OVERVIEW

We are an integrated residential and commercial property developer with a focus on large-scale, medium to high-end property developments in selected cities in China. We currently focus on the Bohai Rim, South Jiangsu and Chengdu-Chongqing regions and operate in five strategically targeted cities which we believe have significant potential for economic growth, namely Tianjin, Beijing, Chongqing, Wuxi and Suzhou. Since we commenced operations in Tianjin in 2003, we have successfully established a strong market position in Tianjin and have been active in expanding our business to the other target cities. In recent years, we have won many awards for our significant achievements in the property sector nationwide or region-wide, including:

- In 2009, we received the awards of "Top 10 Brand of North China Real Estate Companies" (中國華北房地產公司品牌價值 Top 10) and "Leading Brands of China Estate Companies – Urban Complex" (中國房地產都市綜合體專業領先品牌), both for three consecutive years, from the China Real Estate Top 10 Research Team (中國房地產 Top 10 研究組), an organization jointly established by the Enterprise Research Institute of the Development Research Center of the State Council (國務院發展研究中心企業研究所), the Real Estate Research Institute of Tsinghua University (清華大學房地產研究所) and the China Index Academy (中國指數研究院);

- In 2008, we were selected as a "Top 20 Real Estate Enterprise in China During the Past 20 Years" (中國房地產20年20強企業) at the 2007-08 Annual China Real Estate Conference jointly sponsored by the China Real Estate News (《中國房地產報》) and SINA Corporation (新浪網);

- In 2007, we received the "Most Respectable Real Estate Enterprise Brand in China" (中國最值得尊敬的房地產品牌企業) award from the China Chief Media Real Estate Alliance (中國主流媒體房地產宣傳聯盟), a non-profit organization comprising approximately 30 major news reporting media companies in China; and

- In 2006, we received the awards of "2006 Top 10 Fastest-Growing Real Estate Brand Value in China" (2006中國房地產品牌價值成長速度 Top 10) and "Top 10 Most Valuable Real Estate Brands in Northern China – Golden Property Prize" (中國華北房地產 Top 10 中國金房獎) from the China Real Estate Top 10 Research Team and were selected as a "Most Competitive Real Estate Enterprise in China" (中國房地產最具競爭力企業) by the China Real Estate Chamber of Commerce (中華全國工商業聯合會房地產商會).

We focus on the development of large-scale, integrated residential and commercial properties. We develop a variety of residential properties for sale, including high-rise apartments, mid-rise apartments, townhouses and detached villas. We also develop various commercial properties primarily for sale as well as for lease, including retail stores, offices and serviced apartments. Many of our residential projects are large in scale, featuring a combination of residential properties integrated with value-added ancillary facilities such as clubhouses, retail stores, parking spaces and schools. Our commercial properties are typically large-scale commercial complexes combining retail space, offices, parking facilities and, in some cases, serviced apartments. During the Track Record Period, we generated substantially all of our revenue from sales of residential and commercial properties.

We have engaged in a total of 13 property development projects. As of June 30, 2010, these projects comprised completed properties, properties under development and properties held for future development with a total site area of approximately 4,869,788 sq.m. and a total aggregate GFA of approximately 9,030,297 sq.m. As of June 30, 2010, we had sold and delivered an aggregate GFA of approximately 3,128,169 sq.m. and held a Landbank of approximately 5,902,128 sq.m. comprising (i) a completed aggregate GFA of approximately 439,472 sq.m. held for sale or for investment, (ii) a planned aggregate GFA of approximately 1,530,926 sq.m. under development, and (iii) a planned aggregate GFA of approximately 3,931,730 sq.m. for future development (including a planned aggregate GFA of approximately 293,968 sq.m. for which, as of the Latest Practicable Date, we had entered into land grant contracts with the relevant land authorities but had not yet obtained the Land Use Right Certificates).

In collaboration with primary land developers, we participate in primary land development projects as a strategic ancillary business to help increase our opportunities to acquire land with good potential for property development. Primary land development projects generally involve carrying out certain land clearing and site preparation activities with respect to state-owned land under government contracts before such land may be granted by the government for property development or other purposes. Through our participation in primary land development projects, we intend to gain important insights into potential land acquisition opportunities and be better positioned in the subsequent public tender, auction or listing-for-sale process in order to successfully acquire suitable land.

For the years ended December 31, 2007, 2008 and 2009 and the three months ended March 31, 2010, our revenue was RMB3,011.5 million, RMB3,449.5 million, RMB4,795.2 million and RMB245.6 million, respectively, and our profit attributable to equity holders of the Company was RMB174.4 million, RMB495.6 million, RMB825.1 million and RMB44.6 million, respectively.

COMPETITIVE STRENGTHS

We believe that the following strengths of our Company will allow us to compete effectively in the property market in the PRC:

Proven ability to grow our business in strategically targeted cities with high growth potential

Since we commenced operations in 2003, we have developed and grown our business in a number of strategically targeted cities with high growth potential. We evaluate the growth potential of a city by considering a range of factors including its GDP and average income level outlook, development of urban infrastructure, property market supply and demand dynamics, and the ability to attract purchasers from outside the city. In order to diversify market concentration risks, we have selected target cities located in different parts of China featuring complementary growth profiles and different stages of economic development. We have proven our ability to grow our business in five strategically targeted cities which serve as an important platform in sustaining our business growth:

- *Tianjin.* Tianjin is a municipality directly under the central government of the PRC, located at the center of the Bohai Rim region. The development of the Binhai New Area of Tianjin is included in the Eleventh Five-Year Plan of the PRC for 2006 to 2010. In 2008, the State Council approved the Binhai New Area's Comprehensive Reform Proposal, which aims to develop the Binhai New Area of Tianjin as one of the major development zones in China. We expect Tianjin to continue to benefit from the long-term regional growth and expect substantial property demand to continue to fuel the real estate market.

- *Beijing.* Beijing is the political and economic center of the PRC. While its property market is relatively mature, structural and investment demand has continued to grow steadily and Beijing's property transaction volumes and prices were among the first in the country to recover from the market downturn in 2008. With a high-quality and low-cost Landbank in Beijing, we believe we are well-positioned to benefit from what we expect to be the continued growth trajectory of its property market, as well as to capture what we believe to be its high profit potential.

- *Chongqing.* Chongqing is the fourth municipality of the PRC (along with Beijing, Tianjin and Shanghai) and the key focus of long-term economic development and support under the central government's "Go West" plans. Designated as the economic, financial and logistics hub of the "Great West," Chongqing has continued to benefit from numerous policy incentives from the central government including preferential tax rates. In addition, the central government has also been actively promoting the urban and infrastructural development of the Chongqing Municipality. The PRC Government has approved the establishment of one of the first two Experimental Zones of the National Comprehensive Coordinated Urban and Rural Reforms (全國統籌城鄉綜合配套改革實驗區) in Chongqing, which is expected to create significant business opportunities in Chongqing. Chongqing had a large population of approximately 28.6 million in December 2009 and an increasing rate of urbanization. The property market has begun to grow rapidly in recent years and, given the relatively low property prices in Chongqing as compared to other cities, we believe Chongqing's property market has significant room for future growth.

- *Wuxi.* Wuxi is one of the most economically vibrant and affluent cities in the Yangtze River Delta region. While property prices in Wuxi have stayed relatively low as compared to the other major cities with comparable economic development, we believe that Wuxi is a high-potential market at a stage of steady development.

- *Suzhou.* Suzhou has attracted significant investment from numerous Fortune 500 companies. The development of its high-tech industry, its five state-level development zones and its ten provincial-level development zones have driven the rapid growth of the property market in Suzhou. We believe the property market in Suzhou exhibits a high growth potential for the foreseeable future.

By successfully focusing on these strategically targeted cities, we believe we are well-positioned to capitalize on significant growth opportunities at acceptable risk levels and achieve a higher return on our investment.

Substantial experience and execution capabilities in developing large-scale, integrated property projects

We seek to differentiate ourselves from our competitors by focusing on the development of large-scale, integrated residential and commercial properties. For example, Magnetic Capital, one of our flagship projects in Tianjin, had a planned aggregate GFA of approximately 1,243,929 sq.m. and our Chongqing Olympic Garden had a planned aggregate GFA of approximately 2,473,589 sq.m. In addition, most of our projects feature a combination of residential properties integrated with value-added ancillary facilities such as clubhouses, retail stores, parking spaces and schools. Our commercial properties also are typically large-scale commercial complexes combining retail space, offices, parking facilities and, in some cases, serviced apartments. We have accumulated substantial experience and developed execution capabilities in successfully developing and managing large-scale, integrated property projects. Moreover, we have developed long-term relationships with contractors and design firms capable of undertaking such projects and have accumulated substantial experience in creating synergies with our major commercial tenants, including E-MART supermarket, Suning Appliance and Jinyi International Cinemas. We believe our completed large-scale, integrated property development projects have helped create new city or district centers in our target cities and, consequently, have provided and will continue to provide us with valuable benefits, including:

- creating greater and sustainable economies of scale;
- enhancing the long-term appreciation in value of our property products, especially those in later project phases;
- enhancing our brand recognition and brand value both locally and regionally;
- facilitating our ability to obtain support from local authorities during our land acquisition and project development processes;
- enhancing our ability to meet different and changing preferences and demands of our customers in our target cities; and
- strengthening our position as a versatile property developer to capture growth opportunities as well as to meet challenges presented by changing regulatory environment and market conditions.

Strong ability to maintain a high-quality Landbank of optimal size at a relatively low cost

We have a sizable, high-quality and relatively low-cost Landbank at superior locations in our target cities. Each of our land sites features some or all of the following geographic advantages:

- *superior locations*, such as in central business districts and areas identified by the government to be key development areas;
- *scenic views,* including views of the Meijiang Park in Tianjin, the valleys surrounding Chongqing Olympic Garden in Chongqing, Lake Tai in Wuxi and Lake Chunshen in Suzhou;

- *proximity to cultural, leisure and commercial facilities,* such as the Tianjin Olympic Sports Center, Water Park and Nancuiping Park in Tianjin and the Chongqing International Convention and Exhibition Center in Chongqing;

- *proximity to prominent educational institutions,* such as Tianjin University and Nankai University in Tianjin; and

- *convenient access to public transportation,* including, for example, subways, light transit railways and buses.

We believe that because of our experience and judgment as to the timing and potential of land acquisition opportunities, we have been able to build a successful track record in identifying and acquiring land sites at relatively early stages in their long-term appreciation potential and therefore at relatively low costs. For example, in December 2008, we demonstrated considerable foresight in capitalizing on the PRC land market correction arising from the economic downturn for cost-effective Landbank replenishment, and our associated project company Shougang Sunac acquired the land parcels in respect of the Xishan Yihaoyuan project for a total land cost of RMB2,147.1 million, or RMB7,747 per sq.m. of planned above-ground GFA. The market value for this land had since risen to RMB4,988.0 million, or RMB17,998 per sq.m. of planned above-ground GFA, as of June 30, 2010, according to the valuation by DTZ, an independent property valuer. In addition, we have been able to acquire substantially all of our land at relatively low costs as compared to land in similar locations acquired by third parties at the relevant time:

					Average land cost per sq.m. of planned above-ground GFA[(1)]	
Project	**Location**	**Land acquisition date**	**Land acquisition channel**	**Total land cost (RMB'000)**	**Our project (RMB)**	**Land in similar locations acquired by third parties at the relevant time (RMB)**
Magnetic Capital	Nankai, Tianjin	Aug. 2003	Public tender	1,775,003	1,775	1,960-2,041
Mind-Land International	Hexi, Tianjin	July 2003	Land grant from government	842,177	1,277	1,720-3,468
Central of Glorious	Heping, Tianjin	Dec. 2003	Land transfer from third party	127,958	2,563	3,523-6,485
Joy Downtown	Nankai, Tianjin	Aug. 2003	Land grant from government	136,708	3,187	4,368-7,378
Xingyeli project	Nankai, Tianjin	Mar. 2010	Listing-for-sale	1,780,000	10,409	7,252
East Fairyland	Chaoyang, Beijing	Nov. 2006	Joint venture	492,786	3,667	2,937-11,379
Xishan Yihaoyuan	Haidian, Beijing	Mar. 2009	Listing-for-sale	2,147,122	7,747	13,669-15,216
Chongqing Olympic Garden	Yubei, Chongqing	Aug. 2003 – June 2006	Land auction	1,047,779	514	524-883

Project	Location	Land acquisition date	Land acquisition channel	Total land cost (RMB'000)	Average land cost per sq.m. of planned above-ground GFA(1): Our project (RMB)	Average land cost per sq.m. of planned above-ground GFA(1): Land in similar locations acquired by third parties at the relevant time (RMB)
Asia Pacific Enterprise Valley	Nan'an, Chongqing	Dec. 2005	Listing-for-sale	662,005	1,018	1,600
Swan Lake	Binhu, Wuxi	Mar. 2004	Acquisition of company with land interest	1,436,361	1,305	1,446-1,500
Dream of City	Huishan, Wuxi	Apr. 2005	Acquisition of company with land interest	865,375	1,012	1,446
Yixing project	Yixing, Wuxi	Jan. 2010	Listing-for-sale	1,560,000	4,462	4,483
Suzhou 81	Xiangcheng, Suzhou	Mar. 2005	Acquisition of company with land interest	152,860	1,432	1,301-1,534

Sources: Land and Resources (and Housing Management) Bureaus of Tianjin, Beijing, Chongqing, Wuxi and Suzhou (for average land cost data relating to land acquired by third parties)

Note: (1) Due to the different practices followed in determining the selling prices of land in land grant transactions in different cities, the above average land cost data in respect of our projects and land acquired by third parties includes (i) both the land grant fee and the fee payable for certain supporting infrastructure and utility network construction for Beijing and Tianjin; and (ii) only the land grant fee for Chongqing, Wuxi and Suzhou.

As of June 30, 2010, we held a Landbank of approximately 5,902,128 sq.m. To minimize operating risks, we do not rely on any one channel of land acquisition but have adopted a multi-pronged strategy in building our Landbank through a variety of channels, including public tenders, auctions, listings-for-sale, purchase from existing land interest holders, and active investments in project companies holding interests in land. We believe that with our ability to acquire land interests through various channels, we will be able to continue to maintain a Landbank of optimal size at a reasonable cost to support our growth in the next four to five years.

A capable, experienced and cohesive management team

We have a capable, experienced and cohesive management team. Each member of our senior management team has an average of approximately seven years of property development experience in China and the members have collectively managed a total of 14 property projects across eight cities in the PRC. Our management team is led by Mr. Sun, Chairman and Chief Executive Officer of our Company, who has in-depth knowledge of the property business environment and market dynamics in China. Mr. Sun has gained substantial management and leadership experience in real estate-related businesses in China since 1994, including his experience in establishing the former Sunco property development business. See "Directors, Senior Management and Employees." We believe the collective experience of a strong and cohesive management team has been the primary factor behind our successful historical performance and will continue to be a key competitive advantage in the future. The team has been successful in growing our business despite facing various challenges, including those arising from the PRC Government's prior macroeconomic control measures as well as the recent global financial crisis and property market downturn. Our team has developed substantial execution experience and expertise in various key aspects of the property development business, including land acquisition, design, quality control, cost control and sales and marketing. Further, we have benefited significantly from the knowledge and hands-on experience of our project managers. We believe that these individuals enable us to continue to improve the efficiency of our operations, the quality of our products and our ability to satisfy our customers' needs. In addition, we are proactive and selective in our hiring process. All of our senior management hold tertiary education or professional qualifications. We consider the development of our professional work force a key strategic element and have invested in establishing and maintaining training and management programs for our sales force, project management personnel and other employees.

Close cooperation with sophisticated financial investors

In 2007, we brought in three private investment institutions to be our financial investors, namely Lehman, CDH and Lead Hill, which were affiliates of Lehman Brothers Holdings Inc., CDH China Fund III, L.P., and New Horizon Capital, L.P., respectively. In September 2009, Bain Capital also became an investor in our Company. See "History, Reorganization and Group Structure – The Reorganization." We believe that with the support and contribution of our financial investors, we have been and will continue to be able to further strengthen our corporate governance and execution capabilities. Our financial investors have provided us, and we expect they will continue to provide us, with a second opinion and other valuable advice on certain key business decisions including corporate financial policies, land and project acquisitions, as well as major development decisions such as product positioning and marketing strategies. Furthermore, with our financial investors' experience and expertise in adopting best practices in financial and management controls, we believe we will be able to further enhance our management systems and internal control procedures. We believe that having stable, long-term collaborative relationships with these sophisticated investors will help us maintain strong and solid long-term prospects as we continue to develop and grow our business.

High-quality products with strong brand recognition

We believe that the success of our projects has been due primarily to our ability to understand and respond effectively to customer needs and preferences. We have placed great emphasis on building strong brand recognition through continued attention to the quality of our property projects, with particular focus on spatial efficiency, construction innovation, environmental harmony and visual appeal. We have endeavored to develop properties featuring high-quality design and construction while enhancing returns on investment for us and our customers in the long term. To this end we have engaged internationally acclaimed design firms, including AECOM, D.P. and Peddle Thorp, and renowned Chinese design firms, such as Beijing Institute of Architectural Design, China Construction Engineering Design Group Co. Ltd., Chongqing Architectural Design Institute and China CTDI Engineering Corporation, to design our projects. We have also been selective in choosing competent and reputable contractors through public tenders to construct our projects. In addition, we also implemented a set of management and internal approval procedures to monitor and control the development process, to ensure consistently high-quality design and construction. In recognition of the quality of our property developments, our projects have received many prestigious awards, both national and regional, including the "Most Attractive Buildings in Asia" for our Magnetic Capital project in 2006, the "Outstanding Urban Residence Construction in Chongqing" for our Asia Pacific Enterprise Valley project in 2007, the "Representative New Trend in Distinctive Chinese-style Property Development in China" for our Dream of City project in 2008, and the "2010 National Zhan Tianyou Gold Award for Excellent Residential Community" for our Chongqing Olympic Garden project. See "– Property Development – Description of Our Property Development Projects" for more details of the awards for our projects.

We believe our focus on high-quality products and our endeavor to bring excellent value to our customers have contributed to the rapid growth of our brand recognition and brand value. We believe our strong brand recognition and proven execution capabilities, particularly in our current target cities, will continue to add to our competitive advantages in the region and enable us to expand our operations in the industry while achieving premium pricing on our future real estate products.

BUSINESS STRATEGIES

We endeavor to become a leading property development company in China providing high-quality products and services to medium to high-income target customer segments. Our goals are to achieve satisfactory profits and investment returns. We intend to achieve steady and sustainable development.

The PRC property market has gradually become more mature after many years of rapid growth and development. As property supply and purchasers' needs have increased over time, we believe it is of critical importance to PRC property developers, including us, to acquire high-quality land resources and to leverage them to further enhance the value-added in the project design, construction and after-sales processes.

We intend to implement the following business strategies in order to achieve our goals:

Reinforce and strengthen our position in the Bohai Rim, South Jiangsu and Chengdu-Chongqing regions

We intend to continue to focus on the Bohai Rim, South Jiangsu and Chengdu-Chongqing regions and further reinforce our competitive position in Tianjin, Beijing, Chongqing, Wuxi and Suzhou. Each of these three regions is economically developed and has large and medium-sized cities populated with a significant number of medium to high-income potential customers with strong purchasing power. After years of property development operations in our target cities, we have developed significant competitive strengths in the relevant cities in these three regions. We intend to continue to aim to become a leading property developer in each of our target cities in order to capitalize on what we expect to be the significant demand in those cities and enhance our return on investment. We intend to continue to adopt a focused and disciplined approach in expanding our business by:

- prioritizing the development of our current projects, which we believe have significant potential for premium pricing and high investment return. We believe that with the experience and customer base we have gained from the development of the earlier phases of these projects, we should be able to execute our project development plan more effectively in the future, thus helping us significantly enhance our profits and investment return for these projects;

- leveraging our experience in our current target cities, our understanding of our target customers, and our strong relationships with local governments and other business partners, to acquire new parcels of land and develop new projects in these cities; and

- remaining open to potential opportunities in other cities in China, while solidifying and enhancing our position in our current target cities, to increase our geographical diversification and broaden our revenue base. In selecting and entering a new city, we intend to focus on cities within those three regions in order to fully leverage our management experience and established strengths in such regions. In addition, we may carefully consider cities with substantial potential for development in other regions.

In selecting a geographical market, we generally consider the growth potential and the stage of economic development of the city, the capital requirements and anticipated profitability of the particular projects involved, the distribution of target customers, our understanding of the local market and regulatory environments, as well as the availability of local management and sales talents.

Maintain a high-quality Landbank in a disciplined manner via diverse channels

We believe that we will continue to be able to expand our Landbank at reasonable costs primarily because of the in-depth industry experience of our senior management members and their insight into the market dynamics in the regions where we operate. We intend to obtain information on land acquisition opportunities via diverse channels and conduct detailed analysis of such information. In assessing a particular site, we typically consider both the return on investment and the strategic positioning of the potential project in order to select and acquire land parcels that suit our development needs and provide substantial investment returns.

We believe maintaining a high-quality Landbank of optimal size and at reasonable cost will assist us in prudently managing our cash flow and business operations while continuing to grow our business. This is especially important when we encounter material changes in government policies, laws and regulations or in industry or market trends. In particular, our Landbank strategy includes:

- acquiring land in superior locations within central areas and close to distinct landmarks in the relevant cities, taking into account of the development prospects of the land site, the concentration of medium to high-income potential customers and the market positioning of the potential project; we believe the selection of location is important for achieving premium pricing under various market conditions and may help mitigate declines in property prices when the property market weakens;

- acquiring an optimal amount of land reserves appropriate for future development over a period of four to five years on a rolling basis, which we believe is appropriate for medium- to long-term planning without compromising our operational flexibility; and

- using a variety of channels, as well as our experience, market understanding and industry knowledge, to acquire land at reasonable cost, including, for example, by (i) acquiring interests in land from government entities through public tenders, auctions and listings-for-sale; (ii) purchasing from existing non-governmental land interest holders pursuant to land transfer agreements; (iii) establishing joint ventures with companies which have acquired or are well-positioned to acquire interests in land; and (iv) selectively seeking primary land development opportunities from local governments, by which we believe we can gain important insights into the land parcels and the related government development plans and therefore be better positioned in the subsequent public tender, auction or listing-for-sale process to successfully acquire the land. See "– Primary Land Development."

We believe the strategy mentioned above would allow us to enter new markets at an opportune time and to obtain land with substantial development potential in prime locations at reasonable costs.

Focus on delivering high-quality products and services to medium to high-income customers

Our property development operations comprise project planning and design, construction, marketing and sales, and property management. We engage in each of these operations in order to assure the quality of our products and services. In carrying out our property development activities, our group headquarters centrally coordinates the planning of projects and implements standardized management, and our operating subsidiaries and associated project companies work towards refining the detailed implementation plans based on local market and customer characteristics.

Our product strategy, in general, is to offer medium to high-income customers high-quality products that suit their needs. We intend to, among other things:

- incorporate our understanding of the needs of our medium to high-income target customers into the planning of our projects, including such areas as community style, supporting facilities, property configurations and structures, marketing plans and service standards;

- focus on design as a core component of product quality to allow us to deliver high-quality products;

- maintain strict quality control of construction and product standards, which our customers may directly perceive, thereby to not only meet the standards set for the current positioning of a project but also achieve higher standards to provide differentiated product offerings; and

- pay meticulous attention to details as we believe refining product details are key to achieving high quality products.

By executing this product strategy and leveraging our high-quality Landbank, we intend to further upgrade our products and increase our offerings of properties that can be marketed at premium prices with respect to our selected projects. In order to achieve our product strategy as mentioned above, we intend to further strengthen our core competency in various parts of our property development operations. In terms of design, while we continue to enhance our design and research and development capabilities, we have been working with established design firms and architects to build long-term strategic partner relationships; we also have a specialized team at our group headquarters to take charge of key areas in research and development in order to build our knowledge base and skill set. In terms of construction, we intend to balance the needs of general and specialty contractors and continue to partner with established suppliers; we also endeavor to assure high quality of landscaping, interior design and other parts of our projects while maintaining control of the overall quality and costs. In addition, we intend to provide differentiated property management services as a key part of our product strategy and intend to promote caring and specialized property management services, such as providing distinctive services or organizing special activities based on our customer needs, to certain of our properties.

Further strengthen our brand recognition and enhance our brand influence among our medium to high-income target customers

We believe that a strong brand is a significant factor in our success. We intend to continue to promote our brand name by focusing on quality and innovation, providing good after-sales and property management services, and engaging in marketing initiatives such as advertising campaigns. We intend to continue to enhance the recognition of and loyalty to our "Sunac" corporate brand among existing and potential customers. To reflect our brand value and spirit, we have set our brand positioning as "to perfect, to reach far" (至臻，致遠). We use the "Sunac" corporate brand in all our projects and enhance our brand and image through establishing landmark projects in our target cities.

We believe a strong brand would help us quickly sell or lease properties at premium prices, thereby significantly increasing our return on investment. In order to achieve premium pricing, we intend to continue to deliver high-quality products and services and further enhance customer satisfaction. In particular, we intend to continue to:

- conduct market research and leverage our experience to meet the needs and preferences of our target customers;
- leverage our prior experience and research to guide and help our recently acquired property management companies and relevant third-party property management companies to deliver enhanced after-sale services to our purchasers and tenants; and
- promote our "Sunac" corporate brand as well as the project brand in connection with each project, through a selection of marketing initiatives including advertising on a variety of media, such as television, newspapers and billboards.

Continue to enhance our corporate governance, internal control, cash flow management and human resources practices

We intend to continue to adopt best practices and industry standards for corporate governance and internal control, and to continue to draw on our senior management's expertise and experience to facilitate our operations. We have engaged, and intend to engage for at least 18 months after the Listing, Protiviti Shanghai Co., Ltd., a third-party internal control advisor specializing in risk advisory and internal control related services, to continually review and enhance our internal control system. We intend to enhance our internal management by further defining the responsibilities of each operating unit to ensure orderly and efficient operations and rapid responses to changing market conditions. We are revamping our corporate management software and rolling out an integrated group-wide enterprise resource planning (ERP) system in order to enhance the effectiveness and standardization of our operational management systems, thereby further supporting our business growth. We aim to enhance our overall financial and cost control while preserving flexibility and efficiency at the project level. In addition, we intend to continue to enhance our cash flow position by remaining cautious in our decision making with respect to operations and investment, including, for example, decisions as to whether to enter a new city, which new city to enter, how much land to acquire, how to acquire a particular parcel of land, when to launch pre-sales and execute sales, and what payment terms to agree to for our payables. We intend to also carefully manage our financing position and our proceeds from pre-sales and sales to maintain an adequate liquidity level and to explore a range of financing sources to maintain the availability of low-cost capital. Furthermore, we intend to refine our internal evaluation and reward system to promote professionalism, initiative and team spirit among our employees and to cultivate our corporate culture. We intend to also continue to actively recruit new talent to optimize our human resources and enhance the productivity and competitiveness of our workforce.

PROPERTY DEVELOPMENT

Overview of Our Property Development Business

Our business primarily focuses on the development of large-scale integrated residential and commercial properties, offering a wide range of products including high-rise apartments, mid-rise apartments, townhouses, detached villas, retail properties, offices, serviced apartments and parking spaces. To date, we have engaged in a total of 13 property development projects in selected cities in China. The majority of these projects are located in three of the four municipalities that are under the direct administration of the central PRC Government, including five projects in Tianjin, two projects in Beijing and two projects in Chongqing. The remaining four projects are located in Jiangsu Province, including three in Wuxi and one in Suzhou. The following diagram shows the geographic location, certain GFA and property valuation information as of June 30, 2010, unless otherwise stated, and the interest attributable to our Company as of the date of this prospectus in respect of each of our projects.

Tianjin

1. Magnetic Capital
Aggregate GFA[1] .... 1,243,929 sq.m.
Total capital value[2] .... RMB4,685.5 million
Interest attributable to us 100%

2. Mind-Land International
Aggregate GFA[1] .... 789,138 sq.m.
Total capital value[2] .... RMB2,277.0 million
Interest attributable to us 100%

3. Central of Glorious
Aggregate GFA[1] .... 64,738 sq.m.
Total capital value[2] .... RMB882.0 million
Interest attributable to us 100%

4. Joy Downtown
Aggregate GFA[1] .... 56,615 sq.m.
Total capital value[2] .... RMB66.5 million
Interest attributable to us 100%

5. Xingyeli project
Aggregate GFA[1] .... 216,760 sq.m.
Total capital value:
– With Land Use Right Certificates[2] .... nil
– Without Land Use Right Certificates[3] .... RMB2,264.0 million
Interest attributable to us .... 100%[7]

Beijing

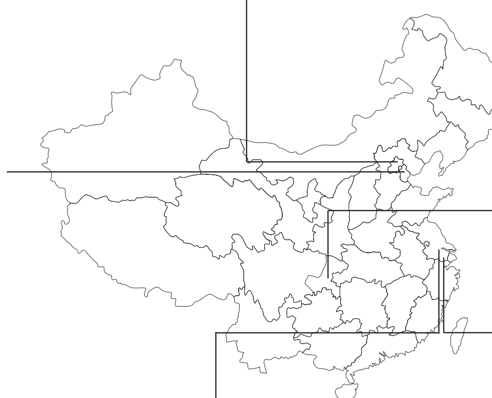
1. East Fairyland
Aggregate GFA[1] .... 166,481 sq.m.
Total capital value[2] .... RMB500.0 million
Interest attributable to us.................... 25%[4][5]

2. Xishan Yihaoyuan
Aggregate GFA[1] .... 400,697 sq.m.
Total capital value[2] .... RMB5,082.0 million
Interest attributable to us.................... 35%[4][6]

Chongqing

1. Chongqing Olympic Garden
Aggregate GFA[1] .... 2,473,589 sq.m.
Total capital value[2] .... RMB7,335.0 million
Interest attributable to us 100%

2. Asia Pacific Enterprise Valley
Aggregate GFA[1] .... 755,385 sq.m.
Total capital value[2] .... RMB2,656.0 million
Interest attributable to us .... 45%[4]



Wuxi

1. Swan Lake
Aggregate GFA[1] .... 1,303,613 sq.m.
Total capital value:
– With Land Use Right Certificates[2] .... RMB4,321.5 million
– Without Land Use Right Certificates[3] .... RMB140.5 million
Interest attributable to us....................... 100%

2. Dream of City
Aggregate GFA[1] .... 1,014,043 sq.m.
Total capital value[2] .... RMB2,228.0 million
Interest attributable to us....................... 100%

3. Yixing project
Aggregate GFA[1] .... 450,264 sq.m.
Total capital value:
– With Land Use Right Certificates[2] .... RMB1,467.0 million
– Without Land Use Right Certificates[3] .... RMB183.0 million
Interest attributable to us..................... 100%[8]

Suzhou

1. Suzhou 81
Aggregate GFA[1] .... 95,045 sq.m.
Total capital value[2] .... RMB632.0 million
Interest attributable to us 100%

Notes:

(1) "Aggregate GFA" of a project represents the total aggregate GFA of all sold or unsold properties, including any properties held for future development for which we had not obtained the Land Use Right Certificates, in such project as a whole. Such amount does not reflect the aggregate GFA attributable to us to the extent that our interest in a project is less than 100%.

(2) "Total capital value" or "total capital value with Land Use Right Certificates" of a project represents the total capital value as of June 30, 2010 of all unsold completed properties (held for sale or for investment), properties under development and properties held for future development for which we had obtained the Land Use Right Certificates as of the Latest Practicable Date in such project as a whole. Such value does not reflect the capital value attributable to us to the extent that our interest in a project is less than 100%.

(3) "Total capital value without Land Use Right Certificates" of a project represents the total capital value as of June 30, 2010 of those properties held for future development for which we had not obtained the Land Use Right Certificates as of the Latest Practicable Date in such project as a whole. Such value is derived from DTZ's property valuation as set forth in "Appendix IV – Property Valuation," except that no value has been ascribed by DTZ to certain portion of land in the Yixing project for which we had not obtained the Land Use Right Certificates. The value shown above for such portion of land only represents the capital value that DTZ assumes would have been ascribed to such portion of land had we obtained the Land Use Right Certificates for such portion of land.

(4) We do not have a controlling interest in Shouchi Yuda, Shougang Sunac and Chongqing Yuneng, which are engaged in developing the East Fairyland, Xishan Yihaoyuan and Asia Pacific Enterprise Valley projects, respectively. As such, during the Track Record Period, we did not consolidate the financial results of these associated project companies into ours.

As we are currently pursuing a proposed purchase of an additional 40% equity interest in Chongqing Yuneng, we may become its controlling shareholder and therefore consolidate its financial results into ours from the date of completion of such proposed transaction. For more information, see "Financial Information – Recent Developments – Proposed Acquisitions of Chongqing Yuneng and APEV Property Management and Proposed Disposal of Chongqing Shangshan."

(5) We hold, indirectly, own a 50% equity interest in the project company engaged in the East Fairyland project. In connection with the transfer of such interest to us in 2007, we have agreed that out of our share of dividends distributable from the East Fairyland project, 50% will be paid to the transferor as consideration for our 50% equity interest in the project. As a result, after netting off the amount payable to the transferor, we are effectively entitled to only 25% of the dividends distributable from the East Fairyland project. See " Description of Our Property Development Projects – Beijing – East Fairyland" below.

(6) Sunac Zhidi, which holds a 50% equity interest in the project company engaged in the Xishan Yihaoyuan project, has entered into a profit sharing arrangement with the other shareholder, pursuant to which Sunac Zhidi was responsible for funding only 20% of the additional investments required for the project and, in return, would be entitled to only 35% of the net profit derivable from the Xishan Yihaoyuan project. See " Description of Our Property Development Projects – Beijing – Xishan Yihaoyuan" below.

(7) China National Investment & Guaranty Co., Ltd. holds a 1% equity interest in the project company engaged in the Xingyeli project but is not entitled to any dividend right in respect of such interest.

(8) Rongde holds a 10% equity interest in the project company engaged in the Yixing project but is not entitled to any dividend right in respect of such interest.

We include in this prospectus the project names which we have used, or intend to use, to market our properties. The following table sets forth certain details of our projects based on actual data or our estimates as of June 30, 2010.

Project	Location	Types of property products	Total site area(1) (sq.m.)	Aggregate GFA(1) (sq.m.)	Saleable/ rentable GFA(1) (sq.m.)	Project completion date	Interest attributable to us (%)
Magnetic Capital	Tianjin	High-rise apartments, retail properties, offices, serviced apartments and parking spaces	460,840	1,243,929	1,182,297	October 2014	100
Mind-Land International	Tianjin	High-rise apartments, detached villas, retail properties and parking spaces	497,501	789,138	751,522	December 2013	100
Central of Glorious	Tianjin	High-rise apartments, townhouses, retail properties and parking spaces	14,608	64,738	62,817	July 2012	100
Joy Downtown	Tianjin	Retail properties	25,234	56,615	55,960	June 2006	100

Project	Location	Types of property products	Total site area[1] (sq.m.)	Aggregate GFA[1] (sq.m.)	Saleable/ rentable GFA[1] (sq.m.)	Project completion date	Interest attributable to us (%)
Xingyeli project	Tianjin	High-rise apartments, retail properties and parking spaces	70,633	216,760	216,760	August 2014	100[2]
East Fairyland	Beijing	High-rise apartments, retail properties and parking spaces	54,502	166,481	144,178	November 2010	25[3][4]
Xishan Yihaoyuan	Beijing	Mid-rise apartments, retail properties and parking spaces	190,665	400,697	335,679	October 2014	35[3][5]
Chongqing Olympic Garden	Chongqing	High-rise and mid-rise apartments, townhouses, detached villas, retail properties and parking spaces	1,727,668	2,473,589	2,027,845	October 2015	100
Asia Pacific Enterprise Valley	Chongqing	High-rise apartments, retail properties and parking spaces	121,688	755,385	606,479	March 2014	45[3]
Swan Lake	Wuxi	High-rise and mid-rise apartments, townhouses, retail properties and parking spaces	733,889	1,303,613	1,216,975	December 2014	100
Dream of City	Wuxi	High-rise and mid-rise apartments, townhouses, retail properties and parking spaces	570,182	1,014,043	927,119	December 2013	100
Yixing project	Wuxi	High-rise apartments, townhouses, detached villas, retail properties and parking spaces	268,945	450,264	403,882	November 2014	100[6]
Suzhou 81	Suzhou	Townhouses, detached villas and retail properties	133,434	95,045	77,870	June 2012	100
Total			4,869,788	9,030,297	8,009,383		

Notes:

(1) "Total site area," "aggregate GFA" and "saleable/rentable GFA" of a project represent the respective site area and GFA data (sold or unsold), including those relating to certain land parcels for which we had not obtained the Land Use Right Certificates, of such project as a whole. Such data do not reflect the amounts attributable to us to the extent that our interest in a project is less than 100%.

(2) China National Investment & Guaranty Co., Ltd. holds a 1% equity interest in the project company engaged in the Xingyeli project but is not entitled to any dividend right in respect of such interest.

(3) We do not have a controlling interest in Shouchi Yuda, Shougang Sunac and Chongqing Yuneng, which are engaged in developing the East Fairyland, Xishan Yihaoyuan and Asia Pacific Enterprise Valley projects, respectively. As such, during the Track Record Period, we did not consolidate the financial results of these associated project companies into ours.

As we are currently pursuing a proposed purchase of an additional 40% equity interest in Chongqing Yuneng, we may become its controlling shareholder and therefore consolidate its financial results into ours from the date of completion of such transaction. For more information, see "Financial Information – Recent Developments – Proposed Acquisitions of Chongqing Yuneng and APEV Property Management and Proposed Disposal of Chongqing Shangshan."

(4) We hold, indirectly, a 50% equity interest in the project company engaged in East Fairyland project. In connection with the transfer of such interest to us in 2007, we have agreed that out of our share of dividends distributable from the East Fairyland project, 50% will be paid to the transferor as consideration for our 50% equity interest in the project. As a result, after netting off the amount payable to the transferor, we are effectively entitled to only 25% of the dividends distributable from the East Fairyland project. See "– Description of Our Property Development Projects – Beijing – East Fairyland" below.

(5) Sunac Zhidi, which holds a 50% equity interest in the project company engaged in the Xishan Yihaoyuan project, has entered into a profit sharing arrangement with the other shareholder, pursuant to which Sunac Zhidi was responsible for funding only 20% of the additional investments required for the project and, in return, would be entitled to only 35% of the net profit derivable from the Xishan Yihaoyuan project. See "– Description of Our Property Development Projects – Beijing – Xishan Yihaoyuan" below.

(6) Rongde holds a 10% equity interest in the project company engaged in the Yixing project but is not entitled to any dividend right in respect of such interest.

As of June 30, 2010, our projects had a planned aggregate GFA of approximately 9,030,297 sq.m., which also included the area of certain land parcels for which we had not obtained the Land Use Right Certificates. For purposes of this prospectus, aggregate GFA includes saleable/rentable GFA and non-saleable/rentable GFA. Saleable/rentable GFA represents the GFA of a property which we intend to sell or rent and which does not exceed the multiple of the site area and the maximum permissible plot ratio as set forth in the relevant land grant contracts or other approval documents from the local governments relating to the project. Non-saleable/rentable GFA represents the GFA of a property which is not for sale or rent and largely includes communal facilities such as schools.

Our business focuses on the development of large-scale integrated properties. We develop a wide range of property products for sale and lease. Our offerings of residential properties include high-rise apartments, mid-rise apartments, townhouses and detached villas for sale. We also offer retail properties, offices, serviced apartments, parking spaces and other properties both for sale and for lease. Set forth below is the saleable/rentable GFA data, based on actual data or our estimates as of June 30, 2010, of our various property products, including properties in different stages of development and including those for which we had not obtained the Land Use Right Certificates.

Property type	Saleable/ rentable GFA (sq.m.)
Residential properties	6,198,272
High-rise apartments	4,761,621
Mid-rise apartments	802,593
Townhouses	393,313
Detached villas	240,745
Retail properties	571,263
Offices	97,918
Serviced apartments	223,810
Parking spaces	918,120
Total	8,009,383

Land Use Right Certificates are the legal certification of the right of a party to use a parcel of land and are required to perfect the title of holders of property interests in land in the PRC. In general, upon the payment of land grant fees to the relevant land authorities, land use rights in the PRC are granted on the relevant land parcels for a term of 70 years for residential properties, 40 years for commercial properties and 50 years for comprehensive-use properties. As of the Latest Practicable Date, we had obtained the Land Use Right Certificates for all completed properties held for sale or for investment, all properties under development, and all properties held for future development except for certain land parcels held for future development in respect of three projects, for which we had entered into land grant contracts with the relevant land authorities but had not yet obtained the Land Use Right Certificates. The following table sets forth certain information relating to these land parcels as of the Latest Practicable Date except otherwise stated:

Project	Location	Site area (sq.m.)	Planned aggregate GFA (sq.m.)	Outstanding land grant fee (RMB million)	Expected date of obtaining Land Use Right Certificate	Interest attributable to us (%)	Capital value attributable to us as of June 30, 2010 (RMB million)
Xingyeli project	Tianjin	70,633	216,760	0	December 2010	100	2,264.0
Swan Lake	Wuxi	15,351	27,268	0	December 2010	100	140.5
Yixing project	Wuxi	29,829	49,940	390.0	April 2011	100	183.0(1)
Total		115,813	293,968	390.0			2,587.5

Note:

(1) No value has been ascribed by DTZ to certain portion of land in respect of the Yixing project in "Appendix IV – Property Valuation." The value shown above represents only the capital value that DTZ assumes would have been attributable to our interest in such portion of land had we obtained the Land Use Right Certificates for such portion of land. For more information, see the valuation certificate of Property 35 and the notes thereto in "Appendix IV – Property Valuation."

In respect of the Xingyeli and Swan Lake projects, we have paid the required land grant fee in full in accordance with the relevant land grant contract or supplemental agreement. Given that we have made full, timely payment of the land grant fee in accordance with the land grant contract or supplemental agreement for these projects, our PRC Legal Advisors are of the view that there is no material legal impediment to our obtaining the Land Use Right Certificates for all of the land parcels in respect of these projects.

In respect of the Yixing project, as of the Latest Practicable Date, we had paid RMB1,170 million out of the total land grant fee of RMB1,560 million in accordance with a land grant contract entered into in January 2010. Provided that we will make full, timely payment of the outstanding land grant fee in accordance with the land grant contract, our PRC Legal Advisors are of the view that there is no material legal impediment to our obtaining the Land Use Right Certificates for the relevant land parcels in respect of the Yixing project.

Our PRC Legal Advisors are of the view that, assuming the timely payment of all applicable fees and the completion of applicable procedures as discussed above, it is not likely that we will incur financial or other liabilities due to the absence of the Land Use Right Certificates during the relevant periods in respect of the above land parcels. However, there can be no assurance that we will not incur any liabilities or we will be able to obtain the Land Use Right Certificates in respect of these land parcels in a timely manner, or at all. See "Risk Factors – Risks Relating to Our Business – We may not be able to obtain the Land Use Right Certificates for certain land parcels held for future development and may be subject to stricter payment terms for land use rights with respect to land we acquire in the future as a result of any additional restrictive regulations promulgated by the PRC." Nonetheless, our Controlling Shareholders have agreed to indemnify us against any liabilities that may arise in connection with the status of Land Use Right Certificates for these land parcels for which we will be liable in the future.

Status of Our Projects

We categorize our properties into three types according to their stage of development:

- *Completed properties.* The development of a property is treated as completed when we have received the Certificate of Completion from the relevant local government authorities in respect of the property development;

- *Properties under development.* A property is treated as under development as soon as we have received the Construction Permit from the relevant local government authorities with respect to the property development but prior to the issuance of the Certificate of Completion; and

- *Properties held for future development.* A property is treated as held for future development when we have acquired and hold interests in the land relating to the property development, regardless of whether we have obtained the Land Use Right Certificates in respect thereof, but prior to the issuance of the Construction Permit. As such, our properties held for future development generally comprise land for which we have obtained the Land Use Right Certificates and, from time to time, also include land for which we have entered into a land grant contract but have yet to obtain the Land Use Right Certificates.

In relation to each category of properties in a project, we often refer to the following key times:

- the commencement time, which is the earliest time we start, or plan to start, the construction of any properties in respect of the category;

- the pre-sale time, which is the earliest time we begin, or plan to begin, the sale of any properties in respect of the category prior to their completion; and

- the completion time, which is the latest time we obtain, or plan to obtain, the Certificates of Completion upon the completion of the last properties in respect of the category.

Typically, a project comprises multiple phases of property development on a rolling basis and each phase comprises multiple blocks or types of properties. Therefore, a project or a phase may simultaneously include properties in more than one of the three categories above.

A property is considered sold when revenue is recognized from the sale or pre-sale of the property upon the delivery of the property. A property is pre-sold when we have executed the pre-sale contract but have not yet received the Certificate of Completion. The property is delivered to the customer upon, among other things, (i) full payment by the customer, and (ii) the property being completed, inspected and accepted as qualified and the Certificate of Completion being received. The figures for completed GFA that appear in this prospectus are based on figures provided in the relevant government documents. The following information that appears in this prospectus is based on our internal records and estimates: figures for planned GFA under development, planned GFA for future development, GFA sold, GFA pre-sold, saleable GFA and non-saleable GFA, information regarding total development costs incurred (including land costs, construction costs and capitalized finance costs) and estimated future development costs (including land costs, construction costs and capitalized finance costs), planned construction period and number of units. The actual figures and construction schedules may differ from our current estimates in the future. The information setting forth the construction period for the completed phases of our projects in this prospectus is based on relevant government documents or our own internal records.

As of the Latest Practicable Date, we had obtained the Land Use Right Certificates for all completed properties held for sale or for investment, all properties under development, and all properties held for future development except for certain land parcels held for future development in respect of three projects, for which we had entered into land grant contracts with the relevant land authorities but had not yet obtained the Land Use Right Certificates. For more information on such land parcels without the Land Use Right Certificates, see the table and the accompanying text on pages 158 and 159. The following table sets forth certain information relating to our completed properties, properties under development and properties held for future development, including those for which we had not obtained the Land Use Right Certificates, based on actual data or our estimates as of June 30, 2010. The GFA data of each project represents the relevant data of such project as a whole and does not reflect the amount of GFA attributable to us to the extent that our interest in such project is less than 100%.

Project	Location	Completed								Under development							Future development								
		Aggregate GFA (sq.m.)	Saleable/ rentable GFA (sq.m.)	Aggregate GFA unsold/held for investment (sq.m.)	Saleable/ rentable GFA unsold/ held for investment (sq.m.)	Phase(s)	Commen-cement time	Pre-sale time	Completion time	Aggregate GFA (sq.m.)	Saleable/ rentable GFA (sq.m.)	Saleable/ rentable GFA not yet pre-sold (sq.m.)	Phase(s)	Commen-cement time	Pre-sale commen-cement time	Completion time	Aggregate GFA (sq.m.)	Saleable/ rentable GFA (sq.m.)	Phase(s)	Commen-cement time	Pre-sale commen-cement time	Completion time	Sales contribution during the Track Record Period[(1)]	Capital value attrib. to us[(2)] (RMB million)	Ref. to Property Valuation Report
Magnetic Capital	Tianjin	928,328	873,041	206,092	193,819	1-6	Mar. 2004	Apr. 2004	May 2010	63,151	61,788	36,334	7	Apr. 2008	Aug. 2008	May 2011	252,450	247,467	8	July 2010	Sept. 2010	Oct. 2014	36.1%	4,685.5	2, 11, 12, 13, 14, 15, 16, 18, 28
Mind-Land International	Tianjin	574,624	554,646	48,673	46,981	1-4	July 2004	Aug. 2004	Dec. 2008	168,173	165,070	99,543	5-6	July 2008	Oct. 2008	Dec. 2011	46,341	31,806	6	Aug. 2010	Apr. 2011	Dec. 2013	26.7%	2,277.0	1, 17, 27
Central of Glorious	Tianjin	–	–	–	–	–	–	–	–	64,738	62,817	60,993	N/A	July 2009	Apr. 2010	July 2012	–	–	–	–	–	–	–	882.0	19
Joy Downtown	Tianjin	56,615	55,960	13,978	13,978	N/A	July 2004	Oct. 2004	June 2006	–	–	–	–	–	–	–	–	–	–	–	–	–	–	66.5	3, 10
Xingyeli project	Tianjin	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	216,760	216,760	1-3	Mar. 2011	July 2011	Aug. 2014	–	2,264.0	29
East Fairyland	Beijing	143,947	125,523	6,131	5,346	N/A	Apr. 2007	Dec. 2007	Feb. 2010	22,534	18,655	2,070	N/A	Dec. 2008	July 2009	Nov. 2010	–	–	–	–	–	–	N/A	250.0	5, 20
Xishan Yihaoyuan	Beijing	–	–	–	–	–	–	–	–	122,585	110,923	110,923	–	Apr. 2010	Apr. 2011	Dec. 2011	278,112	224,756	1-3	Oct. 2010	Apr. 2012	Oct. 2014	N/A	1,778.7	21, 34
Chongqing Olympic Garden	Chongqing	989,740	799,532	75,614	61,083	1-6	July 2004	Oct. 2004	June 2010	403,213	342,309	142,244	6-7	Dec. 2008	Jan. 2009	Nov. 2012	1,080,636	886,004	8-15	July 2010	Aug. 2010	Oct. 2015	21.6%	7,335.0	6, 22, 30
Asia Pacific Enterprise Valley	Chongqing	193,783	156,521	10,016	8,090	1-2	Mar. 2007	June 2007	Jan. 2010	234,886	189,824	94,024	3	May 2008	Mar. 2009	Dec. 2011	326,716	260,133	4-6	Apr. 2011	Sept. 2011	Mar. 2014	N/A	1,195.2	7, 23, 31
Swan Lake	Wuxi	484,977	443,716	59,457	54,399	1-5	June 2004	Sept. 2004	Dec. 2009	140,946	133,614	52,061	6	Apr. 2009	July 2009	Dec. 2010	677,690	639,645	7-10	Aug. 2010	Aug. 2010	Dec. 2014	11.7%	4,462.0	8, 24, 32
Dream of City	Wuxi	195,628	191,097	19,511	19,059	1-4	July 2005	Sept. 2005	Dec. 2009	215,655	190,837	69,856	5	Apr. 2009	June 2009	June 2012	602,760	545,185	6-10	Aug. 2010	Sept. 2010	Dec. 2013	3.4%	2,228.0	9, 25, 33
Yixing project	Wuxi	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	450,264	403,882	1-4	Sept. 2010	May 2011	Nov. 2014	–	1,467.0	35
Suzhou 81	Suzhou	–	–	–	–	–	–	–	–	95,045	77,870	60,946	1-4	May 2008	Sept. 2009	June 2012	–	–	–	–	–	–	–	632.0	26
Total		3,567,641	3,200,037	439,472	402,753					1,530,926	1,353,707	728,991					3,931,730	3,455,639					100.0%	29,522.9	

Notes:

(1) Sales contribution during the Track Record Period represents the percentage of total revenue from sales of properties during the Track Record Period contributed by each project developed by our subsidiaries.

(2) Capital value attributable to us represents the total capital value attributable to us of all completed properties (held for sale or for investment), properties under development and properties held for future development, including those for which we had not obtained the Land Use Right Certificates (including the capital value that DTZ assumes would have been attributable to our interest in certain portion of land in the Yixing project had we obtained the Land Use Right Certificates for the such portion of land). For more information, see the valuation certificate of Property 35 and the notes thereto in "Appendix IV – Property Valuation."

While our business focuses on the development of large-scale integrated properties, we are developing a wide range of property products at different stages of development. Set forth below is the planned saleable/rentable GFA data relating to each type of property product that was completed, under development or held for future development, including those for which we had not obtained the Land Use Right Certificates, based on actual data or our estimates as of June 30, 2010.

	Completed	Under development	Future development	Total
Type of property product	**Saleable/ rentable GFA**	**Saleable/ rentable GFA**	**Saleable/ rentable GFA**	**Saleable/ rentable GFA**
		(sq.m.)		
Residential properties	2,421,189	1,134,477	2,642,605	6,198,272
High-rise apartments	1,924,516	842,616	1,994,489	4,761,621
Mid-rise apartments	391,799	100,830	309,964	802,593
Townhouses	85,638	109,312	198,363	393,313
Detached villas	19,236	81,720	139,789	240,745
Retail properties	321,961	47,779	201,523	571,263
Offices	54,253	–	43,664	97,918
Serviced apartments	85,984	23,759	114,068	223,810
Parking spaces	316,650	147,691	453,778	918,120
Total	3,200,037	1,353,707	3,455,639	8,009,383

Description of Our Property Development Projects

Tianjin

Magnetic Capital (時代奧城)

Magnetic Capital is a property development located in Nankai District of Tianjin, a downtown district characterized by its commercial, cultural, educational and technological developments. The project is situated in one of the prime locations in Tianjin. In August 2003, we successfully acquired the land interests by public tender at a price of RMB1,751.5 million. The vicinity features many scenic spots and destinations such as the Water Park, Tianjin Radio and TV Tower scenic area and Nancuiping Park; educational institutions such as Tianjin University and Nankai University; and large civil and cultural facilities such as the Tianjin Olympic Sports Center, Tianjin Grand Hotel, Tianjin Public Library and Zhou Enlai & Deng Yingchao's Memorial Hall. Following the completion of the Tianjin Olympic Sports Center in the area, Nankai District has attracted substantial property investments. With the development of financial and commercial businesses in the vicinity, the area has become a new city center in Tianjin.

Magnetic Capital is a modern integrated development that has won over twenty industry awards from 2004 to 2007, including the "Respectable Real Estate Enterprise Brand in China" (中國值得尊敬的房地產品牌企業) awarded by the China Chief Media Real Estate Alliance (中國主流媒體房地產聯盟) in 2007 and the "Most Attractive Building in Asia" (亞洲最佳魅力樓盤) awarded by the Organizational Committee of the Asian Real Estate Summit (亞洲房地產峰會組織委員會) in 2006.

The project comprises high-rise apartments, retail properties, offices, serviced apartments and parking spaces, with a site area of approximately 460,840 sq.m. and a planned aggregate GFA (including saleable/rentable and non-saleable/rentable GFA) of approximately 1,243,929 sq.m. The project is planned to be developed in eight phases. Construction commenced in March 2004 and is scheduled for completion in October 2014. The following table sets forth certain information on the development status of the project as of June 30, 2010:

	Completed			Under development			Future development	Entire project
Property type	Saleable/ rentable GFA (sq.m.)	Number of units	Percentage sold	Saleable/ rentable GFA (sq.m.)	Number of units	Percentage pre-sold	Saleable/ rentable GFA (sq.m.)	Saleable/ rentable GFA (sq.m.)
Residential properties	464,195	2,984	100%	27,284	249	53%	44,574	536,054
High-rise apartments	464,195	2,984	100%	27,284	249	53%	44,574	536,054
Retail properties	156,535	N/A	34%	–	–	–	12,051	168,586
Offices	54,253	436	90%	–	–	–	43,664	97,918
Serviced apartments	85,984	1,492	95%	23,759	607	28%	114,068	223,810
Parking spaces	112,074	2,960	29%	10,745	318	39%	33,110	155,929
Total	873,041			61,788			247,467	1,182,297

As of June 30, 2010, the completed properties of Magnetic Capital had a total saleable/rentable GFA of 873,041 sq.m. They comprised residential properties, retail properties, offices, serviced apartments and parking spaces with a saleable/rentable GFA of approximately 464,195 sq.m., 156,535 sq.m., 54,253 sq.m., 85,984 sq.m. and 112,074 sq.m., respectively. As of June 30, 2010, approximately 100%, 34%, 90%, 95% and 29% of the saleable/rentable GFA of the completed residential properties, retail properties, offices, serviced apartments and parking spaces, respectively, had been sold.

As of June 30, 2010, a total of approximately 61,788 sq.m. of planned saleable/rentable GFA was under development. Construction is scheduled for completion in May 2011. These properties are planned to comprise residential properties, serviced apartments and parking spaces with a saleable/rentable GFA of approximately 27,284 sq.m., 23,759 sq.m. and 10,745 sq.m., respectively. Pre-sales commenced in August 2008, and as of June 30, 2010, approximately 53%, 28% and 39% of the saleable/rentable GFA of the residential properties, serviced apartments and parking spaces under development, respectively, had been pre-sold.

As of June 30, 2010, a total of approximately 247,467 sq.m. of planned saleable/rentable GFA was held for future development. Construction is scheduled to commence in July 2010 and is scheduled for completion in October 2014. These future developments are planned to comprise residential properties, retail properties, offices, serviced apartments and parking spaces with a saleable/rentable GFA of approximately 44,574 sq.m., 12,051 sq.m., 43,664 sq.m., 114,068 sq.m. and 33,110 sq.m., respectively. Pre-sales are scheduled to commence in September 2010.

As of March 31, 2010, the total development costs (including land acquisition costs, construction costs and capitalized finance costs) incurred and paid for Magnetic Capital were RMB5,538.3 million. We estimate that an additional amount of RMB1,654.6 million will be required to complete the development of the project.

Magnetic Capital is being developed by Sunac Ao Cheng, a wholly owned subsidiary of our Company incorporated in the PRC. For more information on our shareholding in Sunac Ao Cheng during the Track Record Period, see "History, Reorganization and Group Structure – History – Sunac Ao Cheng."

Mind-Land International (海逸長洲)

Mind-Land International is located in the Greater Meijiang area of Hexi District of Tianjin, which is defined as a high-end scenic residential district by the city's urban planning authority. The project is adjacent to the 2.6 million sq.m. Meijiang Park and is characterized by its location on and views of the waterfront. We believe it has one of the most advantageous locations in the area and we believe that it has significant potential for appreciation in investment values.

With the high-income population group as its target customers, we have developed and positioned Mind-Land International as one of the high-end residential complexes in Tianjin. We intend to establish the project as an international, waterfront and green community centrally located in the city.

Mind-Land International has won many awards since 2004. For example, in 2006, the project received the "China LivCom Project Awards" at the International Awards for Liveable Communities endorsed by the United Nations Environment Program.

The Mind-Land International project comprises high-rise apartments, detached villas, retail properties and parking spaces, with a site area of approximately 497,501 sq.m. and a planned aggregate GFA (including saleable/rentable and non-saleable/rentable GFA) of approximately 789,138 sq.m. The project is planned to be developed in six phases. Construction commenced in July 2004 and is scheduled for completion in December 2013. The following table sets forth certain information on the development status of the project as of June 30, 2010:

	Completed			Under development			Future development	Entire project
Property type	Saleable/ rentable GFA (sq.m.)	Number of units	Percentage sold	Saleable/ rentable GFA (sq.m.)	Number of units	Percentage pre-sold	Saleable/ rentable GFA (sq.m.)	Saleable/ rentable GFA (sq.m.)
Residential properties	465,678	2,892	98%	141,110	838	44%	28,643	635,431
High-rise apartments	450,147	2,867	99%	141,110	838	44%	–	591,257
Detached villas	15,532	25	92%	–	–	–	28,643	44,175
Retail properties	19,620	N/A	87%	–	–	–	3,163	22,783
Parking spaces	69,348	2,011	47%	23,960	763	14%	–	93,308
Total	554,646			165,070			31,806	751,522

As of June 30, 2010, the completed properties of Mind-Land International had a total saleable/rentable GFA of approximately 554,646 sq.m. They comprised residential properties, retail properties and parking spaces with a saleable/rentable GFA of approximately 465,678 sq.m., 19,620 sq.m. and 69,348 sq.m., respectively. As of June 30, 2010, 98%, 87% and 47% of the saleable/rentable GFA of the completed residential properties, retail properties and parking spaces, respectively, had been sold.

As of June 30, 2010, a total of approximately 165,070 sq.m. of planned saleable/rentable GFA was under development. Construction is scheduled for completion in December 2011. These properties are planned to comprise residential properties and parking spaces with a saleable/rentable GFA of approximately 141,110 sq.m. and 23,960 sq.m., respectively. Pre-sales commenced in October 2008 and, as of June 30, 2010, approximately 44% and 14% of the saleable/rentable GFA of the residential properties and parking spaces under development, respectively, had been pre-sold.

As of June 30, 2010, a total of approximately 31,806 sq.m. of planned saleable/rentable GFA was held for future development. Construction is scheduled to commence in August 2010 and be completed in December 2013. These future developments are planned to comprise residential properties and retail properties with a saleable/rentable GFA of approximately 28,643 sq.m. and 3,163 sq.m., respectively. Pre-sales are scheduled to commence in April 2011.

As of March 31, 2010, the total development costs (including land acquisition costs, construction costs and capitalized finance costs) incurred and paid for Mind-Land International were RMB2,985.8 million. We estimate that an additional amount of RMB820.0 million will be required to complete the development of the project.

Mind-Land International is being developed by Sunac Zhidi, a wholly owned subsidiary of our Company incorporated in the PRC.

Central of Glorious (融創 • 星美御)

Central of Glorious is being developed in Heping District of Tianjin, an established commercial, financial and political center of Tianjin Municipality in which many of Tianjin's businesses and government offices are located. The vicinity has many well-established schools providing primary, secondary and tertiary education, as well as numerous retail properties, offices, and entertainment and community facilities.

We intend to develop Central of Glorious into a high-end residential complex that comprises high-rise apartments, townhouses, retail properties and parking spaces. The project is relatively small with a site area of approximately 14,608 sq.m. and a planned aggregate GFA (including saleable/rentable and non-saleable/rentable GFA) of approximately 64,738 sq.m. The development of the project is not divided into multiple phases. Construction commenced in July 2009 and is scheduled to be completed in July 2012. The following table sets forth certain information on the development status of the project as of June 30, 2010:

	Completed		Under development			Future development	Entire project
Property type	**Saleable/ rentable GFA (sq.m.)**	**Number of units**	**Saleable/ rentable GFA (sq.m.)**	**Number of units**	**Percentage pre-sold**	**Saleable/ rentable GFA (sq.m.)**	**Saleable/ rentable GFA (sq.m.)**
Residential properties	–	–	45,573	464	3.3%	–	45,573
High-rise apartments	–	–	42,426	452	3.5%	–	42,426
Townhouses	–	–	3,147	12	–	–	3,147
Retail properties	–	–	4,846	N/A	–	–	4,846
Parking spaces	–	–	12,398	333	2.7%	–	12,398
Total	–		62,817			–	62,817

As of June 30, 2010, the entire project was under development. Of its total planned saleable/rentable GFA, approximately 45,573 sq.m., 4,846 sq.m. and 12,398 sq.m. are planned to be developed into residential properties, retail properties and parking spaces, respectively. As of June 30, 2010, approximately 3.3% and 2.7% of the saleable/rentable GFA of the residential properties and parking spaces under development had been pre-sold.

As of March 31, 2010, the total development costs (including land acquisition costs, construction costs and capitalized finance costs) incurred and paid for Central of Glorious were RMB163.2 million. We estimate that an additional amount of RMB393.1 million will be required to complete the development of the project.

Central of Glorious is being developed by Tianjin Xiangchi, a wholly owned subsidiary of our Company incorporated in the PRC.

Joy Downtown (上谷商業中心)

Joy Downtown, similar to Magnetic Capital, is located in Nankai District of Tianjin. It is adjacent to Weijin South Road, which was the main "welcoming pathway" for the 2008 Beijing Olympics in the Tianjin games zone. The area is surrounded by two tourist destinations in Tianjin, namely the Water Park and the Tianjin Radio and TV Tower.

We designed Joy Downtown to be an all-in-one dining, retail and entertainment center that is able to offer consumers a distinctive environment and experience. It was completed in June 2006. It has become a popular dining, retail and entertainment destination in Tianjin and has won many industry awards, including the prestigious awards of the "Outstanding Commercial Property Development Project in China" (中國優秀商業地產項目) given by the CIHAF (中國住交會) in 2004 and the "Top Ten Major Commercial Property Development Project" (商業地產十大主流項目) given by the China Commercial Real Estate Union (中國商業地產聯盟) in 2004.

Joy Downtown comprises solely retail properties for sale and lease. It has a site area of approximately 25,234 sq.m. and an aggregate GFA (including saleable/rentable and non-saleable/rentable GFA) of approximately 56,615 sq.m. Construction commenced in July 2004 and the entire project was completed in June 2006. The following table sets forth certain information on the development status of the project as of June 30, 2010:

	Completed	Under development	Future development	Entire project
Property type	**Saleable/ rentable GFA (sq.m.)**	**Saleable/ rentable GFA (sq.m.)**	**Saleable/ rentable GFA (sq.m.)**	**Saleable/ rentable GFA (sq.m.)**
Retail properties	55,960	–	–	55,960
Vacant for sale/lease	1,437	–	–	1,437
Leased	12,541	–	–	12,541
Sold	41,982	–	–	41,982
Total	55,960	–	–	55,960

As of June 30, 2010, we had completed the entire project which had a total saleable/rentable GFA of approximately 55,960 sq.m. We had sold approximately 41,982 sq.m. and leased approximately 12,541 sq.m. of saleable/rentable GFA as of June 30, 2010. We held the remaining approximately 1,437 sq.m. of saleable/rentable GFA for sale or lease.

As of March 31, 2010, the total development costs (including land acquisition costs, construction costs and capitalized finance costs) incurred and paid for Joy Downtown were RMB384.2 million. We are required to pay an additional amount of RMB2.6 million for the construction of upgrading works for certain facilities of the project.

Joy Downtown was developed by Sunac Zhidi, a wholly owned subsidiary of our Company incorporated in the PRC.

Xingyeli project (興業里項目)

The Xingyeli project is located at the core area of Nankai District of Tianjin. The area is well developed and readily accessible to public transportation. It is also close to established universities such as Nankai University and Tianjin University, hospitals and hypermarkets. We, through Sunac Zhidi, acquired the land for RMB1,780 million in March 2010 through a listing-for-sale process.

We intend to develop the Xingyeli project into a high-end property project, consisting mainly of high-rise apartments, retail properties and parking spaces. The project has a site area of approximately 70,633 sq.m. and a planned aggregate GFA (including saleable/rentable and non-saleable/rentable GFA) of approximately 216,760 sq.m. It is planned to be developed in three phases. Construction is scheduled to commence in March 2011 and be completed in August 2014. The following table sets forth certain information on the development status of the project as of June 30, 2010:

	Completed		Under development		Future development	Entire project
Property type	**Saleable/ rentable GFA (sq.m.)**	**Number of units**	**Saleable/ rentable GFA (sq.m.)**	**Number of units**	**Saleable/ rentable GFA (sq.m.)**	**Saleable/ rentable GFA (sq.m.)**
Residential properties	–	–	–	–	143,000	143,000
High-rise apartments	–	–	–	–	143,000	143,000
Retail properties	–	–	–	–	28,000	28,000
Parking spaces	–	–	–	–	45,760	45,760
Total	–		–		216,760	216,760

As of June 30, 2010, the project is planned to comprise residential properties, retail properties and parking spaces with a saleable/rentable GFA of approximately 143,000 sq.m., 28,000 sq.m. and 45,760 sq.m., respectively. Pre-sales are scheduled to commence in July 2011.

As of March 31, 2010, the total development costs (including land acquisition costs, construction costs and capitalized finance costs) incurred and paid for the Xingyeli project were RMB400.0 million. We estimate that an additional amount of RMB3,346.1 million will be required to complete the development of the project.

The Xingyeli project is being developed by Sunac Mingxiang, a 99%-owned subsidiary of our Company incorporated in the PRC. We are entitled to 100% of the economic interest in the Xingyeli project as the minority shareholder holding the other 1% of the equity interest in Sunac Mingxiang is not entitled to any dividend right in respect of its interest.

Beijing

East Fairyland (禧福匯)

East Fairyland is located in Chaoyang District of Beijing and also in the greater Central Business District (the "CBD") of Beijing. The CBD is becoming an international cosmopolitan center of businesses, exhibitions, hotels, residences, culture and entertainment. With an increasing number of office buildings including the China Central Television Tower, hotels and shopping centers, the CBD has attracted a large inflow of consumers and businesses. The 2008 Beijing Olympics has also driven the growth of infrastructure development in Beijing. The site of the project is readily accessible by public transportation and is relatively close to the subway station near Dawang Road.

Designed with the contrasting themes of elegance, modern simplicity and traditional Chinese architecture, we intend East Fairyland to develop into an international and modern garden-style residence with comprehensive commercial and communal facilities. The project was selected as a "Top Ten International High-end Community Among Cities with Changes and Influence over China" ("改變城市 • 影響中國"十大國際化高尚社區) by the College of Urban and Environmental Sciences of Peking University (北京大學城市與環境學院), the Peking University Real Estate Alumni Association (北京大學房地產校友會), the Peking University Habitat and Environmental Center (北京大學人居環境中心) and the Beijing Property Market Magazine (《北京樓市》雜誌) in 2007. It was also selected as a "Benchmark Property Development in Beijing" (京城標桿樓盤) by the Beijing News (《新京報》) in 2007, the "Annual Most Influential Property Development Project" (年度最具影響力樓盤) by Sina.com (新浪網) in 2008 and 2009, and "Most Popular Property Development Project in 2009 in China" (2009年中國最具人氣樓盤) in the Ninth Annual Meeting for Chinese Commercial Real Estate.

The project comprises high-rise apartments, retail properties and parking spaces, with a site area of approximately 54,502 sq.m. and a planned aggregate GFA (including saleable/rentable and non-saleable/rentable GFA) of approximately 166,481 sq.m. The development of the project is not divided into multiple phases. Construction commenced in April 2007 and is scheduled for completion in November 2010. The following table sets forth certain information on the development status of the project as of June 30, 2010:

	Completed			Under development			Future development	Entire project
Property type	Saleable/rentable GFA (sq.m.)	Number of units	Percentage sold	Saleable/rentable GFA (sq.m.)	Number of units	Percentage pre-sold	Saleable/rentable GFA (sq.m.)	Saleable/rentable GFA (sq.m.)
Residential properties	111,065	967	98%	17,225	135	96%	–	128,290
High-rise apartments	111,065	967	98%	17,225	135	96%	–	128,290
Retail properties	7,757	N/A	81%	1,430	N/A	0%	–	9,187
Parking spaces	6,701	245	72%	–	–	–	–	6,701
Total	125,523			18,655			–	144,178

As of June 30, 2010, the completed properties of East Fairyland had a total saleable/rentable GFA of 125,523 sq.m., all of which were completed in February 2010. They comprised residential properties, retail properties and parking spaces with a saleable/rentable GFA of approximately 111,065 sq.m., 7,757 sq.m., and 6,701 sq.m., respectively. As of June 30, 2010, approximately 98%, 81% and 72% of the saleable/rentable GFA of the completed residential properties, retail properties and parking spaces had been sold.

As of June 30, 2010, a total of approximately 18,655 sq.m. of planned saleable/rentable GFA was under development. Construction is scheduled for completion in November 2010. These properties are planned to comprise residential properties and retail properties with a saleable/rentable GFA of approximately 17,225 sq.m. and 1,430 sq.m., respectively. Pre-sales commenced in July 2009 and, as of June 30, 2010, approximately 96% of the saleable/rentable GFA of the residential properties under development had been pre-sold.

As of March 31, 2010, the total development costs (including land acquisition costs, construction costs and capitalized finance costs) incurred and paid for East Fairyland were RMB1,247.5 million. We estimate that an additional amount of RMB120.3 million will be required to complete the development of the project.

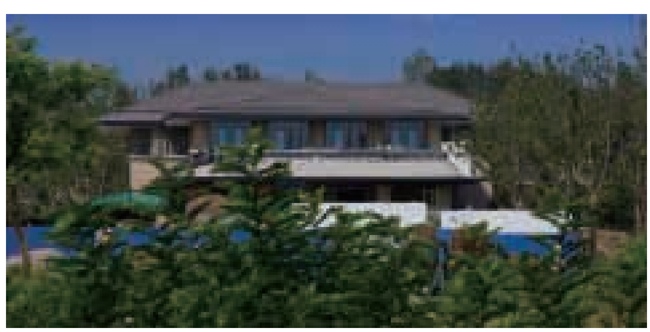
East Fairyland is being developed by Shouchi Yuda, a PRC-incorporated company wholly owned by our 50%-owned associated project company Shougang Sunac. We acquired a 50% equity interest in Shongang Sunac from Sunco Land, which is currently owned by Road King Infrastructure Limited, in August 2007. As we hold a 50% equity interest in Shougang Sunac, we record a share of 50% of any post-acquisition profit or loss generated from the East Fairyland project. In connection with the transfer of Sunco Land's 50% equity interest in Shougang Sunac to us, we entered into an agreement dated May 31, 2007, pursuant to which we have agreed that out of our share of dividends distributable from the entire project, 50% will be paid to Sunco Land as consideration for the 50% equity interest in Shougang Sunac. Such payments will be made to the transferor within seven business days from the distribution of any dividends but in any case no later than three months after the completion and inspection of the East Fairyland project. The agreement also provides that if no dividend is distributed prior to June 30, 2010, Sunco Land may require Sunac Zhidi to prepay RMB25 million to Sunco Land, which will be deducted from the amount Sunco Land is entitled to when dividends are thereafter distributed. After netting off the amount payable to Sunco Land, we are effectively entitled to only 25% of the dividends distributable from the East Fairyland project.

As of the Latest Practicable Date, no dividend attributable to the East Fairyland project had been distributed. While we had not received any request from Sunco Land to prepay the amount of RMB25 million as of the Latest Practicable Date, we are involved in certain disputes with Sunco Land arising from the transfer of the equity interest in Shougang Sunac. For more information, see "– Legal Proceedings" below.

As we do not control Shouchi Yuda, its financial results are not consolidated into ours and only our 50% share of the profit or loss of Shouchi Yuda is recognized in our consolidated income statement.

Xishan Yihaoyuan (西山一號院項目)

Xishan Yihaoyuan is located in the Xibeiwang Township in the Haidian District of Beijing. The Haidian District is well-recognized nationwide as an important base for the information technology industry and has many higher education institutions and tourist destinations. The project is well-located in a vicinity where we believe the demand for residential properties is strong and the supply of residential properties remains limited. Xishan Yihaoyuan is being developed by Shougang Sunac, a joint venture established by us and our co-investor Beijing Shougang. This project company acquired the land for RMB2,010 million through a listing-for-sale process in December 2008.



We intend to develop Xishan Yihaoyuan into a high-end residence consisting mainly of low-density mid-rise apartments and ancillary facilities. The project comprises mid-rise apartments, retail properties and parking spaces, with a site area of approximately 190,665 sq.m. and a planned aggregate GFA (including saleable/rentable and non-saleable/rentable GFA) of approximately 400,697 sq.m. The project is planned to be developed in three phases. Construction commenced in April 2010 and is scheduled to be completed in October 2014. The following table sets forth certain information on the development status of the project as of June 30, 2010:

	Completed		Under development		Future development	Entire project
Property type	**Saleable/ rentable GFA (sq.m.)**	**Number of units**	**Saleable/ rentable GFA (sq.m.)**	**Number of units**	**Saleable/ rentable GFA (sq.m.)**	**Saleable/ rentable GFA (sq.m.)**
Residential properties	–	–	87,762	363	191,290	279,052
Mid-rise apartments	–	–	87,762	363	191,290	279,052
Retail properties	–	–	1,761	N/A	10,486	12,247
Parking spaces	–	–	21,400	550	22,980	44,380
Total	–		110,923		224,756	335,679

As of June 30, 2010, a total of approximately 110,923 sq.m. of planned saleable/rentable GFA was under development. Construction is scheduled for completion in December 2011. Those properties are planned to comprise residential properties, retail properties and parking spaces with a saleable/rentable GFAS of approximately 87,762 sq.m., 1,761 sq.m. and 21,400 sq.m., respectively. Pre-sales is scheduled to commence in April 2011.

As of June 30, 2010, a total of approximately 224,756 sq.m. of planned saleable/rentable GFA was held for future development. These future developments are planned to comprise residential properties, retail properties and parking spaces with a saleable/rentable GFA of approximately 191,290 sq.m., 10,486 sq.m. and 22,980 sq.m., respectively. Pre-sales are scheduled to commence in April 2012.

As of March 31, 2010, the total development costs (including land acquisition costs, construction costs and capitalized finance costs) incurred and paid for Xishan Yihaoyuan were RMB2,168.4 million. We estimate that an additional amount of RMB3,214.9 million will be required to complete the development of the project.

Xishan Yihaoyuan is being developed by Shougang Sunac, an associated project company incorporated in the PRC in which we hold a 50% equity stake. In December 2008, Sunac Zhidi entered into a profit sharing arrangement with Beijing Shougang, the other shareholder of Shougang Sunac, pursuant to which Sunac Zhidi was responsible for funding only 20% of the additional investments required for the project and, in return, would be entitled to only 35% of the net profit derivable from the entire project. As we do not control Shougang Sunac, its financial results are not consolidated into ours and only our 35% share of the profit or loss of Shougang Sunac is recognized in our consolidated income statement.

Chongqing

Chongqing Olympic Garden (重慶奧林匹克花園)

Chongqing Olympic Garden is located in the New North Zone of Yubei District in Chongqing. Since 2001, the New North Zone has been developing significantly and is planned by the Chongqing Municipal Government to become a high-growth economic area. Many well-known multinational enterprises have set up operations in this area. According to the Chongqing Municipal Construction Commission, a light transit railway is planned to be constructed to pass through this area in the future. The government has stated that it will continue to focus on developing the area by attracting large companies and accelerating infrastructure construction. Acclaimed as the "Pudong of Chongqing," the New North Zone is becoming an important new area of Chongqing with a strong potential for economic development.

To date, Chongqing Olympic Garden is one of the largest residential property development projects in Chongqing. We plan to develop it into a new center in Chongqing featuring high-quality residences as well as a full range of retail, entertainment, sports, leisure and educational activities. The project has won over forty awards since 2004 including the "2004 CIHAF Renowned Property Development Project in China" (2004年度中國住交會中國名盤), the "Global Habitat and Environment Community Award" (全球人居環境社區獎) given by the Communications Coordination Committee for the United Nations (聯合國國際交流合作與協調委員會) in 2005, the "Zhan Tianyou Residential Community Award for Excellent Planning and Design in Chongqing 2008" (2008詹天佑大獎優秀住宅小區重慶優秀規劃設計獎) and the "National Zhan Tianyou Gold Award for Excellent Residential Community in Chongqing in 2010" (2010全國詹天佑大獎重慶優秀住宅小區金獎).

The project comprises high-rise and mid-rise apartments, townhouses, detached villas, retail properties and parking spaces, with a total site area of approximately 1,727,668 sq.m. and a planned aggregate GFA (including saleable/rentable and non-saleable/rentable GFA) of approximately 2,473,589 sq.m. The project is planned to be developed in fifteen phases. Construction commenced in July 2004 and is scheduled for completion in October 2015. The following table sets forth certain information on the development status of the project as of June 30, 2010:

	Completed			Under development			Future development	Entire project
Property type	Saleable/ rentable GFA (sq.m.)	Number of units	Percentage sold	Saleable/ rentable GFA (sq.m.)	Number of units	Percentage pre-sold	Saleable/ rentable GFA (sq.m.)	Saleable/ rentable GFA (sq.m.)
Residential properties	707,988	6,995	99%	313,595	2,979	63%	750,088	1,771,672
High-rise apartments	397,972	4,742	100%	217,492	2,639	74%	540,202	1,155,666
Mid-rise apartments	233,316	1,879	99%	–	–	–	–	233,316
Townhouses	72,996	364	98%	52,051	238	72%	130,766	255,813
Detached villas	3,704	10	100%	44,053	102	–	79,120	126,877
Retail properties	33,447	N/A	70%	8,861	N/A	22%	73,079	115,387
Parking spaces	58,097	1,835	20%	19,853	679	–	62,837	140,787
Total	799,532			342,309			886,004	2,027,845

As of June 30, 2010, the completed properties of Chongqing Olympic Garden had a total saleable/rentable GFA of approximately 799,532 sq.m. They were completed in June 2010. They comprised residential properties, retail properties and parking spaces with a saleable/rentable GFA of approximately 707,988 sq.m., 33,447 sq.m. and 58,097 sq.m., respectively. As of June 30, 2010, approximately 99%, 70% and 20% of the saleable/rentable GFA of the completed residential properties, retail properties and parking spaces, respectively, had been sold.

As of June 30, 2010, a total of approximately 342,309 sq.m. of planned saleable/rentable GFA was under development. Construction is scheduled for completion in November 2012. These properties under development are planned to comprise residential properties, retail properties and parking spaces with a saleable/rentable GFA of approximately 313,595 sq.m., 8,861 sq.m. and 19,853 sq.m., respectively. Pre-sales commenced in January 2009 and, as of June 30, 2010, approximately 63% and 22% of the saleable/rentable GFA of the residential properties and retail properties under development had been pre-sold.

As of June 30, 2010, a total of approximately 886,004 sq.m. of planned saleable/rentable GFA was held for future development. Construction commenced in July 2010 and is scheduled to be completed in October 2015. These future developments are planned to comprise residential properties, retail properties and parking spaces with a saleable/rentable GFA of approximately 750,088 sq.m., 73,079 sq.m. and 62,837 sq.m., respectively. Pre-sales are scheduled to commence in August 2010.

As of March 31, 2010, the total development costs (including land acquisition costs, construction costs and capitalized finance costs) incurred and paid for Chongqing Olympic Garden were RMB3,321.5 million. We estimate that an additional amount of RMB4,672.0 million will be required to complete the development of the project.

Chongqing Olympic Garden is being developed by Chongqing OG, a wholly owned subsidiary of our Company incorporated in the PRC. For more information on our shareholding in Chongqing OG during the Track Record Period, see "History, Reorganization and Group Structure – History – Chongqing OG."

As of the Latest Practicable Date, the aggregate GFA authorized and not yet developed by Chongqing OG for the Chongqing Olympic Garden project exceeded approximately 250,000 sq.m., according to the total GFA authorized for development as stated in the relevant Construction Permits obtained by Chongqing OG. Chongqing OG had not obtained the Grade I Qualification Certificate required for development of projects with GFA of approximately 250,000 sq.m. or more as of the Latest Practicable Date. Application for such qualification certificate requires the review and approval by various government authorities and generally takes a long time. Chongqing OG is in the process of applying for the Grade I Qualification Certificate and currently expects to receive such qualification certificate by June 2011. Given that Chongqing OG has obtained the confirmation of the Chongqing Urban Construction Management Office relating to its application, our PRC Legal Advisors are of the view that there is no material legal impediment to obtaining such qualification certificate. However, there can be no assurance that Chongqing OG will be able to obtain the Grade I Qualification Certificate. If Chongqing OG fails to obtain the required certificate, or adjust its aggregate GFA under development, in a timely manner, or at all, it may not be permitted to continue its business. As advised by our PRC Legal Advisors, there is a risk that the existing qualification certificate and business license of Chongqing OG may be revoked by the relevant PRC government authorities due to its failure to obtain the Grade I Qualification Certificate or otherwise adjust its aggregate GFA under development; however, based on the fact that (i) Chongqing OG has obtained the relevant construction certificate and licenses for their project development; (ii) Chongqing OG has not been subject to any investigation or penalties by any government authorities for such non-compliance; (iii) to date, no relevant government authorities have requested that Chongqing OG rectify the non-compliance within a specified period and (iv) Chongqing OG has submitted the application to the relevant government authorities for the Grade I Qualification Certificate, the risk that the relevant qualification certificate or business license will be revoked or that any other penalty will actually be imposed by the relevant government authorities is very remote. In addition, our Controlling Shareholders have agreed to indemnify us against any liabilities that may arise in connection with such qualification requirements that we are required to bear in the future.

Asia Pacific Enterprise Valley (亞太商谷)

Asia Pacific Enterprise Valley is being developed on a large site adjacent to the Chongqing International Convention and Exhibition Center in the Chongqing Economic Development Area of Nanan District in Chongqing. As the secondary city center of Chongqing, the area has been developing as a modern commercial, entertainment and tourism area with many business, convention and entertainment facilities, as well as a high-quality residential area. The Chongqing International Convention and Exhibition Center is the most advanced large integrated convention and exhibition center in Southwest China and hosts many international, regional or national conferences and exhibitions every year. With this potentially superior location, we expect Asia Pacific Enterprise Valley to be able to bring a high investment return to our purchasers.

We are planning to develop the project into a modern residential area with comprehensive commercial, exhibition and community facilities. The project has received various awards, including the "2007 Chongqing Property with the Highest Appreciation Potential" (2007重慶最具升值潛力樓盤) co-sponsored by the Chongqing Times (《重慶時報》) and the Beijing, Tianjin, Shanghai and Chongqing Municipality Media Alliance (京津滬渝直轄媒體聯盟) and the "2007 Outstanding Urban Residence Construction in Chongqing" (2007重慶城市人居建設傑出貢獻項目) co-sponsored by the Chongqing Real Estate Industry Association (重慶市房地產業協會), the Chongqing City Construction Comprehensive Exploitation Association (重慶城市建設綜合開發協會), the Chongqing Urban Planning Association (重慶市規劃協會), the Chongqing Society of Landscape Architecture (重慶市風景園林學會), the Chongqing Construction Industry Association (重慶市建築業協會) and the Chongqing Times (《重慶時報》).

The project comprises high-rise apartments, retail properties, offices and parking spaces, with a site area of approximately 121,688 sq.m. and a planned aggregate GFA (including saleable/rentable and non-saleable/rentable GFA) of approximately 755,385 sq.m. The project is planned to be developed in six phases. Construction commenced in March 2007 and is scheduled for completion in March 2014. The following table sets forth certain information on the development status of the project as of June 30, 2010:

	Completed			Under development			Future development	Entire project
Property type	**Saleable/ rentable GFA (sq.m.)**	**Number of units**	**Percentage sold**	**Saleable/ rentable GFA (sq.m.)**	**Number of units**	**Percentage pre-sold**	**Saleable/ rentable GFA (sq.m.)**	**Saleable/ rentable GFA (sq.m.)**
Residential properties	131,778	3,609	99%	141,933	2,991	68%	169,187	442,898
High-rise apartments	131,778	3,609	99%	141,933	2,991	68%	169,187	442,898
Retail properties	16,319	N/A	77%	15,859	N/A	–	31,943	64,120
Parking spaces	8,245	239	58%	32,032	940	–	59,004	99,461
Total	156,521			189,824			260,133	606,479

As of June 30, 2010, the completed properties of Asia Pacific Enterprise Valley had a total saleable/rentable GFA of approximately 156,521 sq.m. They were completed in January 2010. They comprised residential properties, retail properties and parking spaces with a saleable/rentable GFA of approximately 131,778 sq.m., 16,319 sq.m. and 8,245 sq.m., respectively. As of June 30, 2010, approximately 99%, 77% and 58% of the saleable/rentable GFA of the completed residential properties, retail properties and parking spaces, respectively, had been sold.

As of June 30, 2010, a total of approximately 189,824 sq.m. of planned saleable/rentable GFA was under development. Construction is scheduled for completion in December 2011. These properties under development are planned to comprise residential properties, retail properties and parking spaces with a saleable/rentable GFA of approximately 141,933 sq.m., 15,859 sq.m. and 32,032 sq.m., respectively. Pre-sales commenced in March 2009 and, as of June 30, 2010, approximately 68% of the saleable/rentable GFA of the residential properties under development had been pre-sold.

As of June 30, 2010, a total of approximately 260,133 sq.m. of planned saleable/rentable GFA was held for future development. Construction is scheduled to commence in April 2011 and be completed in March 2014. These future developments are planned to comprise residential properties, retail properties and parking spaces with a saleable/rentable GFA of approximately 169,187 sq.m., 31,943 sq.m. and 59,004 sq.m., respectively. Pre-sales are scheduled to commence in September 2011.

As of March 31, 2010, the total development costs (including land acquisition costs, construction costs and capitalized finance costs) incurred and paid for Asia Pacific Enterprise Valley were RMB1,324.0 million. We estimate that an additional amount of RMB1,552.6 million will be required to complete the development of the project.

Asia Pacific Enterprise Valley is being developed by Chongqing Yuneng, our associated project company incorporated in the PRC in which we hold a 45% equity stake. As we do not control this associated project company, its financial results during the Track Record Period were not consolidated into ours and only our 45% share of the profit or loss of Chongqing Yuneng was recognized in our income statement. Upon completion of the proposed purchase of an additional 40% equity interest in Chongqing Yuneng, we will become its controlling shareholder and therefore consolidate its financial results into ours from the date of completion of such transaction. For more information, see "Financial Information – Recent Developments – Proposed Acquisitions of Chongqing Yuneng and APEV Property Management and Proposed Disposal of Chongqing Shangshan."

Before we acquired our equity interest in Chongqing Yuneng, it had not paid the required land grant fee in the amount of RMB298.2 million for the Asia Pacific Enterprise Valley project. The relevant government authority in Chongqing had imposed a penalty of RMB22 million on Chongqing Yuneng, and the amount was fully paid on September 27, 2008. We cannot assure you that similar non-compliance events will not occur in the future. See "Risk Factors – Risks Relating to Property Development in the PRC – The PRC Government may impose a penalty on us or require the forfeiture of land for any of our projects which were not or have not been developed in compliance with the terms of the land grant contracts."

Wuxi

Swan Lake (天鵝湖花園)

Swan Lake is located in the Taihu Lake New City area in Binhu District of Wuxi in Jiangsu Province. The area is planned by the Wuxi city government to become the new administrative and financial center, to which the city government expects to relocate in 2010. A subway line connecting the Taihu New City area has commenced construction, and the works are scheduled for completion in 2014. The project is located closely to the scenic areas of Lake Tai, the new government center and the future subway station and is planned to be developed as a community with high standards of living.

The project has received a number of awards, including the "Wuxi City Excellent Structure Project" (無錫市級優質結構工程) by the Wuxi Construction Association (無錫市建設協會) in 2006 and the "Top Ten Renowned Property Development Project in Wuxi" (無錫市十大名盤) by Wuxi Daily in 2008.

The project comprises high-rise and mid-rise apartments, townhouses, retail properties and parking spaces, with a total site area of approximately 733,889 sq.m. and a planned aggregate GFA (including saleable/rentable and non-saleable/rentable GFA) of approximately 1,303,613 sq.m. The project is planned to be developed in ten phases. Construction commenced in June

2004 and is scheduled for completion in December 2014. The following table sets forth certain information on the development status of the project as of June 30, 2010:

	Completed			Under development			Future development	Entire project
Property type	Saleable/ rentable GFA (sq.m.)	Number of units	Percentage sold	Saleable/ rentable GFA (sq.m.)	Number of units	Percentage pre-sold	Saleable/ rentable GFA (sq.m.)	Saleable/ rentable GFA (sq.m.)
Residential properties	370,605	2,986	99%	116,308	1,068	70%	544,270	1,031,183
High-rise apartments	276,936	2,255	99%	116,308	1,068	70%	484,270	877,514
Mid-rise apartments	81,027	667	100%	–	–	–	60,000	141,027
Townhouses	12,642	64	99%	–	–	–	–	12,642
Retail properties	24,004	N/A	62%	2,924	N/A	–	12,800	39,728
Parking spaces	49,107	1,437	16%	14,382	525	–	82,575	146,064
Total	443,716			133,614			639,645	1,216,975

As of June 30, 2010, the completed properties of Swan Lake had a total saleable/rentable GFA of approximately 443,716 sq.m. They comprised residential properties, retail properties and parking spaces with a saleable/rentable GFA of approximately 370,605 sq.m., 24,004 sq.m. and 49,107 sq.m., respectively. As of June 30, 2010, approximately 99%, 62% and 16% of the saleable/rentable GFA of the completed residential properties, retail properties and parking spaces, respectively, had been sold.

As of June 30, 2010, a total of approximately 133,614 sq.m. of planned saleable/rentable GFA was under development. Construction is scheduled for completion in December 2010. These properties are planned to comprise residential properties, retail properties and parking spaces with a saleable/rentable GFA of approximately 116,308 sq.m., 2,924 sq.m. and 14,382 sq.m., respectively. Pre-sales commenced in July 2009 and, as of June 30, 2010, approximately 70% of the saleable GFA of the residential properties under development had been pre-sold.

As of June 30, 2010, a total of approximately 639,645 sq.m. of planned saleable/rentable GFA was held for future development. Construction subsequently commenced in early August 2010 and is scheduled for completion in December 2014. These future developments are planned to comprise residential properties, retail properties and parking spaces with a saleable/rentable GFA of approximately 544,270 sq.m., 12,800 sq.m. and 82,575 sq.m., respectively. Pre-sales is scheduled to commence in August 2010.

As of March 31, 2010, the total development costs (including land acquisition costs, construction costs and capitalized finance costs) incurred and paid for Swan Lake were RMB2,434.3 million. We estimate that an additional amount of RMB2,099.5 million will be required to complete the development of the project.

Swan Lake is being developed by Wuxi Sunac Real Estate, a wholly owned subsidiary of our Company incorporated in the PRC. For more information on our shareholding in Wuxi Sunac Real Estate during the Track Record Period, see "History, Reorganization and Group Structure – History – Wuxi Sunac Real Estate, Wuxi Sunac City and Chunshen Lake."

Dream of City (理想城市)

Dream of City is located in Huishan District of Wuxi in Jiangsu Province. The project is located in the Huishan New City area, which is planned to be developed into the District's political, economic, cultural, education and leisure center. Because of the relatively low property prices, Huishan District is generally considered to have significant investment and development potential. The District had the highest amount of GFA sold among all districts in Wuxi during the second half of 2008, according to property sales data collected and compiled by wuxi.soufun.com (無錫搜房網). Huishan New City is among the earliest areas to be developed in the District and has well-developed supporting infrastructure and facilities. This project has won several awards since 2008, including "Representative New Trend in Distinctive Chinese-Style Property Development in China" (中國特色地產新趨勢代表) and "Charity Star" (慈善明星) for its charitable contribution in November 2008.

Dream of City comprises a wide range of property products, including high-rise and mid-rise apartments, townhouses, retail properties and parking spaces. With many ancillary facilities such as retail stores and schools, Dream of City is the leading large-scale property development project in the area. We are positioning the project to offer a one-stop living environment for residents. It has a site area of approximately 570,182 sq.m. and a planned aggregate GFA (including saleable/rentable and non-saleable/rentable GFA) of approximately 1,014,043 sq.m. The project is planned to be developed in ten phases. Construction commenced in July 2005 and is scheduled for completion in December 2013. The following table sets forth certain information on the development status of the project as of June 30, 2010:

	Completed			Under development			Future development	Entire project
Property type	Saleable/ rentable GFA (sq.m.)	Number of units	Percentage sold	Saleable/ rentable GFA (sq.m.)	Number of units	Percentage pre-sold	Saleable/ rentable GFA (sq.m.)	Saleable/ rentable GFA (sq.m.)
Residential properties	169,880	1,506	100%	167,145	1,832	70%	439,925	776,950
High-rise apartments	92,424	876	100%	138,838	1,710	84%	364,564	595,826
Mid-rise apartments	77,456	630	100%	13,068	66	–	58,674	149,198
Townhouses	–	–	–	15,239	56	–	16,687	31,926
Retail properties	8,319	N/A	23%	10,771	N/A	24%	12,002	31,092
Parking spaces	12,898	450	4%	12,921	504	10%	93,258	119,077
Total	191,097			190,837			545,185	927,119

As of June 30, 2010, the completed properties of Dream of City had a total saleable/rentable GFA of approximately 191,097 sq.m. They comprised residential properties, retail properties and parking spaces with a saleable/rentable GFA of approximately 169,880 sq.m., 8,319 sq.m. and 12,898 sq.m., respectively. As of June 30, 2010, approximately 100%, 23% and 4% of the saleable/rentable GFA of the completed residential properties, retail properties and parking spaces, respectively, had been sold.

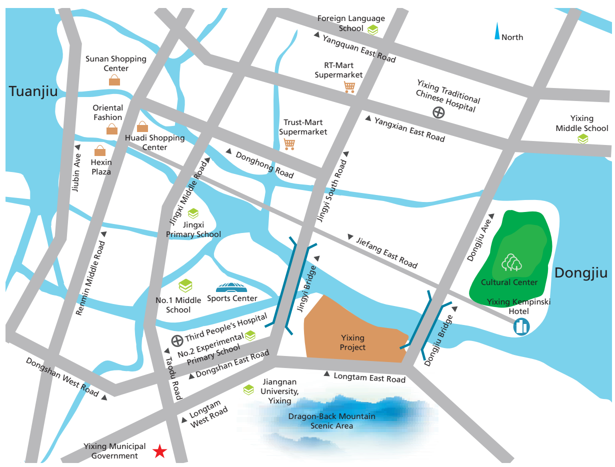
As of June 30, 2010, a total of approximately 190,837 sq.m. of planned saleable/rentable GFA was under development. Construction is scheduled for completion in June 2012. These properties are planned to comprise residential properties, retail properties and parking spaces with a saleable/rentable GFA of approximately 167,145 sq.m., 10,771 sq.m. and 12,921 sq.m., respectively. Pre-sales commenced in June 2009 and, as of June 30, 2010, approximately 70%, 24% and 10% of the saleable GFA of the residential properties, retail properties and parking spaces under development had been pre-sold.

As of June 30, 2010, a total of approximately 545,185 sq.m. of planned saleable/rentable GFA was held for future development. Construction is scheduled to commence in August 2010 and be completed in December 2013. These future developments are planned to comprise residential properties, retail properties and parking spaces with a saleable/rentable GFA of approximately 439,925 sq.m., 12,002 sq.m. and 93,258 sq.m., respectively. Pre-sales are scheduled to commence in September 2010.

As of March 31, 2010, the total development costs (including land acquisition costs, construction costs and capitalized finance costs) incurred and paid for Dream of City were RMB1,047.6 million. We estimate that an additional amount of RMB2,116.3 million will be required to complete the development of the project.

Dream of City is being developed by Wuxi Sunac City, a wholly owned subsidiary of our Company incorporated in the PRC. Our equity interest in Wuxi Sunac City is held directly by Wuxi Sunac Real Estate. For more information on our shareholding in Wuxi Sunac City during the Track Record Period, see "History, Reorganization and Group Structure – History – Wuxi Sunac Real Estate, Wuxi Sunac City and Chunshen Lake."

Yixing project (宜興項目)



The Yixing project is located in the Dongjiu New Town in Yixing District of Wuxi. Yixing District has an active economy, ranking sixth among the Top 100 Counties in China (全國百強縣) in terms of overall economic competitiveness in 2009, according to the PRC County Area Economic Research Organization (全國縣域經濟研究機構). According to Yixing District's general city plan, the Dongjiu New Town is designated as a key area for construction projects. The Yixing project is located two kilometers south of the central business district of Yixing District. We, through Wuxi Sunac Real Estate, acquired the land for RMB1,560 million in January 2010 through a listing-for-sale process. A factory is currently located on the site and, according to the Land and Resources Bureau of Yixing, is scheduled to be demolished by the government beginning in September 2010.

We intend to develop the Yixing project into a high-end project, consisting mainly of detached villas, high-rise apartments, townhouses, retail properties and parking spaces. The project is planned to also include a kindergarten, and to incorporate the existing river channels that transverse the site. The project has a site area of approximately 268,945 sq.m. and a planned aggregate GFA (including saleable/rentable and non-saleable/rentable GFA) of approximately 450,264 sq. m. It is planned to be developed in four phases. Construction is scheduled to commence in September 2010 and be completed in November 2014. The following table sets forth certain information on the development status of the project as of June 30, 2010:

	Completed		Under development		Future development	Entire project
Property type	**Saleable/ rentable GFA (sq.m.)**	**Number of units**	**Saleable/ rentable GFA (sq.m.)**	**Number of units**	**Saleable/ rentable GFA (sq.m.)**	**Saleable/ rentable GFA (sq.m.)**
Residential properties	–	–	–	–	331,628	331,628
High-rise apartments	–	–	–	–	248,692	248,692
Townhouses	–	–	–	–	50,910	50,910
Detached villas	–	–	–	–	32,026	32,026
Retail properties	–	–	–	–	18,000	18,000
Parking spaces	–	–	–	–	54,254	54,254
Total	–		–		403,882	403,882

As of June 30, 2010, the project is planned to comprise residential properties, retail properties and parking spaces with a saleable/rentable GFA of approximately 331,628 sq.m., 18,000 sq.m. and 54,254 sq.m., respectively. Pre-sales are scheduled to commence in May 2011.

As of March 31, 2010, the total development costs (including land acquisition costs, construction costs and capitalized finance costs) incurred and paid for the Yixing project were RMB780.0 million. We estimate that an additional amount of RMB2,975.3 million will be required to complete the development of the project.

The Yixing project is being developed by Yixing Sunac Dongjiu, a 90%-owned subsidiary of our Company incorporated in the PRC. We are entitled to 100% of the economic interest in the Yixing project as the minority shareholder holding the other 10% of the equity interest in Yixing Sunac Dongjiu is not entitled to any dividend right in respect of its interest.

Suzhou

Suzhou 81 (81棟)

Suzhou 81 is located in Xiangcheng District of Suzhou in Jiangsu Province. The project is close to Chunshen Lake and high-standard facilities such as a five-star hotel. Upon completion, we intend the project to become a residential community with a relatively low density.

The project comprises townhouses, detached villas and retail properties, with a site area of approximately 133,434 sq.m. and a planned aggregate GFA (including saleable/rentable and non-saleable/rentable GFA) of approximately 95,045 sq.m. The development of the project is divided into four phases. Construction commenced in May 2008 and is scheduled to be completed in June 2012. The following table sets forth certain information on the development status of the project as of June 30, 2010:

	Completed		Under development			Future development	Entire project
Property type	Saleable/ rentable GFA (sq.m.)	Number of units	Saleable/ rentable GFA (sq.m.)	Number of units	Percentage pre-sold	Saleable/ rentable GFA (sq.m.)	Saleable/ rentable GFA (sq.m.)
Residential properties	–	–	76,542	305	22%	–	76,542
Townhouses	–	–	38,875	193	41%	–	38,875
Detached villas	–	–	37,667	112	3%	–	37,667
Retail properties	–	–	1,328	N/A	–	–	1,328
Total	–		77,870			–	77,870

As of June 30, 2010, a total of approximately 77,870 sq.m. of planned saleable/rentable GFA was under development. Construction commenced in May 2008 and is scheduled to be completed in June 2012. These future developments are planned to comprise residential properties and retail properties with a saleable/rentable GFA of approximately 76,542 sq.m. and 1,328 sq.m., respectively. Pre-sales commenced in September 2009 and, as of June 30, 2010, approximately 22% of the saleable GFA of the residential properties under development had been sold.

As of March 31, 2010, the total development costs (including land acquisition costs, construction costs and capitalized finance costs) incurred and paid for Suzhou 81 were RMB220.5 million. We estimate that an additional amount of RMB290.5 million will be required to complete the development of the project.

Suzhou 81 is being developed by Chunshen Lake, a wholly owned subsidiary of our Company incorporated in the PRC. Our equity interest in Chunshen Lake is held directly by Wuxi Sunac Real Estate. For more information on our shareholding in Chunshen Lake during the Track Record Period, see "History, Reorganization and Group Structure – History – Wuxi Sunac Real Estate, Wuxi Sunac City and Chunshen Lake."

Project Management

We conduct our project development operations primarily through our operating subsidiaries and certain associated project companies. These companies are responsible for the day-to-day operations of our projects, while our group headquarters generally oversees and supports each of these companies and participates in the making of significant decisions for the projects. We established this management structure primarily because of the importance of local market conditions and other local factors to the property development industry in China. We believe this management structure is key to our internal controls and helps enhance our work efficiency.

We have established several departments at our headquarters, including the Quality Control Department, Research and Development Center, Sales Management Department, Financial Management Department and General Administration Department, to oversee, support and facilitate the operations of each of our operating subsidiaries and associated project companies in various areas. These include project bidding, product positioning, design, cost planning, public tenders, contract preparation, construction, marketing and sales, property management and other after-sales services and support, financing, legal matters, human resources and other daily operations.

We pay special attention to certain decisions or actions in our business process that could significantly affect our operating results. These key decisions or actions relate to land acquisition, project positioning, performance indicators, project design, marketing strategies, pricing management, target cost management, selection of general construction contractors, quality control, ancillary facilities planning, pre-move-in inspection and property management. The senior management of our group headquarters and the senior management of our operating subsidiaries and associated project companies, through holding discussions or meetings, review and make decisions on such key decisions or actions. With respect to our associated project companies, certain of these key decisions are subject to approval of their board of directors. We also intend to strengthen the day-to-day management of our companies through inspections and audits to enhance the effectiveness of our operational management. In addition, our group headquarters exercises vertical management over the financial teams of our operating subsidiaries, appointing the deputy financial director and the manager directly for each of them and determining the compensation of these executives. We believe this can help enhance the internal control of our financial management and daily operations of our projects.

At the local project level, our operating subsidiaries and associated project companies are responsible for the day-to-day project development operations. These companies generally establish their Development Department, Planning and Design Department, Sales Department, Project Development Department, Construction Department, Cost Planning Department, After-sales Services Department, Finance Department and General Administration Department. These departments are supported by and report to the corresponding departments at our group headquarters.

Project Development

In developing a project, we follow a systematic process of planning and execution while seeking to maintain a high degree of flexibility in order to accommodate new developments in the fast-evolving business and regulatory environment of China's property market. Although each project development is unique and is designed to cater to the preferences of specific target markets, the diagram below summarizes the major stages involved in developing properties for sale.

3-6 months	6 months	3 months	15-20+ months	10-20 months	2 months
Land selection and acquisition	**Project design**	**Pre-construction planning**	**Construction**	**Sales and marketing**	**Delivery and after-sale service**
• Identify market and site • Perform market research and analysis • Conduct feasibility study • Obtain Board approval • Acquire interests in land • Apply for land use right certificates • Obtain financing for land and land premium	• Determine market positioning • Prepare project budget • Develop project design - Schematic design - Construction design - Mechanical and electrical design - Interior design - Landscape design	• Obtain relevant government approvals - Construction Land Planning Permit - Construction Work Planning Permit - Work Commencement Permit • Prepare for commencement of construction - Contractor selection - Procurement	• Commence construction • Monitor construction progress • Perform quality inspection • Maintain cost control	• Perform marketing activities • Obtain Pre-sale Permit • Commence pre-sale • Conduct sale of properties • Assist purchasers in arranging mortgages	• Examine completed properties • Obtain Completion Certificate • Obtain general Property Ownership Certificate • Assist purchasers in obtaining individual Property Ownership Certificates • Provide property management services • Provide other after-sale customer services

Group headquarters participate in decision-making, internal control and approval process

Land Selection and Acquisition

Site Selection

Site selection is one of the most important and fundamental steps in the property development process. An experienced team composed of Mr. Sun, representatives from the Research and Development Center and Sales Management Department at our group headquarters, and the general manager and other representatives of the Development Department of our relevant local company is responsible for identifying sites for prospective property development in each of our focus regions. We generally consider the following criteria, among others, when deciding whether to pursue a site at a particular time:

- the prevailing macroeconomic conditions and governmental policies of the city in which the site is located;
- the potential of the local property market in which the site is located;
- the geographic location, project scale, accessibility to transportation, environment, supporting infrastructure and public facilities of the site;
- the supply and demand and other market conditions of surrounding markets; and
- the projected cash flow arrangement, costs, pricing and return on investment in respect of the project.

Site selection also involves many other departments. In general, each of the Development Department, Sales Department and Planning and Design Department of our relevant subsidiary will assist in the site identification process by performing research and analysis relating to the market trends and conditions and completing a market positioning report. The Sales Management Department and Research and Development Center at the group headquarters will also be involved if we are considering entering a new city. The Planning and Design Department of our subsidiary will then prepare a planning and design proposal based on the market positioning report and provide it to the design firm we selected. The Cost Planning Department will prepare the cost calculation, and the Finance Department will assess the anticipated cash flow and profits. The Development Department will then prepare a preliminary feasibility study and report the results to the Chief Executive Officer's office, after which, if the study is well-received, the Chief Executive Officer's office will become more actively involved in inspecting and assessing the land site. Lastly, the Chief Executive Officer will present to the Board a final proposal on the acquisition and development of the relevant land parcels and seek its approval.

Land Acquisition

We use and plan to use a variety of channels to acquire land interests, which include:

- acquiring from governments through public tenders, auctions and listing-for-sale;
- purchasing from existing non-governmental land-interest holders pursuant to land transfer agreements;
- establishing joint ventures with companies which have acquired or are well-positioned to acquire interests in land;
- investing in or taking over under-valued companies which have acquired interests in land; and
- selectively seeking primary land development opportunities from local governments, by which we believe we can gain important insights into the land parcels and the related government development plans and therefore be better positioned in the subsequent public tender, auction or listing-for-sale process to successfully acquire the land.

In addition to the above channels, we also acquired land interests in the past through land grant from the government pursuant to agreements entered into directly with the relevant government authority. In July and August 2003, our subsidiary Sunac Zhidi acquired the land interests in connection with the Mind-Land International and Joy Downtown projects, respectively, pursuant to land grant contracts entered into directly with the Planning and State-Owned Land and Resources Bureau of Tianjin Municipality. On March 31, 2004, the Ministry of Land and Resources of the PRC and the Ministry of Supervision of the PRC issued the Notice Regarding Supervision Work of Legal Enforcement Situation of Granting Business Land Use Rights Through Tender, Auction or Listing-for-Sale (《關於繼續開展經營性土地使用權招標拍賣掛牌出讓情況執法監察工作的通知》), which requires that effective from August 31, 2004, land designated for business purposes shall be granted through tender, auction or listing-for-sale and may not be granted pursuant to agreements entered into directly with local governments for any historical reasons. We therefore no longer rely on land grant contracts with the government as one of our land acquisition channels. Our PRC Legal Advisors are of the view that, because the land grant contracts in respect of the Mind-Land International and Joy Downtown projects were entered into before August 31, 2004, our land acquisitions in connection with such projects were conducted in compliance with the relevant PRC regulatory requirements governing the ways land may be granted.

In conjunction with the acquisition of land interests from the PRC Government, property developers in the PRC are required to pay a land grant fee to the relevant government authority and apply for the Land Use Right Certificate in relation to the land interests. See also "– Overview of Our Property Development Business" for information relating to certain land parcels for which we have not obtained the Land Use Right Certificates.

Our ability to acquire land for development is subject to extensive regulations issued by the PRC central and local governments. On September 28, 2007, the Ministry of Land and Resources amended the Regulation on the Grant of State-Owned Land Use Rights by Way of Tender, Auction and Listing-For-Sale (《招標拍賣掛牌出讓國有建設用地使用權規定》), which provides that effective November 1, 2007, property developers must fully pay the land grant fee for the entire parcel under the land grant contract before they can receive a Land Use Right Certificate and/or commence development on the land. As a result, property developers are no longer permitted to bid for a large piece of land, make partial payment for the land grant fee, and then apply for a Land Use Right Certificate for the corresponding portion of land and commence development thereon. The implementation of the regulation will require property developers to maintain a higher level of working capital. Although the regulation does not affect our current portfolio of land as we obtained the interests in land before the effective date of the regulation, we cannot assure you that our cash flow position, financial condition or business plans will not be materially adversely affected in the future as a result of the implementation of this regulation. See "Risk Factors – Risks Relating to Our Business – We may not be able to obtain the Land Use Right Certificates for certain land parcels held for future development and may be subject to stricter payment terms for land use rights with respect to land we acquire in the future as a result of any additional restrictive regulations promulgated by the PRC."

Project Financing

Our financing methods vary from project to project. Pursuant to the Guidance on Risk Management of Property Loans of Commercial Banks (《商業銀行房地產貸款風險管理指引》), issued on August 30, 2004, a property developer applying for property development loans must have, as its own working capital, at least 35% of the capital required for the development of the project. We are therefore required to fund at least 35% of our property developments with internal resources. We typically use internal funds to pay for the land acquisition costs and use internal funds and project loans from PRC banks to finance the initial construction costs for our property developments. Bank financing therefore is an important source of funding for our property development projects. As of July 31, 2010, we had outstanding borrowings from banks and other financial institutions amounting to RMB5,798.4 million. We have been and expect to be able to generate additional cash from our development projects through pre-sales after the properties meet the requirements for pre-sale under applicable PRC regulations. Such proceeds from pre-sales, together with our bank borrowings, constitute the major sources of funding for the construction of our property developments. Nonetheless, we cannot assure you that we will be able to continue to obtain sufficient bank loans or make interests payments or otherwise finance our business in this manner in the future. See "Risk Factors – Risks Relating to Our Business – We maintain a substantial level of indebtedness to finance our capital intensive business, and we may not have adequate cash flow to fund our operations or to service our financing obligations."

On June 5, 2003, the PBOC published the Notice on Further Strengthening the Management of Loans for Property Business (《中國人民銀行關於進一步加強房地產信貸業務管理的通知), which prohibits commercial banks from advancing loans to fund the payment of land grant fees. As a result, we may use only our own funds to pay for land grant fees. Following the Opinion on Adjusting the Housing Supply Structures and Stabilizing House Prices (《關於調整住房供應結構穩定住房價格的意見》) promulgated by the State Council on May 24, 2006, the credit conditions on property development became further regulated to deter property developers from using bank loans to accumulate land. Pursuant to these regulations, commercial banks in the PRC were not permitted to provide loans to property developers failing to meet loan conditions, such as having less than 35% of the project capital required for development, and commercial banks had to require property developers to obtain Land Use Right Certificates and have at least 35% of the project capital required for a development prior to a loan grant. In May 2009, the State Council issued the Notice on Adjusting the Proportions of Registered Capital in Fixed Asset Investment Projects, which has lowered the minimum capital ratio for commercial and high-end residential property projects from 35% to 20%. As of the Latest Practicable Date, our project companies have satisfied the foregoing requirements in their applications for loans and have passed the approval process of the relevant mortgage bank. In addition, we have paid land grant fees from the proceeds derived from the sale of properties and not from any of our outstanding bank borrowings. We plan to continue to use the proceeds from the sale and pre-sale of our properties and our other internal funds to finance our future land grant fee payments.

Project Design

Project design is a critical step of the project development process. It typically takes approximately six months to develop the market positioning and design of a project. First, the Sales Department and Planning and Design Department of our companies are responsible for researching the needs of our target customers and determining the market positioning of each project accordingly. Such research is instrumental in achieving a competitive design that not only appeals to our target customers but also caters to their needs. The Planning and Design Department of our companies will then prepare the detailed timetable for the design process, determine the design budget and prepare the plan for selecting a design firm, all of which are subsequently reported to the Research and Development Center at our group headquarters for approval. The Research and Development Center is responsible for running meetings to discuss and review the project positioning, planning and design of a project.

The Planning and Design Department of our companies is responsible for leading and managing the design process of the particular project. In general, it outsources the design work to reputable international design firms, such as EDAW, D.P. and Peddle Thorp, and Chinese design firms such as Beijing Institute of Architectural Design, China Beijing Architectural Design and Research Institute Ltd., Chongqing Architectural Design Institute and China CTDI Engineering Corporation, which are generally third-party firms independent from us. Throughout the design process, the Planning and Design Department will work closely with such outside firms and monitor their work to ensure the project design meets our quality standards and reflects our desired market positioning of our products. During the construction stage, our professional engineers at the Planning and Design Department will also closely monitor the quality of property products to ensure the proper execution of the design plan.

Pre-construction Planning

Regulatory Approvals

According to PRC regulations, once we have obtained the interests in land for the development of a project, we must obtain various government approvals in order to commence the planning and construction of the properties. In particular, we have to apply for and obtain the following permits before construction may commence:

- Construction Land Planning Permit, which allows a developer to conduct the survey, planning and design of a parcel of land;

- Construction Works Planning Permit, which allows a developer to perform the overall planning and design of a project and to apply for a Construction Permit; and

- Construction Permit, which is required for the commencement of construction.

Procurement

We centrally procure certain supplies in bulk for all of our projects, including primarily air-conditioners, elevators and paint. The Project Management Department at our group headquarters is responsible for the centralized procurement of these supplies through the process of public tenders. It typically solicits price quotes from at least three well qualified suppliers and selects a shortlist of suppliers meeting our requirements after multiple rounds of discussions and bid revisions. It will then select the winning bidder based on the selection criteria set forth in the request-for-tender document. The Project Management Department will also finalize the prices, payment terms, delivery arrangement and other terms with the winning bidder. We believe that our centralized procurement procedures enable us to benefit from economies of scale as well as stronger bargaining power, thereby lowering our costs and delivering better value to our customers.

Our construction contractors are generally responsible for procuring construction materials themselves, including, for example, steel, cement, sand and stone.

Construction

Project construction commences once we obtain the Construction Permit for a project. Construction is usually the longest step of the project development process, taking up to 15 to 20 months or longer, based on the types of properties developed. In general, we outsource our construction work entirely to Independent Third Parties. For the years ended December 31, 2007, 2008 and 2009 and the three months ended March 31, 2010, approximately 19.7%, 13.8%, 24.4% and 7.9%, respectively, of our total purchases were attributable to our five largest construction contractors and approximately 6.4%, 4.2%, 6.9% and 2.7%, respectively, of our total purchases were attributable to our largest construction contractor.

The Construction Department and Cost Planning Department of our companies coordinate with each other to review the bidding proposals and select the winning contractors for each project, and report to our group headquarters for approval. Upon the commencement of construction for each project, the Construction Department of the relevant company becomes responsible for managing the day-to-day operations of the contractor, monitoring the work progress and maintaining quality control. The Construction Department continually monitors the progress and quality of construction to maintain quality control and effective execution of the construction plan. The Cost Planning Department also monitors the construction activities to maintain effective control over costs.

Quality Control

We place a strong emphasis on quality control to ensure we provide high-quality properties and services to our customers. For example, we have formulated detailed management policies on project supervision and quality control, by which all relevant departments at our group headquarters and of our companies are required to strictly abide. Our construction contractors also have to follow our quality control procedures.

In order to ensure quality standards, we generally require that our materials and equipment supplies have certain quality certifications or obtain certain authorizations and have passed our examination prior to their use and installation. In addition, engineers of the construction departments of our companies typically conduct on-site inspections on a daily basis. In connection with quality control checkpoints, inspections have to be performed under the supervision of project supervisors. Upon the discovery of any issues, the engineers have to propose relevant plans to resolve the issues and follow up on the implementation.

In order to ensure our completed properties meet the relevant quality standards, our group headquarters and our companies routinely perform inspections of properties prior to their delivery to our customers.

Sales and Marketing

The Sales Department of each of our companies is responsible for planning and implementing work related to sales and marketing for the relevant projects. Each company typically proposes the selling prices of the properties, the sales and marketing expenditures plan and the marketing strategies for the relevant projects and reports to the Sales Management Department of our group headquarters for its review and approval. Planning and control for sales and marketing expenditures and pricing management are some of the key tasks managed by our group headquarters. The Sales Management Department is responsible for running review meetings to discuss and approve such proposals. Key management employees at our group headquarters such as the Chief Executive Officer, President and main Vice Presidents are required to participate in such review and approval process.

Each of our companies is responsible for determining the prices of property products and executing a range of sales and marketing activities for the relevant projects. In general, our companies will determine the prices based on the competitive landscape and other relevant market factors, with the goal of achieving our profit targets while maintaining a balanced cash flow position. They will also strive to build up the presence and recognition of our project and corporate brands before the launching of pre-sales or sales. For example, in respect of our Magnetic Capital, Mind-Land International, Chongqing Olympic Garden and Swan Lake projects, we believe that we have developed and maintained a high level of brand recognition, brand rating and brand loyalty. Using our understanding of our target customers, we perform a range of sales and marketing activities through various channels to maintain our relationships with existing customers and to reach potential purchasers. We advertise on various media including newspapers, magazines, the Internet, billboards and other outdoor media.

We highly value the capability as well as the energy and commitment of our sales force. As of August 31, 2010, our sales force comprised 146 employees. We do not engage third-party sales agents to sell properties for us. The Sales and Marketing Department of each of our companies is responsible for managing its own sales team. We conduct training sessions on market conditions, sales techniques, knowledge of the property market, among others topics, for our staff from time to time and also conduct specific training for each project prior to the commencement of its pre-sales. We offer performance-based remuneration packages for our sales force in order to create incentives for them to achieve our sales goals.

Pre-sale

We typically conduct pre-sales of our properties prior to the completion of a project or a phase of the project, subject to satisfaction of certain requirements set forth in laws and regulations governing the pre-sale of properties. Under the Law of the Administration of Urban Property of the PRC (《中華人民共和國城市房地產管理法》) and the Administrative Measures Governing the Pre-sale of Urban Property (《城市商品房預售管理辦法》) as amended in 2007 and 2004, we must meet the following conditions prior to commencing any pre-sales of a given property development:

- the land grant fee has been fully paid and the relevant Land Use Right Certificates have been obtained;
- the relevant permits required for the planning and construction of the property have been obtained;
- the funds contributed to the development of the project must reach 25% or above of the total amount to be invested in the project;
- the expected completion date and delivery date of the construction work have been ascertained; and
- the Pre-sale Permits must have been obtained from the relevant local government authorities.

In addition to the above conditions, various local regulations in each of our current portfolio of target cities stipulate further conditions that must be met before obtaining the Pre-sale Permits. See "Summary of Principal Legal and Regulatory Provisions – Real Estate Development – Sale of Commodity Houses – Pre-sale of Commodity Properties" in Appendix V to this prospectus.

As of the Latest Practicable Date, we were in compliance in all material respects with the relevant laws and regulations applicable to the pre-sale of properties in the PRC.

Payment Arrangements

Purchasers of our properties, including those purchasing properties for pre-sale, may arrange for mortgage loans with banks. The need for mortgages among our purchasers is prevalent, historically accounting for approximately 50-60% of our sales revenue. Because of the financial risks involved, we do not provide loans directly. However, in accordance with industry practice, we provide short-term guarantees to banks with respect to the mortgage loans offered to our purchasers. In line with industry practice, we do not conduct independent credit checks on our purchasers but rely on the credit checks conducted by the mortgagee banks. As of December 31, 2007, 2008 and 2009 and March 31, 2010, we had outstanding guarantees for mortgage loans of our purchasers in the amount of RMB1,081.7 million, RMB1,500.8 million, RMB1,459.7 million and RMB1,058.5 million, respectively. We have not experienced any material default on mortgage loans guaranteed by us as of March 31, 2010 but cannot guarantee that we will not incur losses on any defaults in the future. See "Risk Factors – Risks Relating to Our Business – We guarantee the mortgages provided to our purchasers and consequently are liable to the mortgagee banks if our purchasers default on their mortgage payments."

The payment terms for sales and pre-sales of properties are substantially identical. We typically require our purchasers to pay a non-refundable deposit, ranging generally from RMB5,000 to RMB50,000, before entering into formal purchase agreements. Upon executing the purchase agreements, those purchasers who choose to make a lump-sum payment are typically required to make full payment of the total purchase price of the property. If the purchaser chooses to fund his or her purchase using mortgage loans provided by banks, under current PRC laws and regulations they may obtain mortgage loans of up to the maximum amount allowed under PRC law, with a repayment period of up to 30 years. These purchasers must pay the remaining balance of the purchase price that is not covered by the mortgage loans prior to the disbursement of the mortgage loans from the mortgagee banks.

Delivery and After-sale Service

The Customer Service Department of each of our subsidiaries or associated project companies engaged in property development is responsible for managing the delivery of properties and providing customer services after the sale of properties.

Delivery

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 in an effort to ensure timely delivery. The timetable for delivery is set forth in the purchase agreements entered into with our purchasers of pre-sale properties. Once we have performed various inspections and obtained the Certificate of Completion, we will notify our purchasers concerning the delivery. The purchase agreements in general contain liquidated damages clauses that set forth the amount of damages payable by the relevant group company or project company typically for each day of delay. See "Risk Factor – Risks Relating to Our Business – We may not be able to complete our property development projects on time or at all" and "Financial Information – Consolidated Results of Operations."

We are typically required to obtain a general Property Ownership Certificate for each of our completed projects and in general will assist our customers in obtaining their Property Ownership Certificates. We may be subject to the risks involved in obtaining Property Ownership Certificates. See "Risk Factors – Risks Relating to Our Business – We may be liable to our customers for damages if we fail to assist our customers in obtaining individual Property Ownership Certificates in a timely manner."

Property Management

Our residential and commercial properties are managed either by Sunac Property Management or its subsidiaries, which we acquired in March 2010, or by third-party property management companies in the PRC. We support and oversee these property management companies in their provision of services for and handling complaints of our purchasers, tenants and retail customers. For more information on our property management operations, see "Business – Property Management" below. With respect to our commercial properties, our project companies also have specialized staff in charge of soliciting merchants and administering and auditing rental payments.

PRIMARY LAND DEVELOPMENT

In collaboration with primary land developers, we participate in primary land development projects as a strategic ancillary business to help increase our opportunities to acquire land with good potential for property development. Primary land development projects generally involve carrying out certain land clearing and site preparation activities with respect to state-owned land under government contracts before such land may be granted by the government for property development or other purposes. For example, these activities include resettlement of residents in the affected area, demolition of existing buildings and structures, construction of public facilities, and construction of infrastructure and public utilities pipes and other networks. We identify and evaluate primary land development opportunities generally through conducting comprehensive studies of the local market trends and conditions and analyzing, among other things, the government plan, if any, on the future use of the land and the estimated return on investment in the primary land development operations. As the local governments generally intend to engage enterprises with strong capabilities for primary land development, we believe our strong experience and capabilities in property development in the local markets, our substantial capital resources and the well-established recognition of our business can help us secure primary land development opportunities of strategic value to our land acquisition ability.

Beibei, Chongqing

Through our associated project company Chongqing Shangshan, we have agreed with the Beibei District government in Chongqing pursuant to several agreements entered into in 2007 and 2008 to participate in primary land development for a land parcel with a site area of approximately 1,380,000 sq.m. Chongqing Shangshan is primarily responsible for providing financing of up to approximately RMB580 million to support the operations and facilitating the primary land development processes, while the Beibei District government undertakes the primary responsibilities of resettling and compensating the residents, clearing the land and constructing public facilities, infrastructure and public utilities networks. While Chongqing Shangshan has experienced some delays in making the capital contributions required under the agreement and has so far funded only RMB75 million, we intend to fund the remaining amounts with revenue of Chongqing Yuneng, which directly holds 99% of the equity interest in Chongqing Shangshan, and the other working capital of our Group, under a revised funding schedule being discussed with the Beibei District government. The Beibei District government has agreed to pay Chongqing Shangshan an amount equal to its total capital contribution and a return thereon with an annualized interest of 12-14% within 10 days of receiving its share of the land grant proceeds. In addition, it has agreed to pay Chongqing Shangshan 50% of its share of proceeds from the land grant in excess of the listed or reserve price of the land, if any, within 10 days of receiving any such share. In the event of termination of the agreement on the part of Chongqing Shangshan, it will be required to forfeit its performance bond of RMB50 million paid to the Beibei District government. In the event of termination of the agreement on the part of the Beibei District government, the Beibei District government will be required to pay Chongqing Shangshan double the amount of its capital contribution. After completion of the primary land development works, the government will make the land available for granting under the public tender, auction or listing-for-sale process. Although we did not have any past experience in engaging in primary land development in respect of any land we have successfully acquired, we believe our primary land development operations can generally help us gain important insights into the land parcels and the related government development plans, and therefore better position us in the subsequent public tender, auction or listing-for-sale process to successfully acquire the land. Our PRC Legal Advisors are of the view that we do not need to possess any specific qualification for our involvement in the primary land development cooperation with the Beibei District government and our involvement in primary land development to help strengthen our land acquisition ability is not in conflict with PRC laws and regulations.

As confirmed by our PRC Legal Advisors, there is no comprehensive or uniform regulation on primary land development in the PRC. However, some local governments have adopted different regulations governing various aspects of primary land development. For example, in Chongqing, the municipal government has promulgated certain administrative measures governing, among other things, the type of land subject to primary land development, the approval procedures, the scope of work involved such as resettlement, demolition and infrastructure construction, the funding management and requirements, and certain legal liabilities. As the Beibei District government plays a leading role in our primary land development project in Chongqing, we have worked closely with the government in the planning and execution of the primary land development operations in compliance with the relevant local regulations.

While we intend to continue to selectively seek primary land development opportunities with a view to enhancing our land acquisition opportunity, we are currently pursuing certain proposed transactions pursuant to a memorandum of negotiation dated August 18, 2010, including our proposed purchase of a 40% equity interest in Chongqing Yueng (which currently directly owns 99% of the equity interest in Chongqing Shangshan) together with the proposed disposal by Chongqing Yuneng of its 99% equity interest in Chongqing Shangshan. The proposed transactions contemplated by the memorandum of negotiation have been proposed and negotiated among the parties thereto, and Chongqing Yuneng Real Estate and Beijing Guoxin intend and offered to purchase a 85% equity interest and a 14% equity interest in Chongqing Shangshan, respectively. For more information, see "Financial Information – Recent Developments – Proposed Acquisitions of Chongqing Yuneng and APEV Property Management and Proposed Disposal of Chongqing Shangshan."

Tuanbo Xincheng, Tianjin

Through our wholly owned subsidiary Sunac Ao Cheng, we entered into an agreement dated February 6, 2010 with Binhai Tuanbo Xincheng (Tianjin) Holdings Co., Ltd. (濱海團泊新城(天津)控股有限公司) ("Binhai Tuanbo") in relation to a primary land development opportunity in Tuanbo Xincheng, Tianjin. Binhai Tuanbo, an Independent Third Party, is a primary land developer based in Tianjin and has entered into an agreement with the Jinghai County Government in Tianjin to conduct primary land development activities in respect of the project. The land of the project is located in Tuanbo Xincheng, Tianjin, which was designated by the Tianjin Municipal Government in its Eleventh Five-Year Plan (covering the period from 2006 to 2010) to be one of the key new cities to be developed during that period. It is located approximately 14 kilometers from the Tianjin Radio and TV Tower and the Tianjin Olympic Sports Center. The land has a site area of approximately 1,091,424 sq.m. and a planned aggregate GFA of approximately 625,210 sq.m. The Jinghai County Government has not granted any of such land. We expect the land grant will be conducted in three phases between late 2010 and 2012, for a total price of not less than RMB940.7 million.

Pursuant to our agreement with Binhai Tuanbo, Binhai Tuanbo is responsible for undertaking the primary land development activities while we are responsible for various support work to facilitate the primary land development process, such as assisting Binhai Tuanbo to obtain the relevant approvals from government authorities and prepare the primary land development plan. We have also provided capital funding of RMB50.0 million to the project. Binhai Tuanbo has agreed to (i) repay us the amount of RMB50.0 million if we succeed in acquiring the land through the public tender, auction or listing-for-sale process, which we expect to commence for the first phase as early as in September 2010; or, alternatively, (ii) pay us an amount equal to our total investment in the Tuanbo Xincheng project and a return at a rate equal to the benchmark lending rate published by the PBOC if we do not succeed in acquiring the land. We believe this primary land development project would help us gain more insights into the land parcels and better position us in the subsequent public tender, auction or listing-for-sale process to successfully acquire the land. Our PRC Legal Advisors have advised us that we do not need any specific qualification in order to participate in the primary land development cooperation with Binhai Tuanbo and that our involvement in primary land development is not in conflict with PRC laws or regulations or any regulations on primary land development promulgated by the Tianjin Municipal Government.

LEASING

With a strategic view to diversify our revenue stream and to moderate the supply of our properties for sale, we held a total of approximately 90,711 sq.m. rentable GFA in Magnetic Capital and Joy Downtown for lease to commercial tenants as of March 31, 2010. For example, we leased three sizeable retail properties in Magnetic Capital to a supermarket, a cinema and an appliance retailer, with a total rentable GFA of approximately 34,234 sq.m., for a lease term of 10 to 20 years each. We also held certain properties in Joy Downtown with a total rentable GFA of approximately 13,751 sq.m. for lease to a variety of commercial tenants, including entertainment establishments and restaurants, for a lease term of 8 to 20 years each. In addition, as of March 31, 2010, we held underground parking spaces in Magnetic Capital for rent, with a total rentable GFA of approximately 14,075 sq.m. For information on risks associated with our leasing business, see "Risk Factors – Risks Relating to Our Business – We depend on a small number of commercial tenants for our properties held for lease and may not be able to collect rent on time or at all."

In order to promote the business of commercial tenants and thus the value of our properties, we cooperate with various companies and professional firms in commercial management. We have successfully solicited well-established merchants to lease our commercial properties in Magnetic Capital and Joy Downtown. These merchants include E-MART, the large supermarket chain in the PRC; Jinyi International Cinemas, a well-established cinema chain from Guangzhou; and Suning Appliance, one of the largest retailers of electronics and appliances in the PRC.

PROPERTY MANAGEMENT

We have in the past engaged third-party property management companies to manage all our completed property developments. In March 2010, we began to provide property management services, through our wholly owned subsidiary Sunac Property Management or its subsidiaries, to certain of our completed residential and commercial properties, including Magnetic Capital (residential properties only), Mind-Land International, East Fairyland, Chongqing Olympic Garden and Suzhou 81. We commenced our property management operations by acquiring, through Sunac Zhidi, the entire equity interest in Sunac Property Management on March 20, 2010. See "History and Reorganization and Group Structure – History – Sunac Property Management." Our property management services generally include security, maintenance of common facilities and gardening and landscaping services. Our Group headquarters supports and oversees the provision of property management services by Sunac Property Management and its subsidiaries in respect of the relevant properties. The owners of the properties managed by us are entitled to collectively review the services with us periodically and decide to renew or discontinue their service contracts. In addition to managing certain of our properties, Sunac Property Management also provides property management services to certain public facility in Tianjin.

Certain of our completed properties are currently managed by Independent Third Parties. These include, for example, the retail and office space at Magnetic Capital and Joy Downtown. See also "– Intellectual Property Rights" below. We may seek to provide property management services to these properties as well in the future.

Our completed properties at Asia Pacific Enterprise Valley are currently managed by APEV Property Management, a property management company owned as to 45% by Yingxin Xinheng, 40% by Chongqing Yuneng Real Estate and 15% by Beijing Guoxin. We are currently pursuing a proposed purchase of the 40% equity interest in APEV Property Management from Chongqing Yuneng Real Estate. We began to consider such proposed purchase after completing the acquisition of Sunac Property Management in March 2010. We subsequently entered into a memorandum of negotiation dated August 18, 2010 in connection with such proposed purchase and certain other proposed transactions. The proposed purchase of the 40% equity interest in APEV Property Management is subject to certain conditions, and upon the successful completion of such proposed purchase, we may consider purchasing an additional equity interest in APEV Property Management to acquire a controlling interest in this company. We have obtained a right of first refusal, subject to PRC law, relating to the purchase and sale of the 45% equity interest in APEV Property Management held by Yingxin Xinheng.

CUSTOMERS

Our customers are principally individual purchasers from the PRC and our five largest customers accounted for less than 30% of our revenue during the Track Record Period. With respect to our residential properties, we focus on developing medium to high-end properties for medium to high-income target customer segments. Local residents constitute the core customer base for our projects. In addition, because of our strong brand recognition and brand influence, we have generated demand by residents in the neighboring areas of each project as well as high-income residents from foreign countries.

COMPETITION

The property industry in the PRC is highly competitive. We compete with other property developers based on a number of factors 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 property developers in the PRC, and our competitors differ from city to city. Some of our competitors may have greater financial, marketing, land and other resources than we have, as well as greater economies of scale, broader name recognition, a longer track record and more established relationships in certain markets. For more information on competition, see "Risk Factors – Risks Relating to Our Business – Increasing competition in the PRC, particularly in Tianjin, Beijing, Chongqing, Wuxi and Suzhou, may adversely affect our business and financial condition."

INTELLECTUAL PROPERTY RIGHTS

As of the Latest Practicable Date, Sunac Zhidi had registered 174 trademarks, including "SUNAC" and "融创," under various categories including building construction and real estate affairs in the PRC. We have applied for registration of additional trademarks, including our Company's logo included on the cover of this prospectus, in the PRC and in Hong Kong.

We have licensed to two commercial property management companies, namely Tianjin Sunac Commercial Management Co., Ltd. (天津融創商業管理有限公司) and Tianjin Sunac Joy Downtown Commercial Management Services Co., Ltd. (天津融創上谷商業管理服務有限公司), the right to use substantially all of our trademarks registered or under applications in the PRC as set forth in the respective license agreements entered into with each of these two companies in April 2010. These two commercial property management companies are wholly owned by Wanfang Property Management, an Independent Third Party, from whom we acquired Sunac Property Management in March 2010. These two companies have been providing commercial property management services in respect of the retail and office space at Magnetic Capital and Joy Downtown, respectively. Pursuant to the license agreements, these two companies may use the licensed trademarks in their company names and in their ordinary course of business in relation to the retail and office space of solely the Magnetic Capital and Joy Downtown projects until February 2011. Moreover, they may not transfer such rights to any third party or authorize any third party to use the licensed trademarks without obtaining our prior consent. We have been advised by our PRC Legal Advisors that in the event of infringement of our intellectual property rights, we may bring a lawsuit to enforce our contractual rights and intellectual property rights or we may seek remedies from the Administration of Industry and Commerce in the PRC, such as injunctions against the inappropriate use of trademarks, seizure of the infringing materials and imposition of penalties.

We are the owner of the domain names of "sunac.com.cn" and "sunac.cn." We also own domain names for certain of our projects, such as "shidaiaocheng.com."

For more information on our intellectual property rights, see "Appendix VII – Statutory and General Information – B. Further Information About Our Business – 2. Intellectual property rights of our Group."

INSURANCE

In general, our contractors and our property management companies and the relevant third-party property management companies are required to purchase certain insurance coverage for our properties. Our contractors typically have to maintain all-risk and third-party insurance policies for our properties under construction, while our property management companies and the relevant third-party property management companies generally have to maintain all-risk property insurance, equipment damage insurance and public liability insurance for the common areas and amenities of our commercial properties. Consistent with what we believe to be customary practice in the property development industry in the PRC, we do not separately maintain insurance for the destruction of or damage to our property developments, whether they are under development or have been completed prior to delivery; nor do we separately carry insurance against personal injury or other liabilities that may occur during the construction of our property developments or that may arise in the common areas of our completed property developments. There is a risk that we may incur uninsured losses, damages or liabilities. See "Risk Factors – Risks Relating to Our Business – We do not have insurance to cover all potential losses and claims."

We maintain various types of social security insurance for our employees. See "Directors, Senior Management and Employees – Employees – Other Employee Benefits" for more information.

COMPLIANCE

Our subsidiaries and associated project companies have been involved in various incidents of non-compliance in the past, including certain incidents of material non-compliance, which are summarized as follows:

		Legal implications/Financial impact		
Entity name(s)	**Description and nature of non-compliance**	**Track Record Period**	**Potential consequences**	**Remedial actions**
Sunac Zhidi and Chongqing OG	Each of Sunac Zhidi and Chongqing OG had not obtained the Grade I Qualification Certificate required for development of projects with GFA exceeding 250,000 sq.m.	–	• Penalty of RMB50,000 to RMB100,000 • Required to rectify such non-compliance during cure period • Revocation of qualification certificate and business license and adjustment of the aggregate GFA under development if failing to rectify such non-compliance during cure period	• Sunac Zhidi had obtained the Grade I Qualification Certificate on June 9, 2010 • Chongqing OG is in the process of applying for Grade I Qualification Certificate; the required documents have been filed with the relevant authorities
Chongqing OG and Chunshen Lake	Our Group acquired a 5.9% equity interest in Chongqing OG and 22% equity interest in Chunshen Lake, respectively, from third-party transferors who are state-owned companies, but the third-party transferor failed to file asset appraisal reports and go through the listing-for-sale process as required by applicable PRC laws and regulations governing transfer of state-owned assets	–	• Nullification of such transfers resulting in a decrease in our equity interest in Chongqing OG and Chunshen Lake to 94.1% and 78.0%, respectively • Loss of profit and cash inflow, if any, attributable to such equity interests	• Our Controlling Shareholders have agreed to indemnify us against all damages we may suffer as a result of nullification • The transferors have agreed to re-transfer to us any nullified equity interests without further consideration
Chongqing Yuneng	A land grant fee of RMB298.2 million in respect of the Asia Pacific Enterprise Valley project had not been paid before we acquired the equity interest in Chongqing Yuneng	• Penalty of RMB22.0 million, which has been fully paid	–	• Chongqing Yuneng paid up the full amount of the land grant fee and obtained the Land Use Right Certificates for the Asia Pacific Enterprise Valley project

In addition, we have been involved in various incidents of non-compliance which we believe have been rectified or, as confirmed by our PRC Legal Advisors, are subject to relatively low risks of significant adverse legal or regulatory consequences. These incidents included:

- delays in completing the registration for an increase in capital for WFOE-I. Such incident was in breach of the Implementation Opinions on Some Issues concerning the Administration of Examination, Approval and Registration of Foreign-Invested Companies jointly issued by the State Administration for Industry and Commerce, MOFCOM and certain other government authorities, which require the registration of an increase in capital for a WFOE to be completed within 30 days of the relevant governmental approval. Such breach may result in the invalidity of the increase in capital. We have been advised by our PRC Legal Advisors that, as the registration for the capital increase was subsequently completed on December 17, 2007, and WFOE-I has passed the annual inspection for 2007, 2008 and 2009, the risk that our Company will be subjected to such adverse consequence is low;

- delays in making payments of the land grant fees in respect of the Magnetic Capital and Chongqing Olympic Garden projects and making capital contribution for Sunac Zhidi, in breach of the relevant land grant contract and the applicable regulations concerning the registration of a company's capital. Such payments and capital contribution have subsequently been made;

- a minor breach of the land grant contract in respect of the Asia Pacific Enterprise Valley project, in respect of which the site area for which we have obtained the Land Use Right Certificates has exceeded the granted site area by approximately 1,438 sq.m. For such excess site area, Chongqing Yuneng could be required to pay additional land premium. We have been advised by our PRC Legal Advisors that, as the land grant contract provides that the land area in relation to the relevant land use rights would be subject to final determination based on the actual area granted and the relevant land authority in Chongqing has confirmed that Chongqing Yuneng has satisfied all land premium payment obligations, the risk of imposing additional land premium payments is low;

- failure to meet the stipulated deadlines for commencing construction for the Suzhou 81 and Xishan Yihaoyuan projects because of a delay on the part of the government in completing certain land clearing works and a longer than expected government approval process for obtaining relevant planning permits, respectively. Such incidents were in breach of the relevant state-owned land grant contract, and/or did not comply with the Notice on Promoting the Saving and Intensive Use of Land promulgated by the State Council, and the maximum penalty for such incidents is the forfeiture of the relevant land parcels. With respect to the Suzhou 81 project, we have been advised by our PRC Legal Advisors that the risk of forfeiture of land or imposition of other penalty is low, given (i) the city land administration authority in Suzhou has confirmed that the delay in commencing construction was due to the local government's failure to remove a power line over the land; (ii) the relevant local land administration authority and local government have confirmed that they will not seek to hold Chunshen Lake liable for such delay; and (iii) construction for the project subsequently started on June 1, 2008. With respect to the Xishan Yihaoyuan project, we have been advised by our PRC Legal Advisors that the risk of forfeiture of land or imposition of other penalty is low, given (i) the relevant local land administration authority has verbally informed our PRC Legal Advisors and the Joint Global Coordinators' PRC legal advisor in an interview that as we had been actively pursuing the development of the project, the authority does not intend to seek to hold Shougang Sunac liable for such delay; (ii) we expect that the project would be completed as originally scheduled and prior to the completion deadline stipulated on the land grant contract; and (iii) construction for the Xishan Yihaoyuan project commenced in April 2010;

- delays in paying up the registered capital of WFOE-IV. Such incident was in breach of the PRC Company Law and WFOE-IV could be subject to penalties of the revocation of the business license and/or a fine up to 15% of the unpaid capital. As WFOE-IV had sufficient funds to complete the onshore reorganization at the beginning of 2008, the outstanding amount of the registered capital of WFOE-IV of approximately RMB35 million was no longer required and was not paid up. On September 6, 2010, we completed the requisite government registration procedures to reduce the registered capital of WFOE-IV, as a result of which no amount of its registered capital remains outstanding. We have been advised by our PRC Legal Advisors that in light of the approvals given by the relevant authority in connection with the reduction of capital, the risk of revocation of business licence or imposition of penalty due to the failure of contribution of registered capital is low;

- failure of third-party vendors to fully complete asset appraisals and related procedures for equity transfers for Sunac Zhidi and Wuxi Sunac City. Such transfers did not comply with the Interim Measures for the Administration of Transfers of State-owned Property Rights of Enterprises or the Interim Measures for the Administration of Appraisal of State-owned Assets of Enterprises and, as a result, could be voided. With respect to Sunac Zhidi, we have been advised by our PRC Legal Advisors that the asset appraisal and listing-for-sale process were duly completed and only the filing requirements were not complied with in full because the asset appraisal was filed in 2005 only with the Tianjin Municipal Construction Administration (天津市市政工程局), which has not been officially delegated the authority to accept such filing. Nonetheless, we, our PRC Legal Advisors and the Joint Global Coordinators' PRC legal advisor were informed verbally in an interview with the Tianjin State-owned Assets Supervision and Administration Commission ("Tianjin SASAC"), the relevant authority in charge of transfers of state-owned assets, that it recognized the Tianjin Municipal Construction Administration's authority to accept such filings made by state-owned entities under its supervision before April 4, 2007 when the relevant local implementation rules setting forth the official administrative government authorities in charge of state-owned asset transfers became effective. Moreover, to the best of our knowledge, there has been no challenge of such filing procedures. As such, our PRC Legal Advisors are of the view that the risk of such transfer being voided is low. With respect to Wuxi Sunac City, our PRC Legal Advisors are also of the view that the risk of the transfer of a 20% equity interest from Shanghai Greenland Group Changshu Real Estate Co., Ltd. (上海綠地集團常熟置業有限公司) ("Shanghai Greenland"), which is a state-owned enterprise and an Independent Third Party, to Wuxi Sunac Real Estate being voided is low because (i) we, our PRC Legal Advisors and the Joint Global Coordinators' PRC legal advisor were informed verbally in an interview with Shanghai Greenland Group Co. Ltd., the parent company of the transferor Shanghai Greenland, that the original shareholding of the relevant equity interest in Wuxi Sunac City by Shanghai Greenland was in place solely as a guarantee for securing Shanghai Greenland's economic interest in another property development project jointly developed with two third parties, rather than being held by Shanghai Greenland as a regular investment, and Shanghai Greenland Group Co. Ltd. has agreed, pursuant to a framework agreement on cooperation entered into in 2005, to procure the equity transfer to those two third parties upon obtaining substitute collaterals from them and to also waive any shareholder rights during the period it holds such equity interest; hence, the equity transfer was in substance a termination of security arrangement as opposed to a transfer of interest in an equity investment; and (ii) Shanghai Land (Group), which was authorized by the Shanghai Municipal Government to complete the appraisal and filing procedures related to the transferred assets of Shanghai Greenland, has confirmed verbally to us, our PRC Legal Advisors and the Joint Global Coordinators' PRC legal advisor that it will not seek to take any action regarding Shanghai Greenland's failure to complete the required appraisal and filing procedures;

- failure of Sunac Zhidi to complete asset appraisals and related procedures for an increase and a decrease in capital contributions by shareholders, which changes have subsequently offset each other. Such incident was in breach of the Regulations on Several Issues Concerning the Appraisal of State-owned Assets issued by the Ministry of Finance, which could subject us to a public notice of criticism issued by relevant administrative authority for state-owned assets;

- arrangement for shareholder's loans directly between enterprises under certain borrowing, debt assignment and other agreements. Such loans did not comply with the General Rules on Loans of the PRC promulgated by the PBOC, which require any loans between non-financial entities or other parties be made in the form of entrusted loans through PRC commercial banks. We have been advised by our PRC Legal Advisors that the relevant penalties for non-compliance are that the relevant shareholder loans may be voided and the amount of accruable interest be confiscated, the borrowers may be subject to a fine equal to the amount of interest accruable at the applicable bank interest rate, and the lenders may be subject to a fine of one to five times of the interest it received on such shareholder loans. With respect to outstanding shareholder's loans provided by our joint venture partners to certain of our associated project companies, our associated project companies, as borrowers, could be subject to a possible fine resulting in a share of loss to us of RMB91.1 million, based on the amount of interest otherwise accruable at the applicable bank interest rates up to March 31, 2010. However, given that we believe neither our joint venture partners nor our associated project companies would likely bring any legal action involving the loans, our PRC Legal Advisors are of the view that the risk of penalty on our associated project companies, which is imposable only by the court in the event that any disputes involving the loans are brought to the court, is low. With respect to shareholder's loans provided by Sunac Zhidi, as lender, to certain associated project companies, as borrowers, given that such loans have either been repaid or been restructured into an entrusted loan and we believe neither Sunac Zhidi nor our associated project companies would likely bring any legal action involving the loans, our PRC Legal Advisors are of the view that the risk of penalty on Sunac Zhidi or on our associated project companies, respectively, is low; and

- absence of valid title documents required to be held by third-party lessors from whom we lease certain properties for conducting administrative operations. Under the Administration of the Leasing of Urban Premises Procedures promulgated by the former

Ministry of Construction, upon the challenge of third parties with valid title, such leases may be held to be invalid. However, the invalidity of such leases would not be expected to have a significant impact on our business as these leased properties on such leases are not crucial to our Company.

The Directors are of the view that, except as otherwise stated in this prospectus, we are in compliance in all material respects with all applicable PRC legal requirements relating to the PRC property sector. With respect to the requirements under the "70/90 rule," with effect from June 1, 2006, all new commodity residential property developments are required to have at least 70% of their total GFA composed of property units of less than 90 sq.m. each. As confirmed by our Legal Advisors, the PRC central government has not promulgated any detailed guidelines or implementation rules relating to such requirement. As such, the "70/90 rule" has been subject to different interpretations by government authorities in different cities. Nonetheless, each of our subsidiaries and associated project companies engaged in property development in the PRC has recently obtained a confirmation letter of compliance issued by the relevant local government authority, which acknowledges that it has complied with the relevant PRC laws and regulations relating to the planning of property development. None of our subsidiaries or associated project companies has been subject to any investigation or punishment by any government authority in relation to the "70/90 rule" or has not been materially and adversely affected by the rule.

In addition, in preparation for the Global Offering, we engaged a third-party internal control advisor, Protiviti Shanghai Co., Ltd. ("Protiviti"), to assist us in assessing and enhancing our internal control system. Protiviti is a global business consulting and internal audit firm specializing in risk advisory and internal control related services. Protiviti performed a series of assessments beginning in February 2008, focusing on various areas including our internal control environment, risk assessment framework, legal review process, financial control, operational processes and procedures, information and technology, and our readiness in terms of compliance with the Listing Rules. Based on its comprehensive assessment, Protiviti identified a number of deficiencies and weaknesses, including primarily the absence of an audit committee and a remuneration committee, lack of independent non-executive Directors in the Board, lack of communication of Director's responsibilities, insufficient segregation of incompatible duties in processing sales and purchase agreements, and insufficient reporting channels from our internal auditors. As recommended and confirmed by Protiviti, we have taken various measures to address these deficiencies and weaknesses, including the establishment of an audit committee and a remuneration committee, appointment of independent non-executive directors, establishment of a Directors' training program to ensure that all Directors understand their responsibilities, setting up of proper segregation of duties in processing sales and purchase agreements together with an independent review mechanism, and establishment of direct reporting channels between our internal auditors and the audit committee. In addition, we have further enhanced our internal control and legal and regulatory compliance procedures by updating our internal control and compliance manual with rules governing various aspects of our business, including project management, financial management, and bidding and sales management. Mr. Wang Mengde, our executive Director and Chief Financial Officer, and Ms. Liu Shuqing, Certified Internal Auditor and our director of internal audit, are primarily in charge of overseeing our internal control policies and procedures. For information on the experience and qualifications of Mr. Wang Mengde, see "Directors, Senior Management and Employees – Directors – Executive Directors." In addition, certain legal professional staff at our headquarters are in charge of designing, implementing and monitoring our legal and regulatory compliance procedures and providing related training to our employees. With a view to further enhancing our internal control, we intend to engage Protiviti for at least 18 months after the Listing to continually review our internal control system.

LABOR AND SAFETY

In respect of labor and safety, applicable relevant laws and regulations mainly include the PRC Labor Law (《中華人民共和國勞動法》), the newly passed PRC Labor Contract Law (《中華人民共和國勞動合同法》) and PRC Labor Dispute Mediation and Arbitration Law (《中華人民共和國勞動爭議調解仲裁法》), Opinions on Several Questions Concerning the Implementation of the Labor Law (《關於貫徹執行<中華人民共和國勞動法>若干問題的意見》), Interpretation of Questions Relating to Labor Contract on Implementation of the Labor Law (《實施<勞動法>中有關勞動合同問題的解答》), Provisions on Minimum Wages (《最低工資規定》), Provisions on Collective Contracts (《集體合同規定》), the Trial Procedures for Childbirth Insurance for Enterprise Employees (《企業職工生育保險試行辦法》), 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》), Provisional Regulations on the Collection and Payment of Social Insurance Premiums (《社會保險費徵繳暫行條例》), Regulations on Work-Related Injury Insurance (《工傷保險條例》), Regulations on Unemployment Insurance (《失業保險條例》), Decision of the State Council on Establishing a Uniform Basic Old-Age Insurance System for Enterprise Employees (《國務院關於建立統一的企業職工基本養老保險制度的決定) and the Regulations on the Management of the Housing Provident Fund (《住房公積金管理條例》). The aforementioned laws and regulations set forth relevant provisions on labor contracts, collective contracts, working hours, rest and vacation, wages, health and safety, the special protection of female and juvenile employees, social insurance and welfare for employees of the Group. We believe that during the Track Record Period, we have complied in all material respects with all applicable PRC labor and safety regulations.

ENVIRONMENTAL MATTERS

We are subject to PRC environmental laws and regulations as well as environmental regulations promulgated by local governments. As required by PRC laws and regulations, each project developed by a property developer is required to undergo an environmental impact assessment and an environmental impact assessment report is required to be submitted to the relevant government authorities for approval before commencement of construction. When there is a material change with respect to the construction site, scale or nature of a given project, a new environmental impact assessment report must be submitted for approval. During the course of construction, the property developer must take measures to prevent air pollution, noise emissions and water and waste discharge. In addition, we contract our construction works to Independent Third Parties and, pursuant to the terms of the construction contracts, such contractors and subcontractors are required to comply with the environmental impact assessment and the conditions of the subsequent approval granted by the relevant government authority. During construction, our project management teams supervise the implementation of the environmental protection measures.

In addition, PRC environmental laws and regulations provide that if a construction project includes environmental facilities (including engineering 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 of environmental facilities from the environmental authorities is necessary.

All relevant local environmental bureaus have confirmed with us that during the Track Record Period our operations were in compliance with currently applicable national and local environmental laws and regulations in all material respects.

LEGAL PROCEEDINGS

On January 19, 2010, certain arbitration claims were brought against Sunac Zhidi by Sunco Land, currently a subsidiary of Road King Infrastructure Limited, before the China International Economic and Trade Arbitration Commission (the "CIETAC"). Such claims were related to the transfer of a 50% equity interest in Shougang Sunac from Sunco Land to Sunac Zhidi in 2007. In connection with such transfer, Sunac Zhidi agreed to pay 50% of its share of the dividends distributable from the East Fairyland project to Sunco Land as the consideration for such transfer. We do not have a majority interest in the capital of Shougang Sunac and do not have control over Shougang Sunac's management or its distribution of dividends. As of the Latest Practicable Date, no dividend attributable to the East Fairyland project had been distributed from Shougang Sunac and we therefore had not paid Sunco Land any amount in connection with such transfer. As of March 31, 2010, we estimated the amount of dividends distributable from the entire East Fairyland project to Sunco Land to be approximately RMB135.0 million when the project is completed. We recorded a long-term payable of RMB109.4 million on our consolidated balance sheet as of March 31, 2010 representing our estimate of the present value of such estimated future payable. In its arbitration claim, Sunco Land sought a larger amount than our estimate, which consisted of (i) approximately RMB161.2 million (representing the amount Sunco Land estimated to be its share of the profit from the project), (ii) any additional amount owed to Sunco Land as determined by Shougang Sunac's audited results, and (iii) other costs, fees and damages. We have been actively seeking to settle the disputes with Sunco Land. On September 13, 2010, Sunco Land completed the withdrawal of the arbitration claims, and Sunac Zhidi and Sunco Land are currently seeking to resolve the disputes with the mediation support of a working group of the Tianjin Municipality. Our Controlling Shareholders have agreed to indemnify us against any amount paid or payable by us in excess of 50% of the share of profit received by Sunac Zhidi from the East Fairyland project.

In addition, from time to time, we have been involved in legal proceedings or other disputes in the ordinary course of our business, which are primarily disputes with our customers, and we have not incurred material legal costs and expenses in view of our overall operating results. As of the Latest Practicable Date, except as disclosed above, we are not aware of any material legal proceedings, claims, disputes, penalties or liabilities currently existing or pending against us that may have a material adverse impact on our business, financial condition or results of operations.

Mr. Sun, together with his affiliates, was previously involved in certain civil litigation proceedings (the "RK Litigation") in Hong Kong brought by a subsidiary of Road King Infrastructure Limited and another plaintiff. Nonetheless, none of the companies in our Group was a party to the RK Litigation, nor did the plaintiffs' claims against the defendants in the RK Litigation or the subject matter of the Option Agreement relate to any asset or company forming part of our Group. On August 18, 2010, all claims in the RK Litigation were withdrawn and the RK Litigation was dismissed. For more information on such legal proceedings involving Mr. Sun, see "Directors, Senior Management and Employees – Directors – Executive Directors – Mr. SUN Hongbin" and "Risk Factors – Risks Relating to Our Business – Mr. Sun, our Controlling Shareholder, is able to exercise substantial influence over our corporate policies and direct the outcome of corporate actions; we may be adversely affected by legal proceedings involving Mr. Sun."