

*You may find our forecast consolidated net profit attributable to equity holders of the Company for the year ending December 31, 2009 in the section headed "Financial Information – Profit forecast for the year ending December 31, 2009" in this prospectus.*

#### **A. BASES AND ASSUMPTIONS**

In order to provide you with greater transparency as to the basis of our profit forecast, we have disclosed in this section certain relevant information in respect of our major projects that are projected to contribute nearly all our revenue for the year ending December 31, 2009 and an analysis of our estimated fair value gain on investment properties. Such information is included in this prospectus to assist the reader to better understand and assess the reasonableness of the assumptions on which our profit forecast is based.

##### **Basis of preparation**

Our Directors have prepared the forecast of our consolidated net profit attributable to equity holders of the Company for the year ending December 31, 2009 based on our audited consolidated results for the year ended December 31, 2008 and the six months ended June 30, 2009, the unaudited management accounts for the two months ended August 31, 2009, and a forecast of our consolidated results for the remaining four months of the year ending December 31, 2009. The forecast for the year ending December 31, 2009 has been prepared on a basis consistent in all material respects with the accounting policies presently adopted by us as set forth in Note 2 to the Accountant's Report in Appendix I to this prospectus and the assumptions set forth below.

##### **Principal assumptions for the profit forecast**

The principal assumptions adopted by our Directors in preparing the profit forecast are as follows:

- There will be no material change in the existing government policies or political, legal, financial or economic conditions in China, Hong Kong or any other country or territory in which we currently operate or which are otherwise material to our financial performance;
- With respect to the real estate industry, particularly in the areas in which our projects are located, the PRC Government will not impose material regulatory changes or additional austerity measures to dampen the sales and prices of the real estate market;
- There will be no change in legislation, regulations or rules in China, Hong Kong or any other country or territory in which we operate or with which we have arrangements or agreements, which may materially and adversely affect our business and financial performance;
- There will be no material change in the bases or rates of taxation in the countries or territories in which we operate, except as otherwise disclosed in this prospectus; and
- There will be no material change in interest rates or foreign currency exchange rates from those prevailing.

**Sales and marketing of major properties to be delivered in 2009**

As of August 31, 2009, approximately 95% of our forecast revenue had been contractually sold. In general, our sales are relatively higher in the spring and fall of each year, which is in line with the industry norm. Our marketing plan for the second half of 2009 in respect of properties to be completed and delivered in 2009 is consistent with our past marketing practices. We expect to continue our media exposure and advertising campaigns to promote our properties.

The following table provides certain information, as of August 31, 2009, in respect of the contracted sales of our major properties to be delivered in 2009 which would contribute the majority of our forecast revenue for the year ending December 31, 2009:

Project / property type / phase	For the year ended December 31, 2008	For the eight months ended August 31, 2009		
	Average selling price per sq.m. of contracted sales (RMB)	Contracted sales (RMB'000)	GFA contractually sold (sq.m.)	Average selling price per sq.m. of contracted sales (RMB)
Magnetic Capital				
Retail properties, Phase 2 . . . . .	24,620	145,829	6,065	21,257
Offices, Phase 2 . . . . .	–	107,034	8,597	12,293
High-rise apartments, Phase 3 . . . . .	9,377	142,366	14,772	10,222
High-rise apartments, Phase 5 . . . . .	9,615	286,853	29,766	11,140
High-rise apartments, Phase 6 . . . . .	10,226	440,443	41,164	10,893
Mind-Land International				
Retail properties . . . . .	22,852	112,035	5,915	18,300
Detached villas, Phase 1 . . . . .	25,336	166,699	6,822	21,197
High-rise apartments, Phase 1 . . . . .	7,913	9,218	1,076	8,675
High-rise apartments, Phase 4 . . . . .	9,011	203,990	21,707	9,218
Chongqing Olympic Garden				
High/mid-rise apartments, Phase 5 . . . . .	3,865	856,223	214,272	4,362
Townhouses, Phase 6 . . . . .	7,895	246,288	28,255	9,114
Swan Lake				
High/mid-rise apartments, Phase 4 . . . . .	6,363	212,232	35,099	5,174
High/mid-rise apartments, Phase 5 . . . . .	5,385	403,308	74,655	5,448
Townhouses, Phase 5 . . . . .	14,009	143,166	10,450	12,752
Dream of City				
High/mid-rise apartments, Phase 3 . . . . .	3,765	136,993	34,852	4,333
High/mid-rise apartments, Phase 4 . . . . .	4,018	126,200	31,457	3,967

**Construction progress of major projects to be delivered in 2009**

In 2009 and up to the Latest Practicable Date, we had delivered certain completed properties, including residential properties in Phases 1-6 and serviced apartments, retail properties and office buildings in Phases 1-2 of Magnetic Capital; residential properties in Phases 1-4, townhouses in Phase 1 and retail properties of Mind-Land International; residential and retail properties in Phases 1-4 and six blocks of buildings in Phase 5 of Chongqing Olympic Garden; residential properties in Phases 1-4 and retail properties in Phases 1, 3 and 4 of Swan Lake; and residential and retail properties in Phases 1-2 and residential properties in Phase 4 of Dream of City.

In addition to the above completed properties, as of the Latest Practicable Date, we were developing certain properties which we expect would be completed and delivered by the end of December 2009. The construction progress in respect of such properties is as follows:

**(i) Chongqing Olympic Garden, Phase 5**

Phase 5 of Chongqing Olympic Garden comprises 12 blocks of 12-story to 33-story residential buildings, of which we completed and delivered six blocks in October 2009 and expect to complete and deliver five other blocks in December 2009. In respect of those five blocks, the buildings were topped out in May 2009, and works on interior and exterior decoration, installation of various equipment and facilities, and landscaping and gardening works were completed in November 2009. We expect to obtain the Certificates of Completion for and deliver such properties by the end of December 2009.

**(ii) Chongqing Olympic Garden, Phase 6**

Phase 6 of Chongqing Olympic Garden comprises 24 blocks of buildings, mainly three-story to four-story townhouses, which were topped out in March, April and May 2009. Works on interior and exterior decoration and installation of various equipment and facilities were completed in October 2009. As of the Latest Practicable Date, landscaping and gardening works were in progress and were expected to be completed by the end of December 2009. We expect to obtain the Certificates of Completion for and deliver all such properties by the end of December 2009.

**(iii) Swan Lake, Phase 5**

Phase 5 of Swan Lake comprises 19 blocks of three-story townhouses and 10 blocks of 11-story to 18-story residential buildings, which were topped out in December 2008. Works on interior and exterior decoration, installation of various equipment and facilities, and landscaping and gardening works were completed in November 2009. We expect to obtain the Certificates of Completion for and deliver all such properties by the end of December 2009.

**(iv) Dream of City, Phase 3**

Phase 3 of Dream of City comprises six blocks of 11-story to 18-story residential buildings, which were topped out in October 2008. Works on interior and exterior decoration and installation of various equipment and facilities were completed in August 2009. As of the Latest Practicable Date, landscaping and gardening works were in progress and were expected to be completed by the end of December 2009. We expect to obtain the Certificates of Completion for and deliver all such properties by the end of December 2009.

**Forecast fair value gains on existing completed investment properties**

Under HKFRS, changes in the fair value of our investment properties are reflected in our consolidated financial information and are accounted for as "Gain/(loss) from fair value of investment properties, net" in our consolidated income statement.

Our investment properties were valued by DTZ, an independent property valuer, as of June 30, 2009 and August 31, 2009. The income approach was adopted to assess the market value of our investment properties.

All investment properties based on which our forecast fair value gains on investment properties are derived are existing completed properties of our Group. The valuer has taken into account the rental income of such properties, either derived from existing leases or achievable in the existing market with due allowance for the reversionary income potential of the leases, which have then been capitalized to determine the market value at an appropriate capitalization rate. Where appropriate, reference has also been made to comparable sales as available in the relevant market.

We arrived at the forecast fair value gains on investment properties based on:

- (i) the market value of such properties as of June 30, 2009 and August 31, 2009 valued by the independent valuer; and
- (ii) our forecast value as of December 31, 2009 based on the anticipated property-specific market trends analysis in relation to each of the properties carried out by the independent valuer.

We expect the fair value of our investment properties as of December 31, 2009, and in turn any fair value changes, to continue to be dependent on market conditions and other factors that are beyond our control and be based on the market movement anticipation performed by an independent property valuer involving the use of assumptions that are, by their nature, subjective and uncertain.

Fair value gain or loss from investment properties is estimated based on certain property valuation techniques which involve, among other things, certain estimates, including comparable sales in the relevant market, current market rental prices and forecast rental price movement for similar properties in a similar location and condition. We forecast that rental prices for our investment properties for the year ending December 31, 2009 will increase between 0-5%.

The tables below set forth certain information relating to the fair value change of our existing completed investment properties for the year ended December 31, 2008 and the six months ending December 31, 2009.

	Saleable/ rentable GFA as of January 1 and December 31, 2008 (sq.m.)	Fair value		Pre-tax fair value loss for the year ended December 31, 2008 (RMB'000)
		As of January 1, 2008 (RMB'000)	As of December 31, 2008 (RMB'000)	
Magnetic Capital . . . . .	50,729	398,335	372,600	(25,735)
Joy Downtown . . . . .	13,751	60,517	60,400	(117)
	<u>64,480</u>	<u>458,852</u>	<u>433,000</u>	<u>(25,852)</u>

  

	Saleable/ rentable GFA as of June 30, August 31 and December 31, 2009 (sq.m.)	Fair value		Forecast fair value	Pre-tax fair value gains for the six months ending December 31, 2009 (RMB'000)
		As of June 30, 2009 (RMB'000)	As of August 31, 2009 (RMB'000)		
Magnetic Capital . . . . .	88,696	516,500	518,000	522,500	6,000
Joy Downtown . . . . .	13,751	61,000	61,000	62,000	1,000
	<u>102,447</u>	<u>577,500</u>	<u>579,000</u>	<u>584,500</u>	<u>7,000</u>

### Sensitivity analysis

#### (i) Sensitivity analysis on target average selling price

As approximately 95% of our forecast revenue is attributable to properties that had been contractually sold as of August 31, 2009, the potential change in average selling price is applicable only to the 5% of forecast revenue to be generated from properties forecast to be delivered in the four months ending December 31, 2009.

The following table illustrates the sensitivity of our forecast consolidated net profit attributable to equity holders of the Company to the average selling price of the properties forecast to be delivered in the four months ending December 31, 2009.

% change in target average selling price per sq.m. . . . .	-15%	-10%	-5%	+5%	+10%
Impact on forecast consolidated net profit attributable to equity holders of the Company (RMB'000) . . . . .	(19,836) (2.44%)	(13,224) (1.62%)	(6,612) (0.81%)	6,612 0.81%	13,224 1.62%
Adjusted forecast consolidated net profit attributable to equity holders of the Company (RMB'000) . . . . .	794,014	800,626	807,238	820,462	827,074

**(ii) Sensitivity analysis on target GFA to be sold and delivered**

As approximately 95% of our target GFA to be delivered is attributable to properties that had been contractually sold as of August 31, 2009, the potential change in target GFA to be sold and delivered is applicable only to the 5% of target GFA forecast to be delivered in the four months ending December 31, 2009.

The following table illustrates the sensitivity of our net profit attributable to equity holders of the Company to the GFA forecast to be sold and delivered in the four months ending December 31, 2009.

% change in target GFA to be sold and delivered in the four months ending December 31, 2009 . . . . .	-15%	-10%	-5%
Impact on forecast consolidated net profit attributable to equity holders of the Company (RMB'000). . . . .	(7,611) (0.94%)	(5,074) (0.62%)	(2,537) (0.31%)

As of August 31, 2009, approximately 95% of our target GFA to be delivered for the year ending December 31, 2009 had been contractually sold, of which approximately 65% was not completed and delivered as of August 31, 2009.

The following table illustrates the sensitivity of our forecast net profit attributable to equity holders of the Company to the uncompleted portion of the GFA to be completed and delivered in the four months ending December 31, 2009.

% change in GFA to be completed and delivered in the four months ending December 31, 2009 . . . . .	-15%	-10%	-5%
Impact on forecast consolidated net profit attributable to equity holders of the Company (RMB'000) . . . . .	(54,664) (6.72%)	(36,443) (4.48%)	(18,221) (2.24%)

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

The total forecast amount of fair value gains on investment properties for the year ending December 31, 2009 is RMB52 million and its related deferred taxation expense is RMB13 million. The following table illustrates the sensitivity of our net profit attributable to equity holders of the Company (net of deferred tax effect) to levels of revaluation increase/decrease on investment properties for the year ending December 31, 2009:

Changes in revaluation increase percentage on investment properties compared to our estimated revaluation increase percentage on investment properties . . . . .	-15%	-10%	-5%	5%	10%	15%
Impact on forecast consolidated net profit attributable to equity holders of the Company (RMB'000) . . . . .	(6,486) (0.8%)	(4,324) (0.5%)	(2,162) (0.3%)	2,162 0.3%	4,324 0.5%	6,486 0.8%
Adjusted forecast consolidated net profit attributable to equity holders of the Company (RMB'000) . . . . .	807,364	809,526	811,688	816,012	818,174	820,336

The above illustrations are intended 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, GFA to be sold and delivered, and fair value changes of investment properties for the year ending December 31, 2009, such information as at the relevant time may differ materially from our estimates and is dependent on market conditions and other factors which are beyond our control.

**B. LETTER FROM THE REPORTING ACCOUNTANT ON THE PROFIT FORECAST**

*The following is the text of a letter received from PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus.*



羅兵咸永道會計師事務所

**PricewaterhouseCoopers**  
22/F, Prince's Building  
Central, Hong Kong

December 7, 2009

The Directors  
Sunac China Holdings Limited

Deutsche Bank AG, Hong Kong Branch  
UBS AG, Hong Kong Branch

Dear Sirs,

We have reviewed the calculations of and accounting policies adopted in arriving at the forecast of the consolidated profit attributable to equity holders of Sunac China Holdings Limited (the "Company") for the year ending December 31, 2009 (the "Profit Forecast") as set out in the subsection headed "Profit forecast for the year ending December 31, 2009" in the section headed "Financial information" in the prospectus of the Company dated December 7, 2009 (the "Prospectus").

We conducted our work in accordance with Auditing Guideline 3.341 on "Accountants' report on profit forecasts" issued by the Hong Kong Institute of Certified Public Accountants.

The Profit Forecast, for which the directors of the Company are solely responsible, has been prepared by them based on the audited consolidated results of the Company and its subsidiaries (hereinafter collectively referred to as "the Group") for the six months ended June 30, 2009, the unaudited consolidated results of the Group based on management accounts for the two months ended August 31, 2009 and a forecast of the consolidated results of the Group for the remaining four months ending December 31, 2009.

In our opinion, the Profit Forecast, so far as the calculations and accounting policies are concerned, has been properly compiled in accordance with the bases and assumptions made by the directors of the Company as set out on pages III-1 to III-7 of the Prospectus, and is presented on a basis consistent in all material respects with the accounting policies presently adopted by the Group as set out in Note 2 of section I of our accountant's report dated December 7, 2009, the text of which is set out in Appendix I of the Prospectus.



Without qualifying our opinion above, we draw attention to section headed "Bases and Assumptions" on pages III-1 to III-7 of the Prospectus which sets out the assumptions adopted by the directors of the Company regarding the fair values of the Group's investment properties as at December 31, 2009. In preparing the Profit Forecast, the directors of the Company have assumed that there will be a credit to the income statement in respect of the revaluation increase, net of the related deferred tax effect and share of minority interest, on the investment properties of RMB39 million for the year ending December 31, 2009, which are estimated based on the projected valuations at December 31, 2009. The independent valuer is of the view that the assumptions on the fair value of these investment properties upon the Profit Forecast is based are reasonable. The directors of the Company have confirmed that the projected valuation of the investment properties at December 31, 2009 has been compiled according to valuation bases which are consistent with those adopted by the Company's independent valuer in valuing these properties as at June 30, 2009. The directors of the Company believe that the fair value of the investment properties is the best estimates as at December 31, 2009. However, the fair value of the investment properties and consequently any revaluation increase or decrease on investment properties as at December 31, 2009 may differ materially from the present estimates as they depend on market conditions as at December 31, 2009 and other future events that are beyond the Group's control. Should the actual increase or decrease in fair value of the investment properties differ from the amount presently estimated by the directors of the Company, such difference would have the effect of increasing or decreasing the consolidated profit of the Group attributable to equity holders of the Company for the year ending December 31, 2009.

Yours faithfully,  
**PricewaterhouseCoopers**  
*Certified Public Accountants*  
Hong Kong

**C. LETTER FROM THE JOINT SPONSORS**

*The following is the text of a letter prepared for inclusion in this prospectus, which we have received from Deutsche Bank AG, Hong Kong Branch and UBS AG, Hong Kong Branch, the Joint Sponsors, in connection with the forecast of our consolidated net profit attributable to equity holders of the Company for the year ending December 31, 2009.*



December 7, 2009

The Directors  
Sunac China Holdings Limited

Dear Sirs,

We refer to the forecast (the "**Forecast**") of the consolidated profit attributable to shareholders of Sunac China Holdings Limited (the "**Company**") and its subsidiaries (the "**Group**") for the year ending December 31, 2009 as set out in the sub-section headed "Profit Forecast for the Year Ending December 31, 2009" in the section entitled "Financial Information" in the prospectus issued by the Company dated December 7, 2009 (the "**Prospectus**").

The Forecast, for which the directors of the Company are solely responsible, has been prepared by them based on the audited consolidated results of the Group for the year ended December 31, 2008 and the six months ended June 30, 2009, the unaudited management accounts for the two months ended August 31, 2009 and a forecast of the consolidated results of the Group for the remaining four months ending December 31, 2009.

We have discussed with you the bases and assumptions made by the directors of the Company as set out in Appendix III to the Prospectus, to the extent applicable, upon which the Forecast has been made. We have also considered the letter dated December 7, 2009 addressed to you and us from PricewaterhouseCoopers regarding the accounting policies and calculations upon which the Forecast has been based.

On the basis of the information comprising the Forecast and on the basis of the accounting policies and calculations adopted by you and reviewed by PricewaterhouseCoopers, we are of the opinion that the Forecast, for which you as the directors of the Company are solely responsible, has been made after due and careful enquiry.

Yours faithfully,

For and on behalf of  
**Deutsche Bank AG, Hong Kong Branch**  
**Heidi Yang**                      **Johnson Ngie**  
*Managing Director*                      *Director*

For and on behalf of  
**UBS AG, Hong Kong Branch**  
**Henry Cai**                      **Joe Zhang**  
*Managing Director*                      *Managing Director*