

(A) PROFIT FORECAST FOR THE YEAR ENDING DECEMBER 31, 2009

The forecast combined profit attributable to equity holders of the Company for the year ending December 31, 2009 is set out in “Financial Information — Profit Forecast For the Year Ending December 31, 2009”.

Bases and Assumptions

The forecast combined profit attributable to equity holders of the Company for the year ending December 31, 2009 is based on (i) the audited combined results of the Group for the six months ended June 30, 2009, (ii) the unaudited combined results of the Group for the two months ended August 31, 2009 and (iii) our forecast of the combined results of the Group for the remaining four months ending December 31, 2009. The profit forecast for the year ending December 31, 2009 has been prepared on the basis of accounting policies consistent with those adopted for the purpose of the Accountants’ Report in Appendix I to this document and the assumptions set forth below.

Substantially all of our forecast revenue for the four months ending December 31, 2009 is attributable to sale of properties in Phase II of Yuzhou Jinqiao International. The construction of Phase II of Yuzhou Jinqiao International was completed in May 2009 and we began delivering properties in such project phase in the second half of 2009. All properties in such project phase delivered or to be delivered during the four months ending December 31, 2009 were delivered or are expected to be delivered pursuant to sale agreements executed on or prior to June 30, 2009.

General Assumptions

The Directors have adopted the following further assumptions in the preparation of the profit forecast:

- there will be no significant changes in existing political, legal, fiscal, market or economic conditions in the PRC, including changes in legislation, regulations, or rules, which may have a material adverse effect on the Group’s income;
- there will be no significant changes in the government policies in the PRC in which we operate (including, but not limited to, those in relation to property development, the pricing and selling of the Group’s properties and taxation of sales income derived therefrom, LAT and other property related taxes), which may adversely affect our business or operations. Further, with respect to the real estate industry in particular, the PRC Government will not impose material changes to, or impose, additional austerity measures to dampen the sales and prices of properties;
- there will be no material changes in the inflation rate, interest rates or foreign currency exchange rates in the PRC from those prevailing as of the date of the document;
- there will be no material change in the bases or rates of taxation, both direct and indirect, in the PRC;
- the Group’s operations and business will not be severely interrupted by any force majeure events or unforeseeable factors or any unforeseeable reasons that are beyond the control of

the directors, including the occurrence of natural disasters or catastrophes (such as floods and typhoons), epidemics or serious accidents; and

Bases and Assumptions on Forecast Fair Value Gains on Investment Properties

- There will be no material changes in the bases or rates of taxation or the policies with respect to imposition of such taxation, in the countries or territories in which our Group operates.
- There will be no material changes in interest rates or foreign currency exchange rates from those currently prevailing as of the date of this document.
- The current financial, economic and political conditions which prevail in the PRC and in the neighbouring cities/provinces and which are material to the rental income generated by the investment properties are expected to remain unchanged.

Such specific assumptions are consistent with the approach undertaken by our Property Valuer in Appendix V to this document.

Assumption on Forecast Increase in Fair Value of Investment Properties

Under HKFRS, gains or losses arising from changes in the fair values of investment properties are included in the combined income statements in the period in which they arise. Our combined results of operation may be substantially affected by such changes in fair values. Please refer to the section headed “Risk Factors — Risks Relating to our Business — Our results of operations include fair value gains on investment properties, which are unrealized” in this document for more details.

Our forecast profit has been stated both prior to the projected revaluation on our investment properties and after such projected revaluation. Such fair value gains on our investment properties have been estimated on the basis of projected valuations as at December 31, 2009 estimated by the Directors according to a basis of valuation which is, as far as practicable, consistent with the basis of valuation that has been adopted by our independent property valuer in valuing our properties for the purposes of our audited combined financial information for the six-month period ended June 30, 2009 and the Property Valuation in Appendix V to this document. The assumptions underlying the basis of valuation used to estimate fair value gains include:

- There will be no material changes in the bases or rates of taxation or the policies with respect to imposition of such taxation, in the countries or territories in which our Group operates.
- There will be no material changes in interest rates or foreign currency exchange rates from those currently prevailing as of the date of this document.
- The current financial, economic and political conditions which prevail in the PRC and in the neighbouring cities/provinces and which are material to the rental income generated by the investment properties are expected to remain unchanged.

In valuing our investment properties, the Directors have used the investment method by capitalizing the current rent passing derived from the existing tenancies with due provisions for

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reversionary income potential, or where appropriate, the direct comparison method by making reference to comparable sales evidence as available in the relevant market.

In preparing our analysis of the effect of fair value gains on our profit forecast, our estimates are based on transactions in comparable properties currently available, with prices projected as of December 31, 2009, based on the improving environment, if any, of such properties to the best estimate of the Directors. Therefore, the Directors’ forecast is made on a basis of “not less than” the market value of our investment properties as at August 31, 2009 in our profit forecast.

Changes in the fair value of our investment properties are dependent on market conditions and factors that are beyond our control at the relevant time. While we have considered for the purposes of the profit forecast what we believe is the best estimate of the fair value of our investment properties as of December 31, 2009, [and our independent property valuer is of the view that the assumptions upon which the forecast is based are reasonable,] the fair value of our investment properties and/or any fair value gains or losses on investment properties as of the relevant time may differ materially from (and may be materially higher or lower than) our estimate.

Fair Value Gains on Investment Properties by Projects

The forecast profit of RMB1,072.4 million for the year ending December 31, 2009 includes the forecast fair value gains or losses on our investment properties. The forecast fair value gains or losses on our investment properties, net of deferred tax effect, for the year ending December 31, 2009 is RMB699.1 million. No cash inflow will be generated from any such fair value gains.

	For the six-month period ended June 30, 2009	For the year ending December 31, 2009
	(RMB’000)	
The Mall at Phase I of Yuzhou World Trade Center	109,500	109,500
The Mall at Phase II of Yuzhou World Trade Center	441,047	441,047
Phase II of Yuzhou Jinqiao International	41,016	41,016
Yuzhou Golden Seacoast	107,508	107,508
Change in fair value recognized during the year/period	699,071	699,071

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Sensitivity Analysis

The following table illustrates the sensitivity of the forecast combined profit attributable to equity holders of the Company to levels of revaluation increase/decrease on investment properties (net of deferred tax effect) for the year ending December 31, 2009:

Changes in valuation of investment properties compared to the estimated revaluation increase/ (decrease) on investment properties of RMB2,035.3 million	5%	10%	15%	(5)%	(10)%	(15)%
Impact on the forecast combined profit attributable to equity holders of the Company (RMB'000)	76,324	152,647	228,971	(76,324)	(152,647)	(228,971)

If the estimated fair value of investment properties rises/declines by 5%, the forecast profit attributable to equity holders of the Company for the year ending December 31, 2009 will be not less than RMB1,148.7 million/RMB996.1 million, respectively, i.e. 7.1% higher/lower, respectively, than the targeted forecast profit.

If the estimated fair value of investment properties rises/declines by 10%, the forecast profit attributable to equity holders of the Company for the year ending December 31, 2009 will be not less than RMB1,225.1 million/RMB919.8 million, respectively, i.e. 14.2% higher/lower, respectively, than the targeted forecast profit.

If the estimated fair value of investment properties rises/declines by 15%, the forecast profit attributable to equity holders of the Company for the year ending December 31, 2009 will be not less than RMB1,301.4 million/RMB843.4 million, respectively, i.e. 21.4% higher/lower, respectively, than the targeted forecast profit.

The above sensitivity illustrations are intended for reference only, and any variation could be different from and could exceed or fall short of the ranges given. The above sensitivity illustration is not intended to be exhaustive and is limited to the impact of changes in the level of revaluation of investment properties. The profit forecast is subject to further and additional uncertainties generally. While we have considered for the purposes of the profit forecast what we believe is the best estimate of the fair value gains on our investment properties for the year ending December 31, 2009, the actual fair value gains or losses on our investment properties for that year may differ materially from our estimate and is dependent on market conditions and other factors that are beyond our control.