains management control over the activities of these companies.

These companies are consolidated as the substance of the relationship under the Suzhou Xu Ming Arrangement indicates that these companies are controlled by the Group under IFRS.

More details of the Suzhou Xu Ming Arrangement were set out in the section headed "Business" in the Prospectus.

** The entities were disposed of during the Relevant Periods. (note 31)

The entities were deregistered during the Relevant Periods.

No statutory audited financial statements have been prepared for the Company, Xu Sheng and Xu Ming since they are incorporated in jurisdictions where there is no statutory audit requirement. No audited financial statements have been prepared for Shanghai Hanpuka since the date of establishment as it has not carried on any business. No audited financial statements have been prepared for Xu Ming (HK) for the period from the date of incorporation to 30 June 2012 as it has not reached its first financial year end date requiring statutory audit. For the purpose of this report, we have, however, reviewed all the relevant transactions of the Company, Xu Sheng, Shanghai Hanpuka, Xu Ming and Xu Ming (HK) since their respective dates of incorporation/establishment and carried out such procedures as we considered necessary for inclusion of the financial information relating to these companies in this report.

No audited financial statements of Tianjin Xuhai, Tangshan Xuhui, Shanghai Xuqiang, Changsha Lilongchang, Beijing Xuhui Shunxin and Suzhou Xu Ming have been prepared since their respective dates of establishment as they have not reached their first financial year end date requiring statutory audit. For the purpose of this report, we have, however, reviewed all the relevant transactions of Tianjin Xuhai, Tangshan Xuhui, Shanghai Xuqiang, Changsha Lilongchang, Beijing Xuhui Shunxin and Suzhou Xu Ming since their respective dates of establishment and carried out such procedures as we considered necessary for inclusion of the financial information relating to these companies in the report.

The statutory financial statements of CIFI Enterprises which is incorporated in Hong Kong were prepared in accordance with the International Financial Reporting Standards. The statutory financial statements of CIFI Enterprises for the period from the date of incorporation to 31 December 2011 were audited by us.

The statutory financial statements of Shanghai Xuhui Investment and Xukai Shanghai Investment which are established in the PRC were prepared in accordance with the relevant accounting rules and

financial regulations applicable to PRC enterprises. The statutory financial statements of Shanghai Xuhui Investment were audited by Shanghai Jinxin Certified Public Accountants Co., Ltd. (上海錦鑫會計師事務所有限公司), a firm of certified public accountants registered in the PRC, for the year ended 31 December 2009, and Shanghai Junzhihe Certified Public Accountants Co., Ltd. (上海君之合會計師事務所有限公司), a firm of certified public accountants registered in the PRC, for each of the two years ended 31 December 2011. The statutory financial statements of Xukai Shanghai Investment for each of the two years ended 31 December 2010 and for the year ended 31 December 2011 were audited by Shanghai Yongcheng Certified Public Accountants Co., Ltd. (上海永誠會計師事務所有限公司), a firm of certified public accountants registered in the PRC, and Shanghai Junzhihe Certified Public Accountants Co., Ltd. (上海君之合會計師事務所有限公司), a firm of certified public accountants registered in the PRC, respectively.

The consolidated financial statements of CIFI (PRC) and its subsidiaries, except as aforementioned, prepared in accordance with the relevant accounting rules and financial regulations applicable to PRC enterprises for each of the two years ended 31 December 2010 were audited by BDO China Shu Lun Pan Certified Public Accountants LLP (立信會計師事務所有限公司), a firm of certified public accountants registered in the PRC.

For the purpose of this report, the directors of the Company have prepared the consolidated financial statements of the Group for the Relevant Periods, in accordance with the International Financial Reporting Standards (the “Underlying Financial Statements”). We have undertaken an independent audit on the Underlying Financial Statements in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

We have examined the Underlying Financial Statements in accordance with the Auditing Guideline 3.340 “Prospectuses and the Reporting Accountant” as recommended by the HKICPA.

The Financial Information of the Group for the Relevant Periods as set out in this report has been prepared from the Underlying Financial Statements on the basis set out in note 1 of section A below. No adjustments were deemed necessary by us to the Underlying Financial Statements in preparing our report for inclusion in the Prospectus.

The Underlying Financial Statements are the responsibility of the directors of the Company, who approved their issue. The directors of the Company are responsible for the contents of the Prospectus in which this report is included. It is our responsibilities to compile the Financial Information set out in this report from the Underlying Financial Statements, to form an independent opinion on the Financial Information and to report our opinion to you.

In our opinion, on the basis of presentation set out in note 1 of section A below, the Financial Information gives, for the purpose of this report, a true and fair view of the state of affairs of the Company at 31 December 2011 and 30 June 2012 and of the Group at 31 December 2009, 31 December 2010, 31 December 2011 and 30 June 2012, and of the consolidated results and consolidated cash flows of the Group for each of the three years ended 31 December 2011 and the six months ended 30 June 2012.

The corresponding consolidated statement of comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity of the Group for the six months ended 30 June 2011 together with the notes thereon have been extracted from the Group's unaudited consolidated financial information for the same period (the "Interim Financial Information") which was prepared by the directors of the Company solely for the purpose of this report. We conducted our review of the Interim Financial Information in accordance with the Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. Our review of the Interim 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 on the Interim Financial Information. Based on our review, nothing has come to our attention that causes us to believe that the Interim Financial Information is not prepared, in all material respects, in accordance with the accounting policies consistent with those used in the preparation of the Financial Information, which conform with the International Financial Reporting Standards.

A. FINANCIAL INFORMATION

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	NOTES	Year ended 31 December			Six months ended 30 June	
		2009	2010	2011	2011	2012
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
						(unaudited)
Revenue	5	2,631,460	4,162,440	4,008,330	372,195	2,001,487
Cost of sales		(1,834,860)	(3,051,648)	(2,638,839)	(211,638)	(1,434,519)
Gross profit		796,600	1,110,792	1,369,491	160,557	566,968
Other income	7	19,233	15,594	16,785	7,510	10,862
(Loss) gain on disposal of subsidiaries	31	—	(2,076)	82,228	84,313	—
Fair value gain upon transfer to investment properties		32,289	—	1,025,365	252,481	905,083
Change in fair value of investment properties		23,284	141,719	123,455	81,821	60,536
Change in fair value of trust loans related derivatives		—	—	(15,000)	—	11,000
Selling and marketing expenses		(36,730)	(74,059)	(140,945)	(49,044)	(86,706)
Administrative expenses		(106,928)	(127,932)	(216,723)	(98,256)	(147,538)
Other expenses		—	—	(4,644)	—	(7,787)
Finance costs	8	(16,949)	(30,031)	(35,508)	(19,019)	(31,387)
Profit before taxation		710,799	1,034,007	2,204,504	420,363	1,281,031
Income tax expense	9	(261,998)	(359,046)	(742,449)	(154,180)	(431,133)
Profit and total comprehensive income for the year/period	10	<u>448,801</u>	<u>674,961</u>	<u>1,462,055</u>	<u>266,183</u>	<u>849,898</u>
Attributable to:						
Equity owners of the Company		342,045	474,176	1,336,920	190,572	808,673
Non-controlling interests		<u>106,756</u>	<u>200,785</u>	<u>125,135</u>	<u>75,611</u>	<u>41,225</u>
Profit and total comprehensive income for the year/period		<u>448,801</u>	<u>674,961</u>	<u>1,462,055</u>	<u>266,183</u>	<u>849,898</u>

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	NOTES	At 31 December			At 30 June
		2009	2010	2011	2012
		RMB'000	RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS					
Investment properties	14	502,100	579,900	2,231,300	3,398,200
Property, plant and equipment	15	81,393	90,016	106,286	116,877
Prepaid lease payments	16	46,676	46,676	46,676	88,719
Available-for-sale investment	17	9,463	9,463	9,463	9,463
Restricted cash	23	—	21,768	21,768	21,768
Deferred taxation assets	28	55,170	64,613	63,483	82,680
		<u>694,802</u>	<u>812,436</u>	<u>2,478,976</u>	<u>3,717,707</u>
CURRENT ASSETS					
Properties held for sale	18	429,620	341,984	1,161,790	1,029,900
Properties under development	19	4,076,023	7,167,658	10,880,027	13,614,907
Accounts and other receivables, deposits and prepayments	20	166,190	341,253	576,368	691,968
Amounts due from non-controlling interests	21	—	—	2,000	35,600
Deposits for land use rights for properties held for sale		775,055	544,280	1,379,096	940,846
Taxation recoverable		18,306	20,795	172,745	183,300
Investments held for trading	22	1,640	1,599	—	—
Bank balances and cash	23	1,359,839	2,156,546	2,573,896	1,707,196
		<u>6,826,673</u>	<u>10,574,115</u>	<u>16,745,922</u>	<u>18,203,717</u>
CURRENT LIABILITIES					
Accounts payable and accrued charges	24	593,483	926,083	1,747,371	1,897,935
Deposits received from property sales		2,244,520	3,094,630	4,726,260	6,186,886
Amounts due to non-controlling interests	21	223,903	215,673	186,037	186,458
Taxation payable		309,082	437,299	655,253	592,565
Bank and other borrowings - due within one year	25	774,270	1,327,100	1,922,656	2,942,490
Trust loans related derivatives	26	—	—	50,000	61,000
		<u>4,145,258</u>	<u>6,000,785</u>	<u>9,287,577</u>	<u>11,867,334</u>

APPENDIX I
ACCOUNTANTS' REPORT OF THE GROUP

	NOTES	At 31 December			At 30 June
		2009	2010	2011	2012
		RMB'000	RMB'000	RMB'000	RMB'000
NET CURRENT ASSETS		<u>2,681,415</u>	<u>4,573,330</u>	<u>7,458,345</u>	<u>6,336,383</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>3,376,217</u>	<u>5,385,766</u>	<u>9,937,321</u>	<u>10,054,090</u>
CAPITAL AND RESERVES					
Paid-in/Share capital	27	180,000	180,000	10,449	10,449
Reserves		<u>1,191,136</u>	<u>1,655,312</u>	<u>3,260,179</u>	<u>4,092,617</u>
Equity attributable to equity owners of the Company		1,371,136	1,835,312	3,270,628	4,103,066
Non-controlling interests		<u>583,817</u>	<u>773,454</u>	<u>373,867</u>	<u>334,071</u>
TOTAL EQUITY		<u>1,954,953</u>	<u>2,608,766</u>	<u>3,644,495</u>	<u>4,437,137</u>
NON-CURRENT LIABILITIES					
Bank and other borrowings - due after one year	25	1,361,000	2,648,380	5,828,896	4,921,313
Trust loans related derivatives	26	—	35,000	82,000	60,000
Deferred taxation liabilities	28	<u>60,264</u>	<u>93,620</u>	<u>381,930</u>	<u>635,640</u>
		<u>1,421,264</u>	<u>2,777,000</u>	<u>6,292,826</u>	<u>5,616,953</u>
		<u>3,376,217</u>	<u>5,385,766</u>	<u>9,937,321</u>	<u>10,054,090</u>

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to equity owners of the Company							Total
	Paid in/ Share capital	Share premium	Special reserve	Statutory surplus reserve	Retained profits	Total	Non- controlling interests	
	RMB'000	RMB'000	RMB'000 (Note 1)	RMB'000 (Note 2)	RMB'000	RMB'000	RMB'000	
At 1 January 2009	180,000	—	175,071	117,412	637,319	1,109,802	296,364	1,406,166
Profit and total comprehensive income for the year	—	—	—	—	342,045	342,045	106,756	448,801
Appropriations to reserve	—	—	—	39,953	(39,953)	—	—	—
Dividend paid	—	—	—	—	(3,000)	(3,000)	—	(3,000)
Dividend paid to non-controlling interests	—	—	—	—	—	—	(7,679)	(7,679)
Disposal of partial interest in a subsidiary to non-controlling interests (note 1(i))	—	—	(77,711)	—	—	(77,711)	188,376	110,665
At 31 December 2009	180,000	—	97,360	157,365	936,411	1,371,136	583,817	1,954,953
Profit and total comprehensive income for the year	—	—	—	—	474,176	474,176	200,785	674,961
Appropriations to reserve	—	—	—	108,815	(108,815)	—	—	—
Dividend paid	—	—	—	—	(10,000)	(10,000)	—	(10,000)
Dividend paid to non-controlling interests	—	—	—	—	—	—	(12,053)	(12,053)
Disposal of partial interest in a subsidiary to a non-controlling interest (note 1(i))	—	—	—	—	—	—	905	905
At 31 December 2010	180,000	—	97,360	266,180	1,291,772	1,835,312	773,454	2,608,766

	Attributable to equity owners of the Company							
	Paid in/ Share capital	Share premium	Special reserve	Statutory surplus reserve	Retained profits	Total	Non- controlling interests	Total
	RMB'000	RMB'000	RMB'000 (Note 1)	RMB'000 (Note 2)	RMB'000	RMB'000	RMB'000	RMB'000
Profit and total comprehensive income for the year	—	—	—	—	1,336,920	1,336,920	125,135	1,462,055
Appropriations to reserve	—	—	—	49,291	(49,291)	—	—	—
Dividend paid	—	—	—	—	(26,000)	(26,000)	—	(26,000)
Capital injection from non-controlling interests	—	—	—	—	—	—	22,000	22,000
Special reserve released upon disposal of a subsidiary (note 1(ii))	—	—	4,589	—	(4,589)	—	—	—
Distribution to the Ultimate Shareholders (note 1(iii))	—	—	(56,286)	—	—	(56,286)	—	(56,286)
Acquisition of additional interest in a subsidiary from non-controlling interests upon Reorganisation (note 1(iii))	—	—	120,507	—	—	120,507	(546,722)	(426,215)
Issue at date of incorporation	—	—	—	—	—	—	—	—
Issue of shares	10,449	236,442	—	—	—	246,891	—	246,891
Effect of the Reorganisation (note 1(iv))	(180,000)	—	(6,716)	—	—	(186,716)	—	(186,716)
At 31 December 2011	<u>10,449</u>	<u>236,442</u>	<u>159,454</u>	<u>315,471</u>	<u>2,548,812</u>	<u>3,270,628</u>	<u>373,867</u>	<u>3,644,495</u>
Profit and total comprehensive income for the period	—	—	—	—	808,673	808,673	41,225	849,898
Acquisition of additional interest in a subsidiary from non-controlling interest (note 1(v))	—	—	23,765	—	—	23,765	(81,021)	(57,256)
Reserves released upon deregistration of subsidiaries (note 1(vi))	—	—	3,746	(2,433)	(1,313)	—	—	—
At 30 June 2012	<u>10,449</u>	<u>236,442</u>	<u>186,965</u>	<u>313,038</u>	<u>3,356,172</u>	<u>4,103,066</u>	<u>334,071</u>	<u>4,437,137</u>

	Attributable to equity owners of the Company							
	Paid in/ Share capital	Share premium	Special reserve	Statutory surplus reserve	Retained profits	Total	Non- controlling interests	Total
	RMB'000	RMB'000	RMB'000 (Note 1)	RMB'000 (Note 2)	RMB'000	RMB'000	RMB'000	RMB'000
Unaudited								
At 31 December 2010	180,000	—	97,360	266,180	1,291,772	1,835,312	773,454	2,608,766
Profit and total comprehensive income for the period	—	—	—	—	190,572	190,572	75,611	266,183
Dividend paid	—	—	—	—	(26,000)	(26,000)	—	(26,000)
Capital injection from a non-controlling interest	—	—	—	—	—	—	20,000	20,000
Special reserve released upon disposal of a subsidiary (note 1(ii))	—	—	4,589	—	(4,589)	—	—	—
Distribution to the Ultimate Shareholders (note 1(iii))	—	—	(56,286)	—	—	(56,286)	—	(56,286)
Acquisition of additional interest in a subsidiary from non-controlling interests upon Reorganisation (note 1(iii))	—	—	120,507	—	—	120,507	(546,722)	(426,215)
At 30 June 2011	<u>180,000</u>	<u>—</u>	<u>166,170</u>	<u>266,180</u>	<u>1,451,755</u>	<u>2,064,105</u>	<u>322,343</u>	<u>2,386,448</u>

Notes:

- Special reserve as at 1 January 2009 mainly represents contribution surplus from shareholders of CIFI (PRC), the adjustments on the non-controlling interests arising upon Reorganisation and elimination of the excess of the consideration paid over the registered capital of Shanghai Xinzhi, Shanghai Yongsheng, Xiamen Yongsheng, Shanghai Yiyi, Fuzhou Yongsheng Real Estate and Shanghai Yijian acquired by the Group in previous years. The acquisitions were classified as common control combination of the Group as these companies were owned by certain Ultimate Shareholders (as defined in note 1 to the Financial Information) before transfer of their entire interest to the Group.

In addition, 23% equity interest in Shanxi Xuqing and 30% equity interest in Shanghai Xinbo were acquired by the Group from the non-controlling interests at a consideration of RMB4,517,000 and RMB24,000,000 respectively in 2008. A difference between the consideration paid and the equity interests of the non-controlling interests at the respective date of acquisition of additional interests in Shanxi Xuqing and Shanghai Xinbo was recognised and included in the reserve as at 1 January 2009.

- (i) The Group disposed of partially its 37.37% equity interest and 2.39% equity interest in its subsidiaries, Shanghai Haiji during the year ended 31 December 2009 and Shanghai Xupu during the year ended 31 December 2010, at a cash consideration of RMB110,665,000 and RMB905,000, respectively. With reference to the carrying value of interest in Shanghai Haiji, a difference of RMB77,711,000 as compared with the cash consideration was recognised in reserve during the year ended 31 December 2009.
 - (ii) The Group disposed of Shanghai Yiyi during the year ended 31 December 2011, reserve of RMB4,589,000 previously recognised upon its acquisition of additional interest from non-controlling interest was transferred directly to retained profits upon the disposal.
 - (iii) On 17 April 2011, Shanghai Xuhui Investment and Xukai Shanghai Investment acquired 18.44% equity interest of CIFI (PRC) held by non-controlling interests at an aggregate cash consideration of RMB426,215,000. A difference between the consideration paid and the equity interests of the non-controlling interests at the date of acquisition of additional interest in CIFI (PRC) amounting to RMB120,507,000 was recognised in the reserve. On the same date, the Group distributed RMB56,286,000 to the Ultimate Shareholders (as defined in note 1 to the Financial Information) in exchange of transferring their equity interests in CIFI (PRC) to Xukai Shanghai Investment.
 - (iv) On 9 September 2011, Shanghai Hanpuka acquired the entire equity interests in Shanghai Xuhui Investment and Xukai Shanghai Investment from the Ultimate Shareholders (as defined in note 1 to the Financial Information) at a cash consideration of RMB186,716,000 in aggregate determined with reference to the net asset value of Shanghai Xuhui Investment and Xukai Shanghai Investment as at 30 June 2011 appraised by a professional valuer. A difference between the consideration paid and the paid-in capital of Shanghai Xuhui Investment and Xukai Shanghai Investment at the date of acquisition amounting to RMB6,716,000 was recognised in the reserve.
 - (v) On 28 April 2012, Shanghai Xuhui Investment acquired 2.05% equity interest in CIFI (PRC) from a non-controlling interest at a cash consideration of RMB57,256,000. A difference between the consideration paid and the equity interest of the non-controlling interest at the date of acquisition of additional interest in CIFI (PRC) amounting to RMB23,765,000 was recognised in the reserve.
 - (vi) The Group deregistered Fuzhou Yongsheng Real Estate and Fuzhou Xuteng Real Estate during the six months ended 30 June 2012, reserve of RMB3,746,000 previously recognised upon the acquisition of additional interest of Fuzhou Yongsheng Real Estate from non-controlling interest together with statutory surplus reserve of RMB2,433,000 were transferred directly to retained profits upon the deregistration.
2. In accordance with the Articles of Association of all subsidiaries established in the PRC, those subsidiaries are required to transfer 5% to 10% of the profit after taxation to the statutory surplus reserve until the reserve reaches 50% of the registered capital. Transfer to this reserve must be made before distributing dividends to equity holders. The statutory surplus reserve can be used to make up for previous years' losses, expand the existing operations or convert into additional capital of the subsidiaries.

CONSOLIDATED STATEMENTS OF CASH FLOWS

NOTES	Year ended 31 December			Six months ended 30 June	
	2009	2010	2011	2011	2012
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				<i>(unaudited)</i>	
OPERATING ACTIVITIES					
Profit before taxation	710,799	1,034,007	2,204,504	420,363	1,281,031
Adjustments for:					
Finance costs	16,949	30,031	35,508	19,019	31,387
(Write-back of) allowance for doubtful debts, net	(1,159)	2,265	(1,230)	(1,230)	(792)
Depreciation of property, plant and equipment	3,963	5,150	10,895	3,223	6,385
Gain on change in fair value of investments held for trading	(3,039)	(1,715)	(286)	(286)	—
Fair value gain upon transfer to investment properties	(32,289)	—	(1,025,365)	(252,481)	(905,083)
Fair value loss (gain) on trust loans related derivatives	—	—	15,000	—	(11,000)
Increase in fair value of investment properties	(23,284)	(141,719)	(123,455)	(81,821)	(60,536)
Loss (gain) on disposal of property, plant and equipment, net	113	1	(98)	(98)	(44)
Loss (gain) on disposal of subsidiaries	—	2,076	(82,228)	(84,313)	—
Interest income	(4,191)	(7,509)	(13,371)	(4,814)	(5,344)
Dividend income from available-for-sale investment	(382)	(898)	(1,078)	—	(1,312)
Operating cash flows before movements in working capital	667,480	921,689	1,018,796	17,562	334,692
Decrease (increase) in properties held for sale	74,747	87,636	(1,235,677)	25,132	(72,179)

APPENDIX I
ACCOUNTANTS' REPORT OF THE GROUP

NOTES	Year ended 31 December			Six months ended 30 June	
	2009	2010	2011	2011	2012
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				<i>(unaudited)</i>	
Increase in properties under development	(121,531)	(2,967,181)	(3,198,044)	(2,943,559)	(2,405,301)
(Increase) decrease in deposits for land use rights for properties held for sale	(612,261)	230,775	(834,816)	(950,423)	438,250
Decrease (increase) in accounts and other receivables, deposits and prepayments	132,709	(174,331)	(255,156)	(103,677)	(114,808)
Decrease in investments held for trading	2,882	1,756	1,885	1,885	—
Increase in accounts payable and accrued charges	140,592	326,852	563,173	135,922	165,929
Increase in deposits received from property sales	405,348	850,110	1,631,630	1,915,713	1,460,626
Cash generated from (used in) operations	689,966	(722,694)	(2,308,209)	(1,901,445)	(192,791)
PRC income tax paid	(148,459)	(209,405)	(387,005)	(301,461)	(269,863)
NET CASH GENERATED FROM (USED IN) OPERATING ACTIVITIES	541,507	(932,099)	(2,695,214)	(2,202,906)	(462,654)
INVESTING ACTIVITIES					
Purchase of property, plant and equipment	(6,642)	(14,085)	(27,727)	(15,624)	(5,259)
Net cash outflow from acquisition of a subsidiary	29 (399,428)	—	—	—	—
Additions to investment properties under development	—	(25,081)	(111,609)	(15,879)	(8,743)
Acquisition of available-for-sale investment	(4,905)	—	—	—	—
Interest received	4,191	7,509	13,371	4,814	5,344
Net cash inflow from disposal of subsidiaries	31 —	214,790	79,819	8,754	—
Proceeds from disposal of property, plant and equipment	2,461	310	146	146	178
Dividends received from available-for-sale investment	382	898	1,078	—	1,312
Repayment from related companies	110	849	13,527	13,527	—
Advances to related companies	(210)	(50)	—	—	—
Advances to directors of the Company	—	(15,600)	—	—	—
Advances to non-controlling interests	—	—	(2,000)	(2,000)	(33,600)
Repayment from directors of the Company	—	11,800	3,800	3,800	—
Placement of restricted cash	—	(21,768)	—	—	—
NET CASH (USED IN) FROM INVESTING ACTIVITIES	(404,041)	159,572	(29,595)	(2,462)	(40,768)

NOTES	Year ended 31 December			Six months ended 30 June	
	2009	2010	2011	2011	2012
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				<i>(unaudited)</i>	
FINANCING ACTIVITIES					
New bank and other borrowings raised	1,844,320	5,140,900	6,758,206	3,579,070	1,323,051
Repayment of bank and other borrowings	(892,870)	(3,265,690)	(2,883,500)	(993,950)	(1,252,347)
Interest paid	(178,883)	(282,661)	(441,943)	(238,758)	(336,647)
Dividends paid	(3,000)	(10,000)	(26,000)	(25,888)	—
Dividends paid to non-controlling interests	(7,679)	(12,053)	—	—	—
Distribution to the Ultimate Shareholders upon the Reorganisation	—	—	(56,286)	(56,286)	—
Effect of the Reorganisation	—	—	(186,716)	—	—
Advances from non-controlling interests	221,427	2,970	116,106	92,350	39,600
Repayments to non-controlling interests	—	(11,200)	(145,742)	(943)	(39,179)
Capital injection from non-controlling interests	110,665	905	22,000	20,000	—
Acquisition of additional interest in a subsidiary from non-controlling interests	30	—	(426,215)	(426,215)	(57,256)
Issue of shares	—	—	246,891	—	—
Advances from related companies	800	6,000	—	—	—
Repayments to related companies	—	—	(9,550)	(9,550)	—
Advances from directors of the Company	3,000	63	2,808	—	—
Repayments to directors of the Company	(5,500)	—	(5,500)	(5,500)	—
Advance from an independent party	—	—	177,600	—	—
Repayment to an independent party	—	—	—	—	(40,500)
NET CASH FROM (USED IN) FINANCING ACTIVITIES	<u>1,092,280</u>	<u>1,569,234</u>	<u>3,142,159</u>	<u>1,934,330</u>	<u>(363,278)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,229,746	796,707	417,350	(271,038)	(866,700)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR/PERIOD	<u>130,093</u>	<u>1,359,839</u>	<u>2,156,546</u>	<u>2,156,546</u>	<u>2,573,896</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR/PERIOD	<u><u>1,359,839</u></u>	<u><u>2,156,546</u></u>	<u><u>2,573,896</u></u>	<u><u>1,885,508</u></u>	<u><u>1,707,196</u></u>
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS					
Bank balances and cash	<u>1,359,839</u>	<u>2,156,546</u>	<u>2,573,896</u>	<u>1,885,508</u>	<u>1,707,196</u>

NOTES TO THE FINANCIAL INFORMATION

1. BASIS OF PRESENTATION OF FINANCIAL INFORMATION

Pursuant to the Reorganisation, which was completed by interspersing Xu Sheng, CIFI Enterprises, Shanghai Hanpuka between Mr Lin Zhong, Mr Lin Wei and Mr Lin Feng (collectively referred to as the “Ultimate Shareholders”) and certain companies under the control of the Ultimate Shareholders, the Company became the holding company of the companies now comprising the Group on 9 September 2011. The Group comprising the Company and its subsidiaries resulting from the Reorganisation is regarded as a continuing entity. The Group was and is under the control of the Ultimate Shareholders prior to and after the Reorganisation.

The consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the Relevant Periods which include the results, changes in equity and cash flows of the companies comprising the Group have been prepared as if the current group structure had been in existence throughout the Relevant Periods, or since their respective dates of incorporation/establishment where it is a shorter period.

The consolidated statements of financial position of the Group as at 31 December 2009 and 2010 have been prepared to present the assets and liabilities of the companies comprising the Group as at the respective dates as if the current group structure had been in existence at those dates.

The Financial Information is presented in Renminbi (“RMB”), the currency of the primary economic environment in which the group entities operate (the functional currency of group entities).

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

The International Accounting Standards Board has issued a number of new and revised International Accounting Standards (“IAS”), International Financial Reporting Standards (“IFRS”), amendments and related Interpretations (“IFRIC”) (hereinafter collectively referred to as the “new and revised IFRSs”) which are effective for the Group’s financial year beginning on 1 January 2012. For the purpose of preparing and presenting the Financial Information of the Relevant Periods, the Group has consistently adopted all these new and revised IFRSs for the Relevant Periods.

The Group has not early applied the following new and revised standards, amendments and interpretations that have been issued but not yet effective.

Amendment to IFRSs	Annual Improvement to IFRS 2009-2011 ²
Amendments to IFRS 1	Government Loans ²
Amendments to IFRS 7	Disclosures - Offsetting Financial Assets and Financial Liabilities ²
Amendments to IFRS 7 and IFRS 9	Mandatory Effective Date of IFRS 9 and Transition and IFRS 7 Disclosures ³

IFRS 10, IFRS 11 and IFRS 12 (Amendments)	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance ²
Amendments to IFRS 10, IFRS 12 and IAS 27	Investment Entities ⁴
IFRS 9	Financial Instruments ³
IFRS 10	Consolidated Financial Statements ²
IFRS 11	Joint Arrangements ²
IFRS 12	Disclosure of Interests in Other Entities ²
IFRS 13	Fair Value Measurement ²
Amendments to IAS 1	Presentation of Items of Other Comprehensive Incomes ¹
IAS 19 (as revised in 2011)	Employee Benefits ²
IAS 27 (as revised in 2011)	Separate Financial Statements ²
IAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures ²
Amendments to IAS 32	Offsetting Financial Assets and Financial Liabilities ⁴
IFRIC - Int 20	Stripping Costs in the Production Phase of a Surface Mine ²

¹ Effective for annual periods beginning on or after 1 July 2012

² Effective for annual periods beginning on or after 1 January 2013

³ Effective for annual periods beginning on or after 1 January 2015

⁴ Effective for annual periods beginning on or after 1 January 2014

The Group has not early adopted these new and revised standards, amendments and interpretations in the preparation of the Financial Information.

The directors of the Company anticipate that the application of these new or revised standards, amendments and interpretations will have no material impact on the results and the financial position of the Group.

3. SIGNIFICANT ACCOUNTING POLICIES

The Financial Information has been prepared on the historical cost basis, except for the investment properties and certain financial instruments which are measured at fair value, and in accordance with accounting policies set out below which are in conformity with International Financial Reporting Standards. In addition, the Financial Information includes applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance. These policies have been consistently applied throughout the Relevant Periods.

Basis of consolidation

The Financial Information incorporates the financial statements of the Company and entities controlled by the Company (its subsidiaries and special purpose entities). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the Relevant Periods (other than business combination involving entities under common control) are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein.

Allocation of total comprehensive income to non-controlling interests

Total comprehensive income and expense of a subsidiary is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Where certain assets of the subsidiary are measured at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Group had directly disposed of the related assets (i.e., reclassified to profit or loss or transferred directly to retained profits). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39 "Financial Instruments: Recognition and Measurement" or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold and services provided in the normal course of business, net of discounts.

Revenue from sales of properties in the ordinary course of business is recognised when all of the following criteria are satisfied:

- the significant risks and rewards of ownership of the properties are transferred to buyers;
- neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the properties are retained;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Deposits received from purchasers prior to meeting the above criteria for revenue recognition are included in the consolidated statement of financial position under current liabilities.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

Property management service income is recognised over the period in which the services are rendered.

Other property related service income is recognised when the services are rendered.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Dividend income from investments is recognised when the Group's rights to receive payment have been established (provided that it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably).

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values using the fair value model. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

Property under construction or development for future use as an investment property is classified as investment property under development and is initially measured at cost and subsequently at fair values using the fair value model. If the fair value cannot be reliably determined, the investment property under development will be measured at cost until such time as fair value can be determined or development is completed, in which time any difference between the fair value and the carrying amount will be recognised in profit or loss in that period.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the period in which the item is derecognised.

Property, plant and equipment

Property, plant and equipment including land and buildings held for administrative purposes are stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Investments in subsidiaries

Investments in subsidiaries are included in the Company's statement of financial position at cost less any identified impairment loss.

Prepaid lease payments

The prepaid lease payments represent upfront payments for land use rights and are initially recognised at cost and released to profit or loss over the lease term on a straight-line basis, except for those that are classified and accounted for as properties under development intended to be held for sale.

Properties under development

When the leasehold land and buildings are in the course of development for sale, the leasehold land component is amortised over a straight-line basis over the lease term. During the construction period, the amortisation charge provided for the leasehold land is included as part of the costs of the properties under development.

Properties under development which are intended to be held for own use or their investment potential are shown as non-current assets.

Properties under development which are intended to be held for sale are shown as current assets and carried at the lower of cost and net realisable value.

Properties held for sale

Properties held for sale are stated at the lower of cost and net realisable value. Cost includes the costs of land, development expenditure incurred and, where appropriate, borrowing costs capitalised. Net realisable value is determined based on prevailing market conditions.

Impairment losses on tangible assets

At the end of the reporting period, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount (the higher of value in use and fair value less costs to sell) of the asset is estimated in order to determine the extent of the impairment loss, if any. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised in the consolidated statement of comprehensive income on a straight-line basis over the term of the relevant lease.

The Group as lessee

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis.

Leasehold land and building

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as “prepaid lease payments” in the consolidated statement of financial position and is released over the lease term on a straight-line basis except for those that are classified and accounted for as investment properties under the fair value model. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property, plant and equipment, unless it is clear that both elements are operating leases, in which case the entire lease is classified as an operating lease.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, are capitalised as part of the cost of those assets. Capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Foreign currencies

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency, i.e., RMB).

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred taxation.

The tax currently payable is based on taxable profit for the year/period. Taxable profit differs from profit as reported in the consolidated statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred taxation is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated statement of financial position and the corresponding tax base used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred taxation liabilities are generally recognised for all taxable temporary differences and deferred taxation assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred taxation liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred taxation assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred taxation assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred taxation assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred taxation liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred taxation is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case the deferred taxation is also recognised in other comprehensive income or directly in equity respectively.

For the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model in accordance with IAS 40 “Investment Property”, such properties are presumed to be recovered through sale. Such a presumption is rebutted when the investment property is depreciable and is held within a business model of the Group whose business objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. If the presumption is rebutted, deferred tax liabilities and deferred tax assets for such investment properties are measured in accordance with the above general principles set out in IAS 12 (i.e. based on the expected manner as to how the properties will be recovered).

Retirement benefit costs

Payments to defined contribution retirement benefit plans are charged as an expense when employees have rendered service entitling them to the contributions. Payments made to state-managed retirement benefit schemes are dealt with as payments to defined contribution plans where the Group’s obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit plan.

Share-based payment transactions

Equity-settled share-based payment transactions

Share awards to employees

The fair value of services received determined by reference to the fair value of shares granted at the grant date is expensed on a straight-line basis over the vesting period with a corresponding increase in equity.

At the end of each reporting period, the Group revises its estimates of the number of shares that are expected to ultimately vest. The impact of the revision of the estimates, if any, is recognised in profit or loss, with a corresponding adjustment to reserve.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised as income over the periods necessary to match them with related costs. Grants related to non-current assets are presented as a deduction from the carrying amount of the relevant asset and are released to income over the useful lives of the assets. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition or issue of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The Group's financial assets are classified into one of the three categories, including financial assets at fair value through profit or loss ("FVTPL"), loans and receivables, and available-for-sale financial assets. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

Financial assets at fair value through profit or loss

Financial assets at FVTPL include financial assets held for trading on initial recognition.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

At the end of each reporting period subsequent to initial recognition, financial assets at FVTPL are measured at fair value, with changes in fair value recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial assets.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including accounts and other receivables, amounts due from non-controlling interests, restricted cash and bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment of financial assets below).

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as financial assets at FVTPL, loans and receivables or held-to-maturity investments.

For available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured they are measured at cost less any identified impairment losses at the end of each reporting period subsequent to initial recognition (see accounting policy on impairment of financial assets below).

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For an available-for-sale equity investment, a significant or prolonged decline in the fair value of that investment below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For financial assets carried at amortised cost, an impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of accounts and other receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When an accounts or other receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period in which the impairment takes place.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Impairment losses on available-for-sale equity investments will not be reversed through profit or loss in subsequent periods.

Embedded derivatives

Derivatives embedded in non-derivative host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Financial liabilities

Financial liabilities of the Group (including accounts payable, amounts due to non-controlling interests, amounts due to related companies and directors and bank and other borrowings) are subsequently measured at amortised cost using effective interest method.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the group entities are recorded at the proceeds received, net of direct issue costs.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. A financial guarantee contract issued by the Group and not designated as at fair value through profit or loss is recognised initially at its fair value less transaction costs that are directly attributable to the issue of the financial guarantee contract. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount determined in accordance with IAS 37 "Provisions, Contingent Liabilities and Contingent Assets"; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with IAS 18 "Revenue".

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

Financial liabilities are derecognised when the obligations specified in the relevant contracts are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

4. CRITICAL JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the process of applying of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Deferred taxation on investment properties

For the purposes of measuring deferred tax liabilities or deferred tax assets arising from investment properties that are measured using the fair value model, the directors have reviewed the Group's investment property portfolios and concluded that the Group's investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time. Therefore, in determining the Group's deferred taxation on investment properties, the directors have determined that the presumption set out in IAS 12 "Income Taxes" that investment properties measured using the fair value model are recovered through sale is rebutted.

Construction costs estimation for revenue recognition

Certain projects of the Group are divided into several phases according to the development and delivery plans. The Group recognises sales upon delivery of properties. Cost of sales including construction costs specific to the phases and common costs allocable to the phases are calculated based on management's best estimation of the total development costs for the whole project and the allocation to each phase at the time when the properties are delivered.

Investment properties

Investment properties are stated at fair values based on the valuations performed by independent professional valuers. In determining the fair values, the valuers have based on a method of valuation which involves certain estimates of market condition. In relying on the valuation report, the directors of the Company have exercised their judgement and are satisfied that the assumptions used in the valuation are reflective of the current market conditions. Changes to these assumptions would result in changes in the fair values of the Group's investment properties and the corresponding adjustments to the amount of gain or loss reported in the consolidated statement of comprehensive income.

Income tax expense

Deferred taxation assets of RMB55,170,000, RMB64,613,000, RMB63,483,000 and RMB82,680,000 mainly in relation to tax losses and land appreciation tax have been recognised at 31 December 2009, 2010, 2011 and 30 June 2012 respectively as set out in note 28. The realisability of the deferred taxation assets mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. The directors of the Company determine the deferred taxation assets based on the enacted or substantially enacted tax rates and the best knowledge of profit projections of the Group for coming years during which the deferred taxation assets are expected to be utilised. The directors of the Company will review the assumptions and profit projections by the end of the reporting period. In cases where the actual future profits generated are less than expected, a reversal of deferred taxation assets may arise, which would be recognised in the consolidated statement of comprehensive income for the period in which such a reversal takes place.

Land appreciation tax

The Group is subject to land appreciation tax in the PRC. However, the implementation of the tax varies amongst different tax jurisdictions in various cities of the PRC and certain projects of the Group have not finalised their land appreciation tax calculations with any local tax authorities in the PRC. Accordingly, significant judgement is required in determining the amount of land appreciation and its related income tax provisions. The Group recognised the land appreciation tax based on management's best estimates. The final tax outcome could be different from the amounts that were initially recorded, and these differences will impact the income tax expense and the related income tax provisions in the periods in which such tax is finalised with local tax authorities.

Valuation of trust loans related derivatives

As described in note 26, assumptions are made based on market data such as volatility, credit spread, risk free rate, property selling prices of the project and the property development plan estimated by management for the valuation of trust loans related derivatives.

Where the actual future market data or property development plan varies, a material adjustment on the fair values of trust loans related derivatives may arise. When estimating the fair value of the derivative with reference to the valuation report, management has exercised its judgment and is satisfied that the method of valuation is reflective of the current market conditions and its best estimation on the property development plan.

5. REVENUE

Revenue represents income from sales of properties, rental income and income from provision of property management and property related services earned during the Relevant Periods, net of discounts allowed, and is analysed as follows:

	Year ended 31 December			Six months ended 30 June	
	2009	2010	2011	2011	2012
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				<i>(unaudited)</i>	
Sales of properties	2,580,305	4,075,080	3,914,284	337,910	1,950,986
Rental income	10,040	11,675	12,411	6,983	16,508
Property management and property related services income	<u>41,115</u>	<u>75,685</u>	<u>81,635</u>	<u>27,302</u>	<u>33,993</u>
	<u>2,631,460</u>	<u>4,162,440</u>	<u>4,008,330</u>	<u>372,195</u>	<u>2,001,487</u>

6. SEGMENT INFORMATION

The Group determines its operating segments based on internal reports about components of the Group that are regularly reviewed by the chief operating decision maker (i.e., the board of directors of the Company) in order to allocate resources to the segment and to assess its performance.

Information reported to the Group's chief operating decision maker for the purposes of resource allocation and assessment of performance is focused on three main operations:

- Property development: this segment represents the development and sales of office premises and residential properties. All the Group's activities in this regard are carried out in the PRC.
- Property investment: this segment represents the lease of investment properties, which are developed by the Group to generate rental income and to gain from the appreciation in the properties' values in the long term. Currently the Group's investment property portfolio is located entirely in the PRC.

- Property management and property related services: this segment mainly represents the income generated from property management. Currently the Group's activities in this regard are carried out in the PRC.

The chief operating decision maker regularly reviews the operating results by property development projects. As property development projects are all located in the PRC, their revenue is primarily derived from the sales of properties, and is related and subject to common risk and returns. All property development projects are aggregated into a single reportable segment, property development, in accordance with IFRS 8 "Operating Segments".

(a) **Segment revenue and profit**

Information regarding the Group's reportable segments as provided to the Group's chief operating decision maker for the purposes of resource allocation and assessment of segment performance for the Relevant Periods is set out below.

Year ended 31 December 2009	Property development	Property investment	Property management and property related services	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Reportable segment revenue	<u>2,580,305</u>	<u>10,040</u>	<u>41,115</u>	<u>2,631,460</u>
Reportable segment profit	<u>745,597</u>	<u>9,890</u>	<u>4,382</u>	<u>759,869</u>

Year ended 31 December 2010	Property development	Property investment	Property management and property related services	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Reportable segment revenue	<u>4,075,080</u>	<u>11,675</u>	<u>75,685</u>	<u>4,162,440</u>
Reportable segment profit	<u>1,007,675</u>	<u>10,676</u>	<u>18,381</u>	<u>1,036,732</u>

<u>Year ended 31 December 2011</u>	<u>Property development</u>	<u>Property investment</u>	<u>Property management and property related services</u>	<u>Total</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Reportable segment revenue	<u>3,914,284</u>	<u>12,411</u>	<u>81,635</u>	<u>4,008,330</u>
Reportable segment profit	<u>1,202,388</u>	<u>11,559</u>	<u>7,581</u>	<u>1,221,528</u>
Property management and property related services				
<u>Six months ended 30 June 2011 (unaudited)</u>	<u>Property development</u>	<u>Property investment</u>	<u>Property management and property related services</u>	<u>Total</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Reportable segment revenue	<u>337,910</u>	<u>6,983</u>	<u>27,302</u>	<u>372,195</u>
Reportable segment profit	<u>105,828</u>	<u>5,726</u>	<u>(41)</u>	<u>111,513</u>
Property management and property related services				
<u>Six months ended 30 June 2012</u>	<u>Property development</u>	<u>Property investment</u>	<u>Property management and property related services</u>	<u>Total</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Reportable segment revenue	<u>1,950,986</u>	<u>16,508</u>	<u>33,993</u>	<u>2,001,487</u>
Reportable segment profit	<u>472,717</u>	<u>15,952</u>	<u>(1,154)</u>	<u>487,515</u>

(b) Segment assets and liabilities

No assets and liabilities are included in the measures of the Group's segment reporting that are used by the chief operating decision maker. Accordingly, no segment assets and liabilities are presented.

(c) Reconciliations of reportable segment revenue and profit

The reportable segment profit represents the results by each segment without including any effect of allocation of other income earned from operations other than the Group's main operations, (loss) gain arising on disposal of subsidiaries, unallocated head office and corporate expenses, depreciation of property, plant and equipment, net (write-back of) allowance for doubtful debts, fair value gain upon transfer to investment properties, change in fair value of investment properties, fair value (loss) gain on trust loans related derivatives and finance costs. This is the measurement basis reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.

	Year ended 31 December			Six months ended 30 June	
	2009	2010	2011	2011	2012
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				<i>(unaudited)</i>	
Revenue					
Reportable segment and consolidated revenue	<u>2,631,460</u>	<u>4,162,440</u>	<u>4,008,330</u>	<u>372,195</u>	<u>2,001,487</u>
Profit					
Reportable segment profit derived from external customers	759,869	1,036,732	1,221,528	111,513	487,515
Other income	19,233	15,594	16,785	7,510	10,862
(Loss) gain on disposal of subsidiaries	—	(2,076)	82,228	84,313	—
Fair value gain upon transfer to investment properties	32,289	—	1,025,365	252,481	905,083
Fair value (loss) gain on trust loans related derivatives	—	—	(15,000)	—	11,000
Change in fair value of investment properties	23,284	141,719	123,455	81,821	60,536
Finance costs	(16,949)	(30,031)	(35,508)	(19,019)	(31,387)
Depreciation of property, plant and equipment	(3,963)	(5,150)	(10,895)	(3,223)	(6,385)
Write-back of (allowance for) doubtful debts, net	1,159	(2,265)	1,230	1,230	792
Unallocated head office and corporate expenses	<u>(104,123)</u>	<u>(120,516)</u>	<u>(204,684)</u>	<u>(96,263)</u>	<u>(156,985)</u>
Consolidated profit before taxation	<u>710,799</u>	<u>1,034,007</u>	<u>2,204,504</u>	<u>420,363</u>	<u>1,281,031</u>

(d) Geographic information

No geographic information has been presented as the Group's operating activities are carried out in the PRC.

(e) Major customers

No revenue from transactions with a single external customer amounted to 10% or more of the Group's revenue.

7. OTHER INCOME

	Year ended 31 December			Six months ended 30 June	
	2009	2010	2011	2011	2012
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				<i>(unaudited)</i>	
Dividend income from available-for-sale investment	382	898	1,078	—	1,312
Gain on change in fair value of investments held for trading	3,039	1,715	286	286	—
Interest income	4,191	7,509	13,371	4,814	5,344
Gain on disposal of property, plant and equipment, net	—	—	98	98	44
Government grants (note)	7,837	4,202	921	821	1,777
Forfeited deposits paid by purchasers	206	672	323	—	1,663
Sundry income	<u>3,578</u>	<u>598</u>	<u>708</u>	<u>1,491</u>	<u>722</u>
Total	<u>19,233</u>	<u>15,594</u>	<u>16,785</u>	<u>7,510</u>	<u>10,862</u>

Note: During the Relevant Periods, the Group received government grants from local government bodies as a recognition of the Group's investment in the relevant districts when all attached conditions were complied.

8. FINANCE COSTS

	Year ended 31 December			Six months ended 30 June	
	2009	2010	2011	2011	2012
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				<i>(unaudited)</i>	
Interest on bank and other borrowings and amounts due to non-controlling interests wholly repayable within five years	(176,536)	(274,231)	(569,839)	(234,273)	(400,080)
Interest on bank and other borrowings not wholly repayable within five years	(2,347)	(8,430)	(6,730)	(4,485)	(3,249)
Less: Amount capitalised to properties under development and investment properties under construction	<u>161,934</u>	<u>252,630</u>	<u>541,061</u>	<u>219,739</u>	<u>371,942</u>
	<u>(16,949)</u>	<u>(30,031)</u>	<u>(35,508)</u>	<u>(19,019)</u>	<u>(31,387)</u>

Borrowing costs capitalised to properties under development and investment properties under construction were determined by the contracted interest rates of respective bank and other borrowings as disclosed in note 25.

9. INCOME TAX EXPENSE

	Year ended 31 December			Six months ended 30 June	
	2009	2010	2011	2011	2012
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				<i>(unaudited)</i>	
PRC enterprise income tax:					
Current income tax	(151,530)	(218,832)	(256,378)	(41,264)	(115,053)
Underprovision in respect of prior years	<u>(2,601)</u>	<u>(4,757)</u>	<u>(1,597)</u>	<u>(1,599)</u>	<u>(2,965)</u>
	(154,131)	(223,589)	(257,975)	(42,863)	(118,018)
Land appreciation tax ("LAT")	<u>(114,135)</u>	<u>(111,544)</u>	<u>(195,034)</u>	<u>(19,896)</u>	<u>(78,602)</u>
	(268,266)	(335,133)	(453,009)	(62,759)	(196,620)
Deferred taxation (note 28)	<u>6,268</u>	<u>(23,913)</u>	<u>(289,440)</u>	<u>(91,421)</u>	<u>(234,513)</u>
	<u>(261,998)</u>	<u>(359,046)</u>	<u>(742,449)</u>	<u>(154,180)</u>	<u>(431,133)</u>

Under the new Enterprise Income Tax and Implementation Rules of the People's Republic of China effective from 1 January 2008, the statutory tax rate of the Company's PRC subsidiaries is 25% except for certain PRC subsidiaries, which were previously approved by competent authorities to enjoy the preferential Enterprise Income Tax rate of 15% before 1 January 2008, were taxed at 20%, 22%, 24% for the year ended 31 December 2009, 2010 and 2011, respectively, pursuant to relevant grandfathering rules and regulations.

As approved by various competent tax bureaus, certain PRC subsidiaries are subject to statutory tax rate of 25% on their respective deemed taxable income, ranging from 8% to 10% of revenue in accordance with the prescribed tax calculation method pursuant to the applicable PRC tax regulations.

The provision of LAT is estimated according to the requirements set forth in the relevant PRC tax laws and regulations. LAT has been provided at ranges of progressive rates of the appreciation value, with certain allowable exemptions and deductions.

Pursuant to the rules and regulations of the BVI and Cayman Islands, the Group is not subject to any income tax in the BVI and Cayman Islands.

No provision for Hong Kong Profits Tax has been made as the income of the companies comprising the Group neither arises in, nor is derived from, Hong Kong.

Details of the deferred taxation are set out in note 28.

The tax charge for the year/period can be reconciled to the profit before taxation per consolidated statement of comprehensive income as follows:

	Year ended 31 December			Six months ended	
	2009	2010	2011	30 June	
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
					<i>(unaudited)</i>
Profit before taxation	<u>710,799</u>	<u>1,034,007</u>	<u>2,204,504</u>	<u>420,363</u>	<u>1,281,031</u>
PRC enterprise income tax at 25%	(177,700)	(258,502)	(551,126)	(105,091)	(320,258)
Tax effect of expenses not deductible for tax purposes	(2,410)	(1,727)	(14,321)	(7,609)	(14,979)
Tax effect of income not taxable for tax purposes	2,591	1,516	7,816	4,968	2,898
LAT	(114,135)	(111,544)	(195,034)	(19,896)	(78,602)
Tax effect of LAT	28,534	27,886	48,759	4,974	19,651
Underprovision in respect of prior years	(2,601)	(4,757)	(1,597)	(1,599)	(2,965)
Tax effect of tax losses not recognised	(12,528)	(21,323)	(44,882)	(22,120)	(44,769)
Utilisation of tax losses previously not recognised	1,456	7,494	9,253	6,395	14,936
Tax effect of deductible temporary differences not recognised	(10,616)	(5,843)	(26,224)	(9,657)	(603)
Utilisation of deductible temporary differences previously not recognised	11,946	16,731	2,955	2,389	451
Effect of adopting prescribed tax calculation method by certain PRC subsidiaries	9,924	(7,085)	19,055	(4,414)	(3,624)
Effect of preferential tax rates granted to the PRC subsidiaries	576	27	87	87	—
Others	<u>2,965</u>	<u>(1,919)</u>	<u>2,810</u>	<u>(2,607)</u>	<u>(3,269)</u>
Tax charge for the year/period	<u>(261,998)</u>	<u>(359,046)</u>	<u>(742,449)</u>	<u>(154,180)</u>	<u>(431,133)</u>

Notes:

1. Tax effect of income not taxable for tax purposes mainly represent fair value gain on trust loans related derivatives, non-taxable portion of gain on disposal of a subsidiary and government grants received by the Group.
2. Tax effect of deductible temporary differences not recognised represent adjustments of deductible temporary differences arising from inter-company transactions in relation to construction of properties.

10. PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR/PERIOD

	Year ended 31 December			Six months ended 30 June	
	2009	2010	2011	2011	2012
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	<i>(unaudited)</i>				
Profit and total comprehensive income for the year/period has been arrived at after charging (crediting):					
Auditors' remuneration	1,830	2,004	2,371	1,600	1,199
Cost of properties held for sale included in cost of sales	1,678,365	2,770,256	2,314,098	157,118	1,395,201
Depreciation of property, plant and equipment	3,963	5,150	10,895	3,223	6,385
Loss (gain) on disposal of property, plant and equipment, net	113	1	(98)	(104)	(44)
Loss (gain) on disposal of subsidiaries	—	2,076	(82,228)	(84,313)	—
(Write-back of) allowance for doubtful debts, net	(1,159)	2,265	(1,230)	(1,230)	(792)
Operating lease rentals in respect of land and buildings	4,703	7,789	10,324	3,584	7,442
Staff costs					
Directors' emoluments (note 11)	1,583	1,953	4,155	1,036	3,036
Other staff costs					
Staff costs excluding retirement benefit costs	64,130	114,539	152,736	87,767	136,592
Retirement benefit costs	5,630	8,583	19,495	7,230	12,052
Total staff costs	71,343	125,075	176,386	96,033	151,680
Less: Amount capitalised to properties under development	(18,516)	(39,299)	(82,270)	(42,511)	(50,416)
	52,827	85,776	94,116	53,522	101,264
Rental income from investment properties	(10,040)	(11,675)	(12,411)	(6,983)	(16,508)
Less: Related outgoings	94	940	852	1,257	556
	(9,946)	(10,735)	(11,559)	(5,726)	(15,952)

11. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

Directors' emoluments

	Year ended 31 December			Six months ended 30 June	
	2009	2010	2011	2011	2012
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Directors' fees	—	—	—	—	—
Other emoluments for non-executive directors and independent non-executive directors	—	—	—	—	—
Other emoluments for executive directors					
- basic salaries and allowances	1,174	1,462	3,700	973	2,936
- bonus (note)	293	365	296	—	—
- retirement benefit contribution	116	126	159	63	100
	<u>1,583</u>	<u>1,953</u>	<u>4,155</u>	<u>1,036</u>	<u>3,036</u>

Note: The performance related incentive payment is determined as a percentage of the profit of the Group for the Relevant Periods.

	Directors' fees	Basic salaries and allowances	Bonus	Retirement benefit contributions	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Year ended 31 December 2009					
Name of director					
Lin Zhong	—	406	101	3	510
Lin Wei	—	384	96	58	538
Lin Feng	—	384	96	55	535
	—	1,174	293	116	1,583
Year ended 31 December 2010					
Name of director					
Lin Zhong	—	406	101	3	510
Lin Wei	—	480	120	63	663
Lin Feng	—	576	144	60	780
	—	1,462	365	126	1,953
Year ended 31 December 2011					
Name of executive director					
Lin Zhong	—	1,189	—	33	1,222
Lin Wei	—	1,185	—	66	1,251
Lin Feng	—	1,326	296	60	1,682
	—	3,700	296	159	4,155

	Directors' fees	Basic salaries and allowances	Bonus	Retirement benefit contributions	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Six months ended 30 June 2011 (unaudited)					
Name of executive director					
Lin Zhong	—	253	—	2	255
Lin Wei	—	300	—	32	332
Lin Feng	—	420	—	29	449
	—	973	—	63	1,036
Six months ended 30 June 2012					
Name of executive director					
Lin Zhong	—	935	—	33	968
Lin Wei	—	883	—	34	917
Lin Feng	—	1,118	—	33	1,151
	—	2,936	—	100	3,036

Five highest paid individuals

The five highest paid individuals included nil director for the year ended 31 December 2009, 2 directors for the year ended 31 December 2010, nil director for the year ended 31 December 2011, 2 directors for the six months ended 30 June 2011 and 3 directors for the six months ended 30 June 2012. The emoluments of the remaining 5 highest paid individuals for the year ended 31 December 2009, remaining 3 highest paid individuals for the year ended 31 December 2010, remaining 5 highest paid

individuals for the year ended 31 December 2011, remaining 3 highest paid individuals for the six months ended 30 June 2011 and remaining 2 highest paid individuals for the six months ended 30 June 2012 are as follows:

	Year ended 31 December			Six months ended 30 June	
	2009	2010	2011	2011	2012
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				<i>(unaudited)</i>	
Employees					
- basic salaries and allowances	2,352	2,026	3,427	1,030	1,542
- bonus	585	504	1,323	—	74
- retirement benefit contributions	221	121	261	60	25
	<u>3,158</u>	<u>2,651</u>	<u>5,011</u>	<u>1,090</u>	<u>1,641</u>

Their emoluments were within the following bands:

	Number of individuals				
	Year ended 31 December			Six months ended 30 June	
	2009	2010	2011	2011	2012
				<i>(unaudited)</i>	
Nil to HK\$1,000,000	5	3	—	3	1
HK\$1,000,001 to HK\$1,500,000	<u>—</u>	<u>—</u>	<u>5</u>	<u>—</u>	<u>1</u>

During the Relevant Periods, no emoluments were paid by the Group to the directors of the Company or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors of the Company has waived any emoluments during the Relevant Periods.

12. DIVIDEND

During the year ended 31 December 2009, 2010, 2011 and for the six months ended 30 June 2011 and 2012, dividends of RMB3,000,000, RMB10,000,000, RMB26,000,000, RMB26,000,000 (unaudited) and nil, respectively, were paid by Shanghai Xuhui Investment and Xukai Shanghai Investment to the then existing shareholders.

No rate of dividend paid/declared was presented as such information was not meaningful for the Financial Information as a whole throughout the Relevant Periods.

13. EARNINGS PER SHARE

No earnings per share information is presented, as its inclusion, for the purpose of this report, is not considered meaningful due to the preparation of the Financial Information on the basis as set out in note 1.

14. INVESTMENT PROPERTIES

	Investment properties under construction	Completed investment properties	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
FAIR VALUE			
At 1 January 2009	—	101,400	101,400
Transfer from properties held for sale	—	51,500	51,500
Acquisition of a subsidiary	325,916	—	325,916
Net change in fair value recognised in profit or loss	<u>19,084</u>	<u>4,200</u>	<u>23,284</u>
At 31 December 2009	345,000	157,100	502,100
Additions	25,081	—	25,081
Disposal of a subsidiary	—	(89,000)	(89,000)
Net change in fair value recognised in profit or loss	<u>139,919</u>	<u>1,800</u>	<u>141,719</u>
At 31 December 2010	510,000	69,900	579,900
Transfer from properties held for sale	—	1,389,600	1,389,600
Additions	138,345	—	138,345
Net change in fair value recognised in profit or loss	<u>111,655</u>	<u>11,800</u>	<u>123,455</u>
At 31 December 2011	760,000	1,471,300	2,231,300
Transfer from properties held for sale	—	1,088,000	1,088,000
Additions	18,364	—	18,364
Net change in fair value recognised in profit or loss	<u>27,636</u>	<u>32,900</u>	<u>60,536</u>
At 30 June 2012	<u>806,000</u>	<u>2,592,200</u>	<u>3,398,200</u>

The transfer from properties held for sale to investment properties was made since there was a change in use as evidenced by the commencement of operating leases to third parties during the year ended 31 December 2009 and 2011 and the six months ended 30 June 2012, respectively.

The completed investment properties and investment properties under construction are all situated in the PRC under medium-term leases. All the completed investment properties are rented out under operating leases.

The fair values of the Group's completed investment properties at date of transfer from properties held for sale and at 1 January 2009, 31 December 2009, 2010, 2011 and 30 June 2012 and the Group's investment properties under construction at 31 December 2009, 2010, 2011 and 30 June 2012 have been arrived at on the basis of valuations on those dates carried out by Savills Valuation and Professional Services Limited ("Savills"), a firm of independent qualified professional valuers not connected with the Group, who have appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations. The address of Savills is 23/F, Two Exchange Square, Central, Hong Kong.

The valuations of completed investment properties were arrived at with adoption of the direct comparison approach by making reference to comparable rental transactions as available in the relevant markets and where appropriate, by capitalising the net rental income derived from the existing tenancies with due allowance for reversionary incoming potential of the respective properties.

The valuations of investment properties under construction were arrived at with adoption of the residual approach with the basis that they will be developed and completed in accordance with the latest development proposals and taken into account the construction costs that will be expended to complete the development to reflect the quality of the completed development.

The Group had pledged investment properties of RMB64,554,000, nil, RMB2,047,000,000 and RMB2,571,900,000 as at 31 December 2009, 2010, 2011 and 30 June 2012 respectively to secure bank and other borrowings of the Group.

15. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings	Motor vehicles	Equipment and furniture	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
COST				
At 1 January 2009	68,627	17,961	7,802	94,390
Additions	—	5,023	1,619	6,642
Disposals	—	(4,607)	(109)	(4,716)
Acquisition of a subsidiary	—	—	15	15
At 31 December 2009	68,627	18,377	9,327	96,331
Additions	1,260	8,828	3,997	14,085
Disposals	—	(1,965)	(880)	(2,845)
Disposal of a subsidiary	—	—	(2)	(2)
At 31 December 2010	69,887	25,240	12,442	107,569
Additions	8,631	6,951	12,145	27,727
Disposals	—	(458)	(164)	(622)
Disposal of subsidiaries	—	(364)	(697)	(1,061)
At 31 December 2011	78,518	31,369	23,726	133,613
Additions	—	1,985	3,274	5,259
Reclassified from properties held for sale	11,851	—	—	11,851
Disposals	—	(688)	(421)	(1,109)
At 30 June 2012	<u>90,369</u>	<u>32,666</u>	<u>26,579</u>	<u>149,614</u>
ACCUMULATED DEPRECIATION				
At 1 January 2009	543	8,830	3,744	13,117
Charge for the year	147	2,501	1,315	3,963
Eliminated on disposals	—	(2,104)	(38)	(2,142)
At 31 December 2009	690	9,227	5,021	14,938
Charge for the year	147	3,298	1,705	5,150
Eliminated on disposals	—	(1,778)	(756)	(2,534)
Eliminated on disposal of a subsidiary	—	—	(1)	(1)

	Leasehold land and buildings	Motor vehicles	Equipment and furniture	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 31 December 2010	837	10,747	5,969	17,553
Charge for the year	3,736	4,197	2,962	10,895
Eliminated on disposals	—	(437)	(137)	(574)
Eliminated on disposal of subsidiaries	—	(350)	(197)	(547)
At 31 December 2011	4,573	14,157	8,597	27,327
Charge for the period	1,918	2,286	2,181	6,385
Eliminated on disposals	—	(573)	(402)	(975)
At 30 June 2012	6,491	15,870	10,376	32,737
CARRYING VALUES				
At 31 December 2009	<u>67,937</u>	<u>9,150</u>	<u>4,306</u>	<u>81,393</u>
At 31 December 2010	<u>69,050</u>	<u>14,493</u>	<u>6,473</u>	<u>90,016</u>
At 31 December 2011	<u>73,945</u>	<u>17,212</u>	<u>15,129</u>	<u>106,286</u>
At 30 June 2012	<u>83,878</u>	<u>16,796</u>	<u>16,203</u>	<u>116,877</u>

The above items of property, plant and equipment are depreciated using the straight-line method after taking into account of their estimated residual values at the following rates per annum:

Leasehold land and buildings	Over the estimated useful lives of 20 years or the term of the leases, whichever shorter
Motor vehicles	20%
Equipment and furniture	20%

The buildings are all situated on land in the PRC held under medium-term leases.

The Group had not pledged any property, plant and equipment at 31 December 2009, 2010, 2011 and 30 June 2012.

16. PREPAID LEASE PAYMENTS

The carrying amount of prepaid lease payments represents land use rights held in the PRC under medium term leases intended for hotel property development and administrative usage.

The Group had pledged prepaid lease payments of RMB21,772,000, RMB21,772,000, RMB21,772,000 and RMB21,772,000 at 31 December 2009, 2010, 2011 and 30 June 2012 respectively to secure bank and other borrowings of the Group.

17. AVAILABLE-FOR-SALE INVESTMENT

	At 31 December			At 30 June
	2009	2010	2011	2012
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Unlisted equity security, at cost	9,463	9,463	9,463	9,463

The above unlisted equity investment represents the investment in CURA Investment Management (Shanghai) Co., Ltd (“CURA Investment”), a private entity established in the PRC. It is measured at cost less impairment at each financial reporting date because the range of reasonable fair value estimates is so significant that the directors of the Company are of the opinion that its fair value cannot be reliably measured.

At 31 December 2009, 2010, 2011 and 30 June 2012, the Group owned 2.62%, 2.62%, 2.06% and 2.06% of the paid-in capital of the investee respectively. The directors of the Company consider the principal activity of the investee is investment holding.

18. PROPERTIES HELD FOR SALE

The Group's properties held for sale are situated in the PRC. All the properties held for sale are stated at lower of cost and net realisable value.

The Group had pledged properties held for sale of RMB178,028,000, RMB138,306,000, RMB640,101,000 and RMB388,491,000 as at 31 December 2009, 2010, 2011 and 30 June 2012 respectively to secure bank and other borrowings of the Group.

19. PROPERTIES UNDER DEVELOPMENT

	At 31 December			At 30 June
	2009	2010	2011	2012
	RMB'000	RMB'000	RMB'000	RMB'000
COST				
At the beginning of the year	3,690,448	4,076,023	7,167,658	10,880,027
Additions	1,867,872	5,903,690	7,420,911	4,126,791
Acquisition of a subsidiary	102,110	—	—	—
Disposal of subsidiaries	—	(128,176)	—	—
Transfer to prepaid lease payments	—	—	—	(32,742)
Transfer to properties held for sale	(1,584,407)	(2,683,879)	(3,708,542)	(1,359,169)
At the end of the year	<u>4,076,023</u>	<u>7,167,658</u>	<u>10,880,027</u>	<u>13,614,907</u>

The properties under development are located in the PRC under medium-term leases and represent properties under development for subsequent sale upon completion.

Included in the properties under development as at 31 December 2009, 2010, 2011 and 30 June 2012 is carrying value of RMB2,236,641,000, RMB4,352,706,000, RMB5,098,754,000 and RMB6,839,779,000 respectively which represent the carrying values of the properties expected to be completed and available for sale after more than twelve months from the end of the reporting period.

The Group had pledged properties under development of RMB2,677,529,000, RMB4,566,860,000, RMB8,011,194,000 and RMB9,713,654,000 at 31 December 2009, 2010, 2011 and 30 June 2012 respectively to secure bank and other borrowings of the Group.

20. ACCOUNTS AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

Trade receivables mainly arise from sales of properties. Considerations in respect of properties sold are paid in accordance with the terms of the related sales and purchase agreements, normally within 60 days from the date of agreement.

	At 31 December			At 30 June
	2009	2010	2011	2012
	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables	12,399	10,278	184,986	123,944
Other receivables	72,293	235,334	183,882	249,157
Prepaid tax	63,643	61,512	162,103	273,272
Deposits and prepayments	<u>17,855</u>	<u>34,129</u>	<u>45,397</u>	<u>45,595</u>
	<u>166,190</u>	<u>341,253</u>	<u>576,368</u>	<u>691,968</u>

The following is an aged analysis of trade receivables, based on the date of agreement and net of provision, at the end of the reporting period:

	At 31 December			At 30 June
	2009	2010	2011	2012
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Within 60 days	10,143	6,967	181,135	70,509
61 - 180 days	1,661	3,109	112	20,099
181 - 365 days	595	110	—	30,109
1 - 2 years	<u>—</u>	<u>92</u>	<u>3,739</u>	<u>3,227</u>
	<u>12,399</u>	<u>10,278</u>	<u>184,986</u>	<u>123,944</u>

Before accepting any corporate customer, the Group uses an internal credit assessment system to assess the potential customers' credit quality.

Included in the Group's accounts receivable balance are trade receivables with a carrying amount of RMB2,256,000, RMB3,311,000, RMB3,851,000 and RMB53,435,000 at 31 December 2009, 2010, 2011 and 30 June 2012 respectively which are past due at the end of the reporting period for which the Group has not provided for as there has not been a significant change in credit quality and the amounts are still considered recoverable.

Included in the Group's other receivables were amounts due from related companies of RMB14,326,000, RMB13,527,000, nil and nil at 31 December 2009, 2010, 2011 and 30 June 2012 respectively, which were non-trade in nature, unsecured, interest-free and repayable on demand. The related companies represented companies in which certain directors, certain controlling shareholders and their close family member of the Company have control or beneficial interests.

Included in the Group's other receivables as at 31 December 2010 were amounts due from Mr Lin Zhong and Mr Lin Feng, directors of the Company, of RMB2,100,000 and RMB1,700,000 respectively, which were non-trade in nature, unsecured, interest-free and repayable on demand.

In determining the recoverability of trade receivables, the Group considers any change in the credit quality of the trade receivables from the date credit was initially granted up to the end of the reporting period. The concentration of credit risk is limited due to the large customer base unrelated to the Group.

Movements in the allowance for doubtful debts on trade and other receivables are as follows:

	At 31 December			At 30 June
	2009	2010	2011	2012
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Balance at the beginning of the year/period	(2,301)	(1,142)	(3,407)	(2,177)
Decrease (increase) in allowance recognised in profit or loss	<u>1,159</u>	<u>(2,265)</u>	<u>1,230</u>	<u>792</u>
Balance at the end of the year/period	<u><u>(1,142)</u></u>	<u><u>(3,407)</u></u>	<u><u>(2,177)</u></u>	<u><u>(1,385)</u></u>

Other receivables mainly represented temporary payments and miscellaneous projects related deposits paid which are refundable upon maturity. Deposits and prepayments mainly represented prepaid construction cost to contractors.

21. AMOUNTS DUE FROM/TO NON-CONTROLLING INTERESTS

The amounts due from non-controlling interests were unsecured, interest-free and repayable on demand.

Except for amounts due to non-controlling interests of RMB600,000, RMB60,404,000 and RMB100,005,000 at 31 December 2010, 2011 and 30 June 2012, respectively, which were unsecured, interest-free and repayable on demand, the remaining balances were unsecured, interest bearing at fixed rates ranging from 5.94% to 12% per annum and repayable on demand.

22. INVESTMENTS HELD FOR TRADING

	At 31 December			At 30 June
	2009	2010	2011	2012
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Listed equity investments in the PRC at fair value	<u>1,640</u>	<u>1,599</u>	<u>—</u>	<u>—</u>

The fair value of the above investments was determined based on the quoted market bid prices available on the relevant exchange.

23. RESTRICTED CASH/BANK BALANCES AND CASH

Bank balances and cash comprise cash held by the Group and demand deposits with an original maturity of three months or less. Bank balances carry prevailing market interest rates.

	At 31 December			At 30 June
	2009	2010	2011	2012
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Analysis of bank balances and cash by currency:				
- Denominated in RMB	1,359,839	2,156,546	2,046,794	1,576,455
- Denominated in Hong Kong dollars	—	—	517,625	121,264
- Denominated in United States dollars	—	—	9,477	9,477
	<u>1,359,839</u>	<u>2,156,546</u>	<u>2,573,896</u>	<u>1,707,196</u>

As at 31 December 2010, 2011 and 30 June 2012, the Group's restricted cash of approximately RMB21,768,000 was denominated in RMB.

Included in bank balances and cash in the consolidated statement of financial position are restricted bank deposits of RMB240,257,000, RMB214,926,000, RMB312,226,000 and RMB308,463,000 respectively at 31 December 2009, 2010, 2011 and 30 June 2012, which can only be applied in the designated property development projects.

24. ACCOUNTS PAYABLE AND ACCRUED CHARGES

	At 31 December			At 30 June
	2009	2010	2011	2012
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade payables	421,785	571,653	1,013,064	895,701
Other payables and accrued charges	171,698	354,430	734,307	1,002,234
	<u>593,483</u>	<u>926,083</u>	<u>1,747,371</u>	<u>1,897,935</u>

Trade payable and accrued expenditure on construction comprise construction costs and other project-related expenses which are payable based on project progress measured by the Group. The average credit period of trade payable is 60 days. The Group has financial risk management policies in place to ensure that all payables within the credit timeframe.

The following is an aged analysis of trade payables, based on the invoice date, at the end of the reporting period:

	At 31 December			At 30 June
	2009	2010	2011	2012
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Within 60 days	77,582	92,547	376,367	291,861
61 - 180 days	10,128	12,914	25,414	176,428
181 - 365 days	154,624	275,544	543,897	179,429
1 - 2 years	105,743	137,408	40,411	211,149
2 - 3 years	73,242	4,348	12,549	25,239
Over 3 years	466	48,892	14,426	11,595
	<u>421,785</u>	<u>571,653</u>	<u>1,013,064</u>	<u>895,701</u>

Included in the Group's other payables were amounts due to related companies of RMB3,550,000, RMB9,550,000, nil and nil at 31 December 2009, 2010, 2011 and 30 June 2012 respectively, which were non-trade in nature, unsecured, interest-free and repayable on demand. Included in the Group's other payables and accrued charges was rental deposit received from a related company of nil, nil, RMB16,000,000 and RMB11,000,000 at 31 December 2009, 2010, 2011 and 30 June 2012 respectively. The related companies represented companies in which certain controlling shareholders and directors of the Company have control or beneficial interests.

Included in the Group's other payables were amounts due to the directors of the Company of RMB5,500,000, RMB5,563,000, RMB2,871,000 and RMB2,330,000 at 31 December 2009, 2010, 2011 and 30 June 2012 respectively, which were unsecured, interest-free and repayable on demand.

Apart from amounts due to related companies and directors and interest-free advance of RMB177,600,000 and RMB137,100,000 from an independent third party at 31 December 2011 and 30 June 2012, respectively, other payables and accrued charges mainly represented accrued loan interest, various deposits received from contractors in relation to tendering and execution of construction contracts and deposits received in respect of a primary development project.

25. BANK AND OTHER BORROWINGS

	At 31 December			At 30 June
	2009	2010	2011	2012
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Bank loans, secured (note (d))	1,502,950	2,629,300	4,859,856	5,120,606
Bank loans, unsecured (note (d))	—	—	—	31,500
Trust loans, secured (note (e))				
— Conventional loans (note (f))	290,000	130,000	1,716,000	1,242,000
— Loans with obligation to repurchase equity interest (note (g))	—	1,125,000	1,076,266	1,202,547
Other trust loan, unsecured (note (i))	42,320	91,180	99,430	117,150
Other loans, secured (note (h))	300,000	—	—	150,000
	<u>2,135,270</u>	<u>3,975,480</u>	<u>7,751,552</u>	<u>7,863,803</u>

Certain bank and other borrowings as at the end of each reporting period were secured by the pledge of assets as set out in note 33, certain equity interest in the Company (note (e) of section B) and guaranteed by certain directors and Ultimate Shareholders (note 38(c)).

(a) The borrowings are repayable:

	At 31 December			At 30 June
	2009	2010	2011	2012
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Within one year or on demand	774,270	1,327,100	1,922,656	2,942,490
More than one year, but not exceeding two years	456,250	1,096,380	2,763,390	2,545,360
More than two years, but not exceeding three years	897,250	756,200	2,536,506	2,065,953
More than three years, but not exceeding four years	5,750	317,200	334,000	12,000
More than four years, but not exceeding five years	1,750	421,200	159,000	262,000
More than five years	—	57,400	36,000	36,000
	<u>2,135,270</u>	<u>3,975,480</u>	<u>7,751,552</u>	<u>7,863,803</u>
Less: Amount due within one year shown under current liabilities	<u>(774,270)</u>	<u>(1,327,100)</u>	<u>(1,922,656)</u>	<u>(2,942,490)</u>
Amount due after one year	<u>1,361,000</u>	<u>2,648,380</u>	<u>5,828,896</u>	<u>4,921,313</u>

	At 31 December			At 30 June
	2009	2010	2011	2012
	RMB'000	RMB'000	RMB'000	RMB'000
Analysis of borrowings by currency:				
— Denominated in RMB	2,135,270	3,975,480	7,281,752	7,394,003
— Denominated in HKD	—	—	469,800	469,800
	<u>2,135,270</u>	<u>3,975,480</u>	<u>7,751,552</u>	<u>7,863,803</u>

At 31 December 2009, 2010, 2011 and 30 June 2012, the Group has unutilised banking facilities of RMB38,500,000, RMB38,500,000, RMB1,256,900,000 and RMB752,444,000, respectively.

- (b) Fixed-rate borrowings amount to RMB1,069,020,000, RMB1,486,080,000, RMB2,268,047,000 and RMB1,941,950,000, carry interest ranging from 6.21% to 18%, 5% to 16%, 8% to 16.8% and 8% to 19% per annum at 31 December 2009, 2010, 2011 and 30 June 2012 respectively, and expose the Group to fair value interest rate risk. The remaining borrowings are arranged at variable rates with the effective interest rates ranging from 5.40% to 7.13%, 5.27% to 19.6%, 6.65% to 24.2% and 6.4% to 24.2% per annum at 31 December 2009, 2010, 2011 and 30 June 2012 respectively, and expose the Group to cash flow interest rate risk.
- (c) The range of effective interest rates at the end of each reporting period were as follows:

	At 31 December			At 30 June
	2009	2010	2011	2012
Bank loans	<u>5.4%-10%</u>	<u>5.27%-15%</u>	<u>6.65%-16%</u>	<u>6.4%-16%</u>
Trust loans	<u>12%-15%</u>	<u>5%-19.6%</u>	<u>11%-24.2%</u>	<u>12%-24.2%</u>
Other loans	<u>12%-18%</u>	<u>12%</u>	<u>12%</u>	<u>12%-19%</u>

- (d) Included in the Group's bank loans, amounts of RMB100,650,000 and RMB130,000,000 as at 31 December 2011 and 30 June 2012 respectively are entrusted by individuals and a corporation, of which RMB100,650,000 and RMB98,500,000 as at 31 December 2011 and 30 June 2012 respectively are guaranteed by CIFI (PRC).
- (e) These borrowings are mainly in the form of trust arrangement with trust financing companies. The conventional loan trust arrangements are loan agreements entered into by the Group and trust financing companies. The trust arrangements with obligation to repurchase equity interest involve either capital increase in, or transfer of equity interest in project companies with repurchase obligations at the maturity of the loans. The substance of the latter type of trust arrangements is borrowing, with the equity interests in the project companies legally transferred

as collateral. The borrowings under trust arrangements are secured by certain property development projects undertaken by the relevant borrowing subsidiaries and shares of subsidiaries of the Group (note 33) or guaranteed by Mr Lin Zhong and Mr Lin Wei (note 38(c)).

- (f) The following table sets out details of the conventional loans as at 31 December 2009, 2010 and 2011 and 30 June 2012:

Name of subsidiary	At 31 December			At 30 June	
	2009	2010	2011	2012	Maturity date
	RMB'000	RMB'000	RMB'000	RMB'000	
Shanghai Xinbo	90,000	—	—	—	31 January 2011
CIFI (PRC)	150,000	—	—	—	31 December 2010
Zhongshi Real Estate	50,000	—	—	—	9 June 2010
Zhongshi Real Estate	—	130,000	260,000	182,000	11 July 2012
Suzhou Xuhui Xingteng	—	—	200,000	200,000	25 March 2013
Zhejiang Xuhui	—	—	560,000	560,000	24 May 2013
Shanghai Xuchuang	—	—	446,000	—	2 May 2012
Shanghai Xubang	—	—	250,000	250,000	22 January 2013
Chongqing Xupeng	—	—	—	50,000	28 March 2013
	<u>290,000</u>	<u>130,000</u>	<u>1,716,000</u>	<u>1,242,000</u>	

- (g) The following table sets out details of the equity with repurchase obligation trust arrangements as at 31 December 2009, 2010, 2011 and 30 June 2012:

Name of subsidiary	At 31 December			At 30 June	
	2009	2010	2011	2012	Maturity date
	RMB'000	RMB'000	RMB'000	RMB'000	
Beijing Xuhui Xingteng	—	400,000	—	—	30 September 2011
Suzhou Xuhui High-Tech	—	280,000	—	—	7 August 2011
Suzhou Xuhui Xingteng	—	80,000	—	—	3 August 2011
Shanghai Xubo (note 26)	—	365,000	299,166	—	3 May 2012
Shanghai Xupu	—	—	248,470	248,470	16 September 2012
Shanghai Xutai	—	—	244,530	244,530	9 April 2013
Shanghai Xuyu	—	—	150,000	150,000	31 March 2013
Hefei Xubin (note 26)	—	—	134,100	559,547	30 December 2014
	—	<u>1,125,000</u>	<u>1,076,266</u>	<u>1,202,547</u>	

- (h) In 2009, the Group entered into certain capital injection agreements with its investee, CURA Investment, as disclosed in note 17, to raise funds of RMB300,000,000. Pursuant to the terms stipulated in capital injection agreements with the investee, the Group transferred its 39% equity interests in Beijing Xuhui Xingteng and Shanghai Xuchuang to its investee. Subsequently in 2009, the Group entered into supplementary agreements in addition to the above-mentioned capital injection agreements with the investee pursuant to which the Group agreed to repurchase and the investee agreed to sell its entire interests of Beijing Xuhui Xingteng and Shanghai Xuchuang for RMB300,000,000 plus a fixed interest of 18% per annum with maturity date of 9 months after the dates of drawdown of the borrowings.

In March 2012, the Group entered into a cooperation agreement with its investee, CURA Investment, to raise fund of RMB150,000,000. Pursuant to the terms stipulated in the cooperation agreement with the investee, the Group transferred its 35% equity interest in Changsha Xuhai to its investee. The Group was obliged to repurchase the entire equity interest of Changsha Xuhai held by the investee for RMB150,000,000 plus a fixed interest of 19% per annum with maturity date of 12 months after the date of drawdown of the borrowing.

- (i) This loan is borrowed from a trust company without any security and guarantee.

26. TRUST LOANS RELATED DERIVATIVES

The borrowings of Shanghai Xubo and Hefei Xubin included in the note 25(g) are in the form of trust arrangement with trust financing companies involving either capital increase in, or transfer of equity interest in project companies with repurchase obligations. The repurchase prices of the equity interests and loan principal of these trust arrangements reflect the fixed returns and the floating premiums that the trust financing companies are entitled to and are linked to the selling prices or valuation of equity interest of the relevant project companies at the time as stipulated in the relevant agreements. The classification of trust loans related derivatives are determined based on the earliest repayment dates that can be demanded by trust financing companies.

The proceeds received from the trust companies have been split between the trust loans element and financial derivatives component, representing the fair value of the embedded derivatives in respect of the floating premiums.

These trust loans contain embedded derivatives which are not closely related to the host contract and are treated as separate derivatives. The embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss.

The fair value of trust loans related financial derivative instruments is calculated using the Monte Carlo simulation by considering a number of parameters including volatility, credit spread, risk free rate, property selling prices of the project, the property development plan estimated by management and maturity dates determined by the terms of the relevant agreements and the property sale plan estimated by management.

The movements of the embedded derivatives are set out below:

	At 31 December			At 30 June
	2009	2010	2011	2012
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At the beginning of the year/period	—	—	35,000	132,000
Initial recognition at fair value	—	35,000	82,000	—
Loss (gain) arising on changes in fair value	—	—	15,000	(11,000)
At the end of the year/period	<u>—</u>	<u>35,000</u>	<u>132,000</u>	<u>121,000</u>
Carrying amount analysed into				
Current portion	—	—	50,000	61,000
Non-current portion	—	<u>35,000</u>	<u>82,000</u>	<u>60,000</u>
	<u>—</u>	<u>35,000</u>	<u>132,000</u>	<u>121,000</u>

27. PAID-IN/SHARE CAPITAL

For the purpose of the preparation of the Financial Information, the paid-in capital at 31 December 2009 and 2010 represented the paid-in capital of Shanghai Xuhui Investment and Xukai Shanghai Investment held by the Ultimate Shareholders.

On 20 May 2011, the Company was incorporated as an exempted company with limited liability in the Cayman Islands. As at the date of incorporation, the Company's initial authorised share capital was HK\$1,000,000,000, divided into 10,000,000,000 shares of a par value of HK\$0.10 each, of which 1 subscriber share was allotted and issued to Mapcal Limited as the initial subscriber, and was subsequently transferred to Ding Chang Limited, a BVI incorporated company wholly owned by Mr Lin Zhong, one of the controlling shareholders, at HK\$0.1 on 20 May 2011. Xu Sheng was incorporated in BVI on 9 May 2011 with an authorised share capital of USD50,000 divided into 50,000 shares of par value of US\$1 each. The Company acquired the one issued share of Xu Sheng on 20 May 2011. On 23 May 2011, Xu Sheng acquired the 1 issued share of CIFI Enterprises from Mr Lin Zhong at HK\$1, CIFI Enterprises became a direct wholly owned subsidiary of Xu Sheng accordingly.

On 17 August 2011, CIFI Enterprises established Shanghai Hanpuka, a wholly foreign owned enterprise in Shanghai, the PRC with registered capital of US\$10,000,000.

On 9 September 2011, Shanghai Hanpuka acquired all equity interests in Shanghai Xuhui Investment and Xukai Shanghai Investment from the Ultimate Shareholders at a total cash consideration of RMB186,716,000 determined with reference to the net asset value of Shanghai Xuhui Investment and Xukai Shanghai Investment as at 30 June 2011. The Company became the ultimate holding company since then.

On 19 July 2011 and 23 August 2011, the Company allotted 54,753,999 and 68,546,000 new shares at par value of HK\$0.1 each to the Ultimate Shareholders and former shareholders of CIFI (PRC) respectively at a total consideration of HK\$12,330,000 (approximately RMB9,988,000). On 29 September 2011, the Company further allotted 300,000 new shares at par value of HK\$0.1 to the Ultimate Shareholders at a consideration of HK\$30,000 (approximately RMB24,000).

On 30 September 2011, 12 investors subscribed for a total of 5,400,000 new shares of the Company at a total consideration of HK\$292,443,321 (approximately RMB236,879,000).

Pursuant to a resolution in writing of the shareholders of the Company passed on 9 October 2012, subject to the share premium account of the Company having sufficient balance being credited as a result of the global offering, the directors of the Company are authorised to capitalise a sum of HK\$438,600,000 from the amount standing to the credit of the share premium account of the Company by applying such sum in paying up in full 4,386,000,000 shares at par for issue and allot to the existing shareholders on a pro rata basis.

The paid-in capital at 31 December 2011 and 30 June 2012 represented the share capital of the Company with 129,000,000 issued shares.

28. DEFERRED TAXATION

The following are the major deferred taxation assets (liabilities) recognised and movements thereon during the Relevant Periods:

	Temporary difference on unrealised loss of inter-company transactions	Fair value of investment properties	Tax losses	Temporary differences on LAT provision	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2009	(9,168)	(11,172)	—	37,007	16,667
Acquisition of a subsidiary	—	(29,805)	1,776	—	(28,029)
Credit (charge) to consolidated statement of comprehensive income	<u>1,998</u>	<u>(13,893)</u>	<u>664</u>	<u>17,499</u>	<u>6,268</u>
At 31 December 2009	(7,170)	(54,870)	2,440	54,506	(5,094)
Credit (charge) to consolidated statement of comprehensive income	<u>2,074</u>	<u>(35,430)</u>	<u>669</u>	<u>8,774</u>	<u>(23,913)</u>
At 31 December 2010	(5,096)	(90,300)	3,109	63,280	(29,007)
(Charge) credit to consolidated statement of comprehensive income	<u>(1,106)</u>	<u>(287,204)</u>	<u>359</u>	<u>(1,489)</u>	<u>(289,440)</u>
At 31 December 2011	<u>(6,202)</u>	<u>(377,504)</u>	<u>3,468</u>	<u>61,791</u>	<u>(318,447)</u>
(Charge) credit to consolidated statement of comprehensive income	<u>(179)</u>	<u>(241,405)</u>	<u>(692)</u>	<u>7,763</u>	<u>(234,513)</u>
At 30 June 2012	<u>(6,381)</u>	<u>(618,909)</u>	<u>2,776</u>	<u>69,554</u>	<u>(552,960)</u>

For the presentation purposes on the consolidated statement of financial position, certain deferred taxation assets (liabilities) have been offset. The following is the analysis of the deferred taxation balances for financial reporting purposes:

	At 31 December			At 30 June
	2009	2010	2011	2012
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Deferred taxation assets	55,170	64,613	63,483	82,680
Deferred taxation liabilities	<u>(60,264)</u>	<u>(93,620)</u>	<u>(381,930)</u>	<u>(635,640)</u>
	<u>(5,094)</u>	<u>(29,007)</u>	<u>(318,447)</u>	<u>(552,960)</u>

At 31 December 2009, 2010, 2011 and 30 June 2012, the Group had unused tax losses of RMB78,070,000, RMB100,888,000, RMB203,545,000 and RMB342,729,000 respectively, available to offset against future profits. Deferred taxation assets have been recognised in respect of such losses of RMB9,759,000, RMB12,438,000, RMB13,872,000 and RMB11,104,000 at 31 December 2009, 2010, 2011 and 30 June 2012 respectively. No deferred taxation asset has been recognised in respect of the remaining RMB68,311,000, RMB88,450,000 and RMB189,673,000 and RMB331,625,000 at 31 December 2009, 2010, 2011 and 30 June 2012 respectively due to the unpredictability of future profit streams. The unrecognised tax losses will expire in the following years:

	At 31 December			At 30 June
	2009	2010	2011	2012
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
2012	4,302	4,171	4,171	—
2013	15,410	2,335	2,335	1,674
2014	48,599	32,938	3,507	3,166
2015	—	49,006	36,003	27,796
2016	—	—	143,657	119,914
2017	<u>—</u>	<u>—</u>	<u>—</u>	<u>179,075</u>
	<u>68,311</u>	<u>88,450</u>	<u>189,673</u>	<u>331,625</u>

At 31 December 2009, 2010, 2011 and 30 June 2012, the Group had deductible temporary differences arising from inter-company transactions in relation to construction of properties of RMB84,535,000, RMB40,983,000, RMB134,059,000 and RMB134,667,000, respectively. No deferred taxation asset has been recognised in relation to such deductible temporary difference as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

Under the PRC enterprise income law, withholding income tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to accumulated profits of the PRC subsidiaries amounting to approximately RMB882,015,000, RMB1,424,702,000, RMB2,052,903,000 and RMB2,437,974,000 as at 31 December 2009, 2010, 2011 and 30 June 2012, respectively, as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

29. ACQUISITION OF ASSETS AND LIABILITIES THROUGH ACQUISITION OF A SUBSIDIARY

During the year ended 31 December 2009, CIFI (PRC), in which the Group then held 79.51% interest, acquired 100% equity interest in Shanghai Haiji from independent third parties in order to acquire ownership of its underlying property project. Consideration of RMB400,800,000 was determined after taking into account the fair values of the underlying assets and liabilities at that time.

The assets acquired and liabilities assumed through the acquisition of 79.51% beneficial equity interest in Shanghai Haiji were as follows:

	<u>2009</u>
	<i>RMB'000</i>
Net assets acquired at fair value:	
Investment properties under construction	325,916
Property, plant and equipment	15
Properties under development	102,110
Bank balances and cash	1,372
Accounts payable and accrued charges	(584)
Deferred taxation	<u>(28,029)</u>
Total consideration satisfied by cash	<u>400,800</u>
Net cash outflow arising on acquisition:	
Cash paid	400,800
Bank balances and cash acquired	<u>(1,372)</u>
	<u>399,428</u>

30. ACQUISITION OF ADDITIONAL INTEREST IN A SUBSIDIARY

During the six months ended 30 June 2011 and the year ended 31 December 2011, 18.44% equity interest in CIFI (PRC) was acquired by the Group at a consideration of RMB426,215,000 from the non-controlling interests. A difference between the consideration paid and the attributable interests of non-controlling interests at the date of acquisition of additional interest in CIFI (PRC) amounting to RMB120,507,000 was recognised directly in equity and attributed to the owners of the Company.

During the six months ended 30 June 2012, 2.05% equity interest in CIFI (PRC) was acquired by the Group at a cash consideration of RMB57,256,000 from a non-controlling interest. A difference between the consideration paid and the equity interest of the non-controlling interest at the date of acquisition of additional interest in CIFI (PRC) amounting to RMB23,765,000 was recognised in equity and attributed to the owners of the Company.

31. DISPOSAL OF SUBSIDIARIES

During the year ended 31 December 2010, CIFI (PRC) disposed of its 100% equity interests in its subsidiaries, Beijing Xuheng and Changsha Xuxing, at a cash consideration of RMB86,000,000 and RMB129,200,000 to independent third parties, respectively.

During the six months ended 30 June 2011, CIFI (PRC) disposed of its 100% equity interest in its subsidiary, Shanghai Yiyi, at a cash consideration of RMB83,724,000 to independent third party. The consideration was subject to be finalised when the counterparties to a litigation with Shanghai Yiyi agreed to execute in accordance with the court judgement and got the compensation from Shanghai Yiyi.

During the year ended 31 December 2011, CIFI (PRC) disposed of its 100% equity interest in both its subsidiaries, Shanghai Yiyi and Jiaxing Xucui, at a finalised cash consideration of RMB80,679,000 to an independent third party and a cash consideration of RMB20,000,000 to 上海建浦投資管理有限公司 (“上海建浦”), a related company controlled by Mr Lin Zhong (note 38(b)), respectively.

The net assets of subsidiaries at the date of disposal are as follows:

	Year ended 31 December			Six months ended 30 June	
	2009	2010	2011	2011	2012
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				<i>(unaudited)</i>	
Net assets disposed of:					
Investment properties	—	89,000	—	—	—
Property, plant and equipment	—	1	514	22	—
Properties under development	—	128,176	—	—	—
Properties held for sale	—	—	51,636	51,636	—
Accounts and other receivables, deposits and prepayments	—	4	3,944	3,843	—
Bank balances and cash	—	410	20,860	1,246	—
Accounts payable and accrued charges	—	(315)	(7,703)	(6,536)	—
Bank and other borrowings	—	—	(50,800)	(50,800)	—
	—	217,276	18,451	(589)	—
(Loss) gain on disposal	—	(2,076)	82,228	84,313	—
Consideration	—	215,200	100,679	83,724	—
Net cash inflow arising from disposal:					
Cash consideration received	—	215,200	100,679	10,000	—
Bank balances and cash disposed of	—	(410)	(20,860)	(1,246)	—
	—	214,790	79,819	8,754	—

32. RETIREMENT BENEFIT PLANS

According to the relevant laws and regulations in the PRC, the Company's PRC subsidiaries are required to participate in defined contribution retirement schemes administered by the local municipal government. The Group's PRC subsidiaries contribute funds which are calculated on certain percentage of the average employee salary as required by local municipal government to the scheme to fund the retirement benefits of the employees. The principal obligation of the Group with respect to the retirement benefit scheme is to make the required contributions under the scheme.

The Group also operates a Mandatory Provident Fund Scheme for all qualifying employees in Hong Kong. The assets of the scheme are held separately from those of the Group, in funds under the control of trustee. The Group contributes 5% of relevant payroll costs to the scheme, which contribution is matched by employees.

33. PLEDGE OF ASSETS

The following assets were pledged to secure certain banking and other facilities granted to the Group at the end of the reporting period:

	At 31 December			At 30 June
	2009	2010	2011	2012
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Investment properties	64,554	—	2,047,000	2,571,900
Prepaid lease payments	21,772	21,772	21,772	21,772
Properties under development	2,677,529	4,566,860	8,011,194	9,713,654
Properties held for sale	<u>178,028</u>	<u>138,306</u>	<u>640,101</u>	<u>388,491</u>
	<u>2,941,883</u>	<u>4,726,938</u>	<u>10,720,067</u>	<u>12,695,817</u>
Net assets of certain subsidiaries (note)	<u>77,495</u>	<u>543,611</u>	<u>3,632,921</u>	<u>4,568,796</u>

Note: Certain pledged investment properties, properties under development and properties held for sale, as stated above, were included in the net assets of certain subsidiaries.

34. LEASE ARRANGEMENTS**The Group as a lessor**

At the end of the reporting period, the Group had contracted with tenants for the following future minimum lease payments as follows:

	<u>At 31 December</u>			<u>At 30 June</u>
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Within one year	7,302	3,744	29,557	55,995
In the second to fifth year inclusive	14,589	14,233	102,165	192,505
After five years	<u>14,590</u>	<u>11,202</u>	<u>349,035</u>	<u>308,881</u>
	<u>36,481</u>	<u>29,179</u>	<u>480,757</u>	<u>557,381</u>

The investment properties held by the Group for rental purpose have committed tenants from one to twenty years. Lease of an investment property has clauses of contingent rentals determined by a certain percentage of turnover earned by the tenant. No contingent rental income was recognised during the year ended 31 December 2009, 2010, 2011 and 30 June 2012.

The Group as a lessee

At the end of the reporting period, the Group had future minimum lease payments under non-cancelable operating leases in respect of leased properties are as follows:

	<u>At 31 December</u>			<u>At 30 June</u>
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Within one year	2,453	2,255	6,746	7,294
In the second to fifth year inclusive	2,073	918	11,293	8,942
After five years	<u>—</u>	<u>—</u>	<u>—</u>	<u>26</u>
	<u>4,526</u>	<u>3,173</u>	<u>18,039</u>	<u>16,262</u>

Operating lease payments represent rentals payable by the Group for certain of its office premises. Leases are negotiated for an average term of one to ten years and rentals are fixed at the date of signing of lease agreements.

35. COMMITMENTS

At the end of the reporting period, the Group had the following commitments:

	At 31 December			At 30 June
	2009	2010	2011	2012
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Expenditure in respect of acquisition of land use rights contracted for but not provided for in the Financial Information	<u>1,149,945</u>	<u>1,341,910</u>	<u>1,797,370</u>	<u>193,594</u>

36. CONTINGENT LIABILITIES

The Group provided guarantees amounting to RMB225,520,000, RMB294,718,000, RMB496,834,000 and RMB535,238,000 as at 31 December 2009, 2010, 2011 and 30 June 2012 respectively in respect of mortgage bank loans granted to purchasers of the Group's developed properties. In the opinion of the directors of the Company, the fair values of these financial guarantee contracts of the Group are insignificant at initial recognition and the directors of the Company consider that the possibility of the default of the parties involved is remote, accordingly, no value has been recognised at the inception of the guarantee contracts and on the consolidated statement of financial position as at 31 December 2009, 2010, 2011 and 30 June 2012.

The Group was involved in a legal dispute with a construction contractor. In April 2010, a construction fee dispute claim of approximately RMB40.6 million, which included amounts of outstanding construction fee and performance bond, plus penalty in respect of outstanding construction fee and interest in respect of performance bond and outstanding construction fee, was brought by the construction contractor against certain subsidiaries of the Company in relation to a property development project in Suzhou, the PRC. The Group's bank balance of RMB21,768,000 was held in custody of the People's Court of the Qingpu district in Shanghai, the PRC since December 2010. The Group has assessed the claim and obtained legal advice, and considered that the ultimate outcome of this legal proceeding will not have a material adverse effect on the financial position of the Group.

37. SHARE-BASED PAYMENT TRANSACTION

The Group's Pre-IPO share award scheme, as amended in accordance with the proposed listing on The Stock Exchange of Hong Kong Limited, (the "Share Award Scheme") was adopted in December 2010 and then replaced the Pre-IPO share award scheme originally adopted pursuant to a resolution passed on 19 May 2007. Under the Share Award Scheme, Mr Lin Zhong, a controlling shareholder and director of the Company, awards the Company's shares (the "Awarded Shares") held by him to certain employees of the Group. The objective of the Share Award Scheme is to recognise the contributions of certain employees of the Group and to incentivize them.

Under the Share Award Scheme, the total percentage of equity interest in respect of which Awarded Shares had been granted on 31 December 2010 was 3.25% of the issued capital of the Company to be incorporated in connection with the proposed listing on The Stock Exchange of Hong Kong Limited. The Awarded Shares, subject to a vesting period, are being held by the trust on behalf of the grantees. The vesting period is four years, from the beginning of each instalment, during which 25% of the Award Shares granted to employee will vest on each anniversary of the first vesting date in equal portions. The first vesting date is 1 January of the year following the Company to be successfully listed on The Stock Exchange of Hong Kong Limited.

The fair value of the Awarded Shares granted under the Share Award Scheme at 31 December 2010 was RMB58,000,000, and was determined by using a mix of asset-based and market approach. The significant inputs into the model were estimated fair value of shares at the grant date and estimated price-to-book ratio. The price-to-book ratio is estimated by reference to comparable listed companies on The Stock Exchange of Hong Kong Limited engaged in property development in the PRC.

The Awarded Shares are contingent at grant date and are subject to the cancellation in the event of resignation of the grantees; and the vesting conditions of successful listing of the Company's shares on The Stock Exchange of Hong Kong Limited and satisfactory performance of such employee based on his or her annual performance appraisal. The Group will recognise an expense in relation to the Awarded Shares granted to certain employees of the Group when the vesting condition is probable, no expense was recognised in the Relevant Periods accordingly.

38. RELATED PARTY TRANSACTIONS AND BALANCES

Apart from the balances with related parties set out in notes 20 and 24, the Group entered into the following significant transactions with its related parties during the Relevant Periods:

(a) Sales of properties to a director of the Company

	Year ended 31 December			Six months ended 30 June	
	2009	2010	2011	2011	2012
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				<i>(unaudited)</i>	
Sales of properties to Mr Lin Feng	—	—	4,458	—	—

(b) Consideration received from disposal of a subsidiary (note 31) to a related company

	Year ended 31 December			Six months ended 30 June	
	2009	2010	2011	2011	2012
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				<i>(unaudited)</i>	
上海建浦 (company controlled by Mr Lin Zhong)	—	—	20,000	—	—

The gain on disposal of such subsidiary amounts to RMB960,000.

(c) Financial guarantees provided by certain directors of the Group and Ultimate Shareholders for bank and other borrowings

	At 31 December			At 30 June
	2009	2010	2011	2012
	RMB'000	RMB'000	RMB'000	RMB'000
Bank and other borrowings guaranteed by:				
Mr Lin Zhong	60,000	—	1,314,406	1,118,406
Mr Lin Wei	250,000	—	—	—
Ultimate Shareholders	—	—	469,800	469,800
	<u>310,000</u>	<u>—</u>	<u>1,784,206</u>	<u>1,588,206</u>

Particulars of the amounts due from/to related companies in which Mr Lin Zhong and Mr Lin Feng, controlling shareholders and directors of the Company, have control or beneficial interests:

	Maximum amount outstanding							
	At 31 December			At 30 June	Year ended 31 December			Six months ended 30 June
	2009	2010	2011	2012	2009	2010	2011	2012
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Amounts due from related companies:								
上海建浦 (company controlled by Mr Lin Zhong)	2,950	3,000	—	—	2,950	3,000	3,000	—
廈門繁綺服飾有限公司 (company controlled by a close family member of Mr Lin Zhong)	6,136	5,287	—	—	6,246	6,136	5,287	—
廈門永茂貿易有限公司 (company of which Mr Lin Feng was a director)	5,130	5,130	—	—	5,130	5,130	5,130	—
廈門麗詩服飾有限公司 (company of which Mr Lin Feng was a director)	110	110	—	—	110	110	110	—
	<u>14,326</u>	<u>13,527</u>	<u>—</u>	<u>—</u>	<u>14,326</u>	<u>13,527</u>	<u>13,527</u>	<u>—</u>

	Maximum amount outstanding							
	At 31 December			At 30 June	Year ended 31 December			Six months ended 30 June
	2009	2010	2011	2012	2009	2010	2011	2012
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Amounts due from directors of the Company:								
Mr Lin Zhong	—	2,100	—	—	—	13,900	2,100	—
Mr Lin Feng	—	1,700	—	—	—	1,700	1,700	—
	—	3,800	—	—				

	At 31 December			At 30 June
	2009	2010	2011	2012
	RMB'000	RMB'000	RMB'000	RMB'000
Amounts due to related companies:				
上海福凱投資管理有限公司 (company controlled by Mr. Lin Zhong)		1,350	1,350	—
永升旭日集團房地產開發有限公司 (company of which Mr. Lin Feng was a director)		2,200	8,200	—
Rental deposit received from Jiaxing Xucai (<i>note</i>) (company controlled by Mr. Lin Zhong)	—	—	16,000	11,000
	3,550	9,550	16,000	11,000

Note:

The Group entered into a lease agreement with Jiaxing Xucai for a term of fifteen years in respect of an investment property in June 2011, RMB16,000,000 and RMB11,000,000 were received from Jiaxing Xucai as the deposit of the lease at 31 December 2011 and 30 June 2012 respectively. Rental income from this operating lease with Jiaxing Xucai of RMB9,854,000 (year ended 31 December 2011: nil) was recognised in the consolidated statement of comprehensive income for the six months ended 30 June 2012 on a straight-line basis over the term of the lease agreement, in which RMB2,309,000 was paid by Jiaxing Xucai before June 2012.

Amounts due to directors of the Company:

Mr Lin Zhong	—	63	2,871	2,330
Mr Lin Feng	5,500	5,500	—	—
	5,500	5,563	2,871	2,330

The remuneration paid and payable to the key management personnel of the Group who are also the directors of the Company for the Relevant Periods is set out in note 11.

39. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of net debt, which includes the borrowings disclosed in note 25 net of cash and cash equivalents, and equity attributable to owners of the Company, comprising issued share capital, reserves and retained profits.

The directors of the Company review the capital structure on a regular basis. As part of this review, the directors of the Company consider the cost of capital and the risks associated with each class of capital, and take appropriate actions to balance its overall capital structure.

40. FINANCIAL INSTRUMENTS

a. Significant accounting policies

Details of the significant accounting policies adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial assets, financial liabilities and equity instruments are disclosed in note 3.

b. Categories of financial instruments

	At 31 December			At 30 June
	2009	2010	2011	2012
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets				
Investment held for trading	1,640	1,599	—	—
Available-for-sale investment	9,463	9,463	9,463	9,463
Loans and receivables (including cash and cash equivalents)	1,444,531	2,423,926	2,966,532	2,137,665
Financial liabilities				
Amortised cost	2,929,192	5,073,483	9,614,369	9,906,875
Financial guarantees	—	—	—	—
Embedded derivatives	—	35,000	132,000	121,000

c. Financial risk management objectives and policies

The Group's major financial instruments include available-for-sale investment, investments held for trading, financial guarantees in respect of mortgage bank loans granted to purchasers, trade receivables, other receivables, restricted cash, bank balances and cash, amounts due from/to non-controlling interests, trade payables, other payables, bank and other borrowings and trust loans related derivatives. Details of these financial instruments are set out in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

d. Market risk

The Group's activities expose primarily to the market risks of changes in interest rates, foreign currency exchange rates and other price risk (see below).

There has been no significant change to the Group's exposure to market risks or the manner in which it manages and measures the risk over the Relevant Periods.

Interest rate risk management

The Group is exposed to cash flow interest rate risk due to the fluctuation of the prevailing market interest rate on bank deposits and bank and other borrowings which carry at variable rates based on the interest rates quoted by the People's Bank of China plus a premium.

The Group's fair value interest rate risk relates primarily to its fixed rate amounts due to non-controlling interests and bank and other borrowings. The Group currently does not use any derivative contracts to hedge its exposure to interest rate risk. However, the management will consider hedging significant interest rate exposure should the need arise.

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note.

Interest rate sensitivity

The sensitivity analyses below have been prepared based on the exposure to interest rates for non-derivative instruments (bank balances and bank and other borrowings). The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year/period. A 100 basis point increase or decrease for bank and other borrowings and a 50 basis point increase or decrease for bank deposits are used when reporting interest rate risk internally to key management personnel and represent management's assessment of the possible change in interest rate in respect of bank and other borrowings and bank deposits respectively.

At the end of the reporting period, if interest rates had been increased/decreased by 100 and 50 basis points in respect of bank and other borrowings and bank deposits respectively and all other variables were held constant, the Group's profit would increase/decrease by RMB4,430,000, RMB7,063,000, RMB2,489,000 for the year ended 31 December 2009, 2010, 2011 and decrease/increase by RMB4,454,000 for the six months ended 30 June 2012, respectively.

Foreign currency risk management

The Group collects all of its revenue in RMB and most of the expenditures including expenditures incurred in property sales as well as capital expenditures are also denominated in RMB.

The Group undertakes certain transactions denominated in foreign currencies, hence exposure to exchange rate fluctuations arises. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

As at 31 December 2011 and 30 June 2012, the Group has bank balances and cash and bank borrowings denominated in foreign currencies as set out in notes 23 and 25, respectively, which expose the Group to foreign currency risk.

No sensitivity analysis has been presented as the directors of the Company consider that the foreign exchange risk exposure of the Group is minimal.

Other price risks

The Group was exposed to equity price risks through its investments held for trading. The management considers that the Company's exposure to fluctuation in equity price is minimal. Accordingly, no sensitivity analysis is presented.

e. Credit risk management

At the end of the reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and financial guarantees issued by the Group is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position and the amount of contingent liabilities disclosed in note 36. In order to minimise the credit risk, the monitoring procedures are carried out to ensure that follow up action is taken to recover overdue debts. In addition, the Group reviews regularly the recoverable amount of each individual trade and other receivables, amounts due from related companies and amounts due from directors at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. The amounts presented in the consolidated statement of financial position are net of allowances for bad and doubtful debts, estimated by the Group's management based on prior experience and their assessment of the current economic environment.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies or state-owned banks in the PRC.

Other than concentration of credit risk on liquid funds which are deposited with several banks with high credit ratings, the Group has no significant concentration of credit risk, which exposure spread over a number of counterparties and customers.

For properties that are presold but development has not been completed, the Group typically provides guarantees to banks in connection with the customers' borrowing of mortgage loans to finance their purchase of the properties for an amount up to 80% of the purchase price of the individual property. If a purchaser defaults on the payment of its mortgage during the period of guarantee, the bank holding the mortgage may demand the Group to repay the outstanding loan and any interest accrued thereon. Under such circumstances, the Group is able to forfeit the sales deposit received and re-sell the repossessed properties. Therefore, the management considers it would likely recover any loss incurred arising from the guarantee by the Group. The management considers the credit risk exposure to financial guarantees provided to property purchasers is limited because the facilities are secured by the properties and the market prices of the properties are higher than the guaranteed amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

f. Liquidity risk

The Group's objective is to maintain a balance between continuity of funding generated from operating activities and the flexibility through the use of borrowings. The directors of the Company closely monitor the liquidity position and expect to have adequate sources of funding to finance the Group's projects and operations.

The following table details the Group's expected remaining contractual maturity for its non-derivative financial liabilities and derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of non-derivative financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

In addition, the following table details the Group's liquidity analysis for its derivative financial instruments. The analysis for the Group's derivative financial instruments are prepared based on the maturities estimated by the management with reference to the progress of property development projects.

	Interest rate	Carrying amount at						Over 3 years	Total undiscounted cash flows
		31 December 2009	0-60 days	61 to 180 days	181 to 365 days	1-2 years	2-3 years		
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
<i>Non-derivative financial liabilities</i>									
Non-interest bearing	—	570,019	570,019	—	—	—	—	570,019	
Fixed interest rate instruments	5.94%-18%	1,292,923	246,068	309,312	332,055	264,358	260,487	1,412,280	
Variable interest rate instruments	5.40%-7.13%	1,066,250	97,977	19,206	176,059	232,003	671,093	1,206,190	
Financial guarantees	—	—	—	65,182	160,338	—	—	225,520	
	Interest rate	Carrying amount at 31 December 2010						Over 3 years	Total undiscounted cash flows
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
<i>Non-derivative financial liabilities</i>									
Non-interest bearing	—	882,930	882,930	—	—	—	—	882,930	
Fixed interest rate instruments	5%-16%	1,701,153	342,988	42,914	1,074,392	352,416	—	1,812,710	
Variable interest rate instruments	5.27%-19.6%	2,489,400	27,388	54,776	274,215	862,292	825,381	2,896,379	
Financial guarantees	—	—	—	—	294,718	—	—	294,718	
<i>Derivatives — net settlement</i>									
Trust loans related derivatives	—	35,000	—	—	—	50,400	—	50,400	
	Interest rate	Carrying amount at 31 December 2011						Over 3 years	Total undiscounted cash flows
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
<i>Non-derivative financial liabilities</i>									
Non-interest bearing	—	1,737,184	1,737,184	—	—	—	—	1,737,184	
Fixed interest rate instruments	5.94%-16.8%	2,393,680	271,123	534,324	787,054	969,060	32,725	2,594,286	
Variable interest rate instruments	6.65%-24.2%	5,483,505	80,075	405,548	338,508	2,430,647	2,667,966	6,532,490	
Financial guarantees	—	—	—	—	496,834	—	—	496,834	
<i>Derivatives — net settlement</i>									
Trust loans related derivatives	—	132,000	—	—	60,000	—	139,728	199,728	

	Interest rate	Carrying amount at						Total Over undiscouted cash flows	
		30 June 2012	0-60 days	61 to 180 days	181 to 365 days	1-2 years	2-3 years		3 years
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
<i>Non-derivative financial liabilities</i>									
Non-interest bearing	—	1,956,619	1,956,619	—	—	—	—	—	1,956,619
Fixed interest rate instruments	5.94%-19%	2,028,403	302,546	361,748	987,438	535,983	30,493	—	2,218,208
Variable interest rate instruments	6.4%-24.2%	5,921,853	120,696	409,259	1,128,629	2,517,507	2,136,986	343,616	6,656,693
Financial guarantees	—	—	—	—	541,768	—	—	—	541,768
<i>Derivatives — net settlement</i>									
Trust loans related derivatives	—	121,000	—	67,100	—	—	93,038	—	160,138

The amounts included above for financial guarantee contracts are the maximum amounts the Group could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of each reporting period, the Group considers that it is more likely than not that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

g. Fair value

The fair value of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets traded in active liquid markets are determined with reference to quoted market prices respectively;
- the fair value of other financial assets and financial liabilities (excluding derivative instruments) is determined in accordance with generally accepted pricing models based on discounted cash flow analysis;
- the fair value of trust loans related financial derivative instruments is calculated using Monte Carlo simulation by considering a number of parameters including volatility, credit spread, risk free rate, property selling prices of the project and the property development plan estimated by management.

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated statement of financial position approximate their respective fair values at the end of each reporting period respectively.

h. Fair value measurements recognised in the consolidated statement of financial position

The Group's investments held for trading of RMB1,640,000, RMB1,599,000, nil and nil as at 31 December 2009, 2010, 2011 and 30 June 2012, respectively, that are measured subsequent to initial recognition at fair value, are grouped into Level 1 based on the degree to which the fair value is observable. Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Trust related financial derivatives are measured subsequent to initial recognition at fair value and is grouped into Level 3 based on the degree to which the fair value is observable. Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

B. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

(a) Statement of Financial Position of the Company:

	At 31 December 2011	At 30 June 2012
	<u>RMB'000</u>	<u>RMB'000</u>
NON-CURRENT ASSETS		
Investment in a subsidiary	—	—
Amounts due from subsidiaries	173,812	605,904
Property, plant and equipment	<u>1,694</u>	<u>1,388</u>
	<u>175,506</u>	<u>607,292</u>
CURRENT ASSETS		
Accounts and other receivables, deposits and prepayments	9,831	14,759
Bank balances and cash	<u>506,729</u>	<u>57,753</u>
	<u>516,560</u>	<u>72,512</u>
CURRENT LIABILITIES		
Accounts payable and accrued charges	2,475	2,131
Amount due to a director	2,871	2,330
Bank borrowing - due within one year	<u>140,940</u>	<u>140,940</u>
	<u>146,286</u>	<u>145,401</u>
NET CURRENT ASSET/(LIABILITY)	<u>370,274</u>	<u>(72,889)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>545,780</u>	<u>534,403</u>
CAPITAL AND RESERVES		
Share capital	10,449	10,449
Reserves	<u>206,471</u>	<u>195,094</u>
TOTAL EQUITY	<u>216,920</u>	<u>205,543</u>
NON-CURRENT LIABILITY		
Bank borrowing - due after one year	<u>328,860</u>	<u>328,860</u>
	<u>545,780</u>	<u>534,403</u>

(b) Statement of Changes in Equity of the Company:

	Attributable to owners of the Company			
	Share capital	Share premium	Accumulated losses	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Issued on date of incorporation	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Loss and total comprehensive income for the period from 20 May 2011 (date of incorporation) to 31 December 2011	<u>—</u>	<u>—</u>	<u>(29,971)</u>	<u>(29,971)</u>
Issue of shares	<u>10,449</u>	<u>236,442</u>	<u>—</u>	<u>246,891</u>
At 31 December 2011	<u>10,449</u>	<u>236,442</u>	<u>(29,971)</u>	<u>216,920</u>
Loss and total comprehensive income for the period	<u>—</u>	<u>—</u>	<u>(11,377)</u>	<u>(11,377)</u>
At 30 June 2012	<u>10,449</u>	<u>236,442</u>	<u>(41,348)</u>	<u>205,543</u>

(c) **Investment in a subsidiary**

	At 31 December 2011 and 30 June 2012
	<i>RMB'000</i>
Unlisted share, at cost	<u>—</u>

(d) Amounts due from/to subsidiaries/a director

The amounts due from/to subsidiaries and a director are unsecured, interest-free and repayable on demand.

(e) Bank borrowing

In 2011, the Company borrowed from a bank for a fixed-rate borrowing of RMB469,800,000 at 8%, 10% and 12% per annum for first 12 months, 13 to 18 months and 19 to 24 months, respectively as stipulated in the agreement. The loan was secured by 115,128,000 shares of the Company beneficially owned by the Ultimate Shareholders and guaranteed by the shareholder companies beneficially owned by the Ultimate Shareholders. Such security and guarantee will be released upon listing.

Included in the outstanding balance at 31 December 2011 and 30 June 2012, RMB140,940,000 was due in 2012, the remaining balance was repayable in 2013.

(f) Share capital

	Number of ordinary shares	Nominal value
		<i>RMB'000</i>
Authorised		
At 20 May 2011 (date of incorporation),		
31 December 2011 and 30 June 2012	<u>10,000,000,000</u>	<u>810,000</u>
Issued and fully paid		
At 20 May 2011 (date of incorporation)	1	—
Issue of shares upon the Group Reorganisation	128,999,999	10,449
At 31 December 2011 and 30 June 2012	129,000,000	10,449
Shown in the consolidated financial statements	<u>129,000,000</u>	<u>10,449</u>
At 31 December 2011	RMB equivalent	<u>10,449</u>
At 30 June 2012	RMB equivalent	<u>10,449</u>

C. DIRECTORS' REMUNERATION

Save as disclosed herein, no remuneration has been paid or is payable to the Company's directors by the Company or any of its subsidiaries during the Relevant Periods.

D. SUBSEQUENT EVENTS

The following events took place subsequent to 30 June 2012:

On 18 July 2012, the Group entered into a land grant contract acquiring the land use rights of a parcel of land at a consideration of approximately RMB520 million. Pursuant to the contract terms, the consideration shall be paid in full within 30 days upon signing of the contract.

On 15 September 2012, the Group has entered into a cooperation arrangement with 天津開發區萬通實業發展集團有限公司 (Tianjin Economic Zone Wantong Industries Development Group Co., Ltd), 天津晟達房地產開發有限公司 (Tianjin Shengda Real Estate Development Co., Ltd) and 天津新時代房地產開發有限公司 (Tianjin Xinshidai Real Estate Development Co., Ltd), independent third parties, pursuant to which the Group acquired 51% interest in 天津世紀興房地產開發有限公司 (Tianjin Shijixing Real Estate Development Co., Ltd., "Tianjin Shijixing") in October 2012 by capital injection of RMB31,224,500 in Tianjin Shijixing. Before the completion of the acquisition, Tianjin Shijixing did not earn any revenue and incurred administrative expenses of approximately RMB383,000 since its establishment.

Tianjin Shijixing is the project company for Tianjin CIFI Century Waterside (天津旭輝•世紀水岸). The major asset of Tianjin Shijixing is the land parcel situated at Chadian Town (茶淀鎮), Hangu district (漢沽區), Tianjin. As of the date of this report, the Group has settled the consideration and the acquisition has been completed.

The acquired net assets comprised the following assets and liabilities:

	Acquiree's carrying amount as at		
	30 June 2012	31 December 2011	31 December 2010
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Property, plant and equipment	110	154	221
Other receivables	211	211	195
Properties for development	176,589	176,540	176,303
Cash and cash equivalents	3,707	3,779	4,285
Other payables	<u>(151,000)</u>	<u>(151,000)</u>	<u>(151,025)</u>
Net assets acquired	<u>29,617</u>	<u>29,684</u>	<u>29,979</u>

E. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements of the Group, the Company or any of the companies now comprising the Group have been prepared in respect of any period subsequent to 30 June 2012.

Yours faithfully,

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

The information set out in this appendix does not form part of the Accountants' Report of the Group on the financial information of the Group for the Track Record Period prepared by Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, the reporting accountants of our Company, as set out in Appendix I to this prospectus, and is included in this prospectus for information only.

The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" in this prospectus and the "Accountants' Report of the Group" set out in Appendix I to this prospectus.

A. UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS PER SHARE

The following unaudited pro forma adjusted net tangible assets per Share prepared in accordance with Rule 4.29 of the Listing Rules is for illustration purpose only, and is set out in this appendix to illustrate the effect of the Global Offering on the adjusted consolidated net tangible assets of the Group as at 30 June 2012, as if they had taken place on such date.

The unaudited pro forma adjusted net tangible assets per Share has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group attributable to the equity holders of the Company following the Global Offering. It is prepared based on the audited consolidated net assets of the Group attributable to the equity holders of the Company as at 30 June 2012 as shown in the Accountants' Report of the Group as set out in Appendix I to this prospectus and adjusted as described below. The unaudited pro forma adjusted net tangible assets does not form part of the Accountants' Report of the Group.

	Audited consolidated net tangible assets of the Group attributable to equity holders of the Company as at 30 June 2012 ^(Note 1)	Forecast net proceeds from the Global Offering ^(Note 2)	Unaudited pro forma adjusted net tangible assets attributable to the equity holders of the Company	Unaudited pro forma adjusted net tangible assets per Share ^(Note 3 and 4)	
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB</i>	<i>HK\$</i>
Based on the Offer Price of HK\$1.33 for each Share	<u>4,103,066</u>	<u>1,250,000</u>	<u>5,353,066</u>	<u>0.93</u>	<u>1.14</u>
Based on the Offer Price of HK\$1.65 for each Share	<u>4,103,066</u>	<u>1,560,000</u>	<u>5,663,066</u>	<u>0.98</u>	<u>1.20</u>

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

Notes:

- (1) The audited consolidated net tangible assets of the Group attributable to the equity holders of the Company as at 30 June 2012 was determined as follows:

	<i>RMB'000</i>
Audited consolidated net assets of the Group as at 30 June 2012 as shown in the "Accountants' Report of the Group" as set out in Appendix I to this prospectus	4,437,137
Less: Non-controlling interests	<u>334,071</u>
Audited consolidated net tangible assets of the Group attributable to the equity holders of the Company as at 30 June 2012	<u><u>4,103,066</u></u>

- (2) The forecast net proceeds from the Global Offering are based on the total number of Offer Shares and the Offer Price range of HK\$1.33 and HK\$1.65 per Share, after deduction of underwriting fees and related expenses payable by the Company but takes no account of any Shares which may be allotted and issued upon the exercise of the Over-allotment Option.
- (3) The unaudited pro forma adjusted net tangible assets per Share is arrived at after the adjustments referred to in the preceding paragraphs and on the basis that a total of 5,770,000,000 Shares are expected to be in issue pursuant to the Global Offering, taking no account of any additional income the Group may have earned from the forecast net proceeds from the Global Offering and any Shares which may fall to be allotted and issued upon the exercise of the Over-allotment Option.
- (4) The unaudited pro forma net tangible assets per Share is converted into Hong Kong Dollars at an exchange rate of RMB0.81522 to HK\$1.
- (5) The land and buildings included in property, plant and equipment of the Group were valued by Savills Valuation and Professional Services Limited and the valuation report in respect of which is set out in Appendix IV to this prospectus. According to the valuation report, such property interests of the Group as at 31 August 2012 amounted to approximately RMB326,705,000. Comparing this amount with the unaudited net carrying value of the land and buildings included in property, plant and equipment of the Group as at 30 June 2012 of approximately RMB83,878,000, there was a surplus of RMB242,827,000. Had such property interests been stated at revaluation, additional annual depreciation of RMB12,141,000 will therefore be charged. The surplus on revaluation will not be reflected in the Group's consolidated financial statements in subsequent years as the Group has elected to state the property interests at cost model.

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

B. UNAUDITED PRO FORMA FORECAST EARNINGS PER SHARE

The following unaudited pro forma forecast earnings per Share for the year ending 31 December 2012 has been prepared in accordance with Rule 4.29 of the Listing Rules on the basis set out in the notes below for the purpose of illustrating the effect of the Global Offering, as if it had taken place on 1 January 2012. 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 equity owners of the Company — for the year ending 31 December 2012 ^(Note 1)	not less than RMB1,802 million
Unaudited pro forma forecast earnings per Share ^(Notes 2 and 3)	RMB0.31 (approximately HK\$0.38)

Notes:

- (1) The forecast consolidated net profit attributable to the equity owners of our Company for the year ending 31 December 2012 is extracted from the section headed “Financial Information — Profit Forecast for the year ending 31 December 2012”. The bases and assumptions on which the above profit forecast has been prepared are summarised in Appendix III.
- (2) The calculation of the unaudited pro forma forecast earnings per Share is based on the forecast consolidated profit attributable to the owners of the Company for the year ending 31 December 2012 and on the assumptions that the Company has been listed since 1 January 2012 and that a total number of 5,770,000,000 Shares were in issue through the year ending 31 December 2012, without taking into account of any Share which may be issued upon exercise of the Over-allotment Option or upon exercise of options granted under our Pre-IPO Share Award Scheme. The forecast consolidated profit attributable to the owners of the Company for the year ending 31 December 2012 has not taken into account any interest income that would have been earned if the proceeds from the Global Offering had been received by the Company on 1 January 2012.
- (3) The unaudited pro forma forecast earnings per Share is converted into Hong Kong Dollars at an exchange rate of RMB0.81522 to HK\$1.

**C. REPORT FROM THE REPORTING ACCOUNTANTS ON THE UNAUDITED PRO
FORMA FINANCIAL INFORMATION RELATING TO THE UNAUDITED PRO FORMA
ADJUSTED NET TANGIBLE ASSETS PER SHARE**

The following is the text of report, prepared for the purpose of incorporation in this prospectus, received from Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, the reporting accountants of our Company.



**ACCOUNTANTS' REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION
TO THE DIRECTORS OF CIFI HOLDINGS (GROUP) CO. LTD.**

We report on the unaudited pro forma financial information of CIFI Holdings (Group) Co. Ltd. (the “**Company**”) and its subsidiaries (hereinafter collectively referred to as the “**Group**”) (the “**Unaudited Pro Forma Financial Information**”), which has been prepared by the directors of the Company for illustrative purpose only, to provide information about how the Global Offering might have affected the financial information presented, for inclusion in Appendix II to the prospectus of the Company dated 13 November 2012 (the “**Prospectus**”). The basis of preparation of the Unaudited Pro Forma Financial Information is set out on pages II-1 to II-3 to the Prospectus.

Respective responsibilities of directors of the Company and reporting accountants

It is the responsibility solely of the directors of the Company to prepare the Unaudited Pro Forma Financial Information in accordance with Rule 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants.

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 Hong Kong Institute of Certified Public Accountants. Our work consisted

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

primarily of comparing the unadjusted financial information with source documents, considering the evidence supporting the adjustments and discussing the Unaudited Pro Forma Financial Information with the directors of the Company. This engagement did not involve independent examination of any of the underlying financial information.

We planned and performed our work so as to obtain 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 purpose 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 the 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 has been carried out in accordance with those standards.

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 future and may not be indicative of:

- the financial position of the Group as at 30 June 2012 or any future date.
- the financial results and earnings per share of the Group for the year ending 31 December 2012 or any future period.

Opinion

In our opinion:

- a) the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated;
- b) such basis is consistent with the accounting policies of the Group; and
- c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to Rules 4.29(1) of the Listing Rules.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
13 November 2012

A. PROFIT FORECAST FOR THE YEAR ENDING 31 DECEMBER 2012**Bases and Assumptions**

We have prepared our profit forecast for the year ending 31 December 2012. This profit forecast is based on the audited consolidated financial information for the six months ended 30 June 2012, the unaudited management accounts for the two months ended 31 August 2012 and our forecast of the consolidated results for the remaining four months ending 31 December 2012. The forecast for the year ending 31 December 2012 has been prepared on the basis of accounting policies consistent with those adopted for the purpose of the Accountants' Report set out in Appendix I to this prospectus and the principal 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:

- The existing political, legal, fiscal or economic conditions in the PRC would not result in a material effect on the business of the Group;
- There will be no material change in the PRC government policies affecting the pricing and sales of the Group's properties;
- There will be no material change in the prevailing banking and mortgage policies applicable to the Group or its customers;
- There will be no material change in the basis or rates of taxation in the PRC;
- There will be no material change in inflation and interest rates in the PRC;
- The Group's operations, results and financial condition will not be materially and adversely affected by the risk factors set forth in the section headed "Risk Factors" in the prospectus;
- Changes in foreign exchange rates will have no material impact on the operations of the Group;
- No new construction projects outside the Group's stated plans will be launched and the existing projects will be completed according to the Group's plans;
- Major contracts on the sales and leasing of properties will not be cancelled;
- The actual construction costs will not vary significantly from the signed contracts or the budget in any way that is more significant than historical experience;

- All properties of the Group are developed, sold and delivered in accordance with management's plans and there are no substantial changes in development schedule due to delay in obtaining the relevant government's approval;
- There will be no acquisition of subsidiaries;
- There will be no material change in staff wages or other major operational expenses of the Group;
- There will be no delay in the approval process on land use rights in respect of property development;
- Impact of adverse weather conditions on property development of the Group will not differ from those of last year;
- There will be no serious dispute or other abnormalities or changes in the operations of the Group; and
- The projected market values of the investment properties as of 31 December 2012 are estimated by the Directors of the Company with reference to the independent property valuer's report set out in Appendix IV to the prospectus from the Property Valuer, the independent property valuer. The investment approach for the completed investment properties was adopted by the Property Valuer to assess the market value of such properties by capitalising the net rental income derived from the existing tenancies with due allowance for reversionary incoming potential of the respective properties. Pursuant to the investment approach, the market value of a property is assessed by adding the estimated value of (i) the lease term interest of the property and (ii) the reversionary interest of the property. The estimated value of the lease term interest is derived by capitalising a property's contractual rental income for the relevant period, being in this case from 30 June 2012 through the end of the terms of the relevant leases. The estimated value of the reversionary interest is derived by capitalising the property's estimated market rental for the rest of its remaining life after the end of the terms of the relevant lease. In assessing the market value of the investment properties under construction, the Property Valuer has valued such properties on the basis that they will be developed and completed in accordance with the latest development proposals. The Property Valuer has adopted the Direct comparison approach by making reference to comparable sales transactions as available in the relevant markets and has also taken into account the expended construction costs and the costs that will be expended to complete the developments to reflect the quality of the completed developments. In preparing the analysis of the effect of the increase in fair value on the profit forecast of the Group, the forecast is based on (i) the market valuation of the investment properties prepared by the Property Valuer as of 31 August 2012 and (ii) the anticipated stable to moderately upward property-specific market trends which are estimated by the Property Valuer.

Profit forecast for the Year Ending 31 December 2012

Forecast consolidated net profit attributable to the equity owners of our Company ^(Notes 1, 2, 3 and 4)	not less than RMB1,802 million
Unaudited pro forma forecast earnings per Share ^(Notes 5 and 6)	not less than RMB0.31 (approximately HK\$0.38)

Notes:

- (1) The above profit forecast has been prepared in accordance with the principal assumptions set forth above.
- (2) On the bases and assumptions set out above, and in the absence of the occurrence of unforeseen circumstances, we have forecasted that the consolidated net profit attributable to the equity owners of our Company for the year ending 31 December 2012 is unlikely to be less than RMB1,802 million, which includes the change of RMB925 million in the fair value of investment properties, after deducting deferred tax effect and non-controlling interests, and the change of RMB12 million in the fair value of trust loans related derivatives.

Under IFRS, movement in the valuation of investment properties and trust loans related derivatives will be reflected in our financial statements through our consolidated statement of comprehensive income. Gains or losses arising from transfer to investment properties, changes in the fair value of our investment properties and trust loans related derivatives are accounted for as profit or loss on fair value gains on investment properties and trust loans related derivatives in our consolidated statement of comprehensive income.

We expect the fair value of our investment properties and trust loans related derivatives as of 31 December 2012, and in turn any fair value gains on investment properties and trust loans related derivatives, to continue to be dependent on market conditions and other factors that are beyond our control, and to be based on the valuations performed by the independent professional valuers involving the use of assumptions that are, by their nature, subjective and uncertain. See “Risk Factors — Risks Relating to Our Business — The appraised value of our properties may be different from the actual realisable value and is subject to change.”

Changes in the fair value of our investment properties and trust loans related derivatives are dependent on market conditions and factors that are beyond our control. While we have considered for the purposes of the profit forecast what we believe is the best estimate of the fair value of our investment properties and trust loans related derivatives as of 31 December 2012, and our independent professional valuers are of the view that the assumptions upon which the forecast is based are reasonable, the fair value of our investment properties and trust loans related derivatives and/or any fair value gains or losses on investment properties and trust loans related derivatives as of the relevant time may differ materially from (and may be materially higher or lower than) our estimate.

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

The following table illustrates the sensitivity of the net profit attributable to our equity owners to the average selling price for the year ending 31 December 2012 ignoring the effect of change in average selling price on the Group's income tax.

% change in average selling price	5%	10%	15%	20%	-5%	-10%	-15%	-20%
Impact on net profit to our equity owners targeted for the year 2012 (RMB in millions)	21	41	62	83	(21)	(41)	(62)	(83)
% of total targeted net profit to our equity owners	1.1%	2.3%	3.4%	4.6%	-1.1%	-2.3%	-3.4%	-4.6%

If the average selling prices rise by 5%, the Group's net profit for the year ending 31 December 2012 will be RMB1,823 million (i.e. 1.1% higher than the Group's forecasted 2012 net profit).

If the average selling prices rise by 10%, the Group's net profit for the year ending 31 December 2012 will be RMB1,843 million (i.e. 2.3% higher than the Group's forecasted 2012 net profit).

If the average selling prices rise by 15%, the Group's net profit for the year ending 31 December 2012 will be RMB1,864 million (i.e. 3.4% higher than the Group's forecasted 2012 net profit).

If the average selling prices rise by 20%, the Group's net profit for the year ending 31 December 2012 will be RMB1,885 million (i.e. 4.6% higher than the Group's forecasted 2012 net profit).

If the average selling prices decline by 5%, the Group's net profit for the year ending 31 December 2012 will be RMB1,782 million (i.e. 1.1% lower than the Group's forecasted 2012 net profit).

If the average selling prices decline by 10%, the Group's net profit for the year ending 31 December 2012 will be RMB1,761 million (i.e. 2.3% lower than the Group's forecasted 2012 net profit).

If the average selling prices decline by 15%, the Group's net profit for the year ending 31 December 2012 will be RMB1,740 million (i.e. 3.4% lower than the Group's forecasted 2012 net profit).

If the average selling prices decline by 20%, the Group's net profit for the year ending 31 December 2012 will be RMB1,719 million (i.e. 4.6% lower than the Group's forecasted 2012 net profit).

The analysis above includes only changes in average selling prices for the 6% of GFA not pre-sold to purchasers as of 31 August 2012.

(ii) Sensitivity analysis on targeted GFA sold and delivered

The following table illustrates the sensitivity of the net profit attributable to our equity owners to the targeted GFA sold and delivered for the year ending 31 December 2012.

% change in targeted GFA sold and delivered	-5%	-10%	-15%	-20%	-25%
Impact on net profit to our equity owners targeted for the year 2012 (RMB in millions)	(6)	(12)	(18)	(24)	(30)
% of total targeted net profit to our equity owners	-0.3%	-0.7%	-1.0%	-1.3%	-1.7%

If the targeted GFA sold and delivered declines by 5%, the Group's net profit for the year ending 31 December 2012 will be RMB1,796 million (i.e., 0.3% lower than the Group's targeted 2012 net profit).

If the targeted GFA sold and delivered declines by 10%, the Group's net profit for the year ending 31 December 2012 will be RMB1,790 million (i.e., 0.7% lower than the Group's targeted 2012 net profit).

If the targeted GFA sold and delivered declines by 15%, the Group's net profit for the year ending 31 December 2012 will be RMB1,784 million (i.e., 1.0% lower than the Group's targeted 2012 net profit).

If the targeted GFA sold and delivered declines by 20%, the Group's net profit for the year ending 31 December 2012 will be RMB1,778 million (i.e., 1.3% lower than the Group's targeted 2012 net profit).

If the targeted GFA sold and delivered declines by 25%, the Group's net profit for the year ending 31 December 2012 will be RMB1,772 million (i.e., 1.7% lower than the Group's targeted 2012 net profit).

The analysis above includes only changes in GFA to be sold and delivered for the 6% of GFA not pre-sold to purchasers as of 31 August 2012.

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

The following table illustrates the sensitivity of the net profit attributable to our equity owners (net of deferred tax effect) to levels of revaluation increase/decrease on investment properties for the year ending 31 December 2012:

% change in fair value of investment properties	5%	10%	15%	-5%	-10%	-15%
Impact on net profit to our equity owners targeted for 2012 (RMB in millions)	130	259	389	(130)	(259)	(389)
% of total targeted net profit to our equity owners	7.2%	14.4%	21.6%	-7.2%	-14.4%	-21.6%

If the fair value of investment properties rises by 5%, the Group's net profit for the year ending 31 December 2012 will be RMB1,932 million (i.e., 7.2% higher than the Group's targeted 2012 net profit).

If the fair value of investment properties rises by 10%, the Group's net profit for the year ending 31 December 2012 will be RMB2,061 million (i.e., 14.4% higher than the Group's targeted 2012 net profit).

If the fair value of investment properties rises by 15%, the Group's net profit for the year ending 31 December 2012 will be RMB2,191 million (i.e., 21.6% higher than the Group's targeted 2012 net profit).

If the fair value of investment properties declines by 5%, the Group's net profit for the year ending 31 December 2012 will be RMB1,672 million (i.e., 7.2% lower than the Group's targeted 2012 net profit).

If the fair value of investment properties declines by 10%, the Group's net profit for the year ending 31 December 2012 will be RMB1,543 million (i.e., 14.4% lower than the Group's targeted 2012 net profit).

If the fair value of investment properties declines by 15%, the Group's net profit for the year ending 31 December 2012 will be RMB1,413 million (i.e., 21.6% lower than the Group's targeted 2012 net profit).

(iv) *Sensitivity analysis on fair value change of trust loans related derivatives*

The following table illustrates the sensitivity of the net profit attributable to our equity owners to levels of revaluation increase/decrease on trust loans related derivatives for the year ending 31 December 2012:

% change in fair value of trust loans related derivatives	5%	10%	15%	-5%	-10%	-15%
Impact on net profit to our equity owners targeted for 2012 (RMB in millions)	9	18	27	(9)	(18)	(27)
% of total targeted net profit to our equity owners	0.5%	1.0%	1.5%	-0.5%	-1.0%	-1.5%

If the fair value of trust loans related derivatives rises by 5%, the Group's net profit for the year ending 31 December 2012 will be RMB1,811 million (i.e., 0.5% higher than the Group's targeted 2012 net profit).

If the fair value of trust loans related derivatives rises by 10%, the Group's net profit for the year ending 31 December 2012 will be RMB1,820 million (i.e., 1.0% higher than the Group's targeted 2012 net profit).

If the fair value of trust loans related derivatives rises by 15%, the Group's net profit for the year ending 31 December 2012 will be RMB1,829 million (i.e., 1.5% higher than the Group's targeted 2012 net profit).

If the fair value of trust loans related derivatives declines by 5%, the Group's net profit for the year ending 31 December 2012 will be RMB1,793 million (i.e., 0.5% lower than the Group's targeted 2012 net profit).

If the fair value of trust loans related derivatives declines by 10%, the Group's net profit for the year ending 31 December 2012 will be RMB1,784 million (i.e., 1.0% lower than the Group's targeted 2012 net profit).

If the fair value of trust loans related derivatives declines by 15%, the Group's net profit for the year ending 31 December 2012 will be RMB1,775 million (i.e., 1.5% lower than the Group's targeted 2012 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 average selling price, targeted GFA sold and delivered, and fair value changes of investment properties and trust loans related derivatives for the year ending 31 December 2012, the average selling price, GFA sold and delivered, and fair value changes of investment properties and trust loans related derivatives 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.

- (3) Our Directors believe that our profit forecast for the year ending 31 December 2012 is reasonable, realistic and up-to-date and will not be materially impacted by the current market conditions and the PRC government's tightening policies. The pre-sale of our properties has been consistently strong. As of 31 August 2012, we had contracted or pre-sold approximately 94% of our GFA to be booked in 2012. As of 31 August 2012, the construction progress of our projects to be delivered to purchasers in the second half of 2012 is as follows: most of the construction work relating to Shanghai CIFI Rose Bay, Beijing CIFI Private Mansion, Changsha CIFI Luxury Courtyard, Langfang CIFI Path Walf, Suzhou CIFI Canal County and Suzhou CIFI Ronchamp Town has been completed. These projects are now undergoing decoration and installation. Our marketing plan for these projects in the second half of 2012 is consistent with our past marketing practices. In general, our sales are marginally higher in the second half of each year.
- (4) Forecast consolidated net profit attributable to the equity holders of our Company (excluding fair value gains) is not less than RMB865 million. Forecast fair value gains on investment properties (deducting deferred tax effect and non-controlling interests) is RMB925 million (approximately HK\$1,135 million). Forecast fair value gain on trust loans related derivatives is RMB12 million (approximately HK\$15 million).

- (5) The calculation of the unaudited pro forma fully diluted earnings per Share is based on the forecast consolidated profit attributable to equity holders of the Company for the year ending 31 December 2012, assuming the Global Offering had been completed on 1 January 2012 and a total of 5,770,000,000 Shares in issue during the entire period, taking no account of any additional income our Group may have earned from the forecast net proceeds from the Global Offering and any Shares which may fall to be allotted and issued pursuant to the exercise of the Over-allotment Option.
- (6) Forecast earnings per Share is translated into Hong Kong dollars at an exchange rate of HK\$1 to RMB0.81522, the rate of the PBOC prevailing on 30 June 2012.

B. LETTER FROM OUR REPORTING ACCOUNTANTS

The following is the text of a letter received from Deloitte Touche Tohmatsu, Certified Public Accountants, for the purpose of incorporation in this prospectus.

Deloitte.
德勤

德勤·關黃陳方會計師行
香港金鐘道88號
太古廣場一座35樓

Deloitte Touche Tohmatsu
35/F One Pacific Place
88 Queensway
Hong Kong

13 November 2012

The Directors
CIFI Holdings (Group) Co. Ltd
Citigroup Global Markets Asia Limited
Morgan Stanley Asia Limited
Standard Chartered Securities (Hong Kong) Limited

Dear Sirs,

We have reviewed the accounting policies adopted and calculations made in arriving at the forecast of the consolidated profit of CIFI Holdings (Group) Co. Ltd. (the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”) for the year ending 31 December 2012 attributable to equity holders of the Company (the “Forecast”), for which the Directors of the Company are solely responsible, as set out in the prospectus dated 13 November 2012 issued by the Company (the “Prospectus”). The Forecast is prepared based on the audited results of the Group for the six months ended 30 June 2012, the results shown in the unaudited management accounts of the Group for the two months ended 31 August 2012 and a forecast of the consolidated results of the Group for the remaining four months ending 31 December 2012.

In our opinion the Forecast, so far as the accounting policies and calculations are concerned, has been properly compiled on the basis of the assumptions made by the Directors of the Company as set out in the section headed “Profit Forecast” of Appendix III to the Prospectus and is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group as set out in our accountants’ report on the financial information of the Group for each of the three years ended 31 December 2011 and six months ended 30 June 2012 as set out in Appendix I to the Prospectus.

Without qualifying our opinion above, we draw to your attention to the section headed “Profit Forecast” in Appendix III to the Prospectus which sets out the assumptions adopted by the Directors of the Company regarding the fair values of the Group’s investment properties and trust loans related derivatives as at 31 December 2012. In preparing the Forecast, the Directors of the Company have assumed that there will be a credit to the consolidated statement of comprehensive income of the Group in respect of the fair value increase on investment properties, net of deferred tax effect and non-controlling interests, amounting to RMB925 million, and fair value increase on trust loans related

derivatives, amounting to RMB12 million, which are estimated based on projected valuations on 31 December 2012 according to a basis of valuation which is, as far as practicable, and in the opinion of the Directors of the Company, consistent with the basis of valuation which has been adopted by the independent professional valuers in valuing the properties and trust loans related derivatives for the purposes of the audited consolidated financial statements of the Group for the six months ended 30 June 2012. While the Directors of the Company believe that this is the best estimate of the fair value increases on the investment properties and trust loans related derivatives for the year ending 31 December 2012, and the independent professional valuers are of the view that the assumptions upon which the Forecast is based are reasonable, the actual fair value increases of the investment properties and trust loans related derivatives for the year ending 31 December 2012 may differ materially from their estimates. Should the actual increase or decrease in fair value of the investment properties and trust loans related derivatives differ from the amounts estimated by the Directors of the Company, such difference would have the effect of increasing or decreasing the forecast consolidated profit attributable to the equity holders of the Company for the year ending 31 December 2012.

Yours faithfully,
Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

C. LETTER FROM THE JOINT SPONSORS

The following is the text of a letter, prepared for inclusion in this prospectus, which we have received from Citigroup Global Markets Asia Limited, Morgan Stanley Asia Limited and Standard Chartered Securities (Hong Kong) Limited, the Joint Sponsors, in connection with the forecast of our consolidated profit attributable to the equity holders of the Company for the year ending 31 December 2012.



**Citigroup Global Markets
Asia Limited**
50th Floor Citibank Tower
Citibank Plaza
3 Garden Road
Central, Hong Kong



Morgan Stanley Asia Limited
Level 46
International Commerce Centre
1 Austin Road West
Kowloon, Hong Kong



**Standard Chartered Securities
(Hong Kong) Limited**
15/F, Two International Finance
Centre
8 Finance Street
Central, Hong Kong

13 November 2012

The Directors
CIFI Holdings (Group) Co. Ltd.

Dear Sirs,

We refer to the forecast of the consolidated profit of CIFI Holdings (Group) Co. Ltd. (the “**Company**”) and its subsidiaries (hereinafter collectively referred to as the “**Group**”) for the year ending 31 December 2012 attributable to equity holders of the Company (the “**Profit Forecast**”), for which the Directors of the Company are solely responsible, as set out in the prospectus issued by the Company dated 13 November 2012 (the “**Prospectus**”).

We understand that the Profit Forecast has been prepared by the directors of the Company based on the audited results of the Group for the six months ended 30 June 2012, the results shown in the unaudited management accounts of the Group for the two months ended 31 August 2012 and a forecast of the consolidated results of the Group for the remaining four months ending 31 December 2012.

We have discussed with you the bases and assumptions upon which the Profit Forecast has been made as set out in the section headed “Profit Forecast” of Appendix III to the Prospectus. We have also considered the letter dated 13 November 2012 addressed to yourselves and ourselves from Deloitte Touche Tohmatsu regarding the accounting policies and calculations upon which the Profit Forecast has been made.

On the basis of the information comprising the Profit Forecast and on the basis of the accounting policies and calculations adopted by you and reviewed by Deloitte Touche Tohmatsu, we are of the opinion that the Profit Forecast, for which you as directors of the Company are solely responsible, has been made after due and careful enquiry.

Yours faithfully,

For and on behalf of

Citigroup Global Markets Asia Limited

Rodney Tsang
Managing Director, Co-Head of China IBD

For and on behalf of

Morgan Stanley Asia Limited

Terence Keyes
Managing Director

For and on behalf of

**Standard Chartered Securities
(Hong Kong) Limited**

Richard Kao
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 Savills Valuation and Professional Services Limited, an independent property valuer, in connection with their opinion of values of the properties of the Group as at 31 August 2012.



Savills Valuation and
Professional Services Limited
23/F Two Exchange Square
Central, Hong Kong

T: (852) 2801 6100
F: (852) 2530 0756

EA LICENCE: C-023750
savills.com

The Directors
CIFI Holdings (Group) Co. Ltd.
CIFI Hongqiao International
5th Floor, Block 3, Lane 288, Tongxie Road
Changning District
Shanghai
The People's Republic of China

13 November 2012

Dear Sirs,

In accordance with your instructions for us to value the properties situated in the People's Republic of China (the "PRC") in which CIFI Holdings (Group) Co. Ltd. (hereinafter referred to as the "Company"), its subsidiaries and associated companies (hereinafter together referred to as the "Group") have interests, we confirm that we have carried out inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of values of the properties as at 31 August 2012 (the "date of valuation") for incorporation in a Public Offering Document.

Our valuation of each of the properties is our opinion of its 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".

The market value is the best price reasonably obtainable in the market by the seller and the most advantageous price reasonably obtainable in the market by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, lease arrangements with property owners, joint ventures, management agreements, special considerations or concessions granted by anyone associated with the sale, or any element of special value. The market value of a property is also estimated without regard to costs of sale and purchase, and without offset for any associated taxes.

In the course of our valuation of the properties in the PRC, unless otherwise stated, we have assumed that transferable land use rights in respect of the properties for their respective specific terms at nominal annual land use fees have been granted and that any land grant premium payable has already been fully paid. We have also assumed that, unless otherwise stated, the owners of the properties have proper legal titles and have free and uninterrupted rights to use, occupy or assign the properties for the whole of the respective unexpired terms as granted.

In valuing the properties in Group I, which are held by the Group for sale in the PRC, we have valued such properties by the direct comparison approach assuming sale with the benefit of vacant possession in their existing states by making reference to comparable sales transactions as available in the relevant markets.

In valuing the properties in Group II which are held by the Group under development and Property No. 60 in Group IV which is held by the Group for investment in the PRC, we have valued such properties on the basis that they will be developed and completed in accordance with the latest development proposals provided to us. We have assumed that all consents, approvals and licenses from relevant government authorities for the development proposals have been obtained without onerous conditions or delays. In arriving at our opinion of values, we have adopted the direct comparison approach by making reference to comparable sales transactions as available in the relevant markets and have also taken into account the expended construction costs and the costs that will be expended to complete the developments to reflect the quality of the completed developments.

In valuing the properties in Group III (except Property Nos. 48, 50, 51 and 56) which are held by the Group for future development in the PRC, we have valued the properties by direct comparison approach by making reference to comparable sales transactions as available in the market assuming sale with the benefit of vacant possession. In valuing Property Nos. 48, 50, 51 and 56 in Group III, we have assigned no commercial value to such properties as the payment of the relevant land premium has not yet been fully settled.

In valuing Property Nos. 61, 62, 63 and 64 in Group IV, which are held by the Group for investment in the PRC, we have made reference to the comparable market transactions as available in the market and where appropriate, valued the properties on the basis of capitalization of net incomes as shown on the schedules handed to us with due allowance for reversionary income potential of the properties.

In valuing the properties in Groups V and VI, which are leased by the Group in the PRC and in Hong Kong respectively, we have assigned no commercial values to the properties, due to either to the short-term nature of the leases or the prohibition against assignments or sub-letting or otherwise due to lack of substantial profit rents.

We have been provided with copies of title documents relating to the properties. However, we have not searched the original documents to verify ownership or to ascertain the existence of any amendments which may not appear on the copies handed to us. In the course of our valuation, we have relied to a very considerable extent on the information given by the Group and its legal adviser on PRC laws, Commerce & Finance Law Office, on the title to the properties. We have also accepted information and advice from the Group on such matters as planning approvals, statutory notices, easements, tenure, particulars of occupancy, development proposals, total and outstanding construction costs, site and floor areas, and all other relevant matters. Dimensions, measurements and areas included in the valuation certificates are based on the information contained in the documents provided to us and are therefore only approximations. No on-site measurements have been taken. We have no reason to doubt the truth and accuracy of the information provided to us by the Group, which is material to our valuation. We are also advised by the Group that no material facts have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view.

We have inspected the exterior and, where possible, the interior of the properties. During the course of our inspections, we did not note any serious defects. However, no structural survey has been made and we are therefore unable to report that the properties are free from rot, infestation and any other defects. No tests were carried out on any of the services. We have also not carried out investigations on site to determine the suitability of the ground conditions and the services for any future development. Our valuation is prepared on the assumption that these aspects are satisfactory and no extraordinary expenses or delay will be incurred during the development period.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on any property nor for any expenses 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 properties, we have complied with the requirements set out in Chapter 5 and Practice Note 12 to the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong and The HKIS Valuation Standards on Properties (First Edition 2005) published by The Hong Kong Institute of Surveyors.

Unless otherwise stated, all money amounts stated in our report are in Renminbi (“RMB”).

We enclose herewith our summary of values and valuation certificate.

Yours faithfully,
For and on behalf of
Savills Valuation and Professional Services Limited
Anthony C K Lau
MHKIS MRICS RPS(GP)
Director

Note: Anthony C K Lau is a qualified estate surveyor and has over 19 years' post-qualification experience in the valuation of properties in Hong Kong and the PRC.

SUMMARY OF VALUES

No. Property	Market value in existing state as at 31 August 2012 (RMB)	Interest attributable to the Group	Market value attributable to the Group as at 31 August 2012 (RMB)
Group I — Properties held by the Group for sale in the PRC			
1. Shanghai CIFI Hongqiao International (上海 旭輝•虹橋國際), Tongxie Road, Changning District, Shanghai, PRC	395,000,000	100%	395,000,000
2. Shanghai CIFI Century Square (上海 旭輝•世紀廣場), Danba Road, Changfeng Commercial Area, Putuo District, Shanghai, PRC	288,000,000	100%	288,000,000
3. Various car parking spaces of Shanghai CIFI La Baie D' Evian (上海 旭輝•依雲灣), Gubei Road, Baoshan District, Shanghai, PRC	3,800,000	100%	3,800,000
4. A townhouse of Shanghai CIFI La Baie D'Evian (上海 旭輝•依雲灣), Gubei Road, Baoshan District, Shanghai, PRC	10,100,000	100%	10,100,000

No.	Property	Market value in existing state as at 31 August 2012 (RMB)	Interest attributable to the Group	Market value attributable to the Group as at 31 August 2012 (RMB)
5.	Shanghai CIFI Ronchamp Town (上海 旭輝•朗香郡), Huaji Road and near Longwu Road, Binjiang Area, Xuhui District, Shanghai, PRC	39,000,000	100%	39,000,000
6.	Portion of Suzhou CIFI Canal County (蘇州 旭輝•上河郡), East of Wenchang Road and South of Xingxian Road, Gaoxin District, Suzhou, Jiangsu Province, PRC	86,600,000	100%	86,600,000
7.	Portion of Suzhou CIFI Ronchamp Town (蘇州 旭輝•朗香郡), North of Daxinhe Road and East of Xingyu Road, Gaoxin District, Suzhou, Jiangsu Province PRC	150,000,000	100%	150,000,000
8.	Portion of Suzhou CIFI California Bay (蘇州 旭輝•芭堤蘭灣), Qingjian Road, Industrial Park District, Suzhou, Jiangsu Province, PRC	6,300,000	100%	6,300,000

No. Property	Market value in existing state as at 31 August 2012 (RMB)	Interest attributable to the Group	Market value attributable to the Group as at 31 August 2012 (RMB)
9. Portion of Phase I of Hefei CIFI Central Park (合肥 旭輝•中央宮園一期), Dongzhi Road, New Municipal and Cultural District Development, Hefei, Anhui Province, PRC	19,300,000	100%	19,300,000
10. Portion of Jiaxing CIFI Square (嘉興 旭輝廣場), East of Zhongshan Road, Jiaxing, Zhejiang Province, PRC	234,000,000	100%	234,000,000
11. Beijing CIFI Purple County (北京 旭輝•紫郡), No. 23 Xincheng North Area, Huangcun Town, Daxing District, Beijing, PRC	14,800,000	100%	14,800,000
12. Portion of Beijing CIFI Wangxin Commercial Centre (北京 旭輝•望馨商業中心), No. 209 Lize Xiyuan, Wangjing Area, Chaoyang District, Beijing, PRC	7,200,000	100%	7,200,000

No. Property	Market value in existing state as at 31 August 2012 (RMB)	Interest attributable to the Group	Market value attributable to the Group as at 31 August 2012 (RMB)
13. Portion of Beijing CIFI Olympic City (北京 旭輝•奧都), Beiyuan Road, Chaoyang District, Beijing, PRC	43,900,000	100%	43,900,000
14. Various car parking spaces of Beijing CIFI Shanghai Salon (北京 旭輝•上海沙龍), Tianbao South Street, Economic and Technology Development Area, Beijing, PRC	48,100,000	100%	48,100,000
15. Portion of Langfang CIFI Path Walf Phase I (廊坊 旭輝•十九城邦一期), Oriental University City, Economic and Technology Development Zone, Langfang, Hebei Province, PRC	86,100,000	100%	86,100,000
16. Portion of Langfang CIFI Path Walf Phase II (廊坊旭輝•十九城邦二期), Oriental University City, Economic and Technology Development Zone, Langfang, Hebei Province, PRC	74,700,000	100%	74,700,000

No. Property	Market value in existing state as at 31 August 2012 (RMB)	Interest attributable to the Group	Market value attributable to the Group as at 31 August 2012 (RMB)
17. Portion of Chongqing CIFI Ronchamp Town Phase I (重慶 旭輝•朗香郡一期), Baotong Road and Shuanghu Road, Yubei District, Chongqing, PRC	26,900,000	100%	26,900,000
18. Portion of Chongqing CIFI Ronchamp Town Phase II (重慶 旭輝•朗香郡二期), Baotong Road and Shuanghu Road, Yubei District, Chongqing, PRC	3,400,000	100%	3,400,000
19. Chongqing CIFI Ronchamp Town Phase III (重慶 旭輝•朗香郡三期), Baotong Road and Shuanghu Road, Yubei District, Chongqing, PRC	117,000,000	100%	117,000,000
20. Chongqing CIFI Ronchamp Town Phase IV (重慶 旭輝•朗香郡四期), Baotong Road and Shuanghu Road, Yubei District, Chongqing, PRC	151,000,000	100%	151,000,000

APPENDIX IV
PROPERTY VALUATION

No. Property	Market value in existing state as at 31 August 2012 (RMB)	Interest attributable to the Group	Market value attributable to the Group as at 31 August 2012 (RMB)
21. Various retail outlets and car parking spaces of Changsha CIFI Upward Community (長沙 旭輝•藏郡), Chazishan Road, Yuelu District, Changsha, Hunan Province, PRC	17,500,000	100%	17,500,000
22. Portion of Fuzhou CIFI Riverside (福州 旭輝•左海岸), Minjiang Main Road, Cangshan District, Fuzhou, Fujian Province, PRC	26,500,000	100%	26,500,000
23. Units 1103-1108 and 1203-1208, Block 3, Xiangxielishe Commercial Building (香榭里社商業樓), Oriental University City, Economic and Technical Development Zone, Langfang, Hebei Province, PRC	8,900,000	100%	8,900,000
Group I sub-total:	<u>1,858,100,000</u>		<u>1,858,100,000</u>
Group II — Properties held by the Group for under development in the PRC			
24. Shanghai CIFI Rose Bay (上海 旭輝•玫瑰灣), Qinghewan Road, Qingpu District, Shanghai, PRC	1,687,000,000	100%	1,687,000,000

APPENDIX IV**PROPERTY VALUATION**

No.	Property	Market value in existing state as at 31 August 2012 (RMB)	Interest attributable to the Group	Market value attributable to the Group as at 31 August 2012 (RMB)
25.	Shanghai CIFI Private Mansion (上海 旭輝•百合宮館), Shixi Village, Qingpu Town, Qingpu District, Shanghai, PRC	706,000,000	100%	706,000,000
26.	Shanghai CIFI Comfortable Joyous Bay (上海 旭輝•瀾悅灣), Luojing Town, Baoshan District, Shanghai, PRC	903,000,000	100%	903,000,000
27.	Shanghai CIFI Pleasant Garden (上海 旭輝•朗悅庭), Liantang Town, Qingpu District, Shanghai, PRC	458,000,000	100%	458,000,000
28.	Shanghai CIFI Luxury Courtyard (上海 旭輝•華庭), North of Gaotai Road, and near Yungu Road Jiading New Town, Jiading District, Shanghai, PRC	369,000,000	100%	369,000,000
29.	Shanghai CIFI Pujiang International (上海 旭輝•浦江國際), Pujiang Town, Minhang District, Shanghai, PRC	1,239,000,000	100%	1,239,000,000

No. Property	Market value in existing state as at 31 August 2012 (RMB)	Interest attributable to the Group	Market value attributable to the Group as at 31 August 2012 (RMB)
30. Portion of Shanghai CIFI Yangpu Commercial Square (上海 旭輝•楊浦商業廣場), Kongjiang Road, Yangpu District, Shanghai, PRC	465,000,000	53%	246,450,000
31. Portion of Shanghai CIFI La Baie D'Evian (上海 旭輝•依雲灣), Gubei Road, Baoshan District, Shanghai, PRC	321,000,000	100%	321,000,000
32. Shanghai CIFI Jiangwan Mansion (上海 旭輝•江灣墅), Xin Jiang Wan Cheng Road, Wujiaochang Town, Yangpu District, Shanghai, PRC	1,304,000,000	75.5%	984,520,000
33. Shanghai CIFI Pebble Beach (上海 旭輝•圓石灘), Haima Road, Haiwan Tourist Area, Fengxian District, Shanghai, PRC	1,652,000,000	97%	1,602,440,000

APPENDIX IV
PROPERTY VALUATION

No. Property	Market value in existing state as at 31 August 2012 (RMB)	Interest attributable to the Group	Market value attributable to the Group as at 31 August 2012 (RMB)
34. Portion of Suzhou CIFI Canal County (蘇州 旭輝•上河郡), East of Wenchang Road and South of Xingxian Road, Gaoxin District, Suzhou, Jiangsu Province, PRC	1,212,000,000	100%	1,212,000,000
35. Portion of Suzhou CIFI Ronchamp Town (蘇州 旭輝•朗香郡), North of Daxinhe Road and East of Xinyu Road, Gaoxin District, Suzhou, Jiangsu Province, PRC	222,000,000	100%	222,000,000
36. Phase II of Hefei CIFI Central Park (合肥 旭輝•中央宮園二期), Dongzhi Road, New Municipal and Cultural District Development, Hefei, Anhui Province, PRC	588,000,000	100%	588,000,000
37. Hefei CIFI Private Mansion Phase I (合肥旭輝•御府一期), Southwest of the intersection of Fangxing Boulevard and Xizang Road, Binhu New Town, Hefei, Anhui Province, PRC	632,000,000	100%	632,000,000

No. Property	Market value in existing state as at 31 August 2012 (RMB)	Interest attributable to the Group	Market value attributable to the Group as at 31 August 2012 (RMB)
38. Zhenjiang CIFI Times (鎮江 旭輝•時代城), South of Tianqiao Road, Jingkou District, Zhenjiang, Jiangsu Province, PRC	1,013,000,000	100%	1,013,000,000
39. Beijing CIFI Private Mansion (北京 旭輝•御府), Xincheng North Area, Huangcun Town, Daxing District, Beijing, PRC	2,299,000,000	100%	2,299,000,000
40. Portion of Langfang CIFI Path Walf Phase II (廊坊 旭輝•十九城邦二期), Oriental University City, Economic and Technology Development Zone, Langfang, Hebei Province, PRC	1,014,000,000	100%	1,014,000,000
41. Langfang CIFI Path Walf Phase III (廊坊 旭輝•十九城邦三期), Oriental University City, Economic and Technology Development Zone, Langfang, Hebei Province, PRC	494,000,000	100%	494,000,000

No. Property	Market value in existing state as at 31 August 2012 (RMB)	Interest attributable to the Group	Market value attributable to the Group as at 31 August 2012 (RMB)
42. Tianjin CIFI Rosedale Phases I and II (天津 旭輝•瀾郡一期及二期), East of Haixing Road and North of Tengfei Avenue, Tanggu District, Tianjin, PRC	1,088,000,000	100%	1,088,000,000
43. Chongqing CIFI Ronchamp Town Phase V (重慶 旭輝•朗香郡五期), Baotong Road and Shuanghu Road, Yubei District, Chongqing, PRC	390,000,000	100%	390,000,000
44. Chongqing CIFI Langyuejun (重慶 旭輝•朗悅郡), Caijia Town, Beibei District, Liangjiang New Area, Chongqing, PRC	303,000,000	100%	303,000,000
45. Changsha CIFI Luxury Courtyard (長沙 旭輝•華庭), No. 28 East Four Road, Changsha County, Changsha, Hunan Province, PRC	599,000,000	100%	599,000,000

No. Property	Market value in existing state as at 31 August 2012 (RMB)	Interest attributable to the Group	Market value attributable to the Group as at 31 August 2012 (RMB)
46. Changsha CIFI Private Mansion (長沙 旭輝•御府), Meixi Lake Zone, Yuelu District, Changsha, Hunan Province, PRC	922,000,000	100%	922,000,000
Group II sub-total:	<u>19,880,000,000</u>		<u>19,292,410,000</u>
Group III — Properties held by the Group for future development in the PRC			
47. Shanghai Baoshan District Panjing Road Project (上海寶山區潘涇路項目), Panjing Road, Baoshan District, Shanghai, PRC	524,000,000	100%	524,000,000
48. Shanghai Jiading New Site Project (上海嘉定新地塊項目), East of Liujiuhe and North of Shengzhu Road, Jiading District, Shanghai, PRC			No commercial value (Refer to Note i)
49. Suzhou CIFI Luxury Courtyard (蘇州 旭輝•華庭), China National Highway 312 East, Guanshan River South, Gaoxin District, Hushuguan Developing Zone, Suzhou, Jiangsu Province, PRC	574,000,000	100%	574,000,000

No. Property	Market value in existing state as at 31 August 2012 (RMB)	Interest attributable to the Group	Market value attributable to the Group as at 31 August 2012 (RMB)
50. Suzhou G84 Site Project (蘇州G84地塊項目), South of Mayuan Road and East of Changjiang Road, Fengqiao, Gaoxin District, Suzhou, Jiangsu Province, PRC			No commercial value (Refer to Note ii)
51. Suzhou G88 Site Project (蘇州G88地塊項目), East of Xingfeng Road and North of Daxinhe Luhuede, Hushuguan, Gaoxin District, Suzhou, Jiangsu Province, PRC			No commercial value (Refer to Note iii)
52. Hefei CIFI Private Mansion Phases II & III (合肥 旭輝•御府二期及三期), Southwest of the intersection of Fangxing Boulevard and Xizang Road, Biuhu New Town, Hefei, Anhui Province, PRC	1,030,000,000	100%	1,030,000,000
53. Beijing CIFI Private Villa Riverside Garden (北京 旭輝•御錦), Zhaixinzhuang East 2nd Road, Zhaixinzhuang East 1st Road and Zhaixinzhuang South Street, Tongzhou District, Beijing, PRC	1,235,000,000	80%	988,000,000

APPENDIX IV
PROPERTY VALUATION

No. Property	Market value in existing state as at 31 August 2012 (RMB)	Interest attributable to the Group	Market value attributable to the Group as at 31 August 2012 (RMB)
54. Beijing CIFI International Negotiate Garden (北京 旭輝•空港中心), North of Shunpingnanfu Road, Shunyi District, Beijing, PRC	253,000,000	100%	253,000,000
55. Tangshan CIFI English Village (唐山 旭輝•英倫小鎮), East of Tonghai Road and North of Xingang Avenue, Caofeidian New District, Tangshan, Hebei Province, PRC	248,000,000	80%	198,400,000
56. Tianjin Binhai Site Project (天津濱海地塊項目), East to Shunji Road, South to Hanghai Road, West to Shunan Road, North to Hangze Road, Tianjin Binhai Tourism Zone, Tianjin, PRC			No commercial value (Refer to Note iv)
57. Tianjin CIFI Century Waterside (天津 旭輝•世紀水岸), Chadian Town, Hangu District, Tianjin	177,000,000	51%	90,270,000
58. Chongqing CIFI Ronchamp Town Phase VI (重慶 旭輝•朗香郡六期), Baotong Road and Shuanghu Road, Yubei District, Chongqing, PRC	106,000,000	100%	106,000,000

APPENDIX IV
PROPERTY VALUATION

No. Property	Market value in existing state as at 31 August 2012 (RMB)	Interest attributable to the Group	Market value attributable to the Group as at 31 August 2012 (RMB)
59. Chongqing CIFI Purple City (重慶旭輝•紫都), Caijia Tower, Beibei District, Liangjiang New Area, Chongqing, PRC	58,600,000	100%	58,600,000
Group III sub-total:	<u>4,205,600,000</u>		<u>3,822,270,000</u>
Group IV — Properties held by the Group for investment in the PRC			
60. The retail and carpark portions of Shanghai CIFI Yangpu Commercial Square (上海 旭輝•楊浦商業廣場), Kongjang Road, Yangpu District, Shanghai, PRC	734,000,000	53%	389,020,000
61. Shanghai Jiading New Town Yumin Road Project (上海嘉定新城裕民路項目), North of Gaotai Road and near Yumin Road, Jiading New Town, Jiading District, Shanghai, PRC	117,000,000	100%	117,000,000
62. Portion of Jiaxing CIFI Square (嘉興 旭輝廣場), East of Zhongshan Road, Jiaxing, Zhejiang Province, PRC	2,876,000,000	100%	2,876,000,000

APPENDIX IV
PROPERTY VALUATION

No. Property	Market value in existing state as at 31 August 2012 (RMB)	Interest attributable to the Group	Market value attributable to the Group as at 31 August 2012 (RMB)
63. Portion of Beijing CIFI Wangxin Commercial Centre (北京 旭輝•望馨商業中心), No. 209 Lize Xiyuan, Wangjing Area, Chaoyang District, Beijing, PRC	55,600,000	100%	55,600,000
64. Units 601, 602, 8B, 901 and 902 of Hailian Centre (海聯中心), No. 456 Xianyue Road, Siming District, Xiamen, Fujian Province, PRC	20,400,000	100%	20,400,000
Group IV sub-total:	<u>3,803,000,000</u>		<u>3,458,020,000</u>

Group V — Properties rented by the Group in the PRC

65. Level 11, Hunan Haolaideng Hotel (湖南好來登酒店), No. 191 Furong Middle Road Section I, Kaifu District, Changsha, Hunan Province, PRC			No commercial value
66. Room 1805, North Block of Ruijie Building (潤捷廣場), No. 9 Dengwei Road, Gaoxin District, Suzhou, Jiangsu Province, PRC			No commercial value

No. Property	Market value in existing state as at 31 August 2012 (RMB)	Interest attributable to the Group	Market value attributable to the Group as at 31 August 2012 (RMB)
67. Rooms 1801 to 1804, North Block, Ruijie Building (潤捷廣場), No. 9 Dengwei Road, Gaoxin District, Suzhou, Jiangsu Province, PRC			No commercial value
68. Room B-2 on 16th Floor, Composite Office Tower of Yangpu Shopping Mall (楊浦商城), No. 5 Anshan Road, Yangpu District, Shanghai, PRC			No commercial value
69. Units 1101 to 1103, 11th Floor, Block 6 of Zhong Shan Ming Du (中山名都), No. 666 Zhongshan East Road, Jiaying, Zhejiang Province, PRC			No commercial value
70. Level 2 of Unit No.1, Office Building of CIFI Riverside (旭輝左海岸), No. 81 Minjiang Road, Cangshan District, Fuzhou, Fujian Province, PRC			No commercial value

No. Property	Market value in existing state as at 31 August 2012 (RMB)	Interest attributable to the Group	Market value attributable to the Group as at 31 August 2012 (RMB)
71. Level 1 and Level 2 of Unit No.2, Office Building of CIFI Riverside (旭輝左海岸), No. 81 Minjiang Road, Cangshan District, Fuzhou, Fujian Province PRC			No commercial value
72. Room 115-9, Level 1, No. 3035 Zhufeng Highway, Liantang Town, Qingpu District, Shanghai, PRC			No commercial value
73. Room 186, Level 1, Zone A, Block 3, No. 555 Songxiu Road, Qingpu District, Shanghai, PRC			No commercial value
74. Room 501, Block 8, No. 156, Shouchun Road, Hefei, Anhui Province, PRC			No commercial value

No. Property	Market value in existing state as at 31 August 2012 (RMB)	Interest attributable to the Group	Market value attributable to the Group as at 31 August 2012 (RMB)
75. Level 1, No. 2 Tianyuan Road, Panggezhuang Town, Daxing District, Beijing, PRC			No commercial value
76. Room 201, Block No. 9, No. 22 Tianqiao Road, Runzhou District, Zhenjiang, Jiangsu Province, PRC			No commercial value
77. Room 504, Block No. 18, Miao Jia Xiang (苗家巷), Runzhou District, Zhenjiang, Jiangsu Province, PRC			No commercial value
78. Room 502, Block No. 8, Xi Yuan Xin Cun (溪園新村), Runzhou District, Zhenjiang, Jiangsu Province, PRC			No commercial value

No. Property	Market value in existing state as at 31 August 2012 (RMB)	Interest attributable to the Group	Market value attributable to the Group as at 31 August 2012 (RMB)
79. Room 43-202, Level 2, Wanke Mei Li Cheng (萬科魅力之城), Runzhou District, Zhenjiang, Jiangsu Province, PRC			No commercial value
80. Room 202, Block No. 2 Danguiyuan (丹桂苑), Jingkou District, Zhenjiang, Jiangsu Province, PRC			No commercial value
81. Room 103, Level 1, No. 462 Changhua Road, Xuhui District, Shanghai, PRC			No commercial value
82. Room 218, Zone A of Level 2, Block No. 1, No. 1218 Xinda Road, Qingpu District, Shanghai, PRC			No commercial value
83. Room 1106, Level 1, Block No. 1, No. 1628 Suzhao Road, Minhang District, Shanghai, PRC			No commercial value

No. Property	Market value in existing state as at 31 August 2012 (RMB)	Interest attributable to the Group	Market value attributable to the Group as at 31 August 2012 (RMB)
84. Room 433, Level 4, Block No. 6, No. 68 Dongheyan Road, Chengqiao Town, Chongming County, Shanghai, PRC			No commercial value
85. Room 106, Level 1, No. 139 of Zone B, Long Jing Wan (龍景灣), Panggezhuang Town, Daxing District, Beijing, PRC			No commercial value
86. An office unit located at Xue Ying Village, Panggezhuang Town, Daxing District, Beijing, PRC			No commercial value
87. An office building located at Zhai Li Village, Tongzhou District, Beijing, PRC			No commercial value
88. Level 1, No. 10 Guaxiang Road, Panggezhuang Town, Daxing District, Beijing, PRC			No commercial value

No. Property	Market value in existing state as at 31 August 2012 (RMB)	Interest attributable to the Group	Market value attributable to the Group as at 31 August 2012 (RMB)
89. Level 2 No. 10 Guaxiang Road, Panggezhuang Town, Daxing District, Beijing, PRC			No commercial value
90. Room 110, No. 51 of 850 Nong, Yinxing Road, Shanghai, PRC			No commercial value
91. Room 101, No. 3 of 312 Nong, Ningxia Road, Shanghai, PRC			No commercial value
92. Unit Nos. 404-407, Level 4, Building No. 4, Zone E6, Seaside Financial Street (濱海金融街), No. 20 Square East Road, Tianjin Economic-Technological Development Area, Tianjin, PRC			No commercial value
93. Room 302, Level 3, Door No. 6, Bai Yun Apartment (白雲公寓), Erda Street, Tianjin Economic-Technological Development Area, Tianjin, PRC			No commercial value

No. Property	Market value in existing state as at 31 August 2012 (RMB)	Interest attributable to the Group	Market value attributable to the Group as at 31 August 2012 (RMB)
94. Unit 31-2-502, Xin Shun Yuan Residential Zone (馨順園小區), Tanggu District, Tianjin, PRC			No commercial value
95. Level 13, Ping An Building (平安大廈), Huaining Road, New Municipal and Cultural District, Hefei, Anhui Province, PRC			No commercial value
96. Unit 2-110, No. 1688 Jinshi Road, Baoshan District, Shanghai, PRC			No commercial value
Group V sub-total:	<u>Nil</u>		<u>Nil</u>
Group VI — Property rented by the Group in Hong Kong			
97. Suites 2002-2003 on Level 20, One Pacific Place, 88 Queensway, Admiralty, Hong Kong			No commercial value
Group VI sub-total:	<u>Nil</u>		<u>Nil</u>
Total:	<u>29,746,700,000</u>		<u>28,430,800,000</u>

Notes:

- (i) Regarding Property No.48, should CIFI (PRC) settle all the outstanding land premium in full, the market value of the property as at the date of valuation would be RMB290,000,000. (100% interest attributable to the Group: RMB290,000,000).

- (ii) Regarding Property No. 50, should CIFI (PRC) settle all the outstanding land premium in full, the market value of the property as at the date of valuation would be RMB430,000,000. (100% interest attributable to the Group: RMB430,000,000).

- (iii) Regarding Property No. 51, should CIFI (PRC) settle all the outstanding land premium in full, the market value of the property as at the date of valuation would be RMB195,000,000. (100% interest attributable to the Group: RMB195,000,000).

- (iv) Regarding Property No. 56, should Tianjin Xubin settle all the outstanding land premium in full, the market value of the Property as at the date of valuation would be RMB91,000,000. (100% interest attributable to the Group: RMB91,000,000).

VALUATION CERTIFICATE

Group I — Properties held by the Group for sale in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 August 2012										
1.	Shanghai CIFI Hongqiao International (上海旭輝•虹橋國際), Tongxie Road, Changning District, Shanghai, PRC	Shanghai CIFI Hongqiao International, (the “Development”) is a large-scale commercial development erected on a parcel of land with a site area of approximately 22,917 sq.m. (246,679 sq.ft.) and was completed in 2011. The property comprises the unsold portion of the Development with a total gross floor area of approximately 24,361 sq.m. (262,222 sq.ft.). Details of the uses and approximate gross floor areas of the property are as follows:	Portion of the property with a gross floor area of approximately 6,687 sq.m. is currently occupied by the Group for office use. The remaining portion of the property is currently vacant.	RMB395,000,000 (100% interests attributable to the Group: RMB395,000,000)										
			<table border="1"> <thead> <tr> <th>Portion</th> <th>Approximate gross floor area (sq.m.)</th> </tr> </thead> <tbody> <tr> <td>Office</td> <td>6,687</td> </tr> <tr> <td>Retail and Commercial Arcades</td> <td>4,769</td> </tr> <tr> <td>Carpark</td> <td>12,905</td> </tr> <tr> <td>Total</td> <td>24,361</td> </tr> </tbody> </table>	Portion	Approximate gross floor area (sq.m.)	Office	6,687	Retail and Commercial Arcades	4,769	Carpark	12,905	Total	24,361	
Portion	Approximate gross floor area (sq.m.)													
Office	6,687													
Retail and Commercial Arcades	4,769													
Carpark	12,905													
Total	24,361													
		The land use rights of the property have been granted for a term expiring on 10 December 2059 for office use.												

Notes:

- Pursuant to the Shanghai State-owned Land Use Rights Grant Contract (Supplementary) — Hu Chang Gui Tu (2009) Chu Rang He Tong Di No. 17 (Version 2.0) (滬長規土 (2009) 出讓合同第17號 (2.0版)) entered into between Shanghai Changning District Planning and Land Administration Bureau (上海市長寧區規劃和土地管理局) (the “Grantor”) and Shanghai Xuchuang Property Co., Ltd. (上海旭創置業有限公司) (“Shanghai Xuchuang”), an indirect wholly-owned subsidiary of the Company, on 19 August 2009, the Grantor has agreed to grant the land use rights of a parcel of land with a site area of 22,917 sq.m. to Shanghai Xuchuang at a land grant fee of RMB315,000,000 for a term of 50 years for office use.
- Pursuant to the Shanghai Certificate of Real Estate Ownership — Hu Fang Di Chang Zi (2009) Di No. 024736 (滬房地長字(2009)第024736號) issued by Shanghai Housing Security and Administration Bureau (上海市住房保障和房屋管理局) and Shanghai Planning and Land Resources Administration Bureau (上海市規劃和國土資源管理局) on 25 December 2009, the land use rights of a parcel of land with a site area of 22,917 sq.m. have been granted to Shanghai Xuchuang for a term expiring on 10 December 2059 for office use.

3. Pursuant to the following Shanghai Certificates of Real Estate Ownership issued by Shanghai Housing Security and Administration Bureau and Shanghai Planning and Land Resources Administration Bureau, the land use rights of a parcel of land with a site area of 22,917 sq.m. and the building ownership rights of various buildings with a total gross floor area of 60,414.15 sq.m. have been granted to Shanghai Xuchuang. Details of the certificates are as follows:

Certificate No.	Site Area	Gross Floor Area	Land Use Term Expiry Date
	<i>(sq.m.)</i>	<i>(sq.m.)</i>	
Hu Fang Di Chang Zi (2012) Di No. 003398 (滬房地長字(2012)第003398號)	22,917	13,810.09	10 December 2059
Hu Fang Di Chang Zi (2012) Di No. 003400 (滬房地長字(2012)第003400號)	22,917	46,604.06	10 December 2059

As advised by the Group, the property comprises portion of the buildings as stated in the Shanghai Certificates of Real Estate Ownership mentioned above.

4. As advised by the Group, the property is subject to various mortgages.
5. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:
- i. Shanghai Xuchuang legally owns the land use rights and building ownership rights of the property and has obtained the land use rights by payment of a land grant fee and such rights are protected under the PRC laws. Shanghai Xuchuang is entitled to occupy, use and develop the land, and has the right to transfer, let, mortgage such land use rights or dispose of the land use rights and building ownership rights of the property by other lawful means within the term of the land use rights without paying extra land premium or land grant fee, provided that the relevant provisions of the mortgage agreements have been fulfilled;
 - ii. The property is subject to various mortgages which have been registered with the relevant building and land administration bureau. The mortgages are legal, valid and binding; and
 - iii. Apart from the mortgages mentioned above, as confirmed by Shanghai Xuchuang, the property is not subject to any other mortgage, seizure, expropriation or any other encumbrances.

VALUATION CERTIFICATE

Group I — Properties held by the Group for sale in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 August 2012
2.	Shanghai CIFI Century Square (上海 旭輝•世紀廣場), Danba Road, Changfeng Commercial Area, Putuo District, Shanghai, PRC	Shanghai CIFI Century Square (the “Development”) is a large-scale commercial development erected on a parcel of land with a site area of approximately 45,781 sq.m. (492,787 sq.ft.) and was completed in 2008. The property comprises the unsold portion of the Development with a total gross floor area of approximately 14,905 sq.m. (160,437 sq.ft.). Details of the uses and approximate gross floor areas of the property are as follows:	Six car parking spaces of the property are subject to three tenancies with the latest term due to expire on 23 July 2030 at a total lump sum rental of RMB1,174,000 and the remaining portion of the property is vacant.	RMB288,000,000 (100% interests attributable to the Group: RMB288,000,000)
			Approximate gross floor area (sq.m.)	
		Use		
		Office	6,995	
		Carpark	7,910	
		Total	14,905	
		The land use rights of the property have been granted for a term of 50 years expiring on 7 December 2054 for commercial, entertainment and ancillary uses.		

Notes:

- Pursuant to the following Shanghai Certificates of Real Estate Ownership issued by Shanghai Housing Security and Administration Bureau (上海市住房保障和房屋管理局), Shanghai Planning and Land Resources Administration Bureau (上海市規劃和國土資源管理局) and Shanghai Housing and Land Resources Administration Bureau (上海市房屋土地資源管理局), the land use rights of a parcel of land with a site area of

45,781 sq.m. and the building ownership rights of various buildings with a total gross floor area of 63,829.24 sq.m. have been granted to Shanghai Xufeng Real Estate Development Co., Ltd. (上海旭豐房地產開發有限公司) (“Shanghai Xufeng”), an indirect wholly-owned subsidiary of the Company. Details of the certificates are as follows:

Certificate No.	Site Area	Gross Floor Area	Use	Land Use Term Expiry Date
	<i>(sq.m.)</i>	<i>(sq.m.)</i>		
Hu Fang Di Pu Zi (2009) Di No. 039487 (滬房地普字(2009)第039487號)	45,781	44,163.07	Commercial, Entertainment and Ancillary	7 December 2054
Hu Fang Di Pu Zi (2008) Di No. 008656 (滬房地普字(2008)第008656號)	45,781	19,666.17	Commercial, Entertainment and Ancillary	7 December 2054

As advised by the Group, the property comprises portion of the buildings as stated in the Shanghai Certificates of Real Estate Ownership mentioned above.

2. As advised by the Group, portion of the property is subject to a mortgage.
3. We have been provided with a legal opinion on the title to the property issued by the Group’s PRC legal adviser, which contains, inter alia, the following information:
 - i. Shanghai Xufeng legally owns the building ownership rights and land use rights of the property and has obtained the land use rights by payment of a land grant fee and such rights are protected under the PRC laws. Shanghai Xufeng is entitled to occupy, use the property, and has the right to transfer, let, mortgage the building ownership rights and land use rights of the property or dispose of the building ownership rights and land use rights of the property by other lawful means within the term of the land use rights without paying extra land premium or land grant fee, provided that the relevant provisions of the mortgage agreement have been fulfilled;
 - ii. Portion of the property is subject to a mortgage and the mortgage has been registered in the relevant building and land administration bureau. The mortgage is legal, valid and binding; and
 - iii. Apart from the mortgage mentioned above, as confirmed by Shanghai Xufeng, the property is not subject to any other mortgages, seizure, expropriation or any other encumbrances.

VALUATION CERTIFICATE

Group I — Properties held by the Group for sale in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 August 2012
3.	Various car parking spaces of Shanghai CIFI La Baie D' Evian (上海 旭輝•依雲灣), Gubei Road, Baoshan District, Shanghai, PRC	Shanghai CIFI La Baie D' Evian (the "Development") is a large-scale residential development erected on two parcels of land with a total site area of approximately 189,802 sq.m. (2,043,029 sq.ft.). The property comprises the unsold car parking spaces of the Development which was completed in 2010 with a total gross floor area of approximately 1,803 sq.m. (19,417 sq.ft.). The land use rights of the property have been granted for a term expiring on 18 May 2074 for residential use.	The property is currently vacant.	RMB3,800,000 (100% interests attributable to the Group: RMB3,800,000)

Notes:

1. Pursuant to the following Shanghai Certificate of Real Estate Ownership — Hu Fang Di Bao Zi (2010) Di No. 052506 (滬房地實字(2010)第052506號) issued by Shanghai Housing Security and Administration Bureau (上海市住房保障和房屋管理局) and Shanghai Planning and Land Resources Administration Bureau (上海市規劃和國土資源管理局), the land use rights of a parcel of land with a site area of 118,223 sq.m. and the building ownership rights of various buildings with a total gross floor area of 73,401.89 sq.m. have been granted to Shanghai Xinbo Real Estate Co., Ltd. (上海欣博房地產有限公司) ("Shanghai Xinbo"), an indirect wholly-owned subsidiary of the Company, for a term expiring on 18 May 2074 for residential use.

As advised by the Group, the property comprises portion of the buildings as stated in the Shanghai Certificate of Real Estate Ownership mentioned above.

2. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:
 - i. Shanghai Xinbo has legally obtained the Shanghai Certificate of Real Estate Ownership as mentioned in Note 1 above and legally owns the building ownership rights and land use rights of the property and has obtained the land use rights by payment of a land grant fee and such rights are protected under the PRC laws. Shanghai Xinbo is entitled to occupy and use the property, and has the right to transfer, let, mortgage the property and its corresponding land use rights and building ownership rights or dispose of the property and its corresponding land use rights and building ownership rights by other lawful means within the term of the land use rights without paying extra land premium or land grant fee; and
 - ii. As confirmed by Shanghai Xinbo, the property is not subject to any mortgage, seizure, expropriation or any other encumbrances.

VALUATION CERTIFICATE

Group I — Properties held by the Group for sale in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 August 2012
4.	A townhouse of Shanghai CIFI La Baie D'Evian (上海 旭輝•依雲灣), Gubei Road, Baoshan District, Shanghai, PRC	Shanghai CIFI La Baie D'Evian (the "Development") is a residential development erected on two parcels of land with a total site area of approximately 189,802 sq.m. (2,043,029 sq.ft.). The property comprises a townhouse of the Development which was completed in 2011 with a gross floor area of approximately 429 sq.m. (4,617 sq.ft.). The land use rights of the property have been granted for two concurrent terms expiring on 27 May 2073 for residential use.	The property is currently vacant.	RMB10,100,000 (100% interests attributable to the Group: RMB10,100,000)

Notes:

1. Pursuant to the Shanghai Certificate of Real Estate Ownership — Hu Fang Di Bao Zi (2012) No. 000223 (滬房地實字(2012)第000223號) issued by Shanghai Housing Security and Administration Bureau (上海市住房保障和房屋管理局) and Shanghai Planning and Land Resources Administration Bureau (上海市規劃和國土資源管理局), the building ownership rights of the buildings with a gross floor area of 822.88 sq.m. and the corresponding land use rights have been granted to Shanghai Xinbo Real Estate Co., Ltd. (上海欣博房地產有限公司) ("Shanghai Xinbo"), an indirect wholly-owned subsidiary of the Company, for a term expiring on 27 May 2073 for residential use.

As advised by the Group, the property comprises portion of the buildings as stated in the Shanghai Certificate of Real Estate Ownership mentioned above.

2. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:
 - i. Shanghai Xinbo has legally obtained the Shanghai Certificate of Real Estate Ownership as mentioned in Note 1 above and legally owns the building ownership rights and land use rights of the property and has obtained the land use rights by payment of a land grant fee and such rights are protected under the PRC laws. Shanghai Xinbo is entitled to occupy and use the property, and has the right to sell, transfer, let, mortgage the property and its corresponding land use rights and building ownership rights and dispose of the property and its corresponding land use and rights building ownership rights by other lawful means within the term of the land use rights without paying extra land premium or land grant fee; and
 - ii. As confirmed by Shanghai Xinbo, the property is not subject to any mortgage, seizure, expropriation or any other encumbrances.

VALUATION CERTIFICATE

Group I — Properties held by the Group for sale in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 August 2012
5.	Shanghai CIFI Ronchamp Town (上海 旭輝•朗香郡), Huaji Road and near Longwu Road, Binjiang Area, Xuhui District, Shanghai, PRC	Shanghai CIFI Ronchamp Town (the “Development”) is a residential development erected on a parcel of land with a site area of approximately 14,490 sq.m. (155,970 sq.ft.) and was completed in 2011. The property comprises the unsold portion of the Development with a total gross floor area of approximately 5,203 sq.m. (56,005 sq.ft.). Details of the uses and approximate gross floor areas of the property are as follows:	The property is currently vacant.	RMB39,000,000 (100% interests attributable to the Group: RMB39,000,000)
			Approximate gross floor area (sq.m.)	
		Use		
		Low-rise Garden		
		Apartments	409	
		Carpark	4,794	
		Total	5,203	
		The land use rights of the property have been granted for a term of 70 years expiring on 22 October 2079 for residential use.		

Notes:

- Pursuant to the Shanghai State-owned Construction Land Use Rights Grant Contract — Hu Xu Gui Tu (2009) Chu Rang He Tong Di No. 70 (Version 1.0) (滬徐規土(2009)出讓合同第70號(1.0版)) and the Shanghai State-owned Construction Land Use Rights Grant Contract — Hu Xu Gui Tu (2009) Chu Rang He Tong Di No. 70 (Version 2.0) (滬徐規土(2009)出讓合同第70號(2.0版)) and Hu Xu Gui Tu (2009) Chu Rang He Tong Bu Zi Di No. 15 (滬徐規土(2009)出讓合同補字第15號), Shanghai Xuhui District Planning and Land Administration Bureau (上海市徐匯區規劃和土地管理局) (the “Grantor”) has agreed to grant to Shanghai Xuhui Property Co., Ltd. (上海旭匯置業有限公司) (“Shanghai Xuhui”), an indirect wholly-owned subsidiary of the Company, the land use rights of a parcel of land with a site area of 14,489.9 sq.m. at a land grant fee of RMB165,000,000 for a term of 70 years for residential use.
- Pursuant to the Shanghai Certificate of Real Estate Ownership — Hu Fang Di Xu Zi (2009) Di No. 031077 (滬房地徐字(2009)第031077號) issued by Shanghai Housing Security and Administration Bureau (上海市住房保障和房屋管理局) and Shanghai Planning and Land Resources Administration Bureau (上海市規劃和國土資源管理局), the land use rights of a parcel of land with a site area of 14,489.9 sq.m. have been granted to Shanghai Xuhui for a term of 70 years expiring on 22 October 2079 for residential use.

3. Pursuant to the Construction Land Planning Permit — Di Zi Di Hu Gui Di Xu (2009) No. EA31000420090047 (地字第滬規地徐(2009)EA31000420090047號) issued by Shanghai Planning and Land Resources Administration Bureau on 16 December 2009, Shanghai Xuhui is permitted to use a parcel of land with a site area of 14,489.9 sq.m. for residential use.
4. Pursuant to two Construction Work Planning Permits — Jian Zi Di Hu Gui Jian Xu (2010) No. FA31000420100038 and Jian Zi Di Hu Gui Jian Xu (2011) No. FA31000420110011 (建字第滬規建徐(2010)FA31000420100038及建字第滬規建徐(2011)FA31000420110011號) issued by Shanghai Planning and Land Resources Administration Bureau on 27 April 2010 and 1 April 2011 respectively, the approved construction scale of the property is 32,833.54 sq.m.

As advised by the Group, the property comprises portion of the buildings as stated in the Construction Work Planning Permits mentioned above.

5. Pursuant to the Construction Work Commencement Permit — No. 0901XH0071D01 to D03 310104200912241719 issued by Shanghai Construction Administration Office (上海市建築業管理辦公室) on 29 April 2010, the approved construction scale is 32,833.68 sq.m.

As advised by the Group, the property comprises portion of the buildings as stated in the Construction Work Commencement Permit mentioned above.

6. Pursuant to the Record of Application for Examination of Completion of Works — No. 2011XH0110 issued by Shanghai Xuhui District Construction and Transport Committee (上海市徐匯區建設和交通委員會), the construction work of portion of the Development with a gross floor area of 27,544.4 sq.m. have been examined and such examination has been recorded.

As advised by the Group, the property comprises portion of the buildings as stated in the Record of Application for Examination of Completion Works mentioned above.

7. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:
 - i. Shanghai Xuhui legally owns the land use rights of the property and has obtained the land use rights by payment of a land grant fee and such rights are protected under the PRC laws. Shanghai Xuhui is entitled to occupy, use and develop the land, and has the right to transfer, let, mortgage such land use rights or dispose of the land use rights of the property by other lawful means within the term of the land use rights without paying extra land premium or land grant fee;
 - ii. Shanghai Xuhui has obtained the necessary permits and approvals from the relevant government authorities for the construction of the property as required by the PRC laws and such permits and approvals are valid and have not been withdrawn, revised or terminated. Shanghai Xuhui has the right to construct the property in accordance with the aforesaid permits and approvals;

- iii. After the construction of the property has completed and passed the examination, Shanghai Xuhui can use the relevant land use rights certificate(s), Construction Land Planning Permit(s), Construction Work Planning Permit(s), Construction Work Commencement Permit(s) and construction completion examination documents to apply for the building ownership certificate(s) of the property from the relevant real estate administration authority. After Shanghai Xuhui has obtained all the construction completion examination documents, there will be no substantive legal impediments to obtain the relevant building ownership certificate(s) of the property, provided that Shanghai Xuhui has carried out the construction work in accordance with the aforesaid construction permits; and

- iv. As confirmed by Shanghai Xuhui, the property is not subject to any mortgage, seizure, expropriation or any other encumbrances.

VALUATION CERTIFICATE

Group I — Properties held by the Group for sale in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 August 2012
6.	Portion of Suzhou CIFI Canal County (蘇州 旭輝•上河郡), East of Wenchang Road and South of Xingxian Road, Gaoxin District, Suzhou, Jiangsu Province, PRC	Suzhou CIFI Canal County (the “Development”) is a residential development to be erected on various parcels of land with a total site area of approximately 176,897 sq.m. (1,904,119 sq.ft.). The property comprises the unsold and pre-sold portions of the Development which were completed in 2012 with a total gross floor area of approximately 9,085 sq.m. (97,791 sq.ft.). Details of the uses and approximate gross floor areas of the property are as follows:	The property is currently vacant.	RMB86,600,000 (100% interests attributable to the Group: RMB86,600,000)
			Approximate gross floor area (sq.m.)	
		Use		
		Townhouse (Unsold Portion)	2,222	
		Townhouse (Pre-sold Portion)	<u>6,863</u>	
		Total	<u>9,085</u>	
		The land use rights of the property have been granted for two concurrent terms expiring on 4 February 2050 for commercial use and 4 February 2080 for residential use respectively.		

Notes:

- Pursuant to the State-owned Construction Land Use Rights Grant Contract — No. 3205012009CR0199 issued by Suzhou Land Resources Bureau (蘇州市國土資源局) (the “Grantor”) on 27 November 2009, the Grantor has agreed to grant the land use rights of a parcel of land with a site area of 176,896.5 sq.m. to CIFI Group Co., Ltd. (PRC) (旭輝集團股份有限公司) (“CIFI (PRC)”), an indirect wholly-owned subsidiary of the Company, at a land grant fee of RMB630,000,000 for two concurrent terms of 70 years for residential use and 40 years for commercial use respectively.
- Pursuant to the Supplementary Agreement of Land Grant Contract — No. 3205012009CR0199 entered into between the Grantor and Suzhou Xuhui High-Tech Property Co., Ltd. (蘇州旭輝高科置業有限公司) (“Suzhou Xuhui High-Tech”), an indirect wholly-owned subsidiary of the Company, the Grantor has agreed to change the grantee of the land use rights of the land as mentioned in Note 1 from CIFI (PRC) to Suzhou Xuhui High-Tech.

3. Pursuant to the following State-owned Land Use Rights Certificates issued by the People's Government of Suzhou (蘇州市人民政府) and Suzhou Land Resources Bureau Gaoxin District Huqiu Branch (蘇州市國土資源局高新區(虎丘)分局), the land use rights of seven parcels of land with a total site area of 176,896.5 sq.m. have been granted to Suzhou Xuhui High-Tech. Details of the certificates are as follows:

Certificate No.	Site Area	Use	Land Use Term Expiry Date
	<i>(sq.m.)</i>		
Su Xin Guo Yong (2010) Di No. 017221 (蘇新國用(2010)第017221號)	33,916.80	Residential	4 February 2080
Su Xin Guo Yong (2010) Di No. 017222 (蘇新國用(2010)第017222號)	91,116.50	Residential	4 February 2080
Su Xin Guo Yong (2010) Di No. 017381 (蘇新國用(2010)第017381號)	28,071.10	Residential	4 February 2080
Su Xin Guo Yong (2010) Di No. 017382 蘇新國用(2010)第017382號	11,215.90	Retail	4 February 2050
Su Xin Guo Yong (2010) Di No. 017383 (蘇新國用(2010)第017383號)	4,495.40	Retail	4 February 2050
Su Xin Guo Yong (2010) Di No. 017384 蘇新國用(2010)第017384號	3,585.40	Retail	4 February 2050
Su Xin Guo Yong (2010) Di No. 017385 (蘇新國用(2010)第017385號)	4,495.40	Retail	4 February 2050

4. Pursuant to the Construction Land Planning Permit — Di Zi Di No. 320505201000021 (地字第320505201000021號) issued by Suzhou Planning Bureau (蘇州市規劃局) and its Huqiu Branch (虎丘分局) on 29 January 2010, Suzhou Xuhui High-Tech is permitted to use a parcel of land with a site area of 176,896.5 sq.m. for residential and commercial uses.

5. Pursuant to eleven Construction Work Planning Permits — Jian Zi Di Nos. 320505201000119, 320505201100051, 320505201100005, 320505201000175, 320505201100102, 320505201100050, 320505201000209, 320505201000141 and 320505201100035, 320505201100112 and 320505201100215 (建字第320505201000119, 320505201100051, 320505201100005, 320505201000175, 320505201100102, 320505201100050, 320505201000209, 320505201000141, 320505201100035, 320505201100112及320505201100215號) all issued by Suzhou Planning Bureau and its Huqiu Branch from 24 June 2010 to 6 May 2011, the approved construction scale of the property is 318,991.61 sq.m.

As advised by the Group, the property comprises portion of the buildings as stated in the Construction Work Planning Permits mentioned above.

6. Pursuant to nine Construction Work Commencement Permits — Nos. 320591201107140101, 320591201106230101, 320591201010200801, 320591201102250101, 320591201103160101, 320591201010200301, 320591201104210301, 320591201012010401 and 320591201103230201 issued by Suzhou National Hi-tech Industrial Development Construction Bureau (蘇州國家高新技術產業開發區建設局), the approved construction scale of the property is 238,169.65 sq.m.

As advised by the Group, the property comprises portion of the buildings as stated in the Construction Work Commencement Permits mentioned above.

7. Pursuant to eight Pre-sale Permits for Commodity Housing — Su Fang Yu Xin (2010) Nos. 226 and 260, Su Fang Yu Xin (2011) Nos. 047, 143, 194, 195 and 267 and Su Fang Yu Xin (2012) No. 060 (蘇房預新(2010)226及260號及蘇房預新(2011)047、143、194、195及267號和蘇房預新(2012)060號) issued by Suzhou Housing and Rural-urban Construction Bureau (蘇州市住房和城鄉建設局), a total gross floor area of 238,442.56 sq.m. is permitted to be pre-sold.

As advised by the Group, the property comprises portion of the buildings as stated in the Pre-sale Permits for Commodity Housing mentioned above.

8. Pursuant to the Record of Application for Examination of Completion of Works issued by Suzhou National High-tech Industrial Development Construction Bureau on 29 June 2012, the construction work of the property with a gross floor area of 87,023.75 sq.m. has been examined and such examination has been recorded.

As advised by the Group, the property comprises portion of the buildings as stated in the Record of Application for Examination of Completion of Works mentioned above.

9. As advised by the Group, portion of the property with a total gross floor area of approximately 6,863 sq.m. has been pre-sold under various sales and purchases agreements at a total consideration of approximately RMB65,300,000. Accordingly, we have taken into account the said consideration in our valuation.
10. As advised by the Group, the property is subject to a mortgage.
11. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter-alia, the following information:
 - i. Suzhou Xuhui High-Tech legally owns the land use rights of the property and has obtained the land use rights by payment of a land grant fee and such rights are protected under the PRC laws. Subject to Note ii below, Suzhou Xuhui High-Tech is entitled to occupy, use and develop the land, and has the right to transfer, let, mortgage such land use rights or dispose of the land use rights of the property by other lawful means within the term of the land use rights without paying extra land premium or land grant fee, provided that the relevant provisions of the mortgage agreement have been fulfilled;
 - ii. Since portion of the property has been pre-sold, but the title of such pre-sold portion of the property has not been transferred from Suzhou Xuhui High-Tech to the purchasers, Suzhou Xuhui High-Tech still retains the ownership of such pre-sold portion of the property, but is not allowed to re-sell, mortgage or dispose of such pre-sold portion of the property before the transfer;
 - iii. Suzhou Xuhui High-Tech has obtained the necessary permits and approvals from the relevant government authorities for the construction of the property as required by the PRC laws and such permits and approvals are valid and have not been withdrawn, revised or terminated. Suzhou Xuhui High-Tech has the right to construct the property in accordance with the aforesaid permits and approvals;
 - iv. Suzhou Xuhui High-Tech is entitled to pre-sell the property in accordance with the pre-sale limits as stipulated in the Pre-sale Permits for Commodity Housing mentioned in Note 7 above;
 - v. After the construction of the property has completed and passed the examination, Suzhou Xuhui High-Tech can use the relevant land use rights certificate(s), Construction Land Planning Permit(s), Construction Work Planning Permit(s), Construction Work Commencement Permit(s) and construction completion examination documents to apply for the building ownership certificate(s) of the property from the relevant real estate administration authority. After Suzhou Xuhui High-Tech has obtained all the construction completion examination documents, there will be no substantive legal impediments to obtain the relevant building ownership certificate(s) of the property, provided that Suzhou Xuhui High-Tech has carried out the construction work in accordance with the aforesaid construction permits;
 - vi. The property is subject to a mortgage which has been registered with the relevant building and land administration bureau. The mortgage is legal, valid and binding; and
 - vii. Apart from the mortgage mentioned above, as confirmed by Suzhou Xuhui High-Tech, the property is not subject to any other mortgage, seizure, expropriation or any other encumbrances.

VALUATION CERTIFICATE

Group I — Properties held by the Group for sale in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing as at 31 August 2012								
7.	Portion of Suzhou CIFI Ronchamp Town (蘇州旭輝朗香郡), North of Daxinhe Road and East of Xingyu Road, Gaoxin District, Suzhou, Jiangsu Province, PRC	<p>Suzhou CIFI Ronchamp Town (the “Development”) is a residential development to be erected on a parcel of land with a site area of approximately 56,984 sq.m. (613,376 sq.ft.).</p> <p>The property comprises the unsold and presold portions of the Development which were completed in 2012 with a total gross floor area of approximately 19,106 sq.m. (205,657 sq.ft.). Details of the uses and approximate gross floor areas of the property are as follows:</p> <table border="1"> <thead> <tr> <th>Portion</th> <th>Approximate gross floor area (sq.m.)</th> </tr> </thead> <tbody> <tr> <td>Low-rise Garden Apartment (Pre-sold Portion)</td> <td>18,435</td> </tr> <tr> <td>Low-rise Garden Apartment (Unsold Portion)</td> <td>671</td> </tr> <tr> <td>Total:</td> <td><u>19,106</u></td> </tr> </tbody> </table> <p>The land use rights of the property have been granted for a term of 70 years expiring on 29 December 2079 for residential use.</p>	Portion	Approximate gross floor area (sq.m.)	Low-rise Garden Apartment (Pre-sold Portion)	18,435	Low-rise Garden Apartment (Unsold Portion)	671	Total:	<u>19,106</u>	The property is currently vacant.	RMB150,000,000 (100% interest attributable to the Group: RM150,000,000)
Portion	Approximate gross floor area (sq.m.)											
Low-rise Garden Apartment (Pre-sold Portion)	18,435											
Low-rise Garden Apartment (Unsold Portion)	671											
Total:	<u>19,106</u>											

Notes:

- Pursuant to the State-owned Land Use Rights Grant Contract — No. 3205012009CR0200 issued by Suzhou Land Resources Bureau (蘇州市國土資源局) (the “Grantor”) on 27 November 2009, the Grantor has agreed to grant the land use rights of a parcel of land with a site area of 56,984.3 sq.m. to CIFI Group Co., Ltd. (PRC) (旭輝集團股份有限公司) (“CIFI (PRC)”), an indirect wholly-owned subsidiary of the Company, at a land grant fee of RMB224,000,000 for a term of 70 years for residential use.
- Pursuant to the Supplementary Agreement of State-owned Land Use Rights Grant Contract — No. 3205012009CR0200 issued by the Grantor on 31 December 2009, the Grantor has agreed to change the grantee of the land use rights of the parcel of land mentioned in Note 1 from CIFI (PRC) to Suzhou Xuhui Xingteng Property Co., Ltd. (蘇州旭輝興騰置業有限公司) (“Suzhou Xuhui Xingteng”), an indirect wholly-owned subsidiary of the Company.

3. Pursuant to the State-owned Land Use Rights Certificate — Su Xin Guo Yong (2010) Di No. 017386 (蘇新國用(2010)第017386號) issued by the People's Government of Suzhou (蘇州市人民政府) and Suzhou Land Resources Bureau Gaoxin District Huqiu Branch (蘇州市國土資源局高新區(虎丘)分局) on 13 June 2010, the land use rights of a parcel of land with a site area of 56,984.3 sq.m. have been granted to Suzhou Xuhui Xingteng for a term of 70 years expiring on 29 December 2079 for residential use.
4. Pursuant to the Construction Land Planning Permit — Di Zi Di No. 320505201000020 (地字第320505201000020號) issued by Suzhou Planning Bureau (蘇州市規劃局) and its Huqiu Branch (虎丘分局) on 29 January 2010, Suzhou Xuhui Xingteng is permitted to use a parcel of land with a site area of 56,984.3 sq.m. for residential use.
5. Pursuant to five Construction Work Planning Permits — Jian Zi Di Nos. 320505201000139, 320505201000189, 320505201000227, 320505201000275 and 320505201100062 (建字第320505201000139、320505201000189、320505201000227、320505201000275號及320505201100062號) issued by Suzhou Planning Bureau and its Huqiu Branch on 26 July 2010, 13 September 2010, 11 April 2010, 20 December 2010 and 21 March 2011 respectively, the approved construction scale of the Development is 115,351.3 sq.m.

As advised by the Group, the property comprises portion of the buildings as stated in the Construction Work Planning Permits mentioned above.

6. Pursuant to three Construction Work Commencement Permits — Nos. 320591201101210201, 320591201010200701 and 320591201012010301 issued by Suzhou National Hi-tech Industrial Development Construction Bureau (蘇州國家高新技術產業開發區建設局) on 20 October 2010, 1 December 2010 and 21 January 2011 respectively, the approved construction scale of the Development is 85,264.5 sq.m.

As advised by the Group, the property comprises portion of the buildings as stated in the Construction Work Commencement Permits mentioned above.

7. Pursuant to two Pre-sale Permits for Commodity Housing — Su Fang Yu Xin (2010) No. 246 (蘇房預新(2010)246號) and Su Fang Yu Xin (2011) No. 100 (蘇房預新(2011)100號) issued by Suzhou Housing and Rural-urban Construction Bureau (蘇州市住房和城鄉建設局), a total gross floor area of 65,193.12 sq.m. is permitted to be pre-sold.

As advised by the Group, the property comprises portion of the buildings as stated in the Pre-sale Permits for Commodity Housing mentioned above.

8. Pursuant to the Record of Application for Examination of Completion of Works issued by Suzhou National Hi-tech Industrial Development Construction Bureau on 5 July 2012, the construction work of the property with a gross floor area of 48,198.6 sq.m. has been examined and such examination has been recorded.

As advised by the Group, the property comprises portion of the buildings as stated in the Record of Application for Examination of Completion of Works mentioned above.

9. As advised by the Group, a portion of the property with a total gross floor area of approximately 18,435 sq.m. has been pre-sold under various sales and purchases agreements at a total consideration of approximately RMB144,000,000. Accordingly, we have taken into account the said consideration in our valuation.

10. As advised by the Group, the property is subject to a mortgage.

11. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:-
- i. Suzhou Xuhui Xingteng legally owns the land use rights of the property and has obtained the land use rights by payment of a land grant fee and such rights are protected under the PRC laws. Subject to Note ii below, Suzhou Xuhui Xingteng is entitled to occupy, use and develop the land, and has the right to transfer, let, mortgage such land use rights or dispose of the land use rights of the property by other lawful means within the term of the land use rights without paying extra land premium or land grant fee, provided that the relevant provisions of the mortgage agreement have been fulfilled;
 - ii. Since portion of the property has been pre-sold, but the title of such pre-sold portion of the property has not been transferred from Suzhou Xuhui Xingteng to the purchasers, Suzhou Xuhui Xingteng still retains the ownership of such pre-sold portion of the property, but is not allowed to re-sell, mortgage or dispose of such pre-sold portion of the property before the transfer;
 - iii. Suzhou Xuhui Xingteng has obtained the necessary permits and approvals from the relevant government authorities for the construction of a portion of the property as required by the PRC laws and such permits and approvals are valid and have not been withdrawn, revised or terminated. Suzhou Xuhui Xingteng has the right to construct the property in accordance with the aforesaid permits and approvals;
 - iv. Suzhou Xuhui Xingteng is entitled to pre-sell the property in accordance with the pre-sale limits as stipulated in the Pre-sale Permits for Commodity Housing mentioned in Note 7 above;
 - v. After the construction of the property has completed and passed the examination, Suzhou Xuhui Xingteng can use the relevant land use rights certificate(s), Construction Land Planning Permit(s), Construction Work Planning Permit(s), Construction Work Commencement Permit(s) and construction completion examination documents to apply for the building ownership certificate(s) of the property from the relevant real estate administration authority. After Suzhou Xuhui Xingteng has obtained all the construction completion examination documents, there will be no substantive legal impediments to obtain the relevant building ownership certificate(s) of the property, provided that Suzhou Xuhui Xingteng has carried out the construction work in accordance with the aforesaid construction permits;
 - vi. The property is subject to a mortgage which has been registered with the relevant building and land administration bureau. The mortgage is legal, valid and binding; and
 - vii. Apart from the mortgage mentioned above, as confirmed by Suzhou Xuhui Xingteng, the property is not subject to any other mortgage, seizure, expropriation or any other encumbrances.

VALUATION CERTIFICATE

Group I — Properties held by the Group for sale in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 August 2012
8.	Portion of Suzhou CIFI California Bay (蘇州 旭輝• 芭堤蘭灣), Qingjian Road, Industrial Park District, Suzhou, Jiangsu Province, PRC	<p>Suzhou CIFI California Bay (the “Development”) is a large-scale residential development erected on a parcel of land with a site area of approximately 82,300 sq.m. (885,877 sq.ft.) and was completed in 2010.</p> <p>The property comprises the unsold portion of the Development with a total gross floor area of approximately 322 sq.m. (3,466 sq.ft.).</p> <p>The land use rights of the property have been granted for a term expiring on 17 December 2076 for residential use.</p>	The property is currently vacant.	<p>RMB6,300,000</p> <p>(100% interests attributable to the Group: RMB6,300,000)</p>

Notes

1. Pursuant to the Commodity Housing Registration Certificate — Su Yuan Fang (2010) Shang Zi Di No. 0239 (蘇園房(2010)商字第0239號) issued by Suzhou Industrial Park Land Resources and Real Estate Bureau (蘇州工業園區國土房產局) on 3 March 2010, the property with a total gross floor area of 322.27 sq.m. is vested in Suzhou Xuhui Property Co., Ltd. (蘇州旭輝置業有限公司) (“Suzhou Xuhui”), an indirect wholly-owned subsidiary of the Company.
2. We have been provided with a legal opinion on the title to the property issued by the Group’s PRC legal adviser, which contains, inter alia, the following information:
 - i. Suzhou Xuhui legally owns the building ownership rights and land use rights of the property as stated in the Commodity Housing Registration Certificate as mentioned in Note 1 above. Suzhou Xuhui is entitled to occupy and use the property, and has the right to transfer, let, mortgage the building ownership rights and land use rights of the property or dispose of such building ownership rights and land use rights by other lawful means within the term of the land use rights without paying extra land premium or land grant fee; and
 - ii. As confirmed by Suzhou Xuhui, the property is not subject to any mortgage, seizure, expropriation or any other encumbrances.

VALUATION CERTIFICATE

Group I — Properties held by the Group for sale in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 August 2012
9.	Portion of Phase I of Hefei CIFI Central Park (合肥旭輝•中央宮園一期), Dongzhi Road, New Municipal and Cultural District Development, Hefei, Anhui Province, PRC	<p>Hefei CIFI Central Park (the “Development”) is a large-scale residential development developed by 2 phases on a parcel of land with a site area of approximately 51,717 sq.m. (556,682 sq.ft.) and Phase I of the Development was completed in 2011.</p> <p>The property comprises the unsold portion of Phase I of the Development with a total gross floor area of approximately 3,963 sq.m. (42,658 sq.ft.).</p> <p>The land use rights of the property have been granted for a term of 70 years expiring in March 2078 for residential use.</p>	The property is currently vacant.	<p>RMB19,300,000</p> <p>(100% interests attributable to the Group: RMB19,300,000)</p>

Notes:

- Pursuant to the State-owned Land Use Rights Grant Contract — GF-2000-2601 issued by The land and Resource Department of Hefei (合肥市國土資源局) (the “Grantor”) on 30 November 2007, the Grantor has agreed to grant the land use rights of a parcel of land with a site area of 51,716.77 sq.m. to Hefei Xuhai Real Estate Development Co., Ltd. (合肥旭海房地產開發有限公司) (“Hefei Xuhai”), an indirect wholly-owned subsidiary of the Company, at a land grant fee of RMB340,554,930.45.
- Pursuant to the State-owned Land Use Rights Certificate — He Guo Yong (2008) Di No. 489 (合國用(2008)第489號) issued by The land and Resource Department of Hefei, the land use right of a parcel of land with a site area of 51,716.77 sq.m. has been granted to Hefei Xuhai for a term of 70 years expiring in March 2078 for residential use.
- Pursuant to the Construction Land Planning Permit — Di Zi Di No. 340101200870003 (地字第340101200870003號) issued by Hefei Planning Bureau (合肥市規劃局) on 28 May 2008, Hefei Xuhai is permitted to use a parcel of land with a site area of 51,716.77 sq.m. for residential use.
- Pursuant to three Construction Work Planning Permits — He Gui Zheng Jian Min Xu No. 2009020, He Gui Zheng Shen (2009) No. 21 and Jian Zi Di No. 340101201060055 (合規政建民許2009020、合規政審(2009)021號及建字第340101201060055) all issued by Hefei Planning Bureau, the approved construction scale of the property is 57,012.1 sq.m.

As advised by the Group, the property comprises portion of the buildings as stated in the Construction Work Planning Permits mentioned above.

5. Pursuant to four Construction Work Commencement Permits — Nos. 011109080023, 011109070032, 011109080033 and 011108090044 all issued by Hefei Construction Committee (合肥市建設委員會), the approved construction scale of the property is 59,919 sq.m.

As advised by the Group, the property comprises portion of the buildings as stated in the Construction Work Commencement Permits mentioned above.

6. Pursuant to nine Records of Application for Examination of Completion of Works — Nos. 0115231, 0115232, 0115233, 0115234, 0115235, 0115236, 0115237, 0115370 and 0115371 issued by Hefei Construction Industry Management (合肥市建設業管理), the construction work of the property with a total gross floor area of 57,012.1 sq.m. has been examined and such examination has been recorded.

As advised by the Group, the property comprises portion of the buildings as stated in the Records of Application for Examination of Completion of Works mentioned above.

7. As advised by the Group, the property is subject to various mortgages.
8. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:
 - i. Hefei Xuhai legally owns the land use rights of the property and has obtained the land use rights of the property by payment of a land grant fee and such rights are protected under the PRC laws. Hefei Xuhai is entitled to occupy, use and develop the land, and has the right to transfer, let, mortgage such land use rights or dispose of the land use rights of the property by other lawful means within the term of the land use rights without paying extra land premium or land grant fee, provided that the relevant provisions of the mortgage agreements have been fulfilled;
 - ii. Hefei Xuhai has obtained the necessary permits and approvals from the relevant government authorities for the construction of the property as required by the PRC laws and such permits and approvals are valid and have not been withdrawn, revised or terminated. Hefei Xuhai has the right to construct the property in accordance with the aforesaid permits and approvals;
 - iii. After the construction of the property has completed and passed the examination, Hefei Xuhai can use the relevant land use rights certificate, Construction Land Planning Permit, Construction Work Planning Permits, Construction Work Commencement Permit and construction completion examination documents to apply for the building ownership certificate(s) of the property from the relevant real estate administration authority. After Hefei Xuhai has obtained all the construction completion examination documents, there will be no substantive legal impediments to obtain the relevant building ownership certificate(s) of the property, provided that Hefei Xuhai has carried out the construction work in accordance with the aforesaid construction permits;
 - iv. The property is subject to various mortgages which have been registered with the relevant building and land administration bureau. The mortgages are legal, valid and binding; and
 - v. As confirmed by Hefei Xuhai, except for the aforesaid mortgages, the property is not subject to any other mortgage, seizure, expropriation or any other encumbrances.

VALUATION CERTIFICATE

Group I — Properties held by the Group for sale in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 August 2012												
10.	Portion of Jiaxing CIFI Square (嘉興 旭輝廣場), East of Zhongshan Road, Jiaxing, Zhejiang Province, PRC	<p>Jiaxing CIFI Square (the “Development”) is a residential/commercial development erected on two parcels of land with a total site area of approximately 40,862 sq.m. (439,839 sq.ft.) and was completed in 2011.</p> <p>The property comprises the pre-sold and unsold portions (except the commercial portion) of the Development with a total gross floor area of approximately 60,615 sq.m. (652,460 sq.ft.). Details of the uses and approximate gross floor areas of the property are as follows:</p> <table border="1"> <thead> <tr> <th>Use</th> <th>Approximate gross floor area (sq.m.)</th> </tr> </thead> <tbody> <tr> <td>High-rise Apartment (Pre-sold Portion)</td> <td>4,619</td> </tr> <tr> <td>High-rise Apartment (Unsold Portion)</td> <td>17,000</td> </tr> <tr> <td>Basement Carpark</td> <td>37,124</td> </tr> <tr> <td>Others</td> <td>1,872</td> </tr> <tr> <td>Total</td> <td>60,615</td> </tr> </tbody> </table> <p>The land use rights of the property have been granted for a term expiring on 29 August 2046 for commercial, office, residential and composite uses.</p>	Use	Approximate gross floor area (sq.m.)	High-rise Apartment (Pre-sold Portion)	4,619	High-rise Apartment (Unsold Portion)	17,000	Basement Carpark	37,124	Others	1,872	Total	60,615	The property is currently vacant.	RMB234,000,000 (100% interests attributable to the Group: RMB234,000,000)
Use	Approximate gross floor area (sq.m.)															
High-rise Apartment (Pre-sold Portion)	4,619															
High-rise Apartment (Unsold Portion)	17,000															
Basement Carpark	37,124															
Others	1,872															
Total	60,615															

Notes:

- Pursuant to two State-owned Land Use Rights Certificates both issued by The Bureau of Land and Resources Jiaxing (嘉興市國土資源局) and the People’s Government of Jiaxing (嘉興市人民政府), the land use rights of two parcels of land with a total site area of 40,862.4 sq.m. have been granted to Zhejiang Xuhui Property Co., Ltd.

(浙江旭輝置業有限公司)(“Zhejiang Xuhui”), an indirect wholly-owned subsidiary of the Company, for a term expiring on 29 August 2046 for commercial, office, residential and composite uses. Details of the certificates are as follows:

Certificate No.	Date of Issue	Site Area (sq.m.)
Jia Tu Guo Yong (2007) Di No. 285274 (嘉土國用(2007出)第285274號)	12 July 2007	19,448.00
Jia Tu Guo Yong (2007 Chu) Di No. 299950 (嘉土國用(2007出)第299950號)	9 January 2007	21,414.40
Total		<u>40,862.40</u>

2. Pursuant to the Construction Land Planning Permit — No. 2006 Zhe Gui Zheng 0400023 (編號 (2006) 浙規證0400023) issued by Jiaying Planning and Construction Bureau (嘉興市規劃與建設局) on 29 November 2006, Zhejiang Xuhui is permitted to use a parcel of land with a site area of 40,894.7 sq.m.

3. Pursuant to the Construction Work Planning Permit — Jian Zi Di No. 330401200800052 (建字第330401200800052號) issued by Jiaying Planning and Construction Bureau on 30 June 2008, Zhejiang Xuhui is permitted to construct a development with a planned gross floor area of 199,418.22 sq.m.

As advised by the Group, the property comprises portion of the buildings as stated in the Construction Work Planning Permit mentioned above.

4. Pursuant to the Construction Work Commencement Permit — No. 330402200901120101 issued by Jiaying Rural-urban Planning and Construction Management Committee (嘉興市城鄉規劃建設管理委員會) on 12 January 2009, Zhejiang Xuhui is permitted to commence construction of the development with a gross floor area of 199,418.22 sq.m.

As advised by the Group, the property comprises portion of the buildings as stated in the Construction Work Commencement Permit mentioned above.

5. Pursuant to the Pre-sale Permit for Commodity Housing — Jia Shou Xu Zi (2010) Di No. 05 (嘉首許字(2010)第05號) issued by Jiaying Rural-urban Planning and Construction Management Committee on 18 March 2010, Zhejiang Xuhui is permitted to pre-sell a portion of the Development with a total gross floor area of approximately of 159,706.5 sq.m.

As advised by the Group, the property comprises portion of the buildings as stated in the Pre-sale Permit for Commodity Housing mentioned above.

6. Pursuant to the Record of Application for Examination of Completion of Works — No. 31400020111231101 issued by Jiaying Rural-urban Planning and Construction Management Committee, the construction work of the property with a total gross floor area of 198,751.15 sq.m. has been examined and such examination has been recorded.

As advised by the Group, the property comprises portion of the buildings as stated in the Record of Application for Examination of Completion Works mentioned above.

7. As advised by the Group, a portion of the property with a total gross floor area of approximately 4,619 sq.m. has been pre-sold under various sales and purchase agreements at a total consideration of approximately RMB47,000,000. We have taken into account the said consideration in our valuation.

8. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:
- i. Zhejiang Xuhui legally owns the land use rights of the property and has obtained the land use rights of the property by payment of a land grant fee and such rights are protected under the PRC laws. Subject to Note ii below, Zhejiang Xuhui is entitled to occupy, use and develop the land, and has the right to transfer, let, mortgage such land use rights or dispose of the land use rights of the property by other lawful means within the term of the land use rights without paying extra land premium or land grant fee;
 - ii. Since portion of the property has been pre-sold, but the title of such pre-sold portion of the property has not been transferred from Zhejiang Xuhui to the purchaser(s), Zhejiang Xuhui still retains the ownership of such pre-sold portion of the property, but is not allowed to re-sell, mortgage or dispose of such pre-sold portion of the property before the transfer;
 - iii. Zhejiang Xuhui has obtained the necessary permits and approvals from the relevant government authorities for the construction of the property as required by the PRC laws and such permits and approvals are valid and have not been withdrawn, revised or terminated. Zhejiang Xuhui has the right to construct the property in accordance with the aforesaid permits and approvals;
 - iv. Zhejiang Xuhui is entitled to pre-sell the property in accordance with the pre-sale limits as stipulated in the Pre-sale Permit for Commodity Housing mentioned in Note 5 above;
 - v. After the construction of the property has completed and passed the examination, Zhejiang Xuhui can use the relevant land use rights certificate, Construction Land Planning Permit, Construction Work Planning Permit, Construction Work Commencement Permit and construction completion examination documents to apply for the building ownership certificate(s) of the property from the relevant real estate administration authority. After Zhejiang Xuhui has obtained all the construction completion examination documents, there will be no substantive legal impediments to obtain the relevant building ownership certificate(s) of the property, provided that Zhejiang Xuhui has carried out the construction work in accordance with the aforesaid construction permits; and
 - vi. As confirmed by Zhejiang Xuhui, the property is not subject to any mortgage, seizure, expropriation or any other encumbrances.

VALUATION CERTIFICATE

Group I — Properties held by the Group for sale in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 August 2012
11.	Beijing CIFI Purple County (北京 旭輝•紫郡), No. 23 Xincheng North Area, Huangcun Town, Daxing District, Beijing, PRC	Beijing CIFI Purple County (the “Development”) is a residential development erected on a parcel of land with a site area of approximately 26,337 sq.m. (283,491 sq.ft.) and was completed in 2012. The property comprises the unsold portion of the Development with a total gross floor area of approximately 1,123 sq.m. (12,088 sq.ft.). Details of the uses and approximate gross floor areas of the property are as follows:	The property is currently vacant.	RMB14,800,000 (100% interests attributable to the Group: RMB14,800,000) (refer to Note 10)
			Approximate gross floor area (sq.m.)	
		Use		
		Low-rise Garden		
		Apartments	553	
		Underground Carpark	570	
		Total	1,123	
		The land use rights of the property have been granted for three concurrent terms expiring on 13 August 2079, 13 August 2049 and 13 August 2059 for residential, commercial and composite uses respectively.		

Notes:

- Pursuant to the State-owned Construction Land Use Rights Grant Contract — Jing Di Chu [He] Zi (2009) Di No. 0346 (京地出【合】字(2009)第0346號) and its Supplementary Agreement entered into between Beijing Municipal Bureau of Land and Resources (北京市國土資源局) (the “Grantor”) and CIFI Group Co., Ltd. (PRC) (旭輝集團股份有限公司) (“CIFI (PRC)”), an indirect wholly-owned subsidiary of the Company, on 14 August 2009, the Grantor has agreed to grant the land use rights of a parcel of land with a site area of 26,336.88 sq.m. to CIFI (PRC) for three concurrent terms of 70, 40 and 50 years for residential, commercial and composite uses respectively at a land grant fee of RMB251,000,000.
- Pursuant to the Supplementary Agreement entered into between the Grantor and Beijing Xuhui Xingke Property Co., Ltd. (北京旭輝興科置業有限公司) (“Beijing Xuhui Xingke”), an indirect wholly-owned subsidiary of the Company, on 16 September 2009, the rights and responsibility stated in the State-owned Construction Land Use Rights Grant Contract in Note 1 mentioned above have been transferred from CIFI (PRC) to Beijing Xuhui Xingke.

3. Pursuant to the State-owned Land Use Rights Certificate — Jing Xing Guo Yong (2010 Chu) Di No. 00053 (京興國用(2010出)第00053號) issued by Beijing Municipal Bureau of Land and Resources and the People's Government of Daxing District of Beijing (北京大興區人民政府), the land use rights of a parcel of land with a site area of 26,336.88 sq.m. have been granted to Beijing Xuhui Xingke for three concurrent terms expiring on 13 August 2079, 13 August 2049 and 13 August 2059 for residential, commercial and composite uses respectively.
4. Pursuant to the Construction Land Planning Permit — Di Zi Di No. 10115200900075 2009 Gui (Da) Di Zi No. 0060 (地字第10115200900075號2009規(大)地字0060號) issued by Beijing Municipal Commission of Urban Planning (北京市規劃委員會) on 10 November 2009, Beijing Xuhui Xingke is permitted to use a parcel of land with a site area of 26,336.88 sq.m. for residential use.
5. Pursuant to two Construction Work Planning Permits — Jian Zi Di No. 10115200900044 2010 Gui (Da) Jian Zi No. 0022 and Jian Zi Di No. 10115201000060 2010 Gui (Da) Jian Zi No. 0029 (建字第1011520090044號2010規(大)建字0022號及建字第10115201000060號2010規(大)建字0029號) issued by Beijing Municipal Commission of Urban Planning on 3 March 2010 and 8 April 2010, Beijing Xuhui Xingke is permitted to construct a development with a total planned gross floor area of 58,381.5 sq.m.

As advised by the Group, the property comprises portion of the buildings as stated in the Construction Work Planning Permits mentioned above.

6. Pursuant to the Construction Work Commencement Permit — [2010] Shi Jian Zi No. 0595 (【2010】施建字0595號) issued by Beijing Municipal Commission of Housing and Urban-rural Development (北京市住房和城鄉建設委員會) on 17 May 2010, the approved construction scale of the property is 58,381.5 sq.m.

As advised by the Group, the property comprises portion of the buildings as stated in the Construction Work Commencement Permit mentioned above.

7. Pursuant to the Pre-sale Permit for Commodity Housing — Jing Fang Shou Zheng Zi (2010) No. 233 (京房售證字(2010)233號) issued by Beijing Municipal Commission of Housing and Urban-rural Development on 1 October 2010, a total gross floor area of 39,225.66 sq.m. is permitted to be pre-sold.

As advised by the Group, the property comprises portion of the buildings as stated in the Pre-sale Permit for Commodity Housing mentioned above.

8. Pursuant to the Record of Application for Examination of Completion of Works — 0199 Da Jun 2012 (Jian) 0035 (0199大竣2012(建)0035) issued by Beijing Municipal Commission of Housing and Urban-rural Development on 13 April 2012, the construction work of the property with a total gross floor area of 58,381.5 sq.m. have been examined and such examination has been recorded.

As advised by the Group, the property comprises portion of the buildings as stated in the Record of Application for Examination of Completion of Works mentioned above.

9. As advised by the Group, the property is subject to a mortgage.
10. As advised by the Group, portion of the unsold low-rise garden apartments with a total gross floor area of approximately 392 sq.m. exceeds the construction scale approved by the government authorities. As advised by the Group, extra land premium for such portion has to be paid before such portion can be transferred in the market. In the course of our valuation, we have assumed that the aforesaid land premium has been fully settled.

11. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:
- i. Beijing Xuhui Xingke legally owns the land use rights of the property and has obtained the land use rights by payment of a land grant fee and such rights are protected under the PRC laws. Beijing Xuhui Xingke is entitled to occupy, use and develop the land, and has the right to transfer, let, mortgage such land use rights or dispose of the land use rights of the property by other lawful means within the term of the land use rights without paying extra land premium or land grant fee, provided that the relevant provisions of the mortgage agreement have been fulfilled;
 - ii. Apart from the portion of the property with a gross floor area of approximately 392 sq.m. mentioned in Note 10 above, Beijing Xuhui Xingke has obtained the necessary permits and approvals from the relevant government authorities for the construction of the property as required by the PRC laws and such permits and approvals are valid and have not been withdrawn, revised or terminated. Beijing Xuhui Xingke has the right to construct the property in accordance with the aforesaid permits and approvals;
 - iii. Portion of the property with a total gross floor area of approximately 392 sq.m. has exceeded the construction scale approved by the government authorities and Beijing Xuhui Xingke has to pay land premium and apply for the requisite construction permits for such portion. Further, there is a risk of such portion of the property being subject to penalty by the relevant government authorities;
 - iv. Beijing Xuhui Xingke is entitled to pre-sell the property in accordance with the pre-sale limits as stipulated in the Pre-sale Permit for Commodity Housing mentioned in Note 7 above;
 - v. Beijing Xuhui Xingke has built an additional basement with an area of 18,936 sq.m. after signing the land grant contract, approvals and permits have been obtained from the relevant government authorities for the construction of the additional basement. According to the land grant contract, no extra land premium is required if the additional basement is for non-operating use; Beijing Xuhui Xingke is required to pay extra land premium if the additional basement is for operating use. If the basement is for public ancillary use, Beijing Xuhui Xingke will not be able to obtain the Building Ownership Certificate for such portion. If the basement is for operating use, after the payment of extra land premium, Beijing Xuhui Xingke can use the relevant land use rights certificate(s), Construction Land Planning Permit(s), Construction Work Planning Permit(s), Construction Work Commencement Permit(s) and construction completion examination documents to apply for the building ownership certificate(s) of the additional basement from the relevant real estate administration authority;
 - vi. Apart from the portion of the property with a gross floor area of 392.29 sq.m. mentioned in Note 10 above and the construction work of the basement mentioned in note v above, after the construction of the property has completed and passed the examination, Beijing Xuhui Xingke can use the relevant land use rights certificate(s), Construction Land Planning Permit(s), Construction Work Planning Permit(s), Construction Work Commencement Permit(s) and construction completion examination documents to apply for the building ownership certificate(s) of the property from the relevant real estate administration authority. After Beijing Xuhui Xingke has obtained all the construction completion examination documents, there will be no substantive legal impediments to obtain the relevant building ownership certificate(s) of the property, provided that Beijing Xuhui Xingke has carried out the construction works in accordance with the aforesaid construction permits;
 - vii. The property is subject to a mortgage which has been registered with the relevant building and land administration bureau. The mortgage is legal, valid and binding; and
 - viii. Apart from the mortgage mentioned above, as confirmed by Beijing Xuhui Xingke, the property is not subject to any other mortgage, seizure, expropriation or any other encumbrances.

VALUATION CERTIFICATE

Group I — Properties held by the Group for sale in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 August 2012
12.	Portion of Beijing CIFI Wangxin Commercial Centre (北京旭輝•望馨商業中心), No. 209 Lize Xiyuan, Wangjing Area, Chaoyang District, Beijing, PRC	Beijing CIFI Wangxin Commercial Centre (the “Development”) is a 5-storey commercial building plus a 2-storey basement carpark erected on a parcel of land with a site area of approximately 6,903 sq.m. (74,304 sq.ft.) and was completed in 2007. The property comprises various car parking spaces and ancillary facilities of the Development with a total gross floor area of approximately 2,648 sq.m. (28,503 sq.ft.). Details of the uses and approximate gross floor areas of the property are as follows:	The property are occupied by the Group for car parking and other ancillary uses.	RMB7,200,000 (100% interests attributable to the Group: RMB7,200,000)
			Approximate gross floor area (sq.m.)	
		Use		
		Carpark	2,270	
		Ancillary Facilities	378	
		Total	2,648	
		The land use rights of the property have been granted for two concurrent terms expiring on 4 June 2044 and 4 June 2054 for commercial and ancillary facility uses and car parking use respectively.		

Notes:

- Pursuant to the State-owned Land Use Rights Certificate — Jing Chao Guo Yong (2004 Chu) Di No. 0490 (京朝國用(2004出)第0490號) issued by the People’s Government of Beijing (北京市人民政府) on 27 September 2004, the land use rights of the property with a site area of 6,902.55 sq.m. have been granted to Beijing Wangxin Property Co., Ltd. (北京望馨置業有限公司) (“Beijing Wangxin”), an indirect wholly-owned subsidiary of the Company, for two concurrent terms expiring on 4 June 2044 and 4 June 2054 for commercial and ancillary facilities uses and car parking use respectively.

2. Pursuant to the Building Ownership Certificate — X Jing Fang Quan Zheng Chao Qi Zi Di No. 591571 (X京房權證朝其字第591571號) issued by Beijing Chao Yang District Housing Administration Bureau (北京市朝陽區房屋管理局), the building ownership rights of the property with a gross floor area of 22,397.21 sq.m. are vested in Beijing Wangxin.

As advised by the Group, the ancillary facilities of the property comprise portion of the buildings as stated in the Building Ownership Certificate mentioned above with a total gross floor area of approximately 378 sq.m.

3. Pursuant to the Beijing Commodity Housing Sales Contract — No. XF274792 entered into between Beijing Wangxin and Beijing Xuxingcheng Property Co., Ltd. (北京旭興城置業有限公司) (“Beijing Xuxingcheng”), an indirect subsidiary of the Company, on 22 March 2011, Beijing Wangxin has agreed to sell portion of the property with a gross floor area of 2,153.77 sq.m. to Beijing Xuxingcheng at a consideration of RMB6,725,460.
4. Pursuant to the Building Ownership Certificates — X Jing Fang Quan Zheng Chao Zi Di Nos. 1040573 and 1040575 (X京房權證朝字第1040573及1040575號) issued by Beijing Chao Yang District Housing Administration Bureau, the building ownership rights of portion of the property with a total gross floor area of 2,269.69 sq.m. are vested in Beijing Xuxingcheng.

As advised by the Group, the buildings as stated in the Building Ownership Certificates mentioned above comprise the carpark of the property.

5. We have been provided with a legal opinion on the title to the property issued by the Group’s PRC legal adviser, which contains, inter alia, the following information:-
 - i. Beijing Wangxin has legally obtained the Building Ownership Certificate mentioned in Note 2 and has the rights to use and occupy the ancillary facilities of the property within the term of the land use rights;
 - ii. As confirmed by Beijing Wangxin, the ancillary facilities of the property are not subject to any mortgage, seizure, expropriation or any other encumbrances;
 - iii. The Building Ownership Certificates mentioned in Note 4 above are legal and valid and Beijing Xuxingcheng is entitled to occupy, use, transfer, let, mortgage the car parks of the property or dispose of the carpark of the property by other lawful means within the term of the land use rights without paying extra land premium or land grant fee; and
 - iv. As confirmed by Beijing Xuxingcheng, the carpark of the property is not subject to any mortgage, seizure, expropriation or any other encumbrances.

VALUATION CERTIFICATE

Group I — Properties held by the Group for sale in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 August 2012										
13.	Portion of Beijing CIFI Olympic City (北京 旭輝•奧都), Beiyuan Road, Chaoyang District, Beijing, PRC	Beijing CIFI Olympic City (the “Development”) is a large-scale office and commercial development erected on a parcel of land with a site area of approximately 49,455 sq.m. (532,334 sq.ft.) and was completed in 2010. The property comprises the unsold portion of the Development with a total gross floor area of approximately 7,159 sq.m. (77,059 sq.ft.). Details of the uses and approximate gross floor areas of the property are as follows:	The property is currently vacant.	RMB43,900,000 (100% interests attributable to the Group: RMB43,900,000)										
		<table border="1"> <thead> <tr> <th>Use</th> <th>Approximate gross floor area (sq.m.)</th> </tr> </thead> <tbody> <tr> <td>Retail Outlets</td> <td>506</td> </tr> <tr> <td>Store Room</td> <td>5,528</td> </tr> <tr> <td>Carpark</td> <td>1,125</td> </tr> <tr> <td>Total</td> <td>7,159</td> </tr> </tbody> </table>	Use	Approximate gross floor area (sq.m.)	Retail Outlets	506	Store Room	5,528	Carpark	1,125	Total	7,159		
Use	Approximate gross floor area (sq.m.)													
Retail Outlets	506													
Store Room	5,528													
Carpark	1,125													
Total	7,159													
		The land use rights of the property have been granted for a term of 50 years expiring on 20 February 2055 for composite, underground car parking and underground storage uses.												

Notes:

- Pursuant to the State-owned Land Use Rights Certificate — Jing Chao Guo Yong (2005 Chu) Di No. 0732 (京朝國用(2005出)第0732號) issued by Beijing Municipal Bureau of Land and Resources (北京市國土資源局) dated 16 February 2006, the land use rights of the Development with a site area of 49,455.05 sq.m. have been granted to Beijing Yongxu Property Co., Ltd. (北京永旭置業有限公司) (“Beijing Yongxu”), an indirect wholly-owned subsidiary of the Company, for a term of 50 years expiring on 20 February 2055 for composite, underground car parking and underground storage uses.

2. Pursuant to the following Building Ownership Certificates issued by Beijing Chao Yang District Housing Administration Bureau (北京市朝陽區房屋管理局), the building ownership rights of the Development with a total gross floor area of 231,617.08 sq.m. are held by Beijing Yongxu. Details of the certificates are as follows:

No.	Certificate No.	Gross Floor Area (sq.m.)	Use
1.	X Jing Fang Quan Zheng Chao Zi Di No. 718451 (X京房權證朝字第718451號)	37,676.79	Office (Apartment Style)
2.	X Jing Fang Quan Zheng Chao Zi Di No. 718482 (X京房權證朝字第718482號)	37,650.36	Office (Apartment Style)
3.	X Jing Fang Quan Zheng Chao Zi Di No. 718869 (X京房權證朝字第718869號)	17,626.98	Office (Apartment Style), Commercial
4.	X Jing Fang Quan Zheng Chao Zi Di No. 718918 (X京房權證朝字第718918號)	18,329.17	Office (Apartment Style), Commercial
5.	X Jing Fang Quan Zheng Chao Zi Di No. 719151 (X京房權證朝字第719151號)	12,529.13	Office (Apartment Style), Commercial
6.	X Jing Fang Quan Zheng Chao Zi Di No. 718696 (X京房權證朝字第718696號)	13,166.69	Office (Apartment Style), Commercial
7.	X Jing Fang Quan Zheng Chao Zi Di No. 718671 (X京房權證朝字第718671號)	13,262.20	Office (Apartment Style), Commercial
8.	X Jing Fang Quan Zheng Chao Zi Di No. 718623 (X京房權證朝字第718623號)	12,572.55	Office (Apartment Style), Commercial
9.	X Jing Fang Quan Zheng Chao Zi Di No. 719008 (X京房權證朝字第719008號)	12,033.04	Office (Apartment Style), Commercial
10.	X Jing Fang Quan Zheng Chao Zi Di No. 718952 (X京房權證朝字第718952號)	22,667.16	Office (Apartment Style), Commercial
11.	X Jing Fang Quan Zheng Chao Zi Di No. 872722 (X京房權證朝字第872722號)	4,133.43	Commercial
12.	X Jing Fang Quan Zheng Chao Zi Di No. 872224 (X京房權證朝字第872224號)	572.23	Commercial
13.	X Jing Fang Quan Zheng Chao Zi Di No. 872220 (X京房權證朝字第872220號)	588.28	Commercial
14.	X Jing Fang Quan Zheng Chao Zi Di No. 872292 (X京房權證朝字第872292號)	423.33	Commercial
15.	X Jing Fang Quan Zheng Chao Zi Di No. 872479 (X京房權證朝字第872479號)	447.05	Commercial
16.	X Jing Fang Quan Zheng Chao Zi Di No. 872480 (X京房權證朝字第872480號)	371.99	Commercial
17.	X Jing Fang Quan Zheng Chao Zi Di No. 872685 (X京房權證朝字第872685號)	27,566.70	Car Parking Space and Storage
Total		<u>231,617.08</u>	

As advised by the Group, the property comprises portion of the buildings as stated in the Building Ownership Certificates mentioned above.

3. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:
 - i. As confirmed by the Group, the unsold portion of the Development is approximately 7,159 sq.m. Beijing Yongxu legally obtains the building ownership rights and corresponding land use rights of the property and such rights are protected under PRC laws;
 - ii. Beijing Yongxu is entitled to occupy and use the property and has the right to transfer, let, mortgage or dispose of the building ownership and corresponding land use rights of the property by other lawful means within the term of the land use rights without paying extra land premium or land grant fee; and
 - iii. As confirmed by Beijing Yongxu, the property is not subject to any mortgage, seizure, expropriation or any other encumbrances.

VALUATION CERTIFICATE

Group I — Properties held for sale by the Group

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 August 2012
14.	Various car parking spaces of Beijing CIFI Shanghai Salon (北京旭輝•上海沙龍), Tianbao South Street, Economic and Technology Development Area, Beijing, PRC	<p>The property comprises 668 underground car parking spaces of a composite development known as Beijing CIFI Shanghai Salon (“Development”) and was completed in 2006.</p> <p>The property comprises the unsold portion of the Development with a total gross floor area of approximately 9,271 sq.m. (99,793 sq.ft.).</p> <p>The land use rights of the Development have been granted for three concurrent terms expiring on 23 December 2052, 4 February 2072 and 9 March 2073 for public facility and residential uses respectively.</p>	Portions of the property with 3 underground car parking spaces are subject to tenancies with the latest term due to expire on 31 December 2012 at an annual rental of RMB10,800 for each car parking space and the remaining portion of the property is vacant.	RMB48,100,000 (100% interests attributable to the Group: RMB48,100,000)

Notes:

- Pursuant to four State-owned Land Use Rights Certificates issued by Beijing Economy and Technology Development Zone Housing and Land Administration Bureau (北京經濟技術開發區房屋和土地管理局), the land use rights of four parcels of land with a total site area of 141,487.9 sq.m. have been granted to Beijing Xudong Property Co., Ltd (北京旭東置業有限公司) (“Beijing Xudong”). Details of the certificates are as follows:

No.	Certificate No.	Site Area	Use	Land Use Term Expiry Date
		(sq.m.)		
1	Kai You Xian Guo Yong (2002) Zi Di No. 005 (開有限國用(2002)字第005號)	36,732.20	Residential	4 February 2072
2	Kai You Xian Guo Yong (2002) Zi Di No. 060 (開有限國用(2002)字第060號)	20,888.10	Public Facility	23 December 2052
3	Kai You Xian Guo Yong (2003) Zi Di No. 003 (開有限國用(2003)字第003號)	45,529.00	Residential	9 March 2073
4	Kai You Xian Guo Yong (2003) Zi Di No. 004 (開有限國用(2003)字第004號)	38,338.60	Residential	9 March 2073
	Total	141,487.90		

2. Pursuant to 668 Building Ownership Certificates all issued by Beijing Economy and Technology Development Zone Housing and Land Administration Bureau, the building ownership rights of the property with a total gross floor area of 9,270.61 sq.m. are vested in Beijing Xudong Property Management Co. Ltd. (北京旭東物業管理有限公司) (“Beijing Xudong Management”), an indirect wholly-owned subsidiary of the Company.

3. We have been provided with a legal opinion on the title to the property issued by the Group’s PRC legal adviser, which contains, inter alia, the following information:
 - i. The Building Ownership Certificates mentioned in Note 2 above are legal and valid. Beijing Xudong Management legally owns the building ownership rights and the corresponding land use rights of the property and is entitled to occupy, use, transfer, let, mortgage the property or dispose of the property by other lawful means without paying extra land premium or land grant fee; and

 - ii. As confirmed by Beijing Xudong Management, the property is not subject to any mortgage, seizure, expropriation or any other encumbrances.

VALUATION CERTIFICATE

Group I — Properties held by the Group for sale in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 August 2012
15.	Portion of Langfang CIFI Path Walf Phase I (廊坊 旭輝•十九城 邦一期), Oriental University City, Economic and Technology Development Zone, Langfang, Hebei Province, PRC	Langfang CIFI Path Walf Phase I (the “Development”) is a large-scale residential development erected on a parcel of land with a site area of approximately 85,937 sq.m. (925,026 sq.ft.) and was completed in 2010. The property comprises the unsold clubhouse of the Development with a total gross floor area of approximately 7,173 sq.m. (77,210 sq.ft.). The land use rights of the property have been granted for two concurrent terms expiring on 25 October 2076 and 25 October 2046 for residential and commercial uses respectively.	Portion of the property with a total gross floor area of 926 sq.m. is currently occupied by the Group and the remaining portion of the property is vacant.	RMB86,100,000 (100% interests attributable to the Group: RMB86,100,000)

Notes:

- Pursuant to the State-owned Land Use Rights Certificate — Lang Kai Guo Yong (2008) Di No. 116 (廊開國用(2008)第116號) issued by the People’s Government of Langfang (廊坊市人民政府) and The Bureau of Land and Resources of Langfang City Development Zone Branch (廊坊國土資源局開發區分局) on 25 May 2008, the land use rights of a parcel of land with a site area of 85,937 sq.m. have been granted to Zhongshi Real Estate Development Co., Ltd. (中石房地產開發有限公司) (“Zhongshi Real Estate”), an indirect wholly-owned subsidiary of the Company, for two concurrent terms expiring on 25 October 2076 and 25 October 2046 for residential and commercial uses respectively.
- Pursuant to the Construction Land Planning Permit — No. (2007) 007 issued by the Langfang Economic and Technology Development Zone Planning and Construction Bureau (廊坊經濟技術開發區規劃建設局) on 4 April 2007, Zhongshi Real Estate is permitted to use a parcel of land with a site area of 231,846.7 sq.m. for development.

As advised by the Group, the Development comprises portion of the parcel of land as stated in the Construction Land Planning Permit mentioned above.

- Pursuant to the Construction Work Planning Permit — Jian Zi Di No. 131001200900014 (建字第131001200900014號) issued by Langfang Economic and Technology Development Zone Planning and Construction Bureau on 31 March 2009, the approved construction scale of the Development is 100,989.98 sq.m.

As advised by the Group, the property comprises portion of the buildings as stated in the Construction Work Planning Permit mentioned above.

4. Pursuant to the Construction Work Commencement Permit — No. (2009) 011 issued by Langfang Economic and Technology Development Zone Planning and Construction Bureau on 12 May 2009, the approved construction scale of the Development is 75,599.81 sq.m.

As advised by the Group, the property comprises portions of the buildings as stated in the Construction Work Commencement Permit mentioned above.

5. Pursuant to the Record of Application for Examination of Completion of Works issued by Langfang Development Zone Construction Works Quality Supervision Terminus (廊坊開發區建設工程質量監督站) on 17 December 2010, the construction work of the Development has been examined and such examination has been recorded.

As advised by the Group, the property comprises portion of the buildings as stated in the Record of Application for Examination of Completion Works mentioned above.

6. Pursuant to two Pre-sale Permits for Commodity Housing - Lang Kai (2009) Fang Yu Shou Zheng Di 004 and 006 (廊開(2009)房預售證第004及006號) issued by Langfang Economic and Technology Development Zone Housing Security and Real Estate Administration Bureau (廊坊經濟技術開發區住房保障和房屋管理局) on 7 August 2009 and 18 September 2009 respectively, a total gross floor area of 76,030.24 sq.m. of the Development is permitted to be pre-sold.

As advised by the Group, the property comprises portion of the buildings as stated in the Pre-sale Permits for Commodity Housing mentioned above.

7. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:
 - i. Zhongshi Real Estate legally owns the land use rights of the property and has obtained the land use rights by payment of a land grant fee and such rights are protected under the PRC laws. Zhongshi Real Estate is entitled to occupy, use and develop the land, and has the right to transfer, let, mortgage such land use rights or dispose of the land use rights of the property by other lawful means within the term of the land use rights without paying extra land premium or land grant fee;
 - ii. Zhongshi Real Estate has obtained the necessary permits and approvals from the relevant government authorities for the construction of the property as required by the PRC laws and such permits and approvals are valid and have not been withdrawn, revised or terminated. Zhongshi Real Estate has the right to construct the property in accordance with the aforesaid permits and approvals;
 - iii. Zhongshi Real Estate is entitled to pre-sell the property in accordance with the pre-sale limits as stipulated in the Pre-sale Permits for Commodity Housing mentioned in Note 6 above;
 - iv. After the construction of the property has completed and passed the examination, Zhongshi Real Estate can use the relevant land use rights certificate(s), Construction Land Planning Permit(s), Construction Work Planning Permit(s), Construction Work Commencement Permit(s) and construction completion examination documents to apply for the building ownership certificate(s) of the property from the relevant real estate administration authority. After Zhongshi Real Estate has obtained all the construction completion examination documents, there will be no substantive legal impediments to obtain the relevant building ownership certificate(s) of the property, provided that Zhongshi Real Estate has carried out the construction work in accordance with the aforesaid construction permits; and
 - v. As confirmed by Zhongshi Real Estate, the property is not subject to any mortgage, seizure, expropriation or any other encumbrances.

VALUATION CERTIFICATE

Group I — Properties held by the Group for sale in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 August 2012
16.	Portion of Langfang CIFI Path Walf Phase II (廊坊 旭輝•十九城邦二期), Oriental University City, Economic and Technology Development Zone, Langfang, Hebei Province, PRC	Langfang CIFI Path Walf Phase II (the “Development”) is a residential and commercial development to be erected on a parcel of land with a site area of approximately 52,289 sq.m. (562,839 sq.ft.). The property comprises the unsold and pre-sold townhouses of the Development which were completed in 2011 with a total gross floor area of approximately 7,502 sq.m. (80,752 sq.ft.). Details of the uses and approximate gross floor areas of the property are as follows:	The property is currently vacant.	RMB74,700,000 (100% interests attributable to the Group: RMB 74,700,000)
		Approximate		
		Use	gross floor area	
			<i>(sq.m.)</i>	
		Townhouse (Unsold Portion)	6,942	
		Townhouse (Pre-sold Portion)	<u>560</u>	
		Total	<u>7,502</u>	
		The land use rights of the property have been granted for two concurrent terms expiring on 25 October 2076 and 25 October 2046 for residential and commercial uses respectively.		

Notes:

- Pursuant to the State-owned Land Use Rights Certificate — Lang Kai Guo Yong (2008) Di No. 115 (廊開國用(2008)第115號) issued by the People’s Government of Langfang (廊坊市人民政府) and The Bureau of Land and Resources of Langfang City Development Zone Branch (廊坊市國土資源局開發區分局) on 25 May 2008, the land use rights of a parcel of land with a site area of 52,289.1 sq.m. has been granted to Zhongshi Real Estate Development Co., Ltd. (中石房地產開發有限公司) (“Zhongshi Real Estate”), an indirect wholly-owned subsidiary of the Company, for two concurrent terms expiring on 25 October 2076 and 25 October 2046 for residential and commercial uses respectively.

2. Pursuant to the Construction Land Planning Permit — No. (2007)007 issued by Langfang Economic and Technology Development Zone Planning and Construction Bureau (廊坊經濟技術開發區規劃建設局) on 4 April 2007, Zhongshi Real Estate is permitted to use a parcel of land with a site area of 231,846.7 sq.m. for development.

As advised by the Group, the Development comprises portion of the parcel of land as stated in the Construction Land Planning Permits mentioned above.

3. Pursuant to the Construction Work Planning Permit — Jian Zi Di No. 131001201000008 (建字第131001201000008號) issued by Langfang Economic and Technology Development Zone Planning and Construction Bureau on 18 March 2010, the approved construction scale of the property is 275,051.82 sq.m.

As advised by the Group, the property comprises portion of the buildings as stated in the Construction Work Planning Permit mentioned above.

4. Pursuant to three Construction Work Commencement Permits — Nos.(2010)015, 131000S101250101 and 131000S101280101 issued by Langfang Economic and Technology Development Zone Planning and Construction Bureau, the approved construction scale of the property is 274,501.82 sq.m.

As advised by the Group, the property comprises portion of the buildings as stated in the Construction Work Commencement Permits mentioned above.

5. Pursuant to seven Pre-sale Permits for Commodity Housing all issued by Langfang Economic and Technology Development Zone Housing Security and Real Estate Administration Bureau (廊坊經濟技術開發區住房保障和房產管理局), a total gross floor area of 158,315.59 sq.m. is permitted to be pre-sold. Details of the permits are as follows:

Permit No.	Gross Floor		Issue Date
	Area	Use	
Lang Kai (2010) Fang Yu Shou Zheng Di No. 002 (廊開(2010)房預售證第002號)	12,484.70	Residential	2 July 2010
Lang Kai (2010) Fang Yu Shou Zheng Di No. 003 (廊開(2010)房預售證第003號)	12,406.59	Residential	11 August 2010
Lang Kai (2010) Fang Yu Shou Zheng Di No. 008 (廊開(2010)房預售證第008號)	13,264.89	Residential	29 September 2010
Lang Kai (2010) Fang Yu Shou Zheng Di No. 011 (廊開(2010)房預售證第011號)	35,718.46	Residential	29 October 2010
Lang Kai (2010) Fang Yu Shou Zheng Di No. 014 (廊開(2010)房預售證第014號)	7,770.26	Residential	14 December 2010
Lang Kai (2011) Fang Yu Shou Zheng Di No. 004 (廊開(2011)房預售證第004號)	4,724.12	Residential	22 April 2011
Lang Kai (2011) Fang Yu Shou Zheng Di No. 009 (廊開(2011)房預售證第009號)	71,946.57	Residential	24 June 2011
Total:	<u>158,315.59</u>		

As advised by the Group, the property comprises portion of the buildings as stated in the Pre-sale Permits for Commodity Housing mentioned above.

6. Pursuant to three Records of Application for Examination of Completion of Works issued by Langfang Development Zone Construction Works Quality Supervision Terminus (廊坊開發區建設工程質量監督站), the construction work of the property has been examined and such examination has been recorded.

As advised by the Group, the property comprises portion of the buildings as stated in the Record of Application for Examination of Completion of Works mentioned above.

7. As advised by the Group, a portion of the property with a total gross floor area of approximately 560 sq.m. has been pre-sold under various sales and purchases agreements at a total consideration of approximately RMB5,300,000. We have taken into account the said consideration in our valuation.
8. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:
- i. Zhongshi Real Estate legally owns the land use rights of the property and has obtained the land use rights by payment of a land grant fee and such rights are protected under the PRC laws. Subject to Note ii below, Zhongshi Real Estate is entitled to occupy, use and develop the land, and has the right to transfer, let, mortgage such land use rights or dispose of the land use rights of the property by other lawful means within the term of the land use rights without paying extra land premium or land grant fee;
 - ii. Since portion of the property has been pre-sold, but the title of such pre-sold portion of the property has not been transferred from Zhongshi Real Estate to the purchaser(s), Zhongshi Real Estate still retains the ownership of such pre-sold portion of the property, but is not allowed to re-sell, mortgage or dispose of such pre-sold portion of the property before the transfer;
 - iii. Zhongshi Real Estate has obtained the necessary permits and approvals from the relevant government authorities for the construction of the property as required by the PRC laws and such permits and approvals are valid and have not been withdrawn, revised or terminated. Zhongshi Real Estate has the right to construct the property in accordance with the aforesaid permits and approvals;
 - iv. Zhongshi Real Estate is entitled to pre-sell the property in accordance with the pre-sale limits as stipulated in the Pre-sale Permits for Commodity Housing as mentioned in Note 5 above;
 - v. After the construction of the property has completed and passed the examination, Zhongshi Real Estate can use the relevant land use rights certificate(s), Construction Land Planning Permit(s), Construction Work Planning Permit(s), Construction Work Commencement Permit(s) and construction completion examination documents to apply for the building ownership certificate(s) of the property from the relevant real estate administration authority. After Zhongshi Real Estate has obtained all the construction completion examination documents, there will be no substantive legal impediments to obtain the relevant building ownership certificate(s) of the property, provided that Zhongshi Real Estate has carried out the construction work in accordance with the aforesaid construction permits; and
 - vi. As confirmed by Zhongshi Real Estate, the property is not subject to any mortgage, seizure, expropriation or any other encumbrances.

VALUATION CERTIFICATE

Group I — Properties held by the Group for sale in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 August 2012
17.	Portion of Chongqing CIFI Ronchamp Town Phase I (重慶旭輝朗香郡一期), Baotong Road and Shuanghu Road, Yubei District, Chongqing, PRC	Chongqing CIFI Ronchamp Town Phase I (the “Development”) is a large-scale residential development erected on a parcel of land with a site area of approximately 29,255 sq.m. (314,901 sq.ft.) and was completed in 2010. The property comprises the unsold portion of the Development with a total gross floor area of approximately 3,592 sq.m. (38,664 sq.ft.). Details of the uses and approximate gross floor areas of the property are as follows:	The property is occupied by the Group for office, sale center and car parking uses.	RMB26,900,000 (100% interests attributable to the Group: RMB26,900,000)
			Approximate gross floor area (sq.m.)	
		Use		
		Retail Outlets	2,528	
		Carpark	1,064	
		Total	3,592	
		The land use rights of the property have been granted for two concurrent terms of 40 and 50 years expiring on 15 November 2045 and 15 November 2055 for commercial and residential uses respectively.		

Notes:

- Pursuant to the Realty Title Certificate — 201D Fang Di Zheng 2009 Zi Di 041 (201D房地證2009字第041號), the land use rights of a parcel of land with a site area of 29,255 sq.m. have been granted to Chongqing Xupeng Real Estate Development Co., Ltd. (重慶旭鵬房地產開發有限公司) (“Chongqing Xupeng”), an indirect wholly-owned subsidiary of the Company, for two concurrent terms of 40 and 50 years expiring on 15 November 2045 and 15 November 2055 for commercial and residential uses respectively.
- Pursuant to the Construction Land Planning Permit — Di Zi Di Jian No. 500112200800043 (地字第建500112200800043號) issued by Chongqing Planning Management Bureau (重慶市規劃管理局) on 12 February 2008, Chongqing Xupeng is permitted to use a parcel of land with a site area of 185,044 sq.m. for development.

As advised by the Group, the Development comprises portion of the parcel of land as stated in the Construction Land Planning Permit mentioned above.

3. Pursuant to the Construction Work Planning Permit — Jian Zi Di Jian No. 500112200800125 (建字第500112200800125號) issued by Chongqing Planning Bureau (重慶市規劃局) on 18 December 2008, the approved construction scale of the Development is 49,989.8 sq.m.

As advised by the Group, the property comprises portion of the buildings as stated in the Construction Work Planning Permit mentioned above.

4. Pursuant to three Construction Work Commencement Permits — Nos. 50011920090323001, 50011920090403002 and 50011920090323002 all issued by Chongqing Yuebei District Rural-urban Construction Committee (重慶市渝北區城鄉建設工程委員會), the total approved construction scale of the Development is 49,989.8 sq.m.

As advised by the Group, the property comprises portion of the buildings as stated in the Construction Work Commencement Permits mentioned above.

5. Pursuant to three Records of Application for Examination of Completion of Works - Jian Jun Bei Zi [2010-041], [2010-046] and [2010-047] (建竣備字[2010-041]、[2010-046]及[2010-047]號) issued by Chongqing Yuebei District Rural-urban Construction Committee, the construction work of the Development with a total gross floor area of 47,170.01 sq.m. has been examined and such examination has been recorded.

As advised by the Group, the property comprises portion of the buildings as stated in the Records of Application for Examination of Completion Works mentioned above.

6. Pursuant to the Pre-sale Permit for Commodity Housing - Yu Guo Tu Fang Guan (2009) Yu Zi Di No. 234 (渝國土房管(2009)預字第(234)號) issued by Chongqing Land Resources and Building Administration Bureau (重慶市國土資源和房屋管理局), portion of the Development with a total gross floor area of 15,047 sq.m. is permitted to be pre-sold.

As advised by the Group, the property comprises portion of the buildings as stated in the Pre-sale Permit for Commodity Housing mentioned above.

7. Pursuant to five Realty Title Certificates — 201 Fang Di Zheng 2010 Zi Di 35721, 35712, 35713, 35714 and 35716 (201房地證2010字第35721, 35712, 35713, 35714 and 35716號), the buildings with a total gross floor area of 18,402.04 sq.m. are vested in Chongqing Xupeng for commercial and residential uses.

As advised by the Group, the property comprises portion of the buildings as stated in the Realty Title Certificates mentioned above.

8. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:
 - i. Chongqing Xupeng legally owns the land use rights of the property and has obtained the land use rights by payment of a land grant fee and such rights are protected under the PRC laws. Chongqing Xupeng is entitled to occupy, use and develop the land, and has the right to transfer, let, mortgage such land use rights or dispose of the land use rights of the property by other lawful means within the term of the land use rights without paying extra land premium or land grant fee;

- ii. Chongqing Xupeng legally owns the building ownership rights and the corresponding land use rights of the property as mentioned in Note 7 above. Chongqing Xupeng is entitled to occupy and use such property, and has the right to transfer, let, mortgage such property and the corresponding building ownership rights and land use rights or dispose of such property and the corresponding building ownership rights and land use rights by other lawful means within the term of the land use rights without paying extra land premium or land grant fee;
- iii. Chongqing Xupeng has obtained the necessary permits and approvals from the relevant government authorities for the construction of the property as required by the PRC laws and such permits and approvals are valid and have not been withdrawn, revised or terminated. Chongqing Xupeng has the right to construct the property in accordance with the aforesaid permits and approvals;
- iv. Chongqing Xupeng is entitled to pre-sell the property in accordance with the pre-sale limits as stipulated in the aforesaid Pre-sale Permit for Commodity Housing mentioned in Note 6 above;
- v. After the construction of the property has completed and passed the examination, Chongqing Xupeng can use the relevant land use rights certificate(s), Construction Land Planning Permit(s), Construction Work Planning Permit(s), Construction Work Commencement Permit(s) and construction completion examination documents to apply for the building ownership certificate(s) of the property from the relevant real estate administration authority. After Chongqing Xupeng has obtained all the construction completion examination documents, there will be no substantive legal impediments to obtain the relevant building ownership certificate(s) of the property, provided that Chongqing Xupeng has carried out the construction work in accordance with the aforesaid construction permits; and
- vi. As confirmed by Chongqing Xupeng, the property is not subject to any mortgage, seizure, expropriation or any other encumbrances.

VALUATION CERTIFICATE

Group I — Properties held by the Group for sale in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 August 2012										
18.	Portion of Chongqing CIFI Ronchamp Town Phase II (重慶 旭輝•朗香郡二期), Baotong Road and Shuanghu Road, Yubei District, Chongqing, PRC	Chongqing CIFI Ronchamp Town Phase II (the “Development”) is a large-scale residential development erected on a parcel of land with a site area of approximately 25,094 sq.m. (270,112 sq.ft.) and was completed in 2010. The property comprises the unsold portion of the Development with a total gross floor area of approximately 714 sq.m. (7,685 sq.ft.). Details of the uses and approximate gross floor areas of the property are as follows:	The property is currently vacant.	RMB3,400,000 (100% interests attributable to the Group: RMB3,400,000)										
		<table border="0"> <thead> <tr> <th style="text-align: left;">Use</th> <th style="text-align: right;">Approximate gross floor area (sq.m.)</th> </tr> </thead> <tbody> <tr> <td>Low-rise Garden</td> <td></td> </tr> <tr> <td style="padding-left: 20px;">Apartment</td> <td style="text-align: right;">430</td> </tr> <tr> <td style="padding-left: 20px;">Carpark</td> <td style="text-align: right;">284</td> </tr> <tr> <td>Total</td> <td style="text-align: right;">714</td> </tr> </tbody> </table>	Use	Approximate gross floor area (sq.m.)	Low-rise Garden		Apartment	430	Carpark	284	Total	714		
Use	Approximate gross floor area (sq.m.)													
Low-rise Garden														
Apartment	430													
Carpark	284													
Total	714													
		The land use rights of the property have been granted for two concurrent terms expiring on 15 November 2045 and 15 November 2055 for commercial and residential uses respectively.												

Notes:

- Pursuant to the Realty Title Certificate — 201D Fang Di Zheng 2010 Zi Di No. 00370 (201D房地證2010字第00370號), the land use rights of a parcel of land with a site area of 25,093.5 sq.m. have been granted to Chongqing Xupeng Real Estate Development Co., Ltd. (重慶旭鵬房地產開發有限公司) (“Chongqing Xupeng”), an indirect wholly-owned subsidiary of the Company, for two concurrent terms expiring on 15 November 2045 and 15 November 2055 for commercial and residential uses respectively.

2. Pursuant to the Construction Land Planning Permit — Di Zi Di Jian 500112200800043 (地字第建500112200800043) issued by Chongqing Planning Management Bureau (重慶市規劃管理局) on 12 February 2008, Chongqing Xupeng is permitted to use a parcel of land with a site area of 185,044 sq.m. for development.

As advised by the Group, the Development comprises portion of the parcel of land as stated in the Construction Land Planning Permit mentioned above.

3. Pursuant to the Construction Work Planning Permit — Jian Zi Di Jian No. 500112200900111 (建字第建500112200900111號) issued by Chongqing Planning Bureau (重慶市規劃局) on 10 October 2009, the approved construction scale of the property is 50,860 sq.m.

As advised by the Group, the carpark of the property comprises portion of the buildings as stated in the Construction Work Planning Permit mentioned above.

4. Pursuant to three Construction Work Commencement Permits — Nos. 50011920091026002, 50011920091109002 and 50011920100531001 all issued by Chongqing Yuebi District Rural-urban Construction Committee (重慶市渝北區城鄉建設工程委員會), the total approved construction scale of the property is 51,615.65 sq.m.

As advised by the Group, the carpark of the property comprises portion of the buildings as stated in the Construction Work Commencement Permits mentioned above.

5. Pursuant to three Records of Application for Examination of Completion of Works — Jian Jun Bei Zi [2010-094], [2010-093] and [2010-040] (建竣備字[2010-094]、[2010-093]及[2010-040]號) issued by Chongqing Yuebi District Rural-urban Construction Committee, the constructions work of the property with a total gross floor area of 51,037.28 sq.m. has been examined and such examination has been recorded.

As advised by the Group, the carpark of the property comprises portion of the buildings as stated in the Records of Application for Examination of Completion Works mentioned above.

6. Pursuant to four Pre-sale Permits for Commodity Housing — Yu Guo Tu Fang Guan (2009) Yu Zi Di No.639, Yu Guo Tu Fang Guan (2010) Yu Zi Di No.13, Yu Guo Tu Fang Guan (2010) Yu Zi Di No.115 and Yu Guo Tu Fang Guan (2010) Yu Zi Di No.497 Fu 2 (渝國土房管(2009)預字第(639)號、渝國土房管(2010)預字第(013)號、渝國土房管(2010)預字第(115)號及渝國土房管(2010)預字第(497)號附2號) issued by Chongqing Land Resources and Building Administration Bureau (重慶市國土資源和房屋管理局), a total gross floor area of 49,734.89 sq.m. of the Development is permitted to be pre-sold.

As advised by the Group, the carpark of the property comprises portion of the buildings as stated in the Pre-sale Permits for Commodity Housing mentioned above.

7. Pursuant to ten Real Estate Title Certificates issued by Chongqing Land Resources and Building Administration Bureau on 16 August 2010, land use rights and building ownership rights of portion of the Development are held by Chongqing Xupeng. Details of the certificates are as follows:

No.	Certificate No.	Block	Site Area (sq.m.)	Gross		Use
				Floor Area (sq.m.)		
1	201 Fang Di Zheng 2011 Zi Di No. 010550 (201房地證2011字第010550號)	Block 13	777.80	3,494.69		Residential
2	201 Fang Di Zheng 2011 Zi Di No. 010551 (201房地證2011字第010551號)	Block 14	778.00	3,494.69		Residential
3	201 Fang Di Zheng 2011 Zi Di No. 010552 (201房地證2011字第010552號)	Block 15	778.30	3,494.69		Residential
4	201 Fang Di Zheng 2011 Zi Di No. 010539 (201房地證2011字第010539號)	Block 16	704.30	3,100.20		Residential
5	201 Fang Di Zheng 2011 Zi Di No. 010540 (201房地證2011字第010540號)	Block 17	704.20	3,100.20		Residential
6	201 Fang Di Zheng 2011 Zi Di No. 010542 (201房地證2011字第010542號)	Block 18	704.10	3,100.20		Residential
7	201 Fang Di Zheng 2011 Zi Di No. 010544 (201房地證2011字第010544號)	Block 20	1,132.20	6,118.21		Residential
8	201 Fang Di Zheng 2011 Zi Di No. 010547 (201房地證2011字第010547號)	Block 21	805.00	4,079.54		Residential
9	201 Fang Di Zheng 2011 Zi Di No. 010548 (201房地證2011字第010548號)	Block 22	805.00	4,079.54		Residential
10	201 Fang Di Zheng 2011 Zi Di No. 010549 (201房地證2011字第010549號)	Block 23	1,169.60	5,470.58		Residential
			Total	<u>39,532.54</u>		

As advised by the Group, the apartments of the property comprise portion of the buildings as stated in the Real Estate Title Certificates mentioned above.

8. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:
- i. Chongqing Xupeng legally owns the land use rights of the property and has obtained the land use rights by payment of a land grant fee and such rights are protected under the PRC laws. Chongqing Xupeng is entitled to occupy, use and develop the land, and has the right to transfer, let, mortgage such land use rights or dispose of the land use rights of the property by other lawful means within the term of the land use rights without paying extra land premium or land grant fee;
 - ii. Chongqing Xupeng legally owns the building ownership rights and the corresponding land use rights of the property as mentioned in Note 7 above. Chongqing Xupeng is entitled to occupy and use such property, and has the right to transfer, let, mortgage such property and the corresponding building ownership rights and land use rights or dispose of such property and the corresponding building ownership rights and land use rights by other lawful means within the term of the land use rights without paying extra land premium or land grant fee;

- iii. Chongqing Xupeng has obtained the necessary permits and approvals from the relevant government authorities for the construction of the property as required by the PRC laws and such permits and approvals are valid and have not been withdrawn, revised or terminated. Chongqing Xupeng has the right to construct the property in accordance with the aforesaid permits and approvals;
- iv. Chongqing Xupeng is entitled to pre-sell the property in accordance with the pre-sale limits as stipulated in the Pre-sale Permits for Commodity Housing mentioned in Note 6 above;
- v. After the construction of the property has completed and passed the examination, Chongqing Xupeng can use the relevant land use rights certificate(s), Construction Land Planning Permit(s), Construction Work Planning Permit(s), Construction Work Commencement Permit(s) and construction completion examination documents to apply for the building ownership certificate(s) of the property from the relevant real estate administration authority. After Chongqing Xupeng has obtained all the construction completion examination documents, there will be no substantive legal impediments to obtain the relevant building ownership certificate(s) of the property, provided that Chongqing Xupeng has carried out the construction works in accordance with the aforesaid construction permits; and
- vi. As confirmed by Chongqing Xupeng, the property is not subject to any mortgage, seizure, expropriation or any other encumbrances.

VALUATION CERTIFICATE

Group I — Properties held by the Group for sale in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 August 2012
19.	Chongqing CIFI Ronchamp Town Phase III (重慶 旭輝•朗香郡三期), Baotong Road and Shuanghu Road, Yubei District, Chongqing, PRC	Chongqing CIFI Ronchamp Town Phase III (the “Development”) is a residential development erected on a parcel of land with a site area of approximately 59,636 sq.m. (641,922 sq.ft.) and was completed in 2011. The property comprises the unsold and pre-sold portions of the Development with a total gross floor area of approximately 21,946 sq.m. (236,227 sq.ft.). Details of the uses and approximate gross floor areas of the property are as follows:	The property is currently vacant.	RMB117,000,000 (100% interests attributable to the Group: RMB117,000,000)
		Approximate gross floor area (sq.m.)		
		Use		
		Low-rise Garden Apartment (Pre-sold Portion)	650	
		Low-rise Garden Apartment (Unsold Portion)	12,163	
		Carpark	9,133	
		Total	21,946	
		The land use rights of the property have been granted for two concurrent terms expiring on 15 November 2045 and 15 November 2055 for commercial and residential uses respectively.		

Notes:

- Pursuant to the Realty Title Certificate — 201D Fang Di Zheng 2010 Zi Di No. 00371 (201D房地證2010字第00371號), the land use rights of a parcel of land with a site area of 59,635.7 sq.m. have been granted to Chongqing Xupeng Real Estate Development Co., Ltd. (重慶旭鵬房地產開發有限公司) (“Chongqing Xupeng”), an indirect wholly-owned subsidiary of the Company, for two concurrent terms expiring on 15 November 2045 and 15 November 2055 for commercial and residential use respectively.

2. Pursuant to the Construction Land Planning Permit — Di Zi Di Jian No. 500112200800043 (地字第建500112200800043號) issued by Chongqing Planning Management Bureau (重慶市規劃管理局) on 12 February 2008, Chongqing Xupeng is permitted to use a parcel of land with a site area of 185,044 sq.m. for development.

As advised by the Group, the Development comprises portion of the parcel of land as stated in the Construction Land Planning Permit mentioned above.

3. Pursuant to the Construction Work Planning Permit — Jian Zi Di Jian No. 500112200900174 (建字第建500112200900174號) issued by Chongqing Planning Bureau (重慶市規劃局) on 31 December 2009, the approved construction scale of the property is 128,857.23 sq.m. and was adjusted to 128,845.45 sq.m. by the Letter of Construction Project Planning Management Examination — Yu Gui Yu Bei (Gong Cheng) Fu Han (2010) (No.0060) (渝規渝北(工程)覆函(2010)(0060)號).

As advised by the Group, the property comprises portion of the buildings as stated in the Construction Work Planning Permit mentioned above.

4. Pursuant to three Construction Work Commencement Permits — Nos. 50011920100305006, 50011920100428001 and No. 50011920100505001 all issued by Chongqing Yuebei District Rural-urban Construction Committee (重慶市渝北區城鄉建設工程委員會), the total approved construction scale of the property is 128,857.23 sq.m.

As advised by the Group, the property comprises portion of the buildings as stated in the Construction Work Commencement Permits mentioned above.

5. Pursuant to nine Pre-sale Permits for Commodity Housing all issued by Chongqing Land Resources and Building Administration Bureau (重慶市國土資源和房屋管理局), a total gross floor area of 130,310.45 sq.m. is permitted to be pre-sold. Details of the pre-sale permits for Commodity Housing are as follows:

Pre-sale Permits No.	Gross Floor Area	Issue Date
	<i>(sq.m.)</i>	
(1) Yu Guo Tu Fang Guan (2010) Yu Zi No.497 Fu No.2 (渝國土房管(2010)預字第(497)號附2號)	14,311.05	13 August 2010
(2) Yu Guo Tu Fang Guan (2010) Yu Zi No.855 Fu No.1 (渝國土房管(2010)預字第(855)號附1號)	20,245.73	8 December 2010
(3) Yu Guo Tu Fang Guan (2010) Yu Zi No.731 (渝國土房管(2010)預字第(731)號)	13,340.86	3 November 2010
(4) Yu Guo Tu Fang Guan (2010) Yu Zi No.799 (渝國土房管(2010)預字第(799)號)	16,748.23	18 November 2010
(5) Yu Guo Tu Fang Guan (2010) Yu Zi No.930 (渝國土房管(2010)預字第(930)號)	18,226.86	23 December 2010
(6) Yu Guo Tu Fang Guan (2010) Yu Zi No.683 (渝國土房管(2010)預字第(683)號)	14,452.09	20 October 2010
(7) Yu Guo Tu Fang Guan(2010) Yu Zi No.798 (渝國土房管(2010)預字第(798)號)	11,572.89	18 November 2010
(8) Yu Guo Tu Fang Guan(2010) Yu Zi No.606 (渝國土房管(2010)預字第(606)號)	16,770.42	21 September 2010
(9) Yu Guo Tu Fang Guan (2010) Yu Zi No.541 (渝國土房管(2010)預字第(541)號)	4,642.32	3 September 2010
Total	130,310.45	

As advised by the Group, the property comprises portion of the buildings as stated in the Pre-sale Permits for Commodity Housing mentioned above.

6. Pursuant to three Records of Application for Examination of Completion of Works — Jian Jun Bei Zi [2011]130, [2011]131 and [2011]142 (建竣備字[2011]130、[2011]131及[2011]142號) issued by Chongqing Yuebi District Rural-urban Construction Committee, the construction work of the property with a total gross floor area of 128,836.56 sq.m. has been examined and such examination has been recorded.

As advised by the Group, the property comprises portion of buildings as stated in the Records of Application for Examination of Completion of Works mentioned above.

7. As advised by the Group, a portion of the property with a total gross floor area of approximately 650 sq.m. has been pre-sold under various sales and purchases agreements at a total consideration of approximately RMB4,500,000. We have taken into account the consideration in our valuation.
8. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:
 - i. Chongqing Xupeng legally owns the land use rights of the property and has obtained the land use rights by payment of a land grant fee and such rights are protected under the PRC laws. Subject to Note ii below, Chongqing Xupeng is entitled to occupy, use and develop the land, and has the right to transfer, let, mortgage such land use rights or dispose of the land use rights of the property by other lawful means within the term of the land use rights without paying extra land premium or land grant fee;
 - ii. Since portion of the property has been pre-sold, but the title of such pre-sold portion of the property has not been transferred from Chongqing Xupeng to the purchaser(s), Chongqing Xupeng still retains the ownership of such pre-sold portion of the property, but is not allowed to re-sell, mortgage or dispose of such pre-sold portion of the property before the transfer;
 - iii. Chongqing Xupeng has obtained the necessary permits and approvals from the relevant government authorities for the construction of the property as required by the PRC laws and such permits and approvals are valid and have not been withdrawn, revised or terminated. Chongqing Xupeng has the right to construct the property in accordance with the aforesaid permits and approvals;
 - iv. Chongqing Xupeng is entitled to pre-sell the property in accordance with the pre-sale limits as stipulated in the Pre-sale Permits for Commodity Housing as mentioned in Note 5 above;
 - v. After the construction of the property has completed and passed the examination, Chongqing Xupeng can use the relevant land use rights certificate(s), Construction Land Planning Permit(s), Construction Works Planning Permit(s), Construction Works Commencement Permit(s) and construction completion examination documents to apply for the building ownership certificate(s) of the property from the relevant real estate administration authority. After Chongqing Xupeng has obtained all the construction completion examination documents, there will be no substantive legal impediments to obtain the relevant building ownership certificate(s) of the property, provided that Chongqing Xupeng has carried out the construction work in accordance with the aforesaid construction permits; and
 - vi. As confirmed by Chongqing Xupeng, the property is not subject to any mortgage, seizure, expropriation or any other encumbrances.

VALUATION CERTIFICATE

Group I — Properties held by the Group for sale in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 August 2012
20.	Chongqing CIFI Ronchamp Town Phase IV (重慶 旭輝•朗香郡 四期), Baotong Road and Shuanghu Road, Yubei District, Chongqing, PRC	Chongqing CIFI Ronchamp Town Phase IV (the “Development”) is a residential development erected on a parcel of land with a site area of approximately 23,713 sq.m. (255,247 sq.ft.) and was completed in 2012. The property comprises the unsold and pre-sold portions of the Development with a total gross floor area of 20,286 sq.m (218,359 sq.ft.). Details of the uses and approximate gross floor areas are as follows:	The property is currently vacant.	RMB151,000,000 (100% interests attributable to the Group: RMB151,000,000)
			Approximate gross floor area (sq.m.)	
		Use		
		Low-rise Garden Apartment (Unsold Portion)	14,570	
		Low-rise Garden Apartment (Pre-sold Portion)	2,806	
		Mid-rise Apartment (Unsold Portion)	1,090	
		Mid-rise Apartment (Pre-sold Portion)	576	
		Carpark	1,244	
		Total	20,286	
		The land use rights of the property have been granted for two concurrent terms expiring on 15 November 2045 and 15 November 2055 for commercial and residential uses respectively.		

Notes:

- Pursuant to the Realty Title Certificate — 201D Fang Di Zheng 2010 Zi Di No. 00374 (201D房地證2010字第00374號), the land use rights of a parcel of land with a site area of 23,713 sq.m. have been granted to Chongqing Xupeng Real Estate Development Co., Ltd. (重慶旭鵬房地產開發有限公司) (“Chongqing Xupeng”), an indirect wholly-owned subsidiary of the Company, for two concurrent terms expiring on 15 November 2045 and 15 November 2055 for commercial and residential uses respectively.

2. Pursuant to the Construction Land Planning Permit — Di Zi Di Jian No.500112200800043 (地字第建500112200800043號) issued by Chongqing Planning Management Bureau (重慶市規劃管理局) on 12 February 2008, Chongqing Xupeng is permitted to use a parcel of land with a site area of 185,044 sq.m. for development.

As advised by the Group, the Development comprises portion of the parcel of land as stated in the Construction Land Planning Permit mentioned above with a site area of approximately 23,713 sq.m.

3. Pursuant to the Construction Work Planning Permit — Jian Zi Di No. 500112201000043 (建字第500112201000043號) issued by Chongqing Planning Bureau (重慶市規劃局) on 13 July 2010, the approved construction scale of the property is 53,684.81 sq.m.

As advised by the Group, the property comprises portion of the buildings as stated in the Construction Work Planning Permit mentioned above.

4. Pursuant to two Construction Work Commencement Permits — Nos. 50011920101027001 and 50011920100915002 both issued by Chongqing Yuebei District Rural-urban Construction Committee (重慶市渝北區城鄉建設工程委員會), the total approved construction scale of the property is 53,684.81 sq.m.

As advised by the Group, the property comprises portion of the buildings as stated in the Construction Work Commencement Permits mentioned above.

5. Pursuant to five Pre-sale Permits for Commodity Housing all issued by Chongqing Land Resources and Building Administration Bureau (重慶市國土資源和房屋管理局), a total gross floor area of 49,148.69 sq.m. of the property is permitted to be pre-sold. Details of these pre-sale permits are as follows:

Pre-sale Permits No.	Gross Floor Area	Issue Date
	(sq.m.)	
(1) Yu Guo Tu Fang Guan (2011) Yu Zi Di No.241 (渝國土房管(2011)預字第(241)號)	8,280.33	13 April 2011
(2) Yu Guo Tu Fang Guan (2010) Yu Zi Di No.914 (渝國土房管(2010)預字第(914)號)	20,186.71	21 December 2010
(3) Yu Guo Tu Fang Guan (2011) Yu Zi Di No.511 (渝國土房管(2011)預字第(511)號)	10,296.35	13 June 2011
(4) Yu Guo Tu Fang Guan (2011) Yu Zi Di No.373 (渝國土房管(2011)預字第(373)號)	4,057.98	25 May 2011
(5) Yu Guo Tu Fang Guan (2011) Yu Zi Di No.584 (渝國土房管(2011)預字第(584)號)	6,327.32	17 August 2011
Total	<u>49,148.69</u>	

As advised by the Group, the property comprises portion of the buildings as stated in the Pre-sale Permits for Commodity Housing mentioned above.

6. Pursuant to the Record of Application for Examination of Completion of Works — Jian Jun Bei Zi [2012]060 (建竣備字[2012]060號) issued by Chongqing Yuebi District Rural-urban Construction Committee on 31 May 2012, the construction work of the property with a total gross floor area of 53,628.58 sq.m. has been examined and such examination has been recorded.

As advised by the Group, the property comprises portion of the buildings as stated in the Record of Application for Examination of Completion of Works mentioned above.

7. As advised by the Group, a portion of the property with a total gross floor area of approximately 3,382 sq.m. has been pre-sold under various sales and purchases agreements at a total consideration of approximately RMB27,300,000. We have taken into account the consideration in our valuation.

8. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:-
 - i. Chongqing Xupeng legally owns the land use rights of the property and has obtained the land use rights by payment of a land grant fee and such rights are protected under the PRC laws. Subject to Note ii below, Chongqing Xupeng is entitled to occupy, use and develop the land, and has the right to transfer, let, mortgage such land use rights or dispose of the land use rights of the property by other lawful means within the term of the land use rights without paying extra land premium or land grant fee;

 - ii. Since portion of the property has been pre-sold, but the title of such pre-sold portion of the property has not been transferred from Chongqing Xupeng to the purchasers, Chongqing Xupeng still retains the ownership of such pre-sold portion of the property, but is not allowed to re-sell, mortgage or dispose of such pre-sold portion of the property before the transfer;

 - iii. Chongqing Xupeng has obtained the necessary permits and approvals from the relevant government authorities for the construction of the property as required by the PRC laws and such permits and approvals are valid and have not been withdrawn, revised or terminated. Chongqing Xupeng has the right to construct the property in accordance with the aforesaid permits and approvals;

 - iv. Chongqing Xupeng is entitled to pre-sell the property in accordance with the pre-sale limits as stipulated in the Pre-sale Permits for Commodity Housing as mentioned in Note 5 above;

 - v. After the construction of the property has completed and passed the examination, Chongqing Xupeng can use the relevant land use rights certificate(s), Construction Land Planning Permit(s), Construction Work Planning Permit(s), Construction Works Commencement Permit(s) and construction completion examination documents to apply for the building ownership certificate(s) of the property from the relevant real estate administration authority. After Chongqing Xupeng has obtained all the construction completion examination documents, there will be no substantive legal impediments to obtain the relevant building ownership certificate(s) of the property, provided that Chongqing Xupeng has carried out the construction works in accordance with the aforesaid construction permits; and

 - vi. As confirmed by Chongqing Xupeng, the property is not subject to any mortgage, seizure, expropriation or any other encumbrances.

VALUATION CERTIFICATE

Group I — Properties held by the Group for sale in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 August 2012
21.	Various retail outlets and car parking spaces of Changsha CIFI Upward Community (長沙 旭輝•藏郡), Chazishan Road, Yuelu District, Changsha, Hunan Province, PRC	Changsha CIFI Upward Community (the “Development”) is a large-scale residential and commercial development erected on a parcel of land with a site area of approximately 23,319 sq.m. (251,006 sq.ft.) and was completed in 2010. The property comprises the unsold portions of the Development with a total gross floor area of approximately 5,544 sq.m. (59,676 sq.ft.). Details of the uses and approximate gross floor areas of the property are as follows:	The property is currently vacant.	RMB17,500,000 (100% interests attributable to the Group: RMB17,500,000)
			Approximate gross floor area (sq.m.)	
		Use		
		Carpark	5,355	
		Retail Outlets	189	
		Total	<u>5,544</u>	
		The land use rights of the property have been granted for two concurrent terms expiring on 29 August 2047 and 29 August 2077 for retail and residential uses respectively.		

Notes:

- Pursuant to two State-owned Land Use Rights Grant Contracts — Nos. 20070285 and 20080188 entered into between Changsha Land and Resources Bureau (長沙市國土資源局) (the “Grantor”) and Changsha Xuxiang Real Estate Development Co., Ltd. (長沙旭湘房地產開發有限公司) (“Changsha Xuxiang”), an indirect wholly-owned subsidiary of the Company, on 29 August 2007 and 18 November 2008 respectively, the Grantor has agreed to grant the land use rights of two parcels of land with a total site area of 23,319.16 sq.m. to Changsha Xuxiang at a total land grant fee of RMB83,550,000 for two concurrent terms of 40 and 70 years for retail and residential uses respectively.

2. Pursuant to the State-owned Land Use Rights Certificate — Chang Guo Yong (2008) No. 065383 (長國用(2008)第065383號) dated 25 December 2008, the land use rights of a parcel of land with a site area of 23,319.21 sq.m. have been granted to Changsha Xuxiang for two concurrent terms expiring on 29 August 2047 and 29 August 2077 for retail and residential use respectively.
3. Pursuant to the Construction Land Planning Permit — Chu [2008]0015 (出[2008]0015) issued by Changsha Planning Management Bureau dated 21 January 2008, Changsha Xuxiang is permitted to use a parcel of land with a site area of 29,846.38 sq.m. for development.
4. Pursuant to three Construction Work Planning Permits — Jian Zi Di Jian Nos. 1[2008]0202, 2[2008]00153 and 1[2009]0005 (建字第建1[2008]0202、2[2008]00153及1[2009]0005號) all issued by Changsha Rural-urban Planning Bureau (長沙市城鄉規劃局) on 26 April 2011, the approved construction scale of the property is 140,810.8 sq.m.

As advised by the Group, the property comprises portion of the buildings as stated in the Construction Work Planning Permits mentioned above.

5. Pursuant to two Construction Work Commencement Permits — Nos. 430101200902260201 and 430101200902260101 issued by Changsha Construction Committee (長沙市建設委員會) on 26 February 2009, the approved construction scale of the property is 140,810 sq.m.

As advised by the Group, the property comprises portion of the buildings as stated in the Construction Work Commencement Permits mentioned above.

6. Pursuant to four Pre-sale Permits for Commodity Housing — Chang Xian Dao Fang Shou Xu Zi (XD09) 0040, 0276, 0039 0276 and 0275 Bian Geng (長先導房售許字(XD09)第0040, 0276, 0039及0275號變更) issued by Changsha Real Estate Title Administration Bureau (長沙房屋產權管理局) on 5 June 2009, 1 December 2009, 14 May 2010 and 18 May 2010 respectively, a total gross floor area of 116,847.56 sq.m. of the Development is permitted to be pre-sold.

As advised by the Group, the property comprises portion of the buildings as stated in the Pre-sale Permits for Commodity Housing mentioned above.

7. Pursuant to six Records of Application for Examination of Completion of Works — Nos. 2010-Bei 1137 to 1142 (2010備1137至1142號) issued by Changsha Construction Committee, the construction work of the buildings with a total gross floor area of approximately 140,810.8 sq.m has been examined and such examination has been recorded.

As advised by the Group, the property comprises portion of the buildings as stated in the Records of Application for Examination of Completion of Works mentioned above.

8. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:
 - i. Changsha Xuxiang legally owns the land use rights of the property and has obtained the land use rights by payment of a land grant fee and such rights are protected under the PRC laws. Changsha Xuxiang is entitled to occupy, use and develop the land, and has the right to transfer, let, mortgage such land use rights or dispose of the land use rights of the property by other lawful means within the term of the land use rights without paying extra land premium or land grant fee;

- ii. Changsha Xuxiang has obtained the necessary permits and approvals from the relevant government authorities for the construction of the property as required by the PRC laws and such permits and approvals are valid and have not been withdrawn, revised or terminated. Changsha Xuxiang has the right to construct the property in accordance with the aforesaid permits and approvals;
- iii. Changsha Xuxiang is entitled to pre-sell the property in accordance with the pre-sale limits as stipulated in the Pre-sale Permits for Commodity Housing mentioned in Note 6 above;
- iv. After the construction of the property has completed and passed the examination, Changsha Xuxiang can use the relevant land use rights certificate(s), Construction Land Planning Permit(s), Construction Work Planning Permit(s), Construction Work Commencement Permit(s) and construction completion examination documents to apply for the building ownership certificate(s) of the property from the relevant real estate administration authority. After Changsha Xuxiang has obtained all the construction completion examination documents, there will be no substantive legal impediments to obtain the relevant building ownership certificate(s) of the property, provided that Changsha Xuxiang has carried out the construction work in accordance with the aforesaid construction permits; and
- v. As confirmed by Changsha Xuxiang, the property is not subject to any mortgage, seizure, expropriation or any other encumbrances.

VALUATION CERTIFICATE

Group I — Properties held by the Group for sale in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 August 2012								
22.	Portion of Fuzhou CIFI Riverside (福州 旭輝•左海岸), Minjiang Main Road, Cangshan District, Fuzhou, Fujian Province, PRC	<p>Fuzhou CIFI Riverside (the “Development”) is a residential development erected on a parcel of land with a site area of approximately 31,556 sq.m. (339,669 sq.ft.) and was completed in 2008.</p> <p>The property comprises the unsold kindergarten and clubhouse of the Development with a total gross floor area of approximately 3,678 sq.m. (39,590 sq.ft.). Details of the uses and approximate gross floor areas are as follows:</p> <table border="1" style="margin-left: 40px;"> <thead> <tr> <th>Use</th> <th>Approximate gross floor area (sq.m.)</th> </tr> </thead> <tbody> <tr> <td>Kindergarten</td> <td>3,126</td> </tr> <tr> <td>Clubhouse</td> <td>552</td> </tr> <tr> <td>Total</td> <td>3,678</td> </tr> </tbody> </table> <p>The land use rights of the property have been granted for two concurrent terms expiring on 25 January 2045 and 25 January 2075 for commercial and residential uses respectively.</p>	Use	Approximate gross floor area (sq.m.)	Kindergarten	3,126	Clubhouse	552	Total	3,678	<p>Portion of the property with a total gross floor area of approximately 3,162 sq.m. is subject to a tenancy for a term commencing on 1 September 2008 and expiring on 31 August 2018 at a current annual rent of RMB300,000 and the remaining portion of the property is currently occupied by the Group.</p>	<p>RMB26,500,000</p> <p>(100% interests attributable to the Group: RMB26,500,000)</p>
Use	Approximate gross floor area (sq.m.)											
Kindergarten	3,126											
Clubhouse	552											
Total	3,678											

Notes:

- Pursuant to the State-owned Land Use Rights Certificate — Rong Guo Yong (2005) Di No. 00033500075 (榕國用(2005)第00033500075號) issued by Fuzhou Land Resources Bureau (福州市國土資源局) and the People’s Government of Fuzhou (福州市人民政府) dated 21 March 2005, the land use rights of a parcel of land with a site area of 31,556 sq.m. have been granted to Fuzhou Wancheng Real Estate Development Co., Ltd. (福州萬誠房地產開發有限公司) (“Fuzhou Wancheng”), an indirect wholly-owned subsidiary of the Company, for two concurrent terms expiring on 25 January 2045 and 25 January 2075 for commercial and residential uses respectively.
- Pursuant to the Construction Land Planning Permit — Rong Gui (2004) Yong Di Di No. 10290 (榕規(2004)用地第10290號) issued by Fuzhou Urban and Rural Planning Bureau (福州市城鄉規劃局) on 20 December 2004, Fuzhou Wancheng is permitted to use a parcel of land with a site area of 31,556 sq.m. for development.
- Pursuant to the Construction Work Planning Permit — Rong Gui (2005) Jian Zi Di No. 00210 (榕規(2005)建字第00210號) issued by Fuzhou Urban and Rural Planning Bureau (福州市城鄉規劃局) on 27 February 2009, Fuzhou Wancheng is permitted to construct the Development with an approved construction scale of 82,911.98 sq.m.

As advised by the Group, the property comprises portion of the buildings as stated in the Construction Work Planning Permit mentioned above.

4. Pursuant to the Construction Work Commencement Permit — No. 350005200509280201 issued by the Fuzhou Construction Bureau (福州市建設局) on 10 October 2005, Fuzhou Wancheng is permitted to commence construction of the Development with an approved construction scale of 82,911.98 sq.m.

As advised by the Group, the property comprises portion of the buildings as stated in the Construction Work Commencement Permit mentioned above.

5. Pursuant to ten Records of Application for Examination of Completion of Construction Works issued by Fuzhou Construction Bureau on 12 May 2009, the construction work of the property with a total gross floor area of 83,455.95 sq.m. has been examined and such examination has been recorded.

As advised by the Group, the property comprises portion of the buildings as stated in the Records of Application for Examination of Completion of Construction Works mentioned above.

6. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:
 - i. The construction of the property has completed and passed the examination. Fuzhou Wancheng can use the relevant land use rights certificate(s), Construction Land Planning Permit, Construction Work Planning Permit, Construction Work Commencement Permit and construction completion examination documents to apply for the building ownership certificate(s) of the property from the relevant real estate administration authority. After Fuzhou Wancheng has obtained all the construction completion examination documents, there will be no substantive legal impediments to obtain the relevant building ownership certificate(s) of the property, provided that Fuzhou Wancheng has carried out the construction work in accordance with the aforesaid construction permits.
 - ii. Fuzhou Wancheng is entitled to occupy, use, transfer, let, mortgage the property or dispose of the property by other lawful means within the term of the land use rights without paying extra land premium or land grant fee;
 - iii. As confirmed by Fuzhou Wancheng, the property is not subject to any mortgage, seizure, expropriation or any other encumbrances; and
 - iv. Fuzhou Wancheng is entitled to let the kindergarten of the property and the tenancy agreement is legal, valid and binding. Non-registration of the tenancy agreement does not affect the validity of the tenancy agreement or the rights of Fuzhou Wancheng under the tenancy agreement. However, Fuzhou Wancheng and the lessee may be required by the relevant housing administration authority to register the tenancy agreement within a prescribed period; failing which, Fuzhou Wancheng and the lessee may be fined between RMB1,000 and RMB10,000.

VALUATION CERTIFICATE

Group I — Properties held by the Group for sale in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing as at 31 August 2012
23.	Units 1103-1108 and 1203-1208, Block 3, Xiangxielishe Commercial Building (香榭裏社商業樓), Oriental University City, Economic and Technology Development Zone, Langfang, Hebei Province, PRC	The property comprises twelve commercial units of a commercial building with a total gross floor area of approximately 1,372 sq.m. (14,768 sq.ft.) and was completed in 2004. The land use rights of the property have been granted for residential and commercial uses respectively.	The property is occupied by the Group for office use.	RMB8,900,000 (100% interests attributable to the Group: RMB8,900,000)

Notes:

- Pursuant to six Building Ownership Certificates issued by Langfang Building Ownership Commission (廊坊市房屋產權產籍監理處), the building ownership rights of the property with a total gross floor area of 1,372.29 sq.m. are held by Zhongshi Real Estate Development Co., Ltd. (中石房地產開發有限公司) (“Zhongshi Real Estate”), an indirect wholly-owned subsidiary of the Company. Details of the certificates are as follows:

No.	Certificate No.	Gross Floor Area	Use
		(sq.m.)	
1.	Langfang Shi Fang Quan Zheng Lang Kai Zi Di No. H5168 (廊坊市房權證廊開字第H5168號)	220.36	Commercial
2.	Langfang Shi Fang Quan Zheng Lang Kai Zi Di No. H5169 (廊坊市房權證廊開字第H5169號)	252.41	Commercial
3.	Langfang Shi Fang Quan Zheng Lang Kai Zi Di No. H5170 (廊坊市房權證廊開字第H5170號)	220.36	Commercial
4.	Langfang Shi Fang Quan Zheng Lang Kai Zi Di No. H5171 (廊坊市房權證廊開字第H5171號)	226.51	Commercial
5.	Langfang Shi Fang Quan Zheng Lang Kai Zi Di No. H5172 (廊坊市房權證廊開字第H5172號)	226.23	Commercial
6.	Langfang Shi Fang Quan Zheng Lang Kai Zi Di No. H5173 (廊坊市房權證廊開字第H5173號)	226.42	Commercial and Residential
	Total:	<u>1,372.29</u>	

2. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:
 - i. Zhongshi Real Estate legally owns the building ownership rights and the corresponding land use rights of the property as mentioned in Note 1 above. Zhongshi Real Estate is entitled to occupy and use the property, and has the right to transfer, let, mortgage such building ownership rights and the corresponding land use rights or dispose of such building ownership rights and the corresponding land use rights by other lawful means without paying extra land premium or land grant fee; and
 - ii. As confirmed by Zhongshi Real Estate, the property is not subject to any mortgage, seizure, expropriation or any other encumbrances.

VALUATION CERTIFICATE

Group II — Properties held by the Group under development in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 August 2012																
24.	Shanghai CIFI Rose Bay (上海 旭輝•玫瑰灣), Qinghewan Road, Qingpu District, Shanghai, PRC	<p>The property, known as Shanghai CIFI Rose Bay, is a residential development to be erected on a parcel of land with a site area of approximately 73,228 sq.m. (788,226 sq.ft.).</p> <p>According to the latest development proposal provided by the Group, the property will have a total gross floor area of approximately 172,365 sq.m. (1,855,337 sq.ft.) which comprises a total saleable gross floor area of approximately 150,465 sq.m. (1,619,605 sq.ft.). As advised by the Group, the property is scheduled for completion in the 4th quarter of 2012. Details of the uses and approximate gross floor areas of the property are as follows:</p> <table border="1"> <thead> <tr> <th>Use</th> <th>Approximate gross floor area (sq.m.)</th> </tr> </thead> <tbody> <tr> <td>Mid-rise Apartment</td> <td>98,977</td> </tr> <tr> <td>Low-rise Garden</td> <td></td> </tr> <tr> <td>Apartment</td> <td>30,667</td> </tr> <tr> <td>Carpark</td> <td>19,901</td> </tr> <tr> <td>Retail Outlets</td> <td>920</td> </tr> <tr> <td>Ancillary and Others</td> <td><u>21,900</u></td> </tr> <tr> <td>Total</td> <td><u>172,365</u></td> </tr> </tbody> </table>	Use	Approximate gross floor area (sq.m.)	Mid-rise Apartment	98,977	Low-rise Garden		Apartment	30,667	Carpark	19,901	Retail Outlets	920	Ancillary and Others	<u>21,900</u>	Total	<u>172,365</u>	The property is currently under construction.	RMB1,687,000,000 (100% interests attributable to the Group: RMB1,687,000,000)
Use	Approximate gross floor area (sq.m.)																			
Mid-rise Apartment	98,977																			
Low-rise Garden																				
Apartment	30,667																			
Carpark	19,901																			
Retail Outlets	920																			
Ancillary and Others	<u>21,900</u>																			
Total	<u>172,365</u>																			
		<p>The land use rights of the property have been granted for a term commencing on 3 September 2010 and expiring on 2 September 2080 for residential use.</p>																		

Notes:

1. Pursuant to the Shanghai State-owned Construction Land Use Rights Grant Contract — Hu Qing Gui Tu (2010) Chu Rang He Tong No. 42 (Version 1.0) (滬青規土(2010)出讓合同第42號 (1.0版)) issued by Shanghai Qingpu District Planning and Land Administration Bureau (上海市青浦區規劃和土地管理局) (the “Grantor”) on 16 July 2010, the Grantor has agreed to grant the land use rights of a parcel of land with a site area of 73,227.5 sq.m. to CIFI Group Co., Ltd. (PRC) (旭暉集團股份有限公司) (“CIFI (PRC)”), an indirect wholly-owned subsidiary of the Company, at a land grant fee of RMB725,880,000 for a term of 70 years for residential use.
2. Pursuant to the Shanghai State-owned Land Use Rights Grant Contract — Hu Qing Gui Tu (2010) Chu Rang He Tong Bu Zi Di No. 23 (Version 2.0) (滬青規土(2010)出讓合同補字第23號 (2.0版)) entered into between the Grantor and Shanghai Xubo Property Co., Ltd. (上海旭博置業有限公司) (“Shanghai Xubo”), an indirect wholly-owned subsidiary of the Company, on 22 July 2010, the Grantor agreed to change the transferee from CIFI (PRC) to Shanghai Xubo.
3. Pursuant to the Shanghai Certificate of Real Estate Ownership — Hu Fang Di Qing Zi (2010) No. 012028 (滬房地青字(2010)第012028號) issued by Shanghai Housing Security and Administration Bureau (上海市住房保障和房屋管理局) and Shanghai Planning and Land Resources Administration Bureau (上海市規劃及國土資源管理局) on 3 September 2010, the land use rights of a parcel of land with a site area of 73,227.5 sq.m. have been granted to Shanghai Xubo for a term commencing on 3 September 2010 and expiring on 2 September 2080 for residential use.
4. Pursuant to the Construction Land Planning Permit — Di Zi Di Hu Qing Di (2010) No. EA31011820101180 (地字第滬青地(2010)EA31011820101180號) issued by Shanghai Qingpu District Planning and Land Administration Bureau (上海市青浦區規劃和土地管理局), Shanghai Xubo is permitted to use a parcel of land with a site area of 86,138.4 sq.m. for residential use.
5. Pursuant to five Construction Work Planning Permits — Jian Zi Di Hu Qing Jian (2011) Nos. FA31011820110070, FA31011820110071, FA31011820110072, FA31011820110074 and FA31011820110075 (建字第滬青建(2011)FA31011820110070、FA31011820110071、FA31011820110072、FA31011820110074及FA31011820110075號) issued by Shanghai Qingpu District Planning and Land Administration Bureau on 13 January 2011, the approved construction scale of the property is 172,364.5 sq.m.
6. Pursuant to two Construction Work Commencement Permits — Nos. 10Y1QP0063D02 310118201008311119 and 10Y1QP0063 D003 310118201008311119 issued by Shanghai Qingpu District Construction and Transportation Committee (上海市青浦區建設和交通委員會) on 27 January 2011 and 18 May 2011 respectively, the approved construction scale of the property is 172,364.5 sq.m.
7. Pursuant to six Pre-sale Permits for Commodity Housing — Qing Pu Fang Guan (2011) Yu Zi No.000309, 0000416, 0000498 and 0000499 and Qing Pu Fang Guan (2012) Yu Zi Nos. 0000214 and 0000215 (青浦房管(2011)預字000309、0000416、0000498及0000499號及青浦房管(2012)預字0000214及0000215號) issued by Shanghai Qingpu District Housing Security and Administration Bureau (上海市青浦區住房保障和房屋管理局), a total gross floor area of 126,341.19 sq.m. is permitted to be pre-sold.

As advised by the Group, the buildings as stated in the Pre-sale Permits for Commodity Housing mentioned above only comprise portion of the property.

8. As advised by the Group, the total construction cost expended for the property as at the date of valuation was approximately RMB354,000,000 whereas the total construction cost to be expended was approximately RMB123,000,000. We have taken into account the said amounts in our valuation.
9. As advised by the Group, a portion of the property with a total gross floor area of approximately 99,882 sq.m. has been pre-sold under various sales and purchases agreements at a total consideration of approximately RMB1,487,000,000. Accordingly, we have taken into account the said consideration in our valuation.
10. The capital value of the property as if completed as at the date of valuation was RMB2,068,000,000.
11. As advised by the Group, the property is subject to various mortgages.
12. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:
 - i. Shanghai Xubo legally owns the land use rights of the property and has obtained the land use rights of the property by payment of a land grant fee and such rights are protected under the PRC laws. Shanghai Xubo is entitled to occupy, use and develop the land, and has the right to transfer, let, mortgage such land use rights or dispose of the land use rights of the property by other lawful means within the term of the land use rights without paying extra land premium or land grant fee, provided that the relevant provisions of the mortgage agreements have been fulfilled;
 - ii. Shanghai Xubo has obtained the necessary permits and approvals from the relevant government authorities for the construction of the property as required by the PRC laws and such permits and approvals are valid and have not been withdrawn, revised or terminated. Shanghai Xubo has the right to construct the property in accordance with the aforesaid permits and approvals;
 - iii. Shanghai Xubo is entitled to pre-sell the property in accordance with the pre-sale limits as stipulated in the Pre-sale Permits for Commodity Housing mentioned in Note 7 above;
 - iv. After the construction of the property has completed and passed the examination, Shanghai Xubo can use the relevant land use rights certificate, Construction Land Planning Permit, Construction Work Planning Permits, Construction Work Commencement Permits and construction completion examination documents to apply for the building ownership certificate(s) of the property from the relevant real estate administration authority. After Shanghai Xubo has obtained all the construction completion examination documents, there will be no substantive legal impediments to obtain the relevant building ownership certificate(s) of the property, provided that Shanghai Xubo has carried out the construction work in accordance with the aforesaid construction permits;
 - v. The property is subject to mortgages which have been registered with the relevant building and land administration bureau. The mortgages are legal, valid and binding; and
 - vi. As confirmed by Shanghai Xubo, except for the aforesaid mortgages, the property is not subject to any other mortgage, seizure, expropriation or any other encumbrances.

VALUATION CERTIFICATE

Group II — Properties held by the Group under development in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 August 2012
25.	Shanghai CIFI Private Mansion (上海旭輝•百合宮館), Shixi Village, Qingpu Town, Qingpu District, Shanghai, PRC	The property, known as Shanghai CIFI Private Mansion, is a residential development to be erected on a parcel of land with a site area of approximately 39,993 sq.m. (430,485 sq.ft.). According to the latest development proposal provided by the Group, the property will have a total gross floor area of approximately 73,341 sq.m. (789,443 sq.ft.) which comprises a total saleable gross floor area of approximately 61,882 sq.m. (660,098 sq.ft.) As advised by the Group, the property is scheduled for completion in the 4th quarter of 2013. Details of the uses and approximate gross floor areas of the property are as follows:	The property is currently under construction.	RMB706,000,000 (100% interests attributable to the Group: RMB706,000,000)
			Approximate gross floor area (sq.m.)	
		Use		
		Mid-rise Apartment	41,225	
		Townhouse	14,340	
		Carpark	6,317	
		Others	<u>11,459</u>	
		Total	<u>73,341</u>	
		The land use rights of the property have been granted for a term commencing on 16 December 2010 and expiring on 15 December 2080 for residential use.		

Notes:

- Pursuant to the Shanghai State-owned Construction Land Use Rights Grant Contract — Hu Qing Gui Tu (2010) Chu Rang He Tong Di No. 70 (Version 1.0) (滬青規土(2010)出讓合同第70號(1.0版)) issued by Shanghai Qingpu District Planning and Land Administration Bureau (上海市青浦區規劃和土地管理局) (the “Grantor”) on 28 October 2010, the Grantor has agreed to grant the land use rights of a parcel of land with a site area of 39,992.5 sq.m. to CIFI Group Co., Ltd. (PRC) (旭輝集團股份有限公司) (“CIFI (PRC)”), an indirect wholly-owned subsidiary of the Company, at a land grant fee of RMB456,880,000 for a term of 70 years for residential use.

2. Pursuant to the Shanghai State-owned Land Use Rights Grant Contract — Hu Qing Gui Tu (2010) Chu Rang He Tong Bu Zi Di No. 90 (Version 2.0) (滬青規土(2010)出讓合同補字第90號(2.0版)) dated 23 November 2010, the Grantor has agreed to grant the land use rights of a parcel of land with a site area of 39,992.5 sq.m. mentioned in Note 1 to Shanghai Xutai Real Estate Co., Ltd. (上海旭泰房地產有限公司) (“Shanghai Xutai”), an indirect wholly-owned subsidiary of the Company, at a land grant fee of RMB456,880,000 for a term of 70 years for residential use.
3. Pursuant to the Shanghai Certificate of Real Estate Ownership — Hu Fang Di Qing Zi (2010) Di No. 016620 (滬房地青字(2010)第016620號) issued by Shanghai Housing Security and Administration Bureau (上海市住房保障和房屋管理局) and Shanghai Planning and Land Resources Administration Bureau (上海市規劃及國土資源管理局) on 28 December 2010, the land use rights of a parcel of land with a site area of 39,992.5 sq.m. have been granted to Shanghai Xutai for a term commencing on 16 December 2010 and expiring on 15 December 2080 for residential use.
4. Pursuant to the Construction Land Planning Permit — Di Zi Di Hu Qing Di (2010) No. EA31011820101834 (地字第滬青地(2010)EA31011820101834號) issued by Shanghai Qingpu District Planning and Land Administration Bureau (上海市青浦區規劃和土地管理局) on 30 December 2010, Shanghai Xutai is permitted to use a parcel of land with a site area of 42,780.34 sq.m. for residential use.
5. Pursuant to two Construction Work Planning Permits — Jian Zi Di Hu Qing Jian (2011) Nos. FA31011820111375 and FA3101782011386 (建字第滬青建(2011) FA3101182011135及FA3101782011386號) issued by Shanghai Qingpu District Planning and Land Administration Bureau (上海市青浦區規劃和土地管理局) on 19 July 2011 and 21 July 2011 respectively, the total approved construction scale is 73,736.91 sq.m.
6. Pursuant to the Construction Work Commencement Permits — Nos. 11Y1QP0014D001 & D02 310118201103162219 issued by Shanghai Qingpu District Construction and Transportation Committee (上海市青浦區建設和交通委員會) on 30 August 2011, the total approved construction scale is 73,706.91 sq.m.
7. Pursuant to two Pre-sale Permits for Commodity Housing — Qing Pu Fang Guan (2011) Yu Zi No. 0001397 and Qing Pu Fang Guan (2012) Yu Zi No. 0000254 (青浦房管(2011)預字0001397及青浦房管(2012)預字0000254) issued by Qingpu District Housing Security and Administration Bureau (青浦區住房保障和房屋管理局) on 15 December 2011 and 30 June 2012, a total gross floor area of 54,017.32 sq.m. is permitted to be pre-sold.

As advised by the Group, the buildings as stated in the Pre-sale Permits for Commodity Housing mentioned above only comprise portion of the property.

8. As advised by the Group, the total construction cost expended for the property as at the date of valuation was approximately RMB120,000,000 whereas the total construction cost to be expended was approximately RMB148,000,000. We have taken into account the said amounts in our valuation.
9. As advised by the Group, a portion of the property with a total gross floor area of approximately 9,838 sq.m. has been pre-sold under various sales and purchases agreements at a total consideration of approximately RMB131,000,000. Accordingly, we have taken into account the said consideration in our valuation.
10. The capital value of the property as if completed as at the date of valuation was RMB1,041,000,000.
11. As advised by the Group, the property is subject to a mortgage.

12. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter-alia, the following information:
- i. Shanghai Xutai legally owns the land use rights of the property and has obtained the land use rights of the property by payment of a land grant fee and such rights are protected under the PRC laws. Shanghai Xutai is entitled to occupy, use and develop the land, and has the right to transfer, let, mortgage such land use rights or dispose of the land use rights of the property by other lawful means within the term of the land use rights without paying extra land premium or land grant fee, provided that the relevant provisions of the mortgage agreement have been fulfilled;
 - ii. Shanghai Xutai has obtained the necessary permits and approvals from the relevant government authorities for the construction of the property as required by the PRC laws and such permits and approvals are valid and have not been withdrawn, revised or terminated. Shanghai Xutai has the right to construct the property in accordance with the aforesaid permits and approvals;
 - iii. Shanghai Xutai is entitled to pre-sell the property in accordance with the pre-sale limits as stipulated in the Pre-sale Permit for Commodity Housing mentioned in Note 7 above;
 - iv. After the construction of the property has completed and passed the examination, Shanghai Xutai can use the relevant land use rights certificate(s), Construction Land Planning Permit(s), Construction Work Planning Permit(s), Construction Work Commencement Permit(s) and construction completion examination documents to apply for the building ownership certificate(s) of the property from the relevant real estate administration authority. After Shanghai Xutai has obtained all the construction completion examination documents, there will be no substantive legal impediments to obtain the relevant building ownership certificate(s) of the property, provided that Shanghai Xutai has carried out the construction work in accordance with the aforesaid construction permits;
 - v. The property is subject to a mortgage which has been registered with the relevant building and land administration bureau. The mortgage is legal, valid and binding; and
 - vi. As confirmed by Shanghai Xutai, except for the aforesaid mortgage, the property is not subject to any other mortgage, seizure, expropriation or any other encumbrances.

VALUATION CERTIFICATE

Group II — Properties held by the Group under development in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 August 2012																
26.	Shanghai CIFI Comfortable Joyous Bay (上海 旭輝•瀾悅灣), Luoqing Town, Baoshan District, Shanghai, PRC	<p>The property, known as Shanghai CIFI Comfortable Joyous Bay, is a large-scale residential development to be erected on a parcel of land with a site area of approximately 64,369 sq.m. (692,868 sq.ft.).</p> <p>According to the latest development proposal provided by the Group, the property will have a total gross floor area of approximately 136,376 sq.m. (1,467,951 sq.ft.) which comprises a total saleable gross floor area of approximately 134,816 sq.m. (1,451,159 sq.ft.). As advised by the Group, the property is scheduled for completion in the 1st quarter of 2013. Details of the uses and approximate gross floor areas of the property are as follows:</p>	The property is currently under construction.	RMB903,000,000 (100% interests attributable to the Group: RMB903,000,000)																
		<table border="1"> <thead> <tr> <th>Use</th> <th>Approximate gross floor area (sq.m.)</th> </tr> </thead> <tbody> <tr> <td>Mid-rise Apartment</td> <td>71,357</td> </tr> <tr> <td>Low-rise Garden</td> <td></td> </tr> <tr> <td>Apartment</td> <td>43,037</td> </tr> <tr> <td>Retail Outlets</td> <td>1,944</td> </tr> <tr> <td>Carpark</td> <td>18,478</td> </tr> <tr> <td>Others</td> <td>1,560</td> </tr> <tr> <td>Total</td> <td>136,376</td> </tr> </tbody> </table>	Use	Approximate gross floor area (sq.m.)	Mid-rise Apartment	71,357	Low-rise Garden		Apartment	43,037	Retail Outlets	1,944	Carpark	18,478	Others	1,560	Total	136,376		
Use	Approximate gross floor area (sq.m.)																			
Mid-rise Apartment	71,357																			
Low-rise Garden																				
Apartment	43,037																			
Retail Outlets	1,944																			
Carpark	18,478																			
Others	1,560																			
Total	136,376																			
		<p>The land use rights of the property have been granted for a term of 70 years expiring on 15 February 2081 for residential use.</p>																		

Notes:

1. Pursuant to the Shanghai State-owned Construction Land Use Rights Grant Contract — Hu Bao Gui Tu (2010) Chu Rang He Tong Di No. 67 (Version 1.0) (滬寶規土(2010)出讓合同第67號(1.0版)) issued by Shanghai Baoshan District Planning and Land Administration Bureau (上海市寶山區規劃和土地管理局) (the “Grantor”) on 17 December 2010, the Grantor has agreed to grant the land use rights of a parcel of land with a site area of 64,369.3 sq.m. to CIFI Group Co., Ltd. (PRC) (旭輝集團股份有限公司) (“CIFI (PRC)”), an indirect wholly-owned subsidiary of the Company, at a land grant fee of RMB324,500,000 for a term of 70 years for residential use.
2. Pursuant to the Shanghai State-owned Land Use Rights Grant Contract (Supplementary) — Hu Bao Gui Tu (2011) Chu Rang He Tong Bu Zi Di No. 5 (Version 2.0) (滬寶規土(2011)出讓合同補字第5號) (2.0版) issued by the Grantor on 19 January 2011, the Grantor has agreed to grant the land use rights of a parcel of land with a site area of 64,369.3 sq.m. mentioned in Note 1 to Shanghai Xuming Property Co., Ltd. (上海旭明置業有限公司) (“Shanghai Xuming”), an indirect wholly-owned subsidiary of the Company, at a land grant fee of RMB324,500,000 for a term of 70 years for residential use.
3. Pursuant to the Shanghai Certificate of Real Estate Ownership — Hu Fang Di Bao Zi (2011) Di No.019794 (滬房地寶字(2011)第019794號) issued by Shanghai Housing Security and Administration Bureau (上海市住房保障和房屋管理局) and Shanghai Planning and Land Resources Administration Bureau (上海市規劃及國土資源管理局) on 27 May 2011, the land use rights of a parcel of land with a site area of 64,369.3 sq.m. have been granted to Shanghai Xuming for a term expiring on 15 February 2081 for residential use.
4. Pursuant to the Construction Land Planning Permit — Hu Bao Di (2011) No. EA31011320110419 (滬寶地(2011)EA31011320110419號) issued by Shanghai Baoshan District Planning and Land Administration Bureau on 30 March 2011, Shanghai Xuming is permitted to use a parcel of land with a site area of 64,369.3 sq.m. for residential use.
5. Pursuant to three Construction Work Planning Permits — Hu Bao Jian (2011) FA31011320111720, FA31011320111721 and FA31011320111722 (建字第滬寶建(2011) FA31011320111720、FA31011320111721及FA31011320111722號) issued by Shanghai Baoshan District Planning and Land Administration Bureau on 5 September 2011 and 12 October 2011, the approved construction scale is 137,214 sq.m.
6. Pursuant to three Construction Work Commencement Permits — No. 1101BS0031D01-D003 310113201103304219 issued by Shanghai Construction Administration Office (上海市建築業管理辦公室) on 27 September 2011 and 9 October 2011 respectively, the approved construction scale is 137,213.8 sq.m.
7. Pursuant to the five Pre-sale Permits for Commodity Housing — Bao Shan Fang Guan (2011) Yu Zi No. 0001340 and Bao Shan Fang Guan (2012) Yu Zi Nos. 0000030, 0000031, 0000117 and 0000118 (寶山房管(2011)預字0001340號和寶山房管(2012)預字 0000030、0000031、0000117及0000118) issued by Baoshan District Housing Security and Administration Bureau (寶山區住房保障和房屋管理局) between 23 November 2011 and 21 April 2012, a total gross floor area of 106,927.95 sq.m. is permitted to be pre-sold.

As advised by the Group, the buildings as stated in the Pre-sale Permits for Commodity Housing mentioned above only comprise portion of the property.

8. As advised by the Group, the total construction cost expended for the property as at the date of valuation was approximately RMB204,000,000 whereas the total construction cost to be expended was approximately RMB159,000,000. We have taken into account the said amounts in our valuation.
9. As advised by the Group, a portion of the property with a total gross floor area of approximately 96,790 sq.m. has been pre-sold under various sales and purchases agreements at a consideration of approximately RMB952,000,000. Accordingly, we have taken into account the said consideration in our valuation.
10. The capital value of the property as if completed as at the date of valuation was RMB1,222,000,000.
11. As advised by the Group, the property is subject to a mortgage.
12. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:-
 - i. Shanghai Xuming legally owns the land use rights of the property and has obtained the land use rights of the property by payment of a land grant fee and such rights are protected under the PRC laws. Shanghai Xuming is entitled to occupy, use and develop the land, and has the rights to transfer, let, mortgage such land use rights or dispose of the land use rights of the property by other lawful means within the term of the land use rights without paying extra land premium or land grant fee, provided that the relevant provisions of the mortgage agreement have been fulfilled;
 - ii. Shanghai Xuming has obtained the necessary permits and approvals from the relevant government authorities for the construction of the property as required by the PRC laws and such permits and approvals are valid and have not been withdrawn, revised or terminated. Shanghai Xuming has the right to construct the property in accordance with the aforesaid permits and approvals;
 - iii. Shanghai Xuming is entitled to pre-sell the property in accordance with the pre-sale limits as stipulated in the Pre-sale Permits for Commodity Housing mentioned in Note 7 above;
 - iv. After the construction of the property has completed and passed the examination, Shanghai Xuming can use the relevant land use rights certificate(s), Construction Land Planning Permit(s), Construction Work Planning Permit(s), Construction Work Commencement Permit(s) and construction completion examination documents to apply for the building ownership certificate(s) of the property from the relevant real estate administration authority. After Shanghai Xuming has obtained all the construction completion examination documents, there will be no substantive legal impediments to obtain the relevant building ownership certificate(s) of the property, provided that Shanghai Xuming has carried out the construction work in accordance with the aforesaid construction permits;
 - v. The property is subject to a mortgage which has been registered with the relevant building and land administration bureau. The mortgage is legal, valid and binding; and
 - vi. As confirmed by Shanghai Xuming, except for the aforesaid mortgage, the property is not subject to any other mortgage, seizure, expropriation or any other encumbrances.

VALUATION CERTIFICATE

Group II — Properties held by the Group under development in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 August 2012
27.	Shanghai CIFI Pleasant Garden (上海旭輝·朗悅庭), Liantang Town, Qingpu District, Shanghai, PRC	The property, known as Shanghai CIFI Pleasant Garden, is a residential development to be erected on a parcel of land with a total site area of approximately 36,499 sq.m. (392,875 sq.ft.). According to the latest development proposal provided by the Group, the property will have a total gross floor area of approximately 73,629 sq.m. (792,542 sq.ft.) which comprises a total saleable gross floor area of approximately 72,543 sq.m. (780,853 sq.ft.). As advised by the Group, the property is scheduled for completion in the 2nd quarter of 2013. Details of the uses and approximate gross floor areas of the property are as follows:	The property is currently under construction.	RMB458,000,000 (100% interests attributable to the Group: RMB458,000,000)
			Approximate gross floor area (sq.m.)	
		Use		
		Mid-rise Apartment	34,588	
		Low-rise Garden		
		Apartment	31,713	
		Retail Outlets	1,665	
		Carpark	4,577	
		Others	<u>1,086</u>	
		Total	<u>73,629</u>	
		The land use rights of the property have been granted for a term expiring on 21 February 2081 for residential use.		

Notes:

- Pursuant to two Shanghai State-owned Land Use Rights Grant Contracts — Hu Qing Gui Tu (2010) Chu Rang He Tong Di No. 79 (Version 1) (滬青規土(2010)出讓合同第79號 (1.0版)) and Hu Qing Gui Tu (2011) Chu Rang He Tong Bu Zi Di No. 13 (Version 2.0) (滬青規土(2011)出讓合同補字第13號 (2.0版)), Shanghai Qingpu District Planning and Land Administration Bureau (上海市青浦區規劃和土地管理局) (the “Grantor”) has agreed to grant to Shanghai Xuyu Property Co., Ltd. (上海旭煜置業有限公司) (“Shanghai Xuyu”), an indirect wholly-owned subsidiary of the Company, the land use rights of a parcel of land with a site area of 36,499.1 sq.m. to Shanghai Xuyu at a land grant fee of RMB178,000,000 for a term of 70 years for residential use.

2. Pursuant to the Shanghai Certificate of Real Estate Ownership — Hu Fang Di Qing Zi (2011) Di No. 004729 (滬房地青字(2011)第004729號) issued by Shanghai Housing Security and Administration Bureau (上海市住房保障和房屋管理局) and Shanghai Planning and Land Resources Administration Bureau (上海市規劃及國土資源管理局) on 31 March 2011, the land use rights of a parcel of land with a site area of 36,499.1 sq.m. have been granted to Shanghai Xuyu for a term expiring on 21 February 2081 for residential use.
3. Pursuant to the Construction Land Planning Permit — Di Zi Di Hu Qing Di (2011) No. EA31011820110535 (地字第滬青地(2011)EA31011820110535號) issued by Shanghai Qingpu District Planning and Land Administration Bureau (上海市青浦區規劃和土地管理局) on 14 April 2011, Shanghai Xuyu is permitted to use a parcel of land with a site area of 42,770.2 sq.m. for residential use.
4. Pursuant to the Construction Work Planning Permit — Jian Zi Di Hu Qing Jian (2011) FA31011820111942 (建字第滬青建(2011)FA31011820111942) issued by Shanghai Qingpu District Planning and Land Administration Bureau on 12 October 2011, the approved construction scale is 73,629.24 sq.m.
5. Pursuant to the Construction Work Commencement Permit — No. 1101QP0005D01 310118201103170119 issued by Shanghai Construction Administration Office (上海市建築業管理辦公室) on 28 October 2011, the approved construction scale is 73,629.24 sq.m.
6. Pursuant to the Pre-sale Permit for Commodity Housing — Qing Pu Fang Guan (2011) Yu Zi No. 0001396 (青浦房管(2011)預字0001396) issued by Qingpu District Housing Security and Administration Bureau (青浦區住房保障和房屋管理局) on 15 December 2011, a total gross floor area of 33,106.37 sq.m. is permitted to be pre-sold.

As advised by the Group, the buildings as stated in the Pre-sale Permit for Commodity Housing mentioned above only comprise portion of the property.

7. As advised by the Group, the total construction cost expended for the property as at the date of valuation was approximately RMB81,000,000 whereas the total construction cost to be expended was approximately RMB130,000,000. We have taken into account the said amounts in our valuation.
8. As advised by the Group, a portion of the property with a total gross floor area of approximately 3,453 sq.m. has been pre-sold under various sales and purchases agreements at a total consideration of approximately RMB29,500,000. We have taken into account the said consideration in our valuation.
9. The capital value of the property as if completed as at the date of valuation was RMB739,000,000.
10. As advised by the Group, the property is subject to a mortgage.
11. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter-alia, the following information:
 - i. Shanghai Xuyu legally owns the land use rights of the property and has obtained the land use rights of the property by payment of a land grant fee and such rights are protected under the PRC laws. Shanghai Xuyu is entitled to occupy, use and develop the land, and has the rights to transfer, let, mortgage such land use rights or dispose of the land use rights of the property by other lawful means within the term of the land use rights without paying extra land premium or land grant fee, provided that the relevant provisions of the mortgage agreement have been fulfilled;
 - ii. Shanghai Xuyu has obtained the necessary permits and approvals from the relevant government authorities for the construction of the property as required by the PRC laws and such permits and approvals are valid and have not been withdrawn, revised or terminated. Shanghai Xuyu has the right to construct the property in accordance with the aforesaid permits and approvals;

- iii. Shanghai Xuyu is entitled to pre-sell the property in accordance with the pre-sale limit as stipulated in the Pre-sale Permit for Commodity Housing mentioned in Note 6 above;
- iv. After the construction of the property has completed and passed the examination, Shanghai Xuyu can use the relevant land use rights certificate(s), Construction Land Planning Permit(s), Construction Work Planning Permit(s), Construction Work Commencement Permit(s) and construction completion examination documents to apply for the building ownership certificate(s) of the property from the relevant real estate administration authority. After Shanghai Xuyu has obtained all the construction completion examination documents, there will be no substantive legal impediments to obtain the relevant building ownership certificate(s) of the property, provided that Shanghai Xuyu has carried out the construction work in accordance with the aforesaid construction permits;
- v. The property is subject to a mortgage which has been registered with the relevant building and land administration bureau. The mortgage is legal, valid and binding; and
- vi. as confirmed by Shanghai Xuyu, except for the aforesaid mortgage, the property is not subject to any other mortgage, seizure, expropriation or any other encumbrances.

VALUATION CERTIFICATE

Group II — Properties held by the Group under development in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 August 2012
28.	Shanghai CIFI Luxury Courtyard (上海 旭輝•華庭), North of Gaotai Road and near Yungu Road, Jiading New Town, Jiading District, Shanghai, PRC	The property, known as Shanghai CIFI Luxury Courtyard, is a proposed residential, office and retail development to be erected on a parcel of land with a site area of approximately 26,396 sq.m. (284,127 sq.ft.). According to the latest development proposal provided by the Group, the property will have a total gross floor area of approximately 66,007 sq.m. (710,499 sq.ft.) which comprise a total saleable gross floor area of approximately 63,387 sq.m. (682,298 sq.ft.). As advised by the Group, the property is scheduled for completion in the 4th quarter of 2013. Details of the uses and approximate gross floor areas of the property are as follows:	The property is currently under construction.	RMB369,000,000 (100% interests attributable to the Group: RMB369,000,000)
		Approximate gross floor area (sq.m.)		
		Use		
		Mid-rise Apartments	32,976	
		Office	5,600	
		Retail and Commercial		
		Arcade	12,601	
		Carpark	12,210	
		Others	2,620	
		Total	66,007	
		The land use rights of the property have been granted for three concurrent terms of 40, 50 and 70 years expiring on 15 January 2052, 15 January 2062 and 15 January 2082 for retail, office and residential uses respectively.		

Notes:

- Pursuant to the Shanghai State-owned Construction Land Use Rights Grant Contract — Hu Jia Gui Tu (2011) Chu Rang He Tong Di No. 94 (Version 1.0) (滬嘉規土(2011)出讓合同第94號 (1.0版)) entered into between Shanghai

Jiading District Planning and Land Administration Bureau (上海市嘉定區規劃和土地管理局) (the “Grantor”) and CIFI Group Co., Ltd. (PRC) (旭輝集團股份有限公司) (“CIFI (PRC)”), an indirect wholly-owned subsidiary of the Company, on 25 August 2011, the Grantor has agreed to grant the land use rights of a parcel of land with a site area of 26,396.1 sq.m. to CIFI (PRC) at a land grant fee of RMB273,520,000 for three concurrent terms of 40, 50 and 70 years for retail, office and residential uses respectively

2. Pursuant to the Shanghai State-owned Construction Land Use Rights Grant Contract (Supplementary) - Hu Jia Gui Tu (2011) Chu Rang He Tong Bu Zi Di No. 198 Hu Jia Gui Tu (2011) Chu Rang He Tong Di No. 94 (Version 2.0) (滬嘉規土(2011)出讓合同補字第198號滬嘉規土(2011)出讓合同第94號(2.0版) entered into between the Grantor and Shanghai Xuqiang Property Co.,Ltd. (上海旭強置業有限公司) (“Shanghai Xuqiang”), an indirect wholly-owned subsidiary of the Company, on 10 October 2011, the Grantor has agreed to change the transferee from CIFI (PRC) to Shanghai Xuqiang.
3. Pursuant to the Shanghai Certificate of Real Estate Ownership — Hu Fang Di Jia Zi (2012) No. 002015 issued by Shanghai Housing Security and Administration Bureau (上海市住房保障和房屋管理局), Shanghai Planning and Land Resources Administration Bureau (上海市規劃和國土資源管理局) and Shanghai Housing and Land Resources Administration Bureau (上海市房屋土地資源管理局), the land use rights of the property with a site area of 26,396.1 sq.m. have been granted to Shanghai Xuqiang for three concurrent terms expiring on 15 January 2082, 15 January 2052 and 15 January 2062 for residential, retail and office uses respectively.
4. Pursuant to the Construction Land Planning Permit — Hu Jia Di (2012) EA31011420124090 (滬嘉地(2012)EA31011420124090號) issued by Shanghai Jiading District Planning and Land Administration Bureau on 27 February 2012, Shanghai Xuqiang is permitted to use a parcel of land with a site area of 26,396.1 sq.m. for development.
5. Pursuant to the Construction Work Planning Permit — Hu Jia Jian (2012)FA31011420124625 (滬嘉建(2012)FA31011420124625號) issued by Shanghai Jiading District Planning and Land Administration Bureau on 12 August 2012, the approved construction scale of the property is 66,029.2 sq.m.
6. Pursuant to the Construction Work Commencement Permit — No. 1101JD0060D01 310114201111031819 and 1101JD0060D02 issued by Shanghai Construction Administration Office (上海市建築業管理辦公室) on 16 August 2012, the approved construction scale of the property is 66,029.2 sq.m.
7. As advised by the Group, the total construction cost expended for the property as at the date of valuation was approximately RMB3,800,000 whereas the total construction cost to be expended was approximately RMB277,000,000. We have taken into account the said amounts in our valuation.
8. The capital value of the property as if completed as at the date of valuation was RMB915,000,000.
9. As advised by the Group, the property is subject to a mortgage.
10. We have been provided with a legal opinion on the title to the property issued by the Group’s PRC legal adviser, which contains, inter-alia, the following information:
 - i. Shanghai Xuqiang legally owns the land use rights of the property and has obtained the land use rights by payment of a land grant fee and such rights are protected under the PRC laws. Shanghai Xuqiang is entitled to occupy, use and develop the land, and has the right to transfer, let, mortgage such land use rights or dispose of the land use rights of the property by other lawful means within the term of the land use rights without paying extra land premium or land grant fee, provided that the relevant provisions of the mortgage agreement have been fulfilled;

- ii. Shanghai Xuqiang has obtained the necessary permits and approvals from the relevant government authorities for the construction of a portion of the property as required by the PRC laws and such permits and approvals are valid and have not been withdrawn, revised or terminated. Shanghai Xuqiang has the right to construct the property in accordance with the aforesaid permits and approvals;
- iii. The property is subject to a mortgage which has been registered with the relevant building and land administration bureau. The mortgage is legal, valid and binding; and
- iv. Apart from the mortgage mentioned above, as confirmed by Shanghai Xuqiang, the property is not subject to any other mortgage, seizure, expropriation or any other encumbrances.

VALUATION CERTIFICATE

Group II — Properties held by the Group under development in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 August 2012														
29.	Shanghai CIFI Pujiang International (上海 旭輝•浦江國際), Pujiang Town, Minhang District, Shanghai, PRC	<p>The property, known as Shanghai CIFI Pujiang International, is a proposed large-scale office and commercial development to be erected on a parcel of land with a site area of approximately 72,352 sq.m. (778,797 sq.ft.).</p> <p>According to the latest development proposal provided by the Group, the property will be developed into an office and commercial development with a total gross floor area of approximately 188,430 sq.m. (2,028,261 sq.ft.) which comprises a total saleable gross floor area of approximately 186,930 sq.m. (2,012,115 sq.ft). As advised by the Group, the property is scheduled for completion in the 1st quarter of 2014. Details of the uses and approximate gross floor areas of the property are as follows:</p>	The property is currently under construction.	RMB1,239,000,000 (100% interests attributable to the Group: RMB1,239,000,000)														
		<table border="1"> <thead> <tr> <th>Use</th> <th>Approximate gross floor area (sq.m.)</th> </tr> </thead> <tbody> <tr> <td colspan="2">Retail and Commercial</td> </tr> <tr> <td>Arcade</td> <td>65,369</td> </tr> <tr> <td>Office</td> <td>65,374</td> </tr> <tr> <td>Carpark</td> <td>56,187</td> </tr> <tr> <td>Others</td> <td>1,500</td> </tr> <tr> <td>Total</td> <td>188,430</td> </tr> </tbody> </table>	Use	Approximate gross floor area (sq.m.)	Retail and Commercial		Arcade	65,369	Office	65,374	Carpark	56,187	Others	1,500	Total	188,430		
Use	Approximate gross floor area (sq.m.)																	
Retail and Commercial																		
Arcade	65,369																	
Office	65,374																	
Carpark	56,187																	
Others	1,500																	
Total	188,430																	
		<p>The land use rights of the property have been granted for two concurrent terms of 40 years expiring on 2 June 2051 for retail use and 50 years expiring on 2 June 2061 for office use respectively.</p>																

Notes:

1. Pursuant to the Shanghai State-owned Construction Land Use Rights Grant Contract — Hu Min Gui Tu (2011) Chu Rang He Tong Di No. 15 (Version 1.0) (滬閔規土(2011)出讓合同第15號(1.0版)) entered into between Shanghai Minhang District Planning and Land Administration Bureau (上海市閔行區規劃和土地管理局) (the “Grantor”) and CIFI Group Co., Ltd. (PRC) (旭輝集團股份有限公司) (“CIFI (PRC)”), an indirect wholly-owned subsidiary of the Company, on 30 March 2011, the Grantor has agreed to grant the land use rights of a parcel of land with a site area of 72,352.4 sq.m. to CIFI (PRC) at a land grant fee of RMB505,150,000 for two concurrent terms of 40 years for retail use and 50 years for office use respectively.
2. Pursuant to the Shanghai State-owned Construction Land Use Rights Grant Contract — Hu Min Gui Tu (2011) Chu Rang He Tong Bu Zi Di No. 69 (Version 2.0) (滬閔規土(2011)出讓合同補字第69號) (2.0版) entered into between the Grantor and Shanghai Xubang Property Co., Ltd. (上海旭邦置業有限公司) (“Shanghai Xubang”), an indirect wholly-owned subsidiary of the Company, on 14 June 2011, the Grantor has agreed to grant the land use rights of a parcel of land with a site area of 72,352.4 sq.m. mentioned in Note 1 to Shanghai Xubang at a land grant fee of RMB505,150,000 for two concurrent terms of 40 years for retail use and 50 years for office use respectively.
3. Pursuant to Shanghai Certificate of Real Estate Ownership — Hu Fang Di Min Zi (2011) No. 036001 (滬房地閔字(2011)第036001號) issued by Shanghai Housing Security and Administration Bureau (上海市住房保障和房屋管理局) and Shanghai Planning and Land Resources Administration Bureau (上海市規劃及國土資源管理局) on 15 September 2011, the land use rights of a parcel of land with a site area of 72,352.4 sq.m. have been granted to Shanghai Xubang for two concurrent terms expiring on 2 June 2051 and 2 June 2061 for retail and office uses respectively.
4. Pursuant to the Construction Land Planning Permit — Hu Min Di (2011) EA31011220111356 (滬閔地(2011)EA31011220111356號) issued by Shanghai Minhang District Planning and Land Administration Bureau on 14 September 2011, Shanghai Xubang is permitted to use a parcel of land with a site area of 72,352 sq.m. for development.
5. Pursuant to the Construction Work Planning Permit — Jin Zi Di Hu Min Jian (2012)FA31011220120551 (建字第滬閔建(2012) FA31011220120551號) issued by Shanghai Minhang District Planning and Land Administration Bureau on 30 July 2012, the approved construction scale of the property is 188,430.6 sq.m.
6. Pursuant to the Construction Work Commencement Permit — No. 1101MH0055D01 310112201109070801 issued by Shanghai Construction Administration Office (上海市建築業管理辦公室) on 29 August 2012, the approved construction scale of the property is 188,430.6 sq.m.
7. As advised by the Group, the total construction cost expended for the property as at the date of valuation was approximately RMB75,400,000 whereas the total construction cost to be expended was approximately RMB824,000,000. We have taken into account the said amounts in our valuation.
8. The capital value of the property as if completed as at the date of valuation was RMB2,816,000,000.
9. As advised by the Group, the property is subject to a mortgage.

10. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:
- i. Shanghai Xubang legally owns the land use rights of the property and has obtained the land use rights of the property by payment of a land grant fee and such rights are protected under the PRC laws. Shanghai Xubang is entitled to occupy, use and develop the land, and has the rights to transfer, let, mortgage such land use rights or dispose of the land use rights of the property by other lawful means within the term of the land use rights without paying extra land premium or land grant fee, provided that the relevant provisions of the mortgage agreement have been fulfilled;
 - ii. Shanghai Xubang has obtained the necessary permits and approvals from the relevant government authorities for the construction of the property as required by the PRC laws and such permits and approvals are valid and have not been withdrawn, revised or terminated. Shanghai Xubang has the right to construct the property in accordance with the aforesaid permits and approvals;
 - iii. The property is subject to a mortgage which has been registered with the relevant building and land administration bureau. The mortgage is legal, valid and binding; and
 - iv. Apart from the mortgage mentioned above, as confirmed by Shanghai Xubang, the property is not subject to any other mortgage, seizure, expropriation or any other encumbrances.

VALUATION CERTIFICATE

Group II — Properties held by the Group under development in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 August 2012
30.	Portion of Shanghai CIFI Yangpu Commercial Square (上海旭輝•楊浦商業廣場), Kongjiang Road, Yangpu District, Shanghai, PRC	<p>The Development, known as Shanghai CIFI Yangpu Commercial Square, is a large-scale commercial development to be erected on a parcel of land with a site area of approximately 18,292 sq.m. (196,895 sq.ft.).</p> <p>According to the latest development proposal provided by the Group, the property will comprise the office and ancillary portion of the Development with a total gross floor area of approximately 20,539 sq.m. (221,082 sq.ft.) which comprises a total saleable gross floor area of approximately 19,730 sq.m. (212,374 sq.ft.). As advised by the Group, the property is scheduled for completion in the 2nd quarter of 2014.</p> <p>The land use rights of the property have been granted for a term of 50 years expiring on 27 January 2056 for office use and a term of 40 years expiring on 27 January 2046 for commercial use respectively.</p>	The property is currently under construction.	<p>RMB465,000,000</p> <p>(53% interests attributable to the Group: RMB246,450,000)</p>

Notes:

- Pursuant to the Shanghai State-owned Land Use Rights Grant Contract — Hu Fang Di Yang (2006) Chu Rang He Tong Di No. 003 (滬房地楊(2006)出讓合同第003號) entered into between Shanghai Yangpu District Housing and Land Administration Bureau (上海市楊浦區房屋土地管理局) as grantor and Shanghai Haiji Real Estate Co., Ltd. (上海海際房地產有限公司) (“Shanghai Haiji”), an indirect subsidiary of the Company in which the Company has an effective equity interest of 53%, on 28 January 2006, and the Shanghai State-owned Land Use Rights Grant Contract (Supplementary) - Hu Yang Gui Tu (2010) Chu Rang He Tong Bu Zi Di No. 18 entered into between Shanghai Yangpu District Planning and Land Administration Bureau (上海市楊浦區規劃和土地管理局) as grantor and Shanghai Haiji on 10 November 2010, the grantors have agreed to grant the land use rights of a parcel of land with a site area of 18,292 sq.m. to Shanghai Haiji at a land grant fee of RMB84,621,000 for a term of 50 years for retail and office uses.
- Pursuant to the Shanghai Certificate of Real Estate Ownership — Hu Fang Di Yang Zi (2008) Di No. 016837 (滬房地楊字(2008)第016837號) issued by Shanghai Housing and Land Resources Administration Bureau (上海市房屋土地資源管理局) on 30 July 2008, the land use rights of a parcel of land with a site area of 18,292 sq.m. have been granted to Shanghai Haiji for a term expiring on 27 January 2056 for office use and a term of 40 years expiring on 27 January 2046 for commercial use respectively.

3. Pursuant to the Construction Land Planning Permit — Di Zi Di Hu Yang Di No. (2010) EA31011020100998 (地字第滬楊地(2010) EA31011020100998號) issued by Shanghai Yangpu District Planning and Land Administration Bureau (上海市楊浦區規劃和土地管理局) on 6 August 2010, Shanghai Haiji is permitted to use a parcel of land with a site area of 18,292 sq.m. for commercial and office purposes.
4. Pursuant to the Construction Work Planning Permit — Hu Yang Jian (2011) FA31011020110925 (滬楊建(2011) FA31011020110925號) issued by Shanghai Yangpu District Planning and Land Administration Bureau (上海市楊浦區規劃和土地管理局) on 26 May 2011, the approved construction scale is 65,953.23 sq.m.

As advised by the Group, the property comprises portion of the buildings as stated in the Construction Work Planning Permit mentioned above.

5. Pursuant to the Construction Work Commencement Permit — No. 1001YP0042D01 310110201012161601 issued by Shanghai Construction Administration Office (上海市建築業管理辦公室) on 31 May 2011, the total approved construction scale is 65,953.53 sq.m.

As advised by the Group, the property comprises portion of the buildings as stated in the Construction Work Commencement Permit mentioned above.

6. As advised by the Group, the total construction cost expended for the property as at the date of valuation was approximately RMB78,000,000 whereas the total construction cost to be expended was approximately RMB66,000,000. We have taken into account the said amounts in our valuation.
7. The capital value of the property as if completed as at the date of valuation was RMB789,000,000.
8. As advised by the Group, the property is subject to a mortgage.
9. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:-

- i. Shanghai Haiji legally owns the land use rights of the property and has obtained the land use rights by payment of a land grant fee and such rights are protected under the PRC laws. Shanghai Xinbo is entitled to occupy, use and develop the land, and has the right to transfer, let, mortgage such land use rights or dispose of the land use rights of the property by other lawful means within the term of the land use rights without paying extra land premium or land grant fee, provided that the relevant provisions of the mortgage agreement have been fulfilled;
- ii. Shanghai Haiji has obtained the necessary permits and approvals from the relevant government authorities for the construction of the property as required by the PRC laws and such permits and approvals are valid and have not been withdrawn, revised or terminated. Shanghai Haiji has the right to construct the property in accordance with the aforesaid permits and approvals;
- iii. The property is subject to a mortgage which has been registered with the relevant building and land administration bureau. The mortgage is legal, valid and binding; and
- iv. As confirmed by Shanghai Haiji, except for the aforesaid mortgage, the property is not subject to any other mortgage, seizure, expropriation or any other encumbrances.

VALUATION CERTIFICATE

Group II — Properties held by the Group under development in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 August 2012
31.	Portion of Shanghai CIFI La Baie D'Evian (上海旭輝·依雲灣), Gubei Road, Baoshan District, Shanghai, PRC	Shanghai CIFI La Baie D'Evian (the "Development") is a residential development to be erected on two parcels of land with a total site area of approximately 189,802 sq.m. (2,043,029 sq.ft.). According to the latest development proposal provided by the Group, the property will comprise various townhouses of the Development with a total gross floor area of approximately 24,537 sq.m. (264,116 sq.ft.) which comprises a saleable gross floor area of approximately 17,800 sq.m. (191,599 sq.ft.). As advised by the Group, the property is scheduled for completion in the 2nd quarter of 2014. The land use rights of the property have been granted for two concurrent terms expiring on 27 May 2073 and 18 May 2074 for residential use.	The property is currently under construction.	RMB321,000,000 (100% interests attributable to the Group: RMB321,000,000)

Notes:

- Pursuant to the Shanghai State-owned Land Use Rights Grant Contract — Hu Bao Di (2003) Chu Rang He Tong Di No. 028 (滬寶地(2003)出讓合同第028號) and its Supplementary Agreement — Hu Bao Fang Di (2008) Chu Rang He Tong Bu Zi Di No. 21 (滬寶房地(2008)出讓合同補字第21號) issued by Shanghai Baoshan District Housing and Land Administration Bureau (上海市寶山區房屋土地管理局) (the "Grantor") on 10 March 2003 and 10 July 2008 respectively, the Grantor has agreed to grant the land use rights of a parcel of land with a site area of 71,579 sq.m. to Shanghai Xinbo Real Estate Co., Ltd. (上海欣博房地產有限公司) ("Shanghai Xinbo"), an indirect wholly-owned subsidiary of the Company, at a land grant fee of RMB34,371,787 for a term of 70 years for residential use.
- Pursuant to the Shanghai State-owned Land Use Rights Grant Contract — Hu Fang Di Bao (2004) Chu Rang He Tong Di No. 070 (滬房地寶(2004)出讓合同第070號) and its Supplementary Agreement — Hu Bao Fang Di (2008) Chu Rang He Tong Bu Zi Di No. 22 (滬寶房地(2008)出讓合同補字第22號) issued by the Grantor on 19 May 2004 and 10 July 2008 respectively, the Grantor has agreed to grant the land use rights of a parcel of land with a site area of 118,222.8 sq.m. to Shanghai Xinbo at a land grant fee of RMB107,449,505 for a term of 70 years for residential use.

3. Pursuant to the following Shanghai Certificates of Real Estate Ownership issued by Shanghai Housing and Land Resources Administration Bureau (上海市房屋土地資源管理局), the land use rights of the Development with a total site area of 189,801.8 sq.m. have been granted to Shanghai Xinbo. Details of the certificates are as follows:

Certificate No.	Owner	Site Area	Use	Land Use Term Expiry Date
		<i>(sq.m.)</i>		
Hu Fang Di Bao Zi (2004) Di No. 033237 (滬房地寶字(2004)第033237號)	Shanghai Xinbo	118,222.80	Residential	18 May 2074
Hu Fang Di Bao Zi (2006) Di No. 002523 (滬房地寶字(2006)第002523號)	Shanghai Xinbo	71,579.00	Residential	27 May 2073

4. Pursuant to two Construction Land Planning Permits - Hu Bao Di (2005) 13050317E00148 and 13050317E00147 (滬寶地(2005)13050317E00148及13050317E00147號) issued by Shanghai Baoshan District Planning and Administration Bureau (上海市寶山區規劃管理局) on 10 March 2005, Shanghai Xinbo is permitted to use two parcels of land with a total site area of 189,802 sq.m. for development.
5. Pursuant to two Construction Work Planning Permits - Hu Gui Jian Bao (2009) FA31001320090035 and FA31001320090037 (滬規建寶(2009)FA31001320090035及FA31001320090037) issued by Shanghai Planning and Land Resources Administration Bureau (上海市規劃和國土資源管理局) on 17 April 2009, the approved construction scale is 24,538 sq.m.
6. Pursuant to two Construction Work Commencement Permits - 0402BS0251D01 (310113200504273619) and 0501BS0022D06 (310113200502283419) issued by Shanghai Construction Administration Office (上海市建築業管理辦公室) and Shanghai Baoshan District Construction and Transport Committee (上海市寶山區建設和交通委員會) on 31 May 2005 and 4 June 2009 respectively, the approved construction scale is 61,212 sq.m.

As advised by the Group, the property comprises portion of the buildings as stated in the Construction Work Commencement Permits mentioned above.

7. As advised by the Group, portion of the land of the property requires demolition of existing buildings or resettlement of original residents which will be completed by the first half of 2013 and part of the construction work has been started in the 4th quarter of 2011. The Group also confirmed that all the compensation for demolition and resettlement had been settled.
8. As advised by the Group, the total construction cost expended for the property as at the date of valuation was approximately RMB19,200,000 whereas the total construction cost to be expended was approximately RMB46,700,000. We have taken into account the said amounts in our valuation.
9. The capital value of the property as if completed as at the date of valuation was RMB511,000,000.
10. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:
- i. Shanghai Xinbo legally owns the land use rights of the property and has obtained the land use rights by payment of a land grant fee and such rights are protected under the PRC laws. Shanghai Xinbo is entitled to occupy, use and develop the land, and has the right to transfer, let, mortgage such land use rights or dispose of the land use rights of the property by other lawful means within the term of the land use rights without paying extra land premium or land grant fee;

- ii. Shanghai Xinbo has obtained the necessary permits and approvals from the relevant government authorities for the construction of the property as required by the PRC laws and such permits and approvals are valid and have not been withdrawn, revised or terminated. Shanghai Xinbo has the right to construct the property in accordance with the aforesaid permits and approvals; and

- iii. As confirmed by Shanghai Xinbo, the property is not subject to any mortgage, seizure, expropriation or any other encumbrances.

VALUATION CERTIFICATE

Group II — Properties held by the Group under development in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 August 2012														
32.	Shanghai CIFI Jiangwan Mansion (上海 旭輝•江灣墅), Xin Jiang Wan Cheng Road, Wujiaochang Town, Yangpu District, Shanghai, PRC	<p>The property, known as Shanghai CIFI Jiangwan Mansion, is a residential development to be erected on a parcel of land with a site area of approximately 26,000 sq.m. (279,864 sq.ft.).</p> <p>According to the latest development proposal provided by the Group, the property will have a total gross floor area of approximately 42,188 sq.m. (454,112 sq.ft.) which comprises a total saleable gross floor area of approximately 42,176 sq.m. (453,982 sq.ft.). As advised by the Group, the low-rise garden apartments and the townhouses of the property are scheduled for completion in the 2nd quarter of 2013 and the 2nd quarter of 2014 respectively. Details of the uses and approximate gross floor areas of the property are as follows:</p> <table border="1" data-bbox="470 1243 869 1568"> <thead> <tr> <th>Use</th> <th>Approximate gross floor area (sq.m.)</th> </tr> </thead> <tbody> <tr> <td>Low-rise Garden</td> <td></td> </tr> <tr> <td>Apartment</td> <td>19,504</td> </tr> <tr> <td>Carpark</td> <td>8,126</td> </tr> <tr> <td>Townhouse</td> <td>14,546</td> </tr> <tr> <td>Ancillary and Others</td> <td>12</td> </tr> <tr> <td>Total</td> <td>42,188</td> </tr> </tbody> </table>	Use	Approximate gross floor area (sq.m.)	Low-rise Garden		Apartment	19,504	Carpark	8,126	Townhouse	14,546	Ancillary and Others	12	Total	42,188	The property is currently under construction.	RMB1,304,000,000 (75.5% interests attributable to the Group: RMB984,520,000)
Use	Approximate gross floor area (sq.m.)																	
Low-rise Garden																		
Apartment	19,504																	
Carpark	8,126																	
Townhouse	14,546																	
Ancillary and Others	12																	
Total	42,188																	
		<p>The land use rights of the property have been granted for a term of 70 years commencing on 30 June 2009 and expiring on 29 June 2079 for residential use.</p>																

Notes:

1. Pursuant to the Shanghai State-owned Construction Land Use Rights Grant Contract — Hu Gui Tu Zi (2008) Chu Rang He Tong Di No. 83 (Version 1.0) (滬規土資(2008)出讓合同第83號(1.0版)) issued by Shanghai Planning and Land Resources Administration Bureau (上海市規劃和國土資源管理局) (the “Grantor”) on 18 December 2008, the Grantor has agreed to grant the land use rights of a parcel of land with a site area of 26,000 sq.m. to Shanghai Tongshuo Real Estate Development Co., Ltd. (上海同碩房地產發展有限公司) (“Shanghai Tongshuo”), an indirect subsidiary of the Company in which the Company has an effective equity interest of 75.5%, at a land grant fee of RMB1,821,400 for a term of 70 years for residential use.
2. Pursuant to the Shanghai Certificate of Real Estate Ownership — Hu Fang Di Yang Zi (2009) Di No. 006684 (滬房地楊字(2009)第006684號) issued by Shanghai Housing and Land Resources Administration Bureau (上海市房屋土地資源管理局) on 21 April 2009, the land use rights of a parcel of land with a site area of 26,000 sq.m. have been granted to Shanghai Tongshuo for a term commencing on 30 June 2009 and expiring on 29 June 2079 for residential use.
3. Pursuant to the Construction Land Planning Permit — Hu Yang Di (2009) EA31011020090654 (滬楊地(2009)EA31011020090654) issued by Shanghai Yangpu District Planning and Land Administration Bureau (上海市楊浦區規劃和土地管理局), Shanghai Tongshuo is permitted to use a parcel of land with a site area of 26,000 sq.m. for residential use.
4. Pursuant to the Construction Work Planning Permit — Hu Yang Jian (2010) FA31011020100138 (滬楊建(2010)FA31011020100138) issued by Shanghai Yangpu District Planning and Land Administration Bureau on 20 January 2010, the approved construction scale of the property is 42,563 sq.m.

Pursuant to the supplementary document to the above Construction Works Planning Permit — Yang Gui Tu [2011] No. 13 issued by Shanghai Yangpu District Planning and Land Administration Bureau on 28 January 2011, the approved construction scale of the property has been adjusted to 42,187.71 sq.m.
5. Pursuant to the Construction Work Commencement Permits — Nos. 0901YP0025 D01, 0901YP0025 D02 and 0901YP0025 D03 310110200908041119 (編號0901YP0025D01、0901YP0025 D02及0901YP0025 D03 310110200908041119) issued by Shanghai Construction Administration Office (上海市建築業管理辦公室) on 27 January 2010, the approved construction scale of the property is 42,563 sq.m.
6. As advised by the Group, portion of the land of the property requires demolition of existing buildings or resettlement of original residents which will be completed by first half of 2013 and part of the construction work has started in the 1st quarter of 2011. The Group also confirmed that they were not subject to any compensation to the owners and residents of the demolished buildings.
7. As advised by the Group, the total construction cost expended for the property as at the date of valuation was approximately RMB182,000,000 whereas the total construction cost to be expended was approximately RMB69,500,000. We have taken into account the said amounts in our valuation.
8. The capital value of the property as if completed as at the date of valuation was RMB1,851,000,000.
9. As advised by the Group, the property is subject to a mortgage.

10. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:
- i. The Shanghai State-owned Construction Land Use Rights Grant Contract is legal, valid, enforceable and binding and Shanghai Tongshuo has fully paid the land premium. Shanghai Planning and Land Resources Administration Bureau is responsible for the demolition and levelling works and Shanghai Tongshuo is not required to bear any expenses relating thereto;
 - ii. Shanghai Tongshuo legally owns the land use rights of the property and has obtained the land use rights of the property by payment of a land grant fee and such rights are protected under the PRC laws. Shanghai Tongshuo is entitled to occupy, use and develop the land, and has the right to transfer, let, mortgage such land use rights or dispose of the land use rights of the property by other lawful means within the term of the land use rights without paying extra land premium or land grant fee, provided that the relevant provisions of the mortgage agreement have been fulfilled;
 - iii. Shanghai Tongshuo has obtained the necessary permits and approvals from the relevant government authorities for the construction of the property as required by the PRC laws and such permits and approvals are valid and have not been withdrawn, revised or terminated. Shanghai Tongshuo has the right to construct the property in accordance with the aforesaid permits and approvals;
 - iv. The property is subject to a mortgage which has been registered with the relevant building and land administration bureau. The mortgage is legal, valid and binding; and
 - v. As confirmed by Shanghai Tongshuo, except for the aforesaid mortgage, the property is not subject to any other mortgage, seizure, expropriation or any other encumbrances.

VALUATION CERTIFICATE

Group II — Properties held by the Group under development in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 August 2012
33.	Shanghai CIFI Pebble Beach (上海 旭輝•圓石灘), Haima Road, Haiwan Tourist Area, Fengxian District, Shanghai, PRC	The property, known as Shanghai CIFI Pebble Beach, is a mixed commercial/residential development to be erected on a parcel of land with a site area of approximately 145,473 sq.m. (1,565,871 sq.ft.). According to the latest development proposal provided by the Group, the property will have a total gross floor area of approximately 149,330 sq.m. (1,607,388 sq.ft.) which comprises a total saleable gross floor area of approximately 85,033 sq.m. (915,295 sq.ft.). As advised by the Group, the property is scheduled for completion in the 1st quarter of 2013. Details of the uses and approximate gross floor areas of the property are as follows:	The property is currently under construction.	RMB1,652,000,000 (97% interests attributable to the Group: RMB1,602,440,000)

Use	Approximate gross floor area (sq.m.)
Townhouse	70,610
Hotel	5,392
Clubhouse	9,031
Ancillary and Others	64,297
Total	149,330

The land use rights of the property have been granted for a term expiring on 27 December 2076 for residential use.

Notes:

- Pursuant to the Shanghai State-owned Land Use Rights Grant Contract — Hu Feng Fang Di (2006) Chu Rang He Tong Di No. 211 (滬奉房地(2006)出讓合同第221號) and Shanghai Fengxian District Building and Land Administration Bureau Lease Grant and Land Resumption Contract - [2006] Di No.221 (Haiwan Tourism Zone) ([2006]第221號(海灣旅遊區)) entered into between the Shanghai Fengxian District Housing and Land Administration Bureau (上海市奉賢區房屋土地管理局) (the “Grantor”) and Shanghai Hai anxian Property Co., Ltd. (上海海岸線置業有限公司) (“Shanghai Hai anxian”) on 28 December 2006, the Grantor has agreed to grant the land use rights of a parcel of land with a site area of 145,473.2 sq.m. to Shanghai Hai anxian at a land grant fee of RMB40,603,942 for a term of 70 years for residential use.

2. Pursuant to the Supplementary Agreement to Shanghai State-owned Land Use Rights Grant Contract - Hu Feng Fang Di (2007) Chu Rang He Tong Bu Zi Di No.107 (滬奉房地(2007)出讓合同補字第107號) entered into between the Grantor and Shanghai Weiweini Property Co., Ltd. (上海薇薇妮置業有限公司) (“Shanghai Weiweini”) on 12 February 2007, the Grantor have agreed to change the transferee from Shanghai Haiianxian to Shanghai Weiweini and Shanghai Weiweini had to pay RMB1 per sq.m. for the land use rights fee each year until the expiry date.
3. Pursuant to the Transfer Agreement entered into between Shanghai Weiweini and Shanghai Xupu Property Co., Ltd. (上海旭浦置業有限公司) (“Shanghai Xupu”), an indirect subsidiary of the Company in which the Company has an effective equity interest of 97%, on 28 October 2009, the land use rights of a parcel of land with a site area of 145,473 sq.m. and the construction work thereon have been transferred to Shanghai Xupu at a consideration of RMB290,000,000.
4. Pursuant to the Shanghai Certificate of Real Estate Ownership — Hu Fang Di Feng Zi (2009) No. 021847 (滬房地奉字(2009)第021847號) issued by Shanghai Housing Security and Administration Bureau (上海市住房保障和房屋管理局) and Shanghai Planning and Land Resources Administration Bureau (上海市規劃和國土資源管理局), the land use rights of a parcel of land with a site area of 145,473.2 sq.m. have been granted to Shanghai Xupu for a term expiring on 27 December 2076 for residential use.
5. Pursuant to the Construction Land Planning Permit — Hu Di Hu Feng Di (2008) No. 20080117E00053 (滬地滬奉地(2008) 20080117E00053號) issued by Shanghai Fengxian District Planning Administration Bureau (上海市奉賢區規劃管理局) on 17 January 2008, Shanghai Weiweini is permitted to use a parcel of land with a site area of 156,121 sq.m. for developing the property. As confirmed by Shanghai Fengxian District Real Estate Registry (上海市奉賢區房地產登記處) on 10 December 2009, the construction works was transferred to Shanghai Xupu.
6. Pursuant to four Construction Work Planning Permits — Jian Zi Di Hu Feng Jian (2011) Nos. FA31012020110390, FA31012020110391, FA31012020110151 and FA31012020110152 (建字第滬奉建(2011) FA31012020110390, FA31012020110391, FA31012020110151 及 FA31012020110152號) issued by Shanghai Fengxian District Planning and Land Administration Bureau (上海市奉賢區規劃和土地管理局) on 26 January 2011 and 14 March 2011, the approved construction scale is 149,330 sq.m.
7. Pursuant to the Construction Work Commencement Permits — Nos. 310120200709282219 0701FX0022D04, 0701FX0022D05 and 0701FX0022D06 issued by Shanghai Construction Administration Office (上海市建築業管理辦公室) on 30 January 2011 and 15 March 2011 respectively, the approved construction scale is 149,330 sq.m.
8. Pursuant to two Pre-sale Permits for Commodity Housing — Feng Xian Fang Guan (2011) Yu Zi Nos. 000265 and 000266 (奉賢房管(2011) 預字000265及000266) issued by Fengxian District Housing Security and Administration Bureau (奉賢區住房保障和房屋管理局) on 24 May 2011, a total gross floor area of 45,805.55 sq.m. is permitted to be pre-sold.

As advised by the Group, the buildings as stated in the Pre-sale Permits for Commodity Housing mentioned above only comprise portion of the property.

9. As advised by the Group, the total construction cost expended for the property as at the date of valuation was approximately RMB400,000,000 whereas the total construction cost to be expended was approximately RMB185,000,000. We have taken into account the said amounts in our valuation.

10. As advised by the Group, a portion of the property with a total gross floor area of approximately 1,408 sq.m. has been pre-sold under various sales and purchases agreements at a consideration of approximately RMB35,800,000. We have taken into account the said consideration in our valuation.
11. The capital value of the property as if completed as at the date of valuation was RMB2,269,000,000.
12. As advised by the Group, the property is subject to a mortgage.
13. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:
 - i. Shanghai Xupu legally owns the land use rights of the property and has obtained the land use rights by payment of a land grant fee and such rights are protected under the PRC laws. Shanghai Xupu is entitled to occupy, use and develop the land, and has the right to transfer, let, mortgage such land use rights or dispose of the land use rights of the property by other lawful means within the term of the land use rights without paying extra land premium or land grant fee, provided that the relevant provisions of the mortgage agreement have been fulfilled;
 - ii. Shanghai Xupu has obtained the necessary permits and approvals from the relevant government authorities for the construction of the property as required by the PRC laws and such permits and approvals are valid and have not been withdrawn, revised or terminated. Shanghai Xupu has the right to construct the property in accordance with the aforesaid permits and approvals;
 - iii. Shanghai Xupu is entitled to pre-sell the property in accordance with the pre-sale limits as stipulated in the Pre-sale Permits for Commodity Housing mentioned in Note 8 above;
 - iv. After the construction of the property has completed and passed the examination, Shanghai Xupu can use the relevant land use rights certificate(s), Construction Land Planning Permit(s), Construction Work Planning Permit(s), Construction Work Commencement Permit(s) and construction completion examination documents to apply for the building ownership certificate(s) of the property from the relevant real estate administration authority. After Shanghai Xupu has obtained all the construction completion examination documents, there will be no substantive legal impediments to obtain the relevant building ownership certificate(s) of the property, provided that Shanghai Xupu has carried out the construction work in accordance with the aforesaid construction permits;
 - v. The property is subject to a mortgage which has been registered with the relevant building and land administration bureau. The mortgage is legal, valid and binding; and
 - vi. Apart from the mortgage mentioned above, as confirmed by Shanghai Xupu, the property is not subject to any other mortgage, seizure, expropriation or any other encumbrances.

VALUATION CERTIFICATE

Group II — Properties held by the Group under development in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 August 2012												
34.	Portion of Suzhou CIFI Canal County (蘇州 旭輝•上河郡), East of Wenchang Road and South of Xingxian Road, Gaoxin District, Suzhou, Jiangsu Province, PRC	<p>Suzhou CIFI Canal County (the “Development”) is a residential development to be erected on various parcels of land with a total site area of approximately 176,897 sq.m. (1,904,119 sq.ft.).</p> <p>According to the latest development proposal provided by the Group, the property comprises portions of the Development with a total gross floor area of approximately 226,537 sq.m. (2,438,444 sq.ft.) which comprises a total saleable gross floor area of approximately 218,129 sq.m. (2,347,940 sq.ft.). As advised by the Group, the property is scheduled for completion in the 4th quarter of 2012. Details of the uses and approximate gross floor areas of the property are as follows:</p> <table border="1"> <thead> <tr> <th>Portion</th> <th>Approximate gross floor area (sq.m.)</th> </tr> </thead> <tbody> <tr> <td>Mid-rise Apartment</td> <td>157,030</td> </tr> <tr> <td>Commercial (Retail Outlets/Service Apartment)</td> <td>29,362</td> </tr> <tr> <td>Carpark</td> <td>31,737</td> </tr> <tr> <td>Others</td> <td>8,408</td> </tr> <tr> <td>Total</td> <td>226,537</td> </tr> </tbody> </table> <p>The land use rights of the property have been granted for two concurrent terms expiring on 4 February 2050 for commercial use and 4 February 2080 for residential use respectively.</p>	Portion	Approximate gross floor area (sq.m.)	Mid-rise Apartment	157,030	Commercial (Retail Outlets/Service Apartment)	29,362	Carpark	31,737	Others	8,408	Total	226,537	The property is currently under construction.	<p>RMB1,212,000,000</p> <p>(100% interests attributable to the Group: RMB1,212,000,000)</p>
Portion	Approximate gross floor area (sq.m.)															
Mid-rise Apartment	157,030															
Commercial (Retail Outlets/Service Apartment)	29,362															
Carpark	31,737															
Others	8,408															
Total	226,537															

Notes:

- Pursuant to the State-owned Construction Land Use Rights Grant Contract — No. 3205012009CR0199 issued by Suzhou Land Resources Bureau (蘇州市國土資源局) (the “Grantor”) on 27 November 2009, the Grantor has agreed to grant the land use rights of a parcel of land with a site area of 176,896.5 sq.m. to CIFI Group Co., Ltd. (PRC) (旭輝集團股份有限公司) (“CIFI (PRC)”), an indirect wholly-owned subsidiary of the Company, at a land grant fee of RMB630,000,000 for two concurrent terms of 70 years for residential use and 40 years for commercial use.
- Pursuant to the Supplementary Agreement of Land Grant Contract No. 3205012009CR0199 entered into between the Grantor and Suzhou Xuhui High-Tech Property Co., Ltd. (蘇州旭輝高科置業有限公司) (“Suzhou Xuhui High-Tech”), an indirect wholly-owned subsidiary of the Company, the Grantor has agreed to change the grantee of the land use rights of the land as mentioned in Note 1 above from CIFI (PRC) to Suzhou Xuhui High-Tech.
- Pursuant to the following State-owned Land Use Rights Certificates issued by the People’s Government of Suzhou (蘇州市人民政府) and Suzhou Land Resources Bureau Gaoxin District Huqiu Branch (蘇州市國土資源局高新區(虎丘)分局), the land use rights of seven parcels of land with a total site area of 176,896.5 sq.m. have been granted to Suzhou Xuhui High-Tech. Details of the certificates are as follows:

Certificate No.	Site Area	Use	Land Use Term Expiry Date
	<i>(sq.m.)</i>		
Su Xin Guo Yong (2010) Di No. 017221 (蘇新國用(2010)第017221號)	33,916.80	Residential	4 February 2080
Su Xin Guo Yong (2010) Di No. 017222 (蘇新國用(2010)第017222號)	91,116.50	Residential	4 February 2080
Su Xin Guo Yong (2010) Di No. 017381 (蘇新國用(2010)第017381號)	28,071.10	Residential	4 February 2080
Su Xin Guo Yong (2010) Di No. 017382 蘇新國用(2010)第017382號	11,215.90	Retail	4 February 2050
Su Xin Guo Yong (2010) Di No. 017383 (蘇新國用(2010)第017383號)	4,495.40	Retail	4 February 2050
Su Xin Guo Yong (2010) Di No. 017384 蘇新國用(2010)第017384號	3,585.40	Retail	4 February 2050
Su Xin Guo Yong (2010) Di No. 017385 (蘇新國用(2010)第017385號)	4,495.40	Retail	4 February 2050

- Pursuant to the Construction Land Planning Permit — Di Zi Di No. 320505201000021 (地字第320505201000021號) issued by Suzhou Planning Bureau (蘇州市規劃局) and its Huqiu Branch (虎丘分局) on 29 January 2010, Suzhou Xuhui High-Tech is permitted to use a parcel of land with a site area of 176,896.5 sq.m. for residential and commercial uses.
- Pursuant to eleven Construction Work Planning Permits — Jian Zi Di Nos. 320505201000119, 320505201100051, 320505201100005, 320505201000175, 320505201100102, 320505201100050, 320505201000209, 320505201000141, 320505201100035, 320505201100112 and 320505201100215 (建字第320505201000119, 320505201100051, 320505201100005, 320505201000175, 320505201100102, 320505201100050, 320505201000209, 320505201000141, 320505201100035, 320505201100112 及 320505201100215號) issued by Suzhou Planning Bureau and its Huqiu Branch from 24 June 2010 to 6 May 2011, the approved construction scale of the property is 318,991.61 sq.m.

As advised by the Group, the property comprises portion of the buildings as stated in the Construction Work Planning Permits mentioned above.

6. Pursuant to nine Construction Work Commencement Permits — Nos. 320591201107140101, 320591201106230101, 320591201010200801, 320591201102250101, 320591201103160101, 320591201010200301, 320591201104210301, 320591201012010401 and 320591201103230201 issued by Suzhou National Hi-tech Industrial Development Construction Bureau (蘇州國家高新技術產業開發區建設局), the approved construction scale of the property is 238,169.65 sq.m.

As advised by the Group, the property comprises portion of the buildings as stated in the Construction Work Commencement Permits mentioned above.

7. Pursuant to eight Pre-sale Permits for Commodity Housing — Su Fang Yu Xin (2010) Nos. 226 and 260, Su Fang Yu Xin (2011) Nos. 047, 143, 194, 195 and 267 and Su Fong Yu Xin (2012) No.060 (蘇房預新(2010)226及260號及蘇房預新(2011)047, 143, 194, 195及267號蘇房預新(2012)060號) issued by Suzhou Housing and Rural-urban Construction Bureau (蘇州市住房和城鄉建設局), a total gross floor area of 238,442.56 sq.m. is permitted to be pre-sold.

As advised by the Group, the property comprises portion of the buildings as stated in the Pre-sale Permits for Commodity Housing mentioned above.

8. As advised by the Group, the total construction cost expended for the property as at the date of valuation was approximately RMB270,000,000 whereas the total construction cost to be expended was approximately RMB273,000,000. We have taken into account the said amounts in our valuation.
9. As advised by the Group, a portion of the property with a total gross floor area of approximately 115,268 sq.m. has been pre-sold under various sales and purchases agreements at a consideration of approximately RMB944,000,000. Accordingly, we have taken into account the said consideration in our valuation.
10. The capital value of the property as if completed as at the date of valuation was 1,713,000,000.
11. As advised by the Group, the property is subject to a mortgage.
12. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:-
 - i. Suzhou Xuhui High-Tech legally owns the land use rights of the property and has obtained the land use rights by payment of a land grant fee and such rights are protected under the PRC laws. Suzhou Xuhui High-Tech is entitled to occupy, use and develop the land, and has the right to transfer, let, mortgage such land use rights or dispose of the land use rights of the property by other lawful means within the term of the land use rights without paying extra land premium or land grant fee, provided that the relevant provisions of the mortgage agreement have been fulfilled;

- ii. Suzhou Xuhui High-Tech has obtained the necessary permits and approvals from the relevant government authorities for the construction of the property as required by the PRC laws and such permits and approvals are valid and have not been withdrawn, revised or terminated. Suzhou Xuhui High-Tech has the right to construct the property in accordance with the aforesaid permits and approvals;
- iii. Suzhou Xuhui High-Tech is entitled to pre-sell the property in accordance with the pre-sale limits as stipulated in the Pre-sale Permits for Commodity Housing mentioned in Note 7 above;
- iv. After the construction of the property has completed and passed the examination, Suzhou Xuhui High-Tech can use the relevant land use rights certificate(s), Construction Land Planning Permit(s), Construction Work Planning Permit(s), Construction Works Commencement Permit(s) and construction completion examination documents to apply for the building ownership certificate(s) of the property from the relevant real estate administration authority. After Suzhou Xuhui High-Tech has obtained all the construction completion examination documents, there will be no substantive legal impediments to obtain the relevant building ownership certificate(s) of the property, provided that Suzhou Xuhui High-Tech has carried out the construction work in accordance with the aforesaid construction permits;
- v. The property is subject to a mortgage which has been registered with the relevant building and land administration bureau. The mortgage is legal, valid and binding; and
- vi. Apart from the mortgage mentioned above, as confirmed by Suzhou Xuhui High-Tech, the property is not subject to any other mortgage, seizure, expropriation or any other encumbrances.

VALUATION CERTIFICATE

Group II — Properties held by the Group under development in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 August 2012												
35.	Portion of Suzhou CIFI Ronchamp Town (蘇州 旭輝•朗香郡), North of Daxinhe Road and East of Xinyu Road, Gaoxin District, Suzhou, Jiangsu Province, PRC	<p>Suzhou CIFI Ronchamp Town (the “Development”) is a residential development to be erected on a parcel of land with a site area of approximately 56,984 sq.m. (613,376 sq.ft.).</p> <p>According to the latest development proposal provided by the Group, the property comprises portion of the Development and will be developed into a residential development with a total gross floor area of approximately 67,155 sq.m. (722,856 sq.ft.) which comprises a total saleable gross floor area of approximately 65,605 sq.m. (706,172 sq.ft.). As advised by the Group, the property is scheduled for completion in the 4th quarter of 2012. Details of the uses and approximate gross floor areas of the property are as follows:</p> <table border="1"> <thead> <tr> <th>Portion</th> <th>Approximate gross floor area (sq.m.)</th> </tr> </thead> <tbody> <tr> <td>Mid-rise Apartments</td> <td>14,764</td> </tr> <tr> <td>Low-rise Garden Apartment</td> <td>31,425</td> </tr> <tr> <td>Carpark</td> <td>19,416</td> </tr> <tr> <td>Others</td> <td>1,550</td> </tr> <tr> <td>Total</td> <td>67,155</td> </tr> </tbody> </table> <p>The land use rights of the property have been granted for a term of 70 years expiring on 29 December 2079 for residential use.</p>	Portion	Approximate gross floor area (sq.m.)	Mid-rise Apartments	14,764	Low-rise Garden Apartment	31,425	Carpark	19,416	Others	1,550	Total	67,155	The property is currently under construction.	RMB222,000,000 (100% interests attributable to the Group: RMB222,000,000)
Portion	Approximate gross floor area (sq.m.)															
Mid-rise Apartments	14,764															
Low-rise Garden Apartment	31,425															
Carpark	19,416															
Others	1,550															
Total	67,155															

Notes:

- Pursuant to the State-owned Land Use Rights Grant Contract — No. 3205012009CR0200 issued by Suzhou Land Resources Bureau (蘇州市國土資源局) (the “Grantor”) on 27 November 2009, the Grantor has agreed to grant the land use rights of a parcel of land with a site area of 56,984.3 sq.m. to CIFI Group Co., Ltd. (PRC) (旭輝集團股份有限公司) (“CIFI (PRC)”), an indirect wholly-owned subsidiary of the Company, at a total consideration of RMB224,000,000 for a term of 70 years for residential use.

2. Pursuant to the Supplementary Agreement of State-owned Land Use Rights Grant Contract — No. 3205012009CR0200 (編號3205012009CR0200) issued by the Grantor on 31 December 2009, the Grantor has agreed to change the grantee of the land use rights of the parcel of land mentioned in Note 1 from CIFI (PRC) to Suzhou Xuhui Xingteng Property Co., Ltd. (蘇州旭輝興騰置業有限公司) (“Suzhou Xuhui Xingteng”), an indirect wholly-owned subsidiary of the Company.
3. Pursuant to the State-owned Land Use Rights Certificate — Su Xin Guo Yong (2010) Di No. 017386 (蘇新國用(2010)第017386號) issued by the People’s Government of Suzhou (蘇州市人民政府) and Suzhou Land Resources Bureau Gaoxin District Huqiu Branch (蘇州市國土資源局高新區(虎丘)分局) on 13 June 2010, the land use rights of a parcel of land with a site area of 56,984.3 sq.m. have been granted to Suzhou Xuhui Xingteng for a term of 70 years expiring on 29 December 2079 for residential use.
4. Pursuant to the Construction Land Planning Permit — Di Zi Di No. 320505201000020 (地字第320505201000020號) issued by Suzhou Planning Bureau (蘇州市規劃局) and its Huqiu Branch (虎丘分局) on 29 January 2010, Suzhou Xuhui Xingteng is permitted to use a parcel of land with a site area of 56,984.3 sq.m. for residential use.
5. Pursuant to five Construction Work Planning Permits — Jian Zi Di Nos. 320505201000139, 320505201000189, 320505201000227, 320505201000275 and 320505201100062 (建字第320505201000139、320505201000189、320505201000227、320505201000275號及320505201100062號) issued by Suzhou Planning Bureau and its Huqiu Branch on 26 July 2010, 13 September 2010, 11 April 2010, 20 December 2010 and 21 March 2011 respectively, the approved construction scale of the Development is 115,351.3 sq.m.

As advised by the Group, the property comprises portion of the buildings as stated in the Construction Work Planning Permits mentioned above.

6. Pursuant to three Construction Work Commencement Permits — Nos. 320591201101210201, 320591201010200701 and 320591201012010301 issued by Suzhou National Hi-tech Industrial Development Construction Bureau (蘇州國家高新技術產業開發區建設局) on 20 October 2010, 1 December 2010 and 21 January 2011, the approved construction scale of the property is 85,264.5 sq.m.

As advised by the Group, the property comprises portion of the buildings as stated in the Construction Work Commencement Permits mentioned above.

7. Pursuant to two Pre-sale Permits for Commodity Housing — Su Fang Yu Xin (2010) No. 246 (蘇房預新(2010)246號) and Su Fang Yu Xin (2011) No. 100 (蘇房預新(2011)100號) issued by Suzhou Housing and Rural-urban Construction Bureau (蘇州市住房和城鄉建設局), a total gross floor area of 65,193.12 sq.m. is permitted to be pre-sold.

As advised by the Group, the property comprises portion of the buildings as stated in the Pre-sale Permits for Commodity Housing mentioned above.

8. As advised by the Group, the total construction cost expended for the property as at the date of valuation was approximately RMB89,200,000 whereas the total construction cost to be expended was approximately RMB139,000,000. We have taken into account the said amounts in our valuation.
9. As advised by the Group, a portion of the property with a total gross floor area of approximately 15,076 sq.m. has been pre-sold under various sales and purchases agreements at a consideration of approximately RMB117,000,000. Accordingly, we have taken into account the said consideration in our valuation.
10. The capital value of the property as if completed as at the date of valuation was RMB420,000,000.

- 11 As advised by the Group, the property is subject to a mortgage.

12. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:
 - i. Suzhou Xuhui Xingteng legally owns the land use rights of the property and has obtained the land use rights by payment of a land grant fee and such rights are protected under the PRC laws. Suzhou Xuhui Xingteng is entitled to occupy, use and develop the land, and has the right to transfer, let, mortgage such land use rights or dispose of the land use rights of the property by other lawful means within the term of the land use rights without paying extra land premium or land grant fee, provided that the relevant provisions of the mortgage agreement have been fulfilled;

 - ii. Suzhou Xuhui Xingteng has obtained the necessary permits and approvals from the relevant government authorities for the construction of a portion of the property as required by the PRC laws and such permits and approvals are valid and have not been withdrawn, revised or terminated. Suzhou Xuhui Xingteng has the right to construct the property in accordance with the aforesaid permits and approvals;

 - iii. Suzhou Xuhui Xingteng is entitled to pre-sell the property in accordance with the pre-sale limits as stipulated in the Pre-sale Permits for Commodity Housing mentioned in Note 7 above;

 - iv. After the construction of the property has completed and passed the examination, Suzhou Xuhui Xingteng can use the relevant land use rights certificate(s), Construction Land Planning Permit(s), Construction Work Planning Permit(s), Construction Work Commencement Permit(s) and construction completion examination documents to apply for the building ownership certificate(s) of the property from the relevant real estate administration authority. After Suzhou Xuhui Xingteng has obtained all the construction completion examination documents, there will be no substantive legal impediments to obtain the relevant building ownership certificate(s) of the property, provided that Suzhou Xuhui Xingteng has carried out the construction work in accordance with the aforesaid construction permits;

 - v. The property is subject to a mortgage which has been registered with the relevant building and land administration bureau. The mortgage is legal, valid and binding; and

 - vi. Apart from the mortgage mentioned above, as confirmed by Suzhou Xuhui Xingteng, the property is not subject to any other mortgage, seizure, expropriation or any other encumbrances.

VALUATION CERTIFICATE

Group II — Properties held by the Group under development in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 August 2012
36.	Phase II of Hefei CIFI Central Park (合肥旭輝•中央宮園二期), Dongzhi Road, New Municipal and Cultural District Development, Hefei, Anhui Province, PRC	Hefei CIFI Central Park (the “Development”) is a large-scale residential development to be developed by 2 phases on a parcel of land with a site area of approximately 51,717 sq.m. (556,682 sq.ft.). According to the latest development proposal provided by the Group, the property comprises Phase II of the Development and will be developed into a residential development with a total gross floor area of approximately 130,186 sq.m. (1,401,322 sq.ft.) which comprises a total saleable gross floor area of approximately 128,940 sq.m. (1,387,910 sq.ft.). As advised by the Group, the property is scheduled for completion in the 3rd quarter of 2012. Details of which are as follows: Phase II	The property is currently under construction.	RMB588,000,000 (100% interests attributable to the Group: RMB588,000,000)
		Use	Approximate gross floor area (sq.m.)	
		High-rise Apartments	108,614	
		Store room	3,467	
		Carpark	16,859	
		Others	<u>1,246</u>	
		Total	<u>130,186</u>	
		The land use rights of the property have been granted for a term expiring in March 2078 for residential use.		

Notes:

- Pursuant to the State-owned Land Use Rights Grant Contract — GF-2000-2601 issued by The Land and Resource Department of Hefei (合肥市國土資源局) (the “Grantor”) on 30 November 2007, the Grantor has agreed to grant the land use rights of a parcel of land with a site area of 51,716.77 sq.m. to Hefei Xuhai Real Estate Development Co., Ltd. (合肥旭海房地產開發有限公司) (“Hefei Xuhai”), an indirect wholly-owned subsidiary of the Company, at a land grant fee of RMB340,554,930.45.

2. Pursuant to the State-owned Land Use Rights Certificate — He Guo Yong (2008) Di No. 489 (合國用(2008)第489號) issued by The Land and Resource Department of Hefei, the land use rights of a parcel of land with a site area of 51,716.77 sq.m. have been granted to Hefei Xuhai for a term expiring in March 2078 for residential use.
3. Pursuant to the Construction Land Planning Permit — Di Zi Di No. 340101200870003 (地字第340101200870003號) issued by Hefei Planning Bureau (合肥市規劃局) on 28 May 2008, Hefei Xuhai is permitted to use a parcel of land with a site area of 51,716.77 sq.m. for residential development.
4. Pursuant to four Construction Work Planning Permits — He Gui Zheng Jian Min Xu Nos. 2010020, 2010021, 2010022 and 2010037 (合規政建民許2010020、2010021、2010022 及 2010037號) all issued by Hefei Planning Bureau, the approved construction scale of the property is 122,750.3 sq.m.

As advised by the Group, the buildings as stated in the Construction Work Planning Permits mentioned above only comprise portion of the property.

5. Pursuant to two Construction Work Commencement Permits — Nos. 011110040017 and 011110070029 both issued by Hefei Construction Committee (合肥市建設委員會), the approved construction scale of the property is 130,209.1 sq.m.
6. Pursuant to four Pre-sale Permits for Commodity Housing — He Fang Yu Shou Zheng Di Nos. 20100844, 20100578, 20100756 and 20110130 all issued by Hefei Real Estate Administration Bureau (合肥市房地產管理局), a total gross floor area of 95,400.72 sq.m. of the property is permitted to be pre-sold.

As advised by the Group, the buildings as stated in the Pre-sale Permits for Commodity Housing mentioned above only comprise portion of the property.

7. As advised by the Group, the total construction cost expended for the property as at the date of valuation was approximately RMB118,000,000 whereas the total construction cost to be expended was approximately RMB227,000,000. We have taken into account the said amounts in our valuation.
8. As advised by the Group, a portion of the property with a total gross floor area of approximately 88,672 sq.m. has been pre-sold under various sales and purchase agreements at a total consideration of approximately RMB674,000,000. We have taken into account the said consideration in our valuation.
9. The capital value of the property as if completed as at the date of valuation was RMB932,000,000.
10. As advised by the Group, the property is subject to various mortgages.
11. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

- i. Hefei Xuhai legally owns the land use rights of the property and has obtained the land use rights of the property by payment of a land grant fee and such rights are protected under the PRC laws. Hefei Xuhai is entitled to occupy, use and develop the land, and has the right to transfer, let, mortgage such land use rights or dispose of the land use rights of the property by other lawful means within the term of the land use rights without paying extra land premium or land grant fee, provided that the relevant provisions of the mortgage agreements have been fulfilled;
- ii. Hefei Xuhai has obtained the necessary permits and approvals from the relevant government authorities for the construction of the property as required by the PRC laws and such permits and approvals are valid and have not been withdrawn, revised or terminated. Hefei Xuhai has the right to construct the property in accordance with the aforesaid permits and approvals;

- iii. Hefei Xuhai is entitled to pre-sell the property in accordance with the pre-sale limits as stipulated in the Pre-sale Permits for Commodity Housing mentioned in Note 6 above;
- iv. After the construction of the property has completed and passed the examination, Hefei Xuhai can use the relevant land use rights certificate, Construction Land Planning Permit, Construction Work Planning Permits, Construction Work Commencement Permit and construction completion examination documents to apply for the building ownership certificate(s) of the property from the relevant real estate administration authority. After Hefei Xuhai has obtained all the construction completion examination documents, there will be no substantive legal impediments to obtain the relevant building ownership certificate(s) of the property, provided that Hefei Xuhai has carried out the construction work in accordance with the aforesaid construction permits;
- v. The property is subject to various mortgages which have been registered with the relevant building and land administration bureau. The mortgages are legal, valid and binding; and
- vi. As confirmed by Hefei Xuhai, except for the aforesaid mortgages, the property is not subject to any other mortgage, seizure, expropriation or any other encumbrances.

VALUATION CERTIFICATE

Group II — Properties held by the Group under development in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 August 2012
37.	Hefei CIFI Private Mansion Phase I (合肥旭輝御府一期), Southwest of the intersection of Fangxing Boulevard and Xizang Road, Binhu New Town, Hefei, Anhui Province, PRC	Hefei CIFI Private Mansion (the “Development”) is a proposed large-scale residential development and the property comprises Phase I of the Development to be erected on a parcel of land with a site area of approximately 34,151 sq.m. (367,601 sq.ft.). According to the latest development proposal provided by the Group, the property will have a total gross floor area of approximately 136,925 sq.m. (1,473,861 sq.ft.). As advised by the Group, the property is scheduled for completion in the 4th quarter of 2013. Details of the uses and approximate gross floor areas of the property are as follows:	The property is currently under construction.	RMB632,000,000 (100% interests attributable to the Group: RMB632,000,000)
		Use	Approximate gross floor area (sq.m.)	
		High-rise Apartment	102,748	
		Townhouse	12,124	
		Commercial (Retail Outlet)	6,543	
		Store Room	3,377	
		Carpark	<u>12,133</u>	
		Subtotal	<u>136,925</u>	
		The land use rights of the property have been granted for a term expiring in May 2081.		

Notes:

- Pursuant to the State-owned Construction Land Use Rights Grant Contract — He Di Bin Hu Jing Ying [2011] No. 24 (合地濱湖經營[2011]-24號) and three Supplementary Agreements entered into between The Land and Resource Department of Hefei (合肥市國土資源局) (the “Grantor”) and Hefei Xubin Real Estate Development Co., Ltd. (合肥旭濱房地產開發有限公司) (“Hefei Xubin”), an indirect wholly-owned subsidiary of the Company, on 28 January 2011, 14 December 2011 and 31 March 2012, the Grantor has agreed to grant the land use rights of a parcel of land with a site area of 107,180 sq.m. to Hefei Xubin at a land grant fee of RMB1,067,512,800 for a term of 70 years for residential use.

As advised by the Group, the property comprises portion of the land as stated in the State-owned Construction Land Use Rights Grant Contract mentioned above.

2. Pursuant to the State-owned Land Use Rights Certificate — He Bao He Guo Yong (2012) Di No. 12 (合包河國用(2012)第12號) issued by the People's Government of Hefei (合肥市人民政府) and The Land and Resource Department of Hefei on 15 February 2012, the land use rights of the property with a site area of 34,151.33 sq.m. have been granted to Hefei Xubin for a term expiring in May 2081 for residential use.
3. Pursuant to the Construction Land Planning Permit — Di Zi Di No. 340101201190004 (地字第340101201190004號) issued by Hefei Planning Bureau (合肥市規劃局) on 9 March 2011, Hefei Xubin is permitted to use a parcel of land with a site area of 107,180 sq.m. for residential development.
4. Pursuant to twelve Construction Work Planning Permits — He Gui Jian Min Xu Nos. 2012047, 2012048, 2012049 and 2011791 to 2011799 (合規建民許2012047、2012048、2012049及2011791至2011799號) issued by Hefei Planning Bureau, the approved construction scale is 131,072.6 sq.m.

As advised by the Group, the buildings as stated in the Construction Work Planning Permits mentioned above only comprise portion of the property.

5. Pursuant to two Construction Work Commencement Permits - 010012022300135 and 010012022400143 issued by Hefei Rural-urban Construction Committee (合肥市城鄉建設委員會) on 23 February 2012 and 24 February 2012 respectively, the approved construction scale is 131,072.58 sq.m.

As advised by the Group, the buildings as stated in the Construction Work Commencement Permits mentioned above only comprise portion of the property.

6. Pursuant to four Pre-sale Permits for Commodity Housing — He Fang Yu Shou Zheng Nos. 20120053, 20120054, 20120190 and 20120317 (合房預售證第20120053、20120054、20120190及20120317號) issued by Hefei Real Estate Administration Bureau (合肥市房地產管理局) between 21 March 2012 and 11 July 2012, a total gross floor area of 88,332.72 sq.m. is permitted to be pre-sold.

As advised by the Group, the buildings as stated in the Pre-sale Permits for Commodity Housing mentioned above only comprise portion of the property.

7. As advised by the Group, the total construction cost expended for the property as at the date of valuation was approximately RMB170,000,000 whereas the total construction cost to be expended was approximately RMB199,000,000. We have taken into account the said amounts in our valuation.
8. As advised by the Group, a portion of the property with a total gross floor area of approximately 76,302 sq.m. has been pre-sold under various sales and purchases agreements at a total consideration of approximately RMB504,000,000. We have taken into account the said consideration in our valuation.
9. The capital value of the property as if completed as at the date of valuation was RMB1,108,000,000.

10. As advised by the Group, the property is subject to a mortgage.

11. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter-alia, the following information:
 - i. Hefei Xubin legally owns the land use rights of the property and has obtained the land use rights by payment of a land grant fee and such rights are protected under the PRC laws. Hefei Xubin is entitled to occupy, use and develop the property, and has the right to transfer, let, mortgage such land use rights or dispose of such land use rights by other lawful means within the term of the land use rights without paying extra land premium or land grant fee, provided that the relevant provisions of the mortgage agreement have been fulfilled;

 - ii. Hefei Xubin is entitled to pre-sell the property in accordance with the pre-sale limits as stipulated in the Pre-sale Permits for Commodity Housing mentioned in Note 6 above;

 - iii. After the construction of the property has completed and passed the examination, Hefei Xubin can use the relevant land use rights certificate(s), Construction Land Planning Permit(s), Construction Work Planning Permit(s), Construction Work Commencement Permit(s) and construction completion examination documents to apply for the building ownership certificate(s) of the property from the relevant real estate administration authority. After Hefei Xubin has obtained all the construction completion examination documents, there will be no substantive legal impediments to obtain the relevant building ownership certificate(s) of the property, provided that Hefei Xubin has carried out the construction work in accordance with the aforesaid construction permits;

 - iv. Hefei Xubin has obtained the necessary permits and approvals from the relevant government authorities for the construction of a portion of the property as required by the PRC laws and such permits and approvals are valid and have not been withdrawn, revised or terminated. Hefei Xubin has the right to construct the property in accordance with the aforesaid permits and approvals;

 - v. The property is subject to a mortgage which has been registered with the relevant building and land administration bureau. The mortgage is legal, valid and binding; and

 - vi. Apart from the mortgage mentioned above, as confirmed by Hefei Xubin, the property is not subject to any other mortgage, seizure, expropriation or any other encumbrances.

VALUATION CERTIFICATE

Group II — Properties held by the Group under development in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 August 2012														
38.	Zhenjiang CIFI Times (鎮江 旭輝•時代城), South of Tianqiao Road, Jingkou District, Zhenjiang, Jiangsu Province, PRC	The property, known as Zhenjiang CIFI Times, is a large-scale residential/commercial/office development to be developed on a parcel of land with a site area of approximately 32,713 sq.m. (352,123 sq.ft) According to the latest development proposal provided by the Group, the property will have a total gross floor area of approximately 163,195 sq.m. (1,756,631 sq.ft.) which comprises a total saleable gross floor area of approximately 158,763 sq.m. (1,708,925 sq.ft.). As advised by the Group, the property is scheduled for completion in the 2nd quarter of 2013. Details of the uses and approximate gross floor areas are as follows:	The property is currently under construction.	RMB1,013,000,000 (100% interests attributable to the Group: RMB1,013,000,000)														
		<table border="1"> <thead> <tr> <th>Use</th> <th>Approximate gross floor area (sq.m.)</th> </tr> </thead> <tbody> <tr> <td>Retail Outlet</td> <td>16,295</td> </tr> <tr> <td>High-rise Apartment</td> <td>88,752</td> </tr> <tr> <td>Office</td> <td>28,617</td> </tr> <tr> <td>Carpark</td> <td>25,099</td> </tr> <tr> <td>Others</td> <td>4,432</td> </tr> <tr> <td>Total</td> <td>163,195</td> </tr> </tbody> </table>	Use	Approximate gross floor area (sq.m.)	Retail Outlet	16,295	High-rise Apartment	88,752	Office	28,617	Carpark	25,099	Others	4,432	Total	163,195		
Use	Approximate gross floor area (sq.m.)																	
Retail Outlet	16,295																	
High-rise Apartment	88,752																	
Office	28,617																	
Carpark	25,099																	
Others	4,432																	
Total	163,195																	
		The land use rights of the property have been granted for three concurrent terms expiring on 14 October 2081, 14 October 2051 and 14 October 2061 for residential commercial & financial and public facilities uses respectively.																

Notes:

- Pursuant to the State-owned Construction Land Use Rights Grant Contract — No. 32110012010CR0057 and its three Supplementary Agreements made between 25 June 2010 and 17 November 2010, Zhenjiang Land Resources Bureau (鎮江市國土資源局) has agreed to grant the land use rights of a parcel of land with a site area of 32,715 sq.m. to Zhenjiang City Xurun Real Estate Development Co., Ltd. (鎮江市旭潤房地產開發有限公司) (“Zhenjiang Xurun”), an indirect wholly-owned subsidiary of the Company, at a land grant fee of RMB410,000,000 for terms of 70, 40 and 50 years for residential, commercial and public facilities uses respectively.

2. Pursuant to the State-owned Land Use Rights Certificate — Zhen Guo Yong (2011) Di No.699 (鎮國用(2011)第699號) issued by the People's Government of Zhenjiang (鎮江市人民政府) and Zhenjiang Land Resources Bureau dated 25 January 2011, the land use rights of a parcel of land with a site area of 32,713.3 sq.m. have been granted to Zhenjiang Xurun for three concurrent terms expiring on 14 October 2081, 14 October 2051 and 14 October 2061 for residential, commercial and financial, and public facility uses respectively.
3. Pursuant to the Construction Land Planning Permit — Di Zi Di No. 321100201100002 (地字第321100201100002) issued by Zhenjiang Planning Bureau (鎮江市規劃局) on 25 January 2011, Zhenjiang Xurun is permitted to use a parcel of land with a site area of 42,100 sq.m. for commercial and residential uses.
4. Pursuant to the thirteen Construction Work Planning Permits issued by Zhenjiang Planning Bureau, Zhenjiang Xurun is permitted to construct the property with a total aboveground gross floor area of 138,096.53 sq.m. and a total underground gross floor area of 25,098.34 sq.m.. Details of the permits are as follows:

No.	Permit No.	Use	Aboveground Gross Floor Area <i>(sq.m.)</i>	Underground Gross Floor Area <i>(sq.m.)</i>
1	Jian Zi Di No. 321100201100080 (建字第321100201100080號)	1# Residential	11,623.65	447.58
2	Jian Zi Di No. 321100201100081 (建字第321100201100081號)	2# Residential	23,148.33	829.51
3	Jian Zi Di No. 321100201100082 (建字第321100201100082號)	3# Residential	11,504.26	475.67
4	Jian Zi Di No. 321100201100091 (建字第321100201100091號)	4# Kindergarten	2,400.00	N/A
5	Jian Zi Di No. 321100201100092 (建字第321100201100092號)	5# Residential and Retail	24,344.79	949.82
6	Jian Zi Di No. 321100201100083 (建字第321100201100083號)	6# Residential and Retail	23,121.80	961.75
7	Jian Zi Di No. 321100201100084 (建字第321100201100084號)	7# Retail	4,280.42	N/A
8	Jian Zi Di No. 321100201100085 (建字第321100201100085號)	8# Retail	4,780.28	N/A
9	Jian Zi Di No. 321100201100086 (建字第321100201100086號)	9# Retail and Office	32,465.00	N/A
10	Jian Zi Di No. 321100201100087 (建字第321100201100087號)	10# Water Pumps Room	100.00	N/A
11	Jian Zi Di No. 321100201100088 (建字第321100201100088號)	Power Distribution Room	250.00	N/A
12	Jian Zi Di No. 321100201100089 (建字第321100201100089號)	Property Management Room	78.00	N/A
13	Jian Zi Di No. 321100201100090 (建字第321100201100090號)	Underground Car Parking Space and Others	N/A	21,434.01
Total			<u>138,096.53</u>	<u>25,098.34</u>

5. Pursuant to the Construction Work Commencement Permit — No. 3211002011033000001A issued by Zhenjiang Housing and Rural-urban Construction Bureau (鎮江市住房和城鄉建設局), the property has been permitted to commence construction with a total approved construction scale of 163,200 sq.m.
6. Pursuant to two Pre-sale Permits for Commodity Housing — Zhen Zhu Jian Di Nos. 20110060 and 20110123 (鎮住建第20110060及20110123號) both issued by Zhenjiang Housing and Rural-urban Construction Bureau on 26 October 2011 and 28 October 2011 respectively, a total gross floor area of 42,405.11 sq.m. of the property is permitted to be pre-sold.

As advised by the Group, the buildings as stated in the Pre-sale Permits for Commodity Housing mentioned above only comprise portion of the property.

7. As advised by the Group, the total construction cost expended for the property as at the date of valuation was approximately RMB220,000,000 whereas the total construction cost to be expended was approximately RMB345,000,000. We have taken into account the said amounts in our valuation.
8. As advised by the Group, a portion of the property with a total gross floor area of approximately 24,992 sq.m. has been pre-sold under various sales and purchase agreements at a total consideration of approximately RMB273,000,000. We have taken into account the said consideration in our valuation.
9. The capital value of the property as if completed as at the date of valuation was RMB1,705,000,000.
10. As advised by the Group, the property is subject to a mortgage.
11. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:
 - i. Zhenjiang Xurun legally owns the land use rights of the property and has obtained the land use rights of the property by payment of a land grant fee and such rights are protected under the PRC laws. Zhenjiang Xurun is entitled to occupy, use and develop the land, and has the right to transfer, let, mortgage such land use rights or dispose of the land use rights of the property by other lawful means within the term of the land use rights without paying extra land premium or land grant fee, provided that the relevant provisions of the mortgage agreement have been fulfilled;
 - ii. Zhenjiang Xurun has obtained the necessary permits and approvals from the relevant government authorities for the construction of the property as required by the PRC laws and such permits and approvals are valid and have not been withdrawn, revised or terminated. Zhenjiang Xurun has the right to construct the property in accordance with the aforesaid permits and approvals;
 - iii. Zhenjiang Xurun is entitled to pre-sell the property in accordance with the pre-sale limits as stipulated in the Pre-sale Permits for Commodity Housing mentioned in Note 6 above;
 - iv. After the construction of the property has completed and passed the examination, Zhenjiang Xurun can use the relevant land use rights certificate, Construction Land Planning Permit, Construction Work Planning Permits, Construction Work Commencement Permit and construction completion examination documents to apply for the building ownership certificate(s) of the property from the relevant real estate administration authority. After Zhenjiang Xurun has obtained all the construction completion examination documents, there will be no substantive legal impediments to obtain the relevant building ownership certificate(s) of the property, provided that Zhenjiang Xurun has carried out the construction work in accordance with the aforesaid construction permits;
 - v. The property is subject to a mortgage which has been registered with the relevant building and land administration bureau. The mortgage is legal, valid and binding; and
 - vi. As confirmed by Zhenjiang Xurun, except for the aforesaid mortgage, the property is not subject to any other mortgage, seizure, expropriation or any other encumbrances.

VALUATION CERTIFICATE

Group II — Properties held by the Group under development in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 August 2012																				
39.	Beijing CIFI Private Mansion (北京 旭輝•御府), Xincheng North Area, Huangcun Town, Daxing District, Beijing, PRC	<p>The property, known as Beijing CIFI Private Mansion, is a residential development to be erected on a parcel of land with a site area of approximately 63,619 sq.m. (684,795 sq.ft.).</p> <p>According to the latest development proposal provided by the Group, the property will have a total gross floor area of approximately 171,763 sq.m. (1,848,857 sq.ft.) which comprises a total saleable gross floor area of approximately 170,494 sq.m. (1,835,197 sq.ft.). As advised by the Group, the property is scheduled for completion in the 4th quarter of 2012. Details of the uses and approximate gross floor areas of the property are as follows:</p> <table border="1"> <thead> <tr> <th>Use</th> <th>Approximate gross floor area (sq.m.)</th> </tr> </thead> <tbody> <tr> <td>Low-rise Garden</td> <td></td> </tr> <tr> <td> Apartment</td> <td>74,058</td> </tr> <tr> <td>High-rise Garden</td> <td></td> </tr> <tr> <td> Apartment</td> <td>66,665</td> </tr> <tr> <td>Commercial (Retail Outlet)</td> <td>1,011</td> </tr> <tr> <td>Carpark</td> <td>24,668</td> </tr> <tr> <td>Clubhouse</td> <td>4,092</td> </tr> <tr> <td>Others</td> <td>1,269</td> </tr> <tr> <td>Total</td> <td>171,763</td> </tr> </tbody> </table> <p>The land use rights of the property have been granted for three concurrent terms expiring on 13 August 2079, 13 August 2049 and 13 August 2059 for residential, commercial and management office, basement carpark and basement storage uses respectively.</p>	Use	Approximate gross floor area (sq.m.)	Low-rise Garden		Apartment	74,058	High-rise Garden		Apartment	66,665	Commercial (Retail Outlet)	1,011	Carpark	24,668	Clubhouse	4,092	Others	1,269	Total	171,763	The property is currently under construction.	RMB2,299,000,000 (100% interests attributable to the Group: RMB2,299,000,000)
Use	Approximate gross floor area (sq.m.)																							
Low-rise Garden																								
Apartment	74,058																							
High-rise Garden																								
Apartment	66,665																							
Commercial (Retail Outlet)	1,011																							
Carpark	24,668																							
Clubhouse	4,092																							
Others	1,269																							
Total	171,763																							

Notes:

1. Pursuant to the State-owned Construction Land Use Rights Grant Contract and its Supplementary Agreement (Appendix 4) — Jing Di Chu [He] (2009) Di No. 0347 (京地出[合](2009)第0347號) entered into between Beijing Municipal Bureau of Land and Resources (北京市國土資源局) (the “Grantor”) and CIFI Group Co., Ltd. (PRC) (旭輝集團股份有限公司) (“CIFI (PRC)”), an indirect wholly-owned subsidiary of the Company, on 14 August 2009, the Grantor has agreed to grant the land use rights of a parcel of land with a site area of 63,619.27 sq.m. to CIFI (PRC) for three concurrent terms of 70 years, 40 years and 50 years for residential, commercial and other composite uses respectively at a land grant fee of RMB820,000,000.
2. Pursuant to the Supplementary Agreement entered into between the Grantor and Beijing Xuhui Xingteng Property Co., Ltd. (北京旭輝興騰置業有限公司) (“Beijing Xuhui Xingteng”), an indirect subsidiary of the Company, on 16 September 2009, the rights and responsibility stated in the State-owned Construction Land Use Rights Grant Contract in Note 1 mentioned above have been transferred from CIFI (PRC) to Beijing Xuhui Xingteng.
3. Pursuant to the Supplementary Agreement entered into between the Grantor and Beijing Xuhui Xingteng on 2 April 2011, the approved construction scale of the property was changed to 171,844 sq.m. and the prescribed uses of the property were changed to residential, commercial, management office, basement carpark and basement storage uses and Beijing Xuhui Xingteng had to pay an additional premium of RMB27,847,928 to the Grantor.
4. Pursuant to the State-owned Land Use Rights Certificate — Jing Xing Guo Yong (2011 Chu) Di No. 00059 (京興國用(2011出)第00059號) issued by the People’s Government of Daxing District of Beijing (北京市大興區人民政府) on 3 May 2011, the land use rights of a parcel of land with a site area of 63,619.27 sq.m. have been granted to Beijing Xuhui Xingteng for three concurrent terms expiring on 13 August 2079, 13 August 2049 and 13 August 2059 for residential, commercial and management office, basement carpark and basement storage uses respectively.
5. Pursuant to the Construction Land Planning Permit — Di Zi Di No. 110115201000016 2010 Gui [Da] De Zi No. 0009 (地字第110115201000016號2010規[大]地字0009號) issued by Beijing Municipal Commission of Urban Planning (北京市規劃委員會) on 21 April 2010, Beijing Xuhui Xingteng is permitted to use a parcel of land with a site area of 69,940.05 sq.m. for residential use.
6. Pursuant to the Construction Work Planning Permit — Jian Zi Di No. 110115201000197 2010 Gui [Da] Jian Zi No. 0131 (建字第110115201000197號2010規[大]建字0131號) issued by Beijing Municipal Commission of Urban Planning on 22 November 2010, the approved construction scale of the property is 171,843.7 sq.m.
7. Pursuant to three Construction Work Commencement Permits — [2010] Shi Jian Zi Nos. 1900, 1997 and 1998 ([2010]施建字1900、1997及1998號) all issued by Beijing Municipal Commission of Housing and Urban-rural Development (北京市住房和城鄉建設委員會) on 17 December 2010 and 30 December 2010 respectively, the total approved construction scale of the property is 167,751.35 sq.m.

As advised by the Group, the buildings as stated in the Construction Work Commencement Permits mentioned above only comprise portion of the property.
8. Pursuant to two Pre-sale Permits for Commodity Housing — Jing Fang Shou Zheng Zi (2011) Nos. 70 and 221 (京房售證字(2011)70及221號) issued by Beijing Municipal Commission of Housing and Urban-rural Development on 5 June 2011 and 23 October 2011 respectively, a total gross floor area of 149,644.56 sq.m. is permitted to be pre-sold.

As advised by the Group, the buildings as stated in the Pre-sale Permits for Commodity Housing mentioned above only comprise portion of the property.

9. As advised by the Group, the total construction cost expended for the property as at the date of valuation was approximately RMB461,000,000 whereas the total construction cost to be expended was approximately RMB242,000,000. We have taken into account the said amounts in our valuation.
10. As advised by the Group, a portion of the property with a total gross floor area of approximately 94,111 sq.m. has been pre-sold under various sales and purchases agreements at a total consideration of approximately RMB1,746,000,000. We have taken into account the said consideration in our valuation.
11. The capital value of the property as if completed as at the date of valuation was RMB2,899,000,000.
12. As advised by the Group, the property is subject to a mortgage.
13. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:
 - i. Beijing Xuhui Xingteng legally owns the land use rights of the property and has obtained the land use rights by payment of a land grant fee and such rights are protected under the PRC laws. Beijing Xuhui Xingteng is entitled to occupy, use and develop the land, and has the right to transfer, let, mortgage such land use rights or dispose of the land use rights of the property by other lawful means within the term of the land use rights without paying extra land premium or land grant fee, provided that the relevant provisions of the mortgage agreement have been fulfilled;
 - ii. Beijing Xuhui Xingteng has obtained the necessary permits and approvals from the relevant government authorities for the construction of a portion of the property as required by the PRC laws and such permits and approvals are valid and have not been withdrawn, revised or terminated. Beijing Xuhui Xingteng has the right to construct the property in accordance with the aforesaid permits and approvals;
 - iii. Beijing Xuhui Xingteng is entitled to pre-sell the property in accordance with the pre-sale limits as stipulated in the Pre-sale Permits for Commodity Housing mentioned in Note 8 above;
 - iv. After the construction of the property has completed and passed the examination, Beijing Xuhui Xingteng can use the relevant land use rights certificate(s), Construction Land Planning Permit(s), Construction Work Planning Permit(s), Construction Work Commencement Permit(s) and construction completion examination documents to apply for the building ownership certificate(s) of the property from the relevant real estate administration authority. After Beijing Xuhui Xingteng has obtained all the construction completion examination documents, there will be no substantive legal impediments to obtain the relevant building ownership certificate(s) of the property, provided that Beijing Xuhui Xingteng has carried out the construction work in accordance with the aforesaid construction permits;
 - v. The property is subject to a mortgage which has been registered with the relevant building and land administration bureau. The mortgage is legal, valid and binding; and
 - vi. Apart from the mortgage mentioned above, as confirmed by Beijing Xuhui Xingteng, the property is not subject to any other mortgage, seizure, expropriation or any other encumbrances.

VALUATION CERTIFICATE

Group II — Properties held by the Group under development in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 August 2012												
40.	Portion of Langfang CIFI Path Walf Phase II (廊坊 旭輝•十九城邦二期) Oriental University City, Economic and Technology Development Zone, Langfang, Hebei Province, PRC	Langfang CIFI Path Walf Phase II (the “Development”) is a residential and commercial development to be erected on a parcel of land with a site area of approximately 52,289 sq.m. (562,839 sq.ft.). According to the latest development proposal provided by the Group, the property comprises portion of the Development with a total gross floor area of approximately 193,696 sq.m. (2,084,945 sq.ft.) which comprises a total saleable gross floor area of approximately 190,737 sq.m. (2,053,093 sq.ft.). As advised by the Group, the property is scheduled for completion in the 4th quarter of 2013. Details of the uses and approximate gross floor areas of the property are as follows:	The property is currently under construction.	RMB1,014,000,000 (100% interests attributable to the Group: RMB1,014,000,000)												
		<table border="1"> <thead> <tr> <th>Use</th> <th>Approximate gross floor area (sq.m.)</th> </tr> </thead> <tbody> <tr> <td>High-rise Apartment</td> <td>171,124</td> </tr> <tr> <td>Carpark</td> <td>15,013</td> </tr> <tr> <td>Commercial (Retail Outlet)</td> <td>3,730</td> </tr> <tr> <td>Store Rooms and Others</td> <td>3,829</td> </tr> <tr> <td>Total</td> <td>193,696</td> </tr> </tbody> </table>	Use	Approximate gross floor area (sq.m.)	High-rise Apartment	171,124	Carpark	15,013	Commercial (Retail Outlet)	3,730	Store Rooms and Others	3,829	Total	193,696		
Use	Approximate gross floor area (sq.m.)															
High-rise Apartment	171,124															
Carpark	15,013															
Commercial (Retail Outlet)	3,730															
Store Rooms and Others	3,829															
Total	193,696															
		The land use rights of the property have been granted to the Group for two concurrent terms expiring on 25 October 2076 and 25 October 2046 for residential and commercial uses respectively.														

Notes:

- Pursuant to the State-owned Land Use Rights Certificate — Lang Kai Guo Yong (2008) Di No. 115 (廊開國用(2008)第115號) issued by the People’s Government of Langfang (廊坊市人民政府) and The Bureau of

Land and Resources of Langfang City Development Zone Branch (廊坊市國土資源局開發區分局) on 25 May 2008, the land use rights of a parcel of land with a site area of 52,289.1 sq.m. have been granted to Zhongshi Real Estate Development Co., Ltd. (中石房地產開發有限公司) (“Zhongshi Real Estate”), an indirect wholly-owned subsidiary of the Company, for two concurrent terms expiring on 25 October 2076 and 25 October 2046 for residential and commercial uses respectively.

- Pursuant to the Construction Land Planning Permit — No. (2007)007 issued by Langfang Economic and Technology Development Zone Planning and Construction Bureau (廊坊經濟技術開發區規劃建設分局) on 4 April 2007, Zhongshi Real Estate is permitted to use a parcel of land with a site area of 231,846.7 sq.m. for development.

As advised by the Group, the Development comprises portion of the parcel of land as stated in the Construction Land Planning Permit mentioned above.

- Pursuant to the Construction Work Planning Permit — Jian Zi Di No. 131001201000008 (建字第131001201000008號) issued by Langfang Economic and Technology Development Zone Planning and Construction Bureau on 18 March 2010, the approved construction scale of the property is 275,051.82 sq.m.

As advised by the Group, the property comprises portion of the buildings as stated in the Construction Work Planning Permit mentioned above.

- Pursuant to three Construction Work Commencement Permits — Nos.(2010)015, 131000S101250101 and 131000S101280101 issued by Langfang Economic and Technology Development Zone Planning and Construction Bureau, the approved construction scale of the property is 274,501.82 sq.m.

As advised by the Group, the property comprises portion of the buildings as stated in the Construction Work Commencement Permits mentioned above.

- Pursuant to seven Pre-sale Permits for Commodity Housing all issued by Langfang Economic and Technology Development Zone Housing Security and Real Estate Administration Bureau (廊坊經濟技術開發區住房保障和房產管理局), a total gross floor area of 158,315.59 sq.m. is permitted to be pre-sold. Details of the permits are as follows:

Permit No.	Gross Floor		Issue Date
	Area	Use	
	<i>(sq.m.)</i>		
Lang Kai (2010) Fang Yu Shou Zheng Di No. 002 (廊開(2010)房預售證第002號)	12,484.70	Residential	2 July 2010
Lang Kai (2010) Fang Yu Shou Zheng Di No. 003 (廊開(2010)房預售證第003號)	12,406.59	Residential	11 August 2010
Lang Kai (2010) Fang Yu Shou Zheng Di No. 008 (廊開(2010)房預售證第008號)	13,264.89	Residential	29 September 2010
Lang Kai (2010) Fang Yu Shou Zheng Di No. 011 (廊開(2010)房預售證第011號)	35,718.46	Residential	29 October 2010
Lang Kai (2010) Fang Yu Shou Zheng Di No. 014 (廊開(2010)房預售證第014號)	7,770.26	Residential	14 December 2010
Lang Kai (2011) Fang Yu Shou Zheng Di No. 004 (廊開(2011)房預售證第004號)	4,724.12	Residential	22 April 2011
Lang Kai (2011) Fang Yu Shou Zheng Di No. 009 (廊開(2011)房預售證第009號)	71,946.57	Residential	24 June 2011
Total:	<u>158,315.59</u>		

As advised by the Group, the buildings as stated in the Pre-sale Permits for Commodity Housing mentioned above only comprise portion of the property.

6. As advised by the Group, the total construction cost expended for the property as at the date of valuation was approximately RMB445,000,000 whereas the total construction cost to be expended was approximately RMB132,000,000. We have taken into account the said amounts in our valuation.
7. As advised by the Group, a portion of the property with a total gross floor area of approximately 12,359 sq.m. has been pre-sold under various sales and purchases agreements at a total consideration of approximately RMB96,900,000. We have taken into account the consideration in our valuation.
8. The capital value of the property as if completed as at the date of valuation was RMB1,444,000,000.
9. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:
 - i. Zhongshi Real Estate legally owns the land use rights of the property and has obtained the land use rights by payment of a land grant fee and such rights are protected under the PRC laws. Zhongshi Real Estate is entitled to occupy, use and develop the land, and has the right to transfer, let, mortgage such land use rights or dispose of the land use rights of the property by other lawful means within the term of the land use rights without paying extra land premium or land grant fee;
 - ii. Zhongshi Real Estate has obtained the necessary permits and approvals from the relevant government authorities for the construction of the property as required by the PRC laws and such permits and approvals are valid and have not been withdrawn, revised or terminated. Zhongshi Real Estate has the right to construct the property in accordance with the aforesaid permits and approvals;
 - iii. Zhongshi Real Estate is entitled to pre-sell the property in accordance with the pre-sale limits as stipulated in the Pre-sale Permits for Commodity Housing as mentioned in Note 5 above;
 - iv. After the construction of the property has completed and passed the examination, Zhongshi Real Estate can use the relevant land use rights certificate(s), Construction Land Planning Permit(s), Construction Work Planning Permit(s), Construction Work Commencement Permit(s) and construction completion examination documents to apply for the building ownership certificate(s) of the property from the relevant real estate administration authority. After Zhongshi Real Estate has obtained all the construction completion examination documents, there will be no substantive legal impediments to obtain the relevant building ownership certificate(s) of the property, provided that Zhongshi Real Estate has carried out the construction work in accordance with the aforesaid construction permits; and
 - v. As confirmed by Zhongshi Real Estate, the property is not subject to any mortgage, seizure, expropriation or any other encumbrances.

VALUATION CERTIFICATE

Group II — Properties held by the Group under development in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 August 2012
41.	Langfang CIFI Path Walf Phase III (廊坊 旭輝•十九城邦三期) Oriental University City, Economic and Technology Development Zone, Langfang, Hebei Province, PRC	Langfang CIFI Path Walf Phase III is a large-scale residential development to be erected on a parcel of land with a site area of approximately 88,270 sq.m. (950,138 sq.ft.). According to the latest development proposal provided by the Group, the property will be developed into a residential development with a total saleable gross floor area of approximately 161,252 sq.m. (1,735,717 sq.ft.). As advised by the Group, the property is scheduled for completion in the 4th quarter of 2012 and 2014. Details of the uses and approximate gross floor areas of the property are as follows:	The property is currently under construction.	RMB494,000,000 (100% interests attributable to the Group: RMB494,000,000)
			Approximate gross floor area (sq.m.)	
		Use		
		High-rise Apartment	115,371	
		Townhouse	33,990	
		Carpark	<u>11,891</u>	
		Total	<u>161,252</u>	
		The land use rights of the property have been granted to the Group for two concurrent terms expiring on 25 October 2076 and 25 October 2046 for residential and commercial uses respectively.		

Notes:

- Pursuant to the State-owned Land Use Rights Certificate — Lang Kai Guo Yong (2008) Di No. 117 (廊開國用(2008)第117號) issued by the People's Government of Langfang (廊坊市人民政府) and The Bureau of Land and Resources of Langfang City Development Zone Branch (廊坊市國土資源局開發區分局) on 25 May 2008, the land use rights of a parcel of land with a site area of 88,270 sq.m. have been granted to Zhongshi Real Estate Development Co., Ltd. (中石房地產開發有限公司) ("Zhongshi Real Estate"), an indirect wholly-owned subsidiary of the Company, for two concurrent terms expiring on 25 October 2076 and 25 October 2046 for residential and commercial uses respectively.

2. Pursuant to the Construction Land Planning Permit — No. (2007) 007 issued by Langfeng Economic and Technology Development Zone Planning and Construction Bureau (廊坊經銷技術開發區規劃建設分局) on 4 April 2007, Zhongshi Real Estate is permitted to use a parcel of land with a site area of 231,846.7 sq.m. for development.

As advised by the Group, the property comprises portion of the parcel of land as stated in the Construction Land Planning Permit mentioned above.

3. Pursuant to the Construction Work Planning Permit — Jian Zi Di No. 131001201100009 (建字第131001201100009號) issued by Langfeng Economic and Technology Development Zone Planning and Construction Bureau on 18 March 2011, the approved construction scale of the property is 33,990.01 sq.m.

As advised by the Group, the buildings as stated in the Construction Work Planning Permit mentioned above only comprise portion of the property.

4. Pursuant to the Construction Work Commencement Permit — No. 131000S111120101 issued by Langfeng Economic and Technology Development Zone Planning and Construction Bureau on 14 April 2011, the approved construction scale of the property is 33,990.01 sq.m.

As advised by the Group, the buildings as stated in the Construction Work Commencement Permit mentioned above only comprise portion of the property.

5. Pursuant to two Pre-sale Permits for Commodity Housing — Lang Kai (2011) Fang Yu Shou Zheng Di No. 009 and Lang Kai (2011) Fang Yu Suou Zheng Di No. 015 issued by Langfang Economic and Technology Development Zone Housing Security and Real Estate Administration Bureau (廊坊經濟技術開發區住房保障和房產管理局) on 24 June 2011 and 18 October 2011, a total gross floor area of 87,897.95 sq.m. is permitted to be pre-sold.

As advised by the Group, the buildings as stated in the Pre-sale Permits for Commodity Housing mentioned above only comprise portion of the property.

6. As advised by the Group, a portion of the property with a total gross floor area of approximately 10,740 sq.m. has been pre-sold under various sales and purchases agreements at a total consideration of approximately RMB100,000,000. We have taken into account the said consideration in our valuation.

7. As advised by the Group, the total construction cost expended for the property as at the date of valuation was approximately RMB40,800,000 whereas the total construction cost to be expended was approximately RMB428,000,000. In undertaking our valuation, we have taken into account the said amounts.

8. The capital value of the property as if completed as at the date of valuation was RMB1,357,000,000.

9. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:
- i. Zhongshi Real Estate legally owns the land use rights of the property and has obtained the land use rights by payment of a land grant fee and such rights are protected under the PRC laws. Zhongshi Real Estate is entitled to occupy, use and develop the land, and has the right to transfer, let, mortgage such land use rights or dispose of the land use rights of the property by other lawful means within the term of the land use rights without paying extra land premium or land grant fee;
 - ii. Zhongshi Real Estate has obtained the necessary permits and approvals from the relevant government authorities for the construction of a portion of the property as required by the PRC laws and such permits and approvals are valid and have not been withdrawn, revised or terminated. Zhongshi Real Estate has the right to construct the property in accordance with the aforesaid permits and approvals;
 - iii. Zhongshi Real Estate is entitled to pre-sell the property in accordance with the pre-sale limits as stipulated in the Pre-sale Permits for Commodity Housing as mentioned in Note 5 above;
 - iv. After the construction of the property has completed and passed the examination, Zhongshi Real Estate can use the relevant land use rights certificate(s), Construction Land Planning Permit(s), Construction Work Planning Permit(s), Construction Work Commencement Permit(s) and construction completion examination documents to apply for the building ownership certificate(s) of the property from the relevant real estate administration authority. After Zhongshi Real Estate has obtained all the construction completion examination documents, there will be no substantive legal impediments to obtain the relevant building ownership certificate(s) of the property, provided that Zhongshi Real Estate has carried out the construction work in accordance with the aforesaid construction permits; and
 - v. As confirmed by Zhongshi Real Estate, the property is not subject to any mortgage, seizure, expropriation or any other encumbrances.

VALUATION CERTIFICATE

Group II — Properties held by the Group under development in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 August 2012																								
42.	Tianjin CIFI Rosedale Phases I and II (天津旭輝·瀾郡一期及二期), East of Haixing Road and North of Tengfei Avenue, Tanggu District, Tianjin, PRC	<p>Tianjin CIFI Rosedale is a large-scale residential and commercial development to be erected on two parcels of land with a total site area of approximately 120,696 sq.m. (1,299,172 sq.ft.).</p> <p>According to the latest development proposal provided by the Group, the property will be developed into a residential and commercial development with a total gross floor area of approximately 320,194 sq.m. (3,446,568 sq.ft.). As advised by the Group, the property is scheduled for completion in between the 2nd and 4th quarter of 2014. Details of the uses and approximate gross floor areas of the property are as follows:</p>	The property is currently under construction.	RMB1,088,000,000 (100% interests attributable to the Group: RMB1,088,000,000)																								
		<p>Phase I</p> <table border="0"> <thead> <tr> <th>Use</th> <th>Approximate gross floor area (sq.m.)</th> </tr> </thead> <tbody> <tr> <td>Residential</td> <td>108,562</td> </tr> <tr> <td>Carpark</td> <td>13,617</td> </tr> <tr> <td>Others</td> <td>1,594</td> </tr> <tr> <td>Sub-total</td> <td>123,773</td> </tr> </tbody> </table> <p>Phase II</p> <table border="0"> <thead> <tr> <th>Use</th> <th>Approximate gross floor area (sq.m.)</th> </tr> </thead> <tbody> <tr> <td>Residential</td> <td>167,585</td> </tr> <tr> <td>Retail Outlets</td> <td>4,960</td> </tr> <tr> <td>Carpark</td> <td>22,519</td> </tr> <tr> <td>Others</td> <td>1,357</td> </tr> <tr> <td>Sub-total</td> <td>196,421</td> </tr> <tr> <td>Total</td> <td>320,194</td> </tr> </tbody> </table>	Use	Approximate gross floor area (sq.m.)	Residential	108,562	Carpark	13,617	Others	1,594	Sub-total	123,773	Use	Approximate gross floor area (sq.m.)	Residential	167,585	Retail Outlets	4,960	Carpark	22,519	Others	1,357	Sub-total	196,421	Total	320,194		
Use	Approximate gross floor area (sq.m.)																											
Residential	108,562																											
Carpark	13,617																											
Others	1,594																											
Sub-total	123,773																											
Use	Approximate gross floor area (sq.m.)																											
Residential	167,585																											
Retail Outlets	4,960																											
Carpark	22,519																											
Others	1,357																											
Sub-total	196,421																											
Total	320,194																											
		<p>The land use rights of portion of the property with a site area of approximately 46,693 sq.m. have been granted for two concurrent terms of 40 and 70 years expiring on 26 March 2052 and 26 March 2082 for commercial and residential uses respectively.</p> <p>The land use rights of the remaining portion of the property with a site area of approximately 74,003 sq.m. have been agreed to be granted for two concurrent terms of 40 and 70 years for commercial and residential uses respectively.</p>																										

Notes:

1. Pursuant to two Tianjin State-owned Construction Land Use Rights Grant Contracts — Nos. TJ11112011018 and TJ11112011019 entered into between Binhai New Area Planning and Land Resources Administration of Tianjin Municipality (天津市濱海新區規劃和國土資源管理局) (the “Grantor”) and Tianjin Xuhai Real Estate Development Co., Ltd. (天津旭海房地產開發有限公司) (“Tianjin Xuhai”), an indirect wholly-owned subsidiary of the Company, on 13 September 2011, the Grantor has agreed to grant the land use rights of two parcels of land with a total site area of 120,695.9 sq.m. to Tianjin Xuhai at a total land grant fee of RMB674,940,000 for two concurrent terms of 40 and 70 years for commercial and residential uses respectively.

2. Pursuant to the State-owned Land Use Rights Certificate — Fang Di Zheng Jin Zi Di No. 107051200242 (房地證津字第107051200242號) issued by Binhai New Area Planning and Land Resources Administration of Tianjin Municipality on 23 May 2012, the land use rights of a parcel of land with a site area of 46,692.9 sq.m. have been granted to Tianjin Xuhai for terms expiring on 26 March 2052 and 26 March 2082 for commercial and residential uses respectively.

As advised by the Group, the land as stated in the State-owned Land Use Rights Certificate mentioned above only comprises portion of the property.

3. Pursuant to the Construction Land Planning Permit — 2011 Tang Gu Di Zheng 0033(塘沽地證0033) issued by Binhai New Area Planning and Land Resources Administration of Tianjin Municipality Tanggu Branch (天津濱海新區規劃和國土資源管理局塘沽分局) on 19 October 2011, Tianjin Xuhai is permitted to use a parcel of land with a site area of 46,691.6 sq.m. for residential use.

As advised by the Group, the land as stated in the Construction Land Planning Permit mentioned above only comprises portion of the property.

4. Pursuant to four Construction Work Planning Permits — 2012 Tang Gu Zhu Zheng 0005, 0006, 0007 and 0018 (2012塘沽住證0005、0006、0007及0018) issued by Binhai New Area Planning and Land Resources Administration of Tianjin Municipality First Branch (天津市濱海新區規劃和國土資源管理局第一分局) on 1 April 2012, the total approved construction scale of the property is 151,456.21 sq.m.

As advised by the Group, the buildings as stated in the Construction Work Planning Permits mentioned above only comprise portion of the property.

5. Pursuant to two Construction Work Commencement Permits — 12107021201205006 and 1210721201204003 issued by Tianjin Binhai New District Planning and Transportation Administration (天津市濱海新區建設和交通管理部門) on 31 May 2012 and 4 June 2012, the total approved construction scale of the property is 120,962.18 sq.m.

As advised by the Group, the buildings as stated in the Construction Work Commencement Permits mentioned above only comprise portion of the property.

6. Pursuant to eight Pre-sale Permits for Commodity Housing all issued by Tianjin Municipal Bureau of Land Resources and Housing Administration (天津市國土資源和房屋管理局) on 8 June 2012, Tianjin Xuhai is permitted to pre-sell portion of the property with a total gross floor area of 39,208.49 sq.m. Details of the permits are as follows:

Permit No.	Gross Floor Area	Use
	<i>(sq.m.)</i>	
Jin Guo Tu Fang Shou Xu Zi (2012) Di No. 0417-001 (津國土房售許字(2012)第0417-001號)	3,953.23	Residential
Jin Guo Tu Fang Shou Xu Zi (2012) Di No. 0417-002 (津國土房售許字(2012)第0417-002號)	3,660.16	Residential
Jin Guo Tu Fang Shou Xu Zi (2012) Di No. 0418-001 (津國土房售許字(2012)第0418-001號)	3,953.23	Residential
Jin Guo Tu Fang Shou Xu Zi (2012) Di No. 0418-002 (津國土房售許字(2012)第0418-002號)	3,660.16	Residential
Jin Guo Tu Fang Shou Xu Zi (2012) Di No. 0419-001 (津國土房售許字(2012)第0419-001號)	3,660.16	Residential
Jin Guo Tu Fang Shou Xu Zi (2012) Di No. 0419-002 (津國土房售許字(2012)第0419-002號)	4,502.81	Residential
Jin Guo Tu Fang Shou Xu Zi (2012) Di No. 0420-001 (津國土房售許字(2012)第0420-001號)	6,890.60	Residential
Jin Guo Tu Fang Shou Xu Zi (2012) Di No. 0421-001 (津國土房售許字(2012)第0421-001號)	8,928.14	

As advised by the Group, the buildings as stated in the Pre-sale Permits for Commodity Housing mentioned above only comprise portion of the property.

7. As advised by the Group, the total construction cost expended for the property as at the date of valuation was approximately RMB88,000,000 whereas the total construction cost to be expended was approximately RMB682,000,000. We have taken into account the said amounts in our valuation.
8. As advised by the Group, a portion of the property with a total gross floor area of approximately 27,157 sq.m. has been pre-sold under various sales and purchases agreements at a total consideration of approximately RMB205,000,000. We have taken into account the consideration in our valuation.
9. The capital value of the property as if completed as at the date of valuation was RMB2,537,000,000.
10. As advised by the Group, portion of the property is subject to a mortgage.
11. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter-alia, the following information:
- i. the Tianjin State-owned Construction Land Use Rights Grant Contracts in Note 1 above are legal, valid, enforceable and binding. Tianjin Xuhai has settled the land premium payable under the Tianjin State-owned Construction Land Use Right Grant Contract (TJ11112011019) in full, and there exists no substantive legal impediment for Tianjin Xuhai to obtain the State-owned Land Use Rights Certificate of the land under the said Contract;

- ii. Tianjin Xuhai legally owns the land use rights of the land mentioned in Note 2 above and has obtained the land use rights by payment of a land grant fee and such rights are protected under the PRC laws. Tianjin Xuhai is entitled to occupy, use and develop the land, and has the right to transfer, let, mortgage such land use rights or dispose of the land use rights of the property by other lawful means within the term of the land use rights without paying extra land premium or land grant fee, provided that the relevant provisions of the mortgage agreement have been fulfilled;
- iii. Tianjin Xuhai has obtained the necessary permits and approvals from the relevant government authorities for the construction of portion of the property as required by the PRC laws and such permits and approvals are valid and have not been withdrawn, revised or terminated. Tianjin Xuhai has the right to construct the property in accordance with the aforesaid permits and approvals;
- iv. Tianjin Xuhai is entitled to pre-sell the property in accordance with the pre-sale limits as stipulated in the Pre-sale Permits for Commodity Housing as mentioned in Note 6 above;
- v. After the construction of the property has completed and passed the examination, Tianjin Xuhai can use the relevant land use rights certificate(s), Construction Land Planning Permit(s), Construction Work Planning Permit(s), Construction Work Commencement Permit(s) and construction completion examination documents to apply for the building ownership certificate(s) of the property from the relevant real estate administration authority. After Tianjin Xuhai has obtained all the construction completion examination documents, there will be no substantive legal impediments to obtain the relevant building ownership certificate(s) of the property, provided that Tianjin Xuhai has carried out the construction work in accordance with the aforesaid construction permits;
- vi. Portion of the property is subject to a mortgage which has been registered with the relevant building and land administration bureau. The mortgage is legal, valid and binding; and
- vii. Apart from the mortgage mentioned above, as confirmed by Tianjin Xuhai, the property is not subject to any other mortgage, seizure, expropriation or any other encumbrances.

VALUATION CERTIFICATE

Group II — Properties held by the Group under development in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 August 2012												
43.	Chongqing CIFI Ronchamp Town Phase V (重慶 旭輝•朗香郡 五期), Baotong Road and Shuanghu Road, Yubei District, Chongqing, PRC	Chongqing CIFI Ronchamp Town Phase V is a residential development to be erected on a parcel of land with a site area of approximately 28,551 sq.m. (307,323 sq.ft.). According to the latest development proposal provided by the Group, the property will be developed into a residential development with a total gross floor area of approximately 198,760 sq.m. (2,139,453 sq.ft.) which comprises a total saleable gross floor area of approximately 192,742 sq.m. (2,074,675 sq.ft.). As advised by the Group, the property is scheduled for completion in the 4th quarter of 2013. Details of the uses and approximate gross floor areas of the property are as follows:	The property is currently under construction.	RMB390,000,000 (100% interests attributable to the Group: RMB390,000,000)												
		<table border="0"> <thead> <tr> <th style="text-align: left;">Use</th> <th style="text-align: right;">Approximate gross floor area (sq.m.)</th> </tr> </thead> <tbody> <tr> <td>High-rise Apartment</td> <td style="text-align: right;">166,012</td> </tr> <tr> <td>Commercial (Retail Outlets)</td> <td style="text-align: right;">4,317</td> </tr> <tr> <td>Carpark</td> <td style="text-align: right;">22,413</td> </tr> <tr> <td>Others</td> <td style="text-align: right;">6,018</td> </tr> <tr> <td>Total</td> <td style="text-align: right;">198,760</td> </tr> </tbody> </table>	Use	Approximate gross floor area (sq.m.)	High-rise Apartment	166,012	Commercial (Retail Outlets)	4,317	Carpark	22,413	Others	6,018	Total	198,760		
Use	Approximate gross floor area (sq.m.)															
High-rise Apartment	166,012															
Commercial (Retail Outlets)	4,317															
Carpark	22,413															
Others	6,018															
Total	198,760															
		The land use rights of the property have been granted for two concurrent terms expiring on 15 November 2045 and 15 November 2055 for commercial and residential uses respectively.														

Notes:

- Pursuant to two Realty Title Certificates — 201D Fang Di Zheng 2009 Zi Di No. 040 and 2010 Zi Di No. 00373 (201D房地證2009字第040號及2010字第00373號), the land use rights of two parcels of land with a total site area of 37,767.4 sq.m. have been granted to Chongqing Xupeng Real Estate Development Co., Ltd. (重慶旭鵬房地產開發有限公司) (“Chongqing Xupeng”), an indirect wholly-owned subsidiary of the Company, for two concurrent terms expiring on 15 November 2045 and 15 November 2055 for commercial and residential uses respectively.

As advised by the Group, the property comprises portion of the two parcels of land as stated in the Realty Title Certificates mentioned above with a site area of approximately 28,551 sq.m.

- Pursuant to the Construction Land Planning Permit — Di Zi Di Jian No. 500112200800043 (地字第建500112200800043號) issued by Chongqing Planning Management Bureau (重慶市規劃管理局) on 12 February 2008, Chongqing Xupeng is permitted to use a parcel of land with a site area of 185,044 sq.m. for development.

As advised by the Group, the property comprises portion of the parcel of land as stated in the Construction Land Planning Permit mentioned above.

- Pursuant to the Construction Work Planning Permit — Jian Zi Di No. 500112201100015 (建字第500112201100015號) issued by Chongqing Planning Bureau (重慶市規劃局) on 26 January 2011, the approved construction scale of the property is 202,634.85 sq.m.
- Pursuant to two Construction Work Commencement Permits — Nos. 50011920110415001 and 50011920110415002 dated 15 April 2011, the total approved construction scale of the property is 202,634.85 sq.m.
- Pursuant to seven Pre-sale Permits for Commodity Housing all issued by Chongqing Land Resources and Building Administration Bureau (重慶市國土資源和房屋管理局), a total gross floor area of 124,201.55 sq.m. is permitted to be pre-sold. Details of the pre-sale permits are as follows:

Pre-sale Permits No.	Gross Floor Area	Issue Date
	<i>(sq.m.)</i>	
(1) Yu Guo Tu Fang Guan (2011) Yu Zi Di 583 渝國土房管(2011)預字第(583)號	18,463.62	17 August 2011
(2) Yu Guo Tu Fang Guan (2011) Yu Zi Di 632 渝國土房管(2011)預字第(632)號	20,698.49	9 September 2011
(3) Yu Guo Tu Fang Guan (2011) Yu Zi Di 769 渝國土房管(2011)預字第(769)號	21,295.41	27 October 2011
(4) Yu Guo Tu Fang Guan (2011) Yu Zi Di (840) 渝國土房管(2011)預字第(840)號	21,223.46	21 November 2011
(5) Yu Guo Tu Fang Guan (2011) Yu Zi Di (915) 渝國土房管(2011)預字第(915)號	20,443.03	16 December 2011
(6) Yu Guo Tu Fang Guan (2011) Yu Zi Di (862) 渝國土房管(2011)預字第(862)號	532.11	30 November 2011
(7) Yu Guo Tu Fang Guan (2012) Yu Zi Di (351) 渝國土房管(2012)預字第(351)號	21,545.43	19 June 2012
	<u>124,201.55</u>	

As advised by the Group, the buildings as stated in the Pre-sale Permits for Commodity Housing mentioned above only comprise portion of the property.

- As advised by the Group, the total construction cost expended for the property as at the date of valuation was approximately RMB177,000,000 whereas the total construction cost to be expended was approximately RMB399,000,000. We have taken into account the said amounts in our valuation.
- As advised by the Group, a portion of the property with a total gross floor area of approximately 123,396 sq.m. has been pre-sold under various sales and purchases agreements at a total consideration of approximately RMB 686,000,000. We have taken into account the said consideration in our valuation.

8. The capital value of the property as if completed as at the date of valuation was RMB1,003,000,000.
9. As advised by the Group, a portion of the property is subject to a mortgage.
10. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:
 - i. Chongqing Xupeng legally owns the land use rights of the property and has obtained the land use rights by payment of a land grant fee and such rights are protected under the PRC laws. Chongqing Xupeng is entitled to occupy, use and develop the land, and has the right to transfer, let, mortgage such land use rights or dispose of the land use rights of the property by other lawful means within the term of the land use rights without paying extra land premium or land grant fee, provided that the relevant provisions of the mortgage agreement have been fulfilled;
 - ii. Chongqing Xupeng has obtained the necessary permits and approvals from the relevant government authorities for the construction of the property as required by the PRC laws and such permits and approvals are valid and have not been withdrawn, revised or terminated. Chongqing Xupeng has the right to construct the property in accordance with the aforesaid permits and approvals;
 - iii. Chongqing Xupeng is entitled to pre-sell the property in accordance with the pre-sale limits as stipulated in the Pre-sale Permits for Commodity Housing as mentioned in Note 5 above;
 - iv. After the construction of the property has completed and passed the examination, Chongqing Xupeng can use the relevant land use rights certificate(s), Construction Land Planning Permit(s), Construction Work Planning Permit(s), Construction Work Commencement Permit(s) and construction completion examination documents to apply for the building ownership certificate(s) of the property from the relevant real estate administration authority. After Chongqing Xupeng has obtained all the construction completion examination documents, there will be no substantive legal impediments to obtain the relevant building ownership certificate(s) of the property, provided that Chongqing Xupeng has carried out the construction work in accordance with the aforesaid construction permits;
 - v. A portion of the property is subject to a mortgage which has been registered with the relevant building and land administration bureau. The mortgage is legal, valid and binding; and
 - vi. Apart from the mortgage mentioned above, as confirmed by Chongqing Xupeng, the property is not subject to any other mortgage, seizure, expropriation or any other encumbrances.

VALUATION CERTIFICATE

Group II — Properties held by the Group for under development in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 August 2012
44.	Chongqing CIFI Langyuejun (重慶 旭輝·朗悅郡), Caijia Town, Beibei District, Liangjiang New Area, Chongqing, PRC	<p>Chongqing CIFI Langyuejun is a large-scale residential and retail development to be erected on a parcel of land with a site area of approximately 71,916 sq.m. (774,104 sq.ft.).</p> <p>According to the latest development proposal provided by the Group, the property will have a total gross floor area of approximately 173,700 sq.m (1,869,707 sq.ft) which comprises a total saleable gross floor area of approximately 171,977 sq.m. (1,851,160 sq.ft.). As advised by the Group, the property is scheduled for completion in the 4th quarter of 2013. Details of the uses and approximate gross floor areas of the property are as follows:</p>	The property is currently under construction.	RMB303,000,000 (100% interests attributable to the Group: RMB303,000,000)
		<p style="text-align: center;">Use</p> <p style="text-align: center;">Approximate gross floor area (sq.m.)</p>		
		Residential (Mid-rise Apartments/Low-rise Garden Apartments)	145,634	
		Carpark	24,463	
		Retail and Commercial		
		Arcade	1,880	
		Others	<u>1,723</u>	
		Sub total	<u>173,700</u>	
		The land use rights of the property have been granted for two concurrent terms of 40 and 50 years expiring on 30 April 2051 and 30 April 2061 for other commercial service and residential uses respectively.		

Notes:

- Pursuant to the State-owned Construction Land Use Rights Grant Contract — Yu Di (2011) He Zi (Bei Bei) No. 118 (渝地(2011)合字(北碚)第118號) entered into between Chongqing Land Resources and Housing

Administration Bureau (重慶市國土資源和房屋管理局) (the “Grantor”) and Chongqing Xuchang Real Estate Development Co., Ltd. (重慶旭昌房地產開發有限公司)(“Chongqing Xuchang”), an indirect wholly-owned subsidiary of the Company, on 29 April 2011, the Grantor has agreed to grant the land use rights of a parcel of land with a site area of 116,321 sq.m. to Chongqing Xuchang at a land grant fee of RMB229,570,000 for two concurrent terms of 40 and 50 years for commercial and financial and residential uses respectively.

As advised by the Group, the property comprises portion of the land as stated in the State-owned Construction Land Use Rights Grant Contract mentioned above with a site area of approximately 71,916 sq.m.

2. Pursuant to the Realty Title Certificate — 107D Fang Di Zheng 2011 Zi Di No. 01031 dated 16 August 2011, the land use rights of a parcel of land with a site area of 71,916 sq.m. have been granted to Chongqing Xuchang for two concurrent terms expiring on 30 April 2061 and 30 April 2051 for residential and other commercial service uses respectively.
3. Pursuant to the Construction Land Planning Permit — Di Zi Di 500109201100136 issued by Chongqing Planning Bureau (重慶市規劃局) on 9 June 2011, Chongqing Xuchang is permitted to use a parcel of land with a site area of 71,916 sq.m. for residential use.
4. Pursuant to the Construction Work Planning Permit — Jian Zi Di No. 500109201100075 (建字第500109201100075號) issued by Chongqing Planning Bureau on 15 December 2011, the approved construction scale of the property is 173,699.59 sq.m.
5. Pursuant to two Construction Work Commencement Permits — Nos. 500109201204240101 and 500109201205230101 issued by Chongqing Beibei District Rural-urban Construction Committee (重慶市北碚區城鄉建設委員會) on 23 May 2012 and 24 May 2012, the approved construction scale of the property is 51,255.08 sq.m.

As advised by the Group, the buildings as stated in the Construction Work Commencement Permits mentioned above only comprise portion of the property.

6. Pursuant to the Pre-sale Permit for Commodity Housing — Yu Guo Tu Fang Guan (2012) Yu Zi Di No. 514 (渝國土房管(2012)預字第(514)號) dated 22 August 2012, a total gross floor area of 18,060.07 sq.m. of the property is permitted to be pre-sold.

As advised by the Group, the buildings as stated in the Pre-sale Permits for Commodity Housing mentioned above only comprise portion of the property.

7. As advised by the Group, the total construction cost expended for the property as at the date of valuation was approximately RMB46,000,000 whereas the total construction cost to be expended was approximately RMB484,000,000. We have taken into account the said amounts in our valuation.
8. As advised by the Group, portion of the property with a total gross floor area of approximately 12,156 sq.m. has been pre-sold under various sales and purchases agreements at a total consideration of approximately RMB71,900,000. Accordingly, we have taken into account the said consideration in our valuation.
9. The capital value of the property as if completed as at the date of valuation was RMB1,118,000,000.
10. As advised by the Group, the property is subject to a mortgage.

11. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter-alia, the following information:
- i. Chongqing Xuchang legally owns the land use rights of the property and has obtained the land use rights by payment of a land grant fee and such rights are protected under the PRC laws. Chongqing Xuchang is entitled to occupy, use and develop the land, and has the rights to transfer, let, mortgage such land use rights or dispose of the land use rights of the property by other lawful means within the term of the land use rights without paying extra land premium or land grant fee, provided that the relevant provisions of the mortgage agreement have been fulfilled;
 - ii. Chongqing Xuchang has obtained the necessary permits and approvals from the relevant government authorities for the construction of portion of the property as required by the PRC laws and such permits and approvals are valid and have not been withdrawn, revised or terminated. Chongqing Xuchang has the right to construct the property in accordance with the aforesaid permits and approvals;
 - iii. Chongqing Xuchang is entitled to pre-sell the property in accordance with the pre-sale limits as stipulated in the Pre-sale Permit for Commodity Housing as mentioned in Note 6 above;
 - iv. After the construction of the property has completed and passed the examination, Chongqing Xuchang can use the relevant land use rights certificate(s), Construction Land Planning Permit(s), Construction Works Planning Permit(s), Construction Works Commencement Permit(s) and construction completion examination documents to apply for the building ownership certificate(s) of the property from the relevant real estate administration authority. After Chongqing Xuchang has obtained all the construction completion examination documents, there will be no substantive legal impediments to obtain the relevant building ownership certificate(s) of the property, provided that Chongqing Xuchang has carried out the construction works in accordance with the aforesaid construction permits;
 - v. The property is subject to a mortgage which has been registered with the relevant building and land administration bureau. The mortgage is legal, valid and binding; and
 - vi. Apart from the mortgage mentioned above, as confirmed by Chongqing Xuchang the property is not subject to any other mortgage, seizure, expropriation or any other encumbrances.

VALUATION CERTIFICATE

Group II — Properties held by the Group under development in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 August 2012												
45.	Changsha CIFI Luxury Courtyard (長沙 旭輝•華庭), No. 28 East Four Road, Changsha County, Changsha, Hunan Province, PRC	<p>The property, known as Changsha CIFI Luxury Courtyard, is a residential development to be erected on a parcel of land with a site area of approximately 33,739 sq.m. (363,167 sq.ft.).</p> <p>According to the latest development proposal provided by the Group, the property will have a total gross floor area of approximately 183,126 sq.m. (1,971,169 sq.ft.) which comprises a total saleable gross floor area of approximately 182,400 sq.m. (1,963,354 sq.ft.). As advised by the Group, the property is scheduled for completion in the 4th quarter of 2012. Details of the uses and approximate gross floor areas of the property are as follows:</p> <table border="1"> <thead> <tr> <th>Portion</th> <th>Approximate gross floor area (sq.m.)</th> </tr> </thead> <tbody> <tr> <td>High-rise Apartment</td> <td>148,679</td> </tr> <tr> <td>Commercial (Retail Outlet)</td> <td>6,143</td> </tr> <tr> <td>Carpark</td> <td>27,578</td> </tr> <tr> <td>Others</td> <td>726</td> </tr> <tr> <td>Total</td> <td>183,126</td> </tr> </tbody> </table>	Portion	Approximate gross floor area (sq.m.)	High-rise Apartment	148,679	Commercial (Retail Outlet)	6,143	Carpark	27,578	Others	726	Total	183,126	The property is currently under construction.	RMB599,000,000 (100% interests attributable to the Group: RMB599,000,000)
Portion	Approximate gross floor area (sq.m.)															
High-rise Apartment	148,679															
Commercial (Retail Outlet)	6,143															
Carpark	27,578															
Others	726															
Total	183,126															
		<p>The land use rights of the property have been granted for a term of 70 years expiring on 15 November 2077 for residential use.</p>														

Notes:

- Pursuant to the State-owned Construction Land Use Rights Grant Contract — No. XC (1) 003116 (編號XC (1) 003116) entered into between Changsha County Land Resources Bureau (長沙縣國土資源局) (the “Grantor”) and Hunan Longsheng Property Development Co., Ltd. (湖南隆晟置業發展有限公司) (“Hunan Longsheng”), an indirect wholly-owned subsidiary of the Company, on 30 July 2010, the Grantor has agreed to grant the land use rights of a parcel of land with a site area of 33,738.8 sq.m. to Hunan Longsheng at a land grant fee of RMB10,717,200 for a term of 70 years for residential use.

2. Pursuant to the State-owned Land Use Rights Certificate — Chang Guo Yong (2010) Di No. 3772 (長國用(2010)第3772號) issued by Chengsha County Land Resources Bureau and the People's Government of Changsha County (長沙縣人民政府) on 3 August 2010, the land use rights of a parcel of land with a site area of 33,738.8 sq.m. have been granted to Hunan Longsheng for a term of 70 years expiring on 15 November 2077 for residential use.
3. Pursuant to the Construction Land Planning Permit — Di Zi Di Jing Kai Chu [2010] No. 0017 (地字第經開出[2010] 0017號) issued by Changsha Planning Administration Bureau Economic Technique Development Zone Branch (長沙市規劃管理局經濟技術開發區分局) on 10 August 2010, Hunan Longsheng is permitted to use a parcel of land with a site area of 42,229.9 sq.m. for residential use.
4. Pursuant to the Construction Work Planning Permit — Jian Zi Di Jing Kai Jian 1[2010] No. 0009 (建字第經開建1[2010] 0009號) issued by Changsha Rural-urban Planning Bureau Economic Technique Development Zone Branch (長沙市城鄉規劃局經濟技術開發區分局) on 19 November 2010, the approved construction scale is 183,126 sq.m.
5. Pursuant to the Construction Work Commencement Permit — No. 430108201012150201 issued by Changsha County Construction Bureau (長沙縣建設局) on 15 December 2010, the approved construction scale is approximately 183,126 sq.m.
6. Pursuant to seven Pre-sale Permits for Commodity Housing — Chang Xian Fang Shou Xu Zi (2011) Nos. 0124, 0125, 0131, 0275, 0286, 0321 and Chang Xian Fang Shou Xu Zi (2012) No.0027 (長縣房售許字(2011)第0124、0125、0131、0275、0286、0321及長縣房售許字(2012)第0027號) issued by Changsha Housing Title Administration Bureau (長沙市房屋產權管理局), a total gross floor area of 148,002.52 sq.m. of residential area and 5,941.15 sq.m. of retail area are permitted to be pre-sold.

As advised by the Group, the buildings as stated in the Pre-sale Permits for Commodity Housing mentioned above only comprise portion of the property.

7. As advised by the Group, the total construction cost expended for the property as at the date of valuation was approximately RMB353,000,000 whereas the total construction cost to be expended was approximately RMB110,000,000. We have taken into account the said amounts in our valuation.
8. As advised by the Group, a portion of the property with a total gross floor area of approximately 128,154 sq.m. has been pre-sold under various sales and purchases agreements at a total consideration of approximately RMB621,000,000. Accordingly, we have taken into account the said consideration in our valuation.
9. The capital value of the property as if completed as at the date of valuation was RMB811,000,000.
10. As advised by the Group the property is subject to a mortgage.
11. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:
 - i. Hunan Longsheng legally owns the land use rights of the property and has obtained the land use rights of the property by payment of a land grant fee and such rights are protected under the PRC laws. Hunan Longsheng is entitled to occupy, use and develop the land, and has the right to transfer, let, mortgage such land use rights or dispose of the land use rights of the property by other lawful means within the term of the land use rights without paying extra land premium or land grant fee, provided that the relevant provisions of the mortgage agreement have been fulfilled;

- ii. Hunan Longsheng has obtained the necessary permits and approvals from the relevant government authorities for the construction of the property as required by the PRC laws and such permits and approvals are valid and have not been withdrawn, revised or terminated. Hunan Longsheng has the right to construct the property in accordance with the aforesaid permits and approvals;
- iii. Hunan Longsheng is entitled to pre-sell the property in accordance with the pre-sale limits as stipulated in the Pre-sale Permits for Commodity Housing mentioned in Note 6 above;
- iv. After the construction of the property has completed and passed the examination, Hunan Longsheng can use the relevant land use rights certificate, Construction Land Planning Permit, Construction Work Planning Permit, Construction Work Commencement Permit and construction completion examination documents to apply for the building ownership certificate(s) of the property from the relevant real estate administration authority. After Hunan Longsheng has obtained all the construction completion examination documents, there will be no substantive legal impediments to obtain the relevant building ownership certificate(s) of the property, provided that Hunan Longsheng has carried out the construction work in accordance with the aforesaid construction permits;
- v. The property is subject to a mortgage which has been registered with the relevant building and land administration bureau. The mortgage is legal, valid and binding; and
- vi. Apart from the mortgage mentioned above, as confirmed by Hunan Longsheng, the property is not subject to any other mortgage, seizure, expropriation or any other encumbrances.

VALUATION CERTIFICATE

Group II — Properties held by the Group under development in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 August 2012																
46.	Changsha CIFI Private Mansion (長沙 旭輝•御府), Meixi Lake Zone, Yuelu District, Changsha, Hunan Province, PRC	<p>The property, known as Changsha CIFI Private Mansion, is a residential and commercial development to be erected on a parcel of land with a site area of approximately 97,494 sq.m. (1,049,425 sq.ft.).</p> <p>According to the latest development proposal provided by the Group, the development will have a total gross floor area of approximately 344,190 sq.m (3,704,861 sq.ft.) which comprises a total saleable gross floor area of approximately 339,231 sq.m. (3,651,482 sq.ft.). As advised by the Group, the property is scheduled for completion in the 4th quarter of 2014. Details of the uses and approximate gross floor areas of the property are as follows:</p>	The property is currently under construction.	RMB922,000,000 (100% interests attributable to the Group: RMB922,000,000)																
		<table border="1"> <thead> <tr> <th>Use</th> <th>Approximate gross floor area (sq.m.)</th> </tr> </thead> <tbody> <tr> <td>High-rise Apartment</td> <td>212,282</td> </tr> <tr> <td>Townhouse</td> <td>19,198</td> </tr> <tr> <td>Serviced Apartment</td> <td>47,270</td> </tr> <tr> <td>Commercial (Retail Outlet)</td> <td>10,729</td> </tr> <tr> <td>Carpark</td> <td>49,752</td> </tr> <tr> <td>Others</td> <td>4,959</td> </tr> <tr> <td>Total</td> <td>344,190</td> </tr> </tbody> </table>	Use	Approximate gross floor area (sq.m.)	High-rise Apartment	212,282	Townhouse	19,198	Serviced Apartment	47,270	Commercial (Retail Outlet)	10,729	Carpark	49,752	Others	4,959	Total	344,190		
Use	Approximate gross floor area (sq.m.)																			
High-rise Apartment	212,282																			
Townhouse	19,198																			
Serviced Apartment	47,270																			
Commercial (Retail Outlet)	10,729																			
Carpark	49,752																			
Others	4,959																			
Total	344,190																			
		<p>The land use rights of the property have been granted for two concurrent terms expiring on 24 August 2051 and 24 August 2081 for commercial and residential uses respectively.</p>																		

Notes:

- Pursuant to the State-owned Construction Land Use Rights Grant Contract - Xian Dao 2011016 (先導2011016號) entered into between Changsha Land Resources Bureau (長沙市國土資源局) (the "Grantor") and Changsha

Xuhai Real Estate Development Co., Ltd (長沙旭海房地產開發有限公司) (“Changsha Xuhai”), an indirect wholly-owned subsidiary of the Company, on 24 May 2011, the Grantor has agreed to grant the land use rights of a parcel of land with a site area of 97,494 sq.m. to Changsha Xuhai at a land grant fee of RMB438,730,000 for two concurrent terms expiring on 24 August 2051 and 24 August 2081 for commercial and residential uses respectively.

2. Pursuant to the State-owned Land Use Rights Certificates issued by the People’s Government of Changsha (長沙市人民政府) and Changsha Land Resources Bureau, the land use rights of the property with a total site area of 97,493.74 sq.m. have been granted to Changsha Xuhai. Details of the certificates are as follows:

Certificate No.	Owner	Site Area	Use	Land Use Term Expiry Date
		<i>(sq.m.)</i>		
Chang Guo Yong (2012)Di No. 030771 (長國用(2012)第030771號)	Changsha Xuhai	49,187.83	Commercial	24 August 2051
			Residential	24 August 2081
Chang Guo Yong (2012)Di No. 030772 (長國用(2012)第030772號)	Changsha Xuhai	48,305.91	Commercial	24 August 2051
			Residential	24 August 2081

3. Pursuant to a Construction Land Planning Permit — Di Zi Di Chang Xian Chu [2011] No. 0018 (地字第長先出[2011]0018號) issued by Changsha Rural-urban Planning Bureau (長沙市城鄉規劃局) on 1 August 2011, Changsha Xuhai is permitted to use a parcel of land with a site area of 97,493.74 sq.m. for development.
4. Pursuant to five Construction Work Planning Permits — Chang Xian Jian 1 [2011] Nos. 0077 and 0078 and Chang Xian Jian 1 [2012] Nos. 0016, 0017 and 0018 (長先建1 [2011] 0077及0078號及長先建 1[2012]0016、0017及0018號) issued by Changsha Rural-urban Planning Bureau between 15 December 2011 and 19 June 2012, the approved construction scale is 319,822.71 sq.m.

As advised by the Group, the buildings as stated in the Construction Work Planning Permits mentioned above only comprise portion of the property.

5. Pursuant to five Construction Work Commencement Permits — Nos. 430112201202150201, 430112201206200101, 430112201204180201, 430112201203220101 and 430112201204180101 issued by Changsha Housing and Rural-urban Construction Committee (長沙市住房和城市建設委員會), the approved construction scale of the property is 344,190.38 sq.m.
6. Pursuant to the four Pre-sale Permits for Commodity Housing — Chang Xian Dao Zhu Jian Wei Shou Xu Zi (XD12) Di Nos. 0050, 0095, 0098 and 0193 (長先導住建委售許字(XD12)第0050、0095、0098及0193號) issued by Changsha Housing and Rural-urban Construction Committee between 15 June 2012 and 21 September 2012, a total gross floor area of 111,589.72 sq.m. of the property is permitted to be pre-sold.

As advised by the Group, the buildings as stated in the Pre-sale Permits for Commodity Housing mentioned above only comprise portion of the property.

7. As advised by the Group, the total construction cost expended for the property as at the date of valuation was approximately RMB89,700,000 whereas the total construction cost to be expended was approximately RMB601,000,000. We have taken into account the said amounts in our valuation.

8. As advised by the Group, a portion of the property with a total gross floor area of approximately 50,821 sq.m. has been pre-sold under various sales and purchase agreements at a total consideration of approximately RMB260,000,000. We have taken into account the said consideration in our valuation.
9. The capital value of the property as if completed as at the date of valuation was RMB2,256,000,000.
10. As advised by the Group, portion of the property is subject to a mortgage.
11. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter-alia, the following information:
 - i. Changsha Xuhai legally owns the land use rights of the property and has obtained the land use rights by payment of a land grant fee and such rights are protected under the PRC laws. Changsha Xuhai is entitled to occupy, use and develop the land, and has the right to transfer, let, mortgage such land use rights or dispose of the land use rights of the property by other lawful means within the term of the land use rights without paying extra land premium or land grant fee, provided that the relevant provisions of the mortgage agreement have been fulfilled;
 - ii. Changsha Xuhai has obtained the necessary permits and approvals from the relevant government authorities for the construction of a portion of the property as required by the PRC laws and such permits and approvals are valid and have not been withdrawn, revised or terminated. Changsha Xuhai has the right to construct the property in accordance with the aforesaid permits and approvals;
 - iii. Changsha Xuhai is entitled to pre-sell the property in accordance with the pre-sale limit as stipulated in the Pre-sale Permit for Commodity Housing mentioned in Note 6 above;
 - iv. After the construction of the property has completed and passed the examination, Changsha Xuhai can use the relevant land use rights certificate(s), Construction Land Planning Permit(s), Construction Work Planning Permit(s), Construction Work Commencement Permit(s) and construction completion examination documents to apply for the building ownership certificate(s) of the property from the relevant real estate administration authority. After Changsha Xuhai has obtained all the construction completion examination documents, there will be no substantive legal impediments to obtain the relevant building ownership certificate(s) of the property, provided that Changsha Xuhai has carried out the construction work in accordance with the aforesaid construction permits;
 - v. Portion of the property is subject to a mortgage which has been registered with the relevant building and land administration bureau. The mortgage is legal, valid and binding; and
 - vi. Apart from the mortgage mentioned above, as confirmed by Changsha Xuhai, the property is not subject to any other mortgage, seizure, expropriation or any other encumbrances.

VALUATION CERTIFICATE

Group III — Properties held by the Group for future development in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 August 2012
47.	Shanghai Baoshan District Panjing Road Project (上海寶山區潘涇路項目), Panjing Road, Baoshan District, Shanghai, PRC	<p>The property is a proposed large-scale residential development to be erected on a parcel of land with a site area of approximately 99,067 sq.m. (1,066,357 sq.ft.).</p> <p>According to the latest development proposal provided by the Group, the property will have a total gross floor area of approximately 178,321 sq.m. (1,919,447 sq.ft.).</p> <p>The land use rights of the property have been agreed to be granted for a term of 70 years for residential use.</p>	The property is currently vacant.	<p>RMB524,000,000</p> <p>(100% interests attributable to the Group: RMB524,000,000) (refer to Note 3)</p>

Notes:

1. Pursuant to the Shanghai State-owned Construction Land Use Rights Grant Contract — Hu Bao Gui Tu (2012) Chu Rang He Tong Di No. 45 (Version 1.0) (滬寶規土(2012) 出讓合同第45號 (1.0版) entered into between Shanghai Baoshan District Planning and Land Administration Bureau (上海市寶山區規劃和土地管理局) (the “Grantor”) and Beijing Xuhui Xingsheng Property Co., Ltd. (北京旭輝興勝置業有限公司) (“Beijing Xuhui Xingsheng”), an indirect wholly-owned subsidiary of the Company, on 18 July 2012, the Grantor has agreed to grant the land use rights of a parcel of land with a site area of 99,067.4 sq.m. to Beijing Xuhui Xingsheng at a land grant fee of RMB520,100,000 for a term of 70 years for residential use.
2. Pursuant to the Shanghai State-owned Construction Land Use Rights Grant Contract — Hu Bao Gui Tu (2012) Chu Rang He Tong Bu Zi Di No. 30 (Version 2.0) (滬寶規土(2012) 出讓合同補字第30號(2.0版) entered into between the Grantor and Shanghai Xutong Property Co., Ltd. (上海旭通置業有限公司) (“Shanghai Xutong”), an indirect wholly-owned subsidiary of the Company, on 28 August 2012 the Grantor has agreed to change the grantee of the land use rights of the land as mentioned in Note 1 above from Beijing Xuhui Xingsheng to Shanghai Xutong.
3. As advised by the Group, Shanghai Xutong has fully settled the land premium as provided in the land grant contract. In the course of our valuation, we have assumed that Beijing Xuhui Xingsheng has obtained all property certificate of the property.
4. We have been provided with a legal opinion on the title to the property issued by the Group’s PRC legal adviser, which contains, inter-alia, the following information:
 - i. The Shanghai State-owned Construction Land Use Rights Grant Contracts in Notes 1 and 2 mentioned above are legal, valid, enforceable and binding. There exists no substantive legal impediment for Shanghai Xutong to obtain the State-owned Land Use Rights Certificate of the property.

VALUATION CERTIFICATE

Group III — Properties held by the Group for future development in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing as at 31 August 2012
48.	Shanghai Jiading New Site Project (上海嘉定新地塊項目), East of Liujiahe and North of Shengzhu Road, Jiading District, Shanghai, PRC	<p>The property comprises a parcel of land with a site area of approximately 37,612 sq.m. (404,856 sq.ft.).</p> <p>According to the latest development proposal provided by the Group, the property will have a total gross floor area of approximately 101,665 sq.m. (1,094,322 sq.ft.) which comprises a total aboveground gross floor area of approximately 80,721 sq.m. (868,881 sq.ft.).</p> <p>The land use rights of the property have been agreed to be granted for a term of 70 years for residential use.</p>	The property is currently vacant.	No commercial value (refer to Note 2)

Notes:

1. Pursuant to the Shanghai State-owned Construction Land Use Rights Grant Contract — Hu Jia Gui Tu (2012) Chu Rang He Tong Di No. 74 (Version 1.0) (滬嘉規土(2012)出讓合同第74號(1.0版)) entered into between Shanghai Jiading District Planning and Land Administration Bureau (上海市嘉定區規劃和土地管理局) (the “Grantor”) and CIFI Group Co., Ltd. (PRC) (旭輝集團股份有限公司) (“CIFI (PRC)”), an indirect wholly-owned subsidiary of the Company, on 29 September 2012, the Grantor has agreed to grant the land use rights of a parcel of land with a site area of 37,611.8 sq.m. to CIFI (PRC) at a land grant fee of RMB282,520,000 for a term of 70 years for residential use.
2. As advised by the Group, CIFI (PRC) has not settled all the outstanding land premium. Should CIFI (PRC) settle all outstanding land premium in full, the market value of the property as at the date of valuation is RMB290,000,000.
3. We have been provided with a legal opinion on the title to the property issued by the Group’s PRC legal adviser, which contains, inter alia, the following information:
 - i. The Shanghai State-owned Construction Land Use Rights Grant Contract in Note 1 mentioned above is legal, valid, enforceable and binding. There exists no substantive legal impediment for CIFI (PRC) to obtain the State-owned Land Use Rights Certificate of the property after CIFI (PRC) has settled the land premium in full.

VALUATION CERTIFICATE

Group III — Properties held by the Group for future development in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 August 2012
49.	Suzhou CIFI Luxury Courtyard (蘇州 旭輝•華庭), China National Guanshan River South Highway 312 East, Gaoxin District, Hushuguan Developing Zone, Suzhou, Jiangsu Province, PRC	The property is a proposed residential development to be erected on a parcel of land with a site area of approximately 110,194 sq.m. (1,186,128 sq.ft.). According to the latest development proposal provided by the Group, the property will have a total gross floor area of approximately 280,765 sq.m. (3,022,154 sq.ft.). As advised by the Group, the property is scheduled for completion in the 4th quarter of 2014. Details of the uses and approximate gross floor areas of the property are as follows:	The property is currently vacant.	RMB574,000,000 (100% interests attributable to the Group: RMB574,000,000)
			Approximate gross floor area (sq.m.)	
		Use		
		High-rise Apartments	227,224	
		Clubhouse	2,214	
		Carpark	<u>51,327</u>	
		Total	<u>280,765</u>	
		The land use rights of the property have been granted for a term of 70 years expiring on 7 June 2082 for residential use.		

Notes:

- Pursuant to the State-owned Construction Land Use Rights Grant Contract — No.3205012011CR0265 entered into between Suzhou Land Resources Administration Bureau (蘇州市國土資源局) (the “Grantor”) and Xu Ming (HK) Limited (旭名(香港)有限公司) (“Xu Ming (HK)”), a subsidiary of the Company, on 21 December 2011, the Grantor has agreed to grant the land use rights of a parcel of land with a site area of 110,194.3 sq. m. to Xu Ming (HK) at a land grant fee of RMB506,893,780 for a term of 70 years for residential use.
- Pursuant to the Supplementary Agreement of the Land Grant Contract No.3205012011CR0265 entered into between the Grantor and Suzhou Xu Ming Property Development Co., Ltd. (蘇州旭明置業有限公司) (“Suzhou Xu Ming”), an indirect wholly-owned subsidiary of the Company, on 18 September 2012, the rights and responsibilities as stated in the State-owned Construction Land Use Rights Grant Contract in Note 1 mentioned above have been transferred to Suzhou Xu Ming.

3. Pursuant to the State-owned Land Use Rights Certificate — Su Xin Guo Yong (2012) Di No. 009088 (蘇新國用(2012)第009088號) issued by the People's Government of Suzhou (蘇州市人民政府) and Suzhou Land and Resources Bureau Gaoxin District Huqiu Branch (蘇州市國土資源局高新區(虎丘)分局) on 26 September 2012, the land use rights of a parcel of land with a site area of 110,194.3 sq.m. have been granted to Suzhou Xu Ming for a term of 70 years expiring on 7 June 2082 for residential use.

4. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:
 - i. Suzhou Xu Ming legally owns the land use rights of the property and has obtained the land use rights by payment of a land grant fee and such rights are protected under the PRC laws. Suzhou Xu Ming is entitled to occupy, use and develop the land, and has the right to transfer, let, mortgage such land use rights or dispose of the land use rights of the property by other lawful means within the term of the land use rights without paying extra land premium or land grant fee; and

 - ii. As confirmed by Suzhou Xu Ming, the property is not subject to any mortgage, seizure, expropriation or any other encumbrances.

VALUATION CERTIFICATE

Group III — Properties held by the Group for future development in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing as at 31 August 2012
50.	Suzhou G84 Site Project (蘇州G84地塊項目), South of Mayuan Road and East of Changjiang Road, Fengqiao, Gaoxin District, Suzhou, Jiangsu Province, PRC	The property comprises a parcel of land with a site area of approximately 42,852 sq.m. (461,259 sq.ft.). According to the latest development proposal provided by the Group, the property will have a total gross floor area of approximately 94,274 sq.m. (1,014,765 sq.ft.). The land tender auction confirmations were signed on 18 October 2012 and the formal Land Use Rights Certificate of the property has not been issued yet.	The property is currently vacant.	No commercial value (refer to Note 2)

Notes:

1. According to the Transaction Confirmation Letter dated 18 October 2012, CIFI Group Co., Ltd. (PRC) (旭輝集團股份有限公司) (“CIFI (PRC)”), an indirect wholly-owned subsidiary of the Company, has won the bid for a parcel of land with a site area of 42,851.8 sq.m. for residential use at a land grant fee of RMB430,000,000.
2. As advised by the Group, CIFI (PRC) has not settled all the outstanding land premium. Should CIFI (PRC) settle all outstanding land premium in full, the market value of the property as at the date of valuation is RMB430,000,000.
3. We have been provided with a legal opinion on the title to the property issued by the Group’s PRC legal adviser, which contains, inter alia, the following information:
 - i. CIFI (PRC) has won the bid for the land use rights of the property and signed the Transaction Confirmation Letter with Suzhou Land and Resources Bureau (蘇州市國土資源局). CIFI (PRC) should sign the land grant contract with the land administration bureau within the prescribed period set out in the Transaction Confirmation Letter.

VALUATION CERTIFICATE

Group III — Properties held by the Group for future development in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing as at 31 August 2012
51.	Suzhou G88 Site Project (蘇州G88地塊項目), East of Xingfeng Road and North of Daxinhe Luhaude, Hushuguan, Gaoxin District, Suzhou, Jiangsu Province, PRC	The property comprises a parcel of land with a site area of approximately 55,612 sq.m. (598,608 sq.ft.). According to the latest development proposal provided by the Group, the property will have a total gross floor area of approximately 90,366 sq.m. (972,700 sq.ft.). The land tender auction confirmations were signed on 18 October 2012 and the formal Land Use Rights Certificate of the property has not been issued yet.	The property is currently vacant.	No commercial value (refer to Note 2)

Notes:

1. According to the Transaction Confirmation Letter dated 18 October 2012, CIFI Group Co., Ltd. (PRC) (旭輝集團股份有限公司) (“CIFI (PRC)”), an indirect wholly-owned subsidiary of the Company, has won the bid for a parcel of land with a site area of 55,611.8 sq.m. for retail and residential purposes at a land grant fee of RMB193,000,000.
2. As advised by the Group, CIFI (PRC) has not settled all the outstanding land premium. Should CIFI (PRC) settle all outstanding land premium in full, the market value of the property as at the date of valuation is RMB195,000,000.
3. We have been provided with a legal opinion on the title to the property issued by the Group’s PRC legal adviser, which contains, inter alia, the following information:
 - i. CIFI (PRC) has won the bid for the land use rights of the property and signed the Transaction Confirmation Letter with Suzhou Land and Resources Bureau (蘇州市國土資源局). CIFI (PRC) should sign the land grant contract with the land administration bureau within the prescribed period set out in the Transaction Confirmation Letter.

VALUATION CERTIFICATE

Group III — Properties held by the Group for future development in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 August 2012
52.	Hefei CIFI Private Mansion Phases II and III (合肥旭輝御府二期及三期), Southwest of the intersection of Fangxing Boulevard and Xizang Road, Binhu New Town, Hefei, Anhui Province, PRC	<p>Hefei CIFI Private Mansion (the “Development”) is a proposed large-scale residential development and the property comprises Phases II and III of the Development to be erected on a parcel of land with a site area of approximately 73,029 sq.m. (786,084 sq.ft.).</p> <p>According to the latest development proposal provided by the Group, the property will have a total gross floor area of approximately 287,576 sq.m. (3,095,468 sq.ft.).</p> <p>The land use rights of the property have been granted for a term of 70 years expiring on 28 May 2081 for residential use.</p>	The property is currently vacant.	<p>RMB1,030,000,000</p> <p>(100% interests attributable to the Group: RMB1,030,000,000)</p>

Notes:

1. Pursuant to the State-owned Construction Land Use Rights Grant Contract — He Di Bin Hu Jing Ying [2011] No. 24 (合地濱湖經營[2011]24號) and its three Supplementary Agreements entered into between The Land and Resource Department of Hefei (合肥市國土資源局) (the “Grantor”) and Hefei Xubin Real Estate Development Co., Ltd. (合肥旭濱房地產開發有限公司) (“Hefei Xubin”), an indirect wholly-owned subsidiary of the Company, on 28 January 2011, 14 December 2011 and 31 March 2012 respectively, the Grantor has agreed to grant the land use rights of a parcel of land with a site area of 107,180 sq.m. to Hefei Xubin at a land grant fee of RMB1,067,512,800 for a term of 70 years for residential use.

As advised by the Group, the property comprises portion of the land as stated in the State-owned Construction Land Use Rights Grant Contract mentioned above.

2. Pursuant to the State-owned Land Use Rights Certificate — He Bao He Guo Yong (2012) Di No. 032 (合包河國用(2012)第032號) issued by the People’s Government of Hefei (合肥市人民政府) and The Land and Resource Department of Hefei (合肥市國土資源局) on 11 October 2012, the land use rights of the property with a site area of 73,028.67 sq.m. have been granted to Hefei Xubin, for a term expiring on 28 May 2081 for residential use.
3. We have been provided with a legal opinion on the title to the property issued by the Group’s PRC legal adviser, which contains, inter-alia, the following information:
 - i. Hefei Xubin legally owns the land use rights of the property and has obtained the land use rights by payment of a land grant fee and such rights are protected under the PRC laws. Hefei Xubin is entitled to occupy, use and develop the property, and has the right to transfer, let, mortgage such land use rights or dispose of such land use rights by other lawful means within the term of the land use rights without paying extra land premium or land grant fee; and
 - ii. As confirmed by Hefei Xubin, the property is not subject to any mortgage, seizure, expropriation or any other encumbrances.

VALUATION CERTIFICATE

Group III — Properties held by the Group for future development in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 August 2012
53.	Beijing CIFI Private Villa Riverside Garden (北京 旭輝•御錦), Zhaixinzhuang East 2nd Road, Zhaixinzhuang East 1st Road and Zhaixinzhuang South Street, Tongzhou District, Beijing, PRC	The property is a proposed large-scale residential development to be erected on a parcel of land with a site area of approximately 76,380 sq.m. (822,154 sq.ft.). According to the latest development proposal provided by the Group, the property will have a total gross floor area of approximately 168,944 sq.m (1,818,513 sq.ft.). Details of the uses and approximate gross floor areas of the property are as follows:	The property is currently vacant.	RMB1,235,000,000 (80% interests attributable to the Group: RMB988,000,000)
			Approximate gross floor area (sq.m.)	
		Use		
		Residential	115,845	
		Commercial (Retail Outlets)	23,567	
		Clubhouse	2,222	
		Carpark	24,465	
		Others	2,845	
		Total	<u>168,944</u>	
		The land use rights of the property have been granted for three concurrent terms expiring on 9 January 2081, 9 January 2051 and 9 January 2061 for residential, retail and composite uses respectively.		

Notes:

- Pursuant to the State-owned Construction Land Use Rights Grant Contract — Jing Di Chu (He) Zi (2011) Di No. 0015 (京地出[合]字(2011)第0015號) and its Supplementary Agreement entered into between Beijing Municipal Bureau of Land and Resources (北京市國土資源局) (the “Grantor”) and the joint-venture company of CIFI Group Co., Ltd. (PRC) (旭輝集團股份有限公司) (“CIFI (PRC)”), an indirect wholly-owned subsidiary of the Company and Beijing Hengsheng Sunshine Real Estate Development Co., Ltd. (北京恒盛陽光房地產開發有限公司) (“Beijing Hengsheng”) on 9 January 2011 and 10 January 2011 respectively, the Grantor has agreed to grant the land use rights of a parcel of land with a site area of 76,380 sq.m. to the joint-venture company of CIFI (PRC) and Beijing Hengsheng at a land grant fee of RMB973,690,000 for three concurrent terms of 70 years, 40 years and 50 years for residential, commercial and composite uses respectively.

2. Pursuant to the Supplementary Agreement entered into between the Grantor and CIFI (PRC), Beijing Hengsheng and Beijing Xuhui Sunshine Property Co., Ltd. (北京旭輝陽光置業有限公司) (“Beijing Xuhui Sunshine”), an indirect subsidiary of the Company in which the Company has an effective equity interest of 80%, on 20 March 2011, the rights and responsibility stated in the State-owned Construction Land Use Rights Grant Contract and Supplementary Agreement mentioned in Note 1 above have been transferred to Beijing Xuhui Sunshine.
3. Pursuant to the State-owned Land Use Rights Certificate — Jing Tong Guo Yong (2011 Chu) Di No. 036 (京通國用(2001出)第036號) issued by Beijing Municipal Bureau of Land and Resources and the People’s Government of Tongzhou District of Beijing (北京通州區人民政府) on 21 April 2011, the land use rights of the property with a site area of 76,380 sq.m. have been granted to Beijing Xuhui Sunshine for three concurrent terms expiring on 9 January 2081, 9 January 2051 and 9 January 2061 for residential, retail and composite uses respectively.
4. Pursuant to the Construction Land Planning Permit — Di Zi Di No. 110112201100035 (地字第110112201100035號) issued by Beijing Municipal Commission of Urban Planning (北京市規劃委員會) on 27 June 2011, a parcel of land with a site area of 76,379.95 sq.m. is permitted for commercial and residential development with a development scale of 116,198 sq.m.
5. Pursuant to two Construction Work Planning Permits — Jian Zi Di No. 11011220110368 2011 Gui (Tong) Jian Zi 0232 and Jian Zi Di No. 110112201200057 2012 Gui (Tong) Jian Zi 0053 (建字第110112201100368號2011規(通)建字0232號及建字第110112201200057號2012規(通)建字0053號) issued by Beijing Municipal Commission of Urban Planning on 16 December 2011 and 29 March 2012, the approved construction scale is 82,808.25 sq.m.
6. As advised by the Group, the property is subject to a mortgage.
7. We have been provided with a legal opinion on the title to the property issued by the Group’s PRC legal adviser, which contains, inter alia, the following information:
 - i. Beijing Xuhui Sunshine legally owns the land use rights of the property and has obtained the land use rights of the property by payment of a land grant fee and such rights are protected under the PRC laws. Beijing Xuhui Sunshine is entitled to occupy, use and develop the land, and has the rights to transfer, let, mortgage such land use rights or dispose of the land use rights of the property by other lawful means within the term of the land use rights without paying extra land premium or land grant fee, provided that the relevant provisions of the mortgage agreement have been fulfilled;
 - ii. The property is subject to a mortgage which has been registered with the relevant building and land administration bureau. The mortgage is legal, valid and binding; and
 - iii. Apart from the mortgage mentioned above, as confirmed by Beijing Xuhui Sunshine, the property is not subject to any other mortgage, seizure, expropriation or any other encumbrances.

VALUATION CERTIFICATE

Group III — Properties held by the Group for future development in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 August 2012
54.	Beijing CIFI International Negotiate Garden (北京 旭輝•空港中心), North of Shunpingnanfu Road, Shunyi District, Beijing, PRC	The property is a proposed large-scale office and commercial development to be erected on a parcel of land with a site area of approximately 34,640 sq.m. (372,865 sq.ft.). According to the latest development proposal provided by the Group, the property will have a total gross floor area of approximately 120,865 sq.m. (1,300,991 sq.ft.). Details of the uses and approximate gross floor areas of the property are as follows:	The property is currently vacant.	RMB253,000,000 (100% interests attributable to the Group: RMB253,000,000)
		Approximate		
		Use	gross floor area	
			<i>(sq.m.)</i>	
		Office	96,423	
		Commercial	7,497	
		Carpark	15,298	
		Others	<u>1,647</u>	
		Total	<u>120,865</u>	
		The land use rights of the property have been granted for a term expiring on 15 February 2052 and 15 February 2062 for commercial and composite uses respectively.		

Notes:

- Pursuant to the State-owned Construction Land Use Rights Grant Contract — Jing Di Chu (He) Zi (2011) No. 0441 (京地出(合)字(2011)第0441號) and its Supplementary Agreement entered into between Beijing Municipal Bureau of Land and Resources (北京市國土資源局) (the “Grantor”) and Beijing Xuxingcheng Property Co., Ltd. (北京旭興城置業有限公司) (“Beijing Xuxingcheng”), an indirect wholly-owned subsidiary of the Company, on 23 December 2011, the Grantor has agreed to grant the land use rights of a parcel of land with a site area of 34,640 sq.m. to Beijing Xuxingcheng at a land grant fee of RMB215,000,000 for two concurrent terms of 40 years and 50 years for commercial and composite uses respectively.
- Pursuant to the Supplementary Agreement entered into between the Grantor, Beijing Xuxingcheng and Beijing Xuhui Shunxin Property Co., Ltd. (北京旭輝順欣置業有限公司) (“Beijing Xuhui Shunxin”), an indirect wholly-owned subsidiary of the Company, on 16 February 2012, the Grantor has agreed to change the grantee of the land use rights of the land mentioned in Note 1 above from Beijing Xuxingcheng to Beijing Xuhui Shunxin.

3. Pursuant to the State-owned Land Use Rights Certificate — Jing Shun Guo Yong (2012 Chu) Di No. 00107 (京順國用(2012出)第00107號) issued by Beijing Municipal Bureau of Land and Resources and the People's Government of Shunyi District of Beijing (北京市順義區人民政府) dated 27 July 2012, the land use rights of the property with a site area of 34,639.6 sq.m. have been granted to Beijing Xuhui Shunxin for two concurrent terms expiring on 15 February 2052 and 15 February 2062 for commercial and composite uses respectively.
4. Pursuant to the Construction Land Planning Permit — Di Zi Di No. 110113201200022 2012 Gui (Shun) Di Zi No. 0017 (地字第110113201200022號2012規(順)地字0017號) issued by Beijing Municipal Commission of Urban Planning (北京市規劃委員會) on 11 May 2012, a parcel of land with a site area of 34,639.6 sq.m. is permitted for commercial and financial development with a development scale of 103,920 sq.m. (aboveground).
5. As advised by the Group, Beijing Xuhui Shunxin has settled the land premium in full.
6. We have been provided with a legal opinion regarding the title to the property issued by the Group's PRC legal adviser, which contains, inter-alia, the following information:
 - i. Beijing Xuhui Shunxin legally owns the land use rights of the property and has obtained the land use rights of the property by payment of a land grant fee and such rights are protected under the PRC laws. Beijing Xuhui Shunxin is entitled to occupy, use and develop the land, and has the rights to transfer, let, mortgage such land use rights or dispose of the land use rights of the property by other lawful means within the term of the land use rights without paying extra land premium or land grant fee; and
 - ii. as confirmed by Beijing Xuhui Shunxin, the property is not subject to any mortgage, seizure, expropriation or any other encumbrances.

VALUATION CERTIFICATE

Group III — Properties held by the Group for future development in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 August 2012
55.	Tangshan CIFI English Village (唐山旭輝•英倫小鎮), East of Tonghai Road and North of Xingang Avenue Caofeidian New District, Tangshan, Hebei Province, PRC	The property is a proposed residential and retail development to be erected on two parcels of land with a total site area of approximately 346,159 sq.m. (3,726,055 sq.ft.). According to the latest development proposal provided by the Group, the property will have a total gross floor area of approximately 379,770 sq.m. (4,087,844 sq.ft.). As advised by the Group, the property is scheduled for completion in the 4th quarter of 2014. Details of the uses and approximate gross floor areas of the property are as follows:	The property is currently vacant.	RMB248,000,000 (80% interests attributable to the Group: RMB198,400,000)
		Use	Approximate gross floor area (sq.m.)	
		Low-rise Garden		
		Apartments and		
		Mid-rise Apartments	174,780	
		Townhouse	117,670	
		Retail and Commercial		
		Arcade	26,720	
		Hotel	5,600	
		Carpark	50,000	
		Others	5,000	
		Total	379,770	
		The land use rights of the property have been granted for two concurrent terms of 12 August 2051 and 12 August 2081 for residential use.		

Notes:

- Pursuant to two State-owned Construction Land Use Rights Grant Contracts — Nos. 130200c20110010 and 130200c20110011 issued by Tangshan Caofeidian New District Land and Resources Bureau (唐山市曹妃甸新區國土資源局) (the “Grantor”) both on 14 June 2011, the Grantor has agreed to grant the land use rights of two parcels of land with a total site area of 346,159 sq.m. to Tangshan Xuhui Yiwen Real Estate Development Co., Ltd. (唐山旭輝藝文房地產開發有限公司) (“Tangshan Xuhui Yiwen”), an indirect subsidiary of the Company in which the Company has an effective equity interest of 80%, at a total land grant fee of RMB223,272,555.

2. Pursuant to two State-owned Land Use Rights Certificates — Ji Tang Cao Guo Yong (2011) Di Nos. 0055 and 0056 (冀唐曹國用(2011)第0055及第0056號) issued by Tangshan Caofeidian New District Management Committee (唐山市曹妃甸新區管理委員會) both on 23 December 2011, the land use rights of two parcels of land with a total site area of 346,159 sq.m. have been granted to Tangshan Xuhui Yiwen for two concurrent terms expiring on 12 August 2051 and 12 August 2081 for residential use.
3. Pursuant to the Construction Land Planning Permit No. cfd-yd-2011-051 issued by Tangshan Caofeidian New District Planning and Construction Bureau (唐山市曹妃甸新區規劃建設局) on 16 December 2011, Tangshan Xuhui Yiwen is permitted to use a parcel of land with a site area of 346,159.6 sq.m. for development.
4. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter-alia, the following information:
 - i. Tangshan Xuhui Yiwen legally owns the land use rights of the property and has obtained the land use rights by payment of a land grant fee and such rights are protected under the PRC laws. Tangshan Xuhui Yiwen is entitled to occupy, use and develop the land, and has the right to transfer, let, mortgage such land use rights or dispose of the land use rights of the property by other lawful means within the term of the land use rights without paying extra land premium or land grant fee; and
 - ii. As confirmed by Tangshan Xuhui Yiwen, the property is not subject to any mortgage, seizure, expropriation or any other encumbrances.

VALUATION CERTIFICATE

Group III — Properties held by the Group for future development in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 August 2012
56.	Tianjin Binhai Site Project (天津濱海地塊項目), East to Shunji Road, South to Hanghai Road, West to Shunan Road, North to Hangze Road, Tianjin Binhai Tourism Zone, Tianjin, PRC	The property is a proposed composite development to be erected on two parcels of land with a total site area of approximately 262,300 sq.m. (2,823,397 sq.ft.). According to the latest development proposal provided by the Group, the property will have a total gross floor area of approximately 262,300 sq.m.(2,823,397 sq.ft.). The land tender auction confirmations were signed on 21 August 2012 and the formal Land Use Rights Certificate of the property has not been issued yet.	The property is currently vacant.	No commercial value (refer to Note 2)

Notes:

1. According to two Transaction Confirmation Letters both dated 21 August 2012, Tianjin Xu Bin Creative Industry Park Management Co., Ltd. (天津旭濱創意產業園管理有限公司) (“Tianjin Xubin”), an indirect wholly-owned subsidiary of the Company, has won the bid for two parcels of land with a total site area of 262,299.9 sq.m. at a total land grant fee of RMB85,600,000.
2. As advised by the Group, Tianjin Xubin has not settled all the outstanding land premium. Should Tianjin Xubin settle all outstanding land premium in full, the market value of the property as at the date of valuation is RMB91,000,000.
3. We have been provided with a legal opinion on the title to the property issued by the Group’s PRC legal adviser, which contains, inter-alia, the following information:
 - i. Tianjin Xubin has won the bid for the land use rights of the property and signed the Transaction Confirmation Letters with Tianjin Binhai New District Planning and Land Resources Administration Bureau (天津市濱海新區規劃和國土資源局) (“Grantor”), there exists no legal impediment for Tianjin Xubin to enter into the Construction Land Use Rights Grant Contract with the Grantor after Tianjin Xubin has fulfilled its obligations under the Transaction Confirmation Letters.

VALUATION CERTIFICATE

Group III — Properties held by the Group for future development in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing as at 31 August 2012
57.	Tianjin CIFI Century Waterside (天津 旭輝•世紀 水岸), Chadian Town, Hangu District, Tianjin	<p>The property comprises a parcel of land with a site area of approximately 65,461 sq.m. (704,622 sq.ft.).</p> <p>According to the latest development proposal provided by the Group, the property will be developed into a residential development. Upon completion, the property will have a total aboveground gross floor area of approximately 163,104 sq.m. (1,755,651 sq.ft.).</p> <p>The land use rights of the property have been agreed to be granted for two concurrent terms of 70 years for residential use and 40 years for commercial use respectively.</p>	The property is currently vacant.	<p>RMB177,000,000</p> <p>(51% interest attributable to the Group: RMB90,270,000)</p>

Notes:

1. Pursuant to the Tianjin State-owned Construction Land Use Rights Grant Contract — No. 11122010001 issued by Tianjin Municipal Bureau of Land Resources and Housing Administration Hangu Branch (天津市國土資源和房屋管理局漢沽區國土資源分局) (the “Grantor”) on 14 May 2010, the Grantor has agreed to grant the land use rights of a parcel of land with a site area of 65,461.2 sq.m. to Tianjin Shijixing Real Estate Development Co. Limited (“Tianjin Shijixing”) (天津世紀興房地產開發有限公司), an indirect subsidiary of the Company in which the Company has an effective equity interest of 51%, at a land grant fee of RMB167,000,000 and a public facility fee for town of RMB28,353,883 for two concurrent terms of 70 years for residential use and 40 years for commercial use respectively.
2. Pursuant to the Supplementary Agreement to the Tianjin State-owned Construction Land Use Rights Grant Contract dated 7 September 2012, the construction period of the property have been changed to “from 31 December 2012 to 31 December 2015”.
3. Pursuant to the Construction Land Planning Permit — 2010 Han Gu Di Zheng 0028 (2010漢沽地證0028) issued by Tianjin Hangu District Planning Bureau (天津市漢沽區規劃局) on 21 May 2012, a parcel of land with a site area of 65,461.2 sq.m. is permitted for residential and commercial development.
4. We have been provided with a legal opinion on the title to the property issued by the Group’s PRC legal adviser, which contains, inter alia, the following information:
 - i. The Tianjin State-owned Construction Land Use Rights Grant Contract in Note 1 and its Supplementary Agreement in Note 2 mentioned above are legal, valid, enforceable and binding. There exists no substantive legal impediment for Tianjin Shijixing to obtain the State-owned Land Use Rights Certificate of the property.

VALUATION CERTIFICATE

Group III — Properties held by the Group for future development in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 August 2012
58.	Chongqing CIFI Ronchamp Town Phase VI (重慶 旭輝•朗香郡 六期), Baotong Road and Shuanghu Road, Yubei District, Chongqing, PRC	Chongqing CIFI Touchamp Town Phase VI is a proposed residential and hotel development to be erected on two parcels of land with a total site area of approximately 18,698 sq.m. (201,265 sq.ft). According to the latest development proposal provided by the Group, the property will have a total gross floor area of approximately 64,351 sq.m. (692,674 sq.ft.). As advised by the Group, the property is scheduled for completion in the 4th quarter of 2014. Details of the uses and approximate gross floor areas of the property are as follows:	The property is currently vacant.	RMB106,000,000 (100% interests attributable to the Group: RMB106,000,000)
			Approximate gross floor area (sq.m.)	
		Use		
		High-rise Apartments	20,447	
		Hotel	32,280	
		Carpark	5,500	
		Others	6,124	
		Total	64,351	
		The land use rights of the property have been granted for two concurrent terms of 40 and 50 years expiring on 15 November 2045 and 15 November 2055 for commercial and residential uses respectively.		

Notes:

- Pursuant to two Realty Title Certificates — 201D Fang Di Zheng 2009 Zi Di No. 040 and 201D Fang Di Zheng 2010 Zi Di No. 00372 (201D房地證2009字第040號及201D房地證2010字第00372號), the land use rights of two parcels of land with a total site area of 32,830.9 sq.m. have been granted to Chongqing Xupeng Real Estate Development Co., Ltd. (重慶旭鵬房地產開發有限公司) (“Chongqing Xupeng”), an indirect wholly-owned subsidiary of the Company, for two concurrent terms of 40 and 50 years expiring on 15 November 2045 and 15 November 2055 for commercial and residential uses respectively.

As advised by the Group, the property comprises portion of the two parcels of land as stated in the Realty Title Certificates mentioned above with a site area of approximately 18,698 sq.m..

2. Pursuant to the Construction Land Planning Permit — Di Zi Di Jian No. 500112200800043 (地字第建500112200800043號) issued by Chongqing Planning Management Bureau (重慶市規劃管理局) on 12 February 2008, Chongqing Xupeng is permitted to use a parcel of land with a site area of 185,044 sq.m. for development.

As advised by the Group, the property comprises portion of the land as stated in the Construction Land Planning Permit mentioned above.

3. As advised by the Group, a portion of the property is subject to a mortgage.
4. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:
 - i. Chongqing Xupeng legally owns the land use rights of the property and has obtained the land use rights of the property by payment of a land grant fee and such rights are protected under the PRC laws. Chongqing Xupeng is entitled to occupy, use and develop the land, and has the rights to transfer, let, mortgage such land use rights or dispose of the land use rights of the property by other lawful means within the term of the land use rights without paying extra land premium or land grant fee, provided that the relevant provisions of the mortgage agreement have been fulfilled;
 - ii. A portion of the property is subject to a mortgage which has been registered with the relevant building and land administration bureau. The mortgage is legal, valid and binding; and
 - iii. As confirmed by Chongqing Xupeng, except for the aforesaid mortgage, the property is not subject to any mortgage, seizure, expropriation or any other encumbrances.

VALUATION CERTIFICATE

Group III — Properties held by the Group for future development in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 August 2012
59.	Chongqing CIFI Purple City (重慶 旭輝•紫都), Caijia Town, Beibei District, Liangjiang New Area, Chongqing, PRC	The property is a proposed office and retail development to be erected on a parcel of land with a site area of approximately 44,405 sq.m. (477,975 sq.ft.). According to the latest development proposal provided by the Group, the property will have a total gross floor area of approximately 179,861 sq.m. (1,936,024 sq.ft). Details of the uses and approximate gross floor areas of the property are as follows:	The property is currently vacant.	RMB58,600,000 (100% interests attributable to the Group: RMB58,600,000)
			Approximate gross floor area (sq.m.)	
		Use		
		Office	101,561	
		Retail and Commercial		
		Arcade	8,920	
		Hotel	38,159	
		Carpark	26,453	
		Others	4,768	
		Total	<u>179,861</u>	
		The land use rights of the property have been granted for a term of 40 years expiring on 30 April 2051 for commercial and financial uses.		

Notes:

- Pursuant to the State-owned Construction Land Use Rights Grant Contract — Yu Di (2011) He Zi (Bei Bei) No. 118 (渝地(2011)合字(北碚)第118號) entered into between Chongqing Land Resources and Housing Administration Bureau (重慶市國土資源和房屋管理局) (the “Grantor”) and Chongqing Xuchang Real Estate Development Co., Ltd. (重慶旭昌房地產開發有限公司) (“Chongqing Xuchang”), an indirect wholly-owned subsidiary of the Company, on 29 April 2011, the Grantor has agreed to grant the land use rights of a parcel of land with a site area of 116,321 sq.m. to Chongqing Xuchang at a land grant fee of RMB229,570,000 for two concurrent terms of 40 and 50 years for commercial/financial and residential uses respectively.

As advised by the Group, the property comprises portion of the land as stated in the State-owned Construction Land Use Rights Grant Contract mentioned above with a site area of approximately 44,405 sq.m..

2. Pursuant to the Realty Title Certificate — 107D Fang Di Zheng 2011 Zi Di No. 01029 on 16 August 2011, the land use rights of a parcel of land with a site area of 44,405 sq.m. have been granted to Chongqing Xuchang for a term expiring on 30 April 2051 for commercial and financial uses.
3. Pursuant to a Construction Land Planning Permit — Di Zi Di 500109201100148 issued by Chongqing Planning Bureau (重慶市規劃局) on 27 June 2011, Chongqing Xuchang is permitted to use a parcel of land with a site area of 44,405 sq.m. for commercial and financial uses.
4. As advised by the Group, the property is subject to a mortgage.
5. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter-alia, the following information
 - i. Chongqing Xuchang legally owns the land use rights of the property and has obtained the land use rights by payment of a land grant fee and such rights are protected under the PRC laws. Chongqing Xuchang is entitled to occupy, use and develop the land, and has the rights to transfer, let, mortgage such land use rights or dispose of the land use rights of the property by other lawful means within the term of the land use rights without paying extra land premium or land grant fee, provided that the relevant provisions of the mortgage agreement have been fulfilled;
 - ii. The property is subject to a mortgage which has been registered with the relevant building and land administration bureau. The mortgage is legal, valid and binding; and
 - iii. Apart from the mortgage mentioned above, as confirmed by Chongqing Xuchang, the property is not subject to any other mortgage, seizure, expropriation or any other encumbrances.

VALUATION CERTIFICATE

Group IV — Properties held by the Group for investment in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 August 2012
60.	The retail and carpark portions of Shanghai CIFI Yangpu Commercial Square (上海旭輝•楊浦商業廣場), Kongjang Road, Yangpu District, Shanghai, PRC	The Development, known as Shanghai CIFI Yangpu Commercial Square, is a large-scale commercial development to be erected on a parcel of land with a site area of approximately 18,292 sq.m. (196,895 sq.ft.). According to the latest development proposal provided by the Group, the property will comprise the retail and commercial arcade and carpark portion of the Development with a total rentable gross floor area of approximately 45,415 sq.m. (488,847 sq.ft.). As advised by the Group, the property is scheduled for completion in the 2nd quarter of 2014. Details of the uses and approximate gross floor areas of the property are as follows:	The property is currently under construction.	RMB734,000,000 (53% interest attributable to the Group: RMB389,020,000)
			Approximate gross floor area (sq.m.)	
		Use		
		Retail and Commercial		
		Arcade	34,438	
		Carpark (Civil Defence)	<u>10,977</u>	
		Total	<u>45,415</u>	
		The land use rights of the property have been granted for a term of 50 years expiring on 27 January 2056 for office use and a term of 40 years expiring on 27 January 2046 for commercial use respectively.		

Notes:

- Pursuant to the Shanghai State-owned Land Use Rights Grant Contract — Hu Fang Di Yang (2006) Chu Rang He Tong Di No. 003 (滬房地楊(2006)出讓合同第003號) entered into between Shanghai Yangpu District Housing and Land Administration Bureau (上海市楊浦區房屋土地管理局) as grantor and Shanghai Haiji Real Estate Co., Ltd. (上海海際房地產有限公司) (“Shanghai Haiji”), an indirect subsidiary of the Company in which the Company has an effective equity interest of 53%, on 28 January 2006, and the Shanghai State-owned Land Use Rights Grant

Contract (Supplementary) - Hu Yang Gui Tu (2010) Chu Rang He Tong Bu Zi Di No. 18 (滬楊規土(2010)出讓合同補字第18號) entered into between Shanghai Yangpu District Planning and Land Administration Bureau (上海市楊浦區規劃和土地管理局) as grantor and Shanghai Haiji on 10 November 2010, the grantors have agreed to grant the land use rights of a parcel of land with a site area of 18,292 sq.m. to Shanghai Haiji at a land grant fee of RMB84,621,000 for a term of 50 years for commercial and office uses respectively.

2. Pursuant to the Shanghai Certificate of Real Estate Ownership — Hu Fang Di Yang Zi (2008) Di No. 016837 (滬房地楊字(2008)第016837號) issued by Shanghai Housing and Land Resources Administration Bureau (上海市房屋土地資源管理局) on 30 July 2008, the land use rights of a parcel of land with a site area of 18,292 sq.m. have been granted to Shanghai Haiji for a term of 50 years expiring on 27 January 2056 for office use and a term of 40 years expiring on 27 January 2046 for commercial use respectively.
3. Pursuant to the Construction Land Planning Permit — Di Zi Di Hu Yang Di (2010) No. EA31011020100998 (地字第滬楊地(2010) EA31011020100998號) issued by Shanghai Yangpu District Planning and Land Administration Bureau (上海市楊浦區規劃和土地管理局) on 6 August 2010, Shanghai Haiji is permitted to use a parcel of land with a site area of 18,292 sq.m. for commercial and office uses.
4. Pursuant to the Construction Work Planning Permit — Hu Yang Jian (2011) FA31011020110925 (滬楊建(2011) FA31011020110925號) issued by Shanghai Yangpu District Planning and Land Administration Bureau (上海市楊浦區規劃和土地管理局) on 26 May 2011, the approved construction scale is 65,953.23 sq.m.

As advised by the Group, the property comprises portion of the buildings as stated in the Construction Work Planning Permit mentioned above.

5. Pursuant to the Construction Work Commencement Permit — No. 1001YP0042D01 310110201012161601 issued by Shanghai Construction Administration Office (上海市建築業管理辦公室) on 31 May 2011, the total approved construction scale is 65,953.53 sq.m.

As advised by the Group, the property comprises portion of the buildings as stated in the Construction Work Commencement Permit mentioned above.

6. As advised by the Group, the total construction cost expended for the property as at the date of valuation was approximately RMB54,600,000 whereas the total construction cost to be expended was approximately RMB355,000,000. We have taken into account the said amounts in our valuation.
7. The capital value of the property as if completed as at the date of valuation was RMB1,624,000,000.
8. As advised by the Group, the property is subject to a mortgage.
9. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:
 - i. Shanghai Haiji legally owns the land use rights of the property and has obtained the land use rights by payment of a land grant fee and such rights are protected under the PRC laws. Shanghai Xinbo is entitled to occupy, use and develop the land, and has the right to transfer, let, mortgage such land use rights or dispose of the land use rights of the property by other lawful means within the term of the land use rights without paying extra land premium or land grant fee, provided that the relevant provisions of the mortgage agreement have been fulfilled;

- ii. Shanghai Haiji has obtained the necessary permits and approvals from the relevant government authorities for the construction of the property as required by the PRC laws and such permits and approvals are valid and have not been withdrawn, revised or terminated. Shanghai Haiji has the right to construct the property in accordance with the aforesaid permits and approvals;
- iii. The property is subject to a mortgage which has been registered with the relevant building and land administration bureau. The mortgage is legal, valid and binding; and
- iv. As confirmed by Shanghai Haiji, except for the aforesaid mortgage, the property is not subject to any other mortgage, seizure, expropriation or any other encumbrances.

VALUATION CERTIFICATE

Group IV — Properties held by the Group for investment in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 August 2012
61.	Shanghai Jiading New Town Yumin Road Project (上海嘉定新城裕民路項目), North of Gaotai Road and near Yumin Road, Jiading New Town, Jiading District, Shanghai, PRC	<p>The property is a proposed large-scale commercial development to be erected on a parcel of land with a site area of approximately 19,857 sq.m. (213,741 sq.ft.).</p> <p>According to the latest development proposal provided by the Group, the property will have a total gross floor area of approximately 39,713 sq.m. (427,471 sq.ft.). As advised by the Group, the property is scheduled for completion in the 4th quarter of 2014.</p> <p>The land use rights of the property have been granted for a term expiring on 19 August 2051 for commercial use.</p>	The property is currently vacant.	RMB117,000,000 (100% interests attributable to the Group: RMB117,000,000)

Notes:

- Pursuant to the Shanghai State-owned Construction Land Use Rights Grant Contract - Hu Jia Gui Tu (2011) Chu Rang He Tong Di No. 50 (Version 1.0) (滬嘉規土(2011)出讓合同第50號(1.0版)) entered into between Shanghai Jiading District Planning and Land Administration Bureau (上海市嘉定區規劃和土地管理局) (the "Grantor") and CIFI Group Co., Ltd. (PRC) (旭輝集團股份有限公司) ("CIFI (PRC)"), an indirect wholly-owned subsidiary of the Company, on 9 June 2011, the Grantor has agreed to grant the land use rights of a parcel of land with a site area of 19,856.5 sq.m. to CIFI (PRC) at a land grant fee of RMB103,000,000 for a term of 40 years for commercial use.
- Pursuant to the Shanghai State-owned Land Use Rights Grant Contract (Supplementary) - Hu Jia Gui Tu (2011) Chu Rang He Tong Bu Zi Di No. 174 (滬嘉規土(2011)出讓合同補字第174號) entered into between the Grantor and Shanghai Xujia Property Co., Ltd. (上海旭嘉置業有限公司) ("Shanghai Xujia"), an indirect wholly-owned subsidiary of the Company, on 18 July 2011, the Grantor has agreed to change the transferee from CIFI (PRC) to Shanghai Xujia.
- Pursuant to the Shanghai State-owned Land Use Rights Grant Contract (Supplementary) — Hu Jia Gui Tu (2012) Chu Rang He Tong Bu Zi Di No. 75 (滬嘉規土(2012)出讓合同補字第75號) entered into between the Grantor and Shanghai Xujia, the latest commencement date and completion date of the property were changed to 20 April 2013 and 20 October 2015 respectively.
- Pursuant to the Shanghai Certificate of Real Estate Ownership — Hu Fang Di Jia Zi (2011) No. 021992 (滬房地嘉字(2011)第021992號) issued by Shanghai Housing Security and Administration Bureau (上海市住房保障和房屋管理局) and Shanghai Planning and Land Resources Administration Bureau (上海市規劃和國土資源管理局), the land use rights with a site area of 19,856.5 sq.m. have been granted to Shanghai Xujia for a term expiring on 19 August 2051 for commercial use.

5. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:-
- i. Shanghai Xujia legally owns the land use rights of the property and has obtained the land use rights by payment of a land grant fee and such rights are protected under the PRC laws. Shanghai Xujia is entitled to occupy, use and develop the land, and has the right to transfer, let, mortgage such land use rights or dispose of the land use rights of the property by other lawful means within the term of the land use rights without paying extra land premium or land grant fee; and
 - ii. As confirmed by Shanghai Xujia, the property is not subject to any mortgage, seizure, expropriation or any other encumbrances.

VALUATION CERTIFICATE

Group IV — Properties held by the Group for investment in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 August 2012								
62.	Portion of Jiaxing CIFI Square (嘉興 旭輝廣場), East of Zhongshan Road, Jiaxing, Zhejiang Province, PRC	<p>Jiaxing CIFI Sqaure (the “Development”) is a residential/commercial development erected on two parcels of land with a total site area of approximately 40,862 sq.m. (439,839 sq.ft.) and was completed in 2011.</p> <p>The property comprises the commercial portion of the Development with a total gross floor area of approximately 82,540 sq.m. (888,461 sq.ft.). Details of the uses and approximate gross floor areas of the property are as follows:</p> <table border="1" style="margin-left: 40px;"> <thead> <tr> <th>Use</th> <th>Approximate gross floor area (sq.m.)</th> </tr> </thead> <tbody> <tr> <td>Retail and Commercial Arcades (Aboveground)</td> <td>62,022</td> </tr> <tr> <td>Retail and Commercial Arcades (Underground)</td> <td>20,518</td> </tr> <tr> <td>Total</td> <td>82,540</td> </tr> </tbody> </table> <p>The land use rights of the property have been granted for a term expiring on 29 August 2046 for commercial, office, residential and composite uses respectively.</p>	Use	Approximate gross floor area (sq.m.)	Retail and Commercial Arcades (Aboveground)	62,022	Retail and Commercial Arcades (Underground)	20,518	Total	82,540	<p>As at the date of valuation, portion of the property with a lettable area of approximately 59,238 sq.m. was subject to various tenancies with the latest one due to expire in January 2031 at a total monthly rent of approximately RMB3,563,820 and the remaining portion of the property was vacant.</p>	<p>RMB2,876,000,000</p> <p>(100% interests attributable to the Group: RMB2,876,000,000)</p>
Use	Approximate gross floor area (sq.m.)											
Retail and Commercial Arcades (Aboveground)	62,022											
Retail and Commercial Arcades (Underground)	20,518											
Total	82,540											

Notes:

- Pursuant to two State-owned Land Use Rights Certificates all issued by The Bureau of Land and Resources Jiaxing (嘉興市國土資源局) and the People’s Government of Jiaxing (嘉興市人民政府), the land use rights of two parcels of land with a total site area of 40,862.4 sq.m. have been granted to Zhejiang Xuhui Property Co., Ltd.

(浙江旭輝置業有限公司)(“Zhejiang Xuhui”), an indirect wholly-owned subsidiary of the Company, for a term expiring on 29 August 2046 for commercial, office, residential and composite uses. Details of the certificates are as follows:

Certificate No.	Date of Issue	Site Area (sq.m.)
Jia Tu Guo Yong (2007) Di No. 285274 (嘉土國用 (2007出) 第285274號)	12 July 2007	19,448.00
Jia Tu Guo Yong (2007) Di No. 299950 (嘉土國用 (2007出) 第299950號)	9 January 2007	21,414.40
Total		<u>40,862.40</u>

2. Pursuant to four Building Ownership Certificates — Jia Fang Quan Zheng He Zi Di Nos. 00540619, 00540620, 00540695 and 00540696 issued by Jiaxing Housing Security Bureau (嘉興市住房保障局), the building ownership rights of various buildings with a total gross floor area of 82,539.63 sq.m. are vested in Zhejiang Xuhui for commercial service uses.
3. As advised by the Group, the property is subject to a mortgage.
4. We have been provided with a legal opinion on the title to the property issued by the Group’s PRC legal adviser, which contains, inter alia, the following information:
 - i. Zhejiang Xuhui legally owns the land use rights and building ownership rights of the property and has obtained the land use rights by payment of a land grant fee and such rights are protected under the PRC laws. Zhejiang Xuhui is entitled to occupy, use the land, and has the right to transfer, let, mortgage such land use rights and building ownership rights or dispose of the land use rights and building ownership rights of the property by other lawful means within the term of the land use rights without paying extra land premium or land grant fee, provided that the relevant provisions of the mortgage agreement have been fulfilled;
 - ii. The property is subject to a mortgage which has been registered with the relevant building and land administration bureau. The mortgage is legal, valid and binding;
 - iii. Apart from the mortgage mentioned above, as confirmed by Zhejiang Xuhui, the property is not subject to any other mortgage, seizure, expropriation or any other encumbrances; and
 - iv. The tenancy agreement is legal, valid and binding. Non-registration of the tenancy agreement does not affect the validity of the tenancy agreement or the rights of Zhejiang Xuhui under the tenancy agreement. However, Zhejiang Xuhui and the lessee may be required by the relevant housing administration authority to register the tenancy agreement within a prescribed period; failing which, Zhejiang Xuhui and the lessee may be fined between RMB1,000 and RMB10,000.

VALUATION CERTIFICATE

Group IV — Properties held by the Group for investment in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 August 2012																						
63.	Portion of Beijing CIFI Wangxin Commercial Centre (北京旭輝•望馨商業中心), No. 209 Lize Xiyuan, Wangjing Area, Chaoyang District, Beijing, PRC	Beijing CIFI Wangxin Commercial Centre (the “Development”) is a 5-storey commercial building plus a 2-level basement carpark erected on a parcel of land with a site area of approximately 6,903 sq.m. (74,304 sq.ft.) and was completed in 2007. The property comprises the retail portion of the Development with a gross floor area of approximately 4,860 sq.m. (52,313 sq.ft.). The land use rights of the property have been granted for two concurrent terms expiring on 4 June 2044 and 4 June 2054 for commercial and ancillary uses and car parking use respectively.	The property was subject to a tenancy for a term commencing on 20 November 2008 and expiring on 31 December 2018 with a rent free period from 20 November 2008 to 28 February 2009. The annual rentals for different periods are shown as below: <table border="1"> <thead> <tr> <th>Period</th> <th>Annual Rent (RMB)</th> </tr> </thead> <tbody> <tr> <td>Mar 2009 to Dec 2009</td> <td>2,081,925.47</td> </tr> <tr> <td>Year 2010</td> <td>2,483,342.47</td> </tr> <tr> <td>Year 2011</td> <td>2,838,105.68</td> </tr> <tr> <td>Year 2012</td> <td>2,988,175.38</td> </tr> <tr> <td>Year 2013</td> <td>3,121,916.25</td> </tr> <tr> <td>Year 2014</td> <td>3,281,559.70</td> </tr> <tr> <td>Year 2015</td> <td>3,387,988.66</td> </tr> <tr> <td>Year 2016</td> <td>3,557,351.64</td> </tr> <tr> <td>Year 2017</td> <td>3,725,013.71</td> </tr> <tr> <td>Year 2018</td> <td>3,920,133.47</td> </tr> </tbody> </table>	Period	Annual Rent (RMB)	Mar 2009 to Dec 2009	2,081,925.47	Year 2010	2,483,342.47	Year 2011	2,838,105.68	Year 2012	2,988,175.38	Year 2013	3,121,916.25	Year 2014	3,281,559.70	Year 2015	3,387,988.66	Year 2016	3,557,351.64	Year 2017	3,725,013.71	Year 2018	3,920,133.47	RMB55,600,000 (100% interests attributable to the Group: RMB55,600,000)
Period	Annual Rent (RMB)																									
Mar 2009 to Dec 2009	2,081,925.47																									
Year 2010	2,483,342.47																									
Year 2011	2,838,105.68																									
Year 2012	2,988,175.38																									
Year 2013	3,121,916.25																									
Year 2014	3,281,559.70																									
Year 2015	3,387,988.66																									
Year 2016	3,557,351.64																									
Year 2017	3,725,013.71																									
Year 2018	3,920,133.47																									

Notes:

- Pursuant to the State-owned Land Use Rights Certificate — Jing Chao Guo Yong (2004 Chu) Di No. 0490 (京朝國用(2004出)第0490號) issued by the People’s Government of Beijing (北京市人民政府) on 27 September 2004, the land use rights of the property with a site area of 6,902.55 sq.m. have been granted to Beijing Wangxin Property Co., Ltd. (北京望馨置業有限公司) (“Beijing Wangxin”), an indirect wholly-owned subsidiary of the Company, for two concurrent terms expiring on 4 June 2044 and 4 June 2054 for commercial and ancillary uses and car parking use respectively.
- Pursuant to the Beijing Commodity Housing Sales Contract — No. XF274757 entered into between Beijing Wangxin and Beijing Xuxingcheng Property Co., Ltd. (北京旭興城置業有限公司) (“Beijing Xuxingcheng”), an indirect wholly-owned subsidiary of the Company, on 22 March 2011, Beijing Wangxin has agreed to sell the property to Beijing Xuxingcheng at a consideration of RMB29,158,620.

3. Pursuant to the Building Ownership Certificate — X Jing Fang Quan Zheng Chao Zi Di No. 1040574 (X京房權證朝字第1040574號) issued by Beijing Chao Yang District Housing Administration Bureau (北京市朝陽區房屋管理局), the building ownership rights of the property with a total gross floor area of 4,859.77 sq.m. are vested in Beijing Xuxingcheng.
4. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:
 - i. The Building Ownership Certificate mentioned in Note 3 above is legal and valid and Beijing Xuxingcheng is entitled to occupy, use, transfer, let, mortgage the property or dispose of the property by other lawful means within the term of the land use rights without paying extra land premium or land grant fee;
 - ii. As confirmed by Beijing Xuxingcheng, the property is not subject to any mortgage, seizure, expropriation or any other encumbrances.
 - iii. Beijing Xuxingcheng is entitled to let the property;
 - iv. The tenancy agreement is legal, valid and binding; and
 - v. Non-registration of the tenancy agreement does not affect the validity of the tenancy agreement or the rights of Beijing Xuxingcheng under the tenancy agreement. However, Beijing Xuxingcheng and the lessee may be required by the relevant housing administration authority to rectify the non-compliance within a prescribed period; failing which, Beijing Xuxingcheng and the lessee may be fined between RMB1,000 and RMB10,000.

VALUATION CERTIFICATE

Group IV — Properties held by the Group for investment in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 August 2012
64.	Units 601, 602, 8B, 901 and 902 of Hailian Centre (海聯中心), No. 456 Xianyue Road, Siming District, Xiamen, Fujian Province, PRC	<p>The property comprises five office units of a 17-storey commercial building erected on a parcel of land with a site area of approximately 3,462 sq.m. (37,265 sq.ft.) and was completed in 2000.</p> <p>The property has a total gross floor area of approximately 1,816 sq.m. (19,547 sq.ft.).</p> <p>The land use rights of the property have been granted for a term expiring on 12 November 2047 for office use.</p>	The property is subject to various tenancies which are due to expire between 30 November 2012 and 30 June 2015 at a total current monthly rental of about RMB60,616.	RMB20,400,000 (100% interests attributable to the Group: RMB20,400,000)

Notes:

- Pursuant to five Realty Title Certificates issued by Xiamen Municipal Land, Resources and Housing Administrative Bureau (廈門市國土資源與房產管理局), the building ownership rights of the property with a total gross floor area of 1,815.88 sq.m., together with the corresponding land use rights, are vested in Xiamen Yongsheng Enterprise Development Co., Ltd. (廈門永升實業發展有限公司) (“Xiamen Yongsheng”), an indirect wholly-owned subsidiary of the Company. Details of the certificates are as follows:

No.	Unit	Certificate No.	Gross Floor Area	Use	Land Use Term Expiry Date
			(sq.m.)		
(1)	601	Xia Di Fang Zheng Di No.00303005 (廈地房證第00303005號)	428.91	Office	12 November 2047
(2)	602	Xia Di Fang Zheng Di No.00303004 (廈地房證第00303004號)	306.06	Office	12 November 2047
(3)	8B	Xia Di Fang Zheng Di No.00308991 (廈地房證第00308991號)	345.94	Office	12 November 2047
(4)	901	Xia Di Fang Zheng Di No.00302990 (廈地房證第00302990號)	428.91	Office	12 November 2047
(5)	902	Xia Di Fang Zheng Di No.00302991 (廈地房證第00302991號)	306.06	Office	12 November 2047
		Total:	<u>1,815.88</u>		

2. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:
 - i. Xiamen Yongsheng has legally obtained the land use rights and building ownership rights of the property and is entitled to occupy and use the property and has the right to transfer, let, mortgage the land use rights and building ownership rights of the property or dispose of the property by other lawful means within the term of the land use rights without paying extra land premium or land grant fee;
 - ii. As confirmed by Xiamen Yongsheng, the property is not subject to any mortgage, seizure, expropriation or any other encumbrances;
 - iii. Xiamen Yongsheng is entitled to let the property; and
 - iv. The tenancy agreements have been registered and are legal, valid and binding.

VALUATION CERTIFICATE

Group V — Properties rented by the Group in the PRC

No.	Property	Description and tenancy particulars	Particulars of occupancy	Market value in existing state as at 31 August 2012
65.	Level 11, Hunan Haolaideng Hotel (湖南好來登酒店), No. 191 Furong Middle Road, Section I, Kaifu District, Changsha, Hunan Province, PRC	Hunan Haolaideng Hotel is a 31-storey hotel building completed in 2005. The property comprises the office area on Level 11 with a floor area of approximately 680 sq.m. (7,320 sq.ft.).	The property is currently occupied by the Group for office use.	No commercial value

Notes:

1. The property is rented by Hunan Longsheng Property Development Co., Ltd. (湖南隆晟置業發展有限公司) (the “lessee”), an indirect wholly-owned subsidiary of the Company, under a tenancy agreement from Hunan Haolaideng Hotel Co., Ltd. (湖南好來登酒店有限公司) (the “lessor”) for a term commencing on 1 January 2011 and expiring on 31 December 2012 at a monthly rental of RMB31,200 as at the date of valuation.
2. We have been provided with a legal opinion on the lease agreement to the property issued by the Group’s PRC legal adviser, which contains, inter alia, the following information:
 - i. As the lessee has not provided us with the relevant title document or authorization letter to prove that the lessor is the owner of the property or the lessor is authorized by the owner to let the property, it cannot be ascertained whether the lessor is entitled to let the property. If the lessor does not have a right to let the property, there is a risk that the tenancy agreement may be declared invalid by the relevant authority; and
 - ii. Non-registration of the tenancy agreement does not affect the validity of the tenancy agreement or the rights of the lessee under the tenancy agreement. However, the lessor and the lessee may be required by the relevant housing administration authority to rectify the non-compliance within a prescribed period; failing which, the lessor and the lessee may be fined between RMB1,000 and RMB10,000.

VALUATION CERTIFICATE

Group V — Properties rented by the Group in the PRC

No.	Property	Description and tenancy particulars	Particulars of occupancy	Market value in existing state as at 31 August 2012
66.	Room 1805, North Block of Ruijie Building (潤捷廣場), No. 9 Dengwei Road, Gaixin District, Suzhou, Jiangsu Province, PRC	The office portion of Ruijie Building is a 20-storey office building completed in 2006. The property comprises an office unit on Level 18 with a floor area of approximately 126.9 sq.m. (1,366 sq.ft.).	The property is currently occupied by the Group for office use.	No commercial value

Notes:

1. The property is rented by Suzhou Xuhui Xingteng Property Co., Ltd. (蘇州旭輝興騰置業有限公司) (the “lessee”), an indirect wholly-owned subsidiary of the Company, under a tenancy agreement from Suzhou Ruijie Property Co., Ltd. (蘇州潤捷置業有限公司) (the “lessor”) for a term commencing on 1 December 2010 and expiring on 31 December 2012 at a monthly rental of RMB7,360.2 as at the date of valuation.
2. We have been provided with a legal opinion on the lease agreement to the property issued by the Group’s PRC legal adviser, which contains, inter alia, the following information:
 - i. The lessor is entitled to let the property;
 - ii. The tenancy agreement is legal, valid and binding;
 - iii. The lessee is entitled to use the property within the tenancy period; and
 - iv. Non-registration of the tenancy agreement does not affect the validity of the tenancy agreement or the rights of the lessee under the tenancy agreement. However, the lessor and the lessee may be required by the relevant housing administration authority to rectify the non-compliance within a prescribed period; failing which, the lessor and the lessee may be fined between RMB1,000 and RMB10,000.

VALUATION CERTIFICATE

Group V — Properties rented by the Group in the PRC

No.	Property	Description and tenancy particulars	Particulars of occupancy	Market value in existing state as at 31 August 2012
67.	Rooms 1801 to 1804, North Block, Ruijie Building (潤捷廣場), No. 9 Dengwei Road, Gaoxin District, Suzhou, Jiangsu Province, PRC	The office portion of Ruijie Building is a 20-storey office building completed in 2006. The property comprises four office units on Level 18 with a floor area of approximately 599.8 sq.m. (6,456 sq.ft.).	The property is currently occupied by the Group for office use.	No commercial value

Notes:

1. The property is rented by Suzhou Xuhui High-Tech Property Co., Ltd. (蘇州旭輝高科置業有限公司) (the “lessee”), an indirect wholly-owned subsidiary of the Company, under a tenancy agreement from Suzhou Ruijie Property Co., Ltd. (蘇州潤捷置業有限公司) (the “lessor”) for a term commencing on 1 January 2010 and expiring on 31 December 2012 at a monthly rental of RMB34,788.4 as at the date of valuation.
2. We have been provided with a legal opinion on the lease agreement to the property issued by the Group’s PRC legal adviser, which contains, inter alia, the following information:
 - i. As the lessee has not provided us with the relevant title document or authorization letter to prove that the lessor is the owner of the property or the lessor is authorized by the owner to let the property, it cannot be ascertained whether the lessor is entitled to let the property. If the lessor does not have a right to let the property, there is a risk that the tenancy agreement may be declared invalid by the relevant authority; and
 - ii. Non-registration of the tenancy agreement will not affect the validity of the tenancy agreement or the rights of the lessee under the tenancy agreement. However, the lessor and the lessee may be required by the relevant housing administration authority to rectify the non-compliance within a prescribed period; failing which, the lessor and the lessee may be fined between RMB1,000 and RMB10,000.

VALUATION CERTIFICATE

Group V — Properties rented by the Group in the PRC

No.	Property	Description and tenancy particulars	Particulars of occupancy	Market value in existing state as at 31 August 2012
68.	Room B-2 on 16th Floor, Composite Office Tower of Yangpu Shopping Mall (楊浦商城), No. 5 Anshan Road, Yangpu District, Shanghai, PRC	The office tower of Yangpu Shopping Mall is a 28-storey commercial building completed in 1998. The property comprises an office unit on Level 16 with a floor area of approximately 280 sq.m. (3,014 sq.ft.).	The property is currently occupied by the Group for office use.	No commercial value

Notes:

1. The property is rented by Shanghai Haiji Real Estate Co., Ltd. (上海海際房地產有限公司) (the “lessee”), an indirect subsidiary of the Company in which the Company has an effective equity interest of 53%, from Shanghai Yangpu Business Center Co., Ltd. (上海楊浦商務中心有限公司) (the “lessor”) for a term commencing on 15 March 2012 and expiring on 14 March 2013 at a monthly rental of RMB17,640 as at the date of valuation.
2. We have been provided with a legal opinion on the lease agreement to the property issued by the Group’s PRC legal adviser, which contains, inter alia, the following information:
 - i. The lessor is entitled to let the property;
 - ii. The tenancy agreement is legal, valid and binding;
 - iii. The lessee is entitled to use the property within the tenancy period; and
 - iv. Non-registration of the tenancy agreement does not affect the validity of the tenancy agreement or the rights of the lessee under the tenancy agreement. However, the lessor and the lessee may be required by the relevant housing administration authority to rectify the non-compliance within a prescribed period; failing which, the lessor and the lessee may be fined between RMB1,000 and RMB10,000.

VALUATION CERTIFICATE

Group V — Properties rented by the Group in the PRC

No.	Property	Description and tenancy particulars	Particulars of occupancy	Market value in existing state as at 31 August 2012
69.	Units 1101 to 1103, 11th Floor, Block 6 of Zhong Shan Ming Du (中山名都), No. 666 Zhongshan East Road, Jiaxing, Zhejiang Province, PRC	The property comprises three office units on Level 11 of a 23-storey office building completed in 2005. The total floor area of the property is approximately 603.28 sq.m. (6,494 sq.ft.).	The property is currently occupied by the Group for office use.	No commercial value

Notes:

1. The property is rented by Zhejiang Xuhui Property Co., Ltd. (浙江旭輝置業有限公司) (the “lessee”), an indirect wholly-owned subsidiary of the Company, from Hu Tiegen (胡鐵根) (the “lessor”) for a term commencing on 16 August 2012 and expiring on 15 August 2013 at a monthly rental of RMB14,478.72 as at the date of valuation.
2. We have been provided with a legal opinion on the lease agreement to the property issued by the Group’s PRC legal adviser, which contains, inter alia, the following information:
 - i. The lessor is entitled to let the property;
 - ii. The tenancy agreement is legal, valid and binding;
 - iii. The lessee is entitled to use the property within the tenancy period; and
 - iv. Non-registration of the tenancy agreement does not affect the validity of the tenancy agreement or the rights of the lessee under the tenancy agreement. However, the lessor and the lessee may be required by the relevant housing administration authority to rectify the non-compliance within a prescribed period; failing which, the lessor and the lessee may be fined between RMB1,000 and RMB10,000.

VALUATION CERTIFICATE

Group V — Properties rented by the Group in the PRC

No.	Property	Description and tenancy particulars	Particulars of occupancy	Market value in existing state as at 31 August 2012
70.	Level 2 of Unit No. 1, Office Building of CIFI Riverside (旭輝左海岸), No. 81 Minjiang Road, Cangshan District, Fuzhou, Fujian Province, PRC	The Office Building of CIFI Riverside is a 2-storey office building completed in 2009. The property comprises an office unit on Level 2 with a total floor area of approximately 86.05 sq.m. (926 sq.ft.).	The property is currently occupied by the Group for commercial use.	No commercial value

Notes:

1. The property is rented by Fuzhou Wancheng Real Estate Development Co., Ltd. (福州萬誠房地產開發有限公司) (the “lessee”), an indirect wholly-owned subsidiary of the Company, from Geng Sujian, Geng Surong and Geng Suwu (耿蘇建、耿蘇榕及耿蘇武) (the “lessor”) for a term commencing on 4 January 2012 and expiring on 4 January 2014 at a monthly rental of RMB3,873 as at the date of valuation.
2. We have been provided with a legal opinion on the lease agreement to the property issued by the Group’s PRC legal adviser, which contains, inter alia, the following information:
 - i. As the lessee has not provided us with the relevant title document or authorization letter to prove that the lessor is the owner of the property or the lessor is authorized by the owner to let the property, it cannot be ascertained whether the lessor is entitled to let the property. If the lessor does not have a right to let the property, there is a risk that the tenancy agreement may be declared invalid by the relevant authority; and
 - ii. Non-registration of the tenancy agreement does not affect the validity of the tenancy agreement or the rights of the lessee under the tenancy agreement. However, the lessor and the lessee may be required by the relevant housing administration authority to rectify the non-compliance within a prescribed period; failing which, the lessor and the lessee may be fined between RMB1,000 and RMB10,000.

VALUATION CERTIFICATE

Group V — Properties rented by the Group in the PRC

No.	Property	Description and tenancy particulars	Particulars of occupancy	Market value in existing state as at 31 August 2012
71.	Level 1 and Level 2 of Unit No. 2, Office Building of CIFI Riverside (旭輝左海岸), No. 81 Minjiang Road, Cangshan District, Fuzhou, Fujian Province, PRC	The Office Building of CIFI Riverside is a 2-storey office building completed in 2009. The property comprises an office unit on Levels 1 and 2 with a total floor area of approximately 116.96 sq.m. (1,259 sq.ft.).	The property is currently occupied by the Group for office use.	No commercial value

Notes:

1. The property is rented by Fuzhou Wancheng Real Estate Development Co., Ltd. (福州萬誠房地產開發有限公司) (the “lessee”), an indirect wholly-owned subsidiary of the Company, from Chen Qingming and Qiu Xiaofang (陳慶明及邱小芳) (the “lessor”) for a term commencing on 4 November 2010 and expiring on 3 November 2013 at a monthly rental of RMB4,370.8 as at the date of valuation.
2. We have been provided with a legal opinion on the lease agreement to the property issued by the Group’s PRC legal adviser, which contains, inter alia, the following information:
 - i. As the lessee has not provided us with the relevant title document or authorization letter to prove that the lessor is the owner of the property or the lessor is authorized by the owner to let the property, it cannot be ascertained whether the lessor is entitled to let the property. If the lessor does not have a right to let the property, there is a risk that the tenancy agreement may be declared invalid by the relevant authority; and
 - ii. Non-registration of the tenancy agreement does not affect the validity of the tenancy agreement or the rights of the lessee under the tenancy agreement. However, the lessor and the lessee may be required by the relevant housing administration authority to rectify the non-compliance within a prescribed period; failing which, the lessor and the lessee may be fined between RMB1,000 and RMB10,000.

VALUATION CERTIFICATE

Group V — Properties rented by the Group in the PRC

No.	Property	Description and tenancy particulars	Particulars of occupancy	Market value in existing state as at 31 August 2012
72.	Room 115-9, Level 1, No. 3035 Zhufeng Highway, Liantang Town, Qingpu District, Shanghai, PRC	The property comprises an office unit on Level 1 of a single-storey office building completed in 1980's. The floor area of the property is approximately 48 sq.m. (517 sq.ft.).	The property is currently occupied by the Group for office use.	No commercial value

Notes:

1. The property is rented by Shanghai Xukai Real Estate Sales Co., Ltd. (上海旭凱房產銷售有限公司) (now known as Xukai (Shanghai) Investment Consultant Co., Ltd. (旭凱(上海)投資顧問有限公司) (the “lessee”), an indirect wholly-owned subsidiary of the Company, from Shanghai Sun Island Economic Development Co., Ltd. (上海太陽島經濟發展有限公司) (the “lessor”) for a term commencing on 29 March 2005 and expiring on 28 March 2015 at an annual rental of RMB10,000 as at the date of valuation.
2. We have been provided with a legal opinion on the lease agreement to the property issued by the Group’s PRC legal adviser, which contains, inter alia, the following information:
 - i. The lessor is entitled to let the property;
 - ii. The tenancy agreement is legal, valid and binding;
 - iii. The lessee is entitled to use the property within the tenancy period; and
 - iv. Non-registration of the tenancy agreement does not affect the validity of the tenancy agreement or the rights of the lessee under the tenancy agreement. However, the lessor and the lessee may be required by the relevant housing administration authority to rectify the non-compliance within a prescribed period; failing which, the lessor and the lessee may be fined between RMB1,000 and RMB10,000.

VALUATION CERTIFICATE

Group V — Properties rented by the Group in the PRC

No.	Property	Description and tenancy particulars	Particulars of occupancy	Market value in existing state as at 31 August 2012
73.	Room 186, Level 1, Zone A, Block 3, No. 555 Songxiu Road, Qingpu District, Shanghai, PRC	The property comprises an office unit on Level 1 of a 5-storey office building completed in the 1990's. The floor area of the property is approximately 20 sq.m. (215 sq.ft.).	The property is currently occupied by the Group for office use.	No commercial value

Notes:

1. The property is rented by Shanghai Xubo Property Co., Ltd. (上海旭博置業有限公司) (the “lessee”), an indirect wholly-owned subsidiary of the Company, from Shanghai Yiyuan Investment Management Co., Ltd. (上海意源投資管理有限公司) (the “lessor”) for a term commencing on 2 August 2010 and expiring on 1 August 2020 at an annual rental of RMB8,400 as at the date of valuation.
2. We have been provided with a legal opinion on the lease agreement to the property issued by the Group’s PRC legal adviser, which contains, inter alia, the following information:
 - i. As the lessee has not provided us with the relevant title document or authorization letter to prove that the lessor is the owner of the property or the lessor is authorized by the owner to let the property, it cannot be ascertained whether the lessor is entitled to let the property. If the lessor does not have a right to let the property, there is a risk that the tenancy agreement may be declared invalid by the relevant authority; and
 - ii. Non-registration of the tenancy agreement does not affect the validity of the tenancy agreement or the rights of the lessee under the tenancy agreement. However, the lessor and the lessee may be required by the relevant housing administration authority to rectify the non-compliance within a prescribed period; failing which, the lessor and the lessee may be fined between RMB1,000 and RMB10,000.

VALUATION CERTIFICATE

Group V — Properties rented by the Group in the PRC

No.	Property	Description and tenancy particulars	Particulars of occupancy	Market value in existing state as at 31 August 2012
74.	Room 501, Block 8, No. 156, Shouchun Road, Hefei, Anhui Province, PRC	The property comprises an office unit on Level 5 of a 6-storey office building completed in 2003. The floor area of the property is approximately 134.46 sq.m. (1,447 sq.ft.).	The property is occupied by the Group for office use.	No commercial value

Notes:

1. The property is rented by CIFI Group Co., Ltd. (PRC) (旭輝集團股份有限公司) (the “lessee”), an indirect wholly-owned subsidiary of the Company, from Sheng Zhigang (盛志剛) (the “lessor”) for a term commencing on 20 January 2011 and expiring on 19 January 2013 free of rent.
2. We have been provided with a legal opinion on the lease agreement to the property issued by the Group’s PRC legal adviser, which contains, inter alia, the following information:
 - i. The lessor is entitled to let the property;
 - ii. The tenancy agreement is legal, valid and binding;
 - iii. The lessee is entitled to use the property within the tenancy period; and
 - iv. Non-registration of the tenancy agreement does not affect the validity of the tenancy agreement or the rights of the lessee under the tenancy agreement. However, the lessor and the lessee may be required by the relevant housing administration authority to rectify the non-compliance within a prescribed period; failing which, the lessor and the lessee may be fined between RMB1,000 and RMB10,000.

VALUATION CERTIFICATE

Group V — Properties rented by the Group in the PRC

No.	Property	Description and tenancy particulars	Particulars of occupancy	Market value in existing state as at 31 August 2012
75.	Level 1, No. 2, Tianyuan Road, Panggezhuang Town, Daxing District, Beijing, PRC	The property comprises an office unit on Level 1 of a 4-storey office building completed in the 1990's. The floor area of the property is approximately 50 sq.m. (538 sq.ft.).	The property is occupied by the Group for office use.	No commercial value

Notes:

1. The property is rented by Beijing Yongxu Property Co., Ltd. (北京永旭置業有限公司) (the “lessee”), an indirect wholly-owned subsidiary of the Company, from Beijing Daxing District Panggezhuang Town Industrial Company (北京大興區龐各莊鎮工業公司) (the “lessor”) for a term commencing on 20 April 2008 and expiring on 19 April 2013 free of rent.
2. We have been provided with a legal opinion on the lease agreement to the property issued by the Group’s PRC legal adviser, which contains, inter alia, the following information:
 - i. As the lessee has not provided us with the relevant title document or authorization letter to prove that the lessor is the owner of the property or the lessor is authorized by the owner to let the property, it cannot be ascertained whether the lessor is entitled to let the property. If the lessor does not have a right to let the property, there is a risk that the tenancy agreement may be declared invalid by the relevant authority; and
 - ii. Non-registration of the tenancy agreement does not affect the validity of the tenancy agreement or the rights of the lessee under the tenancy agreement. However, the lessor and the lessee may be required by the relevant housing administration authority to rectify the non-compliance within a prescribed period; failing which, the lessor and the lessee may be fined between RMB1,000 and RMB10,000.

VALUATION CERTIFICATE

Group V — Properties rented by the Group in the PRC

No.	Property	Description and tenancy particulars	Particulars of occupancy	Market value in existing state as at 31 August 2012
76.	Room 201, Block No.9, No. 22 Tianqiao Road, Runzhou District, Zhenjiang, Jiangsu Province, PRC	The property comprises a residential unit on Level 2 of a 5-storey residential building completed in 2000. The floor area of the property is approximately 94.89 sq.m. (1,012 sq.ft.).	The property is currently occupied by the Group for staff quarters use.	No commercial value

Notes:

1. The property is rented by Zhenjiang City Xurun Real Estate Development Co., Ltd. (鎮江市旭潤房地產開發有限公司) (the “lessee”), an indirect wholly-owned subsidiary of the Company, from Tao Wenxing (陶文興) (the “lessor”) for a term commencing on 20 November 2011 and expiring on 19 November 2012 at a monthly rental of RMB1,900 as at the date of valuation.
2. We have been provided with a legal opinion on the lease agreement to the property issued by the Group’s PRC legal adviser, which contains, inter alia, the following information:
 - i. As the lessee has not provided us with the relevant title document or authorization letter to prove that the lessor is the owner of the property or the lessor is authorized by the owner to let the property, it cannot be ascertained whether the lessor is entitled to let the property. If the lessor does not have a right to let the property, there is a risk that the tenancy agreement may be declared invalid by the relevant authority; and
 - ii. Non-registration of the tenancy agreement does not affect the validity of the tenancy agreement or the rights of the lessee under the tenancy agreement. However, the lessor and the lessee may be required by the relevant housing administration authority to rectify the non-compliance within a prescribed period; failing which, the lessor and the lessee may be fined between RMB1,000 and RMB10,000.

VALUATION CERTIFICATE

Group V — Properties rented by the Group in the PRC

No.	Property	Description and tenancy particulars	Particulars of occupancy	Market value in existing state as at 31 August 2012
77.	Room 504, Block No. 18, Miao Jia Xiang (苗家巷), Runzhou District, Zhenjiang, Jiangsu Province, PRC	The property comprises a residential unit on Level 5 of a 6-storey residential building completed in 2000. The floor area of the property is approximately 103.43 sq.m. (1,113 sq.ft.).	The property is currently occupied by the Group for staff quarters use.	No commercial value

Notes:

1. The property is rented by Zhenjiang City Xurun Real Estate Development Co., Ltd. (鎮江市旭潤房地產開發有限公司) (the “lessee”), an indirect wholly-owned subsidiary of the Company, from Yin Xiuzhong (殷秀忠) (the “lessor”) for a term commencing on 25 December 2011 and expiring on 24 December 2012 at a monthly rental of RMB2,100 as at the date of valuation.
2. We have been provided with a legal opinion on the lease agreement to the property issued by the Group’s PRC legal adviser, which contains, inter alia, the following information:
 - i. As the lessee has not provided us with the relevant title document or authorization letter to prove that the lessor is the owner of the property or the lessor is authorized by the owner to let the property, it cannot be ascertained whether the lessor is entitled to let the property. If the lessor does not have a right to let the property, there is a risk that the tenancy agreement may be declared invalid by the relevant authority; and
 - ii. Non-registration of the tenancy agreement does not affect the validity of the tenancy agreement or the rights of the lessee under the tenancy agreement. However, the lessor and the lessee may be required by the relevant housing administration authority to rectify the non-compliance within a prescribed period; failing which, the lessor and the lessee may be fined between RMB1,000 and RMB10,000.

VALUATION CERTIFICATE

Group V — Properties rented by the Group in the PRC

No.	Property	Description and tenancy particulars	Particulars of occupancy	Market value in existing state as at 31 August 2012
78.	Room 502, Block No. 8, Xi Yuan Xin Cun (溪園新村), Runzhou District, Zhenjiang, Jiangsu Province, PRC	The property comprises a residential unit on Level 5 of a 6-storey residential building completed in 2000. The floor area of the property is approximately 104.13 sq.m. (1,121 sq.ft.).	The property is currently occupied by the Group for staff quarters use.	No commercial value

Notes:

1. The property is rented by Zhenjiang City Xurun Real Estate Development Co., Ltd. (鎮江市旭潤房地產開發有限公司) (the “lessee”), an indirect wholly-owned subsidiary of the Company, from Wei Zhiai (韋知哎) (the “lessor”) for a term commencing on 29 February 2012 and expiring on 28 February 2013 at a monthly rental of RMB1,950 as at the date of valuation.
2. We have been provided with a legal opinion on the lease agreement to the property issued by the Group’s PRC legal adviser, which contains, inter alia, the following information:
 - i. The lessor is entitled to let the property;
 - ii. The tenancy agreement is legal, valid and binding;
 - iii. The lessee is entitled to use the property within the tenancy period; and
 - iv. Non-registration of the tenancy agreement does not affect the validity of the tenancy agreement or the rights of the lessee under the tenancy agreement. However, the lessor and the lessee may be required by the relevant housing administration authority to rectify the non-compliance within a prescribed period; failing which, the lessor and the lessee may be fined between RMB1,000 and RMB10,000.

VALUATION CERTIFICATE

Group V — Properties rented by the Group in the PRC

No.	Property	Description and tenancy particulars	Particulars of occupancy	Market value in existing state as at 31 August 2012
79.	Room 43-202, Level 2, Wanke Mei Li Cheng (萬科魅力之城), Runzhou District, Zhenjiang, Jiangsu Province, PRC	The property comprises a residential unit on Level 2 of a 5-storey residential building completed in 2006. The floor area of the property is approximately 113 sq.m. (1,216 sq.ft.).	The property is currently occupied by the Group for staff quarters use.	No commercial value

Notes:

1. The property is rented by Zhenjiang City Xurun Real Estate Development Co., Ltd. (鎮江市旭潤房地產開發有限公司) (the “lessee”), an indirect wholly-owned subsidiary of the Company, from Wu Haiyong (吳海永) (the “lessor”) for a term commencing on 1 March 2012 and expiring on 1 March 2013 at a monthly rental of RMB3,700 as at the date of valuation.
2. We have been provided with a legal opinion on the lease agreement to the property issued by the Group’s PRC legal adviser, which contains, inter alia, the following information:
 - i. The lessor is entitled to let the property;
 - ii. The tenancy agreement is legal, valid and binding;
 - iii. The lessee is entitled to use the property within the tenancy period; and
 - iv. Non-registration of the tenancy agreement does not affect the validity of the tenancy agreement or the rights of the lessee under the tenancy agreement. However, the lessor and the lessee may be required by the relevant housing administration authority to rectify the non-compliance within a prescribed period; failing which, the lessor and the lessee may be fined between RMB1,000 and RMB10,000.

VALUATION CERTIFICATE

Group V — Properties rented by the Group in the PRC

No.	Property	Description and tenancy particulars	Particulars of occupancy	Market value in existing state as at 31 August 2012
80.	Room 202, Block No. 2 Danguiyuan (丹桂苑), Jingkou District, Zhenjiang, Jiangsu Province, PRC	The property comprises a residential unit on Level 2 of a 6-storey residential building completed in 1995. The floor area of the property is approximately 110 sq.m. (1,184 sq.ft.).	The property is currently occupied by the Group for staff quarters use.	No commercial value

Notes:

1. The property is rented by Zhenjiang City Xurun Real Estate Development Co., Ltd. (鎮江市旭潤房地產開發有限公司) (the “lessee”), an indirect wholly-owned subsidiary of the Company, from Wu Yuanhai (武元海) (the “lessor”) for a term commencing on 1 April 2012 and expiring on 1 April 2013 at a monthly rental of RMB1,950 as at the date of valuation.
2. We have been provided with a legal opinion on the lease agreement to the property issued by the Group’s PRC legal adviser, which contains, inter alia, the following information:
 - i. As the lessee has not provided us with the relevant title document or authorization letter to prove that the lessor is the owner of the property or the lessor is authorized by the owner to let the property, it cannot be ascertained whether the lessor is entitled to let the property. If the lessor does not have a right to let the property, there is a risk that the tenancy agreement may be declared invalid by the relevant authority; and
 - ii. Non-registration of the tenancy agreement does not affect the validity of the tenancy agreement or the rights of the lessee under the tenancy agreement. However, the lessor and the lessee may be required by the relevant housing administration authority to rectify the non-compliance within a prescribed period; failing which, the lessor and the lessee may be fined between RMB1,000 and RMB10,000.

VALUATION CERTIFICATE

Group V — Properties rented by the Group in the PRC

No.	Property	Description and tenancy particulars	Particulars of occupancy	Market value in existing state as at 31 August 2012
81.	Room 103, Level 1, No. 462 Changhua Road, Xuhui District, Shanghai, PRC	The property comprises an office unit on Level 1 of a 4-storey office building completed in 2009. The floor area of the property is approximately 75 sq.m. (807 sq.ft.).	The property is occupied by the Group for office use.	No commercial value

Notes:

1. The property is rented by Shanghai Xuhui Property Co., Ltd. (上海旭匯置業有限公司) (the “lessee”), an indirect wholly-owned subsidiary of the Company, from Shanghai Jianhua Industrial Co., Ltd. (上海建華實業有限公司) (the “lessor”) for a term commencing on 9 October 2009 and expiring on 8 October 2014 at an annual rental of RMB8,000 as at the date of valuation.
2. We have been provided with a legal opinion on the lease agreement to the property issued by the Group’s PRC legal adviser, which contains, inter alia, the following information:
 - i. As the lessee has not provided us with the relevant title document or authorization letter to prove that the lessor is the owner of the property or the lessor is authorized by the owner to let the property, it cannot be ascertained whether the lessor is entitled to let the property. If the lessor does not have a right to let the property, there is a risk that the tenancy agreement may be declared invalid by the relevant authority; and
 - ii. Non-registration of the tenancy agreement does not affect the validity of the tenancy agreement or the rights of the lessee under the tenancy agreement. However, the lessor and the lessee may be required by the relevant housing administration authority to rectify the non-compliance within a prescribed period; failing which, the lessor and the lessee may be fined between RMB1,000 and RMB10,000.

VALUATION CERTIFICATE

Group V — Properties rented by the Group in the PRC

No.	Property	Description and tenancy particulars	Particulars of occupancy	Market value in existing state as at 31 August 2012
82.	Room 218, Zone A of Level 2, Block No. 1, No. 1218 Xinda Road, Qingpu District, Shanghai, PRC	The property comprises an office unit on Level 2 of a 2-storey office building completed in 2006. The floor area of the property is approximately 30 sq.m. (323 sq.ft.).	The property is occupied by the Group for office use.	No commercial value

Notes:

1. The property is rented by Shanghai Xutai Real Estate Co., Ltd. (上海旭泰房地產有限公司) (the “lessee”), an indirect wholly-owned subsidiary of the Company, from Shanghai Qingpu Industrial Park Chuangye Investment Co., Ltd. (上海青浦工業園區創業投資有限公司) (the “lessor”) for a term commencing on 2 November 2010 and expiring on 1 November 2012 at an annual rental of RMB5,000 as at the date of valuation. As advised by the Group, the tenancy will be extended for a further term of three years.
2. We have been provided with a legal opinion on the lease agreement to the property issued by the Group’s PRC legal adviser, which contains, inter alia, the following information:
 - i. The lessor is entitled to let the property;
 - ii. The tenancy agreement is legal, valid and binding;
 - iii. The lessee is entitled to use the property within the tenancy period;
 - iv. Non-registration of the tenancy agreement does not affect the validity of the tenancy agreement or the rights of the lessee under the tenancy agreement. However, the lessor and the lessee may be required by the relevant housing administration authority to rectify the non-compliance within a prescribed period; failing which, the lessor and the lessee may be fined between RMB1,000 and RMB10,000; and
 - v. The tenancy agreement was expired and the lessee is in the process of extending the tenancy.

VALUATION CERTIFICATE

Group V — Properties rented by the Group in the PRC

No.	Property	Description and tenancy particulars	Particulars of occupancy	Market value in existing state as at 31 August 2012
83.	Room 1106, Level 1, Block No.1, No. 1628 Suzhao Road, Minhang District, Shanghai, PRC	The property comprises an office unit on Level 1 of a single-storey office building completed in 2001. The floor area of the property is approximately 18 sq.m. (194 sq.ft.).	The property is occupied by the Group for office use.	No commercial value

Notes:

1. The property is rented by Shanghai Xubang Property Co., Ltd. (上海旭邦置業有限公司) (the “lessee”), an indirect wholly-owned subsidiary of the Company, from Shanghai Hudong Industrial Company (上海滬東實業公司) (the “lessor”) for a term commencing on 8 April 2011 and expiring on 7 April 2014 at an annual rental of RMB5,000 as at the date of valuation.
2. We have been provided with a legal opinion on the lease agreement to the property issued by the Group’s PRC legal adviser, which contains, inter alia, the following information:
 - i. As the lessee has not provided us with the relevant title document or authorization letter to prove that the lessor is the owner of the property or the lessor is authorized by the owner to let the property, it cannot be ascertained whether the lessor is entitled to let the property. If the lessor does not have a right to let the property, there is a risk that the tenancy agreement may be declared invalid by the relevant authority; and
 - ii. Non-registration of the tenancy agreement does not affect the validity of the tenancy agreement or the rights of the lessee under the tenancy agreement. However, the lessor and the lessee may be required by the relevant housing administration authority to rectify the non-compliance within a prescribed period; failing which, the lessor and the lessee may be fined between RMB1,000 and RMB10,000.

VALUATION CERTIFICATE

Group V — Properties rented by the Group in the PRC

No.	Property	Description and tenancy particulars	Particulars of occupancy	Market value in existing state as at 31 August 2012
84.	Room 433, Level 4, Block No. 6, No. 68 Dongheyan Road, Chengqiao Town, Chongming County, Shanghai, PRC	The property comprises an office unit on Level 4 of a 5-storey office building completed in the 1990's. The floor area of the property is approximately 50 sq.m. (538 sq.ft.).	The property is occupied by the Group for office use.	No commercial value

Notes:

1. The property is rented by Shanghai Xumei Business Investment Management Co., Ltd. (上海旭美商業投資管理有限公司) (the “lessee”), an indirect wholly-owned subsidiary of the Company, from Shanghai Chengqiao Economic Development Zone (上海城橋開發區) (the “lessor”) for a term commencing on 1 June 2010 and expiring on 31 May 2015 at a monthly rental of RMB500 as at the date of valuation.
2. We have been provided with a legal opinion on the lease agreement to the property issued by the Group’s PRC legal adviser, which contains, inter alia, the following information:
 - i. The lessor is entitled to let the property;
 - ii. The tenancy agreement is legal, valid and binding;
 - iii. The lessee is entitled to use the property within the tenancy period; and
 - iv. Non-registration of the tenancy agreement does not affect the validity of the tenancy agreement or the rights of the lessee under the tenancy agreement. However, the lessor and the lessee may be required by the relevant housing administration authority to rectify the non-compliance within a prescribed period; failing which, the lessor and the lessee may be fined between RMB1,000 and RMB10,000.

VALUATION CERTIFICATE

Group V — Properties rented by the Group in the PRC

No.	Property	Description and tenancy particulars	Particulars of occupancy	Market value in existing state as at 31 August 2012
85.	Room 106, Level 1, No. 139 of Zone B Long Jing Wan (龍景灣), Panggezhuang Town, Daxing District, Beijing, PRC	The property comprises an office unit on Level 1 of a 3-storey office building completed in 2005. The floor area of the property is approximately 80 sq.m. (861 sq.ft.).	The property is occupied by the Group for office use.	No commercial value

Notes:

1. The property is rented by Beijing Xuhui Xingsheng Property Co., Ltd. (北京旭輝興勝置業有限公司) (the “lessee”), an indirect wholly-owned subsidiary of the Company, from Beijing Longxi Shunjing Real Estate Development Co., Ltd. (北京龍煦順景房地產開發有限公司) (the “lessor”) for a term commencing on 10 June 2011 and expiring on 9 June 2014 free of rent.
2. We have been provided with a legal opinion on the lease agreement to the property issued by the Group’s PRC legal adviser, which contains, inter alia, the following information:
 - i. The lessor is entitled to let the property;
 - ii. The tenancy agreement is legal, valid and binding;
 - iii. The lessee is entitled to use the property within the tenancy period; and
 - iv. Non-registration of the tenancy agreement does not affect the validity of the tenancy agreement or the rights of the lessee under the tenancy agreement. However, the lessor and the lessee may be required by the relevant housing administration authority to rectify the non-compliance within a prescribed period; failing which, the lessor and the lessee may be fined between RMB1,000 and RMB10,000.

VALUATION CERTIFICATE

Group V — Properties rented by the Group in the PRC

No.	Property	Description and tenancy particulars	Particulars of occupancy	Market value in existing state as at 31 August 2012
86.	An office unit located at Xue Ying Village, Pangezhuang Town, Daxing District, Beijing, PRC	The property comprises an office unit of a single-storey office building completed in 2000. The floor area of the property is approximately 220 sq.m. (2,368 sq.ft.).	The property is occupied by the Group for office use.	No commercial value

Notes:

1. The property is rented by Beijing Xuxingcheng Property Co., Ltd. (北京旭興城置業有限公司) (the “lessee”), an indirect wholly-owned subsidiary of the Company, from Beijing Shengxiangju Agricultural Technology Development Co., Ltd. (北京盛祥居農產品科技開發有限公司) (the “lessor”) for a term commencing on 5 January 2011 and expiring on 4 January 2016 at an annual rental of RMB30,000 as at the date of valuation.
2. We have been provided with a legal opinion on the lease agreement to the property issued by the Group’s PRC legal adviser, which contains, inter alia, the following information:
 - i. As the lessee has not provided us with the relevant title document or authorization letter to prove that the lessor is the owner of the property or the lessor is authorized by the owner to let the property, it cannot be ascertained whether the lessor is entitled to let the property. If the lessor does not have a right to let the property, there is a risk that the tenancy agreement may be declared invalid by the relevant authority; and
 - ii. Non-registration of the tenancy agreement does not affect the validity of the tenancy agreement or the rights of the lessee under the tenancy agreement. However, the lessor and the lessee may be required by the relevant housing administration authority to rectify the non-compliance within a prescribed period; failing which, the lessor and the lessee may be fined between RMB1,000 and RMB10,000.

VALUATION CERTIFICATE

Group V — Properties rented by the Group in the PRC

No.	Property	Description and tenancy particulars	Particulars of occupancy	Market value in existing state as at 31 August 2012
87.	An office building located at Zhai Li Village, Tongzhou District, Beijing, PRC	The property comprises a two-storey office building completed in 2003. The floor area of the property is approximately 800 sq.m. (8,611 sq.ft.).	The property is occupied by the Group for office use.	No commercial value

Notes:

1. The property is rented by Beijing Xuhui Sunshine Property Co., Ltd. (北京旭輝陽光置業有限公司) (the “lessee”), an indirect subsidiary of the Company in which the Company has an effective equity interest of 80%, from Beijing Bandisi Furniture Co., Ltd. (北京班迪斯家具有限公司) (the “lessor”) for a term commencing on 15 July 2011 and expiring on 14 July 2014 at an annual rental of RMB60,000 as at the date of valuation.
2. We have been provided with a legal opinion on the lease agreement to the property issued by the Group’s PRC legal adviser, which contains, inter alia, the following information:
 - i. As the lessee has not provided us with the relevant title document or authorization letter to prove that the lessor is the owner of the property or the lessor is authorized by the owner to let the property, it cannot be ascertained whether the lessor is entitled to let the property. If the lessor does not have a right to let the property, there is a risk that the tenancy agreement may be declared invalid by the relevant authority; and
 - ii. Non-registration of the tenancy agreement does not affect the validity of the tenancy agreement or the rights of the lessee under the tenancy agreement. However, the lessor and the lessee may be required by the relevant housing administration authority to rectify the non-compliance within a prescribed period; failing which, the lessor and the lessee may be fined between RMB1,000 and RMB10,000.

VALUATION CERTIFICATE

Group V — Properties rented by the Group in the PRC

No.	Property	Description and tenancy particulars	Particulars of occupancy	Market value in existing state as at 31 August 2012
88.	Level 1, No. 10 Guaxiang Road, Panggezhuang Town, Daxing District, Beijing, PRC	The property comprises an office unit on Level 1 of a 3-storey building completed in the 1990's. The floor area of the property is approximately 200 sq.m. (2,153 sq.ft.).	The property is occupied by the Group for office use.	No commercial value

Notes:

1. The property is rented by Beijing Xuhui Xingteng Property Co., Ltd. (北京旭輝興騰置業有限公司) (the “lessee”), an indirect wholly-owned subsidiary of the Company, from Beijing Guoji Nongxi Technology Co., Ltd. (北京國基農信科技有限公司) (the “lessor”) for a term commencing on 1 August 2009 and expiring on 1 August 2012 free of rent. As advised by the Group, the tenancy will be extended for a further term of five years.
2. We have been provided with a legal opinion on the lease agreement to the property issued by the Group’s PRC legal adviser, which contains, inter alia, the following information:
 - i. As the lessee has not provided us with the relevant title document or authorization letter to prove that the lessor is the owner of the property or the lessor is authorized by the owner to let the property, it cannot be ascertained whether the lessor is entitled to let the property. If the lessor does not have a right to let the property, there is a risk that the tenancy agreement may be declared invalid by the relevant authority;
 - ii. Non-registration of the tenancy agreement does not affect the validity of the tenancy agreement or the rights of the lessee under the tenancy agreement. However, the lessor and the lessee may be required by the relevant housing administration authority to rectify the non-compliance within a prescribed period; failing which, the lessor and the lessee may be fined between RMB1,000 and RMB10,000; and
 - iii. The tenancy agreement was expired and the lessee is in the process of extending the tenancy.

VALUATION CERTIFICATE

Group V — Properties rented by the Group in the PRC

No.	Property	Description and tenancy particulars	Particulars of occupancy	Market value in existing state as at 31 August 2012
89.	Level 2, No. 10 Guaxiang Road, Panggezhuang Town, Daxing District, Beijing, PRC	The property comprises an office unit on Level 2 of a 6-storey building completed in the 1990's. The floor area of the property is approximately 50 sq.m. (538 sq.ft.).	The property is occupied by the Group for office use.	No commercial value

Notes:

1. The property is rented by Beijing Wangxin Property Co., Ltd. (北京望馨置業有限公司) (the “lessee”), an indirect wholly-owned subsidiary of the Company, from Beijing Daxing Zhongnongxin Agricultural By-product Wholesale Market (北京大興中農信農副產品批發市場) (the “lessor”) for a term commencing on 2 November 2007 and expiring on 1 November 2013 free of rent.
2. We have been provided with a legal opinion on the lease agreement to the property issued by the Group’s PRC legal adviser, which contains, inter alia, the following information:
 - i. As the lessee has not provided us with the relevant title document or authorization letter to prove that the lessor is the owner of the property or the lessor is authorized by the owner to let the property, it cannot be ascertained whether the lessor is entitled to let the property. If the lessor does not have a right to let the property, there is a risk that the tenancy agreement may be declared invalid by the relevant authority; and
 - ii. Non-registration of the tenancy agreement does not affect the validity of the tenancy agreement or the rights of the lessee under the tenancy agreement. However, the lessor and the lessee may be required by the relevant housing administration authority to rectify the non-compliance within a prescribed period; failing which, the lessor and the lessee may be fined between RMB1,000 and RMB10,000.

VALUATION CERTIFICATE

Group V — Properties rented by the Group in the PRC

No.	Property	Description and tenancy particulars	Particulars of occupancy	Market value in existing state as at 31 August 2012
90.	Room 110, No. 51 of 850 Nong, Yinxing Road, Shanghai, PRC	The property comprises an office unit on Level 1 of a 6-storey building completed in the 1990's. The floor area of the property is approximately 45 sq.m. (484 sq.ft.).	The property is occupied by the Group for office use.	No commercial value

Notes:

1. The property is rented by Shanghai Tongshuo Real Estate Development Co., Ltd. (上海同碩房地產發展有限公司) (the “lessee”), an indirect subsidiary of the Company in which the Company has an effective equity interest of 75.5%, from Shanghai Yangpu District Xinjiangwan City Merchant Services Center (上海市楊浦區新江灣城招商服務中心) (the “lessor”) for a term commencing on 24 January 2005 and expiring on 24 January 2025 free of rent.
2. We have been provided with a legal opinion on the lease agreement to the property issued by the Group’s PRC legal adviser, which contains, inter alia, the following information:
 - i. As the lessee has not provided us with the relevant title document or authorization letter to prove that the lessor is the owner of the property or the lessor is authorized by the owner to let the property, it cannot be ascertained whether the lessor is entitled to let the property. If the lessor does not have a right to let the property, there is a risk that the tenancy agreement may be declared invalid by the relevant authority; and
 - ii. Non-registration of the tenancy agreement does not affect the validity of the tenancy agreement or the rights of the lessee under the tenancy agreement. However, the lessor and the lessee may be required by the relevant housing administration authority to rectify the non-compliance within a prescribed period; failing which, the lessor and the lessee may be fined between RMB1,000 and RMB10,000.

VALUATION CERTIFICATE

Group V — Properties rented by the Group in the PRC

No.	Property	Description and tenancy particulars	Particulars of occupancy	Market value in existing state as at 31 August 2012
91.	Room 101, No. 3 of 312 Nong, Ningxia Road, Shanghai, PRC	The property comprises an office unit on Level 1 of a 6-storey building completed in 1990's. The floor area of the property is approximately 80 sq.m. (861 sq.ft.).	The property is occupied by the Group for office use.	No commercial value

Notes:

1. The property is rented by Shanghai Xufeng Real Estate Development Co., Ltd. (上海旭豐房地產開發有限公司) (the “lessee”), an indirect wholly-owned subsidiary of the Company, from Shanghai Tianzheng Investment Development Center (上海天正投資發展中心) (the “lessor”) for a term commencing on 1 July 2007 and expiring on 30 June 2017 at a monthly rental of RMB1,500 as at the date of valuation.
2. We have been provided with a legal opinion on the lease agreement to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:
 - i. As the lessee has not provided us with the relevant title document or authorization letter to prove that the lessor is the owner of the property or the lessor is authorized by the owner to let the property, it cannot be ascertained whether the lessor is entitled to let the property. If the lessor does not have a right to let the property, there is a risk that the tenancy agreement may be declared invalid by the relevant authority; and
 - ii. Non-registration of the tenancy agreement does not affect the validity of the tenancy agreement or the rights of the lessee under the tenancy agreement. However, the lessor and the lessee may be required by the relevant housing administration authority to rectify the non-compliance within a prescribed period; failing which, the lessor and the lessee may be fined between RMB1,000 and RMB10,000.

VALUATION CERTIFICATE

Group V — Properties rented by the Group in the PRC

No.	Property	Description and tenancy particulars	Particulars of occupancy	Market value in existing state as at 31 August 2012
92.	Unit Nos. 404-407, Level 4, Building No. 4, Zone E6, Seaside Financial Street (濱海金融街), No. 20 Square East Road, Tianjin Economic-Technological Development Area, Tianjin, PRC	The property comprises an office unit on Level 4 of a 6-storey building completed in 2004. The floor area of the property is approximately 722.67 sq.m. (7,714 sq.ft.).	The property is occupied by the Group for office use.	No commercial value

Notes:

1. The property is rented by Tianjin Xuhai Real Estate Development Co., Ltd. (天津旭海房地產開發有限公司) (the “lessee”), an indirect wholly-owned subsidiary of the Company, from Li Qiang (李強) (the “lessor”) for a term commencing on 23 September 2011 and expiring on 22 September 2013 at a monthly rental of RMB47,696 as at the date of valuation.
2. We have been provided with a legal opinion on the lease agreement to the property issued by the Group’s PRC legal adviser, which contains, inter alia, the following information:
 - i. The lessor is entitled to let the property;
 - ii. The tenancy agreement is legal, valid and binding;
 - iii. The lessee is entitled to use the property within the tenancy period; and
 - iv. Non-registration of the tenancy agreement does not affect the validity of the tenancy agreement or the rights of the lessee under the tenancy agreement. However, the lessor and the lessee may be required by the relevant housing administration authority to rectify the non-compliance within a prescribed period; failing which, the lessor and the lessee may be fined between RMB1,000 and RMB10,000.

VALUATION CERTIFICATE

Group V — Properties rented by the Group in the PRC

No.	Property	Description and tenancy particulars	Particulars of occupancy	Market value in existing state as at 31 August 2012
93.	Room 302, Level 3, Door No. 6, Bai Yun Apartment (白雲公寓), Erda Street, Tianjin Economic-Technological Development Area, Tianjin, PRC	The property comprises a residential unit on Level 3 of a 6-storey residential building completed in 2000. The floor area of the property is approximately 151.95 sq.m. (1,636 sq.ft.).	The property is occupied by the Group for residential use.	No commercial value

Notes:

1. The property is rented by Tianjin Xuhai Real Estate Development Co., Ltd.(天津旭海房地產開發有限公司)(the “lessee”), an indirect wholly-owned subsidiary of the Company, from Ma Guilan (馬桂蘭) (the “lessor”) for a term commencing on 12 August 2012 and expiring on 11 February 2013 at a monthly rental of RMB4,200 as at the date of valuation.
2. We have been provided with a legal opinion on the lease agreement to the property issued by the Group’s PRC legal adviser, which contains, inter alia, the following information:
 - i. The lessor is entitled to let the property;
 - ii. The tenancy agreement is legal, valid and binding;
 - iii. The lessee is entitled to use the property during the term of the tenancy; and
 - iv. Non-registration of the tenancy agreement does not affect the validity of the tenancy agreement or the rights of the lessee under the tenancy agreement. However, the lessor and the lessee may be required by the relevant housing administration authority to rectify the non-compliance within a prescribed period; failing which, the lessor and the lessee may be fined between RMB1,000 and RMB10,000.

VALUATION CERTIFICATE

Group V — Properties rented by the Group in the PRC

No.	Property	Description and tenancy particulars	Particulars of occupancy	Market value in existing state as at 31 August 2012
94.	Unit 31-2-502, Xin Shun Yuan Residential Zone (馨順園小區), Tanggu District, Tianjin, PRC	The property comprises a residential unit on Level 5 of a 5-storey residential building completed in 2003. The floor area of the property is approximately 97.32 sq.m. (1,048 sq.ft.).	The property is occupied by the Group for residential use.	No commercial value

Notes:

1. The property is rented by Tianjin Xuhai Real Estate Development Co., Ltd.(天津旭海房地產開發有限公司)(the “lessee”), an indirect wholly-owned subsidiary of the Company, from Zhang Yanguang (張艷廣) (the “lessor”) for a term commencing on 24 November 2011 and expiring on 23 November 2012 at a monthly rental of RMB2,000 as at the date of valuation.
2. We have been provided with a legal opinion on the lease agreement to the property issued by the Group’s PRC legal adviser, which contains, inter alia, the following information:
 - i. The lessor is entitled to let the property;
 - ii. The tenancy agreement is legal, valid and binding;
 - iii. The lessee is entitled to use the property within the tenancy period; and
 - iv. Non-registration of the tenancy agreement does not affect the validity of the tenancy agreement or the rights of the lessee under the tenancy agreement. However, the lessor and the lessee may be required by the relevant housing administration authority to rectify the non-compliance within a prescribed period; failing which, the lessor and the lessee may be fined between RMB1,000 and RMB10,000.

VALUATION CERTIFICATE

Group V — Properties rented by the Group in the PRC

No.	Property	Description and tenancy particulars	Particulars of occupancy	Market value in existing state as at 31 August 2012
95.	Level 13, Ping An Building (平安大厦), Huaining Road, New Municipal and Cultural District, Hefei, Anhui Province, PRC	The property comprises an office unit on Level 13 of a 25-storey building completed in 2008. The floor area of the property is approximately 1,185.44 sq.m. (1,276 sq.ft.).	The property is occupied by the Group for office use.	No commercial value

Notes:

- The property is rented by Hefei Xubin Real Estate Development Co., Ltd.(合肥旭濱房地產開發有限公司)(the “lessee”), an indirect wholly-owned subsidiary of the Company, from Beijing Ping An Life Insurance Co., Ltd. Anhui Branch (北京平安人壽保險股份有限公司安徽分公司) (the “lessor”) for a term commencing on 11 February 2012 and expiring on 10 February 2017. The rental details are as follows:

<u>Period</u>	<u>Monthly Rental</u>
	<i>(RMB)</i>
11 February 2012 to 10 February 2014	52,159.36
11 February 2014 to 10 February 2015	55,288.92
11 February 2015 to 10 February 2016	58,608.15
11 February 2016 to 10 February 2017	62,128.91

- We have been provided with a legal opinion on the lease agreement to the property issued by the Group’s PRC legal adviser, which contains, inter alia, the following information:
 - The lessor is entitled to let the property;
 - The tenancy agreement is legal, valid and binding;
 - The lessee is entitled to use the property within the tenancy period; and
 - Non-registration of the tenancy agreement does not affect the validity of the tenancy agreement or the rights of the lessee under the tenancy agreement. However, the lessor and the lessee may be required by the relevant housing administration authority to rectify the non-compliance within a prescribed period; failing which, the lessor and the lessee may be fined between RMB1,000 and RMB10,000.

VALUATION CERTIFICATE

Group V — Properties rented by the Group in the PRC

No.	Property	Description and tenancy particulars	Particulars of occupancy	Market value in existing as at 31 August 2012
96.	Unit 2-110, No. 1688 Jinshi Road, Baoshan District, Shanghai, PRC	The property comprises an office unit of a multi-storey building completed in 2005. The floor area of the property is approximately 30 sq.m. (323 sq.ft.).	The property is currently occupied by the Group for office use.	No commercial value

Notes:

1. The property is rented by Shanghai Xutong Property Co., Ltd. (上海旭通置業有限公司) (“Shanghai Xutong”) (the “lessee”), an indirect wholly-owned subsidiary of the Company, under a tenancy agreement from Shanghai Baoshan Industrial Park Investment Management Co., Ltd. (上海寶山工業園投資管理有限公司) (the “lessor”) for a term commencing on 1 July 2012 and expiring on 30 June 2015 at an annual rental of RMB21,900.
2. We have been provided with a legal opinion on the lease agreement to the property issued by the Group’s PRC legal adviser, which contains, inter alia, the following information:
 - i. The lessor is entitled to let the property;
 - ii. The tenancy agreement is legal, valid and binding;
 - iii. The lessee is entitled to use the property within the tenancy period; and
 - iv. Non-registration of the tenancy agreement does not affect the validity of the tenancy agreement or the rights of the lessee under the tenancy agreement. However, the lessor and the lessee may be required by the relevant housing administration authority to rectify the non-compliance within a prescribed period; failing which, the lessor and the lessee may be fined between RMB1,000 and RMB10,000.

VALUATION CERTIFICATE

Group VI — Property rented by the Group in Hong Kong

No.	Property	Description and tenancy particulars	Particulars of occupancy	Market value in existing state as at 31 August 2012
97.	Suites 2002-2003 on Level 20, One Pacific Place, 88 Queensway, Admiralty, Hong Kong	<p>“One Pacific Place” is a 36-storey office building over a 4-storey shopping mall. The building was completed in 1988.</p> <p>The property comprises two office units on Level 20 of the building with a saleable area of approximately 398.55 sq.m. (4,290 sq.ft.).</p>	The property is occupied by the Group for office use.	No commercial value

Note:

1. The property is rented by the Company from Pacific Place Holdings Limited for a term of 3 years from 1 August 2011 to 31 July 2014 at a monthly rent of HK\$549,100 exclusive of rates, air-conditioning and management fees.
2. The property lies within an area zoned “Commercial” under Central District Outline Zoning Plan.

APPENDIX V SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND CAYMAN ISLANDS COMPANY LAW

Set out below is a summary of certain provisions of the Memorandum of Association and Articles of Association and of certain aspects of the Cayman Islands company law.

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability on 20 May 2011 under the Cayman Companies Law. The Memorandum of Association and the Articles of Association comprise its constitution.

1 Memorandum Of Association

The Memorandum of Association was conditionally adopted on 9 October 2012 and effective on the Listing Date and states, inter alia, that the liability of members of the Company is limited, that the objects for which the Company is established are unrestricted and the Company shall have full power and authority to carry out any object not prohibited by the Cayman Companies Law or any other law of the Cayman Islands.

The Memorandum of Association is available for inspection as referred to in the paragraph headed “Documents available for inspection” in Appendix VIII to this prospectus.

2 Articles Of Association

The Articles of Association were conditionally adopted on 9 October 2012 and effective on the Listing Date and include provisions to the following effect:

2.1 *Classes of Shares*

The share capital of the Company consists of ordinary shares. The capital of the Company at the date of adoption of the Articles of Association is HK\$1,000,000,000 divided into 10,000,000,000 shares of par value HK\$0.10 each.

2.2 *Board*

(a) *Power to allot and issue Shares*

Subject to the provisions of the Cayman Companies Law and the Memorandum and Articles of Association, the unissued shares in the Company (whether forming part of its original or any increased capital) shall be at the disposal of the Board, who may offer, allot, grant options over or otherwise dispose of them to such persons, at such times and for such consideration, and upon such terms, as the Board shall determine.

Subject to the provisions of the Articles of Association and to any direction that may be given by the Company in general meeting and without prejudice to any special rights conferred on the holders of any existing shares or attaching to any class of shares, any share may be issued with or have attached thereto such preferred, deferred, qualified or other special rights or restrictions, whether in regard to dividend, voting, return of capital or otherwise, and to such

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persons at such times and for such consideration as the Board may determine. Subject to the Cayman Companies Law and to any special rights conferred on any Shareholders or attaching to any class of shares, any share may, with the sanction of a special resolution, be issued on terms that it is, or at the option of the Company or the holder thereof is, liable to be redeemed.

(b) *Power to dispose of the assets of the Company or any subsidiary*

The management of the business of the Company shall be vested in the Board which, in addition to the powers and authorities by the Articles of Association expressly conferred upon it, may exercise all such powers and do all such acts and things as may be exercised or done or approved by the Company and are not by the Articles of Association or the Cayman Companies Law expressly directed or required to be exercised or done by the Company in general meeting, but subject nevertheless to the provisions of the Cayman Companies Law and of the Articles of Association and to any regulation from time to time made by the Company in general meeting not being inconsistent with such provisions or the Articles of Association, provided that no regulation so made shall invalidate any prior act of the Board which would have been valid if such regulation had not been made.

(c) *Compensation or payment for loss of office*

Payment 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 first be approved by the Company in general meeting.

(d) *Loans to Directors*

There are provisions in the Articles of Association prohibiting the making of loans to Directors or their respective associates which are equivalent to the restrictions imposed by the Companies Ordinance.

(e) *Financial assistance to purchase Shares*

Subject to all applicable laws, the Company may give financial assistance to Directors and employees of the Company, its subsidiaries or any holding company or any subsidiary of such holding company in order that they may buy shares in the Company or any such 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).

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(f) *Disclosure of interest in contracts with the Company or any of its subsidiaries*

No Director or proposed Director shall be disqualified by his office from contracting with the Company either as vendor, purchaser or otherwise nor shall any such contract or any contract or arrangement entered into by or on behalf of the Company with any person, company or partnership of or in which any Director shall be a member or otherwise interested be capable on that account of being avoided, nor shall any Director so contracting or being any member or so interested be liable to account to the Company for any profit so realised by any such contract or arrangement by reason only of such Director holding that office or the fiduciary relationship thereby established, provided that such Director shall, if his interest in such contract or arrangement is material, declare the nature of his interest at the earliest meeting of the Board at which it is practicable for him to do so, either specifically or by way of a general notice stating that, by reason of the facts specified in the notice, he is to be regarded as interested in any contracts of a specified description which may be made by the Company.

A Director shall not be entitled to vote on (nor shall be counted in the quorum in relation to) any resolution of the Board in respect of any contract or arrangement or any other proposal in which the Director or any of his associates has any material interest, and if he shall do so his vote shall not be counted (nor is he to be counted in the quorum for the resolution), but this prohibition shall not apply to any of the following matters, namely:

- (i) the giving to such Director or any of his associates of any security or indemnity in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries;
- (ii) 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 any of his associates has himself/themselves assumed responsibility in whole or in part and whether alone or jointly under a guarantee or indemnity or by the giving of security;
- (iii) any proposal concerning an offer of shares, 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 any of his associates is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;
- (iv) any proposal or arrangement concerning the benefit of employees of the Company or any of its subsidiaries including:
 - (A) the adoption, modification or operation of any employees' share scheme or any share incentive scheme or share option scheme under which the Director or any of his associates may benefit; or

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(B) the adoption, modification or operation of a pension or provident fund or retirement, death or disability benefits scheme which relates both to Directors, their associates and employees of the Company or any of its subsidiaries and does not provide in respect of any Director or any of his associates as such any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; and

(v) any contract or arrangement in which the Director or any of his associates 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.

(g) *Remuneration*

The Directors shall be entitled to receive by way of remuneration for their services such sum as shall from time to time be determined by the Directors, or the Company in general meeting, as the case may be, such sum (unless otherwise directed by the resolution by which it is determined) to be divided amongst the Board in such proportions and in such manner as they may agree, or failing agreement, equally, except that in such event any Director holding office for less than the whole of the relevant period in respect of which the remuneration is paid shall only rank in such division in proportion to the time during such period for which he has held office. Such remuneration shall be in addition to any other remuneration to which a Director who holds any salaried employment or office in the Company may be entitled by reason of such employment or office.

The Directors shall also be entitled to be paid all expenses, including travel expenses, reasonably incurred by them in or in connection with the performance of their duties as Directors including their expenses of travelling to and from Board meetings, committee meetings or general meetings or otherwise incurred whilst engaged on the business of the Company or in the discharge of their duties as Directors.

The Board may grant special remuneration to any Director who shall perform any special or extra services at the request of the Company. Such special remuneration may be made payable to such Director in addition to or in substitution for his ordinary remuneration as a Director, and may be made payable by way of salary, commission or participation in profits or otherwise as may be agreed.

The remuneration of an executive Director or a Director appointed to any other office in the management of the Company shall from time to time be fixed by the Board and may be by way of salary, commission, or participation in profits or otherwise or by all or any of those modes and with such other benefits (including share option and/or pension and/or gratuity and/or other benefits on retirement) and allowances as the Board may from time to time decide. Such remuneration shall be in addition to such remuneration as the recipient may be entitled to receive as a Director.

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(h) *Retirement, appointment and removal*

The Board shall have power at any time and from time to time to appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing Board. Any Director so appointed shall hold office only until the next annual general meeting of the Company and shall then be eligible for re-election at that meeting.

The Company may by ordinary resolution remove any Director (including a Managing Director or other executive Director) before the expiration of his period of office notwithstanding anything in the Articles of Association or in any agreement between the Company and such Director (but without prejudice to any claim for compensation or damages payable to him in respect of the termination of his appointment as Director or of any other appointment or office as a result of the termination of his appointment as Director). The Company may by ordinary resolution appoint another person in his place. Any Director so appointed shall hold office during such time only as the Director in whose place he is appointed would have held the same if he had not been removed. The Company may also by ordinary resolution elect any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors. Any Director so appointed shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election. No person shall, unless recommended by the Board, be eligible for election to the office of Director at any general meeting unless, during the period, which shall be at least seven days, commencing no earlier than the day after the despatch of the notice of the meeting appointed for such election and ending no later than seven days prior to the date of such meeting, there has been given to the Secretary of the Company notice in writing by a member of the Company (not being the person to be proposed) entitled to attend and vote at the meeting for which such notice is given of his intention to propose such person for election and also notice in writing signed by the person to be proposed of his willingness to be elected.

There is no shareholding qualification for Directors nor is there any specified age limit for Directors.

The office of a Director shall be vacated:

- (i) if he resigns his office by notice in writing to the Company at its registered office or its principal office in Hong Kong;
- (ii) if an order is made by any competent court or official on the grounds that he is or may be suffering from mental disorder or is otherwise incapable of managing his affairs and the Board resolves that his office be vacated;
- (iii) if, without leave, he is absent from meetings of the Board (unless an alternate Director appointed by him attends) for 12 consecutive months, and the Board resolves that his office be vacated;
- (iv) if he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors generally;

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- (v) if he ceases to be or is prohibited from being a Director by law or by virtue of any provisions in the Articles of Association;
- (vi) if he is removed from office by notice in writing served upon him signed by not less than three-fourths in number (or, if that is not a round number, the nearest lower round number) of the Directors (including himself) for the time being then in office; or
- (vii) if he shall be removed from office by an ordinary resolution of the members of the Company under the Articles of Association.

At every annual general meeting of the Company one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to, but not less than, one-third, shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. A retiring Director shall retain office until the close of the meeting at which he retires and shall be eligible for re-election thereat. The Company at any annual general meeting at which any Directors retire may fill the vacated office by electing a like number of persons to be Directors.

(i) *Borrowing powers*

The Board may from time to time at its discretion exercise all the powers of the Company to raise or borrow or to secure the payment of any sum or sums of money for the purposes of the Company and to mortgage or charge its undertaking, property and assets (present and future) and uncalled capital or any part thereof.

The rights of the Board to exercise these powers may only be varied by a special resolution.

(j) *Proceedings of the Board*

The Board may meet together for the despatch of business, adjourn and otherwise regulate its meetings and proceedings as it thinks fit in any part of the world. 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 a second or casting vote.

2.3 *Alteration to constitutional documents*

No alteration or amendment to the Memorandum or Articles of Association may be made except by special resolution.

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2.4 *Variation of rights of existing shares or classes of shares*

If at any time the share capital of the Company is divided into different classes of shares, all or any of the rights attached to any class of shares for the time being issued (unless otherwise provided for in the terms of issue of the shares of that class) may, subject to the provisions of the Cayman Companies Law, be varied 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 meeting of the holders of the shares of that class. To every such separate meeting all the provisions of the Articles of Association relating to general meetings shall *mutatis mutandis* apply, but so that the quorum for the purposes of any such separate meeting and of any adjournment thereof shall be a person or persons together holding (or representing by proxy or duly authorised representative) at the date of the relevant meeting not less than one-third in nominal value of the issued shares of that class.

The special rights conferred upon the holders of shares of any class shall not, unless otherwise expressly provided in the rights attaching to or the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

2.5 *Alteration of Capital*

The Company in general meeting may, from time to time, whether or not all the shares for the time being authorised shall have been issued and whether or not all the shares for the time being issued shall have been fully paid up, by ordinary resolution, increase its share capital by the creation of new shares, such new capital to be of such amount and to be divided into shares of such respective amounts as the resolution shall prescribe.

The Company may from time to time by ordinary resolution:

- (a) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares. On any consolidation of fully paid shares and division into shares of larger amount, the Board may settle any difficulty which may arise as it thinks expedient and in particular (but without prejudice to the generality of the foregoing) may as between the holders of shares to be consolidated determine which particular shares are to be consolidated into each consolidated share, and if it shall happen that any person shall become entitled to fractions of a consolidated share or shares, such fractions may be sold by some person appointed by the Board for that purpose and the person so appointed may transfer the shares so sold to the purchaser thereof and the validity of such transfer shall not be questioned, and so that the net proceeds of such sale (after deduction of the expenses of such sale) may either be distributed among the persons who would otherwise be entitled to a fraction or fractions of a consolidated share or shares rateably in accordance with their rights and interests or may be paid to the Company for the Company's benefit;

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- (b) cancel any shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person, and diminish the amount of its share capital by the amount of the shares so cancelled subject to the provisions of the Cayman Companies Law; and
- (c) sub-divide its shares or any of them into shares of smaller amount than is fixed by the Memorandum of Association, subject nevertheless to the provisions of the Cayman 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.

The Company may by special resolution reduce its share capital or any capital redemption reserve in any manner authorised and subject to any conditions prescribed by the Cayman Companies Law.

2.6 Special resolution - majority required

A “special resolution” is defined in the Articles of Association to have the meaning ascribed thereto in the Cayman Companies Law, for which purpose, the requisite majority shall be not less than three-fourths 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 of which notice specifying the intention to propose the resolution as a special resolution has been duly given and includes a special resolution approved in writing by all of the members of the Company entitled to vote at a general meeting of the Company in one or more instruments each signed by one or more of such members, and the effective date of the special resolution so adopted shall be the date on which the instrument or the last of such instruments (if more than one) is executed.

In contrast, an “ordinary resolution” is defined in the Articles of Association 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 of Association and includes an ordinary resolution approved in writing by all the members of the Company aforesaid.

2.7 Voting rights

Subject to any special rights, privileges or restrictions as to voting for the time being attached to any class or classes of shares, at any general meeting on a poll every member present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy shall have one vote for each share registered in his name in the register of members of the Company.

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Where any member of the Company is, under the Listing Rules, required to abstain from voting on any particular resolution or is restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.

In the case of joint registered holders of any share, any one of such persons may vote at any meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto; but if more than one of such joint holders be present at any meeting personally or by proxy, that one of the said persons so present being the most or, as the case may be, the more senior shall alone be entitled to vote in respect of the relevant joint holding and, for this purpose, seniority shall be determined by reference to the order in which the names of the joint holders stand on the register in respect of the relevant joint holding.

A member of the Company in respect of whom an order has been made by any competent court or official on the grounds that he is or may be suffering from mental disorder or is otherwise incapable of managing his affairs may vote by any person authorised in such circumstances to do so and such person may vote by proxy.

Save as expressly provided in the Articles of Association or as otherwise determined by the Board, no person other than a member of the Company duly registered and who shall have paid all sums for the time being due from him payable to the Company in respect of his shares shall be entitled to be present or to vote (save as proxy for another member of the Company), or to be reckoned in a quorum, either personally or by proxy at any general meeting.

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 proxy(ies) or representative(s) at any general meeting of the Company or at any general 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 entitled to exercise the same rights and powers on behalf of the recognised clearing house (or its nominee(s)) which he represents as that recognised clearing house (or its nominee(s)) could exercise as if such person an individual member of the Company holding the number and class of shares specified in such authorisation.

2.8 *Annual general meetings*

The Company shall in each year hold a general meeting as its annual general meeting in addition to any other meeting in that year and shall specify the meeting as such in the notices calling it; and not more than 15 months (or such longer period as the Stock Exchange may authorise) shall elapse between the date of one annual general meeting of the Company and that of the next.

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2.9 *Accounts and audit*

The Board shall cause to be kept such books of account as are necessary to give a true and fair view of the state of the Company's affairs and to show and explain its transactions and otherwise in accordance with the Cayman Companies Law.

The Directors shall from time to time determine whether, and to what extent, and at what times and places and under what conditions or regulations, the accounts and books of the Company, or any of them, shall be open to the inspection of members of the Company (other than officers of the Company) and no such member shall have any right of inspecting any accounts or books or documents of the Company except as conferred by the Cayman Companies Law or any other relevant law or regulation or as authorised by the Board or by the Company in general meeting.

The Directors shall, commencing with the first annual general meeting, cause to be prepared and to be laid before the members of the Company at every annual general meeting a profit and loss account for the period, in the case of the first account, since the incorporation of the Company and, in any other case, since the preceding account, together with a balance sheet as at the date to which the profit and loss account is made up and a Director's report with respect to the profit or loss of the Company for the period covered by the profit and loss account and the state of the Company's affairs as at the end of such period, an auditor's report on such accounts and such other reports and accounts as may be required by law. Copies of those documents to be laid before the members of the Company at an annual general meeting shall not less than 21 days before the date of the meeting, be sent in the manner in which notices may be served by the Company as provided in the Articles of Association to every member of the Company and every holder of debentures of the Company provided that the Company shall not be required to send copies of those documents to any person of whose address the Company is not aware or to more than one of the joint holders of any shares or debentures.

The Company shall at any annual general meeting appoint an auditor or auditors of the Company who shall hold office until the next annual general meeting. The removal of an auditor before the expiration of his period of office shall require the approval of an ordinary resolution of the members in general meeting. The remuneration of the auditors shall be fixed by the Company at the annual general meeting at which they are appointed provided that in respect of any particular year the Company in general meeting may delegate the fixing of such remuneration to the Board.

2.10 *Notice of meetings and business to be conducted thereat*

An annual general meeting and any extraordinary general meeting called for the passing of a special resolution shall be called by notice of not less than 21 days and any other extraordinary general meeting shall be called by not less than 14 days. The notice shall be inclusive of the day on which it is served or deemed to be served and of the day for which it is given, and shall specify the time, place and agenda of the meeting, particulars of the resolutions to be considered at the meeting and, in the case of special business, the general nature of that business. The notice convening an annual general meeting shall specify the meeting as such, and the notice convening a meeting to pass a special resolution shall specify the intention to propose the resolution as a special resolution. Notice of every general meeting shall be given to the auditors and all members of the Company (other than those who, under the provisions of the Articles of Association or the terms of issue of the shares they hold, are not entitled to receive such notice from the Company).

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Notwithstanding that a meeting of the Company is called by shorter notice than that referred to above, it shall be deemed to have been duly called if it is so agreed:

- (a) in the case of a meeting called as an annual general meeting, by all members of the Company entitled to attend and vote thereat or their proxies; and
- (b) 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 95% in nominal value of the 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:

- (a) the declaration and sanctioning of dividends;
- (b) the consideration and adoption of the accounts and balance sheets and the reports of the Directors and the auditors and other documents required to be annexed to the balance sheet;
- (c) the election of Directors in place of those retiring;
- (d) the appointment of auditors;
- (e) the fixing of, or the determining of the method of fixing of, the remuneration of the Directors and of the auditors;
- (f) 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 20% (or such other percentage as may from time to time be specified in the Listing Rules) in nominal value of its then existing issued share capital and the number of any securities repurchased pursuant to sub-paragraph (g) below; and
- (g) the granting of any mandate or authority to the Directors to repurchase securities of the Company.

2.11 *Transfer of Shares*

Transfers of shares may be effected by an instrument of transfer in the usual common form or in such other form as the Board may approve which is consistent with the standard form of transfer as prescribed by the Stock Exchange.

The instrument of transfer shall be executed by or on behalf of the transferor and, unless the Board otherwise determine, the transferee, 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 of the Company in respect thereof. All instruments of transfer shall be retained by the Company.

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The Board may refuse to register any transfer of any share which is not fully paid up or on which the Company has a lien. The Directors may also decline to register any transfer of any shares unless:

- (a) the instrument of transfer is lodged with the Company accompanied by the certificate for the shares to which it relates (which shall upon the registration of the transfer be cancelled) and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer;
- (b) the instrument of transfer is in respect of only one class of shares;
- (c) the instrument of transfer is properly stamped (in circumstances where stamping is required);
- (d) in the case of a transfer to joint holders, the number of joint holders to which the share is to be transferred does not exceed four;
- (e) the shares concerned are free of any lien in favour of the Company; and
- (f) a fee of such maximum as the Stock Exchange may from time to time 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.

If the Board refuses to register a transfer of any share it shall, within two months after the date on which the transfer was lodged with the Company, send to each of the transferor and the transferee notice of such refusal.

The registration of transfers may, on 14 days' notice (or on 6 business days' notice in the case of a rights issue) being given by advertisement published on the Stock Exchange's website, or, subject to the Listing Rules, by electronic communication in the manner in which notices may be served by the Company by electronic means as provided in the Articles of Association or by advertisement published in the newspapers, be suspended and the register of members of the Company closed at such times for such periods as the Board may from time to time determine, provided that the registration of transfers shall not be suspended or the register closed for more than 30 days in any year (or such longer period as the members of the Company may by ordinary resolution determine provided that such period shall not be extended beyond 60 days in any year).

2.12 Power of the Company to purchase its own Shares

The Company is empowered by the Cayman Companies Law and the Articles of Association 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 the Stock Exchange and the Securities and Futures Commission of Hong Kong.

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2.13 *Power of any subsidiary of the Company to own Shares*

There are no provisions in the Articles of Association relating to the ownership of shares by a subsidiary.

2.14 *Dividends and other methods of distributions*

Subject to the Cayman Companies Law and Articles of Association, the Company in general meeting may declare dividends in any currency but no dividends shall exceed the amount recommended by the Board. No dividend may be declared or paid other than out of profits and reserves of the Company lawfully available for distribution, including share premium.

Unless and to the extent that the rights attached to any shares or the terms of issue thereof otherwise provide, all dividends shall (as regards any shares not fully paid throughout the period in respect of which the dividend is paid) be apportioned and paid pro rata according to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. For these purposes no amount paid up on a share in advance of calls shall be treated as paid up on the share.

The Board may from time to time pay to the members of the Company such interim dividends as appear to the Board to be justified by the profits of the Company. The Board may also pay half-yearly or at other intervals to be selected by it at a fixed rate if it is of the opinion that the profits available for distribution justify the payment.

The Board may retain any dividends or other moneys payable on or in respect of a share upon which the Company has a lien, and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists. The Board may also deduct from any dividend or other monies payable to any member of the Company all sums of money (if any) presently payable by him to the Company on account of calls, instalments or otherwise.

No dividend shall carry interest against the Company.

Whenever the Board or the Company in general meeting have resolved that a dividend be paid or declared on the share capital of the Company, the Board may further resolve: (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up on the basis that the shares so allotted are to be of the same class as the class already held by the allottee, provided that the members of the Company entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment; or (b) that the members of the Company 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 on the basis that the shares so allotted are to be of the same class as the class already held by the allottee. The Company may upon the recommendation of the Board by ordinary resolution resolve in respect of any one particular dividend of the Company that notwithstanding the foregoing a dividend may be satisfied wholly in the form of an allotment of shares credited as fully paid without offering any right to members of the Company to elect to receive such dividend in cash in lieu of such allotment.

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Any dividend, interest or other sum payable in cash to a holder of shares may be paid by cheque or warrant sent through the post addressed to the registered address of the member of the Company entitled, or in the case of joint holders, to the registered address of the person whose name stands first in the register of members of the Company in respect of the joint holding or to such person and to such address as the holder or joint holders may in writing direct. Every cheque or warrant so sent shall 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 of members of the Company in respect of such shares, and shall be sent at his or their risk and the payment of any such cheque or warrant by the bank on which it is drawn shall operate as a good discharge to the Company in respect of the dividend and/or bonus represented thereby, notwithstanding that it may subsequently appear that the same has been stolen or that any endorsement thereon has been forged. The Company may cease sending such cheques for dividend entitlements or dividend warrants by post if such cheques or warrants have been left uncashed on two consecutive occasions. However, the Company may exercise its power to cease sending cheques for dividend entitlements or dividend warrants after the first occasion on which such a cheque or warrant is returned undelivered. 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.

Any dividend unclaimed for six years from the date of declaration of such dividend may be forfeited by the Board and shall revert to the Company.

The Board may, with the sanction of the members of the Company in general meeting, direct that any dividend be satisfied wholly or in part by the distribution of specific assets of any kind, and in particular of paid up shares, debentures or warrants to subscribe securities of any other company, and where any difficulty arises in regard to such distribution the Board may settle it as it thinks expedient, and in particular may disregard fractional entitlements, round the same up or down or provide that the same shall accrue to the benefit of the Company, and may fix the value for distribution of such specific assets and may determine that cash payments shall be made to any members of the Company upon the footing of the value so fixed in order to adjust the rights of all parties, and may vest any such specific assets in trustees as may seem expedient to the Board.

2.15 *Proxies*

Any member of the Company entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person who must be an individual as his proxy to attend and vote instead of him and a proxy so appointed shall have the same right as the member to speak at the meeting. A proxy need not be a member of the Company.

Instruments of proxy shall be in common form or in such other form as the Board may from time to time approve provided that it shall enable a member to instruct his proxy to vote in favour of or against (or in default of instructions or in the event of conflicting instructions, to exercise his discretion in respect of) each resolution to be proposed at the meeting to which the form of proxy relates. The instrument of proxy shall be deemed to confer authority to vote on any amendment of a

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resolution put to the meeting for which it is given as the proxy thinks fit. The instrument of proxy shall, unless the contrary is stated therein, be valid as well for any adjournment of the meeting as for the meeting to which it relates provided that the meeting was originally held within 12 months from such date.

The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney authorised in writing, or if the appointor is a corporation either under its seal or under the hand of an officer, attorney or other person authorised to sign the same.

The instrument appointing a proxy and (if required by the Board) the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, shall be delivered at the registered office of the Company (or at such other place as may be specified in the notice convening the meeting or in any notice of any adjournment or, in either case, in any document sent therewith) not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote or, in the case of a poll taken subsequently to the date of a meeting or adjourned meeting, not less than 48 hours before the time appointed for the taking of the poll and in default the instrument of proxy shall not be treated as valid. No instrument appointing a proxy shall be valid after the expiration of 12 months from the date named in it as the date of its execution. Delivery of any instrument appointing a proxy shall not preclude a member of the Company from attending and voting in person at the meeting or poll concerned and, in such event, the instrument appointing a proxy shall be deemed to be revoked.

2.16 *Calls on Shares and forfeiture of Shares*

The Board may from time to time make calls upon the members of the Company in respect of any monies unpaid on their shares (whether on account of the nominal amount of the shares or by way of premium or otherwise) and not by the conditions of allotment thereof made payable at fixed times and each member of the Company shall (subject to the Company serving upon him at least 14 days' notice specifying the time and place of payment and to whom such payment shall be made) pay to the person at the time and place so specified the amount called on his shares. A call may be revoked or postponed as the Board may determine. A person upon whom a call is made shall remain liable on such call notwithstanding the subsequent transfer of the shares in respect of which the call was made.

A call may be made payable either in one sum or by instalments and shall be deemed to have been made at the time when the resolution of the Board authorising the call was passed. The joint holders of a share shall be jointly and severally liable to pay all calls and instalments due in respect of such share or other moneys due in respect thereof.

If a sum called in respect of a share shall not be paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest on the sum from the day appointed for payment thereof to the time of actual payment at such rate, not exceeding 15% per annum, as the Board may determine, but the Board shall be at liberty to waive payment of such interest wholly or in part.

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If any call or instalment of a call remains unpaid on any share after the day appointed for payment thereof, the Board may at any time during such time as any part thereof remains unpaid serve a notice on the holder of such shares requiring payment of so much of the call or instalment as is unpaid together with any interest which may be accrued and which may still accrue up to the date of actual payment.

The notice shall name a further day (not being less than 14 days from the date of service of the notice) on or before which, and the place where, the payment required by the notice is to be made, and shall state that in the event of non-payment at or before the time and at the place appointed, the shares in respect of which such call was made or instalment is unpaid will be liable to be forfeited.

If the requirements of such notice are not complied with, any share in respect of which such notice has been given may at any time thereafter, before payment of all calls or instalments and interest due in respect thereof has been made, be forfeited by a resolution of the Board to that effect. Such forfeiture shall include all dividends and bonuses declared in respect of the forfeited shares and not actually paid before the forfeiture. A forfeited share shall be deemed to be the property of the Company and may be re-allotted, sold or otherwise disposed of.

A person whose shares have been forfeited shall cease to be a member of the Company in respect of the forfeited shares but shall, notwithstanding the forfeiture, remain liable to pay to the Company all moneys 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 at such rate not exceeding 15% per annum as the Board may prescribe from the date of forfeiture until payment, and the Board may enforce payment thereof without being under any obligation to make any allowance for the value of the shares forfeited, at the date of forfeiture.

2.17 Inspection of register of members

The register of members of the Company shall be kept in such manner as to show at all times the members of the Company for the time being and the shares respectively held by them. The register may, on 14 days' notice being given by advertisement published on the Stock Exchange's website, or subject to the Listing Rules, by electronic communication in the manner in which notices may be served by the Company by electronic means as provided in the Articles of Association or by advertisement published in the newspapers, be closed at such times and for such periods as the Board may from time to time determine either generally or in respect of any class of shares, provided that the register shall not be closed for more than 30 days in any year (or such longer period as the members of the Company may by ordinary resolution determine provided that such period shall not be extended beyond 60 days in any year).

Any register of members kept in Hong Kong shall during normal business hours (subject to such reasonable restrictions as the Board may impose) be open to inspection by any member of the Company without charge and by any other person on payment of such fee not exceeding HK\$2.50 (or such higher amount as may from time to time be permitted under the Listing Rules) as the Board may determine for each inspection.

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2.18 *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, choice or election of a chairman which shall not be treated as part of the business of the meeting.

Two members of the Company present in person or by proxy shall be a quorum provided always that if the Company has only one member of record the quorum shall be that one member present in person or by proxy.

A corporation being a member of the Company shall be deemed for the purpose of the Articles of Association 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 or by power of attorney 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.

The quorum for a separate general meeting of the holders of a separate class of shares of the Company is described in sub-paragraph 2.4 above.

2.19 *Rights of minorities in relation to fraud or oppression*

There are no provisions in the Articles of Association concerning the rights of minority shareholders in relation to fraud or oppression.

2.20 *Procedure on liquidation*

If the Company shall be wound up, and the assets available for distribution amongst the members of the Company 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 of the Company 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. And if in a winding up 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 amongst the members of the Company in proportion to the capital paid up at the commencement of the winding up on the shares held by them respectively. The foregoing is without prejudice to the rights of the holders of shares issued upon special terms and conditions.

If the Company shall be wound up, the liquidator may with the sanction of a special resolution of the Company and any other sanction required by the Cayman Companies Law, divide amongst the members of the Company in specie or kind the whole or any part of the assets of the Company (whether they shall consist of property of the same kind or not) and may, for such purpose, set such value as he deems fair upon any 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 of the Company. The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon

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such trusts for the benefit of the members of the Company as the liquidator, with the like sanction and subject to the Cayman Companies Law, shall think fit, but so that no member of the Company shall be compelled to accept any assets, shares or other securities in respect of which there is a liability.

2.21 *Untraceable members*

The Company shall be entitled to sell any shares of a member of the Company or the shares to which a person is entitled by virtue of transmission on death or bankruptcy or operation of law if: (i) all cheques or warrants, not being less than three in number, for any sums payable in cash to the holder of such shares have remained uncashed for a period of 12 years; (ii) the Company has not during that time or before the expiry of the three month period referred to in (iv) below received any indication of the whereabouts or existence of the member; (iii) during the 12 year period, at least three dividends in respect of the shares in question have become payable and no dividend during that period has been claimed by the member; and (iv) upon expiry of the 12 year period, the Company has caused an advertisement to be published in the newspapers or subject to the Listing Rules, by electronic communication in the manner in which notices may be served by the Company by electronic means as provided in the Articles of Association, giving notice of its intention to sell such shares and a period of three months has elapsed since such advertisement and the Stock Exchange 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 for an amount equal to such net proceeds.

3 Summary of Cayman Islands Company Law and Taxation

3.1 *Introduction*

The Cayman Companies Law is derived, to a large extent, from the older Companies Acts of England, although there are significant differences between the Cayman Companies Law and the current Companies Act of England. Set out below is a summary of certain provisions of the Companies Law, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of corporate law and taxation which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar.

3.2 *Incorporation*

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 20 May 2011 under the Cayman Companies Law. As such, its 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 size of its authorised share capital.

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3.3 *Share capital*

The Cayman Companies Law permits a company to issue ordinary shares, preference shares, redeemable shares or any combination thereof.

The Cayman 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 premia on those shares shall be transferred to an account called the “share premium account”. At the option of a company, these provisions may not apply to premia 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 a company, subject to the provisions, if any, of its memorandum and articles of association, in such manner as the company may from time to time determine including, but without limitation:

- (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) in the redemption and repurchase of shares (subject to the provisions of section 37 of the Cayman 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 of business.

The Cayman Companies Law provides that, subject to confirmation by the Grand Court of the Cayman Islands, 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.

Subject to the detailed provisions of the Cayman 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. The manner of such a purchase must be authorised either by the articles of association or by an ordinary resolution of the company.

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The articles of association may provide that the manner of purchase may be determined by the directors 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.

There is no statutory restriction in the Cayman Islands on the provision of financial assistance by a company 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 to act 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.

3.4 *Dividends and distributions*

With the exception of section 34 of the Cayman Companies Law, there are no statutory provisions relating to the payment of dividends. Based upon English case law which is likely to be persuasive in the Cayman Islands in this area, dividends may be paid only out of profits. In addition, section 34 of the Cayman 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 3 above for further details).

3.5 *Shareholders' suits*

The Cayman Islands courts can be expected to follow English case law precedents. The rule in *Foss v. Harbottle* (and the exceptions thereto which permit a minority shareholder to commence a class 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 where the wrongdoers are themselves in control of the company, and (c) an action which requires a resolution with a qualified (or special) majority which has not been obtained) has been applied and followed by the courts in the Cayman Islands.

3.6 *Protection of minorities*

In the case of a company (not being a bank) having a share capital divided into shares, the Grand Court of the Cayman Islands 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 Grand Court shall direct.

Any shareholder of a company may petition the Grand Court of the Cayman Islands 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.

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Claims against a company by its shareholders must, as a general rule, 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.

The English common law rule that the majority will not be permitted to commit a fraud on the minority has been applied and followed by the courts of the Cayman Islands.

3.7 Disposal of assets

The Cayman Companies Law contains no specific restrictions on the powers of directors to dispose of assets of a company. As a matter of general law, in the exercise of those powers, the directors must discharge their duties of care and to act in good faith, for a proper purpose and in the interests of the company.

3.8 Accounting and auditing requirements

The Cayman Companies Law requires that a company shall cause to be kept proper books of account with respect to:

- (a) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place;
- (b) all sales and purchases of goods by the company; and
- (c) 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.

3.9 Register of members

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 its directors may, from time to time, think fit. There is no requirement under the Cayman Companies Law for an exempted company to make any returns of members to the Registrar of Companies in 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.

3.10 Inspection of books and records

Members of a company will have no general right under the Cayman 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 of association.

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3.11 *Special resolutions*

The Cayman Companies Law provides that a resolution is a special resolution when it has been passed by a majority of not less than two-thirds (or such greater number as may be specified in the articles of association of the company) of such members as, being entitled to do so, vote in person or, where proxies are allowed, by proxy at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given. Written resolutions signed by all the members entitled to vote for the time being of the company may take effect as special resolutions if this is authorised by the articles of association of the company.

3.12 *Subsidiary owning shares in parent*

The Cayman Companies Law does not prohibit a Cayman Islands company acquiring and holding shares in its parent company provided its objects so permit. The directors of any subsidiary making such acquisition must discharge their duties of care and to act in good faith, for a proper purpose and in the interests of the subsidiary.

3.13 *Mergers and consolidations*

The Cayman Companies Law permits mergers and consolidations between Cayman Islands companies and between Cayman Islands companies and non-Cayman Islands companies. For these purposes, (a) “merger” means the merging of two or more constituent companies and the vesting of their undertaking, property and liabilities in one of such companies as the surviving company and (b) a “consolidation” means the combination of two or more constituent companies into a consolidated company and the vesting of the undertaking, property and liabilities of such companies to the consolidated company. In order to effect such a merger or consolidation, the directors of each constituent company must approve a written plan of merger or consolidation, which must then be authorised by either (a) a special resolution of each constituent company or (b) such other authorisation, if any, as may be specified in such constituent company’s articles of association. The written plan of merger or consolidation must be filed with the Registrar of Companies together with a declaration as to the solvency of the consolidated or surviving company, a list of the assets and liabilities of each constituent company and an undertaking that a copy of the certificate of merger or consolidation will be given to the members and creditors of each constituent company and that notification of the merger or consolidation will be published in the Cayman Islands Gazette. Dissenting shareholders have the right to be paid the fair value of their shares (which, if not agreed between the parties, will be determined by the Cayman Islands court) if they follow the required procedures, subject to certain exceptions. Court approval is not required for a merger or consolidation which is effected in compliance with these statutory procedures.

3.14 *Reconstructions*

There are statutory provisions which facilitate reconstructions and amalgamations approved by a majority in number representing 75 per cent. in value of shareholders or creditors, depending on the circumstances, as are present at a meeting called for such purpose and thereafter sanctioned by the Grand Court of the Cayman Islands. Whilst a dissenting shareholder would have the right to express

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to the Grand Court his view that the transaction for which approval is sought would not provide the shareholders with a fair value for their shares, the Grand Court of the Cayman Islands is unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management and if the transaction were approved and consummated the dissenting shareholder would have no rights comparable to the appraisal rights (i.e. the right to receive payment in cash for the judicially determined value of his shares) ordinarily available, for example, to dissenting shareholders of United States corporations.

3.15 *Take-overs*

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 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 require the dissenting shareholders to transfer their shares on the terms of the offer. A dissenting shareholder may apply to the Grand Court of the Cayman Islands within one month of the notice objecting to the transfer. The burden is on the dissenting shareholder to show that the Grand 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.

3.16 *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 Cayman Islands courts to be contrary to public policy (e.g. for purporting to provide indemnification against the consequences of committing a crime).

3.17 *Liquidation*

A company may be placed in liquidation compulsorily by an order of the court, or voluntarily (i) by a special resolution of its members if the company is solvent or (ii) by an ordinary resolution of its members if the company is insolvent. The liquidator's duties are to collect the assets of the company (including the amount (if any) due from the contributories (shareholders)), settle the list of creditors and discharge the company's liability to them, rateably if insufficient assets exist to discharge the liabilities in full, and to settle the list of contributories and divide and surplus assets (if any) amongst them in accordance with the rights attaching to the shares.

3.18 *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.

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3.19 *Taxation*

Pursuant to section 6 of the Tax Concessions Law (1999 Revision) of the Cayman Islands, the Company obtained an undertaking from the Governor in Cabinet:

- (a) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits or income or gains or appreciation shall apply to the Company or its operations; and
- (b) in addition, that no tax to be levied on profits, income gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable by the Company:
 - (i) on or in respect of the shares, debentures or other obligations of the Company; or
 - (ii) by way of withholding in whole or in part of any relevant payment as defined in Section 6(3) of the Tax Concession Law (1999 Revision).

The undertaking for the Company is for a period of twenty years from 7 June, 2011.

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 that are applicable to any payments made to or by the Company.

3.20 *Exchange control*

There are no exchange control regulations or currency restrictions in the Cayman Islands.

4 **General**

Maples and Calder the Company's legal advisers on Cayman Islands law, have sent to the Company a letter of advice summarising aspects of Cayman Islands company law. This letter, together with a copy of the Cayman Companies Law, is available for inspection as referred to in the paragraph headed "Documents available for inspection" in Appendix VIII to this prospectus. 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/she is more familiar is recommended to seek independent legal advice.

Set out below is a summary of certain aspects of PRC legal and regulatory provisions relating to our operations and business. These include laws and regulations relating to land, real estate development, real estate management, hotel operation, foreign investment enterprises, foreign exchange control, overseas listing, taxation, intellectual property and labour protection.

LAND

Categories of Land

Land in the PRC is categorised by ownership type or by usage. By ownership type, land can be divided into: (i) State-owned land (“SOL”) owned by the State and (ii) collectively-owned land (“COL”) which is collectively owned, under the Land Administration Law of the PRC 《中華人民共和國土地管理法》 adopted by the Standing Committee of NPC on 25 June 1986, as revised and amended. Unless otherwise specified by law, SOL is located in urban areas while COL comprises all land in rural and suburban areas. All land for residential construction and land and hills reserved for farmers in rural and suburban areas are allowed to be retained by farmers. COL is not allowed to be used for non-agricultural construction purposes. COL may be converted into SOL by and such conversion is subject to the approval of the State Council or the local government depending on the size and the original use of the relevant parcel of COL.

According to the Land Administration Law of the PRC 《中華人民共和國土地管理法》, land can also be divided into (i) land designated for agricultural use, (ii) land designated for construction use, and (iii) unutilised land. Land designated for agricultural use refers to land used directly in agricultural production, including cultivated land, wooded land, grassland, land for farmland water conservancy and water surfaces for breeding etc. Land designated for construction use refers to land on which buildings and structures are built, including land for urban and rural housing and public facilities, land for industrial and mining use, land for building communications and water conservancy facilities, land for tourism and land for building military installations etc. Unutilised land refers to land other than that for agricultural and construction uses. The land user shall use the land in accordance with the approved use.

The land use rights of SOL can be further divided into two categories in terms of acquisition methods pursuant to the Provisional Regulations of the PRC on the Assignment and Transfer of the Right to the Use of the State-owned Land in Urban Areas 《中華人民共和國城鎮國有土地使用權出讓和轉讓暫行條例》 promulgated by the State Council on 19 May 1990. The first category, “allocated SOL” refers to the SOL which can be acquired by a user without paying compensation in accordance with law. The second category, “granted SOL” refers to the SOL which requires the acquirer to pay a land premium in accordance with law.

Pursuant to the Interim Measures for the Administration of Allocated Land Use Right 《劃撥土地使用權管理暫行辦法》 which became effective on 8 March 1992, an entity or individual that has been granted a parcel of allocated land is required to obtain prior approval from the relevant land authority, go through the land grant procedures, and pay the land premium before transferring, leasing or mortgaging that parcel of allocated land. Otherwise, according to the Provisional Regulations of the PRC on the Assignment and Transfer of the Right to the Use of the State-owned

Land in Urban Areas 《中華人民共和國城鎮國有土地使用權出讓和轉讓暫行條例》, all the income gained from the allocated land shall be confiscated by the relevant land authority. Furthermore, the entity or individual that illegally transfers, leases or mortgages the parcel of allocated land shall be fined in accordance with the seriousness of the case.

REAL ESTATE DEVELOPMENT

Establishment of a Real Estate Development Enterprise

Pursuant to the PRC Urban Real Estate Administration Law 《中華人民共和國城市房地產管理法》 (the “**Urban Real Estate Law**”) promulgated by the Standing Committee of NPC, which became effective on 1 January 1995 and was revised on 30 August 2007 and 27 August 2009, a “real estate developer” refers to an enterprise which engages in the development and operation of real estate for profit-making purposes. Under the Regulations on Administration of Development of Urban Real Estate 《城市房地產開發經營管理條例》 (the “**Development Regulations**”) promulgated by the State Council on 20 July 1998, an enterprise engaging in real estate development must satisfy the following requirements in addition to other enterprise establishment conditions provided in the relevant laws and administrative regulations:

- its registered capital must be RMB1 million or more; and
- it must have four or more full-time professional real estate/construction technicians and two or more full-time accounting officers, each of whom must hold the relevant qualification certificate. The authorities at provincial level, autonomous region level or municipalities under the direct administration of central PRC governments may impose more stringent requirements regarding the registered capital and professional qualifications of real estate enterprises.

To establish a real estate development enterprise, the developer must apply for registration with the local SAIC at or above the county level, which should, in examining the application for the registration, seek the views of the real estate development authority at the relevant level. The developer must also report its establishment to the department of real estate development in the location of its registration within 30 days of receipt of its business licence.

A foreign investor intending to engage in real estate development may establish an equity joint venture, a contractual cooperative joint venture or a wholly foreign owned enterprise in accordance with the PRC laws and regulations regarding foreign-invested enterprises. However, pursuant to the Catalogue for the Guidance of Foreign Investment Industries (2011 version) (外商投資產業指導目錄) (2011年修訂) promulgated by MOFCOM and the NDRC on 24 December 2011, a foreign investor is only allowed to establish an equity joint venture or contractual cooperative joint venture for the development of a whole land lot.

Qualification of a Real Estate Developer

Under the Provisions on Administration of Qualifications of Real Estate Developers 《房地產開發企業資質管理規定》 (the “**Provisions on Administration of Qualifications**”) promulgated by the Ministry of Construction on 29 March 2000, a real estate developer must apply for a classification certificate. An enterprise may not engage in property development without a qualification classification certificate for real estate development. The Ministry of Construction is in charge of monitoring the qualifications of all real estate developers within the PRC, and local real estate development authorities at or above the county level are in charge of monitoring the qualifications of local real estate developers. Under the Provisions on Administration of Qualifications, real estate developers are divided into four classes:

- Class 1 qualification is subject to preliminary examination by the construction authorities at the provincial level and the final approval of the Ministry of Construction. A Class 1 real estate developer is not restricted as to the scale of its real estate projects and may undertake a real estate development anywhere in the country.
- Class 2, 3 or 4 qualifications and provisional qualifications are regulated by the construction authorities at the provincial level. A real estate developer of the Class 2 qualification or lower may undertake a project with a GFA of less than 250,000 sq.m., detailed business scope of the developer of the Class 2 qualification or lower is determined by the construction authorities at the provincial level.

Under the Provisions on Administration of Qualifications, the real estate development authorities will examine applications for registration of qualifications submitted by real estate developers by mainly considering their registered capital and financial condition, the length of time they have conducted real estate development business, the professional personnel they employ, the performance and operating results from their past real estate operations and their quality control systems. A real estate developer that passes the qualification examination will be issued a qualification certificate of the relevant class by the qualification examination authority. A developer of any qualification classification may only engage in the development and sale of real estate within its approved scope of business and may not engage in business which is limited to another higher classification. The real estate development authorities perform annual inspections of qualified developers. Developers who fail to meet the qualification requirements or which operate in breach of the requirements may have their qualification classification certificates degraded or revoked.

For a newly established real estate developer, which passes the qualification examination, the real estate development authority will issue a provisional qualification certificate within 30 days of receipt by the authority of the relevant application for filing. The provisional qualification certificate will be effective for one year from its date of issuance and may be extended for not more than two additional years with the approval of the real estate development authority. The real estate developer must apply to the real estate development authority within one month before the expiry of its provisional qualification certificate for a formal qualification classification certificate. Any failure to

obtain the required provisional or formal qualification certificate or a development of a project exceeding the prescribed scope of the qualification may result in a fine ranging from RMB50,000 to RMB100,000 and, if such failure is not rectified within the prescribed period, the developer's qualification certificate and/or business licence may be revoked.

Acquisition of Land Use Rights

Although all land in the PRC is owned by the State or is collectively owned, individuals and entities may obtain land use rights and hold such land use rights for development purposes. Individuals and entities may acquire land use rights in different ways, the two most important ways of which are either a grant of land use rights by local land authorities or a transfer of land use rights by land users who have obtained land use rights. The grant of land use rights from local land authorities may be carried out by means of tender, auction or listing-for-sale and subject to the regulations discussed below as applicable, pursuant to agreements entered into directly with the local governments.

Grant of Land Use Rights

Pursuant to the Regulation on the Grant of Land Use Rights Through Bilateral Agreement 《協議出讓國有土地使用權規定》 promulgated by the MLR, which became effective on 1 August 2003, land use rights may be granted by way of a bilateral agreement between the relevant land authority and a grantee other than by means of tender, auction or listing-for-sale as required by laws, regulations or rules. The land premium set out in a bilateral agreement should not be lower than the minimum price set by the central government. For land in areas with standard land prices, the land premium pursuant to any bilateral agreement should not be less than 70% of the standard land price of the relevant land category. If the price guidelines are not adhered to, the land use rights cannot be granted. If there is only one prospective land user on the plot of land to be granted, the land authority may grant the land use rights through a bilateral agreement with the exception of land used for business, tourism, entertainment, residential commodity properties and other purposes for business operations. Upon full payment of the land premium, a land user may register with the land administration authority and obtain a land use rights certificate as evidence of the acquisition of the land use rights. As at 1 July 2002, the grant of land use rights by way of competitive processes is governed by the Regulations on the Grant of State-owned Land Use Rights by Tender, Auction or Listing-for-Sale 《招標拍賣掛牌出讓國有土地使用權規定》 (the “**2002 Regulations**”), issued by the MLR in May 2002. The 2002 Regulations specifically provide that the land to be used for operational purposes, including business, tourism, entertainment, and residential commodity properties, or land for which there are two or more prospective land users, must be granted by way of tender, auction or listing-for-sale. A number of measures are provided by the 2002 Regulations to ensure such grant of land use rights for commercial purposes is conducted openly and fairly. On 1 November 2007, the Regulations on the Grant of State-owned Construction Land Use Rights by Tender, Auction or Listing-for-Sale 《招標拍賣掛牌出讓國有建設用地使用權規定》 (the “**2007 Regulations**”), became effective to further strengthen the 2002 Regulations. The 2007 Regulations also require that the land used for industrial purpose (except land for mining) shall be granted by way of tender, auction or listing-for-sale. The 2007 Regulations further specify that the grantee of State-owned construction land use rights shall pay the premium for the grant of State-owned land use rights fully in accordance with the land grant contract before it could proceed with the relevant procedures for grant of State-owned land use rights registration and apply

for a land use rights certificate. No grantee could be granted a land use rights certificate for the land in proportion to the partial payment of the premium that the grantee has paid. According to the Notice on Relevant Issues Concerning the Strengthening of Examination and Approval of Land Use in Urban Construction 《關於加強城市建設用地審查報批工作有關問題的通知》, promulgated by the MLR on 4 September 2003, from the day of promulgation, land use for high-end residential commodity properties shall be stringently controlled, and applications for land use right to build villas shall be stopped.

On 24 September 2003, the MLR issued the Notice on Strengthening Land Supply Management and Promoting Sustainable Healthy Development of Real Estate Market 《關於加強土地供應管理促進房地產市場持續健康發展的通知》 to stringently control land supply for high-end commodity properties.

On 31 March 2004, the MLR and the Ministry of Supervision issued the Notice Regarding Supervision Work of Legal Enforcement Situation of Granting Business Land Use Rights Through Tender, Auction or Listing-for-Sale 《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 requires that commencing on 31 August 2004, land designated for the purposes of business operations shall be granted through tender, auction or listing-for-sale and may not be granted pursuant to the bilateral agreements entered into directly with the local land authority for any historical reasons.

The Urgent Notice on Further Governing and Rectifying Land Market and Strengthening Administration of Land 《關於深入開展土地市場治理整頓嚴格土地管理的緊急通知》 promulgated by the General Office of the State Council on 29 April 2004 restated the principle of strict administration of the approval process for the construction land and the protection of the basic farmland.

On 30 May 2006, the MLR published the Urgent Notice on Tightening Land Administration 《關於當前進一步從嚴土地管理的緊急通知》. The notice requires that land used for commodity property development must be assigned by tender, auction or listing-for-sale, and land supply for medium- to low-price, small- to medium-size ordinary residential commodity properties (including economically affordable housing) or low-rental residential properties, including economically affordable housing, shall be satisfied as a priority and the land supply for large-size, low-density residential properties shall be strictly restricted. In addition, the supply of land for new villa projects shall be suspended.

The Notice on Issues Relating to the Strengthening of Land Control 《關於加強土地調控有關問題的通知》 promulgated by the State Council on 31 August 2006 sets out the administration of the income and expenditure relating to land premium, modifies the tax policies relating to the land and created a system of the publication of the standards of the lowest price in respect of the grant of the land use rights for SOL for industrial purposes.

On 16 March 2007, the NPC promulgated the Properties Rights Law of the PRC 《中華人民共和國物權法》 (the “**Property Law**”), which took effect as at 1 October 2007. The Property Law stipulates the construction land use rights may be obtained through grant or allocation.

With respect to the land used for operational purposes, including industry, business, entertainment or residential commodity properties purposes, the grant of land use rights shall be conducted through public tender, auction or listing-for-sale. There are stringent restrictions imposed upon obtaining construction land use rights through allocation.

On 18 November 2009, five governmental authorities, including the Ministry of Finance, Ministry of Supervision, National Audit Office of the PRC, MLR and PBOC issued the Notice on Further Strengthening the Management of the Income and Expenditure Relating to Land Grants 《關於進一步加強土地出讓收支管理的通知》 to regulate the management of income and expenditure on land grants. In particular, property developers are required to provide a down payment of no less than 50% of the land premium and are required in principle to pay all of the land premium in instalments within one year.

Pursuant to the Notice on Issues relating to Strict Enforcement of Adjustment Policies on Real Estate Land and Improvement of the Healthy Development of Land Market 《關於嚴格落實房地產用地調控政策促進土地市場健康發展有關問題的通知》 promulgated by the MLR on 19 December 2010 and became effective on the same date:

- provincial MLR shall reinforce the examination of public notices relating to the grant of land use rights by way of public tenders, auctions or listings-for-sale, and shall require the municipal and county MLR to withdraw these public notices and formulate a new plan for granting land use rights if any of the following events occur:
 - (i) land use rights granted over a parcel of land where the land area exceeds the size approved by the relevant competent authorities;
 - (ii) more than one parcel of land is granted to the same bidder at the same time;
 - (iii) land use rights granted over a parcel of land where the demolition of buildings erected on such land has not been carried out or the occupants of such land have not been compensated for the demolition and resettlement;
 - (iv) land use rights granted over a parcel of residential land with a plot ratio of less than one;
 - (v) land use rights granted to an unlawful entities; and
 - (vi) land use rights granted in other circumstances which will be in contravention of the relevant PRC laws and regulations.
- bidders for the land use rights and their controlling shareholders are not allowed to pass the bidder qualification examination if they, among other things, (i) fraudulently obtain land use rights by falsifying documents, (ii) resell or transfer land use rights illegally, (iii) leave

the land idle for more than one year due to the their own acts, and/or (iv) develop land in manners which contravenes the terms of the land use rights contracts. In addition, the bidders and their controlling shareholders are prohibited from participating in the grant of land use rights process before they rectify the above acts.

On 26 January 2011, the General Office of the State Council issued the Notice on Further Adjustment and Control of the Real Estate Market 《國務院辦公廳關於進一步做好房地產市場調控工作有關問題的通知》 to provide stricter management regulations of housing land supply. Among the various requirement set out by the notice, entities and persons participating in the bidding of land shall state the source of capital and provide the relevant evidence.

Transfer of Real Estate

According to the Provisions on the Administration of Urban Real Estate Transfer 《城市房地產轉讓管理規定》 promulgated by the Ministry of Construction in August 1995, as amended in August 2001, a real estate owner may sell, donate or otherwise legally transfer real estate to another person or entity. When transferring a building, the ownership of the building and the land use rights attached are transferred together. The parties to the transfer must enter into a written real estate transfer contract and register the transfer with the competent real estate authority within 90 days of the execution of the transfer contract.

If the land use rights are initially obtained by way of a grant from a local land authority, the following conditions shall be satisfied when the real estate is transferred:

- the land premium having been paid in full according to the terms of the land grant contract, and land use rights certificate having been obtained;
- where investment and development is carried out in accordance with the terms of the land grant contract if it relates to (i) house construction projects, not less than 25% of the total development project shall be completed; and (ii) development of whole plot of land, the land having been developed and constructed according to the planning, and the construction of the civil infrastructure and public facilities such as water supply, drainage, power supply, heat supply, roads, traffic and communications having been completed, and the conditions for industrial use or construction having been fulfilled; and
- where the building was completed, the property ownership certificate have been obtained.

If the land use rights are initially obtained by way of a grant from a local land authority, the term of the land use rights after the real estate transfer will be the remaining portion of the original grant obtained by the original land users.

If the land use rights transferred are initially obtained by way of allocation, the transfer shall be approved by the competent government authorities. Except as provided by relevant laws, the transferee must complete the formalities for the transfer of land use rights and pay the land premium after the transfer approval is obtained.

Pre-examination of the Construction Sites

Under the Measures for Administration of Examination and Approval for Construction Sites 《建設用地審查報批管理辦法》 promulgated by the MLR on 2 March 1999 and amended on 30 November 2010 and the Measures for Administration of Preliminary Examination of Construction Project Sites 《建設項目用地預審管理辦法》 promulgated by the MLR on 29 November 2008 and became effective on 1 January 2009, a real estate developer must make a preliminary application for construction to the relevant land administrative authority when carrying out a feasibility study on a construction project. Upon receipt of a preliminary application, the land administration authority will carry out a preliminary examination of various aspects of the construction project in compliance with the overall zoning plans and land supply policies of the PRC Government, and will issue a preliminary approval if it is satisfied with the result of its examination. The opinions derived from this preliminary examination are requisite documents for the approval of the construction project.

Planning Permits and Construction Permits

Under the Measures for Administration on Planning of Granting and Transfer of Right to Use Urban State-owned Land 《城市國有土地使用權出讓轉讓規劃管理辦法》 promulgated by the Ministry of Construction on 4 December 1992 and became effective on 1 January 1993, and the Notice on Strengthening the Planning Administration of Granting and Transferring Right to Use State-owned Land 《關於加強國有土地使用權出讓規劃管理工作的通知》 promulgated by the Ministry of Construction on 26 December 2002 and became effective on the same date, a real estate developer shall, after signing a land grant contract, apply for an opinion on the site selection of a construction project and a construction land planning permit from the relevant city and county planning authorities. After obtaining a construction land planning permit, the real estate developer shall organise the necessary planning and design work in accordance with planning and design requirements and apply for a construction work planning permit from the relevant urban planning authority pursuant to the Law of the PRC on Urban and Rural Planning 《中華人民共和國城鄉規劃法》 promulgated by Standing Committee of the NPC in October 2007 and effective on 1 January 2008.

A real estate developer must apply for a construction work commencement permit from the relevant construction administrative authority under the local people's government above the county level pursuant to the Measures for the Administration of a Construction Permit of Construction Projects 《建築工程施工許可管理辦法》 promulgated by the Ministry of Construction on 15 October 1999 and revised on and became effective on 4 July 2001.

The Notice on Forwarding the Opinions of Such Departments as the Ministry of Construction relating to the Adjustment House Supply Control Structure and Stabilising Property Prices (the “**Guo Ban No. 37 Document**”) 《國務院辦公廳轉發建設部等部門關於調整住房供應結構穩定住房價格意見的通知》 promulgated by the General Office of the State Council on 24 May 2006 stipulates that since 1 June 2006, with regard to newly approved or constructed residential commodity properties, houses with a construction area of less than 90 sq.m. (including economically affordable houses) shall take up more than 70% of the total area to be constructed. The projects which have received project development approvals prior to the date on which Guo Ban No. 37 Document became effective but have not obtained construction work commencement permits must adjust their planning in order to confirm with the above-mentioned requirement. The Certain Opinions regarding the Implementation

of the Ratio Requirements for the Structure of Newly Constructed Residential Properties 《關於落實新建住房結構比例要求的若干意見》 issued by the Ministry of Construction on 6 July 2006 restates that since 1 June 2006, houses in individual cities (or counties) with a construction area of less than 90 sq.m. shall comprise 70% of the total area of commodity houses newly approved and commenced in one year (calculated from 1 June). All cities are required to implement the conditions for the planning and design of newly-built residential commodity properties and determine the structural proportion of residential commodity properties strictly in compliance with the above-mentioned requirements, and may not violate such requirement without authorisation. The urban planning administration will not issue the construction work planning permit if any entity violates these requirements without authorisation. If the planning and design is not in compliance, the examination and approval authorities of the design documents and the construction drawings will not issue the qualification certificate and, consequently, the construction administrative authority shall not issue the construction work commencement permit, and the real estate development authority shall not issue the Pre-sale Permit.

Completion of a Real Estate Project

Construction projects shall be delivered for use only after passing the inspection and acceptance test under Article 61 of the PRC Construction Law 《中華人民共和國建築法》, which became effective on 1 March 1998 and subsequently amended on 22 April 2011.

A real estate development project must comply with various laws and legal requirements concerning planning, construction quality, safety and environment and technical guidance on architecture, design and construction work, as well as provisions contained in the relevant contracts. On 30 January 2000, the State Council promulgated and implemented the Regulation on the Quality Management of Construction Projects 《建設工程質量管理條例》, which sets out the respective quality responsibilities and liabilities for developers, construction companies, exploration companies, design companies and construction supervision companies. After the construction of a project is complete, the real estate developer must arrange an inspection and acceptance test under the supervision of the relevant competent governmental authorities together with the relevant parties involved in the construction and experts according to the Interim Provisions on Inspection Upon Completion of Buildings and Municipal Infrastructure 《房屋建築工程和市政基礎設施工程竣工驗收暫行規定》 promulgated by the Ministry of Construction on 30 June 2000. The real estate developer shall submit records for filing to the departments in charge of project construction of the relevant local governmental authorities above the county level in the area where the projects are constructed within 15 days after the projects having successfully passed the completion acceptance inspection, pursuant to the Measures for the Administration on the Filing of Inspection Upon Completion of Buildings and Municipal Infrastructure 《房屋建築和市政基礎設施工程竣工驗收備案管理辦法》, promulgated by the Ministry of Construction on 19 October 2009.

Sale of Commodity Properties

Under the Measures for Administration of Sale of Commodity Properties 《商品房銷售管理辦法》 promulgated by the Ministry of Construction on 4 April 2001 and became effective on 1 June 2001, the sale of commodity properties can include both sales prior to the completion of the properties and sales after the completion of the properties.

Pre-Sale of Commodity Properties

Any pre-sale of commodity properties must be conducted in accordance with the Measures for Administration of Pre-sale of Commodity Properties 《城市商品房預售管理辦法》 (the “**Pre-sale Measures**”) promulgated by the Ministry of Construction on 15 November 1994, as amended on 15 August 2001 and 20 July 2004. The Pre-sale Measures provide that any pre-sale of commodity properties is subject to specified procedures. The pre-sale of commodity properties shall be subject to a licensing system. If a real estate developer intends to sell commodity properties in advance, it shall apply to the real estate administrative authority to obtain a pre-sale permit. The pre-sale of commodity properties is required to meet the following conditions:

- the related land premium having been fully paid up and a land use rights certificate having been obtained;
- a construction work planning permit and a construction work commencement permit having been obtained; and
- the funds invested in the development of the commodity properties intended for pre-sale representing 25% or more of the total investment in the project and the progress of construction and the completion and delivery dates having been properly determined.

The proceeds of pre-sale of commodity properties must be used to develop the relevant project. Further, the Pre-sale Measures authorises the real estate administrative authority on the provincial autonomous regional and municipal level to set up their implementation rules in accordance with the Pre-sale Measures.

Set out below are the implementation rules promulgated by the local real estate administrative authorities on the provincial or city level in accordance with the Pre-sale Measures.

Beijing

Beijing Housing and Urban-Rural Construction Committee, the business management department of the People’s Bank of China and the Beijing Administration of China Banking Regulatory Commission jointly promulgated the “Interim Measures for the Supervision and Administration of

APPENDIX VI SUMMARY OF PRINCIPAL PRC LEGAL AND REGULATORY PROVISIONS

Pre-Sale Capital for Commercial Housing in Beijing (《北京市商品房預售資金監督管理暫行辦法》) (hereinafter referred to as “Interim Measures”) on 22 October 2010, which was effective as of 1 December 2010. Regulatory rules for pre-sale capital under Interim Measures are as follows:

- Pre-sale capital for commercial housing shall be fully deposited into a specific account for supervision and administration of pre-sale capital for commercial housing (hereinafter referred to as “Specific Account”), and supervision will be focus on capitals for construction projects to ensure that priority will be given to construction projects.
- Before applying for pre-sale permits of commercial housing, a real estate development enterprise shall clarify in the pre-sale proposal the following regarding regulation of pre-sale capitals:
 - (1) construction cost of the project;
 - (2) plan for use of capital of the project;
 - (3) supervision bank selected, and the pre-sale capital regulation agreement entered into with the bank (hereinafter referred to as “Regulation Agreements”);
 - (4) name and account number of the Specific Account;
 - (5) other issues involved.
- A real estate development enterprise shall prepare a plan for use of pre-sale capital of a project according to the construction plan and construction schedule of the projects. The plan for use of capital shall set forth the use of capital in four segments, namely completion of ground structure and structural roof-sealing, acceptance of inspection, completion of initial registration, and fulfillment of the condition that buyers can unilaterally carry out transfer registration, and the limit used for each segment can reasonably be determined. Before completion of initial registration and fulfillment of the condition that the buyers can unilaterally carry out transfer registration, capitals in the Specific Account shall not be less than 5% of the project’s construction cost.
- In reviewing a pre-sale permit, a county housing and urban construction department will approve the limit for a construction project that needs major supervision (hereinafter referred to as “major regulatory limit”) according to the construction cost declared by the real estate development company with reference to the total construction cost of projects of the relevant district and county and the conditions for delivery and use of such project. When the pre-sale capital deposited into the special account exceeds the major regulatory limit, the real estate development company may apply to the supervision bank for the transfer of the excess for use first in construction projects.

- When a pre-sale project completes initial registration and fulfills the condition that the buyers can unilaterally carry out transfer registration, the real estate development enterprise can produce the relevant documents issued by the county housing and urban construction department to the supervision bank and apply for discharge of capital supervision. The supervision bank shall within three working days enter into agreement for termination of regulation with the real estate development enterprise to terminate the regulation on the pre-sale capital of commercial housing.

Shanghai

On 1 July 1995, the Shanghai Municipal Housing Authority issued the “Implementation Rules for Shanghai to Implement the Measures for Administration of Pre-sale of Commodity Properties (上海市實施<城市商品房預售管理辦法>細則) (hereinafter referred to as “Implementation Rules”). The Implementation Rules provide that pre-sale payment for domestic commodity properties shall be collected by supervision banks entrusted by development and operation enterprises. Further, pre-sale payment shall be collected by installments according to the progress of the commodity properties. Proceeds collected by a development and operation enterprise from the pre-sale of commodity properties shall be used in the relevant construction projects by the principle of earmarking before completion of the projects, and accept supervision of the supervision bank. For a development enterprise in violation of the principle of earmarking, the supervision bank has the right to make query or dishonor the pre-sale payment and even freeze all pre-sale payment or take other measures. In addition, where a development and operation enterprise fails to entrust a supervision bank to collect pre-sale payment on its behalf according to the requirement or misappropriate the pre-sale payment for other purposes, the real estate administrative departments have the right to confiscate the misappropriated funds and pay the same to the municipal department of finance.

Jiaying

On 16 September 2010, the Zhejiang Housing and Urban-Rural Construction Department, the People’s Bank of China Hangzhou Central Sub-branch and the Zhejiang Supervision Bureau of the China Banking Regulatory Commission jointly issued the “Interim Measures of Zhejiang for the Supervision of Pre-sale Proceeds” ([Zhe Jian Fang 2010] No. 72) (《浙江省商品房預售資金監管暫行辦法》), which became effective on 1 November 2010. The Interim Measures provides for the follows:

- Commodity housing construction projects which have been approved for pre-sale shall all be included as the objects for supervision of pre-sale funds. Real estate development enterprises can be independent objects for pre-sale funds supervision (hereinafter referred to as “Regulation Project”) according to actual situation and the approved scale of pre-sale, and apply for the maintenance of a special deposit account for pre-sale funds of commodity properties (hereinafter referred to as “Fund Account”) in the local banking institutions. A supervision project can only maintain a Fund Account and no cash shall be drawn from such account.
- A real estate development enterprise shall enter into an agreement for regulating pre-sale funds of commercial properties jointly with the banking institution maintaining the account for the pre-sale funds (hereinafter referred to as “Supervision Bank”) and the project

supervision unit regarding contents such as the basic information of a supervised project, the content of supervision, the duration of supervision, and default responsibilities. For projects without signing the agreement for regulating pre-sale funds of commercial properties, the real estate administrative department shall not issue a pre-sale permit.

- The utilization of property pre-sale funds shall be closely administered. Any real estate development enterprise who wishes to utilize the pre-sale funds of any Regulation Project shall make application to the Supervision Bank together with the construction work completion certificates of the Regulation Project in detailed breakdown issued by the construction supervisory unit of such project or other evidence supporting effective payment of funds.
- Any proceeds from pre-sale of any commodity property must be used for the relevant construction work. Pre-sale funds equivalent to no less than 130% of the aggregate amounts listed on the budget accounts of the Regulation Project shall be regulated pursuant to the relevant pre-sale fund regulation agreement. Pre-sale funds equivalent to 20% of the aggregate amounts listed on the budget accounts of the Regulation Project administered under the regulation agreement shall be used for the preliminary construction work expenses, management fees, costs of sale, finance costs, extraordinary costs, duties and taxes, repayment of loans obtained for development of the subject property and other expenses.
- Upon filing of completion acceptance of any Regulation Project that is a commodity property, a real estate development enterprise shall make application for cancellation of the fund account to the Regulation Bank by producing the relevant supporting documents.

Tianjin

On 25 October 2011, the Tianjin Municipal People's Government issued the "Measures for Regulation of Pre-sale Funds of Newly Constructed Commodity Property in Tianjin" (《天津市新建商品房預售資金監管辦法》) (hereinafter referred to as the "Regulating Measures"), which became effective since 1 December 2011. Pursuant to the Regulating Measures, pre-sale funds of newly constructed commodity property in Tianjin shall be regulated by the municipal government with multiple parties' involvement and be deposited in a designated account for designated uses. The Regulating Measures further provides that:

- Pre-sale funds of any commodity property in Tianjin shall be monitored throughout the whole course. Special emphases shall be placed on pre-sale funds used for payment of expenses in respect of construction and installation, and construction of auxiliary facilities of the property project. Criteria for setting thresholds for funds of regulatory focus shall be determined by the relevant professional agencies organized by the Tianjin Administration of Land, Resources and Real Estate with reference to various factors such as the location, construction structure and uses of the property. The criteria shall be announced on a regular basis.

- The regulating period of pre-sale funds of newly constructed commodity property shall commence upon the issuance of a commodity property sale permit and end upon the initial registration of the property.
- Prior to the application of any commodity property sale permit, a real estate development enterprise shall choose one commercial bank for opening of a designated account for newly constructed commodity property pre-sale funds (hereinafter referred to as the “Regulation Account”) under the principle of one account for one permit application for commodity property sale. One Regulation Account shall be used for one block of property or more and a newly constructed commodity property pre-sale fund regulation agreement shall be entered into by the municipal property trading fund regulatory centre, the commercial bank with which the accounts are opened and the real estate developing enterprise.
- A real estate development enterprise shall make application to the regulatory system for withdrawal of any pre-sale funds deposited in a Regulation Account that are not categorized as funds of regulatory focus for prioritized use in project construction.
- A real estate development enterprise shall apply for utilization of funds of regulatory focus if the following conditions are met by the construction project:
 - (i) infrastructure works completed — no more than 30% of the funds of regulatory focus can be applied for use;
 - (ii) main structures topped out — no more than 65% of the funds of regulatory focus can be applied for use on an accumulative basis;
 - (iii) completion acceptance approval obtained, no more than 95% of the funds of regulatory focus can be applied for use on an accumulative basis.
- For property that have over ten storeys and additional fund utilization thresholds are imposed, no more than 50% of the funds of regulatory focus can be applied for use on an accumulative basis.
- Upon initial registration of any property, a real estate development enterprise shall notify such registration in writing to the municipal property trading fund regulatory centre. The municipal property trading fund regulatory centre will remove its regulation on the Regulation Account within two working days upon verification of such registration.

Chongqing

Pursuant to the requirements of the “Regulations for the Administration of Urban Commercial Housing Transactions in Chongqing City” (《重慶市城鎮房地產交易管理條例》) (Announcement of the Standing Committee of Chongqing Municipal People’s Congress [2011] No.19) which was promulgated by the Standing Committee of Chongqing Municipal People’s Congress on 27 May 2011 and came into effect on 1 January 2012,

- The commercial housing preseller shall choose one bank from the banks granting mortgage loans for the project as a regulating bank for the pre-sale fund and maintain a pre-sale fund regulation account. Only one pre-sale fund regulation account can be maintained with one commercial housing pre-sale permit.
- The pre-sale fund shall be used for the construction of the pre-sale project. Prior to the final acceptance of the project upon its completion and putting it on record, the preseller shall not allocate the pre-sale fund for other purposes.
- When using the pre-sale fund, the pre-seller shall apply to the pre-sale fund regulation bank for transferring the fund with the Project Pre-sale Fund Use Plan Certificate issued by engineering supervision agencies in accordance with the actual progress of the works. The pre-sale fund regulation bank shall not directly transfer the fund to the pre-seller in the absence of the certificate issued by engineering supervision agencies.

Hefei

Pursuant to the requirements of the “Interim Measures for the Supervision and Administration of Commercial Housing Pre-sale Payments in Hefei City” (《合肥市商品房預售款監督管理暫行辦法》) which was promulgated by the Hefei Municipal People’s Government on 31 July 2008 and came into effect on 1 August 2008,

- Before applying for the “Commercial Housing Pre-sale Permit”, the pre-seller shall maintain a special account for commercial housing pre-sale payments with a commercial bank. Only one special account can be maintained for one pre-sale project. The account can only be used by designated parties for depositing special funds to be used for special purposes.
- Other than the 5% unforeseen expenses, the commercial housing pre-sale payments in the special account can only be used for purchasing construction materials and facilities necessary for the project and for settling the construction progress payment for the construction of the project, statutory taxes, land premium payable in proportion to the project progress and other expenses related to the project.
- The pre-seller shall not apply for cancelling the regulation of pre-sale payments of the project until the successful final acceptance of the commercial project upon its completion

and the project being ready to be delivered for occupation, and shall complete the regulation cancellation procedure with the regulating bank with the “Notice of the Cancellation of the Regulation of the Special Account for Commercial Housing Pre-sale Payments” issued by regulatory authorities.

The places where the Group’s other construction projects are located, such as Langfang, Tangshan, Changsha, Suzhou, Zhenjiang, Fuzhou and Xiamen, currently have not promulgated local implementation rules for the regulation of commercial housing pre-sale funds.

Pursuant to the Notice on Forwarding the Opinion of Such Departments as the Ministry of Construction on Stabilising Housing Prices 《國務院辦公廳轉發建設部等部門關於做好穩定住房價格工作意見的通知》 promulgated by the General Office of the State Council on 9 May 2005, the purchaser of a pre-sale commodity property is prohibited from transferring such property prior to the completion of its construction. Prior to the completion and delivery of a pre-sold commodity property and the obtaining of the property ownership certificate, the administrative authority of real estate is strictly prohibited from engaging in any transfer formalities for the pre-sale purchaser. Property developers are required to carry out an immediate archival filing for pre-sale contracts of commodity properties with the local authorities through a network system on a real name and real time basis.

On 13 April 2010, the Ministry of Construction issued the Notice on Further Strengthening the Supervision of Real Estate Market and Improving the Pre-sale System of Commodity Housing 《關於進一步加強房地產市場監管完善商品住房預售制度有關問題的通知》, which sets out certain measures to enhance the regulation of pre-sale of residential commodity properties. Property developers are strictly prohibited from pre-selling residential commodity properties without obtaining pre-sale permits. Within 10 days after obtaining the relevant pre-sale permits, property developers are required to make a public announcement on the units available for pre-sale and the price of each unit at one time.

On 2 September 2010, the Shanghai Municipal Housing Support and Building Administration Bureau issued the Notice of Further Strengthening Municipal Supervision on Real Estate Market and Regulating Pre-sale Behaviours 《上海市住房保障和房屋管理局關於進一步加強本市房地產市場監管規範商品住房預銷售行為的通知》. To implement the Notice on Further Strengthening the Supervision of Real Estate Market and Improving the Pre-sale System of Commodity Housing 《關於進一步加強房地產市場監管完善商品住房預售制度有關問題的通知》, the Notice requires that:

- commodity housing project with a GFA less than 30,000 sq.m. shall apply for pre-sale permit at one time; real estate project with a GFA more than 30,000 sq.m and is going to be pre-sold shall apply for such permit with a GFA no less than 30,000 sq.m. each time;
- real estate enterprises shall file with the relevant authority the prices of the commodity properties and shall update its filing whenever the price of the sold commodity properties exceeds the previous filing; and
- the real estate enterprises shall not sign any residential commodity property deposit contracts or residential commodity property sales contracts unless they have obtained the pre-sale permit or have filed the sales with the relevant authorities.

APPENDIX VI SUMMARY OF PRINCIPAL PRC LEGAL AND REGULATORY PROVISIONS

Pursuant to the Measures for Administration of Urban Real Estate Trade of Beijing Municipality 《北京市城市房地產轉讓管理辦法》 issued by the People's Government of Beijing Municipality on 2 September 2003 and enacted on 1 December 2003, and subsequently amended on 6 December 2008 the following conditions shall be fulfilled for registration of pre-sale of commodity properties in Beijing:

- the land premium has been paid in full and the land use rights certificate has been obtained; for economically affordable housing, an approval of construction land must have been obtained;
- the construction work planning permit and the construction work commencement permit have been obtained;
- at least 25% of the total investment of the project has been injected into the development of the project; and
- the date of completion of construction has been ascertained, and is in compliance with the maximum period of pre-sale announced by the relevant land and housing authority of Beijing municipality.

In addition, according to the Notice on Strengthening Administration of Pre-sale Permit of Commodity Properties 《關於加強商品房預售許可證管理有關問題的通知》 issued by the land and housing bureau of Beijing municipality on 18 June 2004, if there is a construction area discrepancy between Beijing land grant contract and construction planning permit, a real estate developer who intends to apply the pre-sale permit based on construction work planning permit, shall modify the land grant contract and pay land premium of the discrepant part accordingly. For the Beijing land grant contract signed before 1 July 2004, after deducting the deposit of land grant contract, in cases where the amount of land premium paid can not cover a whole building, the pre-sale permit may not be obtained unless the land premium of the discrepant part has been paid up.

Sales after the Completion of Commodity Properties

Commodity properties may be put up for post-completion sale only when the preconditions for such sale have been satisfied. Under the Regulatory Measures on the Sale of Commodity Properties 《商品房銷售管理辦法》, the sale of commodity properties after the completion shall meet the following conditions:

- the real estate development enterprise has a business licence and a qualification classification certificate for real estate development;
- the land use rights certificates or approval documents of land use having been obtained;
- the construction work planning permit and the construction work commencement permit having been obtained;

- the commodity properties having been completed, inspected and accepted as qualified;
- the relocation of the original residents having been completed;
- the supplementary essential facilities such as the supply of water, electricity, heating and gas, and communications are ready for use, and other public facilities are ready for use, or the schedule of construction and delivery date of such facilities having been specified; and
- the property management plan is completed.

The Provisions on Sales of Commodity Properties at Clearly Marked Price 《商品房銷售明碼標價規定》 was promulgated by the NDRC on 16 March 2011 and became effective on 1 May 2011. According to the provisions, any real estate developer or real estate agency (“**real estate operators**”) is required to mark the selling price explicitly and clearly for both newly-build and second-hand commodity properties. The provisions require real estate operators to clearly indicate the prices and relevant fees of commodity properties, as well as other factors affecting the prices of commodity properties to the public. With respect to the real estate development projects that have received property pre-sale licence or have completed the filing procedures for the sales of constructed properties, real estate operators shall announce all the commodity properties available for sales on at once within the specified time limit. Furthermore, with regard to a property that has been sold out, real estate operators are obliged to disclose this information and to disclose the actual transaction price. Real estate operators cannot sell commodity properties beyond the explicit marked price or charge any other fees not explicitly marked. Moreover, real estate operators may neither mislead properties purchasers with false or irregular price marking, nor engage in price fraud by using false or misleading price marking methods.

Estate Loan

In June 2003, the PBOC issued the Notice on Further Strengthening the Management of Real Estate Credit Business 《關於進一步加強房地產信貸業務管理的通知》 to tighten the criteria for banks to issue loans to real estate development enterprises, governmental land reserve institutions, construction enterprises, individual buyers of residential properties and individual buyers of commercial properties. Key notes are as follows:

- Recipients of real estate loans shall be real estate development enterprises with real estate development qualifications, higher credit ratings and free from construction payment in arrears. Priority shall be given to loans for housing projects that are affordable to medium and low-income families over other large projects including large, high-end commodity properties and villas. Loans to real estate development enterprises with high liability rates and high vacancy ratios for commodity properties developed by them shall be stringently examined and carefully monitored.
- Loans to governmental land reserve institutions shall be mortgage loans, the amount of which shall not exceed 70% of the assessed value of the purchased land, and the term of the loans shall not exceed two years. Commercial banks shall not issue loans to real estate enterprises for the purpose of paying for land premiums.

- Commercial banks shall prevent construction enterprises from using bank loans to fund capital in real estate development projects. Construction enterprises undertaking the construction of the properties shall only use the working capital loans to purchase equipment necessary for the construction (for example, tower cranes, excavators and bulldozers). Where enterprises use loans for other purposes, the banks concerned shall demand repayment within a prescribed time limit and notify other local commercial banks of the violation, and all commercial banks shall not provide the enterprises with corresponding credit support.
- To reduce unnecessary interest burden for borrowers, commercial banks shall issue individual residential property mortgage loans to those who purchased housing with structural roof-sealing. Where borrowers apply for individual housing loans to purchase their first property for personal use, the ratio of down payment shall remain at 20%; for the purchase of a further property, the ratio of down payment shall be raised.
- The ratio of individual commercial property mortgage loans shall not exceed 60% of the actual value of the mortgaged property, and the term shall not exceed ten years.

On 30 August 2004, the CBRC issued the Guidance on Risk Management of Property Loans Granted by Commercial Banks 《商業銀行房地產貸款風險管理指引》. Pursuant to this guidance, commercial banks: (i) may not grant land reserve loans to borrowers whose capital funds are not in place or are seriously inadequate or whose operational management is non-standard; (ii) shall not grant loans in any form to projects that have not obtained the land use rights certificate, the construction land planning permit, the construction work planning permit or the construction work commencement permit; and (iii) shall require that the capital ratio of development projects of real estate enterprises applying for loans be not less than 35%.

Under the Notice on Adjusting the Proportion of Capital Fund for Fixed Assets Investment of Certain Industries 《關於調整部分行業固定資產投資項目資本金比例的通知》 promulgated by the State Council on 26 April 2004, the proportion of capital fund of real estate development projects (excluding economically affordable housing projects) has been increased from 20% or above to 35% or above.

On 27 September 2007, the PBOC and the CBRC promulgated the Notice on Strengthening the Credit Management of Commercial Real Estate 《關於加強商業性房地產信貸管理的通知》, with a supplemental notice issued on 5 December 2007, aiming to tighten the control over real-estate loans from commercial banks to prevent excessive credit granting. The measures adopted include:

- If the loan is used for the purchase of a first self-use residential property with a GFA not larger than 90 sq.m., the proportion of down payment to the loan (including loans denominated in RMB and foreign currencies) shall not be less than 20%.

- If the loan is used for the purchase first self-use residential property with a GFA larger than 90 sq.m., the proportion of down payment to the loan shall not be less than 30%; if a borrower has already purchased a house with loan and applies to purchase another one, the proportion of down payment to the loan shall not be less than 40%, and the loan interest rate shall not be less than 1.1 times that of the corresponding benchmark interest rate over the same corresponding period released by the PBOC.
- Commercial banks shall not issue housing mortgage loans where the loan amount fluctuates with the appraised value of the real estate and the usage is not clearly specified. For a house purchased with a mortgage, before the purchaser of such property repays the loan in full, its re-appraised net value shall not be used as the mortgage for additional loans.
- Houses for commercial use that are purchased with loans shall be houses of which the construction has been completed and accepted. The proportion of down payment for purchasing houses for commercial use shall not be less than 50%, with the loan period not exceeding ten years and the loan interest rate not less than 1.1 times that of the corresponding benchmark interest rate over the same corresponding period released by the PBOC.
- If a borrower applies for loans for houses to be used for both commercial and residential purposes, the proportion of down payment shall not be less than 45% and the provisions governing the administration of loans for houses for commercial use shall apply with regard to the loan period and interest rate level.
- Commercial banks shall not issue loans to real estate development enterprises that have been found by relevant governmental authorities to be hoarding land and houses.

In addition, commercial banks shall not issue loans to the real estate development enterprises with a capital ratio of development projects of less than 35%, or the real estate development enterprises that fail to obtain the land use rights certificate, construction land planning permits, construction work planning permits and construction work commencement permits. Commercial banks shall not accept commodity properties that have been vacant for more than three years as collateral for loans. In principle, real estate loans provided by commercial banks should only be used for projects in the areas the commercial banks are located. Commercial banks shall not provide loans to real estate development enterprises to finance their payments for land premiums.

On 29 July 2008, the PBOC and CBRC promulgated the Notice on Financially Promoting Saving and Intensification of Use of Land《關於金融促進節約集約用地的通知》, which, among other things, have the effect of:

- prohibiting commercial banks from granting loans to real estate developers for the purpose of paying land premiums;
- regulating secured loans for land reserves in various respects, including the requirements to obtain a land use rights certificate, to secure up to 70% value of the security's appraised valuation, and to limit the length of maturity to no more than two years;

- requiring lenders to be cautious in granting or extending loans to any property developer that (i) delays the commencement of development date specified in the land grant contract by more than one year, and (ii) has not finished one-third of the land area for the intended project, or (iii) has not invested a quarter of the intended total project investment amount; and
- prohibiting the grant of loans to the property developer for land which is recognised as being idle for over two years by the PRC land and resources authorities and the acceptance of such idle land as security for loans.

On 22 October 2008, the PBOC issued the Notice on Several Issues Regarding the Expansion of Downward Floating Interest Rate for Individual Commercial Housing Loans 《關於擴大商業性個人住房貸款利率下浮幅度有關問題的通知》 to reduce the down payment requirements to 20% of the purchase price, and to lower the lending rate for residential properties of a commercial nature for individuals to 70% of the benchmark lending rate.

On 25 May 2009, the State Council issued the Notice on Adjusting Capital Ratio of Fixed Asset Investment Projects 《關於調整固定資產投資項目資本金比例的通知》, which sets out the minimum capital ratio for ordinary residential property development projects and social security housing development projects as 20%, and the minimum capital ratio for other property development projects as 30%.

On 19 June 2009, the CBRC issued the Notice on Further Strengthening the Risk Management of Mortgage Loans 《關於進一步加強按揭貸款風險管理的通知》, which requires all banking financial institutions to tighten pre-loan inspections and standards for granting mortgage loans and to strengthen the risk control of mortgage loans, adhere to the policy of meeting the needs of first-time home buyers and to strictly comply with the policy on mortgage loans for second residential properties.

On 7 January 2010, the General Office of the State Council promulgated the Notice on Promoting the Stable and Sound Development of the Real Estate Market 《關於促進房地產市場平穩健康發展的通知》, which, among other things, provides that family units (including the borrower, the borrower's spouse and minors) with outstanding mortgage loans intending to buy second residential properties for themselves are required to pay a down payment of no less than 40% of the purchase price for these second residential properties, and the applicable interest rate shall be set strictly based upon the associated risk level.

On 17 April 2010, the State Council also issued the Notice on Strict Control of the Escalation of Property Prices in Certain Cities 《關於堅決遏制部分城市房價過快上漲的通知》, which further increased the minimum down payment in respect of mortgage loans on purchases of a second residential property by individuals to 50% of the purchase price and provides that the applicable mortgage rate must be at least 1.1 times that of the corresponding benchmark interest rate over the same corresponding period released by the PBOC. The minimum down payment in respect of mortgage loans on purchases of a third or a further residential property by individuals may be substantially increased at the commercial bank's discretion and based on its risk control policies. The notice also specifies that the down payment for first self-used residential properties with a GFA of more than 90

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sq.m. must be at least 30% of the purchase price. In addition, in those areas where property prices have escalated and property supply is tight, commercial banks may, depending on the level of risk, suspend granting mortgage loans to buyers purchasing a third or a further residential property or to those non-local residents who fail to provide certificates evidencing their payment for over one year of local tax or social insurance.

On 29 September 2010, the PBOC and CBRC promulgated the Notice on Promoting Differentiated Housing Credit Policy 《關於完善差別化住房信貸政策有關問題的通知》, which, among other things:

- prohibits commercial banks from granting or extending loans to property developers that violate laws and regulations such as:
 - (i) holding idle land;
 - (ii) changing the land use and nature;
 - (iii) delaying the commencement and completion of development; and
 - (iv) intentionally holding back the sale of properties in the market for the purpose of selling these properties at a higher price in the future;
- prohibits commercial banks from granting housing loans to families that purchase three or more houses or non-local residents who fail to provide certificates evidencing their payment for over one year of local tax or social insurance; and
- increases the minimum of down payment to at least 30% for all first home purchases with mortgage loans.

On 2 November 2010, the Ministry of Construction, the Ministry of Finance, the PBOC and the CBRC jointly promulgated the Notice on Relevant Issues Concerning Policies of Regulation of Housing Provident Fund for Individual Housing Loan 《關於規範住房公積金個人住房貸款政策有關問題的通知》, which provided that, among other things:

- where a first-time home buyer (including the borrower, the borrower's spouse and minors) uses housing provident fund for individual housing loans to buy an ordinary residential property for self-use, the minimum down payment shall be at least:
 - (i) 20%, if the GFA of the property is equal to or less than 90 sq.m.;
 - (ii) 30%, if the GFA of property is more than 90 sq.m.;

- for a second-time home buyer that uses housing provident fund for individual housing loans, the minimum down payment shall be at least 50% and the minimum lending interest rate shall be 110% of the lending interest rate of a first-time home buyer of the same corresponding period;
- the second housing provident fund for individual housing loan will only be available to families whose per capita housing area is below the average in locality and such loan must only be used to purchase an ordinary house for self-use to improve residence conditions; and
- housing provident fund for individual housing loans to families for their third or further residential property will be suspended.

On 26 January 2011, the General Office of the State Council issued the Notice on Further Adjustment and Control of Real Estate Market 《國務院辦公廳關於進一步做好房地產市場調控工作有關問題的通知》. According to this notice, second residential property purchasers are required to pay a down payment of no less than 60% of the purchase price for these second residential properties and the applicable mortgage rate must be at least 1.1 times that of the corresponding benchmark interest rate. Local branches of the PBOC may raise the down payment ratio and interest rate on loans for second residential properties based on the following factors: the price control target set by the local government for newly constructed residential properties and policy requirements, as well as national unified credit policies.

Trust Financing

Pursuant to the Measures on Administration of Trust Companies 《信託公司管理辦法》 (the “**Trust Measures**”), which became effective on 1 March 2007, “trust companies” shall mean the financial institutions which are incorporated in accordance with the Company Law of the People’s Republic of China and are engaged mainly in trust business in the PRC. “Trust business” shall mean the business operation that the trust company undertakes as a trustee of a trust and handles the trust matters under a fiduciary capacity for the purpose of operating business and receiving remunerations. The minimum amount of registered capital of a trust company shall be RMB300 million or the equivalent value in a freely convertible currency.

Pursuant to the Notice on Strengthening the Supervision of Trust Companies’ Real Estate Business 《關於加強信託公司房地產業務監管有關問題的通知》 promulgated by the General Office of CBRC on 11 February 2010, trust companies may not offer loans for land acquisitions or early-stage land development and may only grant loans to eligible property developers who satisfy specific requirements set out in the notice.

On 12 November 2010, the CBRC issued the Notice on Risk Alert for Trust Companies’ Real Estate Business 《關於信託公司房地產信託業務風險提示的通知》 to require all trust companies to conduct self-examination immediately on the compliance risk of the real estate trust business. Business compliance and risk exposure shall be analysed on case-by-case basis, including whether the real estate development projects to which loans were issued by trust companies have satisfied the conditions such as the availability of all the “Four Permits” (namely, the land use rights certificate,

construction land planning permit, construction work planning permit and construction work commencement permit), whether the real estate developer or its controlling shareholder have obtained Class 2 qualification, and whether capital ratio of the project has reached the national minimum requirement. All banking regulatory bureaus shall strengthen compliance supervision and risk control over real estate business of trust companies within their jurisdiction. If problems are discovered during self-examination and inspection, measures shall be taken immediately to order the trust company for rectification and non-compliance behaviour shall be penalised in accordance with the relevant rules and regulations.

Leases of Buildings

Under the Urban Real Estate Law 《中華人民共和國城市房地產管理法》 and the Measures for Administration of Leases of Commodity Properties 《商品房屋租賃管理辦法》, promulgated by the Ministry of Construction on 1 December 2010 and became effective on 1 February 2011, parties to a building lease should enter into a written lease contract and register the lease with the relevant real estate administrative authority. Whenever a lease is signed, amended, extended or terminated, the parties are required to register the details with the relevant real estate administrative authority. Parties that fail to do so, even after being ordered by the relevant authorities, will be subject to a fine.

Mortgages of Real Estate

The mortgage of real estate in the PRC is mainly governed by the Property Law 《中華人民共和國物權法》, Security Law of the PRC 《中華人民共和國擔保法》, the Urban Real Estate Law and the Measures for Administration of Mortgages of Urban Real Estate 《城市房地產抵押管理辦法》. According to these laws and regulations, land use rights, the buildings and other attachments on the ground may be mortgaged. To create a mortgage interest, the parties concerned shall conclude a mortgage contract in writing and register the mortgage. The mortgage interest is created as of the date of registration. Where a building is mortgaged, the land use rights within the area occupied by the building shall be mortgaged along with the building. Where the land use rights are mortgaged, the buildings on the land shall be mortgaged along with that rights. However, the newly-built houses on the land that is already mortgaged shall not be included in the mortgaged property. Where it is necessary to auction the mortgaged real estate, the newly-built houses on the land may be auctioned, according to law, together with the mortgaged property, but the mortgagee shall have no right to enjoy the priority of having his claim satisfied by the proceeds from auction of the newly-built houses. Where a piece of property of which a property ownership certificate has been obtained in accordance with the law is mortgaged, the relevant registration authority shall record the additional types of ownership on the original property ownership certificate, which shall subsequently be kept by the mortgagor. A Certificate of Other Rights of Property shall be issued to the mortgagee. Where pre-sale commodity properties or construction in process is mortgaged, the registration authorities shall specify the circumstances on the mortgage contract. Where construction of the mortgaged property is completed during the period of mortgage, the parties concerned shall, following acquirement of a property ownership certificate by the mortgagor, undertake a new mortgage registration.

Idle Land

The concern of the MLR on handling of idle land began in 1999. On 28 April 1999, the MLR promulgated the Measures on Handling of Idle Land 《閒置土地處理辦法》 which determine the scope and definition of idle land and set out the corresponding punishment measures, including payment of idle land fee and repossession of idle land without compensation.

On 8 September 2007, the MLR promulgated the Notice on Strengthening the Handling of Idle Land 《關於加大閒置土地處置力度的通知》. The notice sets out the principles of dealing with idle land. Prior to granting land use rights, issues relating to the ownership of land, the compensation and the settlement regarding land shall be properly dealt with. The notice also prescribes that the land use rights certificate shall not be issued before the land premium for acquisition of land has been paid in full, nor shall it be issued separately according to the proportion of payment of land premium.

On 3 January 2008, the State Council issued the Notice on Promoting Saving and Intensification of Use of Land 《關於促進節約集約用地的通知》. The notice requires strict enforcement of the policies concerning dealing with idle land. If a parcel of land has been idle for two years or more, it must be resolutely taken back without making any compensation and be rearranged for other uses. If the land does not meet the statutory conditions for repossession, it must be dealt with in a timely manner and fully used after changing its original use, replacement by parity value, and arrangement of a temporary use or incorporation into governmental land reserves. If a parcel of land has been idle for more than one year but less than two years, an idle land fee must be charged, which shall be 20% of the land grant price. If the land premium has not been fully paid, no land certificate shall be granted. In addition, the grant of the land certificate by dividing the land based on the proportion of the paid land premium is prohibited. The system of granting industrial land and commercial land by tender, auction or listing-for-sale shall be strictly implemented. For industrial land and commercial land for business, tourism, entertainment, commodity houses and other purposes for business operations (including ancillary office, research and training space), or a land parcel on which there are two or more intended users, the land grant must be conducted by way of tender, auction or listing-for-sale.

On 8 March 2010, the MLR issued the Notice on Certain Issues on Strengthening Land Supply and Supervision of Real Estate 《關於加強房地產用地供應和監管有關問題的通知》. Pursuant to the notice, the land price must not be less than 70% of the standard land grant fee for the applicable grade of land. Parties to the land grant must execute a land grant contract within 10 business days of completing the tender, auction or listing-for-sale process. Any property developers who fail to comply with the reporting requirement during the property development period are prohibited from acquiring land for at least one year.

On 21 September 2010, the Ministry of Construction and the MLR jointly promulgated the Notice on Further Strengthening Land Use and Construction Management Control of Real Estate 《關於進一步加強房地產用地和建設管理調控的通知》. Pursuant to the notice, the land use rights granted to a property development enterprise must be withdrawn and be re-granted through a new tender, auction or listing-for-sale if such property development enterprise fails to commence the construction of a project on the land involved within the prescribed time limit due to its application for adjustment of construction planning conditions. To participate in a tender, auction or listing-for-sale, a bidder

must, in addition to providing the relevant identification documents and deposit, provide a bank credit reference and a letter confirming that the deposit it pays for such tender, auction or listing-for-sale does not come from a bank loan, shareholder loan, re-lending and fund-raising. If the land is left idle for more than one year by the property development enterprise, the property development enterprise and its controlling shareholder shall be prohibited from taking part in the tender, auction or listing-for-sale for the grant of the land use rights. Furthermore, property development enterprises must commence the construction of a housing project within one year from the date of delivery of the land as stipulated on the land grant contract, and complete the construction within three years from the commencement date of the construction.

On 1 June 2012, the MLR revised and promulgated the Measures for the Disposal of Idle Land 《閑置土地處置辦法》 which further clarified the scope and definition of idle land, and the corresponding punishment measures compared to the old version. Pursuant to the new Measures for the Disposal of Idle Land, under the following circumstances, a parcel of land shall be defined as “idle land”:

- any State-owned land for construction use, of which the holder of the land use right fails to start the construction and development thereof within one year after the commencement date of the construction and development work as agreed upon and prescribed in the contract for fee-based use of State-owned land for construction use, or the decision on allocation of State-owned land for construction use;
- any State-owned land for construction use of which the construction and development have been started but the area of land that is under construction and development is less than one third of the total area of land that should have been under construction and development or the invested amount is less than 25% of the total investment, and the construction and development of which has been suspended for more than one year.

If a parcel of land is deemed as idle land by competent department of land and resources, unless otherwise prescribed by the new Measures for the Disposal of Idle Land, the land shall be disposed of in the following ways:

- Where the land has remained idle for more than one year, the competent department of land and resources at the municipal or county level shall, with the approval of the people’s government at the same level, issue the Decision on Collecting Charges for Idle Land to the holder of the right to use the land and collect the charges for idle land at the rate of 20% of the land assignment or allocation fee; and the said charges for idle land shall not be included in the production cost by the holder of the land use right;
- Where the land has remained idle for more than two years, the competent department of land and resources at the municipal or county level shall, with the approval of the people’s government having the jurisdiction to approve thereof, issue a Decision on Taking Back the Right to Use the State-owned Land for Construction Use to the holder

of the right to use the land and take back the right to use the land without compensation; and if any mortgage is created on the idle land, a copy of the Decision on Taking Back the Right to Use the State-owned Land for Construction Use shall be sent to each mortgagee thereof.

Environment

The laws and regulations governing the environmental protection requirements for real estate development in the PRC mainly include the PRC Environmental Protection Law 《中華人民共和國環境保護法》, the PRC Environmental Impact Assessment Law 《中華人民共和國環境影響評價法》, the PRC Prevention and Control of Noise Pollution Law 《中華人民共和國環境噪聲污染防治法》 and the PRC Administrative Regulations on Environmental Protection for Construction Projects 《建設項目環境保護管理條例》. Pursuant to these laws and regulations, depending on the impact of the project on the environment, an environmental impact report, an environmental impact analysis table or an environmental impact registration form must be submitted by a real estate developer before the relevant authorities grant approval for the commencement of the construction of the property development. In addition, upon completion of the property development, the relevant environmental authorities will also inspect the property to ensure compliance with the applicable environmental protection standards and regulations before the property can be delivered to the purchasers.

LAWS AND REGULATIONS RELATING TO HOTEL OPERATIONS

General

Pursuant to the Catalogue for the Guidance of Foreign Investment Industries (2011 version) 《外商投資產業指導目錄 (2011 年修訂)》 promulgated by MOFCOM and the NDRC on 24 December 2011 and become effective on 30 January 2012, the construction and operation of high-end hotels is categorised as a restricted category for foreign investment and the construction and operation of regular hotels is categorised as permitted category for foreign investment. China became a member of the World Trade Organisation on 11 December 2001 and according to the Protocol on the Accession of the PRC 《中華人民共和國加入議定書》, foreign service providers are allowed to set up joint ventures, in which they can hold majority interests, to construct, renovate and operate hotels and restaurants. According to the Catalogue, a WFOE operating hotels and restaurants is allowed.

There are no regulatory ceilings on room rates in China. The market-based pricing is permissible for the hotel industry and room rates may be determined at the sole discretion of the hotel management. As compared to other industries in China, the regulation of the hotel industry in China is still developing and evolving. As a result, most legislative action has consisted of general measures such as industry standards, rules or circulars issued by different ministries rather than detailed legislation. Many of these standards, rules and circulars date from the late 1990's. It is expected that they may be amended, revised or expanded in the coming years as the hotel industry in China matures. This section summarises the principal PRC regulations currently relevant to our business and operations in respect of hotel operations.

Hotel Operation and Management

At present, there is no specific governmental organisation that is responsible for administering the daily operation and management of the hotel industry in the PRC. Instead, the daily operation of the hotel industry is administered by different governmental departments responsible for various different aspects, which mainly include (i) the State Food and Drug Administration of the PRC and its local branches, (ii) the Ministry of Health of the PRC and its local branches, (iii) the Ministry of Public Security of the PRC and its local branches, and (iv) the National Tourism Administration of the PRC and its local branches.

Laws governing Security and Fire control

Pursuant to the Measures for the Control of Security in the Hotel Industry 《旅館業治安管理辦法》 which was promulgated by the Ministry of Public Security of the PRC on 10 November 1987 and further revised on 8 January 2011, an approval from a competent authority and opinions from a local public security agency shall first be obtained prior to setting up a hotel in the PRC. In addition, the owner of a hotel must register with the relevant SAIC and obtain a business licence prior to the commencement of the hotel operations. If the hotel intends to suspend operations, change its line of business, amalgamate, relocate, change its name or other such matters, it shall file such matters with the local public security bureau or branch bureau at county or at the municipal level. Pursuant to the Decision of the State Council on the Enactment of Administrative Licensing for the Confessed Reserved Items Subject to Administrative Examination and Approval 《國務院對確需保留的行政審批項目設定行政許可的決定》 promulgated by the State Council on 29 June 2004 and effective on 1 July 2004, operators engaging in the hotel operation business shall obtain a Special Trade Licence (特種行業許可證) for hotel operations.

Pursuant to the Provisions on the Administration of Fire Safety of State Organs, Organisations, Enterprises and Institutions 《機關、團體、企業、事業單位消防安全管理規定》 which was promulgated by the Ministry of Public Security of the PRC on 14 November 2001 and became effective on 1 May 2002, hotels are classified as key administrative units of fire control safety. In April 1998, the Standing Committee of NPC promulgated the PRC Fire Prevention Law 《中華人民共和國消防法》, which was amended in October 2008. The PRC Fire Prevention Law 《中華人民共和國消防法》 requires that public gathering places, including hotels, shall pass a fire prevention safety inspection by the local public security fire-fighting department prior to the commencement of business.

Administration of Sanitation in Public Places

Pursuant to the Provisions on the Sanitary Administration of Public Places 《公共場所衛生管理條例》 which was promulgated by the State Council on 1 April 1987 and became effective on the same day, hotels are included in the sanitary administration area of public places and a sanitation permit shall be obtained. The sanitation permit shall be reviewed every two years. Pursuant to the Implementing Rules of Regulations on the Sanitary Administration of Public Places 《公共場所衛生管理條例實施細則》 which was promulgated by the Ministry of Health of the PRC on 10 March 2011 and became effective on 1 May 2011, hotel staff who serve the customers directly must conduct a health check once a year and obtain a health certificate before he/she can work.

Administration of Food Sanitation

Pursuant to the Administrative Measures on the Licence of Catering Service 《餐飲服務許可管理辦法》 which was promulgated by the Ministry of Health of the PRC on 4 March 2010 and became effective on 1 May 2010, the catering service provider shall obtain a Catering Service Permit with a term of three years. For those who provide temporary catering services, the effective term for the Catering Service Permit is no more than six months. Pursuant to the Administrative Measures on the Supervision of the Foods Safety of Catering Industry 《餐飲服務食品安全監督管理辦法》 promulgated by the Ministry of Health of the PRC on 4 March 2010 and became effective on 1 May 2010, persons who engage in the catering service shall pass physical examination annually and obtain a health certificate.

Administration of Culture

Pursuant to the Entertainment Venues Management Regulations 《娛樂場所管理條例》 promulgated by the State Council on 29 January 2006 and became effective on 1 March 2006, hotels providing dancing, clubbing and entertainment venues shall apply to the competent cultural administrative department at county level or higher in its own area for a permit to operate entertainment venues.

Consumer Protection

In October 1993, China adopted the Law on the Protection of the Rights and Interests of Consumers 《中華人民共和國消費者權益保護法》 (the “**Consumer Protection Law**”) which was revised on 27 August 2009. Under the Consumer Protection Law, a business operator providing a commodity or service to a consumer is subject to a number of requirements, including the following:

- ensuring that commodities and services meet with certain safety requirements;
- disclosing serious defects of a commodity or a service and adopting preventive measures against damage occurrence;
- providing consumers with accurate information and refraining from conducting false advertising;
- not setting unreasonable or unfair terms for consumers or alleviating or releasing itself from civil liability for harming the legal rights and interests of consumers by means of standard contracts, circulars, announcements, shop notices or other means; and
- not insulting or slandering consumers or conducting searches on consumers or articles carried by consumers or infringing upon the personal freedom of a consumer.

Business operators may be subject to civil liabilities for failing to fulfil the obligations discussed above. These liabilities include restoring the consumer's reputation, eliminating the adverse effects suffered by the consumer, and offering an apology and compensation for any loss incurred. The following penalties may also be imposed upon business operators for the breach of these obligations: issuance of a warning, confiscation of any illegal income, imposition of a fine, an order to cease business operations, revocation of business licence or imposition of criminal liabilities under circumstances that are specified in laws and statutory regulations.

In December 2003, the Supreme People's Court (最高人民法院) enacted the Interpretation of Certain Issues on the Application of Law for the Trial of Cases on Compensation for Personal Injury 《關於審理人身損害賠償案件適用法律若干問題的解釋》, which was effective from 1 May 2004 to further increase the liabilities of a business operator engaged in the operation of hotels, restaurants, or entertainment facilities and subjects such operators to compensatory liability for failing to fulfil their statutory obligation to a reasonable extent or to guarantee the personal safety of others.

REAL ESTATE MANAGEMENT

According to the Regulation on Property Management 《物業管理條例》, enacted by the State Council on 8 June 2003 and enforced on 1 September 2003, as amended on 26 August 2007 and effective on 1 October 2007, the state implements a qualification scheme system in monitoring the property management enterprises. Under the Measures for the Administration of Qualifications of Property Management Enterprises 《物業管理企業資質管理辦法》 promulgated by the Ministry of Construction in March 2004, as amended in November 2007, a property service enterprise must apply for assessment of its qualification by the relevant qualification approval authority. An enterprise which passes such a qualification assessment will be issued a qualification certificate. No enterprise may engage in property management without undertaking a qualification assessment conducted by the relevant authority and obtaining a qualification certificate.

NEW RULES OF FOREIGN INVESTMENT IN THE REAL ESTATE MARKET IN THE PRC

On 11 July 2006, the Ministry of Construction, MOFCOM, NDRC, PBOC, SAIC and SAFE jointly promulgated the Regulation on the Access to and Administration of Foreign Investment in the Real Estate Market 《關於規範房地產市場外資准入和管理的意見》 (the "171 Opinion"). Under the 171 Opinion, a foreign investor investing in real estate in the PRC must establish a FIREE and if its total investment amount is over US\$10 million, the registered capital of the FIREE has to be at least 50% of the total investment amount. A real estate FIREE is not allowed to obtain loans (domestic or overseas) unless its registered capital has been fully paid off, the land use rights certificate has been obtained or at least 35% of the total project investment has been injected as the initial capital funding of the project. The 171 Opinion also contains restrictions on the purchase of properties located in the PRC by foreign individuals and entities. It provides that branches and representative offices (except for those that are approved to conduct real estate business) of foreign institutions in the PRC and foreign individuals who work or study in the PRC for more than one year may purchase real estate to satisfy their personal or institutional needs but not for any other purpose. Foreign institutions with no

branches or representative offices in the PRC or foreign individuals who work or study in the PRC for less than one year are prohibited from buying any real estate in the PRC. Residents of Hong Kong, Macau and Taiwan and overseas Chinese are not subject to the one-year residency requirement and may purchase real estate within a limited GFA in the PRC for their own residential use.

On 1 September 2006, SAFE and the Ministry of Construction jointly issued the Notice on Regulating Issues Relating to Management of Foreign Exchange of Real Estate Market 《關於規範房地產市場外匯管理有關問題的通知》. The notice specified, among other things, the procedures for purchasing houses by branches and representative offices established in the PRC by foreign institutions or foreign individuals who work or study in the PRC for more than one year, and residents of Hong Kong, Macau and Taiwan as well as overseas Chinese.

On 23 May 2007, MOFCOM and SAFE jointly promulgated the Notice on Further Reinforcing and Regulating the Approval and Supervision on 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》. The notice provides stricter controlling measures as follows:

- foreign investment in the real estate market in the PRC relating to high-end properties is to be strictly controlled;
- prior to obtaining approval for the establishment of an FIREE, either (i) both the land use rights certificates and property ownership certificates must have been obtained, or (ii) contracts for obtaining land use rights or property ownership must have been entered into. If the above requirements have not been satisfied, the approval authority will not approve the application;
- a foreign-invested enterprise needs to obtain approval before expanding its business scope into the real estate sector and an FIREE which has been established for real estate development purposes needs to obtain approvals to engage a new real estate development project;
- acquisition or investment in domestic real estate enterprises by means of round trip investment (including by the same actual controlling person) is to be strictly regulated. Overseas investors shall not circumvent the necessity of securing approvals for foreign investment in real estate by way of changing the actual controlling person of a domestic real estate enterprise. If the foreign exchange authority finds that the FIREE has been established by providing false representation, action will be taken against the enterprise for its evasion of foreign exchange;
- investors of an FIREE are prohibited from engaging in a fixed return agreement or any agreements of a similar nature; and
- the local SAFE administrative authority and designated foreign exchange banks may not perform the foreign exchange purchase and settlement process for any FIREE which fails to satisfy the filing requirement of MOFCOM or fails to pass its annual inspections.

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On 10 July 2007, the General Department of SAFE issued the Notice on Publication of the List of the First Batch of Foreign-Invested Real Estate Projects that Have Filed with MOFCOM 《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》. The notice restricts FIREEs from making offshore shareholder loans. The notice provides that, among other things:

- SAFE will no longer process foreign debt registrations or approval for exchange settlement of foreign debt for FIREE that obtained their foreign-invested enterprise approval certificates and completed their filing with MOFCOM on or after 1 June 2007; and
- SAFE will no longer process foreign exchange registrations (or change in such registrations) or applications for the sale and settlement in foreign currency under capital account by FIREEs that obtained their foreign-invested enterprise approval certificates from local commerce departments on or after 1 June 2007 but have not completed their filing with MOFCOM.

Under the Catalogue for the Guidance of Foreign Investment Industries (2011 version) 《外商投資產業指導目錄(2011年修訂)》 promulgated by MOFCOM and the NDRC in December 2011:

- the development of a whole land lot jointly with PRC partners and the construction and operation of high-end hotels, premium office buildings and international conference centres fall within the category of industries in which foreign investment is subject to restrictions;
- the construction and operation of golf courses and villas fall within the category of industries in which foreign investment is prohibited; and
- other real estate development falls within the category of industries in which foreign investment is permitted.

On 18 June 2008, MOFCOM promulgated the Notice on Better Implementation of the Filing of Foreign Investment in the Real Estate Industry 《關於做好外商投資房地產備案工作的通知》, under which MOFCOM authorises the provincial departments in charge of commerce to verify record-filing materials of FIREEs. After approving matters relating to foreign investments in the real estate sector in accordance with the relevant PRC laws and regulations (including establishment of an enterprise, increase of capital, issuance of new shares, equity transfer, merger and acquisition, and other relevant matters), local departments, whether at municipal, district or county level, in charge of commerce shall submit those materials, which were originally required to be submitted to MOFCOM for record-filing, to the relevant provincial departments in charge of commerce for verification. After the verification, the provincial departments will file the record filing form of FIREE with MOFCOM.

On 22 November 2010, the General Office of MOFCOM promulgated the Notice on Reinforcing the Approval and Filing Management of the FIREEs 《關於加強外商投資房地產審批備案管理的通知》. The notice provides, among other things, that:

- FIREEs are prohibited from making profit gains by purchasing completed and non-completed real estate properties in China and subsequently selling these properties;

- local MOFCOM shall approve the establishment of foreign-invested investment enterprises (外商投資的投資性公司) in China strictly in accordance with the relevant PRC laws and regulations, and shall not approve the establishment of foreign-invested investment enterprises (外商投資的投資性公司) engaging in real estate business; and
- local MOFCOM shall inspect real estate enterprises in China that are involved in round-trip investments and strictly control the establishment of these enterprises.

FOREIGN EXCHANGE CONTROL

On 29 January 1996, the State Council promulgated the PRC Regulations on the Control of Foreign Exchange 《中華人民共和國外匯管理條例》 which became effective on 1 April 1996 and was amended on 14 January 1997 and 1 August 2008. This regulation classifies all international payments and transfers into current account items and capital account items. Current account items are no longer subject to SAFE approval, but the conversion of Renminbi into other currencies and remittance of the converted foreign currency outside the PRC for the purpose of capital account items, such as direct equity investments, loans and repatriation of investment, require prior approval from SAFE or its local counterparts. Payments for transactions that take place within the PRC must be made in Renminbi. Unless otherwise approved, PRC companies must repatriate foreign currency payments received from abroad.

On 20 June 1996, the PBOC promulgated the Regulations on Administration of Settlement, Sale and Payment of Foreign Exchange 《結匯、售匯及付匯管理規定》 which became effective on 1 July 1996. These regulations superseded the relevant provisional regulations and repealed the remaining restrictions on convertibility of foreign exchange in respect of current account items while retaining the existing restrictions on foreign exchange transactions in respect of capital account items. Foreign-invested enterprises may retain foreign exchange in current accounts with designated foreign exchange banks subject to a cap set by SAFE or its local counterparts.

On 21 October 2005, SAFE promulgated the Notice on Issues Relating to the Administration of Foreign Exchange in Fund-raising and Reverse Investment Activities of Domestic Residents Conducted via Offshore Special Purpose Companies 《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》 which became effective as at 1 November 2005. According to the notice, “special purpose company” refers to any offshore company established or indirectly controlled by PRC residents for the purpose of carrying out financing of their assets or equity interest in any PRC domestic enterprise. Prior to establishing or assuming control of such special purpose company, each PRC resident, whether a natural or legal person, must complete the overseas investment foreign exchange registration or filing procedures with the relevant local SAFE branch. The Notice also requires PRC residents to register with the local SAFE branch after contributing their assets or shares of a domestic enterprise to overseas special purpose company, or raising funds overseas after such contribution. In addition, any PRC resident is required to update the registration or filing with the local branch of SAFE within 30 days after occurrence of any material change involving capital variation such as an increase or decrease in capital, transfer or swap of shares, merger, division, long-term equity or debt investment or creation of any security interest with respect to that special purpose company without any round-trip investment being made. The Notice applies retroactively. As

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a result, PRC residents who have established or acquired control of such special purpose companies that have made onshore investment in the PRC in the past are required to complete the relevant overseas investment foreign exchange registration or filing procedures.

On 5 August 2008, the State Council further amended the PRC Regulations on the Control of Foreign Exchange 《中華人民共和國外匯管理條例》, under which several provisions have been revised, including:

- removing the compulsory requirement to repatriate foreign currency payments received from abroad by permitting the foreign currency payments to be repatriated back or deposited abroad in accordance with the required conditions and periods;
- removing the compulsory requirement to convert the foreign currency proceeds in the current account into RMB by permitting those proceeds in the current account to be reserved or sold to financial institutions in accordance with the rules;
- allowing domestic institutions and individuals to invest abroad directly or indirectly, subject to the foreign exchange registration and approval or filing as provided by other laws and regulations; and
- adopting the market-determined and managed floating RMB exchange rates system.

On 29 August 2008, the General Department of SAFE issued the Notice on Relevant Business Operations Issues on the Improvement of the Administration of Payment and Settlement of Foreign Exchange Capital of Foreign-Invested Enterprises 《關於完善外商投資企業外匯資本金支付結匯管理有關業務操作問題的通知》, which aims at strengthening the administration of payment and settlement of foreign exchange capital of foreign-invested enterprises. The notice requires that:

- the capital verification of a foreign-invested enterprise shall be conducted by accountants before the foreign-invested enterprise applies for the payment and settlement of foreign currency capital;
- the RMB proceeds converted from the foreign-invested enterprise's foreign currency capital shall be used within the approved business scope and unless otherwise regulated, such proceeds shall not be invested in the domestic equity interests. Other than FIREEs, foreign-invested enterprise shall not use the RMB proceeds converted from its foreign exchange capital to purchase domestic properties for non-self use; and
- the RMB proceeds converted from foreign-invested enterprises' foreign currency capital shall not be used to repay the unused RMB loans.

REGULATIONS RELATING TO EMPLOYEE STOCK OPTIONS

Pursuant to the Implementation Rules of the Administrative Measures for Individual Foreign Exchange 《個人外匯管理辦法實施細則》 promulgated by SAFE on 5 January 2007 and became effective on 1 February 2007, and the Notice on Certain Issues of Foreign Exchange Administration regarding PRC Individuals' Participation in Employee Share Incentive Plans and Employee Stock Option Plans of Overseas Listed Companies 《關於境內個人參與境外上市公司股權激勵計劃外匯管理有關問題的通知》 promulgated by SAFE on 15 February 2012 and came into force on the same day, PRC citizens who are granted shares or share option by an overseas listed company under its employee share option or share incentive plan are required, through the PRC subsidiary of such overseas listed company which the employee is belonging to, to mandate uniformly one qualified PRC agency to register with SAFE and complete certain other procedures relating to the share option or other share incentive plan.

ADMINISTRATIVE RULES ON STABILISING PRICES OF REAL ESTATE MARKET

In March 2005, the General Office of the State Council promulgated the Notice on Effectively Stabilising Housing Prices 《關於切實穩定住房價格的通知》, which aims to prevent housing prices from increasing too rapidly and promoting stable development of the real estate market. In April 2005, the Ministry of Construction, Ministry of Finance, NDRC, MLR, PBOC, SAT and CBRC jointly issued the Opinions on Stabilising Housing Prices 《關於做好穩定住房價格工作的意見》 containing the following guidance:

- Where housing prices grow too rapidly at a time when the supply of low- to medium-priced ordinary commodity houses and economically affordable houses is insufficient, construction projects should mainly involve the construction of low- to medium-priced ordinary commodity houses at and economically affordable houses. The construction of low-density, high-end houses should be strictly controlled.
- Where the price of land for residential use and the price of residential housing grow too rapidly, land supply for residential use as a proportion of the total land supply should be appropriately raised, and the land supply for the construction of low- to medium-priced ordinary commodity houses and economically affordable houses should be especially increased. Land supply for villa construction should continue to be suspended, and land supply for high-end residential property construction should be strictly restricted.
- Idle land fee must be imposed on land that has not been developed for one year from the contractual construction commencement date. Land use rights of land that has not been developed for two years will be repossessed without compensation.
- Commencing on 1 June 2005, a business tax upon the transfer of a residential property by an individual within two years from his or her purchase will be levied on the entire sales proceeds from such transfer. If an individual transfers his or her ordinary residential

property more than two years after its purchase, the business tax will be exempted. For an individual who transfers a property other than an ordinary residential house after two years from its purchase, the business tax will be levied on the difference between the price of such transfer and the original purchase price.

- Ordinary residential houses with a medium to small GFA and at low-to-medium prices may be granted certain preferential treatment in relation to planning permits, land supply, credit and taxation. Properties enjoying these preferential policies must satisfy the following conditions in principle: the floor area ratio of the residential development is above 1.0, the GFA of one single unit is less than 120 sq.m., and the actual transfer price is lower than 120% of the average transfer price of comparable properties at comparable locations. Local governments at the provincial level may, based on their actual local circumstances, formulate specific standards for ordinary residential properties that can enjoy the preferential policies.
- Transfer of uncompleted commodity properties by any pre-sale purchaser is forbidden. In addition, purchasers are required to buy properties in their real names. Any pre-sale contract of commodity property must also be filed with the relevant governmental agencies electronically immediately after its execution.

On 24 May 2006, the Ministry of Construction, Ministry of Supervision, Ministry of Finance, National Bureau of Statistics, NDRC, MLR, PBOC, SAT and CBRC jointly issued the Opinions on Adjustment of 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 reiterated the existing measures and introduced new measures intended to further curb the rapid increase in property prices in large cities and to promote healthy development of the real estate market in the PRC. These measures, among others, include:

- requiring that at least 70% of the land supply approved by a local government for residential property development for any given year must be used for developing low- to medium-priced and small- to medium-sized ordinary residential properties (including economically affordable housing) or low-cost rental properties;
- requiring that at least 70% of the total developed area of residential projects approved or constructed on or after 1 June 2006 must consist of units smaller than 90 sq.m. in terms of GFA and that projects which have received project development approvals prior to that date but have not obtained construction work commencement permits must adjust their planning in order to conform with this new requirement. However, municipalities under direct administration of the PRC central government and provincial capitals and certain cities specifically designated in the State plan may deviate from such ratio under special circumstances upon approval from the Ministry of Construction;
- increasing the minimum amount of down payment from 20% to 30% of the purchase price of the underlying residential property if the underlying property has a GFA of 90 sq.m. or more, as effective from 1 June 2006;

- prohibiting commercial banks from lending funds to real estate developers with a capital ratio, calculated by dividing the registered capital by the gross investment required for the relevant projects, of less than 35%, restricting the extension of loans and the grant of revolving credit facilities to property developers holding a large amount of idle land and vacant commodity properties, and prohibiting commercial banks from taking commodity properties which have been vacant for more than three years as security for loans; and
- imposing a business tax levy on the entire sales proceeds from the re-sales of properties if the holding period is shorter than five years, effective from 1 June 2006, as opposed to two years as such levy was initially implemented from June 2005. Where an individual transfers a property other than an ordinary residential property five years after the purchase of such property, the business tax will be levied on the difference between the resale price and the original purchase price.

On 30 May 2006, the MLR published the Urgent Notice on Tightening Land Administration 《關於當前進一步從嚴土地管理的緊急通知》. In the notice, the MLR emphasized that local governments must adhere to their annual overall land use planning and land supply plans and tighten the control on land supply for non-agricultural use. The notice requires local governments to suspend the supply of land for new villa projects to ensure adequate supply of land for more affordable housing and to strictly enforce the regulations applicable to the holding of idle land.

On 6 July 2006, the Ministry of Construction promulgated Certain Opinions regarding the Implementation of the Ratio Requirements for the Structure of Newly Constructed Residential Properties 《關於落實新建住房結構比例要求的若干意見》, which stipulate that residential properties with a GFA of less than 90 sq.m. shall account for over 70% of the total area of residential properties which are newly approved and constructed in each city or county since 1 June 2006. The relevant local government will have the authority to determine the configuration of newly constructed properties.

On 6 July 2006, the Ministry of Construction, NDRC and SAIC jointly promulgated the Notice on Further Rationalisation and Standardisation of the Real Estate Transactions 《關於進一步整頓規範房地產交易秩序的通知》, which provides, among others, that:

- a real estate developer must commence selling the property within 10 days upon receiving the pre-sale permit for the project;
- the resale of any unit of a pre-sold uncompleted commodity building is prohibited;
- the advertisement of pre-sale prior to obtaining the relevant pre-sale permit is prohibited; and
- standard contracts for the sale and purchase of a unit of a commodity building must be made available to a purchaser.

On 20 December 2008, the General Office of the State Council issued the Certain 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》 to encourage development of the real estate market by providing support in respect of taxes and credits. The following measures, among others, have been adopted:

- In order to promote ordinary residential property purchases, the following incentives had been enacted and effective until 31 December 2009:
 - (i) applying the same preferential policy previously granted to first-time home buyers to second-time home buyers whose per capita GFA of the first property is below the local average level;
 - (ii) providing one-year business tax exemption for residential property transfer. Individuals who transfer their ordinary residential properties having held such properties for two or more years (instead of the previous five-year requirement) are exempt from business tax. In addition, if the residential property has been held for less than two years when it is transferred, the business tax due is now calculated on a net rather than a gross basis; and
 - (iii) individuals who transfer their non-residential property (非普通住房) having held such properties for two or more years (instead of the previous five-year requirement) must still pay business tax on the property on a net basis, but if the property has been held for less than two years when it is transferred, the business tax is calculated on a gross basis.
- Commercial banks shall, in accordance with the credit policies and regulation requirements, strengthen the credit support for low- to medium-priced and small- to medium-sized ordinary commodity properties, especially for projects under development; and provide the financing assistance and relevant financial services to reputable and capable real estate enterprises engaging in mergers and acquisitions transactions.
- The urban real estate tax is abolished and the Provisional Regulations of the PRC Governing the Real Estate Tax 《中華人民共和國房產稅暫行條例》 apply to domestic/ foreign-invested enterprises and individuals.

On 7 January 2010, the General Office of the State Council issued the Notice on Promoting the Stable and Healthy Development of the Real Estate Market 《關於促進房地產市場平穩健康發展的通告》 to further regulate the real estate market. The notice provides for 11 measures addressing the following objectives:

- effectively increasing the supply of social welfare housing and ordinary residential commodity properties;
- directing consumers to make reasonable purchases of residential properties and discouraging investment and speculation in the housing market;

- strengthening credit risk management for real estate projects and market supervision;
- speeding up the construction of social welfare housing projects; and
- setting or clarifying the responsibilities of provincial and local governments.

On 17 April 2010, the State Council also issued the Notice on Strict Control of the Escalation of Property Prices in Certain Cities 《關於堅決遏制部分城市房價過快上漲的通知》, which further increased the minimum down payment in respect of mortgage loans on purchases of a second residential properties by individuals to 50% of the purchase price and provides that the applicable mortgage rate must be at least 1.1 times that of the corresponding benchmark interest rate over the same corresponding period published by the PBOC. The minimum down payment in respect of mortgage loans on purchases of a third or a further residential property by individuals may be substantially increased at the commercial bank's discretion and based on its risk control policies. The notice also specifies that the down payment for first self-used residential properties with a GFA of more than 90 sq.m. must be at least 30% of the purchase price. In addition, in those areas where property prices have escalated and property supply is tight, commercial banks may, depending on the level of risk, suspend granting mortgage loans to buyers purchasing a third or a further residential property or to those non-local residents who fail to provide certificates evidencing their payment for over one year of local tax or social insurance.

Pursuant to the Notice on Further Standardisation of the Administration of Housing Purchase by Offshore Institutions and Individuals 《關於進一步規範境外機構和個人購房管理的通知》 promulgated by the Ministry of Construction and SAFE on 4 November 2010, an offshore individual is only permitted to purchase a house for self-use in the PRC and an offshore institution which has branches or representative offices in the PRC is only permitted to purchase non-residential houses for office use in the cities where they are registered.

On 29 September 2010, the Ministry of Finance, the Ministry of Construction and SAT promulgated the Notice on the Adjustment of the Deed Tax and Personal Income Tax Preferential Policies in Real Estate Transactions 《關於調整房地產交易環節契稅個人所得稅優惠政策的通知》, which provides that, effective from 1 October 2010, deed tax rate is reduced to 1% for a first time individual buyer who purchases an ordinary residential property with a GFA less than 90 sq.m. as the family's sole property.

On 26 January 2011, the General Office of the State Council issued the Notice on Further Adjustment and Control of Real Estate Market 《國務院辦公廳關於進一步做好房地產市場調控工作有關問題的通知》, which provides, among other things, that:

- each municipal government shall issue its annual housing price control target in respect of newly constructed residential properties in the first quarter of 2011 after taking into account the local economic development, the increase rate of per capita disposal income and the capability to pay for residential properties;
- the management of social security housing and the increase of the supply of public leasing residential properties are reinforced;

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- the supervision and inspection of LAT collection in respect of property development projects where the prices of properties developed are higher than properties in the vicinity are strengthened;
- real estate development enterprises are encouraged to build a certain proportion of public leasing residential properties together with the development of ordinary residential properties, and hold, operate or sell these public leasing residential properties to the PRC Government;
- second residential property purchasers are required to pay a down payment of no less than 60% of the purchase price for these second residential properties and the applicable mortgage rate must be at least 1.1 times that of the corresponding benchmark interest rate;
- any transfer of residential properties by individuals within five years of purchase shall be subject to a business tax calculated based on the entire sale proceeds from such transfer;
- entities and persons participating in the bidding of land shall state the source of capital and provide the relevant evidence;
- land use rights granted over a parcel of land where a construction work commencement permit has not been obtained within two years shall be revoked and a fine will be imposed on the land which has been idle for more than one year;
- no land or any development project on the land shall be transferred in any manner whatsoever if the total project development investment is less than 25%;
- each local authority shall increase the supply of land and ensure that at least 70% of the total developed area of residential projects must be used for developing social security housing, residential properties built as part of shanty town redevelopment and small- to medium-sized residential properties;
- each municipality, provincial capital and cities with soaring housing prices shall implement and enforce measures restricting the purchase of residential properties. In principle:
 - (i) families having local household registration and owning one residential property or families not having local household registration but are able to provide evidence of tax payment or social insurance payment within a certain period are allowed to purchase one additional residential property (including newly constructed residential commodity properties and second-hand residential properties); and
 - (ii) real estate development enterprises shall suspend any sale of their properties to families having local household registration and owning two or more residential properties, or families owning one or more residential property but not having local household registration and are not able to provide certain proof of local tax payment or social insurance payment,

and

- if:
 - (i) a local authority fails to issue its annual housing price control target in respect of newly constructed residential properties on a timely basis; or
 - (ii) a local authority fails to comply with the obligation in achieving the target of social security housing; or
 - (iii) the housing prices of newly constructed residential properties exceed the relevant annual price control target of these properties,

the relevant local authority shall report to the State Council and the responsible persons of such local authority may be held accountable by the Ministry of Supervision, the Ministry of Construction and other departments in accordance with the relevant PRC laws and regulations.

On 27 January 2011, the Ministry of Finance and the SAT issued the Notice on Adjusting the Business Tax Policy on Transfers of Residential Properties by Individuals 《財政部、國家稅務總局關於調整個人住房轉讓營業稅政策的通知》 to discourage speculative activities in the secondary real estate market and control soaring housing prices. For example, effective from 28 January 2011:

- transfers of residential properties by individuals who have held them for less than five years are subject to business tax calculated on a gross basis;
- transfers of non-residential properties by individuals who have held them for five years or more are subject to business tax calculated on a net basis; and
- transfers of residential properties by individuals who have held them for five years or more are exempted from business tax.

PROPERTY RIGHTS

Pursuant to the Property Law 《中華人民共和國物權法》 promulgated by the NPC on 16 March 2007 and became effective on 1 October 2007, the property rights of the State and collectives, individuals or other right holders shall be under the protection of law, and no entity or individual may infringe such rights.

The varieties and contents of property rights shall be stipulated by law, and the creation, change, transfer or elimination of the property rights of property shall be registered according to law. Except otherwise prescribed by law, the creation, change, transfer or elimination of the property rights of property shall become effective only after it is registered according to law.

PRC TAXATION**OUR OPERATIONS IN THE PRC**

As our business operations is in the PRC and we carry out these business operations through our operating subsidiaries organised under PRC law, our PRC operations and our operating subsidiaries in the PRC are subject to PRC tax laws and regulations, which indirectly affect your investment in the Offer Shares.

Corporate Income Tax

Under the EIT Law effective on 1 January 2008, domestic enterprises and foreign invested enterprises are subject to the same corporate income tax law and the same corporate income tax rate of 25%. Pre-tax deduction methods and criteria for domestic and foreign invested enterprises have been made uniform and standardised.

Under the EIT Law, enterprises are classified as either “resident enterprises” or “non-resident enterprises”. Pursuant to the EIT Law and the EIT Rules, in addition to enterprises established within the PRC, enterprises established outside China whose “de facto management bodies” are located in China are considered “resident enterprises” and subject to the uniform 25% enterprise income tax rate for their global income. According to the EIT Rules, “de facto management body” refers to a managing body that exercises, in substance, overall management and control over the production and business, personnel, accounting and assets of an enterprise. It is not clear whether we would be deemed as “resident enterprises” or not. In addition, dividends from PRC subsidiaries to their shareholders, which are treated as resident enterprises, are exempted from withholding tax. However, if we are deemed as “resident enterprise”, we may not be eligible for such tax preference because of its ambiguity.

Under the EIT Law and EIT Rules issued by the State Council, a PRC withholding 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 such 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 subject to 10% PRC income tax if such gain is regarded as income derived from sources within the PRC.

Pursuant to the Arrangement between the PRC and Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income 《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》 signed on 21 August 2006 and entered into force on 8 December 2006, when an enterprise in the PRC distributes dividends to Hong Kong residents who are eligible for receiving such dividends, the Hong Kong residents, if holding more than 25% equity interest in such enterprise, are generally subject to a 5% taxation of the total dividends received.

On 20 February 2009, the SAT issued the Notice on Issues Regarding the Implementation of Dividend Provisions in Tax Treaties 《國家稅務總局關於執行稅收協定股息條款有關問題的通知》, which, among other things, (i) requires the non-resident taxpayer or the withholding agent to provide a host of documentary evidence to prove that the recipient of the dividends meets the relevant requirements for enjoying a lower withholding tax rate under a tax treaty and (ii) empowers the tax authorities with the discretion to adjust the preferential tax rate for which an offshore entity would otherwise be eligible if the main purpose of an offshore arrangement is to obtain a preferential tax treatment.

Pursuant to the Administrative Measures for Non-residents to Enjoy the Treatment Under Tax Treaties (Trial) 《非居民享受稅收協定待遇管理辦法(試行)的通知》, which was promulgated on 24 August 2009 by the SAT and became effective on 1 October 2009, a non-resident subject to taxation is required to obtain the approvals from the relevant tax authorities before it may enjoy a tax reduction or waiver under the dividend provision of a tax treaty.

On 7 April 2008, the SAT issued the Notice on the Prepayment of Corporate Income Tax of the Real Estate Development Enterprises 《關於房地產開發企業所得稅預繳問題的通知》, which requires real estate developers to prepay corporate income tax on a quarterly (or monthly) basis according to the current actual profit.

Under the notice, tax prepayments in respect of income generated from pre-sale before completion of the construction of the buildings for residential, commercial use or other uses shall be paid upon the calculation of the estimated quarterly or monthly profit according to the preset estimated profit rate, which shall be readjusted according to the actual profit after the completion of the construction of the buildings and settlement of the taxable cost.

With respect to non-economical and affordable housing, the preset estimated profit rate for the buildings located at provincial-level cities and suburbs shall not be less than 20%, while that for prefectural-level cities and suburbs shall not be less than 15%, and for the economically affordable housing, the preset estimated profit rate shall not be less than 3%.

On 6 March 2009, the SAT promulgated the Measures for the Treatment of Enterprise Income Tax on Real Estate Development and Operation Businesses 《房地產開發經營業務企業所得稅處理辦法》, which regulates the revenue, cost of sales, fees deduction, accounting of costs and tax treatment of specific matters of enterprises engaging in the real estate business in the PRC in relation to the imposition of corporate income tax.

On 12 May 2010, the SAT promulgated the Notice on the Confirmation of Completion Conditions for Development of Products by Real Estate Development Enterprises 《關於房地產開發企業開發產品完工條件確認問題的通知》, which provides that a property should be deemed as completed when its delivery procedures (including move-in procedures) have commenced or when the property is in fact put to use. Property developers should conduct the settlement of cost in time and calculate the amount of corporate income tax for the current year.

Deed tax

Under the PRC Provisional Regulations on Deed Tax 《中華人民共和國契稅暫行條例》 promulgated by the State Council on 7 July 1997 and implemented on 1 October 1997, a deed tax is chargeable to transferees of land use rights and/or property ownership within the territory of China. The deed tax rate is between 3% and 5% subject to determination by local governments at the provincial level in light of local conditions.

Business tax

Under the PRC Provisional Regulations on Business Tax 《中華人民共和國營業稅暫行條例》 promulgated by the State Council on 13 December 1993, amended on 5 November 2008, and implemented on 1 January 2009, and the Detailed Implementing Rules on the PRC Provisional Regulations on Business Tax 《中華人民共和國營業稅暫行條例實施細則》 issued by the Ministry of Finance and the SAT on 25 December 1993, amended on 15 December 2008 and implemented on 1 January 2009, and further amended on 28 October 2011 and implemented on 1 November 2011, business tax is imposed on income derived from the furnishing of specified services and transferring of immovable property or intangible property at rates ranging from 3% to 20%, depending on the activities.

Land Appreciation Tax

Under the Provisional Regulations of the PRC on Land Appreciation Tax 《中華人民共和國土地增值稅暫行條例》 promulgated by the State Council on 13 December 1993 and became effective on 1 January 1994 and its implementing rules which were promulgated by the Ministry of Finance on 27 January 1995, the LAT applies to both domestic and foreign investors in real estate in China, irrespective of whether they are corporate entities or individuals. The tax is payable by a taxpayer on the appreciation value derived from the transfer of land use rights, buildings or other facilities on such land, after deducting certain “deductible items” that include the following:

- payment made to acquire land use rights;
- costs and charges incurred in connection with land development;
- construction costs and charges in the case of newly constructed buildings and facilities;
- assessed value in the case of old buildings and facilities;
- taxes paid or payable in connection with the transfer of land use rights, buildings or other facilities on such land; and
- other items allowed by the Ministry of Finance.

The tax rate is progressive and ranges from 30% to 60% of the appreciation value net of the “deductible items”.

On 28 December 2006, the SAT promulgated the Notice on the Settlement Management of Land Appreciation Tax on Real Estate 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》, effective on 1 February 2007. According to the notice, the LAT assessment amount shall be derived from the entire value of the real estate development project if the project was approved by the relevant authority as a unit; and for a project developed in stages, the LAT assessment amount shall be derived from the value of each individual stage of the project.

A taxpayer should pay the LAT if one of the following circumstances occurs:

- a construction project has been completed and its commodity houses have been sold;
- an uncompleted real estate development project is transferred; or
- a direct transfer of a land use right.

The tax authority may require the taxpayer to pay the LAT in one of the following circumstances:

- the GFA of the real estate sold is in excess of 85% of the saleable GFA of the entire project or, if the proportion is less than 85%, the residual saleable GFA has been leased out or is held for self-use;
- the pre-sale permit has been held for three years, but not all of the commodity houses of the project have been sold;
- the taxpayer applies for cancellation of tax registration but has yet to carry out the procedures for the LAT settlement; or
- other circumstances provided by tax authorities at the provincial level.

On 12 May 2009, the SAT issued the Regulations of Land Appreciation Tax Settlement Administration 《土地增值稅清算管理規程》, effective on 1 June 2009 with the aim of strengthening the imposition of the LAT by specifically regulating the acceptance, review of LAT settlement and tax imposition procedures.

On 19 May 2010, the SAT promulgated the Notice on Issues Regarding Land Appreciation Tax Settlement 《關於土地增值稅清算有關問題的通知》, which provides further clarifications and guidelines on LAT Settlement, income recognition, deductible expenses, timing of assessment and other related issues.

On 25 May 2010, the SAT promulgated the Notice on Strengthening the Levy and Administration of Land Appreciation Tax 《關於加強土地增值稅徵管工作的通知》 to impose further requirements on the collection of LAT. The notice provides that, except for social security housing, the minimum LAT prepayment rate shall be no less than 2% for properties in Eastern China, no less than 1.5% for properties in Central and Northeastern China and no less than 1% for properties in Western China. The LAT prepayment rate shall be determined by the local authorities based on different property types in the locality.

Urban Land Use Tax

Pursuant to the Provisional Regulations of the PRC on Urban Land Use Tax 《中華人民共和國城鎮土地使用稅暫行條例》 promulgated by the State Council in September 1988, urban land use tax is levied according to the area of the urban land plot and the annual tax rate on urban land was set at between RMB0.2 and RMB10 per sq.m. On 31 December 2006, the Provisional Regulations of the PRC on Urban Land Use Tax were amended by the State Council. As at 1 January 2007, on the basis of the amended regulations, the urban land use tax is charged at a rate three times higher than the previous rate and foreign-invested enterprises are no longer exempt.

Property Tax

Under the Provisional Regulations of the PRC on Property Tax 《中華人民共和國房產稅暫行條例》 promulgated by the State Council in September 1986, property tax applicable to domestic enterprises is 1.2% if it is calculated on the basis of the residual value of a property and 12% if it is calculated on the basis of the rental income of the property.

Stamp Duty

Under the Provisional Regulations of the PRC on Stamp Duty 《中華人民共和國印花稅暫行條例》 promulgated by the State Council in August 1988 applying to building property transfer instruments, including property ownership transfer instruments, the duty rate is 0.05% of the amount stated therein. For permits and certificates relating to rights, including property ownership certificates and land use rights certificates, stamp duty is levied on an item-by-item basis at a rate of RMB5 per item.

Municipal Maintenance Tax and Education Surcharge

Under the Provisional Regulations of the PRC on Municipal Maintenance Tax 《中華人民共和國城市維護建設稅暫行條例》 promulgated by the State Council in 1985, any taxpayer, whether an individual or otherwise, that is required to pay product tax, value-added tax or business tax is also required to pay municipal maintenance tax. The tax rate is 7% for a taxpayer whose domicile is in an urban area, 5% for a taxpayer whose domicile is in a county or a town, and 1% otherwise. Pursuant to the Notice on Temporary Exemption from Municipal Maintenance Tax and Education Surcharge for Foreign Invested Enterprises and Foreign Enterprises 《關於外商投資企業和外國企業暫不徵收城市維護建設稅和教育費附加的通知》 promulgated by the SAT on 25 February 1994, municipal maintenance tax is not applicable to foreign invested enterprises and foreign enterprises until further explicit stipulations are issued by the State Council.

Under the Interim Provisions on Imposition of Education Surcharge 《徵收教育費附加的暫行規定》 promulgated by the State Council in April 1986 and revised on 7 June 1990, 20 August 2005 and 8 January 2011, respectively, any taxpayer, whether an individual or otherwise, that is required to pay value-added tax, business tax or consumption tax is also required to pay an education surcharge, unless such taxpayer is required to pay a rural area education surcharge. Pursuant to the Notice on Temporary Exemption from Municipal Maintenance Tax and Education Surcharge for Foreign Invested Enterprises and Foreign Enterprises 《關於外商投資企業和外國企業不徵收城市維護建設稅和教育費

附加的通知》 issued by the SAT on 25 February 1994 and Supplementary Notice on Imposition of Education Surcharge 《關於教育費附加徵收問題的補充通知》 promulgated by the State Council on 12 October 1994, the education surcharge is not applicable to foreign invested enterprises for the time being until the State Council issues further stipulations.

On 18 October 2010, the State Council issued the Notice on Unification of the Application of Municipal Maintenance Tax and Education Surcharge by Domestic and Foreign Enterprises and Individuals 《國務院關於統一內外資企業和個人城市維護建設稅和教育費附加制度的通知》. According to the notice, starting from 1 December 2010, municipal maintenance tax and education surcharge are also applicable to foreign-invested enterprises, foreign enterprises and foreign individuals. Pursuant to the Notice on Relevant Issues of Imposition of Municipal Maintenance and Education Surcharge on Foreign-invested Enterprises 《關於對外資企業徵收城市維護建設稅和教育費附加有關問題的通知》, promulgated by the Ministry of Finance and the SAT on 4 November 2010, foreign-invested enterprises, foreign enterprises and foreign individuals are to pay municipal maintenance tax at a certain rate on the amount of value-added tax, consumption tax and business tax paid by the taxpayer and to pay education surcharge at a 3% rate on the amount of value-added tax, consumption tax and business tax paid by the taxpayer.

REGULATION OF OVERSEAS LISTINGS

On 8 August 2006, six PRC regulatory agencies, including MOFCOM, the State-owned Assets Supervision and Administration Commission of the State Council, the SAT, SAIC, CSRC, and SAFE, jointly promulgated the Provisions on the Mergers and Acquisitions of Domestic Enterprises by Foreign Investors 《關於外國投資者併購境內企業的規定》, which became effective on 8 September 2006 and as amended on 22 June 2009. This regulation provides that an offshore special purpose vehicle established 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 special purpose vehicle's securities on an overseas stock exchange.

INTELLECTUAL PROPERTY LAWS AND REGULATIONS

China has adopted legislations related to intellectual property rights, including trademarks, patents and copyrights. China is a signatory party to the major intellectual property conventions, including the Paris Convention for the Protection of Industrial Property, the Madrid Agreement concerning the International Registration of Marks and Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks, the Patent Cooperation Treaty, the Budapest Treaty on the International Recognition of the Deposit of Microorganisms for the Purposes of Patent Procedure, and the Agreement on Trade-Related Aspects of Intellectual Property Rights (“TRIPs”).

Regulations on Trademarks

The Trademark Law of the PRC 《中華人民共和國商標法》 was promulgated in August 1982 (later amended on 22 February 1993 and 27 October 2001) and Implementation Regulations on the

APPENDIX VI SUMMARY OF PRINCIPAL PRC LEGAL AND REGULATORY PROVISIONS

Trademark Law of the PRC 《中華人民共和國商標法實施條例》 was promulgated on 3 August 2002 by the State Council. These laws and regulations provide the basic legal framework for the regulations of trademarks in China. In China, registered trademarks include commodity trademarks, service trademarks, collective marks and certificate marks.

The Trademark Office under the SAIC is responsible for the registration and administration of trademarks throughout the country. Trademarks are granted on a term of ten years. Six months prior to the expiration of the ten-year term, an applicant can renewed the application and reapply for trademark protection.

Under the Trademark Law, any of the following acts may be regarded as an infringement of the exclusive right to use of a registered trademark:

- use of a trademark that is identical with or similar to a registered trademark on the same or similar kind of commodities of the trademark registrant's without the authorization of the trademark registrant;
- sale of commodities infringing upon the exclusive right to use the registered trademark;
- counterfeiting or making, without authorisation, representations of a registered trademark, or sale of such representation of a registered trademark; and
- otherwise infringing upon other person's exclusive right to use a registered trademark and cause damages.

Violation of the Trademark Law may result in the imposition of fines, confiscation and destruction of the infringing commodities.

Trademark licence agreements must be filed with the Trademark Office under the SAIC and Commerce or its regional counterparts. The licensor shall supervise the quality of the commodities on which the trademark is used, and the licensee shall guarantee the quality of such commodities.

Regulations on Domain Names

The Measures for the Administration of Domain Names for the Chinese Internet 《中國互聯網絡域名管理辦法》 were promulgated by the Ministry of Industry and Information Technology on 5 November 2004 and became effective on 20 December 2004. These measures regulate the registration of domain names in Chinese with the Internet country code of “.cn”.

The Measures on Domain Names Dispute Resolution (2006 version) 《中國互聯網絡信息中心域名爭議解決辦法 (2006年修訂)》 were promulgated by the China Internet Network Information Centre on 14 February 2006 and became effective on 17 March 2006. These measures require domain name disputes to be submitted to institutions authorised by the China Internet Network Information Centre for resolution.

LABOUR PROTECTION

The PRC Labour Contract Law 《中華人民共和國勞動合同法》 and the PRC Labour Contract Law Implementation Rules 《中華人民共和國勞動合同法實施條例》 took effect on 1 January 2008 and 18 September 2008, respectively. These labour laws and rules set out specific provisions in relation to the execution, contents and terms of employment contracts and the rights and obligations of employees and employers. To establish an employment relationship, a written employment contract shall be signed. In the event that no written employment contract was signed at the time that an employment relationship is formed, a written employment contract shall be signed within one month after the date on which the employer first engaged the employee.

Employers in China are required to contribute, on behalf of their employees, to a number of social security funds, including funds for basic pension insurance, unemployment insurance, basic medical insurance, work-related injury insurance, maternity insurance, and housing provident funds. These payments are made to local administrative authorities and an employer who fails to contribute may be fined and be ordered to make-up for the missed contributions. The various laws and regulations that govern the employers' obligation to contribute to the social security funds include PRC Social Insurance Law 《中華人民共和國社會保險法》 promulgated by the Standing Committee of the NPC on 28 October 2010 and became effective 1 July 2011; the Interim Regulations on the Collection and Payment of Social Security Funds 《社會保險費徵繳暫行條例》, which were promulgated by the State Council and became effective on 22 January 1999; the Interim Measures concerning the Maternity Insurance 《企業職工生育保險試行辦法》, which were promulgated by the Ministry of Labour on 14 December 1994 and became effective on 1 January 1995; the Regulations on Occupational Injury Insurance 《工傷保險條例》, which were promulgated by the State Council on 27 April 2003 and became effective on 1 January 2004 and then amended on 20 December 2010; and the Regulations on Management of the Housing Provident Fund 《住房公積金管理條例》, which were promulgated and became effective on 3 April 1999 and then amended on 24 March 2002.

(1) FURTHER INFORMATION ABOUT OUR COMPANY**(A) Incorporation**

Our Company was incorporated as an exempted company with limited liability in the Cayman Islands under the Cayman Companies Law on 20 May 2011.

Our Company is registered as a non-Hong Kong company in Hong Kong under Part XI of the Companies Ordinance and our principal place of business in Hong Kong is at Suites 2002-2003 on Level 20, One Pacific Place, 88 Queensway, Hong Kong. Mr Lin Zhong of Suites 2002-2003 on Level 20, One Pacific Place, 88 Queensway, Hong Kong, our authorised representative for the purposes of Part XI of the Companies Ordinance, has been appointed as our agent for the acceptance of service of process and notices in Hong Kong.

As our Company was incorporated in the Cayman Islands, our operation is subject to the relevant laws and regulations of the Cayman Islands and our Company's constitution which comprises the Memorandum of Association and the Articles of Association. A summary of the relevant laws and regulations of the Cayman Islands and of our constitution is set out in the section headed "Appendix V — Summary of the Constitution of our Company and Cayman Islands Company Law" to this prospectus.

(B) Changes in the share capital of our Company

The following sets out the changes in the share capital of our Company within the two years immediately preceding the date of this prospectus:

- (a) On 20 May 2011, our Company was incorporated with an authorised share capital of HK\$1,000,000,000 divided into 10,000,000,000 shares with a nominal value of HK\$0.1 each. On the same day, one Share was allotted and issued to Mapcal Limited as the initial subscriber at a consideration of HK\$0.10.
- (b) On 20 May 2011, Mapcal Limited transferred the one Share to Ding Chang at a consideration of HK\$0.10.
- (c) On 19 July 2011, a total of 54,753,999 Shares were allotted and issued at a consideration of HK\$0.1 per Share to the following parties:
 - i. 32,044,399 Shares were allotted and issued to Ding Chang;
 - ii. 17,032,200 Shares were allotted and issued to Eminent Talent; and
 - iii. 5,677,400 Shares were allotted and issued to Rain-Mountain.

After the issue and allotment, our Company was owned as to approximately 58.52% by Ding Chang, approximately 31.11% by Eminent Talent and approximately 10.37% by Rain-Mountain.

- (d) On 23 August 2011, a total of 68,546,000 Shares were allotted and issued at a consideration of HK\$0.10 per Share to the following parties:
- i. 58,453,885 Shares were allotted and issued to Rosy Fortune;
 - ii. 948,162 Shares were allotted and issued to Ding Chang;
 - iii. 503,965 Shares were allotted and issued to Eminent Talent;
 - iv. 167,988 Shares were allotted and issued to Rain-Mountain;
 - v. 3,900,000 Shares were allotted and issued to Full Happiness;
 - vi. 1,720,000 Shares were allotted and issued to Idea Magic;
 - vii. 906,000 Shares were allotted and issued to Nice Vision;
 - viii. 782,000 Shares were allotted and issued to Grand High;
 - ix. 364,000 Shares were allotted and issued to Ample Spring;
 - x. 200,000 Shares were allotted and issued to Le Cheng;
 - xi. 200,000 Shares were allotted and issued to Reap Boom;
 - xii. 150,000 Shares were allotted and issued to Ally Shine;
 - xiii. 150,000 Shares were allotted and issued to Champ Flourish; and
 - xiv. 100,000 Shares were allotted and issued to Xing Tai.
- (e) On 29 September 2011, a total of 300,000 Shares were further allotted and issued to Rosy Fortune at par value of HK\$0.1 each.
- (f) On 30 September 2011, a total of 5,400,000 Shares were allotted and issued to 12 investors at a total consideration of HK\$292,443,321 pursuant to the Investors Subscription Agreements. The subscription price for each of the Shares subscribed by the investors is the same, which is HK\$54.16.
- (g) Assuming that the Global Offering becomes unconditional, immediately upon completion of the Global Offering and the Capitalisation Issue (but not taking into account of any Shares which may be allotted and issued pursuant to the exercise of any option that may be granted under the Share Option Scheme and the Over-allotment Option), the authorised share capital of our Company will be HK\$1,000,000,000 divided into 10,000,000,000 Shares, of which 5,770,000,000 Shares will be issued and fully paid or credited as fully paid, and 4,230,000,000 Shares will remain unissued.

- (h) In the event that the Over-allotment Option is exercised in full, 5,958,250,000 Shares will be issued and fully paid or credited as fully paid.
- (i) Other than the Global Offering, the Capitalisation Issue, the Over-allotment Option, or any options which may be granted under the Share Option Scheme, there is no present intention to issue any part of the authorised but unissued share capital of our Company without prior approval of our Shareholders at general meeting.
- (j) Save as aforesaid above and as disclosed in the paragraph headed “Written Resolutions passed by our Shareholders” below in this Appendix, there has been no alteration in the share capital of our Company since the date of its incorporation.

(C) Changes in the share capital of our subsidiaries

Our subsidiaries are set out in the section headed “Appendix I — Accountants’ Report of the Group” to this prospectus. In addition to those disclosed in the sub-paragraph headed “Changes in the share capital of our Company” in this Appendix, the following alterations in the share or registered capital of our subsidiaries have taken place within the two years immediately preceding the date of this prospectus:

- (1) Shanghai Hanpuka (上海漢普卡商業管理有限公司) was established on 17 August 2011 as a limited liability company with a registered capital of US\$10 million.
- (2) Shanghai Xujia (上海旭嘉置業有限公司) was established on 23 June 2011 as a limited liability company with a registered capital of RMB10 million.
- (3) Shanghai Xuyu (上海旭煜置業有限公司) was established on 12 January 2011 as a limited liability company with a registered capital of RMB20 million. Its registered capital was increased to RMB39 million on 14 October 2011.
- (4) Shanghai Xubang (上海旭邦置業有限公司) was established on 14 April 2011 as a limited liability company with a registered capital of RMB30 million. Its registered capital was increased to RMB100 million on 27 August 2012.
- (5) Shanghai Xuming (上海旭明置業有限公司) was established on 28 December 2010 as a limited liability company with a registered capital of RMB51 million. Its registered capital was increased to RMB100 million on 12 February 2011.
- (6) Shanghai Yongsheng Management (上海永升物業管理有限公司) was established on 31 May 2002 as a limited liability company with a registered capital of RMB1 million. Its registered capital was increased to RMB5 million on 5 February 2007 and to RMB10 million on 24 December 2010.

- (7) Shanghai Xutai (上海旭泰房地產有限公司) was established on 5 November 2010 as a limited liability company with a registered capital of RMB30 million. Its registered capital was increased to RMB59 million on 13 October 2011.
- (8) Shanghai Xutong (上海旭通置業有限公司) was established on 8 August 2012 as a limited liability company with a registered capital of RMB10 million. Its registered capital was increased to RMB100 million on 26 October 2012.
- (9) Beijing Xuhui Shunxin (北京旭輝順欣置業有限公司) was established on 12 December 2011 as a limited liability company with a registered capital of RMB10 million. Its registered capital was increased to RMB100 million on 24 October 2012.
- (10) Beijing Xuhui Xingsheng (北京旭輝興勝置業有限公司) was established on 16 June 2011 as a limited liability company with a registered capital of RMB10 million.
- (11) Beijing Xuhui Sunshine (北京旭輝陽光置業有限公司) was established on 13 January 2011 as a limited liability company with a registered capital of RMB10 million. Its registered capital was increased to RMB100 million on 21 June 2011.
- (12) Beijing Xuxingcheng (北京旭興城置業有限公司) was established on 13 January 2011 as a limited liability company with a registered capital of RMB10 million.
- (13) Chongqing Xuchang (重慶旭昌房地產開發有限公司) was established on 10 March 2011 as a limited liability company with a registered capital of RMB20 million.
- (14) Hefei Xubin (合肥旭濱房地產開發有限公司) was established on 19 January 2011 as a limited liability company with a registered capital of RMB10 million. Its registered capital was increased to RMB50 million on 10 June 2011 and to RMB200 million on 11 January 2012.
- (15) Changsha Xuhai (長沙旭海房地產開發有限公司) was established on 10 June 2011 as a limited liability company with a registered capital of RMB10 million. Its registered capital was increased to RMB100 million on 27 October 2011.
- (16) Changsha Lilongchang (長沙利隆昌房地產開發有限公司) was established on 6 September 2011 as a limited liability company with a registered capital of RMB10 million.
- (17) Tianjin Shijixing (天津世紀興房地產開發有限公司) was established on 16 April 2010 as a limited liability company with a registered capital of RMB30 million. Its registered capital was increased to RMB61,224,500 on 12 October 2012.
- (18) Tianjin Xubin (天津旭濱創意產業園管理有限公司) was established on 25 July 2012 as a limited liability company with a registered capital of US\$20 million.
- (19) Tianjin Xuhai (天津旭海房地產開發有限公司) was established on 5 August 2011 as a limited liability company with a registered capital of RMB30 million. Its registered capital was increased to RMB100 million on 18 September 2012.

- (20) Tangshan Xuhui Yiwen (唐山旭輝藝文房地產開發有限公司) was established on 7 July 2011 as a limited liability company with a registered capital of RMB10 million.
- (21) Jiaxing Xumei Management (嘉興旭美商業管理有限公司) was established on 20 January 2011 as a limited liability company with a registered capital of RMB5 million.
- (22) Shanghai Xuqiang (上海旭強置業有限公司) was established on 19 September 2011 as a limited liability company with a registered capital of RMB10 million.
- (23) Suzhou Xu Ming (蘇州旭名置業有限公司) was established on 29 May 2012 as a limited liability company with a registered capital of RMB560 million.
- (24) Xu Hui (HK) was established on 18 June 2012 as a limited liability company with an authorized share capital of HK\$10,000 divided into 10,000 shares of par value of HK\$1.00 each.
- (25) CIFI Enterprises was established on 12 May 2011 as a limited liability company with an authorised share capital of HK\$10,000 divided into 10,000 shares of par value of HK\$1.00 each.
- (26) Xu Ming HK was established on 27 September 2011 as a limited liability company with an authorised share capital of HK\$10,000 divided into 10,000 shares of par value of HK\$1.00 each.
- (27) Radiant Ally was established on 8 May 2012 as a limited liability company with an authorised share capital of US\$50,000 divided into 50,000 shares of par value of US\$1.00 each.
- (28) Xu Sheng was established on 9 May 2011 as a limited liability company with an authorised share capital of US\$50,000 divided into 50,000 shares of par value of US\$1.00 each.
- (29) Xu Ming BVI was established on 20 September 2011 as a limited liability company with an authorised share capital of US\$50,000 divided into 50,000 shares of par value of US\$1.00 each.
- (30) Shanghai Xuhe (上海旭和置業有限公司) was established on 24 October 2012 as a limited liability company with a registered capital of RMB10 million.

Save as aforesaid, there have been no other alterations in the share or registered capital of the subsidiaries of our Company within two years immediately preceding the date of this prospectus.

(D) Particulars relating to non-wholly owned subsidiaries

Set out below are the information of the non-wholly owned subsidiaries of CIFI (PRC) which are operated pursuant to joint venture or cooperation arrangement made between CIFI (PRC) and certain Independent Third Parties:

No.	Name of subsidiaries and its place of incorporation	Name of shareholders	Registered/ and paid up capital	Proportion of capital contributions	Number of directors the shareholder is entitled to nominate	Term of operation (expiry date)
1.	Shanghai Tongshuo PRC	(1) CIFI (PRC)	RMB10 million	(1) 75.5%	(1) Three	20 years (31 January 2025)
		(2) 上海匯融投資控股有限公司 (Shanghai Huirong Investment Holding Co., Ltd.*)		(2) 24.5%	(2) Two	
2.	Shanghai Haiji PRC	(1) CIFI (PRC)	RMB170 million	(1) 53%	(1) Three	20 years (10 March 2025)
		(2) 上海祝源企業發展有限公司 (Shanghai Zhuyuan Enterprises Development Co., Ltd.*)		(2) 47%	(2) Two	
3.	Beijing Xuhui Sunshine PRC	(1) CIFI (PRC)	RMB100 million	(1) 80%	(1) Two	20 years (12 January 2031)
		(2) 北京恒盛陽光房地產開發有限公司 (Beijing Hengsheng Sunshine Real Estate Development Co., Ltd.*)		(2) 20%	(2) One	
4.	Tangshan Xuhui Yiwen PRC	(1) CIFI (PRC)	RMB10 million	(1) 80%	(1) Two	30 years (6 July 2041)
		(2) 復旦大學上海視覺藝術學院 (Shanghai Institute of Visual Art of Fudan University*)		(2) 20%	(2) One	
5	Tianjin Shijixing PRC	(1) CIFI (PRC)	RMB61,224,500	(1) 51%	(1) Two	10 years (15 April 2020)
		(2) 天津開發區萬通實業發展集團有限公司 (Tianjin Economic Zone Wantong Industries Development Group Co., Ltd.*)		(2) 25%	(2), (3) and	
		(3) 天津晟達房地產開發有限公司 (Tianjin Shengda Real Estate Development Co., Ltd.*)		(3) 12%	(4) jointly	
		(4) 天津新時代房地產開發有限公司 (Tianjin Xinshidai Real Estate Development Co., Ltd.*)		(4) 12%	appoint one director	

(E) Written resolutions passed by our Shareholders

By written resolutions of all the Shareholders passed on 9 October 2012:

- (a) conditional on the same conditions as stated in the paragraph headed “Conditions of the Hong Kong Public Offer” in the section headed “Structure of the Global Offering” of this prospectus, the Global Offering (including the Over-allotment Option) was approved, and the Directors were authorised to allot and issue the Offer Shares pursuant to the Global Offering;

- (b) conditional on the share premium account of our Company having sufficient balance, or otherwise being credited as a result of the issue of the new Shares under the Global Offering, our Directors were authorised to capitalise HK\$438,600,000 standing to the credit of the share premium account of our Company by applying such sum in paying up in full at par 4,386,000,000 Shares for allotment and issue to Shareholder(s) whose name(s) appear(s) on the register of members of our Company at the close of business on 9 October 2012 in proportion (as nearly as possible without involving fractions) to their then existing shareholdings in our Company (“**Capitalisation Issue**”);
- (c) a general unconditional mandate was given to our Directors to exercise all powers of our Company to allot, issue and deal with Shares and to make or grant offers, agreements or options (including any warrants, bonds, notes securities and debentures convertible into Shares) which might require Shares to be allotted and issued or dealt with subject to the requirement that the aggregate nominal value of the Shares so allotted and issued or agreed conditionally or unconditionally to be allotted and issued, otherwise than by way of (i) a Rights Issue (as hereinafter defined); or (ii) any scrip dividend scheme or similar arrangement for 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 of Association; or (iii) any specific authority granted by our Shareholders in general meeting, shall not exceed 20% of the aggregate nominal value of the Shares in issue immediately following completion of the Global Offering and the Capitalisation Issue, excluding any Shares which may fall to be issued pursuant to the exercise of the Over-allotment Option or any Shares that may be allotted and issued pursuant to the exercise of any options under the Share Option Scheme;
- (d) a general unconditional mandate was given to our Directors to exercise all powers of our Company to purchase on the Stock Exchange or on any other stock exchange on which the securities of our Company may be listed and which is recognised by the SFC and the Stock Exchange for this purpose, such number of Shares as will represent up to 10% of the aggregate nominal value of the Shares in issue immediately following completion of the Global Offering and the Capitalisation Issue, excluding any Shares which may fall to be issued pursuant to the exercise of the Over-allotment Option or any Share that may be allotted and issued pursuant to the exercise of any options under the Share Option Scheme;
- (e) the general unconditional mandate as mentioned in paragraph (c) above was extended by the addition to the aggregate nominal value of the Shares which may be allotted and issued or agreed conditionally or unconditionally to be allotted and issued by our Directors pursuant to such general mandate of an amount representing the aggregate nominal value of the Shares purchased by our Company pursuant to the mandate to purchase Shares referred to in paragraph (d) above (up to 10% of the aggregate nominal value of the Shares in issue immediately following completion of the Global Offering and the Capitalisation Issue, excluding any Shares which may fall to be issued pursuant to the exercise of the Over-allotment Option or any Share that may be allotted and issued pursuant to the exercise of any options under the Share Option Scheme);
- (f) our Company approved and adopted the Articles of Association with effect from the Listing Date; and

- (g) the rules of the Share Option Scheme, the principal terms of which are set out in the paragraph headed “Share Option Scheme” under the section headed “Other Information” in this Appendix, were approved and adopted and our Directors were authorised to grant options to subscribe for Shares thereunder and to allot, issue and deal with Shares pursuant to the exercise of options granted under the Share Option Scheme.

For the purposes of paragraph (c) above, “Rights Issue” means an offer of Shares or issue of options, warrants or other securities giving the right to subscribe for Shares open for a period fixed by our Directors to holders of Shares whose name appear on the register of members of our Company (and, where appropriate, to holders of other securities of our Company entitled to the offer) on a fixed record date in proportion to their then holdings of such Shares (or, where appropriate, such other securities) (subject in all cases to such exclusions or other arrangements as our Directors may deem necessary or expedient (but in compliance with the relevant provisions of the Listing Rules) in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory applicable to our Company).

Each of the general mandates referred to in paragraphs (c) and (d) above will remain in effect until whichever is the earliest of (1) the conclusion of the next annual general meeting of our Company; (2) the expiry of the period within which the next annual general meeting of our Company is required to be held by any applicable law or the Articles of Association; or (3) the time when such mandate is revoked, varied or renewed by an ordinary resolution of the Shareholders in general meeting.

(F) Summary of our material contracts

The following contracts (not being contracts entered into in the ordinary course of business) were entered into by members of our Group within the two years preceding the date of this prospectus which have not been terminated and are or may be material:

- (1) a sale and purchase agreement dated 19 April 2011 between Xukai Shanghai Investment (as purchaser) and Mr Lin Zhong, Mr Lin Wei, Mr Lin Feng, Mr Weng Xiaofeng (翁曉峰), Madam Wang Huiping (王慧萍), Mr Ye Qicai (葉啟才), Mr Wang Xiaofei (王肖飛), Mr Zhu Yu (朱瑜), Mr Liu Qingquan (劉清泉), Mr Shen Zhenyu (沈震宇) and Mr Li Yujun (李裕軍) (as vendors) in relation to sale and purchase of an aggregate of 10.327% equity interest in CIFI (PRC) for an aggregate consideration of RMB73,112,800;
- (2) a sale and purchase agreement dated 19 April 2011 between Shanghai Xuhui Investment (as purchaser) and 聯想控股有限公司 (Legend Holdings Limited) (as vendor) in relation to sale and purchase of 3% equity interest in CIFI (PRC) for a consideration of RMB76,410,000;
- (3) a sale and purchase agreement dated 19 April 2011 between Shanghai Xuhui Investment (as purchaser) and 江蘇長電科技股份有限公司 (Jiangsu Changjiang Electronics Technology Co., Ltd.*) (as vendor) in relation to sale and purchase of 1.83% equity interest in CIFI (PRC) for a consideration of RMB46,695,000;

- (4) a sale and purchase agreement dated 11 May 2011 between Shanghai Xuhui Investment (as purchaser) and 浙江銀都投資有限公司 (Zhejiang Yin Du Investment Co., Ltd.*) (as vendor) in relation to sale and purchase of 1.72% equity interest in CIFI (PRC) for a consideration of RMB43,723,500;
- (5) a sale and purchase agreement dated 19 April 2011 between Shanghai Xuhui Investment (as purchaser) and 浙江天聖控股集團有限公司 (Zhejiang Tian Sheng Holdings Group Co., Ltd.*) (as vendor) in relation to sale and purchase of 1.67% equity interest in CIFI (PRC) for a consideration of RMB42,450,000;
- (6) a sale and purchase agreement dated 17 April 2011 between Shanghai Xuhui Investment (as purchaser) and 浙江裕隆實業股份有限公司 (Zhejiang Yu Long Enterprises Co., Ltd.*) (as vendor) in relation to sale and purchase of 1.67% equity interest in CIFI (PRC) for a consideration of RMB42,450,000;
- (7) a sale and purchase agreement dated 19 April 2011 between Shanghai Xuhui Investment (as purchaser) and 杭州創益投資有限公司 (Hangzhou Chuang Yi Investment Co., Ltd.*) (as vendor) in relation to sale and purchase of 1.22% equity interest in CIFI (PRC) for a consideration of RMB30,988,500;
- (8) a sale and purchase agreement dated 19 April 2011 between Shanghai Xuhui Investment (as purchaser) and 廈門市兆宏投資有限公司 (Xiamen City Zhao Hong Investment Co., Ltd.*) (as vendor) in relation to sale and purchase of 0.833% equity interest in CIFI (PRC) for a consideration of RMB21,225,000;
- (9) a sale and purchase agreement dated 17 April 2011 between Shanghai Xuhui Investment (as purchaser) and Madam Chen Xuejuan (陳雪娟) (as vendor) in relation to sale and purchase of 1.72% equity interest in CIFI (PRC) for a consideration of RMB43,723,500;
- (10) a sale and purchase agreement dated 19 April 2011 between Shanghai Xuhui Investment (as purchaser) and Mr Zhu Kun (朱崑) (as vendor) in relation to sale and purchase of 0.417% equity interest in CIFI (PRC) for a consideration of RMB10,612,500;
- (11) a sale and purchase agreement dated 19 April 2011 between Shanghai Xuhui Investment (as purchaser) and Madam Yu Jing (余靜) (as vendor) in relation to sale and purchase of 0.375% equity interest in CIFI (PRC) for a consideration of RMB9,551,250;
- (12) a sale and purchase agreement dated 19 April 2011 between Shanghai Xuhui Investment (as purchaser) and Madam Wang Huiping (王慧萍) (as vendor) in relation to sale and purchase of 0.363% equity interest in CIFI (PRC) for a consideration of RMB9,254,100;
- (13) a sale and purchase agreement dated 19 April 2011 between Shanghai Xuhui Investment (as purchaser) and Mr Wang Xiaofei (王肖飛) (as vendor) in relation to sale and purchase of 0.267% equity interest in CIFI (PRC) for a consideration of RMB6,792,000;

- (14) a sale and purchase agreement dated 19 April 2011 between Shanghai Xuhui Investment (as purchaser) and Mr Feng Zhibin (馮志斌) (as vendor) in relation to sale and purchase of 0.17% equity interest in CIFI (PRC) for a consideration of RMB4,329,900;
- (15) a sale and purchase agreement dated 19 April 2011 between Shanghai Xuhui Investment (as purchaser) and Mr Liu Jinguo (劉進國) (as vendor) in relation to sale and purchase of 0.167% equity interest in CIFI (PRC) for a consideration of RMB4,245,000;
- (16) a sale and purchase agreement dated 18 April 2011 between Shanghai Xuhui Investment (as purchaser) and Mr Ye Yifang (葉一方) (as vendor) in relation to sale and purchase of 0.167% equity interest in CIFI (PRC) for a consideration of RMB4,245,000;
- (17) a sale and purchase agreement dated 17 April 2011 between Shanghai Xuhui Investment (as purchaser) and Mr Lin Zhiwei (林志偉) (as vendor) in relation to sale and purchase of 0.117% equity interest in CIFI (PRC) for a consideration of RMB2,971,500;
- (18) a sale and purchase agreement dated 19 April 2011 between Shanghai Xuhui Investment (as purchaser) and Mr Chen Zhijie (陳智杰) (as vendor) in relation to sale and purchase of 0.1% equity interest in CIFI (PRC) for a consideration of RMB2,547,000;
- (19) a sale and purchase agreement dated 19 April 2011 between Shanghai Xuhui Investment (as purchaser) and Mr Zhu Yu (朱瑜) (as vendor) in relation to sale and purchase of 0.092% equity interest in CIFI (PRC) for a consideration of RMB2,334,750;
- (20) a sale and purchase agreement dated 19 April 2011 between Shanghai Xuhui Investment (as purchaser) and Mr Chen Wensuo (陳文鎖) (as vendor) in relation to sale and purchase of 0.083% equity interest in CIFI (PRC) for a consideration of RMB2,122,500;
- (21) a sale and purchase agreement dated 17 April 2011 between Shanghai Xuhui Investment (as purchaser) and Mr Weng Xiaofeng (翁曉峰) (as vendor) in relation to sale and purchase of 0.067% equity interest in CIFI (PRC) for a consideration of RMB1,698,000;
- (22) a sale and purchase agreement dated 17 April 2011 between Shanghai Xuhui Investment (as purchaser) and Mr Li Yujun (李裕軍) (as vendor) in relation to sale and purchase of 0.025% equity interest in CIFI (PRC) for a consideration of RMB636,750;
- (23) a sale and purchase agreement dated 19 April 2011 between Shanghai Xuhui Investment (as purchaser) and Mr Ye Qicai (葉啟才) (as vendor) in relation to sale and purchase of 0.015% equity interest in CIFI (PRC) for a consideration of RMB382,050;
- (24) a sale and purchase agreement dated 28 April 2012 between Shanghai Xuhui Investment (as purchaser) and Shenzhen Zhong Ke (as vendor) in relation to sale and purchase of 2.05% equity interest in CIFI (PRC) for a consideration of RMB57,256,300;
- (25) an instrument of transfer dated 23 May 2011 executed by Mr Lin Zhong (as transferor) and Xu Sheng (as transferee) for the transfer of 1 share in CIFI Enterprises (then known as CIFI Holdings (Group) Co. Limited 旭輝控股(集團)有限公司) for a consideration of HK\$1;
- (26) a set of bought and sold notes dated 23 May 2011 executed by Mr Lin Zhong (as transferor) and Xu Sheng (as transferee) for the transfer of 1 share in CIFI Enterprises (then known as CIFI Holdings (Group) Co. Limited 旭輝控股(集團)有限公司) for a consideration of HK\$1;










- (27) a share subscription agreement dated 11 June 2011 between the Company (as issuer) and Mr Yuan Xiaolan (袁曉瀾) (as investor) (as supplemented by a supplemental agreement dated 9 September 2011) for subscription of 300,000 Shares at a subscription price of HK\$16,246,851;
- (28) a deed of non-disposal undertaking dated 2 March 2012 between the Company, Mr Yuan Xiaolan (袁曉瀾) and Easyinfo Holdings Limited (易信達控股有限公司) in respect of non-disposal of Shares of the Company;
- (29) a share subscription agreement dated 12 June 2011 between the Company (as issuer) and Mr Ma Jun (馬駿) (as investor) (as supplemented by a supplemental agreement dated 1 September 2011) for subscription of 300,000 Shares at a subscription price of HK\$16,246,851;
- (30) a deed of non-disposal undertaking dated 2 March 2012 between the Company, Mr Ma Jun (馬駿) and Prestige City Investments Limited (駿城投資有限公司) in respect of non-disposal of Shares of the Company;
- (31) a share subscription agreement dated 11 June 2011 between the Company (as issuer), Run Cheng Investments Limited (潤成投資有限公司) (as investor) and Mr Zhu Aiquan (朱愛泉) (as covenantor) (as supplemented by a supplemental agreement dated 9 September 2011) for subscription of 300,000 Shares at a subscription price of HK\$16,246,851;
- (32) a share subscription agreement dated 11 June 2011 between the Company (as issuer) and Heng On Environmental Company Limited (恒安環保有限公司) (as investor) (as supplemented by a supplemental agreement dated 1 September 2011 between the Company, Heng On Environmental Company Limited (恒安環保有限公司), Mr Shao Nan (邵楠) and Mr Yu Wei (郁煒)) for subscription of 300,000 Shares at a subscription price of HK\$16,246,851;
- (33) a share subscription agreement dated 15 June 2011 between the Company (as issuer) and Joint Delight International Limited (同欣國際有限公司) (as investor) (as supplemented by a supplemental agreement dated 1 September 2011 between the Company, Joint Delight International Limited (同欣國際有限公司), Mr Mak Wai Shun (麥偉順) and Mr Chen Wensuo (陳文鎖)) for subscription of 300,000 Shares at a subscription price of HK\$16,246,851;
- (34) a share subscription agreement dated 11 June 2011 between the Company (as issuer), Biosun Investments Limited (皓峰有限公司) (as investor) and Mr Chen Huixiang (陳慧湘) (as covenantor) (as supplemented by a supplemental agreement dated 1 September 2011) for subscription of 300,000 Shares at a subscription price of HK\$16,246,851;
- (35) a share subscription agreement dated 1 August 2011 between the Company (as issuer), Fulland Spirit Limited (as investor) and Madam Li Yong Mei (李詠梅) (as covenantor) (as supplemented by a supplemental agreement dated 9 September 2011) for subscription of 300,000 Shares at a subscription price of HK\$16,246,851;
- (36) a share subscription agreement dated 8 August 2011 between the Company (as issuer), Federal Success Investment Group Limited (聯達投資集團有限公司) (as investor) and Mr

- Cai Yuzhi (蔡玉治), Mr Wu Gang (吳剛), Mr Yu Lei (于磊), Mr Zhang Shenghua (張盛華) and Mr Tsoi Yuk Ming (蔡玉明) (as covenants) (as supplemented by a supplemental agreement dated 9 September 2011) for subscription of 300,000 Shares at a subscription price of HK\$16,246,851;
- (37) a share subscription agreement dated 28 September 2011 between the Company (as issuer) and Mr Long Ming Hui (龍明輝) (as investor) for subscription of 300,000 Shares at a subscription price of HK\$16,246,851;
- (38) a deed of non-disposal undertaking dated 2 March 2012 between the Company, Mr Long Ming Hui (龍明輝) and Dragon Fame Investments Limited (龍譽投資有限公司) in respect of non-disposal of Shares of the Company;
- (39) a share subscription agreement dated 11 June 2011 between the Company (as issuer) and Mr Su Yichuan (蘇逸川) (as investor) (as supplemented by a supplemental agreement dated 9 September 2011) for subscription of 600,000 Shares at a subscription price of HK\$32,493,702;
- (40) a share subscription agreement dated 11 June 2011 between the Company (as issuer), Grandsun International Investment Limited (正日國際投資有限公司) (as investor) and Yip Chi Yu (葉志如) (as covenantor) (as supplemented by a supplemental agreement dated 1 September 2011) for subscription of 900,000 Shares at a subscription price of HK\$48,740,554;
- (41) a share subscription agreement dated 11 June 2011 between the Company (as issuer) and Mr Yu Chong (余中) (as investor) (as supplemented by a supplemental agreement dated 13 September 2011) for subscription of 1,200,000 Shares at a subscription price of HK\$64,987,406;
- (42) a sale and purchase agreement dated 7 September 2011 between Mr Lin Zhong, Mr Lin Wei and Mr Lin Feng (as vendors) and Shanghai Hanpuka (as purchaser) in relation to sale and purchase of the entire equity interest in Shanghai Xuhui Investment for a total consideration of RMB165,884,800;
- (43) a sale and purchase agreement dated 7 September 2011 between Mr Lin Zhong, Mr Lin Wei and Mr Lin Feng (as vendors) and Shanghai Hanpuka (as purchaser) in relation to sale and purchase of the entire equity interest in Xukai Shanghai Investment for a total consideration of RMB20,831,500;
- (44) a deed of non-competition dated 9 October 2012 in respect of the non-competition undertakings and covenants given by the Controlling Shareholders in favour of our Company, further details of which are set out in the section headed “Relationship with the Controlling Shareholders — Deed of Non-competition” of this prospectus;
- (45) a deed of indemnity dated 9 October 2012 given by the Controlling Shareholders in favour of the Company to provide taxation indemnities for the benefit of our Group, details of which are set out in the section headed “Indemnities” in this Appendix; and
- (46) the Hong Kong Underwriting Agreement.

(G) Intellectual property rights of our Group



(a) Trademarks

As at the Latest Practicable Date, our Group had registered the following trademarks:

Trademark	Registered Owner	Class	Place of Registration	Registration Number	Validity Period
 Y.S CORPORATION 永升企业	CIFI (PRC)	36	PRC	1304855	14/08/1999 to 13/08/2019
 Y.S CORPORATION 永升企业	CIFI (PRC)	37	PRC	1309974	28/08/1999 to 27/08/2019
 Y.S CORPORATION 永升企业	CIFI (PRC)	42	PRC	1329768	28/10/1999 to 27/10/2019
 永升	CIFI (PRC)	19	PRC	1317816	28/09/1999 to 27/09/2019
 旭辉集团	CIFI (PRC)	16	PRC	4725888	21/06/2009 to 20/06/2019
 旭辉集团	CIFI (PRC)	36	PRC	4725883	07/02/2009 to 06/02/2019
 CIFI GROUP	CIFI (PRC)	14	PRC	4725889	14/12/2008 to 13/12/2018
 CIFI GROUP	CIFI (PRC)	19	PRC	4725886	21/04/2009 to 20/04/2019
 CIFI GROUP	CIFI (PRC)	25	PRC	4725885	21/05/2009 to 20/05/2019

Trademark	Registered Owner	Class	Place of Registration	Registration Number	Validity Period
	CIFI (PRC)	6	PRC	4725890	07/07/2008 to 06/07/2018
	CIFI (PRC)	18	PRC	4725887	14/06/2009 to 13/06/2019
	CIFI (PRC)	37	PRC	4725882	21/09/2009 to 20/09/2019
	CIFI (PRC)	42	PRC	4725881	21/09/2009 to 20/09/2019
	the Company	19, 36, 37, 42	Hong Kong	301980081	20/07/2011 to 19/07/2021

As at the Latest Practicable Date, our Group had applied for registration of the following trademarks:

Trademark	Applicant	Class	Place of Application	Application number	Application date
	the Company	19, 36, 37, 42	Hong Kong	301980072 (Note)	20/07/2011
	the Company	19, 36, 37, 42	Hong Kong	301980063 (Note)	20/07/2011

Note: The deadline for filing a notice of objection concerning these trademark applications is 30 November 2012.

(b) *Domain name*

As at the Latest Practicable Date, our Group had registered the following domain name(s):

<u>Domain Name</u>	<u>Registered Owner</u>	<u>Registration Date</u>	<u>Expiry Date</u>
cifi.com.hk	the Company	9 August 2011	11 August 2016
cifi.com.cn	CIFI (PRC)	12 November 2004	12 November 2015
cifi-century.com.cn	CIFI (PRC)	15 December 2006	15 December 2012
cifi-evian.com.cn	CIFI (PRC)	15 December 2006	15 December 2012

Save as aforesaid, as at the Latest Practicable Date, there were no other trade or service marks, patents, intellectual or industrial property rights which were material in relation to our Group's business.

(2) **THE REORGANISATION**

The companies within our Group underwent the Reorganisation in preparation for the listing of Shares on the Stock Exchange. For information relating to the Reorganisation, please refer to the section "History, Reorganisation and Group Structure".

(3) **REPURCHASE BY OUR COMPANY OF ITS SHARES**

This section includes information relating to the repurchase of the Shares, including information required by the Stock Exchange to be included in this prospectus concerning such repurchase.

(A) **Relevant legal and regulatory requirements in Hong Kong**

The Listing Rules permit shareholders to grant a general mandate to the directors of a company to repurchase shares of such company that are listed on the Stock Exchange. Such mandate is required to be given by way of an ordinary resolution passed by shareholders in general meeting.

(a) *Shareholders' approval*

All the proposed repurchases of Shares (which must be fully paid up) must be approved in advance by an ordinary resolution of the Shareholders in general meeting, either by way of general mandate or by specific approval of a particular transaction.

Pursuant to a resolution passed by Shareholders on 9 October 2012, a general unconditional mandate (the “**Repurchase Mandate**”) was given to our Directors authorising any repurchase by our Company of Shares on the Stock Exchange or on any other stock exchange on which our Company’s securities may be listed and which is recognised by the SFC and the Stock Exchange for this purpose, of not more than 10% of the aggregate nominal value of our Company’s share capital in issue immediately following the completion of the Global Offering and the Capitalisation Issue (excluding the Shares which may be issued under the Over-allotment Option or any Shares that may be allotted and issued pursuant to the exercise of the option under the Share Option Scheme).

(b) *Source of funds*

Repurchases by our Company must be funded out of funds legally available for the purpose in accordance with the Articles of Association 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. Any purchase by our Company may be made out of the profits of our Company or out of a fresh issue of shares made for the purpose of the purchase or, if authorised by the Articles of Association and subject to the Cayman Companies Law, out of capital and, in the case of any premium payable on the purchase, out of the profits of our Company or from sums standing to the credit of the share premium account of our Company.

(c) *Trading Restrictions*

The total number of Shares which our Company may repurchase is up to 10% of the total number of Shares in issue immediately after the completion of the Global Offering and the Capitalisation Issue (excluding the Shares which may be issued under the Over-allotment Option or any Shares that may be allotted and issued pursuant to the exercise of the option under the Share Option Scheme). Our Company may not issue or announce a proposed issue of Shares for a period of 30 days immediately following a repurchase of Shares, without the prior approval of the Stock Exchange. Our Company is also prohibited from repurchasing Shares on the Stock Exchange if the repurchase would result in the number of listed Shares which are in the hands of the public falling below the relevant prescribed minimum percentage as required by the Stock Exchange. Our Company is required to procure that the broker appointed by it to effect a repurchase of Shares discloses to the Stock Exchange such information with respect to the repurchase as the Stock Exchange may require. Our Company also shall not purchase its Shares on the Stock Exchange if the purchase price is higher by 5% or more than the average closing market price for the five preceding trading days on which the Shares were traded on the Stock Exchange.

(d) *Status of repurchased shares*

All repurchased Shares (whether effected on the Stock Exchange or otherwise) will be automatically delisted and the certificates for those Shares must be cancelled and destroyed. Under Cayman Islands law, a company’s repurchased shares shall be treated as cancelled and the amount of the company’s issued share capital shall be reduced by the aggregate par value of the repurchased shares accordingly although the authorised share capital of the company will not be reduced.

(e) *Suspension of repurchase*

Pursuant to the Listing Rules, our Company may not make any repurchase of Shares after a price sensitive development has occurred or has been the subject of a decision until such time as the price sensitive information has been made publicly available. In particular, under the requirements of the Listing Rules in force as at the date hereof, during the period of one month immediately preceding the earlier of: (i) the date of the board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of our Company's results for any year, half year, quarterly or any other interim period (whether or not required under the Listing Rules); and (ii) the deadline for our Company to publish an announcement of its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules), and in each case ending on the date of the results announcement, our Company may not repurchase Shares on the Stock Exchange unless the circumstances are exceptional. In addition, the Stock Exchange may prohibit a repurchase of the Shares on the Stock Exchange if our Company has breached the Listing Rules.

(f) *Procedural and reporting requirements*

As required by the Listing Rules, repurchase of Shares on the Stock Exchange or otherwise must be reported to the Stock Exchange no later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the Stock Exchange business day following any day on which our Company may make a purchase of Shares, reporting the total number of Shares purchased the previous day, the purchase price per Share or the highest and lowest prices paid for such purchases, where relevant. In addition, our Company's annual report is required to disclose details regarding repurchases of Shares made during the year, including a monthly analysis of the number of Shares repurchased, the purchase price per Share or the highest and lowest price paid for all such purchases, where relevant and the aggregate price paid.

(g) *Connected parties*

Our Company is prohibited from knowingly repurchasing Shares on the Stock Exchange from a "connected person" (as defined in the Listing Rules) and a connected person shall not knowingly sell his securities to our Company on the Stock Exchange.

(B) **Reasons for repurchases**

Our Directors believe that it is in the best interest of our Company and Shareholders for our Directors to have general authority from the Shareholders to enable our Company to repurchase Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be made where our Directors believe that such repurchases will benefit our Company and Shareholders.

(C) Funding of repurchases

In repurchasing securities, our Company may only apply funds legally available for such purpose in accordance with the Articles of Association, the Listing Rules and the applicable laws and regulations of the Cayman Islands.

On the basis of our Company's current financial position as disclosed in this prospectus and taking into account the current working capital position of our Company, our Directors consider that, if the Repurchase Mandate were to be exercised in full, it might have a material adverse effect on our Company's working capital and/or the gearing position as compared with the position disclosed in this prospectus. However, our Directors do not propose to exercise the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on our Company's working capital requirements or the gearing levels which in the opinion of our Directors are from time to time appropriate for our Company.

The exercise in full of the Repurchase Mandate, on the basis of 5,770,000,000 Shares in issue immediately after the Global Offering (assuming that the Over-allotment Option is not exercised and none of the options that may be granted under the Share Option Scheme is exercised), could accordingly result in up to 577,000,000 Shares being repurchased by our Company during the period prior to (1) the conclusion of the next annual general meeting of our Company; (2) the expiry of the period within which the next annual general meeting of our Company is required by Cayman Islands law or the Articles of Association to be held; or (3) the revocation or variation of the Repurchase Mandate by ordinary resolution of Shareholders in a general meeting, whichever occurs first (the "**Relevant Period**"). If the Over-allotment Option is exercised in full, the exercise in full of the Repurchase Mandate on the basis of 5,958,250,000 Shares in issue immediately after the Global Offering could result in up to 595,825,000 Shares being repurchased by our Company during the Relevant Period.

(D) General

None of our Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their associates (as defined in the Listing Rules) currently intends to sell any Shares to our Group.

Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Listing Rules, the Memorandum and Articles of Association and the applicable laws and regulations of the Cayman Islands.

If, as a result of any repurchase of Shares, a Shareholder's proportionate interest in the voting rights of our Company is increased, such increase will be treated as an acquisition for the purpose of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert could obtain or consolidate control of our Company and become obliged to make a mandatory offer in accordance with rule 26 of the Takeovers Code. Save as aforesaid, our Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any repurchase pursuant to the Repurchase Mandate.

No connected person (as defined in the Listing Rules) has notified our Company that he/she has a present intention to sell Shares to our Group, or has undertaken not to do so, if the Repurchase Mandate is exercised.

(4) FURTHER INFORMATION ABOUT OUR DIRECTORS

(A) Particulars of Directors' service contracts

(a) *Executive Directors and independent non-executive Directors*

Each of our executive Directors has entered into a service contract with our Company regarding his appointment as executive Director for a term of three years commencing from the Listing Date. Each party has the right to give not less than six months' written notice to terminate the contract.

Each of our independent non-executive Directors has entered into an appointment letter with our Company. None of them has entered into any service contract with our Group. The term of office of our independent non-executive Directors is from the date of appointment up to the conclusion of the next annual general meeting of our Company but in each case, either our Company or the relevant Director can give three months' prior notice at any time to terminate the appointment, and the appointments are subject to the provisions of retirement and rotation of Directors under the Articles of Association.

The terms of the appointment letters of each of the independent non-executive Directors are in all material respects identical. The annual fee payable to the independent non-executive Directors ranges between HK\$250,000 and HK\$300,000, subject to annual review by the Remuneration Committee.

Save as disclosed in this prospectus, none of our Directors has or is proposed to have a service contract with any member of our Group other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation).

(b) *Remuneration of Directors*

Directors' emoluments of approximately RMB4,155,000 in aggregate were paid and granted by our Group to our Directors in respect of the one year period ended 31 December 2011.

Approximately RMB7 million (excluding any discretionary bonus which may be paid) as remuneration is estimated to be paid to our Directors by our Group in respect of the financial year ending 31 December 2012 pursuant to the present arrangement.

(B) Disclosure of interests

(a) *Interests and short positions of our Directors in the share capital of our Company and its associated corporations*

Immediately following completion of the Global Offering and the Capitalisation Issue and taking no account of any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option and options that may be granted pursuant to the Share Option Scheme, the interests or short positions of our Directors and our chief executives in the shares, underlying shares and debentures of our Company and its associated corporations, within the meaning of Part XV of the SFO, which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of the SFO), or which will be required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein, or which will be required to be notified to our Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules, will be as follows:

(i) *Interests in the shares, underlying shares and debentures of our Company and its associated corporations*

<u>Name of Director</u>	<u>Name of Corporation</u>	<u>Class of Securities</u>	<u>Capacity/Nature of interest</u>	<u>Number of Shares/ underlying Shares</u>	<u>Approximate percentage of interest in our Company</u>
Lin Zhong	Our Company	Ordinary Shares (L)	Founder of a discretionary trust <i>(Note 1)</i>	1,154,739,670 Shares	20.01%
	Our Company	Ordinary Shares (L)	Co-founder of a discretionary trust <i>(Note 2)</i>	2,056,385,975 Shares	35.64%
Lin Wei	Our Company	Ordinary Shares (L)	Interest of controlled corporation <i>(Note 3)</i>	613,765,775 Shares	10.64%
	Our Company	Ordinary Shares (L)	Co-founder of a discretionary trust <i>(Note 2)</i>	2,056,385,975 Shares	35.64%
Lin Feng	Our Company	Ordinary Shares (L)	Founder of a discretionary trust <i>(Note 4)</i>	204,588,580 Shares	3.55%
	Our Company	Ordinary Shares (L)	Co-founder of a discretionary trust <i>(Note 2)</i>	2,056,385,975 Shares	35.64%

Notes:

1. These shares are held by Ding Chang. The entire issued share capital of Ding Chang is wholly owned by Eternally Success International Limited, the entire issued share capital of which is in turn wholly-owned by Standard Chartered Trust as the trustee of the Sun Success Trust. The Sun Success Trust is a discretionary trust set up by Mr Lin Zhong as settlor and Standard Chartered Trust as trustee on 11 May 2012. The beneficiary objects of the Sun Success Trust include certain family members of Mr Lin Zhong. Mr Lin Zhong as founder of the Sun Success Trust is taken to be interested in the 1,154,739,670 Shares held by Ding Chang immediately upon completion of the Global Offering and Capitalisation Issue pursuant to Part XV of the SFO.
2. These Shares are held by Rosy Fortune. The entire issued share capital of Rosy Fortune is wholly owned by Gentle Beauty Assets Limited, the entire issued share capital of which is in turn wholly-owned by Standard Chartered Trust as the trustee of the Lin's Family Trust. The Lin's Family Trust is a discretionary trust set up jointly by Mr Lin Zhong, Mr Lin Wei and Mr Lin Feng as settlors and Standard Chartered Trust as trustee on 11 May 2012. The beneficiary objects of the Lin's Family Trust include certain family members of Mr Lin Zhong and Mr Lin Feng. Each of Mr Lin Zhong, Mr Lin Wei and Mr Lin Feng as a co-founder of the Lin's Family Trust is taken to be interested in the 2,056,385,975 Shares held by Rosy Fortune immediately upon completion of the Global Offering and Capitalisation Issue pursuant to Part XV of the SFO.
3. These shares are held by Eminent Talent. The entire issued share capital of Eminent Talent is wholly owned by Mr Lin Wei.
4. These shares are held by Rain-Mountain. The entire issued share capital of Rain-Mountain is wholly owned by Beauty Fountain Holdings Limited, the entire issued share capital of which is in turn wholly-owned by Standard Chartered Trust as the trustee of the Sun-Mountain Trust. The Sun-Mountain Trust is a discretionary trust set up by Mr Lin Feng as settlor and Standard Chartered Trust as trustee on 11 May 2012. The beneficiary objects of the Sun-Mountain Trust include certain family members of Mr Lin Feng. Mr Lin Feng as founder of the Sun-Mountain Trust is taken to be interested in the 204,588,580 Shares held by Rain-Mountain immediately upon completion of the Global Offering and Capitalisation Issue pursuant to Part XV of the SFO.

(b) *Interests and short positions of the Substantial Shareholders in the Shares or underlying Shares discloseable under Divisions 2 and 3 of Part XV of the SFO*

Immediately following the completion of the Global Offering and the Capitalisation Issue and taking no account of any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option and options that may be granted pursuant to the Share Option Scheme, in addition to the interests disclosed under paragraph (a) above, so far as our Directors were aware, as at the Latest Practicable Date, the following persons (other than our Directors and our chief executives) were expected to have interests and/or short positions in the Shares and underlying Shares of our Company which are required to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, and/or are expected to 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:

(i) *Long positions in the Shares and underlying Shares of our Company*

Name of interested party	Capacity/Nature of interest	Total number of Shares	Approximate percentage of interest in the share capital of our Company immediately after the Capitalisation Issue and the Global Offering
Rosy Fortune (<i>Note 1</i>)	Beneficial Owner	2,056,385,975	35.64%
Ding Chang (<i>Note 2</i>)	Beneficial Owner	1,154,739,670	20.01%
Eminent Talent (<i>Note 3</i>)	Beneficial Owner	613,765,775	10.64%

Notes:

- Rosy Fortune is wholly owned by Gentle Beauty Assets Limited, which is in turn wholly owned by Standard Chartered Trust as the trustee of the Lin's Family Trust. The Lin's Family Trust is a discretionary trust set up jointly by Mr Lin Zhong, Mr Lin Wei and Mr Lin Feng as settlors and Standard Chartered Trust as trustee on 11 May 2012. The beneficiary objects of the Lin's Family Trust include certain family members of Mr Lin Zhong and Mr Lin Feng.
- Ding Chang is wholly owned by Eternally Success International Limited, which is in turn wholly owned by Standard Chartered Trust as the trustee of the Sun Success Trust. The Sun Success Trust is a discretionary trust set up by Mr Lin Zhong as settlor and Standard Chartered Trust as trustee on 11 May 2012. The beneficiary objects of the Sun Success Trust include certain family members of Mr Lin Zhong.
- Eminent Talent is wholly owned by Mr Lin Wei.

(ii) *Substantial shareholders of other members of our Group*

No.	Name of shareholder	Name of member of our Group and place of incorporation	Capacity	Approximate percentage of ownership held by the substantial shareholders
1	上海匯融投資控股有限公司 (Shanghai Huirong Investment Holding Co., Ltd.*)	Shanghai Tongshuo PRC	Beneficial owner	24.5%
2.	上海祝源企業發展有限公司 (Shanghai Zhuyuan Enterprises Development Co., Ltd.*)	Shanghai Haiji PRC	Beneficial owner	47%
3.	北京恒盛陽光房地產開發有限公司 (Beijing Hengsheng Sunshine Real Estate Development Co., Ltd.*)	Beijing Xuhui Sunshine PRC	Beneficial owner	20%
4.	復旦大學上海視覺藝術學院 (Shanghai Institute of Visual Art of Fudan University*)	Tangshan Xuhui Yiwen PRC	Beneficial owner	20%
5.	上海中城聯盟投資管理有限公司 (CURA Investment Management (Shanghai) Co., Ltd.*) (“CURA Investment”)	(a) Changsha Xuhai PRC (b) Tianjin Xuhai PRC (c) Hefei Xuhai PRC	Other (Note 1)	35%
				30%
				40%
6	天津開發區萬通實業發展集團有限公司 (Tianjin Economic Zone Wantong Industries Development Group Co., Ltd.*)	Tianjin Shijixing PRC	Beneficial Owner	25%
7	天津晟達房地產開發有限公司 (Tianjin Shengda Real Estate Development Co., Ltd.*)	Tianjin Shijixing PRC	Beneficial Owner	12%
8	天津新時代房地產開發有限公司 (Tianjin Xinshidai Real Estate Development Co., Ltd.*)	Tianjin Shijixing PRC	Beneficial Owner	12%
9.	四川信託有限公司 (Sichuan Trust Co., Ltd.*)	Shanghai Xuyu PRC	Other (Note 2)	49%
10.	新華信託股份有限公司 (New China Trust & Investment Co., Ltd.*)	Shanghai Xutai PRC	Other (Note 2)	49.15%
11.	杭州工商信託股份有限公司 (Hangzhou Industrial & Commercial Trust Co., Ltd.*)	Shanghai Xubo PRC	Other (Note 2)	30%
12.	華寶信託有限責任公司 (Huabao Trust Co., Ltd.*)	Hefei Xubin PRC	Other (Note 2)	49%
13.	上海中城舜齊投資中心(有限合伙) (CURA Shun Qi Investment Centre (Limited Partnership)*) (“CURA Shun Qi”)	Shanghai Xutong PRC	Other (Note 3)	30%
14.	Ample Advantage	Xu Ming BVI	Other (Note 4)	(Note 4)

Notes:

1. The 35% interest in Changsha Xuhai was held by CURA Investment which it acquired from our Group in July 2012 pursuant to a financing arrangement under which CURA Investment provided a fund in the sum of RMB150,000,000 to Changsha Xuhai. The 30% interest in Tianjin Xuhai was held by CURA Investment which it acquired from our Group in September 2012 pursuant to a financing arrangement under which CURA Investment provided a fund in the sum of RMB220,000,000 to Tianjin Xuhai. The 40% interest in Hefei Xuhai was held by CURA Investment which it acquired from our Group in July 2012 pursuant to a financing arrangement under which CURA Investment provided a fund in the sum of RMB150,000,000 to Hefei Xuhai. We are regarded as having 100% effective equity interest in Changsha Xuhai, Tianjin Xuhai and Hefei Xuhai under IFRS.
2. The minority interests in these subsidiaries of the Company have been transferred to certain trust companies as part of the trust financing arrangement as detailed in the section “Business — Our secured trust financings” of this prospectus. We are regarded as having 100% effective equity interest in these subsidiaries under IFRS.
3. The 30% interest in Shanghai Xutong was held by CURA Shun Qi which it acquired from our Group in November 2012 pursuant to a financing arrangement under which CURA Shun Qi provided a fund in the sum of RMB420,000,000 to Shanghai Xutong. We are regarded as having 100% interest in Shanghai Xutong under IFRS.
4. The entire interest in Xu Ming BVI was transferred to Ample Advantage pursuant to the Suzhou Xu Ming Arrangement, details of which are set out in the section headed “Business — Description of our Property Projects — 2. Suzhou — Suzhou CIFI Luxury Courtyard” in this prospectus. We are regarded as having 100% effective equity interest in Xu Ming BVI.

(c) ***Connected transactions and related party transactions***

Saved as disclosed in this prospectus and in note 38 of the accountants’ report, the text of which is set out in the section headed “Appendix I — Accountants’ Report of the Group” to this prospectus, during the two years immediately preceding the date of this prospectus, neither our Company nor any member of our Group had engaged in any other connected transactions or related party transactions.

(C) **Disclaimers**

Save as disclosed in this prospectus, as at the Latest Practicable Date:

- (a) our Directors were not aware of any person (not being a Director or chief executive of our Company) who would, immediately after completion of the Global Offering and the Capitalisation Issue (taking no account of the Over-allotment Option or any option that may be allotted and issued upon the exercise of any options which may be granted under the Share Option Scheme), have an interest or a short position in Shares or underlying Shares which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who would, directly or indirectly, be 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 or any other member of our Group;

- (b) none of our Directors had any interest or short position in any of the shares, underlying shares or debentures of any associated corporation within the meaning of Part XV of the SFO, which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is deemed to have under such provisions of the SFO), or which would be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which would be required to be notified to us and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, in each case once the Shares are listed;
- (c) none of our Directors nor any of the parties listed in the section headed “Consents of experts” in this Appendix was directly or indirectly interested in the promotion of our Company, or in any assets which had been, within the two years immediately preceding the date of this prospectus, acquired or disposed of by or leased to our Company or any of its subsidiaries, or were proposed to be acquired or disposed of by or leased to our Company or any of its subsidiaries;
- (d) none of our Directors nor any of the parties listed in the section headed “Consents of experts” of this Appendix was materially interested in any contract or arrangement subsisting at the date of this prospectus which was significant in relation to our Group’s business;
- (e) save in connection with the Underwriting Agreements, none of the parties listed in the section headed “Consents of experts” of this Appendix:
 - (i) were interested legally or beneficially in any securities of any member of our Group;
 - (ii) had any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group;
- (f) none of our Directors or their associates nor, to the knowledge of the Directors, had any Shareholder who held more than 5% of the total issued Shares as at the Latest Practicable Date, had any interest in any of the five largest customers of our Group;
- (g) none of our Directors or their associates, nor, to the knowledge of our Directors, had any Shareholder who held more than 5% of the total issued Shares as at the Latest Practicable Date, had any interest in any of the five largest suppliers of our Group; and
- (h) none of our Directors had entered into or have proposed to enter into a service contract with our Company or any of its subsidiaries (other than contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

(5) OTHER INFORMATION**(A) Pre-IPO Share Award Scheme**

We adopted the Pre-IPO Share Award Scheme in December 2010 which replaced a share award scheme originally adopted in May 2007. The terms of the Pre-IPO Share Award Scheme were amended in August 2011 for the purpose of the proposed Listing. Principal terms of the scheme are summarised below.

Objective

The Pre-IPO Share Award Scheme aims to build up medium and long term incentive mechanism, retain and cultivate talent, maintain the stability of our management team and corporate business and to align the interests of our management team with those of our shareholders.

Implementation

Pursuant to the Pre-IPO Share Award Scheme, a total of 106 employees (the “**Selected Employees**”) were awarded Shares of our Company which are held by Full Happiness as trustee for the benefits of the selected Employees under the Full Happiness Trust. As at the Latest Practicable Date, the number of Shares held by Full Happiness was 3,900,000 Shares and the number of Shares to be held by Full Happiness immediately after the Capitalisation Issue will be 136,500,000 Shares, representing approximately 2.37% of the total issued share capital of our Company (the “**Awarded Shares**”) immediately after completion of the Global Offering and Capitalisation Issue and taking no account of Shares that may be issued pursuant to exercise of Over-allotment Option and options that may be granted under the Share Option Scheme. No further Shares will be issued by our Company pursuant to the Pre-IPO Share Award Scheme.

Vesting of the Awarded Shares

The Selected Employees are not entitled to exercise or enjoy the rights to the Awarded Shares pending the vesting of the Awarded Shares in accordance with the applicable vesting period.

Vesting period is four years during which the Awarded Shares granted to any particular Selected Employee will vest on each anniversary of the first vesting date in equal portions.

The first vesting date for all the relevant Selected Employees under the Pre-IPO Share Award Scheme is 1 January 2013.

Prior to vesting, the Selected Employees are not entitled to the rights to and interests in the Awarded Shares, including voting and distribution rights.

Triggering events for surrender of Awarded Shares

Awarded Shares granted will be deemed to have been surrendered by a Selected Employee upon the occurrence of any of the following events:

- (i) Termination of employment with or without cause;
- (ii) Dishonesty behaviour or breach of employment contract;
- (iii) Unsatisfactory performance leading to demotion and failure to satisfy the criteria for re-promotion within one year; or
- (iv) Passing away not in the course of carrying out his or her duties as an employee of our Group.

Awarded Shares deemed to have been surrendered may be re-allocated to Full Happiness or disposed at the discretion of Full Happiness.

(B) Share Option Scheme

The following is a summary of the principal terms required to be included in the Share Option Scheme as required by the Listing Rules:

1. Objective

The purpose of the Share Option Scheme is to provide the Participants (defined in paragraph 2 below) who have been granted options (the “**Options**”) under the Share Option Scheme to subscribe for Shares (the “**Grantees**”) with the opportunity to acquire proprietary interests in our Company and to encourage Participants to work towards enhancing the value of our Company and its Shares for the benefit of our Company and its Shareholders as a whole. The Share Option Scheme will provide our Group with a flexible means of either retaining, incentivising, rewarding, remunerating, compensating and/or providing benefits to Participants.

2. Participants

Our Board of Directors may, at their discretion, invite any Directors (including executive Directors, non-executive Directors and independent non-executive Directors) and employees of any member of our Group and any advisers, consultants, distributors, contractors, contract manufacturers, suppliers, agents, customers, business partners, joint venture business partners, service providers of any member of our Group who the Board considers, in its sole discretion, have contributed or will contribute to our Group (the “**Participants**”) to participate in the Share Option Scheme.

3. Maximum total amount and individual limit

- (a) Initially the maximum number of Shares which may be issued upon exercise of all Options to be granted under the Share Option Scheme or any other option schemes adopted by our

Company (and to which the provisions of chapter 17 of the Listing Rules are applicable) shall not exceed 10% of the aggregate of the Shares in issue on the Listing Date (without taking into account Shares which may be allotted and issued by our Company under the Over-allotment Option) which shall be 577,000,000 Shares. Options which have lapsed shall not be counted in calculating the 10% limit. However (but subject to the 30% limit referred to in this paragraph below), our Company may refresh this 10% limit with Shareholders' approval provided that each such limit (as refreshed) may not exceed 10% of the Shares in issue as at the date of the Shareholders' approval. Options previously granted under the Share Option Scheme and any other option schemes adopted by our Company and to which the provisions of chapter 17 of the Listing Rules are applicable (including those outstanding, cancelled or lapsed in accordance with the relevant scheme or exercised options) will not be counted for the purpose of calculating the limit to be refreshed. We may seek separate approval by Shareholders in general meeting for granting Options beyond the 10% limit provided that the Options in excess of the limit are granted only to Participants specially identified by our Company before such approval is sought.

- (b) The total number of Shares which may be issued upon exercise of all Options granted and yet to be exercised under the Share Option Scheme or any other option schemes adopted by our Company (and to which the provisions of chapter 17 of the Listing Rules are applicable) must not exceed 30% of the Shares in issue from time to time.
- (c) Unless approved by Shareholders in the manner set out in this paragraph below, the total number of Shares issued and to be issued upon exercise of the Options granted to each Participant (including both exercised, cancelled and outstanding Options) under the Share Option Scheme in any 12-month period must not exceed 1% of the Shares in issue. Any further grant of Options which would result in the number of Shares issued as aforesaid exceeding the said 1% limit must be subject to prior Shareholders' approval with the relevant Participant and his associates abstaining from voting.
- (d) Each grant of Options to any Director, chief executive or substantial shareholder of our Company (or any of their respective associates) (as such terms are defined in rule 1.01 of the Listing Rules) shall be subject to the prior approval of the independent non-executive Directors of our Company (excluding any independent non-executive Director who is a proposed grantee of the Option). Where any grant of Options to a substantial shareholder or an independent non-executive Director of our Company, or any of their respective associates, would result in the Shares issued and to be issued upon exercise of all Options already granted and to be granted (including Options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant:
 - (a) representing in aggregate over 0.1% (or such other higher percentage as may from time to time be specified by the Stock Exchange) of the Shares in issue; and
 - (b) having an aggregate value, based on the closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange on the date of grant (being the date on which the Board resolves to make an offer of Option to the relevant Grantee) (the "**Date of Grant**"), in excess of HK\$5 million (or such other higher amount as may from time to time be specified by the Stock Exchange),

such grant of Options shall be subject to prior approval by the Shareholders (voting by way of poll). All connected persons (as defined in the Listing Rules) of our Company shall 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 to be sent to the Shareholders in connection therewith.

4. *Restriction on dealing*

No offer shall be made and no Option shall be granted to any Participant in circumstances prohibited by the Listing Rules at a time when the Participant would or might be prohibited from dealing in the Shares by the Listing Rules or by any applicable rules, regulations or law. In particular, during the period commencing one month immediately preceding the earlier of:

- (a) the date of the Board meeting (as such date is first notified to the Stock Exchange in accordance with the requirements of the Listing Rules) for the approval of our Company's interim or annual results; and
- (b) the deadline for our Company to publish its interim or annual results announcement as required by the Listing Rules,

and ending on the date of the results announcement, no Option may be granted.

5. *Exercise period*

- (a) The period within which the Options must be exercised will be specified by our Company at the time of grant. This period must expire no later than 10 years from the relevant Date of Grant.
- (b) In the event a Grantee (being an employee or a director of any member of our Group) ceases to be a Participant for any reason other than (i) his or her death or (ii) on one or more of the grounds of termination of employment or engagement specified in paragraph 12(f) below, the Grantee shall have the right to exercise those options then already vested in accordance with the terms of the scheme unless the Board otherwise determines, in which event the Option shall be exercisable to the extent and within such period as the Board may determine. The date of cessation of employment of a Grantee (being an employee and who may or may not also be a director of any member of our Group) shall be the last actual working day on which the Grantee was physically at work with the relevant member of our Group, whether salary is paid in lieu of notice or not.
- (c) In the event the Grantee dies before exercising the Option in full and none of the events for termination of employment under paragraph 12(f) below then exists with respect to such Grantee, the personal representative(s) of the Grantee shall be entitled within a period of 12 months from the date of death to exercise the Option up to the entitlement of such Grantee as at the date of death.

- (d) If a general offer by way of takeover or otherwise (other than by way of scheme of arrangement pursuant to paragraph 5(e) below) is made to all the holders of Shares (or all such holders other than the offeror, any person controlled by the offeror and any person acting in association or concert with the offeror) and such offer becomes or is declared unconditional prior to the expiry date of the relevant Option, our Company shall forthwith give notice thereof to the Grantee and the Grantee shall be entitled to exercise the Option to its full extent or, if our Company shall give the relevant notification, to the extent notified by our Company at any time within such period as shall be notified by our Company.
- (e) If a general offer for Shares by way of scheme of arrangement is made to all the holders of Shares and has been approved by the necessary number of holders of Shares at the requisite meetings, our Company shall forthwith give notice thereof to the Grantee and the Grantee may at any time thereafter (but before such time as shall be notified by our Company) exercise the Option to its full extent or, if our Company shall give the relevant notification, to the extent notified by our Company.
- (f) In the event a notice is given by our Company to its Shareholders to convene a Shareholders' meeting for the purpose of considering and, if thought fit, approving a resolution to voluntarily wind-up our Company, our Company shall forthwith give notice thereof to the Grantee and the Grantee may at any time thereafter (but before such time as shall be notified by our Company) exercise the Option to its full extent or, if our Company shall give the relevant notification, to the extent notified by our Company, and our Company shall as soon as possible and in any event no later than three days prior to the date of the proposed shareholders' meeting, allot, issue and register in the name of the Grantee such number of fully paid Shares which fall to be issued on exercise of such Option.
- (g) In the event of a compromise or arrangement, other than a scheme of arrangement contemplated in paragraph 5(e) above, between our Company and its members and/or creditors being proposed in connection with a scheme for the reconstruction or amalgamation of our Company, our Company shall give notice thereof to all Grantees on the same day as it first gives notice of the meeting to its members and/or creditors to consider such a scheme or arrangement and the Grantee may at any time thereafter but before such time as shall be notified by our Company exercise the Option to its full extent or, if our Company shall give the relevant notification, to the extent notified by our Company, and our Company shall as soon as possible and in any event no later than three days prior to the date of the proposed meeting, allot, issue and register in the name of the Grantee such number of fully paid Shares which fall to be issued on exercise of such Option.
- (h) Upon the occurrence of any of the events referred to in paragraphs 5(d), (e), (f) and (g) above, our Company may in its discretion and notwithstanding the terms of the relevant Option also give notice to a Grantee that his or her Option may be exercised at any time within such period as shall be notified by our Company and/or to the extent (not being less than the extent to which it could then be exercised in accordance with its terms) notified by our Company. If our Company gives such notice that any Option shall be exercised in part only, the balance of the Option shall lapse.

6. *Vesting period*

At the time of grant of the Options, our Company may specify any minimum period(s) for which an Option must be held before it can be exercised.

7. *Performance targets*

At the time of the grant of the Options, our Company may specify any performance target(s) which must be achieved before the Options can be exercised. The Share Option Scheme does not contain any performance targets for the exercise of Options but we take into account performance of the Participants in considering any grant of Options.

8. *Consideration for acceptance*

The amount payable on acceptance of an Option is HK\$1.00.

9. *Subscription price*

The subscription price for the Shares the subject of the Options shall be no less than the higher of (i) the closing price of the Shares as stated in the daily quotations sheet issued by the Stock Exchange on the Date of Grant; (ii) the average closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange for the five Stock Exchange business days immediately preceding the Date of Grant; and (iii) the nominal value of a Share on the Date of Grant. The subscription price will be established by the Board at the time the Option is offered to the Participant.

10. *Rights allotted to the Shares*

The Shares to be allotted and issued upon the exercise of an Option shall be subject to all the provisions of the Memorandum and Articles of Association of our Company for the time being in force and will rank pari passu with the fully paid Shares in issue on the date the name of the Grantee is registered on the register of members of our Company. Prior to the Grantee being registered on the register of members of our Company, the Grantee shall not have any voting rights, or rights to participate in any dividends or distributions (including those arising on a liquidation of our Company), in respect of the Shares to be issued upon the exercise of the Option.

11. *Term of the scheme*

No Options may be granted under the Share Option Scheme on or after the date of the tenth anniversary of the adoption of the Share Option Scheme.

12. *Lapse of options*

An Option shall lapse automatically and not be exercisable, to the extent not already exercised, on the earliest of:

- (a) the expiry of the Option period;
- (b) the date or the expiry of the period for exercising the Option as referred to in paragraphs 5(b), (c), (d), (f) or (g) above;
- (c) subject to the scheme of arrangement (referred to in paragraph 5(e) above) becoming effective, the expiry of the period for exercising the Option as referred to in paragraph 5(e) above;
- (d) subject to paragraph 5(f) above, the date of commencement of the winding up of our Company;
- (e) the date on which the Grantee sells, transfers, charges, mortgages, encumbers or creates any interest in favour of any other person, over or in relation to any Option in breach of the Share Option Scheme;
- (f) the date on which the Grantee (being an employee or a director of any member of our Group) ceases to be a Participant by reason of the termination of his or her employment or engagement on the grounds that he or she has been guilty of serious misconduct, or appears either to be unable to pay or to have no reasonable prospect of being able to pay his or her debts or has become bankrupt or has made any arrangement or composition with his or her creditors generally or has been convicted of any criminal offence involving his or her integrity or honesty or on any other ground on which an employer would be entitled to terminate his or her employment summarily;
- (g) the date on which the Grantee (being a corporation) appears either to be unable to pay or to have no reasonable prospect of being able to pay its debts or has become insolvent or has made any arrangement or composition with its creditors generally; and
- (h) unless the Board otherwise determines, and other than in the circumstances referred to in paragraphs 5(b) or 5(c), the date the Grantee ceases to be a Participant (as determined by a Board resolution) for any reason.

13. *Reorganisation of share capital*

In the event of an alteration in the capital structure of our Company whilst any Option remains exercisable by way of capitalization of profits or reserves, rights issue, subdivision or consolidation of shares or reduction of the share capital of our Company, but excluding, for the avoidance of doubt, any alteration in the capital structure of our Company as a result of an issue of shares as consideration in a transaction to which our Company is a party, the financial adviser engaged by our Company for such purpose shall determine what adjustment is required to be made to the subscription price, and/or

the number of shares to be issued on exercise of the Options, and/or (if necessary) the method of exercise of the Option (or any combination of the foregoing) provided that any such adjustments give the Participant the same proportion of the equity capital of our Company as that to which that Grantee was previously entitled and that for so long as our Company remains listed, in accordance with guidance from time to time issued by the Stock Exchange, provided that no adjustment may be made to the extent that shares would be issued at less than their nominal value.

14. *Cancellation of options*

Any Options granted but not exercised may be cancelled if the Grantee so agrees and new Options may be granted to the same Grantee provided such Options fall within the limits specified in paragraph 3 above and are otherwise granted in accordance with the terms of the Share Option Scheme.

15. *Shares to be issued*

The Shares issued on exercise of the Options will on issue be identical to the then existing issued shares of our Company.

16. *Termination of the scheme*

Our Company, by ordinary resolution of Shareholders or the Board, may at any time terminate the operation of the Share Option Scheme and in such event no further Options will be offered or granted, but in all other respects the Share Option Scheme shall remain in full force and effect. Any granted but unexercised Options shall continue to be exercisable in accordance with their terms of issue after the termination of the Share Option Scheme.

17. *Transfer of options*

Notwithstanding any provisions to the contrary in the Share Option Scheme, if on the relevant date of exercise there are restrictions or conditions imposed by the relevant laws and regulations to which the Grantee is subject and the Grantee has not obtained approval, exemption or waiver from the relevant regulatory authorities for the subscription of and dealing in the Shares, the Grantee may sell the Options to such transferee, subject to the approval by the Board, which shall not unreasonably withhold or delay such approval. In the event that the Options are transferred to a connected person of our Company (as defined under Chapter 14A of the Listing Rules), no Shares shall be allotted and issued upon the exercise of the Options by a connected person of our Company unless the Board is satisfied that the allotment and issue of Shares will not trigger any breach of the Listing Rules, the Articles of Association or the Cayman Companies Law or the Takeovers Code.

18. *Alteration*

Subject to the terms set out in the paragraph below, the Board may amend any of the provisions of the Share Option Scheme (including without limitation amendments in order to comply with changes in legal or regulatory requirements and amendments in order to waive any restrictions, imposed by the provisions of the Share Option Scheme, which are not found in chapter 17 of the

Listing Rules) at any time (but not so as to affect adversely any rights which have accrued to any Grantee at that date). Those specific provisions of the Share Option Scheme which relate to the matters set out in Rule 17.03 of the Listing Rules cannot be altered to the advantage of the Participants, and no changes to the authority of our directors or administrator of the Share Option Scheme in relation to any alteration of the terms herein shall be made, without the prior approval of Shareholders in general meeting. Any alterations to the terms and conditions of the Share Option Scheme which are of a material nature, or any change to the terms of Options granted, must be approved by the Shareholders in general meeting, except where the alterations take effect automatically under the existing terms of the Share Option Scheme. The Share Option Scheme so altered must comply with chapter 17 of the Listing Rules.

Present status of the Share Option Scheme

The Share Option Scheme is conditional on:

- (a) the Listing Committee granting approval of such scheme and the grant of Options thereunder and granting of the listing of, and permission to deal in, the Shares to be issued as mentioned therein; and
- (b) the commencement of dealings in the Shares on the Stock Exchange. If both of the above conditions are not satisfied on or before the date following 6 months after the date of adoption of the Share Option Scheme being 8 April 2013 (or such later date as the Board may decide), the Share Option Scheme shall forthwith determine and no person shall be entitled to any rights or benefits or be under any obligations under or in respect of the Share Option Scheme. As at the date of this prospectus, no Option has been granted or agreed to be granted under the Share Option Scheme. Application has been made to the Listing Committee for the approval of the Share Option Scheme and the subsequent granting of Options under the Share Option Scheme and for the listing of, and permission to deal in, the Shares which may fall to be issued pursuant to the exercise of the Options granted under the Share Option Scheme.

(C) Indemnities

The Covenantors have given indemnities pursuant to the Deed of Indemnity as referred to in this section of the prospectus headed “(F) Summary of our material contracts” in connection with taxation liabilities of our Group (if any) relating to the events or matters occurred on or before the Listing Date.

The indemnities in the Deed of Indemnity shall not apply in, among others, the following circumstances:

- (a) to the extent that full provision has been made for such taxation in the audited consolidated accounts of our Group; or

- (b) to the extent that liability for such taxation would not have arisen but for any act or omission by any member of our Group (whether alone or in conjunction with some other act, omission or transaction, whenever occurring) voluntarily effected without the prior written consent or agreement of the Covenantors (such consent or agreement not to be unreasonably withheld or delayed), otherwise than in the ordinary course of business after the date of Deed of Indemnity; or
- (c) to the extent that any provisions or reserve made for taxation in the audited consolidated accounts of our Group up to 30 June 2012 is finally established to be an over-provision or an excessive reserve; or
- (d) to the extent that such taxation claim arises or is incurred as a result of the imposition of taxation as a consequence of any retrospective change in the law, rules or regulations or the interpretation or practice thereof by the relevant tax authority coming into force after the date of Deed of Indemnity or to the extent that such taxation claim arises or is increased by an increase in rates of taxation after the Listing Date with retrospective effect.

Our Directors have been advised that no material liability for estate duty is likely to fall on our Company or any of its subsidiaries in the Cayman Islands.

(D) Litigation

Saved as disclosed in the section headed “Business — Legal Proceedings and Compliance” in this prospectus, as at the Latest Practicable Date, no member of our Group was 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 any member of our Group that would have a material adverse effect on our Group’s results of operations or financial condition.

(E) Preliminary Expenses

The preliminary expenses are estimated to be approximately HK\$30,000 and are payable by our Company.

(F) Promoter

Our Company has no promoter for the purposes of the Listing Rules. Saved 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 proposed to be paid, allotted or given to any promoter in connection with the Global Offering.

(G) Agency fees or commissions

Save as disclosed in this prospectus, within the two years preceding the date of this prospectus, no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any share or loan capital of our Company or any of its subsidiaries.

(H) Joint Sponsors

The Joint Sponsors have made an application for and on behalf of our Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Shares in issue as mentioned herein and any Shares falling to be issued pursuant to the Global Offering, the Capitalisation Issue, the exercise of the Over-allotment Option and/or any options which may be granted under the Share Option Scheme. All necessary arrangements have been made to enable such Shares to be admitted into CCASS for clearing and settlement.

(I) No material adverse change

Our Directors confirm that there has been no material adverse change in the financial or trading position of our Group since 30 June 2012 (being the date on which the latest audited financial statements of our Group were made up), and there has not been any interruption in the business of our Group which may have or have had a material adverse effect on the financial position of our Group in the 12 months preceding the date of this prospectus.

(J) Binding effect

This prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all the provisions (other than the penal provisions) of sections 44A and 44B of the Companies Ordinance so far as applicable.

(K) Miscellaneous

(a) Save as disclosed in this prospectus:

- (i) within the two years immediately preceding the date of this prospectus, no share or loan capital of our Company or any of its subsidiaries has been issued or agreed to be issued fully or partly paid either for cash or for a consideration other than cash;
- (ii) no share or loan capital of our Company or any of its subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;
- (iii) neither our Company nor any of its subsidiaries have issued or agreed to issue any founder shares, management shares or deferred shares;
- (iv) within the two years immediately preceding the date of this prospectus, no commissions, discounts, brokerage or other special terms have been granted in connection with the issue or sale of any shares or loan capital of any member of our Group;
- (v) within the two years preceding the date of this prospectus, no commission has been paid or payable (except commissions payable to the Underwriters) for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any Shares in our Company or its subsidiaries; and

- (vi) none of the equity and debt securities of any member of our Group is listed or dealt with in any other stock exchange nor is any listing or permission to deal being or proposed to be sought.
- (b) Our Company has no outstanding convertible debt securities or debentures.
- (c) Save for the pledge of bank deposits and charges set out in the section headed “Appendix I — Accountants’ Report of the Group” of this prospectus, our Company has no material mortgage or charge.

(L) Qualifications of experts

The following are the qualifications of the experts who have given opinion or advice which are contained in this prospectus:

Name	Qualification
Citigroup Global Markets Asia Limited	A licensed corporation under the SFO 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) regulated activities as defined under the SFO
Morgan Stanley Asia Limited	A licensed corporation under the SFO to conduct type 1 (dealing in securities), type 4 (advising on securities), type 5 (advising on future contracts), type 6 (advising on corporate finance), type 7 (providing automated trading services) and type 9 (asset management) regulated activities as defined under the SFO
Standard Chartered Securities (Hong Kong) Limited	Licensed under the SFO for type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance), and type 9 (asset management) regulated activities as defined under the SFO
Deloitte Touche Tohmatsu	Certified public accountants
Maples and Calder	Cayman Islands and BVI legal advisers
Commerce and Finance Law Offices	PRC legal advisers
Savills Valuation and Professional Services Limited	Professional valuer

(M) Consents of experts

Each of Citigroup Global Markets Asia Limited, Morgan Stanley Asia Limited, Standard Chartered Securities (Hong Kong) Limited, Deloitte Touche Tohmatsu, Maples and Calder, Commerce and Finance Law Offices and Savills Valuation and Professional Services 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 summary of valuations and/or legal opinions (as the case may be) and references to its name included in the form and context in which it appears.

(N) Bilingual prospectus

The English language and Chinese language versions of this prospectus are being published separately, in reliance upon the exemption provided by section 4 of the Companies Ordinance (Exemption of Companies and Prospectus from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong). The English text of this prospectus shall prevail over the Chinese text in case of discrepancies.

APPENDIX VIII DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG AND AVAILABLE FOR INSPECTION

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to the copy of this prospectus delivered to the Registrar of Companies in Hong Kong for registration were:

- (a) copies of the **white, yellow and green** Application Forms;
- (b) the written consents referred to in the paragraph entitled “Consents” in Appendix VII to this prospectus; and
- (c) copies of the material contracts referred to in the paragraph headed “Summary of material contracts” in Appendix VII to this prospectus.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the offices of Reed Smith Richards Butler at 20th Floor, Alexandra House, 18 Chater Road, Central, Hong Kong during normal business hours up to and including the date which is 14 days from the date of this prospectus:

- (a) the Memorandum of Association and Articles of Association;
- (b) the Cayman Companies Law;
- (c) the Accountants’ Report of the Group prepared by Deloitte Touche Tohmatsu, the text of which is set out in Appendix I to this prospectus;
- (d) the audited consolidated financial statements which have been prepared for our Group for the three financial years ended 31 December 2011 and the six months ended 30 June 2012;
- (e) the report on the unaudited pro forma financial information prepared by Deloitte Touche Tohmatsu, the text of which is set out in Appendix II to this prospectus;
- (f) the letters from each of Deloitte Touche Tohmatsu and the Joint Sponsors relating to the profit forecast, the texts of which are set out in Appendix III to this prospectus;
- (g) the letter, the summary of valuation and valuation certificates prepared by Savills Valuation and Professional Services Limited, the text of which is set out in Appendix IV to this prospectus;
- (h) the letter prepared by Maples and Calder summarising certain aspects of Cayman Islands company law as referred to in Appendix V to this prospectus;
- (i) the opinion letter prepared by Maples and Calder in connection with certain aspects of the BVI law as set out in the section headed “Business — Description of our Property Projects — Suzhou” in this prospectus;

**APPENDIX VIII DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES
IN HONG KONG AND AVAILABLE FOR INSPECTION**

- (j) the material contracts referred to in the paragraph headed “Summary of our material contracts” in Appendix VII to this prospectus;
- (k) the service contracts referred to in the paragraph headed “Particulars of service contracts” in Appendix VII to this prospectus;
- (l) the rules of the Share Option Scheme;
- (m) the written consents referred to in the paragraph headed “Consents” in Appendix VII to this prospectus; and
- (n) the PRC legal opinions dated 13 November 2012 and issued by Commerce & Finance Law Offices.

旭輝控股(集團)有限公司
CIFI HOLDINGS (GROUP) CO. LTD.