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OVERVIEW

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

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

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

Our strategic vision is not confined to developing our business in Shanghai, Tianjin and Beijing. We recognise that China is the largest country in terms of population and the fastest growing major economy in the world. Therefore, in addition to national key economic cities in China, we believe that other regional key economic cities located in high growth regions will also play an increasingly important role in China’s property market due to urbanisation and will benefit from the anticipated strong economic growth in these regions. Hence, leveraging on our success in Shanghai and Tianjin, we have also selectively expanded into other fast-growing regional key economic cities so as to take

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advantage of the growth potential in those local property markets. For example, our No. 1 City Promotion (第一國際) was ranked the sixth best selling real estate project in Wuxi during the first half of 2009 according to Wuxi House Online.

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

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

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

- (i) projects with a total planned GFA of approximately 4,654,495 sq.m. for which the relevant government authorities had granted the land use rights certificates;
- (ii) projects with a total planned GFA of approximately 2,891,714 sq.m. for which we had signed land grant contracts or had successfully tendered but had not, as at the Latest Practicable Date, obtained the land use rights certificates; and
- (iii) projects with a total planned GFA of approximately 6,051,874 sq.m. for which we have entered into master agreements with the local governments but had not, as at the Latest Practicable Date, concluded the public tender process or entered into land grant contracts. The master agreements are legally binding but, after signing such master agreements, we are still required by the relevant PRC laws and regulations to go through the public tender,

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auction or listing for bidding process, enter into a land grant contract and pay the relevant land premium before we are able to obtain the land use rights certificate. Details of these projects for which we signed master agreements are disclosed in the paragraph headed “— Projects to be acquired for future development” below. We cannot guarantee that we will be successful in securing the land grant contracts and obtaining the relevant land use rights in respect of these projects for which we have only signed master agreements, or that we will be successful in obtaining the relevant approvals in accordance with our expected development schedule.

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

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

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

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

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

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

Our vision for our future development is fully reflected in our ‘three prong’ business approach, which is as follows.

- **Solidify our leading position in Shanghai:** Shanghai is one of the largest cities and the most populous city in China. It is also the financial capital of China. The 2010 Shanghai World Expo is expected to solidify Shanghai’s status in the 21st century as a major economic city. According to the research report by China Index Research Institute issued in April 2009, Shanghai was the most attractive city in terms of demand for property investments in China’s real estate market. We believe we have a strong presence and a highly regarded reputation in Shanghai and are competitively positioned to benefit from its long term growth potential. As at 31 July 2009, we had accumulated a total planned GFA of approximately 2.3 million sq.m. of high quality land bank in Shanghai, excluding those projects for which we have only signed master agreements.
- **Strengthen our foothold in Tianjin and Beijing:** We have a well-established presence in Beijing and in Tianjin, Tianjin is a fast developing city with the potential to become the commercial centre of the Pan-Bohai Rim region. We entered the property market in Tianjin in 2003 and through our efforts over the past six years, we have established a firm foothold in the Tianjin property development market. As a testimony to our success in Tianjin, our “Sunshine Holiday (陽光星期八)” project in Tianjin was awarded the China Real Estate Gold Housing Award (中國金房獎) in 2006 by the China Real Estate Chamber of Commerce, Xinhua News Agency, Economic Information Daily and Urban Development and Environmental Research Center of the Chinese Academy of Social Sciences project company, all of which are independent from our Group. Our Tianjin Yangguang Xindi was awarded the Corporate Prize for Meritorious Investment of the year in Tianjin (投資天津功勳企業獎) by the Investment in Tianjin Committee, Tianjin Federation of Industry and Commerce, Jin Wan Bao newspaper of Jin Wan Media Group, which are all independent of our Group. As at 31 July 2009, we had built up a land bank with a total planned GFA of approximately 839,309 sq.m. in Tianjin, of which approximately 156,460

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sq.m. were attributable to properties for which we have signed master agreements but had not, as at the Latest Practicable Date, concluded the public tender process or entered into land grant contracts and, therefore, with respect to which we cannot guarantee that we will be successful in obtaining the land use right certificates. In addition, as at 31 July 2009, we had built up a land bank with a total planned GFA of approximately 1,625,127 sq.m. in Beijing, of which approximately 1,256,113 sq.m. were attributable to properties for which we have signed master agreements but had not, as at the Latest Practicable Date, concluded the public tender process or entered into land grant contracts and, therefore, with respect to which we cannot guarantee that we will be successful in obtaining the land use right certificates.

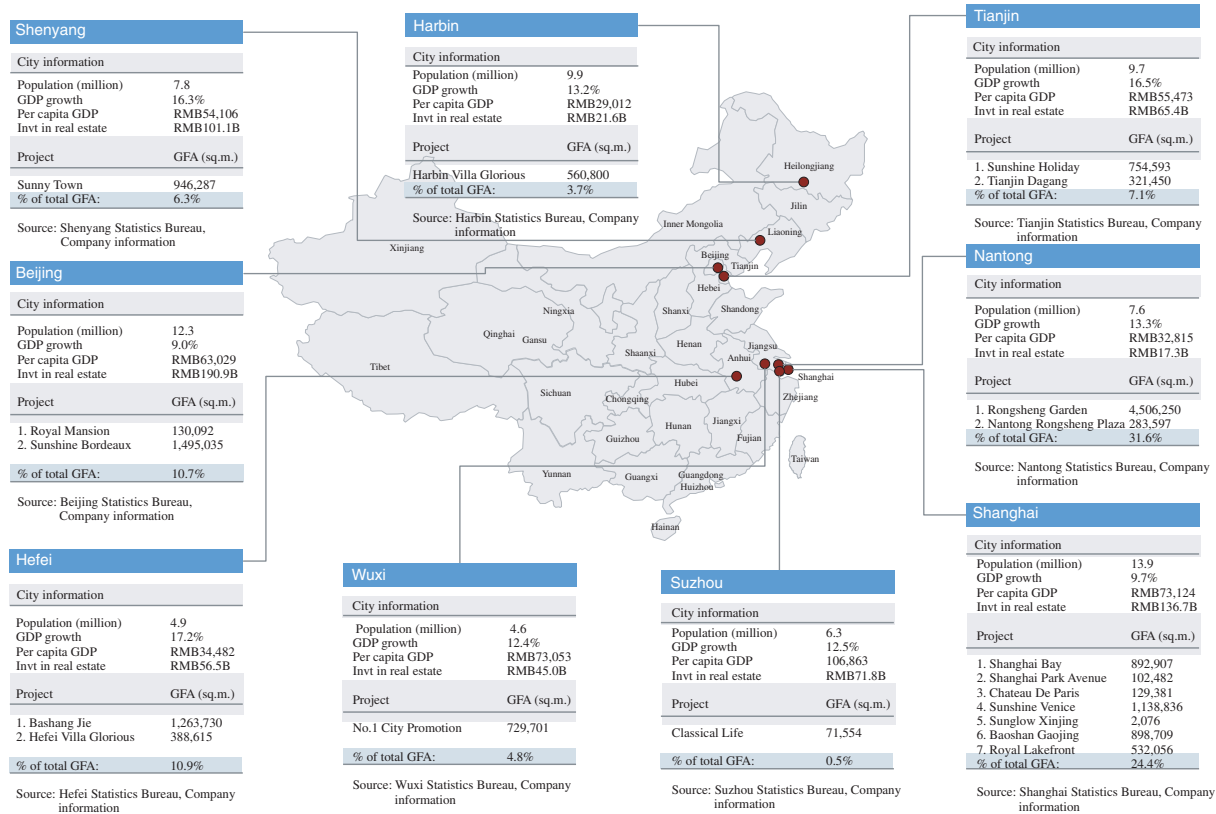
- **Expand into high growth cities across China:** Leveraging our success in Shanghai, Tianjin and Beijing, we have expanded, and intend to continue to actively and strategically expand, our property development business into other high growth cities within China. As at 31 July 2009, we had eight projects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

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

The following map shows the locations and other information of our land bank as at 31 July 2009, with a total planned GFA of 13,598,083 sq.m., which includes properties with an aggregate planned GFA of 6,051,874 sq.m. in respect of which we have signed master agreements with the local

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governments but had not, as at the Latest Practicable Date, concluded the public tender process and entered into the land grant contracts and, therefore, with respect to which we cannot guarantee that we will be successful in obtaining the land use right certificates.



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

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

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OUR COMPETITIVE STRENGTHS

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

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

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

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

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

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

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

As at 31 July 2009, we had a land bank of 5,207,048 sq.m. located in Shanghai, Tianjin and Beijing, representing 38.3% of our total land bank (of which, 1,812,573 sq.m. was GFA for which we have signed master agreements with the relevant local governments but had not, as at the Latest Practicable Date, completed the public tender process or entered into the land grant contracts and, therefore, with respect to which we cannot guarantee that we will be successful in obtaining the land use right certificate). Most of our land bank is located at prime locations. In particular, our projects in Shanghai are strategically located either in well established prime locations such as in the vicinity of the Huangpu River or Inner Ring Road and Middle Ring Road, or in areas which we believe have high growth potential. We believe that the prime location of our land bank and our unique strategic vision are difficult for our competitors to replicate. The location and abundance of our land bank supported by our strategic vision have laid a strong foundation for the success of our future property development.

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

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



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

Another aspect of the high quality of our land bank is reflected in the appreciation potential of its value. With the extensive experience and insights of our management team, we have been able to identify and acquire land sites with future appreciation potential that could provide us with attractive profit margin. For example, the bidding price for the two parcels of land near our Royal Lakefront in Fengxian in the public tender process from the third parties in May 2009 is substantially higher than

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what we paid for our Royal Lakefront in early 2008. We also successfully bid for the Baoshan Gaojing project in early 2004 when the surrounding areas were still under heavy construction and rezoning. However, after five years of continuous development, Shanghai Wujiaochang Hi-Tech Park (五角場創業園), which is close to Baoshan Gaojing, has been developed into a commercial and educational centre in Shanghai. There is now a convenient transportation network, including two light rail lines, in the vicinity of Baoshan Gaojing.

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

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

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

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

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

Experienced management team with a strategic vision and proven track record

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

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

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

Precise product positioning and innovative design

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

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

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

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

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

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

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

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OUR STRATEGIES

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

We will continue to strengthen our market positions in Shanghai, Tianjin and Beijing as we believe property developments in these key economic cities will continue to be the most profitable against the backdrop of their strong economic growth. By maintaining a strong presence in these cities, we believe we can enhance our brand profile, increase our pricing power and attract more talent in the industry.

We aim to have at least five projects concurrently under development in each of Shanghai, Tianjin and Beijing in the long term through a combination of sources of funding, including, among others, bank borrowings and pre-sale proceeds of properties. Of the five projects in each key city, two will be large scale projects with a total planned GFA of around 500,000 sq.m., supplemented by three smaller scale projects with a total planned GFA of around 200,000 sq.m. As of 31 July 2009, we had seven projects in Shanghai either completed and held for sale or investment, under development or held or to be acquired for future development. These seven projects had a total land bank of approximately 2.7 million sq.m.. We are actively exploring other potential acquisition opportunities in Shanghai with the aim of further strengthening our leading market position in this city. We plan to increase the number of projects in Tianjin and Beijing to the same level as in Shanghai in the long term. We believe smaller scale projects will generate profits in the short-term due to a shorter development cycle, while large scale projects will be our key revenue driver in the medium to long-term, so as to offer us sustainable revenue growth over the long run.

Selectively expand our business into other key economic cities with high growth potential

While we expect to benefit from the continued economic expansion in Shanghai, Tianjin and Beijing, we also intend to increase our focus on other key economic cities in China with a view to capturing the economic growth in these cities and to geographically broaden our revenue base. In this regard, we will fund our future expansion plans with bank borrowings and pre-sales proceeds of properties. With our successful experience in Shanghai, Tianjin and Beijing, our in-depth local knowledge and strong market reputation, we believe we can identify potential development opportunities in a timely manner to replicate our success as we expand into other key economic cities in China and take advantage of their expected high economic growth.

A key part of our expansion strategy is to build a successful business model in regional hubs including Shanghai, Tianjin and Beijing and then expand into other key economic cities in these regions. Our success in Shanghai, for example, has led to our gradual expansion to the cities in the Yangtze River Delta area including Wuxi, Nantong, Suzhou and Hefei. Our well-established position in Tianjin and Beijing has also presented opportunities for us to venture into the property markets in the neighboring cities in the Pan-Bohai Rim area.

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Increase our focus on integrated and high quality property developments in prime locations to promote our “Glorious Property” brand

Our long-term strategy is to focus on developing high quality up-market products in prime locations and position our “Glorious Property” brand as a premier brand across the PRC. We have already accumulated and will continue to replenish our premium land bank which is suitable for up-market project development.

Two of our project developments in Shanghai, Shanghai Park Avenue (皇家花園) and Chateau De Paris (陽光巴黎), have demonstrated our future market positioning as an integrated and high quality property developer targeting the upper segment of the market. Shanghai Park Avenue is located at the intersection of Yili Road (伊犁路) and Anshun Road (安順路) in Changning District (長寧區), adjacent to the Gubei Business District (古北商業區). Shanghai Park Avenue is also adjacent to Hongqiao Central Park (虹橋中心公園) and most of its apartments offer a full view of the green area of Hongqiao Central Park. Shanghai Park Avenue consists of five buildings with a total GFA of 102,482 sq.m. which are designed and managed by renowned designers and property management companies.

Another project in Shanghai, Chateau De Paris, is located in the commercial centre of Xuhui District (徐匯區). The project is a large-scale residential and retail development with a total planned GFA of approximately 129,381 sq.m. The project is located in the vicinity of a few recreation facilities such as Shanghai Municipal Library and Shanghai Stadium as well as renowned educational institutions such as Xuhui Middle School (徐匯中學) and Shanghai Jiao Tong University (上海交通大學). We believe Chateau De Paris is a benchmark for up-market residential projects in Xuhui District and an ideal home for middle to high-income households and individuals upon its completion.

We also intend to continue to promote our “Glorious Property” brand by engaging internationally renowned architects and expanding our experienced in-house designers team, creating innovative and distinctive products, using premium materials and fittings in the construction and furnishing of our properties, delivering top quality products to our customers and providing strong after-sales support. We have established the Huangpu Customers Club (皇浦薈客戶俱樂部) to provide quality after-sales services to our customers and enhance the nationwide recognition of our brand. We are confident that we will be able to develop “Glorious Property” into a brand name synonymous with excellence, quality, nobility and trust in the property industry in China.

Diversify income streams through the holding of investment properties

We intend to gradually expand into the hotel, retail and office property sectors in China to diversify and to enhance the stability of our revenue streams. We aim to achieve a diversified earnings base balanced between development activities, which generate profits from selling completed development projects, and investment activities, which generate recurring rental income through our retention of office, retail and hotel assets for long-term investment purposes. With our increasing exposure to the commercial property sector, we expect that our revenues from rental income will increase in the next three years.

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Given the increasing importance of the service industry in China’s economy and growing institutional focus on commercial properties investment in China, we believe that market demand for high quality commercial properties in China will continue to rise. Commercial property is also less affected by the central government’s austerity measures and therefore faces less policy risks. As such, we intend to gradually increase our exposure to commercial properties by retaining part of our commercial property developments in prime locations for long-term investment purposes. Examples of our commercial property development project include the Shanghai Bay, a mixed use development comprising residential, retail, office and hotel facilities.

As part of our integrated and diversified business model, we are also in the process of developing, and plan to develop, several high quality hotels. We have entered into long-term management agreements with Key International Hotels Management Co., Ltd, a joint venture partially owned by Kempinski Hotels S.A. of Europe, and with Holiday Inns (China) Limited, a subsidiary of InterContinental Hotels Group for the management and operations of the hotels in Shanghai Bay and No. 1 City Promotion. We believe that the management of our hotels by such internationally renowned hotel management companies can enhance the profile and prospect of our hotel properties.

Continue to apply our strategic vision and explore various ways to replenish and secure our future land bank

In light of a possible decrease in land supply due to increasing government control, our management team will continue applying our strategic vision to explore different ways to replenish and secure our future land bank. We adopt a strategy of gradual and prudent land bank expansion, taking into account our financial capacity before making new acquisitions. In addition to acquiring land through entering into land grant contracts with the PRC Government, we will continue to leverage our proven expertise to acquire project companies that have access to suitable sites. We will also continue to collaborate with various local governments in urban redevelopment, as this will give us an opportunity to be involved in the early stages of development plans, help us gain insights into the relevant land and place us in a competitive position to bid for the cleared land. We base our land acquisition decisions on thorough research and analysis of a project’s expected return in the context of forecasted future property and economic trends in the relevant city.

OUR BUSINESS

Overview of Our Projects

As at 31 July 2009, we had 19 projects in various stages of development. Our properties are located in Shanghai, Tianjin, Beijing, Wuxi, Suzhou, Nantong, Hefei, Shenyang and Harbin and can be broadly classified as follows:

- Completed properties held for sale or investment, which comprise property projects we had completed but had not disposed of as of 31 July 2009, with the certificates of completion issued by the relevant government authorities;
- Properties under development, which comprise property projects with respect to which we had received land use rights certificates and construction permits or approval letters for early construction but had not, as of 31 July 2009, obtained the certificates of completion;

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- Properties held for future development, which comprise property projects with respect to which we had obtained the land use rights certificates but had not, as of 31 July 2009, obtained the requisite construction permits or approval letters for early construction;
- Properties contracted to be acquired, which comprise property projects with respect to which we had signed the relevant land grant contracts with the relevant PRC land administrative authorities or had successfully tendered for the relevant project but had not, as of 31 July 2009, obtained the land use right certificates; and
- Projects to be acquired for future development, which comprise property projects with respect to which we had signed master agreements with the local government authorities, but had not, as of 31 July 2009, completed the public tender, auction or listing for bidding process, had not entered into a land grant contract and had not obtained the land use rights certificates.

We have entered into a series of master agreements with the local governments pursuant to which we are able to obtain the right to be involved in the local government’s urban re-development or zoning process at early stages. Depending on the particular circumstances, we may be required to pay certain fees pursuant to the relevant master agreements such as land compensation fees and relocation fees, which fees will be deducted from the land premium to be paid by us if subsequently we successfully tender for this land and sign a land grant contract. Through such process, we are able to gain insights into the details of the particular land parcels and development plans of the relevant government authorities in the relevant districts, which increases our chances of successfully obtaining the relevant land in the subsequent public tender and auction processes. After signing the master agreements, we are still required under the relevant PRC laws and regulations to go through the public tender, auction or listing for bidding process and, if we are successful in the public tender, enter into a land grant contract and pay the relevant land premiums in full before we are eligible to apply for the land use rights certificates. As such, there is no assurance that we will be successful in securing the land grant contracts and/or obtaining the relevant land use rights certificates in respect of projects falling within the category of “properties to be acquired for future development”. In the event that we are not successful in the public tender and auction process in respect of such projects, we will not be able to engage in the development of such projects and will not have access to any of the associated GFA for development or sale.

As of 31 July 2009, our land bank comprises a total completed GFA of 458,450 sq.m., a total GFA under development of 1,607,556 sq.m., a total planned GFA of 2,588,489 sq.m. held for future development, a total planned GFA of 2,891,714 sq.m. contracted to be acquired, and a total planned GFA of 6,051,874 sq.m. to be acquired for future development. The total planned GFA of 6,051,874 sq.m. to be acquired for future development is attributed to our future projects in respect of which we have only entered into master agreements but had not yet, as at the Latest Practicable Date, completed the public tender auction or listing for bidding process, entered into relevant land grant contracts or obtained the relevant land use right certificates. Details of these projects are separately set out in the section paragraph headed “— Projects to be acquired for future development”.

The following table sets forth details of our projects as of 31 July 2009 in accordance with the classification above (other than properties to be acquired for future development).

Project name	Location	Land bank							Reference to valuation report (Property number)					
		Total GFA (sq.m.)	GFA sold and delivered as of 31 Jul 2009 (sq.m.) ⁽¹⁾	GFA pre-sold and undelivered as of 31 Jul 2009 (sq.m.) ⁽²⁾	Total saleable/ leaseable unsold GFA (sq.m.)					Construction commencement/ Expected date of construction commencement ⁽⁷⁾	Pre-sales commencement day	Interest attributable to us (%)		
					Residential	Retail ⁽³⁾	Office	Hotel					Others ⁽⁴⁾ (sq.m.)	
Completed projects held for sale/investment														
Shanghai Park Avenue 皇家花園	Shanghai	102,482	65,781	10,998	481	1,541	—	—	23,681	April 2003	April 2007	November 2006	100%	1
Chateau De Paris (Phase I) 陽光巴黎 (第一期)	Shanghai	30,891	25,447	—	635	321	—	—	4,488	April 2002	April 2004	January 2003	100%	2
Chateau De Paris (Phase II) 陽光巴黎 (第二期)	Shanghai	98,490	48,113	4,793	921	17,148	—	—	27,514	November 2004	August 2008	February 2007	100%	2,18
Sunshine Venice (Phase I, II & IIIA) ⁽⁵⁾ 陽光威尼斯 (第一期、二期和三期A)	Shanghai	792,475	664,802	131	—	33,793	—	—	93,749	November 2002	September 2006	January 2003	100%	3,16
Sunshine Venice (Phase IIIB) ⁽⁶⁾ 陽光威尼斯 (第三期B)	Shanghai	219,637	149,693	35,053	7,758	8,058	—	—	19,075	April 2005	August 2009	November 2006	100%	3,16
Singlow Xinjing 陽光新景	Shanghai	2,076	—	—	—	2,076	—	—	—	N/A	December 2001	N/A	100%	20
No.1 City Promotion (Phase I) 第一國際 (第一期)	Wuxi, Jiangsu	192,445	159,047	—	3,375	—	—	—	30,023	June 2005	October 2007	November 2005	100%	4
Classical Life (Phase I) 海上一品 (第一期)	Suzhou, Jiangsu	34,224	22,686	1,370	8,269	1,627	—	—	272	June 2006	June 2008	January 2007	100%	6
Classical Life (Phase II) 海上一品 (第二期)	Suzhou, Jiangsu	37,330	29,178	—	—	—	—	—	8,152	December 2007	December 2008	January 2008	100%	6
Sunny Town (Phase I) 陽光尚城 (第一期)	Shenyang, Liaoning	137,754	112,260	282	759	4,430	—	—	20,023	July 2006	Jun 07 & Aug 08	August 2006	100%	7
Sunny Town (Phase II) ⁽⁶⁾ 陽光尚城 (第二期)	Shenyang, Liaoning	74,087	36,329	5,418	8,765	12,925	—	—	10,649	March 2008	Nov 08 & Dec 10	April 2008	100%	7,29
Sunshine Holiday (Phase I) 陽光假期A (第一期)	Tianjin	85,998	77,270	147	—	6,091	—	—	2,490	January 2005	August 2006	April 2005	100%	5
Sunshine Holiday (Phase II) 陽光假期B (第二期)	Tianjin	200,630	159,464	171	998	6,113	—	—	33,883	August 2005	September 2008	February 2006	100%	5
Sub-total		2,008,520	1,550,070	58,362	31,962	94,124	—	—	274,001					

Project name	Location	Total GFA (sq.m.)	Land bank										Reference to valuation report (Property number)		
			GFA sold and delivered as of 31 Jul 2009 (sq.m.) ⁽¹⁾	GFA pre-sold and undelivered as of 31 Jul 2009 (sq.m.) ⁽²⁾	Total saleable/ leaseable unsold GFA (sq.m.)					Construction ⁽⁷⁾ Expected date of construction commencement	Construction completion/ Expected completion time	Pre-sales commencement day		Interest attributable to us (%)	
									Others ⁽⁴⁾ (sq.m.)						
					Residential	Retail ⁽³⁾	Office	Hotel							
Projects under development															
Shanghai Bay (Phase I)	Shanghai	220,666	—	111,587	76,685	5,658	—	—	26,737	May 2006	Nov 09 & Dec 10	September 2007	100%	8	
尚海灣 (第一期).....															
Shanghai Bay (Phase IIA)	Shanghai	59,910	—	—	46,801	2,356	—	—	10,753	August 2006	March 2011	N/A	100%	8	
尚海灣 (第二期).....															
Shanghai Bay (Phase III) - Binjiang Centre (South block)	Shanghai	123,653	—	—	—	—	—	89,700	33,953	September 2006	May 2011	N/A	100%	8	
尚海灣 (第三期) : 濱江中心 (南樓).....															
Shanghai Bay (Phase III) - Binjiang Centre (North block)	Shanghai	114,611	—	—	—	2,954	20,493	52,412	38,752	September 2006	December 2011	N/A	100%	19	
尚海灣 (第三期) : 濱江中心 (北樓).....															
Sunshine Venice (Phase IIC)	Shanghai	58,658	—	—	—	58,658	—	—	—	January 2008	September 2009	N/A	100%	17	
陽光威尼斯 (第三C期).....															
No.1 City Promotion (Phase II)	Wuxi, Jiangsu	218,032	—	104,206	75,226	85	—	—	38,515	January 2007	November 2009	February 2008	100%	12	
第一國際 (第二期).....															
Hefei Villa Glorious (Phase I)	Hefei, Anhui	100,944	—	—	96,629	—	—	—	4,315	March 2009	October 2011	N/A	100%	14	
合肥恒盛•豪庭 (第一期).....															
Royal Mansion (Phase I)	Beijing	67,500	—	—	46,462	3,393	—	—	17,645	March 2008	Dec 10 & Jun 11	N/A	100%	11	
歐洲公館 (第一期).....															
Sunshine Bordeaux (Phase IA)	Beijing	136,902	—	62,366	31,306	16,461	—	—	26,768	March 2008	November 2009	June 2008	100%	10	
陽光波爾多 (第一A期).....															
Sunshine Holiday (Phase III)	Tianjin	187,335	—	77,199	78,668	1,617	—	—	29,851	September 2007	Oct 09 & Jun 10	January 2008	100%	9	
陽光假期 (第三期).....															
Sunny Town (Phase III)	Shenyang, Liaoning	165,935	—	26,692	100,624	17,478	—	—	21,140	April 2008	May 10 & Dec 11	June 2009	100%	13	
陽光尚城 (第三期).....															
Harbin Villa Glorious (Phase I)	Harbin, Heilongjiang	153,411	—	—	111,486	9,497	—	—	32,428	July 2009	December 2010	N/A	100%	15	
哈爾濱恒盛•豪庭 (第一期).....															
Sub-total		1,607,556	—	382,051	663,886	118,156	20,493	142,112	280,858						

Project name	Location	Land bank										Reference to valuation report (Property number)		
		Total GFA (sq.m.)	GFA sold and delivered as of 31 Jul 2009 (sq.m.) ⁽¹⁾	GFA pre-sold and undelivered as of 31 Jul 2009 (sq.m.) ⁽²⁾	Total saleable/ leaseable unsold GFA (sq.m.)				Construction ⁽⁷⁾ commencement/ Expected date of construction commencement	Construction completion/ Expected completion time	Pre-sales commencement day		Interest attributable to us (%)	
					Residential	Retail ⁽³⁾	Office	Hotel						
														Others ⁽⁴⁾ (sq.m.)
Projects held for future development														
Sunshine Venice (Phase IV)	Shanghai	68,066	—	—	37,700	—	—	—	30,366	August 2011	December 2013	N/A	100%	21
陽光威尼路 (第四期)														
Shanghai Bay (Phase IIB)	Shanghai	374,067	—	—	198,850	90,430	—	—	84,786	January 2010	Dec 12 & Jun 14	N/A	100%	8
尚海灣 (第二B期)														
Royal Lakefront (Phase IA)	Shanghai	58,119	—	—	45,899	8,154	—	—	4,066	September 2009	November 2010	N/A	100%	30
湖畔豪庭 (第一A期)														
Royal Lakefront (Phase IB)	Shanghai	173,044	—	—	86,835	53,293	—	—	32,915	Mar 10 & Mar 11	Dec 11 & Dec 12	N/A	100%	30
湖畔豪庭 (第一B期)														
Royal Mansion (Phase II)	Beijing	62,592	—	—	31,589	7,233	—	—	23,770	March 2010	Sep & Dec 11	N/A	100%	11
歐洲公館 (第二期)														
Sunshine Bordeaux (Phase IB)	Beijing	102,021	—	—	63,993	16,634	—	—	21,394	September 2009	Jun & Oct 11	N/A	100%	10
陽光波爾多 (第一B期)														
Dagang Project (Phase I, II & III)	Tianjin	242,850	—	—	205,058	—	—	—	37,793	May 2010	December 2013	N/A	100%	22
大港項目 (第一期、二期和三期)														
Dagang Project (Phase IV)	Tianjin	78,600	—	—	—	29,070	9,500	23,750	16,280	June 2012	September 2013	N/A	100%	22
大港項目 (第四期)														
No.1 City Promotion (Phase III)	Wuxi, Jiangsu	216,506	—	—	110,553	37,699	—	—	68,254	March 2010	December 2012	N/A	100%	23
第一國際 (第三期)														
No.1 City Promotion (Phase IV)	Wuxi, Jiangsu	102,718	—	—	29,940	31,559	—	27,545	13,674	May 2012	Jun & Dec 14	N/A	100%	24
第一國際 (第四期)														
Nantong Rongsheng Plaza	Nantong, Jiangsu	283,597	—	—	—	48,098	97,112	64,504	73,883	March 2012	December 2015	N/A	100%	25
南通恒盛大廈														
Rongsheng Garden (Phase IB)	Nantong, Jiangsu	131,250	—	—	125,000	—	—	—	6,250	November 2010	December 2011	N/A	100%	26
榮盛花園 (第一B期)														
Hefei Villa Glorious (Phase II)	Hefei, Anhui	138,463	—	—	86,208	—	—	—	52,255	June 2010	December 2012	N/A	100%	27
合肥恒盛·豪庭 (第二期)														
Hefei Villa Glorious (Phase III)	Hefei, Anhui	138,463	—	—	86,208	—	—	—	52,255	March 2011	December 2013	N/A	100%	27
合肥恒盛·豪庭 (第三期)														
Hefei Villa Glorious (Phase IV)	Hefei, Anhui	10,746	—	—	—	10,746	—	—	—	June 2012	December 2014	N/A	100%	27
合肥恒盛·豪庭 (第四期)														
Harbin Villa Glorious (Phase II)	Harbin, Heilongjiang	271,593	—	—	220,866	—	—	—	50,727	April 2010	December 2011	N/A	100%	28
哈爾濱恒盛·豪庭 (第二期)														
Harbin Villa Glorious (Phase III)	Harbin, Heilongjiang	135,796	—	—	100,551	—	—	—	35,245	April 2012	December 2013	N/A	100%	28
哈爾濱恒盛·豪庭 (第三期)														
Sub-total		2,588,489	—	—	1,429,250	332,916	106,612	115,799	603,912					

Project name	Location	Land bank										Reference to valuation report (Property number)		
		Total GFA (sq.m.)	GFA sold and delivered as of 31 Jul 2009 (sq.m.) ⁽¹⁾	GFA pre-sold and undelivered as of 31 Jul 2009 (sq.m.) ⁽²⁾	Total saleable/ leaseable unsold GFA (sq.m.)					Construction ⁽⁷⁾ Expected date of construction commencement	Construction completion/ Expected completion time		Pre-sales commencement day	Interest attributable to us (%)
					Residential	Retail ⁽³⁾	Office	Hotel	Others ⁽⁴⁾ (sq.m.)					
Projects contracted to be acquired														
Baoshan Gaojing (Phase I) 寶山高境 (第一期)	Shanghai	498,709	—	—	394,764	13,149	—	—	90,796	Mar 10 & Mar 11 & May 12	Dec 11 & Dec 12 & Dec 15	N/A	100%	31
Royal Lakefront (Phase II) 湖畔豪庭 (第二期)	Shanghai	300,894	—	—	173,684	63,500	—	—	63,710	October 2010	Sep 12 & Dec 13	N/A	100%	32
Rongsheng Garden (Phase IA) 榕盛花園 (第一A期)	Nantong, Jiangsu	343,254	—	—	297,173	31,900	—	—	14,181	March 2010	Oct 11 & Dec 11	N/A	100%	37
Sunshine Holiday (Phase IV) 陽光星期八 (第四期)	Tianjin	124,170	—	—	43,353	16,530	1,710	43,353	19,224	Mar 10 & Mar 12	Dec 11 & Dec 13 & Oct 14	N/A	100%	33
Bashang Jie 瞿上街	Hefei, Anhui	1,263,730	—	—	406,922	260,283	235,657	95,907	264,961	March 2011	Dec 13 & Aug 14 & Dec 15	N/A	100%	36
Sunny Town (Phase IV) 陽光尚城 (第四期)	Shenyang, Liaoning	360,957	—	—	283,957	23,000	—	—	54,000	March 2010	December 2012	N/A	100%	38
Sub-total		2,891,714	—	—	1,599,853	408,362	237,367	139,261	506,871					
Total		9,096,279	1,550,070	440,413	3,724,952	953,559	364,472	397,172	1,665,642					

- (1) The 25,447 sq.m. of GFA sold and delivered in Chateau De Paris Phase I included 4,778 sq.m. of retail; The 112,260 sq.m. of GFA sold and delivered in Sunny Town Phase I included 7,501 sq.m. of retail and 2,320 sq.m. of carparks; The 65,781 sq.m. of GFA sold and delivered in Shanghai Park Avenue included 4,076 sq.m. of carparks; The 159,047 sq.m. of GFA sold and delivered in No.1 City Promotion (Phase I) included 656 sq.m. of carparks.
- (2) The 10,998 sq.m. of GFA pre-sold and undelivered in Shanghai Park avenue included 823 sq.m. of retail.
- (3) Includes saleable/leaseable clubhouses.
- (4) Includes saleable/leaseable carparks, convention centre and non-saleable/ non-leaseable GFA.
- (5) The 664,802 sq.m. GFA sold and delivered in Sunshine Venice included those sold and delivered before the Track Record Period.
- (6) The 12,925 sq.m. retail component of Sunny Town (Phase II) had not commenced construction as of 31 July 2009.
- (7) For the projects under construction and completed projects held for sale/investment, the Directors confirmed that the construction commencement date had complied with the relevant Construction Work Commencement Permit (建築工程施工許可證). As at the Latest Practicable Date, our PRC legal adviser, Commerce and Finance Law Offices, confirmed that they had not found any land owned by the Company that is subject to the possibility of forfeiture or penalties due to the delay of construction.
- (8) Sunshine Venice IIIB includes a few blocks and its revenue began to be recognised upon the delivery of the first block. Therefore although the construction of all blocks of Sunshine Venice Phase IIIB will be completed by August 2009, the Company had been able to deliver the completed blocks and recognise revenue as of 31 July 2009.

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In general, land use rights in China are granted for a term of 70 years for residential properties, 40 years for commercial properties and 50 years for comprehensive use properties. The relevant authorities will not issue a formal land use rights certificate in respect of a parcel of land until the construction land use approval and the land planning permit have been obtained by the developer, and the land premium has been paid in full and the resettlement process completed. As a result, according to the pace of development, the land for a property development may be divided into one or more parcels for which multiple land use rights certificates are granted at different stages of development.

The site area information for an entire project is based on either the relevant land use rights certificates, land grant contracts or tender documents, depending on which document is available. The total GFA of a project includes saleable and non-saleable GFA. “Saleable GFA” represents the GFA of a property which we intend to sell and which does not exceed the multiple of the site area and the maximum permissible plot ratio as specified in the relevant land grant contracts or other approval documents from the local governments relating to the project. “Non-saleable GFA” represents the GFA of a property that is not for sale and largely includes ancillary facilities.

The figures for completed GFA that appear in this document are based on figures provided in the relevant government documents. The following information that appears in this document is based on our internal records and estimates: (a) figures for GFA of projects under development, GFA of projects for future development, GFA of projects contracted to be acquired, GFA of projects to be acquired for future development, GFA sold, GFA pre-sold, saleable/leasable GFA, non-saleable/non-leasable GFA and (b) information regarding total development cost (mainly including land cost, construction costs and capitalised finance costs), outstanding cost for each project, planned construction period and average selling price. The information setting out the construction period for the completed blocks or phases of our projects in this document is based on relevant government documents or our own internal records.

Properties are sold when the purchase contract with a customer has been executed and the property has been delivered to the customer. Properties are pre-sold when the purchase contract has been executed but the property has not yet been delivered to the customer. For the purpose of this section, average selling price in respect of each project, or, where applicable, each phase of a project, is derived by dividing total proceeds received from pre-sale and/or sale as of 31 July 2009 by the total GFA pre-sold and/or sold as of 31 July 2009. The average selling prices in this section therefore may differ from the recognised average selling prices disclosed in the section headed “Financial Information” in two aspects: (i) each average selling price disclosed below corresponds to the pre-sale and sale life of the relevant project (or of the relevant phase of a project) up to and as at 31 July 2009, whereas each recognised average selling price disclosed in the section headed “Financial Information” only corresponds to the relevant financial year during the Track Record Period; and (ii) the calculation of each average selling price disclosed below takes into account the proceeds from pre-sale before they have been recognised as revenue, as well as pre-sold GFA before they have been delivered, whereas each average selling price disclosed in the section headed “Financial Information” is calculated based on the recognised revenue and total GFA delivered within the relevant financial year. Please refer to “Financial Information — Selected Income Statement Items — Revenue” for the recognised average selling prices calculated based on recognised revenue for each of the three financial years ended 31 December 2008 and the four months ended 30 April 2009.”

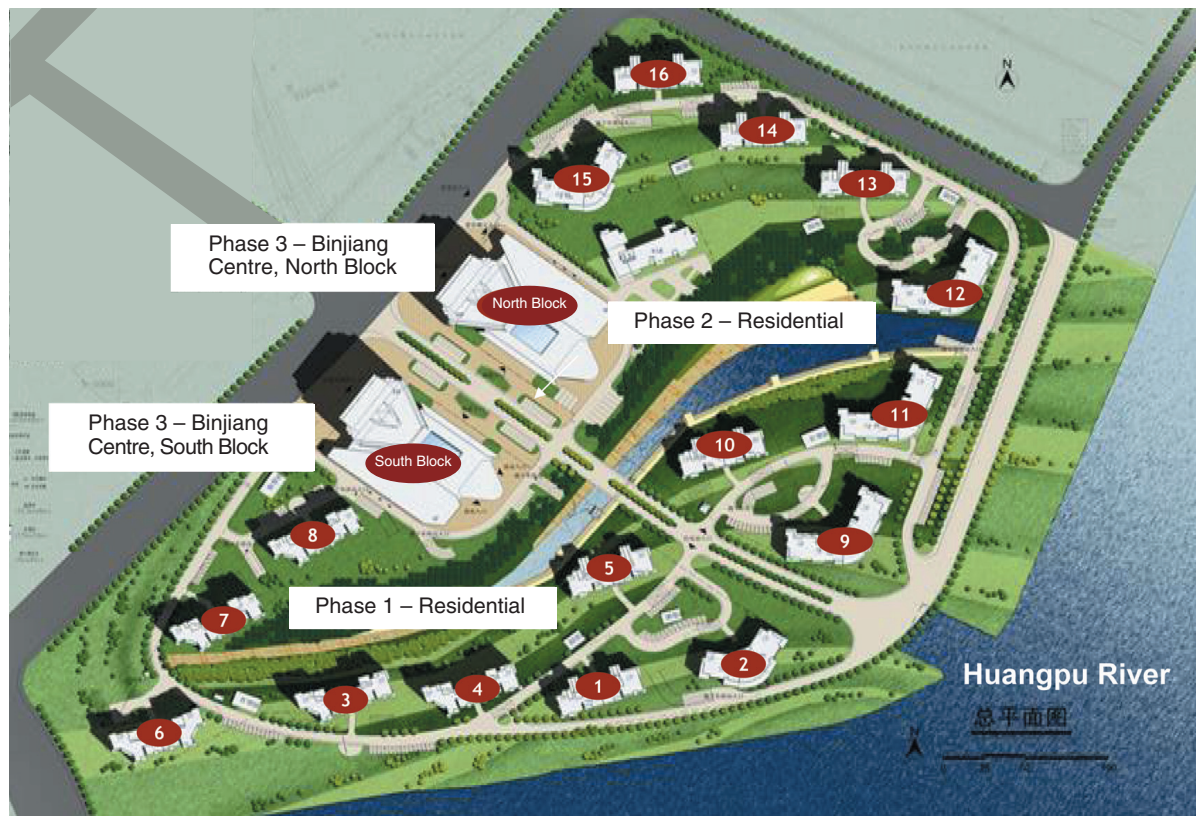
BUSINESS

We include in this document the project names, which we have used, or intend to use, to market our properties. Some of the names for our property developments are pending approval by the relevant government authorities and may be subject to change.

OUR PROPERTY DEVELOPMENT PROJECTS

Shanghai

Shanghai Bay (尚海灣)



Shanghai Bay — Phases I, II and III (Binjiang Center) are located on Wan Ping South Road (宛平南路), Xuhui District (徐匯區) along the west side of the Huangpu River (黃浦江), overlooking the Shanghai World Expo Site. The project is one of the largest integrated developments on the Huangpu River. Construction of the subway leading to the Shanghai World Expo venue is under way and is expected to be completed by the end of 2009. The project is adjacent to the Longhua Tourist City (龍華旅遊城).

The project occupies an aggregate site area of approximately 178,734 sq.m. and has a total planned GFA of approximately 892,907 sq.m., including 107,477 sq.m. of properties subject to the Shanghai Bay Arrangement (described below). Upon completion, Phases I and II of the project are expected to include 16 residential buildings with a total saleable GFA of approximately 433,923 sq.m. and retail facilities with a total leasable GFA of approximately 98,444 sq.m. The retail facilities of Phase IIB, which include a shopping mall, will have a total leasable GFA of approximately 90,430 sq.m..

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Upon completion, Phase III of Shanghai Bay, Binjiang Center (濱江中心), is expected to include two buildings, namely, North Block and South Block. The North Block of the Binjiang Center is expected to include a high quality hotel with 290 guest rooms and a total leasable GFA of approximately 52,412 sq.m., a total leasable GFA of approximately 20,493 sq.m. for office use and a total leaseable GFA of 2,954 sq.m. for retail use. The South Block of the Binjiang Center will be a high quality hotel with 660 guest rooms with a total leaseable GFA of 89,700 sq.m.. This hotel will become the first hotel in Puxi Shanghai that is able to use the brand name Kempinski. The total development costs incurred in respect of this hotel as of 30 June 2009 were approximately RMB419 million and the outstanding costs required to complete the development were estimated to be approximately RMB1,004 million. We have entered into a hotel management agreement with Key International Hotels Management Co., Ltd for management of the hotel’s daily operations. Key International Hotels Management Co., Ltd is a joint venture between Beijing Tourism Group and Kempinski Hotels S.A, which intends to deliver professional hotel management to the China tourism industry by developing and operating high quality Kempinski hotels in China. Pursuant to the hotel management agreement, the hotel management company will be responsible for managing the daily operation of the hotel, including formulating operational and strategic plans for the hotel’s business. The management fees to be paid to the hotel management company will be calculated based on a percentage of the hotel’s revenues plus certain incentive fees. These payment arrangements with the hotel management company are in line with industry practice and are designed to align the hotel management company’s interests with ours. The hotel management company is also responsible for recruiting and training the hotel staff.

BUSINESS

The project is located close to the Fenglin Biomedical Center (楓林生命科學園區), the third integrated business area after the Hongqiao Economic Development Zone (虹橋經濟技術開發區) and Lujiazui Central Financial District (陸家嘴中央商務區) in Shanghai. The project will also have a number of themed gardens and its green coverage ratio within the residential community is expected to exceed 40%. Upon completion, most of the residential apartments of Shanghai Bay will enjoy the scenic view of the Huangpu River. The residents in Shanghai Bay will be provided with easy access to a wide range of amenities including clubhouses, a kindergarten and other retail and leisure facilities.

As of 31 July 2009, we were still in the process of developing Phase I, IIA and III (Binjiang Center) of Shanghai Bay. Details of Phase I of Shanghai Bay as of 31 July 2009 were as follows:

Phase I ⁽¹⁾	Residential	Retail
Planned Construction period	May 2006 — November 2009/ December 2010	May 2006 — November 2009/ December 2010
Total saleable/leasable GFA (sq.m.)	188,272	5,658
GFA sold/pre-sold (sq.m.)	111,587	N/A
Average selling price per sq.m. (RMB)	30,869	N/A

Note:

(1) Phase I of Shanghai Bay will include 586 saleable/leasable carpark spaces upon completion.

Details of Phase IIA of Shanghai Bay as of 31 July 2009 were as follows:

Phase IIA ⁽¹⁾	Residential	Retail
Planned construction period	August 2006 — March 2011	August 2006 — March 2011
Total saleable/leasable GFA (sq.m.)	46,801	2,356

Note:

(1) Phase IIA of Shanghai Bay will include 204 saleable/leasable carpark spaces upon completion.

Details of Phase III (Binjiang Center) of Shanghai Bay as of 31 July 2009 were as follows:

Phase III (North block)⁽¹⁾	Office	Hotel	Retail
Planned construction period	September 2006 — December 2011	September 2006 — December 2011	September 2006 — December 2011
Total saleable/leasable GFA (sq.m.)	20,493	52,412	2,954

Note:

(1) Phase III (North block) of Shanghai Bay will include 362 saleable/leasable carpark spaces upon completion.

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Phase III (South block) ⁽¹⁾	Hotel
Planned construction period	September 2006 — May 2011
Total saleable/leasable GFA (sq.m.)	89,700

Note:

(1) Phase III (South block) of Shanghai Bay will include 307 saleable/leasable carpark spaces upon completion.

As of 31 July 2009, we had not commenced the construction of Phase IIB of Shanghai Bay. Details of Phase IIB of Shanghai Bay as of 31 July 2009 were as follows:

Phase IIB ⁽¹⁾	Residential	Retail
Planned construction period	January 2010 — December 2012	January 2010 — June 2014
Total saleable/leasable GFA (sq.m.)	198,850	90,430

Note:

(1) Phase IIB of Shanghai Bay will include 1,458 saleable/leasable carpark spaces upon completion.

Based on our estimates, the total development cost incurred in respect of Shanghai Bay as of 30 June 2009 was approximately RMB2,727 million, including RMB549 million of land cost. The outstanding cost required to complete the development as of 30 June 2009 was estimated to be approximately RMB8,006 million. The project is expected to be financed by bank borrowings and proceeds from pre-sales of properties.

We entered into the land grant contracts with the local government in respect of Shanghai Bay in August 2004 and December 2004. As of 31 July 2009, all relevant land use rights certificates had been obtained and the land premium had been fully paid for all phases of Shanghai Bay.

We are developing this project through our wholly-owned subsidiary Shanghai Xintai (上海鑫泰房地產開發有限公司). A total capital value of RMB18,090 million was attributable to Shanghai Bay as of 31 July 2009 in the property valuation report as set out in Appendix IV, all of which was attributable to our interest in the project.

As of 31 July 2009, Shanghai Bay had received the following awards and recognition:

- Award for Most Influential Property with Leading Quality in China in 2008 (Shanghai) (2008 中國(上海)地產最具影響力領袖氣質樓盤獎), awarded by Liberation Daily, Xin Min Evening News and Shanghai Morning Posts;
- The Fifth China Real Estate Internet Popularity Ranking - Shanghai Real Estate Model Property (第五屆中國房地產網絡人氣榜上海房地產標杆樓盤), awarded by www.Soufun.com;

BUSINESS

Shanghai Bay Arrangements with the Shanghai Industrial Group

In August 2009, pursuant to a series of related agreements (the “Shanghai Bay Arrangements”), we transferred our legal ownership interests in Block No. 2 and 8 of Shanghai Bay, with a total GFA of 56,305 sq. m., to an indirect wholly-owned subsidiary of Shanghai Industrial Holdings Limited, a company listed on the Stock Exchange (together with its subsidiaries, “Shanghai Industrial Group”). In return, we received a payment of approximately US\$190.2 million (equivalent to RMB 1.3 billion) which we used to partially redeem the Original Notes.

We will receive a second payment in an amount equal to the US\$ equivalent of RMB0.7 billion when we transfer our legal interests in additional Blocks Nos. 9 and 10 of Shanghai Bay with a total GFA of 51,171 sq. m. to Shanghai Industrial Group. We intend to use approximately US\$28 million of such funds to repay the amount outstanding under the bridge loan, the details of which are set out in “History, Reorganisation and Group Structure — Financing”. We will deposit the balance of approximately US\$74 million into an account of Bright New that has been pledged as collateral for the Financing and may only be used for operating expenses and permitted uses until such financing is repaid.

Under the Shanghai Bay Arrangements, we have the right and obligation to reacquire the Projects and Shanghai Industrial Group has the right and obligation to resell such Projects to us on 1 December 2011. Assuming we have transferred Block Nos. 9 and 10, the consideration for the reacquisition of all of the transferred blocks of the Projects will be RMB2 billion. If the transfer of Block Nos. 9 and 10 does not take place, the consideration for the reacquisition of Block Nos. 2 and 8 will be RMB1.3 billion. As part of such arrangements, we have also agreed to ensure that Shanghai Industrial Group receives a “shareholder return” (net of tax) for each of the three years ending 31 December 2011 equalling to 18% per annum of the consideration paid by Shanghai Industrial Group.

The commercial intention for entering into the Shanghai Bay Arrangements was to enable us to obtain financing from, and grant collateral for such financing to, Shanghai Industrial Group. As such, following the transfer of the Projects and prior to 31 December 2011, unless a non-performing event occurs, we still will retain the right to manage and control the construction, pre-sale, sale, and development of the Projects transferred and manage the daily operations of Shanghai Penghui, the entity that will have legal ownership of the Projects during such period. As part of the Shanghai Bay Arrangements, we have also agreed to provide additional security to Shanghai Industrial Group in the form of a pledge of Block No. 6 of Shanghai Bay (once Block No. 6’s development status meets the required standard to be pledged). Such pledge will be released at the time that we repurchase the transferred Projects or when the amount of pre-sale proceeds from Block No. 6 received by Shanghai Penghui reaches RMB350 million (whichever is earlier). Assuming that we do not default in our obligations under the Shanghai Bay Arrangements, including our obligation to repurchase the Projects for RMB 2 billion and to ensure payment of the 18% shareholder return to Shanghai Industrial Group, Shanghai Industrial Group will have no further interest or entitlement in respect of the Projects once we repurchase the Projects.

BUSINESS

Having made due and careful inquiries, the Directors are of the view that the Shanghai Bay Arrangements were entered into on normal commercial terms after arm’s length negotiations with Shanghai Industrial Group and are in the interest of the Shareholders. In addition, from a commercial perspective, the Directors believe that the Shanghai Bay Arrangements are the first step to potential future business opportunities with the Shanghai Industrial Group, which, if they materialise, may bring commercial benefits to our Group. For further details of the terms of the Shanghai Bay Arrangements, including event of defaults, please refer to Appendix VIII headed “Shanghai Bay Arrangements”.

As of 31 July 2009, we were still in the process of developing the Projects, which comprise block Nos. 2, 8, 9, 10 of Shanghai Bay and are subject to Shanghai Bay Arrangement. The Projects have a total planned GFA of approximately 107,477 sq.m. Details of the Projects as of 31 July 2009 were as follows:

	Block No.2	Block No.8	Block No.9	Block No.10	Total
Saleable GFA.....	25,626	28,737	24,169	24,987	103,520
Non-saleable GFA.....	1,011	932	1,156	858	3,957
Total GFA.....	26,637	29,668	25,326	25,846	107,477
	January	January	March	March	
Expected Completion Date of Construction ..	2010	2010	2011	2011	N/A
	January	September	January	January	
Expected Commencement Date of Pre-sale ..	2010	2009	2010	2010	N/A

As of 31 July 2009, we had not commenced the construction of Block No. 6 of Shanghai Bay. Block No. 6 of Shanghai Bay had a total planned GFA of approximately 29,763 sq.m., of which 28,766 sq.m. is saleable GFA. The expected completion date of construction for Block No. 6 is December 2012 and the expected commencement date of pre-sale for Block No. 6 is January 2012. Block 6 is part of Phase IIB of Shanghai Bay.

BUSINESS

Shanghai Park Avenue (皇家花園)



Shanghai Park Avenue is located at the intersection of Yili Road (伊犁路) and Anshun Road (安順路) in Changning District (長寧區), adjacent to the Gubei business district (古北商業區). Yan'an Viaduct and Inner Ring Viaduct run through this area and a subway station within walking distance is under construction. Shanghai Park Avenue is adjacent to Hongqiao Central Park (虹橋中心公園) and some of its apartments offer a view of the Hongqiao Central Park. The Xijiao national guest villa community (西郊國賓別墅區) and the Gubei international residential community (古北國際生活區), are also in the vicinity. Residents of Shanghai Park Avenue can enjoy comprehensive amenities and living facilities in the surrounding area including Gubei Carrefour (古北家樂福), Yew Chung International School (耀中國際學校) and Hongqiao Parkson (虹橋百盛). Shanghai Park Avenue consists of five buildings built in neo-classical style designed by nationally renowned designers. One of the five blocks of Shanghai Park Avenue, namely, Block No. 8, is designated for serviced apartments. Although we have disposed Block No. 8 of Shanghai Park Avenue, it will be managed by Key International Hotels Management Co., Ltd, a joint venture to which Kempinski Hotels S.A. of Europe is a party, with a view to further enhancing the overall quality and promoting the image of Shanghai Park Avenue.

BUSINESS

As of 31 July 2009, we had completed the development of Shanghai Park Avenue. The completed properties occupied an aggregate site area of approximately 24,625 sq.m., and had a total GFA of approximately 102,482 sq.m. The total development cost incurred to complete the development was RMB773 million, including RMB310 million of land cost. Details of Shanghai Park Avenue as of 31 July 2009 were as follows:

Shanghai Park Avenue ⁽¹⁾	Residential	Retail ⁽²⁾
Construction period	April 2003 — April 2007	April 2003 — April 2007
Total saleable/leasable GFA (sq.m.)	72,360	2,364
GFA sold/pre-sold (sq.m.) ⁽³⁾	71,880	823
Average selling price per sq.m. (RMB)	25,496	25,000

Notes:

- (1) *Shanghai Park Avenue includes 353 saleable/leasable carpark spaces.*
- (2) *This includes a clubhouse with a total leasable GFA of approximately 1,541 sq.m..*
- (3) *Of the 76,779 sq.m. sold or pre-sold (including 4,076 sq.m. of carpark spaces) approximately 65,781 sq.m. had been delivered and recognised as of 31 July 2009.*

We entered into the land grant contract with the local government in respect of Shanghai Park Avenue in March 2002. As of 31 July 2009, we had obtained all relevant land use rights certificates and had fully paid the land premium for Shanghai Park Avenue.

Shanghai Park Avenue was developed by our wholly-owned subsidiary Shanghai Anshun (上海安順房地產開發有限公司). A total capital value of RMB428 million was attributable to Shanghai Park Avenue as of 31 July 2009 in the property valuation report in Appendix IV, all of which was attributable to our interest in the project.

BUSINESS

Chateau De Paris (陽光巴黎)



Chateau De Paris — Phase I and Phase II is located at the intersection of Xietu Road (斜土路) and Dongan Road (東安路), Xuhui District (徐匯區). It is situated in the Xujiahui Business District (徐家匯商業區) and is adjacent to the Zhaojiabang Road (肇嘉浜路). The project is an integrated residential and retail development with an aggregate site area of approximately 31,703 sq.m. and has a total planned GFA of approximately 129,381 sq.m.. The residents of Chateau De Paris have easy access to a variety of amenities such as shopping malls, retail shops, banks and cinemas. The retail property in Phase II of Chateau De Paris is currently leased to Carrefour as a shopping centre. Chateau De Paris is also near several recreation facilities such as the Shanghai Municipal Library (上海市圖書館) and Shanghai Stadium (上海體育館) and renowned educational institutions such as Xuhui Middle School (徐匯中學) and Shanghai Jiao Tong University (上海交通大學). The residential area has a high green coverage ratio. We believe that Chateau De Paris is a benchmark for up-market residential projects in Xuhui District and an ideal home for high-income households and individuals.

BUSINESS

As of 31 July 2009, we had completed the development of Phase I of Chateau De Paris, which had a total GFA of approximately 30,891 sq.m. Details of Phase I of Chateau De Paris as of 31 July 2009 were as follows:

Phase I ⁽¹⁾	Residential	Retail
Construction period	April 2002 — April 2004	April 2002 — April 2004
Total saleable/leasable GFA (sq.m.)	21,304	5,099
GFA sold (sq.m.)	20,669	4,778
Average selling price per sq.m.	16,871	35,000

Note:

(1) Phase I of Chateau De Paris includes 89 saleable/leasable carpark spaces.

As of 31 July 2009, we had completed the development of Phase II of Chateau De Paris, which had a total GFA of approximately 98,490 sq.m. Details of Phase II of Chateau De Paris as of 31 July 2009 were as follows:

Phase II ⁽¹⁾	Residential	Retail ⁽²⁾
Construction period	November 2004 — August 2008	November 2004 — August 2008
Total saleable/leasable GFA (sq.m.)	53,828	17,148
GFA sold/pre-sold (sq.m.) ⁽³⁾	52,906	N/A
Average selling price per sq.m.	23,382	N/A

Notes:

(1) Phase II of Chateau De Paris includes 342 saleable/leasable carpark spaces.

(2) This includes a clubhouse with a total leasable GFA of approximately 1,589 sq.m.

(3) Of the 52,906 sq.m. sold or pre-sold, approximately 48,113 sq.m. had been delivered and recognised as of 31 July 2009.

The total development cost incurred to complete the development of Chateau De Paris as of 30 June 2009 was RMB847 million, including RMB232 million of land cost.

As of 31 July 2009, we had obtained all relevant land use rights certificates and had fully paid the land premium for Phases I and II of Chateau De Paris.

We developed this project through our wholly-owned subsidiary Shanghai Haosen (上海豪森房地產有限公司). A total capital value of RMB565 million was attributable to Chateau De Paris as of 31 July 2009 in the property valuation report in Appendix IV, all of which was attributable to our interest in the project.

BUSINESS

Sunshine Venice (陽光威尼斯)



Sunshine Venice — Phases I to IV is located on Taopu Road (桃浦路), Putuo District (普陀區). Phases I, II and III of Sunshine Venice are large-scale residential and retail community property developments and Phase IV is a serviced apartment development. The residential community of Sunshine Venice is adjacent to a large theme park on Jinding Road (金鼎路). The project occupies an aggregate site area of approximately 429,929 sq.m. and has a total planned GFA of approximately 1,138,836 sq.m.

As of 31 July 2009 we had completed the development of Phases I, II and IIIA of Sunshine Venice. The completed properties had a total GFA of approximately 792,475 sq.m.

Details of Phases I, II and IIIA of Sunshine Venice as of 31 July 2009 were as follows:

Phase I, II and IIIA ⁽¹⁾	Residential	Retail
Construction period	November 2002 — September 2006	November 2002 — September 2006
Total saleable/leasable GFA (sq.m.)	664,933	33,793
GFA sold/pre-sold (sq.m.) ⁽²⁾	664,933	N/A
Average selling price per sq.m. (RMB)	6,836	N/A

Notes:

(1) Phases I, II and IIIA of Sunshine Venice include 1,240 saleable/leasable carpark spaces.

(2) Of the 664,933 sq.m. sold or pre-sold, approximately 664,802 sq.m. had been delivered and recognised as of 31 July 2009.

BUSINESS



As of 31 July 2009, we were still in the process of developing Phase IIIB of Sunshine Venice. Details of Phase IIIB of Sunshine Venice as of 31 July 2009 were as follows:

Phase IIIB ⁽¹⁾	Residential	Retail ⁽²⁾
Planned construction period	April 2005 — August 2009	April 2005 — August 2009
Total saleable/leasable GFA (sq.m.)	192,504	8,058
GFA sold/pre-sold (sq.m.) ⁽³⁾	184,745	N/A
Average selling price per sq.m. (RMB)	12,693	N/A

Notes:

(1) Phase IIIB of Sunshine Venice will include 240 saleable/leasable carpark spaces upon completion.

(2) This includes a clubhouse with a total leasable GFA of approximately 2,512 sq.m..

(3) Of this 184,745 sq.m. sold/pre-sold, approximately 149,693 sq.m. of residential GFA had been recognised as revenue as of 31 July 2009.

BUSINESS

As of 31 July 2009 we were still in the process of developing Phase IIIC of Sunshine Venice. Details of Phase IIIC of Sunshine Venice as of 31 July 2009 were as follows:

Phase IIIC	Retail
Planned construction period	January 2008 — September 2009
Total saleable/leasable GFA (sq.m.)	58,658

As of 31 July 2009, we had not commenced the construction of Phase IV of Sunshine Venice. Details of Phase IV of Sunshine Venice were as follows:

Phase IV ⁽¹⁾	Residential
Planned construction period	August 2011 — December 2013
Total saleable/leasable GFA (sq.m.)	37,700

Note:

(1) Phase IV of Sunshine Venice will include 322 saleable/leasable carpark spaces upon completion.

Based on our estimates, the total development cost incurred in respect of Sunshine Venice as of 30 June 2009 was approximately RMB3,738 million, including RMB623 million land cost, and the outstanding cost to complete the development was estimated to be approximately RMB586 million. The project is expected to be financed by bank borrowings and proceeds from pre-sales of properties.

We entered into the land grant contract with the local government in respect of Sunshine Venice in July 2001. We entered into the supplement contracts with the local government in respect of Sunshine Venice in November 2002, April 2003, December 2004, respectively. As of 31 July 2009, we had obtained all relevant land use rights certificates for Phases I to IV of Sunshine Venice and had fully paid the land premium.

Sunshine Venice is being developed by our wholly-owned subsidiary Shanghai Yijing (上海意景房地產開發公司). A total capital value of RMB1,970 million was attributable to Sunshine Venice as of 31 July 2009 in the property valuation report in Appendix IV, all of which was attributable to our interest in the project.

As of 31 July 2009, Sunshine Venice — Phases I to III received the following awards and recognition:

- Gold Award for the first China Environmental Design Contest (首屆中國優秀環境設計大賽綜合金獎), awarded by China Council for the Promotion of International Science and Peace (中國國防科學和平促進會), China Association of Environmental Protection Industry (中國環境保護產業協會) and Jiefang Daily Press News Group in 2002;

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- Ranked No. 2 in Commodity Housing Sales in Shanghai by Contracted Area in 2003 (2003年度上海市商品住宅銷售面積50強第二名), awarded by Shanghai Real Estate Trading Center;
- Ranked No. 5 in Commodity Housing Sales in Shanghai by Contracted Area in 2005 (2005年度上海市商品住宅銷售面積10強第五名), awarded by Shanghai Real Estate Trading Center;
- Charity Enterprises (慈善企業) and Charity Star (慈善之星), awarded by People’s Government of Taopu Township, Putuo District, Shanghai in 2006;
- Gold Award for the second Property Suitable for Marriage Contest (第二屆實用婚房金獎樓盤) and Model Property for Young Marriage (青年置業婚房榜樣樓盤), awarded by China (International) Marriage Expo and China Youth Press Office in 2007; and
- Distinctive Villa of the Yangtze River Delta (長三角特色別墅), awarded by the 5th Internet Popularity Ranking of China Real Property in 2008 hosted by www.SouFun.com.

Baoshan Gaojing (寶山高境)

Baoshan Gaojing (寶山高境) — Phase I and II is located close to Shanghai Riverside New Town (江灣新城). It is also near Fudan University (復旦大學), Tongji University (同濟大學), and Shanghai Wujiaochang Hi-Tech Park (五角場創業園) in Yangpu District (楊浦區). Phase I of Baoshan Gaojing has a total site area of 206,377 sq.m. and a total planned GFA of 498,709 sq.m. Baoshan Gaojing enjoys convenient transportation facilities, in particular, two light rail lines are in its vicinity. We plan to develop Baoshan Gaojing into an integrated development comprising residential and commercial properties.

As of 31 July 2009, we had not commenced the construction of Phase I of Baoshan Gaojing.

Details of Phase I of Baoshan Gaojing as of 31 July 2009 were as follows:

Phase I⁽¹⁾	Residential⁽²⁾	Retail
Planned construction period	March 2010 — December 2012	May 2012 — December 2015
Total saleable/leasable GFA (sq.m.)	394,764	13,149

(1) Phase I of Baoshan Gaojing will include 1,647 saleable/leasable carpark spaces upon completion.

(2) Phase IA is expected to commence construction in March 2010 and complete in December 2011, Phase IB is expected to commence construction in March 2011 and complete in December 2012.

BUSINESS

As of 31 July 2009, we had successfully tendered for Phase I of Baoshan Gaojing. We expect to fully pay the land premiums after the local government’s adjustment on its government plan and obtain the land use right certificate in January 2010 based on our current construction schedule. We entered into a master agreement with the local government in October 2007 in respect of Phase II of Baoshan Gaojing, details of which are set out in the paragraph headed “— Projects to be acquired for future developments”.

Based on our estimates, the total development cost incurred in respect of Baoshan Gaojing Phase I as of 30 June 2009 was approximately RMB76 million. The outstanding cost required to complete the development of Phase I of Baoshan Gaojing was estimated to be approximately RMB2,027 million. The project is expected to be financed by, among others, bank borrowings and proceeds from pre-sales of properties.

Baoshan Gaojing (Phase I and II) is being developed by our wholly-owned subsidiary Shanghai Shengtong (上海勝通房地產開發有限公司). As we had not obtained the land use right certificate for Phase I of Baoshan Gaojing as at 31 July 2009, no commercial value has been attributed to it in the property valuation report in Appendix IV.

Royal Lakefront (湖畔豪庭)



BUSINESS

Royal Lakefront is located in the Shanghai Fengxian Modern Agricultural Zone (奉賢現代農業園區), one of the four biggest agricultural zones in Shanghai. The project is near an exit of A4 motorway, which connects Shanghai to Hangzhou, Hangnan Road (航南路) and Jinhai Road (金海路) in Fengxian district. The extension line of Light Rail 5 also runs through this area. Situated in the Nanqiao New City (南橋新城), a government-planned up-market residential area, the project has a full set of ancillary facilities in its vicinity, including Fengxian Middle School (奉賢中學), a key middle school of Shanghai city, and other facilities surrounding the local government office. To the east of the project, the local government has planned to develop a large park which will include a hotel, commercial complex and serviced apartments upon its completion.

The project occupies an aggregate site area of approximately 279,731 sq.m. and has a total planned GFA of 532,056 sq.m. As of 31 July 2009, we had not commenced the construction of Phase IA of Royal Lakefront. Details of Phase IA of Royal Lakefront as of 31 July 2009 were as follows:

Phase IA ⁽¹⁾	Residential	Retail
Planned construction period	September 2009 — November 2010	September 2009 — November 2010
Total saleable/leasable GFA (sq.m.)	45,899	8,154

Note:

(1) Phase IA of Royal Lakefront will include 446 saleable/leaseable car parks upon completion.

As of 31 July 2009, we had not commenced the construction of Phase IB of Royal Lakefront. Details of Phase IB of Royal Lakefront as of 31 July 2009 were as follows:

Phase IB	Residential	Retail
Planned construction period	March 2010 — December 2011	March 2011 — December 2012
Total saleable/leasable GFA (sq.m.)	86,835	53,293

As of 31 July 2009, we had not commenced the construction of Phase II of Royal Lakefront. Details of Phase II of Royal Lakefront as of 31 July 2009 were as follows:

Phase II ⁽¹⁾	Residential	Retail
Planned construction period	October 2010 — September 2012	March 2012 — December 2013
Total saleable/leasable GFA (sq.m.)	173,684	63,500

Note:

(1) Phase II of Royal Lakefront will include 675 saleable/leaseable car parks upon completion.

BUSINESS

Based on our estimates, the total development cost incurred in respect of Royal Lakefront as of 30 June 2009 was approximately RMB599 million. The outstanding cost required to complete the development was estimated to be approximately RMB2,137 million. The project is expected to be financed by bank borrowings and proceeds from pre-sale of properties.

As of 31 July 2009, we had obtained all relevant land use rights certificates and had fully paid the land premium for Phase IA and IB of Royal Lakefront. We had entered into a land grant contract with the local government with respect to Phase II of Royal Lakefront in April 2008. As of 31 July 2009, we were still in the process of applying for the land use rights certificate for Phase II of Royal Lakefront. We had fully paid the land premiums for Phase II of Royal Lakefront and we expect to obtain the land use right certificate before November 2009 based on the requirements of relevant laws and regulations.

Royal Lakefront is developed by our wholly-owned subsidiary Shanghai Hongye (上海弘曄房地產發展有限公司). A total capital value of RMB1,163 million was attributable to Phase IA and IB of Royal Lakefront as of 31 July 2009 in the property valuation report in Appendix IV, all of which was attributable to our interest in the project.

Tianjin

Sunshine Holiday (陽光星期八)



Sunshine Holiday — Phase I to V, is located at the intersection of Cheng Lin Road (成林道) and Weiguo Road (衛國道), Hedong District (河東區) of Tianjin City. Sunshine Holiday is only about 20 kilometres from Tianjin International Airport and near the No. 2 subway line being currently under construction. Phase I to Phase IV of this project have a site area of 184,680 sq.m. and a total planned GFA of 598,133 sq.m.

BUSINESS

Phases I to III of Sunshine Holiday are large-scale residential and retail community property developments providing high-rise apartment buildings. Phase IV of Sunshine Holiday is a high-quality hotel development. Sunshine Holiday provides a wide range of amenities to its residents.

As of 31 July 2009, we had completed the development of Phase I of Sunshine Holiday. The completed properties had a total GFA of approximately 85,998 sq.m. Details of Phase I of Sunshine Holiday as of 31 July 2009 were as follows:

Phase I	Residential	Retail
Construction period	January 2005 — August 2006	January 2005 — August 2006
Total saleable/leasable GFA (sq.m.)	77,416	6,091
GFA sold/pre-sold (sq.m.) ⁽¹⁾	77,416	N/A
Average selling price per sq.m. (RMB)	4,485	N/A

Note:

(1) Of this 77,416 sq.m. sold/pre-sold, approximately 77,270 sq.m. of residential GFA had been recognised as revenue as of 31 July 2009.

As of 31 July 2009, we had completed the development of Phase II of Sunshine Holiday, which had a total GFA of approximately 200,630 sq.m. Details of Phase II of Sunshine Holiday as of 31 July 2009 were as follows:

Phase II ⁽¹⁾	Residential	Retail
Construction period	August 2005 — September 2008	August 2005 — September 2008
Total saleable/leasable GFA (sq.m.)	160,634	6,113
GFA sold/pre-sold (sq.m.) ⁽²⁾	159,636	N/A
Average selling price per sq.m. (RMB).....	6,146	N/A

Note:

(1) Phase II of Sunshine Holiday includes 705 saleable/leasable carpark spaces.

(2) Of this 159,636 sq.m. sold/pre-sold, approximately 159,464 sq.m. had been recognised as revenue as of 31 July 2009.

BUSINESS

As of 31 July 2009, we were in the process of developing Phase III of Sunshine Holiday. The project under development had a total GFA of approximately 187,335 sq.m.. Details of Phase III of Sunshine Holiday as of 31 July 2009 were as follows:

Phase III ⁽¹⁾	Residential	Retail
Planned construction period	September 2007 — October 2009/ June 2010	September 2007 — June 2010
Total saleable/leasable GFA (sq.m.)	155,867	1,617
GFA sold/pre-sold (sq.m.)	77,199	N/A
Average selling price per sq.m. (RMB)	7,600	N/A

Note:

(1) Phase III of Sunshine Holiday will have 995 saleable/leasable carpark spaces upon completion.

As of 31 July 2009, we had not commenced the construction of Phase IV of Sunshine Holiday. Phase IV of Sunshine Holiday had a total planned GFA of approximately 124,170 sq.m.. Details of Phase IV of Sunshine Holiday as of 31 July 2009 were as follows:

Phase IV ⁽¹⁾	Residential	Hotel	Retail	Office
Planned construction period	March 2010 — December 2011	March 2012 — October 2014	March 2012 — December 2013	March 2012 — October 2014
Total saleable/leasable GFA (sq.m.)	43,353	43,353	16,530	1,710

Note:

(1) Phase IV of Sunshine Holiday will include 350 saleable/leasable carpark spaces upon completion.

Based on our estimates, the total development cost incurred in respect of Phase I to Phase IV of Sunshine Holiday as of 30 June 2009 was approximately RMB1,890 million, including RMB428 million of land cost. The outstanding cost required to complete the development was estimated to be approximately RMB879 million. The project is expected to be financed by bank borrowings and proceeds from pre-sale of properties.

We entered into a land grant contract with the local government in respect of Phase I to IV of Sunshine Holiday in April 2004. We entered into a master agreement with the local government in respect of Phase V of Sunshine Holiday in January 2007, details of which are set out in the paragraph headed “— Projects to be acquired for future developments”.

As of 31 July 2009, we had fully paid the land premium attributable to Phase I to III and had obtained the land use rights certificate in respect of Phase I to III of Sunshine Holiday. As of 31 July 2009, we had fully paid the land premiums for Phase IV of Sunshine Holiday and we expect to obtain the land use right certificate in January 2010.

Sunshine Holiday is being developed by our wholly-owned subsidiary, Tianjin Yangguang Xindi (天津陽光鑫地投資有限公司). A total capital value of RMB1,642 million was attributable to Phase I to Phase III of Sunshine Holiday as of 31 July 2009 in the property valuation report in Appendix IV, all of which was attributable to our interest in the project.

BUSINESS

As of 31 July 2009, Sunshine Holiday — Phases I to III received the following awards and recognition:

- Award for Best Selling Property in Tianjin in 2006 (2006年天津最佳銷售樓盤), awarded by Jin Wan Media Group, Tianjin Federation of Industry and Commerce;
- China Real Estate Gold Housing Award in 2006 (2006年中國金房獎), awarded by China Real Estate Chamber of Commerce, Xinhua News Agency, Economic Information Daily, Urban Development and Environmental Research Center of the Chinese Academy of Social Sciences;
- Meritorious Enterprises Award for Investment in Tianjin in 2006 and 2007 (2006與2007年投資天津功勳企業獎), awarded by Investment in Tianjin Committee, Tianjin Federation of Industry and Commerce, Jin Wao Bao of Jin Wan Media Group;
- Excellence Award in the Fall Housing Trade Fair in 2007 (2007年秋季房地產交易會優秀獎), awarded by Tianjin Municipal Bureau of Real Estate, Tianjin Municipal Bureau of City Plan, State Land and Resources, Tianjin Investment Management Committee, Tianjin Daily News Group;
- Award for the Best Housing Design (最佳房型設計獎), awarded by Jin Wan Bao newspaper and Tianjin Municipal Bureau of Real Estate;
- Excellence Award in the Spring Housing Trade Fair in 2008 (天津春季房交會優秀獎), awarded by Tianjin Municipal Bureau of Land Resources and Housing Management, Tianjin Municipal Construction Administration Committee, Tianjin Municipal Bureau of City Plan and Tianjin Daily Press Group.

Dagang Project (大港項目)

Dagang Project — Phase I to IV is located in the Guan’gang Forest Park (官港森林公園), Dagang District (大港區), Tianjin City. The project is located to the west of Gangtang Road (港塘公路) and to the southeast of Guan’gang Lake (官港湖). It is located within the Guan’gang recreational and resort area of Dagang District and is approximately 15 kilometres from the centre of Binhai New District (濱海新區). Being a wetland forest park in Tianjin city, Guan’gang Forest Park is part of the newly developed Binhai New District and planned to be developed into a new district having ecotourism, resort, recreational and sports functions under the Eleventh-Five Year Plan of Binhai New District. Based on our current plan, the Dagang Project will, upon its completion, be a lake-themed eco-integrated residential and recreational development.

The project comprises two pieces of land in the same area, with an aggregate site area of 312,704 sq.m. and has a total planned GFA of 321,450 sq.m. The project will be developed in four phases. As of 31 July 2009, we had not commenced the construction of Phase I to IV of Dagang Project.

Phase I to III of Dagang Project had a total planned GFA of approximately 242,850 sq.m.. Details of Phase I to III of Dagang Project as of 31 July 2009 were as follows:

BUSINESS

Phase I - III ⁽¹⁾	Residential
Planned construction period ⁽²⁾	May 2010 — December 2013
Total saleable/leasable GFA (sq.m.)	205,058

Note:

- (1) Phase I-III of Dagang Project will include 746 saleable/leaseable car parks upon completion.
- (2) The planned construction period of Phase I is from May 2010 to October 2011. The planned construction period of Phase II is from May 2010 to December 2011. The planned construction period of Phase III is from June 2012 to December 2013.

Phase IV of Dagang Project had a total planned GFA of approximately 78,600 sq.m. Details of Phase IV of Dagang Project as of 31 July 2009 were as follows:

Phase IV ⁽¹⁾	Hotel	Retail	Office
Planned construction period	June 2012 — September 2013	June 2012 — September 2013	June 2012 — September 2013
Total saleable/leasable GFA (sq.m.)	23,750	29,070	9,500

Note:

- (1) Phase IV of Dagang project will include 359 saleable/leaseable car parks upon completion.

Based on our estimates, the total development cost incurred in respect of Phase I to IV of Dagang Project as of 30 June 2009 was approximately RMB697 million, including RMB454 million of land cost. The outstanding cost required to complete the development was estimated to be approximately RMB1,105 million. The project is expected to be financed by bank borrowings and proceeds from pre-sale of properties.

We obtained the land use rights to Dagang Project through our acquisitions of a 100% interest in the project company Tianjin Tianxingjian (天津天行建房地產投資有限公司). A total capital value of RMB978 million was attributable to Dagang Project as of 31 July 2009 in the property valuation report in Appendix IV, all of which was attributable to our interest in the project.

BUSINESS

Beijing

Royal Mansion (歐洲公館)



Located in a developed residential area on the side of Xisihuan (西四環), Haidian District (海澱區), Royal Mansion — Phase I and II is expected to be a modern European-styled apartments community upon its completion with a full range of lifestyle, health, and education ancillary facilities. The project is located adjacent to Sunny Park (陽光星期八公園) and its residents can enjoy a comfortable living environment. Royal Mansion has a total site area of 34,850 sq.m. and a total planned GFA of approximately 130,092 sq.m.

As of 31 July 2009, we were in the process of developing Phase I of Royal Mansion. Details of Phase I of Royal Mansion as of 31 July 2009 were as follows:

Phase I ⁽¹⁾	Residential	Retail
Planned construction period	March 2008 — December 2010	July 2009 — June 2011
Total saleable/leasable GFA (sq.m.)	46,462	3,393

Note:

(1) Phase I of Royal Mansion will include 295 saleable/leasable carpark spaces upon completion.

BUSINESS

As of 31 July 2009, we had not commenced the construction of Phase II of Royal Mansion. Phase II of Royal Mansion had a total planned GFA of approximately 62,592 sq.m.. Details of Phase II of Royal Mansion as of 31 July 2009 were as follows:

Phase II ⁽¹⁾	Residential	Retail
Planned construction period	March 2010 — September 2011	March 2010 — December 2011
Total saleable/leasable GFA (sq.m.)	31,589	7,233

Note:

(1) Phase II of Royal Mansion will include 204 saleable/leasable carpark spaces upon completion.

As of 31 July 2009, we had obtained all relevant land use rights certificates and had fully paid the land premium for Royal Mansion.

Based on our estimates, the total development cost incurred in respect of the project as of 30 June 2009 was approximately RMB691 million, including RMB381 million land cost. The outstanding cost required to complete the development was estimated to be approximately RMB707 million. The project is expected to be financed by bank borrowings and proceeds from pre-sales of properties.

Royal Mansion is being developed by our wholly-owned subsidiary Beijing Yangguang Xindi (北京陽光鑫地置業有限公司). A total capital value of RMB1,011 million was attributable to Royal Mansion as of 31 July 2009 in the property valuation report in Appendix IV, all of which was attributable to our interest in the project.

As of 31 July 2009, Royal Mansion has received the following awards and recognition:

- China Residence Innovation Model - Integrated Application of China Housing Technology - Innovation Model Award in 2007 (2007年●中國居住創新典範●中國住宅科技集成應用●創新示範獎), awarded by Science & Technology Commission of the Ministry of Construction, China Real Estate and Housing Research Association, Urban Development Committee of China Real Estate Association and China Construction News;
- Top Ten Park Area Properties in Beijing in 2008 (2008●北京十大公園地產), awarded by Property Market Media, China Real Estate And Housing Research Association, Habitat Commission.

BUSINESS

Sunshine Bordeaux (陽光波爾多)



Sunshine Bordeaux — Phases I to IV are located in Caiyu Town (采育鎮), Daxing District (大興區), Beijing. Sunshine Bordeaux is intended to be a multiple phase, large-scale residential and retail community property development. Upon completion, the residential development is expected to comprise European-styled low-rise apartments. The residential community is expected to have a comprehensive set of ancillary facilities. The project occupies an aggregate site area of approximately 1,372,946 sq.m. and has a total planned GFA of approximately 1,495,035 sq.m.

As of 31 July 2009, we were still in the process of developing Phase IA of Sunshine Bordeaux. Details of Phase IA of Sunshine Bordeaux as of 31 July 2009 were as follows:

Phase IA ⁽¹⁾	Residential	Retail
Planned construction period	March 2008 — November 2009	March 2008 — November 2009
Total saleable/leasable GFA (sq.m.)	93,672	16,461
GFA pre-sold (sq.m.)	62,366	N/A
Average selling price per sq.m. (RMB).....	4,658	N/A

Note:

(1) Phase IA of Sunshine Bordeaux will include 304 saleable/leasable carpark spaces upon completion.

BUSINESS

As of 31 July 2009, we had not commenced the construction of Phase IB of Sunshine Bordeaux. Details of Phase IB of Sunshine Bordeaux as of 31 July 2009 were as follows:

Phase IB ⁽¹⁾	Residential	Retail
Planned construction period	September 2009 — June 2011	September 2009 — October 2011
Total saleable/leasable GFA (sq.m.)	63,993	16,634

Note:

(1) Phase IB of Sunshine Bordeaux will include 375 saleable/leasable carpark spaces upon completion.

We entered into a land grant contract with the local government in respect of Phase I of Sunshine Bordeaux in June 2006. As of 31 July 2009, we had obtained all relevant land use rights certificates and had fully paid the land premium for Phase I of Sunshine Bordeaux.

Based on our estimates, the total development cost incurred in respect of Phase I of Sunshine Bordeaux as of 30 June 2009 was approximately RMB348 million, including RMB102 million of land cost. The outstanding cost required to complete the development was estimated to be approximately RMB493 million. The project is expected to be financed by bank borrowings and proceeds from pre-sales of properties.

In December 2002, we signed a master agreement with local government to develop Phase II of Sunshine Bordeaux, details of which are set out in the paragraph headed “— Projects to be acquired for future developments”. We still need to go through the tender process, sign the land grant contract and pay the land premium before we can get the land use right certificate.

Sunshine Bordeaux is being developed by our wholly-owned subsidiary Beijing Hetian Hexin (北京合天和信房地產開發有限公司). A total capital value of RMB428 million was attributable to Sunshine Bordeaux — Phase I as of 31 July 2009 in the property valuation report in Appendix IV, all of which was attributable to our interest in the project.

As of 31 July 2009, Sunshine Bordeaux has received the following awards and recognition:

- United Nations Model Habitat Enterprise Achievement (China) Promotion Award (聯合國人居範例企業成就(中國)推動獎) in 2008, awarded by United Nations Human Settlements Programme and United Nations Model Habitat Enterprise Achievement Award Organisation Committee;
- China Residence Innovation Model - China Residential Area Construction and Design - Innovation Model Award in 2007 (2007年●中國居住創新典範●中國住區建築設計●創新示範獎), awarded by Science & Technology Commission of the Ministry of Construction, China Real Estate and Housing Research Association, Urban Development Committee of China Real Estate Association and China Construction News;

BUSINESS

- District Model Property in Beijing in 2007 (2007年度京城區域標杆樓盤); awarded by Legal Evening News and Beijing Media Corporation Limited;
- The Fifth Jingrui Housing Science and Technology Award in 2008 - Real Estate Development and Innovation Award (第五屆(2008年度)精瑞住宅科學技術獎房地產開發創新優秀獎), awarded by Real Estate Chamber under All-China Federation of Industry & Commerce and Jingrui Housing Science and Technology Foundation;
- Outstanding Project Suitable for Housing in China in 2008 (2008中國宜居住宅傑出項目), awarded by China Real Estate Development Annual Meeting Organisation Committee and www.Soufun.com.

Jiangsu Province

No.1 City Promotion (第一國際)



No.1 City Promotion — Phases I to IV is located in Wuxi New District (無錫新區) which is north of Wangzhuang East Road (旺莊東路), south of Xinguang Road (新光路) and east of Xingchuang Jiulu (行創九路). Phases I to III of No.1 City Promotion are large-scale residential community property developments with European style high-rise buildings. We plan to develop Phase IV of No.1 City Promotion into a hotel with 400 guest rooms. Wuxi Wangjiarui as one of our subsidiaries, entered into a management contract with Holiday Inns (China) Limited, a subsidiary of InterContinental Hotels Group, on 30 June 2008 for management of Crowne Plaza® Wuxi New District. The initial management term is 10 years from the commencement date of the hotel. The management contract can be renewed for one or more additional terms of years and each renewal term is 10 years. The residential community has education, entertainment and health facilities and a convenient transportation network in its peripheral areas. The project occupies an aggregate site area of approximately 219,423 sq.m. and has a total planned GFA of approximately 729,701 sq.m. Our Wuxi No.1 City Promotion was ranked the sixth best selling real estate project in Wuxi during the first half of 2009 by Wuxi House Online.

BUSINESS

As of 31 July 2009, we had completed the development of Phase I of No.1 City Promotion. The completed properties had a total GFA of approximately 192,445 sq.m.. Details of Phase I of No.1 City Promotion as of 31 July 2009 were as follows:

Phase I ⁽¹⁾	Residential
Construction period	June 2005 — October 2007
Total saleable GFA (sq.m.)	161,767
GFA sold/pre-sold (sq.m.)	158,391
Average selling price per sq.m. (RMB)	4,369

Note:

(1) Phase I of Wuxi No.1 City Promotion includes 711 saleable/leasable carpark spaces.

As of 31 July 2009, we were developing Phase II of No.1 City Promotion. The properties under development had a total GFA of approximately 218,032 sq.m.. Details of Phase II of No.1 City Promotion as of 31 July 2009 were as follows:

Phase II ⁽¹⁾	Residential	Retail
Planned construction period	January 2007 — November 2009	January 2007 — November 2009
Total saleable/leasable GFA (sq.m.)	179,432	85
GFA pre-sold (sq.m.)	104,206	N/A
Average selling price per sq.m. (RMB)	4,429	N/A

Note:

(1) Phase II of Wuxi No.1 City Promotion will include 780 saleable/leasable carpark spaces upon completion.

As of 31 July 2009, we had not commenced the construction of Phases III and IV of No.1 City Promotion. We plan that, upon completion, Phase III of No.1 City Promotion will have a total planned GFA of approximately 216,506 sq.m.. Phase IV of No.1 City Promotion will include a hotel with 400 guest rooms and a total planned GFA of approximately 102,718 sq.m. As of 31 July 2009, details of Phases III and IV of No.1 City Promotion were as follows:

Phase III ⁽¹⁾	Residential	Retail
Planned construction period	March 2010 — December 2012	March 2010 — December 2012
Total saleable/leasable GFA (sq.m.)	110,553	37,699

Note:

(1) Phase III of No.1 City Promotion will include 1,516 saleable/leasable carpark spaces upon completion.

BUSINESS

Phase IV ⁽¹⁾	Residential	Retail	Hotel
Planned construction period	May 2012 — June 2014	May 2012 — June 2014	May 2012 — December 2014
Total saleable/leasable GFA (sq.m.)	29,940	31,559	27,545

Note:

(1) Phase IV of No.1 City Promotion will include 245 saleable/leasable carpark spaces upon completion.

Based on our estimates, the total development cost incurred in respect of Wuxi No.1 City Promotion (including Phase I to IV) as of 30 June 2009 was approximately RMB1,492 million, including RMB514 million of land cost. The outstanding cost required to complete Wuxi No.1 City Promotion was estimated to be approximately RMB1,250 million. The project is expected to be financed by bank borrowings and proceeds from pre-sales of properties.

As of 31 July 2009, we had fully paid the land premium for Phase I to IV of Wuxi No.1 City Promotion and had obtained the land use right certificates for Phases I to IV.

No. 1 City Promotion is developed by our wholly-owned subsidiary Wuxi Wangjiarui (無錫旺佳瑞房地產開發有限公司). A total capital value of RMB1,311 million was attributable to No.1 City Promotion as of 31 July 2009 in the property valuation report in Appendix IV, all of which was attributable to our interest in the project.

As of 31 July 2009, No.1 City Promotion — Phases I and II received the following awards and recognition:

- Most Popular Property in Wuxi in 2006 (2006年無錫百姓最喜愛樓盤稱號) awarded by Anju Leye Programme of Wuxi Mobile TV;
- Top 10 Famous Properties in China in 2007 (2007中國房地產十大名盤”) and Most Popular Residential Project in Wuxi in the Third China Real Estate Internet Popularity Ranking in 2006 (2006第三屆中國房地產網絡人氣榜無錫最具人氣住宅項目獎), awarded by Enterprise Research Institution of Development Research Center of the State Council, Institute of Real Estate Studies of Tsinghua University; and
- International Culture Community (國際文化社區), awarded by Friends of United Nations and United Nations Human Settlements Programme in 2007.

BUSINESS

Classical Life (海上一品)



Classical Life — Phase I and II is located on Haiyu North Road (海虞北路), Changshu New District (常熟新區), Suzhou City. It is a residential property development featuring townhouses and apartments. The project occupies an aggregate site area of approximately 55,398 sq.m. and has a total planned GFA of approximately 71,554 sq.m.

As of 31 July 2009, we had completed the development of Phase I of Classical Life. Phase I of Classical Life was mainly townhouses with a total planned GFA of approximately 34,224 sq.m.. Details of Phase I of Classical Life as of 31 July 2009 were as follows:

Phase I	Residential	Retail
	June 2006 — June 2008	June 2006 — June 2008
Construction period		
Total saleable/leasable GFA (sq.m.)	32,325	1,627
GFA sold/pre-sold (sq.m.) ⁽¹⁾	24,055	N/A
Average selling price per sq.m. (RMB).....	6,938	N/A

Note:

(1) Of the 24,055 sq.m. sold or pre-sold, approximately 22,686 sq.m. had been delivered and recognised as of 31 July 2009.

As of 31 July 2009, we had completed the development of Phase II of Classical Life. Phase II of Classical Life has a total planned GFA of approximately 37,330 sq.m. Details of Phase II of Classical Life as of 31 July 2009 were as follows:

Phase II ⁽¹⁾	Residential
	December 2007 — December 2008
Construction period	
Total saleable/leasable GFA (sq.m.)	29,178
GFA sold (sq.m.)	29,178
Average selling price per sq.m. (RMB).....	4,396

Notes:

(1) Phase II of Classical Life includes 140 saleable/leasable carpark spaces.

BUSINESS

Based on our estimates, the total development cost incurred in respect of Classical Life (including Phase I and II) as of 30 June 2009 was approximately RMB298 million, including RMB104 million of land cost.

We entered into land grant contract with the local government in respect of Classical Life in March 2005. As of 31 July 2009, we had already obtained the land use rights certificates for Classical Life and had fully paid the land premium.

Classical Life was developed by our wholly-owned subsidiary Suzhou Hongsheng (蘇州弘晟房地產有限公司). A total capital value of RMB87 million was attributable to Classical Life as of 31 July 2009 in the property valuation report in Appendix IV, all of which was attributable to our interest in the project.

Rongsheng Garden (榮盛花園)

Rongsheng Garden — Phase I to VI is located in the Rugao Economic Development District (如皋經濟開發區), Nantong, Jiangsu province. After the Sutong Changjiang Highway Bridge (蘇通大橋) commenced operation in early 2008, Nantong is within the one hour city circle of Shanghai pursuant to the Summary of Eleventh Five-Year Plan regarding the social and economic development of Nantong approved by People’s Congress of Nantong. Based on our current plan, Rongsheng Garden will comprise six phases and be a large-scale residential and retail community property development upon completion. The whole project, including Phases IC through VI in respect of which we have signed a master agreement but have not completed the public tender process and have not obtained land use rights certificates occupies an aggregate site area of approximately 5,333,333 sq.m. and has a total planned GFA of approximately 4,506,250 sq.m.

As of 31 July 2009, we had not commenced the construction of Phase IA and Phase IB of Rongsheng Garden. Based on our current plan, construction of Phase IA will commence in March 2010 and is expected to be completed by December 2011. Construction of Phase IB will commence in November 2010 and is expected to be completed by December 2011.

Details of Phase IA of Rongsheng Garden as of 31 July 2009 were as follows:

Phase IA	Residential	Retail
Planned construction period	March 2010 — October 2011	March 2010 — December 2011
Total saleable GFA (sq.m.)	297,173	31,900
Phase IB⁽¹⁾	Residential	
Planned construction period	November 2010 — December 2011	
Total saleable GFA (sq.m.)	125,000	

Note:

(1) Phase IB of Rongsheng Garden will include 109 saleable/leaseable carpark spaces upon completion.

BUSINESS

Based on our estimates, the total development cost incurred in respect of Rongsheng Garden Phase I (including Phase IA to IB) as of 30 June 2009 was approximately RMB169 million, comprising RMB54 million of land cost. The outstanding cost required to complete the development of Rongsheng Garden Phase I (including Phase IA and IB) was estimated to be approximately RMB972 million. The project is expected to be financed by bank borrowings and proceeds from pre-sales of properties.

We signed a land grant contract with the local government in respect of Phase IA of Rongsheng Garden in May 2009. We had fully paid the land premiums for Phase IA of Rongsheng Garden and we expect to obtain the land use right certificate before November 2009 based on the requirements of relevant laws and regulations. As of 31 July 2009, we had obtained the land use rights certificate and had fully paid the land premium of Phase IB of Rongsheng Garden.

Rongsheng Garden is being developed by nine wholly foreign owned enterprises owned by us (Please refer to the section headed “History Reorganisation and Group Structure” for more details about each wholly foreign owned enterprises). A total capital value of RMB121 million was attributable to Rongsheng Garden Phase IB as of 31 July 2009 in the property valuation report in Appendix IV, all of which was attributable to our interest in the project.

Nantong Rongsheng Plaza (南通融盛大廈)

Nantong Rongsheng Plaza is located in Nantong City, Jiangsu Province. The project occupies an aggregate site area of approximately 45,090 sq.m. and has a total planned GFA of approximately 283,597 sq.m. Upon completion, Nantong Rongsheng Plaza is expected to include a hotel with a total leasable GFA of approximately 64,504 sq.m., an office building with a total leasable GFA of approximately 97,112 sq.m., as well as a total retail GFA of 48,098 sq.m.

As of 31 July 2009, we had not commenced the construction of Nantong Rongsheng Plaza. Based on our current plan, construction of these properties will commence in March 2012 and is expected to be completed by December 2015.

Details of Nantong Rongsheng Plaza as of 31 July 2009 were as follows:

Nantong Rongsheng Plaza	Hotel	Office	Retail
Planned construction period	March 2012 — December 2015	March 2012 — December 2015	March 2012 — December 2015
Total leasable GFA (sq.m.)	64,504	97,112	48,098

Based on our estimates, the total development cost incurred in respect of Nantong Rongsheng Plaza as of 30 June 2009 was approximately RMB161 million, including RMB106 million of land cost. The outstanding cost required to complete the development was estimated to be approximately RMB1,148 million. The project is expected to be financed by bank borrowings and proceeds from pre-sale of properties.

BUSINESS

We acquired the land for Nantong Rongsheng Plaza in March 2008 through our acquisition of 100% equity interest in Nantong Rongsheng (南通融盛大廈房地產開發有限公司), a project company that had already signed a land grant contract with the local government prior to be acquired by us. As of 31 July 2009, we had fully paid the land premiums and obtained the land use rights certificates with respect to Nantong Rongsheng Plaza. A total capital value of RMB785 million was attributable to Nantong Rongsheng Plaza as of 31 July 2009 in the property valuation report in Appendix IV, all of which was attributable to our interest in the project.

Anhui Province

Bashang Jie (壩上街)

Bashang Jie Project is located on Ming Guang Road (明光路), Hefei City, Anhui Province. The project occupies an aggregate site area of approximately 118,929 sq.m. and has a total planned GFA of approximately 1,263,730 sq.m. Upon completion, the project is expected to be a large-scale commercial complex including one hotel, serviced apartments and retail and office developments.

As of 31 July 2009 we had not commenced the construction of the Bashang Jie Project. Based on our current plan, construction of these properties will commence in March 2011 and is expected to be completed by December 2015.

Details of this development as of 31 July 2009 were as follows:

Bashang Jie	Residential	Retail	Office	Hotel
Planned construction period	March 2011 — December 2013	May 2011 — August 2014	January 2013 — December 2015	August 2012 — December 2015
Total saleable/leasable GFA (sq.m.)	406,922	260,283	235,657	95,907

We had not incurred any development cost in respect of Bashang Jie Project as of 30 June 2009. Based on our estimates the outstanding cost required to complete the development was approximately RMB6,956 million. The project is expected to be financed by, among others, bank borrowings and proceeds from pre-sales of properties.

We signed the land grant contract for Bashang Jie project in April 2008. We are still in the process of applying for the land use right certificate for the project. We will construct apartments and retails for back-moving household as required by the local government to settle part of the relevant land premiums, after which we need to pay the remaining part of the land premiums. We expect to obtain the land use right certificate by the end of December 2010 based on our current construction schedule.

Bashang Jie Project is being developed by our wholly-owned subsidiary Anhui Hengmao (安徽恒茂房地產有限公司).

BUSINESS

Hefei Villa Glorious (合肥恒盛 • 豪庭)

Hefei Villa Glorious — Phase I to IV is located on Da Tong Road (大通路), Hefei City, Anhui Province. The project occupies an aggregate site area of approximately 72,478 sq.m. and has a total planned GFA of approximately 388,615 sq.m.

As of 31 July 2009, we were still in the process of developing Phase I of Hefei Villa Glorious. Phase I of Hefei Villa Glorious has a total planned GFA of approximately 100,944 sq.m.. Details of Phase I of Hefei Villa Glorious as of 31 July 2009 were as follows:

Phase I	Residential
Planned construction period	March 2009 — October 2011
Total saleable/leasable GFA (sq.m.)	96,629

As of 31 July 2009, we had not commenced the construction of Phases II to IV of Hefei Villa Glorious. Phase II of Hefei Villa Glorious has a total planned GFA of approximately 138,463 sq.m. Details of Phase II of Hefei Villa Glorious as of 31 July 2009 were as follows:

Phase II ⁽¹⁾	Residential
Planned construction period	June 2010 — December 2012
Total saleable/leasable GFA (sq.m.)	86,208

Note:

(1) Phase II of Hefei Villa Glorious will include 900 saleable/leasable carpark spaces upon completion.

Phase III of Hefei Villa Glorious has a total planned GFA of approximately 138,463 sq.m. Details of Phase III of Hefei Villa Glorious as of 31 July 2009 were as follows:

Phase III ⁽¹⁾	Residential
Planned construction period	March 2011 — December 2013
Total saleable/leasable GFA (sq.m.)	86,208

Note:

(1) Phase III of Hefei Villa Glorious will include 900 saleable/leasable carpark spaces upon completion.

BUSINESS

Phase IV of Hefei Villa Glorious has a total planned GFA of approximately 10,746 sq.m.. Details of Phase IV of Hefei Villa Glorious as of 31 July 2009 were as follows:

Phase IV	Retail
Planned construction period	June 2012 — December 2014
Total saleable/leasable GFA (sq.m.)	10,746

As of 31 July 2009, we had fully paid the land premium of Hefei Villa Glorious (Phases I to IV) and obtained the land use rights certificates for 65,179 sq.m. of the site area of Hefei Villa Glorious. We are in the process of applying for the land use rights certificates for the remaining site of Hefei Villa Glorious.

Based on our estimates, the total development cost incurred in respect of Hefei Villa Glorious (including Phase I to IV) as of 30 June 2009 was approximately RMB593 million, including RMB356 million of land cost. The outstanding cost required to complete the development of Hefei Villa Glorious was estimated to be approximately RMB1,606 million. The project is expected to be financed by bank borrowings and proceeds from pre-sales of properties.

Hefei Villa Glorious is being developed by our wholly-owned subsidiary Anhui Hengmao (安徽恒茂房地產有限公司). A total capital value of RMB644 million was attributable to the project as of 31 July 2009 in the property valuation report in Appendix IV.

Liaoning Province

Sunny Town (陽光尚城)



Sunny Town — Phase I to V is located in Yuhong District (于洪區), Shenyang City and is being developed by our wholly-owned subsidiary Liaoning Yangguang Xindi (遼寧陽光鑫地置業有限公司). This project occupies an aggregate site area of approximately 470,923 sq.m. and has a total planned GFA of approximately 946,287 sq.m.. Sunny Town - Phases I to IV offer various types of products, including residential and retail development.

BUSINESS

As of 31 July 2009, we had completed most of the development of Phase I and II of Sunny Town. Phase I of Sunny Town has a total planned GFA of 137,754 sq.m. Details of Phase I of Sunny Town as of 31 July 2009 were as follows:

Phase I ⁽¹⁾	Residential	Retail ⁽²⁾
Construction period	July 2006 — June 2007/ August 2008	July 2006 — June 2007/ August 2008
Total saleable/leasable GFA (sq.m.)	103,480	11,931
GFA sold/pre-sold (sq.m.).....	102,721	7,501
Average selling price per sq.m. (RMB)	3,674	6,014

Notes:

- (1) Phase I of Sunny Town included 193 saleable/leasable carpark spaces upon completion, and 59 carpark spaces had been sold and delivered as of 31 July 2009.
- (2) Retail GFA includes a clubhouse with a total leasable GFA of approximately 5,586 sq.m.

Phase II of Sunny Town has a total planned GFA of approximately 74,087 sq.m. Details of Phase II of Sunny Town as of 31 July 2009 were as follows:

Phase II ⁽¹⁾	Residential	Retail ⁽²⁾
Planned construction period	March 2008 — November 2008	March 2010 — December 2010
Total saleable/leasable GFA (sq.m.)	50,513	12,925
GFA sold/pre-sold (sq.m.) ⁽³⁾	41,747	N/A
Average selling price per sq.m. (RMB).....	4,390	N/A

Note:

- (1) Phase II of Sunny Town includes 208 saleable/leasable carpark spaces.
- (2) The 12,925 sq.m. retail component has not commenced construction as of 31 July 2009.
- (3) Of the 41,747 sq.m. sold/pre-sold approximately 36,329 sq.m. of GFA had been sold and recognised as revenue as of 31 July 2009.

BUSINESS

As of 31 July 2009, we were still in the process of developing Phase III of Sunny Town. Phase III of Sunny Town has a total planned GFA of approximately 165,935 sq.m.. As of 31 July 2009, the details of Phase III of Sunny Town were as follows:

Phase III ⁽¹⁾	Residential	Retail
Planned construction period	April 2008 — May 2010	April 2008 — December 2011
Total saleable/leasable GFA (sq.m.)	127,316	17,478
GFA sold/pre sold (sq.m.).....	26,692	N/A
Average selling price per sq.m. (RMB).....	4,272	N/A

Note:

(1) Phase III of Sunny Town will include 514 saleable/leasable carpark spaces upon completion.

As of 31 July 2009, we had not commenced the construction of Phase IV and V of Sunny Town. Phase IV of Sunny Town has a total planned GFA of approximately 360,957 sq.m. As of 31 July 2009, the details of Phase IV of Sunny Town were as follows:

Phase IV ⁽¹⁾	Residential	Retail
Planned construction period	March 2010 — December 2012	March 2010 — December 2012
Total saleable/leasable GFA (sq.m.)	283,957	23,000

Note:

(1) Phase IV of Sunny Town will include 1,286 saleable/leasable carpark spaces upon completion.

Based on our estimates, the total development cost incurred in respect of Phase I to IV of Sunny Town as of 30 June 2009 was approximately RMB1,286 million, comprising RMB379 million of land cost. The outstanding cost required to complete the development of Phase I to IV of Sunny Town was estimated to be approximately RMB1,605 million. The project is expected to be financed by bank borrowings and proceeds from pre-sales of properties.

As of 31 July 2009, we had obtained the land use rights certificates for Phase I to III of Sunny Town and had fully paid the land premium. We had signed land grant contract and had fully paid the land premium for Phase IV of Sunny Town and expect to obtain the land use right certificate in January 2010 based on our construction schedule. We are in the process of applying for the land use rights certificate for Phase IV of Sunny Town. We entered into a master agreement with the local government in respect of Phase V in May 2006 but have not completed the public tender process. See “— Projects to be acquired for future developments”.

Sunny Town is being developed by our wholly-owned subsidiary Liaoning Yangguang Xindi (遼寧陽光鑫地置業有限公司). A total capital value of RMB364 million was attributable to Phases I to III of Sunny Town as of 31 July 2009 in the property valuation report in Appendix IV, all of which was attributable to our interest in the project.

BUSINESS

As of 31 July 2009, Sunny Town has received the following awards and recognition:

- Top Ten Star Properties in Shenyang in 2007 (2007瀋陽地產十大明星樓盤), awarded by www.sina.com, Liaoning Radio Communications Channel and Property Monitors;
- Most Influential Property in Shenyang in 2006 (2006年瀋陽最具影響力樓盤獎) by Shenyang Housing Market Weekly, Yangguang Goufang Programme of Shenyang TV, Committee of Shenyang Enterprise Association and www.dbdc.cn; and
- Best Architectural Style Award for 2007 (2007最佳建築風格獎), awarded by www.focus.cn.

Heilongjiang Province

Harbin Villa Glorious (哈爾濱恒盛•豪庭)

Harbin Villa Glorious — Phase I to III is located in Harbin, Heilongjiang Province. The project occupies an aggregate site area of approximately 204,959 sq.m. and has a total planned GFA of approximately 560,800 sq.m. Harbin Villa Glorious is planned to include residential and retail products upon completion.

As of 31 July 2009, we had commenced the construction of Phase I of Harbin Villa Glorious. Phase I of Harbin Villa Glorious has a total planned GFA of approximately 153,411 sq.m.. As of 31 July 2009, the details of Phase I of Harbin Villa Glorious were as follows:

Phase I ⁽¹⁾	Residential	Retail
Planned construction period	July 2009 — December 2010	July 2009 — December 2010
Total saleable/leasable GFA (sq.m.)	111,486	9,497

Note:

(1) Phase I of Harbin Villa Glorious will include 544 saleable/leasable carpark spaces upon completion.

As of 31 July 2009, we had not commenced the construction of Phase II of Harbin Villa Glorious. Phase II of Harbin Villa Glorious has a total planned GFA of approximately 271,593 sq.m.. As of 31 July 2009, the details of Phase II of Harbin Villa Glorious were as follows:

Phase II ⁽¹⁾	Residential
Planned construction period	April 2010 — December 2011
Total saleable/leasable GFA (sq.m.)	220,866

Note:

(1) Phase II of Harbin Villa Glorious will include 882 saleable/leasable carpark spaces upon completion.

BUSINESS

As of 31 July 2009, we had not commenced the construction of Phase III of Harbin Villa Glorious. Phase III of Harbin Villa Glorious has a total planned GFA of approximately 135,796 sq.m..

Phase III ⁽¹⁾	Residential
Planned construction period	April 2012 — December 2013
Total saleable/leaseable GFA	100,551

Note:

(1) Phase III of Harbin Villa Glorious will include 441 saleable/leaseable carpark spaces upon completion.

As of 31 July 2009, we had fully paid the land premiums for Phase I to III of Harbin Villa Glorious and had obtained the relevant land use right certificates.

Based on our estimates, the total development cost incurred in respect of Harbin Villa Glorious as of 30 June 2009 was approximately RMB805 million, including RMB557 million of land cost. The outstanding cost required to complete the development of Harbin Villa Glorious was estimated to be approximately RMB1,563 million. The project is expected to be financed by bank borrowings and proceeds from pre-sales of properties.

Harbin Villa Glorious is being developed by our wholly-owned subsidiary Harbin Yangguang (哈爾濱陽光濱海置業有限公司). A total capital value of RMB1,201 million was attributable to Phases I to III of Harbin Villa Glorious as of 31 July 2009 in Appendix IV to this document, all of which was attributable to our interest in the project.

Sunglow Xinjing (陽光新景)

Sunglow Xinjing was developed by one of our wholly-owned subsidiaries, Shanghai Xintai (上海鑫泰房地產發展有限公司). The project is located on Tiandeng Road (天等路), Xuhui District, Shanghai and has a total site area of 27,353 sq.m. and completed GFA of 56,261 sq.m., of which 2,076 sq.m. of GFA is retained by us as investment property. The construction of Sunglow Xinjin was completed in December 2001. As at 31 July 2009, we had sold substantially all the GFA in Sunglow Xinjing.

Projects to be acquired for future development

The table below sets out details of properties in respect to which we have signed the relevant master agreements with the local government authorities but had not, as of 31 July 2009, obtained the relevant land use rights certificates. Our PRC legal counsel has advised us that such projects remain subject to the relevant PRC laws and regulations which require us to go through the public tender, auction or listing for bidding process and, if successful, enter into a land grant contract and pay the relevant land premium in full before we are able to obtain the relevant land use rights certificate. As these projects have not begun to be developed, their development plans are still subject to change pending, among other things, approvals from relevant authorities. We cannot assure you that we will be successful in securing the land grant contracts and obtaining the relevant land use rights certificates in respect of the projects set out below.

Project name	Location	Land Bank				Construction commencement/		Construction completion/Expected completion time	Interest attributable to us (%)	Reference to valuation report (Property number)	
		Total GFA (sq.m.)	Total saleable/ leaseable unsold GFA (sq.m.)			Expected date of construction commencement					
			Retail ⁽¹⁾	Office	Hotel						
							Others ⁽²⁾ (sq.m.)				
Projects to be acquired for future development											
Baoshan Gaojing (Phase II) 寶山高境 (第二期)	Shanghai	400,000	294,500	19,000	—	—	86,500	March 2012	Dec 14 & Dec 15	100%	31
Sunshine Holiday (Phase V) 陽光假期 (第五期)	Tianjin	156,460	122,332	10,288	—	—	23,840	March 2012	December 2013	100%	34
Sunshine Bordeaux (Phase II- Phase IV) 陽光波爾多 (第二期至四期)	Beijing	1,256,113	1,172,194	56,419	—	—	27,500	August 2010	December 2016	100%	35
Rongsheng Garden (Phase IC) 榮盛花園 (第一期C)	Nantong, Jiangsu	131,746	72,706	—	—	—	59,040	November 2011	December 2012	100%	37
Rongsheng Garden (Phase II - Phase VI) 榮盛花園 (第二至第六期)	Nantong, Jiangsu	3,900,000	3,705,000	—	—	—	195,000	March 2012	December 2022	100%	37
Sunny Town (Phase V) 陽光尚城 (第五期)	Shenyang, Liaoning	207,555	193,300	—	—	—	14,255	April 2011	December 2014	100%	39
Total		6,051,874	5,560,032	85,707	—	—	406,135				

(1) Includes saleable/leaseable clubhouses.

(2) Includes saleable/leaseable carparks, convention centre and non-saleable/ non-leaseable GFA.

BUSINESS

Details of projects to be acquired for future development are set out below. Such projects remain subject to relevant PRC laws and regulations which require us to go through the public tender, auction or listing for bidding process and, if successful, enter into the land grant contracts and pay the requisite land premium before we may obtain the land use rights certificates in respect of the following projects. In the event that we are not successful in the public tender, auction and/or listing for bidding process, we will not be able to secure the land grant contracts and pay the land premium, as a result of which, we will not be able to proceed with the development of such projects and will not have access to any of the associated GFA for development for sale.

Baoshan Gaojing — Phase II

Baoshan Gaojing — Phase II has a total planned GFA of 400,000 sq.m. and a site area of 162,580 sq.m.. Details of phase II of Baoshan Gaojing as at 31 July 2009 were as follows:

Baoshan Gaojing Phase II⁽¹⁾	Residential	Retail
Planned construction period	March 2012 — December 2014	March 2014 — December 2015
Total saleable/leasable GFA (sq.m.)	294,500	19,000

Note:

(1) Phase II of Baoshan Gaojing will have 1,750 saleable/leasable carpark spaces upon completion.

Based on our estimates, the cost required to develop Phase II of Baoshan Gaojing to completion is RMB1,620 million. The project is expected to be financed by, among others, bank borrowings and proceeds from pre-sales of properties.

Based on our internal estimate and subject to the timing and outcome of the future tender process, we expect that we may obtain the land use right certificate for Phase II of Baoshan Gaojing by December 2011.

Sunshine Holiday — Phase V

Phase V of Sunshine Holiday has a total site area of 56,863 sq.m. and a total planned GFA 156,460 sq.m. Details of Phase V of Sunshine Holiday as of 31 July 2009 were as follows:

Phase V⁽¹⁾	Residential	Retail
Planned construction period	March 2012 — December 2013	March 2012 — December 2013
Total saleable/leasable GFA (sq.m.)	122,332	10,288

Note:

(1) Phase V of Sunshine Holiday will include 336 saleable/leaseable carpark spaces upon completion.

BUSINESS

As of 30 June 2009, we had prepaid RMB90 million for the land premium with respect to Phase V of Sunshine Holiday. Based on our estimates, the total cost required to develop Phase V of Sunshine Holiday to completion will be approximately RMB843 million.

Based on our internal estimate and subject to the timing and outcome of future tender process, we expect that we may be able to obtain the land use right certificate for Phase V of Sunshine Holiday by December 2011.

Sunshine Bordeaux — Phase II - Phase IV

Phase II to Phase IV of Sunshine Bordeaux has a site area of 1,191,983 sq.m. and a total planned GFA of approximately 1,256,113 sq.m. Details of Phase II to Phase IV of Sunshine Bordeaux as of 31 July 2009 were as follows:

Phase II - Phase IV	Residential	Retail
Planned construction period	August 2010 — December 2016	May 2012 — December 2016
Total saleable/leasable GFA (sq.m.)	1,172,194	56,419

As of 30 June 2009, we had not incurred any development cost with respect to Phase II to Phase IV of Sunshine Bordeaux. Based on our estimates, the cost required to develop the project to completion will be RMB3,723 million. The project is expected to be financed by bank borrowings and proceeds from pre-sales of properties.

Based on our internal estimate and subject to the timing and outcome of future tender process, we expect that we may be able to obtain the land use right certificate for Sunshine Bordeaux in accordance with the following time schedule:

Phase II	May 2010
Phase III	January 2012
Phase IV	January 2014

Rongsheng Garden — Phase IC to VI

Rongsheng Garden Phase IC to VI has a total planned GFA of approximately 4,031,746 sq.m. and a site area of approximately 4,906,761 sq.m.

Details of Phase IC of Rongsheng Garden as of 31 July 2009 were as follows:

Phase IC ⁽¹⁾	Residential
Planned construction period	November 2011 — December 2012
Total saleable/leasable GFA (sq.m.)	72,706

Note:

(1) Phase IC of Rongsheng Garden will include 1,476 saleable/leaseable carpark spaces upon completion.

BUSINESS

Based on our estimates, the cost required to complete the development of Phase IC of Rongsheng Garden is expected to be approximately RMB399 million, which includes RMB61.4 million of land cost.

Details of Phase II to VI of Rongsheng Garden as of 31 July 2009 were as follows:

Phase II to VI	Residential
Planned construction period	March 2012 — December 2022
Total saleable/leasable GFA (sq.m.)	3,705,000

Based on our estimates, the cost required to develop Phases II to VI to completion is RMB7,381 million. The project is expected to be financed by bank borrowings and proceeds from pre-sales of properties.

Based on our internal estimate and subject to the timing and outcome of future tender process, we expect that we may be able to obtain the land use right certificate for Phases II to VI of Rongsheng Garden in accordance with the following time schedule:

Phase IC	August 2011
Phase II	December 2011
Phase III	February 2014
Phase IV-VI	February 2016

Sunny Town — Phase V

As of 31 July 2009, Phase V of Sunny Town had a total planned GFA of approximately 207,555 sq.m.. Details of Phase V of Sunny Town as of 31 July 2009 were as follows:

Phase V	Residential
Planned construction period	April 2011 — December 2014
Total saleable GFA (sq.m.)	193,300

Note: Phase V of Sunny Town will include 178 saleable/leasable carpark spaces upon completion.

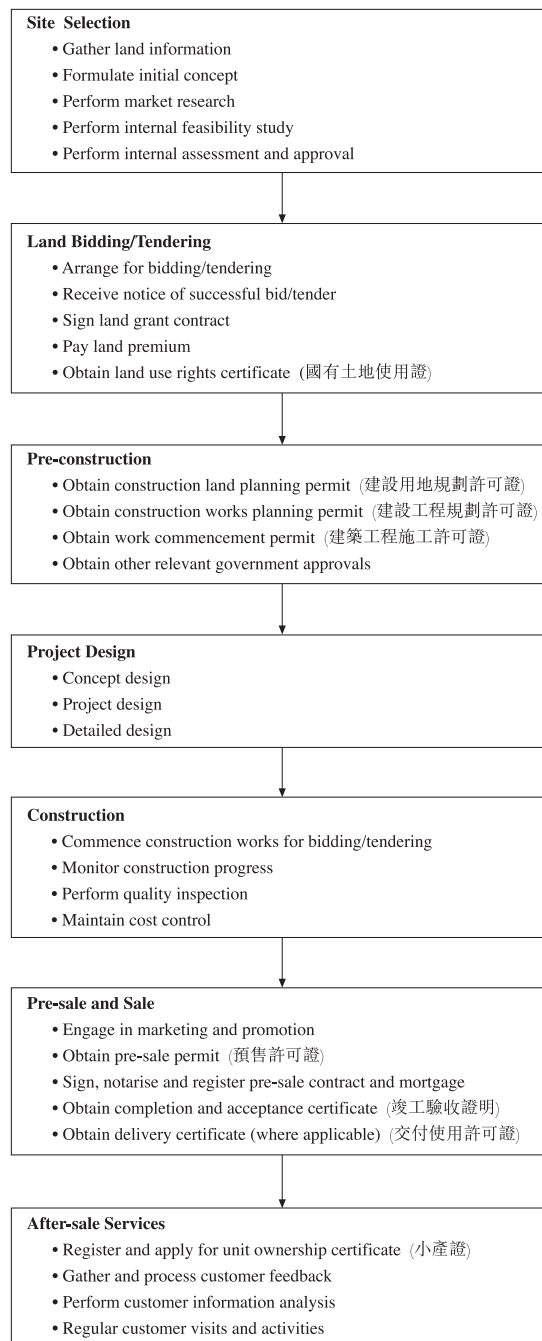
Based on our estimates, the outstanding cost required to develop Phase V of Sunny Town to completion is RMB948 million. The project is expected to be financed by bank borrowings and proceeds from pre-sale of properties.

Based on our internal estimate and subject to the timing and outcome of future tender process, we expect that we may be able to obtain the land use right certificate for Sunny Town Phase V by January 2011.

BUSINESS

PROPERTY DEVELOPMENT

We integrate our Group’s resources to conduct site selection, land acquisition, planning, project design and construction, marketing, pre-sales, sales and after-sales support, and a series of development processes. These areas are coordinated and supervised by our central management and carried out by the functional departments of our regional offices and project companies. Although the nature and sequence of specific planning and execution activities vary from one project to another and may be subject to the requirement of the local laws and regulations, we have summarised below, the core elements of our typical project development process for our properties for sale.



BUSINESS

Site selection

We consider careful site selection as a key step to the success of our property development. We place a strong emphasis on site selection. Our strategy committee which consists of members of our board and senior management team closely monitors and manages our site selection process and is responsible for identifying potential acquisition targets and supervising the whole screening process. Our investment and marketing department in each regional company conducts pre-acquisition site due diligence work so as to gain an overall understanding of the target property, the market conditions and trends for future developments, and presents a preliminary market analysis to our strategy committee. In line with our overall strategy, we involve our centralised marketing and sales centre and research and design centre throughout the site selection process to advise on the decision making process from a pricing, marketing and design perspective.

In assessing whether to pursue an acquisition opportunity, we also seek professional advice from independent experts and take into account a broad range of factors, including:

- an assessment of the city’s economic environment, GDP growth and population growth;
- the supply and demand of the relevant property market;
- local urban planning and specifications, in particular, the local governmental zoning, planning and development in the relevant region over the next several years and the infrastructure support in the surrounding areas;
- geographical location of the development sites, including its proximity and accessibility to the fast growing urban centres; and
- the estimated cost of development, including land premium, relocation costs (if any), construction cost and financing cost.

Land acquisition

We acquire land either by competitive bidding through public tenders, auctions or listing at a land exchange administered by the local government; and/or acquisition of property project companies.

Land Acquisition by competitive bidding

On 28 September 2007, the Ministry of Land and Resources (國土資源部) issued the Regulations on the Grant of State-owned Land Use Rights for Construction through Public Tender, Auction and Listing-for-sale (《招標拍賣掛牌出讓國有建設用地使用權規定》), effective 1 November 2007, which provides that land for industrial, commercial, tourism or entertainment use or for commodity housing development shall be granted by means of public tender, auction or listing-for-sale; no land use rights certificates shall be issued before the land premium has been fully paid up in accordance with the land use rights grant contract and the land use rights certificates shall not be issued separately according to the proportion of the payment of the land premium.

BUSINESS

In brief, the procedures to obtain land use rights certificates after 1 July 2002 are as follows:

1. The land administration department of the People’s Government at county or municipal level (the “Grantor”) issues a notice specifying the terms and conditions of the tender, auction or bidding (the “Sale”), including the amount of deposit payable, the initial bidding price of the land and other criteria that will be considered by the Grantor in determining the successful participant. The notice will generally be issued 20 days in advance of the sale.
2. The Grantor will notify the eligible participants who comply with the terms and conditions of the notice, to attend the Sale. At the Sale, the eligible participants may make an offer for the land and/or submit a proposal in accordance with the steps prescribed in the notice.
3. The Grantor then issues a letter of confirmation to the successful participant. Deposits paid by an unsuccessful participant will be returned.
4. The successful participant then enters into a land grant contract with the Grantor in accordance with the terms specified in the letter of confirmation. The deposit paid for participating in the sale will be used to offset part of the land premium.
5. Having fully paid the land premium specified in the land grant contract, the successful participant registers the land with the Grantor.
6. The People’s Government at or above county level issues a land use rights certificate when the land premium and the deed tax is fully paid.

The price we pay in respect of the land acquired by us through competitive bidding is in line with the then prevailing market rate and most of the land parcels acquired by us have been relatively large in size. Owing to our financial strength, clearly defined strategies, integrated development capability and management quality, we believe we are able to create a premium to the projects that we develop. Our Directors believe that there are only a handful of property developers who possess such integrated capabilities.

Land Acquisition through acquiring property project companies

We began to acquire property project companies in 2001 to enable us to expand our business and obtain land use rights at a competitive price. In addition to the usual site selection process and criteria, which we apply in identifying potential targets, we also assess the factors that affect the target’s ability to continue to develop the land it possesses when determining whether to pursue the acquisition of a property project company. Such factors include, among others, issues of communications with government, financing arrangements, pricing policies, product development and marketing, which often arise as a result of lack of experience on the part of property developers who own the property project company. Due to more than thirteen years of experience in the PRC property development industry, we are able to overcome such difficulties encountered by these small property developers and have the competitive strength to create a premium with respect to the land obtained through the acquisitions of such project companies.

BUSINESS

The price paid for the land acquired through the acquisition of property project companies is normally considered more attractive compared to the price paid through public bidding and therefore any significant delay in identifying the potential target or reaching a decision may result in us foregoing such opportunity due to the intense market competition. We rely on a broad range of information channels to closely track the latest developments in the market. Once we have identified a suitable target company, we generally are able to complete the due diligence exercise and decision making process within a short timeframe, with the goal of being in a position to complete the acquisition before any of our potential competitors enter into negotiations with the vendors.

Pre-construction

According to PRC regulations, once we have obtained the rights to develop a parcel of land, we begin applying for the various permits and licenses that are needed in order to begin construction and sale of our properties. If the land use right is acquired by way of grant, the land grant contract will be a precondition to application for the following permits and licenses:

- land use rights certificate (國有土地使用證). A certification of the right of a party to use a parcel of land;
- construction land planning permit (建設用地規劃許可證). A permit authorising a developer to begin the survey, planning and design of a parcel of land;
- construction works planning permit (建設工程規劃許可證). A certificate indicating government approval for a developer’s overall planning and design of the project and allowing a developer to apply for a work commencement permit (建築工程施工許可證); and
- construction work commencement permit (建築工程施工許可證). A permit required for commencement of construction.

As of 31 July 2009, we had obtained all the required land use rights certificates and permits for our existing properties under development taking into account their respective stages of development at such date.

Financing of Projects

We finance our projects primarily through capital contributions from our Shareholders, Financing, bank loans and internal cash flows, including proceeds from the pre-sale and sale of our properties.

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According to guidelines issued by the China Banking Regulatory Commission (CBRC), no construction loan shall be granted to projects which have not obtained the relevant land use rights certificates (國有土地使用證), construction land planning permits (建設用地規劃許可證), construction works planning permits (建設工程規劃許可證) and work commencement permits (建設工程施工許可證). Government authorities in China have issued various regulations to govern the financing of development projects:

- On 5 June 2003, the PBOC promulgated the Notice on Further Strengthening the Administration of Real Estate Loans (關於進一步加強房地產信貸業務管理的通知). According to the notice, commercial banks shall focus their business towards supporting real estate projects targeted at mid to lower-income households and appropriately restrict the granting of real estate loans to projects involving spacious apartments, luxurious apartments and villas. No loan shall be granted to projects which have not obtained the land use rights certificate, construction land planning permit, construction works planning permit and work commencement permit. The notice strictly prohibits banks from advancing working capital loans to real estate developers. When applying for a real estate loan, the real estate developer’s own capital in any proposed real estate project shall not be less than 30% of the total investment of the project. The notice also prohibits loans advanced for the payment of land premium for land use rights.
- On 16 March 2005, the PBOC promulgated a Notice on Adjusting the Housing Loan Policy and Deposit Rate of Excess Reserves for Commercial Banks (關於調整商業銀行住房信貸政策和超額準備金存款利率的通知) which cancelled the preferential mortgage lending interest rate for individuals and restricted the minimum mortgage loan rate at 0.9 times of the benchmark rate. The PBOC also increased the public housing fund loan rate (住房公積金貸款利率) by 0.18% and required commercial banks to decrease the mortgage loan rate from 80% to 70% of the value of the property if it is located in a city where the property prices are increasing too rapidly.
- On 24 May 2006, the General Office of the State Council issued a Notice on Adjusting the Housing Structure and Stabilising Housing Prices (關於調整住房供應結構穩定住房價格意見的通知). The notice provides that banks are not permitted to provide loans to a property developer whose total capital fund is less than 35% of the total investment amount in an intended development project. From 1 June 2006 and with respect to property mortgages, down payments shall be a minimum of 30% of the purchase price. Down payments of 20% will still be applicable with respect to purchases of housing for buyers’ own accommodation with a GFA of less than 90 sq.m..
- On 11 July 2006, the Ministry of Construction (建設部), the Ministry of Commerce (商務部), the National Development and Reform Commission (國家發展和改革委員會), the PBOC (人民銀行), the State Administration for Industry and Commerce (國家工商行政管理總局) and the State Administration of Foreign Exchange (國家外匯管理局) jointly issued the Opinions on Regulating the Entry and Administration of Foreign Investment into the

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Real Estate Market (關於規範房地產市場外資准入和管理的意見). The Opinions provide that no offshore or Chinese domestic loan is allowed and the foreign exchange administration shall not approve the conversion of foreign currency loans into RMB if the foreign-invested real estate corporations have not contributed their registered capital in full, or have not obtained the state-owned land use rights certificate, or their capital for a development project is less than 35% of the total investment.

- On 22 July 2006, the China Banking Regulatory Commission (中國銀行業監督管理委員會) promulgated a Notice on Further Strengthening the Administration of Real Estate Credit (關於進一步加強房地產信貸管理的通知). The notice requests (i) improving credit risk classification system for all kinds of real estate loan; (ii) prohibiting providing loans to disqualified real estate developers whose own capital is less than 35% of the total capital required for the projects (not including affordable housing), or who have not obtained the “four certificates”; (iii) setting the loan term appropriately, and not allowing the provision of working capital loans in the name of real estate development loans; (iv) strictly restricting new loans for those developers who hoard land or housing and disturb market order; (v) preventing developers from obtaining loans by project split-up or rolling-ahead development strategies; and (vi) enhancing management after providing loans. All financial institutions shall provide loans strictly in accordance with the real estate project progress and strengthen overall supervision of the whole process of loan utilisation by developers.
- In December 2008, the General Office of the State Council issued the Opinion on Promoting the Healthy Development of Real Estate Market (關於促進房地產市場健康發展的若干意見). According to the Opinion, in order to stimulate the domestic needs and support the ordinary commodity housing market, purchasers of first unit flat may enjoy preferential loan rate and 20% down payment set out in the relevant laws and regulations. Meanwhile, for the purchasers who have already bought one unit flat through bank mortgage, if that unit GFA per person can not meet the local average level, they can enjoy the same preferential policies provided that the second unit flat is purchased to improve living conditions.
- Under the Notice on Adjusting the Percentage of Capital Fund for Fixed Assets Investment issued by the State Council on May 2009 (國務院關於調整固定資產投資項目資本金比例的通知), in order to cope with the international financial crisis and stimulate domestic needs, the minimum percentage of the property developer’s own capital required for projects development of affordable housing projects and ordinary commodity housing projects was adjusted from 35% to 20% and the minimum percentage of the developer’s own capital for other property development projects was adjusted from 35% to 30%.

Our ability to obtain financing for our project also depends on the various economic measures introduced by the central and local governments which are intended to stabilise the property market in China. From 2006 to the first half of 2008, the PRC government implemented a number of economic adjustment measures to prevent the PRC economy from overheating. Among these measures are policy initiatives issued by the PRC government on 24 May 2006 to use taxation, bank credit and land

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policies to regulate housing demand. During such period, the PBOC also announced several increases in the reserve ratio of commercial banks since June 2006 as a result of which the reserve ratio had increased from 7.5% to 8% with effect from 5 July 2006, from 8% to 8.5% on 15 August 2006, from 8.5% to 9% on 15 November 2006, from 9% to 9.5% on 15 January 2007, from 9.5% to 10% on 25 February 2007, from 10% to 10.5% on 16 April 2007, from 10.5% to 11% on 15 May 2007, from 11% to 11.5% on 5 June 2007, from 11.5% to 12% on 15 August 2007, from 12% to 12.5% on 6 September 2007, from 12.5% to 13.0% on 13 October 2007, from 13.0% to 13.5% on 26 November 2007. On 25 December 2007, the PBOC announced a further increase of the reserve ratio from 13.5% to 14.5%. The reserve ratio is further increased to 17.5%, effective on 25 June 2008, being the historical high over the past 30 years. The reserve ratio went down to 16.5% in October 2008, to 14.5% in December 2008, which reflects the PRC government’s policy to stimulate economic growth in the global economic downturn. The reserve ratio refers to the amount that banks must set aside when they lend. Such decision of the PBOC will limit the amount commercial banks have available for lending and our ability to obtain financing from commercial banks may be adversely affected.

Project Design

Our project design comprises the following three phases:

- Concept design (Phase I) — overall planning conducted at the stages of site selection and land acquisition in connection with our pricing policies and marketing strategies
- Project design (Phase II) — expansion of planning to cover three dimensional design of the property development, floor plans and selection of construction materials, which is usually conducted upon acquisition of the relevant land use rights
- Detailed design (Phase III) — implementation of the concept design and project design throughout the design and construction process, including landscaping and greenery design

In order to facilitate our design process, we have set up a research and design centre, which specifically engages in property design. We usually outsource Phase I design work to renowned overseas design houses such as Atkins China Ltd., WWCOT and HASSELL, all of which are independent third party designers of our Group. When determining the concept design of a particular property development, our designers and engineers generally consider the recommendations of our research and design centre regarding product mix, project location and market conditions, as well as the regulatory requirements regarding the design. Phase II of the design process is an integral part of our overall plan of a property development project and therefore we retain absolute control over this phase of the design process through our strategy committee and research and design centre. We then cooperate with the large and reputable local design institutes in the relevant regions to carry out the Phase III of our design process. Despite the involvement of overseas design houses and third party design institutes, we closely monitor and manage the quality and theme of a project development at each phase of its design process.

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Involving the external design houses and our research and design centre at an early stage of a property development project allows for the formulation of a preliminary design when we are negotiating with the government and enables us to commence construction shortly after the requisite approval to develop a parcel of land has been granted, as a result of which, the overall time needed to complete the development is significantly reduced.

Construction work

We outsource our construction phase of a development project to professional and reliable construction companies. During the Track Record Period, Shanghai Ditong, an associate of Mr. Zhang Zhi Rong, our Founder and ultimate Controlling Shareholder, and hence a related party of our Group, was our largest general contractor, it was determined that accounting for substantially all the construction work we had incurred during the Track Record Period, except for Phase III of Sunny Town with respect to which the construction work was undertaken by independent third party constructing companies. In addition, through the tendering process it was determined that the construction contracts for Royal Lakefront Phase IA and Harbin Villa Glorious Phase I will be granted to independent third party contractors. For the three financial years ended 31 December 2006, 2007, 2008 and the four months ended 30 April 2009, the total construction costs incurred in respect of the construction services provided by Shanghai Ditong amounted to approximately RMB1,033.1 million, RMB1,019.7 million, RMB1,185.5 million and RMB195.3 million, representing approximately 86.8%, 96.1%, 90.6% and 91.3% of our total construction and installation costs incurred during the Track Record Period, respectively. Other construction installation costs mainly included certain construction materials such as elevators, doors, windows, sanitary fittings and kitchen cabinets which we purchase through direct procurement. For the three years ending 31 December 2009, 2010 and 2011, the estimated construction fees payable under the Company’s annual budget is RMB1,260.9 million, RMB3,140.3 million and RMB4,820.1 million, respectively. Under relevant PRC laws and regulations, construction contractors need to obtain the relevant construction qualification certificate for the type of construction work they carry out before they can undertake such property construction work. During the Track Record Period, all of the construction contractors we appointed have obtained the requisite licenses. Shanghai Ditong holds a class I Qualification for General Contracting of Building Construction Works (房屋建築工程施工總承包一級資質). With its license Shanghai Ditong is permitted to engage in construction work for the following buildings under a construction or installation contract provided that the single contract value does not exceed five times of the registered capital of the enterprise: (1) construction project for buildings less than 40 storeys with various spans; and (2) structures with a height no more than 240 metres; and (3) residential quarters or building complexes with a GFA no more than 200,000 square metres.

The construction phase of a development project begins once we obtain the Construction Permit for the project. Although Shanghai Ditong, being our general contractor, is responsible for purchasing construction materials, procuring tools and equipment, it outsources labour services through third party construction labour providers and outsource specialised construction works to third party sub-contractors that are responsible for specialised construction works, such as landscaping, steel structural works, building envelope installation and fire services installation, and we, through our project management department in each project company, retain overall monitoring over the quality and progress of our construction process.

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According to the PRC Tendering and Bidding Law (《中華人民共和國招標投標法》), which became effective on 1 January 2000, and the Rules on the Tender Scope and Criteria for Construction Projects (《工程建設專案招標範圍和規模標準規定》), the tender process is compulsory with respect to construction projects within the PRC for projects such as large-scale infrastructure and public utilities relating to social public interests or public security, including the exploration, design, construction, construction supervision thereof as well as procurements pertaining to important equipment and materials in connection with project construction. The tender process can be conducted via open tender or tender by invitation. During the Track Record Period, the majority of our property projects have involved tender by invitation process, during which, Shanghai Ditong has been invited and selected as a successful bidder for each of these projects except for Phase III of Sunny Town, Royal Lakefront Phase IA and Harbin Villa Glorious Phase I. Under the relevant tender laws, a tender can only proceed if at least three construction contractors, all having competent qualifications and the ability to undertake the construction work, have submitted bids. The successful bidder is selected based on an independent assessment by each of the members of the assessment committee of the relevant tender bureau, having taken into account, among others, the following factors: the fee quote, the construction schedule for completion, the quality of construction work, the construction plan, allocation of manpower, safety measures and standard, equipment and facilities to be adopted, and the industry experience of the project manager of the bidder. Depending on the complexity and the scale of our project developments, some factors may outweigh the others in determining which contractors that we select. In general, the fee quote will be given the greatest importance, followed by the construction plan and quality of construction work. For all the bids for which Shanghai Ditong was selected during the Track Record Period, Shanghai Ditong had comparable scores or scored higher in terms of a competitive fee quote, construction plan and/or quality of construction work as compared to other bidders. As our projects do not involve state ownership, we may, but are generally not required to, select our construction companies through an open tender process.

We have selected our construction companies through tender by invitation in compliance with the relevant laws and regulations as well as local regulations where our properties are situated. We have also adopted a strict internal selection process in this regard. Our typical selection process regarding construction contractors has involved the following steps.

1. We engage a qualified independent tendering agent which is mainly responsible for drafting tender documents and assisting us in organising tender process. The tender agent is a legally established intermediary institution, acting as our agent in the tender process and providing relevant services. We then, with the help of the tendering agent, make registration of the projects to be tendered and file relevant tendering documents with the local government authorities.
2. Taking into consideration the specifications of a particular project, we compile a list of construction contractors ranging from three to eight and invite them to enter the bidding process.
3. The contractors who intend to bid for the projects provided information to us regarding their qualification, industry experience, and size and composition of their management team.

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4. Based on the information received and the specifications of a particular project, we issue tender application documents to selected bidders for completion (typically three to five contractors with competent qualification and relevant industry experience). All these construction contractors, except for Shanghai Ditong, are independent third parties of our Group.
5. The tendering agent would submit the completed tender application documents and other required documents to the local tender bureau.
6. After the tender documents are submitted, an assessment committee is formed, comprising several industry experts randomly chosen from a pool of industry experts who are independent of our Group and a representative from our Group. In accordance with the PRC laws and regulations and industry practice, the successful bidder is selected by way of score by an independent assessment of each of the members of the assessment committee having taken into account the fee quote, the construction schedule for completion, quality of construction work and the construction plan (which includes, allocation of manpower, safety measures and equipment and facilities to be adopted and the industry experience of the project manager of the bidder).
7. The bidding result is released and the successful bidder enters into the construction contract with us within a certain period from the date of release of the bidding result.

Going forward, our Group will adopt strengthened corporate governance measures in respect of the tendering process. A tendering committee will be established to monitor the tendering process and prescribe criteria for the selection of potential bidders for each of our project developments.

According to the Temporary Measures for Settlement of Construction Fees (《建設工程價款結算暫行辦法》), prepayment in the amount of 10% to 30% of the contract sum shall be payable to constructors within one month of the date of the construction contract or not later than seven days prior to the date of the commencement of the construction work, and monthly payments shall be made during the construction work. The total amounts payable during the construction shall not be less than 60% but not more than 90% of the construction price. The remaining balance of the contract price shall be payable on settlement with approximately 5% of the contract price withheld during the warranty period. In accordance with the above-mentioned notice and market practice, under the construction contracts with Shanghai Ditong, we generally prepay 20% to 30% of the construction price to Shanghai Ditong within 10 days from the date of the construction contract and monthly payments are payable depending on the progress of construction work. The total amount payable to Shanghai Ditong during the construction period does not exceed 90% of the contract sum. The remaining balance is payable only upon the satisfactory completion of work on settlement date with 2% to 5% of the contract price withheld to cover any expenses incurred in connection with the quality of the construction work during the warranty period. In addition, our construction contract also states that the contractors must comply with relevant laws and regulations on the quality of construction projects, as well as our own standards and specifications. The contractors are also subject to our quality control requirements and procedures, including examination of materials and supplies, regular on-site inspection and production of progress reports.

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We generally do not carry insurance against personal injuries that may occur during the construction of our properties except for our own employees. The construction companies are responsible for quality and safety control during the course of the construction and are required to maintain accident insurance for their construction workers according to PRC laws and regulations. We are not responsible for any labour problems of our contractors. Under the construction contracts, we are entitled to seek indemnification from the contractors for any damage as a result of any non-compliance with the applicable PRC laws and regulations concerning environmental protections, social and safety issues.

As of the date of this document, we have not been in breach of any applicable PRC laws and relevant regulations governing property constructions that would have a material adverse effect on our results of operation or financial conditions.

Procurement and Quality Control

During the Track Record Period, our general contractors are mainly responsible for procuring basic building materials in accordance with our specifications and requirement, such as cement, steel, and bear the risks of fluctuation in the costs of these materials. Going forward, we intend to procure building and construction materials by ourselves as to better control the cost and quality of our construction materials and reduce the risk arising from fluctuation of construction material prices. For those projects that require procurement through our general contractors, we conduct regular site inspection of raw materials procured by our constructors so as to monitor the quality and inventory level of such materials.

We place great emphasis on the quality of our project. Our budgeting department is involved from the site selection process of each project and is responsible for formulating budgeting plans and assisting our general contractor in selecting construction materials in accordance with strict quality specifications. To maintain quality control, our on-site supervisors and project companies will inspect quality of the construction materials used in our projects to ensure compliance against our own standards and specifications on each delivery and will reject materials which are below our standard or that do not comply with the contractual specifications. In addition, we engage independent and certified engineering supervisory companies to conduct quality and safety control checks on all building materials, equipments and construction in accordance with the relevant PRC laws. These certified engineering supervisory companies are engaged by us at different stages of a property construction phase, all of which are independent of our Group and Shanghai Ditong, and possess the requisite qualifications to conduct the relevant supervisory work. The qualifications of a certified engineering supervisory company can be broadly divided into three categories, namely, overall qualification (綜合資質), professional qualification (專業資質) and enterprise qualification (事務所資質), and the professional qualification (專業資質) can be further classified into three levels, with the First Level (一級) being the highest level. Engineering supervisory companies with the First Level (一級) professional qualification may carry out quality supervisory work and safety control checks on the construction of property project that involves high rise buildings with 28 stories or above and a site area of 30,000 square metres or more and residential quarters with a total GFA of over

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120,000 sq.m.. Most of the engineering supervisory companies appointed possess First Level (一級) professional qualification. The payment amount and settlement method varies but we typically pay our engineering supervisory companies a commission calculated based on the GFA and in the case of supervisory services provided in respect of special assets such as elevators, the commissions are usually calculated based on the number of relevant units. We usually settle our payment with our engineering supervisory companies in instalments, with the last payment usually to be made upon the completion of construction phase of the relevant project.

We also purchase certain special construction materials, such as elevators, doors, windows, sanitary fittings and kitchen cabinets, through direct procurement. Direct procurement does not only help us reduce and control our overall construction cost, but also enable us to better control the quality of the materials used to the extent that such materials are not customarily found in construction work.

For the three financial years ended 31 December 2006, 2007, 2008 and the four months ended 30 April 2009, purchases attributable to our five largest suppliers including material suppliers and construction contractors were approximately 57.9%, 57.5%, 47.5% and 51.2%, respectively of our total purchases in the respective period. Among the top five suppliers of our Group during the Track Record Period, Shanghai Ditong is our single largest supplier throughout the three financial years ended 31 December 2008 and the four months ended 30 April 2009, and its total purchase amounts for each of the three financial years ended 31 December 2008 and the four months ended 30 April 2009 accounted for approximately 51.4%, 54.4%, 42.9% and 41.1% of the Group’s total purchase amount from direct suppliers, construction and installation services and other indirect costs during the respective period. Our related parties, Shanghai Yangguang Investment (Group) Co., Ltd., Shanghai Yuncheng Urban Engineering Co., Ltd and Shanghai Chuangmeng, each of which is an associate of the Founder, were also among the top five suppliers during our Track Record Period. Shanghai Yangguang Investment (Group) Co., Ltd, a company principally engaged in the provision of corporate investments, property consultancy services and domestic trading, provided professional consultancy services on property development to us, and the purchase amounts attributable to Shanghai Yangguang Investment (Group) Co., Ltd., a company 100% beneficially owned by the Founder, accounted for approximately 1.7%, 0.9%, 0.1% and 0.2% of the total amount of purchases of our Group for each of the three financial years ended 31 December, 2008 and the four months ended 30 April 2009, respectively. Shanghai Yuncheng Urban Engineering Co., Ltd., a company principally engaged in urban engineering, provided urban engineering services to us and the purchase amount attributable to Shanghai Yuncheng Urban Engineering Co., Ltd., a company owned as to 40% by Mr. Ding Xiang Yang, our vice Chairman and the brother-in-law of the Founder, and 60% by Shanghai Zhuoxin Commercial Investment Management Co., Ltd., a company owned as to 75% by the Founder’s father and 25% by his wife, accounted for 2.6%, 0.2% and 0.1% of our total purchase amount for the three financial years ended 31 December 2008, respectively. Shanghai Chuangmeng, a company principally engaged in the provision of design and construction engineering services, provided design services to us and the purchase amount attributable to Shanghai Chuangmeng accounted for approximately 0.9% for the financial year ended 31 December 2007. Save as disclosed above, none of our top five suppliers for each of the three financial years ended 31 December 2008 and the four months ended 30 April 2009 is a related party of our Group. In addition, our Directors have confirmed that, other than the purchases with Shanghai Ditong and Shanghai Chuangmeng which has ceased to be our related party since 9 May 2008, in respect of the provision of its construction services and design services, respectively, none of the other related party top five suppliers disclosed above will continue to have

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such relevant transactions with us going forward. Save as disclosed herein, none of our Directors, their associates or any shareholder (who or which, to the best knowledge of our Directors, owns more than 5% of our share capital) has any interest in any of our top five suppliers.

Fitting and decoration work

In the past, most of our projects do not include fittings and interior decorations so as to provide our end customers with the full flexibilities to renovate the properties based on their preferences and needs. In response to the market trends, we intend to offer customised fittings and decoration services to our customers going forward with a view to expanding our customer portfolio and creating further values to our products.

Pre-sales

Pre-sales of our property units commence before the completion of a project or a project phase. Under the Law of the Administration of Urban Real Estate of the PRC (《中華人民共和國城市房地產管理法》) and the Administrative Measures governing the Pre-sales of Urban Real Estate (城市商品房預售管理辦法), as amended in 2001 and 2004, we must comply with the following conditions before pre-sales of a particular property can commence:

- the land premiums must have been fully paid and the land use rights certificates must have been obtained;
- the construction works planning permit and construction work commencement permit must have been obtained;
- the funds contributed to the development of the property developments where property units are to be pre-sold must comply with the relevant governmental regulations and the expected completion date and delivery date of the construction work must have been ascertained; and
- pre-sale permits must have been obtained from construction bureau at county-level or above or real estate administration authority.

We comply with the relevant governmental regulations in respect of the use of pre-sales proceeds in all material respects. Based on the local regulations on the supervision of pre-sale proceeds, the proceeds from the pre-sales of our properties must be deposited in escrow accounts. Before the completion of the pre-sold properties, the money deposited in these escrow accounts may only be used to purchase construction material and equipment, make interim construction payments and pay taxes, subject to prior approval from the relevant local authorities. See “Summary of PRC Laws Relating to the Property Sector — Sale of Commodity Properties” in Appendix VII to this document for further information on regulations that relate to pre-sales. As of the Latest Practicable Date, we were in compliance, in all material respects, with the relevant laws and regulations applicable to the pre-sale of properties in the PRC.

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In accordance with the pre-sales contract, after signing the pre-sale contract and paying the down payment, which is normally 20% to 30% in accordance with the relevant laws and regulations, the purchasers need to fully settle the outstanding contract amount within a certain period as set out in the pre-sale contract. If a purchaser defaults under the pre-sale contract and fails to make timely payment, then such purchaser normally is obligated to pay liquidated damages in an amount equal to 0.01% of the total contract amount per day and, if the non-payment exceeds 30 days, the Company is entitled to terminate the pre-sale contract and claim 1% of the total contract amount as liquidated damages. In addition, until the total purchase amount under the pre-sale contract is paid in full by the purchaser, the Company is not obligated to deliver the property under the pre-sale contract. As at the Latest Practicable Date, there had been no major return of properties sold or pre-sold during the Track Record Period that had a material adverse impact on the financial and operation position of the Group.

Marketing and sales

Our marketing and sales centre is responsible for formulating our marketing and sales strategies and managing the overall sales process. Each of our project companies has also established its own marketing and sales department to implement the marketing and sales strategies laid down by our marketing and sales centre. The marketing and sales strategy varies from project to project and depends on a wide range of factors, including market conditions, our cash position, size, phase and location of the project, timing for sales and targeted customer group. Our marketing and sales centre sets the sale price for each unit within a particular project based on the recommendation by the relevant project company, taking into account the marketing and sales strategies adopted for such project.

Some of our marketing and sales activities are conducted through cooperation with external professional marketing and sales service providers, such as DTZ Debenham Tie Leung International Property Advisers, which is an international real estate agents and independent of our Group. We usually engage different sales agent for different projects based on each project’s particular location, potential customer base and pricing. The agent commissions usually range from 0.8% to 1.5% of the total sales proceeds from a particular project and are often negotiated by us on a case-by-case basis. For the three financial years ended 31 December 2006, 2007, 2008 and the four months ended 30 April 2009, the total agency fees paid and payable by us in respect of the agency services amounted to approximately RMB15.7 million, RMB37.1 million, RMB17.4 million and RMB2.2 million, respectively. As at 31 December 2006, 2007, 2008 and 30 April 2009, the unpaid balances were RMB17.2 million, RMB20.8 million, RMB9.9 million and RMB9.5 million, respectively. The settlement terms vary among different projects. For example, Pursuant to the sales agency agreement for the sale of Wuxi No.1 City Promotion, we were required to pay a deposit representing 10% of the agency fee upon signing of the agreement, and settle the agency fee monthly based on the actual proceeds from the monthly sales. We were then entitled to deduct the initial 10% deposit from the last payments of the agency fee. Another example would be the sale of Shanghai Park Avenue, pursuant to which, we were required to settle 90% of the agency fee monthly based on the actual proceeds from sales and the remaining 10% within ten days from the completion of the relevant properties. As the final payment of agency fees requires detail calculation of the fee amounts and need to be mutually agreed between us and each of the sales agents, it will usually take a long period of time to have all

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outstanding agency fees being agreed and settled after the agency services are rendered. As a result, the unpaid balance of agency fee as at each period end may accumulate to a slightly higher balance, for which the Group is committed to make payments in accordance to the agreed payment terms.

Handover of completed properties

In relation to our properties for sale, after construction is completed, we will need to obtain a completion and acceptance certificate (竣工驗收證明) from the relevant local governments before we are able to hand over the properties to our customers. In Shanghai, there is an additional requirement for us to obtain a delivery certificate (交付使用許可證) in respect of our completed residential properties before handover can be effected. Pursuant to a typical pre-sale agreement, if we fail to deliver the property on the delivery day stipulated in the pre-sale agreement, we will, depending on the length of delay, be liable to pay a monetary penalty ranging from 0.005% to 0.02% of the property price on a daily basis until the delivery of property. If our delay exceeds certain number of days, which, depending on the particular contracts ranges from 30 days to 180 days, the relevant purchaser may have the right to repudiate the pre-sale agreement in addition to claiming the penalty fee. As at the Latest Practicable Date, there had been no repudiation of the pre-sale agreement by our purchasers that had a material adverse impact on the Group’s operational and financial position. There may also be factors beyond our control that cause delay to the delivery of property, such as examination and approval processes conducted by various government agencies. In the case of serious delays on one or more property projects, our business and reputation may be adversely affected. The Group has fully paid the penalty in the amount of approximately RMB35 million for the late delivery of properties for the year 2008. The estimated penalty of the Group for the late delivery of properties for the period from 1 January 2009 to 15 September 2009 is approximately RMB55.4 million. The Directors confirm that, other than the penalty we have paid as a result of late delivery of the properties as disclosed above, the Group is not subject to any other legal consequence in relation to such late delivery of the property to the purchasers. The estimated amount of penalty for the late delivery represented the penalty which the Group will be obliged to pay to customers in accordance with the terms in the pre-sales agreements on the assumption that the properties cannot be delivered on or before 15 September 2009. Notwithstanding the above, the Directors believe that we did not experience any significant delay in delivering completed properties to our customers that had a material adverse impact on our financial performance during the Track Record Period.

Property Management

We appoint professional property management companies to manage the properties we develop. Other than Yangguang Management, which is owned as to 90% by the spouse of the Founder and therefore a related person of the Group, all the other property management companies we have appointed as at the Latest Practicable Date were independent from our Group. The services provided by these property management companies typically include security, property maintenance, gardening and other ancillary services which are reasonably expected from a property management company. The monthly management fee is determined with reference to the prevailing market rates set by the relevant government authorities and is calculated based on the GFA of the units. The management fee is usually settled on a monthly basis upon receipt of the invoice issued by the property management companies. While we have the right to appoint property management companies upon completion and delivery of each project we develop, we do not assume any obligation for payment of management fee

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in respect of the units we have handed over to our purchasers. With a view to ensuring better property management services offered to our customers, we have also engaged reputable and internationally well-known property management consulting companies to provide consultancy services to the external property managers that we appoint. Such consulting companies include DTZ Debenham Tie Leung International Property Advisers, and Key International Hotels Management Co., Ltd., a joint venture to which Kempinski Hotels S.A. of Europe is a party.

Payment and End-user Financing

With respect to both pre-sales and sales, our purchasers can choose payment by instalments, lump sum payments or mortgage bank loans. In line with the market practice, we have arrangements with various banks for the provision of mortgage facilities to our purchasers and we provide guarantees for these mortgages until completion of construction and the relevant property ownership certificates and certificates of other interests in the property are submitted to the relevant banks.

In line with industry practice, we do not conduct independent credit checks on our purchasers but rely on credit checks conducted by the relevant bank.

Customers

Our core customer base comprises local customers as well as overseas investors. We target a broad base of customers with varied income levels and backgrounds. Since 2005, we have adopted an advanced electronic system to make real-time sale records and track our existing customers for marketing sales and after-sales purposes.

For the financial year ended 31 December 2006, 2007, 2008 and the four months ended 30 April 2009, sales attributable to the largest customer amounted to approximately 8.1%, 3.7%, 8.9% and 2.2%, respectively, of our total sales in each year and sales attributable to our five largest customers amounted approximately 16.7%, 8.6%, 16.7% and 10.0% of our total sales. To the best knowledge of the Directors, all the top five customers during the Track Record Period are independent of the Group.

Other Business

To reduce and better control our overall construction cost, our wholly-owned subsidiary Nantong Zhuowei established Shanghai Shuntianlong in 14 November 2008, and Shanghai Xintai, another wholly-owned subsidiary, established Shanghai Qiwei on 24 September 2008. Shanghai Shuntianlong and Shanghai Qiwei mainly provide construction materials such as concrete, steel and other fitting and decoration materials for our property development. In addition, Nantong Zhuowei and Tianjin Hongyun, which were previously property companies engaging in the development of properties, extended their scope of business so as to enable them to focus on the procurement of construction materials. Through our own construction materials procuring companies, we hope we could better tackle the market fluctuating risk of construction materials, which account for a very significant part of cost of sales for property companies. Further in 28 November 2008, Nantong Zhuowei acquired Shanghai Mingbao, a company mainly providing fitting and decoration services, from two individuals who are independent of our Group. We intend to strengthen our fitting and decoration capability through the acquisition of Shanghai Mingbao. Although most of our current projects do not include

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fittings and interior decorations to our customers, we are of the view that developing our own fitting and decoration arm can further expand our products portfolio, provide more flexibility to our customers and further strengthen our position as a market leader by offering a variety of customised products to the market.

COMPETITION



The competition in the property industry in the PRC is highly intense. Our existing and potential competitors include major domestic state-owned and private developers and foreign-funded real estate developers (including leading developers listed in Hong Kong) who focus on developing residential property markets in China. Competitive factors include the size of land reserves, the geographical location, the types of property offered, brand recognition by customers, creditworthiness, prices and design quality. A number of our competitors have greater financial, marketing, land and other resources than we have, as well as greater economies of scale, broader name recognition, a longer track record and more established status in certain markets.

For more information on competition, please refer to the section headed “Risk Factors — Risks Relating to Our Business — increasing competition among property developers, particularly in first-tier cities, may adversely affect our business and financial condition”.

LEASED PROPERTIES

As of 31 July 2009, we, as lessees, have signed 25 tenancy agreements with the relevant lessors, leasing units and buildings for office and residential purposes. We have completed registration of 6 out of the 25 tenancy agreements as of 31 July 2009 and are in the process of applying for, and/or requesting the relevant lessors to assist in, the registration of the remaining tenancy agreements. As advised by the Company’s PRC counsel, Commerce and Finance Law Offices, the failure of registering a tenancy agreement would not affect validity and enforceability of such tenancy agreement under the applicable laws and regulation. In addition, for the remaining tenancy agreements not yet registered, the lessors have provided indemnities in favour of us to the effect that the Company will be fully indemnified for any possible penalties or fees imposed on it associated with the non-registration of tenancy agreements. We believe that in the event there is any future dispute due to lessor’s title defect to the leased property and/or in connection with validity of the tenancy agreements, the Company will be able to find alternative premises within a short timeframe and with minimal disruption to the Company’s business operations.

INTELLECTUAL PROPERTY RIGHTS

Currently, each project developed by us has its own project name and marketing name, which is given after considering the project’s particular situation. As part of the Reorganisation, our Founder, through two wholly-owned companies (which do not form part of our Group), has transferred to us the two trademarks, namely,  SUNGLOW and , at no consideration for use in connection with our property development business. We are currently in the process of applying for our trademarks which we plan to promote as our future brand for every project to be developed. For further details relating to our intellectual property, see the paragraph headed “Intellectual Property” in Appendix X “Statutory and General Information”. We believe we can form quick and strong brand recognition under the new

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trademarks through continuously providing high quality properties to the market. Pending registration of the above-mentioned trademarks, our Group will own all the relevant trademarks in respect of all our property projects.

INSURANCE

Property developers are not required under PRC laws and regulations to maintain insurance coverage in respect of their property development operations. In line with the industry practice, we do not maintain insurance coverage on our properties developed for sale except for those developments over which our lending banks have security interests, or for which we are required to maintain insurance coverage under the loan agreements. In addition, we generally do not carry insurance against personal injuries that may occur during the construction of our properties except for our employees. The general contractors and construction companies are responsible for safety control during the course of construction and are required to maintain accident insurance for their construction workers pursuant to PRC laws and regulations. According to our construction contracts, the general contractors and construction companies will bear the risks and liabilities arising from tortuous acts committed on work sites. To date, we have not experienced any material damage to our property developments nor have any material personal injury-related claims been brought against us.

We carry social insurance for our formal employees and maintain on a voluntary basis personal accident insurance and supplementary commercial insurance, which complies with the relevant PRC rules and regulations. We believe that our policies with respect to insurance are in line with the industry practice in the PRC. However, there are risks for which we do not have sufficient insurance coverage for losses, damages and liabilities that may arise in our business operations. You should refer to “Risk Factors — Risks Relating to Our Business — we do not have insurance to cover potential losses and claims in our operations” for additional risk disclosure.

SOCIAL, HEALTH AND SAFETY MATTERS

In respect of social responsibilities, in particular, labour health, safety and social insurance, pursuant to the regulations of the Labour Contract Law of the People’s Republic of China, the Labour Law of the People’s Republic of China and Opinions on Several Questions concerning the implementation of the Labour Law of the People’s Republic of China, an enterprise is required to execute an employment contract with its employees according to the relevant laws and regulations and shall not rescind the employment contract without cause. Employees are entitled to rest and have annual leave according to the law and provisions as stipulated in an employment contract. An enterprise is required to have health and safety policies and provide health and safety training to its staff. It is also required to provide its staff with a safe and hygienic working environment as well as any protective gears if necessary. Pursuant to the regulations of the Decision of the State Council on Establishing the Basic Medical Insurance System for Urban Employees, Decision of the State Council on Establishing a Uniform Basic Endowment Insurance System for Enterprise Employees, the Provisional Insurance Measures for Maternity of Enterprise Employees, Regulations on the Management of Housing Provident Fund, Regulations on Unemployment Insurance and Regulations on Industrial Injury Insurance, an enterprise is required to purchase basic medical insurance, pension insurance, maternity insurance, unemployment insurance, personal injury insurance for its staff and pay the relevant insurance premiums in accordance with the law and regulations.

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During the Track Record Period, we had not violated any currently applicable PRC social, health and safety regulations in any material respect. We have in the past complied with the new PRC labour laws in all material respects and will continue to do so, and do not expect such compliance to affect our business operations in any material respect. We believe that by protecting the interests of our employees, we would be able to enhance employee morale and improve our long-term retention rate of quality personnel.

In order to comply with the relevant laws and regulations, we participate in various defined retirement contribution plans organised by the PRC provincial and municipal governments for our employees. We pay on behalf of our employees a monthly social insurance premium covering pension insurance, medical insurance, unemployment insurance and housing provident fund. Our human resources department personnel looks after our social, health and safety issues. They generally have sound knowledge of administration on employment and related matters and are aware of the latest legal development in this area and our compliances with the relevant requirements.

ENVIRONMENTAL MATTERS

Real estate developers in China are subject to a number of environmental laws and regulations including the PRC Environment Protection Law (中華人民共和國環境保護法), PRC Law on Prevention and Control of Noise Pollution (中華人民共和國環境噪聲污染防治法), PRC Law on Environmental Impact Assessment (中華人民共和國環境影響評價法) and the Administrative Regulations on Environmental Protection in relation to Construction Environment (建設環境保護管理條例). Pursuant to those laws and regulations, an environmental impact assessment report is required to be submitted to the relevant government authorities for approval before commencement of construction, and each project developed by a property developer is required to undergo an environmental assessment. When there is a material change in respect of the construction site, scale or nature of a given project, a new environmental impact assessment report must be submitted for approval. Although property development is generally regarded as low polluting, during the course of construction of a project, there may be an increased amount of dust around the site, increased noise pollution, increased wastewater and solid construction waste. In each of these cases, our construction contractors, as part of the responsibilities under their contracts, are responsible for taking actions to control the quality of air, degree of noise and water pollution levels.

We endeavour to ensure that we comply with relevant PRC laws and regulations on environmental protection. When entering into construction contracts with our general contractors, we would request that they strictly comply with all PRC environmental protection laws and regulations in force including using construction materials and construction methods that meet the requirements of such laws and regulations. We normally request the construction contractors to take specific measures to minimise adverse environmental impact during construction. For example, a septic tank should be installed to filter the domestic waste from the construction site before discharging into the municipal pipes. Machinery and equipment used for construction are governed by certain emission standards so that the gas emitted from the machinery or equipment of all construction units at the scene must meet the relevant standards. During the course of construction, all construction units should strictly comply with the administrative provisions in respect of working hours stipulated by the local governments so as to reduce noise pollution. We believe that our environmental protection measures are in line with industry practice.

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In addition, in accordance with PRC environmental laws and regulations, if a construction project includes environmental facilities (including projects, devices, monitors and other facilities that were constructed or equipped in order to prevent pollution and protect the environment), such facilities will have to pass an inspection by the environmental authorities and an approval must be obtained before the environmental facilities can commence operations. If a construction project does not include any environmental facilities, no such approval is required. Whether our projects are required to construct environmental facilities is on a case-by-case basis mainly and determined by the project scope and the demands of local environmental authorities.

Upon completion or under construction of each property project, the relevant PRC government authorities will also inspect the property site to ensure that we have complied with the applicable environmental and safety standards. Inspection of each property project under construction carried out by the relevant PRC government authorities to date have not revealed any environmental liability which we believe would have a material adverse effect on our business operations or financial condition. Our PRC legal counsel, Commerce and Finance Law Offices, has confirmed that during the Track Record Period, we did not experience any material environmental pollution incident and there was no penalty imposed on us for violation of environmental laws and regulations that would have have a material adverse impact on our operation and financial results. All of our properties under construction have received the requisite environmental approvals. We believe we are in compliance with PRC environmental laws and regulations and we do not have a record of any non-compliance during the Track Record Period.

We cannot predict the impact of unforeseeable environmental contingencies or any or new update to laws or regulations on our existing projects or properties that we may develop in the future. It has been our commitment to continue complying with relevant PRC environmental laws and regulations and requiring the construction contractors to strictly comply with relevant laws and regulations during the materials procurement and property construction process so as to prevent any potential future environmental risks. We will also continue to educate our employees the importance of environmental protection and keep abreast with developments in PRC environmental protection laws and regulations through regular dialogue with the relevant local PRC authorities. Please also see “Risk Factors — Risks Relating to our Business — Potential liability for environmental problems could result in substantial costs.”

LEGAL PROCEEDINGS

We were not, as of Latest Practicable Date, engaged in any litigation, arbitration or claim of material importance, and no litigation, arbitration or claim of material importance was known to our Directors to be pending or threatened by or against us that would have a material adverse effect on our results of operations or financial condition.

Compliance with PRC Laws and Regulations

During the Track Record Period and as at the Latest Practicable Date, our Group had complied with the applicable PRC laws on property development and pre-sale in all material aspects. In particular, we believe we have made sufficient provisions based on our estimate of the amount of applicable LAT in accordance with the requirements set forth in the relevant PRC tax laws and

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regulations, conducted environmental impact assessments for most of our construction projects in accordance with the relevant environmental laws and regulations, and adopted insurance practice that is consistent with the general practice in the PRC property development industry. As at the Latest Practicable Date, we had also obtained all relevant approvals, permits and licenses necessary for our operation and all the land use right certificates in respect of our properties completed for sale and properties under development. As at the Latest Practicable Date, our Directors confirmed that none of our projects is, or may be, subject to any penalty and/or forfeiture due to our failure to comply with the terms of our current land grant contracts that would have a material adverse effect on our results of operations or financial condition. As at the Latest Practicable Date, our PRC legal adviser, Commerce and Finance Law Offices, has confirmed that they have not found any land owned by our Company that is subject to the possibility of forfeiture or penalties due to the delay of construction. In addition, we further undertake that we will use our best endeavours to ensure that we will perform current and future obligations strictly in accordance with the relevant land grant contracts. We will monitor our on-going compliance with the requirements of the requisite approvals, permits, licenses and certificates and require all our subsidiaries and property projects to strictly adhere to the relevant rules and regulations imposed by government authorities from time to time.