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OVERVIEW

We believe we are a leading commercial property developer in China specializing in the development and operation of high-quality, large-scale, multi-functional commercial complexes. Our existing property projects are generally located in prime positions close to the city center of fast-growing, emerging cities in Fujian Province, Jiangsu Province, Shandong Province, Henan Province and Anhui Province. We intend to expand our commercial property development operations predominantly to other second or third-tier cities in China with high growth potential. In 2006, 2007 and 2008, we were recognized as a top brand, among commercial and tourism related real estate brands, by China Real Estate Top 10 Research Group, based on a combination of factors, including our market position, brand recognition and customer satisfaction. We were named as one of the top 100 real estate enterprises in China in 2006, 2007, 2008 and 2009, by the same organization based on a range of factors such as total assets, total revenue, net profit and GFA completed and under development.

We believe we have a distinctive business model that sets us apart from most other property developers in China. We sell all residential properties and a portion of our commercial properties to generate cash flow for our business operations and retain ownership of a significant portion of our commercial properties for long-term investment to generate recurring rental income and realize potential capital appreciation, while most other real estate developers in China have focused on strata sale of properties they develop. We believe this business model allows us to diversify our revenue sources and reduce our reliance on a particular sector of the real estate market. We focus primarily on fast-growing, emerging cities in China, which enables us to acquire land at relatively low cost and avoid the high levels of competition prevalent in first-tier cities. During the Track Record Period, we designated all of our residential properties and approximately half of our commercial properties for sale and retained the remaining half of our commercial properties for investment purposes. Our policy going forward will generally continue to follow our current practice with respect to properties for sale and properties to be retained for investment, although we expect to retain a greater portion of our properties for investment in the future. This policy, however, is subject to our assessment from time to time of our overall financial condition, results of operations and cash flow requirements. We will also take into account the operation and management of the relevant commercial project, the attractiveness of the property to the market and overall market conditions when we decide whether to keep a particular commercial project and how much of our portfolio to keep as investment properties.

As of June 30, 2009, we had a total of 17 property development projects at various stages of development in 14 cities in China as follows:

- *Completed properties.* We had completed four projects, of which three are located in Fujian Province and one is located in Henan Province, with a total GFA of 660,302 square meters, of which we currently hold a total GFA of 238,760 square meters available for lease.
- *Properties under development.* We had seven projects under development with a total GFA of 3,316,611 square meters, of which three are located in Jiangsu Province, two are located in Shandong Province, one is located in Henan Province and one is located in Anhui Province. We had completed construction of an aggregate of 538,675 square meters of GFA in various projects under development, with respect to which we are currently applying for the certificates of completion.

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- *Properties held for future development.* We had six projects held for future development with a total GFA of 3,900,720 square meters, of which three are located in Jiangsu Province, two are located in Shandong Province and one is located in Henan Province.

We hold a 100% equity interest in all the above projects except for Wuxi Powerlong City Plaza, in which we hold an 80% interest. Of the 7,217,331 square meters of GFA under development and held for future development as of June 30, 2009, an estimated total GFA of approximately 3,861,621 square meters related to residential properties, and an estimated total GFA of 3,355,710 square meters related to commercial properties.

We focus on the development and operation of large-scale commercial complexes and therefore, the acquisition of land at competitive prices and in the right locations is critical to our overall development strategy. As of June 30, 2009, we had properties under development with a total site area of 1,525,474 square meters in Suzhou City and Wuxi City in Jiangsu Province, Qingdao City and Tai'an City in Shandong Province, Luoyang City in Henan Province as well as Bengbu City in Anhui Province. As of the same date, we also had properties held for future development with a total site area of 1,786,885 square meters in Suqian City, Yancheng City and Changzhou City in Jiangsu Province, Qingdao City and Yantai City in Shandong Province as well as Xinxiang City in Henan Province. We continually search for development sites that meet our selection criteria and plan to maintain our land reserves at levels sufficient to support our operations for three years on a rolling basis. We typically finance our land acquisition costs with cash generated internally from our operations and bank borrowings. However, as we grow larger and gain more access to capital markets, we may also finance our land acquisition costs with other debt or equity instruments.

We believe our products are competitive in the PRC real estate market. Our property development projects typically comprise large-scale commercial complexes and residential properties in second or third tier cities. Our property developments are among the largest integrated commercial projects in the cities where they are located and typically have a total GFA ranging between 200,000 to 500,000 square meters each. Our “Powerlong City Plazas” are integrated commercial-residential complexes and typically include the following categories of properties:

- large-scale commercial premises that contain supermarkets, department stores, retail shops, cinemas, food courts and other recreational facilities; and
- quality residential properties with low- and/or high-rise apartment buildings, residential suites and villas.

Depending on the location of our projects and market demand, our future commercial complex projects may also include the following categories of properties:

- high-quality hotels managed by internationally recognized hotel management companies; and
- large-scale indoor amusement parks.

We are currently developing three high-quality hotels as part of our project developments in Suzhou City, Qingdao City and Tai'an City and have engaged a subsidiary of Starwood Hotels Resorts Worldwide Inc. to manage these hotels.

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The total GFA of properties we delivered during the Track Record Period was 75,039 square meters in 2006, 129,947 square meters in 2007, 287,274 square meters in 2008 and 179,805 square meters in the six months ended June 30, 2009. For 2006, 2007 and 2008 and the six months ended June 30, 2009, our revenue was Rmb 402.8 million, Rmb 1,025.8 million, Rmb 1,583.8 million and Rmb 1,294.3 million, respectively, and our profit attributable to our equity holders was Rmb 117.4 million, Rmb 603.3 million, Rmb 932.7 million and Rmb 330.1 million, respectively. Our revenues fluctuated during the Track Record Period largely because our total GFA delivered varied from period to period as we did not recognize revenue until we completed and delivered our properties. We typically develop our properties in phases, but a large-scale development project may take up to two years to complete. Our results of operations are limited by the number of properties that we can develop or complete during any particular period as a result of the substantial capital requirements for land acquisition and project construction, limited land supplies and lengthy development periods. For example, our ability to obtain land reserves and raise capital to finance our property development is affected by factors such as the prevailing macro-economic conditions and PRC regulatory environment. If we experience an economic downturn similar to the recent global financial crisis or if the PRC government tightens its regulatory policies in relation to the property development industry, our property development activities may be adversely impacted, which may also have a flow-on effect on our cash flow and results of operations. In addition, as most of our property projects typically take a number of months to reach pre-sale status from the commencement of construction, we do not receive cash flows from pre-sales until a few months after construction begins with respect to a property.

We maintain a certain level of indebtedness to finance our property development operations. As of December 31, 2006, 2007 and 2008 and June 30, 2009, our aggregate outstanding bank borrowings was Rmb 129.0 million, Rmb 760.3 million, Rmb 1,111.0 million and Rmb 988.2 million, respectively. In addition to our total indebtedness described above, we had outstanding guarantees in respect of our customers’ mortgage loans amounting to approximately Rmb 280.3 million, Rmb 912.4 million, Rmb 1,029.3 million and Rmb 1,229.8 million, respectively, as of December 31, 2006, 2007 and 2008 and June 30, 2009. In addition, we also issued debt securities during the Track Record Period to raise additional financing. For more information, see the section entitled “History, Reorganization and Corporate Structure — Convertible Bonds and Secured Notes” in this document. We had total outstanding Secured Bonds and Secured Notes of Rmb 415.0 million as of June 30, 2009. The interest payable on the Secured Bonds and Secured Notes expected to be accrued up to the Latest Practicable Date is approximately Rmb 43.7 million. During the Track Record Period, our net cash inflow from operating activities was Rmb 490.9 million, Rmb 1,047.4 million, Rmb 131.3 million and Rmb 335.0 million, respectively. As of June 30, 2009, our cash and cash equivalents was Rmb 272.2 million. Our ability to finance our indebtedness and maintain a healthy level of cash inflow may be affected by various factors, including those discussed under the section entitled “Risk Factors” in this document.

We incurred a substantial amount of interest expenses in relation to our bank borrowings, Convertible Bonds and Secured Notes, as well as Secured Bonds and Secured Notes during the Track Record Period and we capitalized a large portion of these interest expenses. In particular, we incurred a total interest expense of Rmb 329.6 million in relation to our Convertible Bonds and Secured Notes, Secured Bonds and Secured Notes during the Track Record Period, of which Rmb 294.6 million had been capitalized. These capitalized interest expenses were recorded as part the development costs of the properties held for development in Suqian, Yantai, Xinxiang, Yancheng, Licang and Changzhou which we acquired using the proceeds from

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the issuance of the Convertible Bonds and Secured Notes. These capitalized interest expenses had no impact on our financial position during the Track Record Period as they were not capitalized under properties which we delivered or expect to deliver in 2009. Going forward, we expect to recognize such capitalized interest expenses as cost of sales progressively according to our project completion and delivery schedule. We do not expect these capitalized interest expenses to have any material adverse impact on our gross profit margin or financial position.

We typically arrange for various banks to provide mortgage facilities to purchasers of our properties who require mortgage loans and are required to provide guarantees to these banks up to the time of delivery of properties in respect of mortgages offered to our customers. We had outstanding guarantees in respect of our customers' mortgage loans amounting to approximately Rmb 280.3 million, Rmb 912.4 million, Rmb 1,029.3 million and Rmb 1,229.8 million as of December 31, 2006, 2007 and 2008 and June 30, 2009, respectively. However, we did not encounter any mortgage loan default by customers with respect to which we were required by mortgagee banks to honor our guarantee obligations. We intend to retain an increasing portion of our commercial properties for recurring rental income and/or for capital appreciation and to sell our residential properties for cash flow. As a result, our cash flow from operations may decrease if we hold a greater portion of our developed properties for investment or if we sell fewer properties. During 2006, 2007 and 2008 and the six months ended June 30, 2009, our revenue from sales of properties amounted to Rmb 399.3 million, Rmb 982.7 million, Rmb 1,511.8 million and Rmb 1,255.6 million, respectively, representing approximately 99.1%, 95.8%, 95.5% and 97.0%, respectively, of our total revenue. As of June 30, 2009, we had pre-sold a total GFA of 407,028 square meters in respect of our properties under development. We started to lease out our investment properties in December 2006. As of December 31, 2006, 2007 and 2008 and June 30, 2009, we had leased out a total GFA of 6,436 square meters, 95,585 square meters, 104,875 square meters and 113,348 square meters, respectively. During 2006, 2007 and 2008 and the six months ended June 30, 2009, our rental income amounted to Rmb 0.2 million, Rmb 32.2 million, Rmb 53.3 million and Rmb 28.4 million, respectively, representing approximately 0.1%, 3.1%, 3.4% and 2.2%, respectively, of our total revenue.

Our investment properties are subject to revaluation as of each balance sheet date and therefore, gains or losses arising from changes in the fair value of our investment properties are accounted for as gains or losses upon revaluation in our consolidated statement of comprehensive income, which may have a substantial effect on our results. Our completed investment properties had a fair value of Rmb 144.0 million, Rmb 1,073.0 million, Rmb 2,173.0 million and Rmb 2,168.9 million as of December 31, 2006, 2007 and 2008 and June 30, 2009, respectively, generating a fair value gain of Rmb 121.1 million, Rmb 533.0 million, Rmb 856.0 million and Rmb 2.4 million for 2006, 2007 and 2008 and the six months ended June 30, 2009, respectively, the after tax impact of which represented approximately 66.0%, 65.9%, 68.5% and 0.5% of our profit for the year in 2006, 2007 and 2008 and the six months ended June 30, 2009, respectively. Our independent property valuer used the investment method to value our completed investment properties because such method reflected the value of the property during the lease period of the property. The completed investment properties we held as of June 30, 2009 were located in Fuzhou Powerlong City Plaza, Zhengzhou Powerlong City Plaza and Bengbu Powerlong City Plaza. Of our top 10 tenants in terms of space occupied in our investment properties as of June 30, 2009, two were companies controlled by our Controlling Shareholders. In 2007 and 2008 and the six months ended June 30, 2009, our rental income attributable to tenants controlled by our Controlling Shareholders was approximately Rmb 15.1 million, Rmb 16.9 million and Rmb 2.1 million, respectively, which represented 46.9%, 31.7%

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and 7.6%, respectively, of our total rental income in the same periods. We expect our rental income attributable to tenants controlled by our Controlling Shareholders to be approximately Rmb 13.5 million in 2009, representing 16.4% of our expected total rental income in 2009.

OUR COMPETITIVE STRENGTHS

We believe that we possess the following principal strengths enabling us to compete in the commercial real estate markets in China:

Distinctive “Powerlong” business model

We focus on the development of large-scale commercial properties and have formulated a business model that we believe distinguishes us from our competitors. Our “Powerlong” business model has the following features:

- we select fast-growing, emerging cities in China with relatively low land cost and potential for future growth to develop large-scale integrated commercial properties;
- we invite domestic and international brands to be our long-term anchor tenants in order to meet consumer demand and enhance the attractiveness, reputation and property value of our commercial properties;
- we generally develop our properties in multiple phases. In early phases, we sell the residential properties and part of the commercial properties to generate healthy cash flow to satisfy the capital needs of the remaining phases of the project; and
- we strategically retain long-term ownership of our quality commercial properties for recurring rental income and potential capital appreciation.

We believe our “Powerlong” business model allows us to expand rapidly with relatively low capital outlays, achieve attractive returns and obtain stable cash flow. We also believe it provides us with a diversified revenue source and lowers the risk of over-reliance on any particular property sector to ensure our continued success.

Sizable land reserves acquired at relatively low cost

We believe land reserves acquired at relatively low cost are paramount to our long-term growth and profitability. Most of the parcels of land we have acquired are located in fast-growing, emerging cities. Through our in-depth knowledge of local urban planning, we endeavor to acquire sites in areas with good growth potential and which we believe will become new commercial districts. We design projects that meet market demand and the future expansion plans of the cities, in order to provide a one-stop solution to the commercial and entertainment needs of local residents and enhance the living environment of the communities in which our properties are located. We believe that our established brand name, reputation, track record as a leading commercial property developer and ability to design projects in line with local urban planning provide us with a competitive edge and stronger bargaining power relative to our competitors when acquiring land. As of the Latest Practicable Date, we had land reserves with an aggregate site area of approximately 2,726,759 square meters in respect of which we had obtained the relevant land use rights certificates. As of the Latest Practicable Date, we had signed the relevant land grant or transfer contracts but had not obtained the land use rights certificates with respect to parcels of land with a total site area of approximately 845,886 square

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meters. We believe the relatively low cost of our acquired land reserves has enhanced our ability to respond to changing market conditions, which will continue to underpin our profitability and future success.

Well-recognized brand name and established reputation

We are a leading commercial property developer in China. Our successful operations since our inception have helped us to develop our brand name “Powerlong Real Estate” and our product brand “Powerlong City Plaza” to generally represent large-scale, high-quality, innovative and well-designed commercial-residential complexes. We believe that our brand name has become synonymous with landmark integrated commercial-residential complexes in the cities where we have operations. We also believe that our well-recognized brand name coupled with our distinctive model of property development have helped us to command premium pricing and thus increased our profitability.

We have received many awards in recognition of the high-quality design and construction of our successful property development operations. These awards have a validity of one year and are issued by the organizers based on their assessment of the candidates’ total assets, total liabilities, total revenue, net profit, GFA under development, GFA of completed properties, land reserves, donations made to charitable organizations and other considerations. During the Track Record Period, we received, among others, the following awards:

- In 2006, 2007 and 2008, we were recognized as a top brand in commercial and tourism related property development (中國房地產商旅地產專業領先品牌) by China Real Estate Top 10 Research Group.
- In 2006, 2007 and 2008, our “Powerlong City Plaza” brand was included in the top 10 real estate project brands in China (中國房地產項目品牌價值Top 10) by China Real Estate Top 10 Research Group.
- In 2006, 2007, 2008 and 2009, we were included in the top 100 real estate enterprises nationwide in China (中國房地產百強企業) by China Real Estate Top 100 Research Group.

We believe that our well-recognized brand name will help us to successfully replicate our past success in other regional markets across China in which we choose to execute our expansion strategy.

Long-term strategic partnerships with domestic and international brands

We provide a one-stop shopping solution for customers visiting our commercial complexes, offering a diverse range of products and services, including shopping, dining, hospitality, recreation, entertainment and business. We seek to maintain the quality and attractiveness of our commercial complexes by establishing long-term strategic partnerships with domestic and international brands across a wide spectrum of industries. Many of these brands, such as Fujian Xinhua Department Stores (福建新華都百貨), Carrefour, Gome Electronics (國美電器), and Jinyi Cinema (金逸影城), have become our anchor tenants in our commercial complexes. We believe our relationships with these well-recognized and reputable anchor tenants enhance our ability to secure recurring rental income.

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Most of our leases with anchor tenants are for a term of 10 to 20 years. In 2009, we also entered into lease agreements with Ruijing Commercial and Tesco (Shanghai Kangcheng) with respect to certain retail space in Bengbu Powerlong City Plaza, and with Qingdao Outlets and KFC with respect to certain retail space in Qingdao Powerlong City Plaza. In addition, we have entered into letters of intent for strategic co-operation with a number of our potential tenants, such as Lianhua Supermarket, Suning Electronics (蘇寧電器) and McDonald's. We believe that securing such long-term anchor tenants enables us to enhance the profile, reputation, desirability and pedestrian traffic of our commercial complexes, which in turn will increase the overall value of the projects and our profitability. In addition, by forging close and long-term working relationships with our anchor tenants, we believe we can better serve their needs and preferences.

From time to time, we also seek input from some of our largest anchor tenants in relation to the design and construction of our commercial properties in the early stages of project development to help secure the long-term tenancy of our anchor tenants. Some of our customers, such as Carrefour and Gome Electronics, have taken up their actual tenancy or expressed willingness to take up tenancy in a number of our projects. We believe that by understanding the needs of our anchor tenants, we will be able to increase operating efficiencies and lower risks in our future projects. We also believe the strategic partnerships with our anchor tenants will enable us to replicate our success in projects located in other target markets across China.

Experienced and stable management team equipped with an integrated project development and management system

We employ an integrated business management system to manage our project developments. Other than project construction and certain design work outsourced to external contractors, our professional teams carry out tasks which straddle a number of areas of expertise, including market research and analysis, project selection, project planning, materials procurement, construction work management, interior decoration, sales and marketing, property management, property leasing as well as customer service. We believe our integrated project development and management system has enabled us to become one of the leading commercial property developers in China possessing capabilities to develop and manage large-scale, high-quality commercial projects. We believe that by integrating capabilities and expertise in every stage of the property development process, we are able to have greater control over quality and costs and thereby increase operating efficiencies and enjoy enhanced economies of scale.

Members of our senior management team, including our Chairman, Hoi Kin Hong, our executive Directors, Hoi Wa Fong, Shih Sze Ni, Xiao Qing Ping and our deputy president, Au-Yeung Po Fung, have on average over 10 years of experience in the PRC real estate industry. They also have considerable strategic planning and business management expertise. Our Chairman, Hoi Kin Hong, is a recognized leader in large-scale commercial property development in China and highly reputed in the industry. He has received a number of accolades including Contributor to Real Estate Brands in China (中國房地產品牌貢獻人物) and Certificate of the Most Influential Entrepreneurs in China (中國最具影響力企業家), in recognition of his achievements as an entrepreneur and his contribution to the commercial real estate industry in China. Most of our executive Directors and senior management personnel have been working with us for an average of three years, and form a stable core team which has operated well together. We believe the stability of our management team, the extensive experience of its members in the

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commercial property industry and its in-depth understanding of the commercial property market in our target regions should enable us to continue to take advantage of future business opportunities and expand into new markets.

OUR BUSINESS STRATEGIES

Our principal business strategies are:

Continue to leverage upon our successful “Powerlong” business model in fast-growing cities across China

We intend to continue to adopt our “Powerlong” business model and develop large-scale, multi-functional complexes comprising quality residential properties, shopping centers, entertainment facilities and restaurants in cities with good growth potential across China. We believe that by focusing on these cities, we will be able to capitalize on the increased demand for quality commercial properties driven by heightened regional business activities. We believe that our “Powerlong” business model provides the residents of the cities in which our projects are located with a one-stop solution which meets their needs and enhances their lifestyles. We also believe that our “Powerlong” business model helps to enhance the overall value of our projects and allows us to command premium pricing as well as to enjoy increases in the fair value of our investment properties. Although rental income from investment properties for the six months ended June 30, 2009 only accounted for approximately 2.2% of our consolidated revenue, we intend to continue to increase our portfolio of investment properties with a view to leasing them out for recurring rental income. Through the ownership of investment properties, we wish to sustain a long-term exposure to the growing demand for commercial properties in China and to secure the potential long-term appreciation of our property portfolio value. As competition continues to intensify in the PRC real estate market, we believe our strategy of maintaining a well-diversified revenue base and risk profile will strengthen our competitiveness and support our continued business expansion.

Continue to design products that meet future city development plans and build up our land reserves in a prudent manner

We will continue to increase our land reserves and strategically select new locations for future project development in order to grow our business. We typically select our project development sites taking into consideration, among others, expected economic growth of the region, population and potential consumer demand in the area, local governments’ development and expansion plan for the area and the needs and preferences of our existing and potential long-term anchor tenants. We intend to capitalize on our successful operations to date as a leading commercial property developer, leverage upon our past experience in emerging, fast-growing cities and work closely with local governments to meet their future city development plans in order to acquire additional land in our target regions at attractive prices.

Continue to develop and strengthen long-term strategic relationships with domestic and international brands

We intend to continue to develop and strengthen our long-term strategic partnerships with domestic and international brands as our long-term anchor tenants for the commercial complexes we develop. We believe that such strategic partnerships with well-known brands will allow us to maintain the quality and value of our properties. We also believe that we will be able to introduce them to similar projects in other target markets and further enhance our

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“Powerlong” brand by having strong relationships with our long-term anchor tenants. Pursuant to our leasing arrangements with some of our anchor tenants, we and such tenants may engage in mutual co-operation arrangements, including information sharing and permissions to use each other’s company logo in marketing activities. We endeavor to expand our strategic partnerships with our partners, and, ultimately enhance the likelihood of our mutually beneficial success in other target markets across China. We believe our strategic partnerships with well-recognized brand names will help us to generate stable cash flows and raise the general attractiveness, profile, reputation and pedestrian traffic of our commercial property projects, which in turn will help to enhance their value and desirability.

Continue to enhance our brand name recognition

We believe that our brand names “Powerlong Real Estate” and “Powerlong City Plaza” have contributed to our past success and will underpin our success in the future. We will continue to focus on increasing the appeal of integrated commercial-residential complexes we develop and seek to distinguish ourselves from our competitors by offering projects with innovative planning and designs in strategically selected locations. We will also continue to maintain and enhance the quality and value of our commercial projects by securing high-profile and reputable anchor tenants. We believe that by continuing to offer well-designed property projects which meet the needs of the local residents and our customers, we will be able to elevate our brand recognition and reputation, which in turn will help us to replicate our success in other cities.

Continue to optimize tenant mix and increase recurring rental income

As our portfolio of investment properties grows, we will continue to optimize our tenant mix and diversify our tenant base in order to increase our recurring rental income and reduce our operating risks. We aim to take a flexible and proactive approach to our lease negotiations and seek out potential tenants who we think may add value to our commercial complexes. We also endeavor to encourage existing quality tenants, such as Carrefour and Gome Electronics, to expand their presence across our other commercial complexes by offering them attractive leasing terms and seeking their input in the design and construction of commercial complexes. We believe that by maintaining our existing anchor tenants and attracting potential quality tenants, we will be able to diversify our tenant base, achieve an optimal level of tenant mix for our commercial complexes and thereby enhance our rental income and property value. We aim to continue to grow our investment property portfolio in order to increase rental income as a proportion of our total revenue and maintain a balance between returns from our properties for sale and investment properties.

Standardize our project development and management model to achieve sustainable growth and operational expansion

We intend to further expand our property development geographically to capitalize on the business opportunities available to us in fast-growing, emerging cities across China. In order to expand our operations efficiently and effectively into our target cities, we plan to develop and adopt a standard development model for our property projects so we can enlarge our development scale more rapidly and on a competitive cost basis. We plan to further standardize the process and flow of our property project development from site and city selection, project planning and design, project construction to sales and marketing by establishing certain operational criteria and guidelines that may be followed consistently across projects with modifications tailored to suit local needs. We also plan to establish a periodic integrated project

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development plan to better coordinate the various stages of a property development project. We believe that having a standardized project development model will enable us to enhance our management efficiency, reduce operating costs and expenses and improve our risk control.

OUR PROPERTY PROJECTS

As of the Latest Practicable Date, we had a total of 17 property projects in 14 cities in China. Please see the map below for the locations of our completed properties, properties under development and properties held for future development.



Currently, we have a total of 17 property projects in the following categories in accordance with our classification system:

- completed properties, comprising property projects that we have completed since our inception, with the certificates of completion issued by the relevant government authorities;
- properties under development, comprising property projects with land use rights certificates issued by the relevant government authorities and the construction thereof commenced but for which the certificates of completion have not been obtained; and

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- properties held for future development, comprising property projects with respect to which we have signed the relevant land grant contracts with the relevant PRC authorities but for which we have not been issued the land use rights certificates pending payment of land premium and/or satisfaction of other conditions contained in the land grant contracts.

Property Classification. Our classification of properties reflects the basis on which we operate our business and may differ from classifications employed by other developers. Each property project may require multiple land use rights certificates, construction land planning permits, construction works planning permits, construction permits, pre-sale permits and other permits and certificates which are issued at different stages throughout the development process. Our classification of properties is not directly comparable with the classification of properties in the Property Valuation Report contained in Appendix IV to this document and the Accountants’ Report contained in Appendix I to this document. These classifications, however, share similarities in the treatment of properties that have been issued land use rights certificates. While we categorize properties with land use rights certificates in our properties under development, the Property Valuation Report contained in Appendix IV assigns a market value to such properties and the Accountants’ Report contained in Appendix I includes them in our balance sheet as our assets under land use rights.

The table below sets forth our classification of properties, and the corresponding classification of properties in the Property Valuation Report and the Accountants’ Report:

<u>This document</u>	<u>Property Valuation Report</u>	<u>Accountants’ Report</u>
<ul style="list-style-type: none"> • Completed properties, comprising properties with certificates of completion (including completed properties that have been sold) 	<ul style="list-style-type: none"> • Group I — Property interests held for investment (excluding completed properties that have been sold), comprising properties for which we have obtained the certificates of completion and are held for investment purposes 	<ul style="list-style-type: none"> • Completed properties held for sale (excluding completed properties that have been sold) • Land use rights (attributable to completed properties held for sale) • Investment properties
<ul style="list-style-type: none"> • Properties under development, comprising properties for which we have obtained the land use rights certificates but not yet the certificates of completion 	<ul style="list-style-type: none"> • Group II — Property interests held under development, comprising properties for which we have obtained the land use rights certificates and the construction permits 	<ul style="list-style-type: none"> • Properties under development • Investment properties under construction • Land use rights

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This document	Property Valuation Report	Accountants' Report
<ul style="list-style-type: none"> Property held for future development, comprising properties for which we have not obtained the land use rights certificates, but have entered into the land grant contracts or the project company equity transfer agreements 	<ul style="list-style-type: none"> Group III — Property interests held for future development, comprising properties for which we have obtained the land use rights certificates but not yet the construction permits 	<ul style="list-style-type: none"> Expenditure incurred for projects for which we have not yet obtained the land use rights certificates and which was recorded as prepayments, deposits and other receivables within our current assets

Site Area Calculation. The site area information in this document is derived on the following basis:

- when we have received the land use rights certificates, the site area information in respect of the related projects refers to the site area information in such land use rights certificates; and
- before we have received the land use rights certificates, the site area information in respect of the related projects refers to the site area information in the relevant land grant contracts or the relevant government permits related to the projects excluding, however, the areas earmarked for public infrastructure such as roads and community recreation zones.

GFA Calculation. The GFA information in this document is derived on the following basis:

- if we have obtained the property ownership certificates for the projects, the saleable GFA information refers to the saleable GFA in the property ownership certificates;
- if we have not yet obtained the property ownership certificates but have obtained the construction permits, the total GFA information in respect of these projects refers to the total GFA in such construction permits;
- if we have not yet obtained the construction permits but have obtained the construction works planning permits for the projects, the total GFA information in respect of these projects refers to the total GFA in such construction works planning permits;
- if we have not yet obtained the construction works planning permits, but have received the land use rights certificates for the projects, the total GFA information in respect of these projects refers to the total GFA in such land use rights certificates; and
- if we have not obtained the land use rights certificates, but have signed the land grant contracts, the total GFA information in respect of these projects refers to the total GFA in such land grant contracts.

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Total GFA stated in the property ownership certificates, construction permits and construction works planning permits includes underground GFA. Underground GFA refers to basement and other underground spaces, generally used for parking and storage purposes.

GFA held for sale and GFA held for lease information in this document include GFA of car parking spaces unless otherwise specified. GFA sold information refers to the GFA in the relevant sale and purchase agreements on an aggregate basis.

GFA held for sale and GFA held for lease information are based on our Company and the Directors’ current plan and intention and may therefore be subject to adjustment.

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The geographical distribution of our property projects as of June 30, 2009 was as follows:

Projects	Completed property development				Properties under development				Properties held for future development			
	Site area (’000 sq.m.)	Total GFA for entire project (’000 sq.m.)	Total GFA (’000 sq.m.)	% of total GFA (%)	Total GFA attr. to us (’000 sq.m.)	% of total GFA attr. to us (%)	Total GFA (’000 sq.m.)	% of total GFA (%)	Total GFA attr. to us (’000 sq.m.)	% of total GFA ⁽⁴⁾ (%)	Total GFA attr. to us (’000 sq.m.)	% of total GFA attr. to us (%)
Fujian Province												
Quanzhou Jinjiang Powerlong Golden Jiayuan (泉州晉江寶龍金色家園)	37.5	143.5	143.5	21.7	143.5	100	—	—	—	—	—	—
Quanzhou Anhai Powerlong Haoyuan (泉州安海寶龍豪苑)	36.0	54.2	54.2	8.2	54.2	100	—	—	—	—	—	—
Fuzhou Powerlong City Plaza (福州寶龍城市廣場)	72.9	215.4	215.4	32.6	215.4	100	—	—	—	—	—	—
Jiangsu Province												
Suzhou Taicang Powerlong City Plaza (蘇州太倉寶龍城市廣場)	130.8	267.7	—	—	—	—	267.7	8.1	267.7	100	—	—
Wuxi Powerlong City Plaza (無錫寶龍城市廣場)	77.0	284.2	—	—	—	—	284.2	8.6	227.4	80	—	—
Wuxi Yuqi Powerlong Riverside Garden (無錫玉祁寶龍湖畔花城)	212.5	391.0	—	—	—	—	391.0	11.8	391.0	100	—	—
Suqian Project (宿遷項目)	220.2	517.9	—	—	—	—	—	—	—	517.9	13.3	517.9
Yancheng Project (鹽城項目)	221.2	488.0	—	—	—	—	—	—	—	488.0	12.5	488.0
Changzhou Project (常州項目)	270.1	780.7	—	—	—	—	—	—	—	780.7	20.0	780.7
Shandong Province												
Qingdao Powerlong City Plaza (青島寶龍城市廣場)	319.8	705.5	—	—	—	—	705.5	21.3	705.5	100	—	—
Tai’an Powerlong City Plaza (泰安寶龍城市廣場)	237.5	301.9	—	—	—	—	301.9	9.1	301.9	100	—	—
Yantai Project (煙台項目)	668.2	950.5	—	—	—	—	—	—	—	950.5	24.4	950.5
Licang Project (李滄項目)	107.2	363.7	—	—	—	—	—	—	—	363.7	9.3	363.7
Henan Province												
Zhengzhou Powerlong City Plaza (鄭州寶龍城市廣場)	114.0	247.2	247.2	37.4	247.2	100	—	—	—	—	—	—
Luoyang Powerlong City Plaza (洛陽寶龍城市廣場)	355.6	875.0	—	—	—	—	875.0	26.4	875.0	100	—	—
Xinxiang Project (新鄉項目)	300.0	800.0	—	—	—	—	—	—	—	800.0	20.5	800.0
Anhui Province												
Bengbu Powerlong City Plaza (蚌埠寶龍城市廣場)	192.3	491.2	—	—	—	—	491.2	14.8	491.2	100	—	—
Total	3,572.8	7,877.6	660.3	—	660.3	—	3,316.6	—	3,259.7	3,900.7	—	—

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The table below sets forth the total GFA held for lease and other relevant information in our 15 projects as of June 30, 2009:

Projects	GFA held for lease					Proportion of total GFA ⁽¹⁾	GFA leased out ⁽²⁾
	Completed properties ('000 sq.m.)	Properties under development ('000 sq.m.)	Properties held for future development ('000 sq.m.)	Total ('000 sq.m.)	(%)		
Fujian Province							
Fuzhou Powerlong City Plaza (福州寶龍城市廣場)	120.0	—	—	120.0 ⁽³⁾	55.7	90.8	
Jiangsu Province							
Suzhou Taicang Powerlong City Plaza (蘇州太倉寶龍城市廣場)	—	—	—	—	—	—	
Wuxi Powerlong City Plaza (無錫寶龍城市廣場)	—	160.1	—	160.1	56.3	—	
Wuxi Yuqi Powerlong Riverside Garden (無錫玉祁寶龍湖畔花城)	—	20.5	—	20.5	5.2	—	
Suqian Project (宿遷項目)	—	—	136.1	136.1	26.3	—	
Yancheng Project (鹽城項目)	—	—	152.9	152.9	31.3	—	
Changzhou Project (常州項目)	—	—	117.0	117.0	15.0	—	
Shandong Province							
Qingdao Powerlong City Plaza (青島寶龍城市廣場)	—	312.7 ⁽⁴⁾	—	312.7	44.3	78.4	
Tai'an Powerlong City Plaza (泰安寶龍城市廣場)	—	68.7 ⁽⁴⁾	—	68.7	22.7	—	
Yantai Project (煙台項目)	—	—	20.5	20.5	2.2	—	
Licang Project (李滄項目)	—	—	159.1	159.1	43.8	—	
Henan Province							
Zhengzhou Powerlong City Plaza (鄭州寶龍城市廣場)	118.8	—	—	118.8	48.0	43.5	
Luoyang Powerlong City Plaza (洛陽寶龍城市廣場)	—	201.4	—	201.4	23.0	—	
Xinxiang Project (新鄉項目)	—	—	160.0	160.0	20.0	—	
Anhui Province							
Bengbu Powerlong City Plaza (蚌埠寶龍城市廣場)	—	259.0 ⁽⁵⁾	—	259.0	52.7	50.5	
Total	<u>238.8</u>	<u>1,022.4</u>	<u>745.6</u>	<u>2,006.7</u>		<u>263.3</u>	

Notes:

- (1) Represents GFA for lease as a proportion of total GFA for the entire project.
- (2) Represents GFA of tenanted portion.
- (3) Including car parking spaces with a total GFA of 25,170 square meters which we maintain as ancillary facilities for the use by our customers and tenants in Fuzhou Powerlong City Plaza.
- (4) Excluding GFA attributable to hotels.
- (5) Including completed construction of 21,828 square meters of GFA, with respect to which we are currently applying for the certificate of completion.

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Completed Properties

As of June 30, 2009, we had completed the development of the following property projects. With respect to the following table, you should note that completed properties that are fully sold are not covered in the Property Valuation Report contained in Appendix IV to this document.

Project	Type	Construction commencement date	Completion date	Site area (sq.m.)	Total GFA (sq.m.)	GFA held for sale (sq.m.)	Percentage sold (%)	GFA held for lease (sq.m.)	Occupancy rate as of June 30, 2009 ⁽¹⁾ (%)	Interest attributable to us (%)	Ref. to Property Valuation Report
Fujian Province											
Quanzhou Jinjiang Powerlong Golden Jiayuan (泉州晉江寶龍金色家園)	Residential	Aug 2003	Apr 2005	37,478	143,544	143,544	100	—	—	100	—
Quanzhou Anhai Powerlong Haoyuan (泉州安海寶龍豪苑)	Residential	Jul 2004	Mar 2005	35,952	54,210	54,210	100	—	—	100	—
Fuzhou Powerlong City Plaza (福州寶龍城市廣場)	Residential and Commercial	Nov 2004	Nov 2006 ⁽²⁾	72,874	215,353	95,348	99.6	120,005 ⁽³⁾	95.8	100	1
Henan Province											
Zhengzhou Powerlong City Plaza (鄭州寶龍城市廣場)	Residential and Commercial	Jul 2006	Dec 2008	113,984	247,195	128,440	49.6	118,755 ⁽⁴⁾	49.3	100	7
Total				<u>260,288</u>	<u>660,302</u>	<u>421,542</u>		<u>238,760</u>			

We are currently applying for the certificate of completion in respect of Zhengzhou Powerlong City Plaza and expect to obtain such certificate of completion in the fourth quarter of 2009.

As of the end of June 30, 2009, the book value of our unsold completed properties held for sale was approximately Rmb 366.0 million. We currently have no intention to reclassify our completed properties held for sale as investment properties as we expect to sell such properties in the second half of this year.

Notes:

- (1) Excluding car parking spaces, and represents the portion of total GFA subject to lease agreements.
- (2) Denotes the earliest completion time for that project. The whole project was completed in different stages between 2006 and 2008.
- (3) Including car parking spaces with a total GFA of 25,170 square meters which we maintain as ancillary facilities for the use by our customers and tenants in Fuzhou Powerlong City Plaza.
- (4) Including car parking spaces with a total GFA of 30,395 square meters.

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Properties Under Development

As of June 30, 2009, we had property projects with a total GFA of 3,316,611 square meters under development.

Project	Type	Total GFA or estimated total GFA		GFA held for sale (sq.m.)	GFA under pre-sale permit (sq.m.)	GFA pre-sold (sq.m.)	GFA held for lease (sq.m.)	Hotel GFA (sq.m.)	Construction commence- ment time	Pre-sale commence- ment time	Estimated completion time for entire project	Interests attributable to us (%)	Ref. to Property Valuation Report	
		Site area (sq.m.)	(sq.m.)											
Jiangsu Province														
Suzhou Taicang Powerlong City Plaza (蘇州太倉寶龍城市廣場) . . .	Residential and Commercial	130,751	267,745 ⁽¹⁾	213,994	145,771	134,633	—	53,752	July 2005	Sep 2005	Dec 2011	100	2, 10	
Wuxi Powerlong City Plaza (無錫寶龍城市廣場)	Residential and Commercial	77,020	284,187 ⁽²⁾	124,075	233,523	25,244	160,111 ⁽³⁾	—	May 2007	Sep 2007	Dec 2010	80 ⁽⁴⁾	3	
Wuxi Yuqi Powerlong Riverside Garden (無錫玉祁寶龍湖畔花城) . . .	Residential and Commercial	212,459	391,033	370,529	108,943	66,189	20,503 ⁽⁵⁾	—	Oct 2007	May 2008	Aug 2012	100	9, 12	
Shandong Province														
Qingdao Powerlong City Plaza (青島寶龍城市廣場)	Residential and Commercial	319,808	705,526 ⁽⁶⁾	353,131	372,305	221,910	312,683 ⁽⁷⁾	39,711	Apr 2007	Aug 2007	May 2010	100	8	
Tai'an Powerlong City Plaza (泰安寶龍城市廣場)	Residential and Commercial	237,515	301,945 ⁽⁸⁾	183,574	224,808	117,009	68,687 ⁽⁹⁾	49,683	Nov 2006	Dec 2006	May 2010	100	4	
Henan Province														
Luoyang Powerlong City Plaza (洛陽寶龍城市廣場)	Residential and Commercial	355,607	874,968	673,597	426,286	142,583	201,371 ⁽¹⁰⁾	—	Nov 2006	Dec 2006	Dec 2012	100	5, 11	
Anhui Province														
Bengbu Powerlong City Plaza (蚌埠寶龍城市廣場)	Residential and Commercial	192,313	491,209 ⁽¹¹⁾	232,249	406,037	168,016	258,960 ⁽¹²⁾	—	Sep 2006	Nov 2006	Feb 2010	100	6	
Total		1,525,474	3,316,611	2,151,149	1,917,673	875,584	1,022,315	143,146						

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Notes:

- (1) We had completed construction of 159,770 square meters of GFA as of June 30, 2009, with respect to which we are currently applying for the certificate of completion.
- (2) We had completed construction of 10,339 square meters of GFA as of June 30, 2009, with respect to which we are currently applying for the certificate of completion.
- (3) Including car parking spaces with a total GFA of approximately 50,055 square meters.
- (4) The remaining 20% equity interest is held by Macau Jurong.
- (5) Including car parking spaces with a total GFA of approximately 12,416 square meters.
- (6) We had completed construction of 103,088 square meters of GFA as of June 30, 2009, with respect to which we are currently applying for the certificate of completion.
- (7) Including car parking spaces with a total GFA of approximately 107,756 square meters.
- (8) We had completed construction of 69,935 square meters of GFA as of June 30, 2009, with respect to which we are currently applying for the certificate of completion.
- (9) Including car parking spaces with a total GFA of approximately 12,357 square meters.
- (10) Including car parking spaces with a total GFA of approximately 61,730 square meters.
- (11) We had completed construction of 195,543 square meters of GFA as of June 30, 2009, with respect to which we are currently applying for the certificate of completion.
- (12) Including car parking spaces with a total GFA of approximately 75,411 square meters.

We intend to hold a portion of the properties under development as investment properties upon completion.

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Properties Held for Future Development

For all of our projects held for future development, we have entered into the land grant contracts. We had not, however, received all of the land use rights certificates, construction land planning permits, construction works planning permits and construction permits as of the Latest Practicable Date. You may refer to each referenced project in the Property Valuation Report contained in Appendix IV to this document for more detailed disclosure on the specific approvals and certificates obtained, or the lack thereof, for such project. These projects planned or scheduled for future development had an aggregate site area of 1,786,885 square meters as of June 30, 2009.

We set forth in the table below further information about these properties held for future development as of June 30, 2009. The total GFAs with respect to each project or project phase included in our properties held for future development are estimates by our management on the basis of our current development plans formulated pursuant to the land grant contracts.

Project/plot	Carrying value	Land premium to be paid under land grant contracts	Site area	Total GFA	Interest attributable to us	Ref. to Property Valuation Report
	(Rmb in millions)	(Rmb in millions)	(sq.m.)	(sq.m.)	(%)	
Jiangsu Province						
Suqian Project (宿遷項目)	184.6	209.5	220,201	517,878	100	14
Yancheng Project (鹽城項目)	188.6	256.6	221,184	488,006	100	16
Changzhou Project (常州項目)	73.5	149.3	270,120	780,700	100	17
Shandong Province						
Yantai Project (煙台項目)	135.0	45.4	668,249	950,472	100	13
Licang Project (李滄項目)	344.3	110.6	107,150	363,664	100	18
Henan Province						
Xinxiang Project (新鄉項目)	140.8	133.0	299,980	800,000	100	15
Total	<u>1,066.8</u>	<u>904.4</u>	<u>1,786,885</u>	<u>3,900,720</u>		

Carrying value in the table above represents costs incurred for the properties held for future development, comprising primarily land costs together with some preliminary planning expenses.

Land premium to be paid under land grant contracts represents outstanding consideration for the grant of land use rights according to the relevant land grant contract.

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The table below sets forth our estimated GFA to be completed in 2009 and estimated as of the Latest Practicable Date.

Project	Location	Site area (’000 sq.m.)	Total GFA (’000 sq.m.)	Interest attributable to us (%)	Estimated GFA to be completed in 2009			Estimated completion time for entire project
					Total GFA (sq.m.)	GFA held for sale (sq.m.)	GFA held for lease (sq.m.)	
Jiangsu Province								
Suzhou Taicang Powerlong City Plaza (蘇州太倉寶龍城市廣場)	Suzhou City	130.8	267.7	100	63,900	10,148	—	53,752 ⁽¹⁾ Dec 2011
Wuxi Powerlong City Plaza (無錫寶龍城市廣場)	Wuxi City	77.0	284.2	80	—	—	—	Dec 2010
Wuxi Yuqi Powerlong Riverside Garden (無錫玉祁寶龍湖畔花城)	Wuxi City	212.5	391.0	100	128,105	107,602	20,503	Aug 2012
Shandong Province								
Qingdao Powerlong City Plaza (青島寶龍城市廣場)	Qingdao City	319.8	705.5	100	329,165	130,222	198,943 ⁽²⁾	May 2010
Tai'an Powerlong City Plaza (泰安寶龍城市廣場)	Tai'an City	237.5	301.9	100	182,327	113,639	68,688	May 2010
Henan Province								
Luoyang Powerlong City Plaza (洛陽寶龍城市廣場)	Luoyang City	355.6	875.0	100	372,263	279,478	92,785 ⁽³⁾	Dec 2012
Anhui Province								
Bengbu Powerlong City Plaza (蚌埠寶龍城市廣場)	Bengbu City	192.3	491.2	100	152,435	29,702	122,733 ⁽⁴⁾	Feb 2010
Total		1,525.5	3,316.6		1,228,195	670,791	503,652	53,752

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Notes:

- (1) Including car parking spaces with a total GFA of approximately 7,308 square meters.
- (2) Including car parking spaces with a total GFA of approximately 71,837 square meters.
- (3) Including car parking spaces with a total GFA of approximately 29,585 square meters.
- (4) Including car parking spaces with a total GFA of approximately 37,706 square meters.

PROJECT DESCRIPTION — FUJIAN PROVINCE

Quanzhou Jinjiang Powerlong Golden Jiayuan (泉州晉江寶龍金色家園)

Quanzhou Jinjiang Powerlong Golden Jiayuan is located in Jinjiang City, Fujian Province. This project was developed by Jinjiang Changyuan, a project company wholly owned by us.



This project occupies a total site area of 37,478 square meters with a total GFA of 143,544 square meters. This project consists of 378 apartment units and 698 hotel style apartment suites with a total GFA of 100,690 square meters, 250 retail shops with a total GFA of 29,600 square meters and car parking spaces with a total GFA of 13,254 square meters. We entered into the land grant contracts with respect to the parcels of land in November 2002 and June 2003. As of June 30, 2009, we had paid Rmb 15.0 million of land premium (including taxes). This represented the total land premium for this project.

We completed the development of this project in April 2005 and have sold all the properties in this project. The total development costs (including land acquisition costs, construction costs and capitalized finance costs) incurred for Quanzhou Jinjiang Powerlong Golden Jiayuan were Rmb 275.5 million, or Rmb 1,919 per square meter. Our accumulated sales revenue for this project was Rmb 389.1 million, with an average selling price at Rmb 2,915 per square meter.

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Quanzhou Anhai Powerlong Haoyuan (泉州安海寶龍豪苑)

Quanzhou Anhai Powerlong Haoyuan is located at Feng Huan Shan District, Anhai Town, Quanzhou City, Fujian Province. This project was developed by Quanzhou Baohua, a project company wholly owned by us.



This project occupies a total site area of 35,952 square meters with a total GFA of 54,210 square meters. This project consists of apartment units with a total GFA of 35,847 square meters, retail shops with a total GFA of 16,651 square meters and car parking spaces with a total GFA of 1,713 square meters. We entered into the land grant contract with respect to the parcel of land in March 2004. As of June 30, 2009, we had paid Rmb 20.8 million of land premium (including taxes). This represented the total land premium for this project.

We completed the development of this project in March 2005 and have sold all the properties in this project. The total development costs (including land acquisition costs, construction costs and capitalized finance costs) incurred for Quanzhou Anhai Powerlong Haoyuan were Rmb 94.8 million, or Rmb 1,749 per square meter. Our accumulated sales revenue for this project was Rmb 137.3 million, with an average selling price at Rmb 2,533 per square meter.

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Fuzhou Powerlong City Plaza (福州寶龍城市廣場)

Fuzhou Powerlong City Plaza is located in the Taijiang District, Fuzhou City, Fujian Province. It is in the vicinity of the Fuzhou Jiangbin tourism area. This project was developed by Fuzhou Powerlong, a project company wholly owned by us.



This project occupies a total site area of 72,874 square meters with a total GFA of 215,353 square meters. Of the total GFA, approximately 95,348 square meters are held for sale and approximately 94,835 square meters are held for lease. There are also car parking spaces with a total GFA of 25,170 square meters which we maintain as ancillary facilities for the use of our customers and tenants.

Fuzhou Powerlong City Plaza consists of a large-scale multi-functional commercial complex with a total GFA of 141,740 square meters, night club and disco with a total GFA of 15,169 square meters, hotel style apartment suites with a total GFA of 33,274 square meters and car parking spaces with a total GFA of 25,170 square meters. The commercial complex houses primarily a large department store, a supermarket, an indoor amusement center, a cinema, a food court and retail shops. Major tenants of the commercial complex include Carrefour, Fujian Xinhudu Department Stores (福建新華都百貨) and Gome Electronics (國美電器). Total GFA leased to our major tenants was 56,608 square meters as of June 30, 2009. Sales of properties in Fuzhou Powerlong City Plaza commenced in February 2005. In December 2008, Fujian Minghai Industry Limited (福建明海工貿股份有限公司) purchased a total GFA of 9,932 square meters in Fuzhou Powerlong City Plaza and leased it to Fuzhou Bailida Entertainment Company Limited (福州百利達娛樂有限公司) (“Bailida”) for Bailida’s entertainment business operations. As of June 30, 2009, we had sold and delivered 94,949 square meters of GFA in this project. As of the same date, we had a total GFA of 94,835 square meters held for lease, of which a GFA of 90,840 square meters, or 95.8%, had been tenanted (excluding car parking spaces).

We commenced development of this project in November 2004 and completed it in different stages between November 2006 and 2008. We entered into the land grant contracts with respect to the parcels of land in September 2003, December 2003 and December 2005, and we had paid the total land premium of Rmb 119.4 million (including taxes) as of June 30, 2009, in

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addition to the offsetting of Rmb 53.8 million of land premium by a local government award. We have made a provision for land premium payable in respect of the amount of land premium that had been offset.

As of June 30, 2009, the total development costs (including land acquisition costs, construction costs and capitalized finance costs) incurred for Fuzhou Powerlong City Plaza were Rmb 758.2 million, and our accumulated sales revenue during the Track Record Period for this project was Rmb 1,008.5 million.

PROJECT DESCRIPTION — JIANGSU PROVINCE

Suzhou Taicang Powerlong City Plaza (蘇州太倉寶龍城市廣場)

Suzhou Taicang Powerlong City Plaza is located in Taicang, Suzhou City, Jiangsu Province. This project is being developed by Suzhou Powerlong, a project company wholly owned by us.

This project consists of two phases and has a total site area of 130,751 square meters with a total GFA of 267,745 square meters. We had obtained all the land use rights certificates with respect to Phase I and Phase II and had paid land premium totaling Rmb 98.3 million (including taxes) as of June 30, 2009. This represented the total land premium for this project.

Phase I occupies a total site area of 118,117 square meters with a total GFA of 213,522 square meters. Of the total GFA, 159,770 square meters are held for sale and 53,752 square meters are held for hotel development. We entered into the land grant contract with respect to Phase I in May 2004. This phase consists of a high-quality hotel with a total GFA of 53,752 square meters ("Suzhou Taicang Hotel"), apartment units with a total GFA of 101,175 square meters, retail shops, restaurants and entertainment facilities with a total GFA of 43,624 square meters and car parking spaces with a total GFA of 14,971 square meters. Construction of Phase I commenced in July 2005. As of June 30, 2009, we had completed construction of a total GFA of 159,770 square meters. We expect to complete the rest of Phase I in December 2009. As of June 30, 2009, we had obtained pre-sale permits with respect to 145,771 square meters of GFA in Phase I and had pre-sold 134,633 square meters of GFA in Phase I.

Phase II of Suzhou Taicang Powerlong City Plaza occupies a total site area of 12,634 square meters, with an estimated total GFA of 54,223 square meters. All of the estimated total GFA are expected to be held for sale. We entered into the land grant contract with respect to Phase II in July 2007. We expect to commence development of Phase II in May 2010 and to complete it by December 2011.

We expect to complete approximately 63,900 square meters of GFA by the end of 2009 in respect of Suzhou Taicang Powerlong City Plaza.

For the completed properties in this project, our total development costs amounted to Rmb 2,859 per square meter as of June 30, 2009. Our accumulated sales revenue during the Track Record Period for this project was Rmb 467.2 million as of June 30, 2009, with an average selling price at Rmb 3,613 per square meter. As of June 30, 2009, the total development costs (including land acquisition costs, construction costs and capitalized finance costs) incurred for Suzhou Taicang Powerlong City Plaza (both Phases I and II) were Rmb 396.7 million. We

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estimate that, as of June 30, 2009, we will need to invest approximately an additional Rmb 318.2 million to complete this project. We intend to finance such capital expenditures with funds generated from proceeds derived from the pre-sale of properties in this project.

Wuxi Powerlong City Plaza (無錫寶龍城市廣場)

Wuxi Powerlong City Plaza is located in the central business district of Wuxi New District in Wuxi City, Jiangsu Province. This project is being developed by Wuxi Powerlong, a project company in which we hold a 80% equity interest. The remaining 20% equity interest is held by Macau Jurong, the details of which are disclosed in the section entitled "Definitions" in this document. Each shareholder is entitled to shareholder rights and dividend return in proportion to their respective investment ratio.

This project consists of two phases and has a total site area of 77,020 square meters with a total GFA of 284,187 square meters.

We entered into the land grant contract with respect to Wuxi Powerlong City Plaza in August 2006. As of June 30, 2009, we had obtained all the land use rights certificates and had paid land premium totaling Rmb 112.9 million (including taxes). This represented the total land premium for this project.

Phase I occupies a total site area of 5,060 square meters with a total GFA of 10,339 square meters. Phase I consists of hotel style apartment suites with a total GFA of 8,871 square meters and retail shops with a total GFA of 1,468 square meters. Construction of Phase I commenced in May 2007 and we completed it in July 2008. As of June 30, 2009, we had obtained pre-sale permits with respect to 10,339 square meters of GFA in Phase I and had pre-sold 10,119 square meters of GFA in Phase I.

Phase II occupies a total site area of 71,960 square meters, with an estimated total GFA of 273,848 square meters. We expect Phase II to consist of residential suites with a total GFA of 74,035 square meters, a large-scale commercial complex with a total GFA of 149,758 square meters and car parking spaces with a total GFA of 50,055 square meters. The commercial complex houses a large supermarket, a large department store, a multi-theater cinema, a large food court, a computer gaming center and a sports themed shopping mall. We commenced construction of Phase II in June 2008 and expect to complete it by December 2010. As of June 30, 2009, we had obtained pre-sale permits with respect to 223,184 square meters of GFA in Phase II and had pre-sold 15,125 square meters of GFA in Phase II.

We entered into a lease agreement with Carrefour in July 2008. According to the agreement, Carrefour agreed to lease a total GFA of 19,254 square meters in Wuxi Powerlong City Plaza for 20 years starting from March 2010. The rent for the leased area shall be equivalent to the higher of 3% of the annual net sales of Carrefour or Rmb 7.0 million per annum.

As of June 30, 2009, the total development costs (including land acquisition costs, construction costs and capitalized finance costs) incurred for Wuxi Powerlong City Plaza were Rmb 413.9 million. We estimate that, as of June 30, 2009, we will need to invest approximately an additional Rmb 405.9 million to complete this project. We intend to finance such capital expenditures with proceeds derived from the pre-sale of properties in this project as well as bank borrowings.

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Wuxi Yuqi Powerlong Riverside Garden (無錫玉祁寶龍湖畔花城)

Wuxi Yuqi Powerlong Riverside Garden is located in Yuqi Town, Huishan District, Wuxi City, Jiangsu Province. This project is a major development project in the Yuqi Tangping Lake area and is being developed by Wuxi Yuqi, a project company wholly owned by us.

This project consists of two phases and has a total site area of 212,459 square meters with a total GFA of 391,033 square meters. Of the total GFA, 370,529 square meters are expected to be held for sale and 20,503 square meters are expected to be held for lease.

Phase I occupies a total site area of 64,810 square meters with a total GFA of 128,105 square meters. We entered into the land grant contract of the land for Phase I in November 2006. As of June 30, 2009, we had obtained all the land use rights certificates and had paid land premium totaling Rmb 47.5 million (including taxes). This represented the total land premium for Phase I of this project.

Phase I consists of apartments and villas with a total GFA of 53,633 square meters, an office building with a total GFA of 26,458 square meters, a shopping mall with a total GFA of 28,475 square meters and car parking spaces with a total GFA of 19,539 square meters. Construction of Phase I commenced in October 2007 and we expect to complete it in September 2009. As of June 30, 2009, we had obtained pre-sale permits with respect to 108,943 square meters of GFA in Phase I and had pre-sold 66,189 square meters of GFA in Phase I.

Phase II of Wuxi Yuqi Powerlong Riverside Garden occupies a total site area of 147,649 square meters, with a total GFA of 262,928 square meters. We entered into the land grant contract for Phase II in November 2006. As of June 30, 2009, we had obtained all the land use rights certificates and had paid land premium totaling Rmb 101.4 million (including taxes). This represented the total land premium for Phase II of this project. Phase II consists of apartment units with a total GFA of 232,105 square meters, retail shops with a total GFA of 6,211 square meters and car parking spaces with a total GFA of 24,612 square meters. We expect to commence the construction of Phase II in August 2010 and to complete it by August 2012.

We expect to complete approximately 128,105 square meters of GFA by the end of 2009 in respect of Wuxi Yuqi Powerlong Riverside Garden, of which approximately 8,087 square meters of commercial GFA is expected to be held for investment.

As of June 30, 2009, the total development costs (including land acquisition costs, construction costs and capitalized finance costs) incurred for Wuxi Yuqi Powerlong Riverside Garden were Rmb 363.1 million. We estimate that, as of June 30, 2009, we will need to invest approximately an additional Rmb 469.5 million to complete this project. We intend to finance such capital expenditures with proceeds derived from the pre-sale of properties in this project as well as bank borrowings.

Suqian Project (宿遷項目)

In December 2007, we entered into a land grant contract with respect to two parcels of land in Suqian City, Jiangsu Province. The two parcels of land have a total site area of 220,201 square meters with an expected GFA of 517,878 square meters. The total acquisition costs of the land are expected to be approximately Rmb 388.4 million to be paid in four installments. We are funding the acquisition costs with a portion of the net proceeds from the issue of our Convertible Bonds and Secured Notes, as well as our internally generated fund. As of June 30,

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2009, the total costs incurred in relation to the acquisition of the two parcels of land were approximately Rmb 184.5 million (including taxes). As of June 30, 2009, we had obtained the relevant land use rights certificate for a site area of 79,983 square meters for this project. We expect to fully settle the outstanding land premium by June 2011 and obtain the relevant land use rights certificates with respect to the remaining site area by July 2011. We intend to commence construction of the Suqian Project in October 2009 and expect to complete it by July 2012.

Yancheng Project (鹽城項目)

In June 2008, we entered into a land grant contract with respect to a parcel of land in Yancheng City, Jiangsu Province. The parcel of land has a total site area of 221,184 square meters with an expected GFA of 488,006 square meters. The total acquisition costs of the land are expected to be approximately Rmb 437.9 million to be paid in three installments. As of June 30, 2009, the total costs incurred in relation to the acquisition of the parcel of land were approximately Rmb 188.6 million (including taxes). As of June 30, 2009, we had obtained the land use rights certificate for a site area of 86,665 square meters for this project. We expect to fully settle the outstanding land premium by December 2009 and obtain the relevant land use rights certificates with respect to the remaining site area by January 2010. We intend to commence construction of Yancheng Project in October 2009 and expect to complete it by April 2012.

Changzhou Project (常州項目)

In June 2008, we entered into a land grant contract with respect to a parcel of land in Changzhou City, Jiangsu Province. The parcel of land has a total site area of 270,120 square meters with an expected GFA of 780,700 square meters. The total acquisition costs of the land are expected to be approximately Rmb 222.9 million, including the relocation and resettlement costs of Rmb 179.4 million that we pay to the local government authority for the relocation and resettlement of residents which they are responsible for undertaking. We are funding the acquisition costs with a portion of the net proceeds from the issue of our Convertible Bonds and Secured Notes, as well as our internally generated fund. As of June 30, 2009, the total costs incurred in relation to the acquisition of the land parcel were approximately Rmb 73.5 million, including land premium of Rmb 43.5 million, which represented the total land premium for this project. We plan to make further payments of relocation and resettlement costs in accordance with the government's relocation and resettlement progress. We expect to fully settle the remaining relocation and resettlement costs by December 2010 and obtain the relevant land use rights certificates with respect to the remaining site area by January 2011. In July 2009, we obtained the land use rights certificates for a site area of 170,245 square meters. We intend to commence construction of Changzhou Project in December 2009 and expect to complete it by December 2013.

PROJECT DESCRIPTION — SHANDONG PROVINCE

Qingdao Powerlong City Plaza (青島寶龍城市廣場)

Qingdao Powerlong City Plaza is located in Chengyang central business district, Qingdao City, Shandong Province. This project is being developed by Qingdao Powerlong, a project company wholly owned by us.

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This project consists of two phases and has a total site area of 319,808 square meters with a total GFA of 705,526 square meters. Of the total GFA, 353,131 square meters are expected to be held for sale and 352,395 square meters are expected to be held for lease and development into a hotel.

Phase I of Qingdao Powerlong City Plaza occupies a total site area of 274,316 square meters with a total GFA of 638,381 square meters. We entered into the land grant contract with respect to Phase I in July 2006. We had obtained all the land use rights certificates with respect to Phase I and had paid land premium totaling Rmb 328.2 million (including taxes). This represented the total land premium for Phase I.

The residential portion of Phase I consists of apartment units with a total GFA of 124,825 square meters, retail shops with a total GFA of 27,774 square meters and car parking spaces with a total GFA of 39,690 square meters. The commercial portion of Phase I consists of a commercial complex with a total GFA of 298,625 square meters, a high-quality hotel with a total GFA of 39,711 square meters ("Qingdao Hotel") and car parking spaces with a total GFA of 107,756 square meters. The commercial complex houses a large indoor amusement park, a department store, a large supermarket, a cinema, a food court and other entertainment facilities. Major tenants of the commercial complex include KFC and Qingdao Outlets. We intend to engage a domestically or internationally recognized management company experienced in the management and operation of entertainment facilities to manage and operate such indoor amusement park. Construction of Phase I commenced in April 2007. As of June 30, 2009, we had completed construction of a total GFA of 103,088 square meters and had obtained pre-sale permits with respect to 322,537 square meters of GFA in Phase I and had pre-sold 173,618 square meters of GFA in Phase I. In March 2009, Qingdao Lotte purchased a total GFA of 33,427 square meters in Qingdao Powerlong City Plaza for its supermarket operations.

We expect to complete approximately 329,165 square meters of GFA by the end of 2009 in respect of Qingdao Powerlong City Plaza, of which approximately 127,106 square meters of commercial GFA is expected to be held for investment.

Phase II of Qingdao Powerlong City Plaza occupies a total site area of 45,492 square meters, with a total GFA of 67,145 square meters including retail shops with a total GFA of 2,996 square meters and apartment units with a total GFA of 64,149 square meters. We entered into the land grant contract with respect to Phase II in July 2006. We had obtained all the land use rights certificates with respect to Phase II and had paid land premium totaling Rmb 70.3 million (including taxes) as of June 30, 2009. This represented the total land premium for this project. Construction of Phase II commenced in April 2007 and we expect to complete it by May 2010. As of June 30, 2009, we had obtained pre-sale permits with respect to 49,769 square meters of GFA in Phase II and pre-sold 48,292 square meters of GFA in Phase II.

As of June 30, 2009, the total development costs (including land acquisition costs, construction costs and capitalized finance costs) incurred for Qingdao Powerlong City Plaza were Rmb 1,491.2 million. We estimate that, as of June 30, 2009, we will need to invest approximately an additional Rmb 394.0 million to complete this project. We intend to finance such capital expenditures with proceeds derived from the pre-sale of properties in this project as well as bank borrowings.

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Tai'an Powerlong City Plaza (泰安寶龍城市廣場)

Tai'an Powerlong City Plaza is located in Tai'an City, Shandong Province. This project is being developed by Shandong Powerlong, a project company wholly owned by us.

This project consists of two phases and has a total site area of 237,515 square meters with a total GFA of 301,945 square meters. Of the total GFA, 183,574 square meters are expected to be held for sale and 118,371 square meters are expected to be held for lease and development of the Tai'an Hotel.

We entered into the land grant contracts with respect to the parcels of land in Tai'an Powerlong City Plaza in March and July 2006. As of June 30, 2009, we had obtained all the land use rights certificates with respect to Phase I and Phase II and had paid land premium totaling Rmb 222.9 million (including taxes). This represented the total land premium for this project.

Phase I occupies a total site area of 70,586 square meters with a total GFA of 69,935 square meters. It consists of retail shops with a total GFA of 7,595 square meters, apartment units with a total GFA of 61,330 square meters and car parking spaces with a total GFA of 1,010 square meters. Construction of Phase I commenced in November 2006 and we completed it in December 2008. As of June 30, 2009, we had obtained pre-sale permits with respect to 70,085 square meters of GFA in Phase I and had pre-sold 66,601 square meters of GFA in Phase I.

Phase II occupies a total site area of 166,929 square meters, with an estimated total GFA of 232,010 square meters. It consists of retail shops with a total GFA of 20,225 square meters, apartment units with a total GFA of 55,634 square meters, and car parking spaces with a total GFA of 12,357 square meters, a high-quality hotel with an expected total GFA of 49,683 square meters ("Tai'an Hotel") and a commercial complex with an expected total GFA of 94,110 square meters. The commercial complex houses a department store, a large supermarket, a multi-functional theater and a large food court. Construction of Phase II commenced in July 2007. Except the hotel, we expect to complete the rest of Phase II by October 2009. As of June 30, 2009, we had obtained the relevant pre-sale permits with respect to 154,723 square meters of GFA in Phase II and had pre-sold 50,408 square meters of GFA in Phase II.

We expect to complete approximately 182,327 square meters of GFA by the end of 2009 in respect of Phase II, of which approximately 56,331 square meters of commercial GFA is expected to be held for investment.

As of June 30, 2009, the total development costs (including land acquisition costs, construction costs and capitalized finance costs) incurred for Tai'an Powerlong City Plaza were Rmb 579.6 million. We estimate that, as of June 30, 2009, we will need to invest approximately an additional Rmb 314.8 million to complete this project. We intend to finance such capital expenditures with proceeds derived from the pre-sale of properties in this project as well as bank borrowings.

Yantai Project (煙台項目)

In December 2007, we entered into two land grant contracts with respect to two parcels of land in Yantai City, Shandong Province. The two parcels of land have a total site area of 668,249 square meters with an expected GFA of 950,472 square meters. The total acquisition costs of the land are expected to be approximately Rmb 180.4 million. As of June 30, 2009, the

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total costs incurred in relation to the acquisition of the parcels of land were approximately Rmb 135.0 million. We are funding the acquisition of the land with a portion of the net proceeds from the issue of our Convertible Bonds and Secured Notes, as well as our internally generated fund. As of June 30, 2009, we had obtained the land use rights certificates with respect to a site area of 427,392 square meters. We expect to fully settle the outstanding land premium by December 2009 and obtain the relevant land use rights certificates with respect to the remaining site area by January 2010. We intend to commence construction of Yantai Project in November 2010 and expect to complete it by September 2012.

Licang Project (李滄項目)

In January 2008, we entered into a land grant contract with respect to a parcel of land in Licang district, Qingdao City, Shandong Province. The parcel of land has a total site area of 107,150 square meters with an expected GFA of 363,664 square meters. The total acquisition costs of the land are expected to be approximately Rmb 454.9 million to be paid in three installments. We are funding the acquisition costs with a portion of the net proceeds from the issue of our Convertible Bonds and Secured Notes, as well as our internally generated fund. As of June 30, 2009, the total costs incurred in relation to the acquisition of the parcel of land were approximately Rmb 344.3 million (including taxes). In August 2009, we obtained the land use rights certificates for a site area of 70,047 square meters. We expect to fully settle the outstanding land premium by December 2009 and obtain the relevant land use rights certificates with respect to the remaining site area by January 2010. We intend to commence construction of Licang Project in October 2009 and expect to complete it by December 2011.

PROJECT DESCRIPTION — HENAN PROVINCE

Zhengzhou Powerlong City Plaza (鄭州寶龍城市廣場)

Zhengzhou Powerlong City Plaza is located in the center of Zhengdong New District near the central business district in Zhengzhou City, Henan Province. This project was developed by Zhengzhou Powerlong, a project company wholly owned by us.

Zhengzhou Powerlong City Plaza occupies a total site area of 113,984 square meters with a total GFA of 247,195 square meters. Of the total GFA, 128,440 square meters are held for sale and 118,755 square meters are held for lease (including car parking spaces with a GFA of 30,395 square meters).

Zhengzhou Powerlong City Plaza consists of a large-scale, multi-functional commercial complex with a total GFA of 194,951 square meters, hotel-style apartment suites with a total GFA of 15,197 square meters, retail shops with a total GFA of 6,651 square meters and car parking spaces with a total GFA of 30,395 square meters. The commercial complex houses a large high quality shopping mall, an Olympic-size ice skating rink, a multi-purpose theater, a large food court and other entertainment facilities. We expect that the commercial complex will be open for business by the end of 2009.

Major tenants of the commercial complex include ITAT, Champion Rink and Zhengzhou Outlets. As of June 30, 2009, we had entered into lease agreements in respect of a total GFA of 43,531 square meters of GFA with our tenants. As of the same date, we had also signed letters of intent with Lianhua Supermarket pursuant to which Lianhua Supermarket has agreed to lease a total GFA of 21,965 square meters for its supermarket operations. As of June 30, 2009, we had sold 63,717 square meters and delivered 63,647 square meters in this project. As of the

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same date, we had a total GFA of 88,359 square meters held for lease, of which a GFA of 43,531 square meters, or 49.3%, had been contracted to be leased out (excluding car parking spaces). As of June 30, 2009, we had a total GFA of 74,416 square meters, or 84.2%, which was subject to lease agreements or letters of intent.

We commenced development of this project in July 2006 and we completed it in December 2008. We are currently applying for the certificate of completion in respect of this project and expect to obtain such certificate of completion in the fourth quarter of 2009. We entered into the land grant contract with respect to Zhengzhou Powerlong City Plaza in March 2005. We had obtained all the land use rights certificates with respect to this project and had paid land premium totaling Rmb 125.9 million (including taxes) as of June 30, 2009. This represented the total land premium for this project.

As of June 30, 2009, the total development costs (including land acquisition costs, construction costs and capitalized finance costs) incurred for Zhengzhou Powerlong City Plaza were Rmb 690.3 million, and our accumulated sales revenue during the Track Record Period for this project was Rmb 705.9 million.

Luoyang Powerlong City Plaza (洛陽寶龍城市廣場)

Luoyang Powerlong City Plaza is located in Luolong District, Luoyang City, Henan Province. This project is being developed by Luoyang Powerlong, a project company wholly owned by us.

This project consists of two phases and has a total site area of 355,607 square meters with a total GFA of 874,968 square meters. The two phases are further divided into six districts from A to F. Of the total GFA, 673,597 square meters are expected to be held for sale and 201,371 square meters are expected to be held for lease.

We entered into the land grant contract with respect to Luoyang Powerlong City Plaza in February 2006. We had obtained all the relevant land use rights certificates with respect to Phase I and Phase II and had paid land premium totaling Rmb 143.4 million (including taxes) as of June 30, 2009. We expect to settle the outstanding land premium of approximately Rmb 89.6 million by February 2011. As we had obtained the land use rights certificates before we fully settled the land premium, we may be requested by the local land resources bureau to settle the outstanding land premium in one lump sum. As of the Latest Practicable Date, we still had outstanding land premium of approximately Rmb 67.6 million which we expect to settle in three installments in October 2009, 2010 and 2011 as stipulated under the underlying land grant contract.

A portion of Phase I (comprising districts D and E) occupies a total site area of 115,243 square meters with a total GFA of 372,263 square meters. This portion of Phase I consists of a commercial podium with a total GFA of 241,300 square meters operated as a wholesale market, apartment units with a total GFA of 101,378 square meters and car parking spaces with a total GFA of 29,585 square meters. Construction of this portion of Phase I commenced in November 2006 and we expect to complete it by October 2009. As of June 30, 2009, we had obtained the relevant pre-sale permits with respect to 357,399 square meters of GFA in Phase I and had pre-sold 142,583 square meters of GFA in Phase I.

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Phase II (comprising districts A, B, C and F) occupies a total site area of 240,364 square meters, with an estimated total GFA of 502,705 square meters. Phase II is expected to consist of a commercial complex and retail shops with a total GFA of 147,815 square meters, car parking spaces with a total GFA of 55,322 square meters and apartment units with total GFA of 299,568 square meters. The commercial complex is expected to house a department store, a supermarket, cinema and a large food court. We expect to commence construction of Phase II in March 2010 and to complete it by December 2012. As of June 30, 2009, we had obtained the relevant pre-sale permits with respect to 68,887 square meters in Phase II.

We expect to complete approximately 372,263 square meters of GFA by the end of 2009 in respect of Luoyang Powerlong City Plaza, of which approximately 63,200 square meters of commercial GFA is expected to be held for investment.

As of June 30, 2009, the total development costs (including land acquisition costs, construction costs and capitalized finance costs) incurred for Luoyang Powerlong City Plaza were Rmb 696.6 million. We estimate that, as of June 30, 2009, we will need to invest approximately an additional Rmb 1,213.8 million to complete this project. We intend to finance such capital expenditures with proceeds derived from the pre-sale of properties in this project as well as bank borrowings.

Xinxiang Project (新鄉項目)

In January 2008, we entered into a land grant contract with respect to two parcels of land in Xinxiang City, Henan Province. The land parcels have a total site area of 299,980 square meters with an expected GFA of 800,000 square meters. The total acquisition costs of the land are expected to be approximately Rmb 270.0 million. We are funding the acquisition of the land with a portion of the net proceeds from the issue of our Convertible Bonds and Secured Notes, as well as our internally generated fund. As of June 30, 2009, the total costs incurred in relation to the acquisition of the land parcel were approximately Rmb 140.8 million (including taxes). As of June 30, 2009, we had obtained the land use rights certificates with respect to a site area of 106,667 square meters. We expect to fully settle the outstanding land premium by December 2009 and obtain the relevant land use rights certificates with respect to the remaining site area by January 2010. We intend to commence construction of Xinxiang Project in November 2009 and expect to complete it by September 2012.

PROJECT DESCRIPTION — ANHUI PROVINCE

Bengbu Powerlong City Plaza (蚌埠寶龍城市廣場)

Bengbu Powerlong City Plaza is located in the comprehensive development zone in the new downtown area of Bengbu City and at the geographical center of Bengbu City, Anhui Province. This project is being developed by Bengbu Powerlong, a project company wholly owned by us.

Bengbu Powerlong City Plaza occupies a total site area of 192,313 square meters with a total GFA of 491,209 square meters. Of the total GFA, 232,249 square meters are expected to be held for sale and approximately 258,960 square meters are expected to be held for lease.

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We entered into the land use right transfer agreement with respect to Bengbu Powerlong City Plaza in December 2005. As of June 30, 2009, we had obtained all the land use rights certificates with respect to this project and had paid land premium totaling Rmb 196.2 million (including taxes). This represented the total land premium for this project.

Phase I occupies a total site area of 90,522 square meters with a total GFA of 195,543 square meters, consisting of apartment units with a total GFA of 130,935 square meters, commercial and retail shops with a total GFA of 52,049 square meters and car parking spaces with a total GFA of 12,559 square meters. Of the total GFA, 173,715 square meters are expected to be held for sale and approximately 21,828 square meters are expected to be held for investment. Construction of Bengbu Powerlong City Plaza Phase I commenced in September 2006 and was completed in December 2008. As of June 30, 2009, we had obtained the relevant pre-sale permits with respect to 183,307 square meters of GFA in Phase I and had pre-sold 147,753 square meters of GFA in Phase I.

Phase II (comprising sections A and B) occupies a total site area of 101,791 square meters with a total GFA of 295,666 square meters, consisting of a large-scale multi-functional commercial complex with a total GFA of 220,255 square meters and car parking spaces with a total GFA of 75,411 square meters. The commercial complex includes a large supermarket, a large department store, a multi-theater cinema and a large food court. Construction of Phase II commenced in September 2006 and we expect to complete it by February 2010. As of June 30, 2009, we had obtained the relevant pre-sale permits with respect to 222,730 square meters of GFA in Phase II and had pre-sold 20,263 square meters of GFA in Phase II.

We expect to complete approximately 152,435 square meters of GFA (representing the entire GFA of section A) by the end of 2009 in respect of Bengbu Powerlong City Plaza Phase II, of which approximately 85,027 square meters of commercial GFA are expected to be held for investment. We have entered into lease agreements with Ruijing Commercial and Tesco (Shanghai Kangcheng), in relation to 21,844 square meters of GFA and 17,625 square meters of GFA, respectively, and for a term of 15 years and 20 years, respectively, starting from 2009. As of June 30, 2009, we had a total GFA of 21,828 square meters held for lease, of which a GFA of 11,055 square meters, or 50.6%, had been contracted to be leased out (excluding car parking spaces).

As of June 30, 2009, the total development costs (including land acquisition costs, construction costs, and capitalized finance costs) incurred for Bengbu Powerlong City Plaza were Rmb 868.0 million. We estimate that, as of June 30, 2009, we will need to invest approximately an additional Rmb 293.5 million to complete this project. We intend to finance such capital expenditures for this project with proceeds derived from the pre-sale of properties in this project as well as bank borrowings.

RECENT DEVELOPMENT

On September 9, 2009, we entered into a number of non-binding investment framework agreements (the “Framework Agreements”) with the local governments in Xiamen City and Anxi City in Fujian Province, Wuhan City in Hubei Province, Changsha City in Hunan Province, Hefei City in Anhui Province, Jimo City in Shandong Province and Shanghai City, pursuant to which we and the relevant local governments agreed to co-operate in the development of large-scale, multi-functional commercial-residential complexes modeled on some of our existing “Powerlong City Plaza” projects in each of these cities. We expect such commercial-residential complexes to contain a wide range of commercial properties, including supermarkets, department stores,

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retail shops, cinemas, food courts and other recreational facilities, as well as residential units. We intend to introduce our anchor tenants to these commercial-residential complexes, as well as to secure other domestically or internationally well-known brands across a wide spectrum of industries as our tenants.

The following table sets forth the city, estimated site area and GFA of the seven parcels of land intended for development into “Powerlong City Plaza” projects.

<u>Site location</u>	<u>Estimated site area</u> (sq.m.)	<u>Estimated GFA</u> (sq.m.)
Fujian Province		
Xiamen City	N/A	N/A
Anxi City	46,000	154,000
Hubei Province		
Wuhan City	100,000	N/A
Hunan Province		
Changsha City	113,000	300,000
Anhui Province		
Hefei City	170,000	510,000
Shandong Province		
Jimo City	N/A	N/A
Shanghai	N/A	N/A

Note:

(1) N/A means data is not available in the Framework Agreement.

As the Framework Agreements are not legally binding and we are not under any obligation to enter into formal agreements with the relevant local governments, there is a possibility that these co-operative opportunities may not eventuate and if so, no formal agreement will be subsequently entered into. Under the Framework Agreements, all land use rights with respect to these parcels of land are to be granted by the relevant local governmental authorities via public tender, auction or listing-for-sale, and we cannot be certain that we will be successful in obtaining the relevant land use rights on terms acceptable to us, or at all, when such government-organized public tender, auction or listing-for-sale is conducted. In the event that we decide to enter into formal agreements in respect of the arrangements set out under the Framework Agreements, we intend to carefully assess our business, cash flow and financial position in order to make a prudent and responsible decision. In addition, we will make relevant announcements in accordance with requirements of the Listing Rules as and when appropriate.

PROPERTY DEVELOPMENT

Our business operations primarily involve the development and operation of high-quality, large-scale, multi-functional commercial complexes targeting commercial property tenants and buyers. We also develop and sell quality residential properties targeting individual property buyers. We currently have operations in a number of cities in Fujian Province, Jiangsu Province, Shandong Province, Henan Province and Anhui Province, and we intend to expand our commercial property development operations to other fast-growing, emerging cities in China. Our projects typically comprise commercial complexes and residential properties. In certain

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selected cities, depending on location and the expected market demand, we may also include high-quality hotels or large-scale indoor amusement parks in our projects. We will continue to explore the property markets in the regions in which we currently operate and pursue suitable opportunities in strategically selected cities in other regions in China.

PROJECT DEVELOPMENT PROCESS

City and Site Selection

We review cities and sites in China to identify potential development opportunities. Our Board, our investment development center, our investment decision committee and certain senior management personnel are actively involved in the city and site selection process and closely follow our established site and city selection guidelines. Our investment development center consists of our market research and business development personnel and our investment decision committee consists of certain members of our Board and senior management. Our Directors and senior management personnel involved in city and site selection, including Hoi Kin Hong, Hoi Wa Fong and Au-Yeung Po Fung, have extensive experience in the PRC real estate industry. Our current projects are chosen after a thorough screening process comprising numerous site visits, thorough market research and analysis. Prior to purchasing a parcel of land, we collect all relevant information regarding the potential acquisition opportunity and conduct preliminary feasibility studies and market research to evaluate the potential risk and return of the investment, potential property demand in that area, preferences of the target customer groups and potential competition from other property developers in the vicinity. For our market research and analysis, we typically obtain information from research reports produced by independent third party market researchers and data compiled internally by our investment development division through their own research. We also rely on data extracted from official government publications and other publications produced by relevant industry associations.

Before we decide whether to expand into a city or acquire a site, we consider the compatibility of the acquisition opportunity with our overall investment strategy and objectives. We then draw up an initial project development blue print and conduct a preliminary feasibility study. If we are satisfied with the result of the feasibility study, we will continue with our due diligence investigations and conduct more detailed analysis of the acquisition. If the due diligence result is satisfactory, we will prepare a detailed project design and investment return analysis. This will then be passed to our investment development center for their review in preparation of a further feasibility study report. This report is submitted to our investment decision committee for final consideration and approval. We will proceed with the acquisition if we conclude from our evaluation procedures that a particular site has good development potential and an acceptable risk profile. We believe all these pre-purchase measures help us to acquire land prudently and develop our projects with a clear market positioning from the beginning. We have formulated a set of criteria in our city selection process, including:

- size and population of the city;
- general economic development;
- purchasing power of the residents;
- urban planning and development;
- local government administrative efficiency and service attitude;

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- anticipated demand for private commercial and residential properties;
- future land availability; and
- overall competitive landscape.

We consider the following factors for site selection:

- site area and suitability for large-scale integrated commercial and residential development;
- location within the city;
- neighboring environment and public amenities such as transport;
- consumer behavior of residents and their way of life;
- infrastructure available or to be made available by the local government;
- government planning for the area; and
- overall cost structure of the potential development.

We believe the most important factor in our decision to undertake a property project investment is the relative land acquisition costs to expected selling prices and expected rental income to be derived from our tenants.

Land Acquisition

Under current PRC laws and regulations, land use rights for property development must be granted by the relevant governmental authorities via public tender, auction or listing-for-sale. Listing-for-sale is where the grantor issues a listing-for-sale announcement specifying a set of land grant conditions. The conditions will be listed for a period within which bidders can make payment applications. The successful bidder to be granted the land will be announced at the end of the listing period. In an acquisition of land by tender, the relevant authorities will consider not only the tender price, but also the credit history and qualifications of the tenderer and its development proposal in deciding to whom to grant the land use rights. Grantees of land use rights may, however, dispose of the land use rights granted to them in private sales, subject to the terms and conditions of the land grant contracts and relevant laws and regulations. During the Track Record Period, we obtained most of our land through public tenders and listings-for-sale.

As a commercial property developer and operator focusing on development and operation of large-scale commercial complexes, we believe that acquiring land at competitive price is critical to our overall development strategy. We currently expect to build up sufficient land reserves to fulfill our development requirements for the next three years on a rolling basis. As of June 30, 2009, we had a total site area of approximately 1,525,474 square meters of land under development and a total site area of approximately 1,786,885 square meters of land held for future development. We continually search for land sites that meet our selection criteria.

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We typically finance our land acquisition costs with cash generated internally from our operations. However, as we grow larger and gain more access to the debt and equity markets, we may also access the capital market and finance our land acquisition costs with debt and equity instruments.

Project Planning and Design

Once a site is selected, we normally discuss our plans with local governments and provide them with ideas on how the site would be developed in a way that fits into the overall development plan of the city. We have 18 project companies, which work closely with our internal planning and design department, our external designers and architects in master planning, architectural design, landscape design and interior design. All of these external designers and architects are independent third parties. To ensure that the project design of each of our projects reflects the positioning of our products, our senior management team actively participates during the whole process, especially in the master planning and architectural design of our projects. Upon completion of our properties that are built for rental purposes, we may also render design support and fit-out work for our tenants. However, we do not directly carry out any actual design and fit-out work for our tenants. Our tenants may submit their interior design and fit-out specifications and requirements to us and we will review the submission to determine whether it is in line with the overall style of our project, particularly, the commercial complex. We will assist our tenants to carry out their interior design and fit-out if we approve of their plans.

In determining the design of our projects, we consider:

- the environment surrounding the site;
- local government planning and development requirements or restrictions for the site;
- advice provided by our professional advisors, including architects, planning experts and sales and marketing personnel;
- type of buildings to be developed; and
- requirements and preferences of our principal anchor tenants.

Historically, the projects which we and our subsidiary project companies have developed has principally been designed by domestically and internationally well-known design firms with whom we have long-term relationships. With a view to integrating quality with innovation in designs for our properties, in recent years we have also retained renowned domestic and international design houses to help design our projects in various aspects, including master planning, architectural design, landscape design and interior design. Over the years, we have developed strong relationships with a number of nationally and internationally well-known design firms. For example, we have worked with China Northwest Building Design Research Institute (中國西北建築設計研究院) (“Northwest Building Design”) for over nine years. Northwest Building Design is a premier national design institute in China, which has jointly designed various projects with other domestic and international developers in the past. We have also worked with Zhongji Shiyuan International Engineering Company Limited (中機十院國際工程有限公司) (“Zhongji Shiyuan”) for three years, Forrec Ltd. of Canada for two years and Xiamen Hordor Architecture & Engineering Design Group Co., Ltd. (廈門合道工程設計集團有限公司) for one year. Zhongji Shiyuan is a leading integrated national research and design body known for its technical abilities and Forrec Ltd. is a reputable design firm specializing in tourism and

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entertainment properties and has designed many landmark projects all over the world. We have also recently co-operated with Taipan Planning & Design Consultants Limited of Hong Kong. Design fees paid to external design firms are calculated based on industry pricing guidelines and depend to a certain extent on our design specifications. Payment is made in installments according to the progress of the project and the contract amount is generally settled after the project has passed the requisite completion acceptance inspections. For the years ended December 31, 2006, 2007 and 2008 and the six months ended June 30, 2009, we incurred Rmb 18.6 million, Rmb 38.6 million, Rmb 42.5 million and Rmb 6.8 million of project design fees, respectively.

Project Management

We develop and manage our projects through our wholly owned or majority owned regional project companies in the regions in which we have operations. These project companies are responsible for managing the day-to-day operations of each project, including executing plans and standards set by our project management team in the Xiamen headquarters, overseeing construction on site and managing minor design modifications. Our project management team at our Xiamen headquarters is responsible for developing the project development master plan, setting technical and cost specifications, selling prices, overall rental and sale strategies and procurement of the main construction materials and key equipment. Our project management team at our Xiamen headquarters coordinates its efforts with the project companies through detailed project development plans and regular meetings. The project development plans set out allocation of work and performance targets. Any issues or potential problems are identified and discussed at our internal meetings to ensure prompt resolution. In order to ensure that the projects are completed on a timely basis and within the relevant budget, we monitor the progress of the construction of our projects through the monthly planning and progress review to identify areas that may hinder the progress of the projects. In addition, we monitor the cost of our project developments through monthly cost audits to identify any cost items that may exceed the original budget and thus need to be adjusted. We adhere to our budget and design specifications to minimize changes to our overall project plan.

Project Construction

Our construction work is outsourced to independent construction companies, which are selected through a tender process. We typically invite a minimum of three qualified construction companies to bid for a construction project through a tender by invitation process. We have established a selection procedure to choose our construction contractors in order to ensure compliance with our quality and workmanship standards. The selection procedure involves detailed due diligence work on the contractors during the bidding process before offering the construction contract to them. We typically take into account the contractor’s professional qualifications, reputation in the industry, track record, past co-operation with us, financial condition and technical abilities. Our tender and bidding committee, which is comprised of certain members of our Board and senior management with tender and bidding, budget and cost control experience in the real estate industry, including Hoi Kin Hong, Hoi Wa Fong and Shi Sze Ni, carefully evaluates the suitability of each potential contractor and determines who we award the contract to. We also review the qualifications and performance of our construction contractors on an annual basis. Under relevant PRC laws and regulations, construction contractors need to have obtained the relevant construction qualification certificates for the type of construction work they carry out before they can undertake such property construction work.

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During the Track Record Period, all of the construction contractors we engaged possessed all the requisite licenses. Our contractors are not allowed to subcontract or transfer their contractual agreements with us to any third party without our consent.

Under our typical construction contracts, we are primarily responsible for preparatory construction work, including resident relocation (if applicable), utilities connection and road construction. The contractor is typically obliged to undertake the construction work in strict compliance with our designs and requirements, and to provide regular progress reports (typically once a week) which enable us to closely monitor the construction progress. Contract payments may be made on a fixed-price, adjustable-price or costs-plus-remuneration basis. Pre-payments are made seven days prior to the proposed commencement date and are deducted during the course of the construction. Further stage construction payments are made upon completion of each specific stage.

Our contractors are typically responsible for procuring the construction materials to be used in our projects, but in certain circumstances, we may specify the supplier, brand and manufacturer of construction materials in order to ensure that they meet our particular requirements. For example, we may specify the supplier, brand and manufacturer of construction materials where the quality of product may vary significantly depending on the brand and manufacturer of such product, for example, paint, tiles and electric cables, or if we require specialty materials that may be more difficult to source. For key construction materials such as cement, we typically designate a few reputable suppliers from whom our contractors source those materials. We typically procure other key materials and equipment such as steel, escalators, lifts and air conditioning units ourselves. In relation to some these self-procured materials and equipment, we enter into a tripartite supply agreement with the construction contractor and the materials supplier, under which we are responsible for negotiating the price and the materials supplier is responsible for supplying the materials to the construction contractor. We generally determine whether to procure the construction materials ourselves depending on whether such materials are key materials in our construction process and whether they contribute to a significant proportion of our construction materials costs (for example, steel, lifts and air conditioning units). For the years ended December 31, 2006, 2007 and 2008 and the six months ended June 30, 2009, the total costs of materials which we directly procured amounted to approximately Rmb 113.3 million, Rmb 350.9 million, Rmb 242.1 million and Rmb 22.6 million, respectively. For those materials which we directly procured, purchases from the five largest suppliers accounted for 79.9%, 90.9%, 92.8% and 94.7% of our total purchases, respectively, and purchases from the largest supplier accounted for 32.6%, 33.4%, 21.8% and 54.5% of our total purchases, respectively, during the Track Record Period. Under the construction contracts with our contractors, materials procured by our contractors are subject to approval by our on-site engineer and supervisory engineer before they are used in our projects. We believe that these measures allow us to better control the quality of key construction materials used in our projects and ensure timely completion of the projects. Substantially all of the costs of construction materials, whether procured ourselves or by the contractors, are accounted for as part of the contractor fees upon settlement with the relevant contractors. Apart from civil engineering construction, our construction work also includes gardening and landscaping, which are entirely outsourced to independent service providers.

We finance construction costs primarily with internal funds, proceeds from pre-sales and bank borrowings. Our financing methods vary from project to project and are subject to limitations imposed by PRC regulations and monetary policies. In 2006, 2007 and 2008 and for the six months ended June 30, 2009, total construction costs paid to our construction contractors were Rmb 633.2 million, Rmb 1,450.0 million, Rmb 1,578.8 million and Rmb 474.9

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million, respectively. For the years ended December 31, 2006, 2007 and 2008 and the six months ended June 30, 2009, the construction costs incurred in respect of our largest construction contractor accounted for approximately 17.1%, 17.9%, 11.8% and 17.0%, respectively, of our total construction costs incurred. During the same periods, construction costs incurred in respect of our five largest construction contractors accounted for approximately 31.7%, 45.1%, 37.2% and 41.7%, respectively, of our total construction costs incurred. None of our Directors, their associates or any of our shareholders holding more than 5% of our issued share capital has any interest in our five largest construction contractors.

Quality Control and Construction Supervision

The construction contracts we enter into with construction companies typically contain warranties with respect to quality and timely completion of the construction projects. We require construction companies to comply with PRC laws and regulations relating to the quality of construction as well as our own standards and specifications. In compliance with PRC laws and regulations, we also engage certified construction supervision companies to monitor certain aspects of our project construction as specified by the relevant laws and regulations. These construction supervision companies conduct quality and safety control checks on all building materials and workmanship on site. They also monitor the progress of construction, work site safety and construction completion schedule. Under relevant PRC laws and regulations, the construction supervision companies are required to obtain supervision qualification certificates in order to be able to carry out supervision work on construction sites during different stages of project construction. Fees paid to the construction supervision companies are determined based on a negotiated percentage of the total construction cost of a project. We typically make monthly payments to the construction supervision company until approximately 80% of the contract sum is paid. The remaining amount is settled within 30 days after the project has passed the requisite completion acceptance inspections. For the years ended December 31, 2006, 2007 and 2008 and the six months ended June 30, 2009, we paid service fees amounting to approximately Rmb 2.3 million, Rmb 3.7 million, Rmb 4.3 million and Rmb 1.5 million, respectively, to the construction supervision companies we engaged.

The contractors are also required to comply with our quality control measures, such as the appointment of on-site project representatives to oversee the progress, quality and safety of the construction work, pre-examination of construction materials before they are used in the project, and on-site inspections. Although we experienced occasional delays in construction and unsatisfactory workmanship during the Track Record Period, they were rectified in a timely manner and we did not suffer any material adverse impact with respect to our projects or our results of operations. Going forward, we intend to establish a yearly, quarterly and monthly integrated project development plan to better co-ordinate the various stages of a property development project and to enhance co-operation between different departments. We also intend to have more frequent site inspections to monitor construction progress so as to accelerate the process of identifying and resolving any problems. We plan to better monitor the timely completion of project milestones and to send relevant experts to provide on-site supervision over major construction procedures. Furthermore, we intend to further delegate supervision powers to our project companies and provide them with performance-based incentives linked to work progress and quality. We believe these control measures may help us to further reduce construction delays and unsatisfactory workmanship.

Our construction contracts generally provide for progressive payments according to milestones reached, until approximately 80% of the total contract sum is paid. We will settle 15% of the remaining contract fee after the project has passed the completion acceptance

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inspection. We typically withhold the final 5% of the contract fee for a number of years after completion of construction to give additional assurance and cover any contingent expenses incurred as a result of any construction defects. The unused portion of such warranty fee or retention money will be returned to the contractors after the expiration of the warranty period. Warranty periods typically range from one to two years depending on the type of construction. We believe the amount of retention money we withhold under our construction contracts is in line with industry practice and our Directors are of the view that such retention money is sufficient to cover the construction warranties we give to our customers under the sale and purchase agreements. In addition, we generally require our contractors to provide us with performance bonds of approximately 3% of the contract fee after we have entered into construction contracts with them. In the event of a delay in construction or unsatisfactory workmanship, we may require the construction companies to rectify the defects at their expense and pay us a penalty. The performance bonds are returned to the contractors after satisfactory completion acceptance inspection of the properties have been made. During the Track Record Period, we did not experience any material delay in construction or unsatisfactory workmanship with respect to our projects.

As of December 31, 2006, 2007 and 2008 and June 30, 2009, we had total warranty fees or retention money (representing deposits from construction contractors) of Rmb 48.7 million, Rmb 74.0 million, Rmb 99.4 million and Rmb 108.6 million, respectively. During the Track Record Period, we did not experience any incident where the retention money was insufficient to cover the amount we had to pay to rectify the construction defects.

Pre-sales

Like other developers, we pre-sell properties prior to the completion of their construction. According to the Urban Real Estate Law 《中華人民共和國城市房地產管理法》 and the Administrative Measures Governing the Pre-sale of Urban Real Estate 《城市商品房預售管理辦法》, property developers must satisfy specific conditions before they can pre-sell their properties under construction. These mandatory conditions include the following:

- the land premium must have been paid in full;
- the land use rights certificate, the construction land use planning permit, construction planning permit and the construction commencement permit must have been obtained;
- at least 25% of the total project development investment must have been made;
- the progress and the expected completion and delivery date of the construction must be properly ascertained; and
- the pre-sale permit must have been obtained.

These mandatory conditions are designed to impose a restriction on developers with respect to when pre-sales can commence. They are predicated on substantial progress in project construction and in capital expenditure. Generally, local governments also require developers and property purchasers to use model sale and purchase agreements prepared under the auspices of the government. Developers must file all sale and purchase agreements with local land resources bureaus and state administrations within 30 days of entering into such contracts.

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Local governments may have additional conditions for commencing pre-sales of properties. According to relevant regulations applicable in Zhengzhou City, Henan Province, we must also satisfy the following conditions before we can commence pre-sale of properties:

- for a building that is no more than six storeys, the main structural construction has been completed with respect to at least two storeys (including basement);
- for a building that is between seven and 12 storeys, the main structural construction has been completed with respect to at least three storeys (including basement);
- for a building that is more than 12 storeys, the main structural construction has been completed with respect to at least five storeys; and
- a special property pre-sale account has been set up at a commercial bank in the place where the project is located, and an agreement in relation to the supervision of pre-sale bank account has been entered into.

In addition, in relation to our project in Shandong Province, we must ensure that all foundation construction work is completed before we may start pre-sale. In relation to our projects in Wuxi City, we must finish the preliminary connection work of utilities (including water and electricity) before we may commence pre-sale.

We have satisfied the above pre-sale conditions before we started pre-selling the properties we developed. Other than Zhengzhou City, Shandong Province and Wuxi City, we are currently not aware of any additional conditions in the cities where we have property projects which we need to comply with in relation to the pre-sale of properties.

Prior to the commencement of pre-sales, we set up separate pre-sale bank accounts into which all the pre-sale proceeds from a particular project are paid. We make payment to the construction contractors and suppliers of construction materials according to the progress of construction work. We have complied with the relevant statutory requirements for pre-sales, including but not limited to, applying the pre-sale proceeds only towards the settlement of the construction costs and other costs of the relevant projects pre-sold.

In determining the selling prices of our properties, Hualong Commercial and our regional project companies conduct market research and prepare a selling price recommendation report taking into account the prices of properties with similar quality in the surrounding areas, construction costs, construction schedule and other investment return considerations. The selling price recommendation report is then submitted to our sales and marketing team for review before it is given to our president for final approval. After the property sales process has commenced, we continue to review and make any necessary adjustments to the selling prices based on market conditions, customer reactions and the selling prices of competing properties in the vicinity.

Sales and Marketing

We maintain a centralized marketing and sales force for all of our development projects in China. Our marketing and sales team conducts the sales and marketing activities for most of our property projects but we also employ external professional property sales agencies from time to time such as branch companies of E-House, one of the largest property agency and consulting firms in the PRC and a company listed on the New York Stock Exchange, to provide sales and

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marketing services for certain of our property projects. We believe this approach ensures consistency in our promotion and sales strategy on a nationwide basis. Our centralized marketing team formulates our nationwide marketing strategies and coordinates our promotion activities across the cities in which we operate. As of June 30, 2009, we had over 154 personnel specializing in sales and marketing. The majority of our other sales and marketing staff have approximately three years of industry experience and generally have a good understanding of the local real estate market in the cities where we operate. We offer our local sales and marketing personnel performance-based remuneration packages according to the pre-determined sales target we set for each of our projects as well as other qualitative factors. Our sales and marketing staff at our headquarters also receive bonuses determined based on our overall performance in a particular year. Their responsibilities include market research, brand promotion, sales planning, property pricing and sales management. We train and use our own sales force rather than rely on outside brokers and agents for most of our projects. We believe our own dedicated sales representatives are better positioned to serve our customers and to control our property promotion and selling expenses.

Our sales and marketing staff cooperate closely to determine the appropriate advertising and selling plans for a particular project. They also conduct market research, formulate sales, pre-sales and pricing strategies and plan and organize on-site sale and pre-sale procedures. Our promotion channels include billboard advertisements, promotion over the visual and print media, and model display. As part of our marketing strategy, we organize potential customers to visit our completed projects. These showcase visits facilitate the sales of our properties and help to promote our brand.

Our target rental customer group is retail, hospitality, recreation and entertainment services providers and other business entities looking to lease quality premises in attractive locations. We also sell some of our commercial properties if we believe such sale will generate better returns on our investment. We target sales of our residential properties at mid to high income individuals. For 2006, 2007 and 2008 and the six months ended June 30, 2009, the percentage of revenue attributable to our largest customer was approximately 1.7%, 1.0%, 3.7% and 20.2%, respectively. The percentage of revenue attributable to our five largest customers was approximately 5.9%, 3.4%, 6.6% and 25.5%, respectively, in the years ended December 31, 2006, 2007 and 2008 and the six months ended June 30, 2009. None of our Directors, their associates or any of our shareholders holding more than 5% of our issued capital has any interest in our five largest customers during the Track Record Period.

Most of the customers of our residential properties purchase our properties with mortgage loans. As is customary in the PRC property industry, we provide guarantees to mortgagee banks in respect of the mortgage loans provided to the purchasers of our residential and commercial properties up until we complete the construction of the relevant properties and the property ownership certificates and certificates of other interests with respect to the relevant properties are delivered to the mortgagee banks. See the section entitled “Financial Information — Indebtedness, Contingent Liabilities and Net Current Liabilities — Contingent Liabilities” in this document.

Payment Arrangements

Purchasers of our residential properties, including those purchasing pre-sale properties, may pay us using mortgage loans from banks. We typically require our purchasers to pay a nominal non-refundable deposit upon entering into provisional purchase contracts. If the purchasers later decide not to enter into formal sale and purchase agreements, they will forfeit

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such deposits. Upon executing the formal sale and purchase agreements, the purchasers are typically required to pay not less than 30% of the total purchase price of the property within five days, and the mortgagee banks will pay the remaining balance once the customers have completed the mortgage application procedures. If the purchasers choose to fund their purchases with mortgage loans provided by banks, it is their responsibility to apply for and obtain the mortgage approvals although we will assist them on an as needed basis. The payment terms of sales and pre-sales of properties are substantially identical.

Most of our customers purchase our properties with the assistance of mortgage financing. In accordance with industry practice in China, we provide guarantees to mortgagee banks in respect of the mortgage loans provided to the purchasers of our pre-sold properties. Under the guarantees, we are required to guarantee the timely repayment of the principal and interest amount of the loans by the purchasers. As a guarantor, we are jointly responsible for the payment of the mortgage loan. These guarantees are released upon the earlier of (i) the relevant property ownership certificates being delivered to the purchasers; and (ii) the settlement of mortgage loans between the mortgagee banks and the purchasers of our properties. In line with industry practice, we do not conduct independent credit checks on our customers but rely on the credit checks conducted by the mortgagee banks. As of December 31, 2006, 2007 and 2008 and June 30, 2009, our outstanding guarantees on the mortgage loans of the purchasers of our properties amounted to Rmb 280.3 million, Rmb 912.4 million, Rmb 1,029.3 million and Rmb 1,229.8 million, respectively. During the Track Record Period, we did not encounter any mortgage loan default with respect to which we were required by mortgagee banks to honor our obligations. See the section entitled “Risk Factors — Risks Relating to Our Businesses — We guarantee mortgage loans of our customers and may become liable to mortgagee banks if customers default on their mortgage loans” in this document.

Delivery and After-sales Services

We endeavor to deliver our products to our customers on a timely basis. We closely monitor the progress of construction of our property projects as well as conducting pre-delivery property inspections to ensure timely delivery. The time frame for delivery is set out in the sale and purchase agreements entered into with our customers. Once a property project has passed the requisite completion acceptance inspections and obtained the relevant completion acceptance certificate and other government certificates necessary for delivery, our customer service staff will notify our customers in respect of delivery. Our sales and marketing staff, our construction team, together with staff of the property management company, will inspect the properties prior to delivery to ensure quality. If we fail to deliver the property to our customers within 60 days of the date of delivery stipulated in the sale and purchase agreement, we will be liable to pay a monetary penalty of 0.01% of the pre-sale proceeds per day. When we deliver the completed properties to our customers, we are also required to deliver the building quality guarantee certificate (住宅質量保證書). After delivery of completed properties, we are then required to assist our customers with obtaining the property ownership certificates by providing all requisite information to the local titles office for registration.

Our customer service department is responsible for managing our after-sales services. We offer communication channels to our customers for them to provide their feedback and complaints about our products or services, including a telephone hotline and a customer service center at our head office. Our property management companies also handle customer complaints.

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Property Management

Prior to delivery of properties to our customers, we engage our wholly owned property management subsidiaries, Hualong Property and Hualong Commercial, to manage our residential properties and commercial properties, respectively. After the delivery of properties to customers, with a view to ensuring quality in property management, we continue to engage Hualong Commercial and Hualong Property to provide property management services to customers until the owners of the relevant project developments have become entitled to elect their own property management companies. The services provided by our property management companies include security, property maintenance, gardening and other ancillary services. As of the Latest Practicable Date, owners of all of our developments who had become entitled to elect their property management companies continued to choose our wholly owned property management subsidiaries to manage their properties. As of the Latest Practicable Date, we had not experienced any incident where the owners of our properties terminated the property management services of our property management companies. Our property management companies provide property management services exclusively to properties we have developed.

Our property management companies typically enter into property management agreements with the property owners. The property management contract sets forth the scope and the quality requirements of the services provided by our property management companies. We are not allowed to assign the management responsibilities to a third party without the prior consent of property owners. We are responsible for establishing the property management procedures and preparing maintenance and renovation plans with respect to the properties and public facilities. The property management contract also sets forth the payment arrangements of management fees, which cannot be increased without the prior consent of the property owners. Property management fees are determined with reference to prevailing market rates as decided by the relevant government authorities. The amount of fees payable by each property owner depends on the GFA of their properties under management. Our property management companies issue monthly invoices to the property owners and the management fees are generally settled on a monthly basis. For the years ended December 31, 2006, 2007 and 2008 and the six months ended June 30, 2009, we derived revenue from our property management services of Rmb 3.0 million, Rmb 7.9 million, Rmb 16.0 million and Rmb 10.3 million, respectively.

INVESTMENT PROPERTIES

Our property investment objective is to achieve recurring rental income and long-term capital appreciation through increases in the value of our properties. We expect to realize our investment objective through the development, sale, management and operation of property projects in China. Our policy is to maintain a balanced portfolio of properties developed for sale, consisting of residential properties, and properties held for lease, consisting of commercial properties. We intend to hold an increasing proportion of GFA in the commercial properties we have developed as investment properties. The completed investment properties we held as of the Latest Practicable Date are located in Fuzhou Powerlong City Plaza, Zhengzhou Powerlong City Plaza and Bengbu Powerlong City Plaza. As of June 30, 2009, we held an aggregate GFA of approximately 205,022 square meters (excluding car parking spaces) for investment. As we plan to increase our portfolio of investment properties, revenue from, and profit contributions of, investment properties are expected to increase in the future.

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Tenants and Leases

We retain ownership of a portion of the GFA of our commercial complexes. We seek to maintain long-term relationships with our anchor tenants and to maintain a good balance in tenant composition. We have a leasing department which is responsible for formulating the strategies for our rental properties, such as conducting research to enhance the tenant profile and trade mix. We seek tenants who could help us to promote the image of our rental properties and we take into account the following factors when selecting potential tenants:

- reputation and general brand recognition;
- goods and services offered;
- track record and past relationship with us; and
- potential level of lease payments.

Our commercial complex leases for smaller tenants are generally for terms of 24 to 36 months with annual rent reviews indexed to the consumer price index or fixed percentage increases and typically require security deposits of two months’ rent. If there are anchor tenants taking comparatively large areas at more than one of our commercial complexes, or whose presence is expected to attract other tenants, we may consider offering them leases for terms of between 10 to 20 years with fixed rent provisions. We typically enter into a memorandum of understanding with anchor tenants six months prior to the opening of our commercial complexes.

Rents are typically determined based on prevailing market rates, and the rents payable by our retail tenants sometimes include a turnover component. The majority of our leases contain rental escalation and/or review provisions, with the exception of the leases entered into with Carrefour and Jinyi Cinema in relation to Fuzhou Powerlong City Plaza and ITAT in relation to Zhengzhou Powerlong City Plaza. Rental payments for these leases consist of a monthly base rent and a turnover component calculated annually in accordance with the revenue of a particular tenant for that particular year. We typically require the annual turnover to be verified by an independent third party auditor. Our tenants are generally charged a monthly property management fee. Property management fees are determined according to market conditions and the requirements of the project under management. They are calculated on a per square meter basis and are paid monthly to our property management company. Tenants are also required to pay their own utility charges.

Under the lease agreements we enter into with our tenants, if our tenants terminate the lease without cause before the expiry of the lease term, we are entitled to retain their lease bond and they are liable to pay us a default penalty. Such default penalty is typically equivalent to two months’ rent, but may vary depending on the term of the lease. In addition to the default penalty, we are entitled to rely on other contractual remedies available to us to recover all losses we suffered exceeding the default penalty under the lease agreements as a result of the early termination by the tenants. However, under our lease agreement with Carrefour, starting from the fourth year of its 20-year lease term, Carrefour may terminate the lease without cause by giving us 12 months’ prior notice. Under our lease agreement with ITAT, if ITAT fails to meet certain agreed performance benchmarks for six consecutive months starting from the second

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year of the lease term, then both ITAT and us will have the right to terminate the lease without penalty by giving the other party one month's prior notice. We are then required to return the lease bond to ITAT.

We regularly monitor the performance of the tenants of our commercial complexes. We carry out site inspections to inspect the day-to-day operations of our tenants. We also have service desks in our commercial complexes to handle suggestions or complaints from our customers and we liaise with local government consumer associations to gain customer feed back on our tenants. In addition, we hold meetings from time to time with our tenants to discuss any issues they may have. We also monitor our tenants' rental payment track record to assess their business and financial performance. We may elect not to renew the leases of retail tenants whose performance is not meeting our expectation in order to improve our rental income.

The following table sets forth the top 10 tenants of our commercial complexes in terms of GFA occupied as of June 30, 2009. There were seven tenants in Fuzhou Powerlong City Plaza and three tenants in Zhengzhou Powerlong City Plaza.

No.	Tenant	Industry	Lease terms (years)	Lease commencement date	Lease expiry date	Total GFA (sq.m.)	Proportion of total leasable GFA (%)
1.	Fujian Xinhua Department Stores (福建新華都百貨)	Retail	15	Sep 1, 2008	Dec 31, 2023	29,890.7	12.5
2.	Carrefour (家樂福)	Retail	20	Apr 11, 2007	Apr 11, 2027	20,665.1	8.7
3.	Changle Country Benefits Hotels (長樂國惠大酒店)	Food and Beverages	15	Aug 18, 2007	Aug 18, 2022	7,312.8	3.1
4.	ITAT (深圳華森百貨會員俱樂部)	Retail	5	Dec 01, 2007	Nov 30, 2012	7,295.2	3.1
5.	Fuzhou Powerlong Amusement Management (福州寶龍樂園遊樂有限公司)	Entertainment	10	Apr 30, 2007	Apr 30, 2017	6,879.8	2.9
6.	Royal Bath (皇家衛浴)	Entertainment	10	Dec 16, 2008	Dec 15, 2018	6,064.7	2.5
7.	Gome Electrics (國美電器)	Retail	10	Dec 10, 2006	Dec 10, 2016	6,051.7	2.5
8.	Genesis Entertainment (創世紀娛樂)	Entertainment	12	May 01, 2007	May 01, 2019	5,170.6	2.2
9.	Jinyi Cinema (金逸影城)	Entertainment	10	Feb 14, 2007	Feb 14, 2017	5,131.4	2.1
10.	Zhengzhou Powerlong Food & Beverage Management (鄭州食全食美餐飲管理有限公司)	Food & Beverage	8	Dec 22, 2007	Dec 21, 2015	4,083.0	1.7
Total						98,544.9	41.3

Our top 10 tenants consisted of both international and domestic brands. Fujian Xinhua Department Stores is one of the largest department store chains in Fujian Province. Carrefour is one of the largest supermarket chains in the world. Gome Electronics is the largest consumer electronics retailer in China. Jinyi Cinema is a well-known cinema chain in China. Fuzhou Powerlong Amusement Management and Genesis Entertainment are both popular entertainment venues in Fujian Province, and ITAT is a well-known department store chain in China. Zhengzhou Powerlong Food & Beverage Management is well-known in the food and beverages industry in Henan Province. These top 10 tenants accounted for approximately 100%, 97%, 77% and 78.8% of the total rental income received from our investment properties in 2006, 2007 and 2008 and the six months ended June 30, 2009, respectively. With the exception of Fuzhou Powerlong Amusement Management and Zhengzhou Powerlong Food & Beverage Management, which are companies controlled by our Controlling Shareholders, our other top eight tenants

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during the Track Record Period were independent third parties unrelated to us or our Controlling Shareholders. Please see the section entitled “Connected Transactions” in this document for further detail.

As of the Latest Practicable Date, none of our major tenants had defaulted on their rental payments, terminated their lease agreements with us prior to expiry or were in breach of the tenancy agreements in any material respects. To our best knowledge, we are not aware of any circumstances that may lead to a default in rental payment or early termination of tenancy agreements in relation to any of our major tenants.

The following table sets forth some of the brands which we consider to be our anchor tenants during the Track Record Period and their respective income contribution to us during that period.

	Year ended December 31,			Six months ended June 30,
	2006	2007	2008	2009
	(Rmb in millions)			
Gome Electronics	0.2	3.7	4.4	2.2
Carrefour	—	4.0	6.0	3.0
Jinyi Cinema	—	1.9	2.0	1.0
Fujian Xinhua Department Stores	—	—	15.8	7.5
ITAT	—	0.1	1.6	0.8
Total	0.2	9.7	29.0	14.5

In 2007, we entered into a lease agreement with ITAT in respect of Zhengzhou Powerlong City Plaza. The ITAT lease is for a term of five years starting in December 2007. Rental payment is calculated based on a fixed percentage of actual revenue and is paid on a monthly basis. ITAT is responsible for property management fees and all utilities expenses. As of June 30, 2009, we had entered into lease agreements with Ruijing Commercial and Tesco (Shanghai Kangcheng), respectively, in respect of Bengbu Powerlong City Plaza. The terms and conditions of these leases are largely in line with the leases we enter into with our key tenants. The lease with Ruijing Commercial is for a term of 15 years starting in July 2009, and the lease with Tesco is for a term of 20 years starting in October 2009. Rental payment under each of these two leases is calculated according to a base rent amount per square meter of the leased area and is paid on a monthly basis. Ruijing Commercial and Tesco are responsible for their respective property management fees and all utilities expenses.

As of the Latest Practicable Date, we had obtained some of the relevant building ownership certificates with respect to our investment properties in Fuzhou Powerlong City Plaza and Phase I of Bengbu Powerlong City Plaza. We expect to obtain the remaining building ownership certificates by June 2010. We are currently applying for the certificates of completion with respect to Zhengzhou Powerlong City Plaza and Phase I of Bengbu Powerlong City Plaza and expect to apply for the respective building ownership certificates once the acceptance and compliance forms of construction completion have been received.

Our PRC legal counsel, Jingtian & Gongcheng, is of the opinion that because we have obtained all the relevant permits and approvals necessary for the development of Fuzhou Powerlong City Plaza and Phase I of Bengbu Powerlong City Plaza, including the land use

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rights certificates, construction planning land permit, construction permit and certificates of completion, we are legally entitled to enter into lease agreements with our tenants. Such lease agreements are legal, valid and binding on both the lessor and lessee. Our PRC legal counsel, Jingtian & Gongcheng, is also of the opinion that there is no material legal impediment for us in obtaining the relevant building ownership certificates as a substantial portion of the properties in Fuzhou Powerlong City Plaza has passed the requisite project completion acceptance inspections. With respect to Zhengzhou Powerlong City Plaza and Phase I of Bengbu Powerlong City Plaza, our PRC legal counsel, Jingtian & Gongchang, is of the opinion that once the properties in these projects have passed the requisite project completion inspection, there is no material legal impediment for us to obtain the relevant building ownership certificates. If we are unable to obtain the building ownership certificates for Fuzhou Powerlong City Plaza, Zhengzhou Powerlong City Plaza and Phase I of Bengbu Powerlong City Plaza, our Controlling Shareholders have agreed to indemnify us with respect to any loss and damage suffered by us due to the absence of such building ownership certificates.

HOTEL DEVELOPMENT

We believe the demand for high quality business hotels in Suzhou City, Qingdao City and Tai'an City will grow as their economies continue to grow rapidly. We are currently developing three five-star hotels in these cities and will hold these hotels for investment upon their completion. Qingdao Hotel and Tai'an Hotel are expected to have around 300 guest rooms each and the Suzhou Taicang Hotel is expected to have around 450 guest rooms. All three hotels will be equipped with ancillary facilities commonly associated with five-star hotels, such as swimming pools, ball rooms, club houses, restaurants, retail shops and other entertainment facilities. Construction commenced with respect to the hotels in Suzhou City, Qingdao City and Tai'an City in October 2006, August 2007 and April 2007, respectively, and we expect to complete the construction of these hotels in December 2009, May 2010 and May 2010, respectively. The Suzhou Taicang Hotel is expected to open for business upon the completion of construction and Qingdao Hotel and Tai'an Hotel are expected to open for business within three months after the completion of construction.

We plan to use funds from internal sources and bank borrowings to complete the development of these hotels. We expect that the revenue contributions from our hotels will not be more than 5% of our total revenue for the next three years

As of the Latest Practicable Date, we had entered into operating agreements with Sheraton, a subsidiary of Starwood Hotels Resorts Worldwide Inc., to operate our hotels. Each operating agreement is likely to have a 10 or 15-year term (or longer) commencing on the date of the opening of the respective hotel and ending on its tenth or fifteenth full operating year. The investment returns from hotel developments are generally realized at a later time than other types of property developments.

We believe that by entering into long-term agreements with Sheraton and engaging it to operate our hotels, we will be able to benefit from its global reputation, hotel operation experience as well as its integrated marketing services, global reservation systems and employee training programs. It also enables us to leverage on its internationally recognized brand name to enhance our reputation and corporate image. We believe this will help us to achieve attractive returns on our investments. Pursuant to the hotel operating agreements entered into, Sheraton will operate our hotels at a level of service and quality in conformity with other international hotels operating under the same brand name. Sheraton will receive a monthly fee in consideration of its management and operation services. This fee is calculated based on

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a fixed percentage of the revenue from the operations of each of our hotels for each month and a progressive percentage of the amount by which such revenue exceeds all ordinary and necessary expenses incurred in the operations of such hotels for each calendar year during the terms of the relevant operating agreement. After the payment of this fee and deduction of all necessary reserves, we are entitled to all the profits and losses of our hotels. As the owner of these properties, we will review and approve the operating plans of the hotels proposed by Sheraton. We will also participate in, and approve major decisions regarding, the financial and operational financial management of, the relevant hotels.

We are responsible for hiring all our hotel staff, but Sheraton has the right to nominate certain senior management and key executives. We are entitled to veto up to three such candidates nominated by Sheraton. Under the hotel operating agreements, we jointly establish key performance indicators with Sheraton in order to assess Sheraton’s performance. In addition, we have the right to veto the management plans of the hotels proposed by Sheraton within 30 days of receiving the initial proposal.

PROPERTIES USED BY US

We used office spaces owned by Xiamen Powerlong Information, Zhang Hao Yao (張顥耀) and Zhang Ming Xuan (張銘軒), with a total GFA of 6,024 square meters, at Powerlong Center, 305 Jiahe Road, Xiamen City as our headquarters for no consideration from August to December 2007 as we were in a transitional period pending the completion of the Reorganization. We entered into a lease agreement in January 2008 and have started paying rent to Xiamen Powerlong Information, Zhang Hao Yao and Zhang Ming Xuan. We have also leased 984 square meters of GFA from independent third parties, which we use as staff dormitories in Taicang, Bengbu and Qingdao. The four properties in Taicang were leased from four individuals. The lease terms for the leases in Taicang are from May 2009 to May 2010, February 2009 to February 2010, June 2009 to May 2010 and June 2009 to June 2010. The three properties in Bengbu were leased from three individuals from April 2008 to March 2010 and October 2008 to October 2009. The four properties in Qingdao were leased from four individuals from April 2009 to October 2009 and June 2009 to December 2009.

As of the Latest Practicable Date, these lease agreements had not been registered because the lessors had not applied to have the leases registered. Given that the lessors’ application and assistance are necessary for the registration of leases under the applicable PRC laws and regulations, we are unable to unilaterally register such leases despite our request and efforts to have them registered on time. Our PRC legal counsel, Jingtian & Gongcheng, has confirmed that the requirement for the leases to be registered is an administrative measure, the non-compliance of which may result in an administrative penalty but does not affect the validity of the leases. Accordingly, we believe that our continued use of the premises would not be affected by a delay to register the leases by the lessors and that if our rights as lessee are adversely affected by the lessors’ failure to register the leases, we will seek recourse from the lessors under the lease agreements. Our Controlling Shareholders have also undertaken to indemnify us in the unlikely event that we suffer any loss as a result of the unregistered leases. We believe that if we are unable to renew these leases upon expiry, our business operations would not be adversely affected as we may find alternative venues for our staff dormitories.

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BUSINESS MANAGEMENT

As a result of our recent business expansion, we have taken the following measures to maintain effective management of our business:

- as of June 30, 2009, we had 1,485 full-time employees in business operations. We plan to recruit at least 500 additional employees in 2009 to meet the requirements of our business expansion;
- upgraded our Kingdee K3 Enterprise Resources Management System, with which we have formulated a five-year development plan, annual budget and quarterly budget on a rolling basis;
- outsourced certain services to external service providers to streamline our operations and reduce costs, such as outsourcing our project design and certain interior decoration work to external design firms and interior decoration companies; and
- adopted a centralized accounting system and stringent budget control to closely monitor our capital and cash positions and to manage our financial resources more effectively.

In light of our expansion strategy, we plan to alleviate the pressure on our managerial, operational and financial resources through the following measures:

- *building new project teams led by management personnel with local knowledge and experience.* We plan to allocate personnel managing projects that are near completion to handle new projects in the same region. Experienced project managers can contribute their local knowledge, management experience and provide training to the staff assigned to new projects;
- *delegating decision-making power and authority downstream.* We plan to delegate more decision-making power and execution authority downstream to the project companies to enable more efficient decision-making and execution of operational plans. Our headquarters will maintain effective control of each project company by establishing key operational standards and authority parameters, and by performing regular review, supervision and audit of each project company;
- *recruiting more qualified staff.* We intend to continue to recruit more qualified staff to meet the increased demand for manpower with respect to our new projects in Xinxiang, Suqian, Yantai, Licang and Yancheng. To ensure staff quality, we seek to provide training programs to our new employees. We also seek to focus on training more project managers from our existing mid-level management teams to head up new project companies; and
- *co-operating with academic institutions to cultivate quality executive personnel.* We plan to co-operate with a local university to establish a training course aimed at educating our executives in relation to commercial property development. The course is expected to cover different aspects of commercial property development from project planning and design, property development, property management, sales and

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marketing to investment and regulatory considerations. We expect that the training program will enhance the knowledge and expertise of our executives and help us to better manage our business operations.

In addition, we strive to ensure that our business operations grow in a prudent manner by closely analyzing the PRC regulatory environment, prevailing market conditions and our financial position before taking step-by-step expansion and executing acquisition plans.

COMPETITION

We compete with other real estate developers in a number of areas including product quality, service quality, price, financial resources, brand recognition, ability to acquire proper land reserves and other factors. Our existing and potential competitors include major domestic integrated commercial property developers and, to a lesser extent, foreign developers. These competitors may have better track records, greater financial, human and other resources, larger sales networks and greater brand recognition.

However, we believe that we have particular competitive advantages in Fujian Province as it is our home base where we developed our earlier property projects and where we have in-depth market knowledge. In regions where we have no prior property development experience, we compete on the basis of our brand name and the strong relationships with our anchor tenants. We believe the barriers to entry into the property markets in Fujian, Jiangsu and Shandong Provinces are relatively higher than those in Henan and Anhui Provinces as the land acquisition costs, capital requirement and property development experience required in Fujian, Jiangsu and Shandong Provinces are generally higher. Please also see the section entitled “Risk Factors — Risks Relating to the Property Development Industry in China — Intensified competition might adversely affect our business and our financial position.”

INTELLECTUAL PROPERTY RIGHTS

The Xiamen Powerlong Group has registered the trademarks of “**POWERLONG**” and “” with the PRC Trademark Office under various categories including property development, construction, property lease, real estate agency and hotels. We have entered into a trademarks license agreement with Xiamen Powerlong Group date September 4, 2009, pursuant to which Xiamen Powerlong Group has granted to us an irrevocable and exclusive right to use the trademarks “**POWERLONG**” and “” in our property development business and our other ancillary businesses. As of the Latest Practicable Date, the trademark “”, which was originally registered by Xiamen Powerlong Group in Hong Kong, has been transferred to us. In addition, as of the Latest Practicable Date, Xiamen Powerlong Group has also transferred its application rights to the trademarks “”, “”, “**宝龙·城市广场**” and “” to us, and we had applied for the registration of the trademarks “”, “”, “**宝龙·城市广场**” and “” with the Trademark Office of the State Administration for Industry and Commerce of the PRC. Our Directors are of the view that we did not suffer any infringement of our intellectual property rights by any third parties during the Track Record Period and we confirm that we did not violate any intellectual property rights of third parties during the Track Record Period.

INSURANCE

We carry employer’s liability insurance for medical and related expenses that our employees may incur as a result of personal injuries at our workplaces or on construction sites of our property developments. We currently have all-risk insurance with respect to our

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investment properties and completed properties held for sale in Fuzhou Powerlong City Plaza covering all losses or damage we suffer, other than certain types of losses and damage that are currently uninsurable in China, such as losses arising from earthquake, war, civil disorder and certain other events of force majeure. As of June 30, 2009, our other completed project, Zhengzhou Powerlong City Plaza, was covered by third-party liability insurance and all-risk insurance for construction work.

In respect of our properties under development over which our lending banks have security interests, we obtained insurance coverage in accordance with the requirements of the loan documents. As of June 30, 2009, pursuant to the terms and conditions of the relevant bank financing arrangements, we had purchased the following insurance policies for various property projects under development: (i) all-risk insurance for Qingdao Powerlong City Plaza; (ii) primary property insurance for Wuxi Powerlong City Plaza; (iii) third-party liability insurance for Suzhou Taicang Powerlong City Plaza; and (iv) all-risk insurance for the construction work of Suzhou Taicang Powerlong City Plaza, Wuxi Powerlong City Plaza and Wuxi Yuqi Powerlong Riverside Garden. We do not maintain property or third-party liability insurance in respect of our other properties under development.

In accordance with the typical contractual terms we enter into, construction companies are responsible for quality and safety controls during the course of construction and are required to maintain accident insurance for their construction workers pursuant to PRC laws and regulations. To help ensure construction quality and safety, we have a set of standards and specifications for the construction workers to follow during the construction process. We engage qualified supervision companies to oversee the construction process. Under PRC laws, the owner or manager of properties under construction bears civil liability for personal injuries arising out of construction work unless the owner or manager can prove that it is not at fault. In addition to requiring the construction workers to follow our standards and specifications, we also take other precautionary measures such as erecting temporary protection walls around the work site to prevent unauthorized access, ensuring stairwells and lift wells are secured, conducting regular safety checks on cranes and lifts and erecting warning signs near hazardous areas. Since we have taken a number of reasonable steps to prevent construction accidents and personal injuries, we believe that we will generally be able to demonstrate that we were not at fault as the property owner if a personal injury claim is brought against us. We believe that we have sufficient insurance coverage in place and that the terms of our insurance policies are in line with industry practice in the PRC. We may re-evaluate the risk profile of the property markets and adjust our insurance practice from time to time.

See the section entitled “Risk Factor — Risks Relating to Our Business — We have limited insurance to cover our potential losses and claims” in this document.

ENVIRONMENTAL AND SAFETY MATTERS

We are subject to PRC environmental and safety laws and regulations promulgated by both the central and local governments. The laws and regulations governing the environmental requirements for real estate developments in the PRC include the Environmental Protection Law 《中華人民共和國環境保護法》, the Prevention and Control of Noise Pollution Law 《中華人民共和國環境噪聲污染防治法》, the Environmental Impact Assessment Law 《中華人民共和國環境影響評價法》 and the Administrative Regulations on Environmental Protection for Development Projects 《建設項目環境保護管理條例》. 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

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developer is required to undergo an environmental assessment. When there is a material change in respect of the construction site, or in the 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, and increased waste water and solid construction waste. In each of these cases, our construction contractors, as part of the responsibilities under their contracts, are responsible for taking action to dispose of waste, to keep dust levels low and to control noise pollution.

We endeavor to ensure that we comply with relevant PRC laws and regulations on environmental protection and safety by engaging construction contractors with good environmental protection and safety track records. When entering into construction contracts with them, we request that they strictly comply with all current PRC environmental protection and safety laws and regulations including using construction materials and employing construction methods that meet the requirements of such laws and regulations. We also request the construction contractors to be responsible for the final clean up of the construction site and to take steps to minimize adverse environmental impact during construction, such as erecting a fence around the construction site, limiting work hours for noisy construction activities and managing the quality of residual soil. In addition, we closely monitor the project at every stage to ensure the construction process is in compliance with the environmental protection and safety laws and regulations and require the construction contractors to immediately remedy any default or non-compliance. Our environmental protection measures are in line with industry practice and we have not adopted any additional environmental protection measures.

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. Our business is of such a nature that we are not required to construct environmental facilities and therefore no approval in respect of environmental facilities from the environmental authorities is necessary.

All of our completed property projects and properties under construction have received the requisite environmental approvals. Upon completion 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 completed property project 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. 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. Our PRC legal counsel, Jingtian & Gongcheng, has also confirmed this finding after their due diligence. We believe we are in compliance with PRC safety regulations and that we did not have a record of any non-compliance during the Track Record Period. Please also see the section entitled “Risk Factors — Risks Relating to the Property Development Industry in China — Failure to comply with our environmental and social responsibilities may adversely affect our operations and profitability.”

We cannot predict the impact of unforeseeable environmental contingencies or new or changed laws or regulations on our existing projects or properties that we may develop in the future. We intend to prevent any potential future environmental risks by continuing to comply

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with relevant PRC environmental laws and regulations, engaging only reputable construction contractors with good environmental protection and safety track records and requiring the construction contractors to strictly comply with relevant laws and regulations in materials procurement and property construction. We will also continue to educate our employees in relation to the importance of environmental protection and keep abreast of developments in PRC environmental protection laws and regulations through regular dialogue with the relevant local PRC authorities.

LABOR, HEALTH AND SAFETY MATTERS

In respect of social responsibilities, in particular, labor, health and safety insurance, pursuant to the regulations of the Labor Contract Law of the People’s Republic of China 《中華人民共和國勞動合同法》 and its implementation regulations, the Labor Law of the People’s Republic of China 《中華人民共和國勞動法》 and Opinions on Several Questions concerning the implementation of the Labor Law of the People’s Republic of China 《關於貫徹執行〈中華人民共和國勞動法〉若干問題的意見》, an enterprise is required to execute an employment contract with each employee according to law and shall not rescind the employment contract without cause. Employees are entitled to have rest and annual leave according to the laws and provisions 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 equipment if necessary. Pursuant to the regulations of the Decision of the State Council on Establishing the Basic Medical Insurance System for Urban Employees 《國務院關於建立城鎮職工基本醫療保險制度的決定》, Decision of the State Council on Establishing a Uniform Basic Endowment Insurance System for Enterprise Employees 《國務院管理建立統一的企業職工基本養老保險制度的決定》, the Provisional Insurance Measures for Maternity of Enterprise Employees 《企業職工生育保險試行辦法》, Regulations on the Management of Housing Provident Fund 《住房公基金條例》, Regulations on Unemployment Insurance 《失業保險條例》 and Regulations on Industrial Injury Insurance 《工傷保險條例》, an enterprise is required to purchase basic medical insurance, pension insurance, maternity insurance, unemployment insurance, and personal injury insurance for its staff and pay the relevant insurance premiums according to law.

During the Track Record Period, there was no material violation of currently applicable PRC labor, health and safety regulations, nor were there any material employee safety issues involving us. We intend to fully comply with the new PRC labor contract laws 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 are able to enhance employee morale and long-term retention of quality personnel.

In order to comply with the relevant laws and regulations, we participate in various defined retirement contribution plans organized 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, personal injury insurance and housing provident fund. Our human resources department personnel look after our labor, health and safety issues. They generally have sound knowledge of administration and human resources issues. They work together with our legal department to better understand the latest legal developments in this area and to ensure that we are in compliance with the relevant requirements.

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In relation to workplace safety around construction sites, we, as a property developer, have limited potential liabilities to the workers on our construction sites, most of which rest with the construction contractors. When entering into contracts with contractors, we require them to purchase accident insurance according to applicable laws and regulations to cover their workers and adopt effective occupational safety control measures, such as providing workers with necessary protective equipment and offering them regular medical examinations and workplace safety training.

COMPLIANCE WITH RELEVANT PRC REGULATIONS AND REQUIREMENTS

For the duration of the Track Record Period and as of the Latest Practicable Date, we were in compliance in all material respects with relevant PRC legal regulations and requirements relating to the PRC property sector, including those which mandate the possession of valid business licenses and the relevant qualification certificates, such as real estate developer qualification certificates and property management enterprise certificates. In addition, as of the Latest Practicable Date, we had passed the annual renewal process and no penalty had been imposed on us. With the exception of Quanzhou Baohua and Jinjiang Changyuan, all our project companies have obtained the relevant qualification certificates to develop properties. As Quanzhou Baohua and Jinjiang Changyuan are not currently developing any property projects, we have not applied to renew their qualification certificates. We will apply for a qualification certificate for Quanzhou Baohua and Jinjiang Changyuan if they undertake property development again in the future. In addition, as of the Latest Practicable Date, we were in the process of applying for the relevant property development and property management qualification certificates with respect to a number of our subsidiaries (three property development companies and two property management companies) established after June 2007.

During the Track Record Period, we were never denied renewal of any of our qualification certificates or subjected to penalty for failure to comply with the relevant licensing requirements. We are currently in the process of applying to renew the property development qualification certificate of Wuxi Yuqi and Suqian Powerlong. We intend to ensure our ongoing compliance with the requirements of the requisite approvals, permits, licenses and certificates by requiring all our operating divisions and project companies to strictly adhere to the relevant conditions imposed by government authorities. Our legal division will also regularly review all our approvals, permits, licenses and certificates to ensure that our operations satisfy the prevailing requirements.

As of the Latest Practicable Date, some of the investment properties we had leased out to third parties in Fuzhou Powerlong City Plaza, Zhengzhou Powerlong City Plaza and Bengbu Powerlong City Plaza had not been registered with the relevant local real estate administration bureaus. As we are currently in the process of applying for the property ownership certificates, we could not register the leases. Our PRC legal counsel, Jingtian & Gongcheng, has confirmed that the requirement for the leases to be registered is an administrative measure. Non-registration may result in us being liable for an administrative penalty, but does not affect our ability to enter into binding lease agreements with tenants nor the validity of the resulting leases. We expect to obtain all the relevant property ownership certificates by June 2010, at which time we intend to apply for the registration of all our leases.

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LEGAL PROCEEDINGS AND MATERIAL CLAIMS

During the Track Record Period, we were involved in legal or other disputes in the ordinary course of our business, primarily claims relating to our guarantees for mortgage loans provided to purchasers of our properties and contract disputes with purchasers and tenants of our properties. However, we are not implicated in any outstanding material legal proceedings or claims currently existing or pending against us and are not aware of any such threatened claims. Our Directors confirm that we have no material claims outstanding with regard to guarantees for mortgage loans provided to purchasers and contract disputes with purchasers and tenants of our properties.

As of the Latest Practicable Date, we had not encountered any circumstances that have led to material construction delays or received any material claims from our customers for our failure to complete any pre-sold project on time, or received any material claims from our customers for our delay in the delivery of property ownership certificates.

We were not subject to any penalty and/or land idle fee imposed by the PRC government for our failure to develop a property project on a timely basis in accordance with the relevant land grant contracts during the Track Record Period. As of the Latest Practicable Date, we did not have any land which was subject to reclamation by the PRC government and we had not been subject to any idle land penalty.

IMPACT OF THE RECENT GLOBAL FINANCIAL CRISIS

The recent global economic slowdown and turmoil in the global financial markets that started in the second half of 2008 have resulted in a general credit crunch, an increased level of commercial and consumer delinquencies, lack of consumer confidence and increased market volatility. The slowdown of the worldwide economy, including that of China, has caused a rapid slide in property prices. The market volatility and uncertainty caused by the global financial crisis have also contributed to a lower demand for our properties and a decline in their selling prices. The global economic slowdown and financial market turmoil have adversely impacted, and may continue to adversely impact, home owners and potential property purchasers, which may lead to a further decrease in the general demand for our products, an erosion of their selling prices and a decrease in our gross profit margin.

The negative impact of the recent global economic slowdown has contributed to the deterioration of our results of operations and financial position in 2008. For example:

- the lack of liquidity in the global financial markets has negatively impacted our liquidity and our ability to obtain additional financing for property development, which in turn adversely impacted our property construction schedules;
- the delays in our property construction schedules have resulted in fewer completed properties being delivered in 2008 than we originally planned, which adversely affected our results of operations; and
- the uncertain economic outlook has contributed to a lower demand for our properties and a drop in our pre-sale volume, as well as a decline in the average selling prices of our residential properties in most of our properties under development, particularly Suzhou Taicang Powerlong City Plaza, Tai'an Powerlong City Plaza and Bengbu Powerlong City Plaza.

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As a result, we scaled back our original property development and business expansion plans, postponed the completion schedules of most of our properties, as well as reduced our investment property portfolio to mitigate the impact of the global economic downturn on our industry. For example, we slowed down the property completion and delivery schedules of all our properties under development by six to 12 months, or even longer for certain phases of our projects. In addition, we sold a portion of our investment properties which we originally intended to hold for long term investment to generate additional cash flow and ensure sufficient liquidity during the economic downturn.

The changes in our property development plans have led to a delay in the payment of land premium in respect of certain of our projects. As of June 30, 2009, we had overdue land premium with respect to Luoyang Powerlong City Plaza, Xinxiang Project, Licang Project, Yancheng Project and Yantai Project amounting to Rmb 44.8 million, Rmb 133.3 million, Rmb 110.6 million, Rmb 256.6 million and Rmb 45.0 million, respectively, which we had not paid in accordance with the underlying land grant contracts. The total site area with respect to which we had not paid the overdue land premium was 605,793 square meters, or 18.3%, of the total site area of our property projects under development and held for future development as of June 30, 2009.

In August and September 2009, we entered into supplemental agreements with the respective local land resources bureaus of the cities in which these projects are located, under which the parties agreed to extend the payment dates for the overdue land premium. We are not subject to any penalty for late payment of land premium under the supplemental agreements that would have a material adverse impact on our business operations or financial position. According to the new payment schedule for Luoyang Powerlong City Plaza, the overdue land premium will be settled in two installments by October 2009. As of the Latest Practicable Date, we had paid Rmb 22.0 million of land premium and still had unpaid land premium of Rmb 22.8 million in respect of this project. According to the new payment schedule for Yantai Project, the overdue land premium will be settled in two installments by the end of 2009. As of the Latest Practicable Date, we had paid Rmb 5.0 million of land premium and still had unpaid land premium of Rmb 40.0 million in respect of this project. According to the new payment schedule for Xinxiang Project, the overdue land premium is expected to be fully settled by December 15, 2009. According to the new payment schedules for the other two projects, the overdue land premium is expected to be fully settled by the end of 2009. We intend to finance these payments using a combination of our internal resources and bank borrowings. Please also see the section entitled "Risk Factors — Risk Relating to Our Businesses — The PRC government may impose fines or other penalties on us or if we fail to comply with the terms of the land grant contracts" in this document. Other than the projects discussed above, we had paid all the outstanding land premium in relation to our property projects as of the Latest Practicable Date.

As a result of the postponement of delivery of completed properties, we became liable to approximately Rmb 3.3 million and Rmb 11.3 million in late delivery penalty for the year ended December 31, 2008 and the period from January 1, 2009 to the Latest Practicable Date, respectively, under the underlying sale and purchase agreements. As of the Latest Practicable Date, approximately Rmb 7.3 million of the total amount of penalties incurred since the beginning of 2008 had been paid to our customers (including the full settlement of the amount incurred in 2008). The sale and purchase agreements we enter into with our customers typically do not allow them to rescind the sale and purchase agreements as a result of late delivery of properties. Other than the late delivery penalty, we did not suffer other legal consequences which resulted in a material adverse impact on our results of operations or financial position. In line with industry practice in the PRC, we intend to pay the remaining amount of the late delivery

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penalty progressively as we complete and deliver properties to our customers, in accordance with our completion schedule. As some of the properties with respect to which we are liable to pay the late delivery penalty will not be completed and delivered until 2010, we expect to fully settle the penalty payment by May 2010.

ACQUISITION OF PROPERTIES IN MINGFA CENTRE

Mingfa Centre is a large-scale commercial complex with a total GFA of approximately 400,000 square meters located in the city center of Xiamen. It was a co-development between the Parent Group and Mingfa Group Company Limited (明發集團有限公司) (“Mingfa Group”), an independent third party. Under the co-development arrangement, the Parent Group is entitled to 30% of the investment return of the project while the Mingfa Group controls the development of the project and enjoys 70% of the investment return. Construction of the project commenced in June 2003 and was completed in February 2007. Since completion of construction, approximately 77% of the 240,000 square meters of GFA available for sale has been sold and approximately 160,000 square meters of GFA has been retained as investment property and was leased out. Under the arrangement between the Parent Company and the Mingfa Group, a total GFA of 58,265 square meters of retail space has been allocated to the Parent Group as part of the return on their investment. As of June 30, 2009, we had signed lease agreements for approximately 88% of the total GFA allocated to the Parent Group.

In order to reduce competition with the Parent Group, we acquired from the Parent Group an aggregate of 58,265 square meters of retail GFA at the Mingfa Centre in December 2008. According to independent property valuations, the fair market value of the retail GFA we acquired was approximately Rmb 717.7 million. However, the consideration for the acquisition was Rmb 600.0 million, which was determined after arm’s length negotiations between us and the Parent Group and taking into account the prepayments of the purchase price we made to the Parent Group. As of June 30, 2009, we had fully settled the consideration for the acquisition using our internal resources. Completion of the acquisition is expected to take place on December 31, 2009. Upon completion of the transfer, the Parent Group will no longer be involved in any property development business. Should completion fail to take place on December 31, 2009 or such other date as may be agreed by us, we have the right to terminate the acquisition and the Parent Group shall, upon such termination, promptly refund the consideration already received. In the event that completion of the acquisition of the Parent Group’s interest in the properties allocated to it in Mingfa Centre (the “Mingfa Interest”) fails to take place on December 31, 2009 or such other date as may be agreed by us, the Parent Group has undertaken to grant to us an option to acquire the Mingfa Interest for consideration to be determined with reference to the valuation of the Mingfa Interest to be made by an independent valuer.