SUMMARY

OVERVIEW

We are engaged in the property development, property investment and property management businesses in China. In Chongqing, the largest and most populous municipality in China, we were the market leader in terms of both contract sales and GFA sold of residential properties in 2006, 2007 and 2008, according to the China Index Academy[1]. Leveraging our premium brand and management capabilities, we expanded into Chengdu in 2005 and Xi'an in the second half of 2007, two of the most populous and affluent cities in western China, and into Beijing in late 2005 and Shanghai in the second half of 2007. In Chengdu and Beijing, we have quickly established ourselves as a leading player in the residential property market. In Chengdu, we were ranked third in 2007 and 2008 in terms of annual contract sales of residential properties, according to the China Index Academy. In Beijing, we were ranked second in 2008 in terms of annual contract sales of residential properties, according to the China Index Academy. In 2009, we entered the Wuxi, Shenyang and Changzhou markets and we plan to continue to expand our national footprint in other selected high growth areas throughout China, including the Pan Bohai Rim and the Yangtze River Delta. Our aim is to become one of the most respected and trustworthy national market leaders in the property industry in China.

We have a wide product spectrum and a broad customer base. Our residential property development projects cover a wide range of middle-to-high end products, including high-rise apartment buildings, low-rise garden apartments (花園洋房), townhouses and luxury stand-alone houses, offering residences for the mass market, the middle class and the upper class. We have also built various middle to large scale shopping malls and other commercial properties.

We have adopted a threefold "multiple products, selected regional focus" strategy under which we initially focus on supplying a wide range of property products in the cities where we already operate. Secondly, we will selectively penetrate into other regions that are expected to have a large population inflow and in particular, locations where higher income and well-educated people prefer to reside. Finally, we aim to become a market leader in every regional market where we have a business presence. Under this strategy, we have, in the past ten years, taken a disciplined and systematic approach to accumulate experience and expertise on a wide variety of property development and property investment projects, and on building a professional management team, a decentralized corporate structure and an information technology platform that can support rapid regional expansion.

As of August 31, 2009, we had completed 15 residential and commercial projects, as well as certain phases of four residential and commercial projects, with a total GFA of approximately 5,054,792 sq.m. (including car parks). As of August 31, 2009, we had retained four shopping malls in Chongqing with a total GFA of approximately 331,843 sq.m. (including car parks), which are currently being held for investment.

1 Based on a report dated September 9, 2009. We commissioned the report by China Index Academy and paid a total of RMB150,000 for its services. China Index Academy derived this information based on data from the Housing Administration, Real Estate Exchange Centres of Chongqing, Chengdu, Xi'an, Beijing and Shanghai, and annual reports and corporate returns of listed real estate companies. According to its website, China Index Academy is a Chinese property research institution, which was integrated in 2004 with a number of China research resources, including China Real Estate Index System, Soufun Research Institute, China Villa Index System and China Real Estate Top 10 Research Team. China Index Academy is independent of our Group, its connected persons and the [●].

SUMMARY

As of August 31, 2009, we had 35 projects under development or held for future development (including land for which we have obtained land-use rights and land for which we have not obtained land-use rights but have obtained the State-owned Land Use Right Grant Contract or the Confirmation Letter on Tender for the Granting of State-owned Land Use Right), of which ten are in Chongqing, six in Chengdu, seven in Beijing, five in Xi'an, two in Shanghai, one in Wuxi, two in Shenyang and two in Changzhou. These projects have a total planned GFA of approximately 19,086,710 sq.m., with approximately 8,807,520 sq.m. in Chongqing, approximately 3,208,989 sq.m. in Chengdu, approximately 1,710,601 sq.m. in Beijing, approximately 1,930,210 sq.m. in Xi'an, approximately 689,476 sq.m. in Shanghai, approximately 270,657 sq.m. in Wuxi, approximately 1,705,826 sq.m. in Shenyang and approximately 763,430 sq.m. in Changzhou. We also have one primary land development project with a site area of approximately 374,736 sq.m. in Beijing. Set out below is a breakdown by GFA of our portfolio of projects under various stages of development as of August 31, 2009:

	Completed	Under Development	Future Development		
	Total[1]	Total GFA[1]	Land Use Right Certificate Obtained (A)	Land Use Right Certificate Not Yet Obtained (B)	Total GFA[1] (A+B)
	(sq.m)	(sq.m)	(sq.m)	(sq.m)	(sq.m)
Residential	3,555,451	3,219,581	4,318,066	5,243,466	9,561,533
Retail	466,441	234,041	367,702	1,209,956	1,577,658
SOHO[2]	151,585	60,080	31,678	619,697	651,375
Office	53,973	45,473	20,280	121,937	142,217
Commercial	—	—	31,404	—	31,404
Carpark	543,128	419,230	541,836	1,101,666	1,643,502
Others	284,214	526,404	565,095	409,118	974,213
Total[3]	5,054,792	4,504,809	5,876,061	8,705,840	14,581,901
Attributable GFA	4,468,524	3,413,073	4,453,550	8,047,424	12,500,974

Notes:

(1) Includes saleable GFA and non-saleable GFA such as amenities.

(2) GFA for residential, retail, SOHO, office, commercial and carpark consists of saleable GFA. Others includes amenities which are non-saleable.

(3) Includes total planned GFA of (i) 85,137 sq.m. at Huishan in Shenyang for a planned residential project for which we won an auction for the underlying land in September 2009, (ii) 1,170,392 sq.m. at Mopan Shan in Chongqing for a planned residential project for which we won an auction for the underlying land in September 2009, (iii) 1,774,955 sq.m. at University Town in Chongqing for a planned residential project for which we won an auction for the underlying land in September 2009, (iv) 910,813 sq.m. at Wukuai Shi in Chengdu for a planned residential project for which we won an auction for the underlying land in September 2009, (v) 1,620,689 sq.m. at Daoyi in Shenyang for a planned residential project for which we won an auction for the underlying land in October 2009, (vi) 418,000 sq.m. at Qinglong in Changzhou for a planned residential project for which we won an auction for the underlying land in October 2009, and (vii) 345,430 sq.m. at Qinglong II in Changzhou for a planned residential project for which we won an auction for the underlying land in October 2009.

For further information, please refer to the section of the document headed "Business — Our Business — Overview of Our Projects."

Our strong market position has resulted in high brand and product recognition among regulators (such as those mentioned below), customers and suppliers. Over the past ten years, we have received a multitude of recognition and awards, including the following:

- For three years (2003, 2005 and 2006) that we have been surveyed, we were consistently ranked number one in the “National Residential Customers’ Satisfaction Survey” (全國住宅用戶滿意度調查), a survey conducted by the China Association for Quality (中國質量協會). For instance, for 2006, we scored 92.3 points, out of a total of 100 points, in user satisfaction and 89.5 points in customer loyalty, the highest among the more than 20 property companies surveyed;

- In 2009, our King Land project in Chengdu was awarded the Gold Prize of the “Zhan Tianyou Prize for Excellent Residential Project Areas 2009” by the China Civil Engineering Society (2009中國土木工程詹天佑獎優秀住宅小區金獎);

- In 2008, our “Longhu” (龍湖) brand name was accredited by the State Administration for Industry and Commerce as a “Well-known Trademark in China” (中國馳名商標);

- In 2007, we were recognized as one of the “Top 10 Brand Names of the Year in the PRC Real Estate Industry” (中國房地產行業年度10佳品牌) at the “First Chinese Brand Name Festival” conducted by Brand China Industry Alliance (品牌中國產業聯盟);

- In 2007, our Crystal Town project in Chongqing was granted the “China Construction Project Luban Prize” (中國建築工程魯班獎), a prize given in recognition of the highest quality of construction work, by the Ministry of Construction and the Architecture Association of China (中國建築業協會);

- In 2007, we were recognized as one of the “Top 500 in 2006 China Enterprise Informatization” (2006年度中國企業信息化500強) by the China Electronic Commerce Association of the National Informatization Evaluation Center (國家信息化測評中心) (one of the only two real estate companies in China winning such recognition); and

- In 2004, our Chunsen Land project in Chongqing won the “Next LA Citation Award” by the American Institute of Architects, Los Angeles in connection with its design.

In 2006, 2007, 2008 and the nine months ended September 30, 2009, we entered into sales contracts for our property development projects (including those undertaken by our joint ventures) with an aggregate contract value of RMB3.5 billion, RMB9.5 billion, RMB10.2 billion and RMB13.2 billion, respectively. We believe our geographic expansion, together with the organic growth of our business in cities in which we have already established a presence, have contributed to our strong growth in contract sales and reduced the geographic concentration of our business. In 2006, we generated approximately 73.6% of our contract sales in Chongqing with the remainder generated in Chengdu. In 2007, approximately 38.9% of our contract sales were generated in Chongqing, with the remaining 29.1% and 32.0% generated in Chengdu and Beijing, respectively. In 2008, approximately 39.4% of our contract sales were generated in Beijing, with the remaining 33.4%, 21.8%, 3.3% and 2.1% generated in Chongqing, Chengdu, Shanghai and Xi'an, respectively. For the nine months ended September 30, 2009, approximately 33.6% of our contract sales were generated in Chongqing, with the remaining 32.1%, 19.7%, 8.8% and 5.8% generated in Beijing, Chengdu, Shanghai and Xi'an, respectively.

Prior to the [●] our Company is 58.59% owned by Charm Talent and 39.06% by Precious Full, with the remaining 2.35% owned by 550 employees via Fit All. Charm Talent is beneficially owned by the Wu Family Trust, a discretionary trust set up by Madam Wu, one of the co-founders of our Group. Precious Full is beneficially owned by the Cai Family Trust, a discretionary trust set up by Mr. Cai, the other co-founder of our Group. Fit All holds the 2.35% interest in our Company subject to the terms of the Fit All Trust, a fixed trust set up for the benefit of the said 550 employees. Furthermore, six of our senior management personnel are entitled to subscribe for Shares under the Pre-[●] Option Scheme in an aggregate amount of up to approximately 0.75% of our enlarged share capital immediately after the [●] assuming the Pre-[●] Options are exercised in full and the [●] is not exercised.

OUR STRENGTHS

We believe that our success and future prospects are supported by a combination of the following competitive strengths:

- We are a market leader in Chongqing, Chengdu and Beijing and have expanded our national footprint to other major cities in China;
- We offer a wide spectrum of high-quality property products, which gives us a broad customer base and diversifies risks;
- Our property management services are highly regarded in China's real estate industry;
- We have a premium brand as evidenced by our loyal customer base and superior pricing power;
- We have a decentralized decision-making organizational structure supported by a robust information technology system which facilitates our rapid expansion into other cities;
- Our proprietary bank of product designs enables us to expand quickly while maintaining the quality and versatility of our product offerings; and
- We have a comprehensive human resources strategy and we focus on developing a professional and entrepreneurial management team to support our rapid business growth.

OUR STRATEGY

Our strategic goal is to become one of the most respected and trustworthy national market leaders in the PRC property industry.

Given China's rapid economic growth, urbanization trends, high saving rates, increasing availability of financing options and industry consolidation, we believe the PRC property sector has excellent long term prospects. With the localized nature of the property business and the distinctive subcultures in different regions of China, we believe future winners in the property industry will need to have a decentralized decision-making business model, a very scalable corporate structure, an ability to recruit and retain a large pool of talent and multiple ways of acquiring land. Furthermore, given the vast land area of China and the project-based nature of real estate business, we believe future national market leaders must be able to supply a wide range of products over many regions across China.

In order to achieve our goal, we have adopted a "multiple products, selected regional focus" strategy under which we have focused initially on cultivating the capability to develop multiple types of properties in the cities where we already operate and then expand selectively into other PRC regions that are expected to have a large population inflow and in particular, locations where higher income and well-educated people prefer to reside. We will then aim to become a local market leader in every regional market we enter into by establishing a business presence in a wide range of market segments. We believe once we have a sizable market share in the targeted regional markets, we can maximize our bargaining power with suppliers and customers, attract more talented employees and be more effective in dealing with local government authorities.

We believe our strategy will be effective in exploiting the long-term growth of the PRC property market. We will continue to execute this strategy based on the following priorities:

- Consolidate and accelerate our region-by-region growth strategy;
- Shorten our property development cycle to address the latest regulatory restrictions;
- Gradually expand our investment property portfolio into selected regions;
- Further strengthen our well-recognized brand name by providing better value to our customers through innovative design; and
- Continue to align the interest of our management with those of our Shareholders and cultivate leadership and entrepreneurship qualities among our senior management team.

SUMMARY

SUMMARY HISTORICAL FINANCIAL INFORMATION

The following tables set forth summary audited consolidated financial data about our Group. We have derived the consolidated financial data for the years ended December 31, 2006, 2007 and 2008 and the six months ended June 30, 2008 and 2009 from our audited consolidated financial statements set forth in the Accountants' Report in Appendix I to this document. The summary consolidated financial data should be read together with, and is qualified in its entirety by reference to, these consolidated financial statements, including the related notes.

Consolidated Statements of Comprehensive Income

	Year Ended December 31,			Six Months Ended June 30,	
	2006	2007	2008	2008	2009
				unaudited	
	(RMB in thousands)				
Revenue	2,100,666	3,498,040	4,475,199	2,230,128	5,875,808
Cost of sales	(1,380,137)	(2,307,239)	(3,321,192)	(1,601,873)	(4,035,743)
Gross profit	720,529	1,190,801	1,154,007	628,255	1,840,065
Other income	13,843	113,315	132,068	58,047	344,159
Change in fair value of investment properties	482,177	901,113	125,100	71,200	561,000
Distribution expenses	(131,351)	(210,187)	(323,910)	(133,285)	(105,975)
Administrative expenses	(108,755)	(335,370)	(408,286)	(169,201)	(84,822)
Loss on disposal of investment held for trading	—	(131)	—	—	—
Finance costs	—	(20,579)	(61,525)	(33,415)	(41,634)
Share of results of jointly controlled entities	602	(13,681)	63,225	(1,938)	32,570
Profit before taxation	977,045	1,625,281	680,679	419,663	2,545,363
Income tax expense	(337,577)	(724,081)	(281,198)	(182,893)	(885,379)
Profit for the year/period	639,468	901,200	399,481	236,770	1,659,984
Other comprehensive expense for the year/period					
Exchange differences arising on translation	(1,310)	—	—	—	—
Total comprehensive income for the year/period	638,158	901,200	399,481	236,770	1,659,984
Attributable to:					
Equity owners of the Company	370,969	749,990	331,590	198,158	1,456,061
Minority interests	268,499	151,210	67,891	38,612	203,923
Profit for the year/period	639,468	901,200	399,481	236,770	1,659,984
Attributable to:					
Equity owners of the Company	369,659	749,990	331,590	198,158	1,456,061
Minority interests	268,499	151,210	67,891	38,612	203,923
Total comprehensive income for the year/period	638,158	901,200	399,481	236,770	1,659,984
Earnings per share, in RMB cents					
Basic	9.2	18.7	8.3	5.0	36.4

SUMMARY

Consolidated Statements of Financial Position

	As of December 31,			As of June 30,
	2006	2007	2008	2009
	(RMB in thousands)			
NON-CURRENT ASSETS				
Investment properties	2,466,926	3,634,000	3,759,100	4,320,100
Property, plant and equipment	55,229	133,386	166,976	179,331
Properties under development	—	—	10,701	—
Prepaid lease payments	142,226	3,418,668	3,026,288	2,566,294
Interests in associates	1	1	1	1
Interests in jointly controlled entities	49,066	506,095	932,468	1,232,161
Available-for-sale investments	8,820	8,600	8,600	8,600
Investment in a trust fund	14,823	—	—	—
Deposits paid for acquisition of land use rights	586,475	2,249,415	845,780	89,527
Deposits paid for acquisition of subsidiaries/additional interest in a subsidiary	30,000	—	—	—
Deferred taxation assets	44,945	71,503	347,960	209,042
Amount due from a minority shareholder	—	11,153	12,490	12,423
Loan receivable	14,596	—	—	—
	3,413,107	10,032,821	9,110,364	8,617,479
CURRENT ASSETS				
Inventories	27,244	47,620	138,652	204,560
Properties under development	4,740,061	8,702,421	14,880,070	16,817,943
Properties held for sales	421,603	363,516	2,582,592	902,708
Accounts and other receivables, deposits and prepayments	426,208	686,599	1,611,597	1,038,374
Investments held for trading	1,148	—	—	—
Investment in a trust fund	—	74,863	—	—
Amounts due from related parties	159,696	147,111	107,094	74,416
Taxation recoverable	31,725	59,668	131,722	136,081
Pledged bank deposits	138,912	187,246	605,379	353,338
Bank balances and cash	729,106	2,337,618	3,228,797	5,919,421
	6,675,703	12,606,662	23,285,903	25,446,841

	As of December 31,			As of June 30,
	2006	2007	2008	2009
	(RMB in thousands)			
CURRENT LIABILITIES				
Accounts payable, deposits received and accrued charges	3,777,580	9,096,044	13,843,721	13,464,958
Amounts due to associates	1,402	—	—	—
Amounts due to jointly controlled entities	—	117,331	19,957	226,576
Amounts due to directors	35,594	36,722	81,590	79,181
Taxation payable	381,029	687,968	935,528	1,214,349
Bank and other borrowings - due within one year	649,100	3,175,520	6,480,051	7,549,506
	4,844,705	13,113,585	21,360,847	22,534,570
NET CURRENT ASSETS (LIABILITIES)	1,830,998	(506,923)	1,925,056	2,912,271
TOTAL ASSETS LESS CURRENT LIABILITIES	5,244,105	9,525,898	11,035,420	11,529,750
CAPITAL AND RESERVES				
Share capital	2,125	2,125	351,668	351,668
Reserves	1,491,410	2,867,115	2,770,893	4,242,454
Equity attributable to equity holders of the Company	1,493,535	2,869,240	3,122,561	4,594,122
Minority interests	996,517	1,259,228	821,673	1,025,596
TOTAL EQUITY	2,490,052	4,128,468	3,944,234	5,619,718
NON-CURRENT LIABILITIES				
Bank and other borrowings - due after one year	2,450,260	4,752,930	6,359,700	4,948,494
Amount due to a minority shareholder	—	19,306	—	—
Deferred taxation liabilities	303,793	625,194	731,486	961,538
	2,754,053	5,397,430	7,091,186	5,910,032
	5,244,105	9,525,898	11,035,420	11,529,750

For the years ended December 31, 2006, 2007 and 2008 and for the six months period ended June 30, 2009, the Group recorded an upward change in the fair value of investment properties that amounted to approximately RMB482.2 million, RMB901.1 million, RMB125.1 million and RMB561.0 million, respectively, in its consolidated statements of comprehensive income. According to IAS 40, the International Accounting Standard for investment properties issued by the IASB, investment properties may be recognized by using either the fair value model or the cost model. The directors have selected the fair value model to report the value of investment properties because they are of the view that periodic fair value adjustments in accordance with the then prevailing market conditions, irrespective of whether such market trend moves upwards or downwards, should be recorded so that the Group's financial statements present a more updated picture of the fair value of the Group's investment properties. However, [●] an upward change in the fair value, which reflects unrealized capital gain of the Group's investment properties at the relevant statement of financial position dates and not profit generated from day to day rentals of the investment properties of the Group, are largely dependent on the prevailing property markets and do not generate cash inflow to the Group for dividend distribution to shareholders of the Company until such investment properties are disposed. Moreover, [●] property values are subject to market fluctuation and there can be no assurance that the Group will continue to record an upward change in the fair value of investment properties in the future. Should there be any material downward change in the fair value of the Group's investment properties in the future, the Group's results may be adversely affected.

PROFIT FORECAST FOR THE YEAR ENDING DECEMBER 31, 2009

We have prepared our forecasted net profit for the year ending December 31, 2009. This profit forecast is based on the audited consolidated financial information for the six months ended June 30, 2009, the unaudited management accounts for the three months ended September 30, 2009 and our forecast of the consolidated results for the remaining three months ending December 31, 2009. The 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 Accountant Report in Appendix I to this document and the principal assumptions set forth in the section headed "Profit Forecast" in Appendix III to this document.

	RMB (in millions, except per Share data)
Forecast net profit attributable to the equity owners of our Company(1)(2)(3)	not less than 2,018.7
Forecast gross fair value gains on investment properties	836.1
Less: Provision for deferred tax liabilities on fair value gains on investment properties	(209.0)
Forecast fair value gains on investment properties (net of deferred tax)	627.1
Less: minority interests on forecast fair value gains	(54.6)
Forecast fair value gains on investment properties (net of deferred tax and minority interests)	572.5
Forecast consolidated net profit attributable to the equity holders of our Company (net of fair value gains)	not less than 1,446.2
Forecast earnings per Share	
Unaudited pro forma fully diluted(4)	0.4037
Weighted average (5)	0.4902

(1) The above profit forecast has been prepared in accordance with the following principal assumptions:

- The existing political, legal, fiscal or economic conditions in the PRC would not have a material effect on our business;
- There will be no material change in the PRC policies governing the pricing and sales of our properties;
- There will be no material change in the prevailing banking and mortgage policies applicable to our purchasers;
- There will be no material change in the bases or rates of taxation in the PRC;
- There will be no material change in inflation and interest rates;
- Our operations, results and financial condition will not be materially and adversely affected by the risk factors set forth in the section headed "Risk Factors" in the document;
- Changes in foreign exchange rates will have no material impact on our operations; the remaining overseas capital raised from the [●] will be converted to Renminbi during the year, hence no material exchange gains or losses are taken into account in the profit forecast; and

- The projected market values of our investment properties as of December 31, 2009 are estimated by our Directors with reference to the independent property valuer's report set out in Appendix IV to the document from Savills, our independent property. The investment approach was adopted by Savills to assess the market value of our investment properties by capitalizing the net rental income derived from the existing tenancies with due allowance for reversionary incoming potential of the respective properties. Pursuant to the investment approach, the market value of a property is assessed by adding the estimated value of (i) the lease term interest of the property and (ii) the reversionary interest of the property. The estimated value of the lease term interest is derived by capitalizing a property's contractual rental income for the relevant period, being in this case from June 30, 2009 through the end of the terms of the relevant leases. The estimated value of the reversionary interest is derived by capitalizing the property's estimated market rental for the rest of its remaining life after the end of the terms of the relevant lease. In preparing our analysis of the effect of the increase in fair value on our profit forecast, our forecast is based on (i) the market valuation of our investment properties prepared by Savills as of June 30, 2009 and August 31, 2009 and (ii) the anticipated stable to moderately upward property-specific market trends which are estimated by Savills.

(2) On the bases and assumptions set out above, and in the absence of unforeseen circumstances, we have forecast that the net consolidated profit attributable to the equity holders of our Company for the year ending December 31, 2009 is unlikely to be less than RMB2,018.7 million, which includes the change of RMB572.5 million in the fair value of investment properties, net of deferred tax effect and share of minority interests and the compensation received from primary development project of RMB306 million, arising from primary land development in 2009, and takes into account the staff compensation costs arising from the Pre-[●] Share Award Schemes in the amount of RMB38.3 million and the Pre-[●] Option Scheme in the amount of RMB12.5 million.

Under IFRS, movement in the valuation of investment properties will be reflected in our financial statements through our consolidated statements of comprehensive income. Gains or losses arising from changes in the fair value of our investment properties are accounted for as profit or loss on revaluation increase/decrease in investment properties in our consolidated statements of comprehensive income.

We expect the fair value of our investment properties as of December 31, 2009, and in turn any fair value gains on investment properties, to continue to be dependent on market conditions and other factors that are beyond our control, and to be based on the valuation performed by an independent professional property valuer involving the use of assumptions that are, by their nature, subjective and uncertain. See "Risk Factors — Risks Relating to Our Business — The valuation attached to our property interests contains assumptions that may or may not materialize."

Changes in the fair value of our investment properties are dependent on market conditions and factors that are beyond our control. While we have considered for the purposes of the profit forecast what we believe is the best estimate of the fair value of our investment properties 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.

The revaluation gains for the year ended December 31, 2006 were attributable to the revaluation of existing investment properties in the amount of RMB107.0 million and the completion of investment properties in the amount of RMB375.2 million. The revaluation gains for the year ended December 31, 2007 were attributable to the revaluation of existing investment properties in the amount of RMB273.9 million and the completion of investment properties in the amount of RMB627.2 million. The revaluation gains for the year ended December 31, 2008 were attributable to the revaluation of existing investment properties in the amount of RMB125.1 million. The revaluation gains for the six months ended June 30, 2009 were attributable to the revaluation of existing investment properties in the amount of RMB561.0 million. The forecast revaluation gains for the year ending December 31, 2009 are attributable to the revaluation of existing investment properties, but not to the completion of investment properties currently under construction or reclassification of properties as investment properties and other gains. We currently have no intention to reclassify any of our properties held for sale as investment properties.

SUMMARY

We expect the fair value of our investment properties as at December 31, 2009, and any future fair value changes to be dependent on market conditions and other factors that are beyond our control, and to be based on trends anticipated by an independent professional valuer involving the use of assumptions that are, by their nature, subjective and uncertain.

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

% change in average selling price	5%	10%	15%	20%	-5%	-10%	-15%	-20%
Impact on net profit to our equity holders targeted for the year 2009 (RMB in millions)	17.9	35.7	53.6	71.4	(17.9)	(35.7)	(53.6)	(71.4)
% of total net profit to our equity holders	0.9%	1.8%	2.7%	3.5%	-0.9%	-1.8%	-2.7%	-3.5%

If the average selling prices rise by 5%, the Group's net profit for the year ending December 31, 2009 will be RMB2,036.6 million (i.e., 0.9% higher than the Group's targeted 2009 net profit).

If the average selling prices rise by 10%, the Group's net profit for the year ending December 31, 2009 will be RMB2,054.4 million (i.e., 1.8% higher than the Group's targeted 2009 net profit).

If the average selling prices rise by 15%, the Group's net profit for the year ending December 31, 2009 will be RMB2,072.3 million (i.e., 2.7% higher than the Group's targeted 2009 net profit).

If the average selling prices rise by 20%, the Group's net profit for the year ending December 31, 2009 will be RMB2,090.1 million (i.e., 3.5% higher than the Group's targeted 2009 net profit).

If the average selling prices decline by 5%, the Group's net profit for the year ending December 31, 2009 will be RMB2,000.8 million (i.e., 0.9% lower than the Group's targeted 2009 net profit).

If the average selling prices decline by 10%, the Group's net profit for the year ending December 31, 2009 will be RMB1,983.0 million (i.e., 1.8% lower than the Group's targeted 2009 net profit).

If the average selling prices decline by 15%, the Group's net profit for the year ending December 31, 2009 will be RMB1,965.1 million (i.e., 2.7% lower than the Group's targeted 2009 net profit).

If the average selling prices decline by 20%, the Group's net profit for the year ending December 31, 2009 will be RMB1,947.3 million (i.e., 3.5% lower than the Group's targeted 2009 net profit).

The analysis above includes only changes in average selling prices for the 5.6% of GFA not pre-sold to purchasers as of August 31, 2009.

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

% change in targeted GFA sold and delivered	-5%	-10%	-15%	-20%	-25%
Impact on net profit to our equity holders targeted for the year 2009 (RMB in millions)	(2.4)	(4.8)	(7.1)	(9.5)	(11.9)
% of total net profit to our equity holders	-0.1%	-0.2%	-0.4%	-0.5%	-0.6%

If the targeted GFA sold and delivered declines by 5%, the Group's net profit for the year ending December 31, 2009 will be RMB2,016.3 million (i.e., 0.1% lower than the Group's targeted 2009 net profit).

If the targeted GFA sold and delivered declines by 10%, the Group's net profit for the year ending December 31, 2009 will be RMB2,014.9 million (i.e., 0.2% lower than the Group's targeted 2009 net profit).

If the targeted GFA sold and delivered declines by 15%, the Group's net profit for the year ending December 31, 2009 will be RMB2,011.6 million (i.e., 0.4% lower than the Group's targeted 2009 net profit).

If the targeted GFA sold and delivered declines by 20%, the Group's net profit for the year ending December 31, 2009 will be RMB2,009.2 million (i.e., 0.5% lower than the Group's targeted 2009 net profit).

If the targeted GFA sold and delivered declines by 25%, the Group's net profit for the year ending December 31, 2009 will be RMB2,006.8 million (i.e., 0.6% lower than the Group's targeted 2009 net profit).

The analysis above includes only changes in GFA to be sold and delivered for the 5.6% of GFA not pre-sold to purchasers as of August 31, 2009.

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

% change in fair value of investment properties	-5%	-10%	-15%	5%	10%	15%
Impact on net profit to our equity holders targeted for the year 2009 (RMB millions)	(28.6)	(57.3)	(85.9)	28.6	57.3	85.9
% of total net profit to our equity holders	-1.4%	-2.8%	-4.3%	1.4%	2.8%	4.3%

If the fair value of investment properties rises by 5%, the Group's net profit for the year ending December 31, 2009 will be RMB2,047.3 million (i.e., 1.4% higher than the Group's targeted 2009 net profit).

If the fair value of investment properties rises by 10%, the Group's net profit for the year ending December 31, 2009 will be RMB2,075.9 million (i.e., 2.8% higher than the Group's targeted 2009 net profit).

If the fair value of investment properties rises by 15%, the Group's net profit for the year ending December 31, 2009 will be RMB2,104.6 million (i.e., 4.3% higher than the Group's targeted 2009 net profit).

If the fair value of investment properties declines by 5%, the Group's net profit for the year ending December 31, 2009 will be RMB1,990.1 million (i.e., 1.4% lower than the Group's targeted 2009 net profit).

If the fair value of investment properties declines by 10%, the Group's net profit for the year ending December 31, 2009 will be RMB1,961.4 million (i.e., 2.8% lower than the Group's targeted 2009 net profit).

If the fair value of investment properties declines by 15%, the Group's net profit for the year ending December 31, 2009 will be RMB1,932.8 million (i.e., 4.3% lower than the Group's targeted 2009 net profit).

The above illustrations are intended to be for reference only and any variation could exceed the ranges given. The above sensitivity analyses are not meant to be exhaustive. While we have considered for the purposes of the profit forecast what we believe is the best estimate of the average selling price, targeted GFA sold and delivered, and fair value changes of investment properties for the year ending December 31, 2009, the average selling price, GFA sold and delivered, and fair value changes of investment properties as at the relevant time may differ materially from our estimate and are dependent on market conditions and other factors which are beyond our control.

(3) Our directors believe that our profit forecast for the year ending December 31, 2009 is reasonable, realistic and up-to-date and will not be materially impacted by the current market conditions and the PRC government's tightening policies. The presale of our properties has been consistently strong. As of August 31, 2009, we had contracted or pre-sold approximately 94.4% of our GFA to be booked in 2009. As of August 31, 2009, the construction progress of our projects to be delivered to purchasers in the second half of 2009 is as follows: the decoration and installation of Peace Hill County II has been completed and the development is currently undergoing landscape finetuning. Most of the construction work relating to Chunsen Land I, Wisdom Town, Sunshine Riverside, Beijing Rose and Gingko Villa, Beijing Chianti, Blossom Chianti, Elegance Loft and Qujiang Glory has been completed. These projects are now undergoing decoration and installation. Our marketing plan for these projects in the second half of 2009 is consistent with our past marketing practices. In general, our sales are marginally higher in the spring and fall of each year.

(4) The calculation of the forecast earnings per Share on a pro forma fully diluted basis is based on the forecast consolidated profit attributable to the equity owners of the Company for the year ending December 31, 2009 assuming that our Company had been [●] since January 1, 2009 and a total of 5,000,000,000 Shares were in issue during the entire year. This calculation is based on the [●] and 5,000,000,000 Shares assumed to be in issue immediately following the completion of the [●] without taking into account any shares which may be issued upon the exercise of the [●], Pre-[●] Option Scheme and the Pre-[●] Share Award Schemes.

(5) The calculation of the forecast earnings per Share on a weighted average basis is based on the forecast consolidated profit attributable to equity owners of the Company for the year ending December 31, 2009, and a weighted average number of approximately 4,117,808,219 Shares were in issue during the entire year, assuming no exercise of the Over-allotment Option, Pre-[●] Option Scheme and the Pre-[●] Share Award Schemes.

(6) GFA and changes in fair value for each project are shown as follows:

	GFA (sq.m.)	**Fair Value as at December 31, 2007**	**Fair Value Change**	**Fair Value as at December 31, 2008**	**Fair Value Change**	**Fair Value as at December 31, 2009**
	(RMB in thousands, except GFA)					
North Paradise Walk Mall	146,262	2,120,000	76,000	2,196,000	663,000	2,859,000
Chongqing Fairy Castle	29,413	357,000	12,400	369,400	6,900	376,300
Crystal Constellation of Crystal Town	44,514	180,000	4,700	184,700	7,200	191,900
West Paradise Walk	111,654	977,000	32,000	1,009,000	159,000	1,168,000
Total	331,843	3,634,000	125,100	3,759,100	836,100	4,595,200

DIVIDENDS

Considering our financial position, our Board currently intends, subject to the limitations described in "Financial Information — Dividends," and in the absence of any circumstances which might reduce the amount of available distributable reserves, whether by losses or otherwise, to distribute to our Shareholders no less than 20% of any distributable profit (excluding net fair value gains or losses on investment properties). There is, however, no assurance that dividends of such amount or any amount will be declared or distributed each year or in any year.

Our directors will declare dividends, if any, in Hong Kong dollars with respect to Shares on a per Share basis and will pay such dividends in Hong Kong dollars. Any final dividend for a fiscal year will be subject to our Shareholders’ approval.

PRC laws require that dividends be paid out of the net profit calculated according to PRC accounting principles, which differ in certain aspects from IFRS. PRC laws also require enterprises located in the PRC to set aside part of their net profit as statutory reserves before they distribute the net proceeds. These statutory reserves are not available for distribution as cash dividends. Distributions from our subsidiary companies may also be restricted if they incur losses.

For 2006, 2007, and 2008 and the six months ended June 30, 2009, we declared dividends in the total amount of RMB138,408,000 to our Shareholders.

We declared one-off and non-recurring dividends of HK$100 million, which are conditional upon the [●], to our Shareholders, namely Charm Talent, Precious Full and Fit All, in October 2009 and plan to distribute such dividends shortly after the [●]. Please refer to the section headed “Financial Information — Dividends” for a more detailed discussion of our dividend policy and limitations on our ability to declare dividends.

RISK FACTORS

There are certain risks relating to an investment in the [●]. Some of the particular risks in investing in the [●] are further described in the section headed “Risk Factors” of this document. You should read that section carefully before you decide to invest in the [●].

Risks Relating to Our Business

- Our financial results for each of the three financial years ended December 31, 2006, 2007 and 2008 and the six months ended June 30, 2009 included changes in the fair value of investment properties and our results may fluctuate due to such changes in the fair value of our investment properties.

- We are heavily dependent on the performance of the PRC property market, particularly in Chongqing, Chengdu, Beijing, Shanghai and Xi’an. Any market downturn or implementation of government regulations or control measures affecting medium to high-end properties in the PRC may have an adverse impact on us.

- Our operations could be affected by the global economic crisis and the slowdown in world markets.

SUMMARY

- Our future growth depends on our ability to develop our business in other areas of the PRC.
- Our business relies on the availability of suitable land sites at commercially acceptable prices and our ability to identify and acquire suitable sites for future development.
- Our business is capital intensive. We had negative operating cashflow in the financial years ended 31 December, 2006 and 2008 and may not be able to obtain sufficient funding for our business expansion.
- Our revenue depends on the availability of mortgages to our prospective customers and their ability to procure mortgages.
- We guarantee the mortgages provided by financial institutions to our purchasers and, consequently, we are liable to the mortgagees if our purchasers default.
- We generate revenue principally from the sale of properties which in turn depends on the schedule of development of our property projects. Our operational performance may therefore vary significantly from period to period.
- We rely on external contractors for the construction of our property development projects. Our operational performance and financial condition may be adversely affected by the breach of their contractual obligations.
- If our provisions for LAT prove to be insufficient, our financial results would be adversely affected.
- We are financially dependent on distributions of dividends from our subsidiaries. Any changes in PRC policies on dividend distributions and enterprise income tax may adversely affect our ability in paying dividends and financial condition.
- Our engagement as the provider of property management services may be terminated by property owners at their discretion.
- We have entered into two letters of intent and a framework agreement with the local governments in the PRC, and the land developments contemplated under such letters of intent and framework agreement may not be implemented.
- If we fail to develop land according to the land use right grant terms, our land use right may be subject to repossession by the PRC Government.
- Our business, operational performance and financial condition may be adversely affected if we fail to obtain, or if there is any material delay in obtaining, any of the relevant PRC Government approvals for our development projects.
- Failure on the part of any of our project companies to obtain or renew their qualification certificates on time or at all may adversely affect our business, operational performance and financial condition.

- Compliance with PRC laws and regulations regarding environmental protection or preservation of antiquities and monuments could result in substantial costs.
- Final GFA of any of our completed property development projects that exceeds the permitted GFA is subject to governmental approvals and may result in additional payments on our part.
- We may encounter delay in issuance and delivery of title documents after sale and such delay may in turn give rise to claims from our customers.
- We do not have adequate insurance to cover certain kinds of losses and claims in our operations.
- Third party infringement of our intellectual property rights may damage our reputation and adversely affect our business, operational performance and financial condition. Registration in Hong Kong of certain trademarks is still pending.
- We depend on our management team for our continuous development.
- The interests of our Controlling Shareholders may not align with those of our other Shareholders.
- Disputes with our joint venture partners may adversely affect our operations.
- The valuation attached to our property interests contains assumptions that may or may not materialize.
- Our forecast of the net profit attributable to equity holders of the Company for the year ending December 31, 2009 will involve gains that may arise due to revaluation of our investment properties, and our profit forecast involves estimates and assumptions in this regard as well as other assumptions and estimates which may prove to be incorrect.
- Certain leased properties occupied by us have defective titles.

Risks Relating to the PRC Real Estate Industry

- The PRC property market is highly regulated and subject to frequent introduction of new legislation which may adversely affect property developers.
- The PRC property market, which is at an early stage of development, is volatile as it continues to evolve. We operate subject to the risks associated with the PRC property industry.
- There is fierce competition among real estate developers for land and property buyers.
- Resettlement negotiations may add costs or cause delays to our development projects.

Risks Relating to the PRC

- Our business may be adversely affected by changes in the PRC's political, economic and social conditions, laws, regulations and policies. Our operations are subject to the uncertainties of the PRC legal system.

- Our business and in particular our ability to remit dividends may be adversely affected by changes in PRC foreign exchange regulations and fluctuation in the value of the Renminbi.

- Judgments obtained from non-PRC courts may be difficult to enforce in the PRC.