



长甲地产
C J L A N D

CJ LAND HOLDINGS LIMITED
長甲地產控股有限公司

(incorporated in the Cayman Islands with limited liability)

Stock Code : 957



GLOBAL OFFERING

Joint Sponsors



Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers



IMPORTANT

If you are in any doubt about this prospectus, you should consult your stockbroker, bank manager, solicitor, professional accountant or other professional adviser.



CJ LAND HOLDINGS LIMITED

長甲地產控股有限公司

(Incorporated in the Cayman Islands with limited liability)

GLOBAL OFFERING

Number of Offer Shares under the Global Offering	:	1,000,000,000 Shares (comprising 900,000,000 new Shares to be offered by us and 100,000,000 Shares to be offered by the Selling Shareholder, subject to adjustment and the Over-allotment Option)
Number of Hong Kong Offer Shares	:	100,000,000 Shares (subject to adjustment)
Number of International Placing Shares	:	900,000,000 Shares (subject to adjustment and the Over-allotment Option)
Maximum Offer Price	:	HK\$4.80 per Share plus brokerage of 1%, SFC transaction levy of 0.003% and the Hong Kong Stock Exchange trading fee of 0.005% (payable in full on application in Hong Kong dollars and subject to refund)
Nominal value	:	HK\$0.10 per Share
Stock code	:	957

Joint Sponsors



BofA Merrill Lynch

Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers



BofA Merrill Lynch



BOC INTERNATIONAL



MACQUARIE

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this prospectus.

A copy of this prospectus, having attached thereto the documents specified in the section headed "Documents Delivered to the Registrar of Companies and Available for Inspection" in Appendix IX, has been registered by the Registrar of Companies in Hong Kong as required by section 342C of the Hong Kong Companies Ordinance. The Securities and Futures Commission and the Registrar of Companies in Hong Kong take no responsibility for the contents in this prospectus or any other document referred to above.

The Offer Price is expected to be fixed by agreement between the Joint Bookrunners (on behalf of the Underwriters), the Selling Shareholder and us on the Price Determination Date, which is expected to be on or around November 4, 2010 and, in any event, not later than November 11, 2010. The Offer Price will be not more than HK\$4.80 and is currently expected to be not less than HK\$3.20. If, for any reason, the Offer Price is not agreed by November 11, 2010 between the Joint Bookrunners (on behalf of the Underwriters), the Selling Shareholder and us, the Global Offering will not proceed and will lapse.

The Joint Global Coordinators (on behalf of the Underwriters) may, with our consent, reduce the number of Offer Shares being offered under the Global Offering and/or the indicative offer price range below that stated in this prospectus at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offer. In such a case, an announcement will be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) not later than the morning of the day which is the last day for lodging applications under the Hong Kong Public Offer. For further information, see the section headed "Structure of the Global Offering" in this prospectus.

The obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement are subject to termination by the Joint Global Coordinators (on behalf of the Underwriters) if certain grounds arise prior to 8:00 a.m. on the day that trading in the Offer Shares commences on the Hong Kong Stock Exchange. Such grounds are set out in the section headed "Underwriting – Underwriting Arrangements and Expenses – Grounds for Termination" in this prospectus.

The Offer Shares have not been and will not be registered under the US Securities Act and may not be offered or sold, pledged or transferred within the United States or to, or for the account or benefit of US persons, except that the Offer Shares may be offered, sold or delivered to QIBs in reliance on Rule 144A or other exemption(s) from registration under the US Securities Act or outside the United States in reliance on Regulation S under the US Securities Act.

October 29, 2010

EXPECTED TIMETABLE⁽¹⁾

Application lists open ⁽²⁾	11:45 a.m. on Wednesday, November 3, 2010
Latest time to complete electronic applications under White Form eIPO service through the designated website www.eipo.com.hk ⁽³⁾	11:30 a.m. on Wednesday, November 3, 2010
Latest time to lodge WHITE and YELLOW Application Forms and give electronic application instructions to HKSCC	12:00 noon on Wednesday, November 3, 2010
Latest time to complete payment of White Form eIPO applications by effecting internet banking transfer(s) or PPS payment transfer(s)	12:00 noon on Wednesday, November 3, 2010
Application lists close	12:00 noon on Wednesday, November 3, 2010
Expected Price Determination Date ⁽⁴⁾ and announcement of the Offer Price	Thursday, November 4, 2010
Announcement of the indication of levels of interest in the International Placing, levels of applications in the Hong Kong Public Offer and the basis of allotment of the Hong Kong Offer Shares to be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese), our Company's website at www.cjland.com.cn and the Hong Kong Stock Exchange's website at www.hkexnews.hk on or before	Wednesday, November 10, 2010
Results of allocations in the Hong Kong Public Offer (with successful applicants' identification document numbers, where appropriate) to be available through a variety of channels as described in the section headed "How to Apply for Hong Kong Offer Shares – Publication of Results" in this prospectus from	Wednesday, November 10, 2010
Results of allocations in the Hong Kong Public Offer will be available at www.iporeresults.com.hk with a "search by ID" function	Wednesday, November 10, 2010
Despatch of Share certificates in respect of wholly or partially successful applications pursuant to the Hong Kong Public Offer on or before ⁽⁵⁾	Wednesday, November 10, 2010
Despatch of refund cheques in respect of wholly successful (if applicable) or wholly or partially unsuccessful applications pursuant to the Hong Kong Public Offer on or before ⁽⁴⁾	Wednesday, November 10, 2010
Despatch of White Form e-Refund payment instructions on or before ⁽⁴⁾	Wednesday, November 10, 2010
Dealings in Shares on the Hong Kong Stock Exchange expected to commence on	Thursday, November 11, 2010

EXPECTED TIMETABLE⁽¹⁾

- (1) All times and dates refer to Hong Kong local time and dates except where otherwise stated. Details of the structure of the Global Offering including its conditions, are set out in the section headed "Structure of the Global Offering" in this prospectus. Note that each of these times may be subject to change.
- (2) If there is a "black" rainstorm warning or a tropical cyclone warning signal number 8 or above in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on November 3, 2010, the application lists will not open on that day. Please refer to the section headed "How to Apply for Hong Kong Offer Shares" in this prospectus.
- (3) You will not be permitted to submit your application through the designated website at www.eipo.com.hk after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained an application reference number from the designated website prior to 11:30 a.m. on November 3, 2010, you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.
- (4) The Price Determination Date is expected to be on or about November 4, 2010. If for any reason the Offer Price is not agreed on or before November 11, 2010, the Global Offering will not proceed and will lapse.
- (5) e-Refund payment instructions or refund cheques will be issued in respect of wholly and partially unsuccessful applications, and also in respect of successful applications in the event that the Offer Price as finally determined is less than the offer price per Offer Share initially paid on application. If you apply through the **White Form eIPO** service by paying the application monies through a single bank account, you may have e-Refund payment instructions (if any) despatched to your application payment bank account on November 10, 2010. If you apply through the **White Form eIPO** service by paying the application monies through multiple bank accounts, you may have refund cheque(s) sent to the address specified in your application instructions to the designated **White Form eIPO** Service Provider on November 10, 2010, by ordinary post and at your own risk. Part of your Hong Kong Identity Card number/Passport number, or, if you are joint applicants, part of the Hong Kong Identity Card number/Passport number of the first-named applicant, provided by you may be printed on your refund cheque, where appropriate. Such data would also be transferred to a third party for refund purpose. Your banker may require verification of your Hong Kong Identity Card number/Passport number before encashment of your refund cheque. Inaccurate completion of your Hong Kong Identity Card number/Passport number may lead to delay in encashment of or may invalidate your refund cheque.

If you have applied for 1,000,000 Hong Kong Offer Shares or more and have indicated in your Application Form that you wish to collect your Share certificate(s) (where applicable) and refund cheque(s) (where applicable) in person, you may collect your Share certificate(s) (where applicable) and your refund cheque(s) (where applicable) from our Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, from 9:00 a.m. to 1:00 p.m. on November 10, 2010 or any other day notified by us in the newspapers as the date of despatch of Share certificates/e-Refund payment instructions/refund cheques (as applicable). If you are an individual who opts for personal collection, you must not authorise any other person to make collection on your behalf. If you are a corporate applicant who opts for personal collection, you must attend by your authorised representative bearing a letter of authorisation from your corporation stamped with your corporation's chop. Both individuals and authorised representatives (if applicable) must produce, at the time of collection, evidence of identity acceptable to our Hong Kong Share Registrar. Share certificates and refund cheques which remain uncollected after the time specified for collection will be despatched by ordinary post at the applicant's own risk to the address specified in the relevant Application Form.

If you have applied for less than 1,000,000 Hong Kong Offer Shares or have applied for 1,000,000 Hong Kong Offer Shares or more but have not indicated in the Application Form that you wish to collect Share certificate(s) (where applicable) and/or refund cheques(s) (where applicable), your Share certificate(s) (where applicable) and/or refund cheque(s) (where applicable) will be sent to the address on the Application Form by ordinary post and at your own risk on November 10, 2010, or any other date notified by us in the newspapers as the applicable date of despatch. For further information, please refer to the section headed "How to Apply for Hong Kong Offer Shares" in this prospectus.

EXPECTED TIMETABLE⁽¹⁾

Share certificates for the Offer Shares will only become valid certificates of title if the Global Offering becomes unconditional and neither of the Underwriting Agreements is terminated in accordance with its terms before 8:00 a.m. (Hong Kong time) on the Listing Date, which is expected to be November 11, 2010. No dealing should take place in the Offer Shares prior to commencement of dealing in the Shares on the Hong Kong Stock Exchange. Investors who trade Shares on the basis of publicly available allocation details prior to the receipt of Share certificates or prior to the Share certificates becoming valid certificates of title do so entirely at their own risk.

For details of the structure of the Global Offering, including the conditions thereof, please refer to the section headed "Structure of the Global Offering" in this prospectus.

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IMPORTANT NOTICE TO INVESTORS

We have issued this prospectus solely in connection with the Hong Kong Public Offer and the Hong Kong Offer Shares, and it does not constitute an offer to sell or a solicitation of an offer to buy any security other than the Hong Kong Offer Shares offered by this prospectus pursuant to the Hong Kong Public Offer. No person may use this prospectus for the purpose of, and it does not constitute, an offer or invitation in any other jurisdiction or in any other circumstances. We have taken no action to permit a public offering of the Offer Shares in any jurisdiction other than Hong Kong, and we have taken no action to permit the distribution of this prospectus in any jurisdiction other than Hong Kong. The distribution of this prospectus and the offering and sale of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom.

You should rely only on the information contained in this prospectus and the Application Forms to make your investment decision. We have not authorized anyone to provide you with information that is different from what is contained in this prospectus. Any information or representation not made in this prospectus must not be relied on by you as having been authorized by us, the Joint Global Coordinators, any of the Underwriters, any of their respective directors, agents, employees or advisers, or any other person or party involved in the Global Offering.

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SUMMARY

This summary aims to give you an overview of the information contained in this prospectus. As it is a summary, it does not contain all the information that may be important to you. You should read the whole document before you decide to invest in the Offer Shares.

There are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are set out in the section headed “Risk Factors” in this prospectus. You should read that section carefully before you decide to invest in the Offer Shares.

OVERVIEW

We are a quality and award-winning developer with more than ten years of experience developing high-end residential and premium commercial properties in prime locations in Shanghai¹. Our business model is to maintain a diversified property portfolio featuring strong cash flows from our property sales complemented by revenue streams and potential capital appreciation from our commercial properties, which we generally hold as investment properties upon completion.

We are predominantly focused on Shanghai, China’s leading financial center, and other affluent cities in and near the Greater Shanghai Economic Circle, which comprises fast-growing cities such as Kunshan and Changshu, ranked first and second, respectively, in “China’s Top 25 County-level Cities” by Forbes in 2010, and Wuxi, Qidong and Suzhou. By targeting high net worth individuals and focusing on high-end residential properties, we are able to maintain high average selling prices and maximize our gross profit margin. Moreover, we believe our in-depth understanding of the property market in Shanghai and the Greater Shanghai Economic Circle has enabled us, and will continue to enable us, to effectively identify and capture market opportunities and trends in those cities.

We position our products in the market by emphasizing distinctive design, high-quality construction materials, fine craftsmanship and superior property management. Our market position is bolstered by our commitment to quality and our strong execution capabilities throughout the development cycle, from acquiring prime land reserves to coordinating the construction process in an integrated and efficient manner.

¹ In this prospectus, high-end residential properties are defined as residential properties with prime locations, relatively low plot ratios, relatively large sizes and high total transaction prices. Our residential property developments are principally composed of villas or large-sized low-density urban apartments which are targeted at high net worth individuals. The majority of our completed residential properties have plot ratios below 1.2 and per unit GFAs exceeding 150 sq.m. In this prospectus, premium commercial properties are defined as International Grade A offices.

SUMMARY

Our first project was Shanghai Garden, a well-known low-density residential development near Shanghai's main financial center in the Lujiazui area of Pudong New District. Shanghai Garden was named "Most Popular Villa in Shanghai" by Shanghai Evening Post in 2004. We have sold Shanghai Garden in five tranches beginning in 2004, with the last tranche expected to be sold and delivered to buyers by the end of 2010. Building on the success of Shanghai Garden, we have further developed high-end residential properties in prime locations in Shanghai, including our Chamtime Western Villa and Chamtime Eastern Garden. We have also developed two villa projects in Changshu, a city located within 100 kilometers of Shanghai.

In order to develop a balanced property portfolio and penetrate into Shanghai's rapidly growing commercial property sector, we have selectively developed premium commercial properties in prime locations in Shanghai. Our Chamtime International Financial Center, completed in January 2008, is a 22-story International Grade A office building located in Shanghai's main financial center in the greater Lujiazui area of Pudong New District. We are also developing Chamtime Corporate Avenue Plaza, a 23-story International Grade A office building located in Shanghai's commercially vibrant Zhabei District, within two kilometers of People's Square in central Shanghai. We will also develop Chamtime Plaza, a large-scale integrated mixed-use complex, which will consist of premium office, entertainment and retail space, located in the heart of Zhangjiang Hi-Technology Park in Shanghai's Pudong New District.

We acquired several property development sites in cities in and near the Greater Shanghai Economic Circle on which we plan to develop high-end residential properties and mixed-use complexes featuring high-end residential properties complemented by premium commercial and office properties. In March 2010, we obtained the land use rights certificate for a 255,499 sq.m. residential property development site in Kunshan, a city located within 50 kilometers of Shanghai. In August 2010, we obtained the land use rights certificates for a 174,309 sq.m. property development site in Changshu. In addition, in the first half of 2010, we signed land use rights grant contracts for a 163,930 sq.m. property development site in Kunshan, and a 499,779 sq.m. property development site in Wuxi, and as of the Latest Practicable Date, the outstanding amounts of land grant premium for these projects were nil and approximately RMB640.0 million, respectively, which we plan to pay with internal sources of funds. We have also acquired from an independent third party a 1,271,962 sq.m. property development site in Qidong, a city within 50 kilometers of Shanghai.

SUMMARY

The following table sets forth a breakdown of GFA and other key information of our projects under various stages of development:

Project	Use/Planned Use	COMPLETED		UNDER DEVELOPMENT	HELD FOR FUTURE DEVELOPMENT	Our Interest in the Project (%)	Actual/Estimated Completion Date	Presale Commencement Date
		Total GFA Completed (sq.m.)	Of Which Sold (sq.m.)	Planned Total GFA (sq.m.)	Planned Total GFA (sq.m.)			
Shanghai								
Shanghai Garden	Residential	173,970	142,841	-	-	100	August, 2005	January 1, 2004
Chamtime Western Villa Phase I (Royal Court)	Residential	18,059	1,772	-	-	100	November, 2009	October 18, 2009
Chamtime Western Villa Phase II	Residential	37,556	22,515	-	-	100	March, 2010	November 28, 2008
Chamtime Western Villa Phase III	Residential	-	-	98,840	-	100	December, 2011	April 10, 2010
Chamtime Western Villa Phase IV	Residential	-	-	-	64,850	100	December, 2013	N/A
Chamtime Eastern Garden Phase I	Residential	-	-	91,835	-	100	December, 2011	N/A
Chamtime Eastern Garden Phase II	Residential	-	-	-	112,881	100	December, 2012	N/A
Chamtime Eastern Garden Phase III	Residential	-	-	-	159,698	100	December, 2014	N/A
Chamtime International Financial Center	Commercial	58,017	-	-	-	100	January, 2008	N/A
Chamtime Corporate Avenue Plaza	Commercial	-	-	47,886	-	100	December, 2011	N/A
Chamtime Plaza	Commercial	-	-	-	319,081	100	December, 2014	N/A
Subtotal		287,602	167,128	238,561	656,510			
Changshu								
Chamtime Lake Mountain Villa Phase I	Residential	44,539	30,237	-	-	100	November, 2009	July 17, 2008
Chamtime Lake Mountain Villa Phase II	Residential	30,445	21,977	-	-	100	May, 2010	July 21, 2009
Chamtime Mountain View Villa Phase I	Residential	38,871	22,510	-	-	100	November, 2009	September 1, 2008
Chamtime Mountain View Villa Phase II	Residential	37,772	25,413	-	-	100	March, 2010	September 1, 2008
Chamtime Mountain View Villa Phase III	Residential	-	-	35,699	-	100	September, 2010	July 7, 2009
Chamtime International Town (Changshu China)	Residential	-	-	-	152,857	100	December, 2013	N/A
Subtotal		151,627	100,137	-	152,857			
Kunshan								
Chamtime Noble Palace Phase I	Residential	-	-	-	264,785	100	December, 2014	N/A
Qidong								
Chamtime Coast Town	Residential/ Commercial	-	-	-	1,330,000	100	December, 2015	N/A
Total		439,229	267,265	274,260	2,404,152			

(1) We divide our property developments into three categories as shown in the above table:

- Completed – comprising property projects we have completed construction for, with the completion certificate issued by the relevant government authorities;
- Under development – comprising property projects with respect to which we have received land use rights certificates and received the construction work commencement permit but have not yet received the completion certificate issued by the relevant government authorities; and
- Held for future development – comprising property projects with respect to which we have successfully obtained the relevant land use rights certificate but have not yet commenced construction.

SUMMARY

- (2) All GFA information is as of July 31, 2010. The planned total GFA of Phase I of Chamtime Noble Palace, Phase II and Phase III of Chamtime Eastern Garden, Chamtime International Town (Changshu China) and Chamtime Coast Town is calculated based upon our development plan, which is subject to approval from local authorities, including the local land administration authority, local city zoning authority and local environmental authority. In addition, we are in the process of applying for a change of the approved use of two of our land parcels at our Chamtime Coast Town site from other commercial service use into commercial and residential use. We may be required to pay an additional land grant premium as determined by relevant land authorities for such change of approved use. As advised by Commerce and Finance, our PRC legal adviser, whether the grant of the updated land use rights certificate or the change in land usage will be subject to payment of additional land grant premium is solely at the discretion of relevant PRC land authorities and therefore we are unable to make any assessment as to whether or not such additional land grant premium will be required. However, our PRC legal adviser does not expect there will be any legal impediment for us to obtain the updated land use rights certificates and to change the land usage. Therefore, the estimated completion date of our Chamtime Coast Town project is based on our development plan and is dependent on our success in obtaining the relevant approvals. Pursuant to our agreement with Shanghai Yingtai, Shanghai Yingtai is assisting us, at its own cost, in obtaining such change of approved use and any additional land grant premium shall be borne by Shanghai Yingtai.
- (3) Total GFA includes saleable/rentable GFA and non-saleable/non-rentable GFA.

The following table sets forth basic information regarding our property development projects for which we have entered into land use rights grant contracts but have not yet obtained the relevant land use rights certificates as of July 31, 2010:

Project	Use/Planned Use	Planned Total GFA (sq.m.)	Our Interest in the Project (%)	Estimated Completion Date	Date of Land Use Rights Grant Contract
Kunshan					
Chamtime Noble Palace Phase II	Residential	170,000	100	December, 2015	March, 2010
Wuxi					
Chamtime International Town (Wuxi China)	Residential/ Commercial	1,135,000	100	December, 2014	April, 2010
Total		<u>1,305,000</u>			

- (1) The planned total GFA of Chamtime Noble Palace Phase II and Chamtime International Town (Wuxi China) is calculated based upon our development plan, which is subject to approval from relevant local government authorities, including the local land administration authority, local city zoning authority and local environmental authority.
- (2) Total GFA includes saleable/rentable GFA and non-saleable/non-rentable GFA.

As of the Latest Practicable Date, we expect that our total outstanding expenditures for the development of our existing and future property development projects for the remainder of 2010 will be approximately RMB700 million. We plan to fund these property development projects by our internal resources and external borrowings, as well as by the net proceeds of the Global Offering.

SUMMARY

We will continue focusing on high-end residential properties while also diversifying our revenue streams by maintaining a significant portfolio of premium commercial properties. We intend to retain the commercial properties in prime locations to generate stable rental income and maximum long-term value appreciation and strategically sell the remaining portion of our commercial property portfolio to optimize the balance between cash flows from sales of property and stable rental income growth.

We intend to continue to adopt a prudent and disciplined strategy for land acquisition. Using our established processes and criteria for project selection, we will pursue projects based on our analysis of their expected returns in the context of future property and economic trends in Shanghai and other cities in and near the Greater Shanghai Economic Circle. However, certain of our land parcels, with a site area of 83,741 sq.m., for our Chamtime Plaza project may be subject to the risk of forfeiture by the relevant PRC land bureau for not commencing construction within two years from the construction commencement date set forth in the respective land use rights grant contracts. The idle land fee imposed by the relevant PRC land bureau may be up to 20% of the land grant premium, or approximately RMB35.8 million. Our PRC legal adviser is of the view that we may claim full compensation, including idle land fee, land acquisition cost, penalty and any development cost incurred, against the immediate former owner of Shanghai Jindilianchuang in respect of any damages suffered by us as a result of such penalties being imposed on us by the government authorities, if any, pursuant to a letter of undertaking issued by that owner on November 16, 2009. Our Directors and our PRC legal adviser are of the opinion that the risk of forfeiture for the land parcel in relation to Chamtime Plaza project is remote as the Company's acquisition of the entire equity interest in Shanghai Jindilianchuang has been approved by the relevant PRC authority and has undergone all procedures in relation to the listing-for-sale of state-owned assets as required by the Shanghai United Assets and Equity Exchange. We acquired such land parcel because of its location in the center of ZHTP, where a large number of high-technology enterprises and high-end residential properties are located but which currently lacks high-end office space and commercial complexes. We expect to develop our Chamtime Plaza project as a large complex to serve such needs. If our land is forfeited, we will not only lose the opportunity to develop the property projects on such land, but may also lose all our past investments in the land, including land acquisition and development costs, which will adversely affect our business and results of operations.

For the years 2007, 2008 and 2009 and the four months ended April 30, 2010, our revenues were RMB533.7 million, RMB333.1 million, RMB565.4 million and RMB1,031.3 million, respectively, while our gross profit for those periods were RMB378.8 million, RMB254.0 million, RMB469.7 million and RMB489.8 million, respectively. Our net profit for the years 2007, 2008 and 2009 and the four months ended April 30, 2010 were RMB262.9 million, RMB710.8 million, RMB523.9 million and RMB329.9 million, respectively, with fair value gains on our investment properties accounting for a significant portion of our net profit for 2008, 2009 and the four months ended April 30, 2010. We recorded fair value gains on investment properties of nil, RMB867.0 million, RMB564.6 million and RMB178.0 million, respectively, in 2007, 2008, 2009 and the four months ended April 30, 2010.

As we are principally engaged in the development of residential properties, offices and mixed-use developments and do not intend to engage in the development of industrial properties, our Directors are of the view that there are clear delineations between our principal businesses and the businesses of the companies owned by Chairman Zhao outside the Group, except as set forth in the section headed "Relationship with Controlling Shareholders – Retained Business of Our Controlling Shareholders" in this prospectus.

SUMMARY

OUR STRENGTHS

- Established and diversified business model of developing high-end residential and premium commercial properties in prime locations in and near the Greater Shanghai Economic Circle
- Quality land reserves in prime locations in Shanghai and other cities in and near the Greater Shanghai Economic Circle
- Strong emphasis on distinctive and award-winning design that enables us to maintain our target customer base and high selling prices
- Strong execution capabilities in developing high quality properties
- Prudent financial strategy evidenced by our effective cost management and strong cash balance
- Experienced founding team and professional management guided by commitment to integrity and high ethical standards

OUR STRATEGIES

Our goal is to become one of the most prestigious and well-recognized developers of high-end residential and premium commercial properties in Shanghai and other selected cities in and near the Greater Shanghai Economic Circle by implementing the following business strategies:

- Maintain a regional focus on the Greater Shanghai Economic Circle and strategically expand into other selected cities in and near the Greater Shanghai Economic Circle
- Further optimize our diversified business model of developing high-end residential and premium commercial properties
- Enhance recognition of our “Chamtime/長泰” brand by developing market-leading projects and offering quality services tailored to our target customers
- Continue to exercise financial discipline in our business operations and increase sources of capital financing

SUMMARY

RESULTS OF OPERATIONS

The following tables set forth a summary of our combined financial statements for the periods and as of the dates indicated. This summary has been extracted from, and should be read in conjunction with, our audited combined financial statements included in the Accountants' Report included as Appendix I to this prospectus. The basis of preparation is set out in the Accountants' Report headed "Accountants' Report – Notes to Financial Information – Basis of Preparation" in this prospectus. For detailed analysis of our results of operations, please refer to the section headed "Financial Information" in this prospectus.

Combined Statements of Comprehensive Income

	Year ended December 31,			Four months ended April 30,	
	2007	2008	2009	2009 (unaudited)	2010
	(RMB in thousands)				
REVENUE	533,728	333,076	565,425	28,050	1,031,275
Cost of sales	(154,971)	(79,064)	(95,699)	(3,536)	(541,438)
GROSS PROFIT	378,757	254,012	469,726	24,514	489,837
Other income and gains	31,716	6,144	8,499	1,107	2,380
Selling and distribution costs	(7,946)	(25,988)	(47,472)	(11,966)	(22,029)
Administrative expenses	(31,122)	(40,233)	(74,721)	(16,023)	(16,273)
Other expenses	(126)	(7,760)	(472)	(469)	(316)
Fair value gains on investment properties	–	867,018	564,624	557,624	178,000
Finance costs	(11,941)	(61,145)	(65,599)	(25,207)	(52,863)
PROFIT BEFORE TAX	359,338	992,048	854,585	529,580	578,736
Income tax expense	(96,417)	(281,201)	(330,661)	(136,471)	(248,811)
PROFIT AFTER TAX AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>262,921</u>	<u>710,847</u>	<u>523,924</u>	<u>393,109</u>	<u>329,925</u>
Attributable to:					
Equity holders of the Company	240,114	710,847	523,924	393,109	329,925
Minority interests	22,807	–	–	–	–
	<u>262,921</u>	<u>710,847</u>	<u>523,924</u>	<u>393,109</u>	<u>329,925</u>

SUMMARY

Combined Statements of Financial Position

	As of December 31,			As of
	2007	2008	2009	April 30,
	(RMB in thousands)			2010
NON-CURRENT ASSETS				
Property, plant and equipment	67,109	73,718	9,296	9,070
Investment properties	462,554	1,346,376	1,911,000	2,089,000
Prepaid land lease payments	11,185	10,911	–	–
Goodwill	–	–	201	201
Intangible assets	8	57	138	479
Long-term prepayment	–	–	6,462	6,260
Deferred tax assets	107,549	117,471	213,875	233,843
Total non-current assets	<u>648,405</u>	<u>1,548,533</u>	<u>2,140,972</u>	<u>2,338,853</u>
CURRENT ASSETS				
Completed properties held for sale	324,862	254,346	817,255	520,565
Properties under development	812,057	2,049,406	2,742,397	4,286,427
Inventories	251	10,757	–	–
Trade and bills receivables	–	683	–	–
Due from related companies	19,685	6,738	13,567	22,919
Due from directors	241	312	–	–
Equity investments at fair value through profit or loss	9,461	1,914	2,456	–
Prepayments, deposits and other receivables	120,024	56,767	698,030	886,414
Pledged deposits	–	28,228	14,680	344,482
Cash and cash equivalents	717,442	149,194	1,190,330	1,179,953
Total current assets	<u>2,004,023</u>	<u>2,558,345</u>	<u>5,478,715</u>	<u>7,240,760</u>

SUMMARY

	As of December 31,			As of
	2007	2008	2009	April 30,
	(RMB in thousands)			2010
CURRENT LIABILITIES				
Trade payables	204,747	279,208	311,451	319,814
Other payables, deposits received and accruals	38,858	162,108	89,979	432,510
Due to related companies	639,736	525,509	473,414	546,992
Due to a related party	2,920	4,596	4,685	4,685
Advances from customers	210,984	159,501	2,068,655	1,470,605
Interest-bearing bank and other borrowings	–	65,000	70,000	1,107,800
Tax payable	386,372	436,650	567,618	788,041
Total current liabilities	<u>1,483,617</u>	<u>1,632,572</u>	<u>3,585,802</u>	<u>4,670,447</u>
NET CURRENT ASSETS	<u>520,406</u>	<u>925,773</u>	<u>1,892,913</u>	<u>2,570,313</u>
TOTAL ASSETS LESS CURRENT LIABILITIES				
	<u>1,168,811</u>	<u>2,474,306</u>	<u>4,033,885</u>	<u>4,909,166</u>
NON-CURRENT LIABILITIES				
Interest-bearing bank and other borrowings	380,000	842,500	1,695,000	2,201,598
Deferred tax liabilities	709	219,971	400,163	438,921
Total non-current liabilities	<u>380,709</u>	<u>1,062,471</u>	<u>2,095,163</u>	<u>2,640,519</u>
NET ASSETS	<u><u>788,102</u></u>	<u><u>1,411,835</u></u>	<u><u>1,938,722</u></u>	<u><u>2,268,647</u></u>
EQUITY				
Issued capital	–	–	342	342
Reserves	788,102	1,411,835	1,938,380	2,268,305
	788,102	1,411,835	1,938,722	2,268,647
Minority interests	–	–	–	–
TOTAL EQUITY	<u><u>788,102</u></u>	<u><u>1,411,835</u></u>	<u><u>1,938,722</u></u>	<u><u>2,268,647</u></u>

SUMMARY

Combined Statements of Cash Flows

	Year ended December 31,			Four months ended April 30,	
	2007	2008	2009	2009	2010
(RMB in thousands)					
Cash generated from/(used in)					
operating activities	198,398	(771,959)	344,438	277,401	(1,223,213)
Interest received	5,781	4,493	7,047	597	2,295
Interest paid	(21,865)	(65,991)	(77,862)	(26,296)	(60,442)
Tax paid	(26,233)	(21,583)	(115,905)	(11,111)	(9,598)
Net cash generated from/ (used in) operating activities	<u>156,081</u>	<u>(855,040)</u>	<u>157,718</u>	<u>240,591</u>	<u>(1,290,958)</u>
Net cash generated from/ (used in) investing activities .	<u>(143,312)</u>	<u>(25,691)</u>	<u>(10,401)</u>	<u>(10,453)</u>	<u>1,759</u>
Net cash generated from financing activities	<u>239,214</u>	<u>312,483</u>	<u>893,819</u>	<u>235,552</u>	<u>1,278,822</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	<u><u>251,983</u></u>	<u><u>(568,248)</u></u>	<u><u>1,041,136</u></u>	<u><u>465,690</u></u>	<u><u>(10,377)</u></u>
Cash and cash equivalents at beginning of year/period	<u>465,459</u>	<u>717,442</u>	<u>149,194</u>	<u>149,194</u>	<u>1,190,330</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD	<u><u>717,442</u></u>	<u><u>149,194</u></u>	<u><u>1,190,330</u></u>	<u><u>614,884</u></u>	<u><u>1,179,953</u></u>

SUMMARY

USE OF PROCEEDS

We estimate that we will receive net proceeds from the Global Offering of approximately HK\$3,424 million, after deducting the underwriting fees and expenses payable by us in the Global Offering, and assuming the Over-allotment Option is not exercised and an Offer Price of HK\$4.00 per Share, being the mid-point of the Offer Price range stated in this prospectus. We intend to use these net proceeds for the following purposes:

- approximately 78%, or HK\$2,683 million, of our net proceeds will be used to increase our landbank by seeking and acquiring suitable land parcels in our current and target cities in the future. We have not identified any acquisition target land parcels as of the Latest Practicable Date;
- approximately 17%, or HK\$570 million, of our net proceeds will be used to repay our existing offshore bank loans, including the remaining principal amount of approximately HK\$400 million on a bank loan from Wing Lung Bank, borrowed for our Chamtime International Town (Wuxi China) project, which bears an interest rate of 1.35% plus the Hong Kong Interbank Offered Rate for Hong Kong Dollar Deposits and is due in August 2011, and the remaining principal amount of approximately HK\$170 million on a bank loan from CITIC Ka Wah Bank, which bears an interest rate of 1.1% plus the Hong Kong Interbank Offered Rate for Hong Kong Dollar Deposits and is due in June 2011; and
- the remaining balance, representing approximately 5%, or HK\$171 million, of our net proceeds will be used for general corporate and working capital purposes.

Based on the maximum Offer Price of HK\$4.80 for each Offer Share and the minimum Offer Price of HK\$3.20 for each Offer Share, we estimate that the net proceeds we will receive from the Global Offering, assuming the Over-allotment Option is not exercised and after deducting the underwriting fees and our estimated offering expenses payable in relation to the issue and sale of the Shares, would be approximately HK\$4,124 million and HK\$2,724 million, respectively. In the event that the Offer Price is fixed below or above the mid-point of the indicative price range, we intend to allocate (i) approximately HK\$570 million of our net proceeds to repay our bank loans, (ii) approximately 5% of our net proceeds for general corporate and working capital purposes, and (iii) the remaining balance of our net proceeds to increase our landbank.

To the extent that any of our net proceeds are not applied immediately, we intend to deposit them in interest bearing bank accounts.

In the event the Over-allotment Option is exercised in full, we estimate that the additional net proceeds to be received by us from the Global Offering will be approximately HK\$285 million (assuming the Offer Price being the mid-point of the Offer Price range stated in this prospectus), after deducting the underwriting fees and commission payable by us. We intend to allocate approximately 5% of the additional net proceeds received by us from the exercise of the Over-allotment Option for general corporate and working capital purposes, and the remainder of such additional net proceeds to increasing our landbank.

We will not receive any of the net proceeds from the sale of the Sale Shares by the Selling Shareholder in the Global Offering.

We will issue an announcement in Hong Kong if there is any material change in the above-mentioned use of proceeds.

SUMMARY

PRE-IPO SHARE OPTION SCHEME

We have adopted the Pre-IPO Share Option Scheme in order to give the participants an opportunity to acquire a personal stake in our Company and help motivate such participants to optimize their performance and efficiency, and also to help retain the participants whose contributions are important to the long-term growth and profitability of our Group. The principal terms of the Pre-IPO Share Option Scheme are substantially the same as the terms of the Share Option Scheme except those summarized in the section headed “Statutory and General Information – D. Pre-IPO Share Option Scheme” in Appendix VIII to this prospectus.

The total number of Shares which may be issued upon the exercise of all options granted under the Pre-IPO Share Option Scheme is 79,600,000 Shares, representing approximately 2% of the enlarged issued share capital of our Company immediately after completion of the Capitalization Issue and the Global Offering (assuming that the Over-allotment Option, the options granted under the Pre-IPO Share Option Scheme and the options to be granted under the Share Option Scheme are not exercised).

Each option granted under the Pre-IPO Share Option Scheme has a 10-year exercise period from the Listing Date and is subject to staged vesting schedules, the details of which are set out in the section headed “Statutory and General Information – D. Pre-IPO Share Option Scheme” in Appendix VIII to this prospectus. Assuming that all the options granted under the Pre-IPO Share Option Scheme had been exercised in full during the year ending December 31, 2010 and that 4,079,600,000 Shares, comprising 4,000,000,000 Shares to be in issue immediately after the Capitalization Issue and the Global Offering and 79,600,000 Shares to be issued upon the exercise of all the options granted under the Pre-IPO Share Option Scheme, were deemed to have been in issue throughout the year ending December 31, 2010, but not taking into account any Shares which may be allotted and issued upon the exercise of the Over-allotment Option or any options which may be granted under the Share Option Scheme, this would have a dilutive effect on pro forma forecast basic earnings per Share from approximately RMB0.18 to approximately RMB0.17.

As of the date of this prospectus, options to subscribe for an aggregate of 79,600,000 Shares have been conditionally granted to a total of 76 participants by our Company at a consideration of HK\$1.00 (payable by each participant) under the Pre-IPO Share Option Scheme. A full list of such grantees is set out in the section headed “Statutory and General Information – D. Pre-IPO Share Option Scheme” in Appendix VIII to this prospectus:

Category of grantees	Number of grantees	Number of Shares to be issued upon full exercise of all options granted under the Pre-IPO Share Option Scheme
Executive Directors	4	22,200,000
Independent Non-Executive Directors	0	0
Senior Management	6	19,400,000
Other employees and officers of our Group ⁽¹⁾	66	38,000,000
Total	76	79,600,000

(1) Out of the 66 other employees and officers of our Group who were granted options under the Pre-IPO Share Option Scheme, 2 grantees (namely, Ms. Zhao Changjie and Mr. Zhao Changwei) are connected persons of our Company. The remaining 64 grantees are not connected persons of our Company. Mr. Zhao Changwei is the cousin of Chairman Zhao and the uncle of Mr. Zhao Hongyang and Ms. Zhao Changjie is the younger sister of Chairman Zhao and the aunt of Mr. Zhao Hongyang.

SUMMARY

Save as disclosed above, no options have been granted or will be granted under the Pre-IPO Share Option Scheme upon the completion of the Global Offering.

Please refer to “Statutory and General Information – D. Pre-IPO Share Option Scheme” in Appendix VIII to this prospectus for further details of the Pre-IPO Share Option Scheme.

SHARE OPTION SCHEME

We have conditionally adopted the Share Option Scheme, the purpose of which is to provide the participants (including any Directors and employees of any member of our Group and any advisers, consultants, distributors, contractors, customers, suppliers, agents, business partners, joint venture business partners, service providers of any member of our Group) with the opportunity to acquire proprietary interests in our Company and to encourage such participants to work towards enhancing the value of our Company and its shares for the benefit of our Company and its Shareholders as a whole. The Share Option Scheme will provide our Group with a flexible means of either retaining, incentivizing, rewarding, remunerating, compensating and/or providing benefits to such participants.

The principal terms of our Share Option Scheme are summarized in the section headed “Statutory and General Information – E. Share Option Scheme” in Appendix VIII to this prospectus.

DIVIDEND POLICY

We have not paid and have no plans to pay any dividends from distributable profit for the three years ended December 31, 2009. Considering our financial position, our Board currently intends, subject to the limitations described in “Financial Information – Dividends,” and in the absence of any circumstances which might reduce the amount of available distributable reserves (whether by losses or otherwise), to distribute to Shareholders no less than 20% of any distributable profit of our PRC operating entities, excluding net fair value gains or losses on investment properties, for the financial year ending December 31, 2010 and each year thereafter. There is, however, no assurance that dividends of such amount or any amount will be declared or distributed each year or in any year. In addition, pursuant to the terms of the Trust, our wholly owned subsidiary, Shanghai Haoquan, is prohibited from distributing any dividends during the term of the Trust, which ends on March 4, 2011.

SUMMARY

PROFIT FORECAST FOR THE YEAR ENDING DECEMBER 31, 2010

We have prepared our forecasted net profit for the year ending December 31, 2010 based on the audited combined results for the Group for the four months ended April 30, 2010, unaudited management accounts for the three months ended July 31, 2010 and our forecast of our consolidated results for the remaining five months ending December 31, 2010. The forecast for the five months ending December 31, 2010 has been prepared on the basis of accounting policies consistent with those adopted for the purpose of the Accountants' Report in Appendix I to this prospectus and the principal assumptions set forth below in the section headed "Profit Forecast" in Appendix III to this prospectus. In preparing the forecast, the Directors and our independent property valuer have taken into account the impact of regulations on the PRC property market recently promulgated by the PRC Government. When estimating the fair values of the investment properties of the Group as at December 31, 2010, the Directors have utilized a rental forecast prepared by Savills.

	RMB (in millions, except per Share data)
Forecast net profit attributable to the equity owners of our Company ⁽¹⁾⁽²⁾	not less than 710.0
Forecast gross fair value gains on investment properties	203.0
Less: Provision for deferred tax liabilities on fair value gains on investment properties	50.8
Forecast fair value gains on investment properties (net of deferred tax effect)	152.2
Forecast consolidated net profit attributable to the equity owners of our Company (net of fair value gains)	not less than 557.8
Forecast earnings per Share Unaudited pro forma fully diluted ⁽³⁾	0.18 (approximately HK\$0.21)
Weighted average ⁽⁴⁾	0.22 (approximately HK\$0.26)

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

The principal assumptions in preparing the Profit Forecast are as follows:

- There will be no significant changes in the existing political, legal, fiscal, market or economic conditions in the PRC, including changes in legislation, regulations or rules, which may have a material adverse effect on our business;
- There will be no significant changes in the government policies in the PRC governing the pricing and sale of our properties;
- There will be no material changes in the bases or rates of taxation, both direct and indirect, in the PRC and Hong Kong;
- There will be no material changes in the inflation rate, interest rates or foreign currency exchange rates in the PRC from those prevailing as at the date of this prospectus;
- There will be no significant changes in the current financial, economic and political conditions which prevail in the PRC and in the neighboring cities/provinces and which are material to the rental income generated by the investment properties;
- There will be no significant changes in the conditions in which the investment properties are being operated and which are material to revenue and costs of the properties;

SUMMARY

- There will be no significant changes in the property-specific factors such as the building facilities, building specification, ventilation system, ancillary supporting retail services, quality of property management and tenant's profile;
 - The leases of any lease-expired units of the properties will be renewed at normal commercial terms;
 - Major contracts on the sales and leases of properties will not be cancelled, nor will the actual construction costs vary significantly from the signed contracts or the budget in any way that is more significant than historical experience;
 - All our properties are developed and sold in accordance with management's plans and there are no substantial changes in development schedule due to relocation and government approval;
 - Land certificates, sales permits, planning permits for construction work and permits for commencement of construction work related to properties under development shall be granted before the commencement of sale of each project;
 - There will be no material disputes with the contractors engaged by us to develop its projects which would cause a significant variance in construction costs which necessitate significant additional development costs on projects; and
 - With respect to the real estate industry in particular, the PRC government will not impose material changes or additional austerity measures to dampen the sales and prices of properties.
- (2) On the bases and assumptions set out above, and in the absence of the occurrence of unforeseen circumstances, we have forecast that the net consolidated profit attributable to the equity owners of our Company for the period ending December 31, 2010 is unlikely to be less than RMB710.0 million, which includes a gain of RMB152.2 million in the fair value of investment properties, net of deferred tax effect, and takes into account the staff compensation costs arising from the Pre-IPO Share Option Scheme in the amount of RMB5.4 million.

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

We expect the fair value of our investment properties as of December 31, 2010, and in turn any fair value gains on investment properties, to continue to be dependent on market conditions and other factors that are beyond our control, and to be based on the valuation performed by an independent professional property valuer involving the use of assumptions that are, by their nature, subjective and uncertain. See "Risk Factors – Risk Factors Relating to Our Business – The appraised value of our properties may be different from the actual realizable value and is subject to change" in this prospectus.

Changes in the fair value of our investment properties are dependent on market conditions and factors that are beyond our control. While we have considered for the purposes of the profit forecast what we believe is the best estimate of the fair value of our investment properties as of December 31, 2010, and our independent property valuer is of the view that the assumptions upon which the forecast is based are reasonable, the fair value of our investment properties and/or any fair value gains or losses on investment properties as of the relevant time may differ materially from (and may be materially higher or lower than) our estimate.

The forecast revaluation gains for the period ending December 31, 2010 are attributable to the revaluation of existing investment properties. We currently have no intention to reclassify any of our properties held for sale as investment properties.

We expect the fair value of our investment properties as of December 31, 2010, and any future fair value changes to be dependent on market conditions and other factors that are beyond our control, and to be based on market trends anticipated by an independent professional valuer involving the use of assumptions that are, by their nature, subjective and uncertain.

SUMMARY

The following table illustrates the sensitivity of the net profit attributable to equity holders of the Company to the forecast average selling price for the units to be sold and delivered during the five months ending December 31, 2010:

% Change in Price	-15%	-10%	-5%	0%	5%	10%	15%
Net Profit	699,322	702,881	706,441	710,000	713,559	717,119	720,678
Change in Net Profit	(10,678)	(7,119)	(3,559)	-	3,559	7,119	10,678
% Change in Net Profit	(1.50%)	(1.00%)	(0.50%)	0.00%	0.50%	1.00%	1.50%

The following table illustrates the sensitivity of the net profit attributable to equity holders of the Company to the GFA forecasted to be sold and delivered during the five months ending December 31, 2010:

% Change in GFA	-15%	-10%	-5%	0%	5%	10%	15%
Net Profit	701,618	704,408	707,202	710,000	712,798	715,592	718,382
Change in Net Profit	(8,382)	(5,592)	(2,798)	-	2,798	5,592	8,382
% Change in Net Profit	(1.18%)	(0.79%)	(0.39%)	0.00%	0.39%	0.79%	1.18%

The following table illustrates the sensitivity of the net profit attributable to equity holders of the Company to the rental rate (RMB/sq.m./Month) forecasted for the investment properties during the five months ending December 31, 2010:

% Change in Rental Rate (RMB/sq.m./Month)	-15%	-10%	-5%	0%	5%	10%	15%
Net Profit	705,464	706,976	708,488	710,000	711,512	713,024	714,536
Change in Net Profit	(4,536)	(3,024)	(1,512)	-	1,512	3,024	4,536
% Change in Net Profit	(0.64%)	(0.43%)	(0.21%)	0.00%	0.21%	0.43%	0.64%

The following table illustrates the sensitivity of the net profit attributable to equity holders of the Company to the occupancy rate forecasted for the investment properties during the five months ending December 31, 2010:

± Change in Occupancy Rate	-3%	-2%	-1%	0%	1%	2%	3%
Net Profit	709,045	709,363	709,682	710,000	710,318	710,637	710,955
Change in Net Profit	(955)	(637)	(318)	-	318	637	955
% Change in Net Profit	(0.13%)	(0.09%)	(0.04%)	0.00%	0.04%	0.09%	0.13%

The following table illustrates the sensitivity of the net profit attributable to equity holders of the Company to the fair value gain forecasted for the investment properties during the five months ending December 31, 2010:

% Change in Fair Value Gain	-15%	-10%	-5%	0%	5%	10%	15%
Net Profit	708,199	708,799	709,400	710,000	710,600	711,201	711,801
Change in Net Profit	(1,801)	(1,201)	(600)	-	600	1,201	1,801
% Change in Net Profit	(0.25%)	(0.17%)	(0.08%)	0.00%	0.08%	0.17%	0.25%

Given that as at July 31, 2010, we had successfully presold more than 91.2% of the property units forecasted to be sold and delivered in the five months ending December 31, 2010, the impact of the factors analyzed above on the forecast consolidated profit attributable to our equity holders is limited.

- (3) The calculation of the unaudited pro forma fully diluted forecast earnings per Share is based on the forecast consolidated profit attributable to equity holders of the Company for the year ending December 31, 2010 and on the assumptions that the Company had been listed since January 1, 2010 and a total of 4,000,000,000 Shares were in issue during the year ending December 31, 2010 without taking into account the shares which may be issued upon the exercise of the Over-allotment Option and share options granted under the Share Option Schemes.
- (4) The calculation of the forecast earnings per Share on a weighted average basis is based on the forecast consolidated profit attributable to equity owners of the Company for the year ending December 31, 2010, and assumes a weighted average number of approximately 3,227,454,466 Shares were in issue during the entire year, without taking into account any Shares which may be issued upon the exercise of the Over-allotment Option and share options granted under the Share Option Scheme.

SUMMARY

Summary of the Property Development of Major Projects

The table below sets forth our total contracted sales as of July 31, 2010, total GFA to be delivered/expected to be delivered during the year ending December 31, 2010, proceeds from sales/presales of properties received as of July 31, 2010, actual/expected completion date and status of permits and approvals for each project and average selling price information.

	Total contracted sales in the seven months ended July 31, 2010 ⁽¹⁾ (RMB in thousands)	GFA delivered/ expected to be delivered during the year ending December 31, 2010 (sq.m.)	Average selling price per square meter in respect of properties presold in the seven months ended July 31, 2010 ⁽²⁾ (RMB/sq.m.)	Proceeds from sales/ presales of properties received as of July 31, 2010 (RMB in thousands)	Actual/ expected completion date	Permits and approvals for delivery ⁽³⁾
Shanghai Garden . . .	411,565	28,424	45,261	375,925	August 31, 2005	Obtained
Chamtime Western Villa	236,806	24,285	Phase I: 48,073 Phase III: 41,445	204,038	Phase I: November 11, 2009 Phase II: March 31, 2010 Phase III: December 31, 2011	Phase I: Obtained Phase II: Obtained
Chamtime Lake Mountain Villa . . .	25,599	52,630	Phase I: 14,900 Phase II: 11,400	25,599	Phase I: November 4, 2009 Phase II: May 6, 2010	Phase I: Obtained Phase II: Obtained
Chamtime Mountain View Villa	130,845	74,398	Phase II: 11,996 Phase III: 11,270	130,357	Phase I: December 11, 2009 Phase II: March 2, 2010 Phase III: September 28, 2010	Phase I: Obtained Phase II: Obtained Phase III: Obtained
Total	<u>804,815</u>	<u>179,737</u>		<u>735,919</u>		

(1) Represents only the total contracted sales of properties delivered or expected to be delivered during the year ending December 31, 2010.

(2) The average selling price of Shanghai Garden represents only the average selling price of the residential units, not taking into account the car parks.

(3) We have obtained all the relevant approvals for delivery of the properties expected to be delivered during the year ending December 31, 2010.

SUMMARY

Construction Progress of Projects/Project Phases to be Completed and Delivered in the Year Ending December 31, 2010

As of July 31, 2010, the construction progress with respect to the projects to be delivered during the year ending December 31, 2010 was as follows:

Shanghai Garden

Deliveries of Shanghai Garden comprise 86 residential units and 188 car parks. As of July 31, 2010, all residential units and car parks for Shanghai Garden had been completed and were ready for delivery. As of July 31, 2010, 56 residential units and 46 car parks had been delivered.

Chamtime Western Villa

Deliveries of Chamtime Western Villa comprise one and 91 detached villas for Phase I and Phase II, respectively. As of July 31, 2010, one detached villa for Phase I and 91 detached villas for Phase II had been completed and were ready for delivery. We commenced delivery of detached villas for Phase I and Phase II in April 2010. As of July 31, 2010, one detached villa for Phase I and 64 detached villas for Phase II had been delivered.

Chamtime Lake Mountain Villa

Deliveries of Chamtime Lake Mountain Villa comprise 136 and 100 townhouse-style villas for Phase I and Phase II, respectively. As of July 31, 2010, 136 townhouse-style villas for Phase I and 100 townhouse-style villas for Phase II had been completed and were ready for delivery. We commenced delivery of the townhouse-style villas for Phase I in January 2010 and delivery of the townhouse-style villas for Phase II in June 2010. As of July 31, 2010, 132 townhouse-style villas for Phase I and 68 townhouse-style villas for Phase II had been delivered.

Chamtime Mountain View Villa

Deliveries of Chamtime Mountain View Villa comprise 92, 104 and 130 townhouse-style villas for Phase I, Phase II and Phase III, respectively. As of July 31, 2010, 92 townhouse-style villas for Phase I, 104 townhouse-style villas for Phase II and 130 townhouse-style villas for Phase III had been completed and were ready for delivery. We commenced delivery of the townhouse-style villas for Phase I in January 2010 and delivery of the townhouse-style villas for Phase II in May 2010. As of July 31, 2010, more than 95% of the townhouse-style villas of Chamtime Mountain View Villa had been presold, and 85 townhouse-style villas for Phase I and 84 townhouse-style villas for Phase II had been delivered.

Our Directors are of the opinion that we have obtained all the relevant permits and approvals for properties to be delivered during the year ending December 31, 2010. In addition, the basis for our Directors' estimate on GFA to be sold and delivered in relation to Shanghai Garden, Chamtime Western Villa, Chamtime Lake Mountain Villa and Chamtime Mountain View Villa during the year ending December 31, 2010 includes the Group's historical experience, location of the project, sales performance of comparable projects in the surrounding areas and general market conditions.

SUMMARY

Fair Value Gains on Investment Properties, Net of Deferred Tax Effect

Our investment property only comprises of Chamtime International Financial Center. In estimating the fair value gains/ losses relating to Chamtime International Financial Center from July 31, 2010 to December 31, 2010, a rental forecast prepared by Savills was utilized. The valuation approaches employed by Savills include: (a) projection of long term movements of rental and price levels of the office property market up to December 31, 2010 based on historical average Grade "A" office rentals of Pudong and the office property market trends; (b) consideration of general market factors such as overall market supply, occupancy levels and vacancies, average rental and sales prices; and (c) property-specific characteristic benchmarking such as environmental factors, locality, land use control, infrastructure, design and construction, age and maintenance, accessibility, building specifications and provision of building facilities and tenants' profile of the property with that of the Grade "A" office market in the estimation of Savills for the period ending December 31, 2010.

Our fair value gains on investment properties, net of deferred tax effect, for the four months ended April 30, 2010 were RMB133.5 million, while our estimated fair value gains on investment properties, net of deferred tax effect, for the full year ending December 31, 2010 are expected to be RMB152.2 million. Such estimated fair value gains in the year ending December 31, 2010 are primarily due to an expected increase in the fair value of our investment properties as a result of rental increase of such properties. The estimated fair value of our investment properties is based on the projected valuation estimated by Savills by direct comparison approach or investment approach where applicable, according to a basis of valuation which is, as far as practicable, consistent with the basis of valuation in valuing our properties for the purposes of the audited combined results of our Group for the year ended December 31, 2009 and the four months ended April 30, 2010 and the Property Valuation Report set forth in Appendix IV to this prospectus.

Monitoring the Construction Progress

We have taken the following measures in monitoring the construction progress of our projects to be sold and delivered in 2010:

- Engage reputable and top-grade construction companies which were selected based on their reputation for quality, track record, references, and quality of their bids;
- Employ strict procedures for selection, inspection and testing of materials, pursuant to which all equipment and materials are inspected to ensure compliance with the contractual specifications before accepting the materials on site and approving payment;
- Each of our project companies has its own on-site project management team, which comprises qualified engineers led by a project manager who conducts supervision on a daily basis;
- In accordance with PRC regulations, we engage the services of PRC-qualified third party construction supervisory companies to supervise the construction of our real estate developments throughout the construction phase;
- Our construction management department is responsible for the supervision of the construction of our properties and inspection of the quality of the construction work on a selective basis to ensure our properties meet a specific standard upon completion; and

SUMMARY

- Prior to delivery of completed properties to customers, our sales and property management departments together with our engineers and the relevant property management company will inspect the properties to ensure its satisfactory condition.

Marketing Strategies for Projects to be Completed and Delivered in the Year Ending December 31, 2010

In contrast to mid-end residential developers, we typically sell our high-end products in different phases in order to maximize selling price and profit. In addition, we have conducted and will continue to conduct the following marketing and sales campaigns for these projects:

- Advertisement on newspapers, property magazines and outdoor billboards;
- Broadcasting of property promotional programs on local television channels;
- Hiring more marketing and sales experts to enhance the strength of the sales team;
- Cooperating with professional promotional companies to explore various sales plans; and
- Cooperating with professional property agents with integrated sales and distribution channels.

GLOBAL OFFERING STATISTICS

	Based on Offer Price of HK\$3.20	Based on Offer Price of HK\$4.80
Market capitalization of our Shares ⁽¹⁾	HK\$12,800 million	HK\$19,200 million
Price/earnings multiple		
(a) pro forma fully diluted ⁽²⁾	15.5 times	23.3 times
(b) weighted average ⁽³⁾	12.5 times	18.8 times
Adjusted net tangible asset value per Share ⁽⁴⁾	HK\$1.34	HK\$1.69

Note: All statistics in the table above are under the assumption that the Over-allotment Option and the options granted under the Share Option Schemes are not exercised.

- (1) The calculation of market capitalization is based on 4,000,000,000 Shares expected to be in issue immediately after completion of the Global Offering.
- (2) The calculation of the prospective price/earnings multiple on a pro forma fully diluted basis is based on the forecast earnings per Share for the year ending December 31, 2010 on a pro forma fully diluted basis at the respective Offer Prices of HK\$3.20 and HK\$4.80. On the assumptions that the Company had been listed since January 1, 2010 and a total of 4,000,000,000 Shares, were in issue during the year ending December 31, 2010 without taking into any account the shares which may be issued during the year ending December 31, 2010, and without taking into account the shares which may be issued pursuant to the Over-allotment Option and Share Option Schemes.
- (3) The calculation of the prospective price/earnings multiple on a weighted average basis is based on the forecast earnings per Share on a weighted average basis at the respective Offer Prices of HK\$3.20 and HK\$4.80.
- (4) The adjusted net tangible asset value per Share is based on 4,000,000,000 Shares expected to be in issue immediately after completion of the Global Offering.

SUMMARY

RISK FACTORS

An investment in the Offer Shares involves significant risks. The section headed “Risk Factors” in this prospectus describes events, uncertainties and circumstances that may create or enhance risks to our business, financial condition, results of operations or otherwise to the value of your investment in the Offer Shares. The following is a summary of these risk factors.

Risk Factors Relating to Our Business

- We are heavily dependent on the performance of the property markets of Shanghai and the cities in and near the Greater Shanghai Economic Circle, which have fluctuated and may continue to fluctuate
- Our business and results of operations are significantly affected by the availability and cost of land reserves in desirable locations
- Delays in our project development schedules may adversely impact our cash flows, financial position and results of operations
- We may not successfully manage our growth and expansion into new business segments such as mixed-use developments and new cities in and near the Greater Shanghai Economic Circle
- We have successfully bid for or acquired from third parties sites for several future property developments, and we have entered into agreements or letters of intent regarding other sites. These investments and planned investments in future property developments may not succeed
- We may not be able to maintain a high occupancy rate and rental rate of our investment properties
- The fair value of our investment properties has accounted for a large portion of our profits in the past and may fluctuate significantly over financial periods, which may materially and adversely impact our profitability and results of operations
- Because we derive our revenue principally from the sale of property, our results of operations may vary significantly from period to period
- We face intense competition
- Fluctuations in the price of construction materials could adversely affect our business and financial performance
- Seasonal variations impact our results of operations on a quarterly basis and may make accurately comparing and analyzing our operating performance more difficult
- Our gross profit level and margin are affected by our revenue mix and we may not be able to sustain our existing level of profit
- We require substantial capital resources to fund our land acquisitions and property developments, and any adverse change in the availability of such capital resources could significantly affect our business operations and prospects

SUMMARY

- We have experienced periods of net cash outflow from operating activities in the past and we cannot assure you that we will not experience periods of net cash outflow from operating activities in the future
- Our financing costs are subject to changes in interest rates
- We are subject to certain restrictive covenants and certain risks normally associated with debt financing which may limit or otherwise adversely affect our operations
- Our failure to redeem certain trust units may result in the enforcement of various security interests provided by us and/or the loss of our rights to distributions from Shanghai Haoquan
- We guarantee mortgage loans of our customers and may become liable to mortgagee banks if customers default on their mortgage loans
- Any failure to develop, maintain and protect our brand and trademarks could have an adverse impact on our business
- We rely on third-party contractors to provide various services and such facilities and services rendered by such third parties may not always match our requirements or be available
- We bear demolition and resettlement costs associated with some of our property developments and such costs may increase
- Property owners may not retain us as the provider of property management services
- The appraised value of our properties may be different from the actual realizable value and is subject to change
- The relevant PRC tax authorities may enforce the payment of LAT and may challenge the basis on which we calculate our LAT obligations
- If the preferential EIT rates enjoyed by Shanghai Changjia Property and Shanghai Jindilianchuang are challenged or changed, our financial condition and results of operations may be adversely affected
- Any recurrence of the global financial crisis and economic downturn of 2008 and 2009 could materially and adversely affect our business, financial condition, results of operation and prospects
- We have limited insurance to cover potential losses and claims
- We are exposed to risks of default on payment by customers or failure to meet the obligations in our presales contracts
- We may be subject to fines due to lack of registration of our leases

SUMMARY

- Our failure to obtain, or material delays in obtaining, necessary governmental approvals for any major property development may adversely affect our business
- Our failure to meet all requirements for issuance of property ownership certificates may lead to compensatory liability to our customers
- We are subject to legal and business risks if we fail to obtain qualification certificates and property management permits
- Any failure by us to comply with the terms of our land use rights grant contracts may subject us to fines or forfeiture of land
- Potential liability for health and environmental problems could result in substantial costs
- Our business, financial condition and results of operations would be heavily impacted if Shanghai's property market declines after the 2010 World Expo
- Our business growth has depended significantly on certain of our key management members, and our business and prospects may be adversely affected if we lose their services
- We may be involved in legal and other disputes from time to time arising out of our operations and may face significant liabilities as a result
- Our Controlling Shareholders may take actions that conflict with the best interests of our other shareholders
- Our business and results of operations may be adversely affected by our association with other businesses and entities owned or operated by Chairman Zhao, our Directors and other senior management members
- There may be a dilutive effect on your shareholdings in the Company, the earnings per Share and on our future earnings associated with the Pre-IPO Share Option Scheme and the Share Option Scheme
- We are a holding company that is financially dependent on distributions from subsidiaries, and our results could be adversely affected if those distributions are not made in a timely manner or at all

Risk Factors Relating to Regulation of the PRC Property Market

- The PRC Government has adopted measures, and may adopt further measures, to slow down growth in the property market
- Our ability to secure new projects and related investments may be restricted by policies and regulations introduced by the PRC Government
- We may be unable to transfer the proceeds from the Global Offering into China for the property developments and onshore equity investment

SUMMARY

- Changes of laws and regulations with respect to presales may adversely affect our cash flow position and performance
- Our sales and presales will be affected if mortgage financing becomes more costly or otherwise becomes less attractive
- Any constructed GFA of our projects under development or future property developments deemed by the local government authorities to be non-compliant may be subject to governmental approval and additional payments

Risk Factors Relating to the PRC

- Our business, financial condition and results of operations are heavily impacted by the political and economic situation in the PRC
- PRC Government control of currency conversion may affect the value of your investment
- Fluctuations in the value of the Renminbi may have a material adverse impact on your investment
- Interpretation of PRC laws and regulations involves uncertainty
- We may be deemed a PRC resident enterprise under the PRC EIT Law and be subject to PRC taxation on our worldwide income
- Changes in PRC policies on dividend distribution may materially and adversely affect our business and results of operations and dividends payable by us to our foreign investors and gains on the sale of our Shares may be subject to withholding taxes under PRC tax laws
- Any future outbreak of a severe communicable disease in China or any other epidemic may adversely affect our operational results
- It may be difficult to effect service of process upon us or our Directors or executive officers who reside in China or to enforce against them in China any judgments obtained from non-PRC courts
- Regulations relating to offshore investment activities by PRC residents may increase our administrative burden and create regulatory uncertainties that could restrict our overseas and cross-border investment activities, and failure by Shareholders who are PRC residents to make any required applications and filings pursuant to such regulations may prevent us from being able to distribute profits and could expose us and PRC resident Shareholders to liability under PRC law

SUMMARY

Risk Factors Relating to the Global Offering

- There has been no prior public market for our Shares and their liquidity and market price may be volatile
- Current volatility in the global financial markets could cause significant fluctuations in the price of our Shares
- Sale, or perceived sale, of substantial amounts of our Shares in the public market could materially and adversely affect the prevailing market price of our Shares
- Your interest in us may be diluted in the future
- As the Offer Price is higher than the net tangible asset value per Share, the asset value of any Shares you buy will be diluted immediately
- You may face difficulties in protecting your interests because we are incorporated under Cayman Islands law, which may provide less protection to minority shareholders than the laws of Hong Kong and other jurisdictions
- Facts and statistics in this prospectus relating to the PRC economy and the property sector in the PRC may not be fully reliable
- Forward looking statements contained in this prospectus are subject to risks and uncertainties
- You should read the entire prospectus carefully and we strongly caution you not to place any reliance on any information contained in press articles or other media, some of which may not be consistent with information contained in this prospectus

DEFINITIONS

In this prospectus, the following expressions shall have the meanings set out below unless the context otherwise requires.

“Allied Giant”	Allied Giant International Holdings Limited (聯泰國際控股有限公司), a company incorporated in Hong Kong on July 14, 2008, which is our indirect wholly owned subsidiary held by Most Well Investment
“Application Form(s)”	WHITE application form(s), YELLOW application form(s) and GREEN application form(s) or where the context so requires, any of them
“Articles of Association” or “Articles”	the articles of association of our Company, adopted on October 11, 2010 which shall take effect upon Listing
“Board of Directors” or “Board”	our board of Directors
“Business Day”	any day (other than a Saturday and Sunday) on which banks in Hong Kong are open generally for normal banking business
“BVI”	British Virgin Islands
“CAGR”	compound annual growth rate
“Capitalization Issue”	the issue of 3,096,000,000 new Shares to be made upon capitalization of an amount of HK\$309,600,000 standing to the credit of the share premium account of our Company referred to in “A. Further Information about our Company – 3. Resolutions of our Shareholder passed on October 11, 2010” in Appendix VIII to this prospectus
“Cayman Islands Companies Law”	the Companies Law, Cap.22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
“CBRC”	China Banking Regulatory Commission (中國銀行業監督管理委員會), a regulatory body responsible for the supervision and regulation of the PRC banking sector
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Clearing Participant”	a person admitted to participate in CCASS as a direct clearing participant or a general clearing participant
“CCASS Custodian Participant”	a person admitted to participate in CCASS as a custodian participant

DEFINITIONS

“CCASS Investor Participant”	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
“CCASS Participant”	a CCASS Clearing Participant or a CCASS Custodian Participant or a CCASS Investor Participant
“Chairman Zhao”	Mr. Zhao Changjia (趙長甲), who is a controlling shareholder of the Company
“Changjia Group Int’l”	Changjia Group Int’l Holding Limited (長甲集團國際控股有限公司), a company incorporated in the BVI on January 25, 2006, which is wholly owned by Chairman Zhao, and is a controlling shareholder of the Company
“Changshu Changhe”	Changshu Changhe Property Co., Ltd.* (常熟長賀置業有限公司), a company incorporated in the PRC on May 13, 2010, which is our indirect wholly owned subsidiary held by Shanghai Changjia Investment Management
“Changshu Changqing”	Changshu Changqing Property Co., Ltd.* (常熟長慶置業有限公司), a company incorporated in the PRC on May 13, 2010, which is our indirect wholly owned subsidiary held by Shanghai Changjia Investment Management
“Changshu Changtai”	Changshu Changtai Property Co., Ltd.* (常熟市長泰置業有限公司), a company incorporated in the PRC on December 21, 2006, which is our indirect wholly owned subsidiary held by Shanghai Changjia Investment Management
“Changshu Changxiang”	Changshu Changxiang Property Co., Ltd.* (常熟市長祥置業有限公司), a company incorporated in the PRC on January 5, 2007, which is our indirect wholly owned subsidiary held by Shanghai Changjia Investment Management
“Changshu Yuda”	Changshu Yuda Property Management Co., Ltd.* (常熟裕達物業管理有限公司), a company incorporated in the PRC on November 14, 2007, which is our indirect wholly owned subsidiary held by Shanghai Yuda
“China” or “PRC”	the People’s Republic of China excluding, for the purpose of this prospectus, the Hong Kong Special Administrative Region of the PRC, the Macau Special Administrative Region of the PRC and Taiwan

DEFINITIONS

“Citigroup Global Markets”	Citigroup Global Markets Asia Limited
“CJ Land”	CJ Land Group Co., Ltd. (長甲地產集團有限公司), a company incorporated in the BVI on September 1, 2009, which is wholly owned by our Company and is the sole shareholder of Most Well Investment
“Combined Financial Information”	our audited combined financial information as of and for the years ended December 31, 2007, 2008 and 2009, and the four months ended April 30, 2010
“Companies Ordinance”	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Company” or “our Company”	CJ Land Holdings Limited (長甲地產控股有限公司), a company incorporated in the Cayman Islands on September 10, 2009
“Controlling Shareholders”	Changjia Group Int’l and Chairman Zhao
“Cross Default”	event of default under certain loan agreements between us and certain banks resulting from our failure to meet any payment obligation under any other loan agreement between us and other lenders
“CSRC”	China Securities Regulatory Commission (中國證券監督管理委員會), a regulatory body responsible for the supervision and regulation of the PRC national securities markets
“CT Completion Period”	is defined under the section headed “Connected Transactions” in this prospectus
“CT Option Period”	is defined under the section headed “Connected Transactions” in this prospectus
“CT Options”	is defined under the section headed “Connected Transactions” in this prospectus

DEFINITIONS

“Development Business”	the companies or commercial enterprises, directly and indirectly, owned by Chairman Zhao and his family which hold two parcels of land (with an aggregate site area of 2,652,133 sq.m.) located adjacent to the land parcels used to develop the Chamtime Coast Town project and one land parcel located in Qingshui Village, Yangcheng Lake Town, Xiangcheng District, Suzhou City, Jiangsu Province* (江蘇省蘇州市相城區陽澄湖鎮清水村) (with an aggregate site area of approximately 633,333 sq.m.)
“Directors”	directors of our Company
“Dongyuan Rental Agreement”	the rental agreement dated May 5, 2010, by and between Nantong Xingwang and Qidong Qiyue
“EIT”	enterprise income tax
“EIT Implementation Rules”	the Implementation Rules on the PRC EIT Law of the PRC (中華人民共和國企業所得稅法實施條例) promulgated by the State Council on December 6, 2007 and effective on January 1, 2008
“Entrusted Assets”	Shanghai Changjia Property’s shareholder rights to distributions from Shanghai Haoquan
“Ever Sun”	Ever Sun Industrial Development Limited (恒盛實業發展有限公司), a company incorporated in Hong Kong on July 8, 2008, which is our indirect wholly owned subsidiary held by Most Well Investment
“Faith Crown”	Faith Crown Industrial Group Limited (恒泰實業集團有限公司), a company incorporated in Hong Kong on August 21, 2008, which is our indirect wholly owned subsidiary held by Most Well Investment
“FIREE”	foreign-invested real estate enterprise
“First Six-Month Period”	the six months from the Listing Date
“Foreign Acquisition Regulation”	the Regulations on the Acquisitions of Domestic Enterprises by Foreign Investors (關於外國投資者併購境內企業的規定) promulgated by six PRC Governmental and regulatory agencies, including the MOFCOM and the CSRC on August 8, 2006, became effective on September 8, 2006 and was revised on June 22, 2009

DEFINITIONS

“Forever Rich”	Forever Rich Enterprise (Hong Kong) Limited (恒達企業(香港)有限公司), a company incorporated in Hong Kong on March 17, 2009, which is our indirect wholly owned subsidiary held by Shanghai Changjia Property
“GDP”	gross domestic product
“Global Offering”	the Hong Kong Public Offer and the International Placing
“Greater Shanghai Economic Circle”	the grouping of cities within a 100 kilometer radius of Shanghai, including Suzhou, Changshu, Kunshan, Nantong and Jiaying
“Green Application Form(s)”	the application form(s) to be completed by the White Form eIPO Service Provider, Computershare Hong Kong Investor Services Limited
“Group,” “we” or “us”	our Company and its subsidiaries, or where the context so requires, in respect of the period before our Company became the holding company of its present subsidiaries, the business which its predecessors or the predecessors of its present subsidiaries were engaged in and which were subsequently assumed by it pursuant to the Reorganization
“Held Interests”	Shares or other securities of our Company or any such interests (including, but not limited to, any securities that are convertible into or exercisable or exchangeable for, or that represent the right to receive, any such Shares or other securities or any interests therein
“HKAS”	Hong Kong Accounting Standards and Interpretations
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HKSCC Nominees”	HKSCC Nominees Limited, a wholly owned subsidiary of HKSCC
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong dollars” or “HK\$”	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
“Hong Kong Offer Shares”	the 100,000,000 new Shares (subject to adjustment as described in the section headed “Structure of the Global Offering” in this prospectus) being offered by us for subscription pursuant to the Hong Kong Public Offer

DEFINITIONS

“Hong Kong Public Offer”	the offer of the Hong Kong Offer Shares for subscription by the public in Hong Kong
“Hong Kong Share Registrar”	Computershare Hong Kong Investor Services Limited
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Hong Kong Tax Treaty”	the Arrangement between Mainland China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and Prevention of Fiscal Evasion with respect to Taxes on Income (內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排), signed on August 21, 2006
“Hong Kong Underwriters”	the underwriters of the Hong Kong Public Offer listed in the section headed “Underwriting – Hong Kong Underwriters” in this prospectus
“Hong Kong Underwriting Agreement”	the underwriting agreement relating to the Hong Kong Public Offer to be entered into among us, the Controlling Shareholders, the Hong Kong Underwriters and the Joint Global Coordinators on or around October 28, 2010
“IFRS”	International Financial Reporting Standards
“International Placing”	offering of International Placing Shares outside the United States pursuant to Regulation S, including without limitation institutional and professional investors in Hong Kong (other than retail investors in Hong Kong), and in the United States to QIBs in reliance on Rule 144A, as further described in the section headed “Structure of the Global Offering” in this prospectus
“International Placing Shares”	the 900,000,000 Shares (subject to the Over-allotment Option and adjustment as described in the section headed “Structure of the Global Offering” in this prospectus), comprising 800,000,000 new Shares to be offered by the Company for subscription and 100,000,000 Shares to be sold by the Selling Shareholder pursuant to the International Placing together, where relevant, with any additional Shares to be sold by us and the Selling Shareholder pursuant to the exercise of the Over-allotment Option
“International Underwriters”	the underwriters of the International Placing

DEFINITIONS

“International Underwriting Agreement”	the international underwriting agreement relating to the International Placing to be entered into among us, the Controlling Shareholders, the Selling Shareholder, the International Underwriters and the Joint Global Coordinators on or around the Price Determination Date
“Joint Bookrunners”	Citigroup Global Markets, Merrill Lynch International, BOCI Asia Limited and Macquarie Capital Securities Limited
“Joint Global Coordinators”	Citigroup Global Markets, Merrill Lynch International, BOCI Asia Limited and Macquarie Capital Securities Limited
“Joint Lead Managers”	Citigroup Global Markets, Merrill Lynch Far East Limited, BOCI Asia Limited and Macquarie Capital Securities Limited
“Joint Sponsors”	Citigroup Global Markets and Merrill Lynch Far East Limited
“Kunshan Chamtime”	Kunshan Chamtime Property Co., Ltd.* (昆山長泰置業有限公司), a company incorporated in the PRC on August 2, 2010, which is our indirect wholly owned subsidiary held by Shanghai Changjia Property
“Kunshan Dianhu”	Kunshan Dianhu Property Co., Ltd.* (昆山淀湖觀園置業有限公司), a company incorporated in the PRC on January 4, 2010, which is our indirect wholly owned subsidiary held by Shanghai Changjia Property
“LAT”	Land Appreciation Tax (土地增值稅) as defined in PRC Provisional Regulations on Land Appreciation Tax (中華人民共和國土地增值稅暫行條例) of 1994 and its implementation rules, as described in Appendix V to this prospectus
“Latest Practicable Date”	October 21, 2010, being the latest practicable date prior to the printing of this prospectus for the purpose of ascertaining certain information contained in this prospectus
“Lease Agreements”	the two lease agreements dated January 1, 2008, by and between Shanghai Changjia Property and Shanghai Changjia Investment

DEFINITIONS

“Leasing Business”	the companies or commercial enterprises, directly and indirectly, owned by Chairman Zhao and/or Ms. Huang which are principally engaged in leasing of existing industrial premises
“Listing”	the listing of the Shares on the main board of the Hong Kong Stock Exchange
“Listing Date”	the date, expected to be on November 11, 2010, on which dealings in the Shares first commence on the Hong Kong Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange, as amended from time to time
“May Circular”	the Circular on Further Strengthening and Regulating the Approval and Supervision of Foreign Direct Investment in the Real Estate Sector (關於進一步加強、規範外商直接投資房地產業審批和監督的通知) issued by MOFCOM and SAFE on May 23, 2007
“Memorandum of Association”	the memorandum of association of our Company
“Ministry of Construction”	PRC Ministry of Housing and Urban-Rural Development (中華人民共和國住房和城鄉建設部), former PRC Ministry of Construction (中華人民共和國建設部)
“Ministry of Finance”	PRC Ministry of Finance (中華人民共和國財政部)
“Ministry of Land and Resources”	PRC Ministry of Land and Resources (中華人民共和國國土資源部)
“MOFCOM”	PRC Ministry of Commerce (中華人民共和國商務部)
“Most Well Investment”	Most Well Investment Limited (益添投資有限公司), a company incorporated in Hong Kong on December 20, 2007, which is our indirect wholly owned subsidiary held by CJ Land and is the sole shareholder of Suzhou Changjia Investment Management
“Ms. Huang”	Ms. Huang Xiyue, the spouse of Chairman Zhao and the mother of Mr. Zhao Hongyang
“Nantong Option”	the option granted to us by Shanghai Changjia Investment pursuant to which we could require Shanghai Changjia Investment to transfer the entire equity interest of Nantong Xingwang to us (upon the fulfillment of various conditions)

DEFINITIONS

“Nantong Xingwang”	Nantong Xingwang Aquiculture Co., Ltd.* (南通興旺水產養殖有限公司), a company incorporated in the PRC on November 11, 2002, which is wholly owned by Shanghai Changjia Investment
“NDRC”	the National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)
“Notice 75”	the Notice on the Relevant Issues Concerning Foreign Exchange Administration of Financing and Return Investment Undertaken by Domestic Residents Through Overseas Special Purpose Vehicles (國家外匯管理局關於境內居民通過境外特殊目的公司融資及返程投資外匯管理有關問題的通知) promulgated by SAFE on October 21, 2005
“Notice 106”	the Notice of Implementation of the Notice on the Relevant Issues Concerning Foreign Exchange Administration of Financing and Return Investment Undertaken by Domestic Residents Through Overseas Special Purpose Vehicles (國家外匯管理局關於境內居民通過境外特殊目的公司融資及返程投資外匯管理操作規程的通知) promulgated by SAFE on May 29, 2007
“NPC”	the National People’s Congress of the PRC (中華人民共和國全國人民代表大會)
“Offer Price”	the final Hong Kong dollar price per Share (exclusive of brokerage fee, Hong Kong Stock Exchange trading fee and SFC transaction levy) at which the Offer Shares are to be subscribed pursuant to the Hong Kong Public Offer
“Offer Shares”	the Hong Kong Offer Shares and the International Placing Shares together, where relevant, with any additional Shares to be allotted and issued and sold pursuant to the exercise of the Over- allotment Option
“Ordinary Trust Units”	the ordinary trust units under the Trust

DEFINITIONS

“Over-allotment Option”	the option expected to be granted by the Company and the Selling Shareholder to the International Underwriters, exercisable by the Joint Global Coordinators under the International Underwriting Agreement pursuant to which the Company may be required to allot and issue up to 75,000,000 additional new Shares, and the Selling Shareholder may further be required to sell up to 75,000,000 Sale Shares, representing in aggregate 150,000,000 Shares, being 15% of the initial number of Offer Shares offered under the Global Offering, at the Offer Price, to cover, among other things, the over-allocations in the International Placing, if any
“PBOC”	People’s Bank of China (中國人民銀行), the central bank of China
“Pharmaceutical Business”	the companies or commercial enterprises, directly and indirectly, owned by Chairman Zhao and/or Ms. Huang which are principally engaged in the pharmaceutical business
“PRC EIT Law”	the PRC Enterprise Income Tax Law (中華人民共和國企業所得稅法) enacted on March 16, 2007 and effective on January 1, 2008
“PRC Government”	the central government of the PRC and all governmental subdivisions (including provincial, municipal and other regional or local government entities) and instrumentalities thereof or, where the context requires, any of them
“Preferred Trust Units”	the preferred trust units under the Trust
“Pre-IPO Share Option Scheme”	the pre-IPO share option scheme adopted pursuant to written resolutions passed by our Shareholder on October 11, 2010, the principal terms of which are summarized in the sub-section headed “Statutory and General Information – D. Pre-IPO Share Option Scheme” in Appendix VIII to this prospectus
“Price Determination Date”	the date, expected to be on or around November 4, 2010 but no later than November 11, 2010, on which the Offer Price is fixed for the purposes of the Global Offering
“Qidong Dongsheng”	Qidong Dongsheng Aquatic Products Co., Ltd.* (啟東東升水產有限公司), a company incorporated in the PRC on July 15, 2004, which is our indirect wholly owned subsidiary held by Shanghai Changjia Investment Management

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“Qidong Oriental Pearl”	Qidong Oriental Pearl Ocean Resort Co., Ltd.* (啟東東方明珠海洋渡假有限公司), a company incorporated in the PRC on July 7, 2004, which is our indirect wholly owned subsidiary held by Shanghai Changjia Investment Management
“Qidong Qiyue”	Qidong Qiyue Property Co., Ltd.* (啟東啓越置業有限公司), a company incorporated in the PRC on December 20, 2007, which is our indirectly wholly owned subsidiary held by Shanghai Changjia Investment Management
“Qidong Yingtai”	Qidong Yingtai Property Development Co., Ltd.* (啟東市盈泰置業發展有限公司), a company incorporated in the PRC on October 12, 2004, which is our indirect wholly owned subsidiary held by Shanghai Changjia Investment Management
“Qualified Institutional Buyers” or “QIBs”	qualified institutional buyers within the meaning of Rule 144A
“Regulation S”	Regulation S under the US Securities Act
“Renminbi” or “RMB”	Renminbi or yuan, the lawful currency of the PRC
“Rental Agreement”	the rental agreement dated May 1, 2008, by and between Shanghai Changjia Investment Management and Shanghai Changjia Investment
“Reorganization”	the corporate reorganization undertaken by our Group in preparation for the listing of Shares on the Hong Kong Stock Exchange, the particulars of which are further described in the section headed “History and Reorganization – Reorganization” in this prospectus
“Restricted Activity”	any business which competes or is likely to compete directly or indirectly with our Group’s business as set out in this prospectus, in the PRC and any other area in which our Group carries on business
“Rule 144A”	Rule 144A under the US Securities Act
“SAFE”	The PRC State Administration of Foreign Exchange (中國國家外匯管理局)

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“Sale Shares”	100,000,000 Shares being offered by the Selling Shareholder pursuant to the International Placing and, where relevant, up to 75,000,000 additional Shares being offered by the Selling Shareholder pursuant to the exercise of the Over-allotment Option
“Sales Plan”	the detailed sales plan formulated by our sales department including estimated selling prices, the selling period, number of units for sale and expense budget
“Santong Option”	the option granted to us by Shanghai Changjia Investment pursuant to which we could require Shanghai Changjia Investment to transfer the entire equity interest of Shanghai Santong to us
“SARS”	severe acute respiratory syndrome, a respiratory disease in humans which is caused by the SARS corona virus
“Savills”	Savills Valuation and Professional Services Limited, an independent third party of our Group
“Savills Report”	the detailed analysis of the property markets in Shanghai and the Greater Shanghai Economic Circle conducted by Savills in connection with the Global Offering
“Securities and Futures Commission” or “SFC”	the Securities and Futures Commission of Hong Kong
“Selling Shareholder”	Changjia Group Int’l
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shanghai Changhe”	Shanghai Changhe Property Co., Ltd.* (上海長賀置業有限公司), a company incorporated in the PRC on September 1, 2009, which is our indirect wholly owned subsidiary held by Shanghai Changjia Investment Management
“Shanghai Changjia Industry”	Shanghai Changjia Industry Co., Ltd.* (上海長甲實業有限公司), a company incorporated in the PRC on March 9, 2006, which is owned as to 70% by Chairman Zhao and 30% by Mr. Zhao Hongyang
“Shanghai Changjia Investment”	Shanghai Changjia Investment Co., Ltd.* (上海長甲投資有限公司), a company incorporated in the PRC on April 27, 2006, which is owned as to 10% by Chairman Zhao and 90% by Shanghai Changjia Industry

DEFINITIONS

“Shanghai Changjia Investment Management”	Shanghai Changjia Investment Management Co., Ltd.* (上海長甲投資管理有限公司), a company incorporated in the PRC on March 18, 2008, which is our indirect wholly owned subsidiary held by Suzhou Changjia Investment Management
“Shanghai Changjia Property”	Shanghai Changjia Property Co., Ltd.* (上海長甲置業有限公司), a company incorporated in the PRC on May 25, 1999, which is our indirect wholly owned subsidiary held by Shanghai Changjia Investment Management
“Shanghai Changtai Investment”	Shanghai Changtai Investment Co., Ltd.* (上海長泰投資有限公司), a company incorporated in the PRC on April 27, 2006, which is owned as to 10% by Chairman Zhao and 90% by Shanghai Changjia Industry
“Shanghai Changyi”	Shanghai Changyi Property Management Co., Ltd.* (上海長宜物業管理有限公司), a company incorporated in PRC on May 26, 2003, which is our indirect wholly owned subsidiary held by Shanghai Yuda
“Shanghai Deji”	Shanghai Deji Property Co., Ltd.* (上海德基置業有限公司), a company incorporated in the PRC on January 15, 2001, which is our indirect wholly owned subsidiary held by Shanghai Changjia Investment Management
“Shanghai Haoquan”	Shanghai Haoquan Real Estate Development Co., Ltd.* (上海豪全房地產開發有限公司), a company incorporated in the PRC on February 27, 2003, which is our indirect wholly owned subsidiary held by Shanghai Changjia Property
“Shanghai Haosheng”	Shanghai Haosheng Investment Development Co., Ltd.* (上海豪盛投資發展有限公司), an independent third party of our Group
“Shanghai Jianquan”	Shanghai Jianquan Investment Co., Ltd.* (上海健全投資有限公司), an independent third party of our Group
“Shanghai Jindilianchuang”	Shanghai Jindilianchuang Property Co., Ltd.* (上海金締聯創置業有限公司), a company incorporated in the PRC on August 8, 2003, which is our indirect wholly owned subsidiary held by Shanghai Changjia Property
“Shanghai Santong”	Shanghai Santong Industry Co., Ltd.* (上海三通實業有限公司), a company incorporated in the PRC on December 20, 1994, which is wholly owned by Shanghai Changjia Investment

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“Shanghai Shenghesheng”	Shanghai Shenghesheng Property Co., Ltd.*(上海聖和聖置業有限公司), an independent third party of our Group
“Shanghai Yingtai”	Shanghai Yingtai Chemical Trading Co., Ltd.* (上海英泰化工貿易有限公司), an independent third party, from which we acquired Qidong Dongsheng, Qidong Oriental Pearl, Qidong Yingtai and Qidong Qiyue
“Shanghai Yuda”	Shanghai Yuda Property Management Co., Ltd.* (上海裕達物業管理有限公司), a company incorporated in PRC on May 24, 2007, which is our indirect wholly owned subsidiary held by Shanghai Changjia Investment Management
“Share Option Scheme”	the share option scheme conditionally adopted pursuant to resolutions passed by our Shareholder on October 11, 2010, the principal terms of which are summarized in the sub-section headed “Statutory and General Information – E. Share Option Scheme” in Appendix VIII to this prospectus
“Share Option Schemes”	the Pre-IPO Share Option Scheme and the Share Option Scheme
“Shareholder(s)”	holder(s) of the Share(s)
“Shares”	ordinary share(s) of HK\$0.10 each in the issued share capital of the Company
“Stabilizing Manager”	Citigroup Global Markets
“State Administration of Taxation”	State Administration of Taxation of the PRC (國家稅務總局)
“State Council”	The State Council of the PRC (中華人民共和國國務院)
“Stock Borrowing Agreement”	the stock borrowing and lending agreement expected to be entered into on or around the Price Determination Date between the Stabilizing Manager (or its affiliates acting on its behalf) and Changjia Group Int’l, pursuant to which Changjia Group Int’l will agree to lend up to 150,000,000 Shares to the Stabilizing Manager on terms set forth therein, further details of which are set out in the section headed “Structure of the Global Offering – Stabilization” in this prospectus

DEFINITIONS

“Suzhou Changjia Investment Management”	Suzhou Changjia Investment Management Co., Ltd.* (蘇州長甲投資管理有限公司), formerly known as Suzhou Changjia Pharmacy Co., Ltd.* (蘇州長甲藥業有限公司), a company incorporated in the PRC on May 11, 2000, which is our indirect wholly owned subsidiary held by Most Well Investment
“Suzhou CJ Pharmacy”	Suzhou Changjia Pharmacy Co., Ltd.* (蘇州長甲藥業有限公司), a company incorporated in the PRC on June 26, 2009, which is an indirect wholly owned subsidiary of Ms. Huang
“Suzhou Rental Agreement”	the rental agreements dated March 26, 2009, by and between Suzhou Changjia Investment Management and Suzhou CJ Pharmacy
“Suzhou Xinhua”	Suzhou Xinhua Investment Development Co., Ltd.* (蘇州新濤投資發展有限公司), an independent third party of our Group
“Track Record Period”	the three years ended December 31, 2007, 2008, 2009 and the four months ended April 30, 2010
“Tricor”	Tricor Services Limited, an independent third party of our Group
“Trust”	the trust arrangement we entered into with the Trustee
“Trustee”	Anxin Trust & Investment Co., Ltd.* (安信信託投資股份有限公司), an independent third party of our Group
“Underwriters”	the Hong Kong Underwriters and the International Underwriters
“Underwriting Agreements”	the Hong Kong Underwriting Agreement and the International Underwriting Agreement
“United States” or “US”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“US dollars” or “US\$”	United States dollars, the lawful currency of the United States
“US Securities Act”	the US Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder

DEFINITIONS

“White Form eIPO”	the application for Hong Kong Offer Shares to be issued in the applicant’s own name by submitting applications online through the designated website of White Form eIPO at www.eipo.com.hk
“White Form eIPO Service Provider”	Computershare Hong Kong Investor Services Limited
“Wuxi Changxiang”	Wuxi Changxiang Real Estate Development Co., Ltd.* (無錫長祥房地產開發有限公司), a company incorporated in the PRC on July 19, 2010, which is our wholly owned subsidiary held by CJ Land
“Yangtze River Delta”	the area including, for purposes of this prospectus, Shanghai Municipality, Jiangsu Province and Zhejiang Province
“ZHTP”	Zhangjiang Hi-Technology Park

In this prospectus:

- “*” denotes an English translation of a Chinese name and is for identification purposes only;
- the terms “associate,” “connected person,” “connection transaction,” “subsidiary” and “substantial shareholder” shall have the meanings given to such terms in the Listing Rules, unless the context otherwise requires;
- all English translations of the PRC laws and regulations in this prospectus are unofficial translations and provided for identification purposes only;
- the English names of certain PRC entities which are marked by an asterisk (*) are translations of their Chinese names and are included for identification purposes only. In the event of any inconsistency, the Chinese name prevails; and
- certain amounts and percentage figures included in this prospectus have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.

GLOSSARY OF TECHNICAL TERMS

The glossary contains explanations and definitions of certain terms used in this prospectus in connection with the Group and its business. The terms and their meanings may not correspond to standard industry meaning or usage of these terms.

“average rental rate”	average rental rate on a gross basis, unless otherwise stated
“average selling price” or “ASP”	average selling price on a gross basis, unless otherwise stated
“completion certificate”	construction work completion inspection certificate (建設工程竣工驗收備案表) issued by local urban construction bureaus or equivalent authorities in China with respect to the completion of property projects subsequent to their on-site examination and inspection
“construction land planning permit”	construction land planning permit (建設用地規劃許可證) issued by local urban zoning and planning bureaus or equivalent authorities in China
“construction work commencement permit”	construction work commencement permit (建設工程施工許可證) issued by local construction committees or equivalent authorities in China
“construction work planning permit”	construction work planning permit (建設工程規劃許可證) issued by local urban zoning and planning bureaus or equivalent authorities in China
“fixed charge coverage”	earnings before tax divided by net interest expenses
“GFA”	gross floor area
“green coverage ratio”	the ratio of gross floor area of greenery to the total gross floor area of the project
“International Grade A”	Grade (Class) A, according to the Urban Land Institute, a non-profit research and education organization headquartered in Los Angeles, is characterized as buildings that have excellent location and access, attract high quality tenants, and are managed professionally; specific usage of “International Grade A” in this prospectus is based on determinations made by Savills as part of the market analysis report we engaged Savills to prepare in connection with the Global Offering described further in the section headed “Industry Overview” in this prospectus

GLOSSARY OF TECHNICAL TERMS

“land use rights certificate”	a certificate (or certificates as the case may be) of the right of a party to use a parcel of land (國有土地使用權證)
“land use rights grant contract”	an agreement we and the relevant local government authority enter into after the public tender, auction or listing-for-sale (as applicable), which provides for, among other things, the amount of land grant premium that we should pay for acquiring the land use rights of the relevant land parcel. After we have paid the land grant premium and satisfied any other conditions as set forth in the land use rights grant contract, we will obtain a land use rights certificate for the relevant land parcel
“plot ratio”	the ratio of the gross floor area (excluding floor area below ground) of all buildings to their site area
“presale permit”	the presale permit (預售許可證) authorizing a developer to start the presale of property under construction
“public tender,” “auction,” or “listing-for-sale”	public tender, auction or listing at a land exchange administered by the local government, each of which is a competitive bidding process through which a purchaser acquires land use rights directly from the PRC Government; please refer to Appendix VI headed “Summary of Principal Legal and Regulatory Provisions” in this prospectus for a detailed explanation of these processes
“rentable GFA”	in relation to (i) completed property projects, the total GFA shown in the relevant completion documents, survey documents and/or property ownership certificates for leasing purposes; and (ii) projects where we have obtained presale permits, the leasable GFA information refers to the leasable GFA as shown in the presale permits, completion documents, survey documents and/or property ownership certificates for leasing purposes
“saleable GFA”	in relation to (i) completed property projects, the total GFA shown in the relevant completion documents, survey documents and/or property ownership certificates for sale purposes; and (ii) projects where we have obtained presale permits, the saleable GFA information refers to the saleable GFA as shown in the presale permits, completion documents, survey documents and/or property ownership certificates for sales purposes

GLOSSARY OF TECHNICAL TERMS

“sq.km.”	square kilometer
“sq.m.”	square meter
“total GFA” or “total gross floor area”	the above-ground and underground saleable and/or leasable area contained within the external walls of any building at each floor level and the whole thickness of the external walls of the relevant project together with other non-leasable and non-saleable area. In general this includes mechanical and electrical services rooms, refuse rooms, water tanks, car parking floors, lifts and staircases

FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements that are, by their nature, subject to significant risks and uncertainties. In some cases we use words such as “aim,” “anticipate,” “believe,” “estimate,” “expect,” “going forward,” “intend,” “may,” “plan,” “potential,” “predict,” “project,” “propose,” “seek,” “should,” “will,” “would” and other similar expressions to identify forward-looking statements. These forward-looking statements include, without limitation, statements relating to:

- our business and operating strategies and our various measures to implement such strategies;
- our dividend distribution plans;
- our capital commitment plans, particularly plans relating to acquisition of land for our real estate developments and the development of our projects;
- our operations and business prospects, including development plans for our existing and new projects;
- the future competitive environment for the PRC or Shanghai real estate industry;
- the regulatory environment as well as the general industry outlook for the PRC real estate industry;
- future developments in the PRC or Shanghai real estate industry; and
- the trend of the PRC economy in general.

These statements are based on numerous assumptions, including those regarding our present and future business strategy and the environment in which we will operate in the future. Our future results could differ materially from those expressed or implied by such forward-looking statements. In addition, our future performance may be affected by various factors including, without limitation, those discussed in the sections headed “Risk Factors” and “Financial Information – Significant Factors Affecting Our Results of Operations” in this prospectus.

Should one or more of the risks or uncertainties stated in the mentioned sections materialize, or should any underlying assumptions prove incorrect, actual outcomes may vary materially from those indicated. Prospective investors should therefore not place undue reliance on any of these forward-looking statements.

In this prospectus, statements of, or references to, our intentions or those of any of our directors are made as of the date of this prospectus. Any such intentions may change in light of future developments.

RISK FACTORS

In addition to other information in this prospectus, you should carefully consider the following risk factors, which may not be typically associated with investing in equity securities of companies from other jurisdictions, before making any investment decision in relation to our Shares. The following risk factors describe events, uncertainties or circumstances that may create or enhance risks to our business, financial condition, results of operations or otherwise to the value of your investment in our Shares.

RISK FACTORS RELATING TO OUR BUSINESS

We are heavily dependent on the performance of the property markets of Shanghai and the cities in and near the Greater Shanghai Economic Circle, which have fluctuated and may continue to fluctuate

We develop and sell properties in Shanghai and other cities in and near the Greater Shanghai Economic Circle. Of our 12 properties in various stages of development, six are located in Shanghai and the other six are located in Changshu, Kunshan, Wuxi and Qidong in Jiangsu Province. As a result, our business and results of operations are heavily dependent on the property markets in Shanghai and other cities in and near the Greater Shanghai Economic Circle. These property markets may be affected by local, national and global factors, including overall economic and financial conditions, speculative activities in the market, demand and supply of properties, availability of alternative investment choices for property buyers, interest rates and availability of capital.

Property prices and demand in Shanghai and the cities in and near the Greater Shanghai Economic Circle have fluctuated significantly in recent years. Following rapid increases in transaction volumes and prices for much of the period from 2003 to 2007, transaction volumes and prices for properties in Shanghai and some other cities in and near the Greater Shanghai Economic Circle experienced a decline during the second half of 2008 and early 2009, due in part to the global financial crisis and economic downturn as well as policies implemented by the PRC Government to prevent the overheating of the real estate sector. Although transaction volumes and prices for properties in Shanghai and other cities in and near the Greater Shanghai Economic Circle rebounded during 2009 and early 2010, a further set of policies implemented by the PRC Government since April 2010 have had a dampening effect on property market demand. Near-term market demand and prices are unclear, and any demand and price increases may not be sustainable if the global and PRC economies do not continue to recover from the global economic crisis or the PRC Government adopts further measures to contain over-heating in the property market. In addition, the rapid growth of the property markets of Shanghai and the cities in and near the Greater Shanghai Economic Circle in recent years may lead to oversupply of properties, which could result in a decrease in property prices and greater difficulty selling or leasing our properties. Any future declines in demand or prices for properties in the cities in which we have active projects could have a material adverse impact on our cash flows, financial position and results of operations.

RISK FACTORS

Our business and results of operations are significantly affected by the availability and cost of land reserves in desirable locations

The growth and success of our business depends on our ability to continue to acquire land reserves in desirable locations at commercially acceptable prices. During the Track Record Period, our land reserves were primarily acquired from land auctions held by relevant local governments. We have also been engaged in the acquisition of distressed projects and the acquisition of project companies from other developers. However, we may not be able to continue to identify and acquire land suitable for our developments, whether through auction or by acquisition from other developers. Our ability to acquire land may depend on factors such as the overall economy, competition and the effectiveness of our management in identifying and consummating such deals. The availability and price of land sold at auction depends on factors including government land policies and competition. The PRC Government and relevant local authorities control the amount and costs of new land supply and the approved planning and use of such land. Specific regulations are in place to control the way through which land is acquired and developed (please refer to Appendix VI headed “Summary of Principal Legal and Regulatory Provisions” in this prospectus for more details). Moreover, the rapid development of Shanghai, the Greater Shanghai Economic Circle and nearby areas in recent years has led to a diminishing supply of undeveloped land in desirable locations.

At the same time, changes in the price of land may significantly affect our results of operations and financial condition. Land acquisition costs have been one of the largest components of our cost of sales. Moreover, we generally incur expenses on land acquisition for a project for more than a year before we begin generating cash from presales of the project’s properties. As a result, increases in land acquisition costs may have a significant adverse effect on our cash flows. In addition, at the time of acquiring the land we must estimate what the demand and market prices for the relevant project will be several years in the future when sales commence. If such demand and prices are significantly lower than we forecast, our gross profit and margin will be negatively affected.

Delays in our project development schedules may adversely impact our cash flows, financial position and results of operations

Development of our projects can last several years, with the bulk of related expenditures incurred during the early stages of project development, which includes land acquisition and construction. A project may be under construction for more than a year before it generates positive cash flow through presales or sales and a further year or more before we recognize revenues from the project upon delivery of the completed properties. As a result, our cash flows and results of operations are significantly impacted by our project development schedules and any changes to those schedules. Project development schedules depend on a number of factors, including the performance and efficiency of our independent contractors and our ability to finance construction with bank borrowings and presales and sales proceeds. Other specific factors that could adversely affect our project development schedules include:

- natural catastrophes and adverse weather conditions;
- changes in market conditions;
- changes in relevant governmental regulations and policies;
- delays in obtaining necessary licenses, permits or approvals from governmental agencies or authorities;

RISK FACTORS

- relocation of existing residents and/or demolition of existing constructions;
- shortages of materials, equipment, contractors and skilled labor;
- labor disputes;
- construction accidents; and
- misjudgment on the selection and acquisition criteria for potential sites, especially with respect to new business segments and cities.

Construction delays or failure to complete the construction of a project according to its planned specifications, schedule and budget may result in harm to our reputation as a property developer, loss of or delay in recognizing revenues and lower returns. If a presold property development is not completed on time, the purchasers of presold units may be entitled to compensation for late delivery. If the delay extends beyond a certain period, the purchasers may even be entitled to terminate the presale agreements and claim damages. We cannot assure you that we will not experience any significant delays in completion or delivery in the future or that we will not be subject to any liabilities for any such delays.

We may not successfully manage our growth and expansion into new business segments such as mixed-use developments and new cities in and near the Greater Shanghai Economic Circle

Our business has expanded rapidly, and we intend to continue to expand our project development portfolio by seeking development opportunities in new business segments, including the development of large-scale mixed-use developments such as our Chamtime Plaza. We also currently plan to develop our Chamtime International Town (Wuxi China), Chamtime International Town (Changshu China) and Chamtime Coast Town projects as large-scale mixed-use developments. In addition to Shanghai, Changshu, Kunshan, Wuxi and Qidong, where we currently have projects, we may also develop projects in other major cities within or near the Greater Shanghai Economic Circle, such as Suzhou.

Expanding into new business segments and geographical locations involves numerous uncertainties and challenges relating to our unfamiliarity with new business segments or local matters such as regulatory practices and customs, customer preference and behavior, reliability of contractors and suppliers and business practices and environments. In addition, expanding our business into new geographical locations would entail competing with developers that have a better established local presence, are more familiar with local regulatory and business practices and customs and have stronger ties with local suppliers, contractors and purchasers. As we may face challenges not previously encountered, we may fail to recognize or properly assess risks or fully take advantage of opportunities, or otherwise fail to adequately leverage our past experience to meet challenges encountered in these new activities. For example, we may have difficulty accurately predicting market demand for large-scale mixed-use developments or for our properties in the cities into which we expand. Expanding into new business segments such as mixed-use developments and cities requires a significant amount of capital expenditure and management time and resources. We will also need to manage the growth in our workforce to match the expansion of our business. We may also face considerable reputational and financial risks if any new business segment we choose to enter is mismanaged or does not meet the expectations of our customers. Any of these factors could have a material adverse effect on our business, financial condition, results of operations and prospects.

RISK FACTORS

We have successfully bid for or acquired from third parties sites for several future property developments, and we have entered into agreements or letters of intent regarding other sites. These investments and planned investments in future property developments may not succeed

We successfully bid for or acquired from third parties sites for several future property developments, including Chamtime Noble Palace, Chamtime International Town (Wuxi China), Chamtime International Town (Changshu China) and Chamtime Coast Town. The combined site area of these property development projects is 2,365,478 sq.m. The current estimated aggregate cost of development for these projects, including land costs and construction costs, is approximately RMB20 billion. For details of each of these projects, please refer to the section headed "Business – Our Property Development Projects in Other Cities in and near the Greater Shanghai Economic Circle" in this prospectus. These future developments may face challenges or fail to achieve the results we expect due to various reasons, such as failure to obtain the necessary approvals for the project, changes in market conditions or relevant governmental policies, incorrect estimates by us of market demand or prices, or other uncertainties. Such challenges and failures could cause us to lose money on those projects and negatively affect our gross profit margin and net profit as well as our business operations and financial condition.

Our current design and plan with respect to Chamtime International Town (Changshu China) requires additional parcels of lands. We have entered into a framework agreement with the local government in Changshu pursuant to which we and the local government agreed to cooperate in the development of a site area totaling 1,066,667 sq.m. in Changshu for the project. Under this agreement, the local government will attend to the preparatory work of the tender, auction or listing-for-sale of the land parcels and we will participate in such tender, auction or listing-for-sale process. The sale of the site is being conducted in three tranches. We have signed land use rights grant contracts for two land parcels with an aggregate site area of 174,309 sq.m. in relation to the project. Notwithstanding our framework agreement with the local government, we may fail to succeed in the tenders, auctions or listings-for-sale for the other parcels of lands comprising the site. Therefore, our original plan with respect to Chamtime International Town (Changshu China) may require further adjustment or changes, which may delay our development schedule and may adversely affect our future revenues, profit and financial condition.

Pursuant to the framework agreement with respect to the acquisition of Qidong Dongsheng, Qidong Oriental Pearl, Qidong Yingtai and Qidong Qiyue for Chamtime Coast Town dated February 1, 2010 and three supplemental agreements dated February 26, 2010, March 9, 2010 and March 10, 2010, respectively, the seller, Shanghai Yingtai, agreed to assist us, at its own cost, in (i) changing the approved use of two of the land parcels held by Qidong Dongsheng and Qidong Oriental Pearl from other commercial service use into commercial and residential use with the area for commercial use constituting no more than 10%, (ii) extending the approved construction commencement date for the land parcels owned by Qidong Dongsheng, Qidong Oriental Pearl, Qidong Yingtai and Qidong Qiyue to November 30, 2010, and (iii) changing the approved term of the land use right for the land parcels owned by Qidong Yingtai to 70 years for residential purpose and 40 years for commercial purpose, all to be completed by December 2010. In the event these commitments are not fulfilled, we are entitled to withhold payment of a certain amount of the consideration for the acquisition of the relevant project companies. As of the Latest Practicable Date, the approved construction

RISK FACTORS

commencement dates for the land parcels owned by Qidong Qiyue, Qidong Yingtai, Qidong Dongsheng and Qidong Oriental Pearl have been extended to November 30, 2010, January 18, 2011, November 18, 2010 and November 18, 2010, respectively. Whether and when the change of the current land use rights of the two parcels of land held by Qidong Dongsheng and Qidong Oriental Pearl to development of residential and commercial properties will be approved, and whether such approval will require additional land use rights grant premium is solely at the discretion of relevant PRC land authorities and therefore our development plan for such land parcels is dependent on our success in obtaining the relevant approvals. In the event any additional land use rights grant premium for such change of approved use is required, it shall be borne by Shanghai Yingtai pursuant to the framework agreement and the supplemental agreements.

In addition, we have entered into a letter of intent with Suzhou Xinhua in respect of the development of parcels of land with a total site area of approximately 748,300 sq.m. in Suzhou. Pursuant to such letter of intent, we and Suzhou Xinhua, which owns the management rights over the land parcels, agreed to cooperate in the development of such land whereby Suzhou Xinhua will assist us in applying for various certificates or permits with relevant local government authorities and bear the cost of demolition and resettlement costs contemplated thereunder. Such letter of intent does not create any obligation between the parties. Notwithstanding such letter of intent, we expect to go through the public tender, auction or listing-for-sale process, and if we succeed in our bid, enter into a land use rights grant contract and pay the relevant land grant premium as required by the relevant laws and regulations in order to obtain the title to the land. We cannot assure you that there will not be changes to the implementation of the letter of intent or that we will succeed in the relevant public tender, auction or listing-for-sale process.

We may not be able to maintain a high occupancy rate and rental rate of our investment properties

We believe maintaining high occupancy rates in our commercial properties is important to our overall business and performance. In 2007, 2008, 2009 and the four months ended April 30, 2010, we derived revenues of RMB1.5 million, RMB54.2 million, RMB91.5 million and RMB32.7 million from rental income from our investment properties. Moreover, the fair value of our investment properties may be impacted by the occupancy rates and rental rates we are able to charge for tenants in those properties. As of July 31, 2010, Chamtime International Financial Center had an occupancy rate of 100%, among which approximately 65% were financial sector-related companies such as foreign and domestic banks, securities firms, futures trading companies and insurance companies. Tenants in the financial industry may be subject to greater volatility than other companies, as demonstrated during the global financial crisis. Our ability to maintain high occupancy rates and rental rates depends on a number of factors, including overall economic conditions, competition and our ability to provide tenants with the facilities and services they demand. If we are unable to maintain high occupancy rates and command high rental rates, our business, financial condition and results of operations will be adversely affected.

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The fair value of our investment properties has accounted for a large portion of our profits in the past and may fluctuate significantly over financial periods, which may materially and adversely impact our profitability and results of operations

For the years ended December 31, 2007, 2008, 2009 and the four months ended April 30, 2010, the fair value gains on our investment properties were nil, RMB867.0 million, RMB564.6 million and RMB178.0 million, respectively, accounting for 0%, 87.4%, 66.1% and 30.8%, respectively, of our profit before tax in those periods. The fair value gains on our investment properties for the year ended December 31, 2008 were attributable to the recategorization of our Chamtime International Financial Center upon completion from properties under development to investment properties and an incremental increase in its fair market value subsequent to the recategorization. Our future profits may be significantly affected by changes in fair value of our investment properties.

In accordance with IAS 40, the International Accounting Standard for investment properties issued by the International Accounting Standards Board, investment properties may be recognized by using either the fair value model or the cost model. We have chosen to recognize investment properties at their fair values because we are of the view that periodic fair value adjustments in accordance with prevailing market conditions provide a more up-to-date picture of the value of our investment properties.

We reassess the fair value of our investment properties upon their completion and at every balance sheet date for which we issue financial statements. We recognize the aggregate fair market value of our investment properties on our combined balance sheets, and recognize fair value gains on investment properties and the relevant deferred tax on our consolidated income statements for each financial period.

An investment property is measured initially at its cost, including related transaction costs. After initial recognition, it is carried at fair value, with changes in fair value recognized in our consolidated income statement. Upward fair value adjustments, which reflect, among other things, unrealized capital gains in the value of our investment properties at the relevant balance sheet dates and sometimes arise upon the reclassification of our properties as investment properties, are not profit generated from day-to-day rental income from our investment properties, are largely dependent on the conditions prevailing in the property markets, and do not generate cash inflows to us unless such investment properties are disposed of and the capital gains are realized. Moreover, property values are subject to market fluctuations.

Because we derive our revenue principally from the sale of property, our results of operations may vary significantly from period to period

At present, we derive the majority of our revenue from the sale of residential properties that we have developed. Our results of operations may fluctuate in the future due to a combination of factors, including the overall development schedule of our property development projects, the level of acceptance of our properties by prospective customers, the timing of the sale of properties that we have developed, our revenue recognition policies and any volatility in expenses, such as land costs and construction costs. In addition, our property developments are often developed in multiple phases over the course of several years. Typically, as the overall development moves closer to completion, the sale prices of the properties in such developments tend to increase because a more established residential community is available

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to purchasers. Furthermore, according to our accounting policy for revenue recognition, we recognize revenue from the sale and presale of our properties upon delivery to the buyer. Generally, there is a time difference, typically ranging from one year to one and half years, between the time we commence presale of properties under development and completion of properties. Because the timing of completion of our properties varies according to our construction timetable, our results of operations may vary significantly from period to period depending on the GFA sold or presold and the timing of completion of the properties we sell. Historically, periods in which we completed more GFA typically generated a higher level of revenue. For example, the increase in our revenue to RMB1,031.3 million in the four months ended April 30, 2010 from RMB28.1 million in the four months ended April 30, 2009 was primarily due to a significant increase in the GFA completed and delivered in our Chamtime Lake Mountain Villa, Chamtime Mountain View Villa and Chamtime Western Villa properties. Periods in which we presell a large aggregate GFA, however, may not generate a correspondingly high level of revenue, if the properties presold are not completed within the same period. The effect of the timing of project delivery on our operational results is accentuated by the fact that during any particular period of time we can only undertake a limited number of projects due to the substantial capital requirements for land acquisitions and construction costs as well as the limited supply of land.

Accordingly, our interim results for a given financial year may not be indicative of our performance for the financial year or otherwise comparable to the results of previous periods. In light of the above, our Directors believe that period-to-period comparisons of our operating results may not be as meaningful as they would be for a company with a greater proportion of recurring revenues. If our operating results in one or more periods do not meet the market's expectations, the price of our Shares could be materially and adversely affected.

We face intense competition

The high-end residential and premium commercial property markets in Shanghai and major cities in and near the Greater Shanghai Economic Circle have been highly competitive in recent years. Property developers from the PRC and overseas have entered the property development markets in Shanghai and other cities in and near the Greater Shanghai Economic Circle where we have operations and we may expand into. Many of our competitors, including overseas listed foreign developers and top tier domestic developers, may have more financial or other resources than us and may be more sophisticated than us in terms of engineering and technical skills. Competition among property developers may cause an increase in land costs and raw material costs, shortages in quality construction contractors, surplus in property supply leading to property price declines, further delays in issuance of governmental approvals, and higher costs to attract or retain talented employees. Moreover, property markets across the PRC are influenced by various other factors, including changes in economic conditions, banking practices and consumer sentiment. If we fail to compete effectively, our business operations and financial condition will suffer.

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Fluctuations in the price of construction materials could adversely affect our business and financial performance

The cost of construction materials such as steel and cement, which constitutes a significant proportion of our contractual payments to our construction contractors, may rise. Any rise in the cost of construction materials may result in additional costs to us and may lead to future increases in construction contract costs. Construction material costs have experienced periods of fluctuation in recent years, with prices of many commodity materials, in particular steel and cement, rising significantly in 2006 and 2007. Any increase in the cost of any significant construction materials will adversely impact our overall construction costs, which is generally one of the largest components of our cost of sales. If we cannot pass any or all of the increased costs on to our customers, our profitability will be adversely affected.

Seasonal variations impact our results of operations on a quarterly basis and may make accurately comparing and analyzing our operating performance more difficult

Our business is subject to seasonal variations. In particular, due to the effect of the end of the year and Chinese New Year holidays, we may experience lower presales transaction volume and be less likely to deliver properties during the first quarter of the year. As a result, our revenues, which are recognized upon delivery of properties, generally may be lower in the first quarter than in other quarters of the year. These seasonal variations may make it more difficult to accurately analyze our operating performance based on quarterly information and may lead to fluctuations in the price of our Shares.

Our gross profit level and margin are affected by our revenue mix and we may not be able to sustain our existing level of profit

We recorded gross profit margins of approximately 71.0%, 76.3%, 83.1% and 47.5% in the years ended December 31, 2007, 2008 and 2009 and the four months ended April 30, 2010, respectively. Factors including change in the mix of our revenue sources, such as the proportion of properties sold and rental income generated from our investment properties, delays in project development schedules, intensified market competition, failure to achieve sales targets and failure to control our material costs such as construction costs, may reduce our gross profit margin. Land acquisition costs are also a major factor in determining our gross profit margin from sales of residential properties. Our high gross profit margin in 2007, 2008 and 2009 was partially due to the low land acquisition costs for our Shanghai Garden project, for which we acquired the land in 1999 when land prices were significantly lower than today. We currently expect to sell and deliver all the remaining units of Shanghai Garden in 2010 and our gross profit margin for the year ending December 31, 2010 is forecast to decrease from 2009 because a substantial portion of our revenue would be derived from the sales of our other residential property projects, which have lower gross profit margins. We cannot assure you that we can always maintain or increase our gross profit margin. In the event that we are unable to maintain or increase our gross profit margin, our profitability may be materially adversely affected.

We require substantial capital resources to fund our land acquisitions and property developments, and any adverse change in the availability of such capital resources could significantly affect our business operations and prospects

Property development is capital intensive. We finance our property projects primarily through a combination of sales proceeds and borrowings from financial institutions. All of our borrowings are in Renminbi. Our ability to procure adequate financing for land acquisition and

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property development depends on a number of factors that are beyond our control, including credit market conditions and PRC governmental policies. Poor credit market conditions, such as those seen globally during the global financial crisis and economic downturn of 2008 and 2009, could limit our ability to obtain bank loan facilities or raise funds through debt issuances and in extreme circumstances could lead banks to withdraw existing undrawn bank facilities in breach of our bank facility agreements.

The PRC Government has in recent years introduced numerous policy initiatives in the financial sector to further tighten the requirements for lending to property developers, which, among other things:

- restrict PRC commercial banks from granting loans to property developers for the purpose of paying land grant premiums;
- restrict PRC commercial banks from granting loans for the development of luxury residential properties and houses;
- require property developers to fund a minimum amount of 20% (for common residential housing (普通商品住房) projects or welfare housing (保障性住房)) and 30% (for other projects) of the total estimated capital required for the project with internal funds;
- require the foreign-invested property developers to (i) contribute registered capital in full, (ii) obtain the state-owned land use rights certificate, and (iii) invest no less than 35% capital of total intended investment in order to finance the project through offshore or onshore loans or obtain an approval from foreign exchange administration for the conversion of foreign loans into Renminbi;
- restrict property developers from financing property developments with loans obtained from banks in regions outside the location of the relevant property developments;
- prohibit commercial banks from taking commodity properties that have been vacant for more than three years as security for their loans; and
- restrict commercial banks from granting loans to property developers holding large amounts of idle land and vacant commodity properties which are identified by the PRC land and resources authority and the PRC construction authority.

On July 29, 2008, PBOC and CBRC issued the Notice on Financially Promoting the Economization and Intensive Use of Land (關於金融促進節約集約用地的通知), which, among other things,

- restricts PRC commercial banks from granting loans to property developers for the purpose of paying land grant premiums;
- regulates secured loans for land reserves in various respects, including the requirement to obtain a land use rights certificate, to secure up to 70% value of the security's appraised valuation, and to limit the length of maturity to no more than two years;

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- requires lenders to be cautious in granting or extending loans to any property developer that (i) delays the commencement of development date specified in the land use rights grant contract more than one year, (ii) has not finished one-third of the land area for the intended project, or (iii) has not invested a quarter of the intended total project investment;
- prohibits granting loans to the property developer for land which is recognized as being idle for over two years by the PRC land and resources authorities; and
- prohibits taking idle land as a security for loans.

On September 29, 2010, the PBOC and CBRC issued the Notice on Promoting Differentiated Housing Credit Policy (中國人民銀行·中國銀行業監督管理委員會關於完善差別化住房信貸政策有關問題的通知), which prohibits commercial banks from granting or extending loans to property developers that violate laws and regulations such as (i) holding idle land; (ii) changing the land use; (iii) delaying the commencement and completion of development; and (iv) intentionally holding properties for future sale, for the purpose of new property development.

These governmental actions and policy initiatives have constrained our flexibility and ability to use bank loans to finance our property projects. In particular, the policy restricting banks from granting loans to finance construction of luxury residential properties may, directly or indirectly, affect our ability to fund land acquisitions and our development of luxury apartments and villas in the future. We do not believe these restrictions have had a material impact on our ability to obtain financing for our projects. However, we cannot assure you that the PRC Government will not introduce other initiatives which may limit our access to capital. The foregoing and other initiatives introduced by the PRC Government may limit our flexibility and ability to use bank loans or other forms of financing to fund our land acquisitions or property developments and therefore may require us to maintain a relatively high level of internally sourced funds. As a result, our business, financial condition and results of operations may be materially and adversely affected.

We have experienced periods of net cash outflow from operating activities in the past and we cannot assure you that we will not experience periods of net cash outflow from operating activities in the future

We have experienced periods of net cash outflow from operating activities in the past. In 2008, we had net cash outflow from operating activities of RMB855.0 million primarily due to our payment of a portion of the purchase price for Shanghai Haoquan and costs for the development of our projects, along with relatively low proceeds from sales of properties. In the four months ended April 30, 2010, we have net cash outflow from operating activities of RMB1,291.0 million, primarily due to RMB1,058.3 in cash payments for the acquisition of land and project companies in relation to Chamtime International Town (Changshu China), Chamtime International Town (Wuxi China), Chamtime Noble Palace and Chamtime Coast Town.

We cannot assure you that we will not experience periods of net cash outflow from operating activities in the future. If we continue to have net cash outflow from operating activities in the future, our business, financial condition and results of operation may be materially and adversely affected.

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Our financing costs are subject to changes in interest rates

Changes in interest rates have affected and will continue to affect our financing costs. Because all of our bank borrowings are in Renminbi, the interest rates on our bank borrowings are primarily impacted by the benchmark interest rate set by the PBOC, which has fluctuated significantly in recent years. The PBOC benchmark one-year bank lending rate increased from 5.31% to 7.47% between October 2004 and December 2007, and was later cut to 5.31% between September 2008 and December 2008. As of April 30, 2010, the interest rate on our outstanding bank borrowings ranged from 4.86% to 11.89%. Our interest costs incurred in the years ended December 31, 2007, 2008 and 2009 and the four months ended April 30, 2010 were RMB21.9 million, RMB66.0 million, RMB77.9 million and RMB60.4 million, respectively. Future increases in the PBOC benchmark interest rate may raise lending rates again, which could adversely affect our business, financial condition and results of operations.

We are subject to certain restrictive covenants and certain risks normally associated with debt financing which may limit or otherwise adversely affect our operations

We are subject to certain restrictive covenants in the loan contracts between us and certain banks. Our loan agreements with each of China Minsheng Banking Corp. Ltd., Industrial and Commercial Bank of China Limited, Industrial Bank Co., Ltd., Agricultural Bank of China, Wing Lung Bank and CITIC Ka Wah Bank Limited, contain Cross Default clauses. If any Cross Default occurs, such banks will be entitled to accelerate payment of all or any part of the indebtedness owing under all the loan contracts between us and such banks and to enforce all or any of the security for such indebtedness. In addition, some of our PRC operating subsidiaries are subject to certain material covenants, whereby without the lender's prior written consent, our relevant PRC operating subsidiaries may not conduct any merger, joint venture, restructuring, spin-off, decrease in registered share capital, material asset transfer, liquidation or change in shareholding or management structure. Furthermore, as long as such loans are outstanding, our relevant operating subsidiaries may not provide guarantees to any third party with an amount in excess of their respective net assets. If any of these events were to occur, our financial condition, results of operations, cash flow and cash available for distributions to Shareholders may be materially and adversely affected.

Our failure to redeem certain trust units may result in the enforcement of various security interests provided by us and/or the loss of our rights to distributions from Shanghai Haoquan

In January, 2010, we entered into a Trust with Anxin Trust & Investment Co., Ltd. (the "Trustee"), a company incorporated in the PRC in 1987, listed on the Shanghai Stock Exchange (stock code: 600816) since 1994 and subject to the supervision and regulation of the CBRC and CSRC, to raise RMB1.0 billion (before deduction of any expenses) from public investors and one specific institutional investor to settle our intra-group debts which we borrowed for the purpose of acquiring Shanghai Haoquan. Pursuant to the terms of the Trust, Shanghai Changjia Property deposited the Entrusted Assets with a custodian appointed by the Trustee for the benefit of the investors who subscribed for the Preferred Trust Units and Ordinary Trust Units issued by the Trustee under the Trust. The term of the Trust is one year, ending on March 4, 2011. During the term of the Trust, Shanghai Changjia Property's ownership and control of Shanghai Haoquan will not be affected except Shanghai Haoquan is prohibited from distributing any dividend during the term of the Trust or otherwise disposing of its equity interest in Shanghai Haoquan. We received the proceeds from the Trust in two tranches on February 11, 2010 and March 5, 2010, out of which RMB693.5 million and RMB261.5 million

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were used to settle the amounts due to Shanghai Deji and Changshu Changtai on February 11, 2010 and March 8, 2010, respectively. We did not encounter any difficulty in obtaining bank loans in 2010 and successfully obtained a RMB530.0 million facility from Industrial and Commercial Bank of China Pudong Branch in June 2010. We chose to finance our settlement through the Trust because of the less complicated procedures involved and the timeliness of fundraising despite the higher financing cost. In addition, we also intended to diversify our financing channels to expand our access to funds. As advised by our PRC legal adviser, the Trust is not subject to review or approval by the CSRC and is in full compliance with the applicable rules, regulations and laws of the PRC.

The principal amount of the Preferred Trust Units and Ordinary Trust Units is RMB800 million and RMB200 million, respectively. Shanghai Changjia Property has agreed to redeem all the Preferred Trust Units at a weighted average interest rate of 6.8% per annum upon the expiry of the Trust. Shanghai Changjia Property also has the option, but not the obligation, to redeem the Preferred Trust Units earlier, after nine months from the establishment of the Trust. To secure Shanghai Changjia Property's obligation of redemption, Suzhou Changjia Investment Management and Shanghai Changjia Investment Management provided an irrevocable joint guarantee to the Trustee. In addition, Shanghai Changjia Property pledged all of its equity interests in Shanghai Haoquan to the Trustee. Furthermore Shanghai Haoquan mortgaged its land use rights in respect of the site of Chamtime Eastern Garden project to the Trustee. The Trustee sold the Preferred Trust Units and the Ordinary Trust Units to the investors and holds all the collateral for the benefit of the holders of the Preferred Trust Units and the Ordinary Trust Units. In addition, 50% of the presale proceeds from Chamtime Eastern Garden project will be paid into an escrow account as part of the security interest under the Trust. Pursuant to the terms of the Trust, Shanghai Changjia Property has the option but not the obligation to redeem all the Ordinary Trust Units at an interest rate of 7.5% per annum upon the expiry of the Trust or earlier, after nine months from the establishment of the Trust. In any event, the redemption of the Ordinary Trust Units is subordinate to the redemption of the Preferred Trust Units. If Shanghai Changjia Property elects not to redeem the Ordinary Trust Units upon the expiry of the Trust, the Trustee shall dispose of the Entrusted Assets and apply the proceeds to compensate holders of the Ordinary Trust Units for the principal amount of the Ordinary Trust Units and the accrued interest at an interest rate of 7.5% per annum. After deducting various expenses, any surplus from the disposal shall be returned to Shanghai Changjia Property.

We expect to redeem the Preferred Trust Units and the Ordinary Trust Units with our internal resources. We have not started redeeming the Preferred Trust Units or the Ordinary Trust Units but plan to redeem them in accordance with the terms of the Trust. If we fail to redeem the Preferred Trust Units upon the expiry of the Trust in accordance with the terms of the Trust, the Trustee may enforce any or all of the guarantee, equity pledge, land use rights mortgage and account escrow provided by us, which would have an adverse impact on our financial position and business operations. If we do not redeem the Ordinary Trust Units upon the expiry of the Trust in accordance with the terms of the Trust, the Entrusted Assets, may be disposed of by the Trustee, which would also have an adverse impact on our financial position and business operations.

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We guarantee mortgage loans of our customers and may become liable to mortgagee banks if customers default on their mortgage loans

As we presell properties before actual completion of construction, in accordance with industry practice, banks require us to guarantee our customers' mortgage loans. Typically, we guarantee mortgage loans taken out by our customers up until (i) we complete the relevant properties and the property ownership certificates and certificates of other interests with respect to the relevant properties are delivered to the mortgagee banks, or (ii) the settlement of mortgage loans between the mortgagee bank and the customer. If a purchaser defaults on a mortgage loan, we may have to repurchase the underlying property by paying off the mortgage. If we fail to do so, the mortgagee bank may auction the underlying property and recover any additional amount outstanding from us as the guarantor of the mortgage loans. In line with industry practice, we do not conduct any independent credit checks on our customers but rather rely on the result of evaluation by the mortgagee banks relating to such customers. These are contingent liabilities not reflected on our balance sheets.

As of December 31, 2007, 2008 and 2009 and April 30, 2010, our outstanding guarantees in respect of our customers' mortgage loans amounted to nil, nil, RMB541.5 million and RMB374.5 million, respectively. During the Track Record Period we encountered very few incidents of default by purchasers. As of July 31, 2010, we had not experienced any significant purchaser defaults on mortgage loans that we guaranteed. Should any material default occur and if we are called upon to honor our guarantees, our financial condition and results of operations will be adversely affected.

Any failure to develop, maintain and protect our brand and trademarks could have an adverse impact on our business

We believe that the development and protection of our principal brand, "chamtime" and "长泰", are critical to the growth and success of our business as we believe property purchasers and renters are generally willing to pay premiums for well-recognized brands that they feel they can trust. "长泰地产", "chamtime" and "长泰" are our primary trademarks. We have registered the "chamtime" trademark and have submitted an application for the registration of the "长泰" trademark in the PRC. Also, we have submitted registration applications in Hong Kong in respect of the "长泰地产" and "长泰" trademarks. According to PRC regulations, only the owner of the trademarks registered with the State Intellectual Property Office is entitled to the exclusive use rights of the relevant trademarks. Our PRC legal adviser has advised us that if we pass the preliminary review by the trademark bureau and there is no dissent raised by a third party during the three-month public examination period, there would be no legal impediment for us to complete registration of our trademarks in China. We have invested, and plan to continue to invest, significant funds in promoting the "chamtime" and "长泰" brands. However, we have limited experience with advertising and other brand-building activities, and we may not be successful in further developing our brand identity and reputation. Our brand could be damaged by actions taken by others, and once damaged, may be very difficult to rebuild. Moreover, any infringement or unauthorized use of our brand by others could adversely affect our business and prospects. The measures we take to protect our brand and trademarks may not be adequate to prevent their unauthorized use by third parties. Furthermore, the application of laws governing intellectual property rights in the PRC is uncertain and evolving. Historically, China has not protected intellectual property rights to the same extent as most developed countries, and infringement of intellectual property rights continues to pose a serious risk of doing business in China. Monitoring and preventing unauthorized use is difficult. If we are unable to adequately develop and protect our brand and trademarks, we may lose these rights and our business may suffer materially.

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We rely on third-party contractors to provide various services and such facilities and services rendered by such third parties may not always match our requirements or be available

We employ third-party contractors to carry out various services, including design, pile setting, foundation digging, construction, equipment installation, electromechanical engineering, pipeline engineering, elevator installation, landscape building and property management. During the Track Record Period, all our construction activities were conducted by third-party contractors. We select third-party contractors mainly through a tender system. We endeavor to employ companies with good reputations, credibility and financial resources, but any such third-party contractor may fail to provide satisfactory services at the level of quality or within the timeline required by us. Despite the high-level supervision conducted by our head office as well as daily on-site inspection by each project company, and contractual clauses built into our construction contracts which require progress payments to be made to contractors upon satisfactory acceptance, we may not be able to prevent third party contractors from delivering substandard work. In addition, the contractors may undertake projects from other developers, engage in risky undertakings or otherwise encounter financial or other difficulties, which may cause delay in the completion of our property projects or increased costs to us. Any of these factors could have a negative impact on our reputation, credibility, financial position and business operations.

We bear demolition and resettlement costs associated with some of our property developments and such costs may increase

In accordance with the Urban Housing Resettlement Administration Regulations (城市房屋拆遷管理條例) and applicable local regulations, a property developer in the PRC is required to enter into a written agreement with the owners or residents of existing buildings subject to demolition for development directly, or indirectly through the local government, and to provide compensation for their resettlement. We generally prefer to acquire vacated land which does not require demolition and resettlement of existing residents. However, for our Chamtime Eastern Garden project, demolition and resettlement were undertaken by the local government while the related costs were borne by us. The compensation payable by the property developer is calculated in accordance with formulas published by the relevant local authorities. These formulas take into account the location, type of building subject to demolition, local income level and many other factors. However, these local authorities may change their formulas from time to time without sufficient advance notice. If such compensation formulas are changed to increase the compensation, our land acquisition costs may be subject to substantial increases which could adversely affect our financial condition and results of operations. In respect of projects where we bear the resettlement costs, if we or the local government fail to reach an agreement over the amount of compensation with any existing owner or resident, any party may apply to the relevant authorities for a ruling on the amount of compensation. Dissenting owners and residents may also refuse to relocate. This administrative process or such resistance or refusal to relocate may delay our project development schedules, and an unfavorable final ruling may result in us paying more than the amount the formulas call for. Any occurrence of the above factors may cause our development costs to substantially increase, which can adversely affect our cash flow, financial condition and results of operations.

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During the Track Record Period, the total resettlement and related costs we incurred amounted to RMB225.0 million in aggregate, all of which were related to Chamtime Eastern Garden. Such resettlement and related costs were determined in accordance with the applicable local resettlement compensation standards, primarily based on GFA and the number of households that were involved in the resettlement. As of the Latest Practicable Date, there were seven households of original residents on the site of Phase II or III of our Chamtime Eastern Garden project yet to be resettled, but such resettlement will not affect the existing construction and development plans of Chamtime Eastern Garden. Pursuant to a decision by the local government dated May 18, 2009, the local government will be responsible for the resettlement costs related to these seven households.

Property owners may not retain us as the provider of property management services

Our property management department provides property management services to property owners for Chamtime Lake Mountain Villa and Chamtime Mountain View Villa through our subsidiary, Changshu Yuda. As we believe that property management is an integral part of our business and critical to the successful marketing and promotion of our property developments, we acquired Shanghai Changyi, a property management services company, from two independent third parties in August 2009. We are now providing property management services to property owners for Shanghai Garden and we plan to provide property management services to the property owners for Chamtime Western Villa, Chamtime Eastern Garden and other future residential properties in Shanghai through Shanghai Changyi. Under PRC laws and regulations, the property owners of a residential development have the right to change the property management services provider upon the approval of a certain percentage of the property owners. If owners of the properties that we have developed are not satisfied with our property management services and choose to terminate our property management services, or our property management services receive unsatisfactory reviews by property owners, our reputation, future sales of our properties and our results of operations could be adversely affected.

The appraised value of our properties may be different from the actual realizable value and is subject to change

Under IFRS, gains or losses arising from changes in the fair value of our investment properties are included in our combined statement of comprehensive income in the period in which they arise. The appraised value of our properties as contained in the property valuation report prepared by Savills attached hereto as Appendix IV is based on assumptions that include elements of subjectivity and uncertainty. Therefore, the appraised values of our properties should not be taken as their actual realizable value or a forecast of their realizable value. Unforeseen changes to the development of the property projects as well as local, national and global economic conditions may affect the value of our property holdings.

As noted above, the appraised value of our property development projects and our land reserves are based on many assumptions. They include assumptions that:

- we have obtained or will obtain on a timely basis all consents, approvals and licenses from regulators necessary for the development of the projects without onerous conditions and delays;
- the grantees of the properties have enforceable titles to the properties and have free and uninterrupted rights to use, occupy or, assign the properties for the whole of the unexpired terms as granted; and

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- the properties are free from encumbrances restrictions and outgoings of an onerous nature which may affect their values.

In addition, although Chamtime Plaza currently is not categorized as an investment property, the forfeiture of the Chamtime Plaza land parcel may negatively affect our appraised valuation of Chamtime Plaza. Please refer to the risk factor headed "Any failure by us to comply with the terms of our land use rights grant contracts may subject us to fines or forfeiture of land."

A decrease in the value of our investment properties would reduce our net income and could result in a net loss in a particular period.

The relevant PRC tax authorities may enforce the payment of LAT and may challenge the basis on which we calculate our LAT obligations

Under PRC tax laws and regulations, our properties in China are subject to LAT on the appreciation value of their land and the improvements on the land upon the sale of such properties. All appreciation from the sale or transfer of land use rights and buildings and their attached facilities in China is subject to LAT at progressive rates ranging from 30% to 60% of the appreciation value as determined by relevant tax laws. Certain exemptions are available for the sale of ordinary residential properties if the appreciation value does not exceed 20% of the total deductible items. Our residential projects are not eligible for the exemption available to ordinary residential properties. Local tax authorities generally require prepayment of a portion of LAT upon receipt of sales and presales proceeds. The rate of such prepaid LAT varies by locality and property type. We are subject to a LAT prepayment of between two and five percent on our properties in Shanghai and Changshu.

Upon recognition of revenues from properties sold, we recognize LAT as a tax expense. We make provisions for LAT based on the appreciation of land value, which is calculated based on the sales of properties less deductible expenditures, including land grant premiums, capitalized borrowing costs and certain property development expenditures. We have estimated our LAT liabilities according to our understanding of the requirements under the relevant PRC tax laws and regulations. The final LAT liabilities of our Group are usually to be determined by the tax authorities after completion of our property development projects, and could be different from the amounts that we have estimated because of ambiguities relating to regulations or guidelines in this regard and differences between our estimates and those of the tax authorities.

According to the Administrative Regulations on the Settlement of LAT issued by the State Administration of Taxation on May 12, 2009, effective as of June 1, 2009, the taxpayer is responsible to volunteer to apply for LAT settlement with the relevant tax authorities, once the conditions on LAT settlement are satisfied, including (i) completion of construction and sales of the properties, (ii) transfer of the project under construction as a whole, or (iii) direct transfer of the land use rights. Furthermore, the competent tax authority may also require the taxpayer to conduct LAT settlement if any of the following occurs:

- In the case of the real estate development projects that have been completed and accepted, the sold area accounts for 85% of the saleable construction area, or any remaining saleable construction area has been leased or used by the developer itself;
- The taxpayer fails to complete the sale of the properties after obtaining the sale (presale) permit for three years;

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- The taxpayer applies for cancellation of tax registration but has not completed LAT settlement; or
- Other circumstances as stipulated by the local tax authorities.

As of the Latest Practicable Date, we have not received any official exemption or confirmation with respect to our LAT liabilities for any period or any official LAT settlement notice despite our LAT prepayments during the Track Record Period. Our current provision of LAT may not be accurate and the final outcome could be different from the amounts that were initially recorded. Any LAT liabilities we are required to settle by the relevant tax authorities may adversely affect our cash flow position, while our results of operations would be adversely affected if our current LAT provisions prove to be insufficient.

If the preferential EIT rates enjoyed by Shanghai Changjia Property and Shanghai Jindilianchuang are challenged or changed, our financial condition and results of operations may be adversely affected

Prior to the new PRC EIT Law taking effect on January 1, 2008, Shanghai Changjia Property and Shanghai Jindilianchuang paid EIT at a preferential EIT rate of 15%. Although we understand that this preferential EIT rate was recognized and approved by the relevant local tax authorities, Shanghai Changjia Property and Shanghai Jindilianchuang did not receive formal written approvals from the relevant local tax authorities. Under implementing rules for the new PRC EIT Law, the preferential 15% EIT rate for approved enterprises will be gradually phased out, with the rate rising to 18% in 2008, 20% in 2009, 22% in 2010, 24% in 2011 and the uniform 25% EIT rate in 2012 and thereafter. Both Shanghai Changjia Property and Shanghai Jindilianchuang have paid EIT, and we expect them to continue to pay EIT, according to this phase out schedule. However, because these companies did not receive formal written approvals from the relevant local tax authorities for the preferential 15% EIT rate, the tax authorities may challenge their past and future preferential EIT rates. The estimated maximum additional tax expenses to be incurred by the Group in the event the standard EIT rates were to be imposed by relevant tax authorities during the years 2007, 2008 and 2009 and the four months ended April 30, 2010 are RMB72.9 million, RMB8.3 million, RMB18.5 million and RMB13.9 million, respectively. During the Track Record Period, Shanghai Changjia Property and Shanghai Jindilianchuang's EIT payments have not been challenged by the tax authorities. In addition, we have obtained written confirmations from the local tax authorities in Pudong New District which is the relevant tax jurisdiction governing Shanghai Changjia Property and Shanghai Jindilianchuang that the EIT rates they pay are in compliance with applicable laws and regulations. If the preferential EIT rates enjoyed by Shanghai Changjia Property and Shanghai Jindilianchuang are challenged or changed, our financial condition and results of operations may be adversely affected.

Any recurrence of the global financial crisis and economic downturn of 2008 and 2009 could materially and adversely affect our business, financial condition, results of operation and prospects

The global capital and credit markets in 2008 and 2009 experienced periods of extreme volatility and disruption. The global financial crisis, concerns over inflation or deflation, energy costs, geopolitical risks, and the availability and cost of credit contributed to unprecedented levels of market volatility and diminished expectations for the global economy and the capital and consumer markets. These factors, combined with others, precipitated a severe global

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economic downturn and also a slowdown in the PRC economy. Despite our maintenance of stable sales prices in 2008, due to the global financial crisis we experienced a decline in sales volume for our Shanghai Garden properties. In addition, we experienced a slight decline in rental rates for our Chamtime International Financial Center and delayed the construction schedule of our Chamtime Western Villa project. Although the global and PRC economies have shown signs of recovery, any recurrence of the global financial crisis may cause a further decline in the PRC and Shanghai economies, which would adversely affect our business, financial condition, results of operations and prospects.

We have limited insurance to cover potential losses and claims

Under PRC laws, construction companies bear the primary civil liability for personal injuries arising out of their construction work. The owner of a property under construction may also bear liability supplementary to the liability of the construction company if the latter is not able to fully compensate the injured. The owner of the property may also bear civil liability for personal injuries, accidents and death if such personal injuries, accidents or death are due to the fault of such owner. We voluntarily maintain insurance coverage against liability from tortious acts or other personal injuries for our Chamtime Western Villa and Chamtime Eastern Garden projects. However, we do not maintain such insurance coverage for our other project sites currently under construction. In addition, there are certain types of losses, such as losses due to earthquakes, typhoons, flooding, war and civil disorder, for which insurance is not available on what we believe to be commercially reasonable terms in China. Shanghai Changjia Property has purchased property insurance for Chamtime International Financial Center to cover such losses. If we suffer any losses, damages or liabilities in the course of our business operations, we may not have sufficient funds to cover any such losses, damages or liabilities or to replace any property development that has been destroyed. Therefore, while we believe that our practice is in line with the general practice in the PRC property development industry, there may be instances when we will sustain losses, damages and liabilities because of our lack of insurance coverage, which may in turn adversely affect our financial condition and results of operations.

We are exposed to risks of default on payment by customers or failure to meet the obligations in our presales contracts

We presell a substantial portion of our properties. Purchasers of our properties can choose between payment by mortgage financing or one lump sum payment. In either case, the full purchase price must be paid within three months from the date of the presales or sales contract or by the time of delivery of the unit, whichever is earlier. If purchasers default on payment of the purchase price after signing the presales or sales contract and we are not able to resell the property at the same or a higher price, our revenue will be lower than our contracted sales amount would indicate. During the Track Record Period, we encountered very few incidents of default by purchasers. Our general policy is that if purchasers default on subsequent payment after down payment, we retain up to 5% of the purchase price and return the rest of the down payment to such purchaser, with the exception that if purchasers do not make subsequent payment due to their failure to obtain bank loans for such purchases, we return the full amount of the down payment. Given the very few incidents of customer default, we believe there is sufficient deterrence to avoid customer defaults and therefore do not plan to introduce a policy to retain a greater down payment as penalty.

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We make certain undertakings in our presale contracts. These presale contracts and PRC laws and regulations provide for remedies for breach of such undertakings. For example, if we presell a property project and we fail to complete that property project, we will be liable to the purchasers for their losses. Should we fail to complete a presold property project on time, our purchasers may seek compensation for late delivery pursuant to either their contracts with us or PRC laws. If our delay extends beyond a specified period, our purchasers may terminate the presale contracts and claim compensation. During the Track Record Period, we did not incur any compensation costs to purchasers due to delay in delivery of our projects.

We may be subject to fines due to lack of registration of our leases

Pursuant to the Administration of the Measures for Administration of Lease of Property in Urban Areas (城市房屋租賃管理辦法) promulgated on May 9, 1995, property owners are required to file for registration and obtain property leasing certificates (房屋租賃證) for their leases. 100% of our units of Chamtime International Financial Center were rented out as of July 31, 2010, and we expect substantially all of our other commercial properties to be retained for rental purposes. Per tenants' request, we have filed for registration or obtained property leasing certificates for certain leases of the properties leased out by our Group. We may be required by the relevant government authority to file the registration for the leases and may be subject to a fine for non-registration. As confirmed by our PRC legal adviser, the PRC regulation does not specify the amount of any fine. In the event that we are subject to a large fine, our business, financial condition and results of operations will be adversely affected.

Our failure to obtain, or material delays in obtaining, necessary governmental approvals for any major property development may adversely affect our business

The property market in the PRC is strictly regulated by the PRC Government. Property developers must abide by various laws and regulations, including rules stipulated by national and local governments to enforce these laws and regulations. To develop and complete development of a property project, we must apply to relevant governmental departments for various licenses, permits, certificates and approvals, including but not limited to land use rights certificates, construction work commencement permits, construction work planning permits, construction land planning permits, presale permits and completion certificates. Before the government authorities issue any certificate or permit, we must first meet specific conditions. For example, in 2008 we were required to pay, and fully paid, an administrative fine of RMB21,000 levied by the local planning authority as a result of our commencement of construction before the re-examination of property layout by local authorities in respect of our Chamtime Western Villa project. Also in 2008 we were required to pay, and fully paid, an administrative fine of RMB237,539 to the local construction administration authority for our failure to solicit bids from contractors for the construction work and for our commencement of construction work before the grant of a construction work permit in respect of our Chamtime Western Villa project. We have not incurred any other material penalties for failure to comply with other license, permit, certificate or approval requirements related to our projects. In the event that any penalty is imposed on us in respect of non-compliance with PRC law, our reputation as a property developer and our business, financial condition as well as results of operations may be adversely affected.

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In the first half of 2010, we successfully signed land use rights grant contracts for seven parcels of land for our future development purposes, including four for Chamtime International Town (Wuxi China), two for Chamtime International Town (Changshu China), and one for Chamtime Noble Palace. We expect to obtain the land use rights certificates for the parcels of land by the first quarter of 2011. We may fail to obtain all necessary certificates or permits for construction, presale and delivery of these projects in a timely manner, or at all.

In addition, we may encounter material delays or other impediments in fulfilling the conditions precedent to the approvals, or we may not be able to adapt to new laws, regulations or policies that may come into effect from time to time with respect to the property industry in general or the particular process with respect to regulatory approvals in the future. There may also be delays on the part of the relevant regulatory bodies in reviewing our applications and granting approvals. In the event that we fail to obtain the necessary governmental approvals for any of our major property projects, or a serious delay occurs in the government's examination and approval, any resulting delay in our property development schedules could adversely affect our business, financial condition and results of operations.

Our failure to meet all requirements for issuance of property ownership certificates may lead to compensatory liability to our customers

According to PRC law, property developers must meet various requirements within 90 days after delivery of properties, or such time period provided in the relevant sales contract. Property developers, including us, generally elect to specify the deadline for the delivery of the individual property ownership certificates in sales contracts to allow sufficient time for the application and approval process, including passing various governmental clearances, formalities and procedures. We have not incurred any liabilities for failing to deliver property ownership certificates on time. However, we cannot assure you that we will be able to timely deliver all property ownership certificates in the future or that we will not be subject to any liabilities as a result of any late deliveries of property ownership certificates. There may also be factors beyond our control that cause delay in the delivery of property ownership certificates, such as time-consuming examination and approval processes by various PRC governmental agencies. Under our sales contracts, we are required to compensate our customers for any delays in the delivery of the property ownership certificates due to delays in the administrative approval processes or for any other reason beyond our control. In the case of serious delays in one or more of our property development projects, our business and reputation could be materially and adversely impacted.

We are subject to legal and business risks if we fail to obtain qualification certificates and property management permits

Property developers in the PRC must obtain a temporary or a formal qualification certificate in order to carry out property development business in the PRC and also produce a valid qualification certificate when they apply for a presale permit. Newly established developers must first apply for a temporary qualification certificate before they obtain a formal qualification certificate. A temporary qualification certificate can be renewed for a maximum of two additional one-year periods. Entities engaged in property management or interior decoration should also obtain qualification certifications before commencing their business. All qualification certificates are subject to renewal on an annual basis. In reviewing the renewal of a qualification certificate, the local authority considers the real estate developer's registered capital, property development investments, history of property development, quality of

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property construction, expertise of the developer's management, as well as whether the real estate developer has any illegal or improperly certified operations. Each of our project companies is responsible for, and monitors, the annual submission of its renewal application.

As of the Latest Practicable Date, each of Shanghai Changjia Property, Shanghai Haoquan, Shanghai Deji, Changshu Changtai, Shanghai Changhe, Kunshan Dianhu and Qidong Qiyue has obtained a valid qualification certificate, and we are in the process of applying for qualification certificates for Changshu Changhe, Changshu Changqing, Qidong Dongsheng, Qidong Oriental Pearl, Qidong Yingtai, Wuxi Changxiang and Kunshan Chamtime. In addition, the qualification certificates of Changshu Changxiang and Shanghai Jindilianchuang are in the process of renewal. As advised by our PRC legal adviser, there is no legal impediment for Changshu Changhe, Changshu Changqing, Qidong Dongsheng, Qidong Oriental Pearl, Qidong Yingtai, Wuxi Changxiang and Kunshan Chamtime to obtain their respective qualification certificates or Changshu Changxiang and Shanghai Jindilianchuang to renew their respective qualification certificates if they can meet the requirements under the relevant PRC laws and submit applications to the relevant PRC authorities. If any one of our project companies or new project companies is unable to meet the relevant requirements, and is therefore unable to obtain or renew its qualification certificate, that project company will be given a deadline within which it has to meet these requirements and will also be subject to a penalty of between RMB50,000 and RMB100,000. Failure to meet the requirements within the specified timeframe could result in the revocation of the qualification certificate and the business licence of the relevant project company, which could have a material adverse effect on our business, financial condition and results of operations.

Property management companies in the PRC must obtain a property management permit to carry out the relevant business. Our subsidiaries, Shanghai Changyi, which we acquired in August 2009, and Changshu Yuda, hold a valid level II property management permit and a valid level III property management permit, respectively. These permits allow them to carry out property management for property developments with up to 300,000 sq.m. of residential properties and 80,000 sq.m. of non-residential properties, and up to 200,000 sq.m. of residential properties and 50,000 sq.m. of non-residential properties, respectively. If we are unable to maintain these permits or obtain required permits for any future projects that exceed the scope of our current permits, we could be prevented from providing property management services to our customers, which could have a material adverse effect on our business and results of operations.

Any failure by us to comply with the terms of our land use rights grant contracts may subject us to fines or forfeiture of land

Under PRC law, if we fail to develop a property project according to the terms of the land use rights grant contract, including those relating to the payment of land grant premium, demolition and resettlement costs and other fees, specified use of the land and the time for commencement and completion of the property development, the PRC Government may issue a warning, impose a penalty, and/or order us to forfeit the land. Specifically, under current PRC law, if we fail to commence development for more than one year but less than two years from the commencement date stipulated in the land use rights grant contract, the relevant PRC land bureau may serve a warning notice on us and impose an idle land fee on the land of up to 20% of the land grant premium. The relevant PRC land bureau may forfeit our land use rights without compensation if we fail to commence development within two years from the construction commencement date set forth in the land use rights grant contract.

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We did not comply with the terms under our land use rights grant contracts to commence and complete the construction with respect to Chamtime Western Villa, Chamtime Mountain View Villa and Chamtime Eastern Garden. Such delays were due to certain reasons outside of our control, such as delay of the demolition and resettlement of existing residents and government adjustments on planning. The Group has since received all necessary construction land planning permits and construction work commencement permits for the abovementioned projects, and has not been subject to any administrative penalty due to such delays. Our PRC legal adviser is of the opinion that it is unlikely that the PRC government authority will impose penalties on us for the abovementioned delays.

In addition, we acquired the site of Chamtime Plaza through the acquisition of Shanghai Jindilianchuang in November 2009. The land use right for that site was initially prescribed by the government for residential and commercial development. The local government, however, in 2006 changed the approved land use to commercial use such as development of commercial, office, cultural and entertainment facilities. We acquired such land parcel because of its location in the center of ZHTP, where a large number of high-technology enterprises and high-end residential properties are located but lacks high-end office space and commercial complexes. We expect to develop our Chamtime Plaza project as a large complex to serve such needs.

Upon our acquisition of Shanghai Jindilianchuang, the land use rights certificate had not been updated to reflect the change in use. We are now in the process of applying for the updated land use rights certificate. Our PRC legal adviser has advised us that there would be no legal impediment for us to obtain the land use rights certificate with changed use of the land use rights provided that we apply for and obtain the updated construction land planning permit, enter into a new land use rights grant contract or supplemental land use rights grant contract with the relevant authority which contains the changed use of land use rights and adjusted land grant premium, and fully pay any additional land grant premium. It is uncertain whether the PRC Government will charge any additional land premium in connection with the changed land use and the amount of such additional land grant premium, if any.

Furthermore, since the abovementioned land parcel had not been developed for more than two years by its previous land users before the transfer to us in November 2009, that land parcel may be exposed to the risk of being considered idle land by government authorities, which could result in the abovementioned penalties, including idle land fees and forfeiture of land, being imposed on us. The idle land fee imposed by the relevant PRC land bureau may be up to 20% of the land grant premium, or approximately RMB35.8 million. Our PRC legal adviser is of the view that we are entitled to claim full compensation, including idle land fee, land acquisition cost, penalty and any development cost incurred, against the immediate former owner of Shanghai Jindilianchuang in respect of any damages suffered by us as a result of such penalties being imposed on us by the government authorities, if any, before we obtain an updated land use rights certificate, pursuant to a letter of undertaking issued by that owner on November 16, 2009 and the share purchase agreement with that owner. Forfeiture of the land in connection with the site of Chamtime Plaza may negatively affect our appraised valuation of Chamtime Plaza. Our Directors are of the opinion that the risk of forfeiture for the land parcel in relation to the Chamtime Plaza project is remote as our acquisition of the entire equity interest in Shanghai Jindilianchuang has been approved by the relevant PRC competent authority and has undergone all procedures in relation to the listing-for-sale of state-owned

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assets as required by the Shanghai United Assets and Equity Exchange. The Shanghai United Assets and Equity Exchange confirmed that Shanghai Changjia Property became eligible for the assignment of equity interest in Shanghai Jindilianchuang on May 4, 2009 and the date of the Share Purchase Agreement Concerning the Transfer of Shanghai Jindilianchuang entered into by Shanghai Changjia Property was August 3, 2009. We are also in the process of applying to Shanghai Municipal Bureau of Planning and Land Resources for signing of a supplemental land use rights grant contract for the land parcel for the Chamtime Plaza project and our PRC legal adviser is of the view that it is unlikely that the relevant PRC land authority will forfeit our land use rights to such land parcel. If we wait to obtain an updated land use rights certificate for our Chamtime Plaza site before we commence construction, we may be subject to penalties imposed on us for not commencing construction within the prescribed time. Our Directors are of the view that this risk is remote as we have obtained approval from the local authority for the design of our Chamtime Plaza project on February 5, 2010. We currently plan to commence construction of our Chamtime Plaza project by December 2010 and are in the process of preparing for applying for relevant permits for construction, including, in the order of sequence, construction land planning permit, construction work planning permit and construction work commencement permit. Our PRC legal adviser is of the view that there is no legal impediment to us obtaining these permits if we submit the relevant applications and pay additional land grant premiums, if any. The Directors are of the view that our Company is unlikely to experience any delay in the commencement of construction of Chamtime Plaza by December 2010.

As of the Latest Practicable Date, we have not received any notice from the PRC authority identifying any idle land held by us or incurred any idle land fee. However, any future failure to comply with the terms of our land use rights grant contracts or idle land regulations may subject us to penalties, including forfeiture of the land. If our land is forfeited, we will not only lose the opportunity to develop the property projects on such land, but may also lose all our past investments in the land, including land acquisition cost and development costs, which will adversely affect our business and results of operations.

Potential liability for health and environmental problems could result in substantial costs

We are subject to a variety of laws and regulations concerning the protection of health and the environment. The particular health and environmental laws and regulations which apply to any given project development site vary greatly according to the site's location, the site's environmental condition, the present and former uses of the site, as well as adjoining properties. Environmental laws can prohibit or severely restrict property development activity in environmentally sensitive regions or areas. Compliance with health and environmental laws and conditions may result in delays, may cause us to incur substantial compliance and other costs and can severely restrict project development activities in environmentally sensitive regions or areas. For more details, please refer to the section headed "Business – Environmental Matters and Legal Proceedings" in this prospectus.

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As required by PRC laws, independent environmental consultants have conducted environmental impact assessments at all of our construction projects and environmental impact assessment documents were submitted to the relevant government authorities for approval before commencement of construction. The local authorities may request a developer to submit the environmental impact documents, issue orders to suspend the construction and impose a penalty amounting to between RMB50,000 and RMB200,000 for a project that has not received the approval of the environmental impact assessment documents before construction commenced. For all of our construction projects, no environmental liability that we believe would have a material adverse impact on our business or financial condition has been revealed. However, it is possible that these investigations did not reveal all environmental liabilities or their extent, and there may be material environmental liabilities of which we are unaware.

Our business, financial condition and results of operations would be heavily impacted if Shanghai's property market declines after the 2010 World Expo

Shanghai's economy has grown significantly in recent years, which we believe has been, at least in part, attributable to the 2010 World Expo in Shanghai. In particular, the PRC Government has made significant capital expenditure investments on improving the infrastructure of the city in preparation for the 2010 World Expo. Fixed-asset investments in Shanghai, including those in the property development industry, from the private sector have also experienced significant growth in recent years.

After the 2010 World Expo, fixed-asset investments made by the PRC Government or the private sector may decline significantly compared to previous periods. Such decline may lead to a slower rate of growth, or even contraction, in Shanghai's economy, which may, in turn, lead to a decline in Shanghai's property market. Any occurrence of the foregoing events could have an adverse effect on our business, financial condition and results of operations.

Our business growth has depended significantly on certain of our key management members, and our business and prospects may be adversely affected if we lose their services

The growth and success of our business has depended significantly on certain members of our senior management, in particular our Chairman Zhao. Chairman Zhao has approximately 17 years of experience in operating and managing enterprises in China and has more than ten years of experience leading our business. In addition, several other members of our management have worked for us for many years and have played, and continue to play, key roles in making major business decisions. If we were to lose the services of Chairman Zhao or any of our senior management for any reason, we may not be able to find suitable replacements for them. As competition in the PRC for senior management and key personnel with experience in property development is intense and the pool of qualified candidates is limited, we may not be able to retain the services of our senior executives or key personnel, or attract and retain high quality senior executives or key personnel in the future. In addition, if any member of our senior management team or any of our other key personnel joins a competitor or carries on a competing business, we may lose customers and key professionals and staff members. Furthermore, as our business continues to grow, we will need to recruit and train additional qualified persons. In any such case, our business and prospects could be significantly negatively affected.

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We may be involved in legal and other disputes from time to time arising out of our operations and may face significant liabilities as a result

We may be involved in disputes with various parties involved in the development and sale of our properties, including contractors, suppliers, construction workers, original residents, local partners and customers. These disputes may lead to protests and legal, administrative or other proceedings and may result in damage to our reputation, additional operational costs and a diversion of resources and management's attention from our core business activities. As most of our projects comprise multiple phases, purchasers of our properties in earlier phases may file legal actions against us if the subsequent planning and development of such projects is perceived to be inconsistent with the representations and warranties made to such purchasers. In addition, we may have compliance issues with regulatory bodies in the course of our operations, which may subject us to administrative proceedings and unfavorable decrees that result in pecuniary liabilities and cause delays to our property developments. Save as disclosed in the section headed "Business – Legal Proceedings" in this prospectus, as of the Latest Practicable Date, we were not engaged in any litigation, arbitration or claim of material importance, and no litigation, arbitration or claim of material importance is known to our Directors to be pending or threatened by or against us, that would have a material adverse effect on our results of operations or financial condition. However, we may be involved in legal and other proceedings in the future that may have a material adverse effect on our financial condition, results of operations or cash flow.

Our Controlling Shareholders may take actions that conflict with the best interests of our other shareholders

Before and immediately after the Global Offering, Chairman Zhao will beneficially remain our Controlling Shareholder with substantial control over our issued share capital. Chairman Zhao currently beneficially holds 100% of our Company's share capital. Upon completion of the Global Offering, Chairman Zhao will beneficially hold 75% of our Company's share capital (assuming the Over-allotment Option is not exercised). Accordingly, Chairman Zhao, by virtue of his controlling ownership of our share capital as well as his position on our Board, will be able to exercise significant control or exert significant influence over our business or otherwise on matters of significance to us and other shareholders by voting at the general meetings of shareholders or at the Board of Directors' meetings, including:

- election of Directors;
- selection of senior management;
- amount and timing of dividend payments and other distributions;
- acquisition of or merger with another entity;
- overall strategic and investment decisions;
- issuance of securities and adjustment to our capital structure; and
- amendments to our Articles of Association.

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The interests of Chairman Zhao may differ from the interests of other shareholders. In connection with this Global Offering, Chairman Zhao has given an undertaking in the Deed of Non-competition that he and affiliates controlled by him will not engage in property development business that may compete with us in our operating cities; provided, however, that they may continue to engage in the property development projects as specified in the Deed of Non-competition. Under such circumstances, to the extent the interests of Chairman Zhao conflict with the interests of other shareholders, the interests of other shareholders can be disadvantaged and harmed.

Our business and results of operations may be adversely affected by our association with other businesses and entities owned or operated by Chairman Zhao, our Directors and other senior management members

Certain Directors and senior management members, in particular Chairman Zhao, first entered the pharmaceutical business in 1992 and since then have substantially grown the operations to include businesses or entities in property development, property management, industrial investment, fitting and decoration. Pursuant to the Reorganization, certain of these businesses or entities were not transferred to the Group but remain owned or operated by Chairman Zhao, such Directors and senior management members. Please refer to the section headed "History and Reorganization" in this prospectus for more details on the Reorganization. Due to our historical and ongoing relationships with Chairman Zhao, such Directors and senior management members, our business and results of operations may be adversely affected, through association, diversion of management resources or attention or otherwise, by events, matters or risks that adversely affect these other businesses and entities owned or operated by Chairman Zhao, such Directors and senior management members.

There may be a dilutive effect on your shareholdings in the Company, the earnings per Share and on our future earnings associated with the Pre-IPO Share Option Scheme and the Share Option Scheme

We have adopted the Pre-IPO Share Option Scheme pursuant to which we have conditionally granted to certain of our employees (including connected persons), members of senior management and Directors options to subscribe for an aggregate of 79,600,000 Shares at 90% of the Offer Price per Share. Such options if exercised in full will represent approximately 2% of the issued share capital of our Company immediately after completion of the Capitalization Issue and the Global Offering (assuming the Over-allotment Option, the options granted under the Pre-IPO Share Option Scheme and the options to be granted under the Share Option Scheme are not exercised). Details of the Pre-IPO Share Option Scheme and the options granted thereunder are set out in the section headed "Pre-IPO Share Option Scheme" in Appendix VIII to this prospectus. We have also conditionally adopted the Share Option Scheme, details of which are set out in the section headed "Share Option Scheme" in Appendix VIII to this prospectus, under which options may be granted after the completion of the Global Offering.

Issuance of Shares for the purpose of satisfying any award made under the Pre-IPO Share Option Scheme and the Share Option Scheme and/or pursuant to the exercise of the options granted or to be granted under the Pre-IPO Share Option Scheme and the Share Option Scheme, respectively, will result in the increase in the number of Shares in issue after such Shares issuance, and thus may result in the dilution to the percentage of ownership of the Shareholder(s), the earnings per Share and net asset value per Share.

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Based on our valuer's valuation, the fair value of the options granted under our Pre-IPO Share Option Scheme as at the grant date is approximately RMB50.3 million. The value of the options granted under our Pre-IPO Share Option Scheme will be recognized as an expense and amortized on a straight line basis over a period since the date of the grant to the end of the vesting period and hence, there will be an impact on our profit and loss accounts for the financial year ending December 31, 2010. We estimate that approximately RMB5.4 million is expected to impact the financial year ending December 31, 2010.

We are a holding company that is financially dependent on distributions from subsidiaries, and our results could be adversely affected if those distributions are not made in a timely manner or at all

We are a holding company and our core business operations are conducted through subsidiaries. Under PRC law, companies may distribute their after-tax profits, as determined in accordance with the PRC accounting rules and regulations, to their shareholders according to their capital contribution only after they have made appropriate contributions to relevant statutory funds. For each of our project subsidiaries, it may not distribute its after-tax profits to us if it has not already made contributions to such funds. A wholly foreign-owned enterprise, such as our onshore holding company, Suzhou Changjia Investment Management, is required to continue making contributions to its reserve fund until such fund reaches 50% of its registered capital. Furthermore, restrictive covenants in bank credit facilities or other agreements that we entered into or may enter into in the future may also restrict the ability of our project subsidiaries to make contributions to us and our ability to receive distributions. These restrictions could reduce the amounts of distributions that we receive from our subsidiaries, which would restrict our ability to fund our operations, generate income and pay dividends.

RISK FACTORS RELATING TO REGULATION OF THE PRC PROPERTY MARKET

The PRC Government has adopted measures, and may adopt further measures, to slow down growth in the property market

The PRC Government exerts considerable direct and indirect influence on the growth and development of the PRC property market through industry policies and other economic measures such as setting interest rates, controlling the supply of credit through setting bank reserve ratios and lending restrictions, taxation policy and imposing foreign investment restrictions. Investment in the PRC property sector and property prices have increased significantly in recent years, which has led to concerns that the property market may be overheating and prices rising too quickly. From 2004 to early 2008, the PRC Government introduced a series of regulations and policies designed to control the growth of the property market, including, among others:

- limiting the maximum amount of monthly mortgage to 50% of an individual borrower's monthly income and limiting the maximum amount of total monthly debt service payments of an individual borrower to 55% of his or her monthly income;
- strictly enforcing an idle land fee for land which has not been developed for one year starting from the commencement date stipulated in the land use rights grant contract and cancellation of land use rights for land idle for two years or more;
- imposing a business tax levy on the sales proceeds for second-hand transfers subject to the length of holding period and type of properties;

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- requiring that at least 70% of the land supply approved by a local government for residential property development for any given year must be used for developing low- to medium-cost and small- to medium-size units and low-cost rental properties;
- increasing the minimum amount of down payment from 20% to 30% of the purchase price of the underlying property if the underlying property has a unit floor area of 90 square meters or more;
- restricting the grant or extension of revolving credit facilities to property developers that hold a large amount of idle land and vacant commodity properties;
- prohibiting banks from offering loans to projects that have less than 35% of capital funds (proprietary interests), or that fail to obtain land use rights certificates, construction land planning permits, construction work commencement permit and construction work planning permits; and
- restricting PRC commercial banks from granting loans to property developers for the purpose of paying land grant premiums.

For further details, please see the section headed “Industry Overview – The PRC Property Market – Historical development of the PRC property market” and Appendix VI headed “Summary of Principal Legal and Regulatory Provisions” in this prospectus.

Following a downturn in the PRC property market in late 2008 and early 2009, property prices and transaction volume began increasing sharply in Shanghai and various other cities in the second half of 2009. This has led to further regulations and policies by the PRC government aimed at slowing down the property market. These have included:

- On November 18, 2009, the Ministry of Finance, Ministry of Land and Resources, PBOC, Ministry of Supervision and National Audit Office issued the Circular on Further Tightening Control over Income and Expenses from Land Transfer (關於進一步加強土地出讓收支管理的通知), which among other things, limits the period for full payment of the land grant premium prescribed under the land use rights grant contract to one year. There is an exception for special projects approved by all relevant local land transfer authorities, for which full payment of the land grant premium must be paid within two years with a first installment of no less than 50% of the total land grant premium. The circular also provides that the local level governments should strictly enforce relevant regulations to impose penalties on, or restrict from acquiring new land, property developers that have delayed payment of land grant premiums or construction for reasons other than force majeure. This circular increases the importance for us to timely procure adequate financing for our future land acquisitions. We finance our property projects primarily through a combination of sales proceeds and borrowings from financial institutions. Our ability to procure adequate financing for land acquisitions depends on a number of factors that are beyond our control, including credit market conditions and PRC governmental policies. For details, please refer to the risk factor headed “We require substantial capital resources to fund our land acquisitions and property developments, and any adverse change in the availability of such capital resources could significantly affect our business operations and prospects.”

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- On December 22, 2009, the Ministry of Finance and State Administration of Taxation issued the Notice on Adjusting the Business Tax Policies on Individual Housing Transfer (關於調整個人住房轉讓營業稅政策的通知). The notice provides, effective from January 1, 2010, that where any individual sells non-ordinary residential housing within five years of the original purchase date, the business tax thereon shall be collected on the full sale price; where any individual sells non-ordinary residential housing more than five years after the original purchase date or sells an ordinary housing unit within five years after the original purchase date, the business tax thereon shall be collected on the basis of the difference between the sale price and the original purchase price; where any individual sells an ordinary housing unit more than five years after the original purchase date, it shall be exempted from business tax. Villas and large-sized apartments such as Shanghai Garden properties are classified as non-ordinary residential housing. This notice is intended to dampen speculation in the property market, in particular in the high-end and luxury residential property market, and may negatively impact demand for and prices of our residential properties.
- On January 7, 2010, the State Council issued the Notice on Promoting the Steady and Healthy Development of the Real Estate Market (關於促進房地產市場平穩健康發展的通知), which is also aimed at dampening speculation in the property market and slowing the rate of price increases. The notice, among other things, provides that (1) banks are restricted from offering loans to a property development project or property developer which is not in compliance with credit loan regulations or policies; (2) land resource authorities shall strictly collect land grant premiums according to the land use rights grant contract and strengthen oversight over idle land; (3) local governments must decide the minimum scale of presales rationally and may not issue separate presale permits by floor or unit; and (4) the minimum down payment for the purchase of a second residential property by any household with mortgage on its first residential property shall be 40% of the purchase price. In addition, the notice emphasizes the importance of the construction and supply of ordinary residential housing, efficient land supply planning by local governments and effective risk control procedures by financial investors.
- On March 8, 2010, the Ministry of Land and Resources issued the Notice on Strengthening the Supply and Supervision of Land Use for Real Estate Property (國土資源部關於加強房地產用地供應和監管有關問題的通知). The notice, among other things, provides that (1) land resource authorities shall strictly control the land supply for large-sized apartments and prohibit the land supply for villas; (2) land resource authorities shall prohibit property developers who owe land grant premium payments, possess idle land, engage in land speculation and price manipulation, conduct project development exceeding approved scope or fail to conform with the land use rights grant contract from land bidding transactions within a set period of time; and (3) the land use rights grant contract must be executed within ten days after a grant of land has been mutually agreed and a down payment of 50% of the land grant premium shall be paid within one month from the execution of the land use rights grant contract with the remaining amount paid no later than one year after the execution of the land use rights grant contract. This notice is intended to dampen speculation on land reserves, in particular land for the high-end and luxury residential property market, and may limit our ability to obtain land for future villa and large-sized apartment residential developments.

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- On April 13, 2010, the PRC Ministry of Housing and Urban-Rural Development issued the Notice on Further Strengthening the Supervision over the Real Estate Market and Improving the Presale System of Commercial Housing (關於進一步加強房地產市場監管完善商品住房預售制度有關問題的通知). It provides that, among other things, within 10 days after the real estate developers obtain the presale permit for the project for sale, they shall release the information regarding the number of properties allowed for presale under such presale permission and the price of such property to the public at one time. They shall also sell the properties to the public at the price as published and strictly abide by the presale permits. This notice is intended to prevent real estate developers from keeping properties off the market and bidding up the property price.
- On April 17, 2010, the State Council issued the Notice on Strictly Restraining the Excessive Growth of the Property Prices in Some Cities (國務院關於堅決遏制部分城市房價過快上漲的通知), according to which a stricter differential housing credit policy shall be enforced. It provides that, among other things, (1) for first-time family buyers (including the borrower, his/her spouse and his/her underage children, similarly hereinafter) of apartments larger than 90 square meters, a minimum 30% down payment must be paid; (2) the down payment requirement on second-home mortgages was raised to at least 50% from 40% and also reiterated that an extra 10% should be adopted on the interest rates for housing loans granted to such buyers; and (3) for those who buy three or more houses, even higher requirements on both down payments and interest rates shall be levied. In addition, the banks can suspend housing loans to buyers who own two or more housing units in places where housing prices are rising too rapidly and are too high, and housing supply is insufficient. This notice aims to rein in speculation in property.
- On September 2, 2010, Shanghai Municipal Housing Support And Building Administration Bureau issued the Notice of Further Strengthening Municipal Supervision on Real Estate Market and Regulating Presale behaviors (上海市住房保障和房屋管理局關於進一步加強本市房地產市場監管規範商品住房預銷售行為的通知(滬房管市[2010]246號)). To thoroughly apply the “Notice on Further Strengthening the Supervision over the Real Estate Market and Improving the Presale System of Commercial Housing” (關於進一步加強房地產市場監管完善商品住房預售制度有關問題的通知), it requires that (1) real estate projects with a GFA less than 30,000 sq.m. shall apply for a presale permit at a single time; real estate projects with a GFA more than 30,000 sq.m. where it is necessary to conduct presales separately, shall apply for such permit with a GFA no less than 30,000 sq.m. at each single time; (2) the system of filing management of commercial housing shall be completed, and real estate enterprises shall file new sales prices with local authorities whenever the price of a sold house exceeds the sales price scope filed with the local authorities; (3) relevant authorities shall regulate the reservation and sales behavior, and real estate development enterprises shall not sign any commercial housing deposit contracts or commercial housing sales contracts unless they have obtained the presale permit or have filed with the local authorities documentation related to sales of their completed houses.

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- On September 29, 2010, the PBOC and CBRC issued the Notice on Promoting Differentiated Housing Credit Policy (中國人民銀行·中國銀行業監督管理委員會關於完善差別化住房信貸政策有關問題的通知), which, among other things:
 - (1) prohibits commercial banks from granting or extending loans to property developers that violate laws and regulations such as:
 - (i) holding idle land;
 - (ii) changing the land use;
 - (iii) delaying the commencement and completion of development;
 - (iv) intentionally holding properties for future sale, for the purpose of new property development;
 - (2) currently prohibits commercial banks from granting housing loans to families who buy three or more houses or non-local residents who fail to provide local one-year or longer tax payment certificates or social insurance payment certificates; and
 - (3) increase the minimum of down payment to at least 30% of the purchase price of the property.
- On September 29, 2010, the Ministry of Finance, State Administration of Taxation and the Ministry of Construction issued the Notice of Deed Tax on the Adjustment of Real Estate Transactions and Personal Income Tax Preferential Policies (關於調整房地產交易環節契稅個人所得稅優惠政策通知), which provides that deed tax is reduced to 1% for first time buyer individuals who purchase an ordinary residence with less than 90 sq.m. floor area which is the family's sole property.
- On October 7, 2010, the Shanghai Municipal Government approved the Several Opinions on Further Strengthening Control of the Real Estate Market and Speeding up Housing-Security Programs of Shanghai (關於進一步加強本市房地產市場調控加快推進住房保障工作的若干意見), according to which:
 - (1) On the basis of the Notice on Strictly Restraining the Excessive Growth of the Property Prices in Some Cities (國務院關於堅決遏制部分城市房價過快上漲的通知), all commercial banks are prohibited from making loans to family buyers who buy three or more apartments in Shanghai.
 - (2) For a family that buys its first property with a GFA larger than 90 sq.m. and applies for a housing loan, a minimum 30% down payment is required, and the maximum housing loan shall be RMB600,000; for a family that buys its second property for the improvement of living conditions, a minimum 50% down payment is required and the maximum housing loan shall be RMB400,000; all the Housing Fund Management Centers shall suspend making loans to families that apply for second properties which cannot be defined as an improvement of living-condition property; families who buy three or more properties are prohibited from receiving housing loans.
 - (3) Since the issuance of the several opinions, no family (including both the husband and wife, and their minor children) can buy more than one property in Shanghai.

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- (4) Land value appreciation tax shall be levied according to the ratio of the average price of properties to be sold to the average price of all newly built properties in the same area of the previous year: if this ratio is less than 1.0, land value appreciation tax shall be levied at the rate of 2%; if this ratio is between 1.0 and 2.0, land value appreciation tax shall be levied at the rate of 3.5%; if this ratio is higher than 2.0, land value appreciation tax shall be levied at the rate of 5%.
- (5) As to any real estate project which obtained its construction license after July 1, 2010, the requirements for it to apply for presale permits shall be adjusted. Real estate projects can only apply for presale permits after completing the main structure and passing the inspection.
- (6) Separate grants of planning permits, construction permits and presale permits are restricted. The scale of construction and presale of a real estate project shall be no less than 30,000 sq.m. GFA. Real estate projects with less than 30,000 sq.m. GFA are required to obtain a construction planning permit, construction work commencement permit and presale permit at the same time.

The PBOC raised the Renminbi deposit reserve ratio for large-scale financial institutions by 1.5% in January, February and May 2010 from 15.5% to 17.0%. The change of the deposit reserve ratio is intended to slow the growth of money supply, which may adversely affect demand for property in China. It is too early for us to assess the specific impact of the recent regulations and policies on the PRC property market and our business, but these regulations and policies may negatively impact overall demand and prices in the PRC property market and in particular demand and prices for high-end and luxury residential properties. Moreover, the PRC Government's regulations and measures to curtail the growth of the property sector could limit our access to capital resources, increase our operating costs in adapting to these regulations and measures, or restrict our business operations. Our PRC legal adviser has confirmed that the Group and its business operations have fully complied with all applicable laws, rules and regulations in all material respects. However, the PRC Government may issue additional and more stringent regulations or measures to further slow down growth in the property market in China in the future, which could have a material adverse impact on our business, financial condition, results of operations and prospects.

Our ability to secure new projects and related investments may be restricted by policies and regulations introduced by the PRC Government

The PRC Government has introduced a number of policies and regulations aimed at regulating overseas investment in the property industry in the past few years.

On July 11, 2006, the Ministry of Construction, MOFCOM, NDRC, PBOC, the State Administration for Industry and Commerce and SAFE issued the Opinion on Regulating the Access and Management of Foreign Capital in the Real Estate Market (關於規範房地產市場外資准入和管理的意見), which states that, among other things, a foreign entity or individual investing in the PRC property other than for self-use, must apply for the establishment of a FIREE in accordance with the applicable PRC laws and can only conduct operations within the authorized business scope. The opinion attempts to impose additional restrictions on the establishment and operation of a FIREE by measures including regulating the amount of registered capital as a percentage of total investment in certain circumstances, limiting the validity of a FIREE or the transfer of its projects and prohibiting the borrowing of money from domestic and foreign lenders where, among other things, the registered capital is not paid up, land use rights are not obtained, or the capital fund is less than 35% of the total investment amount in the intended development project. In addition, the opinion also limits the ability of certain foreign individuals to purchase residential properties in China.

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On May 23, 2007, MOFCOM and SAFE issued the May Circular, which states that, among other things, a foreign investor must apply to establish FIREE in accordance with PRC laws if it plans to develop or operate property business in the PRC. The May Circular states that foreign investors cannot bypass the examination and approval requirements applicable to foreign-invested property businesses by changing the actual controllers of the domestic property enterprises in the PRC. If foreign-invested enterprises wish to engage in property development or operation business, or FIREEs wish to engage in new project development operations, they must apply to the relevant examination and approval authorities for their expansion of scope of business or scale of business operation.

On July 10, 2007, SAFE issued the Circular of the General Affairs Department of SAFE on the Distribution of the List of the First Batch of Foreign-Invested Real Estate Projects Filed with the Ministry of Commerce (國家外匯管理局綜合司關於下發第一批通過商務部備案的外商投資房地產項目名單的通知). According to this circular, local branches of SAFE must not register any foreign debt of a foreign-invested real estate enterprise if it obtained approval for its new establishment or capital increase from the local MOFCOM branches and filed with MOFCOM on or after June 1, 2007. The local SAFE must not process any foreign exchange registration (or amendment of registration) or foreign exchange settlement for capital account items for a foreign-invested real estate enterprise that has been approved by the relevant MOFCOM branches on or after June 1, 2007, but has not been filed with MOFCOM. This circular is another restrictive measure taken by the PRC Government to limit foreign investment in the PRC property market. Pursuant to the requirements in the above circulars we must apply to the relevant examination and approval authorities if we plan to expand the scope of our business or the scale of our business operations, engage in new project developments or operations or increase the registered capital of our PRC foreign-invested subsidiaries in the future. If the PRC Government issues further policies or regulations with a goal of further regulating or restricting foreign investment in the PRC property industry, and if these policies or regulations have a direct application on our Group's business and operations, our ability to secure new projects may suffer and our business, financial condition, results of operations and prospects could be materially and adversely affected.

On October 31, 2007, MOFCOM and the NDRC jointly issued a revised Foreign Investment Industrial Guidance Catalogue (外商投資產業指導目錄) effective December 1, 2007, which provides, among other things, that the development and construction of ordinary residential properties will be removed from the category of industries for which foreign investment is encouraged and emphasizes that the development and construction of villas, high-end hotels and office buildings by foreign-invested enterprises is restricted. For the purpose of this rule, a "foreign-invested enterprise" refers to an entity established and existing as a wholly foreign-owned enterprise, Sino-foreign equity joint venture or Sino-foreign cooperative joint venture under the PRC laws and regulations. Currently except Suzhou Changjia Investment Management and Wuxi Changxiang, no operating subsidiary of our Group is a "foreign-invested enterprise." In addition, the Company's listing will not result in any of the operating subsidiaries being deemed a "foreign-invested enterprise," as advised by Commerce and Finance, our PRC legal adviser. Accordingly the above-mentioned restriction on development of villas, high-end hotels and office buildings does not apply to us. In the future, however, our Group may establish or acquire a "foreign-invested enterprise" that develops villas and high-end office buildings, it may be subject to provincial level MOFCOM review and approval, or if the investment in such development exceeds US\$50 million, central MOFCOM review and approval would be required.

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Pursuant to the requirements in the above circulars we must apply to the relevant examination and approval authorities if we plan to expand the scope of our business or the scale of our business operations, engage in new project developments or operations or increase the registered capital of our PRC foreign-invested subsidiaries in the future. If the PRC Government issues further policies or regulations with a goal of further regulating or restricting foreign investment in the PRC property industry, and if these policies or regulations have a direct application on our Group's business and operations, our ability to secure new projects may suffer and our business, financial condition, results of operations and prospects could be materially and adversely affected.

We may be unable to transfer the proceeds from the Global Offering into China for the property developments and onshore equity investment

We, as an offshore holding company, typically conduct certain of our property development operations in China through our real estate subsidiaries in China. Most of our net proceeds from the Global Offering will be used as increased registered capital of our existing foreign-invested subsidiaries in China or for the establishment of new foreign-invested subsidiaries in China. We must file with MOFCOM and register with the local SAFE, and wait until such filing and registration are completed before we may transfer the proceeds from the Global Offering into China for the property developments contemplated in this prospectus. We have not started the process of increasing the registered capital contribution to Suzhou Changjia Investment Management or Wuxi Changxiang in connection with the remittance of proceeds from the Global Offering into such foreign-invested subsidiary in China. Pursuant to the Implementation Opinions on Some Issues concerning Law Application for the Administration of Examination and Approval and Registration of Foreign-funded Companies (關於外商投資的公司審批登記管理法律適用若干問題的執行意見) issued jointly on April 24, 2006 by the State Administration for Industry and Commerce, MOFCOM, China Customs and SAFE, when a foreign-invested company wishes to increase its registered capital, it should first obtain approvals from the relevant commerce authorities, and its shareholders shall pay no less than 20% of the newly increased capital when the company registers the increased capital with the industry and commerce administration authorities. We may be required to apply for approvals for registered capital increases from the suitable government authority for onshore subsidiaries after we have received the proceeds from the Global Offering. We may be unable to obtain in a timely manner the required filing with MOFCOM or registration with the local SAFE office in the future. Failure to obtain such government approvals, filings and registration or material delays in the approval, filing or registration process may adversely affect our development plans and/or result in us suffering from foreign exchange loss as a result of which our results of operations may be affected.

In addition, on August 29, 2008, SAFE issued the Notice regarding Improvement of Operation of Settlement on Foreign Invested Enterprises' Foreign Exchange of Capital Fund (關於完善外商投資企業外匯資本金支付結匯管理有關業務操作問題的通知). Pursuant to this notice, Renminbi settled from foreign-invested enterprise's capital fund may not be used for equity investment in China. Any foreign-invested enterprise, other than foreign-invested real estate development enterprises, shall not purchase domestic real estate for purposes other than self-use purposes with RMB funds derived from its capital fund. Therefore, except as otherwise approved, we are not allowed to utilize the proceeds from the Global Offering for the registered capital increase for our project companies or other subsidiaries.

Further, we cannot assure you that the PRC Government will not introduce new policies that may further restrict our ability to inject funds raised in the future, including this Global Offering, into China for our operations.

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Changes of laws and regulations with respect to presales may adversely affect our cash flow position and performance

We depend on cash flows from presales of properties as an important source of funding for our property projects. There is no assurance that we will be able to continue to achieve sufficient presales to fund a particular development. Under current PRC laws and regulations, property developers must fulfill certain conditions before they can commence presales of the relevant properties and may only use presales proceeds to finance their developments. In August 2005, the PBOC issued a report entitled “2004 Real Estate Financing Report,” in which it recommended the discontinuance of the practice of preselling uncompleted properties as it creates significant market risks and generates transactional irregularities. This and other PBOC recommendations have not been adopted by the PRC Government. However, there can be no assurance that the PRC Government will not adopt such recommendations and ban the practice of preselling uncompleted properties or implement further restrictions on the presales practice, such as imposing additional conditions for obtaining a presales permit or imposing further restrictions on the use of presales proceeds. Any restriction on our ability to presell our properties, including any increase in the amount of up-front expenditure we must incur prior to obtaining a presale permit or any restriction on our ability to utilize the presale proceeds, including future changes to laws and regulations governing the use of presale proceeds, would extend the time required to recover our capital expenditures and could require us to seek alternative means to finance the various stages of our developments, which, in turn, could have an adverse effect on our business, cash flow position and financial condition.

Our sales and presales will be affected if mortgage financing becomes more costly or otherwise becomes less attractive

A substantial portion of purchasers of our residential properties rely on mortgages to fund their purchases. Therefore, demand for our properties may be affected by the availability and terms of mortgage financing in the PRC. For example, an increase in interest rates may significantly increase the cost of mortgage financing, thus affecting the affordability of residential properties. In addition, the PRC Government has heavily regulated mortgage lending in the PRC. Under current PRC laws and regulations, purchasers of residential properties generally must pay at least 30% of the purchase price of the properties before they can finance their purchases through mortgages. Banks are no longer allowed to extend consumer loans to finance purchase of any presold properties. The minimum down payment for commercial property buyers has increased to 50% of the purchase price, with minimum mortgage loan interest rates at 110% of the relevant PBOC benchmark lending interest rate and maximum maturities of no more than ten years. Commencing on October 27, 2008, the PBOC restricted the minimum mortgage loan rates at 70% of the benchmark lending rates for residential mortgage loans and lowered the minimum down payment ratio to 20%. For further details, please see the section headed “Risk Factors – Risk factors relating to regulation of the PRC property market – The PRC Government has adopted measures, and may adopt further measures, to slow down growth in the property market” in this prospectus. In addition, mortgagee banks may not lend to any individual borrower if the monthly repayment of the anticipated mortgage loan would exceed 50% of the individual borrower’s monthly income or if the total debt service of the individual borrower would exceed 55% of such individual’s monthly income. Any increase in these thresholds could adversely impact the availability and attractiveness of mortgages to home buyers in the PRC.

The PBOC Notice on Regulating Real Estate Financing Business (中國人民銀行關於規範住房金融業務的通知) issued by the PBOC on June 19, 2001 states that banks may not provide mortgages to purchasers entering into presale agreements for properties under construction until substantial construction of the building in which such property is located is

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completed. Substantial construction work means, for a non-high-rise building, completion of the general structure of the building, and, for a high-rise building, two-thirds of the total investment having been made. This condition is more stringent than the condition for obtaining a presale permit. Therefore, strict adherence by banks to this June 2001 notice would result in some of our customers not having access to funds to support their purchases until later than has historically been the case. As a result, our ability to obtain and use the presale deposits to finance construction could be adversely affected, and any disruption to, or change in, the banking sector in China that affects our customers' ability to obtain mortgages could have an adverse effect on our liquidity and results of operations.

In line with industry practice, we provide guarantees to banks for mortgages they offer to our purchasers up until we complete the relevant properties and the property ownership certificates and certificates of other interests with respect to the relevant properties are delivered to the mortgagee banks. If there are changes in laws, regulations, policies and practices that would prohibit property developers from providing guarantees to banks in respect of mortgages offered to property purchasers and these banks would not accept any alternative guarantees by third parties, or if no third party is available or willing in the market to provide such guarantees, it may become more difficult for property purchasers to obtain mortgages from banks and other financial institutions during sales and presales of our properties. Such difficulties in financing could result in a substantially lower rate of sales and presales of our properties, which would adversely affect our cash flow, financial condition and results of operations. We are not aware of any impending changes in laws, regulations, policies or practices which will prohibit such practice in the PRC. However, there can be no assurance that such changes in laws, regulations, policies or practices will not occur in the PRC in the future.

Any constructed GFA of our projects under development or future property developments deemed by the local government authorities to be non-compliant may be subject to governmental approval and additional payments

Local government authorities inspect our property developments after the completion of construction and will issue a completion certificate if they find that our property developments are in compliance with the relevant laws and regulations. We are able to deliver the developed projects to property purchasers thereafter. If the total GFA or plot ratio constructed exceeds the GFA or plot ratio originally authorized in the relevant land use rights grant contracts or governmental permits, or if the completed projects contain areas that do not conform with the plan as set forth in the relevant governmental permits, we may be required to pay additional amounts or take remedial action in relation to such non-compliant GFA before we are able to obtain the relevant completion certificate for the relevant property development. If we fail to obtain the required completion certificate due to any such excess, we will not be allowed to deliver the relevant properties or to recognize the revenue from the relevant presold properties and may also be subject to liabilities under the sale and purchase agreements with our customers.

We undertake construction in accordance with the relevant land use rights grant contracts or governmental permits, but the local government authorities may find the total constructed GFA of our projects under development, or any of our future projects, to have exceeded the relevant authorized GFA under such contracts or permits upon completion of construction. Any finding that a substantial portion of such GFA does not comply with the relevant contracts or permits could have a material adverse effect on our business, financial condition, results of operations and prospects.

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Our business, financial condition and results of operations are heavily impacted by the political and economic situation in the PRC

At present, the PRC has a developing economy. It differs from developed economies of the world in many respects, including the level of governmental involvement, economic growth rate, control of foreign exchange, and allocation of resources. For the past three decades, the PRC Government has implemented economic reform measures emphasizing utilization of market forces in the development of the PRC economy. However, we cannot predict whether the PRC Government will continue to pursue market-oriented economic reforms or what other policies may be implemented. Any changes in PRC governmental policy or the PRC's political, economic and social conditions, or in relevant laws and regulations, may adversely affect our current or future business, results of operation or financial condition.

Although the PRC economy has grown rapidly over the past three decades, economic growth has been uneven across provinces and regions. Moreover, as the PRC economy matures, its economic growth rate may slow down. Furthermore, given the PRC's largely export-driven economy, any changes in the economies of the PRC's principal trading partners and other export-oriented nations may adversely affect our operations and financial results. Any significant changes to the PRC political and economic situation could have an adverse effect on our business, financial condition and results of operations.

PRC Government control of currency conversion may affect the value of your investment

Restrictions on currency exchange may limit our ability to utilize our revenue effectively. Substantially all of our revenue and operating expenses are denominated in Renminbi, which is currently not a freely convertible currency. The PRC Government imposes controls on the convertibility of Renminbi into foreign currencies and, in certain cases, the remittance of currency out of China. Under our current structure, our source of funds will primarily consist of dividend payments from our PRC subsidiaries and other payments. Shortages in the availability of foreign currency may restrict the ability of our PRC subsidiaries to remit sufficient foreign currency to pay dividends or other amounts to us, or to satisfy their foreign currency denominated obligations.

Under existing PRC foreign exchange regulations, payments of current account items, including dividends, trade and service-related foreign exchange transactions, can be made in foreign currencies without prior approval from SAFE by complying with certain procedural requirements. However, approval from appropriate PRC Government authorities is required where Renminbi is to be converted into foreign currency and remitted out of China to pay capital account items, such as the repayment of bank loans denominated in foreign currencies.

Fluctuations in the value of the Renminbi may have a material adverse impact on your investment

Substantially all of our revenues and expenditures are denominated in Renminbi, while the net proceeds from the Global Offering and any dividends we pay on our Shares will be in Hong Kong dollars. Fluctuations in the exchange rate between the Renminbi and the Hong Kong dollar or US dollar will affect the relative purchasing power in Renminbi terms of the proceeds from the Global Offering. Fluctuations in the exchange rate may also cause us to incur foreign

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exchange losses and affect the relative value of any dividend issued by our PRC subsidiaries. In addition, appreciation or depreciation in the value of the Renminbi relative to the Hong Kong dollar or US dollar would affect our financial results in Hong Kong dollar or US dollar terms without giving effect to any underlying change in our business or results of operations. Moreover, because the functional currency of the Company and all of its subsidiaries is the Renminbi, the balance and certain amounts due to related parties denominated in a foreign currency are subject to translation at each reporting date, which could affect our business, financial condition and results of operations.

Movements in Renminbi exchange rates are affected by, among other things, changes in political and economic conditions and China's foreign exchange regime and policy. Since July 2005, the Renminbi has no longer been pegged to the US dollar. Although the People's Bank of China regularly intervenes in the foreign exchange market to limit fluctuations in Renminbi exchange rate, the Renminbi may appreciate or depreciate significantly in value against the US dollar in the medium to long term. Moreover, it is possible that in the future PRC authorities may lift restrictions on fluctuations in Renminbi exchange rates and lessen intervention in the foreign exchange market.

There are limited hedging instruments available in China to reduce our exposure to exchange rate fluctuations between the Renminbi and other currencies. To date, we have not entered into any hedging transactions in an effort to reduce our exposure to foreign currency exchange risks. In any event, the availability and effectiveness of these hedges may be limited and we may not be able to hedge our exposure successfully, or at all.

Interpretation of PRC laws and regulations involves uncertainty

Our core business is conducted within China and is governed by PRC laws and regulations. The PRC legal system is based on written statutes, and prior court decisions can only be used as a reference. Since 1979, the PRC Government has promulgated laws and regulations in relation to economic matters such as foreign investment, corporate organization and governance, commerce, taxation and trade, with a view to developing a comprehensive system of commercial law, including laws relating to property ownership and development. However, due to the fact that these laws and regulations have not been fully developed, and because of the limited volume of published cases and the non-binding nature of prior court decisions, interpretation of PRC laws and regulations involves a degree of uncertainty. Some of these laws may be changed without being immediately published or may be amended with retroactive effect. Depending on the government agency or how an application or case is presented to such agency, we may receive less favorable interpretations of laws and regulations than our competitors, particularly if a competitor has long been established in the locality of, and has developed a relationship with, such agency. In addition, any litigation in China may be protracted and result in substantial costs and diversion of resources and management attention. All these uncertainties may cause difficulties in the enforcement of our land use rights, entitlements under its permits, and other statutory and contractual rights and interests.

We may be deemed a PRC resident enterprise under the PRC EIT Law and be subject to PRC taxation on our worldwide income

Under the new PRC EIT Law, commencing January 1, 2008, enterprises established outside China whose "de facto management bodies" are located in China are considered "resident enterprises" and will generally be subject to the uniform 25% EIT rate as to their global

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income. Under the Implementation Rules for the PRC EIT Law, “de facto management bodies” is defined as the bodies that have material and overall management control over the business, personnel, accounts and properties of an enterprise.

Substantially all of our management is currently based in China and may remain in China. In April 2009, the PRC State Administration of Taxation promulgated a circular to clarify the definition of “de facto management bodies” for enterprises incorporated overseas with controlling shareholders being onshore enterprises or enterprise groups in China. However, it remains unclear how the tax authorities will treat an overseas enterprise invested or controlled by another overseas enterprise and ultimately controlled by PRC individual residents, as in our case. Therefore, we may be treated as a PRC resident enterprise for PRC EIT purposes. The tax consequences of such treatment are currently unclear, as they will depend on how PRC finance and tax authorities apply or enforce the PRC EIT Law and the Implementation Rules.

Changes in PRC policies on dividend distribution may materially and adversely affect our business and results of operations and dividends payable by us to our foreign investors and gains on the sale of our Shares may be subject to withholding taxes under PRC tax laws

Dividends received by foreign investors from foreign-invested enterprises were exempt from withholding income tax prior to January 1, 2008. Therefore, our Company was exempt from withholding tax on dividends it received from its PRC subsidiaries. Under the PRC EIT Law, a withholding income tax at the rate of 20% is applicable to dividends derived from sources within the PRC paid by foreign-invested enterprises to their non-PRC parent companies. However, pursuant to the EIT Implementation Rules, a reduced withholding income tax rate of 10% shall be applicable in such cases. In addition, due to the Hong Kong Tax Treaty, which in Hong Kong, applies to income derived in any year of assessment commencing on or after April 1, 2007; and in the PRC, in any year commencing on or after January 1, 2007, a company incorporated in Hong Kong, such as Most Well Investment in our Group, will be subject to withholding income tax at a rate of 5% on dividends it receives from its PRC subsidiaries if it holds a 25% or more interest in that particular PRC subsidiary at the time of the distribution and obtains approval from the competent tax authorities, or 10% if it does not obtain such approval or holds less than a 25% interest in that subsidiary. In addition, the PRC State Administration of Taxation promulgated a tax notice on October 27, 2009, or Circular 601, which provides that tax treaty benefits will be denied to “conduit” or shell companies without business substance, and a beneficial ownership analysis will be used based on a “substance-over-the-form” principle to determine whether or not to grant tax treaty benefits. It is unclear at this early stage whether Circular 601 applies to dividends from our PRC subsidiaries paid to us through our Hong Kong subsidiary. It is possible however, that under Circular 601 Most Well Investment in our Group would not be considered as the “beneficial owner” of any such dividends, and that such dividends would as a result be subject to income tax withholding at the rate of 10% rather than the favorable 5% rate applicable under the Hong Kong Tax Treaty.

If tax benefits relating to the withholding income tax on the dividends received from Most Well Investment become unavailable as a result of the changes in the tax arrangement between the PRC and Hong Kong or for any other reason as mentioned above, our financial condition and results of operations could be adversely affected. Moreover, our historical results of operations may not be indicative of our results of operations for future periods as a result of the expiration of the tax benefits currently available to us.

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In addition, due to ambiguities in the PRC EIT Law and the EIT Implementation Rules, a withholding tax at the rate of 10% may also be applicable to dividends payable to investors (excluding individual natural persons) that are non-resident enterprises to the extent such dividends are sourced within China. Similarly, any gain realized on the transfer of Shares by such investors is also subject to a withholding tax at the rate of 10% if such gain is regarded as income derived from sources within China. If we are considered a resident enterprise in the PRC, it is unclear whether the dividends we pay with respect to our Shares, or the gain you may realize from the transfer of the Shares, would be treated as income derived from sources within China and be subject to PRC income tax. If we are required under the PRC EIT Law to withhold PRC income tax on our dividends payable to our foreign shareholders, or if you are required to pay PRC income tax on the transfer of the Shares, the value of your investment in our Shares may be materially and adversely affected.

Any future outbreak of a severe communicable disease in China or any other epidemic may adversely affect our operational results

In the first half of 2003, certain Asian countries, including China, encountered an outbreak of SARS, a highly contagious form of a typical pneumonia. Past occurrences of epidemics, depending their scale, have caused different degrees of damage to the national and local economies in the PRC. If in the future any of our employees or our customers in our property developments are suspected of having contracted SARS, H5N1 avian flu or human swine flu, also known as Influenza A (H1N1), or any other epidemic or any of our property developments are identified as a possible source of spreading such epidemic, we may be required to quarantine the employees that have been suspected of becoming infected, as well as others that had come into contact with those employees. We may also be required to disinfect the affected properties and therefore suffer a temporary suspension of our property development operations. Any quarantine or suspension of our property development operations will affect our operational results. A recurrence of SARS or an outbreak of any other epidemics in the PRC, such as H5N1 avian flu or the human swine flu, also known as Influenza A (H1N1), especially in the cities where we have operations, may result in material disruptions to our property development and our sales and marketing, which in turn may material and adversely affect our business, financial condition and results of operations.

It may be difficult to effect service of process upon us or our Directors or executive officers who reside in China or to enforce against them in China any judgments obtained from non-PRC courts

All of our executive Directors and executive officers reside within China, and substantially all of our assets and substantially all of the assets of those persons are located within China. Therefore, it may be difficult for investors to effect service of process upon us or those persons inside China or to enforce against us or them in China any judgments obtained from non-PRC courts.

The PRC does not have treaties providing for the reciprocal recognition and enforcement of judgments of courts with Hong Kong, the United States, the United Kingdom, Japan and many other countries. Therefore, recognition and enforcement in the PRC of judgments of a court in any of these jurisdictions in relation to any matter not subject to a binding arbitration provision may be difficult or impossible.

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Regulations relating to offshore investment activities by PRC residents may increase our administrative burden and create regulatory uncertainties that could restrict our overseas and cross-border investment activities, and failure by Shareholders who are PRC residents to make any required applications and filings pursuant to such regulations may prevent us from being able to distribute profits and could expose us and PRC resident Shareholders to liability under PRC law

Our PRC legal adviser has advised that SAFE has promulgated several regulations, including Circular No. 75 issued in November 2005 and implementation rules issued in May 2007, requiring registration with the local SAFE in connection with direct or indirect offshore investment by PRC residents. The regulation applies to Shareholders who are PRC residents and also applies to our offshore acquisitions.

Furthermore, due to changes in our capital and shareholding structure, we have notified Shareholders to update their SAFE registrations as required by the SAFE regulations. As a result of uncertainty regarding the SAFE regulations, it remains unclear how such regulations, and any future legislation concerning offshore or cross-border transactions, will be interpreted, amended or implemented by the relevant government authorities. We cannot assure you that all of our Shareholders who are PRC residents will comply with our request to make or obtain any applicable registrations or approvals required by the regulation or other related legislation. The failure or inability of PRC resident Shareholders to receive any required approvals or make any required registrations may subject us to fines and legal sanctions, restrict our overseas or cross-border investment activities, limit our PRC subsidiary's ability to make distributions or pay dividends or affect our ownership structure, as a result of which our acquisition strategy and business operations and our ability to distribute profits to you could be materially and adversely affected.

RISK FACTORS RELATING TO THE GLOBAL OFFERING

There has been no prior public market for our Shares and their liquidity and market price may be volatile

Prior to the Global Offering, there has been no public market for our Shares. The initial Offer Price for our Shares to the public will be the result of negotiations between us, the Selling Shareholder and the Joint Global Coordinators (on behalf of Underwriters), and the Offer Price may differ significantly from the market price of the Shares following the Global Offering. We have applied to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Shares. A listing on the Hong Kong Stock Exchange, however, does not guarantee that an active and liquid trading market for the Shares will develop, or if it does develop, that it will be sustained following the Global Offering, or that the market price of the Shares will not decline following the Global Offering. In addition, the trading price and trading volume of the Shares may be subject to significant volatility in responses to various factors, including but not limited to:

- acquisitions by us or our competitors;
- variations in our operating results;
- changes in financial estimates by securities analysts;
- announcements made by us or our competitors;

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- governmental regulations;
- investors' perception of us and of the investment environment in Asia, including Hong Kong and the PRC;
- developments in the property development industry;
- changes in pricing made by us or our competitors;
- the depth and liquidity of the market for the Shares; and
- the general economy and other factors.

Moreover, Shares of other companies listed on the Hong Kong Stock Exchange with significant operations and assets in the PRC have experienced price volatility in the past, and it is possible that our Shares may be subject to changes in price not directly related to our performance.

Current volatility in the global financial markets could cause significant fluctuations in the price of our Shares

Financial markets around the world have been experiencing heightened volatility and turmoil since late 2007. Upon listing, the price and trading volume of our Shares will likely be subject to similar market fluctuations which may be unrelated to our operating performance or prospects. Factors that may significantly impact the volatility of our share price include, among other things:

- developments in our business sector or in the financial sector generally, including the effect of direct governmental action in the financial markets;
- the operating and securities price performance of companies that investors consider to be comparable to us; and
- changes in global financial markets and global economies and general market conditions, such as interest or foreign exchange rates as well as stock and commodity valuations and volatility.

As a result of these market fluctuations, the price of our Shares may decline significantly, and you may lose a significant value on your investments.

Sale, or perceived sale, of substantial amounts of our Shares in the public market could materially and adversely affect the prevailing market price of our Shares

The Shares held by the Controlling Shareholders are subject to certain lock-up periods expiring six and 12 months after the date on which trading in our Shares commences on the Hong Kong Stock Exchange, details of which are set out in the section headed "Underwriting" in this prospectus. We are not in a position to give any assurance that the Controlling Shareholders will not dispose of any Shares that they may own now or in the future. Sales of substantial amounts of our Shares in the public market, or the perception that these sales may occur, could materially and adversely affect the prevailing market price of our Shares.

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Your interest in us may be diluted in the future

We may need to raise additional funds in the future to finance business expansion, whether related to existing operations or new acquisitions. If additional funds are raised through the issuance of new equity or equity-linked securities of our Company other than on a pro rata basis to existing shareholders, then (i) the percentage ownership of those existing shareholders of our Company may be reduced, and they may experience subsequent dilution, and/or (ii) such newly issued securities may have rights, preferences or privileges superior to those of the Shares of the existing shareholders.

As the Offer Price is higher than the net tangible asset value per Share, the asset value of any Shares you buy will be diluted immediately

The Offer Price is higher than the net tangible asset value per Share immediately prior to the Global Offering. Therefore, purchasers of our Shares in the Global Offering will experience an immediate dilution in the net tangible asset value to HK\$1.52 per Share (assuming an Offer Price of HK\$4.00, which is the mid-point of our indicative offer price range, and assuming the Over-allotment Option is not exercised), and our existing Shareholders will receive an increase in the pro forma adjusted consolidated net tangible asset value per Share of their Shares. In addition, holders of our Shares may experience a further dilution of their interest if the Underwriters exercise the Over-allotment Option or if we obtain additional capital in the future through equity offerings.

You may face difficulties in protecting your interests because we are incorporated under Cayman Islands law, which may provide less protection to minority shareholders than the laws of Hong Kong and other jurisdictions

Our corporate affairs are governed by our Articles of Association and by the Cayman Islands Company Law. The laws of the Cayman Islands relating to the protection of the interests of minority shareholders differ in some respects from those in other jurisdictions. Such differences may mean that our minority shareholders, including you, may have less protection than they and you would otherwise have under the laws of other jurisdictions. See “Summary of Articles of Association and Cayman Islands Laws” in Appendix VII to this prospectus.

Facts and statistics in this prospectus relating to the PRC economy and the property sector in the PRC may not be fully reliable

Facts and statistics in this prospectus relating to the PRC, the PRC economy, the property and property development industry and other related sectors of the PRC are derived from various official publications and obtained in communications with various official agencies which we believe are reliable. We cannot guarantee the quality or reliability of these official source materials. While we have taken reasonable care to ensure that the facts and statistics presented are accurately reproduced and extracted from these official sources, they have not been independently verified by us, the Underwriters, nor any of their or our affiliates or advisers. We therefore make no representation as to the accuracy of such facts and statistics from official sources, which may not be consistent with other information compiled within or outside the PRC.

RISK FACTORS

Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice and other problems, the official statistics in this prospectus relating to the PRC economy, the property sector and other related sectors in the PRC may be inaccurate, or may not be comparable to statistics produced for other economies, and thus should not be unduly relied upon. Furthermore, they may not be stated or compiled on the same basis or with the same degree of accuracy, as may be the case in other countries. In all cases, investors should give consideration as to how much weight or importance they should attach to or place on such official facts or official statistics.

Forward looking statements contained in this prospectus are subject to risks and uncertainties

This prospectus contains certain statements that are “forward-looking” and uses forward-looking terminology such as “aim,” “anticipate,” “believe,” “estimate,” “expect,” “going forward,” “intend,” “may,” “plan,” “potential,” “predict,” “project,” “propose,” “seek,” “should,” “will,” “would” and other similar expressions to identify forward-looking statements. Those statements include, among other things, the discussion of our growth strategy and expectations concerning our future operations, liquidity and capital resources. Purchasers of our Shares are cautioned that reliance on any forward-looking statement involves risks and uncertainties and that, any or all of those assumptions could prove to be inaccurate and as a result, the forward-looking statements based on those assumptions could also be incorrect. The risks and uncertainties in this regard include, but are not limited to those identified in this “Risk Factors” section, many of which are not within our control. In light of these and other risks and uncertainties, the inclusion of forward-looking statements in this prospectus should not be regarded as representations by us that our plans and objectives will be achieved and investors should not place undue reliance on such forward-looking statements. We do not undertake any obligation to update publicly or release any revisions of any forward-looking statements, whether as a result of new information, future events or otherwise.

You should read the entire prospectus carefully and we strongly caution you not to place any reliance on any information contained in press articles or other media, some of which may not be consistent with information contained in this prospectus

We wish to emphasize to potential investors that we do not accept any responsibility for the accuracy or completeness of any press articles or other media and that such press articles or other media were not prepared or approved by us. We make no representation as to the appropriateness, accuracy, completeness or reliability of any of the projections, valuations or other forward-looking information about us, or of any assumptions underlying such projections, valuations or other forward-looking information included in or referred to by the media. To the extent that any such statements are inconsistent with, or in conflict with, the information contained in this prospectus, we disclaim them. Accordingly, prospective investors are cautioned to make their investment decisions on the basis of the information contained in this prospectus only and should not rely on any other information.

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES AND EXEMPTION FROM THE COMPANIES ORDINANCE

WAIVER FROM STRICT COMPLIANCE WITH RULE 8.12 OF THE LISTING RULES

Pursuant to Rule 8.12 of the Listing Rules, we must have sufficient management presence in Hong Kong. This normally means that at least two of our executive Directors must be ordinarily resident in Hong Kong.

Given that our business and operations are primarily located, managed and conducted in the PRC and none of our executive Directors is ordinarily resident in Hong Kong, we consider that it would be unduly burdensome for us to maintain management presence in Hong Kong in order to comply with the requirement under Rule 8.12 of the Listing Rules.

Accordingly, we have applied to the Hong Kong Stock Exchange for and obtained a waiver from strict compliance with the requirements under Rule 8.12 of the Listing Rules. In order to maintain regular communication with the Hong Kong Stock Exchange, we have put in place the following measures:

- (a) pursuant to Rule 3.05 of the Listing Rules, we have appointed two authorized representatives namely, Mr. Zhang Wenhao and Mr. Zhao Changwei, who will act as our principal channel of communication with the Hong Kong Stock Exchange;
- (b) our authorized representatives will have means to contact all members of the Board (including the independent non-executive Directors) promptly at all times as and when the Hong Kong Stock Exchange wishes to contact our Directors for any matters;
- (c) Mr. Zhang Wenhao and Mr. Zhao Changwei, who are not ordinarily resident in Hong Kong, have indicated that each of them holds valid travel documents and will be able to make himself available in Hong Kong on reasonable notice if required by the Hong Kong Stock Exchange and will be readily contactable by the Hong Kong Stock Exchange. All our Directors also hold valid travel documents that enable them to meet the Hong Kong Stock Exchange on reasonable notice, if required;
- (d) pursuant to Rule 3A.19 of the Listing Rules, we have appointed Shenyin Wanguo Capital (H.K.) Ltd. as our compliance adviser for the period commencing from the Listing Date and ending on the date on which we comply with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year after the Listing Date to provide us with professional advice on continuing obligations under the Listing Rules and to act as the alternative channel of communication with the Hong Kong Stock Exchange; and
- (e) each of our Directors has provided his mobile telephone number, office telephone number, e-mail address and fax number to the Hong Kong Stock Exchange.

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES AND EXEMPTION FROM THE COMPANIES ORDINANCE

WAIVER FROM RULE 8.17 OF THE LISTING RULES

Pursuant to Rule 8.17 of the Listing Rules, the secretary of our Company must be a person who is ordinarily resident in Hong Kong, and who has the requisite knowledge and experience to discharge the functions of a company secretary and is either (i) a member of The Hong Kong Institute of Chartered Secretaries, a solicitor or a barrister or a professional accountant, or (ii) an individual who, by virtue of his academic or professional qualification or relevant experience, is, in the opinion of the Hong Kong Stock Exchange, capable of discharging those functions.

We have appointed Mr. Zhao Changwei as one of the joint company secretaries. Mr. Zhao Changwei is experienced in business management and has a thorough understanding in the operations of our Group. However, Mr. Zhao Changwei does not possess full qualifications as required under Rule 8.17 of the Listing Rules and may not be able to solely fulfill the requirements as stipulated under Rule 8.17 of the Listing Rules. As such, our Company has appointed Miss Mak Sze Man to act as a joint company secretary and to provide assistance to Mr. Zhao Changwei so as to enable him to acquire the relevant experience as required under Rule 8.17(3) of the Listing Rules and to duly discharge the functions of a company secretary. Miss Mak is an associate member of both The Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Chartered Secretaries. Accordingly, Miss Mak fully complies with the requirements as stipulated under Rule 8.17 of the Listing Rules.

We have engaged Miss Mak as joint company secretary for a minimum period of three years commencing from the Listing Date. During her engagement period, Miss Mak will ensure that she will be available at all times to provide assistance as described above. Miss Mak will also provide training to Mr. Zhao Changwei by introducing him to the relevant provisions and requirements of the Listing Rules in order to enhance and improve Mr. Zhao Changwei's knowledge and familiarity with the requirements of the Listing Rules.

Accordingly, we have applied to the Hong Kong Stock Exchange for and obtained a waiver from strict compliance with the requirements under Rule 8.17 of the Listing Rules. The waiver is valid for an initial period of three years from the Listing Date. The waiver is granted on the condition that we engage Miss Mak, who possesses all the requisite qualifications required under Rule 8.17 of the Listing Rules, to assist Mr. Zhao Changwei in his discharge of duties as a joint company secretary and in gaining the relevant experience as required under Rule 8.17(3) of the Listing Rules. Upon expiry of the three year period, our Company will make the decision after re-evaluating the qualifications of Mr. Zhao Changwei to determine whether the requirements as stipulated under Rule 8.17 of the Listing Rules can be satisfied.

CONNECTED TRANSACTIONS

We have entered into various transactions with our connected persons which would constitute non-exempt continuing connected transactions under the Listing Rules following the completion of the Global Offering. Our Company has applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange has granted, a waiver from strict compliance with the announcement requirements set out in Chapter 14A of the Listing Rules for such non-exempt continuing connected transactions. For further information on the continuing connected transactions and the waiver, please refer to the section headed "Connected Transactions" in this prospectus.

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES AND EXEMPTION FROM THE COMPANIES ORDINANCE

PRE-IPO SHARE OPTION SCHEME

Waiver from the Hong Kong Stock Exchange and exemption from the SFC

Under Rule 17.02(1)(b) of the Listing Rules and item 27 of Appendix 1A and paragraph 10(d) of Part I of the Third Schedule to the Companies Ordinance, this prospectus is required to include details of the number, description and amount of any of our Shares which a person has, or is entitled to be given, an option to subscribe for, together with certain particulars of each option, namely the period during which it is exercisable, the price to be paid for Shares subscribed for under it, the consideration (if any) given or to be given for it or for the right to it and the names and addresses of the persons to whom it was given. We have granted options to 76 persons to subscribe for 79,600,000 Shares on the terms set out in Appendix VIII to this prospectus.

We have applied for (i) a waiver from the Hong Kong Stock Exchange from strict compliance with the disclosure requirements under Rule 17.02(1)(b) and paragraph 27 of Appendix IA to the Listing Rules and (ii) a certificate of exemption from the SFC from strict compliance with the disclosure requirements of paragraph 10(d) of Part I of the Third Schedule to the Companies Ordinance on the ground that full compliance with these requirements would be unduly burdensome for us for the following reasons:

- (a) the numbers of options granted to individual grantees are, individually, de minimis and, collectively, represents approximately 2% of the issued share capital of our Company immediately following completion of the Capitalization Issue and the Global Offering (assuming none of the options granted under the Pre-IPO Share Option Scheme or the options to be granted under the Share Option Scheme is exercised). The grant and exercise in full of the options granted under the Pre-IPO Share Option Scheme will not cause any material adverse change in the financial position of our Company;
- (b) in light of the number of grantees involved in the Pre-IPO Share Option Scheme, strict compliance with the disclosure requirements in setting out the full details of the grantees under the Pre-IPO Share Option Scheme in this prospectus will be unduly burdensome for our Company;
- (c) the information contained in this prospectus regarding the Pre-IPO Share Option Scheme, including its dilutive effect and impact of earnings per Share upon full exercise of the options granted under the Pre-IPO Share Option Scheme should provide potential investors with sufficient information to make a relevant assessment of our Company in their investment making process; and
- (d) the lack of full compliance with the applicable disclosure requirements will not hinder our Company in providing an informed assessment of its activities, assets and liabilities, financial position, management and prospects to its potential investors.

In light of the above, the Directors are of the view that the grant of the waiver by the Hong Kong Stock Exchange and the certificate of exemption by the SFC will not prejudice the interests of the investing public.

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES AND EXEMPTION FROM THE COMPANIES ORDINANCE

The Hong Kong Stock Exchange has granted the waiver and the SFC has granted the certificate of exemption to us on the conditions that:

- (a) full details of all options granted by our Company to Directors, connected persons, members of senior management and other employees and officers who are entitled to more than 1,000,000 Shares upon the exercise of his options under the Pre-IPO Share Option Scheme required under paragraph 10 of Part I of the Third Schedule to the Companies Ordinance (as in relation to the SFC exemption) and Rule 17.02(1)(b) and paragraph 27 of Appendix 1A to the Listing Rules (as in relation to the Hong Kong Stock Exchange waiver), are disclosed in this prospectus;
- (b) in respect of the options granted by our Company under the Pre-IPO Share Option Scheme to grantees other than those referred to in paragraph (a) above, the following details are disclosed in this prospectus:
 - (i) the aggregate number of grantees and the number of Shares subject to the options;
 - (ii) the consideration paid for the grant of the options; and
 - (iii) the exercise period and the exercise price for the options;
- (c) a list of all the grantees who have been granted options under the Pre-IPO Share Option Scheme containing all the particulars required under Rule 17.02(1)(b) and paragraph 27 of Appendix IA to the Listing Rules (as in relation to the Hong Kong Stock Exchange waiver) and paragraph 10 of Part I of the Third Schedule to the Hong Kong Companies Ordinance (as in relation to the SFC exemption) will be made available for public inspection in accordance with the paragraph headed "Documents Delivered to the Registrar of Companies and Available for Inspection" in Appendix IX to this prospectus;
- (d) in relation to the Hong Kong Stock Exchange waiver only, the dilutive effect and impact on earnings per Share upon full exercise of the options conditionally granted under the Pre-IPO Share Option Scheme are disclosed in this prospectus;
- (e) in relation to the Hong Kong Stock Exchange waiver only, the aggregate number of Shares subject to the outstanding options granted by our Company under the Pre-IPO Share Option Scheme and the percentage of our Company's issued share capital (upon the completion of the Capitalization Issue and the Global Offering, and assuming the Over-allotment Option is not exercised) of which such number represents are disclosed in this prospectus; and
- (f) the particulars of the exemption are set out in this prospectus.

INFORMATION ABOUT THIS PROSPECTUS

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus includes particulars given in compliance with the Companies Ordinance, the Securities and Futures (Stock Market Listing) Rules of Hong Kong and the Listing Rules for the purposes of giving information to the public with regard to our Group. Our Directors collectively and individually accept full responsibility for the accuracy of the information contained in this prospectus and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief the information contained in this prospectus is accurate and complete in all material aspects and not misleading, there are no other facts the omission of which would make any statement in this prospectus misleading, and all opinions expressed in this prospectus have been arrived at after due and careful consideration and are formed on bases and assumptions that are fair and reasonable.

THE HONG KONG PUBLIC OFFER AND THIS PROSPECTUS

This prospectus is published solely in connection with the Hong Kong Public Offer. For applicants under the Hong Kong Public Offer, this prospectus and the Application Forms contain all the terms and conditions of the Hong Kong Public Offer.

Hong Kong Offer Shares are offered solely on the basis of the information contained and the representations made in this prospectus. No person is authorized in connection with the Hong Kong Public Offer to give any information or to make any representation not contained in this prospectus. Any information or representation not contained in this prospectus must not be relied upon as having been authorized by our Company, the Joint Global Coordinators, the Joint Sponsors, any of the Underwriters, any of their respective directors or any other person involved in the Global Offering.

Neither the delivery of this prospectus nor any subscription or acquisition made under it shall, under any circumstances, create any implication that there has been no change in our affairs since the date of this prospectus or that the information in it is correct as at any subsequent time.

UNDERWRITING

The Global Offering comprises the Hong Kong Public Offer of initially 100,000,000 Hong Kong Offer Shares and the International Placing of initially 900,000,000 International Placing Shares, subject, in each case, to reallocation on the basis as described in the section headed "Structure of the Global Offering" in this prospectus and, in case of the International Placing, additionally to any exercise of the Over-allotment Option.

This prospectus is published solely in connection with the Hong Kong Public Offer. The Joint Sponsors are sponsoring the listing of our Shares on the Hong Kong Stock Exchange. The Hong Kong Public Offer is fully underwritten by the Hong Kong Underwriters on a conditional basis. One of the conditions is that we, the Selling Shareholder and the Joint Bookrunners (on behalf of the Underwriters) have agreed on the Offer Price. The International Placing will be fully underwritten by the International Underwriters under the terms of the International Underwriting Agreement.

INFORMATION ABOUT THIS PROSPECTUS

We expect that the Offer Price will be fixed by the agreement among the Company, the Joint Bookrunners (on behalf of the Underwriters) and the Selling Shareholder on the Price Determination Date, which is expected to be on or around November 4, 2010 and, in any event, not later than November 11, 2010. If, for any reason, we and the Joint Bookrunners (on behalf of the Underwriters) and the Selling Shareholder cannot agree on the Offer Price, the Global Offering will not proceed. For information about the Underwriters and the Underwriting Agreements, please refer to the section headed "Underwriting" in this prospectus.

RESTRICTIONS ON SALE OF SHARES

Each person acquiring the Hong Kong Offer Shares under the Hong Kong Public Offer will be required to confirm, or be deemed to confirm by his acquisition of Hong Kong Offer Shares, that he is aware of the restrictions on offers of the Offer Shares described in this prospectus.

No action has been taken to permit a public offering of the Offer Shares or the general distribution of this prospectus and/or the Application Forms in any jurisdiction other than Hong Kong. Accordingly, this prospectus may not be used for the purposes of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this prospectus and the offering of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions and pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption from such authorities.

The Hong Kong Offer Shares are offered for subscription solely on the basis of the information contained and representations made in this prospectus. No person is authorized in connection with the Hong Kong Public Offer to give any information, or to make any representation not contained in this prospectus, and any information or representation not contained in this prospectus must not be relied upon as having been authorized by us, the Joint Global Coordinators, the Underwriters or any of their respective directors or any other persons or parties involved in the Global Offering.

APPLICATION FOR LISTING ON THE HONG KONG STOCK EXCHANGE

Application has been made to the Listing Committee of the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Shares to be issued pursuant to the Capitalization Issue, and the Global Offering (including any Shares which may be issued pursuant to the exercise of the Over-allotment Option and the Share Option Schemes).

Except as disclosed in this prospectus, no part of the share or loan capital of our Company is listed on or dealt in on any other stock exchanges and no such listing or permission to list is being or is proposed to be sought in the near future.

Under section 44B(1) of the Companies Ordinance, any allotments made in respect of any applications will be invalid if the listing of, and permission to deal in, the Offer Shares on the Hong Kong Stock Exchange is refused prior to the expiration of three weeks from the date of the closing of the application lists, or such longer period (not exceeding six weeks) as may, within the said three weeks, be notified to our Company by the Hong Kong Stock Exchange.

INFORMATION ABOUT THIS PROSPECTUS

ELIGIBILITY FOR CCASS

Subject to the granting of listing of, and permission to deal in, our Shares on the Hong Kong Stock Exchange and our Company's compliance with the stock admission requirements of HKSCC, our Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or any other date as determined by HKSCC. Settlement of transactions between participants of the Hong Kong Stock Exchange is required to take place in CCASS on the second business day after any trading day. All necessary arrangements have been made for our Shares to be admitted into CCASS. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

PROFESSIONAL TAX ADVICE RECOMMENDED

You should consult your professional advisers if you are in any doubt as to the tax implications of subscription for, purchasing, holding, disposing of and dealing in our Shares under the laws of the place of your operations, domicile, residence, citizenship or incorporation. We emphasize that none of our Company, the Selling Shareholder, the Joint Global Coordinators, the Joint Sponsors, the Underwriters, any of their respective directors, agents or advisers or any other persons involved in the Global Offering accepts responsibility for any of the tax effects or liabilities resulting from your subscription for, purchase, holding or disposal of or dealing in our Shares.

HONG KONG SHARE REGISTER AND STAMP DUTY

All Shares issued pursuant to applications made in the Global Offering will be registered on the Share register of members of our Company to be maintained in Hong Kong by the Hong Kong Share Registrar. A copy of the Share register of members will also be maintained by the Company's principal share registrar in the Cayman Islands.

Dealings in our Shares registered in the Hong Kong Share register of members of our Company will be subject to Hong Kong stamp duty.

Unless determined otherwise by our Company, dividends payable in Hong Kong dollars in respect of our Shares will be paid to the Shareholders listed on the Hong Kong Share register of members of our Company, by ordinary post, at the Shareholders' risk, to the registered address of each Shareholder.

STABILIZATION AND OVER-ALLOTMENT

Details of the stabilization and the over-allotment are set out in the section headed "Structure of the Global Offering" in this prospectus.

PROCEDURES FOR APPLICATION FOR HONG KONG OFFER SHARES

The application procedure for the Hong Kong Offer Shares is set out in the section headed "How to Apply for Hong Kong Offer Shares" in this prospectus and on the relevant Application Forms.

INFORMATION ABOUT THIS PROSPECTUS

STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

Details of the structure of the Global Offering, including its conditions, and the Over-allotment Option, are set out in the section headed "Structure of the Global Offering" in this prospectus.

COMMENCEMENT OF DEALINGS IN THE SHARES

Dealings in the Shares on the Hong Kong Stock Exchange are expected to commence on November 11, 2010. Shares will be traded in board lots of 1,000 Shares each.

ROUNDING

Any discrepancies in the sum of figures and their stated total in this prospectus are due to rounding.

DISCLAIMER ABOUT MAPS

All maps in this prospectus are provided only for illustration purposes and are not drawn to scale. Neither are they intended to accurately show the size or exact location of our property development projects or of the labeled or otherwise indicated sites or districts, nor do they provide exhaustive or precise information on all sites located within the area of the maps.

PARTIES INVOLVED IN THE GLOBAL OFFERING

DIRECTORS

Name	Address	Nationality
Executive Directors		
ZHAO Changjia (趙長甲)	Room 401, No. 22, Lane 366 Pucheng Road Pudong New District Shanghai The People's Republic of China	Chinese
ZHANG Fan (張帆)	Room 601, No. 4, Lane 688 Zhaojiabang Road Xuhui District Shanghai The People's Republic of China	Chinese
ZHANG Wenhao (張文浩)	Room 101, No. 320 Dongyuan 3 Cun Pudong New District Shanghai The People's Republic of China	Chinese
ZHAO Hongyang (趙宏陽)	Room 401, No. 22, Lane 366 Pucheng Road Pudong New District Shanghai The People's Republic of China	Chinese
Independent Non-executive Directors		
XIAO Zhiyue (肖志岳)	Villa 8 Pine Road East Chateau Regalia, Tianzhu Town Shunyi District Beijing The People's Republic of China	Hong Kong
WANG Wei (王巍)	405, No. 15 (North) Xi La Hu Tong Dongcheng District Beijing The People's Republic of China	Chinese
ZHU Rongen (朱榮恩)	Room 402, No. 62, Lane 580 Zhengli Road Yangpu District Shanghai The People's Republic of China	Chinese

PARTIES INVOLVED IN THE GLOBAL OFFERING

OTHER PARTIES INVOLVED IN THE GLOBAL OFFERING

Joint Sponsors

Citigroup Global Markets Asia Limited
50th Floor, Citibank Tower, Citibank Plaza
3 Garden Road, Central
Hong Kong

Merrill Lynch Far East Limited
15th Floor, Citibank Tower, Citibank Plaza
3 Garden Road, Central
Hong Kong

Joint Global Coordinators

Citigroup Global Markets Asia Limited
50th Floor, Citibank Tower, Citibank Plaza
3 Garden Road, Central
Hong Kong

Merrill Lynch International
2 King Edward Street
London EC1A 1HQ
United Kingdom

BOCI Asia Limited
26th Floor, Bank of China Tower
1 Garden Road, Central
Hong Kong

Macquarie Capital Securities Limited
Level 18, One International Finance Centre
1 Harbour View Street, Central
Hong Kong

Joint Bookrunners

Citigroup Global Markets Asia Limited
50th Floor, Citibank Tower, Citibank Plaza
3 Garden Road, Central
Hong Kong

Merrill Lynch International
2 King Edward Street
London EC1A 1HQ
United Kingdom

BOCI Asia Limited
26th Floor, Bank of China Tower
1 Garden Road, Central
Hong Kong

Macquarie Capital Securities Limited
Level 18, One International Finance Centre
1 Harbour View Street, Central
Hong Kong

PARTIES INVOLVED IN THE GLOBAL OFFERING

Joint Lead Managers

Citigroup Global Markets Asia Limited
50th Floor, Citibank Tower, Citibank Plaza
3 Garden Road, Central
Hong Kong

Merrill Lynch Far East Limited
15th Floor, Citibank Tower, Citibank Plaza
3 Garden Road, Central
Hong Kong

BOCI Asia Limited
26th Floor, Bank of China Tower
1 Garden Road, Central
Hong Kong

Macquarie Capital Securities Limited
Level 18, One International Finance Centre
1 Harbour View Street, Central
Hong Kong

Legal Advisers to Our Company

As to Hong Kong and US Law
Paul, Hastings, Janofsky & Walker
21-22/F, Bank of China Tower
1 Garden Road, Central
Hong Kong

As to PRC Law
Commerce & Finance Law Offices
6th Floor, New China Insurance Tower
A12 Jianguomenwai Avenue
Chaoyang District
Beijing 100022
The People's Republic of China

As to Cayman Islands Law
Conyers Dill & Pearman
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

PARTIES INVOLVED IN THE GLOBAL OFFERING

Legal Advisers to the Underwriters

As to Hong Kong and US Law
O'Melveny & Myers
31st Floor, AIA Central
1 Connaught Road, Central
Hong Kong

As to PRC Law
Jingtian & Gongcheng
34/F, Tower 3
China Central Place
77 Jianguo Road
Chaoyang District
Beijing, 100025
The People's Republic of China

Auditors and Reporting Accountants

Ernst & Young, Certified Public Accountants
18th Floor, Two International Finance Center
8 Finance Street, Central
Hong Kong

Property Valuers

Savills Valuation and Professional Services
Limited
23F Two Exchange Square, Central
Hong Kong

Compliance Adviser

Shenyin Wanguo Capital (H.K.) Ltd.
28/F Citibank Tower, Citibank Plaza
3 Garden Road, Central
Hong Kong

Receiving Bankers

Bank of China (Hong Kong) Limited
1 Garden Road
Hong Kong

The Hongkong and Shanghai Banking
Corporation Limited
HSBC Main Building
1 Queen's Road, Central
Hong Kong

The Bank of East Asia, Limited
10 Des Voeux Road Central
Hong Kong

Wing Lung Bank Limited
45 Des Voeux Road Central
Hong Kong

CORPORATE INFORMATION

Registered Office	Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
Headquarters and Principal Place of Business in the PRC	25F, Chamtime International Financial Center No. 1589 Century Avenue Pudong New District Shanghai The People's Republic of China
Place of Business in Hong Kong Registered under Part XI of the Companies Ordinance	Level 28, Three Pacific Place 1 Queen's Road East Hong Kong
Joint Company Secretaries	Mak Sze Man (<i>ACS, ACIS</i>) Zhao Changwei
Authorized Representatives	Zhao Changwei Room 301, No. 9, Lane 485 Pingdu Road Pudong New District Shanghai The People's Republic of China Zhang Wenhao Room 101, No. 320 Dongyuan 3 Cun Pudong New District Shanghai The People's Republic of China
Audit Committee	Zhu Rongen (<i>Chairman</i>) Wang Wei Xiao Zhiyue
Remuneration Committee	Wang Wei (<i>Chairman</i>) Xiao Zhiyue Zhu Rongen Zhao Changjia Zhang Wenhao
Nomination Committee	Xiao Zhiyue (<i>Chairman</i>) Zhang Fan Zhao Hongyang

CORPORATE INFORMATION

**Principal Share Registrar and
Transfer Office**

Codan Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Hong Kong Share Registrar

Computershare Hong Kong Investor
Services Limited
Shops 1712-1716, Hopewell Centre
183 Queen's Road East
Wan Chai
Hong Kong

Principal Bankers

Industrial and Commercial Bank of China
Limited
No.55 Fuxingmennei Street
Xicheng District, Beijing, 100140
The People's Republic of China

Agricultural Bank of China Limited
No. 69, Jianguomennei Avenue
Dongcheng District, Beijing, 100005
The People's Republic of China

Bank of Communications Co., Ltd.
188 Yinchengzhong Road
Shanghai, 200120
The People's Republic of China

INDUSTRY OVERVIEW

Certain facts, statistics and data presented in this section and elsewhere in this prospectus are derived from various publications issued by PRC governmental entities and other third parties. We believe that the sources of this information are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. The information has not been independently verified by us, the Joint Sponsors, the Underwriters or any other party involved in the Global Offering and no representation is given as to its accuracy.

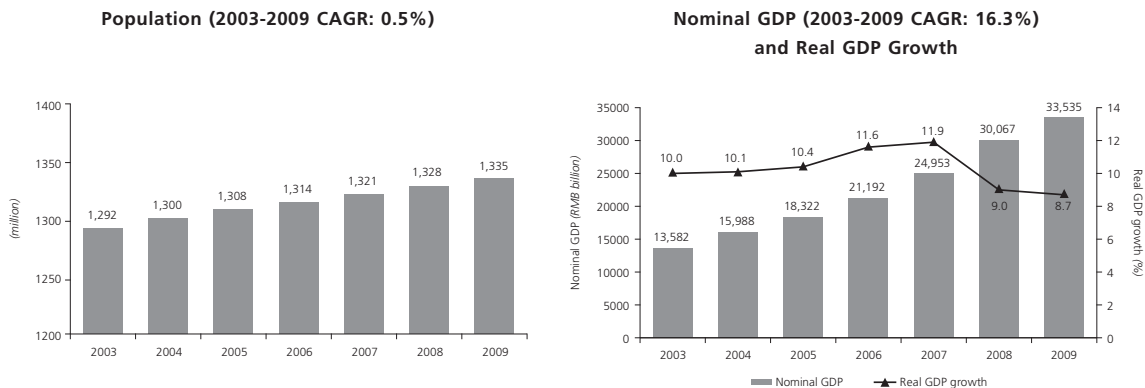
SOURCE OF INFORMATION

In connection with the Global Offering, we have engaged Savills to conduct a detailed analysis of the property markets in Shanghai and the Greater Shanghai Economic Circle. We have included certain information from the Savills Report in this prospectus because we believe such information facilitates an understanding of these markets for potential investors. The Savills Report is not independently verified. Savills has also served as our property valuer in connection with the Global Offering. Savills provided the market analysis services and the valuation services through two separate business units which are independent from each other.

The Savills Report was prepared based on economic and demographic data from the PRC Government and the proprietary databases of Savills. In the course of research, Savills conducted numerous interviews with local developers, buyers and potential buyers, local marketing agents, and market observers in each market. In connection with the market research services provided, we have paid a fee of HK\$400,000 to Savills.

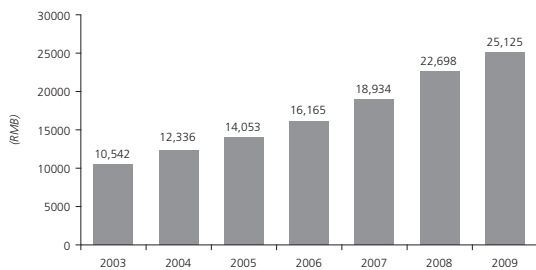
OVERVIEW OF THE PRC ECONOMY

Since the PRC Government's adoption of the reform and opening-up policy in 1978, China has experienced significant economic growth. China's nominal GDP grew at a CAGR of 16.3% from 2003 to 2009, reaching RMB33.5 trillion in 2009, making China one of the fastest growing economies in the world. The following charts illustrate the population, nominal GDP, real GDP growth, per capita GDP and fixed asset investment for China for the years indicated:

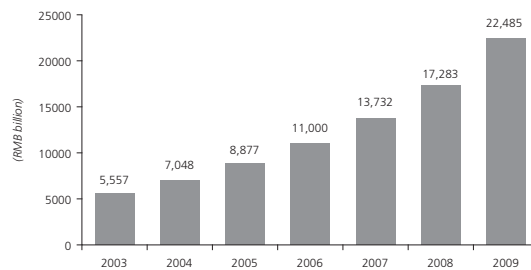


INDUSTRY OVERVIEW

GDP Per Capita (2003-2009 CAGR: 15.6%)



Fixed Asset Investment (2003-2009 CAGR: 26.2%)



Source: National Bureau of Statistics of China

The global economic and financial crisis that began in 2008 generally caused a slowdown in the global capital and credit markets as well as the world economy, which in turn affected the PRC domestic economy. In view of the impact on the PRC economy caused by the global economic and financial crisis, the PRC Government has adopted increasingly flexible macroeconomic policies, including an announced RMB4 trillion fiscal stimulus package, aimed at offsetting the slowdown resulting from the global economic downturn and deterioration in the global credit markets. Since the inception of the economic stimulus plan, the PRC economy has shown signs of recovery. China's real GDP grew 8.7% in 2009.

THE PRC PROPERTY MARKET

Historical development of the PRC property market

Prior to the 1990s, the PRC real estate industry was part of the nation's planned economy. From the 1990s, the PRC's real estate and housing sector began the transition to a market-oriented system. From 2004 to the first half of 2008, in response to concerns over the increase in property investment, policies were enacted aimed at slowing down real estate development. However, in late 2008, in light of the global economic and financial crisis which had resulted in a rapid adjustment and downturn in the PRC property market, policies were introduced with an intention to ease the market decline and boost real estate transactions. A brief timeline of key events in the history and development of the PRC property market is set out below:

- 1988 The PRC Government amended the national constitution to permit the transfer of state-owned land use rights.
- 1992 Public housing sales in major cities commenced.
- 1994 The PRC Government further implemented real estate reform and established an employer/employee-funded housing fund.
- 1995 The PRC Government implemented regulations regarding the sales and presales of real estate, establishing a regulatory framework for real estate sales.
- 1998 The PRC Government abolished the state-allocated housing policy.

INDUSTRY OVERVIEW

- 1999 The PRC Government extended maximum mortgage terms to 30 years, increased maximum mortgage financing from 70% to 80%, and formalized procedures for the sale of real property in the secondary market.
- 2000 The PRC Government issued regulations to standardize the quality of construction projects, establishing a framework for administering construction quality.
- 2001 The PRC Government issued regulations relating to sales of commodity properties.
- 2002 The PRC Government promulgated the Rules Regarding the Grant of State-Owned Land Use Rights by Way of Tender, Auction and Listing-For-Sale and eliminated the dual system for domestic and overseas home buyers in China.
- 2003 The PRC Government promulgated rules for more stringent administration of real estate loans with a view to reducing the credit and systemic risks associated with such loans.
- 2004 The State Council issued a notice requiring that, with respect to property development projects (excluding ordinary residential housing), the proportion of capital funds should be increased from 20% to 35%. The Ministry of Construction amended the Administrative Measures Governing the Presale of Urban Commodity Properties. The CBRC issued the Guidelines for Commercial Banks of Risk Control of Real Estate Loans to further strengthen the risk control of commercial banks on real estate loans.
- 2005 The PRC Government instituted additional measures to discourage speculation in certain regional markets, including increasing the minimum required down payment to 30% of the total purchase price, eliminating the preferential mortgage interest rate for residential housing, imposing a business tax of 5% for sales within two years of purchase, and prohibiting reselling unfinished properties before they are completed.
- 2006 The PRC Government instituted additional measures aimed at guiding and promoting sustainable and healthy development of the real estate industry through adjusting the housing supply structure and moderating soaring housing prices. The new measures included (1) requiring that the ratio of residential housing with a GFA of less than 90 sq.m. (including affordable housing) reach more than 70% of the total GFA for development and construction; (2) levying a business tax of 5% on the value of the sale of residential housing purchased and held for less than five years, and a business tax of 5% on gains realized with respect to luxury commodity residential housing even after five years have elapsed; (3) prohibiting commercial banks from making loans to developers whose project capital ratio is less than 35%; (4) requiring that land supply for villa development projects and the processing of relevant land use procedures be suspended in order to reign in villa construction; and (5) levying idle land fees and/or revoking of land use rights where the land is left idle or is not developed in accordance with the relevant land use rights grant contract.

INDUSTRY OVERVIEW

2007 The PRC Government promulgated the Interim Regulation of the People's Republic of China on Farmland Occupation Tax, aimed at ensuring reasonable usage of land resources, strengthening land administration and protecting farmland.

SAT implemented measures aimed at strengthening collection of LAT. The PRC Government introduced measures requiring registration with the MOFCOM for the establishment of, or the share capital increase in, real estate enterprises with foreign investment for enterprises which are approved by local PRC authorities on or after June 1, 2007.

2008 On January 3, 2008, the State Council issued the Notice on Promoting the Saving and Intensification of Use of Land, which reinforced the existing policy in respect of idle land. The Ministry of Finance and SAT of the PRC jointly issued the Notice on Adjusting the Taxation Policies with Regard to Real Estate Transactions, which aimed to reduce the personal taxation obligations in housing transactions and encourages first-time buyers to purchase ordinary residential properties. The key taxation policies included:

- lowering the deed tax for first-time home buyers of ordinary residential properties with a unit floor area of less than 90 sq.m.;
- giving a stamp duty exemption for individual residential property purchases or sales; and
- giving a Land Appreciation Tax exemption for individual residential property sales.

The PBOC announced the Measures to Lower House Mortgage Rates and Encourage the First-time Purchase of Ordinary Residential Properties effective as of October 27, 2008. Under the measures, both minimum mortgage loan rates and minimum down payment ratios were lowered.

The PRC Government announced a fiscal stimulus package after the global economic and financial crisis hit the PRC economy in the fourth quarter of 2008. The package involved the PRC central authorities' commitment of government spending amounting to RMB4 trillion, an amount expected to come from both the public and private sectors. The National Development and Reform Commission outlined that the planned spending will be directed to certain key areas, including housing.

2009 On May 25, 2009, the State Council issued the Circular of the State Council Concerning the Adjustment of Capital Ratio of Fixed Assets Investment Projects, decreasing the minimum capital ratio of security residential properties and ordinary commodity residential properties from 35% to 20%. The minimum capital ratio of other property development projects was decreased from 35% to 30%.

INDUSTRY OVERVIEW

On December 22, 2009, the Ministry of Finance and State Administration of Taxation issued the Notice on Adjusting the Business Tax Policies on Individual Housing Transfer (關於調整個人住房轉讓營業稅政策的通知). The Notice provides, with an effective date from January 1, 2010, that where any individual sells a non-ordinary housing unit within five years of the original purchase date, the business tax thereon shall be collected on the full sale price; where any individual sells a non-ordinary housing unit more than five years after the original purchase date or sells an ordinary housing unit within five years after the original purchase date, the business tax thereon shall be collected on the basis of the difference between the sale price and the original purchase price; where any individual sells an ordinary housing unit more than five years after the original purchase date, he shall be exempted from the business tax thereon. Villas and large-sized apartments such as Shanghai Garden properties are non-ordinary residential units.

On December 31, 2009, the China Banking Association issued the Self-regulation Consensus on the Regulation of Real Estate Mortgage Loan Business for Individuals and Maintaining Market Order (關於規範做好個人房地產按揭貸款業務維護市場秩序的自律共識), pursuant to which (1) all members of the China Banking Association are required to strengthen their business operations with respect to real estate mortgage loans for individuals, and (2) commencing from January 1, 2010, all members of the China Banking Association are required to cease payment of commissions to real estate brokers or other intermediaries for pure business solicitation and introduction purposes that are not in proportion to the services rendered by such persons.

2010 On January 7, 2010, the State Council issued the Notice on Promoting the Steady and Healthy Development of the Real Estate Market (關於促進房地產市場平穩健康發展的通知), which is aimed at strengthening and improving the regulation and control of the real estate market, stabilizing market expectations and promoting the steady and healthy development of the real estate market. The Notice, among other things, provides that (1) banks are restricted from offering loans to a property development project or property developer which is not in compliance with credit loan regulations or policies, (2) land resource authorities shall strictly collect land grant premiums according to the land use rights grant contract and strengthen oversight over idle land, (3) local governments must decide the minimum scale of presale permits of commodity residential houses rationally, based on the local practice and may not issue separate presale permits by floor or unit, and (4) the minimum down payment for the purchase of a second residential property by any household with mortgage on its first residential property shall be 40% of the purchase price. In addition, the Notice emphasizes the importance of the construction and supply of ordinary commodity residential houses (普通商品住房), efficient land supply planning by local governments and effective risk control procedures by financial investors.

INDUSTRY OVERVIEW

On March 8, 2010, the Ministry of Land and Resources issued the Notice on Strengthening the Supply and Supervision of Land Use for Real Estate Property (國土資源部關於加強房地產用地供應和監管有關問題的通知). The notice, among other things, provides that (1) land resource authorities shall strictly control the land supply for large-sized apartments and prohibit the land supply for villas, (2) land resource authorities shall prohibit property developers who owe land grant premium payments, possess idle land, engage in land speculation and price manipulation, conduct project development exceeding approved scope or fail to conform with the land use rights grant contract from land bidding transactions within a set period of time, and (3) the land use rights grant contract must be executed within ten days after a grant of land has been mutually agreed and a down payment of 50% of the land grant premium shall be paid within one month from the execution of the land use rights grant contract with the remaining amount paid no later than one year after the execution of the land use rights grant contract.

On April 13, 2010, the PRC Ministry of Housing and Urban-Rural Development issued the Notice on Further Strengthening the Supervision over the Real Estate Market and Improving the Presale System of Commercial Housing (關於進一步加強房地產市場監管完善商品住房預售制度有關問題的通知). It provides that, among other things, within 10 days after the real estate developers obtain the presale permit for the project for sale, they shall release the information regarding number of properties allowed for presale under such presale permission and the price of such property to the public at the same time. They shall also sell the properties to the public at the price as published and strictly abide by the presale permits.

On April 17, 2010, the State Council issued the Notice on Strictly Restraining the Excessive Growth of the Property Prices in Some Cities (國務院關於堅決遏制部分城市房價過快上漲的通知), according to which a stricter differential housing credit policy shall be enforced. It provides that, among other things, (1) for first-time family buyers (including the borrower, his/her spouse and his/her underage children, similarly hereinafter) of apartment larger than 90 square meters, a minimum 30% down payment must be paid, (2) the down payment requirement on second-home mortgages was raised to at least 50% from 40% and also reiterated that an extra 10% should be adopted on the interest rates for housing loans granted to such buyers, and (3) for those who buy three or more houses, even higher requirements on both down payments and interest rates shall be levied. In addition, the banks can suspend housing loans to buyers who own two or more housing units in places where housing prices are rising too rapidly and are too high, and housing supply is insufficient.

The PBOC raised the Renminbi deposit reserve ratio for large-scale financial institutions by 1.5% during the first half of 2010 from 15.5% to 17.0%. The change of the deposit reserve ratio is intended to slow the growth of money supply, which may adversely affect demand for property in China.

INDUSTRY OVERVIEW

On September 2, 2010, Shanghai Municipal Housing Support And Building Administration Bureau issued the Notice of Further Strengthening Municipal Supervision on Real Estate Market and Regulating Presale behaviors (《上海市住房保障和房屋管理局關於進一步加強本市房地產市場監管規範商品住房預銷售行為的通知》(滬房管市[2010]246號)). To thoroughly apply the “Notice on Further Strengthening the Supervision over the Real Estate Market and Improving the Presale System of Commercial Housing” (關於進一步加強房地產市場監管完善商品住房預售制度有關問題的通知), it requires that (1) real estate projects with a GFA less than 30,000 sq.m. shall apply for a presale permit at a single time; real estate projects with a GFA more than 30,000 sq.m. where it is necessary to conduct presales separately, shall apply for such permit with a GFA no less than 30,000 sq.m. at each single time; (2) the system of filing management of commercial housing shall be completed, and real estate enterprises shall file new sales prices with local authorities whenever the price of a sold house exceeds the sales price scope filed with the local authorities; (3) relevant authorities shall regulate the reservation and sales behavior, and real estate development enterprises shall not sign any commercial housing deposit contracts or commercial housing sales contracts unless they have obtained the presale permit or have filed with the local authorities documentation related to sales of their completed houses.

On September 29, 2010, the PBOC and CBRC issued the Notice on Promoting Differentiated Housing Credit Policy (中國人民銀行·中國銀行業監督管理委員會關於完善差別化住房信貸政策有關問題的通知), which, among other things:

- (1) prohibits commercial banks from granting or extending loans to property developers that violates laws and regulations such as:
 - (i) holding idle land;
 - (ii) changing the land use;
 - (iii) delaying the commencement and completion of development;
 - (iv) intentionally holding properties for future sale, for the purpose of new property development;
- (2) currently prohibits commercial banks from granting housing loans to families who buy three or more houses or non-local residents who fail to provide local one-year or longer tax payment certificates or social insurance payment certificates; and
- (3) increase the minimum down payment to at least 30% of the purchase price of the property.

INDUSTRY OVERVIEW

On September 29, 2010, the Ministry of Finance, State Administration of Taxation and the Ministry of Construction issued the Notice of Deed Tax on the Adjustment of Real Estate Transactions and Personal Income Tax Preferential Policies (關於調整房地產交易環節契稅個人所得稅優惠政策通知), which provides that deed tax is reduced to 1% for first time buyer individuals who purchase an ordinary residence with less than 90 sq.m. floor area which is the family's sole property.

On October 7, 2010, the Shanghai Municipal Government approved the Several Opinions on Further Strengthening Control of the Real Estate Market and Speeding up Housing-Security Programs of Shanghai (關於進一步加強本市房地產市場調控加快推進住房保障工作的若干意見), according to which:

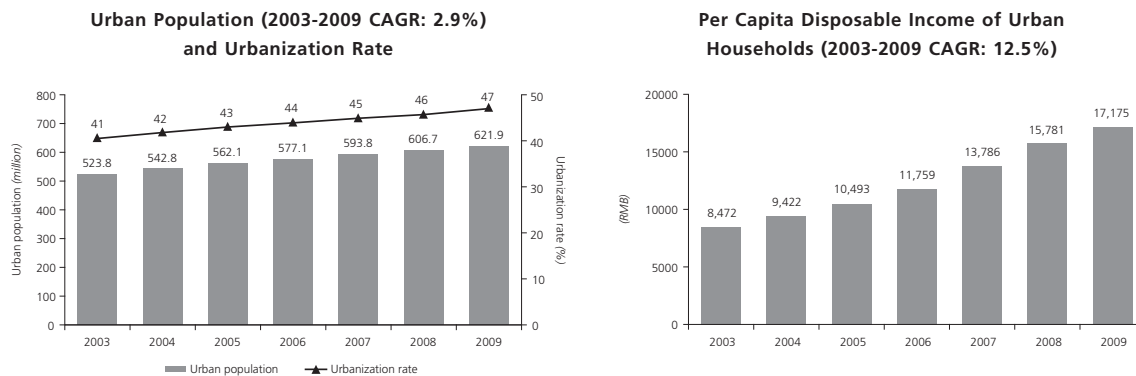
- (1) On the basis of the Notice on Strictly Restraining the Excessive Growth of the Property Prices in Some Cities (國務院關於堅決遏制部分城市房價過快上漲的通知), all commercial banks are prohibited from making loans to family buyers who buy three or more apartments in Shanghai.
- (2) For a family that buys its first property with a GFA larger than 90 sq.m. and applies for a housing loan, a minimum 30% down payment is required, and the maximum housing loan shall be RMB600,000; for a family that buys its second property for the improvement of living conditions, a minimum 50% down payment is required and the maximum housing loan shall be RMB400,000; all the Housing Fund Management Centers shall suspend making loans to families that apply for second properties which cannot be defined as an improvement of living-condition property; families who buy three or more properties are prohibited from receiving housing loans.
- (3) Since the issuance of the several opinions, no family (including both the husband and wife, and their minor children) can buy more than one property in Shanghai.
- (4) Land value appreciation tax shall be levied according to the ratio of the average price of properties to be sold to the average price of all newly built properties in the same area of the previous year: if this ratio is less than 1.0, land value appreciation tax shall be levied at the rate of 2%; if this ratio is between 1.0 and 2.0, land value appreciation tax shall be levied at the rate of 3.5%; if this ratio is higher than 2.0, land value appreciation tax shall be levied at the rate of 5%.
- (5) As to any real estate project which obtained its construction license after July 1, 2010, the requirements for it to apply for presale permits shall be adjusted. Real estate projects can only apply for presale permits after completing the main structure and passing the inspection.
- (6) Separate grants of planning permits, construction permits and presale permits are restricted. The scale of construction and presale of a real estate project shall be no less than 30,000 sq.m. GFA. Real estate projects with less than 30,000 sq.m. GFA are required to obtain a construction planning permit, construction work commencement permit and presale permit at the same time.

INDUSTRY OVERVIEW

Additional information on real estate reforms and recent regulatory developments is set out in Appendix VI headed “Summary of Principal Legal and Regulatory Provisions” in this prospectus. The Joint Sponsors and Savills are of the view that the new austerity measures adopted by the PRC government may impact PRC real estate developers as PRC developers are required to fund a larger portion of their operations out of their internal resources. In addition, such austerity measures may lead to a moderate decline in real estate prices, particularly in 2010. As advised by our PRC legal adviser, we have been in compliance with the applicable PRC laws and regulations including the new austerity measures in all material aspects. Furthermore, our PRC legal adviser also advises that the austerity measures may restrict PRC developers from developing certain types of properties, but land acquisition and financing activities will not be affected. However, as a large portion of our projects fall within the scope of the austerity measures, the sale of our properties has been negatively impacted since the second quarter of 2010. As a result, our sales volume in the first half of 2010 declined to approximately RMB767.2 million from approximately RMB952.4 million in the same period of 2009. However, we have not encountered any cancellation of sales since April 2010. As of July 31, 2010, our Shanghai Garden, Chamtime Western Villa, Chamtime Lake Mountain Villa and Chamtime Mountain View Villa projects which fall within the scope of the austerity measures had an aggregate unsold GFA of approximately 94,390 sq.m.

Key growth drivers of the PRC property market

In addition to ongoing housing reform and the overall growth of the PRC economy, the key factors driving growth of the PRC property market are increases in disposable income and savings and rapid urbanization. The charts below set out selected data relating to China’s urbanization and per capita disposable income in China for the periods indicated:



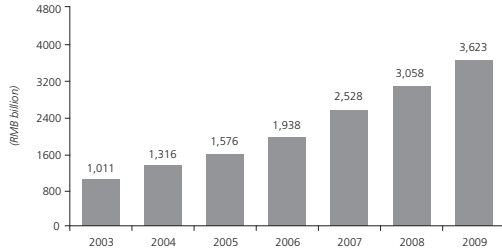
Source: National Bureau of Statistics of China

Moreover, demand for property is also being driven by the emergence and growth of the mortgage lending market in China. According to statistics published by the National Bureau of Statistics, outstanding individual residential mortgage loans increased more than four-fold between 2001 and 2007, from RMB560 billion to RMB2,700 billion.

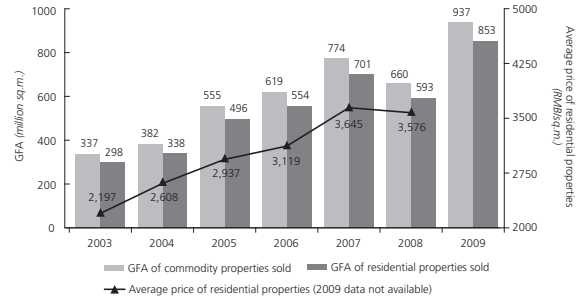
INDUSTRY OVERVIEW

Amid this favorable market environment, investment in real estate development in China rose rapidly from RMB1,011 billion in 2003 to RMB3,623 billion in 2009, representing a CAGR of 23.6%. The charts below set out selected data relating to the growth of China's real estate industry for the period indicated:

Investment in Real Estate Development
(2003-2009 CAGR: 23.6%)



GFA of Commodity Properties Sold
(2003-2009 CAGR: 18.6%),
GFA of Residential Properties Sold
(2003-2009 CAGR: 19.2%) and
Average Price of Residential Properties
(2003-2009 CAGR: 12.6%)



Source: National Bureau of Statistics of China

Recent developments in the PRC property market

During 2009 the PRC property market rebounded strongly following a downturn in 2008 related to the global financial crisis. According to the National Bureau of Statistics of China, aggregate sales revenue for commodity properties was RMB4,399.5 billion in 2009, an increase of 75.5% compared to 2008. For the year ended December 31, 2009, aggregate investment in real estate development in China reached RMB3.6 trillion, an increase of 16.1% compared to 2008. Fixed asset investment also rebounded in 2009, reaching RMB22,484.6 billion, increasing 30.1% compared to 2008.

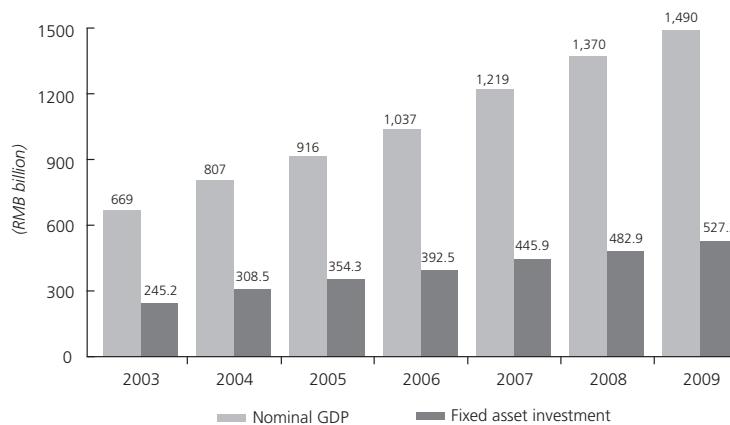
INDUSTRY OVERVIEW

THE SHANGHAI PROPERTY MARKET

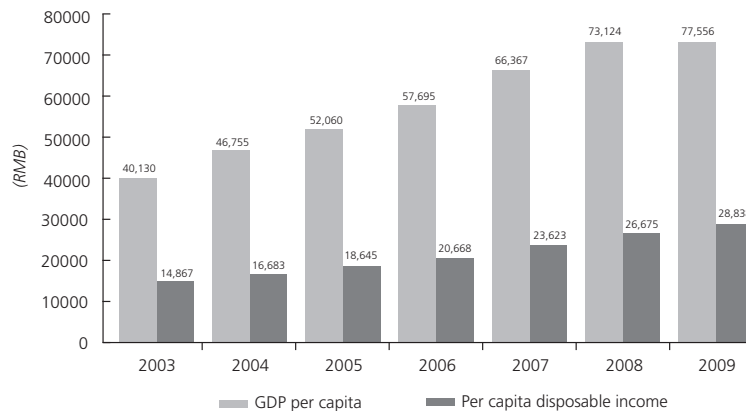
The overall Shanghai economy

Shanghai is the leading financial center of China, a manufacturing and transportation hub, home to one of the world's busiest ports, and the primary economic center of the Yangtze River Delta region. Occupying an area of approximately 6,340.5 square kilometers with a population of approximately 13.8 million as of the end of 2009, Shanghai is one of the four municipalities in China under the direct administration of the PRC central government. Shanghai's economy has grown rapidly since the early 1990s, with its GDP reaching RMB1.5 trillion in 2009, accounting for approximately 4.4% to China's total GDP in that year. Shanghai's per capita disposable income reached RMB28,838 in 2009, the highest among China's provinces and province-level municipalities. The charts below set out selected data on Shanghai's economy:

**Nominal GDP (2003-2009 CAGR: 14.3%) and
Fixed Asset Investment (2003-2009 CAGR: 13.6%)**



**GDP Per Capita (2003-2009 CAGR: 11.6%) and
Per Capita Disposable Income (2003-2009 CAGR: 11.7%)**



Source: Shanghai Statistics Bureau, 2009 figures from Shanghai Statistics Communiqué

INDUSTRY OVERVIEW

Shanghai has implemented major infrastructure development projects in recent years, in particular leading up to the 2010 Shanghai World Expo, which are expected to further promote the development of Shanghai as a major financial center and a transportation and commercial hub. These projects include new roads, port facilities, tunnels and parks as well as significant expansion of the city's railways and mass transportation infrastructure.

Map of administrative divisions of Shanghai



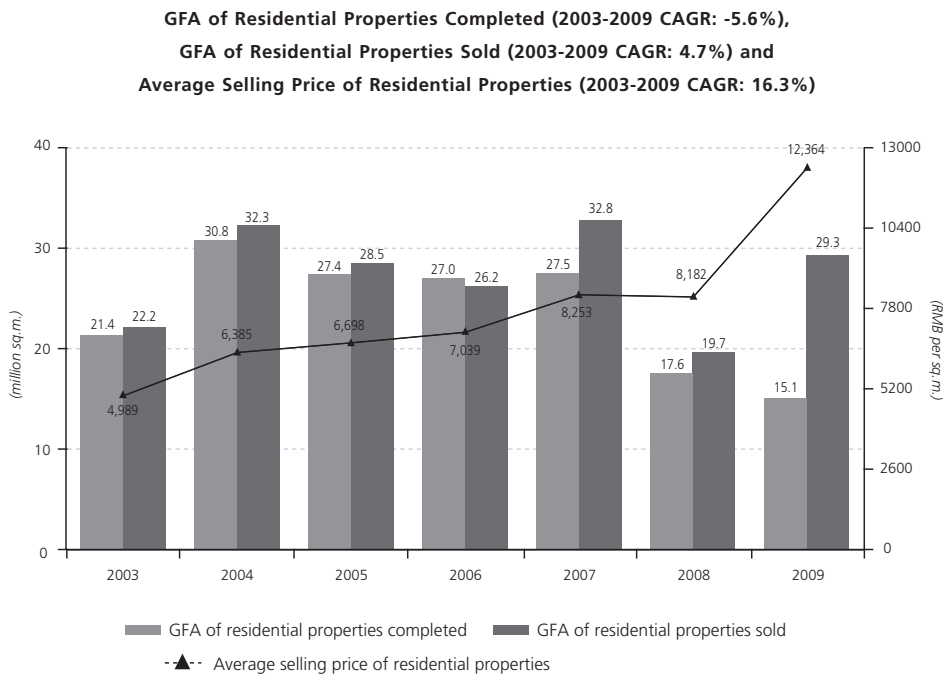
Shanghai is administratively divided into 17 districts and one county. In broad terms, the central district of Shanghai is divided between Puxi and Pudong (west and east of the Huangpu River, respectively), with the Lujiazui area in Pudong New District emerging as the principal financial and commercial area in recent years. According to the development plan issued by the Shanghai municipal government, Shanghai is in the midst of developing its eastern and western suburbs. According to such development plan, the population of the suburbs is expected to grow to approximately 9 million by 2020, from approximately 6 million in 2006. As part of this plan, several complete satellite cities and towns, each with comprehensive residential, medical, entertainment and education facilities, will be created in the Shanghai suburbs. Under this plan, Songjiang District and Nanhui, an area in southern Pudong New District, are being developed as major towns. A number of universities have set up, or are planning to set up, campuses in Songjiang District. In Nanhui, a harbor city is being built as a logistics center to the Yangshan deep-water port.

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At the same time, local governments in Shanghai are promoting the “Greater Hongqiao” and “Greater Pudong” concepts in western and eastern Shanghai, respectively. Greater Hongqiao is envisioned to comprise parts of Changning, Minhang, Qingpu and Jiading districts and to become an international trade center, with large-scale conference and exhibition centers and transportation links. At the core of Greater Hongqiao will be the Hongqiao transportation hub, linking an expanded Hongqiao International Airport with a major rail station for light rail and high speed trains, including magnetic levitation trains. The Hongqiao transportation hub will be the main transportation hub for all of western Shanghai and for connecting Shanghai with other major cities in the Yangtze River Delta region and beyond. The concept of Greater Pudong involves developing the infrastructure to link the financial center in the Lujiazui area of Pudong New District to Pudong International Airport, the Waigaoqiao port and the Yangshan deep-water port in Nanhui to create an integrated financial, commerce and shipping center.

The Shanghai residential property market

The chart below sets out selected data relating to the growth of Shanghai’s residential property market for the periods indicated:



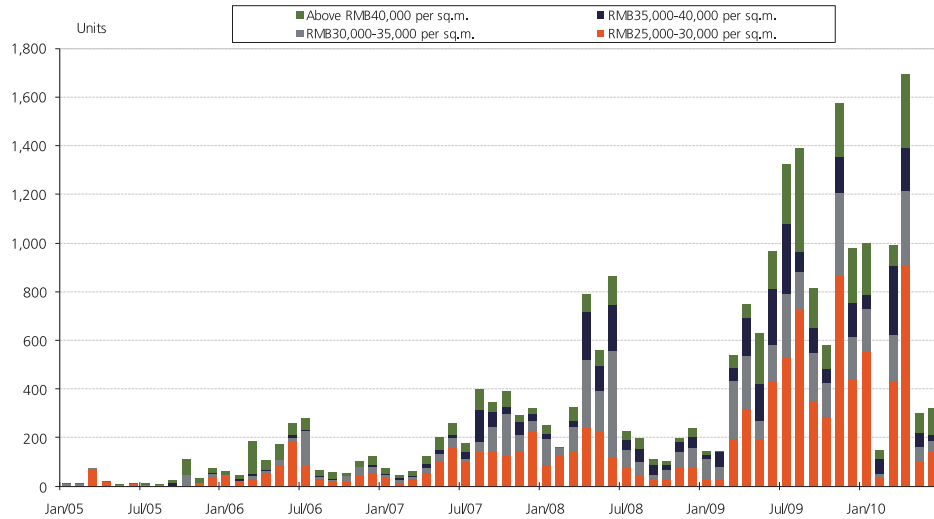
Source: Shanghai Statistics Bureau, 2009 figures from Shanghai Statistics Communiqué

INDUSTRY OVERVIEW

The mid- to high-end apartment and villa market in Shanghai

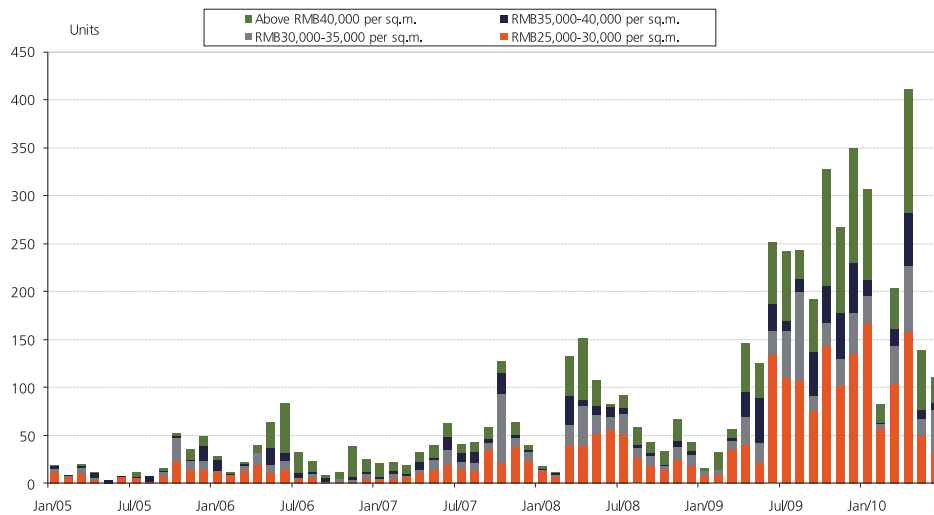
The Shanghai market for mid- to high-end residential properties (defined as those with an average selling price in excess of RMB25,000 per sq.m., including apartments and villas) has grown rapidly in recent years.

The following chart shows transaction volume of mid- to high-end apartments in Shanghai for the periods indicated:



Source: Savills Report

The following chart shows transaction volume of mid- to high-end villas in Shanghai for the periods indicated:



Source: Savills Report

INDUSTRY OVERVIEW

According to the Savills Report, performance of residential market in Shanghai, in particular the luxury segment, has been strong since March 2009. Transaction volume of apartments with price in excess of RMB25,000 per sq.m. reached a record high from January to September 2009. In the luxury villa market, transaction volume increased significantly in the second and fourth quarter of 2009. This is mainly attributable to strong market fundamentals, relaxation of credit, confidence in the PRC economy, the release of pent up demand and relaxation of regulations concerning the residential property market.

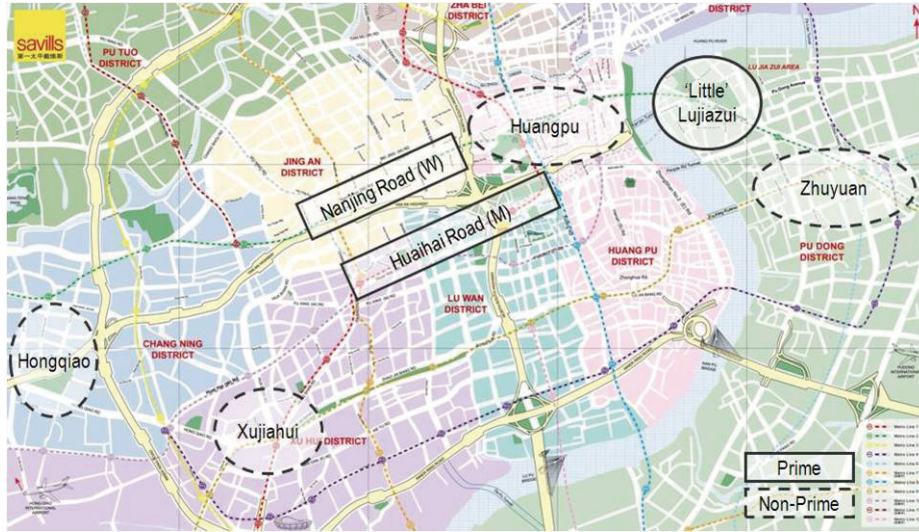
According to the Savills Report, Savills is of the view that although fundamental factors such as affordability and the stance of the government on monetary easing policy are concerns that may constrain the market from a long term perspective, the Chinese economy has been strong after the global financial crisis, and consumer confidence has begun to pick up in the global economy, which are both favorable factors to a positive luxury residential property market in the long term. Sustained growth of the Shanghai economy will help bring rising income levels of its residents, increase the affordability of properties in Shanghai and improve consumer confidence, all of which will be key factors to the demand for luxury residential properties. However, the macro-economic control and austerity measures imposed on the residential property market since the beginning of 2010 are viewed as a stop-gap measure to curb over-speculative elements that have spilled over from the luxury sector to the mass market segment, with a long-term planning for the construction of more affordable housing projects that will ease the under-supply situation since the global financial crisis starting during the second half of 2008. These measures will have the effect to contain an overheated residential property market and provide a better market mechanism in redressing speculative activities and thus price volatility, but may also lead to a short-term effect in cooling down normal market transactions and in turn cause corrections in prices.

During the second quarter of 2010, the residential property market of Shanghai underwent a correction both in terms of transaction price and volume, while for the luxury sector, the price correction was moderate with prices for some premier apartments or villas continuing to move upwards. The high-end residential property market sector in which buyers are from the higher middle class or the affluent class is less likely to be affected by the raising of the borrowing threshold or other aspects of control prescribed in the austerity measures. Transaction volumes of commodity properties in Shanghai continued to drop after the announcement of a series of austerity measures by the PRC authorities since April 2010. The transaction volumes of commodity properties in Shanghai during the first half of 2010 declined by 35.8% to 10.1 million sq.m. compared to the same period in 2009. However, the average selling price of commodity properties in Shanghai for the first half of 2010 was approximately RMB14,523 per sq.m., representing an increase of 22.0% compared to the same period in 2009, which indicates that the austerity measures had limited impact on transaction prices of commodity properties, including residential properties, in Shanghai and in most regions of the PRC. We also have been experiencing low sales volume of our properties since the second quarter of 2010 but the prices of our properties have not been materially affected. According to Savills Report, the mid to long term perspective for residential properties in Shanghai remains very positive given the current economic situation and that a more stable market is expected from these measures. Our Directors are of the view that the property market will recover in the near future.

INDUSTRY OVERVIEW

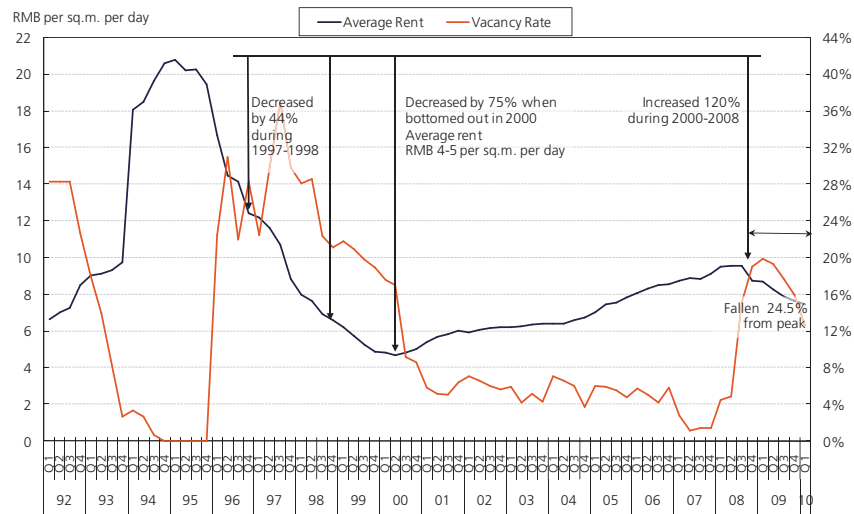
The International Grade A office market in Shanghai

There are three prime business districts in Shanghai: (1) Luwan District and part of Xuhui District along Huaihai Road; (2) Jing'an District along Nanjing Road; and (3) Lujiazui area in Pudong New District which is the business and financial center of Shanghai. The majority of International Grade A office buildings in Shanghai are located within these prime business areas.



According to the Savills Report, total net take up of International Grade A office space amounted to approximately 319,630 sq.m. by the end of 2009 as compared to 365,525 sq.m. (excluding pre-letting) by the end of 2008, with take up recovering considerably in the fourth quarter, particularly from the banking sector. The overall vacancy rate for International Grade A office space in Shanghai as of the end of 2009 was approximately 14.0% as both supply and demand increased, while the vacancy rate for International Grade A office space in prime areas was approximately 12.7%. The following chart shows average rental rate and vacancy rates for International Grade A offices in prime areas in Shanghai for the periods indicated.

Average Rental Rate and Vacancy Rate of Overall Shanghai Grade 'A' Office in Prime Areas



Source: Savills Report

INDUSTRY OVERVIEW

Rental rates for International Grade A offices in Shanghai decreased by 16.3% during 2009, representing the biggest drop since 2000 when the market last bottomed and began a long spell of steady growth. Average rental rates for International Grade A offices during fourth quarter of 2009 were approximately RMB6.6 per sq.m. per day.

According to the Savills Report, Shanghai's office rental market is expected to recover over the medium term, bolstered by the PRC Government's reassertion of Shanghai over Hong Kong as China's future financial center. The 2010 Shanghai World Expo is also expected to help boost its position as a global commercial and economic center. It is expected that International Grade A office market will benefit from these favourable factors in the medium and long term.

The retail/office mixed-use property market in Shanghai and the ZHTP

Mixed-use developments in Shanghai have become popular since the late 1990s primarily as a new concept for urban regeneration. Mixed-use developments are perceived to bring benefits such as convenience of a live-work-play lifestyle and reduction of urban sprawl and congestion. Developers and government agencies often favor mixed-use developments as the optimal land use plan that could achieve the highest land density, most rapid absorption of finished sites at the highest price, and the highest present value of the project. It is against this backdrop that numerous large-scale mixed-use developments have appeared in Shanghai since the late 1990s. Most mixed-use developments in Shanghai are only for lease.

The ZHTP, located in Pudong New District, was established in July of 1992 as a national-level technology park designated for the development of new and high technologies. The ZHTP's three leading industries are integrated circuits, software and bio-pharmaceuticals. According to Shanghai Zhangjiang (Group) Co., Ltd., which operates the ZHTP, a total of 5,359 enterprises were registered in the ZHTP as of the end of 2007. These included foreign-invested enterprises with an aggregate registered capital of US\$17.4 billion and domestic companies with an aggregate registered capital of RMB18.0 billion.

There are currently few mixed-use developments in the ZHTP. However, demand for mixed-use developments in the ZHTP is growing and the long-term potential is considered to be substantial. After 20 years of development, the ZHTP has begun its new phase of development in shifting its focus to attracting R&D-focused new technology companies. This is likely to boost demand for office space from domestic and multinational enterprises in information technology, biotechnology, pharmaceuticals, integrated circuits and new innovative industries. The ZHTP has developed into a significant agglomeration of leading innovative enterprises with a sizeable workforce of over 100,000 at the end of 2008. The rapid development of modern infrastructure and transportation (including the Shanghai Metro Line 2) in the ZHTP has enhanced the ZHTP's ability to accommodate either local or regional mixed-use developments to serve both the workforce in the ZHTP and the population of the larger Zhangjiang township, which is estimated at approximately 139,000.

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Competitive landscape of the Shanghai property market

The property market for residential properties in Shanghai is largely fragmented with fierce competition among real estate developers. In particular, the high-end residential and premium commercial property markets in Shanghai have been highly competitive in recent years, as property developers from the PRC and overseas have entered these markets with rapid growth. Moreover, the PRC Government has implemented policies tightly controlling the amount of new land available for development. These factors have increased competition and land grant premiums in relation to land made available for development.

Property developers primarily compete based on capital, the ability to secure land reserves and the ability to develop products that meet the needs of target customers. Our major competitors in the Shanghai high-end residential property market include major domestic developers, such as Shimao Property Holdings Limited and Greentown China Holdings Limited, and foreign real estate developers, such as Yanlord Land Group Limited and Shui On Land Limited. Our major competitors in the Shanghai premium commercial property market include Shui On Land Limited. We believe that through our experience in developing large scale, high quality properties and our in-depth understanding of the Shanghai property market, we will be able to react more quickly than these competitors to market opportunities and changes in market trends.

THE GREATER SHANGHAI ECONOMIC CIRCLE PROPERTY MARKET

The Greater Shanghai Economic Circle includes the cities of Suzhou, Wuxi, Changshu, Kunshan, Nantong, Qidong and Jiaxing, which are among the wealthiest in China in terms of per capita GDP and disposable income and have enjoyed rapid economic growth over the last decade.



INDUSTRY OVERVIEW

The following table sets forth the population, GDP, per capita GDP, per capita disposable income and real estate investment of Suzhou, Wuxi, Changshu, Kunshan and Qidong, five cities within the Greater Shanghai Economic Circle where we have operations, for the years indicated.

	2003	2004	2005	2006	2007	2008	2009	2003- 2009 CAGR
Suzhou								
GDP (RMB billion)	280.2	345.0	402.7	482.0	570.1	670.1	740.0	17.6%
Per capita GDP (RMB)	47,693	57,992	66,766	78,802	91,911	106,863	N/A	N/A
Per capita disposable income (RMB)	12,361	14,451	16,276	18,532	21,260	23,867	26,320	13.4%
Real estate investment (RMB billion)	17.8	33.4	41.4	47.1	60.2	71.8	72.4	26.3
Wuxi								
GDP (RMB billion)	183.3	225.1	280.5	330.1	385.8	442.0	499.2	18.2%
Per capita GDP (RMB)	43,155	52,825	50,958	57,709	65,203	73,053	81,151	11.1%
Per capita disposable income (RMB)	11,647	13,588	16,005	18,189	20,898	23,605	25,027	13.6%
Real estate investment (RMB billion)	13.2	19.6	22.8	27.7	37.8	45.0	46.3	23.3%
Changshu								
GDP (RMB billion)	47.5	56.5	67.9	80.9	97.2	115.0	128.0	18.0%
Per capita GDP (RMB)	45,800	54,314	64,931	76,983	91,846	108,167	108,165	15.4%
Per capita disposable income (RMB)	12,373	15,039	17,203	19,308	22,001	24,602	27,320	14.1%
Real estate investment (RMB billion)	1.9	3.0	3.0	4.1	6.2	7.5	7.8	26.5%
Kunshan								
GDP (RMB billion)	43.0	57.0	73.0	93.2	115.2	150.0	175.0	26.4%
Per capita GDP (RMB)	41,300	48,300	68,900	91,600	101,000	120,882	135,355	21.9%
Per capita disposable income (RMB)	13,034	15,011	16,809	19,016	21,927	24,808	27,609	13.3%
Real estate investment (RMB billion)	2.8	8.0	6.8	7.4	8.9	12.0	15.5	33.0%
Qidong								
GDP (RMB billion)	15.4	18.2	20.0	23.9	28.3	32.7	36.0	15.2%
Per capita GDP (RMB)	13,387	15,991	17,681	21,178	25,241	29,293	32,244	15.8%
Per capita disposable income (RMB)	9,169	10,420	11,703	13,107	14,739	16,608	18,368	12.3%
Real estate investment (RMB billion)	0.6	0.9	0.9	1.2	1.4	1.5	1.1	10.6%

Source: Savills Report

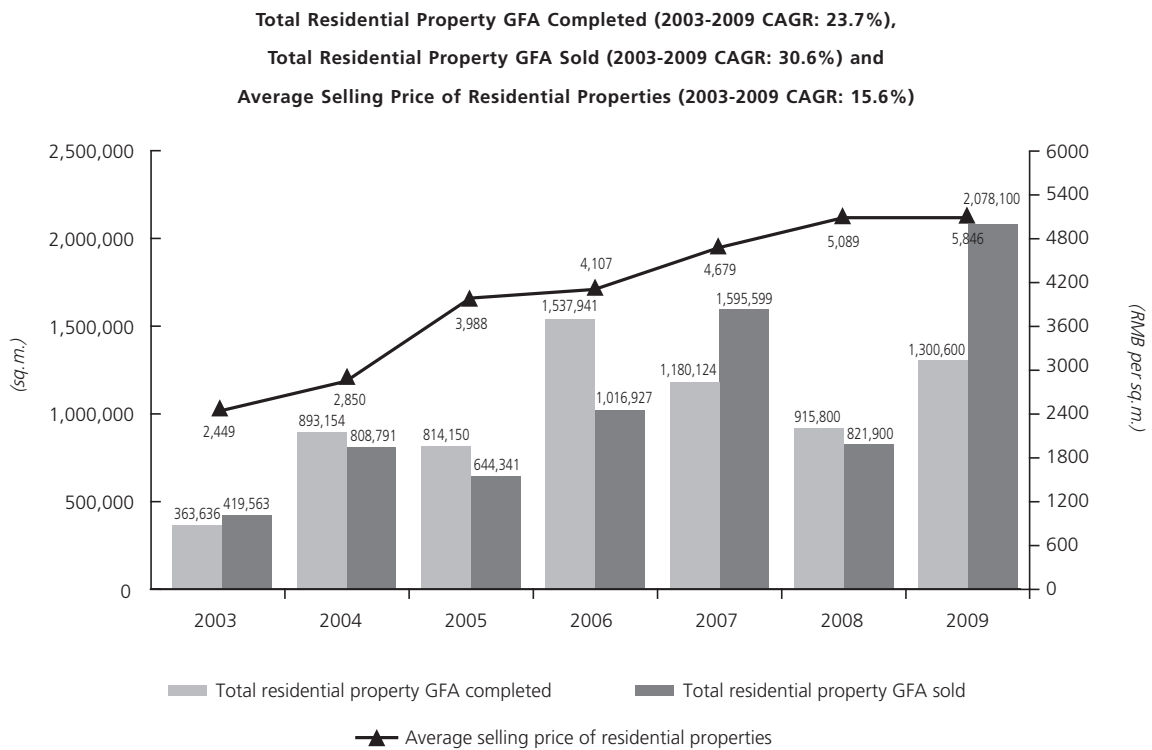
The real estate markets, and in particular residential and retail property markets, in these cities have been rapidly expanding in recent years. The CAGR for real estate investment for the above cities from 2003 to 2009 has ranged from 10.6% to 33.0%.

INDUSTRY OVERVIEW

The residential property market in Changshu

Changshu is a county-level city located in southeast Jiangsu Province within the Greater Shanghai Economic Circle. With a total area of 1,094 sq.km. and registered population of approximately 1.1 million as of the end of 2009, Changshu is one of the most competitive county-level cities in terms of economic development in Jiangsu Province and China. It was ranked second by Forbes among the Top 25 County-level Cities in China in 2009 and 2010. Changshu is well-known for its long history, cultural heritage, relative wealth and natural beauty. Yushan Mountain and Shang Lake in Changshu are two of the most well-known tourist spots in the city.

The chart below sets out key figures related to the Changshu residential property market for the years indicated.



Source: Savills Report

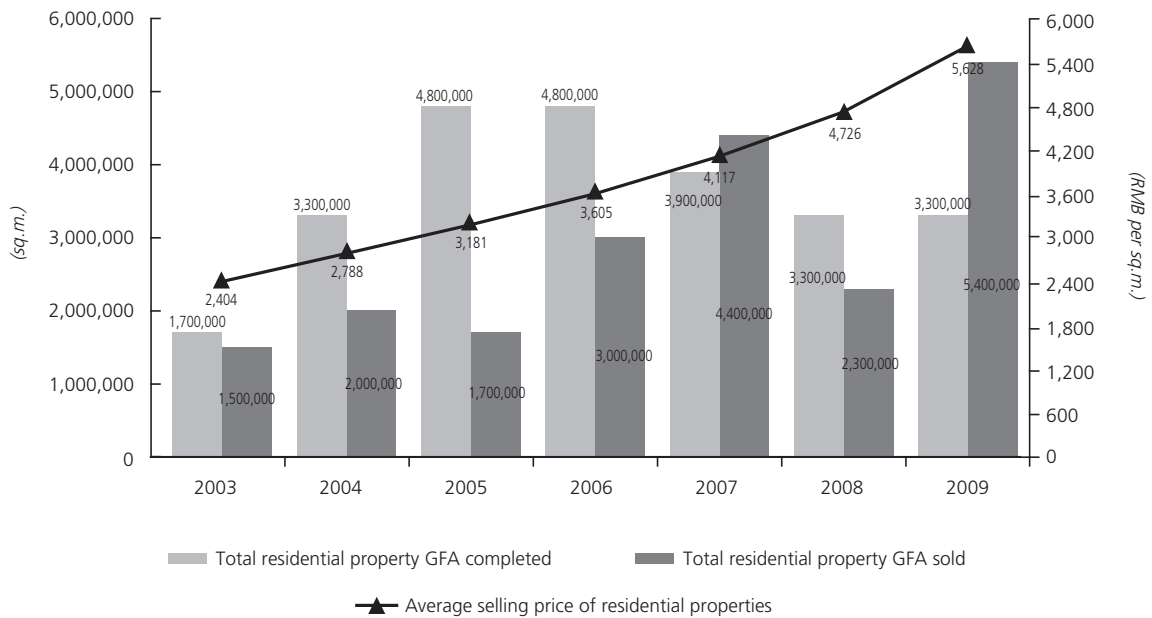
INDUSTRY OVERVIEW

The residential property market in Kunshan

Kunshan is a county-level city located in southeast Jiangsu Province and is adjacent to Shanghai. With a total area of 928 sq.km. and registered population of approximately 0.7 million as of the end of 2009, Kunshan is one of the most competitive county-level cities in terms of economic development in Jiangsu Province and China. It was ranked first by Forbes among the Top 25 County-level Cities in China in 2009 and 2010. Kunshan is an important emerging city in the region.

The chart below sets out key figures related to the Kunshan residential property market for the years indicated.

**Total Residential Property GFA Completed (2003-2009 CAGR: 11.2%),
Total Residential Property GFA Sold (2003-2009 CAGR: 24.2%) and
Average Selling Price of Residential Properties (2003-2009 CAGR: 15.2%)**



Source: Suzhou Statistical Yearbook 2009, 2009 figures from Suzhou Statistical Bureau.

INDUSTRY OVERVIEW

The residential property market in Wuxi

Wuxi is a city located in south Jiangsu Province near the Greater Shanghai Economic Circle. With a total area of 4,788 sq.km. and registered population of approximately 4.7 million as of the end of 2009, Wuxi is one of the most competitive cities in terms of economic development in Jiangsu Province and China.

The chart below sets out key figures related to the Wuxi residential property market for the years indicated.

**Total Residential Property GFA Completed (2003-2009 CAGR: 3.3%),
Total Residential Property GFA Sold (2003-2009 CAGR: 16.3%) and
Average Selling Price of Residential Properties (2003-2009 CAGR: 21.0%)**



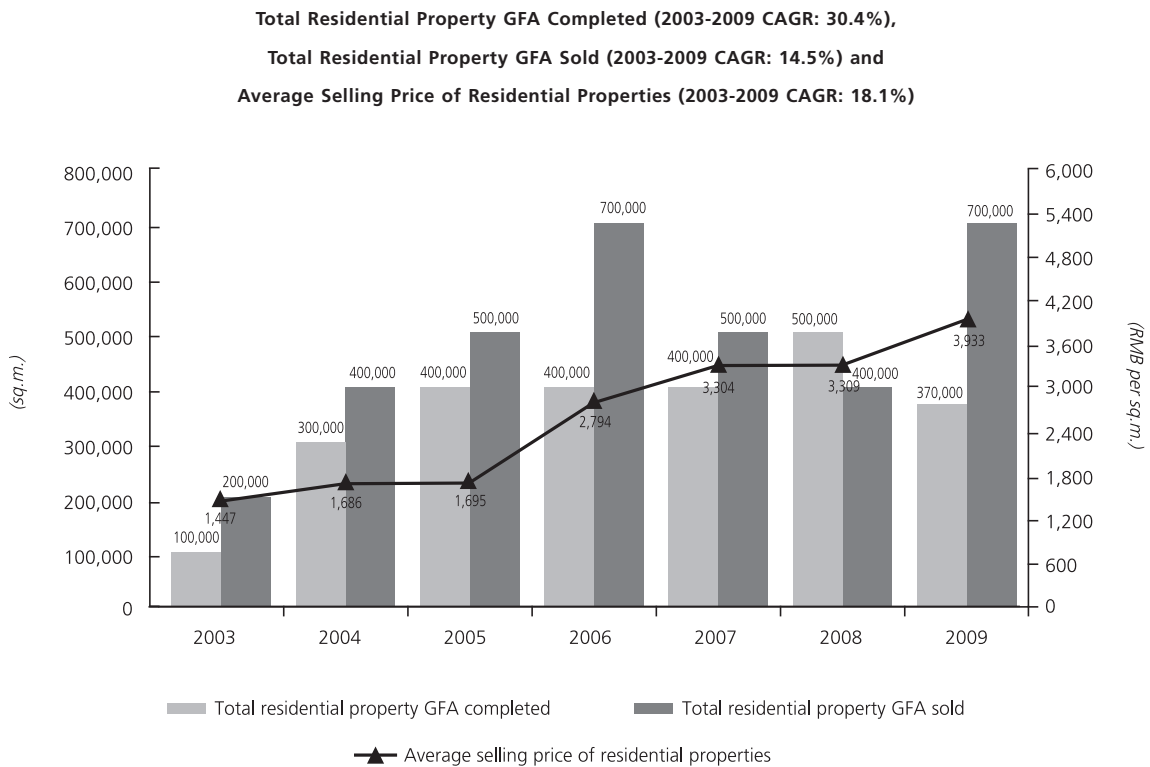
Source: Wuxi Statistical Yearbook 2009, 2009 figures from Wuxi Statistical Bureau.

INDUSTRY OVERVIEW

The residential property market in Qidong

Qidong is a county-level city located in east Jiangsu Province and is 50 kilometers from the Pudong district in Shanghai. With a total area of 1,208 sq.km. and registered population of approximately 1.1 million as of the end of 2009, Qidong is one of the most competitive cities in terms of economic development in Jiangsu Province and China. It has remained in the top 100 counties (cities) in China for nine consecutive years.

The chart below sets out key figures related to the Qidong residential property market for the years indicated.



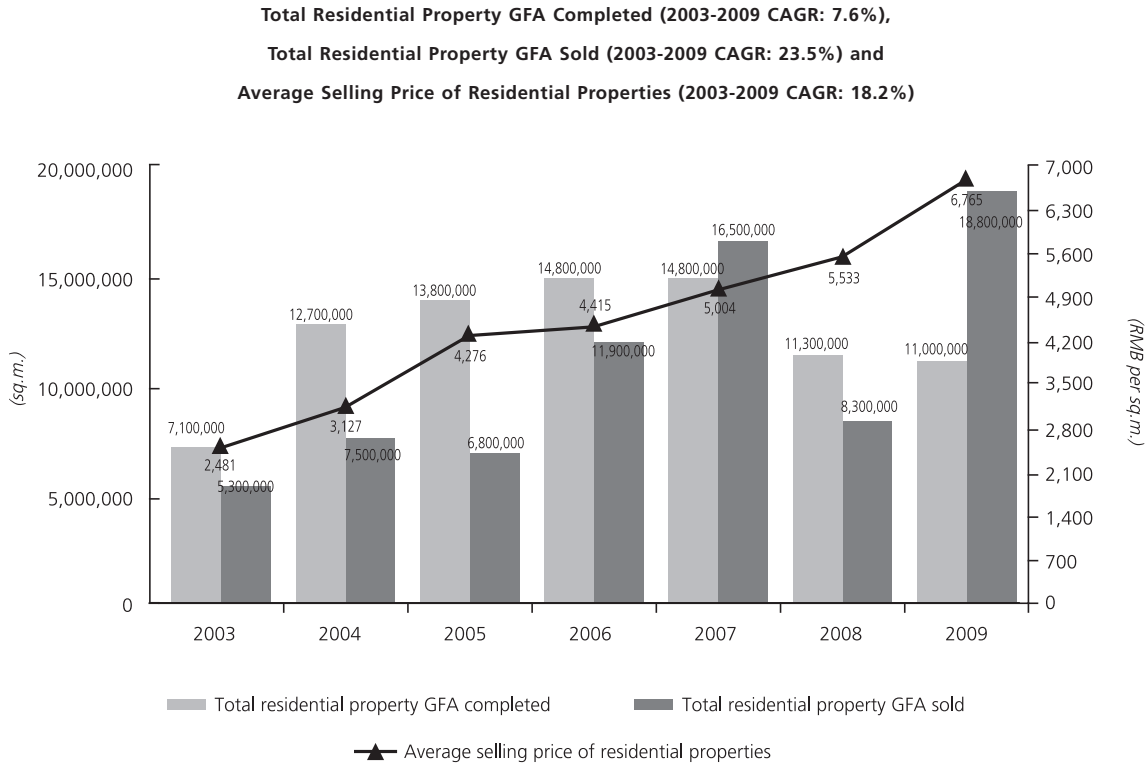
Source: Qidong Statistical Yearbook 2009, 2009 figures from Qidong Statistical Bureau.

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The residential property market in Suzhou

Suzhou is a city located in southeast Jiangsu Province and is 80 kilometers from downtown Shanghai. With a total area of 8,488 sq.km and registered population of approximately 6.3 million as of the end of 2009, Suzhou is one of the most competitive cities in terms of economic development in Jiangsu Province and China.

The chart below sets out key figures related to the Suzhou residential property market for the years indicated.



Source: Suzhou Statistical Yearbook 2009, 2009 figures from Suzhou Statistical Bureau.

HISTORY AND REORGANIZATION

OUR HISTORY

In 1999, led by Chairman Zhao, our Group entered the property development business by establishing Shanghai Changjia Property. In the same year, we acquired the land parcel for our first residential project, Shanghai Garden (上海灘花園洋房). Our property development business was initially partly financed by the proceeds from our pharmaceutical business, which enjoyed significant profits in the 1990s before we gradually phased out of that business. From the inception of our real property development business, we have positioned ourselves as a developer of high-end and quality properties. Following on the success of Shanghai Garden (上海灘花園洋房), our property development business has grown significantly this decade.

The development of our Group is a direct result of organic growth, as well as strategic acquisitions. For example, in May 2008, we agreed to acquire Shanghai Haoquan, the project company for Chamtime Eastern Garden (長泰東郊御園), and in September 2009, we established Shanghai Changhe, a project company dedicated to the construction and operation of our Chamtime Corporate Avenue Plaza (長泰企業天地廣場) project.

While our core focus has remained high-end residential property development, we have also been developing commercial properties in prime locations so as to diversify our product portfolio and capture additional growth opportunities in the Shanghai property market. In 2008, we completed the Chamtime International Financial Center (長泰國際金融大廈), an International Grade A office building in the greater Lujiazui financial district. In the same year, we also entered into acquisition agreements with Shanghai Shenghesheng to acquire Chamtime Corporate Avenue Plaza (長泰企業天地廣場), a project under development which will become our second office building located in Shanghai. In 2009, we acquired Shanghai Jindilianchuang, a project company for development of Chamtime Plaza (長泰廣場), our first large-scale integrated mixed-use development, to be located in the heart of Zhangjiang Hi-Technology Park in Shanghai's Pudong New District. Chamtime Plaza (長泰廣場) is expected to further complement our existing product offering range.

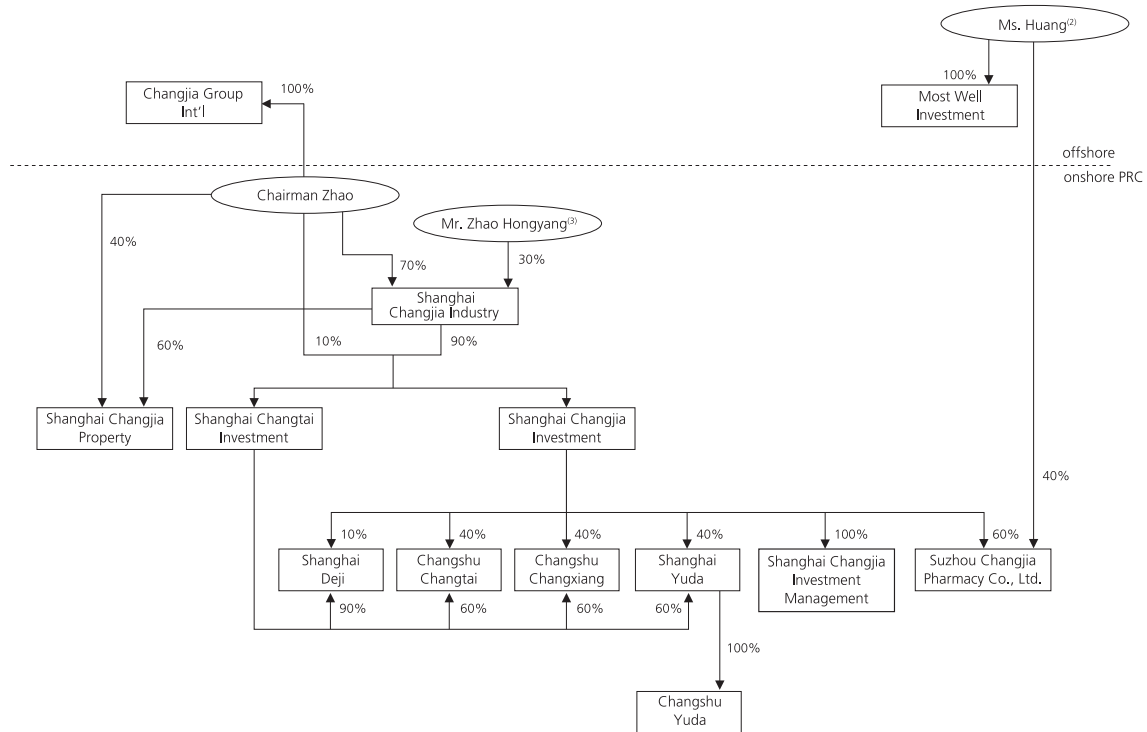
Over the past years, our Group has expanded our geographic coverage to include cities in and near the Greater Shanghai Economic Circle. Leveraging on our brand recognition and operational expertise in the Shanghai market, we expanded our operations from Shanghai in late 2006 and commenced the construction of Chamtime Lake Mountain Villa (長泰尚湖山莊) and Chamtime Mountain View Villa (長泰虞景山莊) in 2007 and 2008, respectively, in Changshu city of Jiangsu Province, one of the most affluent cities in the Greater Shanghai Economic Circle. In October 2009, we further expanded the geographic scope of our operations by a successful bid to acquire the land for the development of our Chamtime Noble Palace (長泰淀湖觀園) project in Kunshan in Jiangsu Province through a listing-for-sale held by the local government. In addition, during the first quarter of 2010, we successfully bid for a 499,779 sq.m. property development site in Wuxi, and a 174,309 sq.m. property development site in Changshu and a 163,930 sq.m. property development site in Kunshan and acquired from an independent third party a 1,271,962 sq.m. property development site in Qidong, all of which are in Jiangsu Province.

HISTORY AND REORGANIZATION

REORGANIZATION

In 2008, we commenced our Reorganization in preparation for the Global Offering, the details of which are set out below.

Prior to our Reorganization, various operating subsidiaries of our Group were owned by Chairman Zhao, Mr. Zhao Hongyang and/or Ms. Huang directly or through entities under their control. The following chart illustrates the corporate structure of these entities immediately prior to our Reorganization.⁽¹⁾



- (1) The above chart only sets out the subsidiaries involved in our Reorganization.
- (2) Ms. Huang is Chairman Zhao's spouse and the mother of Mr. Zhao Hongyang and in addition to her PRC citizenship, she is a permanent resident of the Kingdom of Thailand.
- (3) Mr. Zhao Hongyang is Chairman Zhao's son. Chairman Zhao and Mr. Zhao Hongyang are PRC citizens.

HISTORY AND REORGANIZATION

Onshore Reorganization

Consolidation of business operations

As part of our Reorganization, the ownership structure of the operating subsidiaries listed below was reorganized to become our present Group structure.

- On March 18, 2008, Ms. Huang and Shanghai Changjia Investment, a company outside our Group which was beneficially owned by Chairman Zhao and Mr. Zhao Hongyang, agreed to transfer 40% and 60% of their respective interests in Suzhou Changjia Pharmacy Co., Ltd.* (蘇州長甲藥業有限公司) to Most Well Investment for consideration of US\$241,300 and US\$361,900, respectively. Most Well Investment is an investment holding company acquired by Ms. Huang in 2008 in preparation for our Reorganization.
- On March 25, 2008, Shanghai Changtai Investment, a company outside our Group which was beneficially owned by Chairman Zhao and Mr. Zhao Hongyang, and Shanghai Changjia Investment agreed to transfer 60% and 40% of their respective interests in Changshu Changtai to Shanghai Changjia Investment Management for considerations of RMB15.0 million and RMB10.0 million, respectively.
- On April 28, 2008, Shanghai Changjia Investment agreed to transfer its 100% interest in Shanghai Changjia Investment Management to Suzhou Changjia Investment Management which was at that time known as “Suzhou Changjia Pharmacy Co., Ltd.” for a consideration of RMB30.0 million.
- On March 25, 2008, Chairman Zhao and Shanghai Changjia Industry Co., Ltd.* (上海長甲實業有限公司), a company outside our Group which was owned by Chairman Zhao and Mr. Zhao Hongyang, agreed to transfer 40% and 60% of their respective interests in Shanghai Changjia Property held by them respectively to Shanghai Changjia Investment Management for considerations of RMB8.0 million and RMB12.0 million, respectively.
- On March 25, 2008, Shanghai Changtai Investment and Shanghai Changjia Investment agreed to transfer 60% and 40% of their respective interests in Changshu Changxiang to Shanghai Changjia Investment Management for considerations of RMB15.0 million and RMB10.0 million, respectively.
- On April 8, 2008, Shanghai Changtai Investment and Shanghai Changjia Investment agreed to transfer 90% and 10% of their respective interests in Shanghai Deji to Shanghai Changjia Investment Management for considerations of RMB9.0 million and RMB1.0 million, respectively.
- On May 25, 2008, Shanghai Changtai Investment and Shanghai Changjia Investment agreed to transfer 60% and 40% of their respective interests in Shanghai Yuda to Shanghai Changjia Investment Management for considerations of RMB1.8 million and RMB1.2 million, respectively.

HISTORY AND REORGANIZATION

Since the share transfers in the above-mentioned transactions were conducted as intra-group transfers between entities owned by Chairman Zhao as part of our Reorganization, the transfer price in these transactions was determined primarily by reference to the registered capital of the companies whose equity interests were to be transferred. After the completion of the above-mentioned reorganization steps, our real property development business has been consolidated indirectly under Most Well Investment.

Exclusion of pharmaceutical business from our Group

Historically, our Group carried on both a real property development business and pharmaceutical business, although the pharmaceutical business constituted an insignificant portion of our operations during the Track Record Period. For the three years ended December 31, 2009, our Group's revenue attributable to the pharmaceutical business was nil, 1.66% and 0.01%, respectively and our Group's net profits attributable to the pharmaceutical business were -3.99%, -1.20% and -0.18%, respectively, since the pharmaceutical business operated at a loss. As the growth of our real property development business revealed greater potential, we decided to focus on and shift our resources towards that business. On April 29, 2008, Most Well Investment and Ms. Huang entered into an assets transfer agreement pursuant to which Most Well Investment agreed to transfer all pharmacy-related assets of its wholly owned subsidiary, Suzhou Changjia Investment Management (formerly known as Suzhou Changjia Pharmacy Co., Ltd.) to a company to be designated by Ms. Huang at a consideration of US\$1,000,000, which was determined by reference to valuation reports provided by an independent valuer.

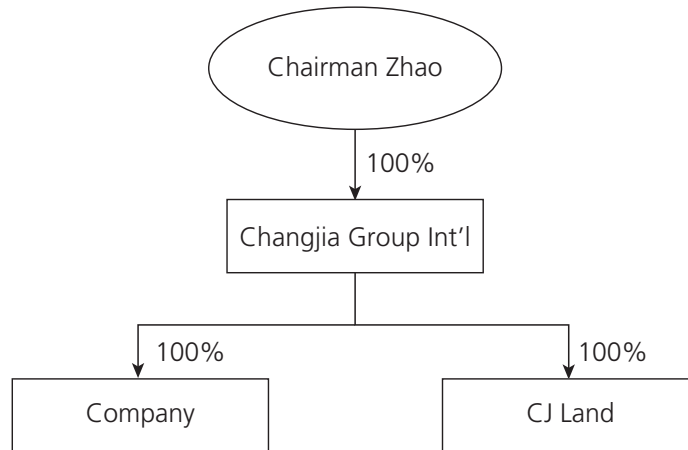
On September 2, 2008, Most Well Investment initiated the spin-off process of the pharmaceutical business and all related assets and liabilities by way of a company separation under PRC law. Pursuant to a company separation agreement dated October 8, 2008, Suzhou Changjia Investment Management agreed to change its name to its current name "Suzhou Changjia Investment Management Co., Ltd." after the completion of the spin-off of all assets, liabilities and business related to the pharmaceutical business to a newly established entity which was to be wholly owned by Most Well Investment and which would assume the name "Suzhou Changjia Pharmacy Co., Ltd." After the spin-off, Suzhou Changjia Investment Management continued the property development business of our Group while Suzhou CJ Pharmacy carried on the pharmaceutical business. Between December 2 and December 4, 2008, we published a series of spin-off notifications in newspapers as required by PRC law and received consent from all relevant creditors for the spin-off plan, including their consent to the assumption of liabilities by Suzhou CJ Pharmacy. The spin-off was approved by the relevant PRC authority in March 2009.

In connection with the above-mentioned spin-off, Ms. Huang established Suzhou Chang Gia Pharma (H.K.) Company Limited (蘇州長甲藥業(香港)有限公司) which subsequently replaced Most Well Investment and became the sole registered shareholder of Suzhou CJ Pharmacy.

HISTORY AND REORGANIZATION

Offshore Reorganization

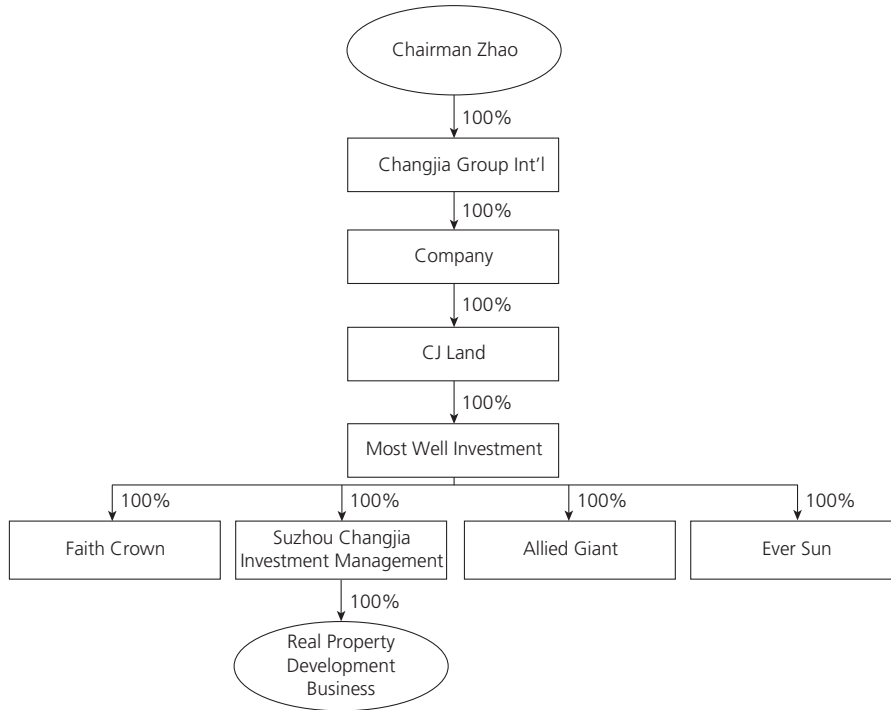
- On September 1, 2009, CJ Land was incorporated in the BVI, and is wholly owned by Chairman Zhao through Changjia Group Int'l. On September 10, 2009, our Company was incorporated in the Cayman Islands by Changjia Group Int'l. The following chart illustrates the resultant structure at that stage.



- On October 13, 2009, part of the debt owed by Most Well Investment to Changjia Group Int'l was capitalized by the issuance of 9,990,000 new shares of Most Well Investment to CJ Land, which was nominated by Changjia Group Int'l to receive such new shares. As a result, CJ Land held a 99.9% equity interest in Most Well Investment.
- On November 30, 2009, Ms. Huang transferred her 0.1% equity interest in Most Well Investment to CJ Land for consideration of HK\$10,000, following which Most Well Investment became wholly owned by CJ Land.
- On January 26, 2010, Shanghai Changjia Property acquired 1 share in Forever Rich from Hong Kong Registration Secretarial Limited for consideration of HK\$1.00. On the same day, 9,999 shares of HK\$1.00 in Forever Rich were allotted and issued to Shanghai Changjia Property for consideration of HK\$9,999.
- On May 5, 2010, Changjia Group Int'l agreed to inject the entire issued share capital of CJ Land into our Company in consideration of our Company allotting and issuing 100,000 Shares, credited as fully paid, to Changjia Group Int'l. Upon completion of the foregoing, CJ Land became a wholly owned subsidiary of our Company.

HISTORY AND REORGANIZATION

Immediately after the completion of the above steps of the Reorganization, the corporate structure of the relevant entities is illustrated as follows:



Compliance with PRC Laws

Commerce & Finance Law Offices, our Group's PRC legal adviser, has confirmed that all required consents, approvals, authorizations or orders of, notices or filings with any PRC government authorities have been made or obtained for our Group's onshore Reorganization including but without limitation the spin-off in respect of original Suzhou Changjia Pharmacy Co., Ltd. and the completion of such onshore Reorganization does not contravene any provisions of PRC Laws.

On August 8, 2006, six PRC Governmental and regulatory agencies, including the MOFCOM and the CSRC, promulgated the Foreign Acquisition Regulation. Article 40 of the Foreign Acquisition Regulation requires that an offshore special purpose vehicle formed for overseas listing purposes and controlled directly or indirectly by PRC companies or individuals shall obtain the approval of the CSRC prior to the listing and trading of the securities of such offshore special purpose vehicle on an overseas stock exchange.

Based on its understanding of current PRC laws, regulations and rules, our Group's PRC legal adviser has advised that both the shareholding change in the former Suzhou Changjia Pharmacy Co., Ltd., namely the predecessor of Suzhou Changjia Investment Management, in connection with our Reorganization and the proposed Listing are not subject to the requirements under the Foreign Acquisition Regulation and do not require any approval from CSRC and MOFCOM because the former Suzhou Changjia Pharmacy Co., Ltd. was already a foreign-invested enterprise prior to the effectiveness of the Foreign Acquisition Regulation.

HISTORY AND REORGANIZATION

Pursuant to the Notice 75 and the Notice 106, domestic resident individuals are required to register with the relevant local branches of SAFE before they establish or control any offshore special purpose vehicles for the purpose of capital raising using assets or equity interests of their PRC companies. The definition of “domestic resident natural person” includes a natural person who holds domestic interests in domestic enterprises and then changes his or her domestic interests into foreign-owned interests while remaining the ultimate controller of the changed interests. Chairman Zhao falls within this definition of domestic resident natural person and has obtained his registration from the Jiangsu branch of SAFE in accordance with the requirements under Notice 75 and 106 promulgated by SAFE.

Our PRC legal adviser is of the view that our Reorganization complies with applicable PRC laws and regulations, and all necessary approvals from government authorities required to implement our Reorganization have been obtained.

Expansion of our Group during the Track Record Period

We have been actively pursuing business expansion through acquisitions and the establishment of new companies during the Track Record Period.

On May 17, 2008, Shanghai Changjia Property agreed to acquire 60% and 40% interests in Shanghai Haoquan, for consideration of RMB350.9 million and RMB118.6 million from Shanghai Haosheng and Shanghai Jianquan, respectively, both of which are independent third parties. As of the date of the acquisition, Shanghai Haoquan did not engage in any business activities and had no assets or liabilities other than those in relation to the land parcel held by it. The acquisition price was based on an arm’s length negotiation between the parties. Shanghai Haoquan is the project company for the development of our Chamtime Eastern Garden project.

On August 3, 2009, Shanghai Changjia Property entered into a definitive agreement to acquire a 100% interest in Shanghai Jindilianchuang, the project company for our Chamtime Plaza project, from an independent third party Shanghai Pudong Land Development (Holding) Corp. (上海市浦東土地發展(控股)公司) for a consideration of RMB800.1 million (inclusive of assumption of debt). As of the date of acquisition, Shanghai Jindilianchuang did not engage in any business activities and had no assets or liabilities other than those in relation to the land parcel held by it. Since the sale of Shanghai Jindilianchuang was considered a disposal of State-owned assets, it was conducted through a public listing for sale process run by the Shanghai United Assets Exchange (上海聯合產權交易所) and the final sale price was determined by reference to an independent valuation as of July 31, 2008. On October 16, 2008, Shanghai Pudong Land Development (Holding) Corp. obtained the approval with respect to its transfer of equity interests in Shanghai Jindilianchuang from the relevant State-owned Assets Supervision and Administration Commission prior to the expiration of the valid period of the referenced valuation report. Our PRC legal adviser is of the opinion that our acquisition of Shanghai Jindilianchuang has complied with all the relevant PRC laws and regulations in respect of the disposal of State-owned assets and has duly obtained all requisite approvals by the relevant authorities.

HISTORY AND REORGANIZATION

On August 14, 2009, Shanghai Yuda agreed to acquire a 100% interest in Shanghai Yuqiang Property Management Co., Ltd.* (上海裕強物業管理有限公司), from two independent third party individuals, Pan Gangcheng and Xin Cuiyu, for a consideration of RMB215,000 in aggregate. The acquisition price was based on an arm's length negotiation between the parties. On September 17, 2009, Shanghai Yuqiang Property Management Co., Ltd. changed its name to Shanghai Changyi Property Management Co., Ltd., our property management company intended to manage our Chamtime Western Villa, Chamtime Eastern Garden and other future residential properties located in Shanghai.

On September 1, 2009, we established Shanghai Changhe, which is designated by Shanghai Changjia Investment Management as the project company for our Chamtime Corporate Avenue Plaza project, our second office building to be offered in Shanghai.

On January 4, 2010, we established Kunshan Dianhu, which is designated by Shanghai Changjia Property as a project company for our Chamtime Noble Palace project in Kunshan.

On February 1, 2010, February 26, 2010, March 9, 2010 and March 10, 2010, respectively, Shanghai Changjia Investment Management entered into an acquisition framework agreement and three supplemental agreements to acquire Qidong Dongsheng, Qidong Oriental Pearl, Qidong Yingtai and Qidong Qiyue, four project companies for our Chamtime Coast Town project, from an independent third party, Shanghai Yingtai, for an aggregate consideration of RMB515.2 million (inclusive of assumption of debt). The consideration was based on arm's length negotiation between the parties and was consistent with the prevailing market price. We then acquired Qidong Dongsheng on February 3, 2010, Qidong Oriental Pearl on February 8, 2010, Qidong Yingtai on March 2, 2010 and Qidong Qiyue on March 11, 2010. As of the dates of acquisition, Qidong Dongsheng, Qidong Oriental Pearl, Qidong Yingtai and Qidong Qiyue did not engage in any business activities and had no material assets or liabilities other than those in relation to the land parcels held by them. Shanghai Yingtai further agreed to assist us, at its own cost, in (i) changing the approved use of two of the land parcels held by Qidong Dongsheng and Qidong Oriental Pearl into commercial and residential use with the area for commercial use constituting no more than 10% by April 30, 2010, (ii) extending the approved construction commencement date for the land parcels owned by Qidong Dongsheng, Qidong Oriental Pearl and Qidong Qiyue to November 30, 2010 by June 30, 2010, and (iii) changing the approved term of the land use right for the land parcels owned by Qidong Yingtai to 70 years by June 30, 2010. As of the Latest Practicable Date, we have not yet completed the change in the approved use of the two land parcels held by Qidong Dongsheng and Qidong Oriental Pearl and the change in the approved term of the land use right for the land parcels owned by Qidong Yingtai to 70 years.

On May 13, 2010, we established Changshu Changhe and Changshu Changqing, which are designated by Shanghai Changjia Investment Management as the project companies for our Chamtime International Town (Changshu China) project.

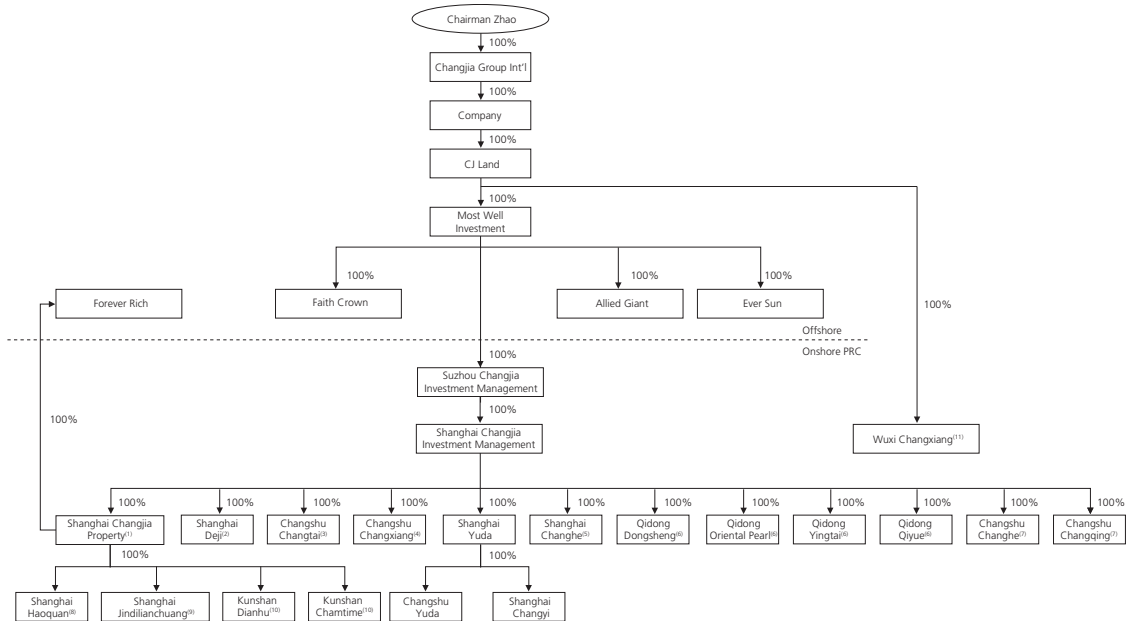
On July 19, 2010, we established Wuxi Changxiang, which is designated by CJ Land as the project company for our Chamtime International Town (Wuxi China) project.

On August 2, 2010, we established Kunshan Chamtime, which is designated by Shanghai Changjia Property as a project company for our Chamtime Noble Palace project.

HISTORY AND REORGANIZATION

Corporate and shareholding structure prior to the Global Offering

Following the completion of our Reorganization and the corporate expansion during the Track Record Period disclosed above and immediately prior to the Global Offering, the shareholding and corporate structure of our Group (excluding dormant entities) will be as follows:

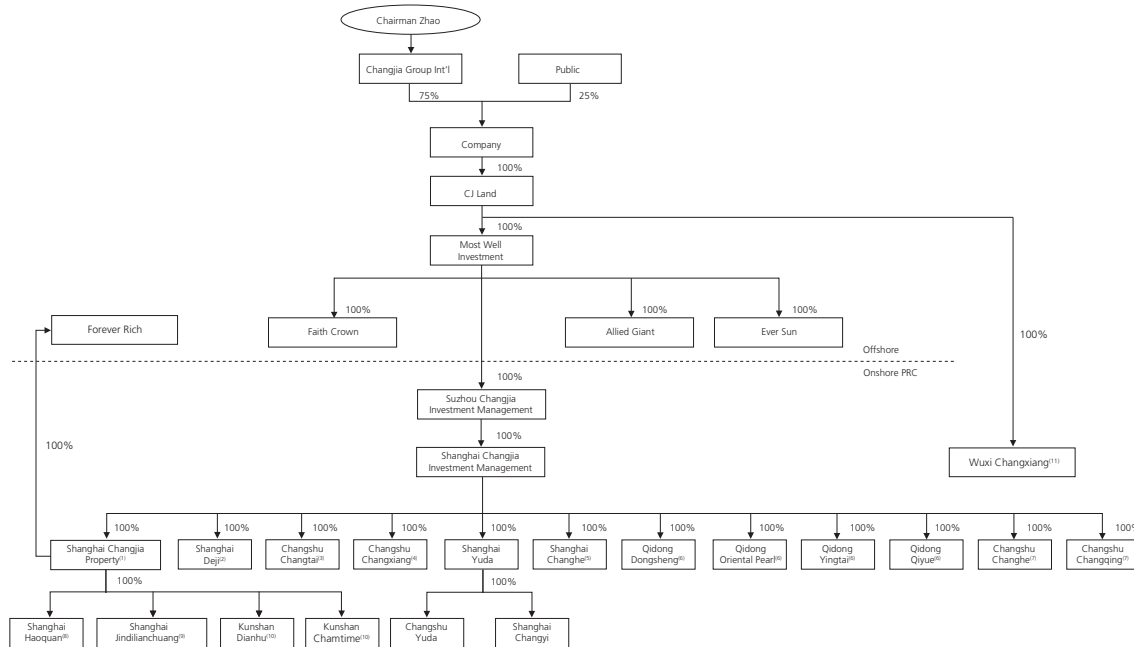


- (1) Shanghai Changjia Property is our project company for Shanghai Garden project and Chamtime International Financial Center project.
- (2) Shanghai Deji is our project company for Chamtime Western Villa project.
- (3) Changshu Changtai is our project company for Chamtime Lake Mountain Villa project.
- (4) Changshu Changxiang is our project company for Chamtime Mountain View Villa project.
- (5) Shanghai Changhe is our project company for Chamtime Corporate Avenue Plaza project.
- (6) Qidong Dongsheng, Qidong Oriental Pearl, Qidong Yingtai and Qidong Qiyue are our project companies for Chamtime Coast Town project.
- (7) Changshu Changhe and Changshu Changqing are our project companies for Chamtime International Town (Changshu China) project.
- (8) Shanghai Haoquan is our project company for Chamtime Eastern Garden project.
- (9) Shanghai Jindilianchuang is our project company for Chamtime Plaza project.
- (10) Kunshan Dianhu and Kunshan Chamtime are our project companies for Chamtime Noble Palace project.
- (11) Wuxi Changxiang is our project company for Chamtime International Town (Wuxi China) project.

HISTORY AND REORGANIZATION

Corporate and shareholding structure following the completion of the Capitalization Issue and the Global Offering

Immediately following the completion of the Capitalization Issue and the Global Offering (assuming that the Over-allotment Option is not exercised and not taking account of any Shares to be issued pursuant to the exercise of options granted or to be granted under the Share Option Schemes), the shareholding and corporate structure of our Group will be as follows:



- (1) Shanghai Changjia Property is our project company for Shanghai Garden project and Chamtime International Financial Center project.
- (2) Shanghai Deji is our project company for Chamtime Western Villa project.
- (3) Changshu Changtai is our project company for Chamtime Lake Mountain Villa project.
- (4) Changshu Changxiang is our project company for Chamtime Mountain View Villa project.
- (5) Shanghai Changhe is our project company for Chamtime Corporate Avenue Plaza project.
- (6) Qidong Dongsheng, Qidong Oriental Pearl, Qidong Yingtai and Qidong Qiyue are our project companies for Chamtime Coast Town project.
- (7) Changshu Changhe and Changshu Changqing are our project companies for Chamtime International Town (Changshu China) project.
- (8) Shanghai Haoquan is our project company for Chamtime Eastern Garden project.
- (9) Shanghai Jindilianchuang is our project company for Chamtime Plaza project.
- (10) Kunshan Dianhu and Kunshan Chamtime are our project companies for Chamtime Noble Palace project.
- (11) Wuxi Changxiang is our project company for Chamtime International Town (Wuxi China) project.

OVERVIEW

We are a quality and award-winning developer with more than ten years of experience developing high-end residential and premium commercial properties in prime locations in Shanghai¹. Our business model is to maintain a diversified property portfolio featuring strong cash flows from our property sales complemented by revenue streams and potential capital appreciation from our commercial properties, which we generally hold as investment properties upon completion.

We are predominantly focused on Shanghai, China's leading financial center, and other affluent cities in and near the Greater Shanghai Economic Circle, which comprises fast-growing cities such as Kunshan and Changshu, ranked first and second, respectively, in "China's Top 25 County-level Cities" by Forbes in 2010, and Wuxi, Qidong and Suzhou. By targeting high net worth individuals and focusing on high-end residential properties, we are able to maintain high average selling prices and maximize our gross profit margin. Moreover, we believe our in-depth understanding of the property market in Shanghai and the Greater Shanghai Economic Circle has, and will continue to enable us, to effectively identify and capture market opportunities and trends in those cities.

We position our products in the market by emphasizing distinctive design, high-quality construction materials, fine craftsmanship and superior property management. Our market position is bolstered by our commitment to quality and our strong execution capabilities throughout the development cycle, from acquiring prime land reserves to coordinating the construction process in an integrated and efficient manner.

Our first project was Shanghai Garden, a well-known low-density residential development near Shanghai's main financial center in the Lujiazui area of Pudong New District. Shanghai Garden was named "Most Popular Villa in Shanghai" by Shanghai Evening Post in 2004 and ranked eighth in terms of sales proceeds among all Shanghai residential developments in 2005. We have sold Shanghai Garden in five tranches beginning in 2004, with the last tranche of the project expected to be sold and delivered to buyers by the end of 2010. Building on the success of Shanghai Garden, we have developed further high-end residential properties in prime locations in Shanghai, including our Chamtime Western Villa and Chamtime Eastern Garden. We have also developed two villa projects in Changshu, a city located within 100 kilometers of Shanghai.

In order to develop a balanced property portfolio and penetrate into Shanghai's rapidly growing commercial property sector, we have selectively developed premium commercial properties in prime Shanghai locations. Our Chamtime International Financial Center, completed in January 2008, is a 22-storey International Grade A office building located in Shanghai's main financial center in the greater Lujiazui area of Pudong New District. We are also developing Chamtime Corporate Avenue Plaza, a 23-storey International Grade A office building located in Shanghai's commercially vibrant Zhabei District, within two kilometers of People's Square in central Shanghai. We will also develop Chamtime Plaza, a large-scale integrated mixed-use development, which will consist of premium office, entertainment and retail space, located in the heart of Zhangjiang Hi-Technology Park in Shanghai's Pudong New District.

¹ In this prospectus, high-end residential properties are defined as residential properties with prime locations, relatively low plot ratios, relatively large sizes and high total transaction prices. Our residential property developments are principally composed of villas or large-sized low-density urban apartments which are targeted at high net worth individuals. The majority of our completed residential properties have plot ratios below 1.2 and per unit GFAs exceeding 150 sq.m. In this prospectus, premium commercial properties are defined as International Grade A offices.

BUSINESS

We acquired several property development sites in cities in and near the Greater Shanghai Economic Circle on which we plan to develop high-end residential properties and mixed-use complexes featuring high-end residential properties complemented by premium commercial and office properties. In March 2010, we obtained the land use rights certificate for a 255,499 sq.m. residential property development site in Kunshan, a city located within 50 kilometers of Shanghai. In August 2010, we obtained the land use rights certificates for a 174,309 sq.m. property development site in Changshu. In addition, in the first half of 2010, we signed land use rights grant contracts for a 163,930 sq.m. property development site in Kunshan and a 499,779 sq.m. property development site in Wuxi, and as of the Latest Practicable Date, the outstanding amounts of land grant premium for these projects was nil and approximately RMB640.0 million, respectively, which we plan to pay with internal sources. We have also acquired from an independent third party a 1,271,962 sq.m. property development site in Qidong, a city within 50 kilometers of Shanghai.

The following table sets forth a breakdown of GFA and other key information of our projects under various stages of development:

Project	Use/ Planned Use	Completed/ Planned Total GFA (sq.m.)	Our Interest in the Project (%)	Actual/ Estimated Commencement Date	Actual/ Estimated Completion Date for the Whole Project
Shanghai					
Shanghai Garden	Residential	173,970	100	August, 2003	August, 2005
Chamtime Western Villa	Residential	219,305	100	October, 2006	December, 2013
Chamtime Eastern Garden	Residential	364,414	100	September, 2009	December, 2014
Chamtime International Financial Center	Commercial	58,017	100	March, 2006	January, 2008
Chamtime Corporate Avenue Plaza	Commercial	47,886	100	March, 2009	December, 2011
Chamtime Plaza	Commercial	319,081	100	December, 2010	December, 2014
Subtotal		1,182,673			
Changshu					
Chamtime Lake Mountain Villa	Residential	74,984	100	June, 2007	May, 2010
Chamtime Mountain View Villa	Residential	112,342	100	January, 2008	September, 2010
Chamtime International Town (Changshu China)	Residential	152,857	100	August, 2010	December, 2013
Subtotal		340,183			
Kunshan					
Chamtime Noble Palace Phase I	Residential	264,785	100	August, 2010	December, 2014
Qidong					
Chamtime Coast Town	Residential/ Commercial	1,330,000	100	April, 2012	December, 2015
Total		3,117,641			

(1) All GFA information is as of July 31, 2010. The planned total GFA of Chamtime Noble Palace Phase I, Phase II and Phase III of Chamtime Eastern Garden, Chamtime International Town (Changshu China) and Chamtime Coast Town is calculated based upon our development plan, which is subject to approval from local authorities, including the local land administration authority, local city zoning authority and local environmental authority. In addition, we are in the process of applying for a change of the approved use of two of our land parcels at our Chamtime Coast Town site from other commercial service use into commercial and residential use. We may be required to pay an additional land grant premium as determined by relevant land authorities for such change of approved use. As advised by Commerce and Finance, our PRC legal adviser, whether the grant of the updated land use rights certificate or the change in land usage will be subject to payment of additional land grant

BUSINESS

premium is solely at the discretion of relevant PRC land authorities and therefore we are unable to make any assessment as to whether or not such additional land grant premium will be required. However, our PRC legal adviser does not expect there will be any legal impediment for us to obtain the updated land use rights certificates and to change the land usage. Therefore, the estimated completion date of our Chamtime Coast Town project is based on our development plan and is dependent on our success in obtaining the relevant approvals. Pursuant to our agreement with Shanghai Yingtai, Shanghai Yingtai is assisting us, at its own cost, in obtaining such change of approved use and any additional land grant premium shall be borne by Shanghai Yingtai.

(2) Total GFA includes saleable/rentable GFA and non-saleable/non-rentable GFA.

The following table sets forth basic information regarding our property development projects for which we have entered into land use rights grant contracts but have not yet obtained the relevant land use rights certificates as of July 31, 2010:

Project	Planned Use	Planned Total GFA (sq.m.)	Our Interest in the Project (%)	Estimated Commencement Date	Estimated Completion Date for the Whole Project	Date of Land Use Rights Grant Contracts
Kunshan						
Chamtime Noble Palace Phase II	Residential	170,000	100	August, 2010	December, 2015	March, 2010
Wuxi						
Chamtime International Town (Wuxi China)	Residential/ Commercial	1,135,000	100	March, 2011	December, 2014	April, 2010
Total		<u>1,305,000</u>				

(1) The planned total GFA of Chamtime Noble Palace Phase II and Chamtime International Town (Wuxi China) is calculated based upon our development plan, which is subject to approval from relevant local government authorities, including local land administration authority, local city zoning authority and local environmental authority.

(2) Total GFA includes saleable/rentable GFA and non-saleable/non-rentable GFA.

For the years 2007, 2008 and 2009 and the four months ended April 30, 2010, our revenues were RMB533.7 million, RMB333.1 million, RMB565.4 million and RMB1,031.3 million, respectively, while our gross profit for those periods was RMB378.8 million, RMB254.0 million, RMB469.7 million and RMB489.8 million, respectively. We recorded a contract value of RMB2.5 billion and RMB745.2 million for sales of our residential properties in 2009 and the first four months of 2010, respectively.

OUR STRENGTHS

Established and diversified business model of developing high-end residential and premium commercial properties in prime locations in and near the Greater Shanghai Economic Circle

We are a quality and award-winning developer of high-end residential and premium commercial properties focused on Shanghai and other cities in and near the Greater Shanghai Economic Circle. We have an established and diversified business model of developing residential properties and premium commercial properties. We develop our residential properties for sale, while we generally retain our commercial properties upon completion but will strategically sell them under the right market conditions. This allows us to fund our operations primarily through cash flows stemming from our property sales, while mitigating fluctuations in cash flows from property sales with rental income derived from our commercial properties. We are also able to enjoy potential capital appreciation on our commercial properties over the long term to take advantage of the prime locations of our commercial properties. Our diversified property portfolio allows us to capitalize on the rapid growth and different market dynamics of both the high-end residential and premium commercial property sectors in Shanghai and other cities in and near the Greater Shanghai Economic Circle, while effectively minimizing our risks associated with each individual property sector and mitigating cyclical risks of the economy and government policies. For example, our portfolio of commercial property provides us with greater protection against policy risks, as PRC real estate-related regulations and policies have tended to focus more on the residential property sector.

Quality land reserves in prime locations in Shanghai and other cities in and near the Greater Shanghai Economic Circle

We believe our ability to acquire quality land resources suitable for our property development is critical to our success and long-term growth. We have acquired land reserves in prime locations in Shanghai and other cities in and near the Greater Shanghai Economic Circle through a prudent strategy of selectively acquiring land which we believe offers the greatest opportunity to maximize returns on capital. As of the Latest Practicable Date, we had land reserves, including properties under development or held for future development, with an estimated aggregate GFA of 3,983,412 sq.m. (including 1,305,000 sq.m. in relation to projects for which we have not yet obtained the relevant land use rights certificate). The locations of our land reserves in Shanghai are diversified, including properties in downtown Shanghai and well as Shanghai's eastern and western suburbs. Our Chamtime Plaza, which we will develop as a large-scale integrated mixed-use development, is strategically located in the heart of the Zhangjiang Hi-Technology Park near major transportation routes in Pudong New District. In addition, we have also developed high-end residential developments in Changshu, one of the major cities in the Greater Shanghai Economic Circle, which was ranked first by Forbes among China's Top 25 County-level Cities in 2009 and 2010. In March 2010, we successfully obtained a land use rights certificate for a 255,499 sq.m. residential property development site in Kunshan, a city located within 50 kilometers of Shanghai. In August 2010, we obtained the land use rights certificates for a 174,309 sq.m. property development site in Changshu. Furthermore, during the first half of 2010 we signed land use rights grant contracts for a 499,779 sq.m. property development site in Wuxi and a 163,930 sq.m. property development site in Kunshan and acquired from an independent third party a 1,271,962 sq.m. property development site in Qidong. We believe we have sufficient quality land resources to support our contemplated property development.

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We have acquired our land reserves through various means, including public tender, auction or listing-for-sale by land authorities, acquisition of distressed development projects and acquisition of project companies from other developers. The land for several of our projects, including Shanghai Garden, Chamtime Western Villa and Chamtime Eastern Garden, was acquired at relatively low prices, which allows us to earn higher gross profit margins on these properties. We have also strategically expanded our land bank by acquiring attractive sites in Kunshan, Wuxi, Changshu and Qidong at prices which we believe are relatively low due to the effects of the 2008 and early 2009 market downturn. Our in-depth knowledge of the Greater Shanghai property market gained from our more than ten years of experience enhances our ability to identify and acquire land in strategic locations in and near the Greater Shanghai Economic Circle.

Strong emphasis on distinctive and award-winning design that enables us to maintain our target customer base and high selling prices

We place strong emphasis on the design of our property development projects, which are conducted by both our internal design team as well as reputable external design firms. We maintain an in-house design team under our design management department comprised of highly qualified professionals including members with extensive experience in designing high profile projects such as the Oriental Plaza in Beijing. In addition, we retain reputable architectural and design firms, including Palmer & Turner Group International Ltd., Callison and The Jerde Partnership. To create distinctive and cutting-edge designs for our property development projects, our design management department works closely with the external designers in master planning and detailed design to ensure that the design and style of our projects match the taste and requirements of our target customer base. We also emphasize new design concepts such as maximizing energy efficiency and environmentally friendly design.

As a result of our distinctive and cutting-edge designs, our Shanghai Garden project has been awarded the Shanghai Habitat Classic Prize by the National Habitat Architectural Design Competition Committee in 2004, our Chamtime Lake Mountain Villa has been awarded Excellent Residence Grand Prize by the Real Estate Committee of China Hi-Technology Construction and Building Materials Committee in 2008, and our Chamtime Mountain View Villa project has been awarded the Excellent Residence Energy Efficiency & Environmental Protection Prize (全國優秀住宅節能環保獎) and Excellent Residence Hi-Technology Application Prize (全國優秀住宅高新科技應用獎) by the Real Estate Committee of China Hi-Technology Construction and Building Materials Committee* (全國高科技建築建材產業化委員會房地產專業委員會) in 2008. Our Directors believe that with our strong emphasis on project design, we are able to maintain higher selling prices of our property development projects as compared to our peers.

Strong execution capabilities in developing high quality properties

We position our products in the market by emphasizing distinctive design, high quality materials, fine workmanship and effective project management. Our market positioning is underpinned by our commitment to quality and our strong execution capabilities. Our execution experience and capabilities ensure that we maintain consistency in quality control across projects and we are able to replicate our successes in future projects, which is integral to establishing our market position and brand recognition.

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We pro-actively coordinate between our contractors and our own professionals to ensure each project is completed in an integrated and cost-effective manner. We engage recognized professional firms to undertake key aspects of the property development process, including award-winning materials suppliers, quality construction contractors and international property services companies such as Jones Lang LaSalle.

Demonstrating our execution capabilities, we have delivered all of our properties on time during the Track Record Period. Our commitment to quality and execution capabilities are also evidenced by the speed at which we have sold our residential properties and leased our commercial properties. The high occupancy rates and our ability to retain quality tenants in our Chamtime International Financial Center demonstrate our execution capabilities for commercial properties. As of July 31, 2010, Chamtime International Financial Center had a 100% occupancy rate with over 65% of the office tenants being finance sector-related companies, such as international and domestic banks, securities firms, futures trading firms and insurance companies.

In addition, our projects have received a number of awards for quality, design and prestige. For example, our Shanghai Garden project was named as one of the “Top Ten Most Prestigious Houses in Shanghai” jointly by the Center for Housing Industrialization of Ministry of Housing and Urban-Rural Development of the People’s Republic of China in 2003, “Most Popular Villa in Shanghai” in 2004 by the Shanghai Evening Post, as well as “Most Valuable Villa in Shanghai” in 2009 by the Shanghai Morning Post.

Prudent financial strategy evidenced by our effective cost management and strong cash balance

Our Directors are of the view that, through our detail-oriented and comprehensive project management system, which we have developed over a number of years, we can effectively control costs and minimize execution risks in the development process while maintaining the high quality of our properties. We seek to maintain strict financial discipline in our operations, monitoring our cash flow position and our costs and expenses from land acquisition to construction. Our financial discipline allows us to lower risks, maximize our returns on capital and remain poised to capture strategic market opportunities as they emerge. Our strong cash position allowed us to strategically acquire a number of property developments and sites in the past at competitive prices primarily using internally generated funds from property sales. Our balanced approach along with our prudent financial strategy has allowed us to fund our expansion largely through cash generated from sales of our properties. As of April 30, 2010, we had RMB1,180.0 million in cash and cash equivalents.

Experienced founding team and professional management guided by commitment to integrity and high ethical standards

We believe our experienced founding team and professional management have contributed to our success and will continue to be a critical factor for our expansion and long-term growth. Our Chairman, Chairman Zhao, has approximately 17 years of experience in operating and managing enterprises in the PRC and has more than ten years of experience leading our property development business. Chairman Zhao is also a standing director of the China Entrepreneurs Association. Our senior management team on average has over ten years of experience in the PRC property sector, with considerable strategic planning and business management capabilities. Several of our senior management, including Zhang Wenhao,

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Vincent Tze Kun Chia, Zhou Yajun and Zhao Zhen, have extensive experience in the development, sales and management of international and domestic real estate companies. We believe that by retaining and employing individuals with domestic as well as overseas backgrounds, we have been able to build on their collective expertise in both the local and international property markets, and selectively apply different ideas, concepts and practices such that we can develop and sell properties that appeal to our target customers.

Chairman Zhao and our management team believe in the value of integrity and high ethical standards. We seek out professionals at all levels of the Group who share these views, and we believe our commitment to these values is an important factor in strengthening our execution capabilities and maintaining prudent financial management and sound internal controls.

OUR STRATEGIES

Our goal is to become one of the most prestigious and well-recognized developers of high-end residential and premium commercial properties in Shanghai and other selected cities in and near the Greater Shanghai Economic Circle by implementing the following business strategies:

Maintain a regional focus on the Greater Shanghai Economic Circle and strategically expand into other selected cities in and near the Greater Shanghai Economic Circle

Leveraging our successful completed projects in Shanghai and Changshu, we intend to expand our project portfolio into additional selected cities in and near the Greater Shanghai Economic Circle. We will maintain a core regional focus to capitalize on the region's rapid economic growth, maximize our brand recognition and maintain efficient operations. We are able to expand quickly in cities in and near the Greater Shanghai Economic Circle due to our strong understanding of the market and the preferences of our target customers in the region. By replicating the most successful aspects of our existing projects in Shanghai and Changshu, we can quickly and efficiently develop new projects in those cities. We expect Chamtime Plaza to become a major landmark commercial complex within the Zhangjiang Hi-Technology Park in Pudong New District, containing premium office, entertainment and retail space in a landscaped environment. Our Chamtime International Towns in Changshu and Wuxi are designed to be large-scale integrated communities featuring residential properties and diverse supporting commercial facilities.

We intend to continue to adopt a prudent and disciplined strategy for land acquisition. Using our established processes and criteria for project selection, we will pursue projects based on our analysis of their expected returns in the context of future property and economic trends in Shanghai and other cities in and near the Greater Shanghai Economic Circle. We believe that our brand recognition and track record in developing quality and award-winning property developments will continue to facilitate us in identifying opportunities to acquire prime land reserves in Shanghai and other cities in and near the Greater Shanghai Economic Circle. We also intend to continue to seek out opportunities to acquire existing undeveloped or semi-developed projects in prime locations from other developers.

Further optimize our diversified business model of developing high-end residential and premium commercial properties

We will continue focusing on high-end residential properties while also diversifying our revenue streams by maintaining a portfolio of premium commercial properties. We intend to retain some of our commercial projects in prime locations to generate stable rental income and

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maximum long-term value appreciation and strategically sell the remaining portion of our commercial property portfolio to optimize the balance between cash flows from sales of property and stable rental income growth. We intend to enter into long-term tenancy agreements with reputable anchor tenants for our commercial properties in order to secure stable and recurring rental income streams. In this way, we intend to maintain a diversified property portfolio designed to achieve high, stable revenue growth and gross profit margins with steady cash flows, while lowering the risk of over-reliance on any individual property sector.

Enhance recognition of our “Chamtime/長泰” brand by developing market-leading projects and offering quality services tailored to our target customers

We believe we have established a well-recognized brand in the market that is associated with high-quality products enabling us to enjoy a competitive advantage over our competitors in terms of pricing of our products. We intend to continue to devote ourselves to developing high-quality and innovative property projects, such as developing landmark properties in prime locations, in order to further enhance our brand recognition. We expect Chamtime Plaza to become a major landmark commercial complex within the Zhangjiang Hi-Technology Park in Pudong New District, containing premium office, entertainment and retail space in a landscaped environment. Our Chamtime International Towns in Changshu and Wuxi are designed to be large-scale integrated communities featuring residential properties and diverse supporting commercial facilities.

We also intend to continue to devote significant resources to promoting “Chamtime/長泰” as a prestigious brand by continuing to focus on design, quality, innovation and green living concepts in our residential property projects, while emphasizing modern design, advanced facilities and infrastructure, and quality service in our commercial properties. We recognize that customer loyalty is a key factor to our success. We will continue to seek avenues to connect with our target customers such as through our “Chamtime Club” and community-oriented activities. In addition, we are committed to offering quality ancillary services to owners of our residential properties and tenants of our commercial properties to differentiate ourselves in the competitive Shanghai market.

Continue to exercise financial discipline in our business operations and increase sources of capital financing

We aim to maintain an effective and efficient management structure and continue to exercise fiscal prudence in the operation of our business, including continuing our measures to control construction and other costs. We are committed to adhering to internationally recognized best practices in relation to our internal controls and corporate governance policies. In order to maintain capital and cost efficiency to ensure steady and sustainable long-term growth, and to maintain the sufficient quality of future projects for development, we will continue to actively monitor our capital and cash positions and carefully manage such key indicators as land acquisition costs, construction costs, cash flows and fixed charge coverage ratios. In addition, we will continue leveraging our strong financial position to obtain attractive financing and refinancing opportunities, while maintaining a relatively low gearing ratio and strong liquidity position. We believe that, by adhering to such prudent financial management strategies and increasing sources of capital financing, we will be able to maintain a healthy capital structure, capture market opportunities to expand business operations as they arise, and build up a platform for steady and sustainable long-term growth.

OUR BUSINESS

Overview of Our Projects

Our current portfolio of property development projects consists of 12 projects under various stages of development in Shanghai, Changshu, Kunshan, Wuxi and Qidong in Jiangsu Province. Our projects include high-end residential properties, primarily detached or townhouse-style villas and full-floor apartments, as well as premium commercial properties, which generally comprise office and retail space. Our Chamtime Plaza is designed as a large-scale integrated mixed-use development including office, entertainment and retail space. The following map shows the geographic locations of our 12 property development projects:



The table below sets out saleable and rentable GFA figures of our properties for sale and investment as of July 31, 2010:

	Properties Completed	Property under Development	Properties for Development		
			Land Use Rights Certificate Obtained (A)	Land Use Rights Certificate Not Yet Obtained (B) (in sq.m.)	Total Saleable/Rentable GFA (C=A+B)
Properties for Sale and Investment:					
Residential	273,773	158,675	1,671,533	750,000	2,421,533
Commercial:					
Office	47,618	31,882	101,516	181,000	282,516
Retail	200	9,478	126,311	105,500	231,811
Car Parks	40,874	11,109	231,875	82,500	314,375
Total	362,465	211,144	2,131,235	1,119,000	3,250,235

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The site area information for an entire project is based on either the relevant land use rights certificates, land use rights grant contracts or tender documents, depending on which documents are available. If more than one document is available, such information is based on the most recent document available. The aggregate GFA or total GFA of a project includes saleable and non-saleable GFA, as well as rentable GFA. "Saleable GFA" represents the GFA of a property which we intend to sell and which does not exceed the multiple of the site area and the maximum permissible plot ratio as specified in the relevant land use rights grant contracts or other approval documents from the local governments relating to the project. "Non-saleable GFA" represents the GFA of a property which is not for sale and largely includes ancillary facilities such as clubhouses. "Rentable GFA" refers to GFA that is not for sale and is available for rental purposes.

The figures for aggregate GFA, total GFA, saleable GFA and rentable GFA that appear in this prospectus are based on figures provided in the relevant government documents, such as property ownership certificate, construction work planning permit, presale permit, construction land planning permit or land use rights certificate. The following information that appears in this prospectus are based on our internal records and estimates: (a) figures for GFA under development, GFA for future development, GFA sold, GFA presold and non-saleable GFA; and (b) information regarding total cost of development (including land costs, construction costs and capitalized finance costs), planned construction period, number of units, number of units presold and selling price. The information setting out the construction period for the completed blocks or phases of our projects in this prospectus is based on relevant government documents or our own internal records.

Properties are considered sold when the purchase contract with a customer has been executed and the properties have been delivered to the customer. Properties are considered presold when the purchase contract has been executed but the properties have not yet been delivered to the customer.

We include in this prospectus the project names which we have used, or intend to use, to market our properties. Some of the names for our property developments are pending approvals by the relevant government authorities and may be subject to change.

We divide our property developments into three categories as shown in the below table:

- Completed – comprising property projects we have completed construction for, with the certificates of completion issued by the relevant government authorities;
- Under development – comprising property projects with respect to which we have received land use rights certificates and received the construction work commencement permit but have not yet received the completion certificate issued by the relevant government authorities; and
- Held for future development – comprising property projects with respect to which we have successfully bid for land parcels through a listing-for-sale held by local government, signed the relevant land use rights grant contracts with the relevant PRC land administrative authorities or acquired the project company holding land use rights in relation to the land, in each case, we have not yet commenced construction.

Project	COMPLETED										HELD FOR FUTURE DEVELOPMENT					Our Attributable Pesale Capital Value ⁽²⁾ as of July 31, 2010 Date (RMB in million)
	Site Area (sq.m.)	Total GFA Completed (sq.m.)	Saleable Rentable GFA (sq.m.)	Of Which Delivered (sq.m.)	Of Which Undelivered (sq.m.)	Of Which Remains Unsold (sq.m.)	Of Which For Investment (sq.m.)	Planned Total GFA (sq.m.)	Planned Saleable Rentable GFA (sq.m.)	Planned Total GFA (sq.m.)	Of Which Pre-sold (sq.m.)	Planned Total GFA (sq.m.)	Planned Saleable Rentable GFA (sq.m.)	Planned Total GFA on Land Parcels of Rights Certificate Not Yet Obtained (sq.m.)	Estimated Amount of Outstanding Capital Expenditure as of July 31, 2010 (RMB in million)	
Shanghai																
Shanghai Garden	140,389	173,970	167,539	137,124	5,717	24,688	-	-	-	-	-	-	-	-	100	475 January 1, 2004
Chamtime Western Villa Phase II (Royal Court)	-	18,059	12,688	414	1,358	10,925	-	-	-	-	-	-	-	-	100	598 October 18, 2009
Chamtime Western Villa Phase III	-	37,536	23,870	16,373	6,142	1,355	-	-	-	-	-	-	-	427	100	173 November 26, 2008
Chamtime Western Villa Phase III	400,102	-	-	-	-	-	-	98,840	62,152	4,920	-	64,850	41,108	-	100	2,263 April 10, 2010
Chamtime Western Villa Phase IV	-	-	-	-	-	-	-	-	-	-	-	-	-	-	100	1,236 N/A
Chamtime Eastern Garden Phase I	242,644	-	-	-	-	-	-	91,835	74,895	-	-	89,844	157,772	1,260	100	1,451 N/A
Chamtime Eastern Garden Phase II	-	-	-	-	-	-	-	-	-	-	-	-	-	-	100	375 N/A
Chamtime Eastern Garden Phase III	-	-	-	-	-	-	-	-	-	-	-	-	-	-	100	1,361 N/A
Chamtime International Financial Center	9,290	58,017	57,805	-	-	57,805	-	-	-	-	-	-	-	-	100	2,098 N/A
Chamtime Corporate Avenue Plaza	9,487	-	-	-	-	-	-	47,886	47,822	-	-	-	-	219	100	1,014 N/A
Chamtime Plaza	83,741	-	-	-	-	-	-	-	-	-	-	319,081	319,081	1,544	100	3,399 N/A
Subtotal	885,613	287,602	261,912	153,911	13,217	36,978	57,805	298,561	194,669	4,920	656,510	606,945	3,450	-	-	15,583
Changshu																
Chamtime Lake Mountain Villa Phase I	77,084	44,539	30,653	29,740	497	416	-	-	-	-	-	-	-	-	100	46 July 17, 2008
Chamtime Lake Mountain Villa Phase II	-	30,445	21,977	14,704	7,753	-	-	-	-	-	-	-	-	-	100	46 July 21, 2009
Chamtime Mountain View Villa Phase I	95,053	38,871	32,510	20,832	1,678	-	-	35,699	26,475	25,693	-	-	-	70	100	26 September 1, 2008
Chamtime Mountain View Villa Phase II	-	37,772	25,413	20,526	4,887	-	-	-	-	-	-	-	-	-	100	225 July 7, 2009
Chamtime International Town (Changshu, China)	174,309	-	-	-	-	-	-	-	-	-	-	152,857	115,106	657	100	261
Subtotal	346,446	151,627	100,553	85,802	14,335	416	-	35,699	26,475	25,693	152,857	115,106	727	-	100	558
Kunshan																
Chamtime Noble Palace	419,428	-	-	-	-	-	-	-	-	-	484,785	425,285	170,000	2,334	100	639 N/A
Wuxi																
Chamtime International Town (Wuxi, China)	499,779	-	-	-	-	-	-	-	-	-	1,135,000	953,000	1,135,000	5,145	100	N/A N/A
Qidong																
Chamtime Coast Town	1,271,962	-	-	-	-	-	-	-	-	-	1,330,000	1,150,000	-	7,610	100	1,911 N/A
Total	3,423,228	439,229	362,465	239,713	27,552	37,394	57,805	274,280	211,144	30,613	3,709,152	3,259,235	1,305,000	19,266	-	18,891

(1) All GFA information is as of July 31, 2010. The planned GFA of Phase II and Phase III of Chamtime Eastern Garden, Chamtime International Town (Changshu, China), Chamtime Noble Palace, Chamtime International Town (Wuxi, China) and Chamtime Coast Town is calculated based upon our development plans, which are subject to approval from local authorities, including the local land administration authority, local city zoning authority and local environmental authority. In addition, we are in the process of applying for a change of the approved use of two of our land parcels at our Chamtime Coast Town site from other commercial service use into commercial and residential use. We may be required to pay an additional land grant premium as determined by relevant land authorities for such change of approved use. As advised by Commerce and Finance, our PRC legal adviser, whether the grant of the updated land use rights certificate or the change in land usage will be subject to payment of additional land grant premium is solely at the discretion of relevant PRC land authorities and therefore we are unable to make any assessment as to whether or not such additional land grant premium will be required. However, our PRC legal adviser does not expect there will be any legal impediment for us to obtain the updated land use rights certificates and to change the land usage. Therefore, the estimated completion date of our Chamtime Coast Town project is based on our development plan and is dependent on our success in obtaining the relevant approvals. Pursuant to our agreement with Shanghai Yingtai, Shanghai Yingtai is assisting us, at its own cost, in obtaining such change of approved use and any additional land grant premium shall be borne by Shanghai Yingtai.

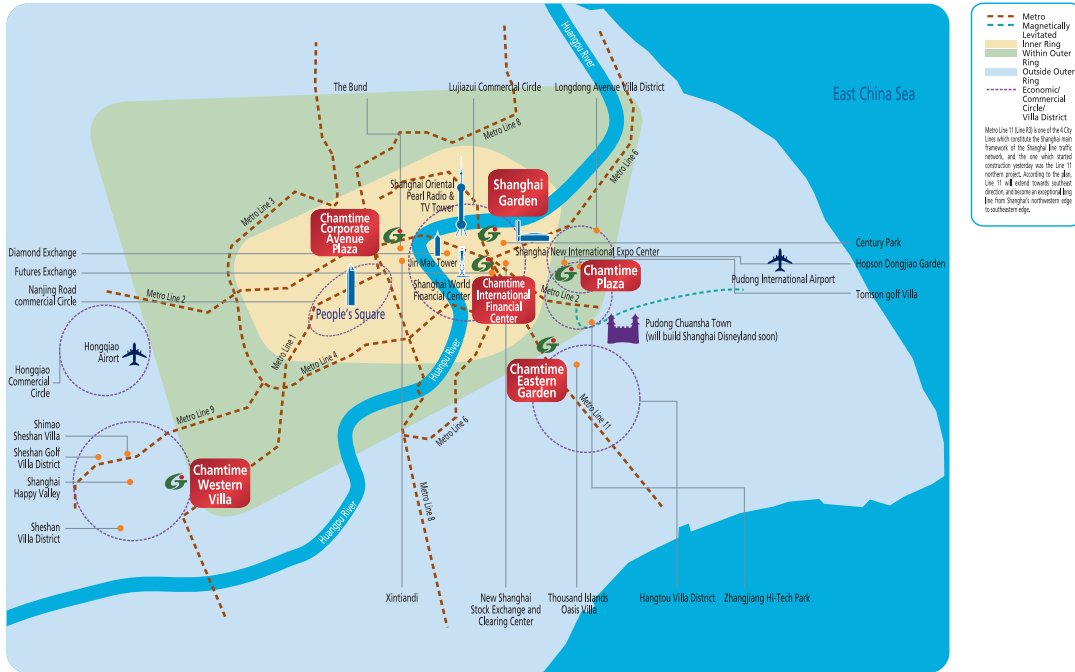
(2) For detailed valuation of each of our property development projects, please refer to Appendix IV "Property Valuation" to this prospectus.

(3) Total GFA includes saleable/rentable GFA and non-saleable/non-rentable GFA.

OUR PROPERTY DEVELOPMENT PROJECTS

I. Our Property Development Projects in Shanghai

The following map indicates the locations of our residential and commercial projects in Shanghai:



Shanghai Garden (上海灘花園洋房)



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Shanghai Garden is a high-end, low-density residential development located in the Lujiazui area of Pudong New District, Shanghai's financial district. The development comprises 608 residential units within 41 buildings of four to six floors each, and also includes 867 car parking spaces. All of the residential units and car parking spaces have been developed for sale. The development covers a total site area of 140,389 sq.m., with a total GFA of approximately 173,970 sq.m., of which 167,539 sq.m. is saleable GFA.

Shanghai Garden offers residents the rare combination of low-density and green living environment, large per-unit floor area and close proximity to downtown Shanghai. In addition, Shanghai Garden is less than one kilometer from the Huangpu River. The development has a green coverage ratio of over 45% along with a plot ratio of 0.97. Residential units range from approximately 160 sq.m. to approximately 350 sq.m. in size. Shanghai Garden also offers a wide range of lifestyle amenities, including a clubhouse of approximately 3,800 sq.m.

Being the first residential project developed by our Group, Shanghai Garden has won numerous awards and accolades, including:

- “Top Ten Most Prestigious Houses in Shanghai” (2003上海十大名宅) in 2003 jointly by the Center for Housing Industrialization of Ministry of Housing and Urban-Rural Development of the People's Republic of China* (中國建設部住宅產業化促進中心), China News Service (中國新聞社), New Home Version Magazine (新住宅視點雜誌社) and China News Nationwide Housing Marketing Co., Ltd.* (中新國房市場推廣有限公司);
- “Most Popular Villa in Shanghai” (2004上海最受歡迎樓盤) in 2004 by the Shanghai Evening Post (新聞晚報);
- 2004 Shanghai Habitat Classic by the National Habitat Architectural Design Competition Committee* (全國人居經典方案賽組委會) and Jiefang Daily (解放日報) in 2004;
- Four High Model Communities of Shanghai (上海市「四高」優秀小區) in 2005 by the Shanghai Housing and Land Administration (上海市房屋土地資源管理局); and
- Ranked number eight in 2006 by the Shanghai Real Estate Trading Center (上海房地產交易中心) among Shanghai residential projects in terms of aggregate sales proceeds in 2005 and was awarded with “Most Valuable Villa in Shanghai” (上海最具絕版價值名盤) in 2009 by the Shanghai Morning Post (新聞晨報).

We acquired the project site in 1999. The project began construction in August 2003 and was completed in August 2005, with a total number of 608 units covering a total GFA of 173,970 sq.m. Our total cost of development of the project, including land costs and construction costs was RMB1,024 million. We sold Shanghai Garden in five tranches beginning in 2004, with the last tranche of the project expected to be sold and delivered to buyers by the end of 2010. As of July 31, 2010, nine units covering a total GFA of 2,430 sq.m. remained unsold. Although we maintained stable sales prices in 2008, due to the global financial crisis we experienced a decline in sales volume for our Shanghai Garden properties. As of July 31, 2010, 245 car parking spaces had been sold.

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Details of the project as of July 31, 2010 were as follows:

Construction period	Aug. 2003 – Aug. 2005
Date of presale permit	Jan. 2004
Total saleable GFA (sq.m.)	167,539
Number of units	608
Number of units sold	599
Number of parking spaces	867
Number of parking spaces sold	245
Average selling price (RMB/sq.m.)*	45,261

* calculated from contract sales prices for the seven months ended July 31, 2010

As advised by Commerce and Finance, our PRC legal adviser, we have obtained all required legal documents in relation to the construction of the project, including the land use rights certificate, construction work planning permit and construction work commencement permit, and have fully paid the land transfer consideration.

Shanghai Garden was developed by us through our wholly owned subsidiary Shanghai Changjia Property. Construction of Shanghai Garden was undertaken by Guangdong No.1 Construction Engineering Co., Ltd.* (廣東省第一建築工程有限公司) and Shanghai Fanhua Engineering Co., Ltd.* (上海泛華工程有限公司), and the property management is run by our wholly owned subsidiary, Shanghai Changyi.

Chamtime Western Villa (長泰西郊別墅)





Chamtime Western Villa is a high-end residential development located in Songjiang District to the southwest of central Shanghai. Chamtime Western Villa is located near three major expressways, G15, G50 and G60, that connect the area of the project with the Hongqiao and Xujiahui business districts of Shanghai. The development comprises 507 detached villas with spacious yards. All of the villas have been developed for sale. The development covers a total site area of 400,102 sq.m., with a total planned GFA of 219,305 sq.m., of which 139,828 sq.m. is saleable GFA. The project is divided into four phases.

Chamtime Western Villa offers residents spacious and high-quality villas designed in a variety of architectural styles, including Italian, Spanish and American. The project contains an artificial lake of up to 20,000 sq.m. and is surrounded by a natural river. Many of the properties are located adjacent to the natural river that runs through the development. The development boasts a green coverage ratio of over 50% along with a plot ratio of 0.35. The villas range from approximately 200 sq.m. to approximately 500 sq.m. in size, and the land area of each unit is up to approximately 2,380 sq.m.

Chamtime Western Villa has won numerous awards and accolades, including 2009 Elite Top Choice Villa Grand Prize (2009年度精英首選別墅綜合大獎) by the Oriental Morning Post (東方早報) and 2009 Ten Most Watched Developments (2009 上海十大關注樓盤綜合獎) by the Xinmin Evening Post (新民晚報).

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We acquired the project site in two tranches from 2002 and developed it in four phases. Phase I (Royal Court) of the project began construction in October 2006 and was completed in November 2009, with a total GFA of 18,059 sq.m. including a total number of 30 units covering a total GFA of 12,698 sq.m. and a clubhouse. Phase II began construction in July 2008 and was completed in March 2010, with a total number of 91 units covering a total GFA of 37,556 sq.m. We obtained the presale permits for Phase I (Royal Court) and Phase II in November 2008 and October 2008, respectively. The presale of Phase II commenced in November 2008. We commenced the delivery of Phase II units in April 2010 and expect to deliver all properties sold by the end of 2010. As of July 31, 2010, five units of Phase II of the project, covering a total GFA of 1,355 sq.m., remained unsold. We expect that all units will be sold by the end of 2010. For marketing reasons, we did not begin presales of Phase I (Royal Court) properties until October 2009, at which time property market demand had improved from its levels in late 2008 and early 2009 and construction was nearing completion. No time limit has been imposed by the local government in respect of the presale of Phase I (Royal Court) and there has been no dispute or complaint involving us related to our delayed launch of the presale of Phase I (Royal Court). As of July 31, 2010, the cost of development including land costs and construction costs incurred on this project was RMB837.5 million. The estimated total cost of development of this project, including land and construction costs, is RMB1,264.4 million.

Phase III of the project commenced construction in July 2009 and is expected to be completed in two tranches by December 2011, with a total of 233 units covering a total GFA of 98,840 sq.m. We commenced presale of Phase III in April 2010. Phase IV of the project is expected to commence construction in March 2011 and is expected to be completed by December 2013, with a total of 153 units covering a total GFA of 64,850 sq.m.

Details of the project as of July 31, 2010 were as follows:

	Phase I (Royal Court)	Phase II	Phase III	Phase IV
Construction period	Oct. 2006 – Nov. 2009	Jul. 2008 – Mar. 2010	Jul. 2009 – Dec. 2011	Mar. 2011 – Dec. 2013
Date of presale permit	Nov. 2008	Oct. 2008	Mar. 2010	N/A
Total saleable GFA (sq.m.) . . .	12,698	23,870	62,152	41,108
Number of units.	30	91	233	153
Number of units presold	5	86	20	–
Average selling price (RMB/sq.m.)*	48,073	N/A	41,445	N/A

* calculated from contract sales prices for the seven months ended July 31, 2010

As advised by Commerce and Finance, our PRC legal adviser, we have obtained all required legal documents in relation to the construction of Phases I to III of the project, including land use rights certificate, construction work planning permit and construction work commencement permit, and have fully paid the land grant premiums. We are required to obtain relevant legal documents prior to the commencement of the construction of Phase IV.

Chamtime Western Villa was developed by us through our wholly owned subsidiary, Shanghai Deji. Construction of Chamtime Western Villa was undertaken by Jiangsu Nantong No. 3 Construction Group Co., Ltd.* (江蘇南通三建集團有限公司) and Shanghai Boshen Construction Company Limited* (上海柏申建築有限公司).

Chamtime Eastern Garden (長泰東郊御園)



Chamtime Eastern Garden is a large-scale villa development located in the Hangtou area near the center of the Nanhui area of Pudong New District. The project has three phases and is located in an area with numerous villa communities between downtown Pudong and Pudong International Airport. Chamtime Eastern Garden is within 23 kilometers of Pudong International Airport and will boast convenient transportation links as a planned inter-change station of two subway lines is adjacent to the project. In addition, Chamtime Eastern Garden is only 14 kilometers from the planned site for Shanghai Disneyland, which is planned to be completed by 2014. Phase I and Phase II of the planned development comprise 828 townhouse-style villas. Phase III of the planned development comprises 1,200 apartment units. All of the villas and apartments, along with 840 underground and above-ground car parking spaces, are being developed for sale. The development covers a total site area of 242,644 sq.m., with a total planned GFA of 364,414 sq.m., of which 321,551 sq.m. will be saleable GFA.

The development is intended to have a green coverage ratio of over 35% along with a plot ratio of 1.2. Villas will range from approximately 180 sq.m. to approximately 250 sq.m. in size, while apartment units will range from approximately 90 sq.m. to approximately 350 sq.m. in size.

BUSINESS

We acquired the project site in May 2008 by acquiring Shanghai Haoquan, which has now become one of our wholly owned subsidiaries. Construction commenced in September 2009. Phase I of the project is expected to be completed in December 2011, with an estimated total of 364 villas covering a total planned GFA of 91,835 sq.m. Phase II and Phase III are expected to be completed in December 2012 and December 2014, with an estimated total of 464 villas covering a total planned GFA of 112,881 sq.m. for Phase II and an estimated total of 1,200 apartment units covering a total planned GFA of 159,698 sq.m. for Phase III. We commenced the presale of properties of Chamtime Eastern Garden Phase I in September 2010. As of July 31, 2010, the cost of development including land costs, resettlement costs, and construction costs incurred on this project was RMB1,045.7 million. The estimated total cost of development of this project, including land and construction costs, is RMB2,305.6 million.

Details of the project as of July 31, 2010 were as follows:

	Phase I	Phase II	Phase III
Estimated construction period	Sep. 2009 – Dec. 2011	Aug. 2010 – Dec. 2012	Mar. 2012 – Dec. 2014
Expected date of presale permit.	Sep. 2010	Jan. 2012	Aug. 2013
Planned total saleable GFA (sq.m.)	74,895	89,384	157,272
Planned number of units	364	464	1,200

As advised by Commerce and Finance, our PRC legal adviser, we have obtained all required legal documents in relation to the construction of Phase I and a portion of Phase II of the project, including land use rights certificate, construction land planning permit, construction work planning permit and construction work commencement permit, and have fully paid the land grant premiums. We are required to obtain relevant legal documents prior to the commencement of the construction of Phase III and the remaining portion of Phase II.

Construction of Chamtime Eastern Garden was undertaken by Jiangsu Nantong No. 3 Construction Group Co., Ltd.* (江蘇南通三建集團有限公司) and Changye Construction Group Co., Ltd.* (長業建設集團有限公司).

Chamtime International Financial Center (長泰國際金融大廈)

Chamtime International Financial Center is a high-rise office building development located at 1589 Century Avenue in Shanghai's Pudong New District, adjacent to the Shanghai Diamond Exchange and Shanghai Futures Exchange and the planned site of the new Shanghai Stock Exchange in the greater Lujiazui financial district. Chamtime International Financial Center is also adjacent to Century Avenue Station, a subway hub connecting lines two, four and six, and offers convenient street access. The development includes a 22-story International Grade A office building, covering a total site area of 9,250 sq.m. and total GFA of 58,017 sq.m. All units and the car parking spaces have been developed for lease and are classified as investment property on the Group's combined balance sheets. The total rentable GFA of Chamtime International Financial Center is 57,805 sq.m. Our total cost of development of this project, including land and construction costs, was RMB479.4 million.

BUSINESS



Chamtime International Financial Center was developed by us through our wholly owned subsidiary, Shanghai Changjia Property. Construction of Chamtime International Financial Center was undertaken by Longyuan Construction Group Co., Ltd.* (龍元建設集團股份有限公司) and the property management is run by Jones Lang LaSalle. We entered into an agency agreement with Jones Lang LaSalle in September 2006 pursuant to which Jones Lang LaSalle acted as our exclusive leasing agent, which expired in June 2009, and a property management agreement pursuant to which Jones Lang LaSalle shall be in charge of the property management of Chamtime International Financial Center. Our commercial department is now responsible for developing new tenants and leases, and we intend to renew our property management agreement with Jones Lang LaSalle when it expires. Chamtime International Financial Center was

awarded ISO 9001:2000 Certification in 2008 which certifies our management services meet internationally recognized standards for high quality.



BUSINESS

We acquired the site of Chamtime International Financial Center from its original developer, China Automobile Trading (Eastern China) Co., Ltd.* (中國汽車貿易華東公司), in September 2002. The construction of the project commenced in March 2006 and was completed in January 2008. Due to the global financial crisis, we experienced a slight decline in rental rates for our Chamtime International Financial Center in the second half of 2008. As of December 31, 2009, the average unit rental rate of Chamtime International Financial Center was RMB189 per sq.m. per month. Rental rates are determined by several factors, including location, quality and market condition. As of July 31, 2010, the occupancy rate of Chamtime International Financial Center was 100%, with over 65% of the office tenants being finance sector-related companies, such as international and domestic banks, securities firms, futures trading firms and insurance companies. We believe that we generally enjoy a premium in our unit rental rate over the average unit rental rate of surrounding office buildings.

As advised by Commerce and Finance, our PRC legal adviser, we have obtained all required legal documents in relation to the construction and the completion of the project, including land use rights certificate, construction work planning permit and construction work commencement permit, and have fully paid the land transfer consideration.

Chamtime Corporate Avenue Plaza (長泰企業天地廣場)



Chamtime Corporate Avenue Plaza is a high-rise office building development located at Haining Road in Shanghai's commercially vibrant Zhabei District, within two kilometers of People's Square in central Shanghai. The development is expected to include a 23-story International Grade A office building, a four-story mixed-use development, a 4,631 sq.m. retail space and 11,109 sq.m. of car parking spaces, covering a total site area of 9,487 sq.m. and total GFA of 47,886 sq.m. The construction of Chamtime Corporate Avenue Plaza started in March 2009 and is expected to be completed by December 2011.

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Chamtime Corporate Avenue Plaza is developed by us through our wholly owned subsidiary, Shanghai Changhe. To ensure the cutting-edge design of our project, we engaged an internationally recognized architect, Palmer & Turner Consultants (Shanghai) Ltd., who has experience in designing the Corporate Avenue in Shanghai and the Oriental Plaza in Beijing, to participate in the design of our Chamtime Corporate Avenue Plaza. Construction of Chamtime Corporate Avenue Plaza was undertaken by Zhongtian Construction Group Co., Ltd.* (中天建設集團有限公司).

In 2008, we entered into acquisition agreements with an independent third party, Shanghai Shenghesheng, to acquire the site of Chamtime Corporate Avenue Plaza as a project under construction. On December 2, 2009, we entered into a project transfer agreement and the land use rights in respect of the site of that project were transferred to us in February 2010, and other ancillary government permits relating to that project have since been transferred to us. The estimated total cost of development of this project, including approximately RMB543.1 million consideration we paid to Shanghai Shenghesheng which covers land and construction costs incurred by Shanghai Shenghesheng prior to signing of the project transfer agreement, is RMB780.3 million.

Chamtime Plaza (長泰廣場)

Chamtime Plaza is a large-scale integrated mixed-use development located in the heart of Zhangjiang Hi-Technology Park in Shanghai's Pudong New District, adjacent to Jinke Station on Shanghai's subway line number two. We intend to build this project as the largest integrated commercial complex in Zhangjiang Hi-Technology Park, in which we expect to see significant economic and population growth over the next decade.

The development is expected to include four high-rise office buildings, a theater, a shopping mall and approximately 2,500 car parking spaces. The project covers a total site area of 83,741 sq.m. with total planned rentable GFA of approximately 319,081 sq.m. Of the total planned GFA, approximately 101,516 sq.m. will be office space, approximately 117,469 sq.m. will be retail and entertainment space and approximately 100,095 sq.m. will be carparks. The construction of Chamtime Plaza is expected to be completed in two phases by July 2013 and December 2014, respectively. We expect that a portion of the office space will be sold to investors while the remaining units and the car parking spaces will be held for lease and will be classified as investment property on the Group's combined balance sheets upon completion.

We acquired the site of Chamtime Plaza through the acquisition of Shanghai Jindilianchuang, in November 2009. The construction of the project is expected to commence in December 2010 and be completed in December 2014. We have retained leading international design firms to conduct project design of Chamtime Plaza, including Callison and The Jerde Partnership. As of July 31, 2010, the cost of development which reflected only the land costs incurred on this project was RMB804.6 million. The estimated total cost of development of this project, including land and construction costs, is RMB2,348.8 million, which does not take into account any additional land grant premium the government may charge (if any).

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In addition, since this land parcel had not been developed for more than two years by its previous land users before the transfer to us, it may be exposed to the risk of being considered idle land by government authorities, which could result in the abovementioned penalties, including idle land fees and forfeiture of land, being imposed on us. The idle land fee imposed by the relevant PRC land bureau may be up to 20% of the land grant premium, or approximately RMB35.8 million. Our PRC legal adviser is of the view that we are entitled to claim full compensation, including idle land fee, land acquisition cost, penalty and any development cost incurred, as there may be, against the immediate former owner of Shanghai Jindilianchuang in respect of any damages suffered by us as a result of such penalties being imposed on us by the government authorities, if any, before we obtain an updated land use rights certificate, pursuant to a letter of undertaking issued by that owner on November 16, 2009.

Our Directors are of the opinion that the risk of forfeiture for the land parcel in relation to the Chamtime Plaza project is remote as the Company's acquisition of the entire equity interest in Shanghai Jindilianchuang has been approved by the relevant PRC competent authority and has undergone all procedures in relation to the listing-for-sale of state-owned assets as required by the Shanghai United Assets and Equity Exchange. The Shanghai United Assets and Equity Exchange confirmed that Shanghai Changjia Property became eligible for the assignment of equity interest in Shanghai Jindilianchuang on May 4, 2009 and the date of the Share Purchase Agreement Concerning the Transfer of Shanghai Jindilianchuang entered into by Shanghai Changjia Property was August 3, 2009. We are also in the process of applying to Shanghai Municipal Bureau of Planning and Land Resources for signing of a supplemental land use rights grant contract for the land parcel for the Chamtime Plaza project and our PRC legal adviser is of the view that it is unlikely that the relevant PRC land authority will forfeit our land use rights to such land parcel. We obtained approval from the local authority for the design of our Chamtime Plaza project on February 5, 2010.

As of the Latest Practicable Date, we have not received any notice from the PRC authority identifying any idle land held by us or imposed any idle land fee on us. We acquired such land parcel because of its location in the center of ZHTP, where a large number of high-technology enterprises and high-end residential properties are located but lacks high-end office space and commercial complexes. We expect to develop our Chamtime Plaza project as a large complex to serve such needs. If our land is forfeited, we will not only lose the opportunity to develop the property projects on such land, but may also lose all our past investments in the land, including land acquisition and development costs, which will adversely affect our business and results of operations. For details, please refer to the section headed "Risk Factors – Risk Factors Relating to Our Business – Any failure by us to comply with the terms of our land use rights grant contracts may subject us to fines or forfeiture of land" in this prospectus. We expect to obtain the updated land use rights certificate by December 31, 2010. As we need to obtain such updated land use rights certificate before we commence construction, we may be subject to penalties imposed on us for not commencing construction within the prescribed time. Our Directors are of the view that this risk is remote as we expect to commence construction of our Chamtime Plaza project by December 2010 and are in the process of preparing for applying for relevant permits for construction, including, in the order of sequence, construction land planning permit, construction work planning permit and construction work commencement permit. Our PRC legal adviser is of the view that there is no legal impediment to us obtaining these permits if we submit the relevant applications and pay additional land grant premiums, if any. The Directors are of the view that our Company is unlikely to experience any delays in the commencement of construction of Chamtime Plaza by December 2010.

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We are targeting a wide range of tenants for both the office buildings and shopping mall, including among others, banks, restaurants, department stores, movie theaters and other entertainment venues. As of July 31, 2010, certain prominent international retailers and entertainment companies have shown an indication of interest in future leases and other cooperation. We believe that upon completion of the project, Chamtime Plaza will become an important attraction for consumers and residents of surrounding areas.

As advised by Commerce and Finance, our PRC legal adviser, we have obtained the land use rights certificate for this project and have fully paid the consideration in relation to the acquisition. We are required to obtain relevant legal documents, including the updated land use rights certificate, the construction work planning permit and construction work commencement permit, prior to the commencement of the construction of this project.

II. Our Property Development Projects in Other Cities in and near the Greater Shanghai Economic Circle

We currently have two residential property projects that have already begun development in cities in and near the Greater Shanghai Economic Circle, both of which are located in Changshu. The following map of Changshu shows the locations of these two projects:



Our current Changshu property developments are located to the south and northeast of Yushan National Forest Park, a 4A-graded national scenic area surrounding Yushan Mountain. Yushan Mountain is in the northwest of Changshu city and on the northeast of Shang Lake, and includes a forest of 1,260 hectares with 96% forest coverage. Shang Lake is also a 4A-graded national scenic area of 21.74 square kilometers and a water surface area of 800 hectares.

Chamtime Lake Mountain Villa (長泰尚湖山莊)



Chamtime Lake Mountain Villa is a high-end, low-density villa development located between Yushan National Forest Park and Shang Lake. The development comprises 236 townhouse-style villas. The development covers a total site area of 77,084 sq.m., with a total GFA of 74,984 sq.m., of which 52,630 sq.m. is saleable GFA. The project is divided into two phases.

Chamtime Lake Mountain Villa offers residents spacious and high-quality villas in a scenic environment in close proximity to downtown Changshu. Most of the villas have scenic views of Shang Lake or Yushan Mountain. The development has a green coverage ratio of over 31% and a plot ratio of 0.7. Each villa ranges from approximately 160 sq.m. to approximately 250 sq.m. in size. Chamtime Lake Mountain Villa also offers a wide range of lifestyle amenities, including a clubhouse of approximately 1,609 sq.m.

Chamtime Lake Mountain Villa has won numerous awards and accolades, including the Excellent Residence Grand Prize (全國優秀住宅綜合金獎) and Excellent Residence Hi-Technology Application Prize (全國優秀住宅高科技應用獎) by the Real Estate Committee of China Hi-Technology Construction and Building Materials Committee* (全國高科技建築建材產業化委員會房地產專業委員會) in 2008.

We acquired the project site through an auction held by the State Land and Resources Bureau of Changshu in 2006. The project began construction in June 2007. Phase I of the project was completed in November 2009, with a total number of 136 units covering a total GFA of approximately 44,539 sq.m. Phase II was completed in May 2010, with a total number of 100 units covering a total GFA of 30,445 sq.m. The total cost of development of this project, including land and construction costs, was RMB417.8 million. We have obtained all the presale permits for this project. We delivered the units of Phase I in January 2010. Presale of Phase II commenced in July 2009. As of July 31, 2010, all units of Phase II have been sold. We expect that all units of Phase I and Phase II will be delivered by the end of 2010.

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Details of the project as of July 31, 2010 were as follows:

	Phase I	Phase II
Construction period	Jun. 2007 – Nov. 2009	May 2008 – May 2010
Date of presale permit	Jun. 2008	Jun. 2008
Total saleable GFA (sq.m.)	30,653	21,977
Number of units	136	100
Number of units presold	134	100
Average selling price (RMB/sq.m.)*	14,900	11,400

* calculated from contract sales prices for the seven months ended July 31, 2010

As advised by Commerce and Finance, our PRC legal adviser, we have obtained all required legal documents in relation to the construction of the project, including land use rights certificate, construction land planning permit, construction work planning permit and construction work commencement permit, and have fully paid the land grant premium.

Chamtime Lake Mountain Villa was developed by us through our wholly owned subsidiary, Changshu Changtai. Construction of Chamtime Lake Mountain Villa was undertaken by Zhejiang Jian'an Industrial Group Co., Ltd.* (浙江建安實業集團股份有限公司) and the property management is expected to be run by Changshu Yuda.

Chamtime Mountain View Villa (長泰虞景山莊)



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Chamtime Mountain View Villa is a high-end, low-density villa development located on the northeast edge of Yushan National Forest Park. The development comprises 326 townhouse-style villas of three to four floors each, each with a private car parking space. The development covers a total site area of 95,053 sq.m., with a total GFA of 112,341 sq.m., of which 74,398 sq.m. is saleable GFA. The project is divided into three phases.

Chamtime Mountain View Villa offers residents spacious and high-quality villas in a scenic environment in close proximity to downtown Changshu. Most of the villas have scenic views of Yushan Mountain. The development has a green coverage ratio of over 35% and a plot ratio of 0.8. Each villa ranges from approximately 160 sq.m. to approximately 250 sq.m. in size. Chamtime Mountain View Villa also offers a wide range of lifestyle amenities, including a clubhouse of approximately 3,540 sq.m.

Chamtime Mountain View Villa has won numerous awards and accolades, including the Excellent Residence Energy Efficiency & Environmental Protection Prize (全國優秀住宅節能環保獎) and Excellent Residence Hi-Technology Application Prize (全國優秀住宅高新科技應用獎) awarded by the Real Estate Committee of China Hi-Technology Construction and Building Materials Committee* (全國高科技建築建材產業化委員會房地產專業委員會) in 2008.

We acquired the project site through an auction held by the State Land and Resources Bureau of Changshu in 2006. Phase I, Phase II and Phase III of the project all began construction in January 2008 and were completed in December 2009, March 2010 and September 2010, respectively, with a total number of 92 units covering a total GFA of 38,871 sq.m. for Phase I, a total number of 104 units covering a total GFA of 37,772 sq.m. for Phase II and a total number of 130 units covering a total GFA of 35,699 sq.m. for Phase III. As of July 31, 2010, the cost of development including land costs and construction costs incurred on this project was RMB387.6 million. The estimated total cost of development of this project, including land and construction costs, is RMB457.5 million. We commenced the presale for Phase I and Phase II in September and December 2008, respectively. As of July 31, 2010, all the units of Phase I and Phase II were sold. Presale of Phase III of the project commenced in July 2009.

Details of the project as of July 31, 2010 were as follows:

	Phase I	Phase II	Phase III
Construction period	Jan. 2008 – Nov. 2009	Jan. 2008 – Mar. 2010	Jan. 2008 – Sep. 2010
Date of presale permit	Sep. 2008	Sep. 2008	Jul. 2009
Total saleable GFA (sq.m.)	22,510	25,413	26,475
Number of units.	92	104	130
Number of units presold	92	104	127
Average selling price (RMB/sq.m.)* . .	N/A	11,996	11,270

* calculated from contract sales prices for the seven months ended July 31, 2010

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As advised by Commerce and Finance, our PRC legal adviser, we have obtained all required legal documents in relation to the construction of the project, including the land use rights certificate, construction land planning permit, construction work planning permit and construction work commencement permit, and have fully paid the land grant premium.

Chamtime Mountain View Villa was developed by us through our wholly owned subsidiary, Changshu Changxiang. Construction of Chamtime Mountain View Villa was undertaken by Jiangsu Nantong No. 3 Construction Group Co., Ltd.* (江蘇南通三建集團有限公司), The First Construction Engineering Limited Company of China Construction Third Engineering Bureau* (中建三局第一建設工程有限責任公司) and the property management is expected to be run by Changshu Yuda.

Chamtime International Town (Changshu China) (長泰國際城(中國常熟))

In February 2010, we successfully bid for two adjacent parcels of land with an aggregate site area of 174,309 sq.m. in Changshu, Jiangsu Province, through a listing-for-sale held by the local government. The two land parcels are located in the Riverside Newtown of Changshu Economic Development Zone, which is a sub-center of Changshu and part of the Changshu Economic Development Zone. The zoning of the two land parcels is for residential use with an approved plot ratio ranging from 0.6 to 0.8. We entered into a land use rights grant contract on March 10, 2010 and obtained the land use rights certificate in August 2010. The land grant premium for the two land parcels is RMB236.2 million which has been paid up in full. In addition, pursuant to our framework agreement with the local government, we and the local government agreed to cooperate in the development of the relevant land parcels nearby with an aggregate site area of approximately 892,357 sq.m. whereby the local government will attend to the preparatory work for listing-for-sale of the land parcels and we will participate in such listing-for-sale process. Notwithstanding the framework agreement, we shall go through the listing-for-sale process, and if we succeed in our bid, enter into a land use rights grant contract and pay the relevant land grant premium as required by the relevant laws and regulations in order to obtain the title to the land parcels.

We currently plan to develop Chamtime International Town (Changshu China) as a residential property development including high-end apartments, villas and supporting commercial facilities, through our wholly owned subsidiaries, Changshu Changhe and Changshu Changqing. Our final development plan, including the planned GFA, is subject to approvals from relevant government authorities. The current planned GFA of the project is expected to be 152,857 sq.m. which represents an overall plot ratio of 0.7. The total estimated cost of development of this project, including land and construction costs, is RMB900.6 million.

Chamtime Noble Palace (長泰淀湖觀園)

In October 2009 and February 2010, respectively, we successfully bid for two parcels of land with an aggregate site area of 419,428 sq.m. in Kunshan, Jiangsu Province, one of the fastest growing cities in China, through two listing-for-sales held by the local government. These two land parcels are adjacent to Dianshan Lake, the biggest fresh water lake located on the border between Shanghai and Kunshan. The zoning of the land parcels is for both residential and commercial use, with the approved GFA for commercial use not exceeding 5,000 sq.m. and the approved plot ratio ranging from 1.0 to 1.5. We have obtained the land use rights certificate for the 255,499 sq.m. land parcel successfully bid for in October 2009. We further entered into a land use rights grant contract on March 9, 2010 and expect to obtain the land use rights

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certificate by December 31, 2010 for the second parcel of land with a site area of 163,930 sq.m. for this project. The land grant premium for the land parcels is RMB806.8 million which has been paid up in full.

We currently plan to develop Chamtime Noble Palace as a villa development through our wholly owned subsidiaries, Kunshan Dianhu and Kunshan Chamtime. Our development plan, including the planned GFA, is subject to change and approvals from relevant government authorities. The current planned GFA of the project is expected to be approximately 434,785 sq.m. which represents a plot ratio of 1.0, being the lower end of the plot ratio range prescribed in the terms of the listing-for-sale documents and the land use rights grant contract. The total estimated cost of development of this project, including land and construction costs is RMB3,163.6 million.

Chamtime International Town (Wuxi China) (長泰國際城(中國無錫))

In February 2010, we successfully bid for four parcels of land with an aggregate site area of 499,779 sq.m. in the central area of the V-park Service Outsourcing Center in Wuxi, Jiangsu Province, which is located in the Xishan Economic Development Zone and within 10 kilometers from Wuxi airport with convenient transportation facilities, through a listing-for-sale held by the local government. The land parcels, which are adjacent to each other, include two parcels of land with an aggregate site area of 212,944 sq.m. zoned for commercial and office use and two parcels of land with an aggregate site area of 286,835 sq.m. zoned for residential and commercial use. The approved GFA of the two land parcels for commercial and office use ranges from 149,061 sq.m. to 212,944 sq.m. with an approved plot ratio ranging from 0.7 to 1.0. The approved GFA of the two land parcels for residential and commercial use ranges from 573,670 sq.m. to 673,171 sq.m. with an approved plot ratio ranging from 2.0 to 2.3 and 2.0 to 2.4, respectively. We entered into land use rights grant contracts on April 2, 2010 and expect to obtain the land use rights certificates by March 31, 2011. The land grant premium for the four land parcels is RMB1,280.0 million and as of the Latest Practicable Date, the outstanding amount of the land grant premium was approximately RMB640.0 million.

We currently plan to introduce the concepts of office-park and ecological community with this project and develop Chamtime International Town (Wuxi China) as a community development consisting of headquarter offices, high-end residential properties and supporting commercial facilities, through our wholly owned subsidiary, Wuxi Changxiang. Our development plan, including the planned GFA, is subject to change and approvals from relevant government authorities. The current planned GFA of the project is expected to be 1,135,000 sq.m. which represents an overall plot ratio of 1.8. The total estimated cost of development of this project, including land and construction costs, is RMB5,879.0 million.

Chamtime Coast Town (長泰海濱城)

In February and March 2010, we acquired from Shanghai Yingtai, an independent third party, 100% equity interests in Qidong Dongsheng, Qidong Oriental Pearl, Qidong Yingtai and Qidong Qiyue, all of which have now become our wholly owned subsidiaries. Qidong Dongsheng, Qidong Oriental Pearl, Qidong Yingtai and Qidong Qiyue are four project companies owning seven adjacent parcels of land with an aggregate site area of 1,271,961.7 sq.m. in Qidong, Jiangsu Province, a city within 50 kilometers of Shanghai. With the assistance of Shanghai Yingtai, we are in the process of (i) changing the approved use of the two land parcels owned by Qidong Dongsheng and Qidong Oriental Pearl from other commercial service

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use into commercial and residential use with the area for commercial use constituting no more than 10%, and (ii) changing the approved term of the land use rights for the land parcels owned by Qidong Yingtai to 70 years for residential purpose and 40 years for commercial purpose. We expect to obtain the updated land use rights certificate by December 31, 2010. As of the Latest Practicable Date, the approved construction commencement dates for the land parcels owned by Qidong Qiyue, Qidong Yingtai, Qidong Dongsheng and Qidong Oriental Pearl have been extended to November 30, 2010, January 18, 2011, November 18, 2010 and November 18, 2010, respectively. We are in the process of preparing relevant documents for applying for further extension of the approved construction commencement dates.

In addition, we have a right to acquire from Shanghai Changjia Investment, an entity controlled by Chairman Zhao, the entire equity interest of Nantong Xingwang and Shanghai Santong, two companies acquired by Shanghai Changjia Investment in April 2010 and July 2010, respectively, that hold two parcels of land which are currently allocated land for agriculture use and, located adjacent to the parcels we have acquired, with an aggregate site area of 2,652,133 sq.m. at fair market value. Our right to acquire Nantong Xingwang and Shanghai Santong is conditional upon changing the nature of such land from allocated to granted land with an approved land use for residential or commercial purposes, having paid up the relevant land grant premium, and received the relevant land use rights certificates and both Nantong Xingwang and Shanghai Santong and the land parcels held by them having become free of any dispute or encumbrance. If we acquire Nantong Xingwang and Shanghai Santong, we plan to use these land parcels for ancillary facilities and areas in relation to Chamtime Coast Town, but we do not believe these land parcels are integral to the success of Chamtime Coast Town. Until such time as the above conditions are fulfilled and the acquisition of Nantong Xingwang and Shanghai Santong is completed, neither Shanghai Changjia Investment nor we will conduct any development on or utilize such land parcels in any form. For further details, please refer to the sections headed "Connected Transactions – Connected Transactions" and "Relationship with Controlling Shareholders – Relationship with Controlling Shareholders" in this prospectus. We currently plan to commence the construction of our Chamtime Coast Town project by April 2012.

We currently plan to develop Chamtime Coast Town as a mixed-use complex including high-end apartments, villas, offices, hotel, commercial space and recreational facilities. Our development plan, including the planned GFA, is subject to change and approvals from relevant government authorities. The current planned GFA of the project is expected to be 1,330,000 sq.m. which represents a plot ratio of 1.0. The total estimated cost of development of this project, including land and construction costs, is RMB8,075.0 million.

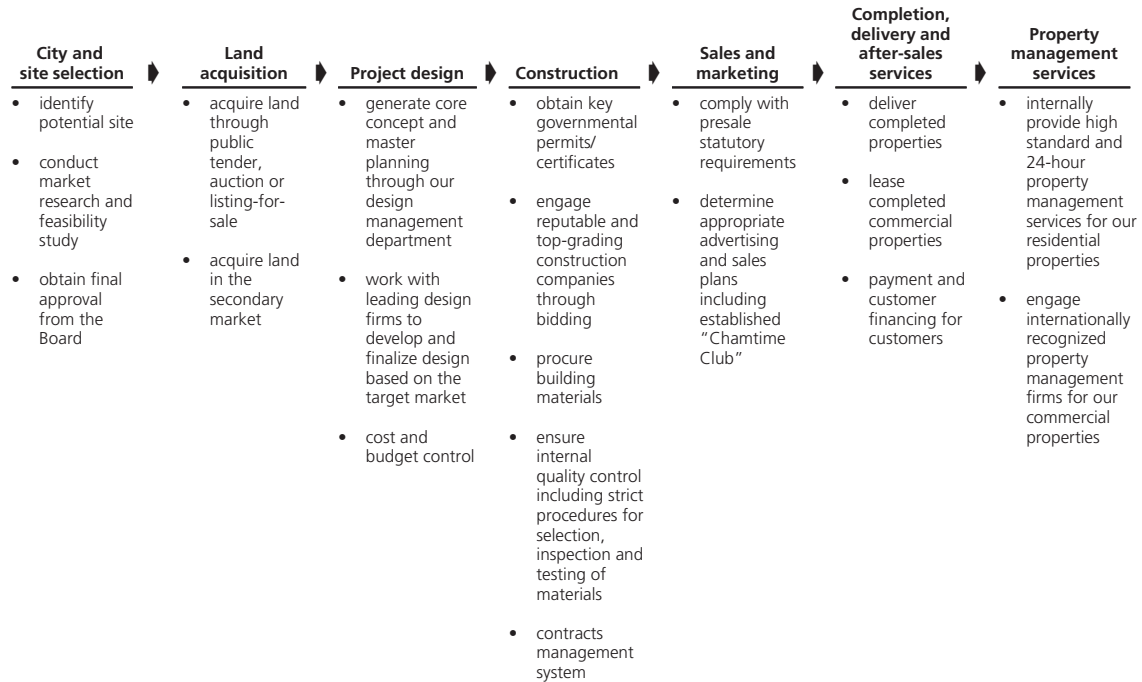
Future Development in Suzhou

On December 17, 2009, we entered into a letter of intent with Suzhou Xinqu, a subsidiary of Suzhou New District Economic Development Group* (蘇州高新區經濟發展集團總公司) which manages the land development with respect to the approximately 748,300 sq.m. residential and commercial development site in Suzhou that we have targeted to develop. We currently intend to participate in the listing-for-sale with respect to such development site when it is held by the local government.

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PROJECT DEVELOPMENT, SALES AND AFTER-SALES SERVICES

Although the nature and sequence of specific planning and execution activities will vary among projects, the core elements of our typical project development include (1) site selection, (2) land acquisition, (3) project design, (4) construction, (5) sales and marketing, (6) completion, delivery and after-sales services, and (7) property management services. We summarize the main aspects of each of these core elements below.



We centralize management of certain key aspects of the project development process at our headquarters level while the day-to-day project execution is carried out by each of our project companies. These centralized functions principally include the following:

- conducting market research and analysis to track the macro- and socio-economic changes and growth patterns of Shanghai in order to identify and assess target localities which we believe to have development potential;
- master planning and architectural design of our projects;
- organizing or monitoring the procurement or bidding process for retaining major contractors or purchasing construction materials; and
- overseeing the progress of each project, monitoring quality control, managing project risks, coordinating resources for all projects and resolving major issues arising from projects.

City and Site Selection

Our planning department and investment department are primarily responsible for our site selection and project positioning. We conduct extensive market research and analysis to identify and evaluate suitable project sites. In addition, we regularly monitor announcements made by respective local governments in relation to public tender, auction or listing-for-sale of land parcels, and maintain good relationships with real estate agents and brokers to obtain first hand information as soon as there are suitable projects in the secondary market.

We assess land parcels for use in potential projects based on our analysis of, among other things:

- location, size, dimensions and past use of the land parcel;
- target customer demand and expected growth of the area/district in which the land is located;
- transportation access and infrastructure support;
- estimated development costs, including demolition and resettlement costs;
- expected return on investment;
- development prospects, taking into account social, economic and environmental effects;
- applicable zoning regulations and government preferential policies; and
- government development plans for the relevant site and the neighboring area.

Once we decide to acquire a piece of land, we prepare a feasibility report together with our detailed analysis for approval by the Board.

Land Acquisition

We acquire land use rights either from the respective local government when the government initially puts the land use rights up for sale in the market or from third parties who transfer their existing land use rights in the secondary market. For land acquisition from the government, we have to go through public tender, auction or listing-for-sale procedures as pursuant to relevant PRC laws and regulations. For acquisition of land use rights in the secondary market, we may purchase distressed projects which have not been completed or acquire project companies directly from other developers. Trade sales of distressed projects or project companies holding projects in progress are common among Chinese real estate developers. Our Chamtime Lake Mountain Villa, Chamtime Mountain View Villa, Chamtime Noble Palace, Chamtime International Town (Changshu China) and Chamtime International Town (Wuxi China) projects were acquired through land acquisition through public tender, auction or listing-for-sale procedures, while our other projects were acquired through the secondary market consistent with market practice.

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We generally prefer to acquire vacated land which does not require demolition and resettlement of existing residents. However, in some cases where we acquire land or projects where demolition and resettlement is required, we will arrange pursuant to relevant PRC laws and regulations to have the counterparty which granted or transferred the land to us take responsibility for demolition and resettlement in relation to such land. Pursuant to relevant clauses agreed and reflected in our land use rights grant contract or acquisition and transfer agreement, the counterparty shall conduct demolition and resettlement within specified time schedules prior to the delivery of the land to us and we will make the resettlement payments in accordance with the agreed schedule to the counterparty, which will further be distributed to the resettled residents. Among our existing projects, our counterparties carried out demolition and resettlement in relation to our Chamtime Eastern Garden. During the Track Record Period, the total resettlement and related costs we incurred amounted to RMB225.0 million in aggregate.

According to the Regulations on the Grant of Use Right of State-owned Land by Invitation of Tender, Auction or Listing-for-bidding (招標拍賣掛牌出讓國有土地使用權規定), issued by the Ministry of Land and Resources of the PRC on May 9, 2002 (2002 Regulations) and revised as of September 21, 2007 by the Regulations on Granting State-owned Construction Land Use Right through Tenders, Auction and Putting up for Bidding (招標拍賣掛牌出讓國有建設用地使用權規定), all land to be developed for business purposes, such as commercial, tourism, entertainment and commodity residential housing, must be granted by way of public tender, auction or listing-for-sale. When deciding to whom the land use rights should be granted, the relevant authorities will consider not only the tender price but also the credit history and qualifications of the developer and its tender proposal. For details of the applicable regulations, please refer to the section headed "Summary of Principal Legal and Regulatory Provisions" in Appendix VI to this prospectus.

Project Design

We maintain an in-house design team under our design management department comprised of highly qualified professionals including members with extensive experience in designing high profile projects such as the Oriental Plaza in Beijing. Our design management department is responsible for generating the core concepts and master planning for each of our projects. Once the master design concept of a property development project is established, we contract out the detailed project design work to reputable architectural and interior design firms selected through a tender process, which is organized and managed by our contract management department. To create cutting-edge market-leading projects, our design management department collaborates with famous international architects and designers, such as Palmer & Turner Group International Ltd., Callison and The Jerde Partnership, and works closely with our sales department, property management department, cost control department and project managers to ensure that the design and style of our projects match the tastes and requirements of our target customer base.

Our design management department then works with the selected design firms to determine the design of a particular property development by taking into account certain factors such as:

- proposed type of development;
- target market;
- size and surrounding area of the site; and

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- advice provided by the sales and construction management teams of the relevant project company on the expectations of our target market.

Based on the master design concept, our design management department will collaborate with the external design firm to transform the concept into a more detailed design drawing, called the "Design Development Document." The Design Development Document must be approved by the relevant PRC government authorities. Once approved, the Design Development Document then becomes the basis for the detailed design and construction of the project.

Our design management department also works with the project companies and our contract management department to develop and determine the appropriate building methods and materials so that project costs can be controlled and our developed properties are more likely to be accepted by the targeted market. We pro-actively coordinate external design firms, contracted construction companies and our own professionals to ensure each project is completed in an integrated and cost-effective manner.

During the construction phase, our design management department works closely together with our construction management department, the contractors, the project engineers and the design firms to manage and oversee the project's progress. In addition to focusing on the functional and aesthetic aspects of the project, we also provide constant site supervision and conduct progress audits in order to ensure that construction progresses according to the design plan, budget and schedule.

Construction

Obtain Governmental Permits and Certificates

Prior to the commencement of our construction, upon obtaining the rights to develop a parcel of land, we begin applying for the various permits and licenses that we need to commence construction and sell our properties. If the land use rights are acquired by way of grant, the land use rights grant contract will be a precondition to applications for the following permits and licenses:

- land use rights certificate, a certification of the right of a party to use a parcel of land; in Shanghai, a real estate title certificate will be issued instead;
- construction land planning permit, a permit authorizing a developer to begin the survey, planning and design of a parcel of land;
- construction work planning permit, a certificate indicating government approval for a developer's overall planning and design of the project and allowing a developer to apply for a work commencement permit;
- construction work commencement permit, a permit required for commencement of construction; and
- presale permit, a permit authorizing a developer to start the presale of property still under construction.

As of the date of this prospectus, we have not been in breach of any applicable PRC laws and regulations governing property construction that would have a material adverse effect on our results of operation or financial condition.

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Engage Reputable and Top-Grade Construction Companies

After obtaining the required permits, construction of our projects usually proceeds phase by phase in line with our financial management and marketing strategy. We contract out the construction work for our property developments to reputable construction companies which are selected through a tender process. For each phase of a project we seek to encourage fair competition via a transparent bidding process where we invite contractors to tender bids according to their reputation for quality, track record and references in order to ensure both high quality and cost competitiveness. We pre-select a number of general contractors to bid for our contracts based on the quality of their bids. Subsequently, the winning bidder is selected based on a pre-determined formula that takes into account both the quality and price quoted by the bidder. Upon selection, a general contractor enters into a construction contract with us.

Procure Building Materials

In general, procurement of basic building materials, such as steel and cement, and other major building materials, such as doors, windows, sanitary fittings and kitchen cabinets directly, are primarily outsourced to the general contractor, and our contract management department conducts only procurements of large equipment or major items such as elevators and other major items. The general contractors procure the necessary materials for each project in accordance with our specifications. We do not own any construction equipment and do not maintain any inventory of building materials.

Our construction contracts generally provide for progressive payments during construction until a specified maximum percentage, generally 95%, of the total contract sum is paid. The remaining balance, except for 5% of the contract sum which we withhold for two to three years from completion to apply against any expenses incurred as a result of any construction defects, is payable upon satisfactory completion of work. Our standard construction contract also includes express terms on construction schedule, cost and work quality. Under the standard construction contract, the general contractors are required to indemnify us for any losses we incur as a result of construction defects or delays and, in the latter case, the general contractors are required to pay default interest on a daily basis.

Quality Control and Construction Supervision

We place a strong emphasis on quality control to ensure that our properties comply with relevant regulations and are of high quality. We have adopted internal site inspection and acceptance procedures that are strictly followed by our functional departments and project companies. As part of our quality control procedures, it is our policy to only contract with reputable design firms and construction companies.

To maintain quality control, we employ very strict procedures for selection, inspection and testing of materials. Our project management teams inspect all equipment and materials to ensure compliance with the contractual specifications before accepting the materials on site and approving payment. We reject materials which are below standard or that do not comply with our specifications and return them to the suppliers.

In addition, to ensure quality and monitor the progress and workmanship of construction, each of our project companies has its own on-site project management team, which comprises qualified engineers led by our project manager and conducts supervision on a day to day basis. In addition, our construction management department will inspect the quality of the construction work on a selective basis. We also engage independent quality supervisory companies to conduct quality and safety control checks on all building materials and workmanship on site.

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Our construction management department is responsible for the supervision of the construction of our properties and ensuring that our properties meet a specified standard upon completion. In addition, prior to delivery of completed properties to our customers, our sales and property management departments together with our engineers and the relevant property management company will inspect the properties to ensure its satisfactory condition.

Contracts Management System

We set up a contracts management system to record our supervisory results on each company which we engage services from, including construction contractors and suppliers. We grade each of these companies to ensure we do business with the entities with the highest grades in our contracts management system.

Sales and Marketing

Sales and Marketing Plan

We have a dedicated sales department responsible for determining appropriate advertising and sales plans for our residential property developments. The main responsibilities of our sales department include conducting detailed analyses of market conditions, preparing promotional materials, conducting general promotional campaigns, recommending unit prices and pricing-related policies for our projects and coordinating and monitoring our relationship with the media. We have also established "Chamtime Club," which each purchaser of our properties may join free of charge to maintain a close customer relationship with us. Chamtime Club regularly organizes various activities in order to develop customer brand loyalty. Our residential property sales planning is typically divided into three stages, as set out below:

- Planning stage – Prior to the construction of our properties, our sales department will conduct market research and work closely with our design management department to ensure that the positioning and style of our projects match our target customer base. During the construction of our properties, our sales department will establish a sales team and formulate a Sales Plan and refine our Sales Plans previously prepared at the project selection stage;
- Sales stage – Once the Sales Plan is confirmed and approved by our senior management, the relevant functional departments will implement the Sales Plan and we will commence presales after we obtain the relevant presale permits; and
- Review stage – On a regular basis, we review our sales performance by comparing our actual sales results against the Sales Plan. Where there are significant differences, our management will investigate the reasons and put in place remedial plans where appropriate.

We also undertake both direct and indirect marketing efforts such as advertising, co-branding and holding social events for our customers. For some of our residential projects, such as Chamtime Lake Mountain Villa and Chamtime Mountain View Villa in Changshu, we engage local property agents to promote our properties as such agents generally have better connections to our target customers. The performance of our sales team is assessed on a quarterly basis. Those sales agents who have met their pre-determined sales targets have the opportunity to be promoted, and those who are consistently unable to meet their targets may be terminated or demoted.

Presales

In line with market practice in the PRC, we usually commence presales before completion of the entire project. Our presales typically occur phase by phase and we use the presale proceeds to fund a significant portion of the project construction cost for the relevant project. We usually start presales after we have established a fully furnished replica of each major floor plan in a development and a majority of the green area and ancillary facilities are completed in order to provide the potential customer with the best purchasing experience. During the Track Record Period, we encountered very few incidents of default by purchasers.

Under current PRC laws and regulations, property developers must fulfill certain conditions before they can commence presales of the relevant properties. According to the Urban Real Property Law and Administrative Measures governing the Presale of Urban Real Estate, the following conditions must be fulfilled before the presale of a particular property can commence:

- the land grant premium must be paid in full and the land use rights certificate must have been obtained;
- the construction work planning permit and the construction work commencement permit must have been obtained;
- the funds contributed to the development of the project shall amount to at least 25% of the total amount to be invested in the project and the project progress and the date of completion and delivery of the project must have been determined; and
- the presale permit must have been obtained.

We have complied with the relevant statutory requirements for presale, including but not limited to requiring all developers to use a standard presale contract set out by the PRC Government. For further details of the laws and regulations governing presales, please refer to the section headed “Summary of Principal Legal and Regulatory Provisions” in Appendix VI to this prospectus.

Completion, Delivery and After-Sale Services

Delivering Completed Properties

In relation to our properties for sale, after construction is completed, we will need to obtain a completion certificate from the relevant local government before we are able to hand over the properties to our customers. In Shanghai, there is an additional requirement for us to obtain a delivery certificate in respect of our completed residential properties before handover can be effected.

In addition, as required by the applicable regulations, we provide, without charge, the “Quality Control Certificate” to the owners of residential units in Shanghai upon handover. The initial owners also receive a residence quality warranty against certain defects and a homeowner’s guidebook from us.

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Leasing Completed Commercial Properties

Our commercial department is responsible for formulating the strategies for our rental properties. We currently hold Chamtime International Financial Center, a 22-story International Grade A office building in Pudong New District of Shanghai for investment purposes (except for two floors thereof which are retained for our own use). As of July 31, 2010, the occupancy rate of Chamtime International Financial Center was 100%, with over 65% of the tenants being finance sector-related companies, such as international and domestic banks, securities firms, futures trading firms and insurance companies. In selecting anchor tenants, we consider factors including the term and the GFA under the lease, as well as the brand reputation of each tenant, whether such tenant is in a financial-related industry and the term period of the lease.

Payment and Customer Financing for Customers

Purchasers of our properties can choose between payment by mortgage financing or one lump sum payment. Where a purchaser chooses to pay by mortgage financing, at least 20% to 40% of the purchase price is typically required to be made as a down payment when the sales contract is entered into. Mortgages will be arranged for the remaining purchase price and the full purchase price must be paid within three months from the date of the sales contract or by the delivery of the unit whichever is earlier. In line with market practice, we have arrangements with various banks for the provision of mortgage facilities to our customers and the customers have full discretion to arrange their mortgage. We do not conduct independent credit checks on our purchasers but rely on credit checks conducted by relevant banks. In accordance with market practice, the real estate developers are usually required by the banks to guarantee the obligations to repay the loans on the property. The guarantee periods normally last for up to 24 months until the property is delivered. If a purchaser defaults under the loan, once the real estate developer repays all debt owed by the purchaser to the mortgagee bank under the loan, the mortgagee bank will assign their rights under the loan and the mortgage to the developer and, after mortgage registration, the developer will have full recourse to the property. As of April 30, 2010, the outstanding guarantees in respect of the residential mortgages of our customers amounted to RMB374.5 million. During the Track Record Period, we encountered very few defaulted mortgage loans. Our general policy is that if purchasers default on subsequent payment after down payment, we retain up to 5% of the purchase price and return the rest of the down payment to such purchaser, with the exception that if purchasers do not make subsequent payment due to their failure to obtain bank loans for such purchases, we return the full amount of the down payment. Given the very few incidents of customer default, we believe there is sufficient deterrence to avoid customer defaults and therefore do not plan to introduce a policy to retain a greater down payment as penalty.

Property Management Services

Maintaining high quality after-sales and property management services to our customers is of paramount importance to developing our brand and reputation as a developer of high quality and prestigious residential properties. We have a specialized property management department, which provides comprehensive after-sales services to our customers, including assistance in financing applications, title registration and obtaining relevant title certificates. Our property management department also ensures the quality of the property management services provided to residents of our properties, whether those services are provided by third parties or members of our Group.

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Our subsidiaries, Shanghai Changyi, which we acquired in August 2009, and Changshu Yuda, hold a valid level II property management permit and a valid level III property management permit, respectively. These permits allow them to carry out property management for property developments with up to 300,000 sq.m. of residential properties and 80,000 sq.m. of non-residential properties and up to 200,000 sq.m. of residential properties and 50,000 sq.m. of non-residential properties, respectively. As we had not obtained the required qualification to provide property management services at the time our Shanghai Garden project was completed, property management services for Shanghai Garden were provided through Shanghai Jinchen Property Management Co., Ltd.* (上海金晨物業經營管理有限公司) with active involvement and supervision from our property management department. Pursuant to the management service agreement entered into between Shanghai Changjia Property and Shanghai Changyi dated November 16, 2009, Shanghai Changyi replaced Shanghai Jinchen Property Management Co., Ltd. and provides property management services to our Shanghai Garden project for a term of three years, commencing from November 16, 2009. The current management fee payable to Shanghai Changyi by the property owners of Shanghai Garden is RMB3 yuan per sq.m. per month. We provide 24-hour service and multiple levels of security for our properties. We also have a customer service platform, which records each customer's complaint about our management service to further enhance our level of property management service and provide satisfactory service to our customers. We expect Shanghai Changyi to provide property management services to other residential and commercial properties we develop in Shanghai in the future. In addition, Changshu Yuda provides property management services to our Chamtime Lake Mountain Villa and Chamtime Mountain View Villa projects.

We have engaged Jones Lang LaSalle, an internationally recognized leader in professional property management services, to provide property management services for Chamtime International Financial Center since 2007. Pursuant to the property management agreement with Jones Lang LaSalle, Jones Lang LaSalle is responsible for all aspects of managing the daily operation of Chamtime International Financial Center, including recruiting and training staff for the building and coordinating the leasing business. We expect to renew the property management agreement with Jones Lang LaSalle upon expiration of the existing agreement. By engaging a professional property management team, we believe that we are able to take advantage of its expertise and provide our tenants with premium services. During the Track Record Period, we have recorded from Chamtime International Financial Center a rental income of RMB54.2 million and RMB91.5 million in 2008 and 2009, respectively, with a unit rental rate of RMB196 per sq.m. per month and RMB189 per sq.m. per month, respectively.

Going forward, we intend to adopt a similar business model and engage well-known international professional property management companies to run our Chamtime Corporate Avenue Plaza and Chamtime Plaza as well as other future commercial projects. We expect a steady, recurring income stream from the rental of our incoming commercial projects, once completed.

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PROPERTIES USED BY US

Our headquarters office is located at 25th Floor, Chamtime International Financial Center, 1589 Century Avenue, Shanghai 200122. In addition, we currently use a number of premises through lease or licensing arrangements.

FINANCING OF PROJECTS

Historically, we have financed our projects primarily through capital contributions from our Shareholders, bank loans and internally generated cash flows, including proceeds from presales of our properties. According to guidelines issued by the CBRC, no loan may be granted to projects which have not obtained the relevant land use rights certificates, construction land planning permits, construction work planning permits and construction work commencement permit guidelines also stipulate that not less than 35% of the total investment in a property development project must come from a real estate developer's own capital for the development project in order for banks to extend loans to the real estate developer. Our policy is to finance our property developments with internally generated cash flows to the extent practicable so as to reduce the level of external funding required. As of July 31, 2010, our Chamtime Noble Palace project has been financed wholly from internally generated resources, while our Shanghai Garden, Chamtime Western Villa, Chamtime Plaza, Chamtime Eastern Garden, Chamtime Lake Mountain Villa, Chamtime Mountain View Villa, Chamtime International Financial Center and Chamtime Corporate Avenue Plaza projects were financed partially by borrowings. We have obtained financing from Industrial and Commercial Bank of China Ltd., Bank of China Limited, China Minsheng Banking Corp., Ltd., Agricultural Bank of China Limited, Industrial Bank Co., Ltd., Jiangsu Bank Co., Ltd., China Everbright Bank Co., Ltd., Anxin Trust & Investment Co., Ltd., New China Trust Co., Ltd., Citic Ka Wah Bank and Wing Lung Bank. The terms of our bank borrowings generally specify the project or project phase for which the funds are to be applied and are restricted to that use. As of April 30, 2010, our outstanding borrowings from banks amounted to RMB3,309.4 million. Please refer to the section headed "Financial Information" for further details of our channels of financing, indebtedness and borrowings.

SUPPLIERS AND CUSTOMERS

Our five largest customers are individual purchasers of our residential properties and tenants of our investment properties, each of which accounted for less than 5% of our total sales in each of 2007, 2008, 2009 and the four months ended April 30, 2010. Our five largest suppliers, primarily comprising general contractors, accounted for approximately 35%, 56%, 36% and 6% of our total cost of sales in 2007, 2008, 2009 and the four months ended April 30, 2010, respectively. Our single largest supplier accounted for approximately 11%, 18%, 13% and 3% of our cost of sales in the same periods, respectively.



None of the Directors, their associates or any Shareholder (who or which to the knowledge of the Directors owns more than 5% of our Company's share capital) has any interest in any of our five largest suppliers and customers.

COMPETITION

The market for real estate development in China has evolved significantly over the past decade. In addition to domestic Chinese real estate developers, a number of overseas real estate developers are active in China. In particular, the high-end residential and premium commercial property markets in Shanghai and the cities in and near the Greater Shanghai Economic Circle have been highly competitive in recent years. Property developers from the PRC and overseas have entered the property development markets in Shanghai and other cities in and near the Greater Shanghai Economic Circle where we have operations and may expand into. The rapid development of Shanghai and other parts in and near the Greater Shanghai Economic Circle in recent years has led to a diminishing supply of undeveloped land in desirable locations. Moreover, the PRC Government has implemented policies tightly controlling the amount of new land available for development. These factors have increased competition and land grant premiums in relation to land made available for development.

Our major competitors in the Shanghai high-end residential properties market include major domestic developers, such as Shimao Property Holdings Limited and Greentown China Holdings Limited, and foreign real estate developers (including leading developers listed in Singapore and Hong Kong), such as Yanlord Land Group Limited and Shui On Land Limited. Our major competitors in the Shanghai premium commercial properties market include Shui On Land Limited. We also expect other major domestic and foreign real estate developers to try to expand their operations and property portfolios in Shanghai and the cities in and near the Greater Shanghai Economic Circle over the next several years to take advantage of this region's relatively high income levels and economic growth rate.

INTELLECTUAL PROPERTY

Our intellectual property forms an integral basis for our strong brand recognition and is important to our Group's business. As of the Latest Practicable Date, we had registered six trademarks in the PRC including "chamtime" and "  ", which are our primary trademarks, and were in the process of registering 17 trademarks in the PRC, including "  ". In addition, we have registered 18 trademarks in Hong Kong and have submitted applications to register another two trademarks in Hong Kong. As of the Latest Practicable Date, we had registered the following domain names: (1) "changjialand.com," (2) "shanghaitan-garden.com," (3) "chamtimevilla.com," (4) "chamtimeifc.com," and (5) "cjland.com.cn" as well as 6 other domain names. The information on our websites does not constitute a part of this prospectus. Please refer to section headed "Statutory and General Information" in Appendix VIII to this prospectus for further details relating to our intellectual property.

INSURANCE

We do not maintain insurance for our projects under construction except for Chamtime Western Villa and Chamtime Eastern Garden, for which we maintain all risk and third-party insurance policies on a voluntary basis. Under PRC laws, construction companies as employers are required to purchase the insurance for their construction workers. As we employ third-party contractors to carry out construction for our projects, we currently do not maintain such insurance ourselves. In addition, we do not maintain insurance policies for properties that have been delivered to our customers. Instead, the respective property management companies of each of our projects will maintain all property risk insurance and public liability insurance for common areas and amenities of these properties. The Directors believe that these practices are consistent with the customary practice for other similar companies in the real estate industry in China.

ENVIRONMENTAL MATTERS

Real estate developers in China are subject to a number of environmental laws and regulations including the PRC Environment Protection Law, Law on Prevention and Control of Noise Pollution, Law on Environmental Impact Assessment, and Administrative Regulations on Environmental Protection in relation to Construction Projects. Please refer to the section headed “Summary of Principal Legal and Regulatory Provisions – Environmental protection” in Appendix VI to this prospectus for details of these environmental laws and regulations.

We believe that we are in compliance in all material respects with applicable environmental laws and regulations in China. We have submitted the relevant environmental impact study, report or environmental impact analysis table to the environmental authorities prior to commencement of construction of our projects. As advised by Commerce and Finance, our PRC legal adviser, we have obtained all required approvals in relation to the environmental impact reports of our property development projects. As of the Latest Practicable Date, we had not experienced any problems in the inspections conducted by the relevant environmental authorities upon handover of our properties.

LEGAL PROCEEDINGS

Shanghai Changjia Property, a subsidiary of ours, is currently involved in a litigation proceeding at the First Intermediate People’s Court of Shanghai as one of the defendants.

In May 2008, Shanghai Changjia Property agreed to acquire a 40% interest in Shanghai Haoquan from Shanghai Jianquan for RMB118.6 million. The payment is conditional upon the completion of resettlement as coordinated by Shanghai Jianquan for the site owned by Shanghai Haoquan. Shanghai Jianquan, Shanghai Changjia Property and Mr. Chen Jiaquan, who is a creditor of Shanghai Jianquan, in May 2008 also agreed that Shanghai Changjia Property, when making the payment of the above-mentioned acquisition price, would pay RMB47.5 million out of the total price to a bank account that is jointly controlled by Mr. Chen Jiaquan and Shanghai Jianquan so as to facilitate the settlement of debt owed by Shanghai Jianquan to Mr. Chen Jiaquan. In November 2009, Mr. Chen Jiaquan sued Shanghai Jianquan for the repayment of debt and also named Shanghai Changjia Property as a defendant. Mr. Chen Jiaquan demanded Shanghai Changjia Property to make the payment of RMB47.5 million. The major defense raised by Shanghai Changjia Property is that the coordination of resettlement by Shanghai Jianquan for our China Eastern Garden project site, which is owned by Shanghai Haoquan, has not been fully completed and accordingly the condition precedent for the payment by Shanghai Changjia Property has not yet been satisfied. As a result, our payment of the acquisition price of RMB118.6 million is still outstanding as of the Latest Practicable Date. Our PRC legal adviser is of the opinion that Shanghai Haoquan’s interest in the site of Chamtime Eastern Garden would not be affected, pending its payment of the acquisition price.

As of the Latest Practicable Date, the first trial of the case is still pending in Court. The special PRC counsel representing Shanghai Changjia Property is of the view that Shanghai Changjia Property has a valid argument and it is unlikely that the First Intermediate People’s Court of Shanghai will support the plaintiff’s claim against Shanghai Changjia Property. Our PRC counsel, Commerce and Finance, is of the opinion that this lawsuit would not have any adverse impact on Shanghai Changjia Property’s shareholding interest in Shanghai Haoquan. We believe this litigation is not material to our business and financial condition because in any event Shanghai Changjia Property is not required to pay any amount beyond the acquisition price it originally agreed to pay.

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Save as disclosed above and based on information available to us, we were not, as of the Latest Practicable Date, engaged in any litigation, arbitration or claim of material importance, and no litigation, arbitration or claim of material importance is known to our Directors to be pending or threatened by or against us, that would have a material adverse effect on our results of operations or financial condition. In addition, as advised by Commerce and Finance, our PRC legal adviser, all our PRC subsidiaries have been in compliance with all relevant PRC legislation in their incorporation, existence and main aspects of business operations. Except Changshu Changhe, Changshu Changqing, Qidong Dongsheng, Qidong Oriental Pearl, Qidong Yingtai, Wuxi Changxiang and Kunshan Chamtime, for which we are in the process of applying for qualification certificates, and Changshu Changxiang and Shanghai Jindilianchuang for which we are in the process of renewing qualification certificates, all of these subsidiaries have obtained all relevant approvals, permits, licenses and certificates required for their business operation and respective project development stages. We currently expect Changshu Changhe and Changshu Changqing to obtain qualification certificates by November 2010, Wuxi Changxiang and Kunshan Chamtime to obtain qualification certificates by the end of the first quarter of 2011, and Qidong Dongsheng, Qidong Oriental Pearl and Qidong Yingtai to obtain qualification certificates by the end of the first half of 2011. Our Directors confirm that during the Track Record Period and as of the Latest Practicable Date, save as disclosed in the section headed "Risk Factors – Risk Factors Relating to Our Business – Any failure by us to comply with the terms of our land use rights grant contracts may subject us to fines or forfeiture of land" in this prospectus, we did not hold any land that has been classified as idle land nor has any idle land fee been imposed on us by any government authority according to relevant PRC regulations.

CONNECTED TRANSACTIONS

OVERVIEW

Following the completion of the Global Offering, we will continue to have certain transactions that constitute continuing connected transactions under the Listing Rules. We set out below a summary of the transactions.

BACKGROUND

Chairman Zhao, who is the executive Director of our Company, and Mr. Zhao Hongyang, who is the executive Director of our Company, are connected persons of our Company. Shanghai Changtai Investment and Shanghai Changjia Investment are each owned as to 10% by Chairman Zhao and 90% by Shanghai Changjia Industry, which is in turn owned by Chairman Zhao and his son, Mr. Zhao Hongyang, as to 70% and 30%, respectively. Nantong Xingwang is a wholly owned subsidiary of Shanghai Changjia Investment. Pursuant to the Listing Rules, Shanghai Changtai Investment, Shanghai Changjia Investment and Nantong Xingwang are associates of Chairman Zhao and Mr. Zhao Hongyang and hence connected persons of our Company.

Ms. Huang is the spouse of Chairman Zhao and the mother of Mr. Zhao Hongyang. Suzhou CJ Pharmacy is 100% owned by Ms. Huang through Suzhou Chang Gia Pharma (H.K.) Company Limited, a Hong Kong incorporated company which is in turn 100% owned by Ms. Huang. Pursuant to the Listing Rules, Suzhou CJ Pharmacy is an associate of Chairman Zhao and Mr. Zhao Hongyang and hence a connected person of our Company.

CONNECTED TRANSACTIONS

Nantong Xingwang and Shanghai Santong are wholly owned subsidiaries of Shanghai Changjia Investment.

Shanghai Changjia Investment had granted options (“**CT Options**”) to us pursuant to which we could require Shanghai Changjia Investment to transfer the entire registered capital of each of Nantong Xingwang and Shanghai Santong (including the two parcels of land held by these companies), respectively to us at a consideration which shall be determined based on the then prevailing market rate. The two parcels of land held by Nantong Xingwang and Shanghai Santong (with a site area of 2,007,333 sq.m. and 644,800 sq.m., respectively) are located adjacent to the land parcels used to develop the Chamtime Coast Town project. As at the Latest Practicable Date, the two parcels of land are not designated for development of properties. Shanghai Changjia Investment had agreed to apply to the relevant PRC authorities to change the land use rights of the two parcels of land to the development of residential or commercial properties.

Upon the fulfillment of various conditions by Shanghai Changjia Investment (stipulated in each of the Nantong Option and the Santong Option, including without limitation, the completion of the change in the land use rights of the relevant parcels of land), we may exercise the Nantong Option or the Santong Option (as the case may be).

Each CT Option may be exercisable at any time during a period of one year commencing from the date Shanghai Changjia Investment notifies us that all the conditions in respect of that CT Option have been fulfilled (“**CT Option Period**”). In the event that we exercise any CT Options, we shall have one year from the date of exercise of the relevant CT Option to complete the transfer of the subsidiary (“**CT Completion Period**”). In addition, if we:

- (i) do not exercise the Nantong Option and/or the Santong Option within the relevant CT Option Period, or

CONNECTED TRANSACTIONS

- (ii) notify Shanghai Changjia Investment during the relevant CT Option Period that we do not wish to exercise the relevant CT Option, or
- (iii) are unable to complete the transfer of the relevant subsidiary within the CT Completion Period,

Shanghai Changjia Investment will transfer the relevant subsidiary (including the parcel of land held by it) to independent third parties within six months of the periods mentioned in (i), (ii) or (iii) above, whichever occurs first.

Should we elect to exercise the Nantong Option or the Santong Option after the completion of the Global Offering, we shall ensure that the requirements of the Listing Rules (including without limitation Chapter 14 and Chapter 14A) are complied with.

CONTINUING CONNECTED TRANSACTIONS

Continuing connected transactions which are subject to reporting, annual review and announcement requirements but exempt from independent Shareholders' approval

(1) *Lease Agreements between Shanghai Changjia Property and Shanghai Changtai Investment*

Shanghai Changjia Property, an indirect wholly owned subsidiary of our Company, entered into the Lease Agreements with Shanghai Changtai Investment on January 1, 2008, pursuant to which Shanghai Changjia Property leased to Shanghai Changtai Investment the office premises located at 25th and 26th Floor, Chamtime International Financial Center (長泰國際金融大廈), No. 1589, Century Avenue, Pudong New District, Shanghai, PRC with a gross floor area of 1,458.39 sq.m. and 1,014.66 sq.m., respectively.

The term of each of the Lease Agreements is for a period of three years commencing from January 1, 2008 and ending on December 31, 2010. The rental payable for the premises is calculated based on RMB8.50 per sq.m. per day and for the financial years ended 2008 and 2009, and the four months ended April 30, 2010, the aggregate rental amounted to approximately RMB7.7 million, RMB7.7 million and RMB2.6 million, representing approximately 14.2%, 8.4% and 8.0% of our total rental income for the same period, respectively. The rental is payable by Shanghai Changtai Investment to Shanghai Changjia Property on a monthly basis.

We consider that it is in our interest to lease the premises to Shanghai Changtai Investment as Shanghai Changtai Investment is controlled by Chairman Zhao and Mr. Zhao Hongyang and we are assured that it will pay the rental on a timely basis.

(2) *Rental Agreement between Shanghai Changjia Investment Management and Shanghai Changtai Investment*

Shanghai Changjia Investment Management, an indirectly wholly owned subsidiary of our Company, entered into the Rental Agreement with Shanghai Changtai Investment on May 1, 2008, pursuant to which Shanghai Changjia Investment Management rented from Shanghai Changtai Investment part of the office premises located at 25th Floor, Chamtime International Financial Center (長泰國際金融大廈), No. 1589, Century Avenue, Pudong New District, Shanghai, PRC, with a gross floor area of 323 sq.m.

CONNECTED TRANSACTIONS

The term of the Rental Agreement is for a period of two years and eight months commencing from May 1, 2008 and ending on December 31, 2010. The rental payable for the premises is calculated based on RMB8.50 per sq.m. per day. For the years ended 2008 and 2009, and the four months ended April 30, 2010, the aggregate rental amounted to approximately RMB669,902, RMB1.0 million and RMB334,000, representing approximately 1.7%, 1.3% and 2.1% of our administrative expense for the same period, respectively. The rental is payable by us to Shanghai Changtai Investment on a monthly basis.

We consider that it is in our interest to rent the premises from Shanghai Changtai Investment as we are renovating our new office premises which we expect to be completed on or around December 2010. Upon completion of the renovation, we shall relocate to the new office premises.

(3) *Suzhou Rental Agreement between Suzhou Changjia Investment Management and Suzhou CJ Pharmacy*

Suzhou Changjia Investment Management, an indirect wholly owned subsidiary of our Company, entered into the Suzhou Rental Agreement with Suzhou CJ Pharmacy on March 26, 2009, pursuant to which Suzhou Changjia Investment Management rented from Suzhou CJ Pharmacy the office premises located at 2nd Floor, No. 139 Zhujiang Road, New & Hi-Tech Industrial Development Zone, Suzhou, PRC with a gross floor area of 40 sq.m.

The term of the Suzhou Rental Agreement is for a period of five years commencing from March 1, 2009 and ending on February 28, 2014. The rental payable for the premises is calculated based on RMB15 per sq.m. per month and for the year ended 2009, and the four months ended April 30, 2010, the aggregate rental amounted to RMB6,000 and RMB2,400, representing approximately 0.01% and 0.01% of our total administrative expense for the same period, respectively. The rental is payable by us to Suzhou CJ Pharmacy on a quarterly basis.

Suzhou Changjia Investment Management had used the premises as its registered office since the date of its incorporation. Upon completion of the divestment of our pharmaceutical business (which was part of the Reorganization undertaken by us), we had continued to use the premises as the registered office of Suzhou Changjia Investment Management. For administrative convenience, and to ensure that the rental cannot be increased, we consider that it is in our interest to rent the premises from Suzhou CJ Pharmacy for a term of five years.

(4) *Dongyuan Rental Agreement between Nantong Xingwang and Qidong Qiyue*

Qidong Qiyue, an indirectly wholly owned subsidiary of the Company, entered into the Dongyuan Rental Agreement with Nantong Xingwang on May 5, 2010, pursuant to which Qidong Qiyue rented from Nantong Xingwang the premises located at Haibin Village, Dongyuan Town* (東元鎮海濱村), with a gross floor area of not less than 50 sq.m.

The term of the Dongyuan Rental Agreement is for a period of five years commencing from May 5, 2010 and ending on May 4, 2015. The rental payable for the premises is calculated based on approximately RMB6 per sq.m. per month and amounted to an aggregate annual rental of RMB3,600. As the Dongyuan Rental Agreement was entered into in May 2010, there is no historical figure available for the year ended 2009 and the four months ended April 30, 2010. The rental is payable by Qidong Qiyue to Nantong Xingwang on a half-yearly basis, i.e. on or before January 20 and July 20 every year.

CONNECTED TRANSACTIONS

Qidong Qiyue had used the premises as its registered office since the date of its incorporation. For administrative convenience, our Company considers that it is in our interest to continue to rent the premises from Nantong Xingwang for a term of five years.

Our PRC legal adviser's and Savills' view

Our PRC legal advisers have confirmed that the terms of each of the Lease Agreements, the Rental Agreement, the Suzhou Rental Agreement and the Dongyuan Rental Agreement comply with the relevant laws and regulations in the PRC. Savills has confirmed that the terms of each of the Lease Agreements, the Rental Agreement, the Suzhou Rental Agreement and the Dongyuan Rental Agreement reflect the prevailing market conditions in the PRC and that the rental rates reflected market rates of comparable properties and were fair and reasonable (at the date of commencement of each agreement).

Annual Caps

The amount of annual rental payable under each of the Lease Agreements, the Rental Agreement, the Suzhou Rental Agreement and the Dongyuan Rental Agreement was fixed at the time each agreement was signed. Accordingly, based on the terms of each of the Lease Agreements, the Rental Agreement, the Suzhou Rental Agreement and the Dongyuan Rental Agreement, the annual rental payable for the year ending December 31, 2010 is approximately RMB7.7 million, RMB1.0 million, RMB7,200 and RMB3,600, respectively.

Listing Rules implications

Since each of the applicable percentage ratios (other than the profit ratio) for the Lease Agreements, the Rental Agreement, the Suzhou Rental Agreement and the Dongyuan Rental Agreement, in aggregate, is less than 5%, the transactions contemplated under each of the agreements are subject to the reporting, annual disclosure and announcement requirements under Chapter 14A of the Listing Rules.

Waiver

As the connected transactions contemplated under each of the Lease Agreements, the Rental Agreement, the Suzhou Rental Agreement and the Dongyuan Rental Agreement are expected to be carried out on a continuing basis and expected to continue after the Global Offering, our Directors consider that strict compliance with the announcement requirement would be impractical and would add unnecessary administrative costs to our Company. Accordingly, our Company has applied for and the Hong Kong Stock Exchange has granted a waiver pursuant to Rule 14A.42(3) of the Listing Rules to exempt the continuing connected transactions contemplated in each of the Lease Agreements, the Rental Agreement, the Suzhou Rental Agreement and the Dongyuan Rental Agreement from strict compliance with the announcement requirement under the Listing Rules.

Our Directors and the Joint Sponsors' view

In respect of the Suzhou Rental Agreement and the Dongyuan Rental Agreement, our Directors (including our independent non-executive Directors) are of the opinion that the term of five years contemplated in each of the agreements is beneficial to our Group, and confirm that it is normal business practice for contracts of this type to be of such duration. In addition, upon the expiry of the Lease Agreements and the Rental Agreements on December 31, 2010, the Suzhou Rental Agreement and the Dongyuan Rental Agreement will be de minimis transactions as each of the applicable percentage ratios (other than the profit ratio) is less than 0.1% and

CONNECTED TRANSACTIONS

will therefore be exempt from the reporting, annual review, announcement and independent Shareholders' approval requirements of Chapter 14A of the Listing Rules. Starting from January 1, 2013, we will re-comply with relevant requirement under Chapter 14A of the Listing Rules in relation to the Suzhou Rental Agreement and the Dongyuan Rental Agreement.

The Joint Sponsors are also of the view that it is normal business practice for agreements such as the Suzhou Rental Agreement and the Dongyuan Rental Agreement to be of a relatively long duration and a duration of five years is within normal business practice. Given that the premises had been used as the registered offices of Suzhou Changjia Investment Management and Qidong Qiyue since their respective dates of incorporation and taking into account the administrative inconvenience which Suzhou Changjia Investment Management and Qidong Qiyue will face if they have to relocate to new office premises, the Joint Sponsors consider that it is in the interest of our Group and our Shareholders to enter into the Suzhou Rental Agreement and the Dongyuan Rental Agreement. Accordingly, the Joint Sponsors believe that a waiver from strict compliance with the announcement requirement under the Listing Rules for a period of five years is reasonable and is in line with normal business practice.

Our Directors (including the independent non-executive Directors) and the Joint Sponsors are of the opinion that (1) each of the Lease Agreements, the Rental Agreement, the Suzhou Rental Agreement and the Dongyuan Rental Agreement have been entered into in the ordinary and usual course of business of our Group, and on normal commercial terms; (2) the terms of each of the Lease Agreements, the Rental Agreement, the Suzhou Rental Agreement and the Dongyuan Rental Agreement are fair and reasonable and in the interest of our Shareholders as a whole; and (3) the annual rental contemplated under each of the Lease Agreements, the Rental Agreement, the Suzhou Rental Agreement and the Dongyuan Rental Agreement is fair and reasonable and in the interest of our Shareholders as a whole.

Should each of the Lease Agreements, the Rental Agreement, the Suzhou Rental Agreement and the Dongyuan Rental Agreement be renewed, we shall ensure that the requirements of the Listing Rules (including without limitation Chapter 14A) are complied with.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

Immediately after completion of the Global Offering (assuming that the Over-allotment Option is not exercised), Chairman Zhao will hold 75% of the total issued share capital of our Company. Hence Chairman Zhao is a Controlling Shareholder of our Company.

RETAINED BUSINESS OF OUR CONTROLLING SHAREHOLDERS

Apart from our Group, Chairman Zhao and/or his spouse, Ms. Huang own, directly and indirectly, Pharmaceutical Business, Leasing Business and Development Business.

Our Directors are of the view that the Pharmaceutical Business and the Leasing Business do not compete, directly or indirectly, with our Group's business and there is clear delineation between each of the Pharmaceutical Business and the Leasing Business and our core business which is the development of residential properties, offices and mixed-use developments. Accordingly, the Pharmaceutical Business and the Leasing Business were not injected into our Group as part of the Reorganization.

The Development Business is solely concerned with holding two parcels of land. As at the Latest Practicable Date, these parcels of land are not approved by the PRC authorities for development of properties. Our Controlling Shareholders intend to apply to the relevant PRC authorities for permission to change the land use to the development of residential and/or commercial properties. Upon receipt of the relevant PRC authorities' approval for the change in the land use, the Development Business is likely to compete with our core business.

To eliminate potential competition between our core business and the Development Business, Shanghai Changjia Investment, a company controlled by Chairman Zhao and his family, had granted the CT Options to us to require it to sell the entire equity interest of Nantong Xingwang and Shanghai Santong (which hold two parcels of land) to us. Details of the CT Options are set out in the section headed "Connected Transaction" in this prospectus. In the event that we do not, inter alia, exercise any of the CT Options during the relevant CT Option Periods for whatever reasons, Shanghai Changjia Investment had agreed to sell the Development Business to independent third parties within six months after the relevant CT Option Periods had lapsed.

Save as mentioned, none of our Executive Directors, our Controlling Shareholders or their respective associates are engaged in any business that, directly or indirectly, competes or may compete with the business of our Group.

NON-COMPETE UNDERTAKING

Chairman Zhao has entered into a deed of non-competition in favor of our Company, pursuant to which he has undertaken, subject to and save as mentioned in this prospectus, that he would not, and would procure that none of his associate (other than any member of the Group) will directly or indirectly, be interested in or engaged in Restricted Activity.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

The aforesaid undertakings do not apply with respect to an investment or interest in units or shares of, inter alia, any company which engages in any Restricted Activity where such investment or interest does not exceed 5% of the outstanding voting shares of the company provided that such investment or interest does not grant to Chairman Zhao and/or his associates (other than the Group) any right to control the composition of the Board of Directors or managers of such a company nor any right to participate, directly or indirectly, in such a company.

The non-competition undertaking and the rights and obligations thereunder are subject to and conditional upon the Global Offering becoming unconditional as specified under the section headed "Structure of the Global Offering" in this prospectus.

The obligation of Chairman Zhao under the deed of non-competition will remain in effect until:

- (a) the date on which the Shares cease to be listed on the Hong Kong Stock Exchange; or
- (b) Chairman Zhao and his associates (other than any member of the Group) cease to hold or otherwise be interested in, whether directly or indirectly, 30% or more of the voting rights of our Company; or
- (c) Chairman Zhao is no longer the single largest shareholder of our Company (aggregated for this purpose, with Shares held directly or indirectly and by persons acting in concert with him),

whichever occurs first.

INDEPENDENCE OF MANAGEMENT, FINANCING AND OPERATION

Having considered the following factors, our Directors are satisfied that our Group will be able to be operationally and financially independent from our Controlling Shareholders and their respective associates:

Management Independence

Our Board comprises four Executive Directors and three Independent Non-Executive Directors. Despite the interest of Chairman Zhao in certain businesses outside our Group, we consider that our Board will function independently from Chairman Zhao because:

- (a) each Director is aware of his fiduciary duties as a Director of our Company which require, among other things, that he acts for the benefit and in the best interests of our Company and does not allow any conflict between his duties as a Director and his personal interests;
- (b) in the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Company and our Directors or their respective associates, the interested Director(s) shall abstain from voting at the relevant board meetings of our Company in respect of such transactions; and
- (c) our Board comprises seven Directors, of which three of them are independent non-executive Directors representing more than one-third of the members of the Board. This is in line with or better than current governance best practice in Hong Kong.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

Financial Independence

Our Group has an independent financial system and makes financial decisions according to its own business needs. We currently do not have any outstanding amount due to or from our related parties nor any guarantees granted by our Controlling Shareholders. In the circumstances, we believe we are capable of obtaining financing from third parties without reliance on Chairman Zhao or his associates.

Operational Independence

Our Group has an independent work force to carry out the development of property projects and has not shared its operation team with Chairman Zhao's businesses outside our Group. Although during the Track Record Period, there have been certain transactions between us and our related parties, details of which are set out in note 31 in the Accountant's Report, our Directors have confirmed that these related party transactions were conducted during the ordinary course of business and on fair and reasonable normal commercial terms and none of the historical related party transactions are expected to continue after the Listing.

DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Directors

Our Board currently consists of seven Directors, comprising four executive directors and three independent non-executive Directors. The Board is responsible for and has general powers over the management and conduct of our business. The table below shows certain information in respect of members of the Board of Directors:

Name	Age	Position	Date of appointment
ZHAO Changjia (趙長甲)	52	Chairman, Executive Director and Chief Executive Officer	September 10, 2009
ZHANG Fan (張帆)	36	Vice Chairman, Executive Director and President	November 20, 2009
ZHANG Wenhao (張文浩) . . .	46	Vice Chairman and Executive Director	November 20, 2009
ZHAO Hongyang (趙宏陽) . . .	23	Executive Director	November 20, 2009
XIAO Zhiyue (肖志岳)	52	Independent Non-executive Director	October 11, 2010
WANG Wei (王巍)	52	Independent Non-executive Director	October 11, 2010
ZHU Rongen (朱榮恩)	56	Independent Non-executive Director	October 11, 2010

Executive Directors

Mr. ZHAO Changjia, aged 52, is the Chairman and the Chief Executive Officer of our Company, the founder and a Controlling Shareholder of our Group who effectively wholly owns our Company immediately prior to the Listing of the Company. He is also a director of a number of our Company's subsidiaries, including Suzhou Changjia Investment, Shanghai Changjia Investment Management, Shanghai Changjia Property, Shanghai Deji, Changshu Changtai, Changshu Changxiang, Shanghai Changhe and Shanghai Yuda. He also serves as an executive member of National Council of Chinese Entrepreneurs* (中國企業家全國理事會). He is primarily responsible for our Group's overall strategic planning. Chairman Zhao has approximately 17 years experience in operating and managing enterprises in China. Prior to his involvement in real estate development and investment, Chairman Zhao had been engaged in the pharmaceutical business since 1992. In 1999, led by Chairman Zhao, our Group entered the property development industry with our first residential project, Shanghai Garden. Chairman Zhao once worked as a teacher at Henan University of Traditional Chinese Medicine. In 1997, Chairman Zhao was recognized as an associate research fellow by the Bureau of Science and Technology of Henan Province. He is the father of Mr. Zhao Hongyang and the brother-in-law of Mr. Zhang Wenhao, both of whom are Executive Directors of our Company.

DIRECTORS AND SENIOR MANAGEMENT

Mr. ZHANG Fan, aged 36, is the Vice Chairman and President of our Company. He is also a director of a number of our Company's subsidiaries, including Changshu Yuda and Shanghai Changyi. He is primarily responsible for our Group's daily operations, including project planning, organizing and monitoring the procurement or bidding process, approving material contracts and sales strategy and property management. Mr. Zhang joined Suzhou Changjia Pharmacy Co., Ltd. in 1994 and served as deputy general manager of that company before he joined Shanghai Changjia Property in 2004. He has been serving as the general manager of Shanghai Changjia Property since January 2005. Mr. Zhang received an associate degree in traditional Chinese medicine from Guiyang College of Traditional Chinese Medicine in 1994.

Mr. ZHANG Wenhao, aged 46, is the Vice Chairman of our Company. He is primarily responsible for our Group's investment and capital operation. Mr. Zhang joined our Group in 2001 and served as the general manager of Shanghai Changjia Property and Shanghai Deji, respectively. Prior to joining our Group, Mr. Zhang worked as a deputy director of medical service department of the Health Department of Henan Provincial Government* (河南省衛生廳醫政處). Mr. Zhang received a bachelor's degree in preventive medicine from Henan Medical University (河南醫科大學) in 1988 and a master's degree in business administration from City University of Hong Kong in 2004. Mr. Zhang is the brother-in-law of Chairman Zhao.

Mr. ZHAO Hongyang, aged 23, is an Executive Director of our Company. He is primarily responsible for sales and marketing, design and management of the Group's projects. In addition, he will participate in the Group's development strategy planning. Mr. Zhao joined our Group in 2007 as an assistant to Chairman Zhao on part-time basis and was primarily responsible for project management, assisting sales and marketing and participating in the strategy planning of our Group. Since August 2008, Mr. Zhao has been working on a full-time basis at our Group. Mr. Zhao majored in sociology and received a bachelor's degree from Renmin University of China in June 2009. Mr. Zhao is the son of Chairman Zhao.

Independent Non-executive Directors

Mr. XIAO Zhiyue, aged 52, is an Independent Non-executive Director of our Company. From January 1996 to November 2007, Mr. Xiao was a partner at the law firm of Herbert Smith LLP. Starting from December 2007, Mr. Xiao worked as a managing director at Credit Suisse (Hong Kong) Limited and became a senior counsel in March 2009. Mr. Xiao has extensive experience in financing, capital markets and merger and acquisition transactions. Mr. Xiao obtained a bachelor's degree in economics from Hangzhou University, PRC in 1982, a master's degree in law from The London School of Economics and Political Science in 1985 and a doctorate degree in philosophy from King's College, University of London in 1990.

Mr. WANG Wei, aged 52, is an Independent Non-executive Director of our Company. He currently also serves as the chairman of a trade association, the "China Mergers & Acquisitions Association" and is the founder of a company named "China M&A Group." From 2005 to the present, he has served as the independent non-executive director and chairman of the strategy development committee for China Sports Industry Group Co., Ltd.*, a company listed on the Shanghai Stock Exchange. From November 2009 to the present, he has served as an independent non-executive director for China Everbright Bank Company Limited*, a company listed on the Shanghai Stock Exchange. He also served as a member of the Shanghai Stock Exchange Corporate Governance Advisory Committee for a two-year period from September

DIRECTORS AND SENIOR MANAGEMENT

2007 to September 2009. In 1992, he obtained his Ph.D. in economics from Fordham University in the United States. He is an adjunct professor at Cheung Chong Graduate School of Business and the University of International Business and Economics.

Mr. ZHU Rongen, aged 56, is an Independent Non-executive Director of our Company. He is a professor at the School of Accountancy of the Shanghai University of Finance and Economics, where he has been working since 1983. Mr. Zhu has also been serving as the general manager and president at Shanghai Brilliance Credit Rating & Investors Service Co., Ltd.* (上海新世紀資信評估投資服務有限公司) since 1992. He is also a rating expert with respect to entity borrower's credit appointed by the Shanghai Branch of PBOC, a member of the enterprises internal control standards committee appointed by the Ministry of Finance, and a registered expert of non-financial enterprises debt financing instruments of the interbank bond market appointed by the National Association of Financial Market Institutional Investors. Additionally, Mr. Zhu is a non-practicing Certified Public Accountant in China and a member of the Accounting Society of China. He currently also serves as an independent non-executive director for three companies listed on the Shanghai Stock Exchange, including Shanghai Waigaoqiao Free Trade Zone Development Co., Ltd.* (上海外高橋保稅區開發股份有限公司), Huayu Automotive Systems Company Limited* (華域汽車系統股份有限公司) and Shenergy Company Limited* (申能股份有限公司). Mr. Zhu obtained his bachelor's degree in economics in 1983 from Shanghai Finance and Economics College (上海財經學院), the predecessor of Shanghai University of Finance and Economics, and obtained a master's degree and a doctorate degree in economics from Shanghai University of Finance and Economics in 1987 and 1996, respectively.

Each Director has confirmed that save as disclosed above no additional information in respect of himself should be disclosed pursuant to Rule 13.51(2) of the Listing Rules.

Senior Management

The table below shows certain information in respect of senior management of our Company:

Name	Age	Position
Vincent Tze Kun CHIA (謝知君)	39	Chief Financial Officer
ZHOU Yajun (周亞軍)	54	Vice President
WANG Hongwei (王宏偉)	39	Vice President
DAI Jiahua (戴家驊)	47	Chief Project Supervisor
ZHAO Zhen (趙震)	48	Chief Architect
WEI Jianzhong (魏建中)	44	Financial Controller

Mr. Vincent Tze Kun CHIA, aged 39, is the Chief Financial Officer of our Company. He joined our Group in May 2008. He is primarily responsible for our overall financial management and corporate finance. Mr. Chia gained experience in corporate finance and capital operations from certain senior finance related positions he held. He served as the general manager of the capital markets department of a PRC investment company, Coastal International Holdings Limited* (沿海國際控股有限公司) and its Hong Kong listed subsidiary Coastal Greenland Limited (沿海綠色家園有限公司) (stock code: 1124) from July 2007 to November 2007, and acted as an executive director and the chief financial officer at Austar PharmMed Consumable Limited (奧星醫藥耗材有限公司), a Hong Kong incorporated pharmaceutical company from June 2005 to April 2006.

DIRECTORS AND SENIOR MANAGEMENT

Mr. ZHOU Yajun, aged 54, is a Vice President of our Company. He is primarily responsible for our Group's construction and project management. Mr. Zhou has extensive experience in management of real estate projects and civil engineering and architecture projects. Mr. Zhou joined our Group in March 2008 and served as Vice President of Shanghai Changjia Property. Mr. Zhou previously worked for the Singapore Branch of Shanghai Construction Group General Co.* (上海建工(集團)總公司新加坡分公司) from 2001 to 2003 and worked as a deputy general manager from 2002 to 2003. Afterwards, he worked for Shanghai Nandu Group* (上海南都集團) as a vice president and as a general manager for its project company, Shanghai Tianyi Real Estate Development Co., Ltd.* (上海天億置業發展有限公司) from 2003 to 2005. He also worked for Shanghai Vanke Real Estate Co., Ltd.* (上海萬科房地產有限公司) as project company administrative deputy general manager and project general manager from April 2005 to March 2008. In 1993, Mr. Zhou received a qualification of associate professor in respect of construction structure (civil engineering) issued by the Hainan Province Personnel and Labour Bureau* (海南省人事勞動廳). Mr. Zhou received a bachelor's degree in construction structure and a master's degree in structural engineering from Tsinghua University in 1982 and 1985, respectively.

Mr. WANG Hongwei, aged 39, is a Vice President of our Company. He is primarily responsible for our Group's project development, operations and management. Mr. Wang has extensive managerial experience in architectural design and real estate project development. Mr. Wang joined our Group in 2010 and served as Vice President of Shanghai Changjia Property. Mr. Wang previously worked as a director and deputy general manager for Shanghai Greentown Forest Golf Villa Development Co., Ltd.* (上海綠城森林高爾夫別墅開發有限公司) of Greentown China Holdings Limited* (綠城集團) from December 2003 to September 2005, and as an executive general manager for Kunshan Jianxing Property Co., Ltd.* (昆山建興置業有限公司) of NAPA Real Estate* (納帕地產) from 2007 to February 2010. Mr. Wang was admitted as an engineer in the PRC in August 1999. Mr. Wang received a bachelor's degree in architecture from Southeast University in Nanjing in 1993.

Mr. DAI Jiahua, aged 47, is the Chief Project Supervisor of our Company. He is primarily responsible for overall supervision of our Group's projects. Mr. Dai joined our Group in 2007 and served as Chief Project Supervisor of Shanghai Changjia Property. Mr. Dai served as the chief project supervisor for Beijing Jiaming Real Estate Co., Ltd.* (北京嘉銘房地產開發有限責任公司) from February 2003 to December 2005. Mr. Dai previously worked for Beijing Junefiled Real Estate Development Co., Ltd.* (北京莊勝房地產開發有限公司) from April 1996 to October 1997, for Beijing Oriental Plaza Co., Ltd.* (北京東方廣場有限公司) from November 1997 to July 2003, and for China Xinhua Aviation Co., Ltd.* (中國新華航空有限責任公司) from May 2006 to September 2007. In 2006, Mr. Dai received the professional title of senior engineer from China National Machinery Industry Corporation* (中國機械工業集團公司). Mr. Dai received a bachelor's degree in civil engineering from Hefei University of Technology in 1984.

DIRECTORS AND SENIOR MANAGEMENT

Mr. ZHAO Zhen, aged 48, is the Chief Architect of our Company. He is primarily responsible for project design and supervision of external design contractors. Mr. Zhao joined our Group in February 2008 and served as the Chief Architect of Shanghai Changjia Property. Prior to joining our Group, Mr. Dai worked as an assistant architect for Zhongchuan No. 9 Institute of Design and Research Project Co., Ltd.* (中船第九設計研究院工程有限公司) from 1984 to 1985, as an architect for TAP International from 1988 to 1993, as a chief architect for Shanghai Pacrim Consulting Co., Ltd.* (上海派克倫諮詢有限公司) from 1994 to 2001, and as a chief architect for Shanghai Tianma Country Club Co., Ltd.* (上海天馬鄉村俱樂部有限公司) from 2001 to 2008. He has over twenty years of experience in architecture. Mr. Zhao is a licensed architect in the state of Oklahoma, United States. He received a bachelor's degree in architecture from Tongji University in 1984 and a master's degree in architecture from the University of Oklahoma in 1989.

Mr. Wei Jianzhong, aged 44, is the Financial Controller of our Company. He joined our Group in 2009. Mr. Wei has extensive experience in finance. Prior to joining our Group, he worked for Hainan Asia Pacific Brewery Company Ltd.* (海南亞洲太平洋釀酒有限公司) from January 1995 to December 2006 and was a senior financial manager before he left, and Capitaland (China) Investment Co., Ltd.* (凱德置地(中國)投資有限公司) as a senior manager of financial department of Beijing Xinjie Real Estate Development Co., Ltd.* (北京新捷房地產開發有限公司) from December 2006 to December 2009. Mr. Wei is a qualified accountant in the PRC. He obtained his bachelor's degree in accounting from Chongqing University in 1989 and master's degree in business administration from the University of Wales, Newport in 2007.

Joint Company Secretaries

Mr. ZHAO Changwei, aged 37, is our joint company secretary. Mr. Zhao joined our Group in 1999, and served as the manager of the finance department of Shanghai Changjia Property from 1999 to 2006. He is a director of Shanghai Haoquan. He also served as the manager of the finance department of Shanghai Changtai Investment Co., Ltd.* (上海長泰投資有限公司) since 2006 to the present. In 1996, he graduated from Henan Business College (河南商業高等專科學校), with a diploma in information management and computer application. He is the cousin of Chairman Zhao.

Miss MAK Sze Man, aged 36, is our joint company secretary and she also serves as manager of the corporate services division of Tricor. Prior to joining Tricor, Miss Mak worked in the company secretarial department of Tengis Limited (now known as Tricor Tengis Limited) and Ernst & Young. Miss Mak also serves as joint company secretary of Zhongsheng Group Holdings Limited (stock code: 881), a company listed on the Hong Kong Stock Exchange. Miss Mak has more than 10 years of experience in the company secretarial industry. Miss Mak is an associate member of The Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Chartered Secretaries. She received a master's degree in corporate governance from the Graduate School of Business of The Hong Kong Polytechnic University in 2006.

DIRECTORS AND SENIOR MANAGEMENT

Management Presence in Hong Kong

According to Rule 8.12 of the Listing Rules, we must have sufficient management presence in Hong Kong. This normally means that at least two of our executive directors must be ordinarily resident in Hong Kong. Currently, none of our executive directors ordinarily resides in Hong Kong. Since none of the Company's Executive Directors has been, nor will they be, based in Hong Kong and substantially all of the Company's operations and sales are located and generated in the PRC, we do not and, for the foreseeable future, will not have a significant management presence in Hong Kong. Accordingly, we have applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange has granted us, a waiver from strict compliance with the requirements under Rule 8.12 of the Listing Rules subject to the conditions that among other things, we maintain the following arrangements to maintain effective communication between us and the Hong Kong Stock Exchange.

We have appointed two authorized representatives, namely, Mr. Zhao Changwei, our joint company secretary, and Mr. Zhang Wenhao, both of whom ordinarily reside outside Hong Kong but will be readily contactable by telephone, facsimile and e-mail to deal with inquiries from the Hong Kong Stock Exchange as our principal channel of communication.

Each of our authorized representatives has access to our Board and senior management at all times. Both of our authorized representatives will be able to visit Hong Kong within a reasonable period of notice to meet with the Hong Kong Stock Exchange if required. Each of our Directors (including the Independent Non-executive Directors), through our authorized representatives, will be readily contactable by telephone, facsimile or e-mail, and each of them holds a valid travel document, and will make themselves available in Hong Kong if required to meet with the Hong Kong Stock Exchange at reasonable notice.

Further, we will appoint Shenyin Wanguo Capital (H.K.) Ltd. as our compliance adviser upon Listing in compliance with Rule 3A.19 of the Listing Rules.

Board Committee

Audit Committee

We established an audit committee on October 11, 2010 with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph C3 of the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules. Our audit committee consists of three independent non-executive Directors, namely Mr. Zhu Rongen, Mr. Wang Wei and Mr. Xiao Zhiyue. The chairman of the audit committee is Mr. Zhu Rongen. The primary duties of the audit committee are to assist our Board in providing an independent view of the effectiveness of our financial reporting process, internal control and risk management system, to oversee the audit process and to perform other duties and responsibilities as assigned by our Board.

DIRECTORS AND SENIOR MANAGEMENT

Remuneration Committee

We established a remuneration committee on October 11, 2010 with written terms of reference in compliance with paragraph B1 of the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules. The remuneration committee consists of five members, namely Mr. Zhao Changjia and Mr. Zhang Wenhao, and three independent non-executive Directors, namely Mr. Wang Wei, Mr. Xiao Zhiyue and Mr. Zhu Rongen. Mr. Wang Wei serves as chairman of the committee. The primary duties of the remuneration committee include (without limitation): (i) making recommendations to the Directors on our policy and structure for all remuneration of Directors and senior management and on the establishment of a formal and transparent procedure for developing policies on such remuneration; (ii) determining the terms of the specific remuneration package of our Directors and senior management; (iii) reviewing and approving performance-based remuneration by reference to corporate goals and objectives resolved by the Directors from time to time; and (iv) considering and approving the grant of share options to eligible participants pursuant to the Share Option Scheme.

Nomination Committee

We established a nomination committee on October 11, 2010. The nomination committee consists of three members, namely Mr. Xiao Zhiyue, Mr. Zhang Fan and Mr. Zhao Hongyang. Two of the committee members are our independent non-executive Directors. The chairman of the nomination committee is Mr. Xiao Zhiyue. The primary function of the nomination committee is to make recommendations our Board to fill Board vacancies.

Employees

As of July 31, 2010, we had 225 full-time employees, substantially all of whom are based in the PRC. The following tables show the breakdown of our full-time employees by function as of July 31, 2010:

Function	Number of Employees
Management	23
Project development and management.	80
Sales and marketing	20
Property management	40
Human resources and administration	14
Finance	14
Others	34
TOTAL	<u>225</u>

We believe that successful implementation of our growth and business strategies relies on a team of experienced, motivated and well-trained management and employees at all levels. Our management and employees have extensive operating expertise and in-depth understanding of the property development industry.

DIRECTORS AND SENIOR MANAGEMENT

We enter into individual employment contracts with our employees to cover matters such as wages, benefits and grounds for termination. We generally formulate our employees' remuneration to include salary, bonus and allowance elements. Our compensation programs are designed to remunerate our employees based on their performance, measured against other objective criteria we prescribe. We also provide our employees with welfare benefits in accordance with applicable regulations and our internal policies.

Our Directors confirm that our Group has complied with all applicable labour and social welfare laws and regulations in the PRC in all material respects, including the payment of social insurance contributions in accordance with PRC laws and regulations.

COMPENSATION OF DIRECTORS AND SENIOR MANAGEMENT

Our executive Directors, who are also our employees, receive, in their capacity as our employees, compensation in the form of salaries, bonus, other allowances and benefits in kind, including contributions to the pension scheme, according to the PRC law.

The aggregate amount of remuneration (including fees, salaries, contributions to pension schemes, housing allowances and other allowances and benefits in kind and discretionary bonuses which were paid to our executive Directors during the three years ended December 31, 2009 and the four months ended April 30, 2010 were approximately RMB1,723,000, RMB1,732,000, RMB1,866,000, and RMB620,000 respectively.

We have not paid any remuneration to our Directors or the five highest paid individuals as an inducement to join or upon joining us or as a compensation for loss of office in respect of the three years ended December 31, 2009 and the four months ended April 30, 2010. Further, none of our Directors had waived any remuneration during the same period.

Under our arrangements currently in force, the aggregate remuneration of our Directors for the year ending 2010 is estimated to be no more than HK\$4.1 million.

SHARE OPTION SCHEMES

We adopted the Pre-IPO Share Option Scheme on October 11, 2010. The total number of Shares which may be issued upon the exercise of all options granted under the Pre-IPO Share Option Scheme is 79,600,000 Shares, representing approximately 2% of the enlarged issued share capital of our Company immediately after completion of the Capitalization Issue and the Global Offering (assuming that the Over-allotment Option, the options granted under the Pre-IPO Share Option Scheme and the options to be granted under the Share Option Scheme are not exercised). Each option granted under the Pre-IPO Share Option Scheme has a 10-year exercise period from the Listing Date and is subject to staged vesting schedules. Options granted pursuant to the Pre-IPO Share Option Scheme are non-transferable. No Shares will be issued under the Pre-IPO Share Option Scheme if our Company's public float will as a result of such issue be less than the minimum requirements under the Listing Rules.

DIRECTORS AND SENIOR MANAGEMENT

We conditionally adopted the Share Option Scheme on October 11, 2010. The Share Option Scheme will provide our Group with a flexible means of either retaining, incentivizing, rewarding, remunerating, compensating and/or providing benefits to participants. Details of the terms of the Pre-IPO Share Option Scheme and Share Option Scheme are summarized in the sections headed “Pre-IPO Share Option Scheme” and “Share Option Scheme,” respectively, in Appendix VIII to this prospectus.

COMPLIANCE ADVISER

We will appoint Shenyin Wanguo Capital (H.K.) Ltd. as our compliance adviser pursuant to Rule 3A.19 of the Listing Rules. Pursuant to Rule 3A.23 of the Listing Rules, the compliance adviser will advise us in the following circumstances:

- before the publication of any regulatory announcement, circular or financial report;
- where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues and share repurchases;
- where we propose to use the proceeds of the Global Offering in a manner different from that detailed in this prospectus or where our business activities, developments or results deviate from any forecast, estimate or other information in this prospectus; and
- where the Hong Kong Stock Exchange makes an inquiry of us regarding unusual movements in the price or trading volume of our Shares.

The term of the appointment shall commence on the Listing Date and end on the date which we distribute our annual report of our financial results for the first full financial year commencing after the Listing Date and such appointment may be subject to extension by mutual agreement.

OUR CORPORATE INVESTORS

THE CORPORATE PLACING

As part of the International Placing, we and the Joint Bookrunners, have entered into corporate investor agreements with certain corporate investors (the “Corporate Investors” and each a “Corporate Investor”) which have in aggregate agreed to subscribe for up to approximately HK\$1,162.5 million, or approximately US\$150 million worth of Shares (rounded down to the nearest board lot of 1,000 Shares) (the “Investor Shares”) at the Offer Price. The subscription price of the Investor Shares to be paid by the Corporate Investors was stated in the respective corporate investor agreements to be entered into with them in U.S. dollars. However, the Corporate Investors will pay for the Investor Shares in Hong Kong dollars, which will be determined based on the closing middle point spot rate quoted by The Hong Kong and Shanghai Banking Corporation Limited for U.S. dollars at the close of business in Hong Kong on the Price Determination Date. Solely for reference purposes only, the number of Investor Shares subscribed by the Corporate Investors as set out in this section was calculated based on an exchange rate of HK\$7.75 to US\$1.00. Assuming the Offer Price is fixed at HK\$4.00, being the mid-point of the Offer Price range of HK\$3.20 to HK\$4.80 per Share, and that the Over-allotment Option or any options which have been or may be granted under the Share Option Schemes are not exercised, the total number of Investor Shares would be 290,625,000, representing approximately 29.06% of the total number of Offer Shares and approximately 7.27% of our Company’s enlarged issued share capital immediately following completion of the Global Offering and the Capitalization Issue. We will disclose the actual number of Shares to be allocated to the Corporate Investors in the allotment results announcement that we will issue on or before November 10, 2010.

Each of the Corporate Investors (or their wholly-owned subsidiaries where the Corporate Investor so elects (the “Investor Subsidiary”)) has agreed that it will not, and it has an obligation to procure that none of its associates will, apply for, or place an order through the book building process for, the Shares in the Global Offering (other than the Shares it agrees to purchase pursuant to the corporate investor agreement it has entered into with us and the Joint Bookrunners). Each of the Corporate Investors (for itself and on behalf of the Investor Subsidiary, if any) has confirmed that each of them (i) is not an existing Shareholder of our Company, (ii) does not and will not have a representative on our Board, (iii) is an independent third party and not a connected person or associate (such terms as defined in the Listing Rules) of our Company, and (iv) will not be a substantial shareholder of our Company upon Listing and during the six-month lock-up period as described below.

The Investor Shares will rank *pari passu* in all respects with the fully paid Shares in issue and will count towards the minimum public float of 25% under the Listing Rules. The Investor Shares to be placed to each of the Corporate Investors or their elected Investor Subsidiary, will not be affected by any reallocation of the Offer Shares between the International Placing and the Hong Kong Public Offer in the event of an over-subscription under the Hong Kong Public Offer nor by any exercise of the Over-allotment Option to be granted by the Company and the Selling Shareholder to the Joint Global Coordinators, as described in the section headed “Structure of the Global Offering” in this prospectus.

OUR CORPORATE INVESTORS

CONDITIONS PRECEDENT

Each of the Corporate Investors' obligation to purchase the Investor Shares is conditional upon, among other things: (i) the Hong Kong Underwriting Agreement and the International Underwriting Agreement being entered into and becoming unconditional no later than the date and time as specified in these agreements; (ii) neither of these agreements having been terminated in accordance with their respective original terms or as subsequently varied by agreement of the relevant parties; and (iii) the Listing Committee of the Hong Kong Stock Exchange having granted the listing of, and permission to deal in, the Shares.

RESTRICTIONS ON DISPOSALS

Each of the Corporate Investors has (for itself and on behalf of the Investor Subsidiary, if any) covenanted with and undertaken to us and the Joint Bookrunners that, without our prior written consent and that of the Joint Bookrunners, it will not, and will procure that the Investor Subsidiary, if any, will not, at any time during the period of six months following the Listing Date, whether directly or indirectly, dispose of any Investor Shares purchased pursuant to the respective corporate investor agreements (or any interest in any company or entity holding any of the Shares). Such Corporate Investor or Investor Subsidiary, if any, may transfer the Investor Shares in certain limited circumstances, such as a transfer to its wholly owned subsidiaries or vice versa or a transfer between its wholly owned subsidiaries provided that the transferee agrees will be subject to the restrictions and obligations as imposed under the respective corporate investor agreements. After the six-month lock-up period, the Corporate Investors or Investor Subsidiary, if any, can dispose of the Investor Shares they purchased – not in the contract with Tailwind.

CORPORATE INVESTORS

We set out below a brief description of each of the Corporate Investors.

Chosen Elite Limited (“Chosen”)

Chosen has agreed to subscribe for up to US\$50 million, or approximately HK\$387.5 million (based on the exchange rate of HK\$7.75 to US\$1.00) worth of Shares (rounded down to the nearest board lot of 1,000 Shares). Assuming the Offer Price is fixed at HK\$4.00, being the mid-point of the Offer Price range of HK\$3.20 to HK\$4.80 per Share, the total number of Investor Shares to be subscribed by Chosen would be 96,875,000 Shares, representing approximately 9.69% of the total number of Offer Shares (assuming the Over-allotment Option or any options which have been or may be granted under the Share Option Schemes are not exercised) and approximately 2.42% of our Company's enlarged issued share capital immediately following completion of the Global Offering.

Chosen is an indirect wholly-owned subsidiary of Cheung Kong (Holdings) Limited and is engaged in the investment holding business. Cheung Kong (Holdings) Limited is a company listed on the Hong Kong Stock Exchange, and its principal activities are investment holding and project management, and its subsidiaries are active in the field of property development and investment, hotel and serviced suite operation, property and project management and investment in securities.

OUR CORPORATE INVESTORS

Chow Tai Fook Nominee Limited (“CTF”)

CTF has agreed to subscribe for up to US\$50 million, or approximately HK\$387.5 million (based on the exchange rate of HK\$7.75 to US\$1.00) worth of Shares (rounded down to the nearest board lot of 1,000 Shares). Assuming the Offer Price is fixed at HK\$4.00, being the mid-point of the Offer Price range of HK\$3.20 to HK\$4.80 per Share, the total number of Investor Shares to be subscribed by CTF would be 96,875,000 Shares, representing approximately 9.69% of the total number of Offer Shares (assuming the Over-allotment Option or any options which have been or may be granted under the Share Option Schemes are not exercised) and approximately 2.42% of our Company’s enlarged issued share capital immediately following completion of the Global Offering.

CTF is a company incorporated in Hong Kong and is principally engaged in the investment holding business. It is wholly and beneficially owned by Dato’ Dr. Cheng Yu-Tung.

Tailwind Group Limited (“Tailwind”)

Tailwind has agreed to subscribe for up to US\$50 million, or approximately HK\$387.5 million (based on the exchange rate of HK\$7.75 to US\$1.00) worth of Shares (rounded down to the nearest board lot of 1,000 Shares). Assuming the Offer Price is fixed at HK\$4.00, being the mid-point of the Offer Price range of HK\$3.20 to HK\$4.80 per Share, the total number of Investor Shares to be subscribed by Tailwind would be 96,875,000 Shares, representing approximately 9.69% of the total number of Offer Shares (assuming the Over-allotment Option or any options which have been or may be granted under the Share Option Schemes are not exercised) and approximately 2.42% of our Company’s enlarged issued share capital immediately following completion of the Global Offering.

Tailwind is a company incorporated in the BVI and a special investment vehicle managed by Shikumen Capital Management (HK) Limited. Shikumen Capital Management (HK) Limited is a company incorporated in Hong Kong and licensed under the SFO to carry on Type 4 (advising on securities) and Type 9 (asset management) of the regulated activities (as defined in the SFO). Shikumen Capital Management (HK) Limited is a wholly-owned subsidiary of Crosby Capital Limited, a company listed on the Hong Kong Stock Exchange.

OUR CORPORATE INVESTORS

We set out a summary of the above corporate placing arrangements entered into with each of the Corporate Investors:

Corporate Investor	Maximum Investment Amount (HK\$ million)	Number of Shares ⁽¹⁾	Approximate percentage of total number of Offer Shares ⁽¹⁾⁽³⁾	Approximate percentage of interest in our issued share capital immediately following the Global Offering ⁽¹⁾⁽³⁾	Number of Shares ⁽²⁾	Approximate percentage of total number of Offer Shares ⁽²⁾⁽³⁾	Approximate percentage of interest in our issued share capital immediately following the Global Offering ⁽²⁾⁽³⁾
Chosen	387.5	96,875,000	9.69%	2.42%	121,093,000	12.1%	3.03%
CTF	387.5	96,875,000	9.69%	2.42%	121,093,000	12.1%	3.03%
Tailwind	387.5	96,875,000	9.69%	2.42%	121,093,000	12.1%	3.03%
Total	<u>1,162.5</u>	<u>290,625,000</u>	<u>29.07%</u>	<u>7.26%</u>	<u>363,279,000</u>	<u>36.3%</u>	<u>9.09%</u>

- (1) Rounded down to the nearest board lot of Shares and assuming an Offer Price of HK\$4.00 (being the mid-point of the Offer Price range).
- (2) Rounded down to the nearest board lot of Shares and assuming an Offer Price of HK\$3.20 (being the lowest point of the Offer Price range).
- (3) Assuming the Over-allotment Option or any options which have been or may be granted under the Share Option Schemes are not exercised.

SUBSTANTIAL SHAREHOLDERS

So far as is known to our Directors, immediately following the completion of the Global Offering and the Capitalization Issue (but without taking account of any Shares which may be allotted and issued upon the exercise of the Over-allotment Option or any options which have been or may be granted under the Share Option Schemes), the following persons will have an interest or a short position in our Shares or underlying Shares that is to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, will be, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of our Company:

Name of shareholder	Capacity/nature of interest	Number and class of shares⁽¹⁾	Approximate percentage of shareholding
Changjia Group Int'l ⁽²⁾	Beneficial Owner	3,000,000,000 Shares (L)	75%

(1) The letter "L" denotes the person's long position in such Shares.

(2) Changjia Group Int'l is wholly owned by Chairman Zhao Changjia. Accordingly, Chairman Zhao is deemed to be interested in the Shares held by Changjia Group Int'l.

Except as disclosed in this prospectus, the Directors are not aware of any person who will, immediately following the completion of the Capitalization Issue and the Global Offering (but without taking account of any Shares which may be allotted and issued upon the exercise of the Over-allotment Option or any options which have been or may be granted under the Share Option Schemes), have a discloseable interest in 5% or more of our Shares for the purpose of Part XV of the SFO.

SHARE CAPITAL

AUTHORIZED AND ISSUED SHARE CAPITAL

The following is a description of the authorized and issued share capital of our Company as of the date of this prospectus and immediately after completion of the Global Offering:

As of the date of this prospectus

	HK\$
Authorized share capital:	
10,000,000,000 Shares of HK\$0.10 each	1,000,000,000
Issued share capital:	
4,000,000 Shares of HK\$0.10 each	400,000

Immediately after completion of the Global Offering

	HK\$
Existing issued share capital:	
4,000,000 Shares of HK\$0.10 each	400,000
New Shares issued pursuant to the Capitalization Issue:	
3,096,000,000 Shares of HK\$0.10 each	309,600,000
New Shares issued as part of the Global Offering:	
900,000,000 new Shares of HK\$0.10 each	90,000,000
Total issued Shares on completion of the Global Offering:	
4,000,000,000 Shares of HK\$0.10 each	400,000,000

ASSUMPTIONS

The tables above assume the Global Offering becomes unconditional and is completed in accordance with the relevant terms and conditions. It takes no account of (a) any of the new Shares which may be issued upon the exercise of the Over-allotment Option, (b) any Shares which may be issued under the general mandate given to our Directors for the issue and allotment of Shares, (c) any Shares which may be repurchased by us pursuant to the general mandate given to our Directors for the repurchase of Shares, or (d) any Shares to be issued upon the exercise of options which are granted under the Pre-IPO Share Option Scheme or may be granted under the Share Option Scheme.

RANKING

The Shares are ordinary shares in the share capital of our Company and rank equally with all Shares currently in issue or to be issued and, in particular, will rank in full for all dividends or other distributions declared, made or paid on the Shares in respect of a record date which falls after the date of this prospectus.

SHARE CAPITAL

GENERAL MANDATE TO ISSUE SHARES

Subject to the conditions stated in the section headed “Structure of the Global Offering – The Hong Kong Public Offer” in this prospectus, our Directors have been granted a general unconditional mandate to allot, issue and deal with Shares (otherwise than pursuant to, or in consequence of, the Global Offering, a rights issue or any scrip dividend scheme or similar arrangements, or any adjustment of rights to subscribe for Shares under options and warrants or a special authority granted by our shareholders) with an aggregate nominal value of not more than the sum of:

- (a) 20% of the aggregate nominal value of the share capital of our Company in issue immediately following completion of the Capitalization Issue and the Global Offering but before any exercise of the Over-allotment Option or options granted or which may be granted under the Share Option Schemes; and
- (b) the aggregate nominal value of the share capital of our Company repurchased by our Company (if any) under the general mandate to repurchase Shares referred to below.

This general mandate to issue Shares will expire:

- (i) at the conclusion of the next annual general meeting of our Company;
- (ii) at the end of the period within which the next annual general meeting of our Company is required to be held under the applicable laws or the Articles of Association; or
- (iii) when revoked or varied by an ordinary resolution of our Shareholders at a general meeting of our Company,

whichever occurs first.

GENERAL MANDATE TO REPURCHASE SHARES

Subject to the conditions stated in the section headed “Structure of the Global Offering – The Hong Kong Public Offer” in this prospectus, our Directors have been granted a general unconditional mandate to exercise all our powers to repurchase Shares (Shares which may be listed on the Hong Kong Stock Exchange or on any other stock exchange and Shares which are recognized by the Securities and Futures Commission and the Hong Kong Stock Exchange for this purpose) with a total nominal value of not more than 10% of the aggregate nominal value of our Company's share capital in issue immediately following completion of the Capitalization Issue and the Global Offering but before any exercise of the Over-allotment Option or options granted or which may be granted under the Share Option Schemes. This mandate only relates to repurchases made on the Hong Kong Stock Exchange, or on any other stock exchange on which the Shares are listed (and which is recognized by the Securities and Futures Commission and the Hong Kong Stock Exchange for this purpose), and made in accordance with all applicable laws and the requirements of the Listing Rules. A summary of the relevant Listing Rules is set out in the section headed “Repurchase of our own securities” in Appendix VIII to this prospectus.

The general mandate to repurchase Shares will expire:

- (i) at the conclusion of the next annual general meeting of our Company;
- (ii) at the end of the period within which the next annual general meeting of our Company is required to be held under the applicable laws or the Articles of Association; or
- (iii) when revoked or varied by an ordinary resolution of our Shareholders at a general meeting of our Company,

whichever occurs first.

FINANCIAL INFORMATION

The following discussion of our financial condition and results of operations should be read in conjunction with our audited Combined Financial Information as of and for the years ended December 31, 2007, 2008 and 2009, and the four months ended April 30, 2010, and, in each case, the related notes set out in the Accountants' Report included as Appendix I to this prospectus. Our Combined Financial Information has been prepared in accordance with IFRS, which may differ in material aspects from generally accepted accounting principles in other jurisdictions. The following discussion and analyses contain forward-looking statements that involve risks and uncertainties. Our actual results and timing of selected events could differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth under the section headed "Risk Factors" and elsewhere in this prospectus.

OVERVIEW

We are a quality and award-winning property developer with more than ten years of experience developing high-end residential and premium commercial properties in prime locations in Shanghai¹. Our business model is to maintain a diversified property portfolio combining strong cash flows from our property sales with revenue streams and capital appreciation from our commercial properties, which we generally hold as investment properties upon completion. We are predominantly focused on Shanghai, China's leading financial center, and other affluent cities in and near the Greater Shanghai Economic Circle, which comprises fast-growing cities such as Kunshan and Changshu, ranked first and second in "China's Top 25 County-level Cities" by Forbes in 2010, and Wuxi, Qidong and Suzhou.

Our first project was Shanghai Garden, a well-known low-density residential development located near Shanghai's main financial center in the Lujiazui area of Pudong New District. Shanghai Garden was named "Most Popular Villa in Shanghai" by Shanghai Evening Post in 2004 and ranked eighth in terms of sales proceeds among all Shanghai residential developments in 2005. We sold Shanghai Garden in five tranches beginning in 2004, with the last tranche expected to be sold and delivered to buyers by the end of 2010. During the Track Record Period, all of our revenues from sales of properties were derived from sales of Shanghai Garden properties. Building on the success of Shanghai Garden, we have developed other high-end residential properties in prime locations in Shanghai, including our Chamtime Western Villa, which began presales in November 2008, and Chamtime Eastern Garden, which is expected to begin presales in the third quarter of 2010. We have also developed two villa projects in Changshu, a city located within 100 kilometers of Shanghai, which began presales in July 2008 and September 2008, respectively. We began delivery of our Chamtime Western Villa, Chamtime Lake Mountain Villa and Chamtime Mountain View Villa properties in the first half of 2010.

¹ In this prospectus, high-end residential properties are defined as residential properties with prime locations, relatively low plot ratios, relatively large sizes and high total transaction prices. Our residential property developments are principally composed of villas or large-sized low-density urban apartments which are targeted at high net worth individuals. The majority of our completed residential properties have plot ratios below 1.2 and per unit GFAs exceeding 150 sq.m. In this prospectus, premium commercial properties are defined as International Grade A offices.

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In order to develop a balanced property portfolio and take advantage of Shanghai's rapidly growing commercial property sector, we have selectively developed premium commercial properties in prime Shanghai locations. Our Chamtime International Financial Center is a 22-story International Grade A office building located in Pudong's greater Lujiazui financial district. The construction of the project commenced in March 2006 and was completed in January 2008. As of July 31, 2010, the occupancy rate of Chamtime International Financial Center was 100%, with over 65% of the office tenants being finance sector-related companies, such as international and domestic banks, securities firms, futures trading firms and insurance companies. We are also developing Chamtime Corporate Avenue Plaza, a 23-story International Grade A office building located in Shanghai's commercially vibrant Zhabei District, within two kilometers of People's Square in central Shanghai. The construction of Chamtime Corporate Avenue Plaza commenced in March 2009 and is expected to be completed in December 2011. We will also develop Chamtime Plaza, a large-scale integrated mixed-use development, located in the heart of Zhangjiang Hi-Technology Park in Shanghai's Pudong New District. The construction of Chamtime Plaza is expected to commence in December 2010 and to be completed in December 2014.

We acquired several property development sites in cities in and near the Greater Shanghai Economic Circle on which we plan to develop high-end residential properties and mixed-use complexes featuring high-end residential properties complemented by premium commercial and office properties. In October 2009 we successfully bid for a 255,499 sq.m. residential property development site in Kunshan, a city located within 50 kilometers of Shanghai. In addition, during the first quarter of 2010 we successfully bid for a 499,779 sq.m. property development site in Wuxi, a 174,309 sq.m. property development site in Changshu and a 163,930 sq.m. property development site in Kunshan and acquired from an independent third party a 1,271,960 sq.m. property development site in Qidong, a city within 50 kilometers of Shanghai.

As of the Latest Practicable Date, we had a total of 12 projects, including projects for which we have successfully bid for the project site but not yet obtained the land use rights and projects which we have successfully acquired from third parties but the approved use of which needs to be changed. As of July 31, 2010, our completed property developments had an aggregate GFA of 439,228 sq.m., our properties under development had an aggregate planned GFA of approximately 274,259 sq.m. and our properties held for future development had an aggregate planned GFA of approximately 3,709,152 sq.m.

For the years ended December 31, 2007, 2008 and 2009 and the four months ended April 30, 2010, our revenues were RMB533.7 million, RMB333.1 million, RMB565.4 million and RMB1,031.3 million, respectively. Our profit before tax for the corresponding periods was RMB359.3 million, RMB992.0 million, RMB854.6 million and RMB578.7 million, respectively. Our total comprehensive income for the corresponding periods was RMB262.9 million, RMB710.8 million, RMB523.9 million and RMB329.9 million, respectively, with fair value gains on our investment properties accounting for a significant portion of our net profit for 2008 and 2009.

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BASIS OF PRESENTATION

Our financial information has been prepared in accordance with IFRS and under the historical cost convention, except for investment properties and equity investments at fair value through profit or loss which are carried at fair value. The financial information is presented in Renminbi and all values are rounded to the nearest thousand except when otherwise indicated.

The preparation of financial information in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial information are disclosed in the Accountants' Report included as Appendix I to this prospectus.

Pursuant to the Reorganization as described in the subsection headed "History and Reorganization" in this prospectus, the Company became the holding company of all the companies now comprising the Group on May 5, 2010. Since Chairman Zhao and Ms. Huang controlled all the companies now comprising the Group (other than Shanghai Haoquan, Shanghai Jindilianchuang, Shanghai Changyi, Qidong Dongsheng, Qidong Oriental Pearl, Qidong Yingtai and Qidong Qiyue) both before and after the Reorganization, the Group comprising the Company and its subsidiaries resulting from the Reorganization is regarded as a continuing entity. The Financial Information of the Group has been prepared on the basis as if the Company had always been the holding company of the Group using the pooling of interest accounting. The Combined Financial Information of the Group has been prepared as if the current group structure had been in existence throughout the Track Record Period, or since the respective dates of incorporation or establishment of respective companies now comprising the Group, where this is a shorter period, except for the acquisition of Shanghai Haoquan, Shanghai Jindilianchuang, Shanghai Changyi, Qidong Dongsheng, Qidong Oriental Pearl, Qidong Yingtai and Qidong Qiyue, during the Track Record Period. The combined statement of financial position of the Group as of December 31, 2007, 2008, 2009 and April 30, 2010 has been prepared to present the assets and liabilities of the companies comprising the Group as of the respective dates as if the current Group structure had been in existence at those dates, except Shanghai Haoquan, Shanghai Jindilianchuang, Shanghai Changyi, Qidong Dongsheng, Qidong Oriental Pearl, Qidong Yingtai and Qidong Qiyue.

For management purposes, our Group is organized into business units based on their respective products and services and has three reportable operating segments as follows:

- (a) the property development segment engages in the development and sale of residential properties;
- (b) the property investment segment invests in commercial properties for their rental income and/or for potential capital appreciation; and
- (c) the other segment engages in research and development, production and sale of a series of modernized Chinese medicines and chemical medicines.

Our Group ceased the operations of the other segment referred to above in April 2009.

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SIGNIFICANT FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Overall performance of the high-end residential and premium commercial property markets in Shanghai and other cities in and near the Greater Shanghai Economic Circle

Our business and results of operations are heavily impacted by the property markets in Shanghai and other cities in and near the Greater Shanghai Economic Circle where our projects are located. These property markets may be affected by local, national and global factors, including overall economic and financial conditions, demand and supply of properties, interest rates, availability of capital, and availability of alternative investment choices for property buyers. As with other parts of China, long-term growth of these property markets has been driven by economic growth, increasing disposable income and savings, and rapid urbanization.

Property prices and demand in Shanghai and the cities in and near the Greater Shanghai Economic Circle have fluctuated significantly in recent years. Following rapid growth in transaction volumes and prices for much of the period from 2002 to 2007, overall transaction volumes and property prices in Shanghai experienced a decline during 2008, due in part to the global financial crisis and related economic downturn as well as policies implemented by the PRC Government to prevent the overheating of the real estate sector. During 2008, rental rates and occupancy rates were also adversely affected by national and global macro-economic conditions. In 2009 and early 2010, the PRC property market saw a strong sales rebound, but a further set of policies implemented by the PRC Government in April 2010 have had a dampening effect on property market demand. According to the National Bureau of Statistics of the PRC, aggregate sales revenue for commodity properties was approximately RMB4,399.5 billion in 2009, an increase of 75.5% compared to 2008. While we maintained stable prices for our Shanghai Garden properties in 2008, sales volumes for our Shanghai Garden properties declined significantly in that year from 2007 due to the factors described above.

Regulatory measures affecting the property market in China

Regulations and policies affecting the real estate industry, including tax policies, land grant policies, presale policies, interest rate policies, consumer credit and mortgage financing policies and other macro-economic policies will continue to have a significant impact on demand for our properties, and thus our business, financial condition and results of operations. From 2005 to early 2008 and in late 2009 and early 2010, the PRC Government implemented measures designed to moderate the rate of growth in the PRC property market by discouraging speculation in residential property and increasing the supply of affordable housing. Please refer to the section headed "Risk Factors — Risk Factors Relating to Regulation of the PRC Property Market" in this prospectus.

Project development and delivery schedules

Because we recognize revenues from sales of properties only upon delivery to the buyer, our revenues in any given period are significantly affected by the amount of GFA delivered during that period. As a result, for our properties that we presell prior to completion of construction, such as our Chamtime Western Villa, Chamtime Lake Mountain Villa and Chamtime Mountain View Villa, we will typically enjoy higher revenues in periods in which we complete and deliver the properties, which may not correspond with the periods in which the properties are sold. For example, the increase in our revenue to RMB1,031.3 million in the four months ended April 30, 2010 from RMB28.1 million in the four months ended April 30, 2009 was primarily due to the project completion and delivery schedules for our Chamtime Western Villa, Chamtime Lake

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Mountain Villa and Chamtime Mountain View Villa properties. Project development schedules also impact our cash flows as a project may be under construction for more than a year before it generates positive cash flow through presales or sales. Changes in our cash flows during the Track Record Period were significantly affected by the time lag between commencement of construction and cash inflows from presales or rental income relating to our Chamtime Western Villa, Chamtime International Financial Center, Chamtime Lake Mountain Villa and Chamtime Mountain View Villa projects. Project development schedules depend on a number of factors, including the performance and efficiency of our independent contractors, our ability to obtain relevant governmental licenses and approvals, and our ability to finance construction with bank borrowings and presales.

Fair value adjustments of investment properties

Our investment properties include both completed investment properties and investment properties under construction. An investment property is measured initially at fair value or at its cost, including related transaction costs if the fair value cannot be necessarily determined. After initial recognition, it is carried at fair value, with changes in fair value recognized in our consolidated income statement. Upward or downward valuation adjustments reflect unrealized capital gains or losses on our investment properties in the relevant period and do not generate any cash inflow for our operations or potential dividend distribution to our shareholders. Our profit before tax and total comprehensive income for 2008 and 2009 were significantly affected by our fair value gains, in particular fair value gains on our Chamtime International Financial Center due to its recategorization as an investment property following its completion in January 2008.

The appraised value of our properties as contained in the property valuation report prepared by Savills attached hereto as Appendix IV to this prospectus is based on assumptions that include elements of subjectivity and uncertainty. In valuing our investment properties, Savills has adopted the direct comparison approach by making reference to the comparable market transactions as available in the markets and where appropriate on the basis of capitalization of net incomes derived from the investment properties. Savills has also taken into account the construction costs to be expended to reflect the quality of the completed properties.

Revenue mix between residential and commercial properties

We have derived, and expect to continue to derive, a substantial majority of our revenues from sales of residential properties, which tend to fluctuate from period to period due to project development and delivery schedules and other reasons. At the same time, we retain our commercial properties as investment properties for recurring rental income and capital appreciation. As a result, our revenues and cash inflows from sales of residential properties are generally higher but more volatile, while rental income from commercial properties are lower in any given period but more stable. Our revenues will generally see a larger increase in periods where we complete and deliver residential properties, while our gross margin is generally positively impacted by an increase in our revenues from rental income from commercial properties as rental income generally enjoys a higher gross margin than revenues from sales of residential properties.

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Land prices and availability of land suitable for development

Our growth depends on our ability to secure quality land at prices that can offer attractive returns. During the Track Record Period, our land reserves were primarily acquired from public tender, auction and listing-for-sale held by relevant local governments, acquisition of distressed projects and acquisition of project companies from other developers. Our ability to acquire land from other developers may depend on factors such as the overall economy, competition and the effectiveness of our management in identifying and consummating such deals. The availability and price of land sold at auction depends on factors including government land policies and competition. The PRC Government and relevant local authorities control the amount and cost of new land supply and the approved planning and use of such land. Moreover, the rapid development of Shanghai, the Greater Shanghai Economic Circle and nearby areas in recent years has led to a diminishing supply of undeveloped land in desirable locations.

At the same time, changes in the price of land may significantly affect our results of operations and financial condition. Land acquisition costs have been one of the largest components of our cost of sales. Moreover, we generally incur expenses on land acquisition for a project for more than a year before we begin generating cash from presales of the project's properties. As a result, increases in land acquisition costs may have a significant adverse effect on our cash flows. At the time of acquiring the land, we must estimate what the demand and market prices for the relevant project will be in the future when we commence presales, sales or rental of the properties. Any deviation from the demand and market prices that we estimate will impact our expected gross profit and margin. In recent years, land prices in China have increased significantly. As the PRC economy continues to grow and demand for residential and commercial properties remains strong, we expect that competition among developers to acquire land that is suitable for property development will continue to intensify, which may further drive increases in land prices. In addition, the public tender, auction and listing-for-sale practices in respect of the grant of state-owned land use rights have contributed to increased competition for land and therefore increased land prices.

Fluctuations in property development costs

Our results of operations are affected by our property development costs, a significant part of which is our contractual payments to our construction contractors. Our payments to our construction contractors mainly consist of construction material costs and labor costs. Generally, our agreements with our construction contractors provide that they absorb any increase in labor costs while any increase or decrease in excess of 5% of the agreed costs of construction materials will be paid by us/returned to us. Construction material costs have experienced periods of fluctuation in recent years, with prices of many commodity materials, in particular steel and cement, rising significantly in 2006 and 2007. Similar periods of rapid increases in the future could negatively affect our results of operations. Our construction costs have also been affected by gradually rising labor costs in China in recent years, and we expect labor costs in China to continue to increase in the future.

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Access to and cost of financing

Bank borrowings have been an important source of funding for our property development. As of December 31, 2007, 2008 and 2009 and April 30, 2010, our outstanding bank borrowings amounted to RMB380.0 million, RMB907.5 million, RMB1,765.0 million and RMB2,246.6 million, respectively. The interest rates of our bank borrowings are floating with reference to the benchmark interest rate set by the PBOC, and any increase in this rate will increase the finance costs of our project developments. During 2007 and the first half of 2008, our cost of borrowings increased significantly as the PBOC raised its benchmark interest rates in an effort to prevent overheating of the economy. However, since September 2008, the PBOC has lowered its benchmark interest rate from 7.47% to 5.31%. Lenders approve loans to us for the construction of specific projects. The proceeds cannot be applied to the construction of other projects and generally may not be renewed. In order to diversify our financing channels to expand our access to funds, we entered into the Trust with Anxin Trust & Investment Co., Ltd. to raise RMB1.0 billion (before deduction of any expenses) from public investors and one specific institutional investor. The weighted average interest rate of this Trust is 6.8% per annum upon the expiry of the Trust. In addition, we also entered into a financing agreement with New China Trust Co., Ltd. on June 3, 2010 pursuant to which New China Trust Co., Ltd. agreed to provide a loan of RMB800.0 million to us with a term of one year from June 10, 2010 to June 9, 2011 and an interest rate of 16% per annum, subject to our discretionary early repayment. Our access to and cost of financing are also affected by restrictions imposed from time to time by the PRC Government on bank lending for property development. To the extent the PRC Government slows the development of the private property sector, either by restricting loans to the sector or increasing lending rates to the sector, our access to capital and cost of financing may be adversely affected and our revenues and net profits may significantly reduce. In addition, although we do not have bank borrowings in foreign currencies, any fluctuations in global credit markets, as were seen during the recent global financial crisis, could adversely affect us insofar as they impact interest rates and the availability of credit in China.

Taxation

Our income tax expense represents PRC EIT, withholding income tax and LAT paid and accrued by our subsidiaries. A description of each is set forth below:

EIT and withholding income tax

Our EIT has been calculated at the applicable tax rate on our assessable profits for each year during the Track Record Period. The generally applicable EIT rate was 33% for 2007, but was reduced to 25% starting January 1, 2008, when the PRC EIT Law came into effect. The PRC EIT Law introduced a wide range of changes including, but not limited to, the unification of the income tax rate for domestic-invested and foreign-invested enterprises at 25%. Enterprises previously entitled to certain preferential tax rates will gradually move to the applicable tax rate of 25% within five years from 2008. Shanghai Changjia Property and Shanghai Jindilianchuang enjoy tax incentives from local PRC government authorities. For 2007, 2008 and 2009, the EIT

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rate for Shanghai Changjia Property and Shanghai Jindilianchuang was 15%, 18%, and 20% respectively. The EIT rate for Shanghai Changjia Property and Shanghai Jindilianchuang is 22% for the year 2010 and will be 24% for the year 2011, and finally reach the uniform 25% EIT rate in 2012 and thereafter. Any changes to the EIT rate our subsidiaries are subject to would impact our income tax expenses as well as the value of our deferred tax assets. See the section headed "Risk Factors – Risk Factors Relating to Our Business – If the preferential EIT rates enjoyed by Shanghai Changjia Property and Shanghai Jindilianchuang are challenged or changed, our financial condition and results of operations may be adversely affected" in this prospectus.

Under the New EIT Law, a 10% withholding income tax is levied on the immediate holding companies established outside the PRC when their PRC subsidiaries declare dividends arising from profits earned after January 1, 2008 subject to certain exceptions. See the section headed "Risk Factors – Risk Factors Relating to the PRC – Changes in PRC policies on dividend distribution may materially and adversely affect our business and results of operations and dividends payable by us to our foreign investors and gains on the sale of our shares may be subject to withholding taxes under PRC tax laws" in this prospectus.

LAT

Under PRC tax laws and regulations, our properties in China are subject to LAT on the appreciation value of their land and the improvements on the land upon the sale of such properties. All appreciation from the sale or transfer of land use rights and buildings and their attached facilities in China is subject to LAT at progressive rates ranging from 30% to 60% of the appreciation value as determined by relevant tax laws. Certain exemptions are available for the sale of ordinary residential properties if the appreciation value does not exceed 20% of the total deductible items. Local tax authorities generally require prepayment of a portion of LAT upon receipt of sales and presales proceeds. The rate of such prepaid LAT varies by locality and property type. We are subject to LAT prepayment of between two and five percent on our properties in Shanghai and Changshu.

Upon recognition of revenues from properties sold, we recognize LAT as a tax expense. We make provisions for LAT based on the appreciation of land value, which is calculated based on the sales of properties less deductible expenditures, including land grant premiums, capitalized borrowing costs and certain property development expenditures. We have estimated our LAT liabilities according to our understanding of the requirements under the relevant PRC tax laws and regulations. The final LAT liabilities of our Group are usually determined by the tax authorities after completion of our property development projects, and could be different from the amounts that we have estimated because of ambiguities relating to regulations or guidelines in this regard and differences between our estimates and those of the tax authorities.

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CRITICAL ACCOUNTING POLICIES

We have identified below the accounting policies that we believe are critical to our Combined Financial Information. These accounting policies require subjective or complex judgments by our management, often as a result of the need to make estimates about the effect of matters that are inherently uncertain. The estimates and associated assumptions are based on our historical experience and various other factors that we believe are reasonable under the circumstances, the results of which form the basis of making judgments about matters that are not readily apparent from other sources. These accounting policies and estimates are discussed in more detail in Note 3 and Note 4 to the Accountants' Report set out in Appendix I to this prospectus. We review our estimates and underlying assumptions on an ongoing basis.

Basis of combination

The Financial Information incorporates the financial statements of the Company and its subsidiaries for the Track Record Period. The acquisition of subsidiaries under common control has been accounted for using the pooling of interest method. The purchase method of accounting is used for the acquisitions of subsidiaries not under common control.

The pooling of interest method of accounting involves incorporating the financial statements items of the combining entities in which the common control combination occurs as if they had been combined from the date when the combining entities first came under the control of the controlling party. The net assets of the combining entities are combined using the existing book values from the controlling party's perspective. No amount is recognized in respect of goodwill or the excess of the acquirers' interests in the net fair value of acquirees' identifiable assets, liabilities and contingent liabilities over the cost of investment at the time of common control combination. The combined income statements include the results of each of the combining entities from the earliest date presented or since the date when the combining entities first came under common control, where this is a shorter period, regardless of the date of the common control transactions.

The purchase method of accounting involves allocating the cost of a business combination to the fair value of the identifiable assets acquired and liabilities and contingent liabilities assumed at the date of acquisition. The cost of acquisition is measured at the aggregate fair value of the assets given and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition, being the date on which the Group obtains control, and continue to be combined until the date that such control ceases.

Minority interests represent the interests of outside shareholders not held by our Group in the results and net assets of the Company's subsidiaries. An acquisition of minority interests is accounted for using the entity concept method whereby the difference between the consideration and the book value of the share of the net assets acquired is recognized as an equity transaction.

All income, expenses and unrealized gains and losses resulting from intercompany transactions and intercompany balances within the Group are eliminated on combination in full.

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Revenue recognition

Revenue from the sale of properties in the ordinary course of business is recognized when all the following criteria are met:

- the significant risks and rewards of ownership of the properties are transferred to purchasers;
- neither continuing managerial involvement to the degree usually associated with ownership, nor effective control over the properties are retained;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the cost incurred or to be incurred in respect of the transaction can be measured reliably.

Deposits and installments received in respect of properties sold prior to the date of revenue recognition are included in the combined balance sheet under current liabilities.

Rental income is recognized on a straight-line basis over the lease term.

Revenue from the sale of goods, which during the Track Record Period included sales of pharmaceutical products (within the other revenue segment in our income statement), is recognized when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.

Interest income is recognized on an accrual basis using the effective interest method by applying the rate that discounts the estimated future cash receipts through the expected life of the financial instrument of the net carrying amount of the financial asset.

Property management and related service fees are recognised over the period in which the services are rendered.

Properties under development

Properties under development are intended to be held for sale after completion.

Properties under development are stated at the lower of cost and net realizable value. Cost comprised land costs, construction costs, borrowing costs, professional fees and other costs directly attributable to such properties incurred during the development period.

Properties under development are classified as current assets unless the construction period of the relevant property development project is expected to complete beyond the normal operating cycle.

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Completed properties held for sale

Completed properties held for sale are stated in the statements of financial position at the lower of cost and net realizable value. Cost is determined by an apportionment of the total cost of land and buildings attributable to the unsold properties. Net realizable value takes into account the price ultimately expected to be realized, less estimated costs to be incurred in selling the properties.

Investment properties

Investment properties include both completed investment properties and investment properties under construction.

Completed investment properties are interests in land and buildings held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the reporting period.

Investment properties under construction or development for future use as investment properties are classified as investment properties under construction. Such properties under construction are measured initially at cost, including transaction costs, and stated at fair value, subsequent to initial recognition, at each reporting date when fair value can be determined reliably. If the fair value cannot be reliably determined, the investment property under construction will be measured at cost until such time as fair value can be determined or construction is completed.

Gains or losses arising from changes in the fair values of completed investment properties and investment properties under construction are included in the profit or loss in the year in which they arise.

Any gains or losses on the retirement or disposal of a completed investment property or an investment property under construction are recognized in the profit or loss in the year of the retirement or disposal.

Loans, borrowings and payables

After initial recognition, interest-bearing loans, borrowings and payables are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the profit or loss when the liabilities are derecognised as well as through the effective interest rate method amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the profit or loss.

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Derecognition of financial liabilities

Financial liabilities are derecognized when the obligation under the liabilities are discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognized in the income statement.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognized outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretation and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred tax liability arises from goodwill or the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carryforward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilized, except:

- where the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

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- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognized to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Conversely, previously unrecognized deferred tax assets are reassessed at each balance sheet date and are recognized to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, that is, assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalized as part of the cost of those assets. The capitalization of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalized. Other borrowing costs are recognized as expenses in the income statement in the period in which they are incurred.

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RESULTS OF OPERATIONS

The following table shows selected income statement items for the years ended December 31, 2007, 2008 and 2009 and the four months ended April 30, 2009 and 2010 and should be read in conjunction with the Accountants' Report included in Appendix I to this prospectus:

	Year ended December 31,			Four months ended April 30,	
	2007	2008	2009	2009	2010
	(unaudited)				
	(RMB in thousands)				
REVENUE	533,728	333,076	565,425	28,050	1,031,275
Cost of sales	(154,971)	(79,064)	(95,699)	(3,536)	(541,438)
GROSS PROFIT	378,757	254,012	469,726	24,514	489,837
Other income and gains	31,716	6,144	8,499	1,107	2,380
Selling and distribution costs	(7,946)	(25,988)	(47,472)	(11,966)	(22,029)
Administrative expenses	(31,122)	(40,233)	(74,721)	(16,023)	(16,273)
Other expenses	(126)	(7,760)	(472)	(469)	(316)
Fair value gains on investment properties	–	867,018	564,624	557,624	178,000
Finance costs	(11,941)	(61,145)	(65,599)	(25,207)	(52,863)
PROFIT BEFORE TAX	359,338	992,048	854,585	529,580	578,736
Income tax expense	(96,417)	(281,201)	(330,661)	(136,471)	(248,811)
PROFIT AFTER TAX AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>262,921</u>	<u>710,847</u>	<u>523,924</u>	<u>393,109</u>	<u>329,925</u>
Attributable to:					
Equity holders of the Company	240,114	710,847	523,924	393,109	329,925
Minority interests	22,807	–	–	–	–
	<u>262,921</u>	<u>710,847</u>	<u>523,924</u>	<u>393,109</u>	<u>329,925</u>

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DESCRIPTION OF CERTAIN INCOME STATEMENT ITEMS

Revenue

Revenues from sales of residential properties have accounted for, and we expect them to continue to account for, the substantial majority of our revenue. Because we recognize revenues from sales of properties after the properties have been delivered, our revenues from sales of properties are significantly affected by the GFA of residential properties delivered in the relevant period. The GFA of properties delivered in any given period is driven primarily by property development schedules and market demand, including market demand of prior periods during which we presold the properties. Revenues from sales of residential properties are also impacted by average selling prices of the properties delivered during the relevant period. Average selling prices are primarily affected by overall market conditions, location and target customers. Average selling prices within a single project can have significant variations due to factors such as proximity to streets and other public areas, scenic views and floor level.

The following table shows the breakdown of our revenue for the periods indicated:

	Year ended December 31,			Four months ended April 30,	
	2007	2008	2009	2009 (unaudited)	2010
	(RMB in thousands)				
Revenue					
Sale of properties	532,260	273,372	473,828	–	997,773
Rental income	1,468	54,175	91,524	27,977	32,662
Others	–	5,529	73	73	840
	533,728	333,076	565,425	28,050	1,031,275

All of our revenues from sales of properties in 2007, 2008 and 2009 were derived from sales of Shanghai Garden properties. We sold properties of Shanghai Garden in five tranches beginning in 2004. We expect the remaining units of our Shanghai Garden properties to be sold and delivered by the end of 2010. In the four months ended April 30, 2010, we derived revenues from sales of residential properties for our Shanghai Garden, Chamtime Western Villa, Chamtime Lake Mountain Villa and Chamtime Mountain View Villa properties. The following table shows our revenue from sales of properties by project for the periods indicated:

	Year ended December 31,			Four months ended April 30,	
	2007	2008	2009	2009 (unaudited)	2010
	(RMB in thousands)				
Revenue					
Shanghai Garden	532,260	273,372	473,828	–	266,909
Chamtime Western Villa	–	–	–	–	244,027
Chamtime Lake Mountain Villa	–	–	–	–	286,380
Chamtime Mountain View Villa	–	–	–	–	200,457
	532,260	273,372	473,828	–	997,773

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We also derive revenue from rental income from commercial properties that we hold as investment properties. Rental income from investment properties is recognized on a straight-line basis over the lease term and is primarily affected by the GFA of rented properties, rental rates and occupancy rates. All of our rental income during the Track Record Period was derived from rental of properties of our Chamtime International Financial Center, which was completed in January 2008, and was net of management fees paid to our third party property management company.

Our other revenue during the Track Record Period primarily consisted of sales of pharmaceutical goods. During 2007, our subsidiary Suzhou Changjia Pharmacy Co., Ltd. remained inactive since the Group focused on our property development business while waiting for the relevant licenses for our pharmaceutical business during that year. Therefore, our other revenues recorded in 2007 were immaterial. The pharmaceutical business, which had minimum operations in 2008 and 2009, was spun off from our Group in 2009 and no longer combined into our results of operations from May 2009. Our other revenue in the four months ended April 30, 2010 primarily consisted of the management fee income from Shanghai Changyi.

Revenues are net of business taxes, which are 5% for both our sales of residential properties and rental income.

The following table shows our contracted sales by project for the periods indicated:

	Year ended December 31,			Four months ended April 30,	
	2007	2008	2009	2009	2010
	(unaudited)				
	(RMB in thousands)				
Contracted sales					
Shanghai Garden	750,344	74,421	896,604	64,562	385,625
Chamtime Western Villa	–	18,090	518,200	281,807	192,092
Chamtime Lake Mountain Villa	–	20,868	550,006	28,931	25,599
Chamtime Mountain View Villa	–	104,368	559,338	86,472	105,395
	<u>750,344</u>	<u>217,747</u>	<u>2,524,148</u>	<u>461,772</u>	<u>708,711</u>

Note: Contracted sales refer to value of sales contracts entered into within the period, of which related properties have not necessarily been delivered to our customers.

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Cost of sales

Our cost of sales primarily consists of cost of properties sold, which are costs directly associated with revenues from sales of properties recognized during the given period, and direct operating expenses arising on rental earning properties, which consist of 12% property tax on rental income attributable to office space rental. During the Track Record Period, cost of properties sold included development costs, land acquisition costs and borrowing costs. Cost of properties sold accounted for 99.9%, 89.2%, 87.5% and 99.6% of our total cost of sales in 2007, 2008, 2009 and the four months ended April 30, 2010, respectively, while direct operating expenses arising on rental earning properties accounted for 9.1%, 12.4% and 0.2% of our cost of sales in 2008, 2009 and the four months ended April 30, 2010, respectively. The main factors affecting cost of properties sold in a given period include GFA delivered during that period, the location of the properties and the level and respective interest rates of our bank borrowings. Our cost of sales did not include capitalized borrowing costs in 2007, 2008 and 2009 as we did not have borrowings in relation to Shanghai Garden. Our cost of sales during the Track Record Period also included cost of inventories sold in relation to our pharmaceutical business which was spun-off from our Group in 2009. The following table shows the components of our cost of properties sold for the periods indicated:

	Year ended December 31,						Four months ended April 30,			
	2007		2008		2009		2009		2010	
Cost of properties sold	% of revenues from sale of properties	Cost of properties sold	% of revenues from sale of properties	Cost of properties sold	% of revenues from sale of properties	Cost of properties sold	% of revenues from sale of properties	Cost of properties sold	% of revenues from sale of properties	
(RMB in thousands, except percentages)										
Development costs	99,081	18.6%	45,413	16.6%	53,078	11.2%	-	-	356,011	35.7%
Land acquisition costs	55,704	10.5%	25,103	9.2%	30,700	6.5%	-	-	178,653	17.9%
Borrowing costs	-	-	-	-	-	-	-	-	4,568	0.5%
	<u>154,785</u>	<u>29.1%</u>	<u>70,516</u>	<u>25.8%</u>	<u>83,778</u>	<u>17.7%</u>	<u>-</u>	<u>-</u>	<u>539,232</u>	<u>54.1%</u>

Development costs. Development costs represent costs for the design and construction of property projects, consisting primarily of fees paid to our contractors, including general contractors and contractors responsible for civil engineering construction, landscaping, equipment installation and interior fittings, as well as design costs. Our development costs are affected by a number of factors including changes in construction labor costs and construction materials costs, location and types of properties, choices of materials, landscaping and ancillary facilities. The historical fluctuations in our development costs have been primarily driven by changes in the amount of GFA delivered and in the cost of construction materials, which have been impacted by the type and quality of materials we use and fluctuations in market prices of certain key raw materials such as steel and cement.

Land acquisition costs. Land acquisition costs represent costs relating to the acquisition of the rights to occupy, use and develop land, including land grant premiums, deed taxes, government surcharges and demolition and resettlement costs relating to certain urban redevelopment projects. In addition to general property market conditions in the PRC and PRC economic development, our costs of land use rights are affected by the locations of the property projects, the timing of acquisitions, the project's plot ratios as well as the method of acquisition.

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Borrowing costs. Borrowing costs represent interest expenses on our bank borrowings that are directly attributable to the acquisition or construction of projects. Such borrowing costs are included in cost of sales when the related revenue is recognized. Our borrowing costs are affected by the amount of our borrowings as well as the interest rates applied to our borrowings.

Gross profit and gross profit margin

Our gross profit is our revenue less cost of sales. Our gross profit margin, which is gross profit divided by revenue, was 71.0%, 76.3%, 83.1% and 47.5% in 2007, 2008, 2009 and the four months ended April 30, 2010, respectively. Our high gross profit margin in 2007, 2008 and 2009 was primarily due to our high average selling prices for Shanghai Garden properties during the Track Record Period and the relatively low price at which we acquired the Shanghai Garden land in 1999, when land costs were significantly lower compared to present levels. In addition, we sold properties of our Shanghai Garden project in five tranches starting from 2004, with the unit prices of each tranche increasing as a reflection of the increased value of properties in the Lujiazui area. The gross profit margin of Shanghai Garden is higher than our other residential properties as the land for the other properties was acquired later after land prices had increased significantly and Shanghai Garden commands higher selling prices due to its prime location, especially compared to our properties outside of Shanghai. Our gross margin for rental income has been 87.3% as the only related cost of sales we incur on rental income is a 12.7% property tax attributable to office space rental.

The following table sets forth our gross profit margin from sales of properties by project for the periods indicated:

	Year ended December 31,			Four months ended April 30,	
	2007	2008	2009	2009	2010
Shanghai Garden	70.9%	74.2%	82.3%	–	82.1%
Chamtime Western Villa	–	–	–	–	49.4%
Chamtime Lake Mountain Villa	–	–	–	–	22.8%
Chamtime Mountain View Villa	–	–	–	–	26.8%
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Other income and gains

Our other income and gains has principally included (i) fair value gains on equity investments, (ii) interest income, and (iii) gains on disposal of certain property, plant and equipment.

During the Track Record Period, we recorded fair value gains on equity investments in publicly traded companies made in 2007 as part of our cash management measures. We made no such equity investments after 2007 and have no intention of making any further similar equity investments. We have no particular investment policy or internal control procedure regarding such equity investments.

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The following table shows the principal components of our other income and gains for the periods indicated:

	Year ended December 31,			Four months ended April 30,	
	2007	2008	2009	2009 (unaudited)	2010
(RMB in thousands)					
Other income and gains					
Fair value gains on equity					
investments	25,770	–	367	303	24
Interest income	5,781	4,493	7,047	597	2,295
Dividend income from equity					
investments at fair value through profit or loss	65	165	505	–	–
Gains on disposal of certain property, plant and equipment . . .	–	678	–	–	–
Others	100	808	580	207	61
	<u>31,716</u>	<u>6,144</u>	<u>8,499</u>	<u>1,107</u>	<u>2,380</u>

Selling and distribution costs

Our selling and distribution costs have principally comprised advertising and promotion costs and salaries and commissions to our sales staff and sales agents. Selling and distribution costs are principally affected by our selling and project development schedules for individual projects, with such costs being highest during the presales period and declining as the project nears completion. As a result, most of our selling and distribution costs for a project are incurred and recognized prior to recognition of revenues for the project. The following table shows the principal components of our selling and distribution costs for the periods indicated:

	Year ended December 31,			Four months ended April 30,	
	2007	2008	2009	2009 (unaudited)	2010
(RMB in thousands)					
Selling and distribution costs					
Advertising and promotion costs . . .	4,447	16,806	29,378	6,513	10,574
Salaries and commissions	1,739	7,208	15,821	4,079	11,190
Others	1,760	1,974	2,273	1,374	265
	<u>7,946</u>	<u>25,988</u>	<u>47,472</u>	<u>11,966</u>	<u>22,029</u>

FINANCIAL INFORMATION

Administrative expenses

Our administrative expenses have primarily consisted of salaries and employee benefits, expenses, professional fees, certain taxes on sales of properties and rental and office expenses. Changes in administrative expenses are generally affected by the size of our operations, including the number and size of our developments. During the Track Record Period, our administrative expenses were particularly affected by professional fees relating to preparation for our Listing. In 2009, our administrative expenses included RMB9.8 million related to one-time renovations and refurbishments to our unsold Shanghai Garden properties and Chamtime International Financial Center. The following table shows the principal components of our administrative expenses for the periods indicated:

	Year ended December 31,			Four months ended April 30,	
	2007	2008	2009	2009 (unaudited)	2010
	(RMB in thousands)				
Administrative expenses					
Salaries and employee benefits	9,860	17,357	21,931	4,939	6,439
Professional fees	1,746	5,540	19,584	149	2,736
Taxes	2,027	2,674	2,955	1,349	1,657
Rental and other office expenses . . .	4,580	3,707	8,207	4,464	3,339
Others*	12,909	10,955	22,044	5,122	2,102
	<u>31,122</u>	<u>40,233</u>	<u>74,721</u>	<u>16,023</u>	<u>16,273</u>

* Others included expenses related to our pharmaceutical business, which was spun-off from our Group in 2009, of RMB10.0 million, RMB4.0 million, RMB2.6 million and nil in 2007, 2008, 2009 and the four months ended April 30, 2010, respectively, as well as RMB9.8 million and RMB1.2 million in expenses related to the one-time renovations and refurbishments of our unsold Shanghai Garden properties and Chamtime International Financial Center in 2009 and the four months ended April 30, 2010, respectively.

Fair value gains on investment properties

Our fair value gains on investment properties have represented the fair value changes of Chamtime International Finance Center after its completion in 2008. Before the completion of the construction, Chamtime International Finance Center was classified as an investment property under construction. As the fair value could not be reliably determined, it was measured at cost as of December 31, 2007. For further details regarding the method for determining the fair value of our investment properties, please refer to the section headed "Financial Information – Critical Accounting Policies – Investment Properties" above.

Finance costs

Our finance costs have comprised interest expenses for bank loans less interest capitalized. Interest on borrowings related to project development is capitalized to the extent they are directly used to finance project development. Because the construction period for a project does not necessarily coincide with the interest payment period of the relevant loan, not all of the interest costs related to a project can be capitalized.

FINANCIAL INFORMATION

Income tax

Income tax represents provisions for EIT, LAT and PRC withholding income tax. We estimate and made provisions for the full amount of LAT for which we are liable under relevant PRC tax laws and regulations, whether or not LAT was actually paid, upon recognition of revenues from the sale of the relevant properties. As such, changes in our LAT expenses generally fluctuate in line with fluctuations in our revenues from sale of properties. Our effective corporate income tax rate, equal to the sum of our corporate income tax and our deferred tax, divided by our profit before tax, was 0.0%, 23.4%, 19.6% and 20.2% in 2007, 2008, 2009 and the four months ended April 30, 2010, respectively. Our effective tax rate during the Track Record Period was significantly affected by our deferred tax and changes to the applicable EIT rate of our subsidiary Shanghai Changjia Property as a result of the promulgation of the new PRC EIT Law in 2007, which became effective on January 1, 2008. Our 0.0% effective tax rate in 2007 was primarily due to an increase in our deferred tax assets due to the upward change in our anticipated EIT rate for future years following the promulgation of the new PRC EIT Law. The following table shows the principal components of our income tax for the periods indicated:

	Year ended December 31,			Four months ended April 30,	
	2007	2008	2009	2009	2010
	(unaudited)				
	(RMB in thousands)				
Current tax:					
Corporate income tax	60,755	22,419	83,296	4,001	97,519
LAT	96,264	49,442	163,577	–	132,502
Deferred tax	(60,602)	209,340	83,788	132,470	18,790
	96,417	281,201	330,661	136,471	248,811

REVIEW OF HISTORICAL OPERATING RESULTS

Four months ended April 30, 2010 compared to four months ended April 30, 2009

Revenue

Our revenue increased more than 35-fold to RMB1,031.3 million in the four months ended April 30, 2010 from RMB28.1 million in the four months ended April 30, 2009, primarily due to an increase in revenues from sales of properties to RMB997.8 million in the four months ended April 30, 2010 from nil in the four months ended April 30, 2009. The high revenues from sales of properties in the four months ended April 30, 2010 was primarily due to delivery during that period of Chamtime Western Villa, Chamtime Lake Mountain Villa and Chamtime Mountain View Villa properties that had previously been presold, which resulted in a large amount of GFA delivered in the four months ended April 30, 2010. We recorded delivered GFA of 67,299 sq.m. during the four months ended April 30, 2010 and an average selling price of RMB14, 826. The lower average selling price compared with our average selling price in 2007, 2008 and 2009 was primarily because the majority of properties delivered during this period were related to our Chamtime Lake Mountain Villa and Chamtime Mountain View Villa in

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Changshu, which have lower selling prices compared to properties in Shanghai. We did not deliver any GFA during the four months ended April 30, 2009. The increase in our rental income from investment properties was due primarily to the higher occupancy rate of our Chamtime International Financial Center in the four months ended April 30, 2010.

The table below sets out our revenue from rental income, GFA rented and average monthly rental rate in the four months ended April 30, 2009 and 2010:

	Four months ended April 30, 2009	Four months ended April 30, 2010
Rental income (RMB million)	28.0	32.7
GFA rented (sq.m.).	42,947	50,650
Average monthly rental rate (RMB/sq.m.)	191	187

Cost of sales

Our cost of sales increased to RMB541.4 million in the four months ended April 30, 2010 from RMB3.5 million in four months ended April 30, 2009, primarily due to the large increase in GFA delivered.

Gross profit and gross profit margin

As a result of the foregoing, our gross profit increased by 1,899.2% to RMB489.8 million in the four months ended April 30, 2010 from RMB24.5 million in the four months ended April 30, 2009. Our gross profit margin decreased to 47.5% in the four months ended April 30, 2010 from 87.4% in the four months ended April 30, 2009 mainly due to the lower profit margins of our Chamtime Western Villa, Chamtime Lake Mountain Villa and Chamtime Mountain View Villa properties.

Other income and gains

Other income and gains increased by 118.0% to RMB2.4 million in the four months ended April 30, 2010 from RMB1.1 million in the four months ended April 30, 2009. This increase was primarily due to an increase in our interest income to RMB2.3 million in the four months ended April 30, 2010 from RMB0.6 million in the four months ended April 30, 2009 due to a significant increase in our cash and cash equivalents.

Selling and distribution costs

Our selling and distribution costs increased by 83.3% to RMB22.0 million in the four months ended April 30, 2010 from RMB12.0 million in the four months ended April 30, 2009, primarily due to an increase in salaries and commissions to our sales staff and sales agents to RMB11.2 million in the four months ended April 30, 2010 from RMB4.1 million in the four months ended April 30, 2009 as our contracted sales volume increased significantly, and an increase in advertising and promotional costs to RMB10.6 million in the four months ended April 30, 2010 from RMB6.5 million in the four months ended April 30, 2009 related to increased selling and promotional activities related to our Chamtime Western Villa, Chamtime Lake Mountain Villa and Chamtime Mountain View Villa properties, as well as certain brand promotion advertisements for our Company.

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Administrative expenses

Our administrative expenses increased by 1.9% to RMB16.3 million in the four months ended April 30, 2010 from RMB16.0 million in the four months ended April 30, 2009, primarily due to the increased number of our projects, partially offset by a decrease in other expenses which primarily related to the one-time renovations and refurbishment of our unsold Shanghai Garden properties and Chamtime International Financial Center.

Fair value gains on investment properties

We had fair value gains on investment properties of RMB178.0 million in the four months ended April 30, 2010, compared to RMB557.6 million in the four months ended April 30, 2009. Our fair value gains on investment properties in these periods all related to Chamtime International Financial Center and were primarily impacted by increases in its occupancy rate. Our higher fair value gains on investment properties in the four months ended April 30, 2009 were primarily due to significant increases in the occupancy rate and the rental level of office market during that period, while our fair value gains on investment properties in the four months ended April 30, 2010 were primarily due to reaching 100% occupancy during that period.

Finance costs

Our finance costs increased by 109.9% to RMB52.9 million in the four months ended April 30, 2010 from RMB25.2 million in the four months ended April 30, 2009 due to increased interest payments as a result of our increased bank borrowings.

Profit before tax

Our profit before tax increased by 9.3% to RMB578.7 million in the four months ended April 30, 2010 from RMB529.6 million in the four months ended April 30, 2009, primarily due to the increase in our revenue partly offset by the decrease in fair value gains on investment properties.

Income tax

Our income tax expense increased by 82.3% to RMB248.8 million in the four months ended April 30, 2010 from RMB136.5 million in the four months ended April 30, 2009 primarily due to an increase in our LAT to RMB132.5 million in the four months ended April 30, 2010 from nil in the four months ended April 30, 2009 and higher corporate income tax due to our higher profit before tax.

Total comprehensive income for the period

As a result of the foregoing, our total comprehensive income for the period decreased by 16.1% to RMB330.0 million in the four months ended April 30, 2010 from RMB393.1 million in the four months ended April 30, 2009.

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Year ended December 31, 2009 compared to year ended December 31, 2008

Revenue

Our revenue increased by 69.8% to RMB565.4 million in 2009 from RMB333.1 million in 2008, primarily due to an increase in revenues from sales of properties to RMB473.8 million in 2009 from RMB273.4 million in 2008, as well as an increase in rental income to RMB91.5 million in 2009 from approximately RMB54.2 million in 2008. The increase in revenues from sales of properties was due to an increase in our average selling price and GFA sold and delivered of Shanghai Garden. Average selling price per square meter for our Shanghai Garden properties increased by 41.7% to RMB38,670 in 2009 from RMB27,285 in 2008 primarily due to increases in market prices during 2009. The increase in our rental income from investment properties was due primarily to the higher occupancy rate of our Chamtime International Financial Center in 2009.

The table below sets out the revenue, GFA delivered and average selling price for properties delivered for Shanghai Garden in 2008 and 2009:

	Year ended December 31, 2008	Year ended December 31, 2009
Revenue (RMB million)	273.4	473.8
GFA delivered (sq.m.)	10,019	12,253
Average selling price (RMB/sq.m.)	27,285	38,670

The table below sets out our revenue from rental income, GFA rented and average monthly rental rate in 2008 and 2009:

	Year ended December 31, 2008	Year ended December 31, 2009
Rental income (RMB million)	54.2	91.5
GFA rented (sq.m.)	35,474	44,973
Average monthly rental rate (RMB/sq.m.)	196	189

Cost of sales

Our cost of sales increased by 21.0% to RMB95.7 million in 2009 from RMB79.1 million in 2008, primarily due to an increase in GFA sold and delivered in relation to Shanghai Garden.

Gross profit and gross profit margin

As a result of the foregoing, our gross profit increased by 84.9% to RMB469.7 million in 2009 from RMB254.0 million in 2008. Our gross profit margin increased to 83.1% in 2009 from 76.3% in 2008 mainly due to increases in the average selling price for Shanghai Garden properties delivered in 2009 from those delivered in 2008.

Other income and gains

Other income and gains increased by 39.3% to RMB8.5 million in 2009 from RMB6.1 million in 2008. This increase was primarily due to an increase in our interest income to RMB7.0 million in 2009 from RMB4.5 million in 2008.

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Selling and distribution costs

Our selling and distribution costs increased by 82.7% to RMB47.5 million in 2009 from RMB26.0 million in 2008, primarily due to a significant increase in advertising and promotional costs to RMB29.4 million in 2009 from RMB16.8 million in 2008 and salaries and commissions to our sales staff and sales agents to RMB15.8 million in 2009 from RMB7.2 million in 2008, which were principally related to the promotion of our Chamtime Western Villa, Chamtime Lake Mountain Villa and Chamtime Mountain View Villa projects.

Administrative expenses

Our administrative expenses increased by 85.8% to RMB74.7 million in 2009 from RMB40.2 million in 2008, primarily due to an increase in professional fees to RMB19.6 million in 2009 from RMB5.5 million in 2008 relating to preparation for our Listing, RMB9.8 million expenses related to one-time renovations and refurbishments of our unsold Shanghai Garden properties and Chamtime International Financial Center, and an increase in salaries and employee benefits as a result of our increased number of projects under development.

Fair value gains on investment properties

We had fair value gains on investment properties of RMB564.6 million in 2009, compared to RMB867.0 million in 2008. Our fair value gains on investment properties in these periods all related to Chamtime International Financial Center and were primarily impacted by the recategorization of the property in 2008 from investment property under construction to investment property and increases in its occupancy rate in 2009. Our lower fair value gains on investment properties in 2009 were primarily due to the higher base of the fair value as a result of the recategorization of Chamtime International Financial Center in 2008.

Finance costs

Our finance costs increased by 7.4% to RMB65.6 million in 2009 from RMB61.1 million in 2008 due to increased interest payments as a result of our increased bank borrowings partially offset by lower interest rates due to a decline in PBOC benchmark interest rates.

Profit before tax

Our profit before tax decreased by 13.9% to RMB854.6 million in 2009 from RMB992.0 million in 2008, primarily due to a decrease of RMB302.4 million in our fair value gains on investment properties, partially offset by an increase of RMB215.7 million in our gross profit.

Income tax

Our income tax expense increased by 17.6% to RMB330.7 million in 2009 from RMB281.2 million in 2008 primarily as a result of an increase in our provision for LAT to RMB163.6 million in 2009, as compared to RMB49.4 million in 2008 and an increase in corporate income tax to RMB83.3 million in 2009 from RMB22.4 million in 2008, both of which were related to the higher average selling prices of our properties sold and delivered in 2009.

Total comprehensive income for the year

As a result of the foregoing, our total comprehensive income for the period decreased by 26.3% to RMB523.9 million in 2009 from RMB710.8 million in 2008.

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Year ended December 31, 2008 compared to year ended December 31, 2007

Revenue

Our revenue decreased by 37.6% to RMB333.1 million in 2008 from RMB533.7 million in 2007, primarily due to a decrease of revenues from sales of properties to RMB273.4 million in 2008 from RMB532.3 million in 2007, partially offset by an increase in rental income to RMB54.2 million in 2008 from approximately RMB1.5 million in 2007. The decrease in revenues from sales of properties was due to a decrease in total GFA delivered from Shanghai Garden properties to 10,019 sq.m. in 2008 from 22,233 sq.m. in 2007 as sales were negatively affected by the overall downturn of the PRC property market related to the global financial crisis. Average selling price per square meter for our Shanghai Garden properties increased by 14.0% to RMB27,285 in 2008 from RMB23,940 in 2007. The increase in our rental income from investment properties was due to the commencement of leasing of our Chamtime International Financial Center in January 2008. The average monthly rental rate for our Chamtime International Financial Center in 2008 was RMB196 per sq.m.

The table below sets out the revenue, GFA delivered and average selling price for properties delivered for Shanghai Garden in 2007 and 2008:

	2007	2008
Revenue (RMB thousand)	532,260	273,372
GFA delivered (sq.m.)	22,233	10,019
Average selling price (RMB/sq.m.)	23,940	27,285

Cost of sales

Our cost of sales decreased by 49.0% to RMB79.1 million in 2008 from RMB155.0 million in 2007, primarily due to a decrease in GFA sold and delivered in relation to Shanghai Garden.

Gross profit and gross profit margin

As a result of the foregoing, our gross profit decreased by 32.9% to RMB254.0 million in 2008 from RMB378.8 million in 2007, primarily due to a decrease in GFA sold and delivered in relation to Shanghai Garden. Our gross profit margin increased to 76.3% in 2008 from 71.0% in 2007 mainly due to rising average selling price and an increasing proportion of rental income in 2008, which enjoyed a higher gross profit margin compared to sales of properties.

Other income and gains

Other income and gains decreased by 80.8% to RMB6.1 million in 2008 from RMB31.7 million in 2007. This increase was primarily due to fair value gains on equity investments of RMB25.8 million in 2007.

Selling and distribution costs

Our selling and distribution costs increased by 229.1% to RMB26.0 million in 2008 from RMB7.9 million in 2007, primarily due to a significant increase in advertising and promotional costs to RMB16.8 million in 2008 from RMB4.4 million in 2007 and salaries and commissions to our sales staff and sales agents to RMB7.2 million in 2008 from RMB1.7 million in 2007, which were principally related to our Chamtime Western Villa, Chamtime Lake Mountain Villa and Chamtime Mountain View Villa projects, all of which commenced presales in 2008.

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Administrative expenses

Our administrative expenses increased by 29.3% to RMB40.2 million in 2008 from RMB31.1 million in 2007, primarily due to an increase in salaries and employee benefits as a result of our increased number of projects under development and an increase in professional fees for financial advisory services related to our acquisition of Chamtime Eastern Garden.

Fair value gains on investment properties

Our fair value gains increased to RMB867.0 million in 2008 from nil in 2007. This increase was due to the recategorization of Chamtime International Financial Center as an investment property following its completion in January 2008.

Finance costs

Our finance costs increased by 413.4% to RMB61.1 million in 2008 from RMB11.9 million in 2007 due to increased interest payments as a result of our increased bank borrowings, including a RMB527.5 million increase in bank borrowings related to our Chamtime Lake Mountain Villa and Chamtime Mountain View Villa projects.

Profit before tax

Our profit before tax increased by 176.1% to RMB992.0 million in 2008 from RMB359.3 million in 2007, primarily due to the significant increase of RMB867.0 million in fair value gains on our investment properties, partially offset by a decrease of RMB258.9 million in revenues from sale of properties and increases of RMB27.2 million in our selling and distribution costs and administrative expenses.

Income tax

Our income tax expense increased by 191.7% to RMB281.2 million in 2008 from RMB96.4 million in 2007 primarily as a result of an increase in our applicable EIT rate of our subsidiary Shanghai Changjia Property to 18% in 2008 from 15% in 2007 as well as a deferred tax expense of RMB209.3 million in 2008, as compared to a deferred tax credit of RMB60.6 million in 2007, relating mainly to the fair value gains on our Chamtime International Financial Center.

Total comprehensive income for the year

As a result of the foregoing, our total comprehensive income for the year increased by 170.4% to RMB710.8 million in 2008 from RMB262.9 million in 2007. Although our revenue decreased to RMB333.1 million in 2008 from RMB533.7 million in 2007, our total comprehensive income for the year recorded an increase, which is primarily attributable to our increase in fair value gains due to the recategorization of Chamtime International Financial Center as an investment property following its completion in January 2008.

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CERTAIN BALANCE SHEET ITEMS

Properties under development

Properties under development are properties in respect of which we have obtained the relevant land use rights certificates as well as construction work commencement permits. Properties under development are stated at the lower of cost and net realizable value. Cost comprises land costs, construction costs, borrowing costs, professional fees and other costs directly attributable to such properties incurred during the development period. Net realizable value takes into account the price ultimately expected to be realized, less applicable variable selling expenses and the anticipated costs to completion. Properties under development are classified as current assets unless the construction period of the relevant development project is expected to be completed beyond the normal operating cycle.

Changes in our properties under development generally reflect the amount of GFA we have under construction at the given balance sheet date and therefore are significantly affected by project development schedules. Completed and undelivered properties are transferred from properties under development to completed properties held for sale or investment properties. We had properties under development of RMB812.1 million, RMB2,049.4 million, RMB2,742.4 million and RMB4,286.4 million as of December 31, 2007, 2008 and 2009 and April 30, 2010, respectively.

The RMB1,544.0 million increase in the balance as of April 30, 2010 as compared to December 31, 2009 was primarily attributable to construction of Chamtime Corporate Avenue Plaza, Chamtime Noble Palace, Chamtime Coast Town and Chamtime Eastern Garden, partially offset by the completion of Chamtime Western Villa properties. The RMB693.0 million increase in the balance as of December 31, 2009 as compared to December 31, 2008 was primarily attributable to our acquisition of Chamtime Plaza, partially offset by the completion of certain phases of Chamtime Western Villa, Chamtime Mountain View Villa and Chamtime Lake Mountain Villa properties. The RMB1,237.3 million increase in the balance as of December 31, 2008 as compared to December 31, 2007 was principally attributable to construction costs of our Chamtime Western Villa, Chamtime Lake Mountain Villa and Chamtime Mountain View Villa projects and the acquisition and commencement of construction of Chamtime Eastern Garden. The following table shows a breakdown of our properties under development by project as of the dates indicated:

	As of December 31,			As of
	2007	2008	2009	April 30,
	(RMB in thousands)			2010
Chamtime Western Villa	427,384	569,564	495,915	348,319
Chamtime Lake Mountain Villa . . .	190,795	293,593	161,683	169,478
Chamtime Mountain View Villa . . .	193,878	267,546	276,848	287,227
Chamtime Eastern Garden	–	918,703	1,010,508	1,100,827
Chamtime Plaza	–	–	797,443	803,121
Chamtime Corporate Avenue Plaza	–	–	–	561,105
Chamtime Noble Palace	–	–	–	501,100
Chamtime Coast Town	–	–	–	515,250
	<u>812,057</u>	<u>2,049,406</u>	<u>2,742,397</u>	<u>4,286,427</u>

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The following table shows a breakdown of our land acquisition and construction costs and capitalized expenditures, and interest capitalized as of the dates indicated:

	As of December 31,			As of
	2007	2008	2009	April 30,
	(RMB in thousands)			2010
Land acquisition and construction costs.	812,057	2,044,560	2,713,943	4,268,393
Interest capitalized.	–	4,846	10,454	18,034
	<u>812,057</u>	<u>2,049,406</u>	<u>2,742,397</u>	<u>4,286,427</u>

Completed properties held for sale

Completed properties held for sale consist of completed properties that have not yet been delivered at each balance sheet date and are stated at the lower of cost and net realizable value. Cost is determined by an apportionment of the total cost of land and buildings attributable to the unsold properties.

We had completed properties held for sale of RMB324.9 million, RMB254.3 million, RMB817.3 million and RMB520.6 million as of December 31, 2007, 2008, 2009 and April 30, 2010, respectively. The decrease in our completed properties held for sale in the four months ended April 30, 2010 was primarily due to delivery of our Chamtime Lake Mountain Villa and Chamtime Mountain View Villa properties, partially offset by the completion of Chamtime Western Villa properties. The increase in our completed properties held for sale in 2009 was due to the completion of certain portions of our Chamtime Western Villa, Chamtime Lake Mountain Villa and Chamtime Mountain View Villa projects, while the decrease in our completed properties held for sale in 2008 was due to sales of completed Shanghai Garden properties.

The following table shows a breakdown of our completed properties held for sale by project as of the dates indicated:

	As of December 31,			As of
	2007	2008	2009	April 30,
	(RMB in thousands)			2010
Shanghai Garden	324,862	254,346	170,568	122,720
Chamtime Western Villa	–	–	242,900	361,886
Chamtime Lake Mountain Villa . . .	–	–	245,109	24,098
Chamtime Mountain View Villa . . .	–	–	158,678	11,861
	<u>324,862</u>	<u>254,346</u>	<u>817,255</u>	<u>520,565</u>

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Investment properties

We retain the commercial properties we develop as investment properties for long-term rental yields or for capital appreciation or both. Our investment properties include both completed investment properties and properties under development for future use as investment properties. As of April 30, 2010, we held one investment property, namely Chamtime International Financial Center, with a total GFA of 58,017 sq.m. and a total valuation of RMB2,089.0 million based on comparables in the open market and income approach by Savills, an independent professional property valuer. As of December 31, 2008, December 31, 2009 and April 30, 2010, the average unit rental rate of our Chamtime International Financial Center was RMB196 per sq.m. per month, RMB189 per sq.m. per month and RMB187 per sq.m. per month, respectively.

We had investment properties of RMB462.6 million, RMB1,346.4 million, RMB1,911.0 million and RMB2,089.0 million as of December 31, 2007, 2008 and 2009 and April 30, 2010, respectively, reflecting the fair value of our investment properties. The RMB178.0 million increase as of April 30, 2010 as compared to December 31, 2009 was primarily attributable to the increased occupancy rate of our Chamtime International Financial Center. The RMB564.6 million increase as of December 31, 2009 as compared to December 31, 2008 was primarily attributable to the moderate increases in market prices of our Chamtime International Financial Center. The RMB883.8 million increase in the balance as of December 31, 2008 as compared to December 31, 2007 was attributable to the recategorization of our Chamtime International Financial Center upon completion from properties under development to investment properties and an incremental increase in its fair market value subsequent to the recategorization.

Trade and other payables

The following table shows a breakdown of our trade and other payables as of the dates indicated:

	As of December 31,			As of
	2007	2008	2009	April 30,
	(RMB in thousands)			2010
Trade payables	204,747	279,208	311,451	319,814
Deposits related to construction . . .	609	444	685	874
Rental deposits	6,353	21,128	26,184	27,469
Accruals	710	1,072	20,569	31,226
Other payables	31,186	139,464	42,541	372,941
	<u>243,605</u>	<u>441,316</u>	<u>401,430</u>	<u>752,324</u>

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Our trade payables represented mainly payables to third parties, including payables for land and to our third-party contractors. We do not have uniform settlement terms with our contractors. For general suppliers, we usually settle our payments within 30 days of receiving the goods and services. For our construction contractors, we usually settle in the current month a portion of the estimated construction costs during the previous month based on a report by a third party independent surveyor. We typically agree with our construction contractors to settle up to 95% of the total construction costs by the time the construction of the project is completed. Our contractual arrangements also typically provide for our withholding of a warranty fee or retention money of 5% of the aggregate construction costs to provide additional quality assurance, subject to settlement within two to three years after completion of the project.

The increase in our trade payables during the Track Record Period was attributable to the increases in our construction costs related to the commencement of construction of our Chamtime Western Villa, Chamtime Lake Mountain Villa, Chamtime Mountain View Villa and Chamtime Eastern Garden projects. The increase in our other payables in the four months ended April 30, 2010 was primarily due to the outstanding purchase price owed to Shanghai Yingtai in relation to our acquisition of our Chamtime Coast Town project. The payment is conditioned upon certain covenants in the share purchase agreement being fulfilled by Shanghai Yingtai, which we currently expect to be completed by the end of 2010. The increase in our other payables in 2008 was primarily attributable to an increase in the amount due to Shanghai Jianquan for the acquisition of our Chamtime Eastern Garden project. With respect to our RMB319.8 million trade payables balance as of April 30, 2010, RMB60.6 million had been subsequently settled as of July 31, 2010.

The aging analysis of our trade payables as of the dates indicated is as follows:

	As of December 31,			As of
	2007	2008	2009	April 30,
	(RMB in thousands)			2010
Within one year	171,861	120,745	222,460	238,997
Over one year	32,886	158,463	88,991	80,817
	<u>204,747</u>	<u>279,208</u>	<u>311,451</u>	<u>319,814</u>

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Prepayments, deposits and other receivables

The following table shows a breakdown of our prepayments, deposits and other receivables as of the dates indicated:

	December 31,			April 30,
	2007	2008	2009	2010
	(RMB in thousands)			
Current portion of prepaid land				
lease payments	274	274	–	–
Prepayments	14,334	26,788	527,388	787,343
Rental receivable	1,549	8,573	4,306	8,525
Deposits	93,050	4,462	24,612	4,697
Other receivables, net of provision				
for impairment	10,817	16,670	141,724	85,849
	<u>120,024</u>	<u>56,767</u>	<u>698,030</u>	<u>886,414</u>

We recorded prepayments, deposits and other receivables in the amount of RMB120.0 million, RMB56.8 million, RMB698.0 million and RMB886.4 million as of December 31, 2007, 2008 and 2009 and April 30, 2010, respectively. Our prepayments, deposits and other receivables represented mainly prepayments and deposits to third parties for acquisitions of land reserves and for deposits to participate in the bidding of land reserves. The fluctuation in our prepayments, deposits and other receivables during the Track Record Period was primarily attributable to the increases in our prepayments for acquiring land reserves of two land parcels in Kunshan as of December 31, 2009 and two land parcels in Wuxi, one land parcel in Kunshan and two parcels of land in Changshu as of April 30, 2010, as well as the deposits for participating in the tendering process of one parcel of land in Jiading as of December 31, 2007 (which we did not win the bid) as of April 30, 2010. Our other receivables primarily included tax advances related to property presales of RMB9.6 million, RMB2.9 million, RMB94.3 million and RMB57.1 million we recorded in 2007, 2008, 2009 and the four months ended April 30, 2010, respectively. With respect to our RMB886.4 million in prepayments, deposits and other receivables balance as of April 30, 2010, RMB643.4 million had been subsequently received or reclassified as prepaid land lease payments as of July 31, 2010.

Advances from customers

We record our presale proceeds and rental prepayments as advances from customers on our consolidated balance sheet. We do not recognize these proceeds from presales or rental prepayments as revenue until we have completed the construction of the relevant property and delivered it to the customer or transferred it for rental purposes. Pursuant to relevant PRC regulations, the proceeds from presales are deposited into a designated bank account. The bank in which the presale proceeds are deposited monitors the use of the proceeds to ensure that they are used for their related project or otherwise in compliance with relevant regulations.

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Advances from customers totaled RMB211.0 million, RMB159.5 million, RMB2,068.7 million and RMB1,470.6 million as of December 31, 2007, 2008 and 2009 and April 30, 2010, respectively. The changes in our advances from customers during the Track Record Period were primarily attributable to sales of Shanghai Garden properties and presales of Chamtime Western Villa, Chamtime Lake Mountain Villa and Chamtime Mountain View Villa properties, offset by deliveries of Shanghai Garden, Chamtime Western Villa, Chamtime Lake Mountain Villa and Chamtime Mountain View Villa properties for which we had received prepayment.

We expect to deliver, and thus recognize revenues from sales of, substantially all of our Chamtime Western Villa (Phase II), Chamtime Lake Mountain Villa and Chamtime Mountain View Villa properties presold and undelivered as of April 30, 2010 during 2010. With respect to our RMB1,470.6 million in advances from customers balance as of April 30, 2010, RMB576.6 million had been subsequently settled as of July 31, 2010.

The following table shows our advanced proceeds received from customers by category as of the dates indicated:

	As of December 31,			As of
	2007	2008	2009	April 30,
	(RMB in thousands)			2010
Advances from sales of properties:				
Shanghai Garden	208,998	16,525	356,105	295,669
Chamtime Western Villa	–	26,452	495,500	341,320
Chamtime International				
Financial Center	1,986	–	–	5,938
Chamtime Lake Mountain Villa . .	–	33,572	567,242	283,300
Chamtime Mountain View Villa .	–	81,723	649,755	543,031
Changshu Yuda	–	–	53	918
Advances from sales of goods	–	1,229	–	–
Advances from property				
management services provided				
by Shanghai Changyi	–	–	–	429
	<u>210,984</u>	<u>159,501</u>	<u>2,068,655</u>	<u>1,470,605</u>

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LIQUIDITY AND CAPITAL RESOURCES

Our principal sources of liquidity to date have been cash generated from operations and bank borrowings.

The following table shows selected cash flow data from our consolidated cash flow statements for the periods indicated:

	Year ended December 31,			Four months ended April 30,	
	2007	2008	2009	2009 (unaudited)	2010
	(RMB in thousands)				
Cash generated from/(used in)					
operating activities	198,398	(771,959)	344,438	277,401	(1,223,213)
Interest received	5,781	4,493	7,047	597	2,295
Interest paid	(21,865)	(65,991)	(77,862)	(26,296)	(60,442)
Tax paid	(26,233)	(21,583)	(115,905)	(11,111)	(9,598)
Net cash generated from/(used in)					
operating activities	156,081	(855,040)	157,718	240,591	(1,290,958)
Net cash generated from/(used in)					
investing activities	(143,312)	(25,691)	(10,401)	(10,453)	1,759
Net cash generated from financing					
activities	239,214	312,483	893,819	235,552	1,278,822
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	<u>251,983</u>	<u>(568,248)</u>	<u>1,041,136</u>	<u>465,690</u>	<u>(10,377)</u>
Cash and cash equivalents at beginning of year/period	<u>465,459</u>	<u>717,442</u>	<u>149,194</u>	<u>149,194</u>	<u>1,190,330</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD	<u>717,442</u>	<u>149,194</u>	<u>1,190,330</u>	<u>614,884</u>	<u>1,179,953</u>

We operate in a highly capital-intensive business, which exposes us to cash flow risks. Please refer to the section headed "Risk Factors – Risk Factors Relating to Our Business – We require substantial capital resources to fund our land acquisitions and property developments, and any adverse change in the availability of such capital resources could significantly affect our business operations and prospects" in this prospectus.

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Net cash generated from/(used in) operating activities

During the Track Record Period, our cash generated from operating activities primarily resulted from cash receipts from rental income and presales and sales of properties while cash used in operating activities resulted from our cash costs for the development of properties, cash costs of purchases of land and project companies, other operating expenses, interest paid on bank borrowings and taxes paid.

We had net cash used in operating activities of RMB1,223.2 million in the four months ended April 30, 2010, primarily due to RMB1,058.3 million in cash paid for acquisitions of land or project companies in relation to Chamtime International Town (Changshu China), Chamtime International Town (Wuxi China), Chamtime Noble Palace and Chamtime Coast Town and construction costs for our properties under development of RMB722.6 million, partially offset by proceeds from sales and presales of properties of RMB399.7 million.

The change in our net cash generated from operating activities to RMB157.7 million in 2009 from net cash used of RMB855.0 million in 2008 was primarily due to an increase in advances from customers primarily as a result of sales of our Shanghai Garden, Chamtime Western Villa, Chamtime Lake Mountain Villa and Chamtime Mountain View Villa, partially offset by the land grant premium paid for our Chamtime Noble Palace project, an increase in construction costs for our properties under development and taxes paid.

We had net cash used in operating activities of RMB855.0 million in 2008, compared to net cash generated from operating activities of RMB156.1 million in 2007, primarily due to lower sales proceeds and a RMB918.7 million payment for our acquisition of Shanghai Haoquan in 2008.

Net cash generated from/(used in) investing activities

Our net cash used in investing activities has been primarily driven by additions of property, plant and equipment, disposal of a subsidiary and sales of equity investments.

We had net cash generated from investing activities of RMB1.8 million in the four months ended April 30, 2010 primarily due to RMB2.4 million in proceeds from sales of equity investments. Our net cash used in investing activities of RMB10.4 million in 2009 primarily related to the disposal of Suzhou CJ Pharmacy. We had net cash used in investing activities of RMB25.7 million in 2008, primarily due to RMB15.5 million for the increase in construction costs incurred for Chamtime International Financial Center and RMB14.1 million in expenses for the purchase of vehicles for use. We had net cash used in investing activities of RMB143.3 million in 2007, primarily due to RMB156.2 million for the increase in construction costs incurred for Chamtime International Financial Center, partially offset by RMB47.2 million in net proceeds from sales of equity investments.

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Net cash generated from financing activities

Our net cash generated from financing activities has consisted primarily of bank borrowings, repayment of bank borrowings and repayment of advances from related companies.

We had net cash used in financing activities of RMB1,278.8 million in the four months ended April 30, 2010, primarily due to RMB2,784.4 million in new bank borrowings, partially offset by RMB1,240.0 million in repayment of bank borrowings and RMB329.8 million increase in pledged deposits primarily related to our security interest of bank borrowings as well as a RMB60.0 million in restricted cash pursuant to a court order in relation to our litigation with Mr. Chen Jiaquan.

Our net cash from financing activities of RMB893.8 million in 2009 primarily related to our new bank borrowings for our working capital purposes.

Our net cash from financing activities of RMB312.5 million in 2008 was principally attributable to RMB527.5 million in new bank borrowings related to our Chamtime Lake Mountain Villa and Chamtime Mountain View Villa projects, partially offset by RMB114.2 million in repayment of advances from related companies and RMB117.1 million in aggregate related to a series of payments ultimately made to Chairman Zhao and his spouse Ms. Huang in connection with our Group's acquisition of certain entities from them for the purpose of the Reorganization as further disclosed in the section headed "History and Reorganization" in this prospectus.

Our net cash from financing activities of RMB239.2 million in 2007 was primarily attributable to RMB360.0 million in new bank borrowings and RMB53.6 million in repayment of advances from related companies, partially offset by RMB110.0 million in repayment of bank borrowings.

CURRENT ASSETS AND CURRENT LIABILITIES

We had net current assets of RMB520.4 million, RMB925.8 million, RMB1,892.9 million, RMB2,570.3 million and RMB2,911.4 million as of December 31, 2007, 2008 and 2009 and April 30 and July 31, 2010, respectively.

Our current assets have mainly consisted of cash and cash equivalents, properties under development, prepayments, deposits and other receivables, and completed properties held for sale. Our current liabilities have mainly consisted of trade payables, advances from customers, amounts due to related companies and tax payable.

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The tables below shows our current assets and current liabilities as of the dates indicated:

	As of December 31,			As of	As of
	2007	2008	2009	April 30,	July 31,
	(unaudited)				
	(RMB in thousands)				
CURRENT ASSETS					
Completed properties held for sale	324,862	254,346	817,255	520,565	551,992
Properties under development	812,057	2,049,406	2,742,397	4,286,427	4,295,601
Inventories	251	10,757	–	–	–
Trade and bills receivables	–	683	–	–	–
Due from related companies	19,685	6,738	13,567	22,919	134,398
Due from directors	241	312	–	–	–
Equity investments at fair value through profit or loss	9,461	1,914	2,456	–	–
Prepayments, deposits and other receivables	120,024	56,767	698,030	886,414	1,092,005
Pledged deposits	–	28,228	14,680	344,482	392,347
Cash and cash equivalents	717,442	149,194	1,190,330	1,179,953	1,353,518
Total current assets	2,004,023	2,558,345	5,478,715	7,240,760	7,819,861
CURRENT LIABILITIES					
Trade payables	204,747	279,208	311,451	319,814	359,615
Other payables, deposits received and accruals	38,858	162,108	89,979	432,510	472,054
Due to related companies	639,736	525,509	473,414	546,992	119,011
Due to a related party	2,920	4,596	4,685	4,685	4,670
Advances from customers	210,984	159,501	2,068,655	1,470,605	1,044,705
Interest-bearing bank borrowings	–	65,000	70,000	1,107,800	2,008,298
Tax payable	386,372	436,650	567,618	788,041	900,124
Total current liabilities	1,483,617	1,632,572	3,585,802	4,760,447	4,908,477
NET CURRENT ASSETS	520,406	925,773	1,892,913	2,570,313	2,911,384

As of September 30, 2010, we had net current assets of RMB3,072.3 million.

Pledged deposits

As of December 31, 2007, 2008 and 2009 and April 30, 2010, we had pledged deposits of nil, RMB28.2 million, RMB14.7 million and RMB344.5 million, respectively. These pledged deposits were primarily used as security for our bank borrowings or as required by relevant PRC regulations in relation to our presold properties. Pursuant to relevant regulations in the PRC, property development companies are required to place certain percentages of the presale

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proceeds of their properties into designated bank accounts to guarantee the completion of the relevant properties. Upon completion of the properties, such guarantee deposits can be freely withdrawn by the property development company. As of April 30, 2010, we had cash of RMB11.8 million that was restricted and deposited in certain banks pledged as guarantees in respect of mortgage facilities granted by certain banks to the purchasers of the Group's presold properties. In addition, we had cash of RMB60.0 million that was restricted pursuant to a court order in relation to our litigation with Mr. Chen Jiaquan.

Working capital

In December 2009, we entered into three separate framework agreements with Bank of China, Industrial and Commercial Bank of China and Bank of Communications with terms of one year, five years and one year, respectively, pursuant to which Bank of China, Industrial and Commercial Bank of China and Bank of Communications agreed to grant us credit facilities of up to RMB8.0 billion, RMB12.0 billion and RMB8.0 billion, respectively, subject to definitive loan agreements being signed separately. In February 2010, we entered into a definitive loan agreement with Bank of China Suzhou National New and Hi-Tech Industrial Development Zone branch to borrow RMB92.8 million for working capital purpose, all of which has been drawn down. The loan bears an interest rate of 4.86% per annum and must be repaid within six months. In June 2010, we entered into another definitive loan agreement with Industrial and Commercial Bank of China Pudong Branch to borrow RMB530.0 million for the development of our Chamtime Corporate Avenue project, of which RMB332.0 million has been drawn down. The loan bears an interest rate of 6.53% per annum and must be repaid within five years. We have not entered into any other definitive loan agreements relating to the framework agreements as of the Latest Practicable Date.

Taking into account our internal resources, our cash flow from operations, present available banking facilities and the estimated net proceeds from the Proposed Listing, the working capital available to the Company and its subsidiaries is sufficient for their present requirements, that is, for at least the next 12 months from the expected date of publication of the prospectus of the Company for the Listing. As of the Latest Practicable Date, our unused credit facility amounted to RMB27.4 billion. The following information is provided as of July 31, 2010:

Project	Outstanding capital requirements (RMB in million)	Amount to be funded by proceeds of Proposed Listing (RMB in million)	Amount to be funded by internal resources (RMB in million)	Amount to be funded by banking facilities (RMB in million)
Chamtime Western Villa	427	–	–	427
Chamtime Eastern Garden	1,260	–	–	1,260
Chamtime Corporate Avenue Plaza	219	–	–	219
Chamtime Plaza	1,544	–	20	1,524
Chamtime Mountain View Villa	70	–	70	–
Chamtime International Town (Changshu China)	657	–	–	657
Chamtime Noble Palace	2,334	–	–	2,334
Chamtime International Town (Wuxi China)	5,145	100	500	4,545
Chamtime Coast Town	7,610	–	2,361	5,249

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CONTINGENT LIABILITIES

For properties that are still under construction, we typically provide guarantees to banks in connection with our customers' mortgage loans to finance their purchase of our properties for an amount up to 20% to 30% of the total purchase price. Our guarantees are released upon completion of construction and either (1) the delivery of the mortgage registration documents to the relevant banks after the issuance of the property ownership certificate, or (2) the full settlement of the mortgage loans by our customers, whichever occurs earlier. In our experience, the guarantee periods typically last for six to 12 months after delivery of our properties. Pursuant to the terms of the guarantees, if the purchasers default on these mortgage loans, we are responsible for repaying the outstanding mortgage loans together with any accrued interest and penalty owed by the purchasers to the banks. If we fail to do so, the mortgagee banks will auction the underlying property and recover the balance from us if the outstanding loan amount exceeds the net foreclosure sale proceeds. As of December 31, 2007, 2008 and 2009 and April 30, 2010, our outstanding guarantees for mortgage loans of the purchasers of our presold properties were nil, nil, RMB541.5 million and RMB374.5 million, respectively. During the Track Record Period, we encountered very few mortgage loan defaults. As of September 30, 2010, our outstanding guarantees for mortgage loans of the purchasers of our presold properties were RMB356.5 million.

Shanghai Changjia Property, a subsidiary of our Company is currently involved in litigation at the First Intermediate People's Court of Shanghai as one of the defendants. In May 2008, Shanghai Changjia Property agreed to acquire a 40% interest in Shanghai Haoquan from Shanghai Jianquan for RMB118.6 million. The payment is conditional upon the completion of resettlement as coordinated by Shanghai Jianquan for the site owned by Shanghai Haoquan. Shanghai Jianquan, Shanghai Changjia Property and Mr. Chen Jiaquan, who is a creditor of Shanghai Jianquan, in May 2008 also agreed that Shanghai Changjia Property, when making the payment of the above-mentioned acquisition price, would pay RMB47.5 million out of the total price to a bank account that was jointly controlled by Mr. Chen Jiaquan and Shanghai Jianquan so as to facilitate the settlement of debt owed by Shanghai Jianquan to Mr. Chen Jiaquan. In November 2009, Mr. Chen Jiaquan sued Shanghai Jianquan for the repayment of debt and also named Shanghai Changjia Property as a defendant. Mr. Chen Jiaquan demanded Shanghai Changjia Property pay RMB47.5 million. The Directors have consulted with PRC counsel representing Shanghai Changjia Property in this litigation, who are of the opinion that Shanghai Changjia Property has a valid argument and it is unlikely that the court will support Mr. Chen Jiaquan's claim against Shanghai Changjia Property.

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CONTRACTED OBLIGATIONS

We had contracted but not provided for commitments for capital contribution to a subsidiary and property development expenditures of RMB153.5 million, RMB248.6 million, RMB401.2 million and RMB276.1 million as of the dates indicated below.

	As of December 31,			As of
	2007	2008	2009	April 30,
	(RMB in thousands)			
Contracted, but not provided for:				
– Capital contribution to acquisition of Chamtime Corporate Avenue Plaza land parcel	–	–	543,000	–
– acquisition of the parcels of land	–	–	–	1,058,613
– Properties under development	153,518	248,551	401,190	276,101
	<u>153,518</u>	<u>248,551</u>	<u>401,190</u>	<u>276,101</u>

Operating leases

We lease out our investment properties under operating lease arrangements ranging from one to six years. The terms of leases generally also require our tenants to pay security deposits and provide for periodic rental rate adjustments according to then prevailing market conditions.

We had total future minimum lease receivables under non-cancellable operating leases with our tenants falling due as follows:

	As of December 31,			As of
	2007	2008	2009	April 30,
	(RMB in thousands)			
Within one year	11,348	82,390	96,431	89,952
In the second to fifth years, inclusive	18,380	121,357	100,369	74,230
After five years	–	3,141	–	–
	<u>29,728</u>	<u>206,888</u>	<u>196,800</u>	<u>164,182</u>

We have also leased certain of our office properties under operating lease arrangements, negotiated for terms of one to three years with an option for renewal after that date, at which time all terms will be renegotiated.

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We had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	As of December 31,			As of
	2007	2008	2009	April 30,
	(RMB in thousands)			2010
Within one year	96	1,262	1,177	1,503
In the second to fifth years, inclusive	63	1,027	332	336
After five years	–	–	233	241
	<u>159</u>	<u>2,289</u>	<u>1,742</u>	<u>2,080</u>

INDEBTEDNESS

Borrowings

The following table shows our total bank and other borrowings and their respective maturity profiles as of the dates indicated:

	As of December 31,			As of	As of
	2007	2008	2009	April 30,	September 30,
	(RMB in thousands)			2010	2010
				(unaudited)	
Repayable within one year:					
Bank loans – secured . . .	–	65,000	70,000	137,800	568,728
Other borrowings – secured	–	–	–	970,000	1,780,972
Borrowings from related companies and related parties	<u>642,656</u>	<u>530,105</u>	<u>478,099</u>	<u>551,677</u>	<u>–</u>
Repayable within two to five years:					
Bank loans – secured . . .	<u>380,000</u>	<u>842,500</u>	<u>845,000</u>	<u>856,908</u>	<u>1,187,955</u>
Repayable over five years:					
Bank loans – secured . . .	–	–	850,000	1,344,690	1,302,020
	<u>1,022,656</u>	<u>1,437,605</u>	<u>2,243,099</u>	<u>3,861,075</u>	<u>4,839,675</u>

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Our outstanding bank and other borrowings amounted to RMB380.0 million, RMB907.5 million, RMB1,765.0 million, RMB3,309.4 million and RMB4,850.5 million, as of December 31, 2007, 2008 and 2009, April 30, 2010 and September 30, 2010 (being the latest practicable date for determining our indebtedness), respectively. We used the proceeds from these borrowings to finance our property development and overall expansion of our business. The increase in our bank borrowings over the Track Record Period was primarily due to our development of new projects and our acquisition of land and project companies, offset by the repayment of previous bank loans. Secured bank borrowings were secured by land use rights, properties under development, completed properties held for sale, investment properties, bank deposits and personal guarantees by Chairman Zhao. Such guarantees have been released.

Except as described above and in the section "Contingent Liabilities," as of September 30, 2010, being the latest practicable date for determining our indebtedness, we did not have any outstanding loan capital issued or agreed to be issued, bank overdrafts, loans, debt securities, borrowings or other similar indebtedness, liabilities under acceptance (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, finance leases, hire purchase commitments, guarantees or other material contingent liabilities.

All of our bank borrowings are denominated in RMB and the interest rates as of December 31, 2007, 2008 and 2009 and April 30, 2010 ranged from 5.51% to 6.75%, 4.78% to 8.32%, 4.78% to 7.47% and 4.86% to 11.89%, respectively.

Pursuant to our loan agreements in relation to the above-mentioned bank borrowings, some of our PRC operating subsidiaries are subject to certain material covenants, whereby without the lender's prior written consent, some of our PRC operating subsidiaries are not to conduct any merger, joint venture, restructuring, spin-off, decrease in registered share capital, material asset transfer, liquidation or change in shareholding or management structure. In addition, prior to such bank borrowings being repaid in full, we are not to provide guarantees to any third party with an amount in excess of their respective net assets. Pursuant to the loan agreement entered into by Changshu Changtai and Bank of China dated May 18, 2009, in fiscal years that (i) Changshu Changtai's net profit after income tax is zero or negative; (ii) Changshu Changtai's profit after tax is insufficient to make up the cumulative losses recorded in preceding years; or (iii) Changshu Changtai's profit before tax is not used for repayment of the principal and interest of the outstanding bank borrowings, or is insufficient to repay the next installment of the principal and interest of our outstanding bank borrowings, Changshu Changtai is not to declare any dividends to its shareholder, Shanghai Changjia Investment Management. As of the Latest Practicable Date, we have not experienced any non-compliance with the above-mentioned covenants in the respective loan agreements.

In January 2010, we entered into the Trust with the Trustee to raise RMB1.0 billion (before deduction of any expenses) from public investors and one specific institutional investor to settle our intra-group debts. Pursuant to the terms of the Trust, Shanghai Changjia Property deposited its shareholder rights to distributions from Shanghai Haoquan with a custodian appointed by the Trustee for the benefit of the investors who subscribed the Preferred Trust Units and Ordinary Trust Units issued by the Trustee under the Trust. The term of the Trust is one year, ending on March 4, 2011. During the term of the Trust, Shanghai Changjia Property's ownership and control of Shanghai Haoquan will not be affected except that Shanghai Haoquan is prohibited from distributing any dividends during the term of the Trust or otherwise

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disposing of its equity interest in Shanghai Haoquan. Under the Trust the total expected interest and expenses owed by us was RMB45.7 million, which amount was deducted from the raised funds. We have received the proceeds from the Trust in two tranches on February 11, 2010 and March 5, 2010, respectively, among which RMB693.5 million and RMB261.5 million were used to settle the amounts due to Shanghai Deji and Changshu Changtai on February 11, 2010 and March 8, 2010, respectively. We expect to redeem the Preferred Trust Units and the Ordinary Trust Units with our internal resources. For more details, please refer to the section headed "Risk Factors – Risk Factors Relating to Our Business – Our failure to redeem certain trust units may result in the enforcement of various security interests provided by us and/or the loss of our rights to distributions from Shanghai Haoquan" in this prospectus.

In addition, on June 3, 2010, we entered into a financing agreement with New China Trust Co., Ltd., pursuant to which New China Trust Co., Ltd. agreed to provide a loan of RMB800.0 million to us with a term of one year from June 10, 2010 to June 9, 2011 and an interest rate of 16.0% per annum, subject to our discretionary early repayment. The repayment of the loan was secured by the land use rights to Chamtime Plaza.

During the Track Record Period, banks have not withdrawn any of the banking facilities previously extended to the Group and have not demanded early repayment. Given the Company's ability to access new bank loans and its strong credit profile, we believe the risk of potential withdrawal of banking facilities, early repayment of outstanding loans or increase in amount of pledged deposits for secured bank loans is relatively remote. We also confirm that as of the Latest Practicable Date, we have not received any requests for early repayment of the principal and/or interests on any of our loan agreements. As of the Latest Practicable Date, there has been no material change in our indebtedness since September 30, 2010, being the latest practicable date for determining our indebtedness.

Gearing ratio

We monitor our gearing capacity on the basis of gearing ratio, which is calculated as total interest-bearing bank and other borrowings (excluding borrowings from related companies and related parties) divided by total assets, as shown in our consolidated balance sheets. The following table sets out our gearing ratios as of the dates indicated:

	As of December 31,			As of	As of
	2007	2008	2009	April 30,	July 31,
	(RMB in thousands)				
Interest-bearing bank and other borrowings (excluding borrowings from related companies and related parties) . . .	380,000	907,500	1,765,000	3,309,398	4,412,205
Total assets	2,652,428	4,106,878	7,619,687	9,579,613	10,200,443
Gearing ratio	14%	22%	23%	35%	43%

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Off-balance sheet commitments and arrangements

As of April 30, 2010, except for the contingent liabilities set forth above, we have not entered into any financial guarantees or other commitments to guarantee the payment obligations of any third parties. We have not entered into any derivative contracts that are indexed to our Shares and classified as shareholder's equity, or that are not reflected in our combined financial statements. We do not have any variable interest in any uncombined entity that provides financing, liquidity, market risk or credit support to us or engages in leasing or hedging or research and development services with us.

MARKET RISKS

We are exposed to various types of market risks, including credit risk, foreign exchange risk, interest rate risk, liquidity risk, commodity risk and inflation in the normal course of our business.

Credit risk

Our principal financial assets are trade and other receivables and bank balances, which represent our maximum exposure to credit risk in relation to financial assets. Our credit risk is primarily attributable to receivables. In order to minimize credit risk, our management continuously monitors the level of our exposure to ensure that follow-up action is taken to recover overdue debts. In addition, we review the recoverable amount of each individual receivable at each balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts. The credit risk on bank deposits and bank balances is limited because a majority of the counterparties are state-owned banks with good reputations and credit ratings.

Foreign exchange risk

Foreign exchange risk refers to the risk that movement in foreign currency exchange rates will affect the Group's financial results and cash flow. Substantially all of our operating expenses, revenues, assets and debt are denominated in Renminbi. As a result, our management does not believe we are exposed to significant foreign currency risk. However, as we expand our operations, we may incur a significant amount of debt in a currency other than the Renminbi. In this case, we would be exposed to risks related to the exchange rate and the currency in which our debt is denominated. A depreciation of Renminbi would require us to use more Renminbi funds to service the same amount of foreign currency debt. In addition, subsequent to the Global Offering, a depreciation of Renminbi would adversely affect the value of any dividends we pay to our Shareholders. We currently do not engage in hedging activities designed or intended to manage such currency risk. Because Renminbi is not freely convertible, our ability to reduce the foreign exchange risk is necessarily limited. Moreover, because the functional currency of the Company and all of its subsidiaries is the Renminbi, the balance and certain amounts due to related parties denominated in a foreign currency are subject to translation at each reporting date, which could affect our business, financial condition and results of operations.

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Interest rate risk

Our interest rate risk relates primarily to our pledged bank deposits, bank deposits and borrowings. We currently have not entered into interest rate swaps to hedge against our exposure to changes in fair values of our borrowings. It is our policy to maintain an appropriate level between our borrowings so as to balance the fair value and cash flow interest rate risk.

In addition, to the extent that we may need to raise debt financing in the future, upward fluctuations in interest rates will increase the cost of new debts. Fluctuations in interest rates can also lead to significant fluctuations in the fair values of our debt obligations.

We currently do not use any derivative instruments to manage our interest rate risk. To the extent we decide to do so in the future, there can be no assurance that any future hedging activities will protect us from fluctuations in interest rates. For additional information, please refer to the section headed "Risk Factors – Risk Factors Relating to our Business – Our financing costs are subject to changes in interest rates" in this prospectus.

Liquidity risk

The capital-intensive nature of our business exposes us to liquidity risk. We are exposed to liquidity risk if we are unable to raise sufficient funds to meet our financial commitments when they fall due. To manage liquidity risk, we monitor and maintain a level of cash and cash equivalents considered adequate by our management to finance our operations and mitigate the effects of fluctuations in cash flow. In doing so, our management monitors its net current assets/liabilities and the utilization of borrowings to ensure adequate undrawn banking facilities and compliance with loan covenants.

Commodity risk

We are exposed to fluctuations in the prices of raw materials for our property development, primarily steel and cement. We have not engaged in any hedging activities. Purchasing costs of steel and cement are generally accounted for as part of the construction contractor fees pursuant to our arrangements with the relevant construction contractors. Accordingly, rising prices for construction materials will affect our construction costs in the form of increased fee quotes by our construction contractors. As a result, fluctuations in the prices of our construction materials have a significant impact on our business, financial condition and results of operations.

Inflation

According to the National Bureau of Statistics of China, China's national inflation rate, as measured by the general consumer price index, was approximately 4.80% in 2007, 5.9% in 2008 and -0.1% in 2009. In the first half of 2010, China's general consumer price index increased by 2.6% compared to the same period in 2009. Inflation is a factor that would affect construction costs and interest rates, and deflation would become a disincentive for prospective buyers to make a purchase.

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PROFIT FORECAST FOR THE YEAR ENDING DECEMBER 31, 2010

We have prepared our forecasted net profit for the year ending December 31, 2010 based on the audited combined results for the Group for the four months ended April 30, 2010, unaudited management accounts for the three months ended July 31, 2010 and our forecast of our consolidated results for the remaining five months ending December 31, 2010. The forecast for the five months ending December 31, 2010 has been prepared on the basis of accounting policies consistent with those adopted for the purpose of the Accountants' Report in Appendix I to this prospectus and the principal assumptions set forth below in the section headed "Profit Forecast" in Appendix III to this prospectus. In preparing the forecast, the Directors and our independent property valuer have taken into account the impact of regulations on the PRC property market recently promulgated by the PRC Government. When estimating the fair values of the investment properties of the Group as at December 31, 2010, the Directors have utilized a rental forecast prepared by Savills.

	RMB (in millions, except per Share data)
Forecast net profit attributable to the equity owners of our Company ⁽¹⁾⁽²⁾	not less than 710.0
Forecast gross fair value gains on investment properties	203.0
Less: Provision for deferred tax liabilities on fair value gains on investment properties	50.8
Forecast fair value gains on investment properties (net of deferred tax effect)	152.2
Forecast consolidated net profit attributable to the equity owners of our Company (net of fair value gains)	not less than 557.8
Forecast earnings per Share Unaudited pro forma fully diluted ⁽³⁾	0.18 (approximately HK\$0.21)
Weighted average ⁽⁴⁾	0.22 (approximately HK\$0.26)

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

The principal assumptions in preparing the Profit Forecast are as follows:

- There will be no significant changes in the existing political, legal, fiscal, market or economic conditions in the PRC, including changes in legislation, regulations or rules, which may have a material adverse effect on our business;
- There will be no significant changes in the government policies in the PRC governing the pricing and sale of our properties;
- There will be no material changes in the bases or rates of taxation, both direct and indirect, in the PRC and Hong Kong;
- There will be no material changes in the inflation rate, interest rates or foreign currency exchange rates in the PRC from those prevailing as at the date of this prospectus;
- There will be no significant changes in the current financial, economic and political conditions which prevail in the PRC and in the neighboring cities/provinces and which are material to the rental income generated by the investment properties;

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- There will be no significant changes in the conditions in which the investment properties are being operated and which are material to revenue and costs of the properties;
 - There will be no significant changes in the property-specific factors such as the building facilities, building specification, ventilation system, ancillary supporting retail services, quality of property management and tenant's profile;
 - The leases of any lease-expired units of the properties will be renewed at normal commercial terms;
 - Major contracts on the sales and leases of properties will not be cancelled, nor will the actual construction costs vary significantly from the signed contracts or the budget in any way that is more significant than historical experience;
 - All our properties are developed and sold in accordance with management's plans and there are no substantial changes in development schedule due to relocation and government approval;
 - Land certificates, sales permits, planning permits for construction works and permits for commencement of construction works related to properties under development shall be granted before the commencement of sale of each project;
 - There will be no material disputes with the contractors engaged by us to develop its projects which would cause a significant variance in construction costs which necessitate significant additional development costs on projects; and
 - With respect to the real estate industry in particular, the PRC government will not impose material changes or additional austerity measures to dampen the sales and prices of properties.
- (2) On the bases and assumptions set out above, and in the absence of the occurrence of unforeseen circumstances, we have forecast that the net consolidated profit attributable to the equity owners of our Company for the period ending December 31, 2010 is unlikely to be less than RMB710.0 million, which includes a gain of RMB152.2 million in the fair value of investment properties, net of deferred tax effect, and takes into account the staff compensation costs arising from the Pre-IPO Share Option Scheme in the amount of RMB5.4 million.

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

We expect the fair value of our investment properties as of December 31, 2010, and in turn any fair value gains on investment properties, to continue to be dependent on market conditions and other factors that are beyond our control, and to be based on the valuation performed by an independent professional property valuer involving the use of assumptions that are, by their nature, subjective and uncertain. See the section headed "Risk Factors – Risk Factors Relating to Our Business – The appraised value of our properties may be different from the actual realizable value and is subject to change" in this prospectus.

Changes in the fair value of our investment properties are dependent on market conditions and factors that are beyond our control. While we have considered for the purposes of the profit forecast what we believe is the best estimate of the fair value of our investment properties as of December 31, 2010, and our independent property valuer is of the view that the assumptions upon which the forecast is based are reasonable, the fair value of our investment properties and/or any fair value gains or losses on investment properties as of the relevant time may differ materially from (and may be materially higher or lower than) our estimate.

The forecast revaluation gains for the period ending December 31, 2010 are attributable to the revaluation of existing investment properties. We currently have no intention to reclassify any of our properties held for sale as investment properties.

We expect the fair value of our investment properties as of December 31, 2010, and any future fair value changes to be dependent on market conditions and other factors that are beyond our control, and to be based on market trends anticipated by an independent professional valuer involving the use of assumptions that are, by their nature, subjective and uncertain.

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The following table illustrates the sensitivity of the net profit attributable to equity holders of the Company to the forecast average selling price for the units to be sold and delivered during the five months ending December 31, 2010:

% Change in Price	-15%	-10%	-5%	0%	5%	10%	15%
Net Profit	699,322	702,881	706,441	710,000	713,559	717,119	720,678
Change in Net Profit	(10,678)	(7,119)	(3,559)	-	3,559	7,119	10,678
% Change in Net Profit	(1.50%)	(1.00%)	(0.50%)	0.00%	0.50%	1.00%	1.50%

The following table illustrates the sensitivity of the net profit attributable to equity holders of the Company to the GFA forecasted to be sold and delivered during the five months ending December 31, 2010:

% Change in GFA	-15%	-10%	-5%	0%	5%	10%	15%
Net Profit	701,618	704,408	707,202	710,000	712,798	715,592	718,382
Change in Net Profit	(8,382)	(5,592)	(2,798)	-	2,798	5,592	8,382
% Change in Net Profit	(1.18%)	(0.79%)	(0.39%)	0.00%	0.39%	0.79%	1.18%

The following table illustrates the sensitivity of the net profit attributable to equity holders of the Company to the rental rate (RMB/Sq.m./Month) forecasted for the investment properties during the five months ending December 31, 2010:

% Change in Rental Rate (RMB/Sq.m./Month)	-15%	-10%	-5%	0%	5%	10%	15%
Net Profit	705,464	706,976	708,488	710,000	711,512	713,024	714,536
Change in Net Profit	(4,536)	(3,024)	(1,512)	-	1,512	3,024	4,536
% Change in Net Profit	(0.64%)	(0.43%)	(0.21%)	0.00%	0.21%	0.43%	0.64%

The following table illustrates the sensitivity of the net profit attributable to equity holders of the Company to the occupancy rate forecasted for the investment properties during the five months ending December 31, 2010:

± Change in Occupancy Rate	-3%	-2%	-1%	0%	1%	2%	3%
Net Profit	709,045	709,363	709,682	710,000	710,318	710,637	710,955
Change in Net Profit	(955)	(637)	(318)	-	318	637	955
% Change in Net Profit	(0.13%)	(0.09%)	(0.04%)	0.00%	0.04%	0.09%	0.13%

The following table illustrates the sensitivity of the net profit attributable to equity holders of the Company to the fair value gain forecasted for the investment properties during the five months ending December 31, 2010:

% Change in Fair Value Gain	-15%	-10%	-5%	0%	5%	10%	15%
Net Profit	708,199	708,799	709,400	710,000	710,600	711,201	711,801
Change in Net Profit	(1,801)	(1,201)	(600)	-	600	1,201	1,801
% Change in Net Profit	(0.25%)	(0.17%)	(0.08%)	0.00%	0.08%	0.17%	0.25%

Given that as at July 31, 2010, we had successfully presold more than 91.2% of the property units forecasted to be sold and delivered in the five months ending December 31, 2010, the impact of the factors analyzed above on the forecast consolidated profit attributable to our equity holders is limited.

- (3) The calculation of the unaudited pro forma fully diluted forecast earnings per Share is based on the forecast consolidated profit attributable to equity holders of the Company for the year ending December 31, 2010 and on the assumptions that the Company had been listed since January 1, 2010 and a total of 4,000,000,000 Shares were in issue during the year ending December 31, 2010 without taking into account the shares which may be issued pursuant to the Over-allotment Option and share options granted under the Share Option Schemes would not be exercised.
- (4) The calculation of the forecast earnings per Share on a weighted average basis is based on the forecast consolidated profit attributable to equity owners of the Company for the year ending December 31, 2010, and assumes a weighted average number of approximately 3,227,454,466 Shares were in issue during the entire year, without taking into account any Shares which may be issued upon the exercise of the Over-allotment Option and share options granted under the Share Option Scheme.
- (5) The unaudited pro forma forecast earnings per Share for the year ending December 31, 2010 are converted into Hong Kong dollars at an exchange rate of RMB0.85984 to HK\$1, the prevailing rate quoted by PBOC on October 22, 2010. No representation is made that the Hong Kong dollar amounts have been, could have been or could be converted to Renminbi, or vice versa, at that rate or at any other rates or at all.

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Summary of the Property Development of Major Projects

The table below sets forth our total contracted sales as of July 31, 2010, total GFA to be delivered/expected to be delivered during the year ending December 31, 2010, proceeds from sales/presales of properties received as of July 31, 2010, actual/expected completion date and status of permits and approvals for each project and average selling price information.

	Total contracted sales in the seven months ended July 31, 2010 ⁽¹⁾ (RMB in thousands)	GFA delivered/expected to be delivered during the year ending December 31, 2010 (sq.m.)	Average selling price per square meter in respect of properties presold in the seven months ended July 31, 2010 ⁽²⁾ (RMB/sq.m.)	Proceeds from sales/presales of properties received as of July 31, 2010 (RMB in thousands)	Actual/expected completion date	Permits and approvals for delivery ⁽³⁾
Shanghai Garden . . .	411,565	28,424	45,261	375,925	August 31, 2005	Obtained
Chamtime Western Villa	236,806	24,285	Phase I: 48,073 Phase III: 41,445	204,038	Phase I: November 11, 2009 Phase II: March 31, 2010 Phase III: December 31, 2011	Phase I: Obtained Phase II: Obtained
Chamtime Lake Mountain Villa . . .	25,599	52,630	Phase I: 14,900 Phase II: 11,400	25,599	Phase I: November 4, 2009 Phase II: May 6, 2010	Phase I: Obtained Phase II: Obtained
Chamtime Mountain View Villa	130,845	74,398	Phase II: 11,996 Phase III: 11,270	130,357	Phase I: December 11, 2009 Phase II: March 2, 2010 Phase III: September 28, 2010	Phase I: Obtained Phase II: Obtained Phase III: Obtained
Total	804,815	179,737		735,919		

(1) Represents only the total contracted sales of properties delivered or expected to be delivered during the year ending December 31, 2010.

(2) The average selling price of Shanghai Garden represents only the average selling price of the residential units, not taking into account the car parks.

(3) We have obtained all the relevant approvals for delivery of the properties expected to be delivered during the year ending December 31, 2010.

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Construction Progress of Projects/ Project Phases to be Completed and Delivered in the Year Ending December 31, 2010

As of July 31, 2010, the construction progress with respect to the projects to be delivered during the year ending December 31, 2010 was as follows:

Shanghai Garden

Deliveries of Shanghai Garden comprise 86 residential units and 188 car parks. As of July 31, 2010, all residential units and car parks for Shanghai Garden had been completed and were ready for delivery. As of July 31, 2010, 56 residential units and 46 car parks had been delivered.

Chamtime Western Villa

Deliveries of Chamtime Western Villa comprise one and 91 detached villas for Phase I and Phase II, respectively. As of July 31, 2010, one detached villa for Phase I and 91 detached villas for Phase II had been completed and were ready for delivery. We commenced delivery of detached villas for Phase I and Phase II in April 2010. As of July 31, 2010, one detached villa for Phase I and 64 detached villas for Phase II had been delivered.

Chamtime Lake Mountain Villa

Deliveries of Chamtime Lake Mountain Villa comprise 136 and 100 townhouse-style villas for Phase I and Phase II, respectively. As of July 31, 2010, 136 townhouse-style villas for Phase I and 100 townhouse-style villas for Phase II had been completed and were ready for delivery. We commenced delivery of the townhouse-style villas for Phase I in January 2010 and delivery of the townhouse-style villas for Phase II in June 2010. As of July 31, 2010, 132 townhouse-style villas for Phase I and 68 townhouse-style villas for Phase II had been delivered.

Chamtime Mountain View Villa

Deliveries of Chamtime Mountain View Villa comprise 92, 104 and 130 townhouse-style villas for Phase I, Phase II and Phase III, respectively. As of July 31, 2010, 92 townhouse-style villas for Phase I, 104 townhouse-style villas for Phase II and 130 townhouse-style villas for Phase III had been completed and were ready for delivery. We commenced delivery of the townhouse-style villas for Phase I in January 2010 and delivery of the townhouse-style villas for Phase II in May 2010. As of July 31, 2010, more than 95% of the townhouse-style villas of Chamtime Mountain View Villa had been presold, and 85 townhouse-style villas for Phase I and 84 townhouse-style villas for Phase II had been delivered.

Our Directors are of the opinion that we have obtained all the relevant permits and approvals for properties to be delivered during the year ending December 31, 2010. In addition, the basis for our Directors' estimate on GFA to be sold and delivered in relation to Shanghai Garden, Chamtime Western Villa, Chamtime Lake Mountain Villa and Chamtime Mountain View Villa during the year ending December 31, 2010 includes the Group's historical experience, location of the project, sales performance of comparable projects in the surrounding areas and general market conditions.

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Fair Value Gains on Investment Properties, Net of Deferred Tax Effect

Our investment property only comprises of Chamtime International Financial Center. In estimating the fair value gains/ losses relating to Chamtime International Financial Center from July 31, 2010 to December 31, 2010, a rental forecast prepared by Savills was utilized. The valuation approaches employed by Savills include: (a) projection of long term movements of rental and price levels of the office property markets up to December 31, 2010 based on historical average Grade "A" office rentals of Pudong and the office property market trends; (b) consideration of general market factors such as overall market supply, occupancy levels and vacancies, average rental and sales prices; and (c) property-specific characteristic benchmarking such as environmental factors, locality, land use control, infrastructure, design and construction, age and maintenance, accessibility, building specifications and provision of building facilities and tenants' profile of the property with that of the Grade "A" office market in the estimation of Savills for the period ending December 31, 2010.

Our fair value gains on investment properties, net of deferred tax effect, for the four months ended April 30, 2010 were RMB133.5 million, while our estimated fair value gains on investment properties, net of deferred tax effect, for the full year ending December 31, 2010 are expected to be RMB152.2 million. Such estimated fair value gains in the year ending December 31, 2010 are primarily due to an expected increase in the fair value of our investment properties as a result of rental increase of such properties. The estimated fair value of our investment properties is based on the projected valuation estimated by Savills by direct comparison approach or investment approach where applicable, according to a basis of valuation which is, as far as practicable, consistent with the basis of valuation in valuing our properties for the purposes of the audited combined results of our Group for the year ended December 31, 2009 and the four months ended April 30, 2010 and the Property Valuation Report set forth in Appendix IV to this prospectus.

Monitoring the Construction Progress

We have taken the following measures in monitoring the construction progress of our projects to be sold and delivered in 2010:

- Engage reputable and top-grade construction companies which were selected based on their reputation for quality, track record, references, and quality of their bids;
- Employ strict procedures for selection, inspection and testing of materials, pursuant to which all equipment and materials are inspected to ensure compliance with the contractual specifications before accepting the materials on site and approving payment;
- Each of our project companies has its own on-site project management team, which comprises qualified engineers led by a project manager who conducts supervision on a daily basis;
- In accordance with PRC regulations, we engage the services of PRC-qualified third party construction supervisory companies to supervise the construction of our real estate developments throughout the construction phase;

FINANCIAL INFORMATION

- Our construction management department is responsible for the supervision of the construction of our properties and inspection of the quality of the construction work on a selective basis to ensure our properties meet a specific standard upon completion; and
- Prior to delivery of completed properties to customers, our sales and property management departments together with our engineers and the relevant property management company will inspect the properties to ensure its satisfactory condition.

Marketing Strategies for Projects to be Completed and Delivered in the Year Ending December 31, 2010

In contrast to mid-end residential developers, we typically sell our high-end products in different phases in order to maximize selling price and profit. In addition, we have conducted and will continue to conduct the following marketing and sales campaigns for these projects:

- Advertisement on newspapers, property magazines and outdoor billboards;
- Broadcasting of property promotional programs on local television channels;
- Hiring more marketing and sales experts to enhance the strength of the sales team;
- Cooperating with professional promotional companies to explore various sales plans; and
- Cooperating with professional property agents with integrated sales and distribution channels.

DIVIDEND POLICY

Subject to the Companies Law, we, through a general meeting, may declare final dividends in any currency but no dividend shall be declared in excess of the amount recommended by the Board. Our Articles of Association provide that dividends may be declared and paid out of our profit, realized or unrealized, or from any reserve set aside from profits which the Directors determine is no longer needed. With the sanction of an ordinary resolution dividends may also be declared and paid out of our share premium account or any other fund or account which can be authorized for this purpose in accordance with the Companies Law.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide: (i) all dividends shall be declared and paid according to the amounts paid up on the shares in respect whereof the dividend is paid but no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share; and (ii) all dividends shall be apportioned and paid pro rata according to the amount paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. The Directors may deduct from any dividend or other monies payable to any member or in respect of any shares all sums of money (if any) presently payable by him to us on account of calls or otherwise.

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In addition, the declaration of dividends is subject to the discretion of our Directors, and the amounts of dividends actually declared and paid will also depend upon the following factors:

- our general business conditions;
- our financial results;
- our capital requirements;
- interests of our shareholders; and
- any other factors which the Board may deem relevant.

Future dividend payments will also depend upon the availability of dividends received from our subsidiary companies in China. PRC laws require that dividends be paid only out of the net profit calculated according to PRC accounting principles, which differ in many aspects from the generally accepted accounting principles in other jurisdictions, including IFRS and the generally accepted accounting principles in the United States. PRC laws also require foreign investment enterprises to set aside part of their net profit as statutory reserves, which are not available for distribution as cash dividends. Distributions from our subsidiary companies may also be restricted if they incur debts or losses or in accordance with any restrictive covenants in bank credit facilities, convertible bond instruments or other agreements that we or our subsidiary companies may enter into in the future.

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

During the Track Record Period, our Company did not distribute any dividends to our shareholders. We have no plan to distribute any dividends from distributable profit for the three years ended December 31, 2009.

Considering our financial position, our Board currently intends, subject to the limitations described in this section, and in the absence of any circumstances which might reduce the amount of available distributable reserves, whether by losses or otherwise, to distribute to our shareholders no less than 20% of any distributable profit of our PRC operating entities (excluding net fair value gains or losses on investment properties) for the financial year ending December 31, 2010 and each year thereafter. There is, however, no assurance that dividends of such amount or any amount will be declared or distributed in such year or in any given year. In addition, pursuant to the terms of the Trust, our wholly owned subsidiary, Shanghai Haoquan, is prohibited from distributing any dividends during the term of the Trust, which ends on March 4, 2011.

FINANCIAL INFORMATION

UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

The unaudited pro forma adjusted combined net tangible assets of the Group have been prepared for illustrative purposes only and, because of their hypothetical nature, may not give a true picture of the Group's combined net tangible assets as of April 30, 2010 after the completion of the Global Offering or at any future dates. It is prepared based on the audited combined net tangible assets of the Group as of April 30, 2010 as set out in the Accountants' Report in Appendix I of this prospectus and adjusted as below. The unaudited pro forma adjusted combined net tangible assets do not form part of the Accountants' Report as set out in Appendix I of this prospectus.

	Audited combined net tangible assets of the Group attributable to equity holders of the Company as of April 30, 2010 RMB'000 (Note 1)	Estimated net proceeds from the Global Offering RMB'000 (Note 2)	Unaudited pro forma adjusted combined net tangible assets RMB'000	Unaudited pro forma adjusted combined net tangible assets per Share RMB (Note 3)
Based on Offer Price of				
HK\$3.20 per Share	2,267,967	2,342,458	4,610,425	1.15
Based on Offer Price of				
HK\$4.80 per Share	2,267,967	3,546,124	5,814,091	1.45

Notes:

- (1) The audited combined net tangible assets of the Group attributable to equity holders of the Company as at April 30, 2010 have been arrived at after deducting goodwill of RMB201,000 and intangible assets of RMB479,000 from the audited combined net assets attributable to equity holders of the Company of RMB2,268,647,000 as at April 30, 2010 as extracted from the Accountants' Report set out in Appendix I to this prospectus.
- (2) The estimated net proceeds from the Global Offering are based on the Offer Shares and the Offer Price of HK\$3.20 or HK\$4.80 per Share, being the low or high end of the stated Offer Price range, after deduction of the underwriting fees and related expenses payable by the Company and without taking into account any Shares which may be allotted and issued upon the exercise of the Over-allotment Option and Share Option Schemes. The estimated net proceeds from the Global Offering are converted from Hong Kong dollars into Renminbi at an exchange rate of RMB0.85984 to HK\$1, the prevailing rate quoted by the PBOC on October 22, 2010. No representation is made that the Hong Kong dollar amounts have been, could have been or will be converted to Renminbi, or vice versa, at that rate, at any other rates or at all.
- (3) The unaudited pro forma adjusted combined net tangible assets per Share have been arrived at after adjustments as described in (2) above and on the basis of 4,000,000,000 Shares in issue immediately following the completion of the Capitalization Issue and the Global Offering without taking into account any Shares which may be issued upon exercise of the Over-allotment Option and options granted under Share Option Schemes.
- (4) No adjustment has been made to reflect any trading results or other transactions of the Group entered into subsequent to April 30, 2010.

FINANCIAL INFORMATION

DISCLOSURE PURSUANT TO RULES 13.13 TO 13.19 OF THE LISTING RULES

We confirm that, as of the Latest Practicable Date, we were not aware of any circumstances that would give rise to a disclosure requirement under Rules 13.13 to Rules 13.19 of the Listing Rules.

DIRECTORS' CONFIRMATION ON NO MATERIAL ADVERSE CHANGE

Our Directors confirm that, up to the date of this prospectus, there has been no material adverse change in our financial or trading position or prospects since April 30, 2010, and up to the date of this prospectus, there is no event since April 30, 2010 which would materially affect the information shown in the Accountants' Report, the text of which is set out in Appendix I to this prospectus.

FUTURE PLANS AND USE OF PROCEEDS

FUTURE PLANS

We aim to grow and expand our Company as a leading property developer and continue to strengthen our market position in Shanghai. By maintaining a strong presence in high-end residential and villa market in Shanghai, we believe we can enhance our brand profile and increase our pricing power and margins. We also intend to continue to expand our business into other high growth property sectors, such as mixed-use developments. We propose to adhere to our business model, including developing high-end residential properties and holding premium commercial properties in prime locations in Shanghai, in pursuing our future plans. Our future plans are in line with our business model and long term strategies, details of which are set out in the section headed “Business – Our Strategies” in this prospectus.

USE OF PROCEEDS

We estimate that we will receive net proceeds from the Global Offering of approximately HK\$3,424 million, after deducting the underwriting fees and expenses payable by us in the Global Offering, and assuming the Over-allotment Option is not exercised and an Offer Price of HK\$4.00 per Share, being the mid-point of the Offer Price range stated in this prospectus. We intend to use these net proceeds for the following purposes:

- approximately 78%, or HK\$2,683 million, of our net proceeds will be used to increase our landbank by seeking and acquiring suitable land parcels in our current and target cities in the future. We have not identified any acquisition target land parcels as of the Latest Practicable Date;
- approximately 17%, or HK\$570 million, of our net proceeds will be used to repay our existing offshore bank loans, including the remaining principal amount of approximately HK\$400 million on a bank loan from Wing Lung Bank, borrowed for our Chamtime International Town (Wuxi China) project, which bears an interest rate of 1.35% plus the Hong Kong Interbank Offered Rate for Hong Kong Dollar Deposits and is due in August 2011, and the remaining principal amount of approximately HK\$170 million on a bank loan from CITIC Ka Wah Bank, which bears an interest rate of 1.1% plus the Hong Kong Interbank Offered Rate for Hong Kong Dollar Deposits and is due in June 2011; and
- the remaining balance, representing approximately 5%, or HK\$171 million, of our net proceeds will be used for general corporate and working capital purposes.

Based on the maximum Offer Price of HK\$4.80 for each Offer Share and the minimum Offer Price of HK\$3.20 for each Offer Share, we estimate that the net proceeds we will receive from the Global Offering, assuming the Over-allotment Option is not exercised and after deducting the underwriting fees and our estimated offering expenses payable in relation to the issue and sale of the Shares, would be approximately HK\$4,124 million and HK\$2,724 million, respectively. In the event that the Offer Price is fixed below or above the mid-point of the indicative price range, we intend to allocate (i) approximately HK\$570 million of our net proceeds to repay our bank loans, (ii) approximately 5% of our net proceeds for general corporate and working capital purposes, and (iii) the remaining balance of our net proceeds to increase our landbank.

FUTURE PLANS AND USE OF PROCEEDS

To the extent that any of our net proceeds are not applied immediately, we intend to deposit them in interest bearing bank accounts.

In the event the Over-allotment Option is exercised in full, we estimate that the additional net proceeds to be received by us from the Global Offering will be approximately HK\$285 million (assuming the Offer Price being the mid-point of the Offer Price range stated in this prospectus), after deducting the underwriting fees and commission payable by us. We intend to allocate approximately 5% of the additional net proceeds received by us from the exercise of the Over-allotment Option for general corporate and working capital purposes, and the remainder of such additional net proceeds to increasing our landbank.

We will not receive any of the net proceeds from the sale of the Sale Shares by the Selling Shareholder in the Global Offering.

We will issue an announcement in Hong Kong if there is any material change in the above-mentioned use of proceeds.

In the event that any part of our developments does not proceed as planned, including as a result of circumstances such as failure to obtain requisite approvals, changes in government policies which would render any of our property developments not commercially viable, or force majeure, our Directors will carefully evaluate the situation and may hold such funds on short-term deposits as our directors consider to be in our interest. If we establish or acquire a foreign-invested enterprise to engage in the development or operation of property business in China in the future, we will be required to establish a foreign-invested real estate enterprise pursuant to the Circular on Further Strengthening and Regulating the Approval and Supervision of Foreign Direct Investment in the Real Estate Sector (關於進一步加強、規範外商直接投資房地產業審批和監管的通知) issued by MOFCOM and SAFE on May 23, 2007. Furthermore, as regards the Circular of the General Affairs Department of SAFE on the Distribution of the List of the First Batch of Foreign-Invested Real Estate Projects Filed with the Ministry of Commerce (國家外匯管理局綜合司關於下發第一批通過商務部備案的外商投資房地產項目名單的通知) issued by SAFE on July 10, 2007, which, among other things, restricts the ability of foreign-invested real estate companies in raising funds offshore and then injecting funds into the companies by way of shareholder loans (for further information, please see the section headed “Risk Factors – Risk Factors Relating to Regulation of the PRC Property Market – Our ability to secure new projects and related investments may be restricted by policies and regulations introduced by the PRC Government” in this prospectus). Currently, there is no project for which the Group has obtained approval to remit proceeds from the Global Offering to China. In the event that our Company is unable to repatriate the listing proceeds to China, we may consider using the proceeds of the Global Offering to acquire PRC property projects through the offshore acquisition of their offshore holding entities, if any. However, such offshore acquisition structure and the full implementation of the intended use of proceeds may be subject to then applicable PRC laws and regulations. As advised by our PRC legal adviser, as of the Latest Practicable Date, we are not subject to any PRC laws and regulations that may prevent the Company from undertaking such offshore acquisition.

FUTURE PLANS AND USE OF PROCEEDS

In December 2009, we entered into three separate agreements with Bank of China, Industrial and Commercial Bank of China and Bank of Communications with terms of one year, five years and one year, respectively, pursuant to which Bank of China, Industrial and Commercial Bank of China and Bank of Communications agreed to grant us credit facilities of up to RMB8.0 billion, RMB12.0 billion and RMB8.0 billion, respectively, subject to definitive loan agreements being signed separately. As a result, in the event that our Company is unable to repatriate the listing proceeds to China, our Directors are of the opinion that our existing projects and future plans would not be affected and can be funded with our internal resources and banking facilities.

The difference between the aggregate estimated amount of outstanding capital expenditures of our existing projects and our planned amount of net proceeds to be spent on them is approximately RMB19,166.0 million, which we intend to fund through both our internal resources and banking facilities or trust arrangements. We have been able to obtain bank loans from various banks and set up trust arrangements to raise funds through trust companies, notwithstanding the austerity measures imposed by the PRC government on the real estate sector. Therefore our Directors are of the opinion that our financing plan is feasible and realistic. In June 2010, we entered into a definitive loan agreement with Industrial and Commercial Bank of China Pudong Branch to borrow RMB530.0 million for the development of our Chamtime Corporate Avenue project, of which RMB250.0 million has been drawn down. The facility bears an interest rate of 6.76% and must be repaid within five years.

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Joint Lead Managers

Citigroup Global Markets Asia Limited
Merrill Lynch Far East Limited
BOCI Asia Limited
Macquarie Capital Securities Limited

Co-lead Managers

China Everbright Securities (HK) Limited
CMB International Capital Limited
Guotai Junan Securities (Hong Kong) Limited

INTERNATIONAL UNDERWRITERS

Citigroup Global Markets Limited
Merrill Lynch International
BOCI Asia Limited
Macquarie Capital Securities Limited

China Everbright Securities (HK) Limited
CMB International Capital Limited
Guotai Junan Securities (Hong Kong) Limited
Mizuho Securities Asia Limited
Samsung Securities (Asia) Limited

UNDERWRITING ARRANGEMENTS AND EXPENSES

Hong Kong Public Offer

Hong Kong Underwriting Agreement

We are offering the Hong Kong Offer Shares for subscription on, and subject to, the terms and conditions of this prospectus and the Application Forms. Subject to the Listing Committee of the Hong Kong Stock Exchange granting the listing of, and permission to deal in, the Shares to be offered pursuant to the Global Offering and the Capitalization Issue as mentioned in this prospectus and to certain other conditions set out in the Hong Kong Underwriting Agreement, the Hong Kong Underwriters have agreed severally and not jointly to purchase or procure subscribers for the Hong Kong Offer Shares which are being offered but are not taken up under the Hong Kong Public Offer on the terms and conditions of this prospectus, the Application Forms and the Hong Kong Underwriting Agreement.

The Hong Kong Underwriting Agreement is conditional on and subject to the International Underwriting Agreement having been signed and becoming unconditional and not having been terminated in accordance with its terms.

Grounds for termination

The obligations of the Hong Kong Underwriters to subscribe or procure subscribers for the Hong Kong Offer Shares under the Hong Kong Underwriting Agreement are subject to termination, if, at any time prior to 8:00 a.m. on the Listing Date:

- (a) there develops, occurs, exists or comes into force:
 - (i) any new law or any change in existing law, or any change in the interpretation or application thereof by any court or other competent authority in or affecting Hong

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Kong, the PRC, the Cayman Islands, the United States, Canada, any member of the European Union, Japan, Singapore and any other jurisdiction relevant to the Company (each a “Relevant Jurisdiction”); or

- (ii) any change or development involving a prospective change or development, or any event or series of events resulting in or representing a change or development, or prospective change or development, in local, national, regional or international financial, political, military, industrial, economic, currency market, fiscal or regulatory or market conditions (including, without limitation, conditions in stock and bond markets, money and foreign exchange markets and inter-bank markets, or any monetary or trading settlement system or matters and/or disaster, including, without limitation a change in the system under which the value of the Hong Kong currency is linked to that of the currency of the United States or a devaluation of the Hong Kong dollars or an appreciation of the Renminbi against the currency of any of the United States, the European Union, the United Kingdom or Japan) in or affecting any Relevant Jurisdiction; or
- (iii) any event or series of events in the nature of force majeure (including, without limitation, acts of government, strikes, lock-outs, fire, explosion, flooding, epidemic, outbreak of an infectious disease, civil commotion, acts of war, any local, national, regional or international outbreak or escalation of hostilities (whether or not war is declared), acts of terrorism (whether or not responsibility has been claimed), declaration of a national or international emergency or calamity or crisis or war, riot, public disorder, economic sanctions or acts of God) in or affecting any Relevant Jurisdiction; or
- (iv) (A) any suspension or limitation on trading in shares or securities generally on the Hong Kong Stock Exchange, the New York Stock Exchange, the NASDAQ National Market, the Shanghai Stock Exchange, the London Stock Exchange or the Tokyo Stock Exchange, or (B) a general moratorium on commercial banking activities in New York, London, Cayman Islands, Hong Kong, Japan or the PRC declared by the relevant authorities, or a material disruption in commercial banking activities or foreign exchange trading or securities settlement or clearance services in or affecting any Relevant Jurisdiction; or
- (v) any adverse change or development or prospective adverse change in taxation or exchange controls, currency exchange rates or foreign investment regulations in any Relevant Jurisdiction adversely affecting an investment in the Shares; or
- (vi) any litigation or claim being threatened or initiated against the Group which has not already been disclosed in this prospectus; or
- (vii) any change or development involving a prospective change on the condition, financial or otherwise, or in the earnings, business affairs, business prospects or trading position of the Group; or
- (viii) the chairman or chief executive officer of the Company vacating his office; or
- (ix) any Director being charged with an indictable offence or prohibited by operation of law or otherwise disqualified from taking part in the management of a company; or
- (x) the commencement by any regulatory body of any public action against any executive Director in his or her capacity as such or an announcement by any regulatory body that it intends to take any such action; or

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- (xi) a contravention by any member of the Group of the Companies Ordinance or Cayman Islands Companies Law or the Listing Rules; or
- (xii) a prohibition on the Company for whatever reason from allotting or selling the Offer Shares (including the additional Shares that may be allotted and issued by the Company upon the exercise of the Over-allotment Option) pursuant to the terms of the Global Offering; or
- (xiii) non-compliance of this prospectus (or any other documents used in connection with the contemplated subscription and sale of the Offer Shares) or any aspect of the Global Offering with the Listing Rules or any other applicable law or regulation; or
- (xiv) an order or petition for the winding up of any member of the Group or any composition or arrangement made by any member of the Group with its creditors or a scheme of arrangement entered into by any member of the Group or any resolution for the winding-up of any member of the Group or the appointment of a provisional liquidator, receiver or manager over all or part of the material assets or undertaking of any member of the Group or anything analogous thereto occurring in respect of any member of the Group; or
- (xv) other than with the approval of the Joint Lead Managers, the issue or requirement to issue by the Company of a supplementary prospectus, Application Forms or offering circulars issued by the Company in connection with the International Placing (“Offering Circulars”) pursuant to the Companies Ordinance or the Listing Rules in circumstances where the matter to be disclosed is, in the sole opinion of the Joint Lead Managers, adverse to the marketing for or implementation of the Global Offering; or

and which, in any such case and in the sole opinion of the Joint Lead Managers (for themselves and on behalf of the other Hong Kong Underwriters),

- (A) is or may or will be or is reasonably likely to be materially adverse to, or materially and prejudicially affect, the general affairs or the business or financial or trading or other condition or prospects of the Company and its subsidiaries taken as a whole; or
- (B) has or may have or will have or is reasonably likely to have a material adverse effect on the success of the Global Offering and/or make it impracticable, inexpedient or inadvisable for any part of the Hong Kong Underwriting Agreement, the Hong Kong Public Offer or the Global Offering to be performed or implemented as envisaged; or
- (C) makes or will or is likely to make it impracticable, inexpedient or inadvisable to proceed with or to market the Hong Kong Public Offer and/or the Global Offering or the delivery of the Offer Shares on the terms and in the manner contemplated by this prospectus; or

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- (b) there has come to the attention of the Joint Lead Managers (for themselves and on behalf of the other Hong Kong Underwriters) after the date of the Hong Kong Underwriting Agreement:
- (i) that any statement contained in this prospectus, the Application Forms, the formal notice required to be published under Rule 12.02 of the Listing Rules pursuant to the Hong Kong Public Offer and any announcements in the agreed form issued by the Company in connection with the Hong Kong Public Offer (including any supplement or amendment thereto) was or has become untrue or incorrect in all material respects or misleading, or any forecasts, estimates, expression of opinion, intention or expectation expressed in such documents are not in all material aspects, fair and honest and based on reasonable assumptions, when taken as a whole; or
 - (ii) any matter has arisen or has been discovered which would or might, had it arisen immediately before the date of this prospectus, not having been disclosed in this prospectus, constitutes a material omission therefrom; or
 - (iii) any of the warranties given by the Company and the Controlling Shareholders in the Hong Kong Underwriting Agreement is (or might when repeated be) being untrue or misleading or inaccurate in any respect; or
 - (iv) any breach of any of the obligations of the Company and the Controlling Shareholders under the Hong Kong Underwriting Agreement; or
 - (v) any event, act or omission which gives or is likely to give rise to any liability of the Company, or any other indemnifying party pursuant to the indemnities given by the Company and the Controlling Shareholders under the Hong Kong Underwriting Agreement which liability has a material adverse effect on the business or financial or trading position of the Company and its subsidiaries, as a whole; or
 - (vi) approval for the listing of an permission by the Listing Committee of the Hong Kong Stock Exchange to deal in the Hong Kong Offer Shares to be issued or sold (including any additional Shares that may be issued or sold pursuant to the exercise of the Over-allotment Option) under the Global Offering is refused or not granted, other than subject to customary conditions, on or before the listing approval date, or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld; or
 - (vii) the Company withdraws this prospectus and the Application Forms or the Global Offering; or
 - (viii) any person (other than any of the Hong Kong Underwriters) has withdrawn or sought to withdraw its consent to being named in any of the Offering Circulars and this prospectus ("Offer Documents") or to the issue of any of the Offer Documents,

then the Joint Lead Managers may, in their sole discretion and upon giving notice to the Company in writing, terminate the Hong Kong Underwriting Agreement with immediate effect.

UNDERWRITING

UNDERTAKINGS GIVEN TO THE HONG KONG STOCK EXCHANGE PURSUANT TO THE LISTING RULES

Undertakings by our Company

Pursuant to Rule 10.08 of the Listing Rules, we have undertaken to the Hong Kong Stock Exchange that no further Shares or securities convertible into equity securities (whether or not of a class already listed) may be issued by us or form the subject of any agreements to such an issue by us within six months from the Listing Date (whether or not such issue of Shares or securities will be completed within six months from the commencement of dealing), except in certain circumstances prescribed by Rule 10.08 of the Listing Rules.

Undertakings by the Controlling Shareholders

Pursuant to Rule 10.07 of the Listing Rules, each of the Controlling Shareholders has undertaken to the Hong Kong Stock Exchange that, except pursuant to the Global Offering and the Over-allotment Option, he or it will not and shall procure that any other registered holder (if any) will not, without the prior written consent of the Hong Kong Stock Exchange or unless otherwise in compliance with applicable requirements of the Listing Rules:

- (a) in the period commencing on the date by reference to which disclosure of the shareholding of the Controlling Shareholders is made in this prospectus and ending on the date which is six months from the date on which dealings in our Shares commence on the Hong Kong Stock Exchange (the "First Six-month Period"), dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances (other than security, including a charge or a pledge, in favour of an authorised institution as defined in the Banking Ordinance, Chapter 155 of the Laws of Hong Kong for a bona fide commercial loan as permitted under Note (2) to Rule 10.07 of the Listing Rules) in respect of, any of our Shares in respect of which he is or they are shown in this prospectus to be the beneficial owner; or
- (b) in the period of six months commencing from the expiry of the First Six-month Period, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances (other than security, including a charge or a pledge, in favour of an authorised institution as defined in the Banking Ordinance, Chapter 155 of the Laws of Hong Kong for a bona fide commercial loan as permitted under Note (2) to Rule 10.07 of the Listing Rules) in respect of, any of the Shares referred to in (a) above if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, it would cease to be a Controlling Shareholder.

UNDERWRITING

UNDERTAKINGS PURSUANT TO THE HONG KONG UNDERWRITING AGREEMENT

Undertakings by our Company

The Company undertakes to each of the Joint Lead Managers, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners and the Hong Kong Underwriters, and the Controlling Shareholders further undertake to each of the Joint Lead Managers, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners and the Hong Kong Underwriters, to procure that except as pursuant to the Capitalization Issue and the Global Offering (including pursuant to exercise of the Over-allotment Option) or any share option schemes of any members of the Group, at any time after the date of the Hong Kong Underwriting Agreement up to and including the date falling six months from Listing Date, the Company will not without the prior written consent of the Joint Lead Managers (on behalf of the Hong Kong Underwriters) (subject to the requirements set out in the Listing Rules):

- (i) offer, pledge, charge, mortgage, allot, issue, sell, contract to allot, issue or sell, sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, lend or otherwise transfer or dispose of, either directly or indirectly, conditionally or unconditionally, or repurchase, any of its share capital or other securities or any interests therein (including, but not limited to, any securities that are convertible into or exercisable or exchangeable for or that represent the right to receive such share capital or other securities or any interests therein (the "Held Interests")); or
- (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of such Held Interests; or
- (iii) enter into any transaction with the same economic effect as any transaction described in (i) or (ii) above; or
- (iv) agree or contract to, or publicly announce any intention to enter into, any transaction described in (i), (ii) or (iii) above, whether any such transaction described in (i) (ii) or (iii) above is to be settled by delivery of such Held Interests, in cash or otherwise;

and enter into any of the foregoing transactions described in (i), (ii) or (iii) above, or agree or contract to or publicly announce any intention to enter into any such transaction, whereby any of the Controlling Shareholders would cease to be a controlling shareholder (as defined in the Listing Rules) of the Company during the second six-month period immediately following the Listing Date.

Undertakings by the Controlling Shareholders

The Controlling Shareholders undertake to each of the Company, the Joint Lead Managers and the Hong Kong Underwriters that, save as disclosed in the Offer Documents or pursuant to the Capitalization Issue, the Global Offering, the Stock Borrowing Agreement and any share option schemes of any member of the Group, without the prior written consent of the Joint Lead Managers and unless in compliance with the Listing Rules, he or it will not, at any time after the date of the Hong Kong Underwriting Agreement up to and including the date falling within six months from the Listing Date:

- (i) offer, pledge, charge, mortgage, sell, contract to sell, sell any option or contract to purchase, purchase any option, grant or agree to grant any option, right or warrant to purchase or subscribe for, lend or otherwise transfer or dispose of, either directly or indirectly, conditionally or unconditionally, any of its Held Interests; or

UNDERWRITING

- (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of such Held Interests; or
- (iii) enter into any transaction with the same economic effect as any transaction described in (i) or (ii) above; or
- (iv) agree or contract to, or publicly announce any intention to enter into, any of the foregoing transactions described in limb (i), (ii) or (iii) above, whether any such transaction described in (i), (ii) or (iii) above is to be settled by delivery of such Held Interests, in cash or otherwise;

and will not enter into any of the foregoing transactions described in (i), (ii) or (iii) above, or agree or contract to or publicly announce any intention to enter into any such transaction, whereby any of the Controlling Shareholders would cease to be a controlling shareholder (as defined in the Listing Rules) of the Company during the second six-month period immediately following the Listing Date. In the event of a disposal by any of the Controlling Shareholder of any share capital or any interest therein during the second six-month period, it will take all reasonable steps to ensure that such a disposal will not create a disorderly or false market for the Shares or other securities of the Company.

Subject to the Hong Kong Underwriting Agreement, each of the Controlling Shareholders agrees and undertakes that, if at any time after the date of the Hong Kong Underwriting Agreement up to and including the date falling 12 months from the Listing Date, it or he shall:

- (i) if and when it or he pledges or charges any securities or interests in the securities of the Company beneficially owned by it or him, immediately inform the Company and the Joint Lead Managers in writing of such pledge or charge together with the number of securities so pledged or charged; and
- (ii) if and when it or he receives indications, either verbal or written, from any pledgee or chargee that any of the pledged or charged securities or interests in the securities of the Company respectively pledged or charged by him will be disposed of, immediately inform the Company and the Joint Lead Managers in writing of such indications.

The Company agrees and undertakes that upon receiving such information from the Controlling Shareholders, it shall, as soon as practicable, notify the Hong Kong Stock Exchange and make a public disclosure in relation to such information by way of an announcement.

COMMISSION AND EXPENSES

The Hong Kong Underwriters will receive a commission of 2.5% of the aggregate Offer Price payable for the Hong Kong Offer Shares initially offered under the Hong Kong Public Offer, out of which they will pay any sub-underwriting commissions. For unsubscribed Hong Kong Offer Shares reallocated to the International Placing, we will pay an underwriting commission at the rate applicable to the International Placing and such commission will be paid to the International Underwriters and not the Hong Kong Underwriters. We may also in our sole discretion pay the Joint Global Coordinators an additional incentive fee of up to 1.5% in the aggregate of the sale proceeds of the Global Offering if we are satisfied with the services provided by the Joint Global Coordinators prior to Listing in connection with the Global Offering.

UNDERWRITING

INTEREST OF UNDERWRITERS IN OUR GROUP

Save for their respective obligations under the Hong Kong Underwriting Agreement, the International Underwriting Agreement and the Stock Borrowing Agreement, none of the Underwriters has any shareholding interests in any members of our Group or any rights (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any members of our Group.

INTERNATIONAL PLACING

In connection with the International Placing, we, the Controlling Shareholders, the Selling Shareholder, the International Underwriters and the Joint Global Coordinators expect to enter into the International Underwriting Agreement. Under the International Underwriting Agreement, the International Underwriters to be named in such agreement would severally agree to purchase the International Placing Shares or procure purchasers for the International Placing Shares subject to and on the terms and conditions set forth in the International Underwriting Agreement.

Under the International Underwriting Agreement, the Company and the Selling Shareholder have each granted to the International Underwriters the Over-allotment Option, exercisable by Joint Global Coordinators on behalf of the International Underwriters (at the discretion of the Joint Global Coordinators), in whole or in part at one or more times, for up to 30 days after the last day for lodging applications under the Hong Kong Public Offer, to require the Company to allot and issue up to 75,000,000 additional new Shares and the Selling Shareholder to sell up to 75,000,000 Sale Shares, representing in aggregate of approximately 15% of the Offer Shares initially available under the Global Offering. These Shares will be sold at the Offer Price and will be for the purpose of, among other things, covering over-allocations in the International Placing, if any.

TOTAL EXPENSES

Assuming an Offer Price of HK\$4.00 per Share (being the mid-point of the stated offer price range of HK\$3.20 to HK\$4.80 per Share), the aggregate commissions and fees, together with Hong Kong Stock Exchange listing fees, SFC transaction levy of 0.003%, Hong Kong Stock Exchange trading fee of 0.005%, legal and other professional fees and printing and other expenses relating to the Global Offering, are estimated to amount to approximately HK\$176 million (assuming the Over-allotment Option is not exercised). Such commissions, fees and expenses are payable by us.

STRUCTURE OF THE GLOBAL OFFERING

THE GLOBAL OFFERING

Our Global Offering consists of the Hong Kong Public Offer and the International Placing. We intend to initially make available up to 1,000,000,000 Offer Shares (comprising 900,000,000 new Shares to be allotted and issued by us and 100,000,000 Shares to be offered by the Selling Shareholder) under the Global Offering, of which 900,000,000 Offer Shares will be conditionally placed at the Offer Price pursuant to the International Placing and the remaining 100,000,000 Offer Shares will be offered to the public in Hong Kong at the Offer Price under the Hong Kong Public Offer subject, in each case, to reallocation on the basis described under the subsection headed "The Hong Kong Public Offer" below. The 1,000,000,000 Offer Shares in the Global Offering will represent 25% of our enlarged share capital immediately after the completion of the Global Offering, without taking into account the exercise of the Over-allotment Option.

You may apply for Offer Shares under the Hong Kong Public Offer or indicate an interest for Offer Shares under the International Placing, but you may not apply in both offerings for the Offer Shares. In other words, you may only apply for and receive either Hong Kong Offer Shares under the Hong Kong Public Offer or International Placing Shares under the International Placing, but not under both offerings.

The Hong Kong Public Offer is open to members of the public in Hong Kong as well as to institutional and professional investors. The International Placing will involve private placements of the Offer Shares to QIBs in the United States in reliance on Rule 144A or another exemption from registration under the US Securities Act and to institutional and professional investors and other investors anticipated to have a sizeable demand for our Offer Shares in Hong Kong and other jurisdictions outside the United States in offshore transactions in reliance on Regulation S. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities. Prospective professional, institutional and other investors will be required to specify the number of the Offer Shares under the International Placing they would be prepared to acquire either at different prices or at a particular price. This process, known as "book-building," is expected to continue up to the Price Determination Date.

In connection with the Global Offering, the Company and the Selling Shareholder are expected to grant the Over-allotment Option to the Joint Global Coordinators on behalf of the International Underwriters. The Over-allotment Option gives the Joint Global Coordinators the right, exercisable at any time from the day on which trading of our Shares commences on the Hong Kong Stock Exchange until 30 days from the last day for the lodging of applications under the Hong Kong Public Offer, being December 3, 2010, to require the Company to issue and allot and the Selling Shareholder to sell up to an aggregate of 150,000,000 Shares, being in aggregate 15% of the initial size of the Global Offering at the Offer Price to cover, among other things, over-allocations in the International Placing, if any. The Joint Global Coordinators may also cover any over-allocations by purchasing Shares in the secondary market or by a combination of purchases in the secondary market and a partial exercise of the Over-allotment Option. Any such secondary market purchases will be made in compliance with all applicable

STRUCTURE OF THE GLOBAL OFFERING

laws, rules and regulations. If the Joint Global Coordinators exercise the Over-allotment Option in full, the Offer Shares (including Shares to be offered pursuant to the Over-allotment) will represent approximately 24.5% of our enlarged issued share capital following the completion of the Global Offering and the exercise of the Over-allotment Option. In the event that the Over-allotment Option is exercised, we will make a press announcement.

The Hong Kong Public Offer is fully underwritten by the Hong Kong Underwriters and the International Placing is expected to be fully underwritten by the International Underwriters. The Hong Kong Public Offer and the International Placing are subject to the conditions described in the subsection headed "Underwriting Arrangements and Expenses" under the section headed "Underwriting" in this prospectus. In particular, we, the Selling Shareholder and the Joint Bookrunners (on behalf of the Underwriters), must agree on the Offer Price for the Global Offering. The Hong Kong Underwriting Agreement is expected to be entered into on or about October 28, 2010 and, subject to an agreement on the Offer Price between the Joint Bookrunners (on behalf of the Underwriters), the Selling Shareholder and us for purposes of the Hong Kong Public Offer, the International Underwriting Agreement (including the agreement on the Offer Price between us, the Joint Bookrunners (on behalf of the Underwriters) and the Selling Shareholder for purposes of determination of the Offer Price) is expected to be entered into on November 4, 2010, being the Price Determination Date. The Hong Kong Underwriting Agreement and the International Underwriting Agreement are inter-conditional upon each other.

THE HONG KONG PUBLIC OFFER

The Hong Kong Public Offer is a fully underwritten public offer by the Hong Kong Underwriters on a joint basis (subject to agreement as to pricing and satisfaction or waiver of the other conditions provided in the Hong Kong Underwriting Agreement including those described in subsection headed "Conditions of the Global Offering" below) for the subscription in Hong Kong of, initially, 100,000,000 Offer Shares at the Offer Price (representing 10% of the total number of the Offer Shares initially available under the Global Offering). Subject to the reallocation of Offer Shares between the International Placing and the Hong Kong Public Offer described below, the Hong Kong Offer Shares will represent approximately 2.5% of our enlarged issued share capital immediately after completion of the Global Offering, assuming that the Over-allotment Option is not exercised.

Allocation

Allocation of Shares to investors under the Hong Kong Public Offer will be based solely on the level of valid applications received under the Hong Kong Public Offer. The basis of allocation may vary, depending on the number of Hong Kong Offer Shares validly applied for by applicants. Such allocation could, where appropriate, consist of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Offer Shares, and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

The total number of the Offer Shares available under the Hong Kong Public Offer is to be divided equally into two pools for allocation purposes:

- Pool A: The Offer Shares in pool A will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares with an aggregate subscription price of HK\$5,000,000 (excluding the brokerage, the Hong Kong Stock Exchange trading fee and the SFC transaction levy payable) or less; and

STRUCTURE OF THE GLOBAL OFFERING

- Pool B: The Offer Shares in pool B will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares with an aggregate subscription price of more than HK\$5,000,000 (excluding the brokerage, the Hong Kong Stock Exchange trading fee and the SFC transaction levy payable) and up to the value of pool B.

Investors should be aware that applications in pool A and applications in pool B may receive different allocation ratios. If the Offer Shares in one (but not both) of the pools are under-subscribed, the surplus Offer Shares will be transferred to the other pool to satisfy demand in that pool and be allocated accordingly. For the purpose of this subsection only, the “subscription price” for the Offer Shares means the price payable on application therefor (without regard to the Offer Price as finally determined).

Applicants can only receive an allocation of Hong Kong Offer Shares from either pool A or pool B but not from both pools. We will reject multiple applications between the two pools and reject multiple applications within pool A or pool B. In addition, any applications for more than 50% of the 100,000,000 Hong Kong Offer Shares initially included in the Hong Kong Public Offer (that is, 50,000,000 Hong Kong Offer Shares) will be rejected.

Reallocation

The allocation of our Shares between the Hong Kong Public Offer and the International Placing is subject to adjustment. Currently, we have allocated 100,000,000 Shares to the Hong Kong Public Offer, representing 10 % of our Shares available in the Global Offering.

If the number of Shares validly applied for under the Hong Kong Public Offer represents (i) 15 times or more but less than 50 times, (ii) 50 times or more but less than 100 times, and (iii) 100 times or more, of the number of Shares available for subscription under the Hong Kong Public Offer, then our Shares will be reallocated to the Hong Kong Public Offer from the International Placing so that the total number of our Shares available under the Hong Kong Public Offer will be increased to 300,000,000 Shares (in the case of (i)), 400,000,000 Shares (in the case of (ii)) and 500,000,000 Shares (in the case of (iii)), respectively, representing 30%, 40% and 50%, respectively, of the total number of Shares available under the Global Offering (before any exercises of the Over-allotment Option). In addition, the Joint Global Coordinators have the discretion to reallocate our Shares offered in the International Placing to the Hong Kong Public Offer as it deems appropriate to satisfy valid applications under the Hong Kong Public Offer.

If the Hong Kong Public Offer is not fully subscribed, the Joint Global Coordinators may, at its discretion, reallocate to the International Placing all or any unsubscribed Shares offered in the Hong Kong Public Offer in such manner as it deems appropriate.

The Offer Shares to be offered in the Hong Kong Public Offer and the International Placing may, in certain circumstances, be reallocated as between these offerings at the discretion of the Joint Global Coordinators.

STRUCTURE OF THE GLOBAL OFFERING

Applications

Each applicant under the Hong Kong Public Offer will also be required to give an undertaking and confirmation in the Application Form submitted by him or her that he or she and any person(s) for whose benefit he or she is making the application have not indicated an interest for or taken up and will not indicate an interest for or take up any Offer Shares under the International Placing, and such applicant's application will be rejected if the said undertaking and/or confirmation is breached and/or untrue, as the case may be. We and the Hong Kong Underwriters will take reasonable steps to identify and reject applications under the Hong Kong Public Offer from investors who have indicated interest in or have received Offer Shares in the International Placing, and to identify and reject indications of interest in the International Placing from investors who have applied for or have received Offer Shares in the Hong Kong Public Offer.

THE INTERNATIONAL PLACING

The number of the Offer Shares to be initially offered for subscription and sale under the International Placing will be 900,000,000 Offer Shares (comprising 800,000,000 new Shares to be offered by us and 100,000,000 Shares to be offered by the Selling Shareholder), representing 90% of the Offer Shares initially available under the Global Offering and approximately 22.5% of our enlarged issued share capital immediately after completion of the Global Offering, assuming the Over-allotment Option is not exercised.

Pursuant to the International Placing, the International Placing Shares will be conditionally placed on behalf of us by the International Underwriters or through selling agents appointed by them. International Placing Shares will be placed with certain professional and institutional investors and other investors anticipated to have a sizeable demand for the International Placing Shares in Hong Kong, Europe and other jurisdictions outside the United States in offshore transactions meeting the requirements of, and in reliance on, Regulation S, and with QIBs in the United States in reliance on Rule 144A or another exemption from registration requirements under the US Securities Act. The International Placing is subject to the Hong Kong Public Offer becoming unconditional.

The Joint Global Coordinators (on behalf of the Underwriters) may require investors who have been offered Offer Shares under the International Placing and who have made an application under the Hong Kong Public Offer to provide sufficient information to the Joint Global Coordinators so as to allow it to identify the relevant applications under the Hong Kong Public Offer and to ensure that such investor is excluded from any applications of Hong Kong Offer Shares under the Hong Kong Public Offer.

Allocation

Allocation of the International Placing Shares to investors under the International Placing will be determined by the Joint Global Coordinators and will be based on a number of factors including the level and timing of demand, total size of the relevant invested assets or equity assets of investor in the relevant sector and whether or not the relevant investor is likely to buy further, and/or hold or sell its International Placing Shares after the listing of our Shares on the Hong Kong Stock Exchange. Such allocation is intended to result in a distribution of the International Placing Shares on a basis which would lead to the establishment of an appropriate shareholder base to our benefit and the benefit of our Shareholders as a whole.

STRUCTURE OF THE GLOBAL OFFERING

STABILIZATION

Stabilization is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilize, underwriters may bid for, or purchase, the newly issued securities in the secondary market, during a specified period of time, to retard and, if possible, prevent a decline in the initial public offer price of the securities. In Hong Kong and certain other jurisdictions, the stabilization price is not permitted to exceed the offer price.

In connection with the Global Offering, Citigroup Global Markets, the Stabilizing Manager and/or its affiliates and agents, on behalf of the International Underwriters and the Hong Kong Underwriters, may over-allocate or effect any other transactions with a view to stabilizing or maintaining the market price of the Shares at a level higher than that which might otherwise prevail in the open market for a limited period which begins on the commencement of trading of the Shares on the Hong Kong Stock Exchange and ends on the 30th day after the last day for the lodging of applications under the Hong Kong Public Offer. The stabilizing period is expected to expire on December 4, 2010. However, there is no obligation on the Stabilizing Manager or any persons acting for them to do this. Such stabilizing action, if taken, may be discontinued at any time, and must be brought to an end after a limited period. The stabilizing action which may be taken by the Stabilizing Manager may include primary and ancillary stabilizing action such as purchasing or agreeing to purchase any of the Shares, exercising the Over-allotment Option, stock borrowing, establishing a short position in the Shares, liquidating long positions in the Shares or offering or attempting to do any such actions. The total number of Shares which can be over-allocated will not exceed the number of Shares which may be granted by the Company and the Selling Shareholder under the Over-allotment Option, representing in aggregate 150,000,000 Shares, being 15% of the initial number of Offer Shares available under the Global Offering.

In Hong Kong, stabilizing activities must be carried out in accordance with the Securities and Futures (Price Stabilizing) Rules (Chapter 571W of the Laws of Hong Kong). Stabilizing activities permitted under the Securities and Futures (Price Stabilizing) Rules include: (a) primary stabilization, including purchasing, or agreeing to purchase, any of the Shares or offering or attempting to do so for the purpose of preventing or minimizing any reductions in the market price of the Shares, and (b) ancillary stabilization in connection with any primary stabilizing actions, including: (i) over-allocation for the purpose of preventing or minimizing any reductions in the market price; (ii) selling or agreeing to sell Shares so as to establish a short position in them for the purpose of preventing or minimizing any reductions in the market price; (iii) purchasing or subscribing, or agreeing to purchase or subscribe for the Shares pursuant to the Over-allotment Option in order to close out any positions established under (i) or (ii) above; (iv) selling or agreeing to sell the Shares to liquidate a long position held as a result of those purchases or subscriptions; and (v) offering or attempting to do anything described in (ii), (iii) or (iv). The Stabilizing Manager may take any one or more of the stabilizing actions described above.

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The Stabilizing Manager may, in connection with the stabilizing action, maintain a long position in the Shares. There is no certainty regarding the extent to which and the time period for which the Stabilizing Manager will maintain any such position. In the event of any liquidation of any such long position, there may be an impact on the market price of the Shares. Investors should be aware that the price of the Shares cannot be assured to stay at or above the Offer Price by the taking of any stabilizing actions. Stabilizing bids may be made or transactions effected in the course of stabilizing action at any price below the Offer Price. Such transactions may be effected in all jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulatory requirements. Such transactions, if commenced, may be discontinued at any time.

PRICE PAYABLE ON APPLICATION

The Offer Price will not be more than HK\$4.80 and is expected to be not less than HK\$3.20 unless otherwise announced by no later than the morning of the last day for lodging applications under the Hong Kong Public Offer as further explained below. If you apply for the Offer Shares under the Hong Kong Public Offer, you must pay the maximum Offer Price of HK\$4.80 per Offer Share plus a 1.0% brokerage fee, 0.005% Hong Kong Stock Exchange trading fee and 0.003% SFC transaction levy.

If the Offer Price, as finally determined in the manner described below, is lower than HK\$4.80, we will refund the respective difference, including the brokerage fee, Hong Kong Stock Exchange trading fee and SFC transaction levy attributable to the surplus application monies. We will not pay interest on any refunded amounts. You may find further details in the section headed "How to Apply for Hong Kong Offer Shares" in this prospectus.

DETERMINATION OF THE OFFER PRICE

We expect the Offer Price to be fixed by agreement among us, the Joint Bookrunners (on behalf of the Underwriters) and the Selling Shareholder on the Price Determination Date when market demand for the Offer Shares will be determined. We expect the Price Determination Date to be on or around November 4, 2010 and in any event on or before November 11, 2010. The Offer Price will not be less than HK\$3.20 per Offer Share and is expected to be not more than HK\$4.80 per Offer Share. **You should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the indicative Offer Price range stated in this prospectus.**

The Joint Bookrunners (on behalf of the Underwriters) may, where considered appropriate based on the level of interest expressed by prospective professional, institutional and other investors during the book-building process reduce the number of Offer Shares and/or the indicative Offer Price range below that described in this prospectus on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offer. In such a case, we will as soon as practicable following the decision to make such reduction and in any event not later than the morning of the last day for lodging applications under the Hong Kong Public Offer publish a notice in South China Morning Post (in English) and Hong Kong Economic Times (in Chinese) of the reduction in the number of Offer Shares and/or the indicative Offer Price range.

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Upon issue of such a notice, the revised number of Offer Shares and/or Offer Price range will be final and conclusive and the Offer Price, if agreed upon among the Joint Bookrunners (on behalf of the Underwriters), the Selling Shareholder and us, will be fixed within such revised Offer Price range. In this notice, we will also confirm or revise, as appropriate, the working capital statement as currently disclosed in the subsection headed "Working Capital" under the section headed "Financial Information" in this prospectus, the offering statistics as currently disclosed in the section headed "Summary" in this prospectus, the use of proceeds in the section headed "Future Plans and Use of Proceeds" in this prospectus and any other financial information which may change as a result of such reduction. If we do not publish a notice in the South China Morning Post and the Hong Kong Economic Times of a reduction in the number of Offer Shares and/or the indicative Offer Price range stated in this prospectus on or before the morning of the last day for lodging applications under the Hong Kong Public Offer, the Offer Price, if agreed upon by us, will be within the Offer Price range as stated in this prospectus.

If we are unable to reach an agreement with the Joint Bookrunners (on behalf of the Underwriters) and the Selling Shareholder on the Offer Price on or before November 11, 2010, the Global Offering will not proceed and will lapse.

We expect to publish an announcement of the Offer Price, together with the level of interest in the International Placing and the application results and basis of allotment of the Hong Kong Offer Shares, on November 10, 2010.

CONDITIONS OF THE GLOBAL OFFERING

Acceptance of all applications for the Offer Shares will be conditional on, among other things:

- the Listing Committee of the Hong Kong Stock Exchange granting the listing of, and permission to deal in, our Shares in issue and to be issued as described in this prospectus (including any additional Shares to be issued or sold pursuant to the exercise of the Over-allotment Option or any Shares to be issued pursuant to the exercise of any options which may be granted under the Share Option Schemes), and such listing and permission not having been subsequently revoked prior to the commencement of dealings in our Shares on the Hong Kong Stock Exchange;
- the Offer Price having been duly determined and the execution and delivery of the International Underwriting Agreement on or about the Price Determination Date;
- the obligations of the Underwriters under the respective Underwriting Agreements becoming and remaining unconditional (including, if relevant, as a result of the waiver of any conditions by the Joint Global Coordinators, on behalf of the Underwriters) and such obligations not being terminated in accordance with the terms of the respective agreements; and

STRUCTURE OF THE GLOBAL OFFERING

- in each case, on or before the dates and times specified in the respective Underwriting Agreements (unless and to the extent such conditions are validly waived on or before such dates and times) and in any event not later than the date that is 30 days after the date of this prospectus.

The consummation of each of the International Placing and the Hong Kong Public Offer is conditional upon, among other things, the other becoming unconditional and not having been terminated in accordance with its terms.

If the above conditions are not fulfilled or waived prior to the times and dates specified, the Global Offering will not proceed and will lapse and the Hong Kong Stock Exchange will be notified immediately. We will publish a notice of the lapse of the Global Offering in South China Morning Post (in English) and Hong Kong Economic Times (in Chinese) on the day after such lapse.

In the above situation, we will return all application monies to the applicants for the Hong Kong Offer Shares, without interest and on the terms described in the subsection headed "Refund of Application Monies" under the section headed "How to Apply for Hong Kong Offer Shares" in this prospectus. In the meantime, we will hold all application monies in a separate bank account or separate bank accounts with the receiving bankers or other banks licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong).

We expect to despatch share certificates for the Offer Shares on November 10, 2010. However, these share certificates will only become valid certificates of title at 8:00 a.m. on November 11, 2010 provided that (i) the Global Offering has become unconditional in all respects, and (ii) the right of termination as described in the "Underwriting" section in this prospectus has not been exercised.

DEALINGS AND SETTLEMENT

Commencement of dealings in our Shares on the Hong Kong Stock Exchange

Dealings in our Shares on the Hong Kong Stock Exchange are expected to commence at 9:30 a.m. on November 11, 2010. Our Shares will be traded on the Hong Kong Stock Exchange in board lots of 1,000 Shares. The stock code of our Shares is 957.

HOW TO APPLY FOR HONG KONG OFFER SHARES

WHO CAN APPLY FOR THE HONG KONG OFFER SHARES

You can apply for Hong Kong Offer Shares if you or any person(s) for whose benefit you are applying, are an individual, and:

- are 18 years of age or older;
- have a Hong Kong address;
- are outside the United States (as defined in Regulation S); and
- are not a legal or natural person of the PRC (except qualified domestic institutional investors).

If you wish to apply for Hong Kong Offer Shares by means of **White Form eIPO**, in addition to the above, you must also:

- have a valid Hong Kong identity card number; and
- be willing to provide a valid e-mail address and a contact telephone number.

You may only apply by means of the **White Form eIPO** service if you are an individual applicant. Corporations or joint applicants may not apply by means of **White Form eIPO**.

If the applicant is a firm, the application must be in the names of the individual members, not the firm's name. If the applicant is a body corporate, the Application Form must be signed by a duly authorised officer (and stamped with the company chop bearing the company name), who must state his or her representative capacity.

If any application is made by a person duly authorised under a valid power of attorney, the Joint Bookrunners of the Hong Kong Public Offer (or its respective agents or nominees) may accept it at their discretion, and subject to any conditions they think fit, including production of evidence of the authority of the attorney.

The number of joint applicants may not exceed four.

We, the Joint Bookrunners of the Hong Kong Public Offer and the designated White Form eIPO Service Provider in its capacity as our agents, will have full discretion to reject or accept any application, in full or in part, without assigning any reason.

The Hong Kong Offer Shares are not available to existing beneficial owners of Shares in our Company, our Directors, chief executive officer or their respective associates (as defined in the Listing Rules) or any other connected persons (as defined in the Listing Rules) of our Company or persons who will become our connected persons immediately upon completion of the Global Offering.

You should also note that you may apply for Shares under the Hong Kong Public Offer or indicate an interest for Shares under the International Placing, but may not do both.

HOW TO APPLY FOR HONG KONG OFFER SHARES

CHANNELS OF APPLYING FOR THE HONG KONG OFFER SHARES

There are three channels to make an application for the Hong Kong Offer Shares. You may apply for the Hong Kong Offer Shares by either (i) using a **WHITE** or **YELLOW** Application Form; (ii) giving **electronic application instructions** to HKSCC to cause HKSCC Nominees to apply for the Hong Kong Offer Shares on your behalf; or (iii) through the **White Form eIPO** service by submitting applications online through the designated website at **www.eipo.com.hk**. Except where you are a nominee and provide the required information in your application, you or you and your joint applicant(s) may not make more than one application (whether individually or jointly) by applying using a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or the White Form eIPO Service Provider.

1. APPLYING BY USING A WHITE OR YELLOW APPLICATION FORM

Which Application Form to Use

Use a **WHITE** Application Form if you want the Hong Kong Offer Shares issued in your own name.

Instead of using a **WHITE** Application Form, you may apply by using the **White Form eIPO** service to have the Hong Kong Offer Shares registered in your own name.

Use a **YELLOW** Application Form if you want the Hong Kong Offer Shares issued in the name of HKSCC Nominees and deposited directly into CCASS for credit to your CCASS Investor Participant stock account or your designated CCASS Participant's stock account.

Instead of using a **YELLOW** Application Form, you may **electronically** instruct HKSCC via CCASS to cause HKSCC Nominees to apply for Hong Kong Offer Shares on your behalf. Any Hong Kong Offer Shares allocated to you will be registered in the name of HKSCC Nominees and deposited directly into CCASS for credit to your CCASS Investor Participants stock account or your designated CCASS Participant's stock account.

Hong Kong Offer Shares are not available to existing beneficial owners of Shares in our Company, the Directors or chief executive officer of our Company or any of our subsidiaries, or associates of any of them or United States persons (as defined in Regulation S) or persons who do not have a Hong Kong address.

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Where to Collect the WHITE and YELLOW Application Forms

You can collect a **WHITE** Application Form and a prospectus during normal business hours from 9:00 a.m. on October 29, 2010 until 12:00 noon on November 3, 2010 from:

The following address of the Hong Kong Underwriters:

Citigroup Global Markets Asia Limited	50th Floor, Citibank Tower Citibank Plaza 3 Garden Road Central, Hong Kong
Merrill Lynch Far East Limited	15th Floor, Citibank Tower Citibank Plaza 3 Garden Road Central, Hong Kong
BOCI Asia Limited	26th Floor, Bank of China Tower 1 Garden Road Central, Hong Kong
Macquarie Capital Securities Limited	Level 18, One International Finance Centre 1 Harbour View Street Central, Hong Kong

or at any of the following branches of Bank of China (Hong Kong) Limited, The Hongkong and Shanghai Corporation Limited, The Bank of East Asia, Limited and Wing Lung Bank Limited:

(a) Bank of China (Hong Kong) Limited

	Branch Name	Address
Hong Kong Island:	Bank of China Tower Branch	3/F, 1 Garden Road
	Central District (Wing On House) Branch	71 Des Voeux Road Central
	409 Hennessy Road Branch	409-415 Hennessy Road, Wan Chai
	North Point (Kiu Fai Mansion) Branch	413-415 King's Road, North Point
	Chai Wan Branch	Block B, Walton Estate, 341-343 Chai Wan Road, Chai Wan
Kowloon:	Kwun Tong Branch	20-24 Yue Man Square, Kwun Tong
	Mong Kok (President Commercial Centre) Branch	608 Nathan Road, Mong Kok
	Humphrey's Avenue Branch	4-4A Humphrey's Avenue, Tsim Sha Tsui
New Territories:	Kau Yuk Road Branch	18-24 Kau Yuk Road, Yuen Long
	Metro City Branch	Shop 209, Level 2, Metro City Phase 1, Tseung Kwan O

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(b) The Hongkong and Shanghai Corporation Limited

	Branch Name	Address
Hong Kong Island:	Hong Kong Office 128 Queen's Road Central Branch	Level 3, 1 Queen's Road Central V Heun Building, 128-140 Queen's Road Central, Central
	The Westwood Branch	LG01-3, LG Floor, The Westwood, 8 Belcher's Street
	Hopewell Centre Branch	Shops 2A, 2/F, Hopewell Centre, 183 Queen's Road East, Wan Chai
Kowloon:	Kwun Tong Branch	No. 1, Yue Man Square, Kwun Tong
	Mong Kok Branch	Basement & U/G, 673 Nathan Road, Mong Kok
	Lai Chi Kok Road Branch Hung Hom Branch	245 Lai Chi Kok Road, Sham Shui Po G/F, Hung Hom Commercial Centre, 37-39 Ma Tau Wai Road, Hung Hom
New Territories:	Kwai Hing Branch	Shop 2, 3/F, Sun Kwai Hing Plaza, 166-174 Hing Fong Road, Kwai Chung
	Sheung Shui Centre Branch	Shop 1024-1028 & 1030-1031, Level 1, Sheung Shui Centre, Sheung Shui

(c) The Bank of East Asia, Limited

	Branch Name	Address
Hong Kong Island:	Main Branch	10 Des Voeux Road Central, HK
Kowloon:	Yaumatei Branch	G/F, 526 Nathan Road
	Millennium City 5 Branch	Shop 1, G/F, Millennium City 5, 418 Kwun Tong Road, Kwun Tong, Kowloon
New Territories:	Tai Po Plaza Branch	Units 49-52, Level 1, Tai Po Plaza

(d) Wing Lung Bank Limited

	Branch Name	Address
Hong Kong Island:	Head Office	45 Des Voeux Road Central
	North Point Branch	361 King's Road
Kowloon:	Mongkok Branch	B/F Bank Centre, 636 Nathan Road
New Territories:	Shatin Plaza Branch	21 Shatin Centre Street

HOW TO APPLY FOR HONG KONG OFFER SHARES

You can collect a **YELLOW** Application Form and a prospectus during normal business hours from 9:00 a.m. on October 29, 2010 till 12:00 noon on November 3, 2010 from:

- (a) The Depository Counter of HKSCC at 2nd Floor, Vicwood Plaza, 199 Des Voeux Road Central, Hong Kong; or
- (b) Your stockbroker, who may have such Application Forms and this prospectus available.

How to Complete the **WHITE** and **YELLOW** Application Forms

There are detailed instructions on each Application Form. You should read those instructions carefully. If you do not follow the instructions your application may be rejected and returned by ordinary post together with the accompanying cheque(s) or banker's cashier order(s) to you (or the first-named applicant in the case of joint applicants) or at your own risk at the address stated in the Application Form.

You should note that by completing and submitting the **WHITE** and **YELLOW** Application Forms, among other things, you:

- (a) **agree** with the Company and each of the Shareholders, and the Company agrees with each of the Shareholders, to observe and comply with the Hong Kong Companies Ordinance, the Memorandum of Association and Articles of Association;
- (b) **confirm** that you have received a copy of this prospectus and the Application Forms and have only relied on the information and representations contained in this prospectus and the Application Forms in making your application and will not rely on any other information or representations save as set out in any supplement to this prospectus;
- (c) **agree** that none of the Company, the Joint Sponsors, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, their respective affiliates, directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering is or will be liable for any information and representations not contained in this prospectus and the Application Forms (and any supplement thereto);
- (d) **undertake** and **confirm** that you (if the application is made for your benefit) or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest for, and will not apply for, take up or indicate an interest for, any International Placing Shares under the International Placing;
- (e) **agree** to disclose to the Company, and/or its Hong Kong Share Registrar, receiving bankers, the Joint Sponsors, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and/or their respective advisers and agents any personal data which they require about you and the person(s) for whose benefit you have made the application;

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- (f) **instruct** and **authorise** the Company, and/or the Joint Sponsors, and/or the Joint Bookrunners, and/or the Joint Lead Managers, and/or the Hong Kong Underwriters (or their respective agents or nominees), each acting as an agent of the Company, to do on your behalf all things necessary to register the Hong Kong Offer Shares allotted to you in your name(s) or HKSCC Nominees, as the case may be, as required by the Memorandum of Association and Articles of Association, and otherwise to give effect to the arrangements described in this prospectus and the Application Forms;
- (g) **undertake** to sign all documents and to do all things necessary to enable you or HKSCC Nominees, as the case may be, to be registered as the holder(s) of the Hong Kong Offer Shares allocated or transferred to you, and as required by the Memorandum of Association and Articles of Association;
- (h) **agree** (without prejudice to any other rights which you may have) that once your application has been accepted, you may **not** revoke it other than as provided in this prospectus and the Application Forms;
- (i) (if the application is made for your own benefit) **warrant** that this is the only application which has been or will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC via CCASS or to the designated White Form eIPO Service Provider via the **White Form eIPO** service (www.eipo.com.hk);
- (j) **agree** that your application, any acceptance of it and the resulting contract will be governed by and construed in accordance with the laws of Hong Kong;
- (k) **undertake** and **agree** to accept the Hong Kong Offer Shares applied for, or any lesser numbers allotted to you under this application;
- (l) **represent, warrant and undertake** that you and any person for whose benefit you are applying understand that the Hong Kong Offer Shares have not been and will not be registered under the US Securities Act and you and any person for whose account or benefit you are acquiring the Hong Kong Offer Shares are outside the United States (as defined in Regulation S) when completing the Application Forms and will be acquiring the Hong Kong Offer Shares in an offshore transaction;
- (m) (if you are an agent for another person) **warrant** that reasonable enquiries have been made of that other person that this is the only application which has been and will be made for the benefit of that other person on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC via CCASS or to the designated White Form eIPO Service Provider via the **White Form eIPO** service (www.eipo.com.hk), and that you are duly authorised to sign the Application Forms as that other person's agent;
- (n) **warrant** the truth and accuracy of the information contained in the Application Forms;
- (o) (if the application is made by an agent on your behalf) **warrant** that you have validly and irrevocably conferred on your agent all necessary power and authority to make the application;

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- (p) if the laws of any place outside Hong Kong are applicable to your application, you **agree** and **warrant** that you have complied with all such laws and none of our Company, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters nor any of their respective officers or advisers will infringe any laws outside Hong Kong as a result of the acceptance of your offer to purchase, or any actions arising from your rights and obligations under the terms and conditions contained in this prospectus;
- (q) **agree** that the processing of your application, may be done by any of the Company's receiving bankers and is not restricted to the bank at which your Application Form was lodged;
- (r) **authorise** the Company to enter into a contract on your behalf with each of the Directors and officers whereby each such Director and officer undertakes to observe and comply with his obligations to the shareholders of the Company as stipulated in the articles of association of the Company;
- (s) **agree** with the Company and each shareholder of the Company that the Shares are freely transferable by the holders thereof; and
- (t) **confirm** that you have read the conditions and application procedures set out in this prospectus and the Application Form and agree to bound by them.

In order for the **YELLOW** Application Forms to be valid:

(a) If the application is made through a designated CCASS Participant (other than a CCASS Investor Participant):

- i. the designated CCASS Participant must endorse the form with its company chop (bearing its company name) and insert its CCASS participant I.D. in the appropriate box in the Application Form.

(b) If the application is made by an individual CCASS Investor Participant:

- i. the Application Form must contain the CCASS Investor Participant's name and Hong Kong Identity Card number; and
- ii. the CCASS Investor Participant must insert its participant I.D. in the appropriate box in the Application Form.

(c) If the application is made by a joint individual CCASS Investor Participant:

- i. the Application Form must contain all joint CCASS Investor Participants' names and the Hong Kong Identity Card numbers of all joint CCASS Investor Participants; and
- ii. the participant I.D. must be inserted in the appropriate box in the Application Form.

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(d) If the application is made by a corporate CCASS Investor Participant:

- i. the Application Form must contain the CCASS Investor Participant's company name and Hong Kong Business Registration number; and
- ii. the participant I.D. and company chop (bearing its company name) must be inserted in the appropriate box in the Application Form.

Incorrect or incomplete details of the CCASS Participant or the omission or inadequacy of participant I.D. or other similar matters may render the application invalid.

If your application is made through a duly authorised attorney, the Company, the Joint Bookrunners of the Hong Kong Public Offer, the Joint Lead Managers of the Hong Kong Public Offer, the Hong Kong Underwriters and their respective agents or nominees as the Company's agents may accept it at the Company's discretion, and subject to any conditions the Company thinks fit, including evidence of the authority of your attorney. The Company and the Joint Bookrunners of the Hong Kong Public Offer, in its capacity as the Company's agents, will have full discretion to reject or accept any application, in full or in part, without assigning any reasons.

How to make payment for the application

Each completed **WHITE** or **YELLOW** Application Form must be accompanied by either one cheque or one banker's cashier order, which must be stapled to the top left hand corner of the Application Form.

If you pay by cheque, the cheque must:

- be in Hong Kong dollars;
- be drawn on your Hong Kong dollar bank account in Hong Kong;
- show your account name. This name must either be pre-printed on the cheque, or endorsed on the reverse of the cheque by an authorized signatory of the bank. This account name must correspond with the name of the applicant on the Application Form. If it is a joint application, the account name must be the same as the name of the first-named applicant;
- be payable to "**Bank of China (Hong Kong) Nominees Limited – CJ Land Public Offer**";
- be crossed "Account payee only"; and
- not be post dated.

Your application may be rejected if your cheque:

- does not meet all these requirements; or
- is dishonoured on its first presentation.

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If you pay by banker's cashier order:

- you must purchase the banker's cashier order from a licensed bank in Hong Kong, and have your name certified on the back by a person authorised by the bank. The name on the back of the banker's cashier order and the name on the application must be the same. If it is a joint application, the name on the banker's cashier order must be the same as the name of the first-named applicant;
- the banker's cashier order must be payable to "**Bank of China (Hong Kong) Nominees Limited – CJ Land Public Offer**";
- the banker's cashier order must be crossed "Account payee only";
- the banker's cashier order must be in Hong Kong dollars; and
- the banker's cashier order must not be post dated.

Your application may be rejected if your banker's cashier order does not meet all these requirements or is dishonoured on its first presentation.

2. APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTION TO HKSCC VIA CCASS

General

CCASS Participants may give **electronic application instructions** to HKSCC to apply for the Hong Kong Offer Shares and to arrange payment of the monies due on application and payment of refunds. This will be in accordance with their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures in effect from time to time.

If you are a CCASS Investor Participant, you may give **electronic application instructions** through the CCASS Phone System by calling +852 2979 7888 or through the **CCASS Internet System (<https://ip.ccass.com>) (using the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time)**.

HKSCC can also input **electronic application instructions** for you if you go to:

Hong Kong Securities Clearing Company Limited

Customer Service Center
2/F Vicwood Plaza
199 Des Voeux Road Central
Hong Kong

and complete an input request form.

Prospectuses are available for collection from the above address.

HOW TO APPLY FOR HONG KONG OFFER SHARES

If you are not a CCASS Investor Participant, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf.

You are deemed to have authorised HKSCC and/or HKSCC Nominees to transfer the details of your application, whether submitted by you or through your broker or custodian, to our Company and Hong Kong Share Registrar.

Giving Electronic Application Instructions to HKSCC to Apply for Hong Kong Offer Shares by HKSCC Nominees on Your Behalf

Where a **WHITE** Application Form is signed by HKSCC Nominees on behalf of persons who have given **electronic application instructions** to apply for the Hong Kong Offer Shares:

- (a) HKSCC Nominees is only acting as a nominee for those persons and shall not be liable for any breach of the terms and conditions of the **WHITE** Application Form or this prospectus:
- (b) HKSCC Nominees does the following things on behalf of each such person:
 - (i) **agrees** that the Hong Kong Offer Shares to be allotted shall be issued in the name of the HKSCC Nominees and deposited directly into CCASS for the credit of the stock account of the CCASS Participant who has inputted **electronic application instructions** on that person's behalf or that person's CCASS Investor Participant stock account;
 - (ii) **undertakes** and **agrees** to accept the Hong Kong Offer Shares in respect of which that person has given **electronic application instructions** or any lesser number;
 - (iii) **undertakes** and **confirms** that that person has not indicated an interest for, applied for or taken up or indicated an interest for, any shares under the International Placing nor otherwise participated in the International Placing;
 - (iv) (if the **electronic application instructions** are given for that person's own benefit) **declares** that only one set of **electronic application instructions** has been given for that person's benefit;
 - (v) (if that person is an agent for another person) **declares** that that person has only given one set of **electronic application instructions** for the benefit of that other person and that that person is duly authorised to give those instructions as that other person's agent;
 - (vi) **understands** that the above declaration will be relied upon by our Company, our Directors, and the Joint Bookrunners in deciding whether or not to make any allotment of Hong Kong Offer Shares in respect of the **electronic application instructions** given by that person and that that person may be prosecuted if he makes a false declaration;

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- (vii) **authorises** the Company to place the name of HKSCC Nominees on the register of members of the company as the holder of the Hong Kong Offer Shares allotted in respect of that person's **electronic application instructions** and to send share certificate(s) and/or refund monies in accordance with the arrangements separately agreed between the Company and HKSCC;
- (viii) **confirms** that that person has read the terms and conditions and application procedures set out in this prospectus and agrees to be bound by them;
- (ix) **confirms** that that person has only relied on the information and representations in this prospectus in giving that person's **electronic application instructions** or instructing that person's broker or custodian to give **electronic application instructions** on that person's behalf save as set out in any supplement to this prospectus;
- (x) **agrees** that the Company, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering are liable only for the information and representations contained in this prospectus and any supplemental thereto;
- (xi) **agrees** to disclose that person's personal data to the Company, the Hong Kong Share Registrar and/or their respective agents and any information which they may require about that person;
- (xii) **agrees** (without prejudice to any other rights which that person may have) that once the application to HKSCC Nominees has been accepted, the application cannot be rescinded for innocent misrepresentation;
- (xiii) **agrees** that any application made by HKSCC Nominees on behalf of that person pursuant to **electronic application instructions** given by that person is irrevocable before November 30, 2010, such agreement to take effect as a collateral contract with the Company and to become binding when that person gives the instructions and such collateral contract to be in consideration of the Company agreeing that it will not offer any Hong Kong Offer Shares to any person before November 30, 2010, except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application before the fifth day after the time of the opening of the Application Lists (excluding for this purpose any day which is Saturday, Sunday, or public holiday in Hong Kong) if a person responsible for this prospectus under Section 40 of the Hong Kong Companies Ordinance gives a public notice under that section which excludes or limits the responsibility of that person for this prospectus;

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- (xiv) **agrees** that once the application of HKSCC Nominees is accepted, neither that application nor that person's **electronic application instructions** can be revoked, and that acceptance of that application will be evidenced by the announcement of the results of the Hong Kong Public Offer published by the Company;
- (xv) **agrees** to the arrangements, undertakings and warranties specified in the participant agreement between that person and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, in respect of the giving of **electronic application instructions** relating to Hong Kong Offer Shares;
- (xvi) **agrees** with the Company, for itself and for the benefit of each of the Shareholders (and so that the Company will be deemed by its acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for itself and on behalf of each of the Shareholders, with each CCASS Participant giving electronic application instructions) to observe and comply with the Hong Kong Companies Ordinance and our Articles of Association; and
- (xvii) **agrees** that that person's application, any acceptance of it and the resulting contract will be governed by and construed in accordance with the laws of Hong Kong.

Effect of Giving Electronic Application Instructions to HKSCC

By giving **electronic application instructions** to HKSCC or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees shall be liable to our Company or any other person in respect of the things mentioned below:

- **instructed** and **authorised** HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Hong Kong Offer Shares on your behalf;
- **instructed** and **authorised** HKSCC to arrange payment of the maximum offer price, brokerage, SFC transaction levy and the Hong Kong Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or if the Offer Price is less than the offer price per Share initially paid on application, refund of the application monies, in each case including brokerage, SFC transaction levy and the Hong Kong Stock Exchange trading fee, by crediting your designated bank account; and
- **instructed** and **authorised** HKSCC to cause HKSCC Nominees to do on your behalf all the things which it is stated to do on your behalf in the **WHITE** Application Form.

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Multiple Applications

If you are suspected of having made multiple applications or if more than one application is made for your behalf, the number of Hong Kong Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Hong Kong Offer Shares in respect of which you have given such instructions and/or in respect of which such instructions have been given for your benefit. Any **electronic application instructions** to make an application for the Hong Kong Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for those purposes of considering whether multiple applications have been made.

Minimum Subscription Amount and Permitted Numbers

You may give or cause your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** in respect of a minimum of 1,000 Hong Kong Offer Shares. Such instructions in respect of more than 1,000 Hong Kong Offer Shares must be in one of the numbers set out in the table in the **WHITE** and **YELLOW** Application Forms. No application for any other number of Hong Kong Offer Shares will be considered and any such application is liable to be rejected.

Time for Inputting Electronic Application Instructions

CCASS Clearing/Custodian Participants can input **electronic application instructions** at the following times on the following dates:

Friday, October 29, 2010	– 9:00 a.m. to 8:30 p.m.⁽¹⁾
Saturday, October 30, 2010	– 8:00 a.m. to 1:00 p.m.⁽¹⁾
Monday, November 1, 2010	– 8:00 a.m. to 8:30 p.m.⁽¹⁾
Tuesday, November 2, 2010	– 8:00 a.m. to 8:30 p.m.⁽¹⁾
Wednesday, November 3, 2010	– 8:00 a.m.⁽¹⁾ to 12:00 noon

(1) These times are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants.

CCASS Investor Participants can input electronic application instructions from 9:00 a.m. on October 29, 2010 until 12:00 noon on November 3, 2010 (24 hours daily, except the last application day).

Effect of Bad Weather on the Opening of the Application Lists

The latest time for inputting your **electronic application instructions** will be 12:00 noon on November 3, 2010, the last application day. If:

- a tropical cyclone warning signal number 8 or above; or
- a “black” rainstorm warning signal

is in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on November 3, 2010, the last application day will be postponed to the next Business Day which does not have either of these warning signals in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on such day.

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Section 40 of the Hong Kong Companies Ordinance

For the avoidance of doubt, the Company and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Hong Kong Companies Ordinance (as applied by Section 342E of the Hong Kong Companies Ordinance).

Personal Data

The section of the Application Form entitled “Personal Data” applies to any personal data held by the Company and the Hong Kong Share Registrar about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

Warning

The subscription of the Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC is only a facility provided to CCASS Participants. The Company, the Directors, the Joint Bookrunners, the Joint Lead Managers and the Underwriters take no responsibility for the application and provided no assurance that any CCASS Participant will be allotted any Hong Kong Offer Shares.

To ensure that CCASS Investor Participants can give their **electronic application instructions** to HKSCC through the CCASS Phone System or the CCASS Internet System, CCASS Investor Participants are advised not to wait until the last minute to input their **electronic application instructions** to the systems. In the event that CCASS Investor Participants have problems connecting to the CCASS Phone System or the CCASS Internet System to submit their **electronic application instructions**, they should either: (i) submit a **WHITE**, or **YELLOW** Application Form; or (ii) go to HKSCC’s Customer Service Center to complete an input request form for **electronic application instructions** before 12:00 noon on November 3, 2010.

3. APPLYING THROUGH WHITE FORM eIPO

General

- (a) You may apply through **White Form eIPO** by submitting an application through the designated website at **www.eipo.com.hk** if you satisfy the relevant eligibility criteria for this as set out in the subsection headed “WHO CAN APPLY FOR HONG KONG OFFER SHARES” in this section in this prospectus and on the same website. If you apply through **White Form eIPO**, the Shares will be issued in your own name.
- (b) Detailed instructions for application through the **White Form eIPO** service are set out on the designated website at **www.eipo.com.hk**. You should read these instructions carefully. If you do not follow the instructions, your application may be rejected by the designated White Form eIPO Service Provider and may not be submitted to the Company.
- (c) If you give **electronic application instructions** through the designated website at **www.eipo.com.hk**, you will have authorized the designated White Form eIPO Service Provider to apply on the terms and conditions set out in this prospectus, as supplemented and amended by the terms and conditions applicable to the **White Form eIPO** service.

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- (d) In addition to the terms and conditions set out in this prospectus, the designated White Form eIPO Service Provider may impose additional terms and conditions upon you for the use of the **White Form eIPO** service. Such terms and conditions are set out on the designated website at **www.eipo.com.hk**. You will be required to read, understand and agree to such terms and conditions in full prior to making any application.
- (e) By submitting an application to the designated White Form eIPO Service Provider through the **White Form eIPO** service, you are deemed to have authorized the designated White Form eIPO Service Provider to transfer the details of your application to the Company and our Hong Kong Share Registrar.
- (f) You may submit an application through the **White Form eIPO** service in respect of a minimum of 1,000 Hong Kong Offer Shares. Each **electronic application instruction** in respect of more than 1,000 Hong Kong Offer Shares must be in one of the numbers set out in the table in the Application Forms, or as otherwise specified on the designated website at **www.eipo.com.hk**.
- (g) You may submit your application to the designated White Form eIPO Service Provider through the designated website **www.eipo.com.hk** from 9:00 a.m. on October 29, 2010 until 11:30 a.m. on November 3, 2010 or such later time as described under the sub-paragraph headed "EFFECT OF BAD WEATHER ON THE OPENING OF THE APPLICATION LISTS" below (24 hours daily, except on the last application day). The latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on November 3, 2010, the last application day, or, if the Application Lists are not open on that day, then by the time and date stated in the sub-paragraph headed "Effect of bad weather on electronic applications under White Form eIPO service" below.

You will not be permitted to submit your application to the designated White Form eIPO Service Provider through the designated website at **www.eipo.com.hk** after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained an application reference number from the website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the Application Lists close.

- (h) You should make payment for your application made by **White Form eIPO** service in accordance with the methods and instructions set out in the designated website at **www.eipo.com.hk**. If you do not make complete payment of the application monies (including any related fees) on or before 12:00 noon on November 3, 2010, or such later time as described under the paragraph headed "Effect of bad weather on electronic applications under White Form eIPO service" below, the designated White Form eIPO Service Provider will reject your application and your application monies will be refunded to you in the manner described in the designated website at **www.eipo.com.hk**.

HOW TO APPLY FOR HONG KONG OFFER SHARES

- (i) Once you have completed payment in respect of any electronic application instruction given by you or for your benefit to the designated White Form eIPO Service Provider to make an application for Hong Kong Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an **electronic application instruction** under **White Form eIPO** more than once and obtaining different application reference numbers without effecting full payment in respect of a particular application reference number will not constitute an actual application.
- (j) Warning: The application for Hong Kong Offer Shares through the **White Form eIPO** service is only a facility provided by the designated White Form eIPO Service Provider to public investors. We, our Directors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Joint Sponsors, the Underwriters and the White Form eIPO Service Provider take no responsibility for such applications, and provide no assurance that applications through the **White Form eIPO** service will be submitted to the Company or that you will be allotted any Hong Kong Offer Shares.

Environmental Protection

The obvious advantage of **White Form eIPO** is to save the use of paper via the self-served and electronic application process. Computershare Hong Kong Investor Services Limited, being the designated White Form eIPO Service Provider, will contribute HK\$2 for each “CJ Land Holdings Limited” **White Form eIPO** application submitted via www.eipo.com.hk to support the funding of the “Source of Dongjiang – Hong Kong Forest” project initiated by Friends of the Earth (HK).

Please note that internet services may have capacity limitations and/or be subject to service interruptions from time to time. To ensure that you can submit your applications through the **White Form eIPO** service, you are advised not to wait until the last day for submitting applications in the Hong Kong Public Offer to submit your electronic application instructions. In the event that you have problems connecting to the designated website for the **White Form eIPO** service, you should submit a white Application Form. However, once you have submitted electronic application instructions and completed payment in full using the application reference number provided to you on the designated website, you will be deemed to have made an actual application and should not submit a **WHITE** or **YELLOW** Application Form or give electronic application instructions to HKSCC via CCASS.

Conditions of the White Form eIPO service

In using the **White Form eIPO** service to apply for the Hong Kong Offer Shares, the applicant shall be deemed to have accepted the following conditions:

That the applicant:

- **applies** for the desired number of Hong Kong Offer Shares on the terms and conditions in this prospectus and the **White Form eIPO** designated website at www.eipo.com.hk subject to the Articles of Association;
- **undertakes** and agrees to accept the Hong Kong Offer Shares applied for, or any lesser number allotted to the applicant on such application;

HOW TO APPLY FOR HONG KONG OFFER SHARES

- **declares** that it is the only application made and the only application intended by the applicant to be made whether on a **WHITE** or **YELLOW** Application Form or by giving electronic application instruction to HKSCC or to the White Form eIPO Service Provider under the **White Form eIPO** service, to benefit the applicant or the person for whose benefit the applicant is applying;
- **undertakes** and **confirms** that the applicant and the person for whose benefit the applicant is applying has not applied for or taken up, or indicated an interest for, or received or been placed or allocated (including conditionally and/or provisionally) and will not apply for or take up, or indicate an interest for, any Offer Shares under the International Placing under the International Placing;
- **understands** that such declaration and representation will be relied upon by the Company in deciding whether or not to make any allotment of Hong Kong Offer Shares in response to such application;
- **authorizes** the Company to place the applicant's name on the register of members of the Company as the holder of any Hong Kong Offer Shares to be allotted to the applicant, and (subject to the terms and conditions set out in this prospectus) to send any Share certificates by ordinary post at the applicant's own risk to the address given on the **White Form eIPO** application except where the applicant has applied for 1,000,000 or more Hong Kong Offer Shares and that applicant collects any Share certificate(s) in person in accordance with the procedures prescribed in the **White Form eIPO** designated website at **www.eipo.com.hk** and this prospectus;
- **requests** that any refund payment instructions be despatched to the application payment bank account where the applicants had paid the application monies from a single bank account;
- **requests** that any refund cheque(s) be made payable to the applicant who had used multibank accounts to pay the application monies;
- **has read** the terms and conditions and application procedures set out on the **White Form eIPO** designated website at **www.eipo.com.hk** and this prospectus and agrees to be bound by them;
- **represents, warrants** and **undertakes** that the applicant, and any persons for whose benefit the applicant is applying are non-US person(s) outside the United States (as defined in Regulation S), when completing and submitting the application or is a person described in paragraph (h)(3) of Rule 902 of Regulation S or the allotment of or application for the Hong Kong Offer Shares to or by whom or for whose benefit the application is made would not require the Company to comply with any requirements under any law or regulation (whether or not having the force of law) of any territory outside Hong Kong; and
- **agrees** that such application, any acceptance of it and the resulting contract, will be governed by and construed in accordance with the laws of Hong Kong.

HOW TO APPLY FOR HONG KONG OFFER SHARES

Effect of bad weather on electronic applications under White Form eIPO service

The latest time for submitting an application to the designated White Form eIPO Service Provider through **White Form eIPO** service will be 11:30 a.m. on November 3, 2010 and the latest time for completing full payment of application monies will be 12:00 noon on November 3, 2010. If:

- (a) a tropical cyclone warning signal number 8 or above; or
- (b) a “black” rainstorm warning signal is in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on November 3, 2010, the latest time to complete the application and the latest time to complete payment will be postponed to 11:30 a.m. and 12:00 noon respectively on the next Business Day which does not have either of those warning signals in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on such day.

If the Application Lists of the Hong Kong Public Offer do not open and close on November 3, 2010 or if there is a tropical cyclone warning signal number 8 or above or a “black” rainstorm warning signal in force in Hong Kong on the other dates mentioned in the section headed “Expected Timetable” in this prospectus, such dates mentioned in the section headed “Expected Timetable” in this prospectus may be affected. A press announcement will be made in such event in the South China Morning Post (in English) and in the Hong Kong Economic Times (in Chinese).

Supplemental information

If any supplement to this prospectus is issued, applicant(s) who have already submitted an electronic application instruction through the **White Form eIPO** service may or may not (depending on the information contained in the supplement) be notified that they can withdraw their applications. If applicant(s) have not been so notified, or if applicant(s) have been notified but have not withdrawn their applications in accordance with the procedure to be notified, all applications through the **White Form eIPO** service that have been submitted remain valid and may be accepted. Subject to the above and below, an application once made through the **White Form eIPO** service is irrevocable and applicants shall be deemed to have applied on the basis of this prospectus as supplemented.

Effect of completing and submitting an application through the White Form eIPO service

By completing and submitting an application through the **White Form eIPO** service, you for yourself or as agent or nominee and on behalf of any person for whom you act as agent or nominee shall be deemed to:

- **instruct** and **authorize** the Company, the Joint Sponsors, the Joint Bookrunners and the Joint Lead Managers as agents for the Company (or its respective agents or nominees) to do on your behalf all things necessary to register any Hong Kong Offer Shares allotted to you in your name as required by the Articles and otherwise to give effect to the arrangements described in this prospectus and the **White Form eIPO** designated website at **www.eipo.com.hk**;

HOW TO APPLY FOR HONG KONG OFFER SHARES

- **confirm** that you have only relied on the information and representations in this prospectus in making your application and will not rely on any other information and representations save as set out in any supplement to this prospectus;
- **agree** that the Company and our Directors are liable only for the information and representations contained in this prospectus and any supplement thereto;
- **agree** (without prejudice to any other rights which you may have) that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;
- (if the application is made for your own benefit) **warrant** that it is the only application which will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or to the White Form eIPO Service Provider via the **White Form eIPO** service;
- (if you are an agent for another person) **warrant** reasonable enquiries have been made of that other person that it is the only application which will be made for the benefit of that other person on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or to the White Form eIPO Service Provider via the **White Form eIPO** service, and that you are duly authorized to submit the application as that other person's agent;
- **undertake** and **confirm** that, you (if the application is made for your benefit) or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest for, and will not apply for, take up or indicate an interest for, any International Placing Shares under the International Placing;
- **agree** that your application, any acceptance of it and the resulting contract will be governed by and construed in accordance with the laws of Hong Kong;
- **agree** to disclose to the Company, our Hong Kong Share Registrar, receiving bankers, the Joint Global Coordinators, the Joint Sponsors, the Joint Bookrunners, the Joint Lead Managers and their respective advisers and agents personal data and any information which they require about you or the person(s) for whose benefit you have made the application;
- **agree** with the Company and each Shareholder, and the Company agrees with each of the Shareholders, to observe and comply with the Companies Ordinance, the Memorandum and Articles;
- **agree** with the Company and each Shareholder that the Shares are freely transferable by the holders thereof;

HOW TO APPLY FOR HONG KONG OFFER SHARES

- **authorize** the Company to enter into a contract on your behalf with each of our Directors and officers whereby each such Director and officer undertakes to observe and comply with his or her obligations to Shareholders as stipulated in the Memorandum and Articles;
- **represent, warrant and undertake** that you are not, and none of the other person(s) for whose benefit you are applying, is a US person (as defined in Regulation S);
- **represent** and **warrant** that you understand that the Shares have not been and will not be registered under the U.S. Securities Act and you are outside the United States (as defined in Regulation S) when completing the application or are a person described in paragraph (h)(3) of Rule 902 of Regulation S;
- **confirm** that you have read the terms and conditions and application procedures set out in this prospectus and the **White Form eIPO** designated website at **www.eipo.com.hk** and agree to be bound by them;
- **undertake** and **agree** to accept the Shares applied for, or any lesser number allocated to you under your application; and
- if the laws of any place outside Hong Kong are applicable to your application, **agree** and **warrant** that you have complied with all such laws and none of the Company, the Joint Global Coordinators, the Joint Sponsors and the Joint Bookrunners and the Underwriters nor any of their respective officers or advisors will infringe any laws outside Hong Kong as a result of the acceptance of your offer to purchase, or any actions arising from your rights and obligations under the terms and conditions contained in this prospectus and the **White Form eIPO** designated website at **www.eipo.com.hk**.

Our Company, the Joint Global Coordinators, the Joint Sponsors and the Joint Bookrunners, the Joint Lead Managers, the Underwriters and their respective affiliates, directors, officers, employees, partners, agents, advisors, and any other parties involved in the Global Offering are entitled to rely on any warranty, representation or declaration made by you in such application.

In the event of the application being made by joint applicants, all the warranties, representations, declarations and obligations expressed to be made, given or assumed by or imposed on the joint applicants shall be deemed to have been made, given and assumed by and imposed on the applicants jointly and severally.

Power of attorney

If your application is made by a duly authorized attorney, the Company, the Joint Bookrunners of the Hong Kong Public Offer, as its agent, may accept it at its discretion and subject to any conditions as any of them may think fit, including evidence of the authority of your attorney.

HOW TO APPLY FOR HONG KONG OFFER SHARES

Additional information

For the purposes of allocating Hong Kong Offer Shares, each applicant giving electronic application instructions through **White Form eIPO** service to the White Form eIPO Service Provider through the designated website at **www.eipo.com.hk** will be treated as an applicant.

If your payment of application monies is insufficient, or in excess of the required amount, having regard to the number of Offer Shares for which you have applied, or if your application is otherwise rejected by the designated White Form eIPO Service Provider, the designated White Form eIPO Service Provider may adopt alternative arrangements for the refund of application monies to you. Please refer to the additional information provided by the designated White Form eIPO Service Provider on the designated website at **www.eipo.com.hk**.

Otherwise, any application monies payable to you due to a refund for other reasons are set out below in the subsection headed "10. DESPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND OF APPLICATION MONIES" below.

4. HOW MANY APPLICATIONS YOU MAY MAKE

You may make more than one application for the Hong Kong Offer Shares if and only if:

You are a nominee, in which case you may give **electronic application instructions** to HKSCC (if you are a CCASS Participant) and lodge more than one **WHITE** and **YELLOW** Application Form in your own name if each application is made on behalf of different beneficial owners. In the box on the Application Form marked "For nominees" you must include:

- an account number; or
- some other identification code,

for each beneficial owner or, in the case of joint beneficial owners, for each such beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.

Otherwise, multiple applications are not allowed.

It will be a term and condition of all applications that by completing and delivering an Application Form, or submitting an **electronic application instruction** to HKSCC you:

- (if the application is made for your own benefit) warrant that this is the only application which has been or will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or to the White Form eIPO Service Provider via the **White Form eIPO** service; or
- (if you are an agent for another person) warrant that reasonable enquiries have been made of that other person that this is the only application which has or will be made for the benefit of that other person on a **WHITE** or **YELLOW** Application form or by giving **electronic application instructions** to HKSCC or to the White Form eIPO Service Provider via the **White Form eIPO** service and that you are duly authorised to sign the Application Form as that other person's agent.

HOW TO APPLY FOR HONG KONG OFFER SHARES

Except where you are a nominee and provide the information required to be provided in your application, all of your applications will be rejected as multiple applications if you, or you and your joint applicant(s) together:

- Make more than one application (whether individually or jointly) on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or to the White Form eIPO Service Provider via the **White Form eIPO** service; or
- Apply both (whether individually or jointly) on one **WHITE** Application Form and one **YELLOW** Application Form or on one **WHITE** or **YELLOW** Application Form and to give **electronic application instructions** to HKSCC or to the White Form eIPO Service Provider via the **White Form eIPO** service; or
- Apply (whether individually or jointly) on one **WHITE** or **YELLOW** Application Form, or by giving **electronic application instructions** to HKSCC or to the White Form eIPO Service Provider via the **White Form eIPO** service for more than 50% of the Hong Kong Offer Shares, as more particularly described in the section entitled “Structure of the Global Offering – The Hong Kong Public Offer” in this prospectus; or
- Have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) International Placing Shares under the International Placing.

All of your applications will also be rejected as multiple applications if more than one application on a **WHITE** or **YELLOW** Application Form or by giving electronic instructions to HKSCC or to the White Form eIPO Service Provider via the **White Form eIPO** service is made for your benefit (including the part of the application made by HKSCC acting on **electronic application instructions**). If an application is made by an unlisted company and:

- the principal business of that company is dealing in securities; and
- you exercise statutory control over that company, then the application will be treated as being made for your benefit.

Unlisted company means a company with no equity securities listed on the Hong Kong Stock Exchange.

Statutory control means you:

- control the composition of the board or directors of that company; or
- control more than half of the voting power of that company; or
- hold more than half of the issued share capital of that company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

HOW TO APPLY FOR HONG KONG OFFER SHARES

5. HOW MUCH ARE THE HONG KONG OFFER SHARES

The maximum Offer Price is HK\$4.80. You must also pay brokerage of 1%, SFC transaction levy of 0.003% and the Hong Kong Stock Exchange trading fee of 0.005% in full. This means that for one board lot of 1,000 Shares, you will pay approximately HK\$4,848.38. The Application Forms have tables showing the exact amount payable for certain numbers of Shares up to 50,000,000 Shares.

You must pay the maximum Offer Price, brokerage, SFC transaction levy and the Hong Kong Stock Exchange trading fee in full upon application for shares by a cheque or a banker's cashier order in accordance with the terms set out in the Application Forms (if you apply by an Application Form).

If your application is successful, brokerage is paid to participants of the Hong Kong Stock Exchange, the SFC transaction levy and the Hong Kong Stock Exchange trading fee are paid to the Hong Kong Stock Exchange (in the case of the SFC transaction levy collected on behalf of the SFC).

6. REFUND OF APPLICATION MONIES

If you do not receive any Hong Kong Offer Shares for any reason, the Company will refund your application monies, including brokerage of 1%, SFC transaction levy of 0.003% and the Hong Kong Stock Exchange trading fee of 0.005%. No interest will be paid thereon. All interest accrued on such monies prior to the date of despatch of refund cheques will be retained for the benefit of the Company.

If your application is accepted only in part, the Company will refund the appropriate portion of your application monies, including the related brokerage of 1%, SFC transaction levy of 0.003% and the Hong Kong Stock Exchange trading fee of 0.005%, without interest.

If the Offer Price as finally determined is less than HK\$4.80 per Share, appropriate refund payments, including the brokerage of 1%, SFC transaction levy of 0.003% and the Hong Kong Stock Exchange trading fee of 0.005% attributable to the surplus application monies will be made to successful applicants, without interest. Details of the procedure for refund are set out below in the paragraph headed "Despatch/Collection of Share Certificates and Refund of Application Monies."

In the contingency situation involving a substantial over-subscription, at the discretion of the Company, the Joint Bookrunners of the Hong Kong Public Offer cheques for applications for certain small denominations of Hong Kong Offer Shares on Application Forms (apart from successful applications) may not be cleared.

Refund of your application monies (if any) will be made on November 10, 2010 in accordance with the various arrangements as described in this section.

HOW TO APPLY FOR HONG KONG OFFER SHARES

7. MEMBERS OF THE PUBLIC – TIME FOR APPLYING FOR HONG KONG OFFER SHARES

Completed **WHITE** or **YELLOW** Application Forms, together with payment attached, must be lodged by 12:00 noon on November 3, 2010, or, if the Application Lists are not open on that day, then by the time and date stated in the paragraph headed “Effect of bad weather on the opening of the Application Lists” below.

Your completed Application Form, together with payment attached, should be deposited in the special collection boxes provided at any of the branches of Bank of China (Hong Kong) Limited, Wing Lung Bank Limited, The Hongkong and Shanghai Corporation Limited and The Bank of East Asia, Limited listed under the section headed “Where to collect the **WHITE** and **YELLOW** Application Forms” above at the following times:

Friday, October 29, 2010 – 9:00 a.m. to 4:30 p.m.
Saturday, October 30, 2010 – 9:00 a.m. to 1:00 p.m.
Monday, November 1, 2010 – 9:00 a.m. to 4:30 p.m.
Tuesday, November 2, 2010 – 9:00 a.m. to 4:30 p.m.
Wednesday, November 3, 2010 – 9:00 a.m. to 12:00 noon

The Application Lists will be open from 11:45 a.m. to 12:00 noon on November 3, 2010.

No proceedings will be taken on applications for the Shares and no allotment of any such Shares will be made until the closing of the Application Lists. No allotment of any of the Shares will be made later than 12:00 noon on November 11, 2010.

8. EFFECT OF BAD WEATHER ON THE OPENING OF THE APPLICATION LISTS

The Application Lists will not open if there is:

- a tropical cyclone warning signal number 8 or above, or
- a “black” rainstorm warning signal

is in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on November 3, 2010. Instead they will be open from 11:45 a.m. and 12:00 noon on the next Business Day which does not have either of those warning signals in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon.

Business Day means a day that is not a Saturday, Sunday or a public holiday in Hong Kong.

Publication of Results

We expect to announce the Offer Price on November 10, 2010 on our Company’s website at **www.cjland.com.cn** and the website of the Hong Kong Stock Exchange of **www.hkexnews.hk**. We expect to announce an indication of the level of interest in the International Placing, levels of applications in the Hong Kong Public Offer and basis of allotment of the Hong Kong Offer Shares on November 10, 2010, in each case in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) and on our Company’s website at **www.cjland.com.cn** and the website of the Stock Exchange at **www.hkexnews.hk**.

- Results of allocations for the Hong Kong Public Offer can be found in our announcement to be posted on our Company’s website at **www.cjland.com.cn** and the website of the Stock Exchange at **www.hkexnews.hk** on November 10, 2010;

HOW TO APPLY FOR HONG KONG OFFER SHARES

- Results of allocations for the Hong Kong Public Offer will be available from our designated results of allocations website at **www.iporeresults.com.hk** or our Company's website at **www.cjland.com.cn** on a 24-hour basis from 8:00 a.m. on November 10, 2010 to 12:00 midnight on November 16, 2010. The user will be required to key in the Hong Kong identity card/passport/Hong Kong business registration number provided in his/her/its application to search for his/her/its own allocation result;
- Results of allocations will be available from our Hong Kong Public Offer allocation results telephone enquiry line. Applicants may find out whether or not their applications have been successful and the number of Hong Kong Offer Shares allocated to them, if any, by calling +852 2862 8669 between 9:00 a.m. and 10:00 p.m. from November 10, 2010 to November 13, 2010; and
- Special allocation results booklets setting out the results of allocations will be available for inspection during opening hours of individual branches and sub-branches from November 10, 2010 to November 12, 2010 at all the receiving bank branches and sub-branches at the addresses set out in "Where to collect the **WHITE** and **YELLOW** Application Forms" under this Section.

9. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED HONG KONG OFFER SHARES

Full details of the circumstances in which you will not be allotted the Hong Kong Offer Shares are set out in the notes attached to the relevant Application Forms (whether you are making your application by an Application Form or electronically instructing HKSCC to cause HKSCC Nominees to apply on your behalf), and which you should read them carefully. You should note in particular the following situations in which the Hong Kong Offer Shares will not be allotted to you.

- **If your application is revoked:**

By completing and submitting an Application Form or giving **electronic applications** to HKSCC, you agree that your application or the application made by HKSCC on your behalf is irrevocable before November 30, 2010, such agreement to take effect as a collateral contract with the Company and to become binding when that person lodge your application form or submit your electronic application instructions to HKSCC and an application has been made by HKSCC Nominees on your behalf accordingly and such collateral contract to be in consideration of the Company agreeing that it will not offer any Hong Kong Offer Shares to any person before November 30, 2010, except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application before the fifth day after the time of the opening of the Application Lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong) if a person responsible for this prospectus under Section 40 of the Hong Kong Companies Ordinance gives a public notice under that section which excludes or limits the responsibility of that person for this prospectus.

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If any supplement to the prospectus is issued, applicant(s) who have already submitted an application may or may not (depending on the information contained in the supplement) be notified that they can withdraw their applications. If applicant(s) have not been so notified, or if applicant(s) have been notified but have not withdrawn their applications in accordance with the procedure to be notified, all applications that have been submitted remain valid and may be accepted. Subject to the above, an application once made is irrevocable and applicants shall be deemed to have applied on the basis of the prospectus as supplemented.

If your application or the application made by HKSCC Nominees on your behalf has been accepted, it cannot be revoked. For this purposes, acceptance of applications which are not rejected will be constituted by notification in the press of the results of allocation, and where such basis or allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot, respectively.

- **Full discretion of the Company, the Joint Sponsors, the Joint Bookrunners of the Hong Kong Public Offer or the designated White Form eIPO Service Provider or its agents to reject or accept your application:**

The Company, the Joint Sponsors, the Joint Bookrunners of the Hong Kong Public Offer (for itself and on behalf of the Hong Kong Underwriters), or the designated White Form eIPO Service Provider, or their respective agents and nominees, have full discretion to reject or accept any application, or to accept any part of any application.

The Company, the Joint Sponsors, the Joint Bookrunners of the Hong Kong Public Offer and the Hong Kong Underwriters, in their capacity as the Company's agents, and the Company's agents and nominees do not have to give any reason for any rejection or acceptance.

- **If the allotment of Hong Kong Offer Shares is void:**

The allotment of Hong Kong Offer Shares to you or to HKSCC Nominees (if you give **electronic application instructions** to HKSCC or apply for a **YELLOW** Application Form) will be void if the Listing Committee does not grant permission to list the Shares either:

- within **three** weeks from the closing date of the Application Lists, or
 - within a longer period of up to six weeks if the Listing Committee or the Stock Exchange **notifies** the Company of that longer period within three weeks of the closing date of the Application Lists.
- **You will not receive any allotment if:**
 - you make multiple applications or suspected multiple applications;
 - you or the person for whose benefit you are applying have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) Hong Kong Offer Shares and the International

HOW TO APPLY FOR HONG KONG OFFER SHARES

Placing Shares. By filling in any of the **WHITE** or **YELLOW** Application Forms or applying by giving **electronic application instructions** to HKSCC or to the White Form eIPO Service Provider via the **White Form eIPO** service; you agree not to apply for Hong Kong Offer Shares as well as the International Placing Shares. Reasonable steps will be taken to identify and reject applications in the Hong Kong Public Offer from investors who have received the International Placing Shares; and to identify and reject indications of interest in the International Placing from investors who have received Hong Kong Offer Shares in the Hong Kong Public Offer;

- your Application Form is not completed correctly in accordance with the instructions as stated in the Application Form (if you apply by an Application Form);
- your **electronic application instructions** to the **White Form eIPO** service are not completed in accordance with the instructions, terms and conditions set out in the designated website at **www.eipo.com.hk**;
- your payment is not made correctly or you pay by cheque or banker's cashier order and the cheque or banker's cashier order is dishonoured upon its first presentation;
- the Hong Kong Underwriting Agreement and the International Underwriting Agreement do not become unconditional;
- the Hong Kong Underwriting Agreement and the International Underwriting Agreement are terminated in accordance with their respective terms;
- the Company or the Joint Bookrunners of the Hong Kong Public Offer believes that by accepting your application, they would violate the applicable securities or other laws, rules or regulations, or
- your application is for more than 50,000,000 Hong Kong Offer Shares.

10. DESPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND OF APPLICATION MONIES

If an application is rejected, not accepted or accepted in part only, or if the Offer Price as finally determined is less than the Offer Price per Share (excluding brokerage, SFC transaction levy and the Hong Kong Stock Exchange trading fee thereon) initially paid on application, or if the conditions of the Hong Kong Public Offer are not fulfilled in accordance with the section headed "Structure of the Global Offering – Conditions of the Global Offering" in this prospectus or if any application is revoked or any allotment pursuant thereto has become void, the application monies, or the appropriate portion thereof, together with the related brokerage, SFC transaction levy and the Hong Kong Stock Exchange trading fee, will be refunded, without interest. All such interest accrued prior to the date of despatch of refund cheques will be retained for the benefit of the Company. It is intended that special efforts will be made to avoid any undue delay in refunding application monies where appropriate.

You will receive one share certificate for all the Hong Kong Offer Shares issued to you under the Hong Kong Public Offer (except pursuant to applications made on **YELLOW** Application Forms or by **electronic application instructions** to HKSCC via CCASS where the share certificates will be deposited into CCASS as described below).

HOW TO APPLY FOR HONG KONG OFFER SHARES

No temporary document of title will be issued in respect of the Shares. No receipt will be issued for sums paid on application but, subject to personal collection as mentioned below, in due course these will be sent to you (or, in the case of joint applicants, to the first-named applicant) by ordinary post, at your own risk, to the address specified on the Application Form.

- (a) for applications on **WHITE** Application Forms and **White Form eIPO**:
- i. share certificate(s) for all Hong Kong Offer Shares applied for, if the application is wholly successful; or
 - ii. share certificate(s) for the number of Hong Kong Offer Shares successfully applied for, if the application is partially successful (for wholly successful and partially successful applications on **YELLOW** Application Forms; share certificates for the Shares successfully applied for will be deposited into CCASS as described below); and/or
 - iii. Applicants will receive one share certificate for all the Hong Kong Offer Shares allotted.
- (b) for applications on **WHITE** or **YELLOW** Application Forms, refund cheque(s) crossed "Account Payee Only" in favour of the applicant (or, in the case of joint applicants, the first named applicant) (or (i) the surplus application monies for the Hong Kong Offer Shares unsuccessfully applied for, if the application is partially unsuccessful; or (ii) all the application monies, if the application is wholly unsuccessful; or (iii) the difference between the Offer Price and the maximum Offer Price paid on application in the event that the Offer Price is less than the offer price per Share initially paid on application, in each case including brokerage of 1%, SFC transaction levy of 0.003% and the Hong Kong Stock Exchange trading fee of 0.005%, attributable to such refund/surplus monies but without interest. Part of your Hong Kong identity card number/passport number, or, if you are joint applicants, part of the Hong Kong identity card number/passport number of the first-named applicant, provided by you may be printed on your refund cheque, if any. Such data would also be transferred to a third party for refund purpose. Your banker may require verification of your Hong Kong identity card number/passport number for encashment of your refund cheque. Inaccurate completion of your Hong Kong identity card number/passport number may lead to delay in encashment of, or may invalidate, your refund cheque.

Subject to personal collection as mentioned below, refund cheques for surplus application monies (if any) in respect of wholly and partially unsuccessful applications and the difference between the Offer Price and the offer price per Share initially paid on application (if any) under **WHITE** or **YELLOW** Application Forms; and share certificates for wholly and partially successful applicants under **WHITE** Application Forms are expected to be posted on November 10, 2010. The right is reserved to retain any share certificate(s) and any surplus application monies pending clearance of cheque(s).

Share certificates will only become valid certificates of title at 8:00 a.m. on November 11, 2010 provided that the Hong Kong Public Offer has become unconditional in all respects and the right of termination described in the section headed "Underwriting – Underwriting Arrangements and Expenses – Hong Kong Public Offer – Grounds for Termination" in this prospectus has not been exercised.

HOW TO APPLY FOR HONG KONG OFFER SHARES

(c) **If you apply using a WHITE APPLICATION FORM:**

If you apply for 1,000,000 or more Hong Kong Offer Shares and have indicated your intention in your **WHITE** Application Form, respectively to collect your refund cheque(s) (where applicable) and/or share certificate(s) (where applicable) from Computershare Hong Kong Investor Services Limited and have provided all information required by your Application Form, you may collect your refund cheque(s) (where applicable) and share certificate(s) (where applicable) from Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong from 9:00 a.m. to 1:00 p.m. on November 10, 2010 or such other date as notified by the Company in the newspapers as the date of collection/despatch of refund cheques/e-Refund payment instructions/share certificates. If you are an individual who opts for personal collection, you must not authorise any other person to make collection on your behalf. If you are a corporate applicant which opts for personal collection, you must attend by your authorised representative bearing a letter of authorisation from your corporation stamped with your corporation's chop. Both individuals and authorised representatives (if applicable) must produce, at the time of collection, evidence of identity acceptable to Computershare Hong Kong Investor Services Limited. If you do not collect your refund cheque(s) (where applicable) and/or share certificate(s) (where applicable) personally within the time specified for collection, they will be sent to the address as specified in your Application Form promptly thereafter by ordinary post and at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares or if you apply for 1,000,000 Hong Kong Offer Shares or more but have not indicated on your Application Form that you will collect your refund cheque(s) (where applicable) and/or share certificate(s) (where applicable) in person, your refund cheque(s) (where applicable) and/or share certificate(s) (where applicable) will be sent to the address on your Application Form on November 10, 2010 by ordinary post and at your own risk.

(d) **If you apply using a YELLOW Application Form:**

If you apply for 1,000,000 Hong Kong Offer Shares or more and you have elected on your **YELLOW** Application Form to collect your refund cheque (where applicable) in person, please follow the same instructions as those for **WHITE** Application Form applicants as described above.

If you have applied for 1,000,000 Hong Kong Offer Shares or above and have not indicated on your Application Form that you will collect your refund cheque (if any) in person, or if you have applied for less than 1,000,000 Hong Kong Offer Shares, your refund cheque (if any) will be sent to the address on your Application Form on the date of despatch, which is expected to be on November 10, 2010, by ordinary post and at your own risk.

If you apply for Hong Kong Offer Shares using a **YELLOW** Application Form and your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for credit to your CCASS Investor Participant stock account or the stock account of your designated CCASS Participant as instructed by you in your Application Form on November 10, 2010, or under contingent situation, on any other date as shall be determined by HKSCC or HKSCC Nominee.

HOW TO APPLY FOR HONG KONG OFFER SHARES

If you are applying through a designated CCASS Participant (other than a CCASS Investor Participant):

- for Hong Kong Offer Shares credited to the stock account of your designated CCASS Participant (other than a CCASS Investor Participant), you can check the number of Hong Kong Offer Shares allocated to you with that CCASS Participant.

If you are applying as a CCASS Investor Participant:

- the Company expects to publish the results of CCASS Investor Participants' applications together with the results of the Hong Kong Public Offer in the manner described in the section headed "How to apply for Hong Kong Offer Shares – Publication of Results" above on November 10, 2010. You should check the announcement published by the Company and report any discrepancies to HKSCC before 5:00 p.m. on November 10, 2010 or such other date as shall be determined by HKSCC or HKSCC Nominees. Immediately after the credit of the Hong Kong Offer Shares to your stock account, you can check your new account balance via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time). HKSCC will also make available to you an activity statement showing the number of Hong Kong Offer Shares credited to your stock account.

(e) **If you apply through White Form eIPO:**

If you apply for 1,000,000 Hong Kong Offer Shares or more through the **White Form eIPO** service by submitting an electronic application to the designated White Form eIPO Service Provider through the designated website at **www.eipo.com.hk** and your application is wholly or partially successful, you may collect your Share certificate(s) in person from Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, from 9:00 a.m. to 1:00 p.m. on November 10, 2010.

If you do not collect your Share certificate(s) personally within the time specified for collection, they will be sent to the address specified in your application instructions to the designated White Form eIPO Service Provider promptly thereafter, by ordinary post and at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares, your Share certificate(s) will be sent to the address specified in your application instructions to the designated White Form eIPO Service Provider through the designated website at **www.eipo.com.hk** on November 10, 2010 by ordinary post and at your own risk.

If you paid the application monies from a single bank account and your application is wholly or partially unsuccessful and/or the Offer Price is different from the initial price paid on your application, e-Refund payment instructions (if any) will be despatched to your application payment bank account on November 10, 2010.

HOW TO APPLY FOR HONG KONG OFFER SHARES

If you used multi-bank accounts to pay the application monies and your application is wholly or partially unsuccessful and/or the Offer Price is different from the initial price paid on your application, refund check(s) will be sent to the address specified in your application instructions to the designated White Form eIPO Service Provider on November 10, 2010, by ordinary post and at your own risk.

(f) **If you apply by giving electronic application instructions to HKSCC:**

Allocation of Hong Kong Offer Shares

For the purposes of allocating Hong Kong Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead each CCASS Participant who gives **electronic application instructions** or each person for whose benefit each such instructions is given will be treated as an applicant.

Deposit of Share Certificates into CCASS and Refund of application monies

- No temporary document of title will be issued. No receipt will be issued for application monies received.
- If your application is wholly or partially successful, your Share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of the stock account of the CCASS Participant which you have instructed to give **electronic application instructions** on your behalf or your CCASS Investor Participant Stock Account on November 10, 2010, or, in the event of a contingency, on any other date as shall be determined by HKSCC or HKSCC Nominees.
- The Company expects to make available the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, it will include information relating to the relevant beneficial owner), your Hong Kong identity card/passport number or other identification code (Hong Kong business registration number for corporation) and the basis of allotment of the Hong Kong Public Offer in the manner described in "How to Apply for Hong Kong Offer Share – Publication of Results" in this prospectus on November 10, 2010. You should check the announcement published by the Company and report any discrepancies to HKSCC before 5:00 p.m. on November 10, 2010 or such other date as shall be determined by HKSCC or HKSCC Nominees.
- If you have instructed your broker or custodian to give **electronic application instructions** on your behalf, you can also check the number of Hong Kong Offer Shares allotted to you and the amount of refund monies (if any) payable to you with that broker or custodian.

HOW TO APPLY FOR HONG KONG OFFER SHARES

- If you have applied as a CCASS Investor Participant, you can also check the number of Hong Kong Offer Shares allotted to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time) on November 10, 2010. Immediately after the credit of the Hong Kong Offer shares to your CCASS Investor Participant stock account and the credit of refund monies to your designated bank account, HKSCC will also make available to you an activity statement showing the number of Hong Kong Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.
- All refunds of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or difference between the Offer Price and the offer price per Share initially paid on application, in each case including brokerage of 1%, SFC transaction levy of 0.003% and the Hong Kong Stock Exchange trading fee of 0.005%, will be credited to your designated bank account or the designated bank account of your broker or custodian on November 10, 2010. No interest will be paid thereon.

11. COMMENCEMENT OF DEALINGS IN THE SHARES

Dealings in the Shares are expected to commence on November 11, 2010.

The Shares will be traded in board lots of 1,000 Shares each. The stock code of the Shares is 957.

12. SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

If the Hong Kong Stock Exchange grants the listing of, and permission to deal in, the Shares and the Company complies with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares of the Hong Kong Stock Exchange or any other date HKSCC chooses. Settlement of transactions between participants of the Hong Kong Stock Exchange is required to take place in CCASS on the second Business Day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Investors should seek the advice of their stockbroker or other professional adviser for details of the settlement arrangement as such arrangements may affect their rights and interests.

All necessary arrangements have been made enabling the Shares to be admitted into CCASS.

The following is the text of a report on CJ Land Holdings Limited, prepared for the purpose of incorporation in this prospectus received from the auditors and reporting accountants of our Company, Ernst & Young, Certified Public Accountants, Hong Kong.



18th Floor
Two International Finance Centre
8 Finance Street
Central
Hong Kong

October 29, 2010

The Directors
CJ Land Holdings Limited
Citigroup Global Markets Asia Limited
Merrill Lynch Far East Limited

Dear Sirs,

We set out below our report on the financial information of CJ Land Holdings Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") for each of the three years ended December 31, 2007, 2008 and 2009 and for the four months ended April 30, 2010 (the "Relevant Periods") (the "Financial Information") and for the four months ended April 30, 2009 (the "April 30, 2009 Financial Information") prepared on the basis set out in Section II, note 2 "Basis of Preparation" below for inclusion in the prospectus of the Company dated October 29, 2010 (the "Prospectus") in connection with the listing of the shares of the Company on the Main Board of the Stock Exchange of Hong Kong Limited.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability in the Cayman Islands on September 10, 2009. Pursuant to a group reorganisation (the "Reorganisation"), as described in the subsection headed "History and Reorganization" in the Prospectus, which was completed on May 5, 2010, the Company acquired the entire issued share capital of CJ Land Group Co., Ltd, a company incorporated in the British Virgin Islands, which was the then holding company of the other subsidiaries comprising the Group and became the holding company of the Group. Particulars of the Company and its subsidiaries are set out in note 1 of section II below. The Company and its subsidiaries have adopted December 31, as their financial year end date for statutory reporting purpose.

The Group is principally engaged in property development, property investment and the provision of property management services in the People's Republic of China (the "PRC" or Mainland China).

As of the date of this report, no statutory financial statements have been prepared by the Company and the subsidiaries incorporated in Cayman, British Virgin Islands, Hong Kong as the Company and these subsidiaries are newly incorporated and/or have not involved in any significant business transactions since their respective dates of incorporation other than the Reorganisation. The statutory audited financial statements of the Company's subsidiaries established in Mainland China were prepared in accordance with the relevant accounting principles and financial reporting regulations issued by the Ministry of Finance (the "MOF") of

the PRC (the "PRC GAAP"), which are applicable to the respective companies and were audited by auditors other than Ernst & Young, Certified Public Accountants, Hong Kong, the details of which are set out in note 1 of Section II.

For the purpose of this report, the directors of the Company (the "Directors") have prepared the Group's combined financial statements for each of the Relevant Periods and for the four months ended April 30, 2009 (the "IFRS financial Statements") in accordance with International Financial Reporting Standards ("IFRSs"), which comprise standards and interpretations approved by the International Accounting Standards Board (the "IASB"), International Accounting Standards ("IAS") and Standing Interpretations Committee interpretations approved by the International Accounting Standards Committee that remain in effect.

The Financial Information set out in this report has been prepared by the Directors based on the IFRS Financial Statements with no adjustments made thereon and on the basis set out in note 2 of Section II, including the combined statements of comprehensive income, combined cash flow statements and combined statements of changes in equity of the Group for each of the Relevant Periods and the combined statements of financial position of the Group as at December 31, 2007, 2008 and 2009 and April 30, 2010 and the statement of financial position of the Company as at December 31, 2009 and April 30, 2010, together with a summary of significant accounting policies and other explanation notes thereon.

The April 30, 2009 Financial Information has been prepared on the basis set out in Section II note 2, solely for the purpose of this report by the Directors.

Respective responsibilities of directors and reporting accountants

The Directors are responsible for the content of the Prospectus, including the preparation and the true and fair presentation of the Financial Information and April 30, 2009 Financial Information in accordance with the basis set out in note 1 of Section II, IFRSs and the disclosure requirements of the Hong Kong Companies Ordinance. The directors of the respective companies of the Group are responsible for the preparation and true and fair presentation of the respective financial statements and where appropriate management accounts in accordance with the relevant accounting principles and financial reporting regulations applicable to these companies. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of the Financial Information and April 30, 2009 Financial Information that is free from material misstatement, as to whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

It is our responsibility to form an independent opinion, based on our examination, on the Financial Information for the Relevant Periods and a review conclusion, based on our review on the April 30, 2009 Financial Information and to report our opinion and review conclusion, respectively to you.

Procedures performed in respect of the Financial Information

For the purpose of this report, we have undertaken an independent audit on the Financial Information, in accordance with International Standards on Auditing issued by the International Auditing and Assurance Standards Board (the "IAASB") and have carried out such additional procedures as we considered necessary in accordance with Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Procedures performed in respect of the April 30, 2009 Financial Information

For the purpose of this report, we have also performed a review of the April 30, 2009 Financial Information for which the Directors are responsible, in accordance with International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the IAASB. A review of interim financial information consists principally of making enquiries of management and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit and accordingly, we do not express an audit opinion on the April 30, 2009 Financial Information.

Opinion in respect of Financial Information

In our opinion, the Financial Information for each of the Relevant Periods gives, for the purpose of this report and on the basis of presentation set out in note 1 of section II below, a true and fair view of the combined results and combined cash flows of the Group for each of the Relevant Periods and of the state of affairs of the Group as at December 31, 2007, 2008, 2009 and April 30, 2010 and that of the Company as at December 31, 2009 and April 30, 2010.

Review conclusion in respect of the April 30, 2009 Financial Information

Based on our review which does not constitute an audit, for the purpose of this report, nothing has come to our attention that causes us to believe that the April 30, 2009 Financial Information does not give a true and fair view of the combined results and cash flows of the Group for the four months period ended April 30, 2009.

I FINANCIAL INFORMATION

Combined Statements of Comprehensive Income

The following is a summary of the combined results of the Group for the Relevant Periods and the four months ended April 30, 2009 prepared on the basis set out in section II:

	Notes	Year ended December 31,			Four months ended April 30,	
		2007 RMB'000	2008 RMB'000	2009 RMB'000	2009 RMB'000 (Unaudited)	2010 RMB'000
REVENUE	6	533,728	333,076	565,425	28,050	1,031,275
Cost of sales		(154,971)	(79,064)	(95,699)	(3,536)	(541,438)
GROSS PROFIT		378,757	254,012	469,726	24,514	489,837
Other income and gains	6	31,716	6,144	8,499	1,107	2,380
Selling and distribution costs		(7,946)	(25,988)	(47,472)	(11,966)	(22,029)
Administrative expenses		(31,122)	(40,233)	(74,721)	(16,023)	(16,273)
Other expenses		(126)	(7,760)	(472)	(469)	(316)
Fair value gains on investment properties	14	–	867,018	564,624	557,624	178,000
Finance costs	7	(11,941)	(61,145)	(65,599)	(25,207)	(52,863)
PROFIT BEFORE TAX	8	359,338	992,048	854,585	529,580	578,736
Income tax expense	10	(96,417)	(281,201)	(330,661)	(136,471)	(248,811)
PROFIT AFTER TAX AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR/PERIOD		<u>262,921</u>	<u>710,847</u>	<u>523,924</u>	<u>393,109</u>	<u>329,925</u>
Attributable to:						
Equity holders of the parent		240,114	710,847	523,924	393,109	329,925
Non controlling interests		22,807	–	–	–	–
		<u>262,921</u>	<u>710,847</u>	<u>523,924</u>	<u>393,109</u>	<u>329,925</u>
Earnings per share attributable to equity holders of the Parent						
Basic	11	<u>0.08</u>	<u>0.23</u>	<u>0.17</u>	<u>0.13</u>	<u>0.11</u>

Combined Statements of Financial Position

	Notes	As of December 31,			As of
		2007 RMB'000	2008 RMB'000	2009 RMB'000	April 30, 2010 RMB'000
NON-CURRENT ASSETS					
Property, plant and equipment	13	67,109	73,718	9,296	9,070
Investment properties	14	462,554	1,346,376	1,911,000	2,089,000
Prepaid land lease payments	15	11,185	10,911	–	–
Goodwill	17	–	–	201	201
Intangible assets	18	8	57	138	479
Long-term prepayment	19	–	–	6,462	6,260
Deferred tax assets	21	107,549	117,471	213,875	233,843
Total non-current assets		<u>648,405</u>	<u>1,548,533</u>	<u>2,140,972</u>	<u>2,338,853</u>
CURRENT ASSETS					
Completed properties held for sale		324,862	254,346	817,255	520,565
Properties under development	16	812,057	2,049,406	2,742,397	4,286,427
Inventories	20	251	10,757	–	–
Trade and bills receivables	23	–	683	–	–
Due from related companies	31	19,685	6,738	13,567	22,919
Due from directors	31	241	312	–	–
Equity investments at fair value through profit or loss	22	9,461	1,914	2,456	–
Prepayments, deposits and other receivables	24	120,024	56,767	698,030	886,414
Pledged deposits	25	–	28,228	14,680	344,482
Cash and cash equivalents	25	717,442	149,194	1,190,330	1,179,953
Total current assets		<u>2,004,023</u>	<u>2,558,345</u>	<u>5,478,715</u>	<u>7,240,760</u>

	Notes	As of December 31,			As of
		2007	2008	2009	April 30,
		RMB'000	RMB'000	RMB'000	2010
					RMB'000
CURRENT LIABILITIES					
Trade payables	26	204,747	279,208	311,451	319,814
Other payables, deposits received and accruals	27	38,858	162,108	89,979	432,510
Due to related companies	31	639,736	525,509	473,414	546,992
Due to a related party	31	2,920	4,596	4,685	4,685
Advances from customers	28	210,984	159,501	2,068,655	1,470,605
Interest-bearing bank and other borrowings	29	–	65,000	70,000	1,107,800
Tax payable	10	386,372	436,650	567,618	788,041
Total current liabilities		<u>1,483,617</u>	<u>1,632,572</u>	<u>3,585,802</u>	<u>4,670,447</u>
NET CURRENT ASSETS		<u>520,406</u>	<u>925,773</u>	<u>1,892,913</u>	<u>2,570,313</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,168,811</u>	<u>2,474,306</u>	<u>4,033,885</u>	<u>4,909,166</u>
NON-CURRENT LIABILITIES					
Interest-bearing bank and other borrowings	29	380,000	842,500	1,695,000	2,201,598
Deferred tax liabilities	21	709	219,971	400,163	438,921
Total non-current liabilities		<u>380,709</u>	<u>1,062,471</u>	<u>2,095,163</u>	<u>2,640,519</u>
NET ASSETS		<u>788,102</u>	<u>1,411,835</u>	<u>1,938,722</u>	<u>2,268,647</u>
EQUITY					
Issued capital	30	–	–	342	342
Reserves	30	788,102	1,411,835	1,938,380	2,268,305
		<u>788,102</u>	<u>1,411,835</u>	<u>1,938,722</u>	<u>2,268,647</u>
TOTAL EQUITY		<u>788,102</u>	<u>1,411,835</u>	<u>1,938,722</u>	<u>2,268,647</u>

Combined Statements of Changes in Equity

The movements in the combined statements of changes in equity of the Group during the Relevant Periods and the four months ended April 30, 2009 prepared on the basis set out in Section II below are as follows:

	Attributable to equity owners of the parent					Total RMB'000	Non controlling interests RMB'000	Total equity RMB'000
	Issued capital RMB'000 Note 30(a)	Capital reserve* RMB'000 Note 30(b)	Statutory surplus reserve* RMB'000 Note 30(c)	Statutory surplus fund* RMB'000 Note 30(c)	Retained profits* RMB'000			
As at January 1, 2007	-	69,813	29,102	20,066	336,145	455,126	42,055	497,181
Capital contribution by the then equity holder of subsidiaries	-	28,000	-	-	-	28,000	-	28,000
Acquisition of minority interests	-	63,898	964	-	-	64,862	(64,862)	-
Total comprehensive income for the year	-	-	-	-	240,114	240,114	22,807	262,921
As at December 31, 2007 and January 1, 2008	-	161,711	30,066	20,066	576,259	788,102	-	788,102
Capital contribution by the then equity holder of a subsidiary	-	30,000	-	-	-	30,000	-	30,000
Deemed distribution to the then equity holder of subsidiaries	-	(117,114)	-	-	-	(117,114)	-	(117,114)
Total comprehensive income for the year	-	-	-	-	710,847	710,847	-	710,847
As at December 31, 2008 and January 1, 2009	-	74,597	30,066	20,066	1,287,106	1,411,835	-	1,411,835
Disposal of a subsidiary	-	(10,692)	(20,066)	(20,066)	53,112	2,288	-	2,288
Capital contribution by the then equity holder of a subsidiary	-	342	-	-	-	342	-	342
Deemed distribution to an equity holder	-	(9)	-	-	-	(9)	-	(9)
Issue of shares	342	-	-	-	-	342	-	342
Total comprehensive income for the year	-	-	-	-	523,924	523,924	-	523,924
As at December 31, 2009 and January 1, 2010	342	64,238	10,000	-	1,864,142	1,938,722	-	1,938,722
Total comprehensive income for the year	-	-	-	-	329,925	329,925	-	329,925
As at April 30, 2010	342	64,238	10,000	-	2,194,067	2,268,647	-	2,268,647

	Attributable to equity owners of the parent							
	Issued capital RMB'000 Note 30(a)	Capital reserve* RMB'000 Note 30(b)	Statutory surplus reserve* RMB'000 Note 30(c)	Statutory surplus fund* RMB'000 Note 30(c)	Retained profits* RMB'000	Non controlling		
						Total	interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Unaudited								
As at December 31, 2008 and								
January 1, 2009	-	74,597	30,066	20,066	1,287,106	1,411,835	-	1,411,835
Disposal of a subsidiary	-	(10,692)	(20,066)	(20,066)	53,112	2,288	-	2,288
Total comprehensive income for the period	-	-	-	-	393,109	393,109	-	393,109
As at April 30, 2009	-	63,905	10,000	-	1,733,327	1,807,232	-	1,807,232

* These reserve accounts represent the total combined reserves of RMB788,102,000, RMB1,411,835,000, RMB1,938,722,000, RMB1,807,232,000 and RMB2,268,305,000 in the combined statements of financial position as at December 31, 2007, 2008, 2009 and April 30, 2009 and 2010, respectively.

Combined Statements of Cash Flows

The combined cash flow statements of the Group for the Relevant Periods and the four months ended April 30, 2009 prepared on the basis set out in section II below are as follows:

	Notes	Year ended December 31,			Four months ended April 30,	
		2007 RMB'000	2008 RMB'000	2009 RMB'000	2009 RMB'000 (Unaudited)	2010 RMB'000
CASH FLOWS FROM						
OPERATING ACTIVITIES						
Profit before tax		359,338	992,048	854,585	529,580	578,736
Adjustments for:						
Depreciation of property, plant and equipment	8,13	5,673	6,193	2,710	1,822	505
Amortisation of intangible assets	8,18	6	6	26	6	53
Amortisation of long-term prepayment	8,19	–	–	465	145	202
Amortisation of prepaid land lease payments	8,15	274	274	69	69	–
Reversal of impairment for other receivables	8,24	–	–	(185)	–	–
(Gain)/loss on disposal of property, plant and equipment	8	–	(678)	144	144	–
Dividend income from equity investments at fair value through profit or loss	6	(65)	(165)	(505)	–	–
Fair value (gain)/loss, net: equity investment at fair through profit or loss	8	(25,770)	5,697	(367)	(303)	24
Changes in fair value of investment properties	14	–	(867,018)	(564,624)	(557,624)	(178,000)
Finance costs	7	11,941	61,145	65,599	25,207	52,863
Interest income	6	(5,781)	(4,493)	(7,047)	(597)	(2,295)
		345,616	193,009	350,870	(1,551)	452,088

	Notes	Year ended December 31,			Four months ended April 30,	
		2007 RMB'000	2008 RMB'000	2009 RMB'000	2009 RMB'000 (Unaudited)	2010 RMB'000
Increase in inventories		(22)	(10,506)	(93)	(93)	–
Decrease in completed properties held for sale		154,288	70,516	83,778	–	539,232
Increase in properties under development		(460,215)	(552,973)	(529,972)	(51,808)	(720,672)
Acquisition of properties under development	16	–	(680,807)	(797,443)	–	(1,058,321)
Addition of long-term prepayment	19	–	–	(6,927)	(4,369)	–
Decrease/(increase) in trade receivables		–	(683)	148	148	–
(Increase)/decrease in prepayments, deposits and other receivables		(101,082)	63,257	(645,520)	(47,850)	(188,384)
Increase in trade payables		59,513	74,461	32,696	(112,779)	8,363
Increase/(decrease) in other payables, deposits received and accruals		6,864	123,250	(53,482)	29,689	342,531
Increase/(decrease) in advances from customers		193,436	(51,483)	1,910,383	466,014	(598,050)
Cash generated from/(used in) operations		198,398	(771,959)	344,438	277,401	(1,223,213)
Interest received		5,781	4,493	7,047	597	2,295
Interest paid		(21,865)	(65,991)	(77,862)	(26,296)	(60,442)
Tax paid		(26,233)	(21,583)	(115,905)	(11,111)	(9,598)
Net cash flows from/(used) In operating activities		156,081	(855,040)	157,718	240,591	(1,290,958)

	Notes	Year ended December 31,			Four months ended April 30,	
		2007 RMB'000	2008 RMB'000	2009 RMB'000	2009 RMB'000	2010 RMB'000
CASH FLOWS FROM						
INVESTING ACTIVITIES						
Purchases of items of property, plant and equipment	13	(3,468)	(14,134)	(489)	(394)	(279)
Disposal of a subsidiary	32	–	–	(10,116)	(10,116)	–
Proceeds from disposal of items of property, plant and equipment		–	2,010	182	182	–
Purchase of intangible assets . . .	18	–	(55)	(109)	(40)	(394)
Increase in an investment property		(156,218)	(15,527)	–	–	–
Acquisition of subsidiary	33	–	–	(199)	–	–
Dividend income from equity investments at fair value through profit or loss	6	65	165	505	–	–
Acquisition of equity investments at fair value through profit or loss		(30,930)	(1,000)	(1,090)	(1,000)	–
Proceeds from disposals of equity investment at fair value through profit of loss		47,239	2,850	915	915	2,432
Net cash flows from/(used in) investing activities		(143,312)	(25,691)	(10,401)	(10,453)	1,759

Notes	Year ended December 31,			Four months ended April 30,	
	2007 RMB'000	2008 RMB'000	2009 RMB'000	2009 RMB'000 (Unaudited)	2010 RMB'000
CASH FLOWS FROM FINANCING ACTIVITIES					
Capital contribution by the then equity holders of subsidiaries	28,000	30,000	342	-	-
Proceeds from issue of shares	-	-	342	-	-
Deemed distribution to an equity holder	-	(117,114)	(9)	-	-
(Decrease)/increase in amount due from directors	(25)	(71)	312	75	-
Increase/(decrease) in amount due to a related party	-	1,676	89	(4,596)	-
Decrease/(increase) in amount due from related companies	14,849	12,947	(4,710)	(4,786)	(9,352)
(Decrease)/increase in amount due to related companies	(53,610)	(114,227)	26,405	(63,369)	73,578
(Increase)/decrease in pledged deposits	-	(28,228)	13,548	28,228	(329,802)
Proceeds from interest bearing bank and other borrowings	360,000	527,500	2,705,000	725,000	2,784,398
Repayment of interest bearing bank and other borrowings	(110,000)	-	(1,847,500)	(445,000)	(1,240,000)
Net cash flows from financing activities	239,214	312,483	893,819	235,552	1,278,822
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS					
	251,983	(568,248)	1,041,136	465,690	(10,377)
Cash and cash equivalents at beginning of year/period	465,459	717,442	149,194	149,194	1,190,330
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD					
	717,442	149,194	1,190,330	614,884	1,179,953

	Notes	Year ended December 31,			Four months ended April 30,	
		2007 RMB'000	2008 RMB'000	2009 RMB'000	2009 RMB'000	2010 RMB'000
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS						
Cash and bank balances		617,442	149,194	1,190,330	614,884	958,953
Non-pledged time deposits with original maturity of less than three months when acquired	25	100,000	—	—	—	221,000
CASH AND CASH EQUIVALENTS	25	<u>717,442</u>	<u>149,194</u>	<u>1,190,330</u>	<u>614,884</u>	<u>1,179,953</u>

Statement of Financial Position of the Company

	Notes	December 31,			April 30,
		2007 RMB'000	2008 RMB'000	2009 RMB'000	2010 RMB'000
CURRENT ASSETS					
Due from a related company .	31	—	—	342	342
Total current assets		<u>—</u>	<u>—</u>	<u>342</u>	<u>342</u>
TOTAL ASSETS		<u>—</u>	<u>—</u>	<u>342</u>	<u>342</u>
NET ASSETS		<u>—</u>	<u>—</u>	<u>342</u>	<u>342</u>
EQUITY					
Share capital	30	—	—	342	342
TOTAL EQUITY		<u>—</u>	<u>—</u>	<u>342</u>	<u>342</u>

II NOTES TO FINANCIAL INFORMATION

1. CORPORATE INFORMATION

The registered office of the Company is located at Marquee Place, Suite 300, 430 West Bay Road, P.O. Box 32052, Grand Cayman, KY1 – 1208, Cayman Islands.

In the opinion of the directors of the Company, the ultimate holding company of the Company is Changjia Group Int'l Holding Limited, a company incorporated in the British Virgin Islands.

The Group is principally engaged in property development, property investment and the provision of property management services.

At the date of this report, the Company had direct or indirect interests in its subsidiaries, all of which are private limited liability companies (or, if incorporated outside Hong Kong, have substantially similar characteristics to a private company incorporated in Hong Kong), particulars of which are set out below:

Name of company	Place and date of incorporation/ establishment	Nominal value of issued and paid-up share/ registered capital	Percentage of equity interest attributable to the Group	Principal activities
<i>Directly held:</i>				
CJ Land Group Co., Ltd ("CJ Land")	British Virgin Islands/ September 1, 2009	US\$50,000	100%	Investment holding
<i>Indirectly held:</i>				
Most Well Investment Limited ("Most Well")	Hong Kong/ December 20, 2007	HKD10,000,000	100%	Investment holding
Ever Sun Industrial Development Limited	Hong Kong/ July 8, 2008	HKD10,000	100%	Dormant
Faith Crown Industrial Group Limited	Hong Kong/ August 21, 2008	HKD10,000	100%	Dormant
Allied Giant International Holding Limited	Hong Kong/ July 14, 2008	HKD10,000	100%	Dormant
Forever Rich Enterprise (Hongkong) Limited	Hong Kong/ March 17, 2009	HKD10,000	100%	Dormant
蘇州長甲投資管理有限公司 ("Suzhou Changjia Investment Management Co., Ltd.") (a)	Mainland China/ May 11, 2009	US\$19,000,000	100%	Investment holding
上海長甲投資管理有限公司 ("Shanghai Changjia Investment Management Co., Ltd.") (b)	Mainland China/ March 18, 2008	RMB30,000,000	100%	Investment holding
上海長甲置業有限公司 ("Shanghai Changjia Property Co., Ltd.") (c)	Mainland China/ May 25, 1999	RMB20,000,000	100%	Property development and property investment
上海德基置業有限公司 ("Shanghai Deji Property Co., Ltd.") (d)	Mainland China/ January 15, 2001	RMB10,000,000	100%	Property development

Name of company	Place and date of incorporation/ establishment	Nominal value of issued and paid-up share/ registered capital	Percentage of equity interest attributable to the Group	Principal activities
常熟市長泰置業有限公司 ("Changshu Changtai Property Co., Ltd.") (e)	Mainland China/ December 21, 2006	RMB25,000,000	100%	Property development
常熟市長祥置業有限公司 ("Changshu Changxiang Property Co., Ltd.") (f)	Mainland China/ January 5, 2007	RMB25,000,000	100%	Property development
上海豪全房地產開發有限公司 ("Shanghai Haoquan Real Estate Development Co., Ltd.") (g)	Mainland China/ February 27, 2003	RMB8,000,000	100%	Property development
上海金締聯創置業有限公司 ("Shanghai Jindilianchuang Property Co., Ltd.") (h)	Mainland China/ August 8, 2003	RMB50,000,000	100%	Property investment
上海裕達物業管理有限公司 ("Shanghai Yuda Property Management Co., Ltd.") (i)	Mainland China/ May 24, 2007	RMB3,000,000	100%	Property management
常熟裕達物業管理有限公司 ("Changshu Yuda Property Management Co., Ltd.") (j)	Mainland China/ November 14, 2007	RMB500,000	100%	Property management
上海長宜物業管理有限公司 ("Shanghai Changyi Property Management Co., Ltd") (k)	Mainland China/ May 26, 2003	RMB3,000,000	100%	Property management
上海長賀置業有限公司 ("Shanghai Changhe Property Co., Ltd.") (l)	Mainland China/ September 1, 2009	RMB20,000,000	100%	Property investment
昆山淀湖觀園置業有限公司 ("Kunshan Dianhu Property Co., Ltd.") (m)	Mainland China/ January 4, 2010	RMB20,000,000	100%	Property development
啟東東升水產有限公司 ("Qidong Dongsheng Aquatic Product Co., Ltd.") (n)	Mainland China/ July 15, 2004	RMB30,000,000	100%	Property development
啟東東方明珠海洋渡假有限公司 ("Qidong Oriental Pearl Ocean Resort Co., Ltd.") (n)	Mainland China/ July 7, 2004	RMB5,000,000	100%	Property development
啟東盈泰置業發展有限公司 ("Qidong Yingtai Property Development Co., Ltd.") (n)	Mainland China/ October 12, 2004	RMB25,000,000	100%	Property development
啟東啓越置業有限公司 ("Qidong Qiyue Property Co., Ltd.") (n)	Mainland China/ December 20, 2007	RMB30,000,000	100%	Property development

Name of company	Place and date of incorporation/ establishment	Nominal value of issued and paid-up share/ registered capital	Percentage of equity interest attributable to the Group	Principal activities
常熟長慶置業有限公司 ("Changshu Changqing Property Co., Ltd.") (o)	Mainland China/ May 13, 2010	RMB25,000,000	100%	Property development
常熟長賀置業有限公司 ("Changshu Changhe Property Co., Ltd.") (p)	Mainland China/ May 13, 2010	RMB25,000,000	100%	Property development
無錫長祥房地產開發有限公司 ("Wuxi Changxiang Real Estate Development Co., Ltd.") (q)	Mainland China/ July 19, 2010	US\$49,800,000	100%	Property development
昆山長泰置業有限公司 ("Kunshan Chamtime Property Co., Ltd.") (r)	Mainland China/ August 2, 2010	RMB30,000,000	100%	Property development

The English name of certain group companies registered in the PRC represent the best efforts made by management of the Company to translate their Chinese names as they do not have official English name.

Notes:

- (a) As at the date of this report, the paid up capital of Suzhou Changjia Investment Management Co., Ltd. ("Suzhou Changjia Investment Management") has been fully paid up.

The statutory financial statements of Suzhou Changjia Investment Management for the period from May 11, 2009 (date of establishment) to December 31, 2009 prepared in accordance with the relevant PRC accounting and financial reporting standards issued by the MOF (the "PRC GAAP") have been audited by Suzhou Lixin Certified Public Accountants Co., Ltd., a certified public accounting firm registered in the PRC.

- (b) As at the date of this report, the registered capital of Shanghai Changjia Investment Management Co., Ltd. ("Shanghai Changjia Investment Management") has been fully paid up.

The statutory financial statements of Shanghai Changjia Investment Management for the period from March 18, 2008 (date of establishment) to December 31, 2008 and the year ended December 31, 2009 prepared in accordance with the PRC GAAP have been audited by Shanghai YongZheng Certified Public Accountants Co., Ltd and Shanghai Huaju Certified Public Accountants Co., Ltd., which are certified public accounting firms registered in the PRC, respectively.

- (c) As at the date of this report, the registered capital of Shanghai Changjia Property Co., Ltd. ("Shanghai Changjia Property") has been fully paid up.

The statutory financial statements of Shanghai Changjia Property for the years ended December 31, 2007, 2008 and 2009 prepared in accordance with the PRC GAAP have been audited by Shanghai ShenZhou DaTong Certified Public Accountants Co., Ltd., Shanghai ShenZhou DaTong Certified Public Accountants Co., Ltd. and Shanghai Huaju Certified Public Accountants Co., Ltd., which are certified public accounting firm registered in the PRC, respectively.

- (d) As at the date of this report, the registered capital of Shanghai Deji Property Co., Ltd. ("Shanghai Deji") has been fully paid up.

The statutory financial statements of Shanghai Deji for the years ended December 31, 2007, 2008 and 2009 prepared in accordance with the PRC GAAP have been audited respectively by Shanghai Fangyuan Certified Public Accounts Co., Ltd., Shanghai Hongda Dongya Certified Public Accountants Co., Ltd. and Shanghai Huaju Certified Public Accountants Co., Ltd, which are certified public accounting firms registered in the PRC, respectively.

- (e) As at the date of this report, the registered capital of Changshu Changtai Property Co., Ltd. ("Changshu Changtai") has been fully paid up.

The statutory financial statements of Changshu Changtai for the years ended December 31, 2007, 2008 and 2009 prepared in accordance with the PRC GAAP have been audited by Suzhou Hengan Certified Public Accountants Co., Ltd., a certified public accounting firm registered in the PRC.

- (f) As at the date of this report, the registered capital of Changshu Changxiang Property Co., Ltd. ("Changshu Changxiang") has been fully paid up.

The statutory financial statements of Changshu Changxiang for the period from January 5, 2007 (the date of establishment) to December 31, 2007 and the years ended December 31, 2008 and 2009 prepared in accordance with the PRC GAAP have been audited by Suzhou Hengan Certified Public Accountants Co., Ltd., a certified public accounting firm registered in the PRC.

- (g) On May, 2008, Shanghai Changjia Property agreed to acquire the respective 60% and 40% interests in Shanghai Haoquan Real Estate Development Co., Ltd. ("Shanghai Haoquan"), a project company, from Shanghai Haosheng Investment Development Co., (上海豪盛投資發展有限公司) and Shanghai Jianquan Investment Co., Ltd. (上海健全投資有限公司), both of which are independent third parties. As at the date of this report, the registered capital of Shanghai Haoquan has been fully paid up.

The statutory financial statements of Shanghai Haoquan for the years ended December 31, 2008 and 2009 prepared in accordance with the PRC GAAP have been audited by Shanghai Hongda Certified Public Accountants Co., Ltd. and Shanghai Huaju Certified Public Accountants Co., Ltd., which are certified public accounting firm registered in the PRC, respectively.

- (h) On August 3, 2009, Shanghai Changjia Property agreed to acquire 100% interest in Shanghai Jindilianchuang Property Co., Ltd. ("Shanghai Jindilianchuang"), a project company, from an independent third party Shanghai Pudong Land Development (Holding) Corp. (上海市浦東土地發展(控股)公司). As at the date of this report, the registered capital of Shanghai Jindilianchuang has been fully paid up.

The statutory financial statements of Shanghai Jindilianchuang for the year ended December 31, 2009 prepared in accordance with the PRC GAAP have been audited by Shanghai Huaju Certified Public Accountants Co., Ltd., a certified public accounting firm registered in the PRC.

- (i) As at the date of this report, the registered capital of Shanghai Yuda Property Management Co., Ltd. ("Shanghai Yuda") has been fully paid up.

The statutory financial statements of Shanghai Yuda for the period from May 24, 2007 (the date of establishment) to December 31, 2008 and the year ended December 31, 2009 prepared in accordance with the PRC GAAP have been audited by Shanghai Hongda Dongya Certified Public Accountants Co., Ltd. and Shanghai Huaju Certified Public Accountants Co., Ltd., which are certified public accounting firm registered in the PRC, respectively.

- (j) As at the date of this report, the registered capital of Changshu Yuda Property Management Co., Ltd. ("Changshu Yuda") has been fully paid up.

- (k) In August 2009, Shanghai Changjia Property agreed to acquire 100% interest in Shanghai Changyi Property Management Co., Ltd. ("Shanghai Changyi") (formerly known as Shanghai Yuqiang Property Management Co., Ltd.) from independent third party individuals, namely Mr. Pan Gangcheng and Mr. Xin Cuiyu. As at the date of this report, the registered capital of Shanghai Changyi Property Management Co., Ltd. ("Shanghai Changyi") has been fully paid up.

- (l) As at the date of this report, the registered capital of Shanghai Changhe Property Co., Ltd. ("Shanghai Changhe") has been fully paid up.

The statutory financial statements of Shanghai Changhe Property from September 1, 2009 (the date of establishment) to December 31, 2009 prepared in accordance with the PRC GAAP have been audited by Shanghai Huaju Certified Public Accountants Co., Ltd., a certified public accounting firm registered in the PRC.

- (m) As at the date of this report, the registered capital of Kunshan Dianhu Property Co., Ltd. ("Kunshan Dianhu") has been fully paid up.

- (n) In February and March 2010, the Group acquired 100% interests in Qidong Dongsheng Aquatic Product Co., Ltd. ("Qidong Dongsheng"), Qidong Oriental Pearl Ocean Resort Co., Ltd. ("Qidong Oriental Pearl"), Qidong Yingtai Property Development co., Ltd. ("Qidong Yingtai") and Qidong Qiyue Property Co., Ltd. ("Qidong Qiyue") from 上海英泰化工貿易有限公司 ("Shanghai Yingtai Chemical Trading Co., Ltd."), an independent third party to the Group, As at the date of this report, the registered capital of Qidong Dongsheng, Qidong Oriental Pearl, Qidong Yingtai and Qidong Qiyue have been fully paid up.

- (o) As at the date of this report, the registered capital of Changshu Changqing Property Co., Ltd. ("Changshu Changqing") has been fully paid up.
- (p) As at the date of this report, the registered capital of Changshu Changhe Property Co., Ltd. ("Changshu Changhe") has been fully paid up.
- (q) As at the date of this report, the registered capital of Wuxi Changxiang Real Estate Development Co., Ltd. ("Wuxi Changxiang") was US\$49,800,000. The remaining unpaid capital of US\$24,794,399 should be paid up within two years of establishment of Wuxi Changxiang.
- (r) As at the date of this report, the registered capital of Kunshan Chamtime Property Co., Ltd. ("Kunshan Chamtime") has been fully paid up.

No audited financial statements have been prepared and issued for the Company, CJ Land Group Co., Ltd, Kunshan Dianhu, Changshu Changqing, Changshu Changhe, Changshu Yuda, Qidong Dongsheng, Qidong Oriental Pearl, Qidong Yingtai, Qidong Qiyue, Shanghai Changyi Property, Wuxi Changxiang and Kunshan Chamtime since the dates of their respective incorporation as these companies are either not subject to statutory audit requirement under the relevant rules and regulations in their jurisdictions of incorporation or establishment or have not commenced businesses.

No audited financial statements have been prepared and issued for Most Well as other than holding an investment in Suzhou Changjia Investment Management and other subsidiaries, this company remains dormant since its incorporation. No audited financial statements have been prepared and issued for Ever Sun Industrial Development Limited, Faith Crown Industrial Group Limited, Allied Giant International Holding Limited and Forever Rich Enterprise (Hongkong) Limited because they have remained dormant since incorporation

Pursuant to the Reorganisation as described in the subsection headed "History and Reorganisation" in the Prospectus, the Company became the holding company of all the companies now comprising the Group on 5 May 2010. Since Mr. Zhao Changjia ("Mr. Zhao") and Ms. Huang Xiyue ("Ms. Huang," the wife of Mr. Zhao) controlled all the companies comprising now the Group (other than Shanghai Haoquan, Shanghai Jindilianchuang, Shanghai Changyi, Qidong Dongsheng, Qidong Oriental Pearl, Qidong Yingtai and Qidong Qiyue) before and after the Reorganisation, the Group comprising the Company and its subsidiaries resulting from the Reorganisation is regarded as a continuing entity. The Financial Information of the Group has been prepared on the basis as if the Company had always been the holding company of the Group using the pooling of interest accounting. The combined statements of financial position, the combined statements of comprehensive income, the combined cash flow statements and the combined statements of changes in equity of the Financial Information of the Group have been prepared as if the current group structure had been in existence throughout the Relevant Periods and four months ended April 30, 2009, or since the respective dates of incorporation or establishment of the respective companies now comprising the Group, where this is a shorter period, except for the acquisition of Shanghai Haoquan and Shanghai Jindilianchuang, Shanghai Changyi and Qidong Dongsheng, Qidong Oriental Pearl, Qidong Yingtai and Qidong Qiyue during the Relevant Periods and four months ended April 30, 2009.

2. BASIS OF PREPARATION

The Financial Information has been prepared in accordance with IFRSs which include all standards and interpretations approved by the IASB, and IASs and Standing Interpretations Committee interpretations approved by the International Accounting Standards Committee that remain in effect and the disclosure requirements of the Hong Kong Companies Ordinances. All IFRSs effective for the accounting periods commencing from January 1, 2007, 2008 and 2009 and 2010, have been early adopted by the Group in the preparation of the Financial Information throughout the Relevant Periods and four months ended April 30, 2009.

The Financial Information has been prepared under the historical cost convention, except for investment properties and equity investments at fair value through profit or loss, which have been measured at fair value. The Financial Information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

3.1 ISSUED BUT NOT YET EFFECTIVE IFRSs

The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in these financial statements.

IFRS 1 Amendments	Amendments to IFRS 1 <i>Limited exemption from comparative IFRS 7 disclosure for First-time adoption</i> ¹
IFRS 9	Financial Instruments ²
IAS 24 (Revised)	Related Party Disclosures ³
IAS 32 (Revised)	Amendment to IAS 32 <i>Financial Instruments: Presentation– Classification of Rights Issues</i> ⁴
IFRIC 14 Amendments.	Amendments to IFRIC 14 <i>Prepayments of a Minimum funding Requirement</i> ³
IFRIC 19	<i>Extinguishing Financial Liabilities with Equity Instruments</i> ¹

Apart from the above, the IASB has issued *Improvements to IFRS* in May 2010 which sets out amendments to a number of IFRSs primarily with a view to removing inconsistencies and clarifying wording. Improvements to IFRSs issued in May 2010 contains IFRS 1, IFRS 3, IFRS 7 and IAS 1 and transition requirements for amendments arising as a result of IAS27, IAS 34 and IFRIC 13. Except for the amendments arising as a result of IAS27 which are effective for annual periods beginning on or after July 1, 2010, the amendments are effective for annual periods beginning on or after January 1, 2011 although there are separate transitional provisions for each standard.

- 1 Effective for annual periods beginning on or after July 1, 2010
- 2 Effective from annual periods beginning on or after January 1, 2013
- 3 Effective for annual periods beginning on or after January 1, 2011
- 4 Effective for annual periods beginning on or after February 1, 2010

The IFRS 1 Amendments provide relief from the full retrospective application of IFRSs for the measurement of oil and gas assets and leases. As a result of extending the options for determining deemed cost to oil and gas assets, the existing exemption relating to decommissioning liabilities has also been revised. As the Group is not a first-time adopter of IFRSs, the amendments will not have any financial impact on the Group.

IFRS 9 issued in November 2009 is the first part of phase 1 of a comprehensive project to entirely replace IAS 39 *Financial Instruments: Recognition and Measurement*. This phase focuses on the classification and measurement of financial assets. Instead of classifying financial assets into four categories, an entity shall classify financial assets as subsequently measured at either amortised cost or fair value, on the basis of both the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. This aims to improve and simplify the approach for the classification and measurement of financial assets compared with the requirements of IAS 39.

IAS 24 (Revised) clarifies and simplifies the definition of related parties. It also provides for a partial exemption of related party disclosure to government-related entities for transactions with the same government or entities that are controlled, jointly controlled or significantly influenced by the same government. The Group expects to adopt IAS 24 (Revised) from January 1, 2011 and the comparative related party disclosures will be amended accordingly.

The IAS 32 Amendment revises the definition of financial liabilities such that rights, options or warrants issued to acquire a fixed number of the entity's own equity instruments for a fixed amount of any currency are equity instruments, provided that the entity offers the rights, options or warrants pro rata to all of its existing owners of the same class of its own non-derivative equity instruments. The Group expects to adopt the IAS 32 Amendment from January 1, 2011. As the Group currently has no such rights, options or warrants in issue, the amendment is unlikely to have any financial impact on the Group.

The IFRIC 14 Amendments remove an unintended consequence arising from the treatment of prepayments of future contributions in certain circumstances when there is a minimum funding requirement. The amendments require an entity to treat the benefit of an early payment as a pension asset. The economic benefit available as a reduction in future contributions is thus equal to the sum of (i) the prepayment for future services and (ii) the estimated future services costs less the estimated minimum funding requirement contributions that would be required as if there were no prepayments. The Group expects to adopt the IFRIC 14 Amendments from January 1, 2011. As the Group has no defined benefit scheme, the amendments will not have any financial impact on the Group.

IFRIC 19 addresses the accounting by an entity when the terms of a financial liability are renegotiated and result in the entity issuing equity instruments to a creditor of the entity to extinguish all or part of the financial liability. The Group expects to adopt the interpretation from January 1, 2011. The interpretation clarifies that equity instruments issued to a creditor to extinguish a financial liability are consideration paid in accordance with IAS 39 *Financial Instruments: Recognition and Measurement* and the difference between the carrying amount of the financial liability extinguished, and the consideration paid, shall be recognised in profit or loss. The consideration paid should be measured based on the fair value of the equity instrument issued or, if the fair value of the equity instrument cannot be reliably measured, the fair value of the financial liability extinguished. As the Group has not undertaken such transactions, the interpretation is unlikely to have any material financial impact on the Group.

The Group is in the process of making an assessment of the impact of these new and revised IFRSs upon initial application. So far, it has concluded these new and revised IFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.

3.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of combination

The Financial Information incorporates the financial statements of the Company and its subsidiaries for the Relevant Periods. As explained in note 1 above, the acquisition of subsidiaries under common control has been accounted for using the pooling of interest method. The purchase method of accounting is used for the acquisitions of subsidiaries not under common control.

The pooling of interest method of accounting involves incorporating the financial statement items of the combining entities in which common control combination occurs as if they had been combined from the date when the combining entities first came under the control of the controlling party. The net assets of the combining entities are combined using the existing book values from the controlling party's perspective. No amount is recognized in respect of goodwill is recognised as a result of the combination under common control. The combined statements of comprehensive income include the results of each of the combining entities from the earliest date presented or since the date when the combining entities first came under common control of the controlling party, where this is a shorter period, regardless of the date of the common control transactions.

The purchase method of accounting involves allocating the cost of a business combination to the fair value of the identifiable assets acquired and liabilities and contingent liabilities assumed at the date of acquisition. The cost of acquisition is measured at the aggregate fair value of the assets given and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition, being the date on which the Group obtains control, and continue to be combined until the date that such control ceases.

Minority interests represent the interests of outside shareholders not held by the Group in the results and net assets of the Company's subsidiaries. An acquisition of minority interests is accounted for using the entity concept method whereby the difference between the consideration and the book value of the share of the net assets acquired is recognised as an equity transaction.

All income, expenses and unrealized gains and losses resulting from intercompany transactions and intercompany balances within the Group are eliminated on combination in full.

Subsidiaries

A subsidiary is an entity whose financial and operating policies the Company controls, directly or indirectly, so as to obtain benefits from its activities.

The results of subsidiaries are included in the Company's statement of comprehensive income to the extent of dividends received and receivable. The Company's investments in subsidiaries are stated at cost less any impairment losses.

Goodwill

Goodwill arising on the acquisition of subsidiaries represents the excess of the cost of the business combination over the Group's interest in the net fair value of the acquirees' identifiable assets acquired, and liabilities and contingent liabilities assumed as at the date of acquisition. Goodwill arising on consolidation is recognised in the combined statements of financial position as an asset, initially measured at cost and subsequently at cost less any accumulated impairment losses.

The carrying amount of goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at December 31. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill forms part of a cash-generating unit (group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Excess over the cost of business combinations

Any excess of the Group's interest in the net fair value of the acquirees' identifiable assets, liabilities and contingent liabilities over the cost of acquisition of subsidiaries, after reassessment, is recognised immediately in the profit or loss.

Impairment of non-financial assets other than goodwill

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than financial assets, investment properties, inventories, deferred tax assets and goodwill), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs to sell, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the profit or loss in the period in which it arises.

An assessment is made at the end of reporting period as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, however not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation), had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the profit or loss in the period in which it arises.

Related parties

A party is considered to be related to the Group if:

- (a) the party, directly or indirectly through one or more intermediaries, (i) controls, is controlled by, or is under common control with, the Group; (ii) has an interest in the Group that gives it significant influence over the Group; or (iii) has joint control over the Group;
- (b) the party is an associate;
- (c) the party is a member of the key management personnel of the Group or its parent;
- (d) the party is a close member of the family of any individual referred to in (a) or (c);
- (e) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (b) or (c); or
- (f) the party is a post-employment benefit plan for the benefit of the employees of the Group, or of any entity that is a related party of the Group.

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. When an item of property, plant and equipment is classified as held for sale or when it is part of a disposal group classified as held for sale, it is not depreciated and is accounted for in accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations". The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation.

Depreciation is calculated on the straight-line basis to depreciate the cost of each item of property, plant and equipment to its residual value over the following estimated useful lives.

Buildings	20 years
Plant and machinery	10 years
Motor vehicles	10 years
Office equipment	5 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately.

Useful lives and depreciation methods are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss on disposal or retirement of an item of property, plant and equipment recognised in the profit or loss in the period the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Investment properties

Investment properties include both completed investment properties and investment properties under construction.

Completed investment properties are interests in land and buildings held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the reporting period.

Investment properties under construction or development for future use as investment properties are classified as investment properties under construction. Such properties under construction are measured initially at cost, including transaction cost, and stated at fair value, subsequent to initial recognition, at each reporting date when fair value can be determined reliably. If the fair value cannot be reliably determined, the investment property under construction will be measured at cost until such time as fair value can be determined or construction is completed.

Gains or losses arising from changes in the fair values of completed investment properties and investment properties under construction are included in the profit or loss in the year in which they arise.

Any gains or losses on the retirement or disposal of a completed investment property or an investment property under construction are recognised in the profit or loss in the year of the retirement or disposal.

Properties under development

Properties under development are intended to be held for sale after completion.

Properties under development are stated at the lower of cost and net realizable value. Cost comprises land costs, construction costs, borrowing costs, professional fees and other costs directly attributable to such properties incurred during the development period.

Properties under development are classified as current assets unless the construction period of the relevant property development project is expected to complete beyond the normal operating cycle.

Completed properties held for sale

Completed properties held for sale are stated in the statements of financial position at the lower of cost and net realisable value. Cost is determined by an apportionment of the total costs of land and buildings attributable to the unsold properties. Net realisable value takes into account the price ultimately expected to be realised, less estimated costs to be incurred in selling the properties.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value as at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end. Intangible assets represent software and are subject to amortization over an estimated useful life of five years.

Leases

Leases that transfer substantially all the rewards and risks of ownership of assets to the Group, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalized at the present value of the minimum lease payments and recorded together with the obligation, excluding the interest element, to reflect the purchase and financing. Assets held under capitalized finance leases are included in property, plant and equipment, and depreciated over the shorter of the lease terms and the estimated useful lives of the assets. The finance costs of such leases are charged to the profit or loss so as to provide a constant periodic rate of charge over the lease terms.

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to the profit or loss on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under the operating leases are charged to the profit or loss on the straight-line basis over the lease terms.

Prepaid land lease payments under operating leases are initially stated at cost and subsequently recognized on the straight line basis over the lease terms.

Investments and other financial assets

Initial recognition and measurement

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, and available-for-sale financial assets, as appropriate. The Group determines the classification of its financial assets at initial recognition. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

The Group's financial assets include cash and bank balances, pledged deposits, trade and bills receivable, prepayments, deposits and other receivables, amounts due from directors and related companies, and equity investments at fair value through profit or loss.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IAS 39. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with changes in fair value recognised in the profit or loss. These net fair value changes do not include any dividends or interest earned on these financial assets, which are recognised in accordance with the policies set out for "Revenue recognition" below.

The Group evaluates its financial assets at fair value through profit or loss (held for trading) to assess whether the intent to sell them in the near term is still appropriate. When the Group is unable to trade these financial assets due to inactive markets and management's intent to sell them in the foreseeable future significantly changes, the Group may elect to reclassify these financial assets in rare circumstances. The reclassification from financial assets at fair value through profit or loss to loans and receivables, available-for-sale financial assets or held-to-maturity investments depends on the nature of the assets. This evaluation does not affect any financial assets designated at fair value through profit or loss using the fair value option at designation.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance income in the profit or loss. The loss arising from impairment is recognised in the profit or loss.

Impairment of financial assets

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses individually whether objective evidence of impairment exists for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced either directly or through the use of an allowance account and the amount of the impairment loss is recognised in the profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to profit and loss.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired;
- the Group has transferred its rights to receive cash flows from the asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Loans, borrowings and payables

After initial recognition, interest-bearing loans, borrowings and payables are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the profit or loss when the liabilities are derecognised as well as through the effective interest rate method amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the profit or loss.

Derecognition of financial liabilities

Financial liabilities are derecognised when the obligation under the liabilities are discharged, cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the income statement.

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount of the best estimate of the expenditure required to settle the present obligation at the end of the reporting period; and (ii) the amount initially recognised less, when appropriate, cumulative amortization.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, and only if, there is currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Inventories

Inventories are stated at the lower of cost and net realisable value after making due allowances for obsolete and slow-moving items. Cost is determined on the weighted average basis and in case of finished goods, comprises direct materials, direct labour and appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to disposal.

Cash and cash equivalents

For the purpose of the combined cash flow statements, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the statements of financial position, cash and bank balances comprise cash on hand and at banks, including term deposits, which are not restricted as to use.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the profit or loss.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred tax liability arises from goodwill or the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carryforward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- where the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognized deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Revenue recognition

Revenue from the sale of goods, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold.

Revenue from the sale of properties in the ordinary course of business is recognised when all the following criteria are met:

- (a) the significant risks and rewards of ownership of the properties are transferred to purchasers;
- (b) neither continuing managerial involvement to the degree usually associated with ownership, nor effective control over the properties are retained;
- (c) the amount of revenue can be measured reliably;
- (d) it is probable that the economic benefits associated with the transaction will flow to the Group; and
- (e) the cost incurred or to be incurred in respect of the transaction can be measured reliably.

Deposits and instalments received in respect of properties sold prior to the date of revenue recognition are included in the combined statements of financial position under current liabilities.

Rental income is recognised on a time proportion basis over the lease terms.

Interest income is recognised, on an accrual basis using the effective interest method by applying the rate that discounts the estimated future cash receipts through the expected life of the financial instrument of the net carrying amount of the financial asset.

Property management and related service fees are recognised over the period in which the services are rendered.

Other service income is recognized when the services are provided.

Other employee retirement benefits

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance, for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employee's basic salary and charged to the profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Schemes are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

Pursuant to the relevant regulations of the PRC government, the companies comprising the Group operating in Mainland China ("PRC group companies") have participated in a local municipal government retirement benefits scheme (the "Scheme"), whereby the PRC group companies are required to contribute a certain percentage of the salaries of their employees to the Scheme to fund their retirement benefits. The only obligation of the Group with respect to the Scheme is to pay the ongoing contributions under the Scheme. Contributions under the Scheme are charged to the statement of comprehensive income in the period in which they are incurred.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, that is, assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Dividends

Final dividends proposed by the directors are classified as a separate allocation of retained profits within the equity section of the combined statements of financial position, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognized as a liability.

Interim dividends are simultaneously proposed and declared. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Foreign currencies

These financial statements are presented in Renminbi ("RMB"), which is the Company's presentation and functional currency because the Group's principal operations are carried out in Mainland China. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rates of exchange ruling at the end of the reporting period. All differences are taken to the profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The functional currencies of certain overseas subsidiaries are currencies other than the RMB. As at the end of the reporting period date, the assets and liabilities of these entities are translated into the presentation currency of the Company at the exchange rates ruling at the end of the reporting period and their statements of comprehensive income are translated into RMB at the weighted average exchange rates for the year and the period. The resulting exchange differences are recognised in other comprehensive income and accumulated in a separate component of equity. On disposal of a foreign operation, the component of other comprehensive income deferred relating to that particular foreign operation is recognised in the profit or loss.

For the purpose of the combined cash flow statements, the cash flows of overseas subsidiaries are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into RMB at the weighted average exchange rates for the year.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is responsible for making strategic decisions, allocating resources and assessing performance of the operating segments.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's Financial Information requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the assets and liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the Financial Information:

Operating lease commitments – Group as lessor

The Group has entered into commercial property leases on its investment properties portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties which are leased out on operating leases.

Classification between investment properties and completed properties held for sale

The Group develops properties held for sale and properties held to earn rentals and/or for capital appreciation. Judgement is made by management on determining whether a property is designated as an investment properties or a property held for sale. The Group considers its intention for holding the properties at the early development stage of the related properties and judgement is made on an individual property basis. During the course of construction, the related properties are accounted for as properties under development and presented as current assets if the properties are intended for future sale. Such properties are then transferred to completed properties held for sale and stated at cost after its completion. Whereas properties intended to be held to earn rentals and/or for capital appreciation are accounted for as investment properties under construction and presented as non-current assets and subject to revaluation at each reporting date.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are disclosed below:

Provision of properties under development and completed properties held for sale

The Group's properties under development and completed properties held for sale are stated at the lower of cost and net realisable value. Based on the Group's historical experience and the nature of the subject properties, the Group makes estimates of the selling prices, the costs of completion of properties under development, and the costs to be incurred in selling the properties based on prevailing market conditions.

If there is an increase in costs to completion or a decrease in net sales value, the net realisable value will decrease and this may result in a provision for properties under development and completed properties held for sale. Such provision requires the use of judgement and estimates. Where the expectation is different from the original estimate, the carrying value and provision for properties in the periods in which such estimate is changed will be adjusted accordingly.

PRC corporate income tax

The Group is subject to corporate income taxes in the PRC. As a result of the fact that certain matters relating to the income taxes have not been confirmed by the local tax bureau, objective estimate and judgement based on currently enacted tax laws, regulations and other related policies are required in determining the provision for income taxes to be made. Where the final tax outcome of these matters is different from the amounts originally recorded, the differences will impact on the income tax and tax provisions in the period in which the differences realise.

PRC land appreciation tax ("LAT")

The Group is subject to LAT in the PRC. The provision for LAT is based on management's best estimates according to the understanding of the requirements set forth in the relevant PRC tax laws and regulations. The actual LAT liabilities are subject to the determination by the tax authorities upon the completion of the property development projects. The Group has not finalised its LAT calculation and payments with the tax authorities for its property development projects. The final outcome could be different from the amounts that were initially recorded, and any differences will impact on the LAT expenses and the related provision in the period in which the differences realise.

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. Indefinite life intangible assets are tested for impairment annually and at other times when such an indicator exists. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The calculation of the fair value less costs to sell is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Estimated useful lives of property, plant and equipment

The Group's management determines the estimated useful lives and related depreciation charges for its items of property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of items of property, plant and equipment of similar nature and functions. It could change significantly as a result of technical innovations and its competitor actions. Management will increase the depreciation charge where useful lives are less than previously estimates, or it will write off or write down technically obsolete assets that have been abandoned.

The carrying value of an item of property, plant and equipment is reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable in accordance with the accounting policy as disclosed in the relevant part of this section. The recoverable amount of an item of property, plant and equipment is calculated as the higher of its fair value less costs to sell and value in use, the calculations of which involve the use of estimates.

Estimate of fair value of investment properties

Investment properties, including completed investment properties and investment properties under construction carried at fair value, were revalued at each reporting date based on the appraised market value provided by independent professional valuers. Such valuations were based on certain assumptions, which are subject to uncertainty and might materially differ from the actual results. In making the estimation, the Group considers information from current prices in an active market for similar properties and uses assumptions that are mainly based on market conditions existing at each reporting date.

The principal assumptions for the Group's estimation of the fair value include those related to current market rents for similar properties in the same location and condition, appropriate discount rates, expected future market rents and future maintenance costs. The carrying amounts of investment properties at December 31, 2008 and 2009 and April 30, 2010 were RMB1,346,376,000, RMB1,911,000,000 and RMB2,089,000,000, respectively.

Deferred tax assets

Deferred tax assets are recognized for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management estimation is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

5. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has three reportable operating segments as follows:

- (a) the property development segment engages in the development and sale of properties;
- (b) the property investment segment invests in properties for their rental income potential and/or for capital appreciation; and
- (c) the other segment engages in research and development, production and sale of a series of modernised Chinese medicines and chemical medicines and others.

Management monitors the results of its operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before tax from continuing operations.

Segment assets exclude property, plant and equipment, prepaid land lease payment, intangible assets, amounts due from related companies and directors, equity investments at fair value through profit or loss, deposits and other receivables, pledged deposits, cash and cash equivalents and equity investments at fair value through profit or loss as these assets are managed on a group basis.

Segment liabilities exclude other payables, deposits received and accruals, amount due to related companies and a related party, tax payable and deferred tax liabilities as these liabilities are managed on a group basis.

The Group's revenue from the external customers is derived solely from its operation in the Mainland China and no non-current assets of the Group are located outside the Mainland China.

No information about a major customer presented as no single customer contribute to over 10% of the Group's revenue for the years ended December 31, 2007, 2008 and 2009 and four months ended April 30, 2009 and 2010.

Business segments

The following tables present revenue, profit and certain asset, liability and expenditure information for the Group's business segments for the Relevant Periods:

Year ended December 31, 2007

	Property development RMB'000	Property investment RMB'000	Others RMB'000	Consolidated RMB'000
Segment revenue				
Sales to external customers	532,260	1,468	–	533,728
Segment results	377,475	1,282	–	378,757
Reconciliations:				
Unallocated income				31,716
Unallocated expenses				(39,194)
Finance costs				(11,941)
Profit before tax				<u>359,338</u>
Segment assets	1,257,847	463,438	11,515	1,732,800
Reconciliations:				
Corporate and other unallocated assets				<u>919,628</u>
Total assets				<u>2,652,428</u>
Segment liabilities	320,706	473,595	1,430	795,731
Reconciliations:				
Corporate and other unallocated liabilities				<u>1,068,595</u>
Total liabilities.				<u>1,864,326</u>
Other segment information				
Depreciation and amortisation				
Unallocated.				817
Segment.	–	–	5,136	5,136
Capital expenditure*				
Unallocated.				902
Segment.	–	–	2,566	2,566

* Capital expenditure consistent of additions to property, plant and equipment.

Year ended December 31, 2008

	Property development RMB'000	Property investment RMB'000	Others RMB'000	Consolidated RMB'000
Segment revenue				
Sales to external customers	273,372	54,175	5,529	333,076
Segment results	202,856	914,035	4,139	1,121,030
Reconciliations:				
Unallocated income				6,144
Unallocated expenses				(73,981)
Finance costs				(61,145)
Profit before tax				<u>992,048</u>
Segment assets	2,445,147	1,346,376	25,489	3,817,012
Reconciliations:				
Corporate and other unallocated assets				<u>289,866</u>
Total assets				<u>4,106,878</u>
Segment liabilities	910,152	434,373	1,684	1,346,209
Reconciliations:				
Corporate and other unallocated liabilities				<u>1,348,834</u>
Total liabilities.				<u>2,695,043</u>
Other segment information				
Depreciation and amortisation				
Unallocated.				1,179
Segment.	-	-	5,294	5,294
Capital expenditure*				
Unallocated.				8,322
Segment.	-	-	5,867	5,867
Fair value gains on an investment property	-	867,018	-	867,018

* Capital expenditure consists of additions to property, plant and equipment and intangible assets.

Year ended December 31, 2009

	Property development RMB'000	Property investment RMB'000	Others RMB'000	Consolidated RMB'000
Segment revenue				
Sales to external customers	473,828	91,524	73	565,425
Segment results	390,050	644,243	57	1,034,350
Reconciliations:				
Unallocated income				8,499
Unallocated expenses				(122,665)
Finance costs				(65,599)
Profit before tax				<u>854,585</u>
Segment assets	4,297,032	1,917,462	4,083	6,218,577
Reconciliations:				
Corporate and other unallocated assets				<u>1,401,110</u>
Total assets				<u>7,619,687</u>
Segment liabilities	2,911,959	33,094	1,200,053	4,145,106
Reconciliations:				
Corporate and other unallocated liabilities				<u>1,535,859</u>
Total liabilities.				<u>5,680,965</u>
Other segment information				
Depreciation and amortisation				
Unallocated.				1,420
Segment.	–	465	1,385	1,850
Capital expenditure*				
Unallocated.				558
Segment.	–	–	40	40
Fair value gains on investment properties	–	564,624	–	564,624

* Capital expenditure consists of additions to property, plant and equipment and intangible assets.

Four months ended April 30, 2009 (Unaudited)

	Property development RMB'000	Property investment RMB'000	Others RMB'000	Consolidated RMB'000
Segment revenue				
Sales to external customers	–	27,977	73	28,050
Segment results	–	582,081	57	582,138
Reconciliations:				
Unallocated income				1,107
Unallocated expenses				(28,458)
Finance costs				(25,207)
Profit before tax				<u>529,580</u>
Other segment information				
Depreciation and amortisation				
Unallocated				512
Segment	–	145	1,385	1,530
Capital expenditure*				
Unallocated				394
Segment	–	–	40	40
Fair value gains on investment properties . .	–	557,624	–	<u>557,624</u>

* Capital expenditure consists of additions to property, plant and equipment and intangible assets.

Four months ended April 30, 2010

	Property development RMB'000	Property investment RMB'000	Others RMB'000	Consolidated RMB'000
Segment revenue				
Sales to external customers	997,773	32,662	840	1,031,275
Segment results	458,541	209,665	(369)	667,837
Reconciliations:				
Unallocated income				2,380
Unallocated expenses				(38,618)
Finance costs				(52,863)
Profit before tax				<u>578,736</u>
Segment assets	5,733,553	2,095,260	4,826	7,833,639
Reconciliations:				
Corporate and other unallocated assets				<u>1,745,974</u>
Total assets				<u>9,579,613</u>
Segment liabilities	5,063,908	34,197	1,712	5,099,817
Reconciliations:				
Corporate and other unallocated liabilities				<u>2,211,149</u>
Total liabilities.				<u>7,310,966</u>
Other segment information				
Depreciation and amortisation				
Unallocated.				505
Segment.	-	202	53	255
Capital expenditure*				
Unallocated.				673
Segment.	-	-	-	-
Fair value gains on investment properties	-	178,000	-	178,000

* Capital expenditure consists of additions to property, plant and equipment and intangible assets.

6. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents income from the sale of properties, rental income and net invoiced value of goods sold, during the Relevant Periods and four months ended April 30, 2009, after deduction of allowances for returns and trade discount.

An analysis of revenue and other income and gains is as follows:

	Year ended December 31,			Four months ended April 30,	
	2007 RMB'000	2008 RMB'000	2009 RMB'000	2009 RMB'000 (Unaudited)	2010 RMB'000
Revenue					
Sale of properties	532,260	273,372	473,828	–	997,773
Rental income	1,468	54,175	91,524	27,977	32,662
Others	–	5,529	73	73	840
	<u>533,728</u>	<u>333,076</u>	<u>565,425</u>	<u>28,050</u>	<u>1,031,275</u>
Other income					
Interest income	5,781	4,493	7,047	597	2,295
Dividend income from equity investments at fair value through profit or loss	<u>65</u>	<u>165</u>	<u>505</u>	<u>–</u>	<u>–</u>
	<u>5,846</u>	<u>4,658</u>	<u>7,552</u>	<u>597</u>	<u>2,295</u>
Gains					
Fair value gains on equity investments at fair value through profit or loss	25,770	–	367	303	24
Gain on disposal of items of plant and equipments	–	678	–	–	–
Others	<u>100</u>	<u>808</u>	<u>580</u>	<u>207</u>	<u>61</u>
	<u>25,870</u>	<u>1,486</u>	<u>947</u>	<u>510</u>	<u>85</u>
	<u>31,716</u>	<u>6,144</u>	<u>8,499</u>	<u>1,107</u>	<u>2,380</u>

7. FINANCE COSTS

An analysis of finance costs is as following:

	Year ended December 31,			Four months ended April 30,	
	2007 RMB'000	2008 RMB'000	2009 RMB'000	2009 RMB'000 (Unaudited)	2010 RMB'000
Interest on bank and other loans	21,865	65,991	77,862	26,296	60,442
Less: Interest capitalised	(9,924)	(4,846)	(12,263)	(1,089)	(7,579)
	<u>11,941</u>	<u>61,145</u>	<u>65,599</u>	<u>25,207</u>	<u>52,863</u>

Borrowing costs of the loans used to finance the property development projects of the Group have been capitalized at capitalisation rates ranging from 4.78% to 6.723% during the Relevant Periods and four months ended April 30, 2009.

8. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	Notes	Year ended December 31,			Four months ended April 30,	
		2007 RMB'000	2008 RMB'000	2009 RMB'000	2009 RMB'000 (Unaudited)	2010 RMB'000
Cost of properties sold		154,785	70,516	83,778	–	539,232
Cost of inventories sold		–	1,390	16	16	–
Cost of services provided		–	–	–	–	1,209
Depreciation	13	5,673	6,193	2,710	1,822	505
Amortisation of land lease prepayments	15	274	274	69	69	–
Amortisation of intangible assets	18	6	6	26	6	53
Amortisation of long-term prepayment	19	–	–	465	145	202
Fair value (gain)/losses on equity investments at fair value through profit or loss		(25,770)	5,697	(367)	(303)	(24)
Reversal of impairment for other receivables		–	–	(185)	–	–
(Gain)/loss on disposal of items of property, plant and equipment		–	(678)	144	144	–
Direct operating expenses arising on to rental earning properties		186	7,158	11,905	3,520	997
Minimum lease payments under operating leases – office premises		2,578	948	1,504	487	451
Auditors' remuneration		170	1,995	2,563	131	1,056
Foreign exchange differences, net.		124	221	248	314	(210)
Employee benefits expense (including directors' Remuneration) (note 9):						
Wages and salaries		10,612	18,237	21,454	4,839	5,062
Retirement benefits scheme contributions		987	1,120	1,250	872	1,428
		<u>11,599</u>	<u>19,357</u>	<u>22,704</u>	<u>5,711</u>	<u>6,490</u>

9. DIRECTORS' AND EMPLOYEES' REMUNERATION

Directors' remuneration disclosed pursuant to the Rules Governing the Listing of Securities on the Main Board of the Stock Exchange of Hong Kong Limited (the "HKSE") and Section 161 of the Hong Kong Companies Ordinance, is as follows:

	Year ended December 31,			Four months ended April 30,	
	2007 RMB'000	2008 RMB'000	2009 RMB'000	2009 RMB'000	2010 RMB'000
Fees	–	–	–	–	–
Other emoluments:					
Salaries, allowances and benefits in kinds	1,666	1,666	1,766	588	588
Retirement benefit scheme contributions	57	66	100	32	32
Total	<u>1,723</u>	<u>1,732</u>	<u>1,866</u>	<u>620</u>	<u>620</u>

(a) Independent non-executive Directors

No fees were paid to the independent non-executive Directors during the Relevant Periods and four months ended April 30, 2009.

There were no other emoluments payable to the independent non-executive Directors during the Relevant Periods and four months ended April 30, 2009.

(b) Executive directors and non-executive directors

Year ended December 31, 2007

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Performance related bonuses RMB'000	Retirement scheme contributions RMB'000	Total remuneration RMB'000
Executive directors:					
– Mr. Zhao	–	636	–	19	655
– Mr. Zhao Hongyang	–	–	–	–	–
– Mr. Zhang Wenhao	–	460	–	19	479
– Mr. Zhang Fan	–	570	–	19	589
	<u>–</u>	<u>1,666</u>	<u>–</u>	<u>57</u>	<u>1,723</u>
Non-executive director:					
– Mr. Wang Wei	–	–	–	–	–
– Mr. Xiao Zhiyue	–	–	–	–	–
– Mr. Zhu Rongen	–	–	–	–	–
	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
	<u>–</u>	<u>1,666</u>	<u>–</u>	<u>57</u>	<u>1,723</u>

Year ended December 31, 2008

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Performance related bonuses RMB'000	Retirement scheme contributions RMB'000	Total remuneration RMB'000
Executive directors:					
- Mr. Zhao	-	636	-	22	658
- Mr. Zhao Hongyang.	-	-	-	-	-
- Mr. Zhang Wenhao	-	460	-	22	482
- Mr. Zhang Fan	-	570	-	22	592
	-	1,666	-	66	1,732
Non-executive director:					
- Mr. Wang Wei	-	-	-	-	-
- Mr. Xiao Zhiyue	-	-	-	-	-
- Mr. Zhu Rongen	-	-	-	-	-
	-	-	-	-	-
	-	1,666	-	66	1,732

Year ended December 31, 2009

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Performance related bonuses RMB'000	Retirement scheme contributions RMB'000	Total remuneration RMB'000
Executive directors:					
- Mr. Zhao	-	636	-	25	661
- Mr. Zhao Hongyang.	-	100	-	25	125
- Mr. Zhang Wenhao	-	460	-	25	485
- Mr. Zhang Fan	-	570	-	25	595
	-	1,766	-	100	1,866
Non-executive director:					
- Mr. Wang Wei	-	-	-	-	-
- Mr. Xiao Zhiyue	-	-	-	-	-
- Mr. Zhu Rongen	-	-	-	-	-
	-	-	-	-	-
	-	1,766	-	100	1,866

Four months ended April 30, 2009 (unaudited)

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Performance related bonuses RMB'000	Retirement scheme contributions RMB'000	Total remuneration RMB'000
Executive directors:					
- Mr. Zhao	-	212	-	8	220
- Mr. Zhao Hongyang	-	33	-	8	41
- Mr. Zhang Wenhao	-	153	-	8	161
- Mr. Zhang Fan	-	190	-	8	198
	-	588	-	32	620
Non-executive director:					
- Mr. Wang Wei	-	-	-	-	-
- Mr. Xiao Zhiyue	-	-	-	-	-
- Mr. Zhu Rongen	-	-	-	-	-
	-	-	-	-	-
	-	588	-	32	620

Four months ended April 30, 2010

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Performance related bonuses RMB'000	Retirement scheme contributions RMB'000	Total remuneration RMB'000
Executive directors:					
- Mr. Zhao	-	212	-	8	220
- Mr. Zhao Hongyang	-	33	-	8	41
- Mr. Zhang Wenhao	-	153	-	8	161
- Mr. Zhang Fan	-	190	-	8	198
	-	588	-	32	620
Non-executive director:					
- Mr. Wang Wei	-	-	-	-	-
- Mr. Xiao Zhiyue	-	-	-	-	-
- Mr. Zhu Rongen	-	-	-	-	-
	-	-	-	-	-
	-	588	-	32	620

(c) Five highest paid employees

The five highest paid employees of the Group during the Relevant Periods and four months ended April 30, 2009 are analysed as follows:

	Year ended December 31,			Four months ended April 30,	
	2007 RMB'000	2008 RMB'000	2009 RMB'000	2009 RMB'000 (Unaudited)	2010 RMB'000
Directors	3	3	3	3	3
Non-director employees	2	2	2	2	2
	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>

Details of the remuneration of the directors are set out in above.

Details of the remuneration of the non-director, highest paid employees for the Relevant Periods and four months ended April 30, 2009 are as follows:

	Year ended December 31,			Four months ended April 30,	
	2007 RMB'000	2008 RMB'000	2009 RMB'000	2009 RMB'000 (Unaudited)	2010 RMB'000
Salaries, allowances and benefits in kinds	200	1,080	1,690	563	563
Retirement scheme contributions	38	44	50	17	17
Total	<u>238</u>	<u>1,122</u>	<u>1,740</u>	<u>580</u>	<u>580</u>

All of the non-director, highest paid employees' remuneration fell within the band of nil to RMB1,000,000.

During the Relevant Periods and four months ended April 30, 2009, no emoluments were paid by the Group to any of the persons who are directors of the Company, or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

10. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the tax jurisdictions in which members of the Group are domiciled and operate. Pursuant to the rules and regulations of the Cayman Islands and British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands and British Virgin Islands. The Group is not liable for income tax in Hong Kong as it did not have any assessable income currently arising in Hong Kong during the Relevant Periods and four months ended April 30, 2009.

Shanghai Changjia Property and Shanghai Jindilianchuang are located in Pudong New Area in Shanghai, the PRC. According to relevant PRC tax regulations, Shanghai Changjia and Shanghai Jindilianchuang were entitled to a preferential corporate income tax ("CIT") rate of 15% during the year ended December 31, 2007.

Other than Shanghai Changjia Property and Shanghai Jindilianchuang, other subsidiaries of the Group operating in Mainland China are subject to the PRC CIT rate of 33% during the years ended December 31, 2007.

The New PRC Corporate Income Tax Law (effective from January 1, 2008 onwards) introduced a wide range of changes including, but are not limited to, the unification of the income tax rate for domestic-invested and foreign-invested enterprises at 25%. Enterprises previously entitled to certain preferential tax rates will gradually move to the applicable corporate tax rate of 25% within five years from 2008.

Shanghai Changjia Property and Shanghai Jindilianchuang are subject to CIT at a rate of 18% in 2008 and enjoyed preferential tax rates of 20% in 2009, 22% in 2010, 24% in 2011 and 25% from 2012 onwards. The other subsidiaries are subject to CIT at a rate of 25% from 2008 onwards.

According to the requirements of the Provisional Regulations of the PRC on land appreciation tax ("LAT") effective from January 1, 1994 onwards, and the Detailed Implementation Rules on the Provisional Regulations of the PRC on LAT effective from January 27, 1995 onwards, all income from the sale or transfer of state-owned leasehold interest on land, buildings and their attached facilities in Mainland China is subject to LAT at progressive rates ranging from 30% to 60% of the appreciation value, with an exemption provided for property sales of ordinary residential properties if their appreciation values do not exceed 20% of the sum of the total deductible items.

The Group has estimated, made and included in tax provision for LAT according to the requirements set forth in the relevant PRC tax laws and regulations. The actual LAT liabilities are subject to the determination by the tax authorities upon completion of the property development projects and the tax authorities might disagree with the basis on which the provision for LAT is calculated.

	Year ended December 31,			Four-months ended April 30,	
	2007 RMB'000	2008 RMB'000	2009 RMB'000	2009 RMB'000 (Unaudited)	2010 RMB'000
Current tax:					
PRC corporate income tax	60,755	22,419	83,296	4,001	97,519
LAT	96,264	49,442	163,577	–	132,502
Deferred tax (note 21)	(60,602)	209,340	83,788	132,470	18,790
Total tax charge for the year/period	<u>96,417</u>	<u>281,201</u>	<u>330,661</u>	<u>136,471</u>	<u>248,811</u>

A reconciliation of income tax expense applicable to profit before tax at the statutory rate for the jurisdictions in which the Company and its subsidiaries are domiciled to the income tax expense at the effective income tax rate for each of the Relevant Periods and four months ended April 30, 2009 as follows:

	Year ended December 31,			Four months ended April 30,	
	2007 RMB'000	2008 RMB'000	2009 RMB'000	2009 RMB'000 (Unaudited)	2010 RMB'000
Profit before tax	<u>359,338</u>	<u>992,048</u>	<u>845,585</u>	<u>529,580</u>	<u>578,736</u>
At the statutory income tax rates	118,582	248,012	214,641	134,199	144,848
Expenses not deductible for tax	19	538	547	314	4,708
Tax at lower tax rates	(67,815)	(9,141)	(15,747)	–	(6,730)
Tax losses not recognized	3,890	2,282	3,893	1,958	880
Withholding taxes on undistributed profits of the subsidiaries in the PRC	–	2,428	4,645	–	5,728
Effect of changes in enacted tax rates used for the recognition of deferred taxes	(30,457)	–	–	–	–
Provision for LAT	96,264	49,442	163,577	–	132,502
Tax effect on LAT	(24,066)	(12,360)	(40,895)	–	(33,125)
Tax charge for the year/period	<u>96,417</u>	<u>281,201</u>	<u>330,661</u>	<u>136,471</u>	<u>248,811</u>

Tax payable in the combined statements of financial position represents:

	December 31,			April 30,
	2007 RMB'000	2008 RMB'000	2009 RMB'000	2010 RMB'000
Tax payable				
PRC corporate income tax	55,359	58,403	60,299	173,658
PRC LAT	331,013	378,247	507,319	614,383
	<u>386,372</u>	<u>436,650</u>	<u>567,618</u>	<u>788,041</u>

Pursuant to the new tax law, a 10% withholding tax is levied on dividends declared to foreign investors from the PRC effective from January 1, 2008. On February 22, 2008, Caishui (2008) No. 1 was promulgated by the tax authorities of the PRC to specify that dividends declared and remitted out of the PRC from the undistributed profits as at December 31, 2007 are exempted from withholding tax. For the Group, the applicable rate is 10%. The Group is therefore liable to withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from January 1, 2008. Pursuant to the resolution of the Board of Directors of Group on February 18, 2010, no more than 30% of net profit after appropriations to the statutory surplus reserve fund will be distributed to its shareholders based on the actual operating result. As a result, deferred tax liabilities relating to withholding tax on the 30% of distributable profits of the Group for the years ended December 31, 2008 and 2009 and four months ended April 30, 2009 and 2010 have been recognized.

11. EARNINGS PER SHARE

The calculation of basic earnings per share for the Relevant Periods and four months ended April 30, 2009 is based on the profit attributable to equity holders of the parent for the Relevant Periods and four months ended April 30, 2009 and on the assumption that 3,100,000,000 shares of HK\$0.10 each issued as a result of the Reorganisation had been in issue throughout the Relevant Periods and four months ended April 30, 2009. Further details of the Reorganisation are described in the paragraph headed "Corporate Reorganisation" in Appendix VIII "Statutory and General Information" to the Prospectus.

There were no potential dilutive ordinary shares in existence during the Relevant Periods and four months ended April 30, 2009.

12. PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

The profit attributable to owners of the Company for the years ended December 31, 2007, 2008 and 2009 and four months ended April 30, 2009 and 2010 amounted to nil, which has been dealt with in the Financial Information of the Company.

13. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Plant and machinery RMB'000	Motor vehicles RMB'000	Office equipment RMB'000	Total RMB'000
April 30, 2010					
At December 31, 2009 and January 1, 2010:					
Cost	–	–	12,087	1,223	13,310
Accumulated depreciation	–	–	(3,177)	(837)	(4,014)
Net carrying amount	<u>–</u>	<u>–</u>	<u>8,910</u>	<u>386</u>	<u>9,296</u>
At January 1, 2010, net of accumulated depreciation					
Cost	–	–	8,910	386	9,296
Additions	–	–	181	98	279
Depreciation provided during the period	–	–	(447)	(58)	(505)
At April 30, 2010, net of accumulated depreciation	<u>–</u>	<u>–</u>	<u>8,644</u>	<u>426</u>	<u>9,070</u>
At April 30, 2010:					
Cost	–	–	12,268	1,321	13,589
Accumulated depreciation	–	–	(3,624)	(895)	(4,519)
Net carrying amount	<u>–</u>	<u>–</u>	<u>8,644</u>	<u>426</u>	<u>9,070</u>
	Buildings RMB'000	Plant and machinery RMB'000	Motor vehicles RMB'000	Office equipment RMB'000	Total RMB'000
December 31, 2009					
At December 31, 2008 and January 1, 2009:					
Cost	69,078	22,128	12,576	2,882	106,664
Accumulated depreciation	(17,292)	(11,276)	(2,387)	(1,991)	(32,946)
Net carrying amount	<u>51,786</u>	<u>10,852</u>	<u>10,189</u>	<u>891</u>	<u>73,718</u>
At January 1, 2009, net of accumulated depreciation					
Cost	51,786	10,852	10,189	891	73,718
Additions	–	–	372	117	489
Disposals	–	–	(326)	–	(326)
Disposal of a subsidiary (note 33).	(50,997)	(10,357)	(67)	(454)	(61,875)
Depreciation provided during the year	(789)	(495)	(1,258)	(168)	(2,710)
At December 31, 2009, net of accumulated depreciation	<u>–</u>	<u>–</u>	<u>8,910</u>	<u>386</u>	<u>9,296</u>
At December 31, 2009:					
Cost	–	–	12,087	1,223	13,310
Accumulated depreciation	–	–	(3,177)	(837)	(4,014)
Net carrying amount	<u>–</u>	<u>–</u>	<u>8,910</u>	<u>386</u>	<u>9,296</u>

APPENDIX I

ACCOUNTANTS' REPORT

	Buildings RMB'000	Plant and machinery RMB'000	Motor vehicles RMB'000	Office equipment RMB'000	Total RMB'000
December 31, 2008					
At December 31, 2007 and January 1, 2008:					
Cost	66,214	19,351	7,907	2,496	95,968
Accumulated depreciation	(14,239)	(9,430)	(3,435)	(1,755)	(28,859)
Net carrying amount	<u>51,975</u>	<u>9,921</u>	<u>4,472</u>	<u>741</u>	<u>67,109</u>
At January 1, 2008, net of accumulated depreciation					
Additions	51,975	9,921	4,472	741	67,109
Disposals.	2,864	2,777	8,107	386	14,134
Depreciation provided during the year	-	-	(1,332)	-	(1,332)
	<u>(3,053)</u>	<u>(1,846)</u>	<u>(1,058)</u>	<u>(236)</u>	<u>(6,193)</u>
At December 31, 2008, net of accumulated depreciation	<u>51,786</u>	<u>10,852</u>	<u>10,189</u>	<u>891</u>	<u>73,718</u>
At December 31, 2008:					
Cost	69,078	22,128	12,576	2,882	106,664
Accumulated depreciation	(17,292)	(11,276)	(2,387)	(1,991)	(32,946)
Net carrying amount	<u>51,786</u>	<u>10,852</u>	<u>10,189</u>	<u>891</u>	<u>73,718</u>
	Buildings RMB'000	Plant and machinery RMB'000	Motor vehicles RMB'000	Office equipment RMB'000	Total RMB'000
December 31, 2007					
At January 1, 2007:					
Cost	63,863	19,139	7,161	2,337	92,500
Accumulated depreciation	(11,318)	(7,702)	(2,729)	(1,437)	(23,186)
Net carrying amount	<u>52,545</u>	<u>11,437</u>	<u>4,432</u>	<u>900</u>	<u>69,314</u>
At January 1, 2007, net of accumulated depreciation					
Additions	52,545	11,437	4,432	900	69,314
Depreciation provided during the year	2,351	212	746	159	3,468
	<u>(2,921)</u>	<u>(1,728)</u>	<u>(706)</u>	<u>(318)</u>	<u>(5,673)</u>
At December 31, 2007, net of accumulated depreciation	<u>51,975</u>	<u>9,921</u>	<u>4,472</u>	<u>741</u>	<u>67,109</u>
At December 31, 2007:					
Cost	66,214	19,351	7,907	2,496	95,968
Accumulated depreciation	(14,239)	(9,430)	(3,435)	(1,755)	(28,859)
Net carrying amount	<u>51,975</u>	<u>9,921</u>	<u>4,472</u>	<u>741</u>	<u>67,109</u>

14. INVESTMENT PROPERTIES

	Completed RMB'000	Under construction RMB'000	Total RMB'000
At January 1, 2007	–	296,412	296,412
Additions	–	166,142	166,142
At December 31, 2007 and January 1, 2008	–	462,554	462,554
Addition	–	16,804	16,804
Transfer	479,358	(479,358)	–
Net profit from fair value adjustments	867,018	–	867,018
At December 31, 2008 and January 1, 2009	1,346,376	–	1,346,376
Net profit from fair value adjustments	564,624	–	564,624
At December 31, 2009 and January 1, 2010	1,911,000	–	1,911,000
Net profit from fair value adjustments	178,000	–	178,000
At April 30, 2010	2,089,000	–	2,089,000
	December 31,		April 30,
	2007	2008	2009
	RMB'000	RMB'000	RMB'000
Carrying amount at year end/period end	462,554	1,346,376	1,911,000
	2,089,000		2,089,000
Investment properties:			
At cost	462,554	–	–
At fair value	–	1,346,376	1,911,000
	2,089,000		2,089,000

The Group's investment property is situated in Shanghai, the PRC and are held under a medium term lease.

The Group's investment property is revalued on December 31, 2008, by a firm of professional valuers, Jones Lang Lasalle Sallmanns Limited and on December 31, 2009 and April 30, 2010 by a firm of professional valuers, Savills Valuation and Professional Services Limited, respectively, on an open market value, based on either capitalization of net income derived from the existing tenancies with allowance for the reversionary income potential of the properties, or by making reference to comparable market transactions. The investment property is leased to third parties under operating leases, further details of which are included in (note 34).

The Group's investment property under construction was measured at cost at December 31, 2007 as the Group has concluded that the fair value of its investment properties under construction cannot be measured reasonably.

As at December 31, 2007, 2008, 2009 and April 30, 2010, the Group's investment property with a value of RMB462,554,000, RMB1,346,376,000, RMB1,911,000,000 and RMB2,089,000,000 was pledged to secure general banking facilities granted to the Group (note 29) as at December 31, 2007, 2008, 2009 and April 30, 2010.

15. PREPAID LAND LEASE PAYMENTS

	Year ended December 31,			Four months ended April 30,
	2007 RMB'000	2008 RMB'000	2009 RMB'000	2010 RMB'000
Carrying amount at beginning of year/period	11,733	11,459	11,185	–
Amortised during the year/period	(274)	(274)	(69)	–
Disposal of a subsidiary (note 32).	–	–	(11,116)	–
Carrying amount at end of the year/period	11,459	11,185	–	–
Current portion included in prepayments, deposits and other receivables	(274)	(274)	–	–
Non-current portion	11,185	10,911	–	–

Prepaid land lease payments represent cost of land use rights in respect of the Group's leasehold land located in Suzhou, Jiangsu Province, the PRC and were held under medium lease terms.

16. PROPERTIES UNDER DEVELOPMENT

	Note	Year ended December 31,			Four months ended April 30,
		2007 RMB'000	2008 RMB'000	2009 RMB'000	2010 RMB'000
Carrying amount at beginning of year/period		351,842	812,057	2,049,406	2,742,397
Acquisition	(1)	–	680,807	797,443	1,058,321
Additions		460,215	556,542	542,235	728,251
Transferred to completed properties held for sale		–	–	(646,687)	(242,542)
Carrying amount at end of the year/period		812,057	2,049,406	2,742,397	4,286,427

Note:

(1) The balances represent the acquisition of land use rights in Mainland China.

The carrying values of properties under development situated on a leasehold land in Mainland China are as follows:

	December 31,			April 30,
	2007 RMB'000	2008 RMB'000	2009 RMB'000	2010 RMB'000
Medium term leases	–	–	797,443	1,653,681
Long term leases	812,057	2,049,406	1,944,954	2,632,746

Certain of the Group's properties under development with aggregate carrying amounts of approximately RMB157,355,000, RMB885,032,000 and RMB1,197,012,000 as at December 31, 2008 and 2009 and April 30, 2010, respectively, have been pledged to secure bank loans granted to the Group (note 29).

17. GOODWILL

	RMB'000
Carrying amount as at January 1, 2007, December 31, 2007 and December 31, 2008	–
Acquisition of a business during the year (note 33)	201
	<u>201</u>
Cost and carrying amount at December 31, 2009 and April 30, 2010	<u>201</u>

The carrying amount of goodwill of the Group arose from the acquisition of business of Shanghai Changyi Property during the year ended December 31, 2009.

The recoverable amount of the goodwill is determined from a value in use calculation using cash flow forecast based on financial budgets. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to revenue and direct costs during the period. The directors estimate discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the Group. The growth rates are based on industry growth forecasts. Changes in revenue and direct costs are based on past practices and expectations of future changes in the market.

The Group prepares cash flow forecasts derived from the most recent financial budgets approved by the directors for 2009 and extrapolates cash flow for the following five years based on an estimated average industry growth rate. The rate does not exceed the average long-term growth rate for the relevant markets.

Based on the above, the directors consider that there is no impairment of goodwill.

18. INTANGIBLE ASSETS

	Year ended December 31,			Four months ended April 30,
	2007 RMB'000	2008 RMB'000	2009 RMB'000	2010 RMB'000
Software				
At beginning of the year/period				
Cost	31	31	86	164
Accumulated amortization	(17)	(23)	(29)	(26)
	<u>14</u>	<u>8</u>	<u>57</u>	<u>138</u>
Net carrying amount	<u>14</u>	<u>8</u>	<u>57</u>	<u>138</u>
Cost at beginning of year/period, net of accumulated amortisation				
	14	8	57	138
Additions	–	55	109	394
Disposal of a subsidiary (note 32)	–	–	(2)	–
Amortisation provided during the year/period	(6)	(6)	(26)	(53)
	<u>8</u>	<u>57</u>	<u>138</u>	<u>479</u>
At end of the year/period, net of accumulated amortisation	<u>8</u>	<u>57</u>	<u>138</u>	<u>479</u>
At end of the year/period				
Cost	31	86	164	558
Accumulated amortization	(23)	(29)	(26)	(79)
	<u>8</u>	<u>57</u>	<u>138</u>	<u>479</u>
Net carrying amount	<u>8</u>	<u>57</u>	<u>138</u>	<u>479</u>

19. LONG-TERM PREPAYMENT

	RMB'000
Carrying amount as at January 1, 2007, December 31, 2007 and December 31, 2008	–
Addition	6,927
Recognised during the year	(465)
Carrying amount at December 31, 2009 and January 1, 2010	6,462
Recognised during the period	(202)
Carrying amount at April 30, 2010	<u>6,260</u>

The balance represents prepaid insurance fee for an investment property of the Group.

20. INVENTORIES

	December 31,			April 30,
	2007 RMB'000	2008 RMB'000	2009 RMB'000	2010 RMB'000
Raw materials	251	516	–	–
Work in progress	–	731	–	–
Finished goods	–	9,510	–	–
	<u>251</u>	<u>10,757</u>	<u>–</u>	<u>–</u>

The movements in the provision for inventory provision are as follows:

	Year ended December 31,			Four months ended April 30,
	2007 RMB'000	2008 RMB'000	2009 RMB'000	2010 RMB'000
At January 1	2,815	1,624	1,624	–
Write back	(1,191)	–	–	–
Disposal of a subsidiary	–	–	(1,624)	–
At December 31	<u>1,624</u>	<u>1,624</u>	<u>–</u>	<u>–</u>

21. DEFERRED TAX ASSETS AND LIABILITIES

The movements in deferred tax assets and liabilities during each of the Relevant Periods are as follows:

Deferred tax assets

	Year ended December 31,			Four months ended April 30,
	2007 RMB'000	2008 RMB'000	2009 RMB'000	2010 RMB'000
At beginning of year/period	46,238	107,549	117,471	213,875
Deferred tax credited to the income statement during the year/period	30,854	9,922	96,404	19,968
Effect of change in enacted tax rates used for the recognition of deferred taxes	30,457	–	–	–
Gross deferred tax assets at year/period end	<u>107,549</u>	<u>117,471</u>	<u>213,875</u>	<u>233,843</u>

The Group's deferred tax assets and deferred tax liabilities are attributed to the following items, which are reflected in the statements of financial position:

Deferred tax liabilities

	Year ended December 31,			Four months ended April 30,
	2007 RMB'000	2008 RMB'000	2009 RMB'000	2010 RMB'000
At beginning of year/period	–	709	219,971	400,163
Deferred tax charged to the income statement during the year/period	709	219,262	180,192	38,758
Gross deferred tax liabilities at year/period end	<u>709</u>	<u>219,971</u>	<u>400,163</u>	<u>438,921</u>

Deferred tax assets

	December 31,			April 30,
	2007 RMB'000	2008 RMB'000	2009 RMB'000	2010 RMB'000
Losses available for offsetting against future taxable profit	–	611	13,586	1,831
Unearned revenue received in advance	7,420	4,371	46,987	47,219
Provision for impairment of assets	15,818	15,818	14,789	14,052
Accrual	–	–	947	50
LAT	84,311	96,671	137,566	170,691
Deferred tax assets at year/period end	<u>107,549</u>	<u>117,471</u>	<u>213,875</u>	<u>233,843</u>

Deferred tax liabilities

	December 31,			April 30,
	2007 RMB'000	2008 RMB'000	2009 RMB'000	2010 RMB'000
Fair value adjustment of equity investments	709	4	82	–
Fair value adjustments arising from an investment property	–	216,754	357,910	402,410
Prepayment	–	785	35,098	23,710
Withholding taxes arising from the undistributed profits of the PRC subsidiaries	–	2,428	7,073	12,801
Deferred tax liabilities at year/period end	<u>709</u>	<u>219,971</u>	<u>400,163</u>	<u>438,921</u>

In accordance with the PRC laws and regulations, tax losses could be carried forward for a period of five years to offset against its future taxable profits. Deferred tax assets relating to unutilised tax losses are recognised to the extent that it is probable that sufficient taxable profit will be available to allow such deferred tax assets to be utilised.

22. EQUITY INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31,			April 30,
	2007 RMB'000	2008 RMB'000	2009 RMB'000	2010 RMB'000
Listed equity investments in the PRC at fair value	9,461	1,914	2,456	–

The above equity investments at December 31, 2007, 2008 and 2009 were classified as held for trading.

Cash flows associated with the equity investments at fair value through profit or loss are presented within "operating activities" in the combined statements of cash flows.

Changes in fair value of equity investments at fair value through profit and loss are recorded in "other income and gains" or "other expenses" (note 6).

The fair values of these listed equity investments are based on their current bid prices in an active market.

23. TRADE AND BILLS RECEIVABLES

The Group's trading term with its pharmaceutical business is mainly on credit. The credit period is generally three months. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by management. In view of the aforementioned and the fact that the Group's trade and bills receivables relate to a large number of diversified customers, there is no significant concentration of credit risk.

Trade and bills receivables are unsecured and non-interest-bearing. The carrying amounts of trade receivables and bills receivable approximate to their fair values.

An aged analysis of the trade and bills receivables as at the end of the reporting period, based on the invoice date, and net of provision for doubtful debts, is as follows:

	December 31,			April 30,
	2007 RMB'000	2008 RMB'000	2009 RMB'000	2010 RMB'000
Trade and bills receivables:				
Less than 3 months	–	74	–	–
4 to 6 months	–	148	–	–
7 to 12 months.	–	461	–	–
	–	683	–	–

The aged analysis of the trade and bills receivables that are not considered to be impaired is as follows:

	December 31,			April 30,
	2007 RMB'000	2008 RMB'000	2009 RMB'000	2010 RMB'000
Neither past due nor impaired.	–	74	–	–
Less than 3 months	–	148	–	–
4 to 12 months.	–	461	–	–
	–	683	–	–

The carrying amounts of trade and bills receivables approximated to their fair value.

24. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	December 31,			April 30,
	2007 RMB'000	2008 RMB'000	2009 RMB'000	2010 RMB'000
Current portion of prepaid land lease payments	274	274	–	–
Prepayments	14,334	26,788	527,388	787,343
Rental receivable	1,549	8,573	4,306	8,525
Deposits	93,050	4,462	24,612	4,697
Other receivables, net of provision for impairment	10,817	16,670	141,724	85,849
	<u>120,024</u>	<u>56,767</u>	<u>698,030</u>	<u>886,414</u>

Other receivables are unsecured, non-interest-bearing and have no fixed terms of repayment.

The movements in the provision for impairment of other receivables are as follows:

	December 31,			April 30,
	2007 RMB'000	2008 RMB'000	2009 RMB'000	2010 RMB'000
At beginning of year/period	5,485	5,485	5,485	3,900
Reversal	–	–	(185)	–
Disposal of a subsidiary	–	–	(1,400)	–
At end of year/period	<u>5,485</u>	<u>5,485</u>	<u>3,900</u>	<u>3,900</u>

The fair values of other receivables at the end of each of the Relevant Periods approximated to their corresponding carrying amounts.

25. CASH AND CASH EQUIVALENTS

	December 31,			April 30,
	2007 RMB'000	2008 RMB'000	2009 RMB'000	2010 RMB'000
Cash and bank balances	617,442	177,422	1,205,010	1,196,629
Time deposits	100,000	–	–	327,806
	717,442	177,422	1,205,010	1,524,435
Less: Pledged deposits	–	(28,228)	(14,680)	(344,482)
Cash and cash equivalents	<u>717,442</u>	<u>149,194</u>	<u>1,190,330</u>	<u>1,179,953</u>

At December 31, 2008 and four months ended April 30, 2010, bank deposits of RMB28,228,000 and RMB272,675,000 were pledged as security for bank loans (note 29).

Pursuant to relevant regulations in the PRC, certain property development companies of the Group are required to place in designed bank accounts certain amounts of the presale proceeds of the properties as guarantee deposits for the construction of the related properties. At December 31, 2009 and April 30, 2010, such guarantee deposits amounted to RMB14,680,000 and RMB11,807,000.

As at April 30, 2010, bank balance of RMB60,000,000 were pledged to a bank according to the civil written verdict issued by Shanghai No.1 Intermediate People's Court dated on February 9, 2010 as required by the plaintiff of a pending litigation (note 41).

At December 31, 2007, 2008 and 2009 and April 30, 2010, the cash and bank balances of the Group denominated in RMB amounted to RMB715,621,000, RMB165,361,000, RMB1,095,747,000 and RMB1,413,720,000, respectively. The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default. The carrying amounts of the cash and cash equivalents approximated to their fair values.

26. TRADE PAYABLES

An aged analysis of the trade payables as at the balance sheet dates, based on the invoice date, is as follows:

	December 31,			April 30,
	2007 RMB'000	2008 RMB'000	2009 RMB'000	2010 RMB'000
Less than 1 year	171,861	120,745	222,460	238,997
Over 1 year	32,886	158,463	88,991	80,817
	<u>204,747</u>	<u>279,208</u>	<u>311,451</u>	<u>319,814</u>

The trade payables are unsecured, non-interest-bearing and repayable within the normal operating cycle or on demand.

The fair values of trade payables at the end of each of the Relevant Periods approximated to their corresponding carrying amounts.

27. OTHER PAYABLES, DEPOSITS RECEIVED AND ACCRUALS

	December 31,			April 30,
	2007 RMB'000	2008 RMB'000	2009 RMB'000	2010 RMB'000
Deposits related to construction.	609	444	685	874
Rental deposits	6,353	21,128	26,184	27,469
Accruals	710	1,072	20,569	31,226
Other payables	31,186	139,464	42,541	372,941
	<u>38,858</u>	<u>162,108</u>	<u>89,979</u>	<u>432,510</u>

Other payables are unsecured, non-interest-bearing and repayable on demand. The fair values of other payables at the end of each of the Relevant Periods approximated to their corresponding carrying amounts.

28. ADVANCES FROM CUSTOMERS

Advances from customers represented the sales proceeds received from buyers in connection with the Group's presale of properties at the end of each of the Relevant Periods.

29. INTEREST-BEARING BANK AND OTHER BORROWINGS

	December 31,			April 30,
	2007 RMB'000	2008 RMB'000	2009 RMB'000	2010 RMB'000
Bank loans – secured	380,000	907,500	1,765,000	2,339,398
Other loans – secured	–	–	–	970,000
	<u>380,000</u>	<u>907,500</u>	<u>1,765,000</u>	<u>3,309,398</u>
Bank and other loans				
Repayable within one year	–	65,000	70,000	1,107,800
Repayable within two to five years	380,000	842,500	845,000	856,908
Repayable over five years	–	–	850,000	1,344,690
Subtotal	<u>380,000</u>	<u>842,500</u>	<u>1,695,000</u>	<u>2,201,598</u>
	<u>380,000</u>	<u>907,500</u>	<u>1,765,000</u>	<u>3,309,398</u>

The Group's borrowings are all denominated in RMB.

In January 2010, the Group entered into a trust arrangement (the "Trust") with a local trust company (the "Trustee") to raise fund of RMB1.0 billion (before deduction of any expenses) from investors for the purpose of settling the Group's debts owed to related companies through the issue of unit trust. Pursuant to the terms of the Trust, Shanghai Changjia Property pledged its equity interests in Shanghai Haoquan, and its equity-holder's right to distribution from Shanghai Haoquan with a custodian appointed by the Trustee for the benefit of public investors who subscribed the preferred trust units and ordinary trust units issued by the Trustee under the Trust. Shanghai Haoquan also pledged its land use rights to the Trustee. The term of the Trust is one year ending on March 4, 2011. During the term of the Trust, Shanghai Changjia Property's ownership and control of Shanghai Haoquan would not be affected except for its rights to distributions which are held by the Trustee in trust. Under the Trust arrangement, the Group received loan proceeds of RMB954.3 million, net of related expenses. As at April 30, 2010, the carrying amount of the loan obtained through the above Trust arrangement was RMB970 million.

The effective interest rates of the Group's bank and other borrowings ranged as follows:

Year ended December 31, 2007	5.51% to 6.75%
Year ended December 31, 2008	4.78% to 8.32%
Year ended December 31, 2009	4.78% to 7.47%
Four months ended April 30, 2010	4.86% to 11.89%

The Group's bank and other loans are secured by the pledges of the following assets with carrying values at the end of each of the Relevant Periods as follows:

	Notes	December 31,			April 30,
		2007 RMB'000	2008 RMB'000	2009 RMB'000	2010 RMB'000
Investment properties	14	<u>462,554</u>	<u>1,346,376</u>	<u>1,911,000</u>	<u>2,089,000</u>
Properties under development	16	<u>–</u>	<u>157,355</u>	<u>885,032</u>	<u>1,197,012</u>
Completed properties held for sale		<u>225,471</u>	<u>216,820</u>	<u>–</u>	<u>122,956</u>
Pledged bank balances and deposits	25	<u>–</u>	<u>28,228</u>	<u>–</u>	<u>272,675</u>

The fair values of interest-bearing bank and other borrowings repayable at the end of each of the Relevant Periods approximated to their corresponding carrying amounts as all the borrowings carry floating rate interest.

30. ISSUED CAPITAL AND RESERVES

(a) Shares

	December 31,			April 30,
	2007 '000	2008 '000	2009 '000	2010 '000
Number of ordinary shares				
Authorised:				
Ordinary shares of HK\$0.10 each.	–	–	3,900	10,000,000
Issued:				
Ordinary shares of HK\$0.10 each.	–	–	3,900	3,900
	December 31,			April 30,
	2007 RMB'000	2008 RMB'000	2009 RMB'000	2010 RMB'000
Authorised:				
Ordinary shares of HK\$0.10 each.	–	–	342	855,000
Issued:				
Ordinary shares of HK\$0.10 each.	–	–	342	342

The Company was incorporated with an authorized share capital of US\$50,000 divided into 50,000 shares of US\$1.00 each. The following alterations in the share capital of the Company have taken place since the date of incorporation of the Company:

On September 10, 2009, 1 ordinary share of US\$1.00 each was allotted and issued to the subscriber credited as fully paid. The US\$ share was thereafter transferred to Changjia Group Int'l Holding Limited for a consideration of US\$1.00 and 49,999 shares of US\$1.00 each were allotted and issued to Changjia Group Int'l Holding Limited for a consideration of US\$49,999 on the same day.

On November 20, 2009, a resolution of the sole shareholder was passed to re-denominate the authorized share capital of the Company from US\$50,000 to HK\$390,000 by the creation of 3,900,000 shares of par value HK\$0.10 each ("Share"). All 3,900,000 Shares were allotted and issued to Changjia Group Int'l Holding Limited and the 50,000 shares of US\$1.00 each then held by Changjia Group Int'l Holding Limited were repurchased with the proceeds received from the issue of the shares of HK\$0.10 each. The authorized but unissued share capital was reduced by the cancellation of the 50,000 shares of US\$1.00 each.

On April 22, 2010, the authorized share capital of the Company was increased to HK\$1,000,000,000 by the creation of 9,996,100,000 new shares of HK\$0.10 each. On May 5, 2010, in consideration of the transfer of an aggregate of 50,000 shares in CJ Land Group Co., Ltd held by Changjia Group Int'l Holding Limited to the Company, 100,000 shares of HK\$0.10 each of the Company were allotted and issued by the Company, credited as fully paid, to Changjia Group Int'l Holding Limited.

(b) Capital reserve

The capital reserve represents the aggregate amount of the paid-up capital of those companies comprising the Group prior to the incorporation of the Company. Movements of the capital reserve during the Relevant Periods and four months ended April 30, 2009 includes the capital paid in by the then shareholders of the subsidiaries, and cash consideration of RMB63,905,000 paid to the shareholder of the Company in respect of the acquisition of the entire interests in the subsidiaries which have been treated as a deemed distribution to the shareholders in the combined statements of changes in equity. Details of the movement in capital reserve are set out in the combined statements of changes in equity.

(c) Statutory surplus reserve ("SSR") and statutory reserve fund ("SRF")

In accordance with the relevant laws in the PRC and the respective articles of association of the Group's subsidiaries that are domiciled in the PRC, such subsidiaries are required to allocate at least 10% of their profit after tax, as determined in accordance with PRC GAAP to the SSR and SRF until such reserve reaches 50% of their respective registered capital.

The SSR and the SRF are non-distributable except in the event of liquidation and, subject to certain restrictions set out in the relevant PRC regulations, can be used to offset accumulated losses or be capitalised as paid-up capital.

31. RELATED PARTY TRANSACTIONS

(1) The Group had the following continuing transactions with related parties during the each of the Relevant Periods as follows:

	Notes	Year ended December 31,			Four months ended April 30,	
		2007 RMB'000	2008 RMB'000	2009 RMB'000	2009 RMB'000	2010 RMB'000
Rental income						
Shanghai Changtai Investment Co., Ltd ("Shanghai Changtai Investment")	(1)	—	7,673	7,673	2,588	2,588
Operating lease expense						
Shanghai Changtai Investment	(2)	—	670	1,002	334	334

(1) During the year ended December 31, 2008, the Group entered into a lease agreement with Shanghai Changtai Investment, a company beneficially owned by Mr. Zhao, to lease out office space at an annual rent of RMB7,673,000 for the period commencing from January 2008 to December 2010.

(2) During the year ended December 31, 2008, the Group entered into a lease agreement with Shanghai Changtai Investment to lease an office space at an annual rent of RMB1,002,000 for the period from May 2008 to December 2010.

In the opinion of the directors, the above transactions were determined between the Group and Shanghai Changtai Investment with reference to the prevailing market rates.

- (2) The Group had the following discontinued transactions with related parties during the each of the Relevant Periods and the four months ended April 30, 2009 as follows:

(a)

	Year ended December 31,			Four months ended April 30,	
	2007 RMB'000	2008 RMB'000	2009 RMB'000	2009 RMB'000 (Unaudited)	2010 RMB'000
Sales of properties					
by the Group					
Mr. Zhangfan	–	5,681	–	–	–
Mr. Chia Tze Kun . . .	–	–	–	–	4,976
Ms. Zhao					
Changjie	–	–	–	–	4,623
Ms. Zhao					
Changmin	–	–	–	–	4,729
	<u>–</u>	<u>5,681</u>	<u>–</u>	<u>–</u>	<u>14,328</u>

During the year ended December 31, 2008, the Group sold a property to Mr. Zhangfan for a consideration of RMB5,681,000.

During the year ended December 31, 2009, Ms. Zhao Changjie and Ms. Zhao Changmin, the sisters of Mr. Zhao, entered into property sale agreements with the Group to purchase a property each for a consideration of RMB4,623,000 and RMB4,729,000, respectively. As at April 30, 2010, the properties have been delivered to Ms. Zhao Changjie and Ms. Zhao Changmin by the Group.

During 2009, Mr. Chia Tze Kun, the Chief Financial Officer of the Group, entered into a property sale agreement with the Group to purchase a property for a consideration of RMB4,976,000. As at April 30, 2010, the property has been delivered to Mr. Chia Tze Kun by the Group.

The sales to Mr. Zhang Fan, Ms. Zhao Changjie, Ms. Zhao Changmin and Mr. Chia Tze Kun were made on prices and conditions as mutually agreed.

- (b) During the year ended December 31, 2009, Mr. Zhao Changjia executed a personal guarantee to the extent of RMB800,000,000 to a bank for loans granted to the Group at nil consideration. The guarantee was released in November 2009.

- (c) In April 2008, the Group entered into an agreement with Ms. Huang to transfer the Group's 100% equity interests in Suzhou Changjia Pharmacy Co., Ltd. to a company designated by Ms. Huang for a consideration of RMB7,237,000. On March 31, 2009, the Group transferred its entire equity interest in Suzhou Changjia Pharmacy Co., Ltd. to Chang Gia Pharma (H.K.) Company Limited, a company designated by Ms. Huang. (note 32)

In August 2009, the Group entered into an agreement with Shanghai Changtai Investment to transfer the debt owed by 上海澤中貿易有限公司 ("Shanghai Zezhong Trading Co., Ltd.") to the Group of RMB18,250,000 to Shanghai Changtai Investment for a consideration of RMB18,250,000.

- (d) In October 2009, the Group entered into an agreement with Shanghai Changtai Investment to transfer of the debt owed by the Group to Shanghai Zezhong Trading Co., Ltd. of RMB141,569,000 to Shanghai Changtai Investment for a consideration of RMB141,569,000.

The above transactions are executed in according with the terms and conditions entered into between the Group and the related parties.

In the opinion of the Directors, the above related party transactions were carried out in the ordinary course of the Group's business during the Relevant Periods and these transactions will not continue after the listing of the Company's shares on the Main Board of the Stock Exchange of Hong Kong Limited.

(3) Outstanding balances with related parties

The Group

	December 31,			April 30,
	2007 RMB'000	2008 RMB'000	2009 RMB'000	2010 RMB'000
Due from directors:				
Mr. Zhao	10	81	–	–
Mr. Zhang Wenhao	216	216	–	–
Mr. Zhang Fan	15	15	–	–
	<u>241</u>	<u>312</u>	<u>–</u>	<u>–</u>
Due from related companies:				
Shanghai Changjia Investment*.	12,947	–	–	–
Suzhou Chang Gia Pharma (H.K.) Company Limited*	–	–	6,829	6,826
上海長甲保健品有限公司* (“Shanghai Changjia Health Products Co., Ltd”)	5,571	5,571	5,571	5,571
蘇州長甲藥業有限公司	–	–	–	9,355
上海裕隆投資有限公司* (“Shanghai Yulong Investment Co., Ltd”).	1,167	1,167	1,167	1,167
	<u>19,685</u>	<u>6,738</u>	<u>13,567</u>	<u>22,919</u>
Due to a related party:				
Ms. Huang	2,920	4,596	4,685	4,685
	<u>2,920</u>	<u>4,596</u>	<u>4,685</u>	<u>4,685</u>
	December 31,			April 30,
	2007 RMB'000	2008 RMB'000	2009 RMB'000	2010 RMB'000
Due to related companies:				
Shanghai Zezhong Trading Co., Ltd.*	415,569	123,319	–	–
上海長甲實業有限公司* (“Shanghai Changjia Industry Co., Ltd.”)	–	12,000	12,000	12,000
鄭州長甲房地產有限公司* (“Zhengzhou Changjia Real Estate co., Ltd”)	8,000	–	–	–
鄭州長甲醫藥集團* (“Zhengzhou Changjia Pharma Group”)	12,000	–	–	–
蘇州長甲藥業有限公司	–	–	4,211	–
Changjia Group Int'l Holding Limited*	–	26,670	138,074	137,862
Shanghai Changtai Investment*	204,167	226,244	295,342	107,198
Shanghai Changjia Investment*.	–	137,276	23,787	289,932
	<u>639,736</u>	<u>525,509</u>	<u>473,414</u>	<u>546,992</u>

* The related companies are beneficially owned and controlled by Mr. Zhao and/or Ms. Huang.

The balances with directors, related companies and a related party are unsecured, interest-free and repayable on demand. The carrying amounts of the balances with directors, a related party and related companies approximate to their fair values.

All the above balances with directors, related companies and related party have been subsequently settled.

The maximum outstanding amounts during the year/period are as follows:

The Group

	December 31,			April 30,
	2007 RMB'000	2008 RMB'000	2009 RMB'000	2010 RMB'000
Due from directors:				
Mr. Zhao	10	81	81	–
Mr. Zhang Wenhao	216	216	216	–
Mr. Zhang Fan	15	15	15	–
	<u>241</u>	<u>312</u>	<u>312</u>	<u>–</u>
	2007 RMB'000	2008 RMB'000	2009 RMB'000	2010 RMB'000
Due from related companies:				
Shanghai Changjia investment	33,367	12,947	–	–
Suzhou Chang Gia Pharma (H.K.) Company Limited	–	–	6,829	6,829
Shanghai Changjia Health Products Co., Ltd.	5,571	5,571	5,571	5,571
蘇州長甲藥業有限公司	–	–	–	9,355
Shanghai Yulong Investment Co., Ltd	1,167	1,167	1,167	1,167
	<u>40,105</u>	<u>19,685</u>	<u>13,567</u>	<u>22,922</u>

The Company

	September 10, 2009 (date of incorporation) RMB'000	Maximum amount during the period RMB'000	December 31, 2009 RMB'000
Due from a related company:			
Changjia Group Int'l Holding Limited*	–	342	342
	January 1, 2010 RMB'000	Maximum amount during the period RMB'000	April 30, 2010 RMB'000
Due from a related company:			
Changjia Group Int'l Holding Limited*	342	342	342

32. DISPOSAL OF A SUBSIDIARY**Year ended December 31, 2009**

In April 2008, the Group entered into an agreement with Ms. Huang to transfer the Group's entire equity interests in Suzhou Changjia Pharmacy Co., Ltd. to a company designated by Ms. Huang for a consideration of RMB7,237,000. On March 31, 2009, the Group transferred its entire equity interests in Suzhou Changjia Pharmacy Co., Ltd. to Suzhou Chang Gia Pharma (H.K.) Company Limited, a company designated by Ms. Huang. (note 31).

The carrying value of the assets and liabilities of Suzhou Changjia Pharmacy Co., Ltd. as at the date of disposal were as follows:

	RMB'000
Property, plant and equipment	61,875
Prepaid land lease payments	11,116
Inventories	10,850
Trade receivables	535
Intangible assets	2
Due from related companies	5,118
Prepayments, deposits and other receivables	4,168
Cash and cash equivalents	10,116
Trade payables	(453)
Other payables, deposits received and accruals	(18,649)
Due to related companies	(78,500)
Advances from customers	(1,229)
	<u>4,949</u>
Excess of consideration over the carrying value of net assets	<u>2,288</u>
Satisfied by:	
Amount due to a related company	<u><u>7,237</u></u>

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of a subsidiary is as follows:

Net cash outflow:	
Cash consideration	–
Cash and cash equivalents disposed of	<u>(10,116)</u>
Net outflow of cash and cash equivalents in respect of the disposal of a subsidiary	<u><u>(10,116)</u></u>

The excess of consideration over the carrying value of net assets was recognised as an equity item as the transaction constituted a common control transaction.

33. BUSINESS COMBINATION

In August 2009, the Group acquired a 100% interest in Shanghai Changyi Property, formerly known as Shanghai Yuqiang Property Management Co., Ltd., from a third party. Shanghai Changyi Property is engaged in the properties management. The purchase consideration for the acquisition was RMB215,000, which was fully settled as at December 31, 2009.

The fair values of the identifiable assets and liabilities of Shanghai Changyi Property as at the date of acquisition and the corresponding carrying amounts immediately before the acquisition were as follows:

	Fair value recognised on acquisition RMB'000	Previous carrying amount RMB'000
Cash and bank balances	16	16
Other payables and accruals	(2)	(2)
	<u>14</u>	<u>14</u>
Goodwill on acquisition.	201	
Satisfied by cash	<u>215</u>	

An analysis of the net outflow of cash and cash equivalents in respect of the acquisition is as follows:

	RMB'000
Cash consideration.	(215)
Cash and bank balances acquired.	<u>16</u>
Net outflow of cash and cash equivalents in respect of the acquisition of a subsidiary.	<u>(199)</u>

Since its acquisition, Shanghai Changyi Property commenced operation and contributed RMB562,000 and RMB377,000 to the Group's turnover and profit for the year ended December 31, 2009.

34. OPERATING LEASE COMMITMENTS**As lessor**

The Group leases out an investment property (note 14) under operating lease arrangements with leases negotiated from terms ranging from one to six years. The terms of leases generally also require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions.

At the balance sheet dates, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	December 31,			April 30,
	2007 RMB'000	2008 RMB'000	2009 RMB'000	2010 RMB'000
Within one year	11,348	82,390	96,431	89,952
In the second to fifth years, inclusive.	18,380	121,357	100,369	74,230
After five years	—	3,141	—	—
	<u>29,728</u>	<u>206,888</u>	<u>196,800</u>	<u>164,182</u>

As lessee

The Group leases certain of its office properties under operating lease arrangements, negotiated for terms of one to three years with an option for renewal after that date, at which time all terms will be renegotiated.

At the balance sheet dates, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	December 31,			April 30,
	2007 RMB'000	2008 RMB'000	2009 RMB'000	2010 RMB'000
Within one year	96	1,262	1,177	1,503
In the second to fifth years, inclusive.	63	1,027	332	336
After five years	–	–	233	241
	<u>159</u>	<u>2,289</u>	<u>1,742</u>	<u>2,080</u>

35. COMMITMENTS

In addition to the operating lease commitment detailed in note 34 above, the Group had the following capital commitments at the end of the reporting period:

	December 31,			April 30,
	2007 RMB'000	2008 RMB'000	2009 RMB'000	2010 RMB'000
Contracted, but not provided for:				
– Acquisition of a subsidiary.	–	–	543,000	–
– Acquisition of parcel of lands	–	–	–	1,058,613
– Properties under development	153,518	248,551	401,190	276,101
	<u>153,518</u>	<u>248,551</u>	<u>401,190</u>	<u>276,101</u>

36. CONTINGENT LIABILITIES

At the end of the reporting period, contingent liabilities not provided for in the financial statements were as follows:

	December 31,			April 30,
	2007 RMB'000	2008 RMB'000	2009 RMB'000	2010 RMB'000
Guarantees in respect of mortgage facilities granted to purchasers of the Group's properties.	–	–	541,504	374,514
	<u>–</u>	<u>–</u>	<u>541,504</u>	<u>374,514</u>

The Group provided guarantees in respect of mortgage facilities granted by certain banks to the purchasers of the Group's completed properties held for sale. Pursuant to the terms of the guarantee arrangements, in case of default on mortgage payments by the purchasers, the Group is responsible to repay the outstanding mortgage loans together with any accrued interest and penalty owed by the defaulted purchasers to banks. The Group is then entitled to take over the legal title of the related properties. The Group's guarantee period commences from the date of grant of the relevant mortgage loan and ends after the execution of individual purchasers' collateral agreement.

The Group did not incur any material losses during the Relevant Periods and the four months ended April 30, 2009 in respect of the guarantees provided for mortgage facilities granted to purchasers of the Group's completed properties held for sale. The directors consider that in case of default on payments, the net realisable value of the related properties can cover the repayment of the outstanding mortgage loans together with any accrued interest and penalty, and therefore no provision has been made in connection with the guarantees.

37. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

April 30, 2010

Financial assets

	Loans and receivables at amortised cost RMB'000	Total RMB'000
Financial assets included in prepayments, deposits and other receivables (note 24)	94,374	94,374
Due from related companies	22,919	22,919
Pledged deposits	344,482	344,482
Cash and cash equivalents	1,179,953	1,179,953
	<u>1,641,728</u>	<u>1,641,728</u>

Financial liabilities

	Financial liabilities at amortised cost RMB'000	Total RMB'000
Trade payables	319,814	319,814
Financial liabilities included in other payables, deposits received and accruals (note 27)	372,941	372,941
Interest-bearing bank and other borrowings	3,309,398	3,309,398
Due to a related party	4,685	4,685
Due to related companies	546,992	546,992
	<u>4,553,830</u>	<u>4,553,830</u>

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

December 31, 2009

Financial assets

	Loans and receivables at amortised cost RMB'000	Equity investments at fair value through profit or loss RMB'000	Total RMB'000
Equity investments at fair value through profit or loss	–	2,456	2,456
Financial assets included in prepayments, deposits and other receivables (note 24)	146,030	–	146,030
Due from related companies	13,567	–	13,567
Pledged deposits	14,680	–	14,680
Cash and cash equivalents	1,190,330	–	1,190,330
	<u>1,364,607</u>	<u>2,456</u>	<u>1,367,063</u>

Financial liabilities

	Financial liabilities at amortised cost RMB'000	Total RMB'000
Trade payables	311,541	311,541
Financial liabilities included in other payables, deposits received and accruals (note 27)	42,541	42,541
Interest-bearing bank and other borrowings	1,765,000	1,765,000
Due to a related party.	4,685	4,685
Due to related companies	473,414	473,414
	<u>2,597,181</u>	<u>2,597,181</u>

December 31, 2008

Financial assets

	Loans and receivables at amortised cost RMB'000	Equity investments at fair value through profit or loss RMB'000	Total RMB'000
Equity investments at fair value through profit or loss . .	–	1,914	1,914
Financial assets included in prepayments, deposits and other receivables (note 24)	25,243	–	25,243
Trade and bills receivables	683	–	683
Due from directors.	312	–	312
Due from related companies	6,738	–	6,738
Pledged deposits	28,228	–	28,228
Cash and cash equivalents	149,194	–	149,194
	<u>210,398</u>	<u>1,914</u>	<u>212,312</u>

Financial liabilities

	Financial liabilities at amortised cost RMB'000	Total RMB'000
Trade payables	279,208	279,208
Financial liabilities included in other payables, deposits received and accruals (note 27)	139,464	139,464
Interest-bearing bank and other borrowings	907,500	907,500
Due to a related party.	4,596	4,596
Due to related companies	525,509	525,509
	<u>1,856,277</u>	<u>1,856,277</u>

December 31, 2007

Financial assets

	Loans and receivables at amortised cost RMB'000	Equity investments at fair value through profit or loss RMB'000	Total RMB'000
Equity investments at fair value through profit or loss . . .	–	9,461	9,461
Financial assets included in prepayments, deposits and other receivables (note 24)	12,366	–	12,366
Due from directors	241	–	241
Due from related companies	19,685	–	19,685
Cash and cash equivalents	717,442	–	717,442
	<u>749,734</u>	<u>9,461</u>	<u>759,195</u>

Financial liabilities

	Financial liabilities at amortised cost RMB'000	Total RMB'000
Trade payables	204,747	204,747
Financial liabilities included in other payables and accruals (note 27) . .	31,186	31,186
Interest-bearing bank and other borrowings	380,000	380,000
Due to a related party	2,920	2,920
Due to related companies	639,736	639,736
	<u>1,258,589</u>	<u>1,258,589</u>

38. FAIR VALUE HIERARCHY

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments:

Level 1: fair values measured based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: fair values measured based on valuation techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: fair values measured based on valuation techniques for which all inputs which have a significant effect on the recorded fair value are not based on observable market data (unobservable inputs)

As at December 31, 2007, 2008 and 2009, the Group's equity investments at fair value through profit or loss (level 1) are measured at fair value.

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments mainly include cash and cash equivalents, pledged deposits, equity investment at fair value through profit or loss, trade receivables, trade and other payables, which arise directly from its operations. The Group has other financial assets and liabilities such as interest-bearing bank and other borrowings, amounts with directors, amounts with related companies, amount due to a related party, other receivables. The main purpose of these financial instruments is to raise finance for the Group's operations.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The Group does not have any written risk management policies and guidelines. Generally, the Group introduces conservative strategies on its risk management. To keep the Group's exposure to these risks to a minimum, the Group has not used any derivatives and other instruments for hedging purposes. The Group does not hold or issue derivative financial instruments for trading purposes. The Board of Directors reviews and agrees policies for managing each of these risks and they are summarised below:

(a) Interest rate risk

The Group's exposure to risk for changes in market interest rates relates primarily to the Group's bank and other borrowings set out in note 29. The Group does not use derivative financial instruments to hedge interest rate risk. The Group manages its interest cost using a mix of variable rate bank and other borrowings.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax (through the impact on floating rate borrowings).

	Increase/decrease in basis points	Increase/ (decrease) in profit before tax RMB'000
Four months ended April 30, 2010		
– RMB denominated loans	+20	(462)
– RMB denominated loans	–20	462
Year ended December 31, 2009		
– RMB denominated loans	+20	(212)
– RMB denominated loans	–20	212
Year ended December 31, 2008		
– RMB denominated loans	+20	(908)
– RMB denominated loans	–20	908
Year ended December 31, 2007		
– RMB denominated loans	+20	(380)
– RMB denominated loans	–20	380

(b) Foreign currency risk

The Group's businesses are located in Mainland China and all transactions are conducted in RMB. Most of the Group's assets and liabilities are denominated in RMB. The Group has not hedged its foreign exchange rate risk.

The following table demonstrates the sensitivity at the end of the reporting periods to a reasonably possible change in the United States dollar ("US\$") exchange rate, with all other variables held constant, of the Group's profit before tax (due to changes in the fair value of monetary assets and liabilities).

	%	Increase/(decrease) in profit before rate tax RMB'000
Four months ended April 30, 2010		
If US\$ weakens against RMB	–5%	(5,605)
If US\$ strengthens against RMB	+5%	5,605
Year ended December 31, 2009		
If US\$ weakens against RMB	–5%	(5,463)
If US\$ strengthens against RMB	+5%	5,463
Year ended December 31, 2008		
If US\$ weakens against RMB	–5%	(603)
If US\$ strengthens against RMB	+5%	603
Year ended December 31, 2007		
If US\$ weakens against RMB	–5%	(91)
If US\$ strengthens against RMB	+5%	91

(c) Credit risk

It is the Group's policy that all customers are required to pay deposits in advance of the purchase of properties. In addition, the Group does not have any significant credit risk as the credit given to any individual or corporate entity is not significant.

The credit risk of the Group's other financial assets, which mainly comprise cash and cash equivalents, trade and bills receivables, other receivables, amount due from directors, amounts due from related companies, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

(d) Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing bank and other borrowings. Cash flows are closely monitored on an ongoing basis.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on contractual undiscounted payments, was as follows:

	On demand RMB'000	Less than 3 months RMB'000	3 to 12 months RMB'000	Over 1 year RMB'000	Total RMB'000
April 30, 2010					
Interest-bearing bank and other borrowings	–	31,200	1,308,121	4,039,236	5,378,557
Trade payables	319,814	–	–	–	319,814
Other payables	372,941	–	–	–	372,941
Due to a related party.	4,685	–	–	–	4,685
Due to related companies	546,992	–	–	–	546,992
Guarantees in respect of mortgage facilities granted to purchasers of the Group's properties.	–	–	374,514	–	374,514
	<u>1,244,432</u>	<u>31,200</u>	<u>1,682,635</u>	<u>4,039,236</u>	<u>6,997,503</u>
	On demand RMB'000	Less than 3 months RMB'000	3 to 12 months RMB'000	Over 1 year RMB'000	Total RMB'000
December 31, 2009					
Interest-bearing bank and other borrowings	–	39,825	134,573	2,249,563	2,423,961
Trade payables	311,451	–	–	–	311,451
Other payables	42,541	–	–	–	42,541
Due to a related party.	4,685	–	–	–	4,685
Due to related companies	473,414	–	–	–	473,414
Guarantees in respect of mortgage facilities granted to purchasers of the Group's properties.	–	–	541,504	–	541,504
	<u>832,091</u>	<u>39,825</u>	<u>676,077</u>	<u>2,249,563</u>	<u>3,797,556</u>

	On demand RMB'000	Less than 3 months RMB'000	3 to 12 months RMB'000	Over 1 year RMB'000	Total RMB'000
December 31, 2008					
Interest-bearing bank and other borrowings	–	12,508	115,030	874,624	1,002,162
Trade payables	279,208	–	–	–	279,208
Other payables	139,464	–	–	–	139,464
Due to a related party	4,596	–	–	–	4,596
Due to related companies	525,509	–	–	–	525,509
	<u>948,777</u>	<u>12,508</u>	<u>115,030</u>	<u>874,624</u>	<u>1,950,939</u>

	On demand RMB'000	Less than 3 months RMB'000	3 to 12 months RMB'000	Over 1 year RMB'000	Total RMB'000
December 31, 2007					
Interest-bearing bank and other borrowings	–	770	19,161	450,220	470,151
Trade payables	204,747	–	–	–	204,747
Other payables	31,186	–	–	–	31,186
Due to a related party	2,920	–	–	–	2,920
Due to related companies	639,736	–	–	–	639,736
	<u>878,589</u>	<u>770</u>	<u>19,161</u>	<u>450,220</u>	<u>1,348,740</u>

(e) Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise equity holder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to equity holders, return capital to shareholders or issue new shares.

The Group monitors capital using a net borrowings to equity ratio, which is net borrowings divided by total capital. Net borrowings include interest-bearing bank and other loans less cash and cash equivalents and pledged deposits. Capital includes equity attributable to owners of the Group. The gearing ratios as at the end of reporting periods were as follows:

	December 31,			April 30,
	2007 RMB'000	2008 RMB'000	2009 RMB'000	2010 RMB'000
Interest-bearing bank and other borrowings	380,000	907,500	1,765,000	3,309,398
Less: Pledged deposits	–	(28,228)	(14,680)	(344,482)
Cash and cash Equivalents	<u>(717,442)</u>	<u>(149,194)</u>	<u>(1,190,330)</u>	<u>(1,179,953)</u>
Net borrowings	<u>(337,442)</u>	<u>730,078</u>	<u>559,990</u>	<u>1,784,963</u>
Total equity	<u>788,102</u>	<u>1,411,835</u>	<u>1,938,722</u>	<u>2,268,647</u>
Net borrowings to equity ratio	<u>N/A</u>	<u>52%</u>	<u>29%</u>	<u>79%</u>

40. EVENT AFTER THE REPORTING PERIOD

The following events took place subsequent to April 30, 2010:

1. Pursuant to a resolution dated October 11, 2010, the Company has adopted a share option scheme (the "Pre-IPO Share Option Scheme").

The purpose of the Pre-IPO Share Option Scheme is to give the participants an opportunity to acquire a personal stake in the Company and help motivate such participants to optimize their performance and efficiency, and also to help retain the participants whose contributions are important to the long-term growth and profitability of the Group. The principal terms of the Pre-IPO Share Option Scheme are:

- (a) the exercise price per share under the Pre-IPO Share Option Scheme shall be 90% of the Offer Price as defined in the prospectus ("Offer Price");
- (b) subject to the satisfaction of all conditions imposed, any option granted under the Pre-IPO Share Option Scheme can only be exercisable in the following manner:

Vesting period	Maximum percentage of options exercisable
Anytime after the first anniversary of the listing date of the Company's shares	25% of the total number of options granted
Anytime after the second anniversary of the listing date of the Company's shares	additional 25% of the total number of options granted
Anytime after the third anniversary of the listing date of the Company's shares	additional 25% of the total number of options granted
Anytime after the fourth anniversary of the listing date of the Company's shares	all the remaining number of options granted

- (c) the total number of Shares which may be issued upon the exercise of all options granted under the Pre-IPO Share Option Scheme is 79,600,000 Shares;
- (d) save for the options which have been conditionally granted, no further options will be granted under the Pre-IPO Share Option Scheme as the right to do so will end upon the completion of the Global Offering as defined in the Prospectus; and
- (e) each option granted under the Pre-IPO Share Option Scheme has a 10-year exercise period from the listing date of the Company's shares.

Options granted pursuant to the Pre-IPO Share Option Scheme are non-transferable. No share will be issued under the Pre-IPO Share Option Scheme if the Company's public float will as a result of such issue be less than the minimum requirements under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Options to subscribe for an aggregate of 79,600,000 Shares have been conditionally granted to a total of 76 participants by the Company at a consideration of HK\$1.00 under the Pre-IPO Share Option Scheme. All the options under the Pre-IPO Share Option Scheme were granted on October 15, 2010.

2. Pursuant to a resolution dated October 11, 2010, the Company has adopted another share option scheme ("Share Option Scheme"). Details of the Share Option Scheme are disclosed in Appendix VIII in the Prospectus.

The Group has not granted any options under the Share Option Scheme.

3. On June 3, 2010, the Group entered into another loan agreement with New China Trust Co., Ltd. (an independent third party) pursuant to which New China Trust Co., Ltd. agreed to provide a loan of RMB800.0 million to the Group with a term of one year commencing from June 10, 2010 to June 9, 2011 and an interest rate of 16.0% per annum, subject to the Group's discretionary early repayment. The loan is secured by the Group's land use rights.
4. On March 31, 2010, Shanghai Changjia Investment Management and Taizhou Hualong Property Co., Ltd. (泰州市華隆置業有限公司) ("Taizhou Hualong") entered into a framework equity transfer agreement ("Hualong Agreement") pursuant to which Shanghai Changjia Investment Management agreed to acquire all the equity interests in Hualong Property (Suzhou) Co., Ltd. (華隆置業(蘇州)有限公司) ("Suzhou Hualong") from Taizhou Hualong for a consideration of RMB2,650,000,000.

On April 19, 2010, Taizhou Hualong, Shanghai Changjia Investment Management and Shanghai Changjia Investment entered into a novation agreement, pursuant to which Shanghai Changjia Investment agreed to assume all the obligations and duties of Shanghai Changjia Investment Management under the Hualong Agreement to acquire Suzhou Hualong from Taizhou Hualong. In addition, all the deposit (amounting to an aggregate of RMB100 million) paid by Shanghai Changjia Investment Management shall be deemed as paid by Shanghai Changjia Investment to Taizhou Hualong under the Hualong Agreement.

5. On May 5, 2010, Changjia Group Int'l Holding Limited, Mr. Zhao, CJ Land and the Company entered into a share swap agreement, pursuant to which Changjia Group Int'l Holding Limited transferred the entire issued share capital of CJ Land into the Company in consideration of and in exchange for the Company allotting and issuing 100,000 Shares to Changjia Group Int'l Holding Limited.
6. On June 3, 2010, Qidong Qiyue and Shanghai Yingtai International Trading Co., Ltd. (上海盈泰國際貿易有限公司) ("Shanghai Yingtai International") entered into an equity transfer agreement, pursuant to which Shanghai Yingtai International acquired 49% equity interests in Shanghai Yongtai Investment Co., Ltd. (上海永泰投資有限公司) from Qidong Qiyue for a consideration of RMB490,000 and Shanghai Yingtai International undertake to pay the amount of RMB1,960,000 which was outstanding and owing from Qidong Qiyue.
7. On October 25, 2010, the Company, Chosen Elite Limited, Chow Tai Fook Nominee Limited, Tailwind Group Limited and the respective underwriters for the Company's shares in relation to the initial public offering ("IPO") of the Company entered into corporate investor agreements, pursuant to which Chosen Elite Limited, Chow Tai Fook Nominee Limited and Tailwind Group Limited have individually agreed to subscribe at the IPO offer price for such number of the Company's shares of HK\$0.10 each for approximately US\$50 million.

41. PENDING LITIGATION

Shanghai Changjia Property, a subsidiary of the Company is currently involved in a litigation proceeding at the First Intermediate People's Court of Shanghai as one of the defendants.

In May 2008, Shanghai Changjia Property agreed to acquire a 40% interest in Shanghai Haoquan from 上海健全投資有限公司 ("Jianquan Investment") for RMB118.6 million. The payment is conditional upon the completion of resettlement as coordinated by Jianquan Investment for the site owned by Shanghai Haoquan. Jianquan Investment, Shanghai Changjia Property and Mr. Chen Jiaquan, who is a creditor of Jianquan Investment, in May 2008 also agreed that Shanghai Changjia Property, when making the payment of the above-mentioned acquisition price, would pay RMB47.5 million out of the total price to a bank account that was jointly controlled by Mr. Chen Jiaquan and Jianquan Investment so as to facilitate the settlement of debt owed by Jianquan Investment to Mr. Chen Jiaquan. In November 2009, Mr. Chen Jiaquan sued Jianquan Investment for the repayment of debt and also named Shanghai Changjia Property as a defendant. Mr. Chen Jiaquan demanded Shanghai Changjia Property to make the payment of RMB47.5 million. The directors of the Company have consulted the PRC counsel and are of the opinion that Shanghai Changjia Property has a valid argument and it is unlikely that the Court will support the plaintiff's claim against Shanghai Changjia property.

42. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Group, the Company or its subsidiaries in respect of any period subsequent to April 30, 2010.

Yours faithfully,
Ernst & Young
Certified Public Accountants
Hong Kong

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

The information sets out in this Appendix does not form part of the Accountants' Report prepared by Ernst & Young, Certified Public Accountants, Hong Kong, the reporting accountants of our Company, as set out in Appendix I to this prospectus, and is included herein for information only.

The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" in this prospectus and the "Accountants' Report" set out in Appendix I to this prospectus.

A. UNAUDITED PRO FORMA ADJUSTED COMBINED NET TANGIBLE ASSETS

The following is an illustrative statement of unaudited pro forma adjusted combined net tangible assets of the Group which has been prepared in accordance with Rule 4.29 of the Listing Rules for the purpose of illustrating the effect of the Global Offering as if it had been taken place on April 30, 2010 and based on the audited combined net assets attributable to equity holders of our Company as of April 30, 2010 as shown in the Accountants' Report, the text of which is set out in Appendix I to this prospectus, and adjusted as described below.

The unaudited pro forma adjusted combined net tangible assets of the Group has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the Group's combined net tangible assets as of April 30, 2010 after the completion of the Global Offering or at any future dates. It is prepared based on the audited combined net tangible assets of the Group as of April 30, 2010 as set out in the Accountants' Report in Appendix I and adjusted as below. The unaudited pro forma adjusted combined net tangible assets does not form part of the Accountants' Report as set out in Appendix I of the Prospectus.

	Audited combined net tangible assets of the Group attributable to equity holders of the Company as of April 30, 2010 RMB'000 (Note 1)	Estimated net proceeds from the global offering RMB'000 (Note 2)	Unaudited pro forma adjusted combined net tangible assets RMB'000	Unaudited pro forma adjusted combined net tangible assets per Share RMB (Note 3)
Based on offer price of HK\$3.20 per Share.	2,267,967	2,342,458	4,610,425	1.15
Based on offer price of HK\$4.80 per Share.	2,267,967	3,546,124	5,814,091	1.45

Notes:

- (1) The audited combined net tangible assets of the Group attributable to equity holders of the Company as at April 30, 2010 is arrived at after deducting goodwill of RMB201,000 and intangible assets of RMB479,000 from the audited combined net assets attributable to equity holders of the Company of RMB2,268,647,000 as at April 30, 2010 as extracted from the Accountants' Report set out in Appendix I to this prospectus.

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

- (2) The estimated net proceeds from the Global Offering are based on the Offer Shares and the Offer Price of HK\$3.20 or HK\$4.80 per Share, being the low or high end of the stated offer price range, after deduction of the underwriting fees and related expenses payable by the Company and taking no account of any Shares which may be allotted and issued upon the exercise of the Over-allotment Option and Share Option Schemes. The estimated net proceeds from the Global Offering are converted from Hong Kong dollars into Renminbi at an exchange rate of RMB0.85984 to HK\$1, the prevailing rate quoted by the PBOC on October 22, 2010. No representation is made that the Hong Kong dollar amounts have been, could have been or could be converted to Renminbi, or vice versa, at that rate or at any other rates or at all.
- (3) The unaudited pro forma adjusted combined net tangible assets per Share is arrived at after adjustments as described in (2) above and on the basis of 4,000,000,000 Shares in issue immediately following the completion of the Capitalization Issue and the Global Offering without taking into account any Shares which may be issued upon exercise of the Over-allotment Option and Share Option Schemes.
- (4) No adjustment has been made to reflect any trading results or other transactions of the Group entered into subsequent to April 30, 2010.

B. UNAUDITED PRO FORMA FORECAST EARNINGS PER SHARE

The following unaudited pro forma forecast earnings per Share for the year ending December 31, 2010 has been prepared in accordance with paragraph 4.29 of the Listing Rules and on the basis of the notes set out below for the purpose of illustrating the effect of the Global Offering as if it had taken place on January 1, 2010. This unaudited pro forma forecast earnings per Share has been prepared for illustrative purpose only and, because of its hypothetical nature, it may not give a true picture of the financial results of the Group following the completion of the Global Offering or for any future periods.

	Forecast for the year ending December 31, 2010
Forecast consolidated profit attributable to equity holders of the Company ⁽¹⁾	Not less than RMB710 million
Forecast earnings per Share	
Unaudited pro forma fully diluted ⁽²⁾	RMB0.18 (approximately HK\$0.21)
Weighted average ⁽³⁾	RMB0.22 (approximately HK\$0.26)

Notes:

- (1) The forecast consolidated profit attributable to equity holders of the Company for the year ending December 31, 2010 is extracted from the paragraph headed "Profit Forecast For The Year Ending December 31, 2010" in the section headed "Financial Information." The bases and assumptions on which the above Profit Forecast for the year ending December 31, 2010 has been prepared are summarized in "Profit Forecast" on Appendix III to this prospectus.
- (2) The calculation of the unaudited pro forma forecast earnings per Share is based on the forecast consolidated profit attributable to equity holders of the Company for the year ending December 31, 2010 and on the assumptions that the Company had been listed since January 1, 2010 and a total of 4,000,000,000 Shares were in issue during the year ending December 31, 2010 without taking into account the shares which may be issued upon the exercise of the Over-allotment Option and options granted under the Share Option Schemes.
- (3) The calculation of the forecast earnings per Share on a weighted average basis is based on the forecast consolidated profit attributable to equity owners of the Company for the year ending December 31, 2010, and assumes a weighted average number of approximately 3,227,454,466 Shares were in issue during the entire year, without taking into account any Shares which may be issued upon the exercise of the Over-allotment Option and options granted under the Share Option Schemes.
- (4) The unaudited pro forma forecast earnings per Share for the year ending December 31, 2010 are converted into Hong Kong dollars at an exchange rate of RMB0.85984 to HK\$1, the prevailing rate quoted by PBOC on October 22, 2010. No representation is made that the Hong Kong dollar amounts have been, could have been or could be converted to Renminbi, or vice versa, at that rate or at any other rates or at all.

C. LETTER FROM THE REPORTING ACCOUNTANTS ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a letter received from the reporting accountants of our Company, Ernst & Young, Certified Public Accountants, Hong Kong, in respect of the unaudited pro forma financial information for the purpose of incorporation in this prospectus.



18th Floor
Two International Finance Centre
8 Finance Street, Central
Hong Kong

October 29, 2010

The Directors
CJ Land Holdings Limited
Citigroup Global Markets Asia Limited
Merrill Lynch Far East Limited

Dear Sirs,

CJ Land Holdings Limited (the “Company”) and its subsidiaries (collectively the “Group”)

We report on the unaudited pro forma adjusted combined net tangible assets and unaudited pro forma forecast earnings per share (the “**Unaudited Pro Forma Financial Information**”) of CJ Land Holdings Limited (the “**Company**”) and its subsidiaries (hereinafter collectively referred to as the “**Group**”), which have been prepared by the directors of the Company (the “**Directors**”) for illustrative purposes only, to provide information about how the global offering of 1,000,000,000 shares of HK\$0.10 each in the capital of the Company might have affected the financial information presented, for inclusion in Appendix II to the prospectus of the Company dated October 29, 2010 (the “**Prospectus**”). The basis of preparation of the Unaudited Pro Forma Financial Information is set out in Appendix II to the Prospectus.

Relevant Responsibilities of the Directors and Reporting Accountants

It is the responsibility solely of the Directors to prepare the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”).

It is our responsibility to form an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Basis of opinion

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 300 “Accountants’ Reports on Pro Forma Financial Information in Investment Circulars” issued by the HKICPA. Our work consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the Unaudited Pro Forma Financial Information with the Directors. This engagement did not involve independent examination of any of the underlying financial information.

Our work did not constitute an audit or a review made in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA, and accordingly, we do not express any such audit or review assurance on the Unaudited Pro Forma Financial Information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Unaudited Pro Forma Financial Information has been properly compiled by the Directors on the bases stated, that such bases are consistent with the accounting policies of the Group and that the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Our work has not been carried out in accordance with the auditing standards or other standards and practices generally accepted in the United States of America or auditing standards of the Public Company Accounting Oversight Board (United States) and, accordingly, should not be relied upon as if it had been carried out in accordance with those standards.

The Unaudited Pro Forma Financial Information is for illustrative purposes only, based on the judgments and assumptions of the Directors, and, because of its hypothetical nature, it does not provide any assurance or indication that any event will take place in the future and may not be indicative of:

- the financial position of the Group as at April 30, 2010, or any future dates; or
- the forecast earnings per share of the Group for the year ending December 31, 2010 or any future periods.

Opinion

In our opinion:

- (a) the Unaudited Pro Forma Financial Information has been properly compiled by the Directors on the bases stated;
- (b) such bases are consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purpose of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully,
Ernst & Young
Certified Public Accountants
Hong Kong

The forecast of the consolidated profit of the Group for the year ending December 31, 2010 attributable to equity holders of the Company is set out in the paragraph headed "Profit Forecast for the Year Ending December 31, 2010" under the section headed "Financial Information" in this prospectus.

A. BASES AND ASSUMPTIONS

The forecast of the consolidated profit of the Group for the year ending December 31, 2010 attributable to equity holders of the Company prepared by the Directors is based on the audited combined results of the Group for the four months ended April 30, 2010, the unaudited consolidated results of the Group for the three months ended July 31, 2010 and a forecast of the consolidated results of the Group for the remaining five months ending December 31, 2010. The forecast has been prepared on the basis of the accounting policies consistent in all material aspects with those currently adopted by the Group as summarized in the accountants' report of historical financial information of the Group, the text of which is set out in Appendix I to this prospectus and is based on the following principal assumptions:

- There will be no significant changes in the existing political, legal, fiscal, market or economic conditions in the PRC, including changes in legislations, regulations or rules, which may have a material adverse effect on our business;
- There will be no significant changes in the government policies in the PRC governing the pricing and sale of our properties;
- There will be no material changes in the bases or rates of taxation, both direct and indirect, in the PRC and Hong Kong;
- There will be no material changes in inflation rate, interest rates or foreign currency exchange rates in the PRC from those prevailing as at the date of the Prospectus;
- There will be no significant changes in the current financial, economic and political conditions which prevail in the PRC and in the neighboring cities/provinces and which are material to the rental income generated by the investment properties;
- There will be no significant changes in the conditions in which the investment properties are being operated and which are material to revenue and costs of the properties;
- There will be no significant changes in the property-specific factors such as the building facilities provision, building specification, ventilation system, ancillary supporting retail services quality of property management and tenant's profile;
- The leases of any lease-expired units of the properties will be renewed at normal commercial terms;
- Major contracts on the sales and leases of properties will not be cancelled, nor will the actual construction costs vary significantly from the signed contracts or the budget in any way that is more significant than historical experience;
- All our properties are developed and sold in accordance with management's plans and there are no substantial changes in development schedule due to relocation and government approval;

- Land certificates, sales permits, planning permits for construction works and permits for commencement of construction works related to properties under development shall be granted before the commencement of sale of each project;
- There will be no material disputes with the contractors engaged by us to develop its projects which would cause a significant variance in construction costs which necessitate significant additional provision of development costs on projects; and
- With respect to the real estate industry in particular, the PRC government will not impose material changes or additional austerity measures to dampen the sales and prices of properties.

B. PROFIT FORECAST

	RMB (in millions, except per Share data)
Forecast net profit attributable to the equity owners of our Company ⁽¹⁾⁽²⁾	not less than 710.0
Forecast gross fair value gains on investment properties	203.0
Less: Provision for deferred tax liabilities on fair value gains on investment properties	50.8
Forecast fair value gains on investment properties (net of deferred tax effect)	152.2
Forecast consolidated net profit attributable to the equity owners of our Company (net of fair value gains)	not less than 557.8
Forecast earnings per Share Unaudited pro forma fully diluted ⁽³⁾	0.18 (approximately HK\$0.21)
Weighted average ⁽⁴⁾	0.22 (approximately HK\$0.26)

(1) The above profit forecast has been prepared in accordance with the principal assumptions as set forth above.

(2) On the bases and assumptions set out above, and in the absence of the occurrence of unforeseen circumstances, we have forecast that the net consolidated profit attributable to the equity owners of our Company for the period ending December 31, 2010 is unlikely to be less than RMB710.0 million, which includes a gain of RMB152.2 million in the fair value of investment properties, net of deferred tax effect, and takes into account the staff compensation costs arising from the Pre-IPO Option Scheme in the amount of RMB5.4 million.

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

We expect the fair value of our investment properties as of December 31, 2010, and in turn any fair value gains on investment properties, to continue to be dependent on market conditions and other factors that are beyond our control, and to be based on the valuation performed by an independent professional property valuer involving the use of assumptions that are, by their nature, subjective and uncertain. See the section headed "Risk Factors – Risk Factors Relating to Our Business – The appraised value of our properties may be different from the actual realizable value and is subject to change" in this prospectus.

Changes in the fair value of our investment properties are dependent on market conditions and factors that are beyond our control. While we have considered for the purposes of the profit forecast what we believe is the best estimate of the fair value of our investment properties as of December 31, 2010, and our independent property valuer is of the view that the assumptions upon which the forecast is based are reasonable, the fair value of our investment properties and/or any fair value gains or losses on investment properties as of the relevant time may differ materially from (and may be materially higher or lower than) our estimate.

The forecast revaluation gains for the period ending December 31, 2010 are attributable to the revaluation of existing investment properties. We currently have no intention to reclassify any of our properties held for sale as investment properties.

We expect the fair value of our investment properties as of December 31, 2010, and any future fair value changes to be dependent on market conditions and other factors that are beyond our control, and to be based on market trends anticipated by an independent professional valuer involving the use of assumptions that are, by their nature, subjective and uncertain.

The following table illustrates the sensitivity of the net profit attributable to equity holders of the Company to the forecast average selling price for the units to be sold and delivered during the five months ending December 31, 2010:

% Change in Price	-15%	-10%	-5%	0%	5%	10%	15%
Net Profit	699,322	702,881	706,441	710,000	713,559	717,119	720,678
Change in Net Profit	(10,678)	(7,119)	(3,559)	–	3,559	7,119	10,678
% Change in Net Profit	(1.50%)	(1.00%)	(0.50%)	0.00%	0.50%	1.00%	1.50%

The following table illustrates the sensitivity of the net profit attributable to equity holders of the Company to the GFA forecasted to be sold and delivered during the five months ending December 31, 2010:

% Change in GFA	-15%	-10%	-5%	0%	5%	10%	15%
Net Profit	701,618	704,408	707,202	710,000	712,798	715,592	718,382
Change in Net Profit	(8,382)	(5,592)	(2,798)	–	2,798	5,592	8,382
% Change in Net Profit	(1.18%)	(0.79%)	(0.39%)	0.00%	0.39%	0.79%	1.18%

The following table illustrates the sensitivity of the net profit attributable to equity holders of the Company to the rental rate (RMB/Sq.m./Month) forecasted for the investment properties during the five months ending December 31, 2010:

% Change in Rental Rate (RMB/Sq.m./Month)	-15%	-10%	-5%	0%	5%	10%	15%
Net Profit	705,464	706,976	708,488	710,000	711,512	713,024	714,536
Change in Net Profit	(4,536)	(3,024)	(1,512)	–	1,512	3,024	4,536
% Change in Net Profit	(0.64%)	(0.43%)	(0.21%)	0.00%	0.21%	0.43%	0.64%

The following table illustrates the sensitivity of the net profit attributable to equity holders of the Company to the occupancy rate forecasted for the investment properties during the five months ending December 31, 2010:

± Change in Occupancy Rate	-3%	-2%	-1%	0%	1%	2%	3%
Net Profit	709,045	709,363	709,682	710,000	710,318	710,637	710,955
Change in Net Profit	(955)	(637)	(318)	–	318	637	955
% Change in Net Profit	(0.13%)	(0.09%)	(0.04%)	0.00%	0.04%	0.09%	0.13%

The following table illustrates the sensitivity of the net profit attributable to equity holders of the Company to the fair value gain forecasted for the investment properties during the five months ending December 31, 2010:

% Change in Fair Value Gain	-15%	-10%	-5%	0%	5%	10%	15%
Net Profit	708,199	708,799	709,400	710,000	710,600	711,201	711,801
Change in Net Profit	(1,801)	(1,201)	(600)	–	600	1,201	1,801
% Change in Net Profit	(0.25%)	(0.17%)	(0.08%)	0.00%	0.08%	0.17%	0.25%

Given that as at July 31, 2010, we had successfully presold more than 91.2% of the property units forecasted to be sold and delivered in the five months ending December 31, 2010, the impact of the factors analyzed above on the forecast consolidated profit attributable to our equity holders is limited.

- (3) The calculation of the forecast earnings per Share on a pro forma fully diluted basis is based on the forecast consolidated profit attributable to the equity owners of the Company for the year ending December 31, 2010, assuming that our Company had been listed since January 1, 2010, and that a total of 4,000,000,000 Shares were in issue during the entire year. This calculation is based on certain assumptions in relation to the share capital and 4,000,000,000 Shares assumed to be in issue immediately following the completion of the Global Offering without taking into account any shares which may be issued upon the exercise of the Over-allotment Option and share options granted under Share Option Schemes.
- (4) The calculation of the forecast earnings per Share on a weighted average basis is based on the forecast consolidated profit attributable to equity owners of the Company for the year ending December 31, 2010, and assumes a weighted average number of approximately 3,227,454,466 Shares were in issue during the entire year, without taking into account any shares which may be issued upon the exercise of the Over-allotment Option and share options granted under Share Option Scheme.

B. LETTER FROM ERNST & YOUNG

The following is the text of a report, prepared for the purpose of incorporation in this prospectus, received from our Company's reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong in connection with the forecast of our combined profit attributable to equity holders for the year ending December 31, 2010.



18th Floor
Two International Finance Centre
8 Finance Street
Central
Hong Kong

October 29, 2010

The Directors
CJ Land Holdings Limited
Citigroup Global Markets Asia Limited
Merrill Lynch Far East Limited

Dear Sirs,

We have reviewed the calculations of and the accounting policies adopted in arriving at the forecast of the consolidated profit attributable to equity holders of CJ Land Holdings Limited (the "Company", together with its subsidiaries, hereinafter collectively referred to as the "Group") for the year ending December 31, 2010 (the "Profit Forecast") as set out in the subsection headed "Profit Forecast for the year ending December 31, 2010" under the section headed "Financial Information" in the prospectus of the Company dated October 29, 2010 (the "Prospectus") for which the directors of the Company (the "Directors") are solely responsible.

We conducted our work with reference to Auditing Guideline 3.341 "Accountants' Report on Profit Forecasts" issued by the Hong Kong Institute of Certified Public Accountants.

The Profit Forecast has been prepared by the Directors based on the audited combined results of the Group for the four months ended April 30, 2010, the unaudited consolidated results of the Group for the three months ended July 31, 2010 and a forecast of the consolidated results of the Group for the five months ending December 31, 2010.

In our opinion, so far as the accounting policies and calculations are concerned, the Profit Forecast has been properly compiled in accordance with the bases made by the Directors as set out in Part A of Appendix III to the Prospectus, and is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group as set out in our accountants' report dated October 29, 2010, the text of which is set out in Appendix I to the Prospectus.

Without qualifying our opinion above, we draw your attention that the Directors have disclosed in the section headed "Financial Information – Profit Forecast for the year ending December 31, 2010" in the Prospectus that in preparing the Profit Forecast, the Directors have

assumed that there will be fair value gains on revaluation of investment properties, net of deferred tax effect, of approximately RMB152.2 million which is estimated based on projected valuations at December 31, 2010 according to a basis of valuation which is, as far as practicable, consistent with the basis of valuation which has been adopted by their independent property valuer in valuing the investment properties for the purposes of the audited combined financial information of the Group for the four months ended April 30, 2010. While the Directors believe this is the best estimate of the fair value gains on the investment properties for the year ending December 31, 2010, the fair value of the investment properties and/or any fair value gains or losses on investment properties as at the relevant time may differ materially from their estimate. Should the actual increase or decrease in fair value of the investment properties differ from the amount estimated by the Directors, such difference would have the effect of increasing or decreasing the estimated consolidated profit attributable to equity owners of the Company for the year ending December 31, 2010.

Yours faithfully,
Ernst & Young
Certified Public Accountants
Hong Kong

(C) LETTER FROM THE JOINT SPONSORS

The following is the text of a letter, prepared for inclusion of this prospectus, which we have received from Citigroup Global Markets Asia Limited, and Merrill Lynch Far East Limited, the Joint Sponsors, in connection with the forecast of our consolidated net profit attributable to equity holders of our Company for the year ending December 31, 2010.

**BofA Merrill Lynch**

October 29, 2010

The Directors
CJ Land Holdings Limited

Dear Sirs,

We refer to the forecast (the "**Forecast**") of the consolidated net profit attributable to shareholders of CJ Land Holdings Limited (the "**Company**") and its subsidiaries (the "**Group**") for the year ending December 31, 2010 as set out in the sub-section headed "Profit Forecast for the Year Ending December 31, 2010" in the section entitled "Financial Information" in the prospectus issued by the Company dated October 29, 2010 (the "**Prospectus**").

The Forecast, for which the directors of the Company are solely responsible, has been prepared by them based on the audited consolidated results of the Group for the year ended December 31, 2009 and the four months ended April 30, 2010, the unaudited management accounts for the three months ended July 31, 2010 and a forecast of the consolidated results of the Group for the remaining five months ending December 31, 2010.

We have discussed with you the bases and assumptions made by the directors of the Company as set out in Appendix III to the Prospectus, to the extent applicable, upon which the Forecast has been made. We have also considered the letter dated October 29, 2010 addressed to you and us from Ernst & Young regarding the accounting policies and calculations upon which the Forecast has been based.

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

Yours faithfully,

For and on behalf of
Citigroup Global Markets Asia Limited
Eugene Qian
Managing Director
Co-head of China Global Banking

For and on behalf of
Merrill Lynch Far East Limited
Mark Chu
Managing Director

The following is the text of a letter, summary of values and valuation certificate prepared for the purpose of incorporation in this prospectus received from Savills Valuation and Professional Services Limited, an independent property valuer, in connection with their valuations as at July 31, 2010 of the properties of the Group.



The Directors
CJ Land Holdings Limited
25/F, Chamtime International Financial Center
No. 1589 Century Avenue,
Pudong New District,
Shanghai,
PRC

Savills Valuation and
Professional Services Limited
23/F Two Exchange Square
Central, Hong Kong

T: (852) 2801 6100
F: (852) 2530 0756

EA Licence: C-023750
savills.com

October 29, 2010

Dear Sirs,

In accordance with your instructions for us to value the properties situated in the People's Republic of China (the "PRC") in which CJ Land Holdings Limited (the "Company") and its subsidiaries (hereinafter referred to as the "Group") have interests, we confirm that we have carried out inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of values of such properties as at July 31, 2010 for incorporation in a Public Offering Document.

Our valuation of each of the properties is our opinion of its market value which we would define as intended to mean "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently, and without compulsion."

The market value is the best price reasonably obtainable in the market by the seller and the most advantageous price reasonably obtainable in the market by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, joint ventures, management agreements, special considerations or concessions granted by anyone associated with the sale, or any element of special value. The market value of a property is also estimated without regard to costs of sale and purchase, and without offset for any associated taxes.

In the course of our valuation of the properties in the PRC, unless otherwise stated, we have assumed that transferable land use rights in respect of the properties for their respective specific terms at nominal annual land use fees have been granted and that any land grant premium payable has already been fully paid. We have also assumed that, unless otherwise stated, the owners of the properties have proper legal titles and have free and uninterrupted rights to use, occupy or assign the properties for the whole of the respective unexpired terms as granted.

In valuing the property in Group I, which is held by the Group for investment in the PRC, we have made reference to the comparable market transactions as available in the market and where appropriate, on the basis of capitalization of net incomes as shown on the schedules handed to us with due allowance for reversionary income potential of the property.

In valuing the properties in Group II, which are held by the Group for sale in the PRC, we have valued such properties by the direct comparison approach assuming sale with the benefit of vacant possession in their existing state by making reference to comparable sales transactions as available in the relevant markets.

In valuing the properties in Groups III and IV, which are held by the Group under development and for future development in the PRC, we have valued such properties on the basis that they will be developed and completed in accordance with the latest development proposals provided to us. We have assumed that all consents, approvals and licences from relevant government authorities for the development proposals have been obtained without onerous conditions or delays. In arriving at our opinion of values, we have adopted the direct comparison approach by making reference to comparable sales transactions as available in the relevant markets and have also taken into account the expended constructions costs and the costs that will be expended to complete the development to reflect the quality of the completed development.

In valuing the properties in Group V, which are to be acquired by the Group in the PRC, but for which the Group has not yet obtained the Land Use Rights Certificates, we have ascribed no commercial value to the properties.

In valuing the properties in Group VI, which are leased by the Group in the PRC, we have assigned no commercial value to the properties, due either to the short-term nature of the leases or the prohibition against assignments or sub-lettings or otherwise due to lack of substantial profit rents.

We have been provided with copies of documents in relation to the titles to the properties in the PRC. However, we have not searched the original documents to ascertain the existence of any amendments which may not appear on the copies handed to us. In the course of our valuation, we have relied to a very considerable extent on the information given by the Group and its legal adviser on PRC laws, Commerce & Finance Law Offices, regarding the titles to the properties. We have also accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenure, particulars of occupancy, development proposals, total and outstanding construction costs, floor and site areas and all other relevant matters. Dimensions, measurements and areas included in the valuation certificate are based on information provided to us and are therefore only approximations. No on-site measurements

have been taken. We have no reason to doubt the truth and accuracy of the information provided to us by the Group which is material to our valuation. We were also advised by the Group that no material facts have been omitted from the information provided. We consider that we have been provided with sufficient information to reach an informed view.

We have inspected the exterior and, where possible, the interior of the properties. During the course of our inspections, we did not note any serious defects. However, no structural survey has been made, we are therefore unable to report whether the properties are free from rot, infestation or any other structural defects. No tests were carried out on any of the services. We have not carried out investigations on site to determine the suitability of the ground conditions and the services etc. for any future development. Our valuation is prepared on the assumption that these aspects are satisfactory and that no extraordinary expenses or delays will be incurred during the construction period.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on any property nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoings of an onerous nature which could affect their values.

In valuing the properties, we have complied with the requirements set out in Chapter 5 and Practice Note 12 to the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited and The HKIS Valuation Standards on Properties (First Edition 2005) published by The Hong Kong Institute of Surveyors.

Unless otherwise stated, all money amounts stated in this report are in Renminbi (RMB).

We enclose herewith our summary of values and valuation certificate.

Yours faithfully,
For and on behalf of
Savills Valuation and Professional Services Limited
Charles C K Chan
MSc FRICS FHKIS MCI Arb RPS(GP)
Managing Director

Note: Charles C K Chan is a Chartered Estate Surveyor and has about 26 years' experience in the valuation of properties in Hong Kong and 21 years' experience in the valuation of properties in the PRC.

SUMMARY OF VALUES

No. Property	Capital value in existing state as at July 31, 2010 RMB
Group I – Property held by the Group for investment in the PRC	
1. Chamtime International Financial Center, No. 1589 Century Avenue, Pudong New District, Shanghai, PRC	2,098,000,000
Sub-total:	2,098,000,000
Group II – Properties held by the Group for sale in the PRC	
2. Various residential units, car parking spaces and ancillary facilities, Shanghai Garden, No. 199 Yuanshen Road, Pudong New District, Shanghai, PRC	475,000,000
3. Various residential units and ancillary facilities of Phases I and II, Chamtime Western Villa, Shenzhuan Highway South to Caijiabing Road and Husong Highway East to Xinnong River, Dongjing Town, Songjiang District, Shanghai, PRC	771,000,000

No. Property	Capital value in existing state as at July 31, 2010 RMB
4. Various residential units and ancillary facilities of Phases I and II, Chamtime Lake Mountain Villa, South of Shanqian River and East of Dianqiao Road, Changshu, Jiangsu Province, PRC	46,000,000
5. Various residential units and ancillary facilities of Phases I and II, Chamtime Mountain View Villa, East of Yushan North Road, West of Tonglin Road, North of Guihua Road and South of Biyun Road, Changshu, Jiangsu Province, PRC	26,000,000
Sub-total:	1,318,000,000

Group III – Properties held by the Group under development in the PRC

6. Phase I, Chamtime Eastern Garden, Hangtou Town, Nanhui District, Shanghai, PRC	1,451,000,000
7. Phase III, Chamtime Western Villa, Shenzhuan Highway South to Caijiabing Road and Husong Highway East to Xinnong River, Dongjing Town, Songjiang District, Shanghai, PRC	2,203,000,000

No. Property	Capital value in existing state as at July 31, 2010 RMB
8. Phase III, Chamtime Mountain View Villa, East of Yushan North Road, West of Tonglin Road, North of Guihua Road and South of Biyun Road, Changshu, Jiangsu Province, PRC	225,000,000
9. Chamtime Corporate Avenue Plaza, Haining Road, Zhabei District, Shanghai, PRC	1,014,000,000
Sub-total:	<u>4,893,000,000</u>

Group IV – Properties held by the Group for future development in the PRC

10. Phases II and III, Chamtime Eastern Garden, Hangtou Town, Nanhui District, Shanghai, PRC	2,936,000,000
11. Phase IV, Chamtime Western Villa, Shenzhuan Highway South to Caijiabing Road and Husong Highway East to Xinnong River, Dongjing Town, Songjiang District, Shanghai, PRC	1,236,000,000

No. Property	Capital value in existing state as at July 31, 2010 RMB
12. Chamtime Plaza, Zhangjiang Hi-Technology Park, Pudong New District, Shanghai, PRC	3,399,000,000
13. Chamtime Noble Palace, West of Dianshan Lake and East of Jinyao Road, Jinxi Town, Kunshan, Jiangsu Province, PRC	639,000,000
14. Chamtime Coast Town, Binhai Village, Dongyuan Town, Qidong, Jiangsu Province, PRC	1,911,000,000
15. Chamtime International Town (Changshu China), South of Yangzijiang Main Road, West of Yongjia Road, North of Jinpu Road, North of Tongji Road, South of Tonghu Road and East of Longxi North Road, Changshu, Jiangsu Province, PRC	261,000,000
Sub-total:	10,382,000,000

No. Property	Capital value in existing state as at July 31, 2010 RMB
Group V – Properties to be acquired by the Group in the PRC	
16. Chamtime Noble Palace, East of Tongzhou Road and North of Jindong Road, Jinxi Town, Kunshan, Jiangsu Province, PRC	No commercial value
17. Chamtime International Town (Wuxi China), North of Dongan Main Road, North of Xianfeng Road and East of Xinzhu Road, Wuxi, Jiangsu Province, PRC	No commercial value
Sub-total:	<u>Nil</u>

Group VI – Properties leased by the Group in the PRC

18. Unit No. 213 of a commercial building located at No. 358 Tongle Road, Dongjing Town, Songjiang District, Shanghai, PRC	No commercial value
19. Two office units on Level 2 of a commercial building located at No. 139 Zhujiang Road, Suzhou Hi-tech Zone, Suzhou, Jiangsu Province, PRC	No commercial value

No.	Property	Capital value in existing state as at July 31, 2010 RMB
20.	An office unit of a commercial building located at No. 32 Yushan North Road, Changshu, Jiangsu Province, PRC	No commercial value
21.	An office unit of a commercial building located at No. 32 Yushan North Road, Changshu, Jiangsu Province, PRC	No commercial value
22.	Unit 5-60 of a commercial building located at No. 966 Zhongshan North Road, Zhabei District, Shanghai, PRC	No commercial value
23.	An office unit of a non-domestic building located at No. 58 Lianfeng Road, Changshu, Jiangsu Province, PRC	No commercial value
24.	Unit No. 109 of Building No. 2, No. 2 Hangqi Road, Hangtou Town, Pudong New District, Shanghai, PRC	No commercial value
25.	Unit 2303 of a commercial building located at No. 717 Haining Road, Hongkou District, Shanghai, PRC	No commercial value

No.	Property	Capital value in existing state as at July 31, 2010 RMB
26.	An office unit of a non-domestic building located at Haifu Town Government, Qidong, Jiangsu Province, PRC	No commercial value
27.	A workshop of an Industrial building located at Haibin Village, Dongyuan Town, Qidong, Jiangsu Province, PRC	No commercial value
28.	A workshop of an industrial building located at Haibin Village, Dongyuan Town, Qidong, Jiangsu Province, PRC	No commercial value
29.	A workshop of an industrial building located at Haibin Village, Dongyuan Town, Qidong, Jiangsu Province, PRC	No commercial value
30.	Unit 802, Level 8, Binjiang International Building, No. 88 Tonggang Road, Changshu, Jiangsu Province, PRC	No commercial value

No.	Property	Capital value in existing state as at July 31, 2010 RMB
31.	Unit 804, Level 8, Binjiang International Building, No. 88 Tonggang Road, Changshu, Jiangsu Province, PRC	No commercial value
32.	Unit 201, Block 12, No. 120 Chenjia Youche, Pudong New District, Shanghai, PRC	No commercial value
33.	Unit 904, Block 31, Rijinyuan, Mingri Xingcheng, Changshu, Jiangsu Province, PRC	No commercial value
34.	Unit 903, Xingyuan Technology Plaza, No. 418 Guiping Road, Caohejing Development Zone, Xuhui District, Shanghai, PRC	No commercial value
35.	Unit A309, Level 3, Souke Tiandi, No. 2 Fungwei Road, Xishan Economic Development Zone, Wuxi, Jiangsu Province, PRC	No commercial value

No.	Property	Capital value in existing state as at July 31, 2010 RMB
36.	A residential unit of a domestic building located at No. 39-1 Donghu Shuian, Dianshan Lake, Kunshan, Jiangsu Province, PRC	No commercial value
37.	A residential unit of Block 89, Donghu Shuian New Village, No. 9 Xiangshi Road, Dianshan Lake, Kunshan, Jiangsu Province, PRC	No commercial value
38.	Unit 601, Block 9, Lingyun Gongyu, Xishan District, Wuxi, Jiangsu Province, PRC	No commercial value
39.	Unit 707, Saiweila Residence, Xishan District, Wuxi, Jiangsu Province, PRC	No commercial value
40.	Unit 102, Block 10, Weilan Dushi Garden, Wuxi, Jiangsu Province, PRC	No commercial value

No. Property	Capital value in existing state as at July 31, 2010 RMB
41. Unit 706, Block 17, Rijinyuan, Mingri Xingcheng, Changshu, Jiangsu Province, PRC	No commercial value
Sub-total:	Nil
Grand-total:	18,691,000,000

VALUATION CERTIFICATES

Group I – Property held by the Group for investment in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at July 31, 2010														
1.	Chamtime International Financial Center, No. 1589 Century Avenue, Pudong New District, Shanghai, PRC	Chamtime International Financial Center is a high-rise office building erected on a parcel of land with a site area of approximately 9,250.00 sq.m. (99,567 sq.ft.). It was completed in 2008. The property has a total gross floor area of approximately 58,017.00 sq.m. (624,495 sq.ft.). Details of the property are as follows:	At the date of valuation, a portion of the property was subject to various tenancies whilst the remaining portion was vacant.	RMB2,098,000,000														
		<table border="1"> <thead> <tr> <th rowspan="2">Use</th> <th colspan="2">Approximate gross floor area</th> </tr> <tr> <th>sq.m.</th> <th>sq.ft.</th> </tr> </thead> <tbody> <tr> <td>Office & Retail</td> <td>47,817.73</td> <td>514,710</td> </tr> <tr> <td>Carparks & Ancillary facilities</td> <td>10,199.27</td> <td>109,785</td> </tr> <tr> <td>Total:</td> <td><u>58,017.00</u></td> <td><u>624,495</u></td> </tr> </tbody> </table>	Use	Approximate gross floor area		sq.m.	sq.ft.	Office & Retail	47,817.73	514,710	Carparks & Ancillary facilities	10,199.27	109,785	Total:	<u>58,017.00</u>	<u>624,495</u>		
Use	Approximate gross floor area																	
	sq.m.	sq.ft.																
Office & Retail	47,817.73	514,710																
Carparks & Ancillary facilities	10,199.27	109,785																
Total:	<u>58,017.00</u>	<u>624,495</u>																
		The land use rights of the property have been granted for a term commencing on September 13, 2002 and expiring on July 31, 2049 for commercial and office comprehensive uses.																

Notes:

- (1) Pursuant to the Realty Title Certificate – Hu Fang Di Pu Zi (2008) Di No. 040276 dated June 12, 2008, the land use rights with a site area of approximately 9,250.00 sq.m. and the building ownership rights with a gross floor area of approximately 58,017.00 sq.m. have been granted to Shanghai Changjia Property Co., Ltd. ("Shanghai Changjia Property"), a wholly-owned subsidiary of the Company, for a term commencing on September 13, 2002 and expiring on July 31, 2049 for commercial and office comprehensive uses.
- (2) We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter-alia, the following information:
 - i. Shanghai Changjia Property has legally obtained the land use rights as mentioned in Note 1 under the protection of PRC's laws and is entitled to use, transfer, lease, mortgage or dispose of the land use rights by other legal means within the term of the land use rights;
 - ii. Shanghai Changjia Property has obtained the building ownership rights as mentioned in Note 1 under the protection of PRC's laws;
 - iii. the aforesaid Realty Title Certificate is subject to a mortgage. Shanghai Changjia Property has to get the mortgagee's approval before selling, transferring, leasing or mortgaging the mortgaged portion within the period of the mortgage;
 - iv. Shanghai Changjia Property is entitled to sell, transfer, mortgage or lease the commodity units of the property to domestic or oversea individuals, companies or organizations; and
 - v. Shanghai Changjia Property has obtained the necessary permits and approvals for the construction of the property. The property has been certified as completed.

Group II – Properties held by the Group for sale in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at July 31, 2010																	
2.	Various residential units, car parking spaces and ancillary facilities, Shanghai Garden, No. 199 Yuanshen Road, Pudong New District, Shanghai, PRC	<p>Shanghai Garden (the “development”) is a large-scale low-density residential development comprising various residential units within various buildings of 4 to 6 floors each erected on 2 parcels of land with a total site area of approximately 140,389.00 sq.m. (1,511,147 sq.ft.). It was completed in 2005.</p> <p>The property comprises the unsold and undelivered residential units, car parking spaces and ancillary facilities of the development with a total gross floor area of approximately 36,845.36 sq.m. (396,603 sq.ft.). Details of the property are as follows:</p> <table border="1"> <thead> <tr> <th rowspan="2">Use</th> <th colspan="2">Approximate gross floor area</th> </tr> <tr> <th>sq.m.</th> <th>sq.ft.</th> </tr> </thead> <tbody> <tr> <td>Residential</td> <td>8,147.18</td> <td>87,696</td> </tr> <tr> <td>Carparks</td> <td>22,267.48</td> <td>239,687</td> </tr> <tr> <td>Ancillary facilities</td> <td>6,430.70</td> <td>69,220</td> </tr> <tr> <td>Total:</td> <td><u>36,845.36</u></td> <td><u>396,603</u></td> </tr> </tbody> </table> <p>The land use rights of the property have been granted for two concurrent terms commencing on June 9, 1999 and October 30, 2001 and expiring on May 31, 2069 and October 30, 2071 respectively for residential use.</p>	Use	Approximate gross floor area		sq.m.	sq.ft.	Residential	8,147.18	87,696	Carparks	22,267.48	239,687	Ancillary facilities	6,430.70	69,220	Total:	<u>36,845.36</u>	<u>396,603</u>	At the date of valuation, the property was vacant.	RMB475,000,000
Use	Approximate gross floor area																				
	sq.m.	sq.ft.																			
Residential	8,147.18	87,696																			
Carparks	22,267.48	239,687																			
Ancillary facilities	6,430.70	69,220																			
Total:	<u>36,845.36</u>	<u>396,603</u>																			

Notes:

- (1) Pursuant to the following Realty Title Certificates, the land use rights with a total site area of approximately 140,389.00 sq.m. and the building ownership rights with a total gross floor area of approximately 173,969.65 sq.m. have been granted to Shanghai Changjia Property Co., Ltd. (“Shanghai Changjia Property”), a wholly-owned subsidiary of the Company. Details of the certificates are as follows:

Certificate No.	Issue Date	Site Area (sq.m.)	Gross Floor Area (sq.m.)	Term	Land Usage
Hu Fang Di Pu Zi (2005) Di No. 109694	November 16, 2005	53,033.00	65,223.38	June 9, 1999 to May 31, 2069	Residential
Hu Fang Di Pu Zi (2005) Di No. 109696	November 16, 2005	87,356.00	108,746.27	October 30, 2001 to October 30, 2071	Residential

As advised by the Group, the property comprises portions of the buildings as mentioned in the aforesaid Realty Title Certificates.

- (2) Portions of the property with a total gross floor area of approximately 5,716.93 sq.m. have been contracted to be sold for a total consideration of approximately RMB249,000,000. In arriving at our opinion of the capital value of the property, we have taken into account the consideration of these portions.
- (3) We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter-alia, the following information:
 - i. Shanghai Changjia Property has legally obtained the land use rights as mentioned in Note 1 under the protection of PRC's laws and is entitled to use, transfer, lease, mortgage or dispose of the land use rights by other legal means within the terms of the land use rights;
 - ii. Shanghai Changjia Property has obtained the building ownership rights as mentioned in Note 1 under the protection of PRC's laws;
 - iii. portions of the aforesaid Realty Title Certificates – Hu Fang Di Pu Zi (2005) Di No. 109696 are subject to a mortgage. Shanghai Changjia Property has to get the mortgagee's approval before selling, transferring, leasing or mortgaging the mortgaged portion within the period of the mortgage;
 - iv. Shanghai Changjia Property is entitled to sell, transfer, mortgage or lease the unsold commodity units of the property to domestic or oversea individuals, companies or organizations; and
 - v. Shanghai Changjia Property has obtained the necessary permits and approvals for the construction of the property. The property has been certified as completed.

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at July 31, 2010
3.	Various residential units and ancillary facilities of Phases I and II, Chamtime Western Villa, Shenzhuan Highway South to Caijiabing Road and Husong Highway East to Xinnong River, Dongjing Town, Songjiang District, Shanghai, PRC	<p>Chamtime Western Villa (the "development") is a large-scale low-density residential development. It is being developed in 4 phases on 2 parcels of land with a total site area of approximately 400,102.00 sq.m. (4,306,698 sq.ft.). Phases I and II of the development were completed in 2009 and 2010 respectively.</p> <p>The property comprises the unsold and undelivered residential units and ancillary facilities in Phases I and II of the development with a total gross floor area of approximately 38,827.95 sq.m. (417,943 sq.ft.). Details of the property are as follows:</p>	At the date of valuation, the property was vacant.	RMB771,000,000

Phase I

Use	Approximate gross floor area	
	sq.m.	sq.ft.
Residential	12,283.16	132,216
Ancillary facilities	5,361.80	57,714
Sub-total:	17,644.96	189,930

Phase II

Use	Approximate gross floor area	
	sq.m.	sq.ft.
Residential	7,497.63	80,704
Ancillary facilities	13,685.36	147,309
Sub-total:	21,182.99	228,013
Total:	<u>38,827.95</u>	<u>417,943</u>

The land use rights of the property have been granted for two concurrent terms commencing on July 3, 2002 and November 21, 2005 and expiring on July 2, 2072 and November 20, 2075 respectively for commodity residential and residential uses.

Notes:

- (1) Pursuant to the following Realty Title Certificates, the land use rights with a total site area of approximately 400,102.00 sq.m. and the building ownership rights with a total gross floor area of approximately 50,566.85 sq.m. have been granted to Shanghai Deji Property Co., Ltd. ("Shanghai Deji"), a wholly-owned subsidiary of the Company. Details of the certificates are as follows:

Certificate No.	Issue Date	Site Area (sq.m.)	Gross Floor Area (sq.m.)	Term	Land Usage
Hu Fang Di Song Zi (2010) Di No. 012859	March 10, 2010	131,532.00	13,011.16	July 3, 2002 to July 2, 2072	Commodity residential
Hu Fang Di Song Zi (2010) Di No. 025699	July 23, 2010	268,570.00	37,555.69	November 21, 2005 to November 20, 2075	Residential

As advised by the Group, the property comprises portions of the buildings as mentioned in the aforesaid Realty Title Certificates.

- (2) Portions of the property with a total gross floor area of approximately 7,500.48 sq.m. have been contracted to be sold for a total consideration of approximately RMB200,000,000. In arriving at our opinion of the capital value of the property, we have taken into account the consideration of these portions.
- (3) We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter-alia, the following information:
- i. Shanghai Deji has legally obtained the land use rights as mentioned in Note 1 under the protection of PRC's laws and is entitled to use, transfer, lease, mortgage or dispose of the land use rights by other legal means within the terms of the land use rights;
 - ii. Shanghai Deji has obtained the building ownership rights as mentioned in Note 1 under the protection of PRC's laws;
 - iii. portions of the development are subject to mortgages. Shanghai Deji has to get the mortgagees' approvals before selling, leasing, transferring or mortgaging the mortgaged portions within the periods of the mortgages;
 - iv. Shanghai Deji is entitled to pre-sell the unsold commodity units of the property to domestic or oversea individuals, companies or organizations; and
 - v. Shanghai Deji has obtained the necessary permits and approvals for the construction of the property. The property has been certified as completed.

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at July 31, 2010																															
4.	Various residential units and ancillary facilities of Phases I and II, Chamtime Lake Mountain Villa, South of Shanqian River and East of Dianqiao Road, Changshu, Jiangsu Province, PRC	<p>Chamtime Lake Mountain Villa (the "development") is a large-scale low-density residential development. It is erected on 2 parcels of land with a total site area of approximately 77,084.00 sq.m. (829,732 sq.ft.). Phases I and II of the development were completed in 2009 and 2010 respectively.</p> <p>The property comprises the unsold and undelivered residential units and ancillary facilities in Phases I and II of the development with a total gross floor area of approximately 30,540.15 sq.m. (328,734 sq.ft.). Details of the property are as follows:</p> <p>Phase I</p> <table border="1"> <thead> <tr> <th rowspan="2">Use</th> <th colspan="2">Approximate gross floor area</th> </tr> <tr> <th>sq.m.</th> <th>sq.ft.</th> </tr> </thead> <tbody> <tr> <td>Residential</td> <td>912.66</td> <td>9,824</td> </tr> <tr> <td>Ancillary facilities</td> <td>13,886.33</td> <td>149,472</td> </tr> <tr> <td>Sub-total:</td> <td>14,798.99</td> <td>159,296</td> </tr> </tbody> </table> <p>Phase II</p> <table border="1"> <thead> <tr> <th rowspan="2">Use</th> <th colspan="2">Approximate gross floor area</th> </tr> <tr> <th>sq.m.</th> <th>sq.ft.</th> </tr> </thead> <tbody> <tr> <td>Residential</td> <td>7,273.11</td> <td>78,288</td> </tr> <tr> <td>Ancillary facilities</td> <td>8,468.05</td> <td>91,150</td> </tr> <tr> <td>Sub-total:</td> <td>15,741.16</td> <td>169,438</td> </tr> <tr> <td>Total:</td> <td><u>30,540.15</u></td> <td><u>328,734</u></td> </tr> </tbody> </table> <p>The land use rights of the property have been granted for two concurrent terms expiring on January 29, 2077 and December 28, 2077 respectively for residential use.</p>	Use	Approximate gross floor area		sq.m.	sq.ft.	Residential	912.66	9,824	Ancillary facilities	13,886.33	149,472	Sub-total:	14,798.99	159,296	Use	Approximate gross floor area		sq.m.	sq.ft.	Residential	7,273.11	78,288	Ancillary facilities	8,468.05	91,150	Sub-total:	15,741.16	169,438	Total:	<u>30,540.15</u>	<u>328,734</u>	At the date of valuation, the property was vacant.	RMB46,000,000
Use	Approximate gross floor area																																		
	sq.m.	sq.ft.																																	
Residential	912.66	9,824																																	
Ancillary facilities	13,886.33	149,472																																	
Sub-total:	14,798.99	159,296																																	
Use	Approximate gross floor area																																		
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Ancillary facilities	8,468.05	91,150																																	
Sub-total:	15,741.16	169,438																																	
Total:	<u>30,540.15</u>	<u>328,734</u>																																	

Notes:

- (1) Pursuant to the Land Use Rights Grant Contract – Chang Di Rang He (2006A) Di No. G022 and its supplementary agreement dated December 28, 2006 and January 5, 2007 respectively, Changshu Changtai Property Co., Ltd. ("Changshu Changtai"), a wholly owned subsidiary of the Company, has been agreed to be granted with the land use rights with a site area of approximately 77,084.00 sq.m. for 70 years for residential use at a consideration of RMB151,200,000.

- (2) Pursuant to the following Land Use Rights Certificates, the land use rights with a total site area of approximately 77,084.00 sq.m. have been granted to Changshu Changtai. Details of the certificates are as follows:

Certificate No.	Issue Date	Site Area (sq.m.)	Term	Land Usage
Chang Guo Yong (2007) Zi Di No. 000933	February 2, 2007	46,250.40	Expiring on January 29, 2077	Residential
Chang Guo Yong (2008) Zi Di No. 000425	March 14, 2008	30,833.60	Expiring on December 28, 2077	Residential

- (3) Pursuant to the six Presale Permits – Chang Fang Yu Shou Zi (2008) Di Nos. 048, 063, 120 and 121 and Chang Fang Yu Shou Zi (2009) Di Nos. 007 and 039 dated between June 3, 2008 and July 21, 2009, the property with a total gross floor area of approximately 52,341.00 sq.m. and a total garage area of approximately 17,970.00 sq.m. has been permitted for presale.
- (4) Pursuant to the three Construction Work Completion Inspection Certificates – Nos. 200911428, 200912490 and 201005126 dated between November 4, 2009 and May 6, 2010, various buildings of the property have been certified as completed.
- (5) Portions of the property with a total gross floor area of approximately 7,770.26 sq.m. have been contracted to be sold for a total consideration of approximately RMB84,000,000. In arriving at our opinion of the capital value of the property, we have taken into account the consideration of these portions.
- (6) As advised by the Group, the outstanding construction cost to be spent to complete the property as at July 31, 2010 was approximately RMB44,000,000. In the course of our valuation, we have taken into account the said cost.
- (7) We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter-alia, the following information:
- i. Changshu Changtai has legally obtained the land use rights as mentioned in Note 2 under the protection of PRC's laws and is entitled to use, transfer, lease, mortgage or dispose of the land use rights by other legal means within the terms of the land use rights;
 - ii. the aforesaid Land Use Rights Certificates are free from any mortgages;
 - iii. Changshu Changtai is entitled to pre-sell the unsold commodity units to domestic or oversea individuals, companies or organizations; and
 - iv. Changshu Changtai has obtained the necessary permits and approvals for the construction of the property.

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at July 31, 2010
5.	Various residential units and ancillary facilities of Phases I and II, Chamtime Mountain View Villa, East of Yushan North Road, West of Tonglin Road, North of Guihua Road and South of Biyun Road, Changshu, Jiangsu Province, PRC	<p>Chamtime Mountain View Villa (the "development") is a large-scale low-density residential development. It is being developed in 3 phases on 2 parcels of land with a total site area of approximately 95,053.00 sq.m. (1,023,150 sq.ft.). Phases I and II of the development were completed in 2009 and 2010 respectively.</p> <p>The property comprises the unsold and undelivered residential units and ancillary facilities in Phases I and II of the development with a total gross floor area of approximately 35,284.35 sq.m. (379,801 sq.ft.). Details of the property are as follows:</p>	At the date of valuation, the property was vacant.	RMB26,000,000

Phase I

Use	Approximate gross floor area	
	sq.m.	sq.ft.
Residential	1,678.00	18,062
Ancillary facilities	16,360.90	176,109
Sub-total:	18,038.90	194,171

Phase II

Use	Approximate gross floor area	
	sq.m.	sq.ft.
Residential	4,886.77	52,601
Ancillary facilities	12,358.68	133,029
Sub-total:	17,245.45	185,630
Total:	<u>35,284.35</u>	<u>379,801</u>

The land use rights of the property have been granted for four concurrent terms expiring on January 29, 2047, December 30, 2047, January 29, 2077 and December 30, 2077 respectively for commercial and residential uses.

Notes:

- (1) Pursuant to the Land Use Rights Grant Contract – Chang Di Rang He (2006A) Di No. G023 and its two supplementary agreements dated between December 28, 2006 and July 11, 2007, Changshu Changxiang Property Co., Ltd. (“Changshu Changxiang”), a wholly-owned subsidiary of the Company, has been agreed to be granted with the land use rights with a site area of approximately 95,053.00 sq.m. for 40 and 70 years for commercial and residential uses respectively at a consideration of RMB157,070,700.
- (2) Pursuant to the following Land Use Rights Certificates, the land use rights with a total site area of approximately 95,053.00 sq.m. have been granted to Changshu Changxiang. Details of the certificates are as follows:

Certificate No.	Issue Date	Site Area (sq.m.)	Term	Land Usage
Chang Guo Yong (2007) Zi Di No. 000932	February 2, 2007	61,091.00	Expiring on January 29, 2047	Commercial
			Expiring on January 29, 2077	Residential
Chang Guo Yong (2009) Zi Di No. 03912	June 26, 2009	33,962.00	Expiring on December 30, 2047	Commercial
			Expiring on December 30, 2077	Residential

- (3) Pursuant to the five Presale Permits – Chang Fang Yu Shou Zi (2008) Di Nos. 089, 122, 128 and Chang Fang Yu Shou Zi (2009) Di Nos. 006 and 018 dated between September 18, 2008 and April 23, 2009, the property with a total gross floor area of approximately 46,993.00 sq.m. and a total garage area of approximately 23,337.00 sq.m. has been permitted for presale.
- (4) Pursuant to the three Construction Work Completion Inspection Certificates – Nos. 200912490, 201003051 and 201009308 dated between December 16, 2009 and September 28, 2010, various buildings of the property have been certified as completed.
- (5) Portions of the property with a total gross floor area of approximately 6,564.77 sq.m. have been contracted to be sold for a total consideration of approximately RMB61,000,000. In arriving at our opinion of the capital value of the property, we have taken into account the consideration of these portions.
- (6) As advised by the Group, the outstanding construction cost to be spent to complete the development as at July 31, 2010 was approximately RMB70,000,000. In the course of our valuation, we have taken into account the said cost.
- (7) We have been provided with a legal opinion on the title to the property issued by the Group’s PRC legal adviser, which contains, inter-alia, the following information:
- i. Changshu Changxiang has legally obtained the land use rights as mentioned in Note 2 under the protection of PRC’s laws and is entitled to use, transfer, lease, mortgage or dispose of the land use rights by other legal means within the terms of the land use rights;
 - ii. the aforesaid Land Use Rights Certificate – Chang Guo Yong (2007) Zi Di No. 000932 is subject to a mortgage. Changshu Changxiang has to get the mortgagee’s approval before selling, leasing, transferring or mortgaging the mortgaged portion within the period of the mortgage;
 - iii. Changshu Changxiang is entitled to pre-sell the unsold commodity units to domestic or oversea individuals, companies or organizations; and
 - iv. Changshu Changxiang has obtained the necessary permits and approvals for the construction of the property.

Group III – Properties held by the Group under development in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at July 31, 2010																		
6.	Phase I, Chamtime Eastern Garden, Hangtou Town, Nanhui District, Shanghai, PRC	<p>Chamtime Eastern Garden (the “development”) is a large-scale low-density residential development. It is being developed in 3 phases on a parcel of land with a total site area of approximately 242,643.90 sq.m. (2,611,819 sq.ft.).</p> <p>The property comprises Phase I of the development. Upon completion, the property will have a total gross floor area of approximately 91,834.88 sq.m. (988,511 sq.ft.). Details of the property are as follows:</p> <table border="1"> <thead> <tr> <th>Use</th> <th colspan="2">Approximate gross floor area</th> </tr> <tr> <td></td> <th>sq.m.</th> <th>sq.ft.</th> </tr> </thead> <tbody> <tr> <td>Residential</td> <td>70,048.00</td> <td>753,997</td> </tr> <tr> <td>Retail</td> <td>4,846.88</td> <td>52,172</td> </tr> <tr> <td>Ancillary facilities</td> <td>16,940.00</td> <td>182,342</td> </tr> <tr> <td>Total:</td> <td><u>91,834.88</u></td> <td><u>988,511</u></td> </tr> </tbody> </table>	Use	Approximate gross floor area			sq.m.	sq.ft.	Residential	70,048.00	753,997	Retail	4,846.88	52,172	Ancillary facilities	16,940.00	182,342	Total:	<u>91,834.88</u>	<u>988,511</u>	At the date of valuation, the property was under construction.	RMB1,451,000,000
Use	Approximate gross floor area																					
	sq.m.	sq.ft.																				
Residential	70,048.00	753,997																				
Retail	4,846.88	52,172																				
Ancillary facilities	16,940.00	182,342																				
Total:	<u>91,834.88</u>	<u>988,511</u>																				
		<p>The property is scheduled to be completed in December 2011.</p> <p>The land use rights of the property have been granted for a term commencing on August 31, 2004 and expiring on August 30, 2074 for residential use.</p>																				

Notes:

- (1) Pursuant to the Realty Title Certificate – Hu Fang Di Pu Zi (2009) Di No. 202007 dated October 10, 2009, the land use rights with a site area of approximately 242,643.90 sq.m. have been granted to Shanghai Haoquan Real Estate Development Co., Ltd. (“Shanghai Haoquan”), a wholly-owned subsidiary of the Company, for a term commencing on August 31, 2004 and expiring on August 30, 2074 for residential use.
- (2) Pursuant to the two Construction Work Planning Permits – Hu Nan Jian (2009) FA31011920091751 and Hu Nan Jian (2010) FA31011920100088 dated August 7, 2009 and January 12, 2010 respectively, the construction works of the property with a total aboveground gross floor area of approximately 72,796.99 sq.m. and a total underground gross floor area of approximately 19,037.89 sq.m. have been permitted.
- (3) Pursuant to the three Construction Work Commencement Permits – Nos. 0901NH0015D01, 0901NH0015D02 and 0901NH0015D03 dated August 31, 2009 and April 14, 2010 respectively, the construction works of the property with a total gross floor area of approximately 91,820.88 sq.m. have been permitted to commence.
- (4) Pursuant to the two Presale Permits – Nan Hui Fang Guan (2010) Yu Zi Nos. 0000370 and 0000584 dated July 13, 2010 and October 10, 2010 respectively, portions of the property with a gross floor area of approximately 34,040.98 sq.m. have been permitted for presale.
- (5) As advised by the Group, the outstanding construction cost to be spent to complete the property as at July 31, 2010 was approximately RMB221,000,000. In the course of our valuation, we have taken into account the said cost.

- (6) The capital value of the property as if completed as at July 31, 2010 was RMB2,035,000,000.
- (7) We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter-alia, the following information:
- i. Shanghai Haoquan has legally obtained the land use rights as mentioned in Note 1 under the protection of PRC's laws and is entitled to use, transfer, lease, mortgage or dispose of the land use rights by other legal means within the term of the land use rights;
 - ii. the aforesaid Realty Title Certificate is subject to mortgages. Shanghai Haoquan has to get the mortgagees' approvals before selling, leasing, transferring or mortgaging the mortgaged portions within the periods of the mortgages;
 - iii. Shanghai Haoquan is entitled to pre-sell the unsold commodity units to domestic or oversea individuals, companies or organisations; and
 - iv. Shanghai Haoquan has obtained the necessary permits and approvals for the construction of the property.

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at July 31, 2010														
7.	Phase III, Chamtime Western Villa, Shenzhuan Highway South to Caijiabing Road and Husong Highway East to Xinnong River, Dongjing Town, Songjiang District, Shanghai, PRC	<p>Chamtime Western Villa (the "development") is a large-scale low-density residential development. It is being developed in 4 phases on 2 parcels of land with a total site area of approximately 400,102.00 sq.m. (4,306,698 sq.ft.).</p> <p>The property comprises Phase III of the development. Upon completion, the property will have a total gross floor area of approximately 98,840.03 sq.m. (1,063,914 sq.ft.). Details of the property are as follows:</p> <p>Phase III</p> <table border="1"> <thead> <tr> <th rowspan="2">Use</th> <th colspan="2">Approximate gross floor area</th> </tr> <tr> <th>sq.m.</th> <th>sq.ft.</th> </tr> </thead> <tbody> <tr> <td>Residential</td> <td>62,152.16</td> <td>669,006</td> </tr> <tr> <td>Ancillary facilities</td> <td>36,687.87</td> <td>394,908</td> </tr> <tr> <td>Total:</td> <td><u>98,840.03</u></td> <td><u>1,063,914</u></td> </tr> </tbody> </table> <p>Phase III is scheduled to be completed in December 2011.</p> <p>The land use rights of the property have been granted for two concurrent terms commencing on July 3, 2002 and November 21, 2005 and expiring on July 2, 2072 and November 20, 2075 respectively for commodity residential and residential uses.</p>	Use	Approximate gross floor area		sq.m.	sq.ft.	Residential	62,152.16	669,006	Ancillary facilities	36,687.87	394,908	Total:	<u>98,840.03</u>	<u>1,063,914</u>	At the date of valuation, the property was under construction.	RMB2,203,000,000
Use	Approximate gross floor area																	
	sq.m.	sq.ft.																
Residential	62,152.16	669,006																
Ancillary facilities	36,687.87	394,908																
Total:	<u>98,840.03</u>	<u>1,063,914</u>																

Notes:

- (1) Pursuant to the following Realty Title Certificates, the land use rights with a total site area of approximately 400,102.00 sq.m. and the building ownership rights with a total gross floor area of approximately 50,566.85 sq.m. have been granted to Shanghai Deji Property Co., Ltd. ("Shanghai Deji"), a wholly-owned subsidiary of the Company. Details of the certificates are as follows:

Certificate No.	Issue Date	Site Area (sq.m.)	Gross Floor Area (sq.m.)		Term	Land Usage
Hu Fang Di Song Zi (2010) Di No. 012859	March 10, 2010	131,532.00	13,011.16		July 3, 2002 to July 2, 2072	Commodity residential
Hu Fang Di Song Zi (2010) Di No. 025699	July 23, 2010	268,570.00	37,555.69		November 21, 2005 to November 20, 2075	Residential

- (2) Pursuant to the two Construction Work Planning Permits – Hu Song Jian (2009) FA31011720091380 and FA31011720091381 dated June 25, 2009, the construction works of the property with a total aboveground gross floor area of approximately 62,399.51 sq.m. and a total underground gross floor area of approximately 36,390.95 sq.m. have been permitted.
- (3) Pursuant to the two Construction Work Commencement Permits – No. 0901SJ0017D02 (no reference number for another permit) dated July 17, 2009, the construction works of the property with a total gross floor area of approximately 98,795.59 sq.m. have been permitted to commence.
- (4) Pursuant to the Presale Permit – Song Jiang Fang Guan (2010) Yu Zi No. 0000130 dated March 31, 2010, portions of the property with an aboveground gross floor area of approximately 25,366.98 sq.m. and an underground gross floor area of approximately 15,094.13 sq.m. have been permitted for presale.
- (5) Portions of the property with a total gross floor area of approximately 4,919.72 sq.m. have been contracted to be sold for a total consideration of approximately RMB204,000,000. In arriving at our opinion of the capital value of the property, we have taken into account the consideration of these portions.
- (6) As advised by the Group, the outstanding construction cost to be spent to complete the property as at July 31, 2010 was approximately RMB209,000,000. In the course of our valuation, we have taken into account the said cost.
- (7) The capital value of the property as if completed as at July 31, 2010 was RMB2,830,000,000.
- (8) We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter-alia, the following information:
 - i. Shanghai Deji has legally obtained the land use rights as mentioned in Note 1 under the protection of PRC's laws and is entitled to use, transfer, lease, mortgage or dispose of the land use rights by other legal means within the terms of the land use rights;
 - ii. portions of the development are subject to mortgages. Shanghai Deji has to get the mortgagees' approvals before selling, leasing, transferring or mortgaging the mortgaged portions within the periods of the mortgages;
 - iii. Shanghai Deji is entitled to pre-sell the unsold commodity units to domestic or oversea individuals, companies or organizations; and
 - iv. Shanghai Deji has obtained the necessary permits and approvals for the construction of the property.

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at July 31, 2010														
8.	Phase III, Chamtime Mountain View Villa, East of Yushan North Road, West of Tonglin Road, North of Guihua Road and South of Biyun Road, Changshu, Jiangsu Province, PRC	<p>Chamtime Mountain View Villa (the "development") is a large-scale low-density residential development. It is being developed in 3 phases on 2 parcels of land with a total site area of approximately 95,053.00 sq.m. (1,023,150 sq.ft.).</p> <p>The property comprises Phase III of the development. Upon completion, the property will have a total gross floor area of approximately 35,698.56 sq.m. (384,259 sq.ft.). Details of the property are as follows:</p> <p>Phase III</p> <table border="1"> <thead> <tr> <th rowspan="2">Use</th> <th colspan="2">Approximate gross floor area</th> </tr> <tr> <th>sq.m.</th> <th>sq.ft.</th> </tr> </thead> <tbody> <tr> <td>Residential</td> <td>26,475.22</td> <td>284,979</td> </tr> <tr> <td>Ancillary facilities</td> <td>9,223.34</td> <td>99,280</td> </tr> <tr> <td>Total:</td> <td>35,698.56</td> <td>384,259</td> </tr> </tbody> </table> <p>Phase III is scheduled to be completed in September 2010.</p> <p>The land use rights of the property have been granted for four concurrent terms expiring on January 29, 2047, December 30, 2047, January 29, 2077 and December 30, 2077 respectively for commercial and residential uses.</p>	Use	Approximate gross floor area		sq.m.	sq.ft.	Residential	26,475.22	284,979	Ancillary facilities	9,223.34	99,280	Total:	35,698.56	384,259	At the date of valuation, the property was under construction.	RMB225,000,000
Use	Approximate gross floor area																	
	sq.m.	sq.ft.																
Residential	26,475.22	284,979																
Ancillary facilities	9,223.34	99,280																
Total:	35,698.56	384,259																

Notes:

- (1) Pursuant to the Land Use Rights Grant Contract – Chang Di Rang He (2006A) Di No. G023 and its two supplementary agreements dated between December 28, 2006 and July 11, 2007, Changshu Changxiang Property Co., Ltd. ("Changshu Changxiang"), a wholly-owned subsidiary of the Company, has been agreed to be granted with the land use rights with a site area of approximately 95,503.00 sq.m. for 40 and 70 years for commercial and residential uses respectively at a consideration of RMB157,070,700.

- (2) Pursuant to the following Land Use Rights Certificates, the land use rights with a total site area of approximately 95,053.00 sq.m. have been granted to Changshu Changxiang. Details of the certificates are as follows:

Certificate No.	Issue Date	Site Area (sq.m.)	Term	Land Usage
Chang Guo Yong (2007) Zi Di No. 000932	February 2, 2007	61,091.00	Expiring on January 29, 2047	Commercial
			Expiring on January 29, 2077	Residential
Chang Guo Yong (2009) Zi Di No. 03912	June 26, 2009	33,962.00	Expiring on December 30, 2047	Commercial
			Expiring on December 30, 2077	Residential

- (3) Pursuant to the Construction Work Planning Permit – Chang Gui Jian Gong 20070120 dated November 1, 2007, the construction works of the property with a total aboveground gross floor area of approximately 76,864.29 sq.m. and a total underground gross floor area of approximately 35,060.65 sq.m. have been permitted.
- (4) Pursuant to the two Construction Work Commencement Permits – Nos. 320581200803210201 and 320581200803190101 dated March 21, 2007 and March 19, 2008 respectively, the construction works of the property with a total aboveground gross floor area of approximately 76,764.00 sq.m. and a total underground gross floor area of approximately 34,973.00 sq.m. have been permitted to commence.
- (5) Pursuant to the Presale Permit – Chang Fang Yu Shou Zi (2009) Di No. 036 dated July 7, 2009, the property with an aboveground gross floor area of approximately 26,220.00 sq.m. and a total garage area of approximately 5,427.00 sq.m. have been permitted for presale.
- (6) Pursuant to the three Construction Work Completion Inspection Certificates – Nos. 200912490, 201003051 and 201009308 dated between December 16, 2009 and September 28, 2010, various buildings of the property have been certified as completed.
- (7) Portions of the property with a total gross floor area of approximately 25,692.98 sq.m. have been contracted to be sold for a total consideration of approximately RMB289,000,000. In arriving at our opinion of the capital value of the property, we have taken into account the consideration of these portions.
- (8) As advised by the Group, the outstanding construction cost to be spent to complete the development as at July 31, 2010 was approximately RMB70,000,000. In the course of our valuation, we have taken into account the said cost.
- (9) The capital value of the property as if completed as at July 31, 2010 was RMB297,000,000.
- (10) We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter-alia, the following information:
- i. Changshu Changxiang has legally obtained the land use rights as mentioned in Note 2 under the protection of PRC's laws and is entitled to use, transfer, lease, mortgage or dispose of the land use rights by other legal means within the terms of the land use rights;
 - ii. the aforesaid Land Use Rights Certificate – Chang Guo Yong (2007) Zi Di No. 000932 is subject to a mortgage. Changshu Changxiang has to get the mortgagee's approval before selling, leasing, transferring or mortgaging the mortgaged portion within the period of the mortgage;
 - iii. Changshu Changxiang is entitled to pre-sell the unsold commodity units to domestic or overseas individuals, companies or organizations; and
 - iv. Changshu Changxiang has obtained the necessary permits and approvals for the construction of the property.

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at July 31, 2010
9.	Chamtime Corporate Avenue Plaza, Haining Road, Zhabei District, Shanghai, PRC	Chamtime Corporate Avenue Plaza is a high-rise International Grade A office building. It is being developed on a parcel of land with a site area of approximately 9,487.00 sq.m. (102,118 sq.ft.).	At the date of valuation, the property was under construction.	RMB1,014,000,000

Upon completion, the property will have a total gross floor area of approximately 47,886.00 sq.m. (515,445 sq.ft.). Details of the property are as follows:

Use	Approximate gross floor area	
	sq.m.	sq.ft.
Office	31,882.00	343,178
Retail	4,631.00	49,848
Ancillary facilities	11,373.00	122,419
Total	<u>47,886.00</u>	<u>515,445</u>

The property is scheduled to be completed in December 2011.

The land use rights of the property have been granted for a term expiring on June 20, 2053 for public facilities (such as office, commerce or finance, etc) and residential uses.

Notes:

- (1) Pursuant to the Transfer Agreement for the Construction Work dated December 2, 2009, the land parcel with a site area of approximately 9,487.00 sq.m. together with the construction works have been transferred to Shanghai Changhe Property Co., Ltd. ("Shanghai Changhe"), a wholly-owned subsidiary of the Company, at a consideration of RMB543,079,925.07.
- (2) Pursuant to the Realty Title Certificate – Hu Fang Di Zha Zi (2010) Di No. 002420 dated February 1, 2010, the land use rights of a parcel of land with a site area of approximately 9,487.00 sq.m. have been granted to Shanghai Changhe for a term expiring on June 20, 2053 for public facilities (such as office, commerce or finance, etc) and residential uses.
- (3) As advised by the Group, the outstanding construction cost to be spent to complete the property as at July 31, 2010 was approximately RMB219,000,000. In the course of our valuation, we have taken into account the said cost.
- (4) The capital value of the property as if completed as at July 31, 2010 was RMB1,447,000,000.
- (5) We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter-alia, the following information:
 - i. Shanghai Changhe has legally obtained the land use rights as mentioned in Note 2 under the protection of PRC's laws and is entitled to use, transfer, lease, mortgage or dispose of the land use rights by other legal means within the term of the land use rights; and
 - ii. the aforesaid Realty Title Certificate is subject to a mortgage. Shanghai Changhe has to get the mortgagee's approval before selling, leasing, transferring or mortgaging the mortgaged portion within the period of the mortgage.

Group IV – Properties held by the Group for future development in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at July 31, 2010
10.	Phases II and III, Chamtime Eastern Garden, Hangtou Town, Nanhui District, Shanghai, PRC	Chamtime Eastern Garden (the “development”) is a large-scale low-density residential development. It is being developed in 3 phases on a parcel of land with a site area of approximately 242,643.90 sq.m. (2,611,819 sq.ft.).	At the date of valuation, the property was a bare site.	RMB2,936,000,000

The property comprises Phases II and III of the development. It has a total planned gross floor area of approximately 272,579.00 sq.m. (2,934,040 sq.ft.). Details of the property are as follows:

Phase II

Use	Approximate gross floor area	
	sq.m.	sq.ft.
Residential	89,384.00	962,129
Ancillary facilities	23,497.00	252,922
Sub-total:	112,881.00	1,215,051

Phase III

Use	Approximate gross floor area	
	sq.m.	sq.ft.
Retail	4,942.00	53,196
Residential	125,550.00	1,351,420
Ancillary facilities	29,206.00	314,373
Sub-total:	159,698.00	1,718,989
Total:	<u>272,579.00</u>	<u>2,934,040</u>

Phase II is scheduled to be commenced in August 2010 and completed in December 2012. Phase III is scheduled to be commenced in March 2012 and completed in December 2014.

The land use rights of the property have been granted for a term commencing on August 31, 2004 and expiring on August 30, 2074 for residential use.

Notes:

- (1) Pursuant to the Realty Title Certificate – Hu Fang Di Pu Zi (2009) Di No. 202007 dated October 10, 2009, the land use rights with a site area of approximately 242,643.90 sq.m. have been granted to Shanghai Haoquan Real Estate Development Co., Ltd. (“Shanghai Haoquan”), a wholly-owned subsidiary of the Company, for a term commencing on August 31, 2004 and expiring on August 30, 2074 for residential use.
- (2) Pursuant to the Construction Work Planning Permit – Hu Pu Gui Jian (2010) FA31011520109215 dated September 17, 2010, the construction works of the property with a gross floor area of approximately 43,645.00 sq.m. have been permitted.
- (3) Pursuant to the Construction Work Commencement Permit – No. 0901NH0015D04 dated October 11, 2010, the construction works of the property with a gross floor area of approximately 43,645.00 sq.m. have been permitted to commence.
- (4) We have been provided with a legal opinion on the title to the property issued by the Group’s PRC legal adviser, which contains, inter-alia, the following information:
 - i. Shanghai Haoquan has legally obtained the land use rights as mentioned in Note 1 under the protection of PRC’s laws and is entitled to use, transfer, lease, mortgage or dispose of the land use rights by other legal means within the term of the land use rights; and
 - ii. the aforesaid Realty Title Certificate is subject to mortgages. Shanghai Haoquan has to get the mortgagees’ approvals before selling, leasing, transferring or mortgaging the mortgaged portions within the periods of the mortgages.

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at July 31, 2010												
11.	Phase IV, Chamtime Western Villa, Shenzhuan Highway South to Caijiabing Road and Husong Highway East to Xinnong River, Dongjing Town, Songjiang District, Shanghai, PRC	<p>Chamtime Western Villa (the "development") is a large-scale low-density residential development. It is being developed in 4 phases on 2 parcels of land with a total site area of approximately 400,102.00 sq.m. (4,306,698 sq.ft.).</p> <p>The property comprises Phase IV of the development. It has a total planned gross floor area of approximately 64,850.18 sq.m. (698,047 sq.ft.). Details of the property are as follows:</p> <p>Phase IV</p> <table border="1"> <thead> <tr> <th>Use</th> <th>Approximate gross floor area sq.m.</th> <th>sq.ft.</th> </tr> </thead> <tbody> <tr> <td>Residential</td> <td>41,108.05</td> <td>442,487</td> </tr> <tr> <td>Ancillary facilities</td> <td>23,742.13</td> <td>255,560</td> </tr> <tr> <td>Total:</td> <td>64,850.18</td> <td>698,047</td> </tr> </tbody> </table> <p>Phase IV is scheduled to be commenced in March 2011 and completed in December 2013.</p> <p>The land use rights of the property have been granted for two concurrent terms commencing on July 3, 2002 and November 21, 2005 and expiring on July 2, 2072 and November 20, 2075 respectively for commodity residential and residential uses.</p>	Use	Approximate gross floor area sq.m.	sq.ft.	Residential	41,108.05	442,487	Ancillary facilities	23,742.13	255,560	Total:	64,850.18	698,047	At the date of valuation, the property was a bare site.	RMB1,236,000,000
Use	Approximate gross floor area sq.m.	sq.ft.														
Residential	41,108.05	442,487														
Ancillary facilities	23,742.13	255,560														
Total:	64,850.18	698,047														

Notes:

- (1) Pursuant to the following Realty Title Certificates, the land use rights with a total site area of approximately 400,102.00 sq.m. and the building ownership rights with a total gross floor area of approximately 50,566.85 sq.m. have been granted to Shanghai Deji Property Co., Ltd. ("Shanghai Deji"), a wholly-owned subsidiary of the Company. Details of the certificates are as follows:

Certificate No.	Issue Date	Site Area (sq.m.)	Gross Floor Area (sq.m.)	Term	Land Usage
Hu Fang Di Song Zi (2010) Di No. 012859	March 10, 2010	131,532.00	13,011.16	July 3, 2002 to July 2, 2072	Commodity residential
Hu Fang Di Song Zi (2010) Di No. 025699	July 23, 2010	268,570.00	37,555.69	November 21, 2005 to November 20, 2075	Residential

- (2) We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter-alia, the following information:
- Shanghai Deji has legally obtained the land use rights as mentioned in Note 1 under the protection of PRC's laws and is entitled to use, transfer, lease, mortgage or dispose of the land use rights by other legal means within the terms of the land use rights; and
 - portions of the development are subject to mortgages. Shanghai Deji has to get the mortgagees' approvals before selling, leasing, transferring or mortgaging the mortgaged portions within the periods of the mortgages.

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at July 31, 2010
12.	Chamtime Plaza, Zhangjiang Hi-Technology Park, Pudong New District, Shanghai, PRC	<p>Chamtime Plaza is a large-scale integrated commercial complex development. It is planned to be developed on a parcel of land with a site area of approximately 83,741.00 sq.m. (901,388 sq.ft.).</p> <p>The property has a total planned gross floor area of approximately 319,080.71 sq.m. (3,434,585 sq.ft.).</p> <p>The land use rights of the property have been granted for two concurrent terms expiring on May 22, 2043 and May 22, 2073 respectively for commercial and residential uses.</p>	At the date of valuation, the property was a bare site.	RMB3,399,000,000

Notes:

- (1) Pursuant to the Realty Title Certificate – Hu Fang Di Pu Zi (2005) Di No. 101132 dated October 19, 2005, the land use rights with a site area of approximately 83,741.00 sq.m. have been granted to Shanghai Jindilianchuang Property Co., Ltd. (“Shanghai Jindilianchuang”), a wholly-owned subsidiary of the Company, for two concurrent terms expiring on May 22, 2043 and May 22, 2073 for commercial and residential uses respectively.
- (2) Pursuant to the Opinion Letter for the Design Plan of Construction Works (First Submission) – Hu Pu Gui Fang Zhang (2010) DA31011520109014 issued by Pudong Planning and Land Administration Bureau dated February 5, 2010, the development parameters of the property have been adjusted. Details of the development parameters are listed as follows:
- | | |
|------------------------|--|
| Site area | : 83,741.00 sq.m. |
| Total gross floor area | : 319,080.71 sq.m. (including an underground gross floor area of approximately 149,501.60 sq.m.) |
| Plot ratio | : 2.0 |
| Site coverage | : 45% |
| Green land ratio | : 35% |
| Height limit | : Not exceed 49.7 m |
- (3) We have been provided with a legal opinion on the title to the property issued by the Group’s PRC legal adviser, which contains, inter-alia, the following information:
- the aforesaid Realty Title Certificate is subject to a mortgage. Shanghai Jindilianchuang has to get the mortgagee’s approval before selling, leasing, transferring or mortgaging the mortgaged portion within the period of the mortgage;
 - there will be no legal impediments for Shanghai Jindilianchuang to obtain an updated Realty Title Certificate after Shanghai Jindilianchuang has renewed its Construction Land Planning Permit, signed a new land grant contract with Land Resource Bureau and paid off the additional land premium according to the aforesaid approval letter;
 - Shanghai Jindilianchuang will legally obtain the land use rights under the protection of PRC’s laws and will be entitled to use, transfer, lease, mortgage or dispose of the land use rights by other legal means within the terms of the land use rights after the updated Realty Title Certificate has been obtained;
 - before Shanghai Jindilianchuang has obtained an updated Realty Title Certificate with new planned usages, if the property is fined or forfeited by relevant government departments as a result that the property is identified as an idle land, Shanghai Pudong Land Development (Holding) Corp. will bear those legal liabilities and will be responsible for all the consequent losses to Shanghai Jindilianchuang and other remedial measures; and
 - the relevant government departments are unlikely to forfeit the property before the updated Realty Title Certificate has been obtained.
- (4) As advised by the Group, Shanghai Jindilianchuang is in the process of applying for an updated Real Estate Title Certificate with new planned usages and it is targeted to be obtained within this year. In the course of our valuation, we have assumed that the property is free from any risks of being forfeited.

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at July 31, 2010
13.	Chamtime Noble Palace, West of Dianshan Lake and East of Jinyao Road, Jinxi Town, Kunshan, Jiangsu Province, PRC	<p>The property, namely Chamtime Noble Palace, comprises a parcel of land with a site area of approximately 255,498.70 sq.m. (2,750,188 sq.ft.).</p> <p>The property is planned to be developed into a large-scale integrated residential and commercial complex development.</p> <p>The land use rights of the property have been granted for two concurrent terms expiring on February 19, 2050 and February 19, 2080 respectively for commercial and residential uses.</p>	At the date of valuation, the property was a bare site.	RMB639,000,000

Notes:

- (1) Pursuant to the Land Use Rights Grant Contract – No. 3205832009CR0129 and its supplementary agreement dated October 21, 2009 and February 2, 2010 respectively, Kunshan Dianhu Property Co., Ltd. (“Kunshan Dianhu”), a wholly-owned subsidiary of the Company, has been agreed to be granted with the land use rights with a site area of approximately 255,498.70 sq.m. for 40 and 70 years for commercial and residential uses respectively at a consideration of RMB485,447,530.
- (2) Pursuant to the Land Use Rights Certificate – Kun Guo Yong (2010) Di No. 2010119027 dated March 11, 2010, the land use rights with a site area of approximately 255,498.70 sq.m. have been granted to Kunshan Dianhu for two concurrent terms expiring on February 19, 2050 and February 19, 2080 for commercial and residential uses respectively.
- (3) Pursuant to the 39 Construction Work Planning Permits – Jian Zi Di Nos. 20101949 to 20101987 dated August 6, 2010, the construction works of the property with a total gross floor area of approximately 47,777.69 sq.m. have been permitted.
- (4) We have been provided with a legal opinion on the title to the property issued by the Group’s PRC legal adviser, which contains, inter-alia, the following information:
 - i. Kunshan Dianhu has legally obtained the land use rights as mentioned in Note 1 under the protection of PRC’s laws and is entitled to use, transfer, lease, mortgage or dispose of the land use rights by other legal means within the terms of the land use rights.

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at July 31, 2010
14.	Chamtime Coast Town, Binhai Village, Dongyuan Town, Qidong, Jiangsu Province, PRC	<p>The property, namely Chamtime Coast Town, comprises seven parcels of land with a total site area of approximately 1,271,961.70 sq.m. (13,691,396 sq.ft.).</p> <p>The property is planned to be developed into a large scale residential development.</p> <p>The land use rights of the property has been granted for eight concurrent terms expiring on November 29, 2044 and July 6, 2045 respectively for commercial service, other commercial service and residential uses.</p>	At the date of valuation, the property was a bare site.	RMB1,911,000,000

Notes:

- (1) Pursuant to the Land Use Rights Certificate – Qi Guo Yong (2005) Zi Di No. 0989 dated December 30, 2005, the land use rights with a site area of approximately 396,865.20 sq.m. have been granted to Qidong Dongsheng Aquatic Products Co., Ltd. (“Qidong Dongsheng”), a wholly-owned subsidiary of the Company, for a term expiring on July 6, 2045 for other commercial service use.
- (2) Pursuant to the Land Use Rights Certificate – Qi Guo Yong (2005) Zi Di No. 0990 dated December 30, 2005, the land use rights with a site area of approximately 328,136.50 sq.m. have been granted to Qidong Oriental Pearl Ocean Resort Co., Ltd. (“Qidong Oriental Pearl”), a wholly-owned subsidiary of the Company, for a term expiring on July 6, 2045 for other commercial service use.
- (3) Pursuant to the following Land Use Rights Certificates, the land use rights with a total site area of approximately 408,916.00 sq.m. have been granted to Qidong Yingtai Property Development Co., Ltd. (“Qidong Yingtai”), a wholly owned subsidiary of the Company. Details of the certificates are as follows:

Certificate No.	Issue Date	Site Area (sq.m.)	Term	Land Usage
Qi Guo Yong (2007) Zi Di No. 0289	March 6, 2007	131,112.00	Expiring on November 29, 2044	Commercial service and Residential
Qi Guo Yong (2007) Zi Di No. 0290	March 6, 2007	107,716.00	Expiring on November 29, 2044	Commercial service and Residential
Qi Guo Yong (2007) Zi Di No. 0291	March 6, 2007	85,295.00	Expiring on November 29, 2044	Commercial service and Residential
Qi Guo Yong (2007) Zi Di No. 0292	March 6, 2007	84,793.00	Expiring on November 29, 2044	Commercial service and Residential

- (4) Pursuant to the Land Use Rights Certificate – Qi Guo Yong (2008) Zi Di No. 1139 dated August 2, 2008, the land use rights with a site area of approximately 138,044.00 sq.m. have been granted to Qidong Qiyue Property Co., Ltd. (“Qidong Qiyue”), a wholly owned subsidiary of the Company, for commercial service and residential uses.
- (5) We have been provided with a legal opinion on the title to the property issued by the Group’s PRC legal adviser, which contains, inter-alia, the following information:
- i. Qidong Dongsheng, Qidong Oriental Pearl, Qidong Yingtai and Qidong Qiyue have legally obtained the land use rights as mentioned in Notes 1 to 4 under the protection of PRC’s laws and are entitled to use, transfer, lease, mortgage or dispose of such land use rights by other legal means within the terms of the land use rights;
 - ii. the aforesaid Land Use Rights Certificates – Qi Guo Yong (2007) Zi Di Nos. 289, 290 and 292 and Qi Guo Yong (2008) Zi Di No. 1139 are subject to mortgages. Qidong Yingtai and Qidong Qiyue have to get the mortgagees’ approvals before selling, leasing, transferring or mortgaging the mortgaged portions within the periods of the mortgages; and
 - iii. the land use rights of the property will not be defined as an idle land or forfeited by the relevant government department provided that the construction works of each land parcels have been commenced before the respective deadlines.

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at July 31, 2010
15.	Chamtime International Town (Changshu China), South of Yangzijiang Main Road, West of Yongjia Road, North of Jinpu Road, North of Tongji Road, South of Tonghu Road and East of Longxi North Road, Changshu, Jiangsu Province, PRC	<p>The property, namely Chamtime International Town (Changshu China), comprises two parcels of land with a total site area of approximately 174,309.00 sq.m. (1,876,262 sq.ft.).</p> <p>The property is planned to be developed into a large scale residential development.</p> <p>The land use rights of the property have been granted for three concurrent terms expiring on March 23, 2050, March 23, 2080 and May 25, 2080 respectively for commercial service and residential uses.</p>	At the date of valuation, the property was a bare site.	RMB261,000,000

Notes:

(1) Pursuant to the two Land Use Rights Grant Contracts – Nos. 3205812010CR0045 and 3205812010CR0046 and their supplementary agreements dated March 10, 2010 and June 9, 2010 respectively, Changshu Changhe Property Co., Ltd. (“Changshu Changhe”) and Changshu Changqing Property Co., Ltd. (“Changshu Changqing”), a wholly-owned subsidiary of the Company, have been agreed to be granted with the land use rights with a total site area of approximately 174,309.00 sq.m. at a total consideration of RMB236,223,335.

(2) Pursuant to the following Land Use Rights Certificates, the land use rights with a total site area of approximately 174,309.00 sq.m. have been granted to Changshu Changhe and Changshu Changqing. Details of the certificates are as follows:

Certificate No.	Issue Date	Site Area (sq.m.)	Expiry Date	Land Usage
Chang Guo Yong (2010) Di No. 10606	August 7, 2010	58,678.00	March 23, 2050 March 23, 2080	Commercial service Residential
Chang Guo Yong (2010) Di No. 10620	August 7, 2010	115,631.00	May 25, 2080	Residential

(3) Pursuant to the Construction Work Planning Permit – Chang Kai Gui Gong Fu 20100051 dated September 3, 2010, portions of the construction works of the property with an aboveground gross floor area of approximately 26,535.70 sq.m. and an underground gross floor area of approximately 3,632.00 sq.m. have been permitted.

(4) We have been provided with a legal opinion on the title to the property issued by the Group’s PRC legal adviser, which contains, inter-alia, the following information:

- i. Changshu Changhe and Changshu Changqing have legally obtained the land use rights as mentioned in Note 2 under the protection of PRC’s laws and is entitled to use, transfer, lease, mortgage or dispose of the land use rights by other legal means within the terms of the land use rights.

Group V – Properties to be acquired by the Group in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at July 31, 2010
16.	Chamtime Noble Palace, East of Tongzhou Road and North of Jindong Road, Jinxi Town, Kunshan, Jiangsu Province, PRC	<p>The property, namely Chamtime Noble Palace, comprises a parcel of land with a site area of approximately 163,929.50 sq.m. (1,764,537 sq.ft.).</p> <p>The property is planned to be developed into a large scale integrated residential and commercial complex development.</p> <p>The land use rights of the property have been agreed to be granted for a term of 70 years for residential use.</p>	At the date of valuation, the property was a bare site.	No commercial value

Notes:

- (1) Pursuant to the Land Use Rights Grant Contract – No. 3205832010CR0049 and its supplementary agreement dated March 9, 2010 and September 16, 2010 respectively, Kunshan Chamtime Property Co., Ltd. (“Kunshan Chamtime”), a wholly-owned subsidiary of the Company, has been agreed to be granted with the land use rights with a site area of approximately 163,929.50 sq.m. for 70 years for residential use at a consideration of RMB320,482,172.5
- (2) We have been provided with a legal opinion on the title to the property issued by the Group’s PRC legal adviser, which contains, inter-alia, the following information:
 - i. The land premium has been fully paid off.
- (3) In our valuation, we have ascribed no commercial value to the property as the Group has not obtained any valid title documents as at the date of valuation. Had the Group paid all the consideration and obtained the State-owned Land Use Rights Certificate of the property, the capital value of the property in its existing state as at July 31, 2010 was in the sum of RMB410,000,000.

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at July 31, 2010
17.	Chamtime International Town (Wuxi China), North of Dongan Main Road, North of Xianfeng Road and East of Xinzhu Road, Wuxi, Jiangsu Province, PRC	<p>The property, namely Chamtime International Town (Wuxi China), comprises two parcels of land with a total site area of approximately 499,779.00 sq.m. (5,379,621 sq.ft.).</p> <p>The property is planned to be developed into a large scale integrated residential and commercial complex development.</p> <p>The land use rights of the property have been agreed to be granted for three concurrent terms of 40, 50 and 70 years respectively for commercial, office and residential uses.</p>	At the date of valuation, the property was a bare site.	No commercial value

Notes:

- (1) Pursuant to the two Land Use Rights Grant Contracts – No. 3202152010CR0011 and 3202152010CR0012 dated April 2, 2010, CJ Land Group Co., Ltd. (“CJ Land”), a wholly-owned subsidiary of the Company, has been agreed to be granted with the land use rights with a total site area of approximately 499,779.00 sq.m. for 40, 50 and 70 years for commercial, office and residential uses respectively at a total consideration of RMB1,279,970,000.
- (2) Pursuant to the supplementary agreement of the aforesaid Land Use Rights Grant Contract – No. 3202152010CR0012 dated September 27, 2010, the grantee has been changed to Wuxi Changxiang Real Estate Development Co., Ltd. (“Wuxi Changxiang”), a wholly-owned subsidiary of the Company.
- (3) We have been provided with a legal opinion on the title to the property issued by the Group’s PRC legal adviser, which contains, inter-alia, the following information:
 - i. Part of the land premium of about RMB639,990,000 has been paid.
- (4) In our valuation, we have ascribed no commercial value to the property as the Group has not obtained any valid title documents as at the date of valuation. Had the Group paid all the consideration and obtained the State-owned Land Use Certificate of the property, the capital value of the property in its existing state as at July 31, 2010 was in the sum of RMB2,228,000,000.

Group VI – Properties leased by the Group in the PRC

No.	Property	Description and tenancy particulars	Particulars of occupancy	Capital value in existing state as at July 31, 2010
18.	Unit No. 213 of a commercial building located at No. 358 Tongle Road, Dongjing Town, Songjiang District, Shanghai, PRC	<p>The property comprises an office unit of a commercial building completed in 2007.</p> <p>The floor area of the property is approximately 30.00 sq.m. (323 sq.ft.).</p> <p>The property is leased to Shanghai Changjia Investment Management Co., Ltd. ("Shanghai Changjia Investment Management"), a wholly-owned subsidiary of the Company, for a term commencing on March 1, 2008 and expiring on March 1, 2018.</p>	The property is occupied by the Group for office use.	No commercial value

Notes:

- (1) Pursuant to a tenancy agreement entered into between Shanghai Shengwanjia Foods Co., Ltd. (上海盛萬佳食品有限公司) (the "Lessor") and Shanghai Changjia Investment Management, the property has been leased to Shanghai Changjia Investment Management for a term commencing on March 1, 2008 and expiring on March 1, 2018 at a monthly rental of approximately RMB1,000.
- (2) We have been provided with a legal opinion on the tenancy agreement issued by the Group's PRC legal adviser, which contains, inter-alia, the following information:
 - i. the building ownership rights of the property are held by the Lessor; and
 - ii. the tenancy agreement is legal, valid and enforceable.

No.	Property	Description and tenancy particulars	Particulars of occupancy	Capital value in existing state as at July 31, 2010
19.	Two office units on Level 2 of a commercial building located at No. 139 Zhujiang Road, Suzhou Hi-tech Zone, Suzhou, Jiangsu Province, PRC	<p>The property comprises two office units of a commercial building completed in 2001.</p> <p>The total floor area of the property is approximately 40.00 sq.m. (431 sq.ft.).</p> <p>The property is leased to Suzhou Changjia Investment Management Co., Ltd. ("Suzhou Changjia Investment Management"), a wholly-owned subsidiary of the Company, for a term commencing on March 1, 2009 and expiring on February 28, 2014.</p>	The property is occupied by the Group for office use.	No commercial value

Notes:

- (1) Pursuant to a tenancy agreement entered into between Suzhou Changjia Pharmacy Co., Ltd. (the "Lessor") and Suzhou Changjia Investment Management, the property has been leased to Suzhou Changjia Investment Management for a term commencing on March 1, 2009 and expiring on February 28, 2014 at a monthly rental of approximately RMB600.
- (2) We have been provided with a legal opinion on the tenancy agreement issued by the Group's PRC legal adviser, which contains, inter-alia, the following information:
 - i. the building ownership rights of the property are held by the Lessor; and
 - ii. the tenancy agreement is legal, valid and enforceable.

No.	Property	Description and tenancy particulars	Particulars of occupancy	Capital value in existing state as at July 31, 2010
20.	An office unit of a commercial building located at No. 32 Yushan North Road, Changshu, Jiangsu Province, PRC	<p>The property comprises an office unit of a commercial building completed in 2005.</p> <p>The floor area of the property is approximately 100.00 sq.m. (1,076 sq.ft.).</p> <p>The property is leased to Changshu Changxiang Property Co., Ltd. ("Changshu Changxiang"), a wholly-owned subsidiary of the Company, for a term commencing on December 1, 2009 and expiring on November 30, 2015.</p>	The property is occupied by the Group for office use.	No commercial value

Notes:

- (1) Pursuant to a tenancy agreement entered into between State-operated Changshu Yushan Forestry Yard (國營常熟市虞山林場) (the "Lessor") and Changshu Changxiang, the property has been leased to Changshu Changxiang for a term commencing on December 1, 2009 and expiring on November 30, 2015 free of rent.
- (2) We have been provided with a legal opinion on the tenancy agreement issued by the Group's PRC legal adviser, which contains, inter-alia, the following information:
 - i. the building ownership rights of the property are held by the Lessor; and
 - ii. the tenancy agreement is legal, valid and enforceable.

No.	Property	Description and tenancy particulars	Particulars of occupancy	Capital value in existing state as at July 31, 2010
21.	An office unit of a commercial building located at No. 32 Yushan North Road, Changshu, Jiangsu Province, PRC	<p>The property comprises an office unit of a commercial building completed in 2005.</p> <p>The floor area of the property is approximately 80.00 sq.m. (861 sq.ft.).</p> <p>The property is leased to Changshu Yuda Property Management Co., Ltd. ("Changshu Yuda"), a wholly-owned subsidiary of the Company, for a term commencing on November 1, 2009 and expiring on October 31, 2014.</p>	The property is occupied by the Group for office use.	No commercial value

Notes:

- (1) Pursuant to a tenancy agreement entered into between State-operated Changshu Yushan Forestry Yard (國營常熟市虞山林場) (the "Lessor") and Changshu Yuda, the property has been leased to Changshu Yuda for a term commencing on November 1, 2009 and expiring on October 31, 2014 free of rent.
- (2) We have been provided with a legal opinion on the tenancy agreement issued by the Group's PRC legal adviser, which contains, inter-alia, the following information:
 - i. the building ownership rights of the property are held by the Lessor; and
 - ii. the tenancy agreement is legal, valid and enforceable.

No.	Property	Description and tenancy particulars	Particulars of occupancy	Capital value in existing state as at July 31, 2010
22.	Unit 5-60 of a commercial building located at No. 966 Zhongshan North Road, Zhabei District, Shanghai, PRC	<p>The property comprises an office unit of a commercial building completed in 2004.</p> <p>The floor area of the property is approximately 20.00 sq.m. (215 sq.ft.).</p> <p>The property is leased to Shanghai Yuqiang Property Management Co., Ltd. (now named Shanghai Changyi Property Management Co., Ltd. ("Shanghai Changyi")), a wholly-owned subsidiary of the Company, for a term commencing on January 1, 2005 and expiring on June 30, 2014.</p>	The property is occupied by the Group for office use.	No commercial value

Notes:

- (1) Pursuant to a tenancy agreement entered into between Shanghai North District Economic Development Co., Ltd. (上海北區經濟發展有限公司) and Shanghai Changyi, the property has been leased to Shanghai Changyi for a term commencing on January 1, 2005 and expiring in June 30, 2014 free of rent.
- (2) We have been provided with a legal opinion on the tenancy agreement issued by the Group's PRC legal adviser, which contains, inter-alia, the following information:
 - i. the tenancy agreement is legal, valid and enforceable.

No.	Property	Description and tenancy particulars	Particulars of occupancy	Capital value in existing state as at July 31, 2010
23.	An office unit of a non-domestic building located at No. 58 Lianfeng Road, Changshu, Jiangsu Province, PRC	<p>The property comprises an office unit of a non-domestic building completed in 2005.</p> <p>The floor area of the property is approximately 150.00 sq.m. (1,615 sq.ft.).</p> <p>The property is leased to Changshu Changtai Property Co., Ltd. ("Changshu Changtai"), a wholly-owned subsidiary of the Company, for a term commencing on December 8, 2007 and expiring on December 7, 2015.</p>	The property is occupied by the Group for office use.	No commercial value

Notes:

- (1) Pursuant to a tenancy agreement entered into between Changshu Yushan Town Asset Operation and Investment Company (常熟市虞山鎮資產經營投資公司) (the "Lessor") and Changshu Changtai, the property has been leased to Changshu Changtai for a term commencing on December 8, 2007 and expiring on December 7, 2015 free of rent.
- (2) We have been provided with a legal opinion on the tenancy agreement issued by the Group's PRC legal adviser, which contains, inter alia, the following information:
 - i. the building ownership rights of the property are held by the Lessor; and
 - ii. the tenancy agreement is legal, valid and enforceable.

No.	Property	Description and tenancy particulars	Particulars of occupancy	Capital value in existing state as at July 31, 2010
24.	Unit No. 109 of Building No. 2, No. 2 Hangqi Road, Hangtoun Town, Pudong New District, Shanghai, PRC	<p>The property comprises an office unit of a composite building completed in 2009.</p> <p>The floor area of the property is approximately 50.00 sq.m. (538 sq.ft.).</p> <p>The property is leased to Shanghai Haoquan Real Estate Development Co., Ltd. ("Shanghai Haoquan"), a wholly-owned subsidiary of the Company, for a term commencing on November 1, 2009 and expiring on October 31, 2029.</p>	The property is occupied by the Group for office use.	No commercial value

Notes:

- (1) Pursuant to a tenancy agreement entered into between Shanghai Damai Bay Corporation Development Co., Ltd. (上海大麥灣企業發展有限公司) (the "Lessor") and Shanghai Haoquan, the property has been leased to Shanghai Haoquan for a term commencing on November 1, 2009 and expiring on October 31, 2029 free of rent.
- (2) We have been provided with a legal opinion on the tenancy agreement issued by the Group's PRC legal adviser, which contains, inter alia, the following information:
 - i. the building ownership rights of the property are held by the Lessor; and
 - ii. the tenancy agreement is legal, valid and enforceable.

No.	Property	Description and tenancy particulars	Particulars of occupancy	Capital value in existing state as at July 31, 2010
25.	Unit 2303 of a commercial building located at No. 717 Haining Road, Hongkou District, Shanghai, PRC	<p>The property comprises an office unit of a commercial building completed in 2008.</p> <p>The gross floor area of the property is approximately 40.30 sq.m. (434 sq.ft.).</p> <p>The property is leased to Shanghai Changhe Property Co., Ltd. ("Shanghai Changhe"), a wholly-owned subsidiary of the Company, for a term commencing on August 1, 2009 and expiring on July 31, 2011.</p>	The property is occupied by the Group for office use.	No commercial value

Notes:

- (1) Pursuant to a tenancy agreement entered into between Shanghai Shenghesheng Property Co., Ltd. (the "Lessor") and Shanghai Changhe, the property has been leased to Shanghai Changhe for a term commencing on August 1, 2009 and expiring on July 31, 2011 at a monthly rental of approximately RMB2,000.
- (2) We have been provided with a legal opinion on the tenancy agreement issued by the Group's PRC legal adviser, which contains, inter alia, the following information:
 - i. the building ownership rights of the property are held by the Lessor; and
 - ii. the tenancy agreement is legal, valid and enforceable.

No.	Property	Description and tenancy particulars	Particulars of occupancy	Capital value in existing state as at July 31, 2010
26.	An office unit of a non-domestic building located at Haifu Town Government, Qidong, Jiangsu Province, PRC	<p>The property comprises an office unit of a non-domestic building completed in 2000.</p> <p>The floor area of the property is approximately 50.00 sq.m. (538 sq.ft.).</p> <p>The property is leased to Qidong Yingtai Property Development Co., Ltd. ("Qidong Yingtai"), a wholly-owned subsidiary of the Company, for a term commencing on October 1, 2010 and expiring on October 1, 2012.</p>	The property is occupied by the Group for office use.	No commercial value

Notes:

- (1) Pursuant to a tenancy agreement entered into between the People's Government of Haifu Town and Qidong Yingtai, the property has been leased to Qidong Yingtai for a term commencing on October 1, 2010 and expiring on October 1, 2012 at a monthly rental of approximately RMB400.
- (2) We have been provided with a legal opinion on the tenancy agreement issued by the Group's PRC legal adviser, which contains, inter-alia, the following information:
 - i. the tenancy agreement is legal, valid and enforceable.

No.	Property	Description and tenancy particulars	Particulars of occupancy	Capital value in existing state as at July 31, 2010
27.	A workshop of an industrial building located at Haibin Village, Dongyuan Town, Qidong, Jiangsu Province, PRC	<p>The property comprises a workshop of an industrial building completed in 2005.</p> <p>The floor area of the property is approximately 50.00 sq.m. (538 sq.ft.).</p> <p>The property is leased to Qidong Dongsheng Aquatic Products Co., Ltd. ("Qidong Dongsheng"), a wholly-owned subsidiary of the Company, for a term commencing on September 1, 2010 and expiring on August 31, 2012.</p>	The property is occupied by the Group for office use.	No commercial value

Notes:

- (1) Pursuant to a tenancy agreement entered into between Nantong Xingwang Aquiculture Co., Ltd. (the "Lessor") and Qidong Dongsheng, the property has been leased to Qidong Dongsheng for a term commencing on September 1, 2010 and expiring on August 31, 2012 at a monthly rental of approximately RMB300.
- (2) We have been provided with a legal opinion on the title to the tenancy agreement issued by the Group's PRC legal adviser, which contains, inter-alia, the following information:
 - i. the building ownership rights are held by the Lessor; and
 - ii. the tenancy agreement is legal, valid and enforceable.

No.	Property	Description and tenancy particulars	Particulars of occupancy	Capital value in existing state as at July 31, 2010
28.	A workshop of an industrial building located at Haibin Village, Dongyuan Town, Qidong, Jiangsu Province, PRC	<p>The property comprises a workshop of an industrial building completed in 2005.</p> <p>The floor area of the property is approximately 50.00 sq.m. (538 sq.ft.).</p> <p>The property is leased to Qidong Qiyue Property Co., Ltd. ("Qidong Qiyue"), a wholly-owned subsidiary of the Company, for a term commencing on May 5, 2010 and expiring on May 5, 2011.</p>	The property is occupied by the Group for office use.	No commercial value

Notes:

- (1) Pursuant to a tenancy agreement entered into between Nantong Xingwang Aquiculture Co., Ltd. (the "Lessor") and Qidong Qiyue, the property has been leased to Qidong Qiyue for a term commencing on May 5, 2010 and expiring on May 5, 2011 at an annual rental of approximately RMB1,667.
- (2) We have been provided with a legal opinion on the tenancy agreement issued by the Group's PRC legal adviser, which contains, inter-alia, the following information:
 - i. the building ownership rights of the property are held by the Lessor; and
 - ii. the tenancy agreement is legal, valid and enforceable.

No.	Property	Description and tenancy particulars	Particulars of occupancy	Capital value in existing state as at July 31, 2010
29.	A workshop of an industrial building located at Haibin Village, Dongyuan Town, Qidong, Jiangsu Province, PRC	<p>The property comprises a workshop of an industrial building completed in 2005.</p> <p>The floor area of the property is approximately 50.00 sq.m. (538 sq.ft.).</p> <p>The property is leased to Qidong Oriental Pearl Ocean Resort Co., Ltd. ("Qidong Oriental Pearl"), a wholly-owned subsidiary of the Company, for a term commencing on September 1, 2010 and expiring on August 31, 2012.</p>	The property is occupied by the Group for office use.	No commercial value

Notes:

- (1) Pursuant to a tenancy agreement entered into between Nantong Xingwang Aquiculture Co., Ltd. (the "Lessor") and Qidong Oriental Pearl, the property has been leased to Qidong Oriental Pearl for a term commencing on September 1, 2010 and expiring on August 31, 2012 at a monthly rental of approximately RMB300.
- (2) We have been provided with a legal opinion on the tenancy agreement issued by the Group's PRC legal adviser, which contains, inter-alia, the following information:
 - i. the building ownership rights of the property are held by the Lessor; and
 - ii. the tenancy agreement is legal, valid and enforceable.

No.	Property	Description and tenancy particulars	Particulars of occupancy	Capital value in existing state as at July 31, 2010
30.	Unit 802, Level 8, Binjiang International Building, No. 88 Tonggang Road, Changshu, Jiangsu Province, PRC	<p>The property comprises an office unit of a non-domestic building completed in 2005.</p> <p>The floor area of the property is approximately 50.00 sq.m. (538 sq.ft.).</p> <p>The property is leased to Shanghai Changjia Investment Management Co., Ltd. ("Shanghai Changjia Investment Management"), a wholly-owned subsidiary of the Company, for a term commencing on April 7, 2010 and expiring on April 6, 2011.</p>	The property is occupied by the Group for office use.	No commercial value

Notes:

- (1) Pursuant to a tenancy agreement entered into between Changshu Economic Development Group Co., Ltd. (常熟市經濟開發集團有限公司) (the "Lessor") and Shanghai Changjia Investment Management, the property has been leased to Shanghai Changjia Investment Management for a term commencing on April 7, 2010 and expiring on April 6, 2011. As advised by the Group, the property has been leased to Shanghai Changjia Investment Management free of rent.
- (2) We have been provided with a legal opinion on the tenancy agreement issued by the Group's PRC legal adviser, which contains, inter-alia, the following information:
 - i. the building ownership rights of the property are held by the Lessor; and
 - ii. the tenancy agreement is legal, valid and enforceable.

No.	Property	Description and tenancy particulars	Particulars of occupancy	Capital value in existing state as at July 31, 2010
31.	Unit 804, Level 8, Binjiang International Building, No. 88 Tonggang Road, Changshu, Jiangsu Province, PRC	<p>The property comprises an office unit of a non-domestic building completed in 2005.</p> <p>The floor area of the property is approximately 50.00 sq.m. (538 sq.ft.).</p> <p>The property is leased to Shanghai Changjia Investment Management Co., Ltd. ("Shanghai Changjia Investment Management"), a wholly-owned subsidiary of the Company, for a term commencing on April 7, 2010 and expiring on April 6, 2011.</p>	The property is occupied by the Group for office use.	No commercial value

Notes:

- (1) Pursuant to a tenancy agreement entered into between Changshu Economic Development Group Co., Ltd. (常熟市經濟開發集團有限公司) (the "Lessor") and Shanghai Changjia Investment Management, the property has been leased to Shanghai Changjia Investment Management for a term commencing on April 7, 2010 and expiring on April 6, 2011. As advised by the Group, the property has been leased to Shanghai Changjia Investment Management free of rent.
- (2) We have been provided with a legal opinion on the tenancy agreement issued by the Group's PRC legal adviser, which contains, inter-alia, the following information:
 - i. the building ownership rights of the property are held by the Lessor; and
 - ii. the tenancy agreement is legal, valid and enforceable.

No.	Property	Description and tenancy particulars	Particulars of occupancy	Capital value in existing state as at July 31, 2010
32.	Unit 201, Block 12, No. 120 Chenjia Youche, Pudong New District, Shanghai, PRC	<p>The property comprises a workshop of an industrial building completed in 2000.</p> <p>The floor area of the property is approximately 50.00 sq.m. (538 sq.ft.).</p> <p>The property is leased to Shanghai Changjia Property Co., Ltd. ("Shanghai Changjia Property"), a wholly-owned subsidiary of the Company, for a term commencing on March 16, 2010 and expiring on March 15, 2020.</p>	The property is occupied by the Group for office use.	No commercial value

Notes:

- (1) Pursuant to a tenancy agreement entered into between Shanghai Shenyang Industries Co., Ltd. (上海申洋實業有限公司) (the "Lessor") and Shanghai Changjia Property, the property has been leased to Shanghai Changjia Property for a term commencing on March 16, 2010 and expiring on March 15, 2020. As advised by the Group, the property has been leased to Shanghai Changjia Property free of rent.
- (2) We have been provided with a legal opinion on the tenancy agreement issued by the Group's PRC legal adviser, which contains, inter-alia, the following information:
 - i. the building ownership rights of the property are held by the Lessor; and
 - ii. the tenancy agreement is legal, valid and enforceable.

No.	Property	Description and tenancy particulars	Particulars of occupancy	Capital value in existing state as at July 31, 2010
33.	Unit 904, Block 31, Rijinyuan, Mingri Xingcheng, Changshu, Jiangsu Province, PRC	<p>The property comprises a residential unit of a domestic building completed in 2004.</p> <p>The gross floor area of the property is approximately 143.78 sq.m. (1,548 sq.ft.).</p> <p>The property is leased to Changshu Changtai Property Co., Ltd. ("Changshu Changtai"), a wholly-owned subsidiary of the Company, for a term commencing on July 10, 2010 and expiring on July 9, 2011.</p>	The property is occupied by the Group for residential use.	No commercial value

Notes:

- (1) Pursuant to a tenancy agreement entered into between Zhang Liqin (張利琴) (the "Lessor") and Changshu Changtai, the property has been leased to Changshu Changtai for a term commencing on July 10, 2010 and expiring on July 9, 2011 at a monthly rental of approximately RMB2,750.
- (2) We have been provided with a legal opinion on the tenancy agreement issued by the Group's PRC legal adviser, which contains, inter-alia, the following information:
 - i. the building ownership rights of the property are held by the Lessor; and
 - ii. the tenancy agreement is legal, valid and enforceable.

No.	Property	Description and tenancy particulars	Particulars of occupancy	Capital value in existing state as at July 31, 2010
34.	Unit 903, Xingyuan Technology Plaza, No. 418 Guiping Road, Caohejing Development Zone, Xuhui District, Shanghai, PRC	<p>The property comprises an office unit of a commercial building completed in 2007.</p> <p>The gross floor area of the property is approximately 311.46 sq.m. (3,353 sq.ft.).</p> <p>The property is leased to Kunshan Dianhu Property Co., Ltd. ("Kunshan Dianhu"), a wholly-owned subsidiary of the Company, for a term commencing on April 10, 2010 and expiring on June 30, 2012.</p>	The property is occupied by the Group for office use.	No commercial value

Notes:

- (1) Pursuant to a tenancy agreement entered into between Shanghai New Technology Development Zone United Co., Ltd. (上海新興技術開發區聯合發展有限公司) (the "Lessor") and Kunshan Dianhu, the property has been leased to Kunshan Dianhu for a term commencing on April 10, 2010 and expiring on June 30, 2012 at a monthly rental of approximately RMB25,579.
- (2) We have been provided with a legal opinion on the tenancy agreement issued by the Group's PRC legal adviser, which contains, inter-alia, the following information:
- i. the building ownership rights of the property are held by the Lessor; and
 - ii. the tenancy agreement is legal, valid and enforceable.

No.	Property	Description and tenancy particulars	Particulars of occupancy	Capital value in existing state as at July 31, 2010
35.	Unit A309, Level 3, Souke Tiandi, No. 2 Fungwei Road, Xishan Economic Development Zone, Wuxi, Jiangsu Province, PRC	<p>The property comprises an office unit of a commercial building completed in 2005.</p> <p>The floor area of the property is approximately 238.00 sq.m. (2,562 sq.ft.).</p> <p>The property is leased to Kunshan Dianhu Property Co., Ltd. ("Kunshan Dianhu"), a wholly-owned subsidiary of the Company, for a term commencing on June 15, 2010 and expiring on June 14, 2011.</p>	The property is occupied by the Group for office use.	No commercial value

Notes:

- (1) Pursuant to a tenancy agreement entered into between Wuxi Jizhi Technology Co., Ltd. (無錫集智科技有限公司) (the "Lessor") and Kunshan Dianhu, the property has been leased to Kunshan Dianhu for a term commencing on June 15, 2010 and expiring on June 14, 2011 at a monthly rental of approximately RMB6,616.
- (2) We have been provided with a legal opinion on the tenancy agreement issued by the Group's PRC legal adviser, which contains, inter-alia, the following information:
 - i. the building ownership rights of the property are held by the subsidiary of the Lessor; and
 - ii. the tenancy agreement is legal, valid and enforceable.

No.	Property	Description and tenancy particulars	Particulars of occupancy	Capital value in existing state as at July 31, 2010
36.	A residential unit of a domestic building located at No. 39-1 Donghu Shuian, Dianshan Lake, Kunshan, Jiangsu Province, PRC	<p>The property comprises a residential unit of a domestic building completed in 2005.</p> <p>The floor area of the property is approximately 211.21 sq.m. (2,273 sq.ft.).</p> <p>The property is leased to Kunshan Dianhu Property Co., Ltd. ("Kunshan Dianhu"), a wholly-owned subsidiary of the Company, for a term commencing on May 6, 2010 and expiring on May 5, 2012.</p>	The property is occupied by the Group for residential use.	No commercial value

Notes:

- (1) Pursuant to a tenancy agreement entered into between Lu Yufang (呂與芳) and Kunshan Dianhu, the property has been leased to Kunshan Dianhu for a term commencing on May 6, 2010 and expiring on May 5, 2012 at a monthly rental of approximately RMB2,500.
- (2) We have been provided with a legal opinion on the tenancy agreement issued by the Group's PRC legal adviser, which contains, inter-alia, the following information:
 - i. the tenancy agreement is legal, valid and enforceable.

No.	Property	Description and tenancy particulars	Particulars of occupancy	Capital value in existing state as at July 31, 2010
37.	A residential unit of Block 89, Donghu Shuian New Village, No. 9 Xiangshi Road, Dianshan Lake, Kunshan, Jiangsu Province, PRC	<p>The property comprises a residential unit of a domestic building completed in 2005.</p> <p>The gross floor area of the property is approximately 271.11 sq.m. (2,918 sq.ft.).</p> <p>The property is leased to Kunshan Dianhu Property Co., Ltd. ("Kunshan Dianhu"), a wholly-owned subsidiary of the Company, for a term commencing on April 3, 2010 and expiring on April 2, 2012.</p>	The property is occupied by the Group for residential use.	No commercial value

Notes:

- (1) Pursuant to a tenancy agreement entered into between Zheng Yan (鄭燕) (the "Lessor") and Kunshan Dianhu, the property has been leased to Kunshan Dianhu for a term commencing on April 3, 2010 and expiring on April 2, 2012 at a monthly rental of approximately RMB3,000.
- (2) We have been provided with a legal opinion on the tenancy agreement issued by the Group's PRC legal adviser, which contains, inter-alia, the following information:
 - i. the building ownership rights of the property are held by the lessor; and
 - ii. the tenancy agreement is legal, valid and enforceable.

No.	Property	Description and tenancy particulars	Particulars of occupancy	Capital value in existing state as at July 31, 2010
38.	Unit 601, Block 9, Lingyun Gongyu, Xishan District, Wuxi, Jiangsu Province, PRC	<p>The property comprises a residential unit of a domestic building completed in 2000.</p> <p>The gross floor area of the property is approximately 140.89 sq.m. (1,517 sq.ft.).</p> <p>The property is leased to Kunshan Dianhu Property Co., Ltd. ("Kunshan Dianhu"), a wholly-owned subsidiary of the Company, for a term commencing on June 20, 2010 and expiring on June 19, 2012.</p>	The property is occupied by the Group for residential use.	No commercial value

Notes:

- (1) Pursuant to a tenancy agreement entered into between An Bei (安貝) (the "Lessor") and Kunshan Dianhu, the property has been leased to Kunshan Dianhu for a term commencing on June 20, 2010 and expiring on June 19, 2012 at a monthly rental of approximately RMB2,500.
- (2) We have been provided with a legal opinion on the tenancy agreement issued by the Group's PRC legal adviser, which contains, inter-alia, the following information:
 - i. the building ownership rights of the property are held by the lessor; and
 - ii. the tenancy agreement is legal, valid and enforceable.

No.	Property	Description and tenancy particulars	Particulars of occupancy	Capital value in existing state as at July 31, 2010
39.	Unit 707, Saiweila Residence, Xishan District, Wuxi, Jiangsu Province, PRC	<p>The property comprises a residential unit of a domestic building completed in 2009.</p> <p>The gross floor area of the property is approximately 41.65 sq.m. (448 sq.ft.).</p> <p>The property is leased to Kunshan Dianhu Property Co., Ltd. ("Kunshan Dianhu"), a wholly-owned subsidiary of the Company, for a term commencing on April 21, 2010 and expiring on April 20, 2012.</p>	The property is occupied by the Group for residential use.	No commercial value

Notes:

- (1) Pursuant to a tenancy agreement entered into between He Jianzhong (何建忠) (the "Lessor") and Kunshan Dianhu, the property has been leased to Kunshan Dianhu for a term commencing on April 21, 2010 and expiring on April 20, 2012 at a monthly rental of approximately RMB1,300.
- (2) We have been provided with a legal opinion on the tenancy agreement issued by the Group's PRC legal adviser, which contains, inter-alia, the following information:
 - i. the building ownership rights of the property are held by the Lessor; and
 - ii. the tenancy agreement is legal, valid and enforceable.

No.	Property	Description and tenancy particulars	Particulars of occupancy	Capital value in existing state as at July 31, 2010
40.	Unit 102, Block 10, Weilan Dushi Garden, Wuxi, Jiangsu Province, PRC	<p>The property comprises a residential unit of a domestic building completed in 2004.</p> <p>The gross floor area of the property is approximately 129.49 sq.m. (1,394 sq.ft.).</p> <p>The property is leased to Kunshan Dianhu Property Co., Ltd. ("Kunshan Dianhu"), a wholly-owned subsidiary of the Company, for a term commencing on May 24, 2010 and expiring on May 23, 2012.</p>	The property is occupied by the Group for residential use.	No commercial value

Notes:

- (1) Pursuant to a tenancy agreement entered into between Qian Lijin (錢黎謹) (the "Lessor") and Kunshan Dianhu, the property has been leased to Kunshan Dianhu for a term commencing on May 24, 2010 and expiring on May 23, 2012 at a monthly rental of approximately RMB2,400.
- (2) We have been provided with a legal opinion on the tenancy agreement issued by the Group's PRC legal adviser, which contains, inter-alia, the following information:
 - i. the building ownership rights of the property are held by the Lessor; and
 - ii. the tenancy agreement is legal, valid and enforceable.

No.	Property	Description and tenancy particulars	Particulars of occupancy	Capital value in existing state as at July 31, 2010
41.	Unit 706, Block 17, Rijinyuan, Mingri Xingcheng, Changshu, Jiangsu Province, PRC	<p>The property comprises a residential unit of a domestic building completed in 2005.</p> <p>The gross floor area of the property is approximately 170.96 sq.m. (1,840 sq.ft.).</p> <p>The property is leased to Changshu Changtai Property Co., Ltd. ("Changshu Changtai"), a wholly-owned subsidiary of the Company, for a term commencing on July 10, 2010 and expiring on July 9, 2011.</p>	The property is occupied by the Group for residential use.	No commercial value

Notes:

- (1) Pursuant to a tenancy agreement entered into between Huang Xiaoyan (黃曉燕) (the "Lessor") and Kunshan Dianhu, the property has been leased to Kunshan Dianhu for a term commencing on July 10, 2010 and expiring on July 9, 2011 at a monthly rental of approximately RMB3,167.
- (2) We have been provided with a legal opinion on the tenancy agreement issued by the Group's PRC legal adviser, which contains, inter-alia, the following information:
 - i. the building ownership rights of the property are held by the Lessor; and
 - ii. the tenancy agreement is legal, valid and enforceable.

TAXATION OF OUR COMPANY**PRC Taxation***PRC Deed Tax*

Under the Provisional Regulations of the PRC on the Deed Tax (中華人民共和國契稅暫行條例) which took effect on October 1, 1997, deed tax applies to entities and individuals that accept the transfer of land use rights and the ownership of houses within the territory of the PRC.

The transfer of land use rights and the ownership of houses refer to the following acts:

- Assignment of the right to use state-owned land;
- Transfer of land use rights, including the transfer by means of sale, gift and exchange, excluding the transfer of the right contract for the management of rural collective land;
- Purchase and sale of houses;
- Gift of houses; and
- Exchange of houses.

The transfer of land use rights and the ownership of houses by the means of the following methods are also deemed to be governed by the above regulation, as stipulated by the Implementation Rule of Provisional Regulation on Deed Tax (中華人民共和國契稅暫行條例細則):

- Using land use rights and ownership of a house as investment;
- Setting off debt with land use rights and the ownership of house;
- Obtaining land use rights and the ownership of a house as a prize; and
- Obtaining land use rights and the ownership of a house by the way of purchasing in advance.

The rate of deed tax will, within the range of 3-5%, be determined by the PRC Government agencies of provincial, autonomous region and municipal level in light of the actual conditions of the underlying properties respective areas and shall be reported to the Ministry of Finance and the State Administration of Taxation of China.

The deed tax will be reduced or exempted under the following circumstances:

- For the acceptance of land and houses by state agencies, institutions, social organizations and military units for office, teaching, medical service, scientific research and military facilities, the deed tax will be exempted;
- For the initial purchase of state-owned residential houses by urban and township workers and staff members according to the provisions of relevant laws and regulations, the deed tax will be exempted;

- For the purchase of residential houses in replacement of houses damaged or destroyed due to force majeure, the tax will, upon approval, be reduced or exempted according to the circumstances; and
- Any other types of reduction or exemption provided by the Ministry of Finance.

Reduction or exemption of deed tax will not be applicable if the relevant land or house and the change of use is no longer within the above mentioned scope, and an amount of tax equivalent to the tax reduction or exemption should be repaid.

On October 22, 2008, the State Council, the Ministry of Finance, and the State Administration of Taxation jointly announced the decision to reduce the tax expenses of housing transactions. The Ministry of Finance and the State Administration of Taxation provided that effective November 1, 2008, the deed tax were temporarily reduced to 1% for individuals who purchase the ordinary residence with less than 90 sq.m. floor areas for the first time, and temporarily exempt stamp duty and land appreciation tax for purchase or sales of housing by individuals, as applicable.

Income Tax

According to the PRC EIT Law of the People's Republic of China (中華人民共和國企業所得稅法) enacted by the National People's Congress on March 16, 2007 and relevant implementation rules enacted by the State Council on December 6, 2007, both in effect from January 1, 2008 onwards, a uniform income tax rate of 25% will be applied towards PRC enterprises, foreign investment enterprises and foreign enterprises which have set up production and operation facilities in the PRC. The PRC EIT Law also permits enterprises to continue to enjoy their existing tax incentives, adjusted by certain transitional phase-out rules, under which enterprises that were subject to an EIT rate lower than 25% prior to January 1, 2008 may continue to enjoy the lower rate and gradually transition to the new EIT rate within five years after the effective date of the PRC EIT Law, that is 18% in 2008, 20% in 2009, 22% in 2010, 24% in 2011 and the new statutory EIT rate of 25% from 2012 onwards. In addition, under the phase-out rules, enterprises established before the promulgation date of the PRC EIT Law and which were granted tax holidays under the then effective tax laws or regulations may continue to enjoy their tax holidays until their expiration.

Under the PRC EIT Law, in effect from January 1, 2008, a withholding tax of 10% will be applicable to dividends paid by foreign-invested enterprises to foreign investors, unless otherwise stipulated in tax treaties concluded between Chinese government and other jurisdictions. However, due to a tax treaty between the PRC and Hong Kong on August 21, 2006, a company incorporated in Hong Kong will be subject to a withholding tax at a rate of 5% on dividends it receives from a company incorporated in the PRC if it holds a 25% interest or more in the PRC company. In addition, the PRC State Administration of Taxation promulgated a tax notice on October 27, 2009, or Circular 601, which provides that tax treaty benefits will be denied to "conduit" or shell companies without business substance, and a beneficial ownership analysis will be used based on a "substance-over-the-form" principle to determine whether or not to grant tax treaty benefits.

According to the Implementation Rule of the PRC EIT Law, if an enterprise incorporated outside the PRC has its "de facto management body" located within the PRC, such an enterprise may be recognized as a PRC tax resident enterprise and subject to EIT at the rate of 25%. According

to the PRC EIT Law, dividends received by a qualified PRC tax resident from another qualified PRC tax resident are exempted from EIT. However, the PRC foreign exchange control authorities, which enforce the withholding tax, have not yet issued guidance with respect to the processing of outbound remittances to entities that are treated as resident enterprises for PRC EIT purposes. Therefore, it is possible that future guidance issued with respect to the new “resident enterprise” classification could result in a situation in which a withholding tax of 10% for non-PRC enterprise shareholders or a potential withholding tax of 20% for non-PRC individual shareholders is imposed on dividends that a foreign enterprise pay to them.

Business Tax

Under the Provisional Regulations on Business Tax of the PRC (中華人民共和國營業稅暫行條例) and the Provisional Implementation Rules of the Provisional Regulations on Business Tax of the PRC (中華人民共和國營業稅暫行條例實施細則) which took effect on January 1, 1994, business tax is levied on all enterprises that provide “taxable services.” These include the assignment of intangible assets and the sale of immovable properties in the PRC. The rates range from 3% to 20% depending on the type of services provided. The assignment of intangible assets, the sale of buildings and other attachments to the land and leasing of property incur a tax rate of 5% of gross revenue generated from the relevant transactions of the enterprise. Enterprises are required to pay the business tax to relevant tax authorities in the regions where the enterprises derived their taxable income.

On May 27, 2005, the State Administration of Taxation (國家稅務總局), MOFCOM and Ministry of Construction (建設部) jointly issued a Notice on Strengthening the Administration of Taxes in Connection with Real Estate (關於加強房地產稅收管理的通知). According to the notice, from June 1, 2005, business tax shall be imposed on the full amount of the sales income of a real estate company, upon the transfer of the ownership of a residential house by an individual within two years from the purchase date. However, transfer of an ordinary residential property may be exempted from business tax upon tax authorities’ approval of application for such exempt. According to the Circular on Forwarding Opinions of the Ministry of Construction and other Departments on Stabilizing Housing Prices issued by the General Office of the State Council (國務院辦公廳轉發建設部等部門關於做好穩定住房價格工作意見的通知) on May 5, 2005, in the case of a house other than an ordinary residential house, business tax shall be imposed on the difference between the sales income and the purchase price, provided that the transfer occurs after two years from the purchase date. Ordinary residential house refers to a residential unit, of which (i) the plot ratio is more than 1.0; (ii) the GFA is less than 120 sq.m.; and (iii) the price is lower than 1.2 times of the average selling price of residential properties on the land of the same category. The provincial-level government may set its own GFA and price requirements with a deviation no more than 20% of the above-mentioned standards.

On May 30, 2006, the State Administration of Taxation issued a Notice on Strengthening the Administration of Business Tax Collection in Connection with Housing (關於加強住房營業稅徵收管理有關問題的通知). According to the notice, from June 1, 2006, business tax shall be imposed on the full amount of the sales income, upon the transfer of a residential house by an individual within five years from the purchase date. In the case of a house other than an ordinary residential house, business tax shall be imposed on the difference between the sale income and the purchase price, provided that the transfer occurs after five years from the purchase date. However, transfer of an ordinary residential property may be exempted from business tax upon tax authorities’ approval of application for such exempt.

Land Appreciation Tax

Under the Provisional Regulations of the PRC on Land Appreciation Tax (中華人民共和國土地增值稅暫行條例) promulgated by the State Council on December 13, 1993 and its implementation rules, land appreciation tax or LAT, applies to both domestic and foreign investors, irrespective of whether they are corporate entities or individuals. LAT is payable on the appreciation in value representing the balance of the proceeds received on sales, after deducting various prescribed items, including payments made for acquisition of land use rights, the costs and expenses relating to land development and the construction of buildings and related facilities, the appraised price of any existing buildings and structures on the land and taxes related to the assignment of the real estate, and other deductible items stipulated by the Ministry of Finance. LAT is charged at progressive rates ranging from 30% to 60%. Apart from the aforementioned deductions, property developers enjoy an additional deduction, which is equal to 20% of the payment made for acquisition of land use rights and the costs of land development and the construction of new buildings or related facilities. An exemption from payment of LAT may be available if the taxpayer constructs ordinary residential apartments and the appreciation amount does not exceed 20% of the sum of deductions allowed under PRC law. If, however, the appreciation amount exceeds 20% of the sum of allowable deductions, such an exemption is not available and the taxpayer will be liable to LAT on the full appreciation amount, after taking account of the allowable deductions. The allowable deductions include the following items:

- Payment made to acquire land use rights;
- Costs and expenses related to land development and the construction of the properties;
- Construction costs and charges in the case of newly constructed buildings and facilities or assessed value in the case of old buildings and structures;
- Taxes in connection with the transfer of real estate; and
- Other items stipulated by the Ministry of Finance (including 20% deduction of the first two items mentioned above in relation to property development).

LAT is charged at progressive rates ranging from 30% to 60% of the appreciation value (i.e., the balance as described above).

Appreciation value	LAT rates (%)
For the portion:	
Not exceeding 50% of allowable deductions	30
Over 50% but not more than 100% of allowable deductions	40
Over 100% but not more than 200% of allowable deductions	50
Over 200% of allowable deductions	60

An exemption from payment of LAT may be available if the taxpayer constructs ordinary standard residential apartments and the appreciation amount does not exceed 20% of the sum of deductions allowed under PRC law.

Agricultural Land Occupation Tax

The State Council issued the Tentative Rules on Tax of Occupation of Agricultural Land of the People's Republic of China (中華人民共和國耕地佔用稅暫行條例) on December 1, 2007. The rules took effect on January 1, 2008 and as a result, the former tentative rules with the same regulation issued by the State Council on April 1, 1987 will be abolished simultaneously. The Rules mainly regulates the taxation procedures and tax amount based on the tax objects and the use of agricultural land.

Real Estate Tax

Before January 1, 2009, there are two parallel tax systems in China for enterprises engaged in real estate development and investment in China. Such tax applicable for domestic enterprises, organizations and individuals is real estate tax which is calculated on the remaining original book value of the real estate after 10% to 30% deduction of the original book value depending on where the real estate is located, at a rate of 1.2%, or on the rental income derived by the real estate at a rate of 12% according to the PRC Provisional Rules on Real Estate Tax (中華人民共和國房產稅暫行條例) promulgated by the State Council on September 15, 1986. While foreign invested enterprises, foreign enterprises and foreign individuals are required to pay urban real estate tax on land and buildings owned by them in the urban areas of China. According to the PRC Provisional Rules on Urban Real Estate Tax (中華人民共和國城市房地產稅暫行條例) promulgated by the State Council on August 8, 1951, the urban real estate tax is charged at a rate of 1.8% annually based on standard prices for property or 18% annually based on rental income.

By issuance of PRC State Council Order 546 (中華人民共和國國務院令2008第546號) on December 31, 2008, the State Council unifies the two parallel real estate tax systems by abolishing the urban real estate tax. Starting from January 1, 2009, all enterprises, organizations and individuals that own or use real estate in China shall subject to real estate tax by using the calculation method as mentioned in the PRC Provisional Rules on Real Estate Tax (中華人民共和國房產稅暫行條例) promulgated by the State Council on September 15, 1986.

FOREIGN CURRENCY EXCHANGE

Prior to December 31, 1993, a quota system was used for the management of foreign currency. Any enterprise that used foreign currency in the normal course of its operations was required to obtain a quota from the local SAFE office before it could convert Renminbi into foreign currency through the Bank of China or other designated banks. Such conversion had to be effected at the official rate set up by SAFE on a daily basis. Renminbi could also be converted into foreign currency at swap centers. The exchange rates used by swap centers were largely determined by the demand for and supply of the foreign currency and the Renminbi requirements of enterprises in the PRC. Any enterprise that wished to buy or sell foreign currency at a swap centre had to obtain an advanced approval from SAFE.

On December 28, 1993, the PBOC, under the authority of the State Council, promulgated the Notice of the People's Bank of China Concerning Further Reform of the Foreign Currency Control System (人民銀行關於進一步改革外匯管理體制的公告), promulgated on January 1, 1994. The notice announced the abolition of the foreign exchange quota system, the implementation of conditional convertibility of Renminbi in current account items, the establishment of the settlement and payment system of foreign exchange by banks, and the

unification of the official Renminbi exchange rate and the market rate for Renminbi established at swap centers. On June 20, 1996, the PBOC promulgated the Regulations for the Administration of the Settlement, Sale and Payment of Foreign Exchange (結匯、售匯及付匯管理規定), which set out detailed provisions regulating the trading of foreign exchange by enterprises, economic organizations and social organizations in the PRC.

The principal regulation governing foreign currency exchange in the PRC is the Regulations for the Control of Foreign Exchange or the Foreign Exchange Regulations (中華人民共和國外匯管理條例), promulgated by the State Council in January 1996, as amended in January 1997. Under these regulations, Renminbi are freely convertible for payments of current account items, such as trade and service-related foreign exchange transactions and dividend payments, but are not freely convertible for capital expenditure such as direct investment, loans or investments in securities outside the PRC unless the approval of SAFE is obtained in advance.

Under the Foreign Exchange Regulations, foreign-invested enterprises in the PRC may purchase foreign currency for trade and service-related foreign exchange transactions without the approval of the State Administration of Foreign Exchange by providing commercial documents evidencing these transactions. They may also remit foreign currency (subject to a cap approved by SAFE) to satisfy foreign exchange liabilities or to pay dividends. However, the relevant PRC Government authorities, which have significant administrative discretion in implementing the laws, may restrict or eliminate the ability of foreign-invested enterprises to purchase and remit foreign currencies in the future. See “Risk Factors – Risk factors relating to the PRC – PRC Government control of currency conversion may affect the value of your investment.” In addition, foreign exchange transactions involving direct investment, loans and investments in securities outside the PRC are subject to limitations and require approvals from SAFE.

Pursuant to the SAFE’s Notice on Relevant Issues Concerning Foreign Exchange Administration for PRC Residents to Engage in Financing and Inbound Investment via Overseas Special Purpose Vehicles (關於境內居民通過境外特殊目的公司融資及返程投資外匯管理有關問題的通知), or SAFE Circular No. 75, issued on October 21, 2005, (i) a PRC resident is required to register with the local branch of SAFE before he or she establishes or controls an overseas special purpose vehicle, or overseas SPV, for the purpose of overseas equity financing (including convertible debt financing); (ii) when a PRC resident transfers assets of or equity interests in a domestic enterprise into an overseas SPV, or engages in overseas financing after contributing assets or equity interests into an overseas SPV, such a PRC resident shall register his or her interest in the overseas SPV and the change thereof with the local branch of SAFE; and (iii) when the overseas SPV undergoes a material capital change event outside of China, such as a change in share capital or merger and acquisition, the PRC resident shall, within 30 days from the occurrence of such event, register such change with the local branch of SAFE. In May 2007, SAFE issued guidance to its local branches with respect to the procedures for SAFE registration, which strengthens the supervision on registration pursuant to SAFE Circular No. 75 and imposes obligations on onshore subsidiaries of the overseas SPVs to coordinate with and supervise the relevant PRC residents to complete the registration.

Under SAFE Circular No. 75, failure to comply with the registration procedures set forth above may result in restrictions on a PRC subsidiary’s foreign exchange activities and impact its ability to distribute dividends to the overseas SPV. The failure may also result in such penalties as being ordered to remit the foreign exchange illegally paid out of China back into China, as well as the imposition of fines up to more than 30% while less than five times of the amount.

On July 11, 2006, the Ministry of Construction, MOFCOM, NDRC, PBOC, SAIC and SAFE jointly issued the Opinions on Regulating the Entry and Administration of Foreign Investment into the Real Estate Market (關於規範房地產市場外資准入和管理的意見) (the “**171 document**”). The 171 document provides that: (i) foreign organizations and individuals who have established FIEs are allowed to invest and purchase non-self-resided real estate in China; branches or representative offices of foreign organizations established in China and foreign individuals who work or study in China for over a year are eligible to purchase commodity properties which match their real needs for self-utilization or self-residence under their real names; (ii) the registered capital of foreign-invested real estate corporations with total investments of more than US\$10 million shall be no less than 50% of its total investment; (iii) foreign-invested real estate corporates can apply for the formal FIE approval certificate and business license only after they have paid back all the land premium and obtained the State-owned land use rights certificate; (iv) foreign investors shall pay off all the transfer price in a lump sum with their own funds if they acquire Chinese domestic real estate corporations; (v) no offshore or Chinese domestic loan is allowed and the foreign exchange administration shall not approve the conversion of foreign loans into RMB if the foreign-invested real estate corporations have not paid their registered capital in full, or have not obtained the State-owned land use rights certificate, or their internal fund for a development project is less than 35% of the total investment; and (vi) by no means can Chinese or foreign investors make any commitment in any documents to guarantee a fixed return or fixed revenue in disguised form for any party in the contract.

In accordance with the 171 document, MOFCOM and SAFE jointly issued a Notice on Further Strengthening and Regulating the Approval and Administration regarding Foreign Direct Investment in the Real Estate Industry (關於進一步加強、規範外商直接投資房地產業審批和監管的通知) (“**No. 50 Notice**”) on May 23, 2007. Under the Notice, local commercial authorities should reinforce the approval and supervision process over foreign-invested real estate enterprises, and strictly control foreign fund from investing in high-end real estate development projects. For foreign-invested company intending to engage in the property development business, the land use right should be obtained, or at least has entered into pre-contract purchase agreement with the relevant land administrative authorities, land developers, or the owners of the house or other constructions, otherwise the proposed foreign-invested real estate company will not be approved by the authorities. For existing foreign-invested company who intends to expand its operations in its business operation or company who intends to engage in the operation or development of the new real estate project, they should undertake relevant procedures with the approval authority.

No. 50 Notice strictly controls the acquisition or merger of domestic real estate enterprises by means of return investment (includes the same effective controller). It also prohibits Chinese or foreign investors in real estate joint ventures to reach any terms that aim to achieve a fixed return for either party. Once the local authority has approved the establishment of a foreign-invested real estate enterprise, it should immediately file such approval with the MOFCOM.

The local SAFE administrative authority and designated foreign exchange bank will not conduct foreign exchange purchase and settlement process for foreign-invested real estate company who fails to satisfy the MOFCOM for filing requirement or to pass the joint annual examination of foreign-invested enterprises.

On July 10, 2007, the General Department of SAFE issued the Notice on Issuing the List of the First Batch of Foreign-invested Real Estate Projects Having Passed the Procedures for Filing with the Ministry of Commerce (國家外匯管理局綜合司關於下發第一批通過商務部備案的外商投資房地產項目名單的通知) (the “**No. 130 Rule**”). The No. 130 Rule included the list of the first batch of foreign-funded real estate projects that passed MOFCOM’s filing procedures.

According to No. 130 Notice, registration regarding the establishment of foreign-invested real estate enterprises shall be made with MOFCOM. However, such real estate enterprises with foreign investment as filed with MOFCOM will not be permitted to borrow money from overseas, including through shareholder loans and foreign commercial loans. Further, for those which fail to file with MOFCOM after June 1, 2007, neither foreign exchange registration, foreign exchange alteration registration nor sale and purchase of foreign exchange under capital account will be effected with SAFE or its branches.

OVERVIEW

All land in the PRC is either state-owned or collectively-owned, depending on the location of the land. All land in the urban areas of a city or town is state-owned, and all land in the rural areas and the suburban areas and all farm land are, unless otherwise specified by law, collectively-owned. The state has the right to resume its ownership of land or the land use right in accordance with law if required for the public interest (and compensation must be paid by the state).

Although all land in the PRC is owned by the state or by collectives, individuals and entities may obtain land use rights and hold such land use rights for development purposes. Individuals and entities may acquire land use rights in different ways, the two most important being land grants from local land authorities and land transfers from land users who have already obtained land use rights.

LAND GRANTS

National and local legislation

In April 1988, the National People’s Congress (the “NPC”) passed an amendment to the constitution of the PRC. The amendment, which allowed for the transfer of land use rights for value, paved the way for reforms of the legal regime governing the use of land and transfer of land use rights. In December 1988, the Standing Committee of the NPC also amended the Land Administration Law of the PRC (中華人民共和國土地管理法) to permit the transfer of land use rights for value.

In May 1990, the State Council enacted the Provisional Regulations of the PRC Concerning the Grant and Assignment of the Right to Use State-owned Land in Urban Areas (中華人民共和國城鎮國有土地使用權出讓和轉讓暫行條例). These regulations, generally referred to as the Urban Land Regulations, formalized the process of the grant and transfer of land use rights for consideration. Under this system, the State retains the ultimate ownership of the land. However, the right to use the land, referred to as land use rights, can be granted by the state and local governments at or above the county level for a maximum period of 70 years for specific purposes pursuant to a land grant contract and upon payment to the State of a land grant fee for the grant of land use rights.

The Urban Land Regulations prescribe different maximum periods of grant for different uses of land as follows:

Use of land	Maximum period (Years)
Commercial, tourism, entertainment	40
Residential	70
Industrial	50
Educational, scientific, cultural, public health and sports	50
Comprehensive utilization or others	50

APPENDIX VI SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS

Under the Urban Land Regulations, domestic and foreign enterprises are permitted to acquire land use rights unless the law provides otherwise. The state may not resume possession of lawfully-granted land use rights prior to expiration of the term of grant. Should the public interest require the resumption of possession by the state under special circumstances during the term of grant, compensation shall be paid by the state, on the basis of the period of which the land user has used the land and the status with respect to the development and utilization of the land. Subject to compliance with the terms of the land grant contract, a holder of land use rights may exercise substantially the same rights as a land owner during the grant term, including holding, leasing, transferring, mortgaging and developing the land for sale or lease.

Upon paying in full the land grant fee pursuant to the terms of the contract, the grantee may apply to the relevant land bureau for the land use rights certificate. In accordance with the Property Right Law (中華人民共和國物權法), which was effective as of October 1, 2007, the term of land use right for land of residential use will automatically be renewed upon expiry. The renewal of the term of land use right for other uses shall be dealt with according to the relevant laws. In addition, if public interest requires the resumption of possession of land by the State during the term of the relevant land use rights, owners of residential properties and other real estate on the land shall be compensated and the relevant land premium shall be refunded to them.

On March 26, 2005, the General Office of the State Council promulgated a Notice on Effectively Stabilizing House Prices (關於切實穩定住房價格的通知) to restrain the excessive increase of housing prices and to promote the sound development of the real estate market. The notice provided that housing prices should be stabilized and the system governing housing supply should be vigorously adjusted and improved. In accordance with the notice, seven departments of the State Council including the Ministry of Construction (建設部) issued an Opinion on the Work of Stabilizing Housing Prices (關於做好穩定住房價格工作的意見) on April 30, 2005. The opinion stated, among other things, that: (i) the local government should focus on ensuring the supply of low-to medium-end ordinary residential houses while controlling the construction of high-end residential houses; (ii) to curb any speculation in the real estate market, a 5% business tax would be levied from June 1, 2005 on the total revenue arising from any transfer by individuals of houses within two years from their purchase thereof or on the difference between the transfer price and the original price for any transfer of non-ordinary houses (非普通住宅) by individuals after two or more years from their purchase thereof; and (iii) the real estate registration department will no longer register the transfer of apartment units which are presold where such units have not obtained the relevant property ownership certificates.

On May 24, 2006, the General Office of the State Council further issued a Notice on Adjusting the Housing Structure and Stabilizing Housing Prices (關於調整住房供應結構穩定住房價格意見的通知). The notice provided for the following broad directives to, among other things: (i) encourage mass-market residential developments and curb the development of high-end residential properties; (ii) enforce the collection of the 5% business tax on property sales (business taxes will be levied on the entire sale price of any property sold within five years, or on the profit arising from any property sold after five years subject to possible exemptions for ordinary residential properties); (iii) restrict housing mortgage loans to not more than 70% of the total property price (for houses purchased for self-residential purposes and with an area of less than 90 sq.m., the owners are still able to apply for a housing mortgage up to an amount

representing 80% of the total property price); (iv) halt land supply for villa projects and restrict land supply for high-end, low-density residential projects; (v) moderate the progress and scale of demolition of old properties for re-development; (vi) require local governments to ensure that at least 70% of the total development and construction area must consist of units of less than 90 sq.m. in size (with any exceptions requiring the approval of the Ministry of Construction); and (vii) prevent banks from providing loans to a property developer whose total capital fund is less than 35% of the total investment amount in an intended development project.

On June 13, 2006, the General Office of the State Council issued a Notice on Further Regulating and Controlling Investment in Fixed Assets and Strictly Controlling the Number of New Projects (關於加強固定資產投資調控從嚴控制新開工項目意見的通知). The notice provides for: (i) clearing and rectifying all new projects; (ii) strictly examining all planning projects, strengthening supervision and examination on implementing industry policy, development plan, market access requirements and construction procedures across the country; and (iii) strictly controlling loans provided for infrastructure.

On July 6, 2006, the Ministry of Construction promulgated Certain Opinions regarding the Implementation of the Ratio Requirements for the Structure of Newly Constructed Residential Units (關於落實新建住房結構比例要求的若干意見), or the New Opinions. The New Opinions stipulate that, the residential units with a floor area of less than 90 square meters shall account for over 70% of the total area of residential units, which are newly approved and constructed in each city or county after June 1, 2006.

On July 13, 2006, the General Office of the State Council issued a Notice about Relevant Matters on Establishing the State Land Supervision System (關於建立國家土地督察制度有關問題的通知). In accordance with this notice, the Ministry of Land and Resources established the State Land Supervision General Office (國家土地總督察辦公室) and send its local counterparts State Land Supervision Bureau (國家土地督察局) in order to strengthen supervision and management on land and practice the strictest possible land management system.

On August 31, 2006, the State Council issued a Notice about Relevant Matters on Strengthening Control on Land (關於加強土地調控有關問題的通知) in order to hold back the problems of excessive increases in the aggregate amount of construction land, the excessive expansion of low-cost industrial land, the illegal use of land and abusive occupation of cultivated land. The notice implements the following major measures: (i) adjusting land approval measures for urban construction in accordance with the principle of sharing both rights and responsibilities; (ii) only after guaranteeing the social security fee for the land expropriated from farmers can the approval of land expropriation be granted; (iii) the total amount of money from the sale of state-owned land use rights shall be fully accounted for in the local budget and collected into the local government treasury, and the “line of income and expenditure” shall be administrated separately; (iv) raising the standard for the land use rights fee of newly added construction land as well as the urban land use tax and rural cultivated land use tax; (v) the state formulating and promulgating the unified minimum standard for granting industrial land across the country, and industrial land being granted by tender, auction or putting up for bidding; and (vi) prohibiting conversion of agricultural land into construction land “in the name of leasing while actually expropriating” or other illegal ways.

APPENDIX VI SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS

On November 7, 2006, Ministry of Finance, Ministry of Land and Resources and the PBOC issued a Notice about Relevant Matters on Policy Adjusting Concerning the Land Use Fee for Newly Created Construction Land (關於調整新增建設用地土地有償使用費政策等問題的通知). The notice requires the land use fee on newly created construction land be doubled from January 1, 2007.

Pursuant to the Opinions on Resolving Difficulties of Housing for Urban Low-income Family (關於解決城市低收入家庭住房困難的若干意見) promulgated by the State Council on August 7, 2007, the authorities of each region will adjust the housing supply structure in order to: (i) implement the Circular on Forwarding Opinions of Ministry of Construction and Other Departments on Adjusting Housing Supply Structure and Stabilizing Housing Prices issued by the General Office of the State Council (國務院辦公廳轉發建設部等部門關於調整住房供應結構穩定住房價格意見的通知); (ii) focus on the development of low to medium priced, and small to medium sized commodity housing and (iii) to increase the supply of housing. The approval percentage of new housing construction (with a GFA of less than 90 sq. m.) will be more than 70% of the total housing developed area. The annual supply of low rental housing construction land, economy-sized housing and low to medium price and small to medium sized commodity housings shall not be less than 70% of the total residential housing land.

Pursuant to the Notice on Implementation of the Several Opinions of the State Council on Solving Housing Shortage with respect to Urban Low-income Households (關於認真貫徹《國務院關於解決城市低收入家庭住房困難的若干意見》進一步加強土地供應調控的通知) promulgated by Ministry of Land and Resources on September 30, 2007, the administration department of the Ministry of Land and Resources (the "**Administration Department**") at both municipality and county levels will give priority in arranging land supply for low rental housing, economy-sized housing and low to medium priced and small to medium sized commodity housing. Its annual supply volume shall not be less than 70% of total residential land supply. It will integrate and implement the Notice on the Implementation of Specific Clearing of the Grant of the State-owned Land Use Rights (關於開展國有土地使用權出讓情況專項清理工作的通知) jointly published by the Ministry of Supervision, Ministry of Land and Resources, Ministry of Finance, National Audit Office of the PRC and the Ministry of Construction on August 8, 2007. Further, it will investigate, on a case by case basis, the development of residential land with an emphasis on the observation of land-use contract by real estate development enterprises. For any developer that neither commences nor completes the construction work in accordance to the land-use contract, the Administration Department will provide comments to ensure that such enterprises complete the development on schedule. Enterprises that do not carry out any measure to resolve the situation will be prohibited from participating in any tenders, auction and putting up for bidding for acquiring new land sites. The Administration Department will strictly enforce the regulations governing idle land and for land where the construction still has not commenced after exceeding one full year from the date of commencement stipulated in the contract, the idle land fee shall be imposed and the respective enterprises will be instructed to commence the construction works and fulfill the completion schedule. The idle land fee, in principle, shall be computed and imposed based on 20% of land premium price of the granted or allocated land. Any land that has not been developed for over two years shall be reclaimed with no compensation. For land where construction works have been commenced on the date stipulated in the contract but the developed area is less than the one-third of the area to be developed or the invested capital is less than one-fourth of the total investment as stipulated in the contract and the development is suspended over a year without any approval, it shall be treated as idle land strictly following the laws.

APPENDIX VI SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS

On December 30, 2007, the General Office of the State Council issued the Notice on the Strict Implementation of the Laws and Policies Regarding Rural Collective Construction Land (Guo Fa Ban [2007] No. 71) (關於嚴格執行有關農村集體建設用地法律和政策的通知) (國辦發[2007]71號). This notice states that residential land in rural areas shall only be allocated to residents of the relevant village residing in the area and that no urban inhabitants shall be allowed to purchase any homesteads, peasants' dwellings or "small houses with property rights" in rural areas. No organization or individual shall be allowed to illegally rent or occupy any land collectively owned by peasants for the development of real estate.

On February 7, 2008, the State Council issued the Land Investigation Regulations (Order No. 518 of the State Council of the People's Republic of China) (土地調查條例(中華人民共和國國務院令 第518號)). This regulation provides that a nationwide land investigation shall be carried out once every 10 years and a land status alteration investigation shall be carried out each year by the competent state land and resources department at the county level or above and this investigation is done in conjunction with the relevant government departments of the same level. The regulation also specifies the qualification requirements that a government department must meet in order to undertake the investigation tasks. The regulation specifies that the purpose of land investigations is to ascertain the land resources that are available and their utilization status.

On January 7, 2010, the General Office of the State Council issued the Notice on Promoting the Steady and Healthy Development of the Real Estate Market (關於促進房地產市場平穩健康發展的通知), which, among other things, provides that land resource authorities shall deepen the supervision on the compliance of the contracts and strictly collect the land premiums according to the land grant contracts.

On March 8, 2010, the Ministry of Land and Resources issued the Notice on Strengthening the Supply and Supervision of Land Use for Real Estate Property (國土資源部關於加強房地產用地供應和監管有關問題的通知). The Notice, among other things, provides that:

- the land and resources bureau at the city and county levels shall ensure that the land supply for government-subsidized housing, slum-dwellers reconstruction and small commercial housing units for self housing shall not be less than 70% of the total residential land supply and strictly control the land supply for large-sized apartments and restrict the land supply for villas;
- land resource authorities shall prohibit property developers who owe land grant premium payments, possess idle land, engage in land speculation and price manipulation, conduct project development exceeding approved scope or fail to conform with the land use rights grant contract from land bidding transactions within a set period of time; and
- the land use rights grant contract must be executed within ten days after a grant of land has been mutually agreed and a down payment of 50% of the land grant premium shall be paid within one month from the execution of the land use rights grant contract with the remaining amount paid no later than one year after the execution of the land use rights grant contract.

In addition to the general framework for transactions relating to land use rights set out in the Urban Land Regulations, local legislation may provide for additional requirements, including those applicable to specific transactions within specific areas relating to the grant and transfer of land use rights. These local regulations are numerous and some of them are deemed to be inconsistent with national legislation. Under PRC law, national laws and regulations prevail to the extent of such inconsistencies.

Environmental protection

The laws and regulations governing the environmental requirements for real estate development in the PRC include the Environmental Protection Law (中華人民共和國環境保護法), the Prevention and Control of Noise Pollution Law (中華人民共和國環境噪聲污染防治法), the Environmental Impact Assessment Law (中華人民共和國環境影響評價法), the Administrative Regulations on Environmental Protection for Development Projects (建設項目環境保護管理條例) and the Administrative Regulations on Environmental Protection for Acceptance Examination Upon Completion of Buildings (建設項目竣工環境保護驗收管理辦法). Pursuant to these laws and regulations, depending on the impact of the project on the environment, an environmental impact study report, an environmental impact analysis table or an environmental impact registration form must be submitted by a developer before the relevant authorities will grant approval for the commencement of construction of the property development. In addition, upon completion of the property development, the relevant environmental authorities will also inspect the property to ensure compliance with the applicable environmental standards and regulations before the property can be delivered to the purchasers.

Modes of land grant

Pursuant to PRC laws or the stipulations of the State Council, except for land use rights which may be obtained through allocation (劃撥), land use rights for property development are obtained through governmental grant. There are two methods by which land use rights may be granted, namely by private agreement or competitive processes (i.e., tender, auction or listing at a land exchange administered by the local government).

As of July 1, 2002, the grant of land use rights by way of competitive processes is governed by the Regulations on the Grant of Use Right of State-owned Land by Invitation of Tender, Auction or Listing-for-bidding (招標拍賣掛牌出讓國有土地使用權規定), issued by the Ministry of Land and Resources of the PRC on May 9, 2002 (2002 Regulations) and revised as of September 21, 2007 by Regulations on Granting State-owned Construction Land Use Right through Tenders, Auction and Putting up for Bidding (招標拍賣掛牌出讓國有建設用地使用權規定), or the 2007 Regulations. Following the 2002 Regulations, the Ministry of Land and Resources issued the Notice on Continuing the Review of the Implementation of the Grant of Land use Rights for Commercial Uses by Invitation of Bids Auction or Listing (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) on a Land Exchange on March 31, 2004, requiring all local land administration authorities to strictly enforce the 2002 Regulations. In addition, the Ministry of Land and Resources required that with effect from August 31, 2004, the grant of land use rights must be made pursuant to auctions or listing at a land exchange and that no land use rights for commercial uses may be granted by way of agreement. In the Urgent Notice of the General Office of the State Council on Intense Regulation and Rectification of the Land Market and Strict Administration of Land (關於深入開展土地市場治理整頓嚴格土地管理的緊急通知) issued by the State Council on April

29, 2004, the development of agricultural land was suspended for a period of six months for rectification by the PRC Government of irregularities in land development in China. The 2007 Regulations specifically provide that land to be used for industrial, commercial, tourism, entertainment or commodity residential purposes, or where there are two or more intended users for the certain piece of land, must be granted by way of competitive processes. A number of measures are provided by the 2007 Regulations to ensure such grant of land use rights for commercial purposes is conducted openly and fairly. For instance, the local land bureau must take into account various social, economic and planning considerations when deciding on the use of a certain piece of land, and its decision regarding land use designation is subject to approval of the city or provincial government. The grantee shall apply for land registration and obtain the state-owned land use rights certificate upon full payment of the land premium of the granted land according to the state-owned land use right granting contract. In the event that the land premium of the granted land is not paid in full, the grantee will not receive the land use rights certificate. In addition, the announcement of tender, auction or listing-for-bidding must be made 20 days prior to the date on which such competitive process begins. Further, it also stipulated that for listing at a land exchange, the time period for accepting bids must be no less than 10 days.

In the case of tender, the local land bureau granting the land use rights should examine the qualifications of the intended bidders and inform those qualified to participate in the bidding processes by sending out invitations to tender. Bidders are asked to submit sealed bids together with the payment of a security deposit. When land use rights are granted by way of tender, a tender evaluation committee consisting of not less than five members (including a representative of the grantor and other expert), formed by the land bureau is responsible for opening the tenders and deciding on the successful bidder. The successful bidder will then sign the land grant contract with the land bureau and pay the balance of the land grant fee before obtaining the State land use rights certificate. See section headed "Documents of title and registration of property interests" below.

Where land use rights are granted by way of auction, a public auction will be held by the relevant local land bureau. The land use rights are granted to the highest bidder. The successful bidder will then be asked to sign the land grant contract with the local land bureau and pay the relevant land grant fee within a prescribed period.

Where land use rights are granted by way of listing-for-sale administered by the local government, a public notice will be issued by the local land bureau to specify the location, area and purpose of use of land and the initial bidding price, period for receiving bids and terms and conditions upon which the land use rights are proposed to be granted. The land use rights are granted to the bidder with the highest bid who satisfies the terms and conditions. The successful bidder will enter into a land grant contract with the local land bureau and pay the relevant land grant fee within a prescribed period.

In June 2003, the Ministry of Land and Resources promulgated the Regulations on Grant of State-owned Land Use Rights by Agreement (協議出讓國有土地使用權規定), or the 2003 Regulations, to regulate granting of land use rights by agreement when there is only one party interested in the land, the designated uses of which are other than for commercial purposes as described above. According to the 2003 Regulations, the local land bureau, together with other relevant government departments, including the city planning authority, will formulate

the plan concerning the grant, including the specific location, boundary, purpose of use, area, term of grant, conditions of use, conditions for planning and design as well as the proposed land premium, which shall not be lower than the minimum price regulated by the State, and submit such plan to the relevant government for approval. Afterwards, the local land bureau and the relevant party will negotiate and enter into the land grant contract based on the above-mentioned plan. If two or more parties are interested in the land use rights proposed to be granted, such land use rights shall be granted by way of tender, auction or listing at a land exchange in accordance with the 2007 Regulations.

The grantee is required to pay the land grant fee pursuant to the terms of the contract and the contract is then submitted to the relevant local bureau for the issue of the land use rights certificate. Upon expiration of the term of grant, the grantee may apply for its renewal. Upon approval by the relevant local land bureau, a new contract is entered into to renew the grant, and a land grant fee shall be paid.

According to the “Notice of the Ministry of Land and Resources on Relevant Issues Concerning the Strengthening of Examination and Approval of Land Use in Urban Construction (關於加強城市建設用地審查報批工作有關問題的通知) enacted by the Ministry of Land and Resources on September 4, 2003 (the “**Notice**”), from the day of promulgation, land use for luxurious commodity houses shall be stringently controlled, and applications for land use right to build villas shall be stopped. On May 30, 2006, the Ministry of Land and Resources issued the “Urgent Notice of Further Strengthening the Administration of the Land” (關於當前進一步從嚴土地管理的緊急通知). It provided that: (i) land use shall not violate the overall land use plan and the annual land use plan and no entity or individual shall change or occupy basic agricultural land. Strict prohibitions shall be imposed on any illegal method to avoid the examination and approval procedures for occupation of basic agricultural land by, for example, amending the overall land use plan, and no one shall increase the use of construction land without authorization and approval; (ii) stricter examination and approval procedures shall be implemented with respect to the use of various non-agricultural construction land and strict limitations shall be imposed on the supply of land for projects that fall under restricted categories. No land preapproval, examination and approval, and land supply shall be granted for prohibited projects. Application and approval procedures must be undertaken in accordance with relevant laws for any non-agricultural construction using tidal-flat areas, barren hills or wasteland; and (iii) the Circular of the General Office of the State Council on Forwarding the Notice of the Ministry of Construction, the NDRC and the Ministry of Supervision on Adjusting the Housing Supply Structure and stabilizing the Housing Price (Guo Ban Fa [2006] No. 37) (國務院辦公廳轉發建設部等部門關於調整住房供應結構穩定住房價格意見的通知(國辦發[2006]37號)) shall be strictly implemented. This circular provides, amongst other things, that: (a) land used for real estate development must be granted through tender, auction or bidding-for-sale and the area of land shall be ascertained reasonably; (b) land supply priority shall be given to ordinary commodity houses at middle to low prices and in medium to small sizes (including affordable housing) and renting affordable housing. The land supply plan shall be known to the public; and (c) the land supply for low-density and large-sized housing shall be strictly controlled, and the rules on ceasing land supply for villa real estate development shall be resolutely implemented. From May 30, 2006, all land use supply and relevant procedures for villa projects shall cease and an overall rectification shall be carried out.

On December 12, 2006, the Ministry of Land and Resources and National Development and Reform Commission promulgated the Catalogue of Restrictive Land Supply Items (2006 Version) and Catalogue of Forbidden Land Supply Items (2006 Version) (限制用地項目目錄(2006本)和禁止用地項目目錄(2006本)). This catalogue provides that, the new office buildings of the Chinese Communist Party and government agencies, large-scale commercial or entertainment establishments, racing fields, motor vehicle training fields, burial grounds, low-density and large-sized housing projects (referring to residential projects with a plot ratio of less than 1.0 and where the gross floor area for a single house exceeds 144 sq.m.) are listed in the restrictive land supply items, and villas, golf courses, racing courses, and new training centres of the Party and government agencies, State-owned enterprises and institutional agencies are classified as forbidden land supply items.

The Urban and Rural Planning Law of the People's Republic of China (中華人民共和國城鄉規劃法) was implemented on January 1, 2008. This law provides, among other things, that if land use rights were obtained by way of allocation, the developer shall apply to the relevant urban and rural planning authorities for a site selection opinion before applying to other relevant authorities for approval or consent. This law also specifies that if the land use rights were obtained by way of allocation within the planning zones of cities or towns, the developer shall, before applying to the land administration authorities at or above the county level for land use rights, apply for the construction land planning permit from the relevant urban and rural planning authorities of that city or town after obtaining the approval or consent of other relevant authorities. Further, if land use rights were obtained by way of grant within the planning zones of cities or towns, relevant urban and rural planning authorities shall, prior to the granting of land use rights, specify the planning conditions such as the location, nature of use and permitted density of the development and integrate the planning conditions into the grant contract of the land use rights. Land without planning conditions can not be granted. After a grant contract of land use rights is executed, the developer needs to apply to urban and rural planning authorities of the city or county for the construction land planning permit along with the required documents. If a development is within the planning zones of a city or town, the developer needs to apply to urban and rural planning authorities of the particular city or county, or to the township government specified by the provincial level government for a planning permit for construction in a rural area. The development of projects must comply with the planning conditions and an application must be filed with the urban and rural planning authorities of the relevant city or county if any amendments to the planning conditions are necessary. Within six months of the completion of projects, a developer needs to file documents in respect of the inspection and assessment by government authorities of completed project with the urban and rural planning authorities.

Model land grant contract

To standardize land grant contracts, in 2000, the Ministry of Land and Resources and the State Administration for Industry and Commerce published the model land grant contract, on the basis of which many local governments have formulated their respective local form land grant contract to suit their specific local circumstances. The model land grant contract contains terms such as location of land, use of land, land grant fee and its payment schedule, conditions of land upon delivery, term of grant, land use conditions and restrictions (including GFA, plot ratio and height and density limitations), construction of public facilities, submission of building plans for approval, deadline for commencement of construction, payment of idle fees, deadline for completion of construction, application for extension of the stipulated construction period,

restrictions on subsequent transfers, responsibility for obtaining supply of utilities, restrictions against alienation before payment of the land grant fee and completion of prescribed development, application of renewal, force majeure, breach of contract and dispute resolution.

If the land user wishes to change the specified use of land after entering into a land grant contract, approvals must be obtained from the relevant land bureau and the relevant urban planning department, and a new land grant contract may have to be signed and the land grant fee may have to be adjusted to reflect the added value of the new use. Registration procedures shall be carried out immediately after approval of the change of designated use.

If the land user fails to develop and invest in the land within the period of time specified in the land grant contract, the land bureau has the right to impose various penalties ranging from fines to withdrawal of the grant without consideration (unless the failure to develop and invest in the land is due to a force majeure event or the activities of a government authority).

According to the Urban and Rural Planning Law of the People's Republic of China (中華人民共和國城鄉規劃法), which was issued on October 28, 2007, after execution of the land grant contract, the urban planning department cannot change the planning requirements under the land grant contract without authorization.

Transfer of land use right of collectively-owned construction land

The PRC Land Administration Law (中華人民共和國土地管理法) regulated that land use right owned by peasants' collectives may not be granted, assigned or leased for non-agricultural construction, except for the transfer according to law of the leaseholds by enterprises due to circumstances such as bankruptcy, merger, etc., provided that the construction land is in compliance with the master land use plan and was lawfully obtained. On October 21, 2004, the Decision on Deepening the Reform of Strict Land Management (關於深化改革嚴格土地管理的決定) issued by the State Council provides that the collective construction land use right owned by peasants can be transferred according to the law. On December 30, 2007, the Notice regarding Strictly Implement the Law and Regulations of the Collective Construction Land in the Rural Place (關於嚴格執行有關農村集體建設用地法律和政策的通告) issued by the General Office of the State Council provides that the transfer of the collective construction land use right owned by peasants should be strictly controlled. Regarding the rural collectively-owned construction land gained by the way of grant, transfer and lease, it is prohibited to be used for commercial property development and residential construction.

TERMINATION

Pursuant to the Property Right Law (物權法) promulgated on March 16, 2007 which became effective as of October 1, 2007, when the term of the land use right for construction of residential building expires, it shall be renewed automatically.

The state generally will not withdraw a land use right before the expiration of its term of grant. Should the circumstance occurs for special reasons, such as for the public interest, it shall pay proper compensation for the properties on such land, and corresponding land premium shall be returned.

Upon expiry of the land other than for residential buildings, unless renewal of the term of land use rights has been approved, the land user must take steps to surrender the land use rights certificate and cancel the registration of the certificate in accordance with relevant regulations.

A land user may apply for renewal of the land use rights and, if the application is granted, the land user is required to enter into a new land grant contract, pay the premium and effect appropriate registration for the renewed land grant.

According to the Law of Administration of Urban Real Property (中華人民共和國城市房地產管理法) (the “**Urban Real Property Law**”) issued in July 1994 and amended in August 2007, where a real property development is carried out on land for which the land use rights are acquired by means of grant, the land must be developed in line with the specified use for the land and the deadline for commencement of the development must be set out in the land use rights grant contract. Where the development does not commence within one year from the specified date set out in the land use rights grant contract, an idle land fee may be charged at a rate equivalent to not more than 20% of the relevant land premium. Where the development does not commence within two years from the specified date, the relevant land use rights may be withdrawn without compensation, except where the commencement of construction is delayed due to force majeure, an act of the government or relevant government departments, or delays in preliminary work necessary for the commencement of development.

The Urgent Notice to Further Strengthen Land Management at Current Stage (關於當前進一步從嚴土地管理的緊急通知) issued by the Ministry of Land and Resources on May 30, 2006, provides that: (i) the dates of construction commencement and completion shall be clearly stated in the state-owned land use rights grant contracts; and (ii) the penalty on idle land shall be strengthened. Where the idle land fee should be levied, it shall be levied at the highest level in accordance with the law. Where the idle land should be reclaimed without compensation, it must be absolutely reclaimed back in accordance with the law.

According to the Measures on Disposal of Idle Land (閒置土地處置辦法) promulgated by the Ministry of Land and Resources on April 28, 1999, “idle land ” refers to land granted for use but laying idle because the land user fails to commence development and construction before the specified commencement date without the consent of the government which approved the use of the land. Where the land is deemed “idle land,” relevant municipal or county land administrative departments (“**Land Administrative Authorities**”) shall inform the land user and prepare a plan for the disposal of the idle land. Where the land is mortgaged, the mortgagee shall be informed to participate in the preparation of the disposal plan. The Land Administration Authorities are responsible for implementing the disposal plan after such plan has been approved by the government which originally approved the use of the land.

The methods of disposal of idle land include, among others, the following:

- (i) extending the development and construction period by no more than one year;
- (ii) changing the use of the land, and continuing development and construction afterwards;
or
- (iii) arranging for temporary use of the land and re-approving the development after the original project satisfies the construction conditions; where the land has appreciated in value, the government will increase the land premium in accordance with the appreciated value.

Where the idle land is due to acts of the state or relevant government authorities and the land user has partly paid the purchase price (including any compensation or resettlement cost) for the land, in addition to the methods provided above, the State may acknowledge the relevant land to the land user for the part of land which the land user has paid the compensation or requisition fee, while the remaining part of the land will be withdrawn by the government.

On May 24, 2006, the Circular on Forwarding Opinions of Ministry of Construction and Other Departments on Adjusting Housing Supply Structure and Stabilizing Housing Prices issued by the General Office of the State Council (國務院辦公廳轉發建設部等部門關於調整住房供應結構穩定住房價格意見的通知) provides that if any land remains idle for one year, an idle land fee shall be levied and the land shall be developed in due course; if any land remains idle for two years, the idle land will be confiscated.

On January 3, 2008, the State Council issued the Notice on Promoting the Economisation and Intensive Use of Land (Guo Fa [2008] No. 3) (關於促進節約集約用地的通知國發[2008]3號)). This notice states, among other things, that (i) state policies in relation to the forfeiture of land use rights of land which has remained idle for more than two years without compensation shall be strictly implemented; (ii) if any land remains idle for one year, an idle land fee of 20% of the relevant land premium shall be levied; (iii) before June 2008, local governments are required to submit to the State Council reports on the status of the clearance and handling of idle land; (iv) the prohibition of land supply for villa projects shall continue; (v) the authorities are required to research commence the drafting of implementation rules concerning the levy of land appreciation fees on idle land; (vi) in relation to the supply of residential land, planning conditions such as minimum plot ratio limits and the number and type of flats that can be constructed shall be taken into account in land grant contracts and allocation decisions to ensure that at least 70% of the total land grants for residential developments will consist of low-cost rental housing, economy housing, limited pricing housing and units of less than 90 sq.m. in size; and (vii) financial institutions are required to exercise caution when approving financing for any property developer who fails to commence the construction for one year or more from the commencement date stipulated in the land grant contract, complete at least one-third of the development of project or inject at least 25% of the total investment in the project.

On November 18, 2009, the Ministry of Finance, Ministry of Land and Resources, PBOC, Ministry of Supervision and National Audit Office issued the Circular on Further Tightening Control over Income and Expenses from Land Transfer (關於進一步加強土地出讓收支管理的通知), which among other things, limits the period for full payment of the land premium prescribed under the land grant contract entered between municipality- and county-level Ministry of Land and Resources and a land right transferee to one year. There is an exception for special projects approved by all relevant local land transfer authorities, for which full payment of the land premium for such special project must be paid within two years with a first installment of no less than 50% of the total land premium. The circular also provides that the local level governments should strictly enforce relevant regulations to impose penalties on, or restrict from acquiring new land, property developers that have delayed payment of land premiums or construction for reasons other than force majeure.

LAND TRANSFERS FROM CURRENT LAND USERS

In addition to a direct grant from the government, an investor may also acquire land use rights from land users that have already obtained the land use rights by entering into an assignment contract or a joint-develop agreement with the land user.

The assignment contract or joint-develop agreement must be registered with the relevant local land bureau at the municipal or county level for land use right title change purposes. Upon a transfer of land use rights, all rights and obligations contained in the land grant contract are deemed to be incorporated as part of the terms and conditions of such transfer.

The assignment contract or the joint-develop agreement is subject to terms and conditions specified in the land grant contract. For residential construction projects, the Urban Real Estate Law requires that at least 25% of total construction costs, excluding land grant fees, be expended and the construction schedule and date of completion and delivery of the project have been determined before assignment can take place. All rights and obligations of the current holder under a land grant contract will be transferred contemporaneously to the assignee of the land use rights. The relevant local government has the right to acquire the land use rights to be assigned if the assignment price is significantly lower than the market price. Relevant local governments may also acquire the land use rights from a land user in the event of a change in town planning. The land user will then be compensated for the loss of his land use rights.

LAND RESERVE AND PRIMARY DEVELOPMENT

The Ministry of Finance, Land and Resources and the PBOC jointly promulgated the Measures for Land Reserve Administration (土地儲備管理辦法), which became effective as of November 19, 2007. Pursuant to the Measure, the land reserve institution refers to the independent legal entity which is affiliated to the local land administration bureau. The scope of the land reserve includes but is not limited of the land use right resumed by the state, the land obtained subject to the preemption right, the rural land which had been completed the reversion procedures and the land purchased by the land reserve institution. The land reserve institutions are permitted to carry out primary development of the reserved lands before supplying them to the market. Commercial banks could make mortgage loans to the land reserve institution after the land reserve institution's getting approval from the local financial department.

The Ministry of Finance and the Ministry of Land and Resources issued the Provisional Measures on Administration of Funds and Finance Affairs Relating to Land Reserve (土地儲備資金財務管理暫行辦法) on February 27, 2007, which regulate the matters concerning the capital required for, among other things, the early stage development of reserved land, including the source, scope of use and management of the such capital.

DOCUMENTS OF TITLE AND REGISTRATION OF PROPERTY INTERESTS

According to the Land Registration Regulations (土地登記辦法) issued by the Ministry of Land and Resources on December 30, 2007 and the Buildings Registration Regulations (房屋登記辦法) issued by the Ministry of Construction on February 15, 2008, all land use rights and building ownership rights which are duly registered are protected by the law. A land use rights certificate is the evidentiary legal document to demonstrate that the registered land user has the lawful right to use the land during the term stated in the certificate. Upon the completion of construction of a building (including passing the acceptance tests by various government departments), a property ownership certificate will be issued to the owner of the building. The holder of a land use right who is issued a property ownership certificate holds the land use rights and owns the building erected thereon. All holders of land use rights, and other rights in respect of the land, such as the right to buildings erected on the land, must register their lawful state-owned land use rights, as well as ownership rights to the buildings. In this

regard, real estate registries have been established in all cities in China. In most cities, there are separate registries for land use rights and building ownership. However, in Shanghai city, the two registries have been combined. In places where there are separate registries, the holder of a land use right will be issued a property ownership certificate for the building and a land use rights certificate for the underlying land. In the other places where registries are combined, such as in Shanghai city, the land use rights certificate and the property ownership certificate are combined into a single certificate. Under PRC law, land use rights and building ownership rights which are duly registered are protected by law.

Whether the registered land user can assign, mortgage or lease the land use rights will be subject to conditions stipulated in the original land grant contract. In addition to the requirement to register land use rights, there is also a requirement to register a mortgage of a land use right in local land registration departments. See the section headed "Mortgage and Guarantee" below.

MORTGAGE AND GUARANTEE

The mortgage of real estate in the PRC is governed by the Property Right Law (物權法), Security Law of the PRC (中華人民共和國擔保法), or the Security Law, the Law of the PRC on the Administration of Urban Real Estate, or the Real Estate Law, the Regulation on Administration of Mortgages of Urban Real Estate (城市房地產抵押管理辦法), or the Real Estate Mortgage Regulation, and other relevant real estate related laws and regulations. When a mortgage is created over the ownership of a completed building, the same will be simultaneously created over the land use right of the land where the building is erected. The mortgagee and the mortgagor shall enter into a mortgage contract in writing which becomes effective on the date of the registration of such mortgage by the relevant real estate authority. Pursuant to the Security Law, a real estate mortgage agreement shall contain specific provisions including (i) the type and amount of the indebtedness secured, (ii) the period of the obligation by the debtor, (iii) the repayment of the indebtedness, and (iv) the name, quantity, conditions, location, valuation and ownership of the mortgaged property. Pursuant to the Real Estate Law, buildings newly-erected on a piece of urban land after a mortgage contract has been entered into shall not be a mortgaged property. If the mortgaged property is auctioned off, the new buildings added on the land may be auctioned together with the mortgaged property, but the mortgagee shall not be entitled to priority compensation from the proceeds of the auction of the new buildings.

Pursuant to the Property Right Law, a real estate mortgage becomes effective on the date of registration with the local real estate department. When carrying out mortgaged property registration, the loan contract and the mortgage contract as well as the land use rights certificate or the property ownership certificate in respect of the mortgaged property must be submitted to the registration authority. If the mortgagor cannot repay the loan that is secured by the mortgaged property, the mortgagee may agree with the mortgagor to receive payment by appraising the mortgaged property or through the proceeds of an auction or sale of the property. If no such agreement is reached, the mortgagee may institute proceedings in a People's Court. After the mortgaged property has been appraised or been auctioned or sold, any portion of the proceeds that exceeds the amount of the indebtedness shall belong to the mortgagor and any shortfall shall be paid by the mortgagor.

The Security Law also contains comprehensive provisions dealing with guarantees. Under the Security Law, guarantees may be in two forms: (i) general guarantees whereby the guarantor bears the liability when the debtor fails to perform the payment obligation; and (ii) guarantees with joint and several liability whereby the guarantor and debtor are jointly and severally liable for the payment obligation. A guarantee contract must be in writing and, unless agreed otherwise, the term of a guarantee shall be six months after the expiration of the term for performance of the principal obligation.

IDLE LAND

According to the Measures on Disposing Idle Land (閒置土地處置辦法) enacted and enforced by the Ministry of Land and Resources on April 28, 1999, the land can be defined as idle land under any of the following circumstances: (i) development and construction of the land is not commenced within the prescribed time limit after obtaining the land use right without consent from the people's government who approved the use of the land; (ii) where the "Contract on Paid Use of the Right to Use State-Owned Land" or the "Approval Letter on Land Used for Construction" has not prescribed the date of commencing the development and construction, the development and construction of the land is not commenced at the expiry of one year from the date when the "Contract on Paid Use of the Right to Use State-Owned Land" became effective or when the administrative department of land issued the "Approval Letter on Land Used for Construction"; (iii) the development and construction of the land has been commenced but the area of the development and construction that has been commenced is less than one-third of the total area to be developed and constructed or the invested amount is less than 25% of the total amount of investment, and the development and construction have been continuously suspended for one year or more without an approval; or (iv) other circumstances prescribed by the laws and the administrative regulations.

The municipality or county-level land administrative department shall, after a piece of land which has been ascertained as idle land, notify the concerned land user and draft a proposal on methods of disposal of the idle land including but not limited to extending the time period for development and construction (provided that the extension shall be no longer than one year), changing the use of the land, arranging for temporary use, ascertaining a new land user by competitive bidding, public auction. The administrative department of land under the people's government of city or county level shall, after the proposal on disposal has been approved by the original people's government who approved the use of the land, arrange for implementation of the proposal. To the land which is obtained by grant and is within the scope of city planning, if the work has not been commenced after one year from the prescribed date of commencement, a surcharge on idle land equivalent to no more than 20% of the land grant premium may be levied; if the work has not been commenced after two years from the prescribed date of commencement, the land can be confiscated without any compensation. However, the preceding stipulations shall not apply if the delay is caused by force majeure; acts of government or acts of other relevant departments under the government; or by the indispensable preliminary work.

According to the Notice on Promoting the Steady and Healthy Development of the Real Estate Market (關於促進房地產市場平穩健康發展的通知) issued by the General Office of the State Council on January 7, 2010, the land resource authorities shall strengthen the investigation and handling of idle lands.

PROPERTY DEVELOPMENT

Property development projects in the PRC are generally divided into single projects and large tract development projects. A single project refers to the construction of buildings on a plot of land and the subsequent sale of units. Large tract development projects consist of the comprehensive development of large area and the construction of necessary infrastructure such as water, electricity, road and communications facilities. The developer may either assign the land use rights of the developed area or construct buildings on the land itself and sell or lease the buildings erected on it.

Under the “Regulations on Administration of Development of Urban Real Estate (城市房地產開發經營管理條例) (the “**Development Regulations**”) promulgated by the State Council on July 20, 1998, an enterprise which is to engage in development of real estate shall satisfy certain requirements including (i) its registered capital shall be more than RMB1 million; and (ii) it has four or more full-time professional real estate/construction technicians and two or more full-time accounting officers, each of whom shall hold the relevant qualification certificate.

Where a foreign-invested enterprise is to be established to engage in development and sale of real estate, the relevant requirements of the laws and regulations regarding foreign-invested enterprises must also be observed and relevant approvals be obtained. The “Foreign Investment Industrial Guidance Catalogue” was amended and promulgated by the Ministry of Commerce and the National Development and Reform Commission in October 31, 2007 and effective as of December 1, 2007, which provides, among other things, that the development and construction of ordinary residential properties has been removed from the category of industries for which foreign investment is encouraged. The development of a whole land lot and construction of villas, high-end hotels, premium office buildings, international conference centers by foreign-invested enterprises still falls within the category of industry in which foreign investment is subject to restrictions, while other real estate development falls within the category of industries in which foreign investment is permitted. Moreover, real estate secondary market and estate agent or broker falls within the category of industry in which foreign investment is subject to restrictions. A foreign investor intending to engage in the development and sale of real estate may establish an equity joint venture, a cooperative joint venture or a wholly owned enterprise in accordance with relevant laws and regulations regarding foreign investment. Prior to its registration, the enterprise must be approved by the government authorities in charge of foreign investment, upon which the Approval Certificate for a Foreign Invested Enterprise will be issued.

The total investment amount and the category provided by the “Foreign Investment Industrial Guidance Catalogue” determine the levels of the approval authorities. The existing laws and regulations impose a cap of a total investment of US\$50 million on local approval for projects in the restricted category and a cap of a total investment of US\$100 million on local approval for projects in the encouraged or permitted category. For those with a total investment exceeding US\$50 million in the restricted category and projects with a total investment exceeding US\$100 million in the encouraged or permitted category, the relevant approval authority shall submit the project document to the Ministry of Commerce for approval.

Pursuant to the Urban Land Regulations, foreign entities may acquire land use rights in the PRC unless the law provides otherwise. However, in order to develop the acquired land, the foreign entities need to establish foreign investment enterprises in the PRC as the project companies.

APPENDIX VI SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS

These project companies may be in the form of Sino-foreign equity or cooperative joint ventures or wholly foreign-owned enterprises. The typical scope of business of such project company includes development, construction and sales and leasing commodity properties and ancillary facilities on the specific land as approved by the government and property management. The term of the property development company is usually the same as the term of grant of the land use rights in question.

Establishment of a project company is subject to the approval by the relevant departments of the PRC Government in accordance with the following procedure. First, the PRC party to a joint venture project or the foreign investor, in the case of a wholly foreign-owned project, will submit a project application report to the central or local development and reform commission for verification and approval. If the development and reform commission considers the proposed property development project to be consistent with the prevailing national and local economic plans and foreign investment regulations, it will grant an approval to the applicant in respect of the project. The National Development and Reform Commission and the Ministry of Commerce have been authorized to regularly promulgate guidelines for the direction of foreign investment.

Once the project application report has been verified and approved, the PRC party and the foreign investor may proceed to prepare a joint feasibility study report that reflects their assessment of the overall economic viability of the proposed project company. At the same time, the parties may proceed to negotiate and execute the joint venture contract and articles of association for the establishment of a project company. In the case of a wholly foreign-owned project, the foreign investor may then prepare and sign the articles of association. The joint feasibility study report, the joint venture contract and/or articles of association will then, depending, among other things, on the industry to which it belongs under the Catalogue and the amount of total investment, be submitted to the Ministry of Commerce or its local counterpart, as the case may be, for approval. If the Ministry of Commerce or its local counterpart finds the application documents to be in compliance with PRC law, it will issue an approval certificate for the establishment of the project company. With this approval certificate, the foreign investor and/or the PRC party can apply to the competent administration for industry and commerce for a foreign investment enterprise business license for the project company.

Once a foreign entity developer has established a project company and secured the land use rights to a piece of land for development, it has to apply for and obtain the requisite planning permits from the planning departments and have its design plan approved by, and apply for and obtain a construction work commencement permit from, the relevant construction commission for commencement of construction work on the land. When the construction work on the land is completed, the completed buildings and structures must be examined and approved by the government departments before they can be delivered to purchasers or lessors for occupancy.

Under the “Provisions on Administration of Qualification Certificates of Real Estate Developers” (房地產開發企業資質管理規定) (the “**Qualification Certificate Regulation**”) implemented by the Ministry of Construction on March 29, 2000, a real estate developer shall apply for its qualifications according to such Regulation. An enterprise may not engage in the development and sale of real estate without the qualification registration certificate. The

construction authority under the State Council takes charge of supervising the qualifications of real estate developers throughout China, and the real estate development authority under a local government on or above the county level shall supervise the qualifications of local real estate developers.

In accordance with the Qualification Certificate Regulation, real estate developers are classified into four classes. The approval system is tiered, so that confirmation of class 1 qualifications shall be subject to preliminary examination by the construction authority under the people's government of the relevant province, autonomous region or municipality directly under the central government and then final approval of the construction authority under the State Council. Procedures for approval of developers of class 2, 3 or 4 shall be formulated by the construction authority under the people's government of the relevant province, autonomous region or municipality directly under the central government. A developer that passes the qualification examination will be issued a qualification certificate of the relevant class by the authority.

Under the Qualification Certificate Regulation, the real estate development authorities shall examine applications for registration of qualifications of a real estate developer when it reports its establishment, by considering its assets, professional personnel and business results. A real estate developer shall only undertake real estate development projects in compliance with the approved qualification registration.

After a newly established real estate developer reports its establishment to the property development authority, the latter shall issue a provisional qualification certificate to the eligible developer within 30 days of its receipt of the above report. The real estate developer shall apply for a formal qualification certificate from the real estate development authority within one month before expiry of the provisional one. The provisional qualification certificate shall be effective for one year from the date of its issuance. The real estate development authority can extend the validity period for not more than two years after considering the actual business situation of the enterprise. Failure to obtain the required provisional or formal qualification certificate may result in a fine ranging from RMB 50,000 to RMB 100,000 and revocation of the developer's business license if such failure to obtain the certificate is not rectified.

A developer of any qualification classification may only engage in the development and sale of real estate within its approved scope of business and may not engage in business exceeding the scope permitted by its classification. A class 1 real estate developer is not restricted as to the scale of real estate project to be developed and may undertake a real estate development project anywhere in the country. A real estate developer of class 2, 3 or 4 may undertake a project with a gross area of less than 250,000 sq.m. and the specific scope of business shall be as confirmed by the construction authority under the people's government of the relevant province, autonomous region or municipality.

The real estate development authorities perform annual inspections of qualified developers. Developers who fail to meet the qualification requirements or violate the relevant rules may have their qualification classification certificates degraded or revoked.

For the purpose of carrying out the construction and development of a real estate project, the real estate developers shall, after signing the land grant contract in accordance with the Regulations on Land Granting and Transfer and the Tender, Auction and Listing Regulations, attend certain procedures and obtain relevant approval documents in relation to the design, planning, construction and development of the land.

PLANNING AND CONSTRUCTION PERMITS

Under the “Regulations on Planning Administration regarding Granting and Transfer of State-owned Land Use Right in Urban Area” (城市國有土地使用權出讓轉讓規劃管理辦法) promulgated by the Ministry of Construction in December 1992, a real estate developer shall apply for a construction land planning permit (建設用地規劃許可證) from the municipal planning authority. After obtaining the construction land planning permit, the real estate developer shall then organize the necessary planning and design work in accordance with relevant planning and design requirements. A planning and design proposal in respect of the real estate project shall be submitted to the municipal planning authority following the requirements and procedures under the Urban and Rural Planning Law of the People’s Republic of China (中華人民共和國城鄉規劃法), which was issued on October 28, 2007, and a construction work planning permit (建設工程規劃許可證) must be obtained from the municipal planning authority.

Before the commencement of construction of a real estate project, the real estate developer shall apply for a Permit for Housing Demolition and Resettlement (房屋拆遷許可證) if the demolition and resettlement of housing on the land where the project is located are undertaken in accordance with the Regulations for the Administration of Demolition and Removal of Urban Housing (城市房屋拆遷管理條例) promulgated by the State Council on June 13, 2001. In order to prevent illegal demolition and removal, and overheating investment in some areas, the General Office of the State Council issued the Notice on Controlling the Scale of Demolition and Removal and Strengthening Administration of Demolition and Removal (關於控制城鎮房屋拆遷規模嚴格拆遷管理的通知) on June 6, 2004. The notice addresses issues including, but not limited to, the following: (i) strictly controlling the area of demolition and removal to ensure that the total area of demolition and removal is less than that of the previous year; (ii) strictly administering the procedures of demolition and removal, such procedures to be carried out in an open, fair and just manner; (iii) strengthening the supervision and administration of the compensation costs incurred for the demolition and removal, and ensuring the completion of the relocation; and (iv) strictly punishing certain illegal actions in relation to the demolition and removal.

Upon obtaining the Permit for Housing Demolition and Resettlement, the real estate developer may appoint a qualified third party to carry out the demolition and removal within the land area and period specified in the Permit for Housing Demolition and Resettlement after the local real estate administration office having issued a demolition and resettlement notice to the inhabitants of the housing to be demolished. Subject to a written agreement entered into by the real estate developer and the parties relevant to the demolition and resettlement for compensation and resettlement, the real estate developer needs to pay compensation and resettlement fees to the inhabitants of the housing to be demolished. Compensation may be effected by way of monetary compensation or exchange of property rights. In addition to paying the demolition and resettlement compensation, the real estate developer shall pay resettlement allowance to the parties subject to demolition and resettlement. After a real

estate developer has carried out the above work, the site is ready for commencement of the construction works, the progress of demolition of existing buildings complies with construction needs, funds required for the construction have been made available, the contractor has been determined, and the design for construction has been examined and approved by the relevant government authorities, the real estate developer shall then apply for a construction work commencement permit (建設工程施工許可證) from the relevant construction authority in accordance with the "Regulations on Administration regarding Permission for Commencement of Construction Works (建築工程施工許可管理辦法) promulgated by the Ministry of Construction in October 1999, which was amended in July 2001.

ACCEPTANCE AND EXAMINATION UPON COMPLETION OF A REAL ESTATE PROJECT

Pursuant to the Regulations on Administration of Development of Urban Real Estate (城市房地產開發經營管理條例) promulgated by the State Council on January 30, 2000, the Interim Measures for Reporting Details Regarding Acceptance Examination Upon Completion of Buildings and Municipal Infrastructure (房屋建築工程和市政基礎設施工程竣工驗收備案管理暫行辦法) promulgated by the Ministry of Construction in April 2000 and the Interim Provisions for Reporting Details Regarding Acceptance Examination Upon Completion of Buildings and Municipal Infrastructure (房屋建築工程和市政基礎設施工程竣工驗收暫行規定) promulgated and implemented by Ministry of Construction on June 30, 2000, upon the completion of real estate development project, the real estate development enterprise shall submit an application to the control department of real estate development of local people's government at county level or above, where the project is located, for examination upon completion of building and for filing purposes; and to obtain the Examination Upon Completion of Construction Project Filing Form (建築工程竣工驗收備案表). A real estate project may not be delivered before passing the acceptance examination and obtaining the completion certificate.

SALES/PRESALES OF COMMODITY BUILDINGS

Commodity buildings can be sold before or after their completion. These sales are regulated and conducted in accordance with the provisions of the "Regulations for the Administration of Sale of Commodity Buildings (商品房銷售管理辦法), or the Sales Regulations promulgated by the Ministry of Construction in April 2001, the Measures for the Administration of Presale of Commodity Buildings (城市商品房預售管理辦法), or the Presales Measures amended by the Ministry of Construction in July 2004 and in accordance with the Development Regulations.

For units of a commodity building sold before completion (a "**Presale**") to occur under the Presale Regulations, a developer must make the necessary presale registration with the real estate development authority of the relevant city or county and obtain a presale permit. A Presale will take place if:

- The premium in respect of the land use rights has been paid in full and the land use rights certificate has been obtained;
- The construction work planning permit and the construction work commencement permit have been obtained;
- At least 25% of the total amount of the project investment fund has been injected into the development of the project and the progress of construction and the expected completion date of the project has been ascertained; and

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- The presale permit has been obtained.

Under the “Regulations for the Administration of Sale of Commodity Buildings” (商品房銷售管理辦法), commodity buildings may be put to post-completion sale only when the following preconditions have been satisfied: (a) the real estate development enterprise offering to sell the post-completion buildings shall have a enterprise legal person business license and a qualification certificate of a real estate developer; (b) the enterprise has obtained a land use rights certificate or other approval documents of land use; (c) the enterprise has the permit for construction project planning and the permit for construction; (d) the commodity buildings have been completed and been inspected and accepted as qualified; (e) the relocation of the original residents has been well settled; (f) the supplementary essential facilities for supplying water, electricity, heating, gas, communication, etc. have been made ready for use, and other supplementary essential facilities and public facilities have been made ready for use, or the schedule of construction and delivery date of have been specified; (g) the property management plan has been completed. Before the post-completion sale of a commodity building, a real estate developer shall submit the real estate development project manual and other documents showing that the preconditions for post-completion sale have been fulfilled to the real estate development authority for making a record.

On July 6, 2006, the Ministry of Construction, the National Development and Reform Commission and the State Administration for Industry and Commerce promulgated the Notice for the Further Rationalization and Standardization of the Property Deal (關於進一步整頓規範房地產交易秩序的通知) (2006 No. 166), or the “166 Notice.” The 166 Notice aimed at perfecting a system of disclosure in order to regulate transactions conducted in the property market so as to prevent speculation. The 166 Notice contains, inter alia, the following measures that:

- property developer shall commence the presale within 10 days since the permission is obtained;
- the resale of any unit of an presold uncompleted commodity building be prohibited;
- the advertisement of presales prior to obtaining the relevant presale permit be prohibited; and
- standard forms for the sale and purchase of an unit of a commodity building before or after its completion be made available to a purchaser.

According to the Property Rights Law (中華人民共和國物權法) which was promulgated on March 16, 2007 and implemented on October 1, 2007, parties can apply for registration of a caveat by agreement in order to secure that they obtain a future property right. After registration of such caveat, without permission of the persons who enjoy such right of registration of the caveat, any disposal of the relevant real estate shall have no effect to the property rights.

Pursuant to the Notice on Promoting the Steady and Healthy Development of the Real Estate Market (關於促進房地產市場平穩健康發展的通知) issued by the General Office of the State Council on January 7, 2010, local governments must decide the minimum scale of presales rationally and may not issue separate presale permits by floor or unit.

On April 13, 2010, the Ministry of Housing and Urban-Rural Development of People's Republic of China issued the Notice on Further Strengthening the Supervision over the Real Estate Market and Improving the Presale System of Commercial Housing (關於進一步加強房地產市場監管完善商品住房預售制度有關問題的通知). It provides that, among other things, within 10 days after the real estate developers obtain the presale permit for the project for sale, they shall release the information regarding number of properties allowed for presale under such presale permission and the price of such property to the public in one time. They shall also sell the properties to the public at the price as published and strictly subject to the presale permits.

On September 2, 2010, Shanghai Municipal Housing Support And Building Administration Bureau issued the Notice of Further Strengthening Municipal Supervision on Real Estate Market and Regulating Presale behaviors (《上海市住房保障和房屋管理局關於進一步加強本市房地產市場監管規範商品住房預銷售行為的通知》(滬房管市[2010]246號)). To thoroughly apply the "Notice on Further Strengthening the Supervision over the Real Estate Market and Improving the Presale System of Commercial Housing" (關於進一步加強房地產市場監管完善商品住房預售制度有關問題的通知), it requires that (1) real estate project with a GFA less than 30,000 sq.m. shall apply for presale permit at a single time; real estate project with a GFA more than 30,000 and is necessary to presale separately, shall apply for such permit with a GFA no less than 30,000 sq.m. at each single time; (2) the system of filing management of commercial housing shall be completed, and real estate enterprise shall file its new sales price with local authorities whenever the price of sold house exceeds the scope filed by it; (3) relevant authorities shall regulate the reservation and sales behaviors, and real estate developing enterprises shall not sign any commercial housing deposit contracts or commercial housing sales contracts unless they have obtained the Presale Permit or have filed for sales of their existing houses.

RESIDENTIAL PROPERTY QUALITY WARRANTY

On May 12, 1998 the Ministry of Construction promulgated the Regulation for Adoption of Residential Property Quality Warranty and Residential Building User Guide for Commodity Residential Properties (商品住宅實行住宅質量保證和住宅使用說明書制度的規定), which took effect from September 1, 1998. This regulation and provides that the residential property quality warranty shall include the following contents: (1) quality grading as verified by construction quality supervision authority; (2) guaranteed repair of the foundation and main structure within their reasonable use life; and (3) the contents and term of guaranteed repair of all parts and components under normal using conditions. The term of guaranteed repair of the residential buildings shall commence at the date of delivery by the developers of the residential buildings which have passed the check and acceptance procedure.

LEASING

Both the Urban Land Regulations and the Real Estate Law permit leasing of granted land use rights and the buildings or homes constructed on the land. Leasing of properties situated in urban areas is governed by the Measures for Administration of Leasing of Urban Buildings(城市房屋租賃管理辦法), or the Leasing Measures. The Leasing Measures were promulgated by the Ministry of Construction on April 28, 1995 in accordance with the Real Estate Law in order to strengthen the administration of the leasing of urban buildings. The Leasing Measures permit property owners to lease their properties to others for residential or commercial property uses except as otherwise prohibited by relevant law. The landlords and tenants who are the parties to a property lease transaction are required to enter into a written lease agreement specifying all of the terms of the lease arrangement as required by statute. Leasing of buildings and the underlying land use rights shall not exceed 20 years. The lease agreement becomes effective upon signing; however, it must be registered with the relevant real estate administration authority at the municipality or county level within 30 days after its

execution for the purpose of protecting the tenant's interest against claims from third parties. A tenant may, upon obtaining consent from the landlord, assign or sublet the premises to sub-tenants. Local governments may impose rent controls.

According to the Real Estate Law, when a building is rented out, the rental income derived from the any underlying land the landlord has acquired only allocated land use rights for which must be turned over to the State.

INSURANCE

There are no mandatory provisions in the PRC laws, regulations and government rules which require a real estate developer to take out insurance policies for its real estate projects.

According to the "Construction Law of the People's Republic of China" (中華人民共和國建築法) promulgated by the Standing Committee of the National People's Congress on November 1, 1997 and effective as of March 1, 1998, construction enterprises must take out accident and casualty insurance for workers engaged in dangerous operations and pay insurance premium. In the "Opinions of the Ministry of Construction on Strengthening the Insurance of Accidental Injury in the Construction Work" (建設部關於加強建築意外傷害保險工作的指導意見) by the Ministry of Construction on May 23, 2003, the Ministry of Construction further emphasises the importance of the insurance of accidental injury in the construction work and put forward the detailed opinions of guidance.

REAL ESTATE LOANS

According to the "Notice of the People's Bank of China on Regulating Real Estate Financing Business" (中國人民銀行關於規範住房金融業務的通知) issued by PBOC on June 19, 2001, all banks must comply with the following requirements before granting residential development loans, individual home mortgage loans and individual commercial flat loans: (a) Housing development loans from banks shall only be granted to real estate development enterprises with approved development qualifications and high credit ratings. Such loans shall be offered to residential projects with good market potential. While the borrowing enterprise must have an amount of own capital no less than 30% of the total investment required of the project, the project itself must have been issued with a land use rights certificates, construction land planning permit, Construction work planning permit and construction work commencement permit. (b) In respect of the grant of individual home mortgage loans, the ratio between the loan amount and actual value of the security (the "**Mortgage Ratio**") shall never exceed 80%. Where an individual applies for a home mortgage loan to buy a precompletion house, the said property must have achieved the stage of "topping-out of the main structure completed" for multi-story buildings or "two-thirds of the total investment completed" for high-rise buildings. (c) In respect of the grant of individual commercial flat loans, the Mortgage Ratio under the application for commercial flat loans shall not exceed 60% with a maximum loan period of 10 years and the subject commercial properties shall have already been completed.

On June 5, 2003, the PBOC promulgated the Notice on Further Strengthening the Administration of Real Estate Related Credit (關於進一步加強房地產信貸業務管理的通知). According to this notice, commercial banks shall focus their business on supporting real estate projects targeted at mid-to lower-income households and appropriately restrict the granting of real estate loans to projects for the construction of luxury apartments and houses. The notice provides that when applying for bank loans, a real estate development company must contribute at least 30% of the total investment of the project from its own funds, and prohibits banks from advancing funds to real estate developers as working capital or for payment of land grant fees. See "Recent macroeconomic control measures" below for recent developments in this area.

On August 12, 2003, the State Council (國務院) published the Notice by the State Council on Facilitating Sustained and Healthy Development of the Real Estate Market (國務院關於促進房地產市場持續健康發展的通知), which provides a series of measures to control the real estate market, including but not limited to enhancing the gathering and granting of public housing fund (住房公積金), perfecting the security of the residential loan and strengthening the supervision of real estate loans. The purpose of the notice is to create a positive influence on the long-term development of the real estate market in China.

On August 30, 2004, the CBRC issued a Guideline for Commercial Banks on Risks of Real Estate Loans (商業銀行房地產貸款風險管理指引). According to the guideline, no loans shall be granted in relation to projects which have not obtained requisite land use rights certificates, construction land planning permit, construction works planning permit and construction work commencement permit. The guideline also stipulated that not less than 35% of the investment in a property development project must be derived from the real estate developer's own capital for the project in order for banks to extend loans to the real estate developer. In addition, the guideline noted that commercial banks should set up strict approval systems on granting loans.

On March 16, 2005, the PBOC promulgated a Notice on Adjusting the Housing Loan Policy and Deposit Rate of Excess Reserves for Commercial Banks (關於調整商業銀行住房信貸政策和超額準備金存款利率的通知) which cancelled the preferential mortgage lending interest rate for individuals and restricted on the minimum mortgage loan rate to 0.9 times the benchmark rate. The PBOC also increased the public housing fund loan rate (住房公積金貸款利率) by 0.18% and permitted commercial banks to decrease the mortgage loan rate from 80% to 70% of the value of the property if it is located in a city where property prices are increasing too rapidly.

On April 27, 2006, the PBOC promulgated a Notice on Adjusted the RMB Loan Interest Rates of Financial Institutions (關於調整金融機構人民幣貸款利率的通知). The notice provides that, from April 28, 2006, the benchmark rates of loan interest of financial institutions will be increased. The annual loan interest rate was increased from 5.58% to 5.85%.

On May 31, 2006, the PBOC promulgated a Notice about Relevant Matters on Adjusted Housing Credit Policies (關於調整住房信貸政策有關事宜的通知). The notice provides that, from June 1, 2006, the first instalment payment for an individual house bought through a mortgage loan must not be lower than 30% of the purchase price. However, for houses purchased for self-residential purposes and with a gross floor area of less than 90 sq.m., the 20% first instalment payment regulation still applies.

On July 22, 2006, the CBRC promulgated a Notice on Further Strengthening the Administration of Real Estate Credit (關於進一步加強房地產信貸管理的通知). The notice provides for the following: (i) improving the credit risk classification system for all classes of real estate loans; (ii) prohibiting the provision of loans to disqualified real estate developers whose own capital is less than 35% of the total capital required for the projects (not including affordable housing), or who have not obtained the "four certificates," etc.; (iii) setting the loan term appropriately, and not allowing the provision of real estate development loans in the name of working capital loans; (iv) strictly restricting new loans for those developers who hoard land or housing and disturb the market order; (v) preventing developers from obtaining loans by splitting up projects or by developing project on a rolling basis; and (vi) enhancing management after the provision of loans. All financial institutions shall provide loans strictly in accordance with the real estate project progress and strengthen overall supervision of the whole process of loan utilization by the developers.

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On May 25, 2009, the State Council issued a Notice on Adjusting the Capital Ratio of Fixed Assets Investment Project (國務院關於調整固定資產投資項目資本金比例的通知). The Notice provides that the minimum capital requirement for the low- to medium-cost and small- to medium-sized units and ordinary commodity apartments are 20%, and the minimum capital requirement for other real estate development projects is 30%. The existing regulations shall still be applied to foreign investment projects.

On August 18, 2006, the PBOC promulgated a Notice on Adjusting the RMB Benchmark Deposit and Loan Interest Rates of Financial Institutions (關於調整金融機構人民幣存貸款基準利率的通知). The notice provides that, from August 19, 2006, the annual deposit interest rate will be increased from 2.25% to 2.52% and the annual benchmark loan interest rate will be increased from 5.85% to 6.12%. The notice also increases the minimum rate of the commercial housing loan interest to 0.85% times the benchmark loan interest rate while the minimum rate for other commercial loan interest still remains the same, at 0.9 times the benchmark loan interest rate.

On March 17, 2007, the PBOC promulgated the Notice on Adjusting the RMB Benchmark Deposit and Loan Interest Rates of Financial Institutions (關於調整金融機構人民幣存貸款基準利率的通知). The notice provides that, from March 18, 2007, the annual deposit interest rate will be increased from 2.52% to 2.79%, annual benchmark loan interest rate will be increased from 6.12% to 6.39% and other deposit and benchmark loan rates shall be adjusted correspondingly.

On March 17, 2007, the Ministry of Construction promulgated the Notice on Adjusting the Public Housing Fund Deposit and Loan Rate (關於調整個人住房公積金存貸款利率的通知). The notice provides that, from March 18, 2007, both the public housing fund loan rate of five years or more shall be increased by 0.18%. The rate less than five years (including five years) shall be adjusted from 4.14% to 4.32% and the rate of five years or more shall be adjusted from 4.59% to 4.77%.

On May 18, 2007, the PBOC promulgated the Notice on Adjusting the RMB Benchmark Deposit and Loan Interest Rates of Financial Institutions (關於調整金融機構人民幣存貸款基準利率的通知). The notice provides that from May 19, 2007, the annual deposit interest rate will be increased from 2.79% to 3.06%, annual benchmark loan interest rate will be increased from 6.39% to 6.57% and other deposit and benchmark loan rates shall be adjusted correspondingly.

On May 18, 2007, the Ministry of Construction promulgated the Notice on Adjusting the Public Housing Fund Deposit and Loan Rate (關於調整個人住房公積金存貸款利率的通知). The notice provides that, from May 19, 2007, both the public housing fund loan rate of 5 years or more and less than 5 years (including the fifth year) shall be increased by 0.09%.

On July 21, 2007, the PBOC raised the benchmark interest rates by 0.27% to 3.33% for one-year Renminbi savings and by 0.27% to 6.84% for one-year Renminbi loans with effect from July 22, 2007.

On August 21, 2007, the PBOC raised the benchmark interest rates by 0.27% to 3.60% for one-year Renminbi savings and by 0.18% to 7.02% for one-year Renminbi loans with effect from August 22, 2007.

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On September 27, 2007, PBOC and CBRC promulgated a “Circular on Strengthening the Management of Commercial Real-estate Credit Loans” (關於加強商業性房地產信貸管理的通知), which increases the down payment requirement applicable to a purchaser acquiring his second residential property to at least 40% and the interests payable on these loans must not be less than 110% of the benchmark interest rate of the same kind and same term by PBOC. Under this circular, the PRC authority has tightened control over commercial banks’ loans to property developers in order to prevent these banks from excessive credit granting. The circular emphasizes that commercial banks must not offer loans to property developers who have been verified by state land and resource and construction authorities to hoard land and buildings. Commercial banks are also prohibited from accepting commercial properties that have been vacant for more than three years as guaranties for loans. Under the complementary notice on Strengthening the Administration of Commercial Real Estate Credit Loans (關於加強商業性房地產信貸管理的補充通知), if a member of a family (including the purchaser, his/her spouse and their children under 18) has borrowed loans from banks to buy a house, any member of the family that buys another house will be regarded as a second-time home buyer.

On October 22, 2008, the PBOC announced that effective from October 27, 2008, for an individual who purchases a principal residence with a total GFA less than 90 sq.m., the minimum interest mortgage loan interest rate was reduced to 70% of the PBOC benchmark lending interest rate and the minimum down payment requirement was reduced to 20% of the underlying purchase price. In addition, the PBOC reduced the interest rate for housing provident loans with a term up to five years to 4.05% and loans with a term over five years to 4.59%.

The PBOC also reduced the benchmark by 0.27% three times on September 16, 2008, October 9, 2008 and October 30 2008, which reduced one-year lending rate to 6.66%. In addition, the PBOC reduced the commercial bank reserve ratio by 1% from September 25, 2008 and another 0.5% from October 15, 2008 to 16%.

On July 29, 2008, PBOC and CBRC issued the Notice on Financially Promoting the Economisation and Intensive Use of Land (關於金融促進節約集約用地的通知), which among other things,

- restrict PRC commercial banks from granting loans to property developers for the purpose of paying land premiums;
- regulate the secured loans for land reserve in various respects including to obtain land use certificate, to secure up to 70% value of security’s appraised valuation, and to limit the length of maturity in no more than two years;
- prudently grant or extend loans to the property developer who (i) delay the commencement of development date specified in the land transfer agreement more than one year, (ii) has not finished one-third of the intended project, or (iii) has not invest the quarter of the intended total project investment;
- restrict granting loans to the property developer, the land of which is idle for two years; and
- restrict taking idle land as a security for loans.

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On January 7, 2010, the General Office of the State Council issued the Notice on Promoting the Steady and Healthy Development of the Real Estate Market (關於促進房地產市場平穩健康發展的通知). The Notice, among other things, provides that:

- To the families (including the debtors, their spouses and their juvenile children) who have bought a residential house by the loans and are applying for loans to buy a second residential house or more residential houses, the down payments of the loans should not be lower than 40%, the loan rates should be strictly depended on the risks.
- Banks are restricted from offering loans to a property development project or property developer which is not in compliance with credit loan regulations or policies.

On December 31, 2009, the China Banking Association issued the Self-regulation Consensus on the Regulation of Real Estate Mortgage Loan Business for Individuals and Maintain Market Order (關於規範做好個人房地產按揭貸款業務維護市場秩序的自律共識), pursuant to which, (1) all members of the China Banking Association are required to strengthen their business operations with respect to real estate mortgage loans for individuals, and (2) commencing from January 1, 2010, all members of the China Banking Association are required to cease payment of commissions to real estate brokers or other intermediaries for pure business solicitation and introduction purposes that are not in proportion to the services rendered by such persons.

The PBOC raised the Renminbi deposit reserve ratio for large scale financial institutions by 0.5% as of January 18, 2010 to 16%. The adjustment of the deposit reserve ratio is intended to slow the growth of money supply, which may adversely affect demand for property in China.

The PBOC decided to raise the Renminbi deposit reserve ratio of the deposit financial institutions (存款類金融機構) by 0.5% as of February 25, 2010 to 16.5%. The deposit reserve ratio of the small-scale financial institutions such as the rural credit cooperatives will temporarily remained.

The PBOC decided to raise the Renminbi deposit reserve ratio of the deposit financial institutions (存款類金融機構) by 0.5% as of May 10, 2010 to 17.0%. The deposit reserve ratio of the small-scale financial institutions such as the rural credit cooperatives will temporarily remained.

On April 17, 2010, the State Council issued the Notice on Strictly Restraining the Excessive Growth of the Property Prices in Some Cities (國務院關於堅決遏制部分城市房價過快上漲的通知), according to which a stricter differential housing credit policy shall be enforced. It provides that, among other things, (1) for first-time family buyer (including the borrower, his/her spouse and his/her underage children, similarly hereinafter) of the apartment larger than 90 square meters, a minimum 30% down payment must be paid; (2) the down payment requirement on second-home mortgages was raised to at least 50% from 40% and also reiterated that an extra 10% should be adopted on interest rates for such buyers; and (3) for those who buy three or more houses, even higher requirements on both down payments and interest rates shall be levied. In addition, the banks can suspend housing loans to third or more home buyers in places where house prices rise too rapidly and too high and home supply is insufficient.

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On October 7, 2010, Shanghai Municipal Government approved the Several Opinions on Further Strengthening the Control of Real Estate Market and Speeding up Housing-Security Programs of Shanghai (<關於進一步加強本市房地產市場調控加快推進住房保障工作的若干意見>), according to which:

- (1) On the basis of the Notice on Strictly Restraining the Excessive Growth of the Property Prices in Some Cities (<國務院關於堅決遏制部分城市房價過快上漲的通知>), it further prohibited all commercial banks from making loans to the family buyers who buy three or more apartments in Shanghai.
- (2) For the family who buy its first property with a GFA larger than 90 sq.m. and apply for housing fund loans, a minimum 30% of down payment is required, and the ceilings of the housing fund loan shall be RMB600,000; for the family who buy its second property for improving its living condition, a minimum 50% of down payment is required and the ceilings of the housing fund loan is RMB400,000; all the Housing Fund Management Centers shall suspend making loans to the family who apply for its second property, which could not be defined as a living-condition-improving property; the family who buy its three or more properties, the making of housing fund loans is prohibited.
- (3) Since the date that this Opinion being issued, any family (including both the husband and wife, and their underage children) of Shanghai or other provinces can buy only one property in Shanghai.
- (4) Land value appreciation tax shall be levied according to the ratio of the average price of house sold (A) by the company to the average price of all newly built house (B) in the whole area of last year: when A is lower than B, the land value appreciation tax shall be levied at the rate of 2%; when A does not exceed 2B, the tax rate shall be 3.5%; when A exceeds 2B, the tax rate shall be 5%.
- (5) As to any real estate project which has obtained its Construction License after July 1, 2010, the requirements for it to apply for Presale Permits shall be adjusted. Real estate project aforesaid can only apply for their presale permits after its completion of capping main structure and passing the inspection.
- (6) Relevant authorities are required to strengthen their managements on approval of planning, construction and presale. Separately applying for limits of planning, construction and presale are restricted. The scale of construction and presale of a real estate project shall be no less than 30,000 sq.m. GFA. Real estate project with less than 30,000 sq.m. GFA is required to get Construction Planning Permit, Construction License and Presale Permit at a single time.
- (7) Real Estate Enterprise should strictly price its products according to the price it declared to relevant authorities. Whenever the actual price is higher than the declared one, it is required to file the new price to relevant authorities in timely fashion.

LOCAL LEGISLATION

While the Urban Land Regulations set out a general framework for transactions relating to land use rights, Guangdong Municipal legislation regulates specific transactions within specified areas relating to the grant and transfer of land use rights. These local regulations are numerous. Some of them are inconsistent with national legislation. The central authorities have taken the position that if there are inconsistencies, the national legislation will prevail.

FOREIGN INVESTMENT IN PROPERTY DEVELOPMENT

On July 11, 2006, the Ministry of Construction, MOFCOM, NDRC, PBOC, SAIC and SAFE jointly issued the Options on Regulating the Entry and Administration of Foreign Investment into the Real Estate Market (關於規範房地產市場外資進入和管理的意見) (the “**171 document**”). The 171 document provides that: (i) foreign organizations and individuals who have established FIEs are allowed to invest and purchase non-self-resided real estate in China; branches of foreign organizations established in China and foreign individuals who work or study in China for over a year are eligible to purchase commercial houses which match their real needs for self-utilization or self-residence under their real names; (ii) the registered capital of foreign-invested real estate corporations with total investments of more than US\$10 million shall be no less than 50% of its total investment; (iii) foreign-invested real estate corporations can apply for the FIE approval certificate (外商投資企業批准證書) and business licence (營業執照) only after they have paid back all the land premium and obtained the State-owned land use rights certificate; (iv) foreign investors shall pay off all the transfer price in a lump sum with their own funds if they acquire Chinese domestic real estate corporations; (v) no offshore or Chinese domestic loan is allowed and the foreign exchange administration shall not approve the conversion of foreign loans into RMB if the foreign-invested real estate corporations have not contributed their registered capital in full, or have not obtained the State-owned land use rights certificate, or their capital for a development project is less than 35% of the total investment; and (vi) by no means can Chinese or foreign investors make any commitment in any documents to guarantee a fixed return or fixed revenue in disguised form for any party in the contract.

MOFCOM and SAFE jointly issued a Notice on Further Strengthening and Regulating the Approval and Administration regarding Foreign Direct Investment in the Real Estate Industry (關於進一步加強、規範外商直接投資房地產業審批和監管的通知) (“**No. 50 Notice**”) on May 23, 2007. Under the Notice, local commercial authorities should reinforce the approval and supervision process over foreign-invested real estate enterprises, and strictly control foreign fund from investing in high-end real estate development projects. For foreign-invested company intending to engage in the property development business, the land use right should be obtained, or at least has entered into pre-contract purchase agreement with the relevant land administrative authorities, land developers, or the owners of the house or other constructions, otherwise the proposed foreign-invested real estate company will not be approved by the authorities. For existing foreign-invested company who intends to expand its operations in its business operation or company who intends to engage in the operation or development of the new real estate project, they should undertake relevant procedures with the approval authority.

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The General Department of SAFE issued the Notice on Issuing the List of the First Batch of Foreign-invested Real Estate Projects Having Passed the Procedures for Filing with the Ministry of Commerce (國家外匯管理局綜合司關於下發第一批通過商務部備案的外商投資房地產項目名單的通知) (the “**No. 130 Rule**”) on July 10, 2007. The No. 130 Rule included the list of the first batch of foreign-funded real estate projects that passed MOFCOM’s filing procedures. In addition, according to the No. 130 Rule, real estate enterprises with foreign investment as filed with MOFCOM after June 1, 2007 (inclusive) will not be permitted to borrow money from overseas, including through shareholder loans and foreign commercial loans. Further, for those which fail to file with MOFCOM after June 1, 2007, neither foreign exchange registration, foreign exchange alteration registration nor sale and purchase of foreign exchange under capital account will be effected with SAFE or its branches.

TAXATION

PRC Deed Tax

Under the Provisional Regulations of the PRC on the Deed Tax (中華人民共和國契稅暫行條例) which took effect on October 1, 1997, deed tax applies to entities and individuals that accept the transfer of land use rights and the ownership of houses within the territory of the PRC.

The transfer of land use rights and the ownership of houses refer to the following acts:

- Assignment of the right to use state-owned land;
- Transfer of land use rights, including the transfer by means of sale, gift and exchange, excluding the transfer of the right contract for the management of rural collective land;
- Purchase and sale of houses;
- Gift of houses; and
- Exchange of houses.

The transfer of land use rights and the ownership of houses by the means of the following methods are also deemed to be governed by the above regulation, as stipulated by the Implementation Rule of Provisional Regulation on Deed Tax (中華人民共和國契稅暫行條例細則):

- Using land use rights and ownership of a house as investment;
- Setting off debt with land use rights and the ownership of house;
- Obtaining land use rights and the ownership of a house as a prize;
- Obtaining land use rights and the ownership of a house by the way of purchasing in advance.

The rate of deed tax will, within the range of 3-5%, be determined by the PRC Government agencies of provincial, autonomous region and municipal level in light of the actual conditions of the underlying properties respective areas and shall be reported to the Ministry of Finance and the State Administration of Taxation of China.

The deed tax will be reduced or exempted under the following circumstances:

- For the acceptance of land and houses by state agencies, institutions, social organizations and military units for office, teaching, medical service, scientific research and military facilities, the deed tax will be exempted;
- For the initial purchase of state-owned residential houses by urban and township workers and staff members according to the provisions of relevant laws and regulations, the deed tax will be exempted;
- For the purchase of residential houses in replacement of houses damaged or destroyed due to force majeure, the tax will, upon approval, be reduced or exempted according to the circumstances; and
- Any other types of reduction or exemption provided by the Ministry of Finance.

Reduction or exemption of deed tax will not be applicable if the relevant land or house and the change of use is no longer within the above mentioned scope, and an amount of tax equivalent to the tax reduction or exemption should be repaid.

On October 22, 2008, the State Council, the Ministry of Finance, and the State Administration of Taxation jointly announced the decision to reduce the tax expenses of housing transactions. The Ministry of Finance and the State Administration of Taxation provided that effective November 1, 2008, the deed tax were temporarily reduced to 1% for individuals who purchase the ordinary residence with less than 90 sq.m. floor areas for the first time, and temporarily exempt stamp duty and land appreciation tax for purchase or sales of housing by individuals, as applicable.

Income Tax

According to the PRC EIT Law of the People's Republic of China (中華人民共和國企業所得稅法) enacted by the National People's Congress on March 16, 2007 and relevant implementation rules enacted by the State Council on December 6, 2007, both in effect from January 1, 2008 onwards, a uniform income tax rate of 25% will be applied towards PRC enterprises, foreign investment enterprises and foreign enterprises which have set up production and operation facilities in the PRC. The PRC EIT Law also permits enterprises to continue to enjoy their existing tax incentives, adjusted by certain transitional phase-out rules, under which enterprises that were subject to an EIT rate lower than 25% prior to January 1, 2008 may continue to enjoy the lower rate and gradually transition to the new EIT rate within five years after the effective date of the PRC EIT Law, that is 18% in 2008, 20% in 2009, 22% in 2010, 24% in 2011 and the new statutory EIT rate of 25% from 2012 onwards. In addition, under the phase-out rules, enterprises established before the promulgation date of the PRC EIT Law and which were granted tax holidays under the then effective tax laws or regulations may continue to enjoy their tax holidays until their expiration.

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Under the PRC EIT Law, in effect from January 1, 2008, a withholding tax of 10% will be applicable to dividends paid by foreign-invested enterprises to foreign investors, unless otherwise stipulated in tax treaties concluded between Chinese government and other jurisdictions. However, due to a tax treaty between the PRC and Hong Kong on August 21, 2006, a company incorporated in Hong Kong will be subject to a withholding tax at a rate of 5% on dividends it receives from a company incorporated in the PRC if it holds a 25% interest or more in the PRC company. In addition, the PRC State Administration of Taxation promulgated a tax notice on October 27, 2009, or Circular 601, which provides that tax treaty benefits will be denied to “conduit” or shell companies without business substance, and a beneficial ownership analysis will be used based on a “substance-over-the-form” principle to determine whether or not to grant tax treaty benefits.

According to the Implementation Rule of the PRC EIT Law, if an enterprise incorporated outside the PRC has its “de facto management body” located within the PRC, such an enterprise may be recognized as a PRC tax resident enterprise and subject to EIT at the rate of 25%. According to the PRC EIT Law, dividends received by a qualified PRC tax resident from another qualified PRC tax resident are exempted from EIT. However, the PRC foreign exchange control authorities, which enforce the withholding tax, have not yet issued guidance with respect to the processing of outbound remittances to entities that are treated as resident enterprises for PRC EIT purposes. Therefore, it is possible that future guidance issued with respect to the new “resident enterprise” classification could result in a situation in which a withholding tax of 10% for non-PRC enterprise shareholders or a potential withholding tax of 20% for non-PRC individual shareholders is imposed on dividends that a foreign enterprise pay to them.

Business Tax

Under the Provisional Regulations on Business Tax of the PRC (中華人民共和國營業稅暫行條例), which was issued on September 13, 1993 and amended on November 5, 2008, and the Provisional Implementation Rules of the Provisional Regulations on Business Tax of the PRC (中華人民共和國營業稅暫行條例實施細則) which took effect on January 1, 2009, business tax is levied on all enterprises that provide “taxable services.” These include the assignment of intangible assets and the sale of immovable properties in the PRC. The rates range from 3% to 20% depending on the type of services provided. The assignment of intangible assets, the sale of buildings and other attachments to the land and leasing of property incur a tax rate of 5% of gross revenue generated from the relevant transactions of the enterprise.

On May 27, 2005, the State Administration of Taxation (國家稅務總局), MOFCOM and Ministry of Construction (建設部) jointly issued a Notice on Strengthening the Administration of Taxes in Connection with Real Estate (關於加強房地產稅收管理的通知). According to the notice, from June 1, 2005, business tax shall be imposed on the full amount of the sales income of a real estate company, upon the transfer of the ownership of a residential house by an individual within two years from the purchase date. However, transfer of an ordinary residential property may be exempted from business tax upon tax authorities’ approval of application for such exempt. According to the Circular on Forwarding Opinions of the Ministry of Construction and other Departments on Stabilizing Housing Prices issued by the General Office of the State Council (國務院辦公廳轉發建設部等部門關於做好穩定住房價格工作意見的通知) on May 5, 2005, in the case of a house other than an ordinary residential house, business tax shall be imposed on the difference between the sales income and the purchase price, provided that the transfer occurs after two years from the purchase date. Ordinary residential house refers to a

APPENDIX VI SUMMARY OF PRINCIPAL LEGAL AND REGULATORY PROVISIONS

residential unit, of which (i) the plot ratio is more than 1.0; (ii) the GFA is less than 120 sq.m.; and (iii) the price is lower than 1.2 times of the average selling price of residential properties on the land of the same category. The provincial-level government may set its own GFA and price requirements with a deviation no more than 20% of the above-mentioned standards.

On May 30, 2006, the State Administration of Taxation issued a Notice on Strengthening the Administration of Business Tax Collection in Connection with Housing (關於加強住房營業稅徵收管理有關問題的通知). According to the notice, from June 1, 2006, business tax shall be imposed on the full amount of the sales income, upon the transfer of a residential house by an individual within five years from the purchase date. In the case of a house other than an ordinary residential house, business tax shall be imposed on the difference between the sale income and the purchase price, provided that the transfer occurs after five years from the purchase date. However, transfer of an ordinary residential property may be exempted from business tax upon tax authorities' approval of application for such exempt.

Pursuant to the Opinions About Promote Real Estate Market Growth Healthily (關於促進房地產市場健康發展的若干意見) which is issued on December 20, 2008, the State encourages further to purchase the ordinary house and enhances the support on self-residential house and improved-residential house in aspect of credit. The provisional policy on reducing or exempting the business tax is applied for one year on residential house transaction. The business tax would be levied on the total revenue arising from any transfer by individuals of non-ordinary residential houses (非普通住房) within two years from their purchase thereof or on the difference between the transfer price and the original price for any transfer of ordinary residential houses (普通住房) by individuals within two years from their purchase thereof or for any transfer of non-ordinary residential houses (非普通住房) by individuals after two years from their purchase thereof; and the business tax will exempt for any transfer of ordinary residential houses (普通住房) by individuals after two years from their purchase thereof.

On December 22, 2009, the Ministry of Finance and State Administration of Taxation issued the "Notice of Ministry of Finance and State Administration of Taxation on Adjusting the Business Tax Policies on Individual Housing Transfer" (關於調整個人住房轉讓營業稅政策的通知). The notice provides, with an effective date from January 1, 2010, that where any individual sells a non-ordinary housing unit within five years of the purchase date, the business tax thereon shall be collected on the full sale price; where any individual sells a non-ordinary housing unit more than five years after the purchase date or sells an ordinary housing unit within five years after the purchase date, the business tax thereon shall be collected on the basis of the difference between the sales price and the original purchase price; where any individual sells an ordinary housing unit more than five years after the purchase date, he shall be exempted from the business tax thereon.

According to the Notice on Promoting the Steady and Healthy Development of the Real Estate Market (關於促進房地產市場平穩健康發展的通知) issued by the General Office of the State Council on January 7, 2010, local governments shall strictly enforce the national policy of differential taxation on non-ordinary residential houses (非普通住房) and ordinary residential houses (普通住房), first purchase of house and not first purchase of house. The local governments shall not give the buyer the preferential tax treatment.

Land Appreciation Tax

Under the Provisional Regulations of the PRC on Land Appreciation Tax (中華人民共和國土地增值稅暫行條例) promulgated by the State Council on December 13, 1993 and its implementation rules, land appreciation tax or LAT, applies to both domestic and foreign investors, irrespective of whether they are corporate entities or individuals. LAT is payable on the appreciation in value representing the balance of the proceeds received on sales, after deducting various prescribed items, including payments made for acquisition of land use rights, the costs and expenses relating to land development and the construction of buildings and related facilities, the appraised price of any existing buildings and structures on the land and taxes related to the assignment of the real estate, and other deductible items stipulated by the Ministry of Finance. LAT is charged at progressive rates ranging from 30% to 60%. Apart from the aforementioned deductions, property developers enjoy an additional deduction, which is equal to 20% of the payment made for acquisition of land use rights and the costs of land development and the construction of new buildings or related facilities. An exemption from payment of LAT may be available if the taxpayer constructs ordinary residential apartments and the appreciation amount does not exceed 20% of the sum of deductions allowed under PRC law. If, however, the appreciation amount exceeds 20% of the sum of allowable deductions, such an exemption is not available and the taxpayer will be liable to LAT on the full appreciation amount, after taking account of the allowable deductions. The allowable deductions include the following items:

- Payment made to acquire land use rights;
- Costs and expenses related to land development and the construction of the properties;
- Construction costs and charges in the case of newly constructed buildings and facilities or assessed value in the case of old buildings and structures;
- Taxes in connection with the transfer of real estate; and
- Other items stipulated by the Ministry of Finance (including 20% deduction of the first two items mentioned above in relation to property development).

LAT is charged at progressive rates ranging from 30% to 60% of the appreciation value (i.e., the balance as described above).

Appreciation value	LAT rates (%)
For the portion:	
Not exceeding 50% of allowable deductions	30
Over 50% but not more than 100% of allowable deductions	40
Over 100% but not more than 200% of allowable deductions . . .	50
Over 200% of allowable deductions	60

An exemption from payment of LAT may be available if the taxpayer constructs ordinary standard residential apartments and the appreciation amount does not exceed 20% of the sum of deductions allowed under PRC law.

State Administration of Taxation issued the “Notice of State Administration of Taxation in respect of the Strengthening of Administration Work in relation to the Collection of Land Appreciation Tax” on August 2, 2004 and the “Notice of State Administration of Taxation in respect of the Further Strengthening of Administration Work in relation to the Collection of Land Appreciation Tax and Land Use Tax in Cities and Towns” on August 5, 2004. The aforesaid notices point out that the administration work in relation to the collection of land appreciation tax should be further strengthened. The preferential policy of Land Appreciation Tax exemption for first time transfer of properties under property development contracts signed before January 1, 1994 is expired and such tax shall be levied again. Where such taxes were still not levied, the situation should be corrected immediately. Also, the notice required that the system of tax declaration and tax sources registration in relation to the land appreciation tax should be further improved and perfected.

On March 2, 2006, the Ministry of Finance and State Administration of Taxation issued the “Notice of Certain Issues Regarding Land Appreciation Tax.” The notice clarifies the relevant issues regarding land appreciation tax as follows:

(i) *As to the Tax Collection and Exemption in the Sale of Ordinary Standard Residential Properties Built by Taxpayer*

The notice sets out the recognized standards for ordinary standard residential properties. Here any developers build ordinary standard residential properties as well as other commercial properties, the value of land appreciation shall be assessed separately. In respect of ordinary standard residential properties for which application for tax exemption has been filed with the tax authority at the locality of the property before the notice is issued and for which land appreciation tax exemption has been granted by the tax authority on the basis of the standards of ordinary residential properties originally set down by the people’s government of the province, autonomous region or municipality directly under the Central Government, no adjustment shall be retroactively made.

(ii) *As to the Advance Collection of Land Appreciation Tax as well as the Settlement*

All regions shall further improve the measures for the advance collection of land appreciation tax, and decide the advance collection rate in a scientific and reasonable manner, and adjust it at a proper time according to the level of value appreciation in the property industry and market conditions within the region and on the basis of the specific property categories, namely, ordinary standard residential properties, non-ordinary standard residential properties and commercial properties. After a project is completed, the relevant settlement shall be handled in a timely manner, with any overpayment refunded or any underpayment being made up;

If any tax prepayment is not paid within the advance collection period, an overdue fines shall be imposed additionally as of the day following the expiration of the prescribed advance collection period, according to the relevant provisions of the Tax Collection and Administration Law and its detailed rules for implementation;

As to any property project that has been completed and gone through the acceptance as well, where the floor area of the property as transferred makes up 85% or more in the saleable floor area, the tax authority may require the relevant taxpayer to conduct the settlement of land appreciation tax on the transferred property according to the matching

principles regarding the proportion between the income as generated from the transfer of property and the amount under the item of deduction. The specific method of settlement shall be prescribed by the local tax authority of a province, autonomous region, municipality directly under the Central Government, or a city under separate state planning;

On December 28, 2006, the State Administration of Taxation issued the Notice on the Administration of the Settlement of Land Appreciation Tax of Property Development Enterprises, which came into effect on February 1, 2007. The notice set out further provisions concerning the settlement of land appreciation tax by property developers by clarifying details regarding units responsible for settlement of land appreciation tax, requirements, materials to be submitted, auditing and verification, recognition of revenue of indirect sale and self-use properties, deductible items and handling of transfer after tax is imposed and settled etc. Local provincial tax authorities can formulate their own implementation rules according to the notice and local situation.

Agricultural Land Occupation Tax

The State Council issued the Tentative Rules on Tax of Occupation of Agricultural Land of the People's Republic of China (中華人民共和國耕地佔用稅暫行條例) on December 1, 2007. The rules took effect from January 1, 2008 and as a result, the former tentative rules with the same regulation issued by the State Council on April 1, 1987 will be abolished simultaneously. The Rules mainly regulates the taxation procedures and tax amount based on the tax objects and the use of agricultural land.

Real Estate Tax

Before January 1, 2009, there are two parallel tax systems in China for enterprises engaged in real estate development and investment in China. Such tax applicable for domestic enterprises, organizations and individuals is real estate tax which is calculated on the remaining original book value of the real estate after 10% to 30% deduction of the original book value depending on where the real estate is located, at a rate of 1.2%, or on the rental income derived by the real estate at a rate of 12% according to the PRC Provisional Rules on Real Estate Tax (中華人民共和國房產稅暫行條例) promulgated by the State Council on September 15, 1986. While foreign invested enterprises, foreign enterprises and foreign individuals are required to pay urban real estate tax on land and buildings owned by them in the urban areas of China. According to the PRC Provisional Rules on Urban Real Estate Tax (中華人民共和國城市房地產稅暫行條例) promulgated by the State Council on August 8, 1951, the urban real estate tax is charged at a rate of 1.8% annually based on standard prices for property or 18% annually based on rental income.

By issuance of PRC State Council Order 546 (中華人民共和國國務院令2008第546號) on December 31, 2008, the State Council unifies the two parallel real estate tax systems by abolishing the urban real estate tax. Starting from January 1, 2009, all enterprises, organizations and individuals that own or use real estate in China shall subject to real estate tax by using the calculation method as mentioned in the PRC Provisional Rules on Real Estate Tax (中華人民共和國房產稅暫行條例) promulgated by the State Council on September 15, 1986.

FOREIGN CURRENCY EXCHANGE

Prior to December 31, 1993, a quota system was used for the management of foreign currency. Any enterprise that used foreign currency in the normal course of its operations was required to obtain a quota from the local SAFE office before it could convert Renminbi into foreign currency through the Bank of China or other designated banks. Such conversion had to be effected at the official rate set up by SAFE on a daily basis. Renminbi could also be converted into foreign currency at swap centers. The exchange rates used by swap centers were largely determined by the demand for and supply of the foreign currency and the Renminbi requirements of enterprises in the PRC. Any enterprise that wished to buy or sell foreign currency at a swap centre had to obtain an advanced approval from SAFE.

On December 28, 1993, the PBOC, under the authority of the State Council, promulgated the Notice of the People's Bank of China Concerning Further Reform of the Foreign Currency Control System (人民銀行關於進一步改革外匯管理體制的公告), promulgated on January 1, 1994. The notice announced the abolition of the foreign exchange quota system, the implementation of conditional convertibility of Renminbi in current account items, the establishment of the settlement and payment system of foreign exchange by banks, and the unification of the official Renminbi exchange rate and the market rate for Renminbi established at swap centers. On June 20, 1996, the PBOC promulgated the Regulations for the Administration of the Settlement, Sale and Payment of Foreign Exchange (結匯、售匯及付匯管理規定), which set out detailed provisions regulating the trading of foreign exchange by enterprises, economic organizations and social organizations in the PRC.

The principal regulation governing foreign currency exchange in the PRC is the Regulations for the Control of Foreign Exchange or the Foreign Exchange Regulations (中華人民共和國外匯管理條例), promulgated by the State Council in January 1996, as amended in August 2008. Under these regulations, Renminbi are freely convertible for payments of current account items, such as trade and service-related foreign exchange transactions and dividend payments, but are not freely convertible for capital expenditure such as direct investment, loans or investments in securities outside the PRC unless the approval of SAFE is obtained in advance.

Under the Foreign Exchange Regulations, foreign-invested enterprises in the PRC may purchase foreign currency for trade and service-related foreign exchange transactions without the approval of the State Administration by providing commercial documents evidencing these transactions. They may also remit foreign currency (subject to a cap approved by SAFE) to satisfy foreign exchange liabilities or to pay dividends. However, the relevant PRC Government authorities, which have significant administrative discretion in implementing the laws, may restrict or eliminate the ability of foreign-invested enterprises to purchase and remit foreign currencies in the future. See "Risk Factors – Risk factors relating to the PRC – PRC Government control of currency conversion may affect the value of your investment." In addition, foreign exchange transactions involving direct investment, loans and investments in securities outside the PRC are subject to limitations and require approvals from SAFE.

Pursuant to the SAFE's Notice on Relevant Issues Concerning Foreign Exchange Administration for PRC Residents to Engage in Financing and Inbound Investment via Overseas Special Purpose Vehicles (關於境內居民通過境外特殊目的公司融資及返程投資外匯管理有關問題的通知), or SAFE Circular No. 75, issued on October 21, 2005, (i) a PRC resident is required to register with the local branch of SAFE before he or she establishes or controls an overseas special purpose

vehicle, or overseas SPV, for the purpose of overseas equity financing (including convertible debt financing); (ii) when a PRC resident transfers assets of or equity interests in a domestic enterprise into an overseas SPV, or engages in overseas financing after contributing assets or equity interests into an overseas SPV, such a PRC resident shall register his or her interest in the overseas SPV and the change thereof with the local branch of SAFE; and (iii) when the overseas SPV undergoes a material capital change event outside of China, such as a change in share capital or merger and acquisition, the PRC resident shall, within 30 days from the occurrence of such event, register such change with the local branch of SAFE. In May 2007, SAFE issued guidance to its local branches with respect to the procedures for SAFE registration, which strengthens the supervision on registration pursuant to SAFE Circular No. 75 and imposes obligations on onshore subsidiaries of the overseas SPVs to coordinate with and supervise the relevant PRC residents to complete the registration.

Under SAFE Circular No. 75, failure to comply with the registration procedures set forth above may result in restrictions on a PRC subsidiary's foreign exchange activities and impact its ability to distribute dividends to the overseas SPV. The failure may also result in such penalties as being ordered to remit the foreign exchange illegally paid out of China back into China, as well as the imposition of fines up to more than 30% while less than five times of the amount.

On July 11, 2006, the Ministry of Construction, MOFCOM, NDRC, PBOC, SAIC and SAFE jointly issued the Opinions on Regulating the Entry and Administration of Foreign Investment into the Real Estate Market (關於規範房地產市場外資進入和管理的意見) (the "**171 document**"). The 171 document provides that: (i) foreign organizations and individuals who have established FIEs are allowed to invest and purchase non-self-resided real estate in China; branches or representative offices of foreign organizations established in China and foreign individuals who work or study in China for over a year are eligible to purchase commodity properties which match their real needs for self-utilization or self-residence under their real names; (ii) the registered capital of foreign-invested real estate corporations with total investments of more than US\$10 million shall be no less than 50% of its total investment; (iii) foreign-invested real estate corporates can apply for the formal FIE approval certificate and business license only after they have paid back all the land premium and obtained the State-owned land use rights certificate; (iv) foreign investors shall pay off all the transfer price in a lump sum with their own funds if they acquire Chinese domestic real estate corporations; (v) no offshore or Chinese domestic loan is allowed and the foreign exchange administration shall not approve the conversion of foreign loans into RMB if the foreign-invested real estate corporations have not paid their registered capital in full, or have not obtained the State-owned land use rights certificate, or their internal fund for a development project is less than 35% of the total investment; and (vi) by no means can Chinese or foreign investors make any commitment in any documents to guarantee a fixed return or fixed revenue in disguised form for any party in the contract.

In accordance with the 171 document, MOFCOM and SAFE jointly issued a Notice on Further Strengthening and Regulating the Approval and Administration regarding Foreign Direct Investment in the Real Estate Industry (關於進一步加強、規範外商直接投資房地產業審批和監管的通知) ("**No. 50 Notice**") on May 23, 2007. Under the Notice, local commercial authorities should reinforce the approval and supervision process over foreign-invested real estate enterprises, and strictly control foreign fund from investing in high-end real estate development projects. For foreign-invested company intending to engage in the property

development business, the land use right should be obtained, or at least has entered into pre-contract purchase agreement with the relevant land administrative authorities, land developers, or the owners of the house or other constructions, otherwise the proposed foreign-invested real estate company will not be approved by the authorities. For existing foreign-invested company who intends to expand its operations in its business operation or company who intends to engage in the operation or development of the new real estate project, they should undertake relevant procedures with the approval authority.

No. 50 Notice strictly controls the acquisition or merger of domestic real estate enterprises by means of return investment (includes the same effective controller). It also prohibits Chinese or foreign investors in real estate joint ventures to reach any terms that aim to achieve a fixed return for either party. Once the local authority has approved the establishment of a foreign-invested real estate enterprise, it should immediately file such approval with the MOFCOM.

The local SAFE administrative authority and designated foreign exchange bank will not conduct foreign exchange purchase and settlement process for foreign-invested real estate company who fails to satisfy the MOFCOM for filing requirement or to pass the joint annual examination of foreign-invested enterprises.

On July 10, 2007, the General Department of SAFE issued the Notice on Issuing the List of the First Batch of Foreign-invested Real Estate Projects Having Passed the Procedures for Filing with the Ministry of Commerce (國家外匯管理局綜合司關於下發第一批通過商務部備案的外商投資房地產項目名單的通知) (the “**No. 130 Rule**”). The No. 130 Rule included the list of the first batch of foreign-funded real estate projects that passed MOFCOM’s filing procedures.

According to No. 130 Notice, registration regarding the establishment of foreign-invested real estate enterprises shall be made with MOFCOM. However, such real estate enterprises with foreign investment as filed with MOFCOM will not be permitted to borrow money from overseas, including through shareholder loans and foreign commercial loans. Further, for those which fail to file with MOFCOM after June 1, 2007, neither foreign exchange registration, foreign exchange alteration registration nor sale and purchase of foreign exchange under capital account will be effected with SAFE or its branches.

EMPLOYMENT

The Employment Contract Law of the People’s Republic of China (中華人民共和國勞動合同法) was implemented on January 1, 2008. This law sets out specific provisions in relation to the execution, contents and term of employment contracts and the rights and obligations of employees and employers. This law provides, among others, that at the time of hiring, the employer shall truthfully inform the employee as to the scope of work, working conditions, place of work, occupational hazards, production safety conditions, work compensation and other matters which the employee may request to be informed about. Further, at the time of termination of an employment contract, an employer needs to issue to the employee a proof of termination of the employment contract and carry out the procedures for the transfer of the employee’s file and social insurance account within 15 days. An employer needs to archive all terminated employment contracts for not less than two years. The implementation of this law provides protection for both employees and employers. Our Company shall comply with this law.

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The Employment Promotion Law of the Peoples' Republic of China (中華人民共和國就業促進法) has been in place since January 1, 2008. This law mainly regulates the employment systems such as employment supporting services and human resource market. We intend to provide fair employment opportunities to potential employees in accordance with all applicable employment laws. This law sets out specific provisions in relation to the hiring practices of employers to ensure the existence of an equal opportunity environment for all candidates. This law provides that employers cannot apply different hiring criteria to men and women, refuse employment solely on the basis of gender, background or any disability. Further, an employer cannot contractually restrict female employees from marrying or bearing children.

This Appendix contains a summary of our Articles of Association. The principal objective is to provide potential investors with an overview of our Articles of Association. As the information contained below is a summary form, it does not contain all the information that may be important to potential investors. As stated in the paragraph headed "Documents Delivered to the Registrar of Companies and Available for Inspection" in Appendix IX, a copy of the Articles of Association is available for inspection.

Set out below is a summary of certain provisions of the Memorandum and Articles of Association of the Company and of certain aspects of Cayman company law.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on September 10, 2009 under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands (the "**Companies Law**"). The Memorandum of Association (the "**Memorandum**") and the Articles of Association (the "**Articles**") comprise its constitution.

1. MEMORANDUM OF ASSOCIATION

- (a) The Memorandum states, inter alia, that the liability of members of the Company is limited to the amount, if any, for the time being unpaid on the Shares respectively held by them and that the objects for which the Company is established are unrestricted (including acting as an investment company), and that the Company shall have and be capable of exercising all the functions of a natural person of full capacity irrespective of any question of corporate benefit, as provided in section 27(2) of the Companies Law and in view of the fact that the Company is an exempted company that the Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands.
- (b) The Company may by special resolution alter its Memorandum with respect to any objects, powers or other matters specified therein.

2. ARTICLES OF ASSOCIATION

The Articles were adopted on October 11, 2010. The following is a summary of certain provisions of the Articles:

(a) Directors

(i) Power to allot and issue shares and warrants

Subject to the provisions of the Companies Law and the Memorandum and Articles and to any special rights conferred on the holders of any shares or class of shares, any share may be issued with or have attached thereto such rights, or such restrictions, whether with regard to dividend, voting, return of capital, or otherwise, as the Company may by ordinary resolution determine (or, in the absence of any such determination or so far as the same may not make specific provision, as the board may determine). Subject to the Companies Law, the rules of any Designated Stock Exchange (as defined in the Articles) and the Memorandum and Articles, any share may be issued on terms that, at the option of the Company or the holder thereof, they are liable to be redeemed.

The board may issue warrants conferring the right upon the holders thereof to subscribe for any class of shares or securities in the capital of the Company on such terms as it may from time to time determine.

Subject to the provisions of the Companies Law and the Articles and, where applicable, the rules of any Designated Stock Exchange (as defined in the Articles) and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, all unissued shares in the Company shall be at the disposal of the board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times, for such consideration and on such terms and conditions as it in its absolute discretion thinks fit, but so that no shares shall be issued at a discount.

Neither the Company nor the board shall be obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to members or others with registered addresses in any particular territory or territories being a territory or territories where, in the absence of a registration statement or other special formalities, this would or might, in the opinion of the board, be unlawful or impracticable. Members affected as a result of the foregoing sentence shall not be, or be deemed to be, a separate class of members for any purpose whatsoever.

(ii) *Power to dispose of the assets of the Company or any subsidiary*

There are no specific provisions in the Articles relating to the disposal of the assets of the Company or any of its subsidiaries. The Directors may, however, exercise all powers and do all acts and things which may be exercised or done or approved by the Company and which are not required by the Articles or the Companies Law to be exercised or done by the Company in general meeting.

(iii) *Compensation or payments for loss of office*

Pursuant to the Articles, payments to any Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually entitled) must be approved by the Company in general meeting.

(iv) *Loans and provision of security for loans to Directors*

There are provisions in the Articles prohibiting the making of loans to Directors.

(v) *Disclosure of interests in contracts with the Company or any of its subsidiaries*

A Director may hold any other office or place of profit with the Company (except that of the auditor of the Company) in conjunction with his office of Director for such period and, subject to the Articles, upon such terms as the board may determine, and may be paid such extra remuneration therefor (whether by way of salary, commission, participation in profits or otherwise) in addition to any remuneration provided for by or pursuant to any other Articles. A Director may be or become a director or other officer of, or otherwise interested in, any company promoted by the Company or any other company in which the Company may be interested, and shall not be liable to account to the Company or the members for any remuneration, profits or other benefits received by him as a director, officer or member of, or from his interest in, such other company. Subject as otherwise provided by the Articles, the board may also cause the voting power conferred by the shares in any other company held or owned by the Company to be exercised in such manner in all respects as it thinks fit, including the exercise thereof in favour of any

resolution appointing the Directors or any of them to be directors or officers of such other company, or voting or providing for the payment of remuneration to the directors or officers of such other company.

Subject to the Companies Law and the Articles, no Director or proposed or intended Director shall be disqualified by his office from contracting with the Company, either with regard to his tenure of any office or place of profit or as vendor, purchaser or in any other manner whatsoever, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company or the members for any remuneration, profit or other benefits realized by any such contract or arrangement by reason of such Director holding that office or the fiduciary relationship thereby established. A Director who to his knowledge is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with the Company shall declare the nature of his interest at the meeting of the board at which the question of entering into the contract or arrangement is first taken into consideration, if he knows his interest then exists, or in any other case, at the first meeting of the board after he knows that he is or has become so interested.

A Director shall not vote (nor be counted in the quorum) on any resolution of the board approving any contract or arrangement or other proposal in which he or any of his associates is materially interested, but this prohibition shall not apply to any of the following matters, namely:

- (aa) any contract or arrangement for giving to such Director or his associate(s) any security or indemnity in respect of money lent by him or any of his associates or obligations incurred or undertaken by him or any of his associates at the request of or for the benefit of the Company or any of its subsidiaries;
- (bb) any contract or arrangement for the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his associate(s) has himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;
- (cc) any contract or arrangement concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;
- (dd) any contract or arrangement in which the Director or his associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company;

- (ee) any contract or arrangement concerning any other company in which the Director or his associate(s) is/are interested only, whether directly or indirectly, as an officer or executive or a shareholder or in which the Director and any of his associates are not in aggregate beneficially interested in 5 per cent. or more of the issued shares or of the voting rights of any class of shares of such company (or of any third company through which his interest or that of any of his associates is derived); or
- (ff) any proposal or arrangement concerning the adoption, modification or operation of a share option scheme, a pension fund or retirement, death, or disability benefits scheme or other arrangement which relates both to Directors, his associates and employees of the Company or of any of its subsidiaries and does not provide in respect of any Director, or his associate(s), as such any privilege or advantage not accorded generally to the class of persons to which such scheme or fund relates.

(vi) *Remuneration*

The ordinary remuneration of the Directors shall from time to time be determined by the Company in general meeting, such sum (unless otherwise directed by the resolution by which it is voted) to be divided amongst the Directors in such proportions and in such manner as the board may agree or, failing agreement, equally, except that any Director holding office for part only of the period in respect of which the remuneration is payable shall only rank in such division in proportion to the time during such period for which he held office. The Directors shall also be entitled to be prepaid or repaid all travelling, hotel and incidental expenses reasonably expected to be incurred or incurred by them in attending any board meetings, committee meetings or general meetings or separate meetings of any class of shares or of debentures of the Company or otherwise in connection with the discharge of their duties as Directors.

Any Director who, by request, goes or resides abroad for any purpose of the Company or who performs services which in the opinion of the board go beyond the ordinary duties of a Director may be paid such extra remuneration (whether by way of salary, commission, participation in profits or otherwise) as the board may determine and such extra remuneration shall be in addition to or in substitution for any ordinary remuneration as a Director. An executive Director appointed to be a managing director, joint managing director, deputy managing director or other executive officer shall receive such remuneration (whether by way of salary, commission or participation in profits or otherwise or by all or any of those modes) and such other benefits (including pension and/or gratuity and/or other benefits on retirement) and allowances as the board may from time to time decide. Such remuneration may be either in addition to or in lieu of his remuneration as a Director.

The board may establish or concur or join with other companies (being subsidiary companies of the Company or companies with which it is associated in business) in establishing and making contributions out of the Company's monies to any schemes or funds for providing pensions, sickness or compassionate allowances, life assurance or other benefits for employees (which expression as used in this and the following paragraph shall include any Director or ex-Director who may hold or have held any executive office or any office of profit with the Company or any of its subsidiaries) and ex-employees of the Company and their dependents or any class or classes of such persons.

The board may pay, enter into agreements to pay or make grants of revocable or irrevocable, and either subject or not subject to any terms or conditions, pensions or other benefits to employees and ex-employees and their dependents, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or ex-employees or their dependents are or may become entitled under any such scheme or fund as is mentioned in the previous paragraph. Any such pension or benefit may, as the board considers desirable, be granted to an employee either before and in anticipation of, or upon or at any time after, his actual retirement.

(vii) *Retirement, appointment and removal*

At each annual general meeting, one third of the Directors for the time being (or if their number is not a multiple of three, then the number nearest to but not less than one third) will retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. The Directors to retire in every year will be those who have been longest in office since their last re-election or appointment but as between persons who became or were last re-elected Directors on the same day those to retire will (unless they otherwise agree among themselves) be determined by lot. There are no provisions relating to retirement of Directors upon reaching any age limit.

The Directors shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the board or as an addition to the existing board. Any Director appointed to fill a casual vacancy shall hold office until the first general meeting of members after his appointment and be subject to re-election at such meeting and any Director appointed as an addition to the existing board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election. Neither a Director nor an alternate Director is required to hold any shares in the Company by way of qualification.

A Director may be removed by an ordinary resolution of the Company before the expiration of his period of office (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and the Company) and may by ordinary resolution appoint another in his place. Unless otherwise determined by the Company in general meeting, the number of Directors shall not be less than two. There is no maximum number of Directors.

The office or director shall be vacated:

- (aa) if he resigns his office by notice in writing delivered to the Company at the registered office of the Company for the time being or tendered at a meeting of the Board;
- (bb) becomes of unsound mind or dies;
- (cc) if, without special leave, he is absent from meetings of the board (unless an alternate director appointed by him attends) for six (6) consecutive months, and the board resolves that his office is vacated;

- (dd) if he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors;
- (ee) if he is prohibited from being a director by law;
- (ff) if he ceases to be a director by virtue of any provision of law or is removed from office pursuant to the Articles.

The board may from time to time appoint one or more of its body to be managing director, joint managing director, or deputy managing director or to hold any other employment or executive office with the Company for such period and upon such terms as the board may determine and the board may revoke or terminate any of such appointments. The board may delegate any of its powers, authorities and discretions to committees consisting of such Director or Directors and other persons as the board thinks fit, and it may from time to time revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes, but every committee so formed shall, in the exercise of the powers, authorities and discretions so delegated, conform to any regulations that may from time to time be imposed upon it by the board.

(viii) Borrowing powers

The board may exercise all the powers of the Company to raise or borrow money, to mortgage or charge all or any part of the undertaking, property and assets (present and future) and uncalled capital of the Company and, subject to the Companies Law, to issue debentures, bonds and other securities of the Company, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

Note: These provisions, in common with the Articles in general, can be varied with the sanction of a special resolution of the Company.

(ix) Proceedings of the Board

The board may meet for the despatch of business, adjourn and otherwise regulate their meetings as they think fit. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have an additional or casting vote.

(x) Register of Directors and Officers

The Companies Law and the Articles provide that the Company is required to maintain at its registered office a register of directors and officers which is not available for inspection by the public. A copy of such register must be filed with the Registrar of Companies in the Cayman Islands and any change must be notified to the Registrar within thirty (30) days of any change in such directors or officers.

(b) Alterations to constitutional documents

The Articles may be rescinded, altered or amended by the Company in general meeting by special resolution. The Articles state that a special resolution shall be required to alter the provisions of the Memorandum, to amend the Articles or to change the name of the Company.

(c) Alteration of capital

The Company may from time to time by ordinary resolution in accordance with the relevant provisions of the Companies Law:

- (i) increase its capital by such sum, to be divided into shares of such amounts as the resolution shall prescribe;
- (ii) consolidate and divide all or any of its capital into shares of larger amount than its existing shares;
- (iii) divide its shares into several classes and without prejudice to any special rights previously conferred on the holders of existing shares attach thereto respectively any preferential, deferred, qualified or special rights, privileges, conditions or restrictions as the Company in general meeting or as the directors may determine;
- (iv) sub-divide its shares or any of them into shares of smaller amount than is fixed by the Memorandum, subject nevertheless to the provisions of the Companies Law, and so that the resolution whereby any share is sub-divided may determine that, as between the holders of the shares resulting from such sub-division, one or more of the shares may have any such preferred or other special rights, over, or may have such deferred rights or be subject to any such restrictions as compared with the others as the Company has power to attach to unissued or new shares; or
- (v) cancel any shares which, at the date of passing of the resolution, have not been taken, or agreed to be taken, by any person, and diminish the amount of its capital by the amount of the shares so cancelled.

The Company may subject to the provisions of the Companies Law reduce its share capital or any capital redemption reserve or other undistributable reserve in any way by special resolution.

(d) Variation of rights of existing shares or classes of shares

Subject to the Companies Law, all or any of the special rights attached to the shares or any class of shares may (unless otherwise provided for by the terms of issue of that class) be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting the provisions of the Articles relating to general meetings will *mutatis mutandis* apply, but so that the necessary quorum (other than at an adjourned meeting) shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class and at any adjourned meeting two holders present in person or by proxy whatever the number of shares held by them shall be a quorum. Every holder of shares of the class shall be entitled to one vote for every such share held by him.

The special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

(e) Special resolution-majority required

Pursuant to the Articles, a special resolution of the Company must be passed by a majority of not less than three-fourths of the votes cast by such members as, being entitled so to do, vote in person or, in the case of such members as are corporations, by their duly authorized representatives or, where proxies are allowed, by proxy at a general meeting of which notice of not less than twenty-one (21) clear days and not less than ten (10) clear business days specifying the intention to propose the resolution as a special resolution, has been duly given. Provided that if permitted by the Designated Stock Exchange (as defined in the Articles), except in the case of an annual general meeting, if it is so agreed by a majority in number of the members having a right to attend and vote at such meeting, being a majority together holding not less than ninety-five per cent. (95%) in nominal value of the shares giving that right and, in the case of an annual general meeting, if so agreed by all Members entitled to attend and vote thereat, a resolution may be proposed and passed as a special resolution at a meeting of which notice of less than twenty-one (21) clear days and less than ten (10) clear business days has been given.

A copy of any special resolution must be forwarded to the Registrar of Companies in the Cayman Islands within fifteen (15) days of being passed.

An ordinary resolution is defined in the Articles to mean a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorized representatives or, where proxies are allowed, by proxy at a general meeting held in accordance with the Articles.

(f) Voting rights

Subject to any special rights or restrictions as to voting for the time being attached to any shares by or in accordance with the Articles, at any general meeting on a poll every member present in person or by proxy or, in the case of a member being a corporation, by its duly authorized representative shall have one vote for every fully paid share of which he is the holder but so that no amount paid up or credited as paid up on a share in advance of calls or installments is treated for the foregoing purposes as paid up on the share. A member entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

At any general meeting a resolution put to the vote of the meeting is to be decided by way of a poll.

If a recognized clearing house (or its nominee(s)) is a member of the Company it may authorize such person or persons as it thinks fit to act as its representative(s) at any meeting of the Company or at any meeting of any class of members of the Company provided that, if more than one person is so authorized, the authorization shall specify the number and class of shares in respect of which each such person is so authorized. A person authorized pursuant to this provision shall be deemed to have been duly authorized without further evidence of the facts and be entitled to exercise the same powers on behalf of the recognized clearing house (or its nominee(s)) as if such person was the registered holder of the shares of the Company held by that clearing house (or its nominee(s)).

Where the Company has any knowledge that any shareholder is, under the rules of the Designated Stock Exchange (as defined in the Articles), required to abstain from voting on any particular resolution of the Company or restricted to voting only for or only against any particular resolution of the Company, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

(g) Requirements for annual general meetings

An annual general meeting of the Company must be held in each year, other than the year of adoption of the Articles (within a period of not more than fifteen (15) months after the holding of the last preceding annual general meeting or a period of eighteen (18) months from the date of adoption of the Articles, unless a longer period would not infringe the rules of any Designated Stock Exchange (as defined in the Articles)) at such time and place as may be determined by the board.

(h) Accounts and audit

The board shall cause true accounts to be kept of the sums of money received and expended by the Company, and the matters in respect of which such receipt and expenditure take place, and of the property, assets, credits and liabilities of the Company and of all other matters required by the Companies Law or necessary to give a true and fair view of the Company's affairs and to explain its transactions.

The accounting records shall be kept at the registered office or at such other place or places as the board decides and shall always be open to inspection by any Director. No member (other than a Director) shall have any right to inspect any accounting record or book or document of the Company except as conferred by law or authorized by the board or the Company in general meeting.

A copy of every balance sheet and profit and loss account (including every document required by law to be annexed thereto) which is to be laid before the Company at its general meeting, together with a printed copy of the Directors' report and a copy of the auditors' report, shall not less than twenty-one (21) days before the date of the meeting and at the same time as the notice of annual general meeting be sent to every person entitled to receive notices of general meetings of the Company under the provisions the Articles; however, subject to compliance with all applicable laws, including the rules of the Designated Stock Exchange (as defined in the Articles), the Company may send to such persons summarized financial statements derived from the Company's annual accounts and the directors' report instead provided that any such person may by notice in writing served on the Company, demand that the Company sends to him, in addition to summarized financial statements, a complete printed copy of the Company's annual financial statement and the directors' report thereon.

Auditors shall be appointed and the terms and tenure of such appointment and their duties at all times regulated in accordance with the provisions of the Articles. The remuneration of the auditors shall be fixed by the Company in general meeting or in such manner as the members may determine.

The financial statements of the Company shall be audited by the auditor in accordance with generally accepted auditing standards. The auditor shall make a written report thereon in accordance with generally accepted auditing standards and the report of the auditor shall be submitted to the members in general meeting. The generally accepted auditing standards referred to herein may be those of a country or jurisdiction other than the Cayman Islands. If so, the financial statements and the report of the auditor should disclose this fact and name such country or jurisdiction.

(i) Notices of meetings and business to be conducted thereat

An annual general meeting shall be called by notice of not less than twenty-one (21) clear days and not less than twenty (20) clear business days and any extraordinary general meeting at which it is proposed to pass a special resolution shall (save as set out in sub-paragraph (e) above) be called by notice of at least twenty-one (21) clear days and not less than ten (10) clear business days. All other extraordinary general meetings shall be called by notice of at least fourteen (14) clear days and not less than ten (10) clear business days. The notice must specify the time and place of the meeting and, in the case of special business, the general nature of that business. In addition notice of every general meeting shall be given to all members of the Company other than such as, under the provisions of the Articles or the terms of issue of the shares they hold, are not entitled to receive such notices from the Company, and also to the auditors for the time being of the Company.

Notwithstanding that a meeting of the Company is called by shorter notice than that mentioned above if permitted by the rules of the Designated Stock Exchange, it shall be deemed to have been duly called if it is so agreed:

- (i) in the case of a meeting called as an annual general meeting, by all members of the Company entitled to attend and vote thereat; and
- (ii) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting, being a majority together holding not less than ninety-five per cent. (95%) in nominal value of the issued shares giving that right.

All business shall be deemed special that is transacted at an extraordinary general meeting and also all business shall be deemed special that is transacted at an annual general meeting with the exception of the following, which shall be deemed ordinary business:

- (aa) the declaration and sanctioning of dividends;
- (bb) the consideration and adoption of the accounts and balance sheet and the reports of the directors and the auditors;
- (cc) the election of directors in place of those retiring;
- (dd) the appointment of auditors and other officers;
- (ee) the fixing of the remuneration of the directors and of the auditors;
- (ff) the granting of any mandate or authority to the directors to offer, allot, grant options over or otherwise dispose of the unissued shares of the Company representing not more than twenty per cent. (20%) in nominal value of its existing issued share capital; and

(gg) the granting of any mandate or authority to the directors to repurchase securities of the Company.

(j) Transfer of shares

All transfers of shares may be effected by an instrument of transfer in the usual or common form or in a form prescribed by the Designated Stock Exchange (as defined in the Articles) or in such other form as the board may approve and which may be under hand or, if the transferor or transferee is a clearing house or its nominee(s), by hand or by machine imprinted signature or by such other manner of execution as the board may approve from time to time. The instrument of transfer shall be executed by or on behalf of the transferor and the transferee provided that the board may dispense with the execution of the instrument of transfer by the transferee in any case in which it thinks fit, in its discretion, to do so and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members in respect thereof.

The board may also resolve either generally or in any particular case, upon request by either the transferor or the transferee, to accept mechanically executed transfers. The board in so far as permitted by any applicable law may, in its absolute discretion, at any time and from time to time transfer any share upon the principal register to any branch register or any share on any branch register to the principal register or any other branch register.

Unless the board otherwise agrees, no shares on the principal register shall be transferred to any branch register nor may shares on any branch register be transferred to the principal register or any other branch register. All transfers and other documents of title shall be lodged for registration and registered, in the case of shares on a branch register, at the relevant registration office and, in the case of shares on the principal register, at the registered office in the Cayman Islands or such other place at which the principal register is kept in accordance with the Companies Law.

The board may, in its absolute discretion, and without assigning any reason, refuse to register a transfer of any share (not being a fully paid up share) to a person of whom it does not approve or any share issued under any share incentive scheme for employees upon which a restriction on transfer imposed thereby still subsists, and it may also refuse to register any transfer of any share to more than four joint holders or any transfer of any share (not being a fully paid up share) on which the Company has a lien.

The board may decline to recognize any instrument of transfer unless a fee of such maximum sum as any Designated Stock Exchange (as defined in the Articles) may determine to be payable or such lesser sum as the Directors may from time to time require is paid to the Company in respect thereof, the instrument of transfer, if applicable, is properly stamped, is in respect of only one class of share and is lodged at the relevant registration office or registered office or such other place at which the principal register is kept accompanied by the relevant share certificate(s) and such other evidence as the board may reasonably require to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The registration of transfers may be suspended and the register closed on giving notice by advertisement in a relevant newspaper and, where applicable, any other newspapers in accordance with the requirements of any Designated Stock Exchange (as defined in the Articles), at such times and for such periods as the board may determine and either generally or in respect of any class of shares. The register of members shall not be closed for periods exceeding in the whole thirty (30) days in any year.

(k) Power for the Company to purchase its own shares

The Company is empowered by the Companies Law and the Articles to purchase its own Shares subject to certain restrictions and the Board may only exercise this power on behalf of the Company subject to any applicable requirements imposed from time to time by any Designated Stock Exchange (as defined in the Articles).

(l) Power for any subsidiary of the Company to own shares in the Company and financial assistance to purchase shares of the Company

There are no provisions in the Articles relating to ownership of shares in the Company by a subsidiary.

Subject to compliance with the rules and regulations of the Designated Stock Exchange (as defined in the Articles) and any other relevant regulatory authority, the Company may give financial assistance for the purpose of or in connection with a purchase made or to be made by any person of any shares in the Company.

(m) Dividends and other methods of distribution

Subject to the Companies Law, the Company in general meeting may declare dividends in any currency to be paid to the members but no dividend shall be declared in excess of the amount recommended by the board.

The Articles provide dividends may be declared and paid out of the profits of the Company, realized or unrealized, or from any reserve set aside from profits which the directors determine is no longer needed. With the sanction of an ordinary resolution dividends may also be declared and paid out of share premium account or any other fund or account which can be authorized for this purpose in accordance with the Companies Law.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide, (i) all dividends shall be declared and paid according to the amounts paid up on the shares in respect whereof the dividend is paid but no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share and (ii) all dividends shall be apportioned and paid pro rata according to the amount paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. The Directors may deduct from any dividend or other monies payable to any member or in respect of any shares all sums of money (if any) presently payable by him to the Company on account of calls or otherwise.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared on the share capital of the Company, the board may further resolve either (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the shareholders entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment, or (b) that shareholders entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the board may think fit. The Company may also upon the recommendation of the board by an ordinary resolution resolve in respect of any one particular dividend of the Company that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to shareholders to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, interest or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post addressed to the holder at his registered address, or in the case of joint holders, addressed to the holder whose name stands first in the register of the Company in respect of the shares at his address as appearing in the register or addressed to such person and at such addresses as the holder or joint holders may in writing direct. Every such cheque or warrant shall, unless the holder or joint holders otherwise direct, be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the register in respect of such shares, and shall be sent at his or their risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company. Any one of two or more joint holders may give effectual receipts for any dividends or other moneys payable or property distributable in respect of the shares held by such joint holders.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared the board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

All dividends or bonuses unclaimed for one year after having been declared may be invested or otherwise made use of by the board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends or bonuses unclaimed for six years after having been declared may be forfeited by the board and shall revert to the Company.

No dividend or other monies payable by the Company on or in respect of any share shall bear interest against the Company.

(n) Proxies

Any member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member of the Company and shall be entitled to exercise the same powers on behalf of a member who is an individual and for whom he acts as proxy as such member could exercise. In addition, a proxy shall be entitled to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such member could exercise if it were an individual member. Votes may be given either personally (or, in the case of a member being a corporation, by its duly authorized representative) or by proxy.

(o) Call on shares and forfeiture of shares

Subject to the Articles and to the terms of allotment, the board may from time to time make such calls upon the members in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium). A call may be made payable either in one lump sum or by installments. If the sum payable in respect of any call or instalment is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding twenty per cent. (20%) per annum as the board may agree to accept from the day appointed for the payment thereof to the time of actual payment, but the board may waive payment of such interest wholly or in part. The board may, if it thinks fit, receive from any member willing to advance the same, either in money or money's worth, all or any part of the monies uncalled and unpaid or installments payable upon any shares held by him, and upon all or any of the monies so advanced the Company may pay interest at such rate (if any) as the board may decide.

If a member fails to pay any call on the day appointed for payment thereof, the board may serve not less than fourteen (14) clear days' notice on him requiring payment of so much of the call as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment and stating that, in the event of non-payment at or before the time appointed, the shares in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the board to that effect. Such forfeiture will include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture.

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, notwithstanding, remain liable to pay to the Company all monies which, at the date of forfeiture, were payable by him to the Company in respect of the shares, together with (if the board shall in its discretion so require) interest thereon from the date of forfeiture until the date of actual payment at such rate not exceeding twenty per cent. (20%) per annum as the board determines.

(p) Inspection of register of members

Pursuant to the Articles the register and branch register of members shall be open to inspection for at least two (2) hours on every business day by members without charge, or by any other person upon a maximum payment of HK\$2.50 or such lesser sum specified by the board, at the registered office or such other place at which the register is kept in accordance with the Companies Law or, upon a maximum payment of HK\$1.00 or such lesser sum specified by the board, at the Registration Office (as defined in the Articles), unless the register is closed in accordance with the Articles.

(q) Quorum for meetings and separate class meetings

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, but the absence of a quorum shall not preclude the appointment of a chairman.

Save as otherwise provided by the Articles the quorum for a general meeting shall be two members present in person (or, in the case of a member being a corporation, by its duly authorized representative) or by proxy and entitled to vote. In respect of a separate class meeting (other than an adjourned meeting) convened to sanction the modification of class rights the necessary quorum shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class.

A corporation being a member shall be deemed for the purpose of the Articles to be present in person if represented by its duly authorized representative being the person appointed by resolution of the directors or other governing body of such corporation to act as its representative at the relevant general meeting of the Company or at any relevant general meeting of any class of members of the Company.

(r) Rights of the minorities in relation to fraud or oppression

There are no provisions in the Articles relating to rights of minority shareholders in relation to fraud or oppression. However, certain remedies are available to shareholders of the Company under Cayman law, as summarized in paragraph 3(f) of this Appendix.

(s) Procedures on liquidation

A resolution that the Company be wound up by the court or be wound up voluntarily shall be a special resolution.

Subject to any special rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of shares (i) if the Company shall be wound up and the assets available for distribution amongst the members of the Company shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed *pari passu* amongst such members in proportion to the amount paid up on the shares held by them respectively and (ii) if the Company shall be wound up and the assets available for distribution amongst the members as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up on the shares held by them respectively.

If the Company shall be wound up (whether the liquidation is voluntary or by the court) the liquidator may, with the authority of a special resolution and any other sanction required by the Companies Law divide among the members in specie or kind the whole or any part of the assets of the Company whether the assets shall consist of property of one kind or shall consist of properties of different kinds and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator, with the like authority, shall think fit, but so that no contributory shall be compelled to accept any shares or other property in respect of which there is a liability.

(t) Untraceable members

Pursuant to the Articles, the Company may sell any of the shares of a member who is untraceable if (i) all cheques or warrants in respect of dividends of the shares in question (being not less than three in total number) for any sum payable in cash to the holder of such shares have remained uncashed for a period of 12 years; (ii) upon the expiry of the 12 year period, the Company has not during that time received any indication of the existence of the member; and (iii) the Company has caused an advertisement to be published in accordance with the rules of the Designated Stock Exchange (as defined in the Articles) giving notice of its intention to sell such shares and a period of three (3) months, or such shorter period as may be permitted by the Designated Stock Exchange (as defined in the Articles), has elapsed since the date of such advertisement and the Designated Stock Exchange (as defined in the Articles) has been notified of such intention. The net proceeds of any such sale shall belong to the Company and upon receipt by the Company of such net proceeds, it shall become indebted to the former member of the Company for an amount equal to such net proceeds.

(u) Subscription rights reserve

The Articles provide that to the extent that it is not prohibited by and is in compliance with the Companies Law, if warrants to subscribe for shares have been issued by the Company and the Company does any act or engages in any transaction which would result in the subscription price of such warrants being reduced below the par value of a share, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of a share on any exercise of the warrants.

3. CAYMAN ISLANDS COMPANY LAW

The Company is incorporated in the Cayman Islands subject to the Companies Law and, therefore, operates subject to Cayman law. Set out below is a summary of certain provisions of Cayman company law, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of Cayman company law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar:

(a) Operations

As an exempted company, the Company's operations must be conducted mainly outside the Cayman Islands. The Company is required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the amount of its authorized share capital.

(b) Share capital

The Companies Law provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the value of the premiums on those shares shall be transferred to an account, to be called the "share premium account." At the option of a company, these provisions may not apply to premiums on shares of that company allotted pursuant to any arrangement in consideration of the acquisition or cancellation of shares in any other company and issued at a premium. The Companies Law provides that the share premium account may be applied by the company subject to the provisions, if any, of its memorandum and articles of association in (a) paying distributions or dividends to members; (b) paying up unissued shares of the company to be issued to members as fully paid bonus

shares; (c) the redemption and repurchase of shares (subject to the provisions of section 37 of the Companies Law); (d) writing-off the preliminary expenses of the company; (e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company; and (f) providing for the premium payable on redemption or purchase of any shares or debentures of the company.

No distribution or dividend may be paid to members out of the share premium account unless immediately following the date on which the distribution or dividend is proposed to be paid, the company will be able to pay its debts as they fall due in the ordinary course business.

The Companies Law provides that, subject to confirmation by the Grand Court of the Cayman Islands (the "**Court**"), a company limited by shares or a company limited by guarantee and having a share capital may, if so authorized by its articles of association, by special resolution reduce its share capital in any way.

The Articles includes certain protections for holders of special classes of shares, requiring their consent to be obtained before their rights may be varied. The consent of the specified proportions of the holders of the issued shares of that class or the sanction of a resolution passed at a separate meeting of the holders of those shares is required.

(c) Financial assistance to purchase shares of a company or its holding company

Subject to all applicable laws, the Company may give financial assistance to Directors and employees of the Company, its subsidiaries, its holding company or any subsidiary of such holding company in order that they may buy Shares in the Company or shares in any subsidiary or holding company. Further, subject to all applicable laws, the Company may give financial assistance to a trustee for the acquisition of Shares in the Company or shares in any such subsidiary or holding company to be held for the benefit of employees of the Company, its subsidiaries, any holding company of the Company or any subsidiary of any such holding company (including salaried Directors).

There is no statutory restriction in the Cayman Islands on the provision of financial assistance by a company to another person for the purchase of, or subscription for, its own or its holding company's shares. Accordingly, a company may provide financial assistance if the directors of the company consider, in discharging their duties of care and acting in good faith, for a proper purpose and in the interests of the company, that such assistance can properly be given. Such assistance should be on an arm's-length basis.

(d) Purchase of shares and warrants by a company and its subsidiaries

Subject to the provisions of the Companies Law, a company limited by shares or a company limited by guarantee and having a share capital may, if so authorized by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a shareholder. In addition, such a company may, if authorized to do so by its articles of association, purchase its own shares, including any redeemable shares. However, if the articles of association do not authorize the manner or purchase, a company cannot purchase any of its own shares unless the manner of purchase has first been authorized by an ordinary resolution of the company. At no time may a company redeem or purchase its shares unless they are fully paid. A company may not redeem or purchase any of its shares if, as a

result of the redemption or purchase, there would no longer be any member of the company holding shares. A payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

A company is not prohibited from purchasing and may purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. There is no requirement under Cayman Islands law that a company's memorandum or articles of association contain a specific provision enabling such purchases and the directors of a company may rely upon the general power contained in its memorandum of association to buy and sell and deal in personal property of all kinds.

Under Cayman Islands law, a subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

(e) Dividends and distributions

With the exception of section 34 of the Companies Law, there is no statutory provisions relating to the payment of dividends. Based upon English case law, which is regarded as persuasive in the Cayman Islands, dividends may be paid only out of profits. In addition, section 34 of the Companies Law permits, subject to a solvency test and the provisions, if any, of the company's memorandum and articles of association, the payment of dividends and distributions out of the share premium account (see paragraph 2(m) above for further details).

(f) Protection of minorities

The Cayman Islands courts ordinarily would be expected to follow English case law precedents which permit a minority shareholder to commence a representative action against or derivative actions in the name of the company to challenge (a) an act which is ultra vires the company or illegal, (b) an act which constitutes a fraud against the minority and the wrongdoers are themselves in control of the company, and (c) an irregularity in the passing of a resolution which requires a qualified (or special) majority.

In the case of a company (not being a bank) having a share capital divided into shares, the Court may, on the application of members holding not less than one fifth of the shares of the company in issue, appoint an inspector to examine into the affairs of the company and to report thereon in such manner as the Court shall direct.

Any shareholder of a company may petition the Court which may make a winding up order if the Court is of the opinion that it is just and equitable that the company should be wound up or, as an alternative to a winding up order, (a) an order regulating the conduct of the company's affairs in the future, (b) an order requiring the company to refrain from doing or continuing an act complained of by the shareholder petitioner or to do an act which the shareholder petitioner has complained it has omitted to do, (c) an order authorizing civil proceedings to be brought in the name and on behalf of the company by the shareholder petitioner on such terms as the Court may direct, or (d) an order providing for the purchase of the shares of any shareholders of the company by other shareholders or by the company itself and, in the case of a purchase by the company itself, a reduction of the company's capital accordingly.

Generally claims against a company by its shareholders must be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by the company's memorandum and articles of association.

(g) Management

The Companies Law contains no specific restrictions on the power of directors to dispose of assets of a company. However, as a matter of general law, every officer of a company, which includes a director, managing director and secretary, in exercising his powers and discharging his duties must do so honestly and in good faith with a view to the best interests of the company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

(h) Accounting and auditing requirements

A company shall cause proper books of account to be kept with respect to (i) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place; (ii) all sales and purchases of goods by the company; and (iii) the assets and liabilities of the company.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

(i) Exchange control

There are no exchange control regulations or currency restrictions in the Cayman Islands.

(j) Taxation

Pursuant to section 6 of the Tax Concessions Law (1999 Revision) of the Cayman Islands, the Company has obtained an undertaking from the Governor-in-Cabinet:

- (1) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciation shall apply to the Company or its operations; and
- (2) that the aforesaid tax or any tax in the nature of estate duty or inheritance tax shall not be payable on or in respect of the shares, debentures or other obligations of the Company.

The undertaking for the Company is for a period of twenty years from October 13, 2009.

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save certain stamp duties which may be applicable, from time to time, on certain instruments executed in or brought within the jurisdiction of the Cayman Islands. The Cayman Islands are not party to any double tax treaties.

(k) Stamp duty on transfers

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

(l) Loans to directors

There is no express provision in the Companies Law prohibiting the making of loans by a company to any of its directors.

(m) Inspection of corporate records

Members of the Company will have no general right under the Companies Law to inspect or obtain copies of the register of members or corporate records of the Company. They will, however, have such rights as may be set out in the Company's Articles.

An exempted company may, subject to the provisions of its articles of association, maintain its principal register of members and any branch registers at such locations, whether within or without the Cayman Islands, as the directors may, from time to time, think fit. There is no requirement under the Companies Law for an exempted company to make any returns of members to the Registrar of Companies of the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection.

(n) Winding up

A company may be wound up compulsorily by order of the Court voluntarily; or, under supervision of the Court. The Court has authority to order winding up in a number of specified circumstances including where it is, in the opinion of the Court, just and equitable to do so.

A company may be wound up voluntarily when the members so resolve in general meeting by special resolution, or, in the case of a limited duration company, when the period fixed for the duration of the company by its memorandum or articles expires, or the event occurs on the occurrence of which the memorandum or articles provides that the company is to be dissolved, or, the company does not commence business for a year from its incorporation (or suspends its business for a year), or, the company is unable to pay its debts. In the case of a voluntary winding up, such company is obliged to cease to carry on its business from the time of passing the resolution for voluntary winding up or upon the expiry of the period or the occurrence of the event referred to above.

For the purpose of conducting the proceedings in winding up a company and assisting the Court, there may be appointed one or more than one person to be called an official liquidator or official liquidators; and the Court may appoint to such office such qualified person or persons, either provisionally or otherwise, as it thinks fit, and if more persons than one are appointed to such office, the Court shall declare whether any act hereby required or authorized to be done by the official liquidator is to be done by all or any one or more of such persons. The Court may also determine whether any and what security is to be given by an official liquidator on his appointment; if no official liquidator is appointed, or during any vacancy in such office, all the property of the company shall be in the custody of the Court. A person shall be qualified to accept an appointment as an official liquidator if he is duly qualified in terms of the Insolvency Practitioners Regulations. A foreign practitioner may be appointed to act jointly with a qualified insolvency practitioner.

In the case of a members' voluntary winding up of a company, the company in general meeting must appoint one or more liquidators for the purpose of winding up the affairs of the company and distributing its assets. A declaration of solvency must be signed by all the directors of a company being voluntarily wound up within twenty-eight (28) days of the commencement of the liquidation, failing which, its liquidator must apply to Court for an order that the liquidation continue under the supervision of the Court.

Upon the appointment of a liquidator, the responsibility for the company's affairs rests entirely in his hands and no future executive action may be carried out without his approval. A liquidator's duties are to collect the assets of the company (including the amount (if any) due from the contributories), settle the list of creditors and, subject to the rights of preferred and secured creditors and to any subordination agreements or rights of set-off or netting of claims, discharge the company's liability to them (*pari passu* if insufficient assets exist to discharge the liabilities in full) and to settle the list of contributories (shareholders) and divide the surplus assets (if any) amongst them in accordance with the rights attaching to the shares.

As soon as the affairs of the company are fully wound up, the liquidator must make up an account of the winding up, showing how the winding up has been conducted and the property of the company has been disposed of, and thereupon call a general meeting of the company for the purposes of laying before it the account and giving an explanation thereof. At least twenty-one (21) days before the final meeting, the liquidator shall send a notice specifying the time, place and object of the meeting to each contributory in any manner authorized by the company's articles of association and published in the Gazette in the Cayman Islands.

(o) Reconstructions

There are statutory provisions which facilitate reconstructions and amalgamations approved by a majority in number representing seventy-five per cent. (75%) in value of shareholders or class of shareholders or creditors, as the case may be, as are present at a meeting called for such purpose and thereafter sanctioned by the Court. Whilst a dissenting shareholder would have the right to express to the Court his view that the transaction for which approval is sought would not provide the shareholders with a fair value for their shares, the Court is unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management.

(p) Compulsory acquisition

Where an offer is made by a company for the shares of another company and, within four (4) months of the offer, the holders of not less than ninety per cent. (90%) of the shares which are the subject of the offer accept, the offeror may at any time within two (2) months after the expiration of the said four (4) months, by notice in the prescribed manner require the dissenting shareholders to transfer their shares on the terms of the offer. A dissenting shareholder may apply to the Court within one (1) month of the notice objecting to the transfer. The burden is on the dissenting shareholder to show that the Court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority shareholders.

(q) Indemnification

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the court to be contrary to public policy (e.g. for purporting to provide indemnification against the consequences of committing a crime).

4. GENERAL

Conyers Dill & Pearman, the Company's special legal counsel on Cayman Islands law, have sent to the Company a letter of advice summarizing certain aspects of Cayman Islands company law. This letter, together with a copy of the Companies Law, is available for inspection as referred to in the paragraph headed "Documents available for inspection" in Appendix IX. Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he is more familiar is recommended to seek independent legal advice.

A. FURTHER INFORMATION ABOUT OUR COMPANY**1. Incorporation**

Our Company was incorporated in the Cayman Islands under the Cayman Islands Companies Law as an exempted company with limited liability on September 10, 2009. Our Company has established a place of business in Hong Kong at Level 28, Three Pacific Place, 1 Queen's Road East, Hong Kong and was registered in Hong Kong as a non-Hong Kong company under Part XI of the Companies Ordinance on April 20, 2010. Ms. Kam Mei Ha, Wendy and Ms. Lo Yee Har, Susan were appointed as the authorized representatives of our Company for the acceptance of service of process and notice on behalf of our Company in Hong Kong at the above address.

As our Company was incorporated in the Cayman Islands, it operates subject to Cayman Islands law and its constitution comprises a memorandum of association and articles of association. A summary of certain relevant parts of its constitution and certain relevant aspects of the Cayman Islands Companies Law is set out in Appendix VII to this prospectus.

2. Changes in the share capital of our Company

Our Company was incorporated with an authorized share capital of US\$50,000 divided into 50,000 shares of US\$1.00 each ("**US\$ Share**"). The following alterations in the share capital of our Company have taken place since the date of incorporation:

On September 10, 2009, one US\$ Share was allotted and issued to Stockton Nominees Limited credited as fully paid. The US\$ Share was transferred to Changjia Group Int'l for a consideration of US\$1.00 and 49,999 US\$ Shares were allotted and issued to Changjia Group Int'l for a consideration of US\$49,999 on the same day.

On November 20, 2009, a resolution of the sole shareholder was passed to re-denominate the authorized share capital from US\$50,000 to HK\$390,000 by the creation of 3,900,000 shares of par value HK\$0.10 each ("**Share**"). All 3,900,000 Shares were allotted and issued to Changjia Group Int'l and 50,000 US\$ Shares held by Changjia Group Int'l were repurchased with the proceeds received from the issue of the Shares. The authorized but unissued share capital was reduced by the cancellation of 50,000 US\$ Shares.

On April 22, 2010, the authorized share capital of our Company was increased to HK\$1,000,000,000 by the creation of 9,996,100,000 new Shares. On May 5, 2010, in consideration of the transfer of an aggregate of 50,000 shares in CJ Land held by Changjia Group Int'l to our Company, 100,000 Shares were allotted and issued, credited as fully paid, to Changjia Group Int'l.

On October 11, 2010, Shareholder's resolutions were passed to approve, among other things, the Capitalization Issue, details of which are set out below.

Assuming that the Global Offering becomes unconditional and the Offer Shares and the Shares under the Capitalization Issue are issued and the Over-allotment Option, the options under the Pre-IPO Share Option Scheme and the options which may be granted under the Share Option Scheme are not exercised, our authorized share capital upon completion of the Capitalization Issue and the Global Offering will be HK\$1,000,000,000 divided into 10,000,000,000 Shares

of which 4,000,000,000 Shares will be allotted and issued as fully paid or credited as fully paid, and 6,000,000,000 Shares will remain unissued. On the basis that only the Over-allotment Option is exercised in full, 4,075,000,000 Shares will be allotted and issued as fully paid or credited as fully paid and 5,925,000,000 Shares will remain unissued. Other than pursuant to the exercise of the Over-allotment Option or any options granted under the Pre-IPO Share Option Scheme or any options which may be granted under the Share Option Scheme, there is no present intention to issue any of the authorized but unissued share capital of our Company and, without the prior approval of the Shareholders at a general meeting, no issue of Shares will be made which would effectively alter the control of our Company.

Save as disclosed in this Appendix, there has been no alteration in our share capital since the date of our incorporation.

3. Resolutions of our Shareholder passed on October 11, 2010

Pursuant to written resolutions passed by our Shareholder on October 11, 2010, the following resolutions, among other resolutions, were duly passed:

- (a) the Articles of Association, which will come into effect upon the listing of our Shares on the Hong Kong Stock Exchange, was approved;
- (b) our Company approved and adopted the Pre-IPO Share Option Scheme and our Directors were authorized, subject to such conditions as set out in the Pre-IPO Share Option Scheme, to grant options to subscribe for Shares thereunder and to allot, issue and deal with the Shares pursuant to the exercise of the options granted under the Pre-IPO Share Option Scheme and to take all such actions as they consider necessary and/or desirable to implement and give effect to the Pre-IPO Share Option Scheme;
- (c) conditional upon (i) the Listing Committee of the Hong Kong Stock Exchange granting the listing of, and permission to deal in, the Shares to be issued as mentioned herein; and (ii) all the conditions set out in "Structure of the Global Offering – Conditions of the Global Offering" in this prospectus being fulfilled,
 - (i) the Global Offering and the Over-allotment Option were approved and our Directors were authorized to allot and issue the Offer Shares pursuant to the Global Offering and such number of Shares as may be allotted and issued upon the exercise of the Over-allotment Option; and
 - (ii) the Share Option Scheme was approved and adopted and our Directors were authorized to grant options to subscribe for Shares thereunder and to allot, issue and deal with the Shares pursuant to the exercise of the options which may be granted under the Share Option Scheme and to take all such actions as they consider necessary and/or desirable to implement and give effect to the Share Option Scheme;

- (d) subject to the share premium account of our Company having sufficient balance, or otherwise being credited as a result of the issue of Offer Shares pursuant to the Global Offering, our Directors are authorized to allot and issue a total of 3,096,000,000 Shares credited as fully paid at par to the holders of Shares on the register of members of our Company at the close of business on October 1, 2010 (or as they may direct) in proportion to their respective shareholdings (save that no Shareholder shall be entitled to be allotted or issued any fraction of a Share) by way of capitalization of the sum of HK\$309,600,000 standing to the credit of the share premium account of our Company, and the Shares to be allotted and issued pursuant to this resolution shall rank *pari passu* in all respects with the existing issued Shares (“**Capitalization Issue**”);
- (e) a general unconditional mandate was granted to our Directors to, *inter alia*, allot, issue and deal with Shares with an aggregate nominal value not exceeding 20% of the aggregate nominal value of the share capital of our Company in issue immediately following the completion of the Capitalization Issue referred to in sub-paragraph (d) above and the Global Offering.

This mandate does not cover Shares to be allotted, issued, or dealt with under a rights issue or upon the exercise of the Over-allotment Option, the options granted under the Pre-IPO Share Option Scheme or the options to be granted under the Share Option Scheme. Such mandate will expire:

- (i) at the conclusion of the next annual general meeting of our Company;
- (ii) at the end of the period within which the next annual general meeting of our Company is required to be held under the applicable laws or the Articles of Association; or
- (iii) when revoked or varied by an ordinary resolution of our Shareholders at a general meeting of our Company,

whichever occurs first;

- (f) a general unconditional mandate was given to our Directors to exercise all powers of our Company to repurchase Shares with an aggregate nominal value not exceeding 10% of the aggregate nominal value of the share capital of our Company in issue immediately following completion of the Capitalization Issue and the Global Offering (excluding Shares which may be allotted and issued upon the exercise of the Over-allotment Option, the options granted under the Pre-IPO Share Option Scheme or the options to be granted under the Share Option Scheme).

This mandate only relates to repurchase made on the Hong Kong Stock Exchange or on any other stock exchange on which the Shares may be listed (and which is recognized by the SFC and the Hong Kong Stock Exchange for this purpose) and which are in accordance with all applicable laws and regulations. Such mandate will expire:

- (i) at the conclusion of the next annual general meeting of our Company;

- (ii) at the end of the period within which the next annual general meeting of our Company is required to be held under the applicable laws or the Articles of Association; or
- (iii) when revoked or varied by an ordinary resolution of our Shareholders at a general meeting of our Company;

whichever occurs first; and

- (g) the general unconditional mandate as mentioned in paragraph (e) above was extended by the addition to the aggregate nominal value of the Shares which may be allotted and issued or agreed to be allotted and issued by our Directors pursuant to such general mandate of an amount representing the aggregate nominal value of the Shares purchased by our Company pursuant to the mandate to purchase Shares referred to in paragraph (f) above (up to 10% of the aggregate nominal value of the Shares in issue immediately following completion of the Capitalization Issue and the Global Offering, excluding any Shares which may fall to be issued pursuant to the exercise of the Over-allotment Option, the options granted under the Pre-IPO Share Option Scheme, or the options to be granted under the Share Option Scheme).

4. Corporate Reorganization

The companies comprising our Group underwent the Reorganization in preparation for the listing of our Shares on the Hong Kong Stock Exchange. For information relating to the Reorganization, please refer to the section headed "History and Reorganization – Reorganization" for more details.

Following the completion of the Reorganization, our Company became the ultimate holding company of our principal operating subsidiaries.

5. Changes in the Share Capital of our Subsidiaries

Our subsidiaries are referred to in the Accountants' Reports, the text of which is set out in Appendix I to this prospectus.

The following alterations in the share capital of the subsidiaries of our Company have taken place within two years preceding the date of this prospectus:

CJ Land

On September 1, 2009, 50,000 shares of US\$1.00 each in CJ Land were allotted and issued to Changjia Group Int'l for a consideration of US\$50,000.

On May 5, 2010, our Company acquired 50,000 shares of US\$1.00 each in CJ Land from Changjia Group Int'l, the consideration of which was satisfied by the allotment and issue of 100,000 Shares to Changjia Group Int'l credited as fully paid.

Most Well Investment

On October 6, 2009, the authorized share capital of Most Well Investment was increased from HK\$10,000 to HK\$10,000,000.

On October 13, 2009, 9,990,000 shares of HK\$1.00 in Most Well Investment were allotted and issued to CJ Land, as nominated by Changjia Group Int'l to receive such shares, in consideration of Changjia Group Int'l discharging part of a loan of US\$3.88 million owing from Most Well Investment to Changjia Group Int'l.

On November 30, 2009, CJ Land acquired 10,000 shares of HK\$1.00 in Most Well Investment from Ms. Huang for a consideration of HK\$10,000.

Forever Rich

On March 17, 2009, 1 share of HK\$1.00 in Forever Rich was allotted and issued to Hong Kong Registration Secretarial Limited for a consideration of HK\$1.00.

On January 26, 2010, Shanghai Changjia Property acquired 1 share in Forever Rich from Hong Kong Registration Secretarial Limited for a consideration of HK\$1.00. On the same day, 9,999 shares of HK\$1.00 in Forever Rich were allotted and issued to Shanghai Changjia Property for a consideration of HK\$9,999.

Suzhou Changjia Investment Management

On May 12, 2009, Suzhou Changjia Investment Management decreased its registered capital from US\$20,000,000 to US\$19,000,000.

Shanghai Changyi

On August 31, 2009, Shanghai Yuda acquired 47% and 53% of the registered capital in Shanghai Changyi from Xin Cuiyu and Pan Gangcheng, respectively, for an aggregate consideration of RMB215,000.

On December 16, 2009, Shanghai Changyi increased its registered capital from RMB500,000 to RMB3,000,000.

Shanghai Jindilianchuang

On November 11, 2009, Shanghai Changjia Property acquired 100% of the registered capital in Shanghai Jindilianchuang from Shanghai Pudong Land Development (Holding) Corp.* (上海市浦東土地發展(控股)公司) for a consideration of RMB800,075,843.70.

Qidong Dongsheng

On August 3, 2009, Shanghai Shaoxing Restaurant Management Co., Ltd.* (上海紹興飯店管理有限公司) ("Shaoxing Restaurant") acquired 10% of the registered capital in Qidong Dongsheng from Yu Guochao for a consideration of RMB3,000,000.

On January 28, 2010, Shanghai Yingtai acquired all the registered capital in Qidong Dongsheng from Shaoxing Restaurant for a consideration of RMB30,000,000.

On February 3, 2010, Shanghai Changjia Investment Management acquired all the registered capital in Qidong Dongsheng from Shanghai Yingtai for a consideration of RMB130,650,000.

Qidong Oriental Pearl

On September 3, 2009, Shaoxing Restaurant acquired 90% and 10% of the registered capital in Qidong Oriental Pearl from Yu Guochao and Yu Jiayao for a consideration of RMB4,500,000 and RMB500,000, respectively.

On February 5, 2010, Shanghai Yingtai acquired all the registered capital in Qidong Oriental Pearl from Shaoxing Restaurant for a consideration of RMB5,000,000.

On February 8, 2010, Shanghai Changjia Investment Management acquired all the registered capital in Qidong Oriental Pearl from Shanghai Yingtai for a consideration of RMB5,000,000.

Qidong Yingtai

On February 26, 2010, Shanghai Yingtai acquired 40% of the registered capital in Qidong Yingtai from Sang Hesong for a consideration of RMB10,000,000.

On March 2, 2010, Shanghai Changjia Investment Management acquired all the registered capital in Qidong Yingtai from Shanghai Yingtai for a consideration of RMB25,000,000.

Qidong Qiyue

On October 29, 2008, Chen Caigen acquired 90% of the registered capital in Qidong Qiyue from Ningbo Qiyue International Trading Co., Ltd.* (寧波啓越國際貿易有限公司) for a consideration of RMB20,100,000.

On March 8, 2010, Shanghai Yingtai acquired 90% and 10% of the registered capital in Qidong Qiyue from Chen Caigen and Chen Cijin for a consideration of RMB27,000,000 and RMB3,000,000, respectively.

On March 11, 2010, Shanghai Changjia Investment Management acquired all the registered capital in Qidong Qiyue from Shanghai Yingtai for a consideration of RMB30,000,000.

Shanghai Changhe

On September 1, 2009, Shanghai Changhe was established as a limited liability company with a registered capital of RMB20,000,000.

Shanghai Haoquan

On December 25, 2009, Shanghai Changjia Property acquired 60% and 40% of the registered capital in Shanghai Haoquan from Shanghai Haosheng and Shanghai Jianquan for a consideration of RMB350,881,808 and RMB118,560,603, respectively.

Kunshan Dianhu

On January 4, 2010, Kunshan Dianhu was established as a limited liability company with a registered capital of RMB20,000,000.

Changshu Changqing

On May 13, 2010, Changshu Changqing was established as a limited liability company with a registered capital of RMB25,000,000.

Changshu Changhe

On May 13, 2010, Changshu Changhe was established as a limited liability company with a registered capital of RMB25,000,000.

Wuxi Changxiang

On July 19, 2010, Wuxi Changxiang was established as a wholly foreign owned limited liability company with a registered capital of US\$49,800,000.

Kunshan Chamtime

On August 2, 2010, Kunshan Chamtime was established as a limited liability company with a registered capital of RMB30,000,000.

6. Corporate information of our Subsidiaries

A summary of the corporate information and the principal terms of our subsidiaries are set out below:

a. Subsidiaries outside the PRC

We have interests in the share capital of 6 companies established outside the PRC. A summary of the corporate information of each of these companies is set out as follows:

Name:	CJ Land
Place of incorporation:	BVI
Date of Incorporation:	September 1, 2009
Authorized share capital:	US\$50,000
Issued share capital:	US\$50,000
Interest held by us:	100%
Scope of business:	Investment holding

Name:	Most Well Investment
Place of incorporation:	Hong Kong
Date of Incorporation:	December 20, 2007
Authorized share capital:	HK\$10,000,000
Issued share capital:	HK\$10,000,000
Interest held by us:	100%
Scope of business:	Investment holding

Name:	Ever Sun
Place of incorporation:	Hong Kong
Date of Incorporation:	July 8, 2008
Authorized share capital:	HK\$10,000
Issued share capital:	HK\$10,000
Interest held by us:	100%
Scope of business:	Investment holding/Dormant

Name:	Allied Giant
Place of incorporation:	Hong Kong
Date of Incorporation:	July 14, 2008
Authorized share capital:	HK\$10,000
Issued share capital:	HK\$10,000
Interest held by us:	100%
Scope of business:	Investment holding/Dormant

Name: Faith Crown
 Place of incorporation: Hong Kong
 Date of Incorporation: August 11, 2008
 Authorized share capital: HK\$10,000
 Issued share capital: HK\$10,000
 Interest held by us: 100%
 Scope of business: Investment holding/Dormant

Name: Forever Rich
 Place of incorporation: Hong Kong
 Date of Incorporation: March 17, 2009
 Authorized share capital: HK\$10,000
 Issued share capital: HK\$10,000
 Interest held by us: 100%
 Scope of business: Investment holding, information exchange, marketing/Dormant

b. PRC Subsidiaries

We have interests in the registered capital of 21 companies established in the PRC. A summary of the corporate information of each of those companies is set out as follows:

Name: Suzhou Changjia Investment Management
 Date of establishment: May 11, 2000
 Nature: Wholly foreign owned limited liability company
 Term: July 9, 2002 to July 8, 2052
 Registered capital: US\$19,000,000
 Interest held by us: 100%
 Scope of business: Investment management and investment consulting services

Name: Shanghai Changjia Investment Management
 Date of establishment: March 18, 2008
 Nature: Limited liability company
 Term: March 18, 2008 to March 17, 2018
 Registered capital: RMB30,000,000
 Interest held by us: 100%
 Scope of business: Investment management and investment consulting services

Name: Shanghai Changjia Property
 Date of establishment: May 25, 1999
 Nature: Limited liability company
 Term: May 25, 1999 to May 17, 2019
 Registered capital: RMB20,000,000
 Interest held by us: 100%
 Scope of business: Real estate operation and property management, fee-charging parking lots and leasing of self-owned property

Name: Shanghai Deji
Date of establishment: January 15, 2001
Nature: Limited liability company
Term: January 15, 2001 to January 14, 2011
Registered capital: RMB10,000,000
Interest held by us: 100%
Scope of business: Real estate development and property management

Name: Changshu Changtai
Date of establishment: December 21, 2006
Nature: Limited liability company
Term: December 21, 2006 to December 20, 2026
Registered capital: RMB25,000,000
Interest held by us: 100%
Scope of business: Real estate development

Name: Changshu Changxiang
Date of establishment: January 5, 2007
Nature: Limited liability company
Term: January 5, 2007 to January 4, 2057
Registered capital: RMB25,000,000
Interest held by us: 100%
Scope of business: Real estate operation, development, sale and leasing

Name: Shanghai Yuda
Date of establishment: May 24, 2007
Nature: Limited liability company
Term: May 24, 2007 to May 23, 2027
Registered capital: RMB3,000,000
Interest held by us: 100%
Scope of business: Property management and indoor fit-out services

Name: Shanghai Haoquan
Date of establishment: February 27, 2003
Nature: Limited liability company
Term: February 27, 2003 to January 24, 2013
Registered capital: RMB8,000,000
Interest held by us: 100%
Scope of business: Real estate development and operation and property management

Name: Changshu Yuda
Date of establishment: November 14, 2007
Nature: Limited liability company
Term: November 14, 2007 to November 13, 2057
Registered capital: RMB500,000
Interest held by us: 100%
Scope of business: Property management, sale of metal and electronic hardware and home appliances and indoor fit-out services

Name: Shanghai Changhe
Date of establishment: September 1, 2009
Nature: Limited liability company
Term: September 1, 2009 to August 31, 2024
Registered capital: RMB20,000,000
Interest held by us: 100%
Scope of business: Real estate development and operation

Name: Shanghai Changyi
Date of establishment: May 26, 2003
Nature: Limited liability company
Term: May 26, 2003 to May 25, 2018
Registered capital: RMB3,000,000
Interest held by us: 100%
Scope of business: Property management, property maintenance, installation and maintenance of water, electric, ventilation and refrigeration equipment and environmental protection equipment, waterproof engineering, water tank cleaning services, sale of construction materials

Name: Shanghai Jindilianchuang
Date of establishment: August 8, 2003
Nature: Limited liability company
Term: August 8, 2003 to August 7, 2013
Registered capital: RMB50,000,000
Interest held by us: 100%
Scope of business: Real estate development and operations, property management, landscape greening, sale of construction materials and metal materials, consulting services

Name: Kunshan Dianhu
Date of establishment: January 4, 2010
Nature: Limited liability company
Term: January 4, 2010 to January 3, 2030
Registered capital: RMB20,000,000
Interest held by us: 100%
Scope of business: Real estate development and operations, property management, parking lots services and lease of self-owned properties

Name: Kunshan Chamtime
Date of establishment: August 2, 2010
Nature: Limited liability company
Term: August 2, 2010 to August 1, 2030
Registered capital: RMB30,000,000
Interest held by us: 100%
Scope of business: Real property development, property management, parking lots services, lease of self-owned properties, building decoration, wholesale of construction materials, retail of metal furnitures and indoor fit-out materials

Name: Qidong Dongsheng
Date of establishment: July 15, 2004
Nature: Limited liability company
Term: July 15, 2004 to July 15, 2054
Registered capital: RMB30,000,000
Interest held by us: 100%
Scope of business: Aquaculture, purchase and sale of aquatic products, development of intertidal zone

Name: Qidong Oriental Pearl
Date of establishment: July 7, 2004
Nature: Limited liability company
Term: July 7, 2004 to July 7, 2054
Registered capital: RMB5,000,000
Interest held by us: 100%
Scope of business: Intertidal zone sightseeing, development of intertidal zone, aquaculture and sale of aquatic products

Name: Qidong Qiyue
Date of establishment: December 20, 2007
Nature: Limited liability company
Term: December 20, 2007 to December 19, 2017
Registered capital: RMB30,000,000
Interest held by us: 100%
Scope of business: Real estate development and operations

Name: Qidong Yingtai
 Date of establishment: October 12, 2004
 Nature: Limited liability company
 Term: October 12, 2004 to October 11, 2014
 Registered capital: RMB25,000,000
 Interest held by us: 100%
 Scope of business: Real estate development and operations, production, processing and sale of hosiery textiles and clothes, sale of construction materials and hardware, chemical products, water and heating hardware, shoes and hats, clothes materials and accessories and goods and technology import and export operations

Name: Changshu Changhe
 Date of establishment: May 13, 2010
 Nature: Limited liability company
 Term: May 13, 2010 to May 12, 2030
 Registered capital: RMB25,000,000
 Interest held by us: 100%
 Scope of business: Real estate development, investment, sale, lease and property management

Name: Changshu Changqing
 Date of establishment: May 13, 2010
 Nature: Limited liability company
 Term: May 13, 2010 to May 12, 2030
 Registered capital: RMB25,000,000
 Interest held by us: 100%
 Scope of business: Real estate development, investment, sale, lease and property management

Name: Wuxi Changxiang
 Date of establishment: July 19, 2010
 Nature: Limited liability company
 Term: July 19, 2010 to July 18, 2030
 Registered capital: US\$49,800,000
 Interest held by us: 100%
 Scope of business: Real estate development and operations, property management and parking lots management service

7. Repurchases of our own securities

This section includes information relating to the repurchase of the Shares, including information required by the Hong Kong Stock Exchange to be included in this prospectus concerning such repurchase.

(a) *Relevant legal and regulatory requirements in Hong Kong*

The Listing Rules permit shareholders to grant a general mandate to the directors of a company to repurchase shares of such company that are listed on the Hong Kong Stock Exchange. Such mandate is required to be given by way of an ordinary resolution passed by shareholders in general meeting.

(b) *Shareholders' approval*

All the proposed repurchases of Shares (which must be fully paid up) must be approved in advance by an ordinary resolution of the Shareholders in general meeting, either by way of general mandate or by specific approval of a particular transaction.

Pursuant to a resolution passed by the Shareholders on October 11, 2010, a general unconditional mandate (the "**Repurchase Mandate**") was given to our Directors authorizing any repurchase by our Company of Shares on the Hong Kong Stock Exchange or on any other stock exchange on which our Company's securities may be listed and which is recognized by the SFC and the Hong Kong Stock Exchange for this purpose, of not more than 10% of the aggregate nominal value of our Company's share capital in issue immediately following the completion of the Capitalization Issue and the Global Offering (excluding the Shares which may be issued under the Over-allotment Option, the options granted under the Pre-IPO Share Option Scheme and the options that may be granted under the Share Option Scheme).

(c) *Source of funds*

Repurchases by our Company must be funded out of funds legally available for the purpose in accordance with the Articles of Association and the applicable laws and regulations of the Cayman Islands. A listed company may not repurchase its own securities on the Hong Kong Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Hong Kong Stock Exchange. Under Cayman Island laws, any purchase by our Company may be made out of the profits of our Company or out of a fresh issue of shares made for the purpose of the purchase or, if authorized by the Articles of Association and subject to the Companies Law, out of capital and, in the case of any premium payable on the purchase, out of the profits of our Company or from sums standing to the credit of the share premium account of our Company or, if authorized by the Articles of Association and subject to the Companies Law, out of capital.

(d) *Trading restrictions*

The total number of Shares which our Company may repurchase is up to 10% of the total number of the Shares in issue immediately after the completion of the Capitalization Issue and the Global Offering (excluding the Shares which may be issued under the Over-allotment Option, the options granted under the Pre-IPO Share Option Scheme and the options that may be granted under the Share Option Scheme). Our Company may not issue or announce a proposed issue of Shares for a period of 30 days immediately following a repurchase of Shares, without the prior approval of the Hong Kong Stock Exchange. Our Company is also prohibited from repurchasing Shares on the Hong Kong Stock Exchange if the repurchase would result in the number of listed Shares which are in the hands of the public falling below the relevant prescribed minimum percentage as required by the Hong Kong Stock Exchange. Our Company is required to procure that the broker appointed by it to effect a repurchase of Shares discloses to the Hong Kong Stock Exchange such information with respect to the repurchase as the Hong Kong Stock Exchange may require. Our Company also shall not purchase its Shares on the Hong Kong Stock Exchange if the purchase price is higher by 5% or more than the average closing market price for the five preceding trading days on which the Shares were traded on the Hong Kong Stock Exchange.

(e) *Status of repurchased shares*

All repurchased Shares (whether effected on the Hong Kong Stock Exchange or otherwise) will be automatically delisted and the certificates for those Shares must be cancelled and destroyed. Under Cayman Islands law, a company's repurchased shares shall be treated as cancelled and the amount of the company's issued share capital shall be reduced by the aggregate par value of the repurchased shares accordingly although the authorized share capital of the company will not be reduced.

(f) *Suspension of repurchase*

Pursuant to the Listing Rules, our Company may not make any repurchase of Shares after a price sensitive development has occurred or has been the subject of a decision until such time as the price sensitive information has been made publicly available. In particular, under the requirements of the Listing Rules in force as of the date hereof, during the period of one month immediately preceding the earlier of: (i) the date of the board meeting (as such date is first notified to the Hong Kong Stock Exchange in accordance with the Listing Rules) for the approval of our Company's results for any year, half year, quarterly or any other interim period (whether or not required under the Listing Rules); and (ii) the deadline for our Company to publish an announcement of its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules), and in each case ending on the date of the results announcement, our Company may not repurchase Shares on the Hong Kong Stock Exchange unless the circumstances are exceptional. In addition, the Hong Kong Stock Exchange may prohibit a repurchase of the Shares on the Hong Kong Stock Exchange if our Company has breached the Listing Rules.

(g) *Procedural and reporting requirements*

As required by the Listing Rules, repurchases of Shares on the Hong Kong Stock Exchange or otherwise must be reported to the Hong Kong Stock Exchange no later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the Hong Kong Stock Exchange business day following any day on which our Company may make a purchase of Shares, reporting the total number of Shares purchased the previous day, the purchase price per Share or the highest and lowest prices paid for such purchases, where relevant. In addition, our Company's annual report is required to disclose details regarding repurchases of Shares made during the year, including a monthly analysis of the number of Shares repurchased, the purchase price per Share or the highest and lowest price paid for all such purchases, where relevant, and the aggregate price paid.

(h) *Connected parties*

Our Company is prohibited from knowingly repurchasing Shares on the Hong Kong Stock Exchange from a "connected person" (as defined in the Listing Rules) and a connected person shall not knowingly sell his securities to our Company on the Hong Kong Stock Exchange.

(i) *Reasons for repurchases*

Our Directors believe that it is in the best interests of our Company and Shareholders for our Directors to have general authority from our Shareholders to enable our Company to repurchase Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be made where our Directors believe that such repurchases will benefit our Company and Shareholders.

(j) *Funding of repurchases*

In repurchasing securities, our Company may only apply funds legally available for such purpose in accordance with the Articles of Association, the Listing Rules and the applicable laws and regulations of the Cayman Islands.

On the basis of our Company's current financial position as disclosed in this prospectus and taking into account the current working capital position of our Company, our Directors consider that, if the Repurchase Mandate were to be exercised in full, it might have a material adverse effect on our Company's working capital and/or the gearing position as compared with the position disclosed in this prospectus. However, our Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on our Company's working capital requirements or the gearing levels which in the opinion of our Directors are from time to time appropriate for our Company.

(k) *General*

None of our Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their associates (as defined in the Listing Rules) currently intends to sell any Shares to our Group.

Our Directors have undertaken to the Hong Kong Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Listing Rules and the applicable laws and regulations of the Cayman Islands.

If, as a result of any repurchase of Shares, a Shareholder's proportionate interest in the voting rights of our Group is increased, such increase may be treated as an acquisition for the purposes of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert could obtain or consolidate control of our Company and become obliged to make a mandatory offer in accordance with rule 26 of the Takeovers Code. Save as aforesaid, our Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any repurchases pursuant to the Repurchase Mandate.

No connected person (as defined in the Listing Rules) has notified our Company that he/she has a present intention to sell Shares to our Group, or has undertaken not to do so, if the Repurchase Mandate is exercised.

B. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of material contracts

The following contracts (not being contracts entered into in the ordinary course of business) are or may be material and have been entered into by us within the two years preceding the date of this prospectus:

- (a) a liability assumption and settlement agreement dated November 27, 2008 between Shanghai Changjia Investment and Suzhou Changjia Pharmacy Co., Ltd.* (蘇州長甲藥業有限公司) (now known as Suzhou Changjia Investment Management), pursuant to which Suzhou CJ Pharmacy assumed all liabilities with respect to all amounts payable by Suzhou Changjia Investment Management to Shanghai Changjia Investment amounting to RMB35,000,000;

- (b) a liability assumption and settlement agreement dated November 27, 2008 between Shanghai Changjia Property and Suzhou Changjia Pharmacy Co., Ltd.* (蘇州長甲藥業有限公司) (now known as Suzhou Changjia Investment Management), pursuant to which Suzhou CJ Pharmacy assumed all liabilities with respect to all amounts payable by Suzhou Changjia Investment Management to Shanghai Changjia Property amounting to RMB47,144,603.09;
- (c) a state-owned assets transfer agreement dated August 3, 2009 between Shanghai Pudong Land Development (Holding) Corp.* (上海市浦東土地發展(控股)公司) (“**Shanghai Pudong**”) and Shanghai Changjia Property, pursuant to which Shanghai Changjia Property acquired all the equity interests in Shanghai Jindilianchuang from Shanghai Pudong for a consideration of RMB800,075,843.70;
- (d) a debt transfer agreement dated August 31, 2009 among Shanghai Changjia Property, Shanghai Changtai Investment, Ms. Li Tongying and Ms. Huang, pursuant to which (i) Ms. Li Tongying and Ms. Huang as shareholders of Shanghai Zezhong Trading Co., Ltd.* (上海澤中貿易有限公司) (“**Shanghai Zezhong**”) assumed its obligations to pay to Shanghai Changjia Property RMB18,250,000, and (ii) Shanghai Changjia Property transferred its rights to receive such amount to Shanghai Changtai Investment for a consideration of RMB18,250,000;
- (e) an equity transfer agreement dated October 10, 2009 between Most Well Investment and Suzhou Chang Gia Pharma (H.K.) Company Limited, pursuant to which Suzhou Chang Gia Pharma (H.K.) Company Limited acquired all the equity interests in Suzhou CJ Pharmacy from Most Well Investment for a consideration of US\$1,000,000;
- (f) a debt transfer agreement dated October 30, 2009 among Ms. Li Tongying, Ms. Huang, Shanghai Changtai Investment and Shanghai Deji, pursuant to which Ms. Li Tongying and Ms. Huang transferred the right of Shanghai Zezhong to receive an amount of RMB141,568,632.66 from Shanghai Deji to Shanghai Changtai Investment;
- (g) a sale and purchase agreement dated November 30, 2009 between Ms. Huang and CJ Land, pursuant to which CJ Land acquired all the interests held by Ms. Huang in Most Well Investment (representing 0.1% of its issued share capital) for a consideration of HK\$10,000;
- (h) an acquisition framework agreement (“**Qidong Framework Agreement**”) dated February 1, 2010 among Shanghai Changjia Investment Management, Shanghai Yingtai and Qidong Qiyue, pursuant to which Shanghai Changjia Investment Management agreed to acquire all the equity interests in Qidong Dongsheng, Qidong Oriental Pearl and Qidong Yingtai from Shanghai Yingtai and Qidong Qiyue for a consideration of RMB130,650,000, RMB102,828,000 and RMB281,682,000, respectively (which are subject to adjustment in accordance with the Qidong Framework Agreement);
- (i) an equity transfer agreement dated February 2, 2010 between Shanghai Yingtai and Shanghai Changjia Investment Management, pursuant to which Shanghai Changjia Investment Management acquired all the equity interests in Qidong Dongsheng from Shanghai Yingtai for a consideration of RMB130,650,000;

- (j) an equity transfer agreement dated February 8, 2010 between Shanghai Yingtai and Shanghai Changjia Investment Management, pursuant to which Shanghai Changjia Investment Management acquired all the equity interests in Qidong Oriental Pearl from Shanghai Yingtai for a consideration of RMB5,000,000;
- (k) a debt transfer and set-off agreement dated February 9, 2010 among Shanghai Changhe, Shanghai Changjia Investment and Shanghai Shenghesheng, pursuant to which (i) Shanghai Changhe acquired the rights to receive from Shanghai Shenghesheng an aggregate amount of RMB322,703,227.40 (which comprises the principal amount of the entrustment loan provided by Shanghai Changjia Investment to Shanghai Shenghesheng and part of the accrued interest) from Shanghai Changjia Investment for a consideration of the same amount and (ii) Shanghai Changhe in turn offset RMB322,703,227.40 against the consideration of RMB543,079,925.07 payable to Shanghai Shenghesheng in connection with its acquisition of Chamtime Corporate Avenue Plaza;
- (l) a supplemental agreement to the Qidong Framework Agreement dated February 26, 2010 among Shanghai Changjia Investment Management, Shanghai Yingtai and Qidong Qiyue, pursuant to which the parties agreed to make further arrangements with respect to the transactions contemplated under the Qidong Framework Agreement, and Shanghai Changjia Investment Management agreed to acquire all the equity interests in Qidong Dongsheng, Qidong Oriental Pearl, Qidong Yingtai and Qidong Qiyue from Shanghai Yingtai for a consideration of RMB130,650,000, RMB102,828,000, RMB225,792,000 and RMB55,890,000, respectively (which are subject to adjustment in accordance with the Qidong Framework Agreement);
- (m) an equity transfer agreement dated March 2, 2010 between Shanghai Yingtai and Shanghai Changjia Investment Management, pursuant to which Shanghai Changjia Investment Management acquired all the equity interests in Qidong Yingtai from Shanghai Yingtai for a consideration of RMB25,000,000;
- (n) a second supplemental agreement to the Qidong Framework Agreement dated March 9, 2010 among Shanghai Changjia Investment Management, Shanghai Yingtai and Qidong Qiyue, pursuant to which the parties agreed to make further arrangements with respect to the transactions contemplated under the Qidong Framework Agreement;
- (o) a third supplemental agreement to the Qidong Framework Agreement dated March 10, 2010 among Shanghai Changjia Investment Management, Shanghai Yingtai and Qidong Qiyue, pursuant to which the parties agreed to make further arrangements with respect to the transactions contemplated under the Qidong Framework Agreement;
- (p) an equity transfer agreement dated March 10, 2010 between Shanghai Yingtai and Shanghai Changjia Investment Management, pursuant to which Shanghai Changjia Investment Management acquired all the equity interests in Qidong Qiyue from Shanghai Yingtai for a consideration of RMB30,000,000;
- (q) an acquisition agreement (“SPA”) dated March 15, 2010 between Shanghai Yingtai and Shanghai Changjia Investment Management, pursuant to which Shanghai Changjia Investment Management agreed to acquire all the equity interests in Nantong Xingwang and Shanghai Santong from Shanghai Yingtai for a consideration of RMB126,399,000 and RMB40,620,000, respectively (which are subject to adjustment in accordance with the SPA);





- (r) a supplemental agreement to the SPA dated March 16, 2010 between Shanghai Yingtai and Shanghai Changjia Investment Management, pursuant to which the parties agreed to make further arrangements with respect to the transactions contemplated under the SPA;
- (s) an equity transfer agreement dated March 18, 2010 between Shanghai Yingtai and Shanghai Changjia Investment Management, pursuant to which Shanghai Changjia Investment Management agreed to acquire all the equity interests in Nantong Xingwang from Shanghai Yingtai for a consideration of RMB3,000,000;
- (t) a framework equity transfer agreement (“**Hualong Agreement**”) dated March 31, 2010 between Shanghai Changjia Investment Management and Taizhou Hualong Property Co., Ltd.* (泰州市華隆置業有限公司) (“**Taizhou Hualong**”), pursuant to which Shanghai Changjia Investment Management agreed to acquire all the equity interests in Hualong Property (Suzhou) Co., Ltd.* (華隆置業(蘇州)有限公司) (“**Suzhou Hualong**”) from Taizhou Hualong for a consideration of RMB2,650,000,000;
- (u) a supplemental agreement to the Hualong Agreement dated April 12, 2010 between Shanghai Changjia Investment Management and Taizhou Hualong, pursuant to which the parties agreed to make further arrangements with respect to the transactions contemplated under the Hualong Agreement;
- (v) a novation agreement dated April 19, 2010 among Taizhou Hualong, Shanghai Changjia Investment Management and Shanghai Changjia Investment, pursuant to which Shanghai Changjia Investment agreed to assume all the obligations and duties of Shanghai Changjia Investment Management under the Hualong Agreement to acquire Suzhou Hualong from Taizhou Hualong. In addition, all the deposit (amounting to an aggregate of RMB100 million) paid by Shanghai Changjia Investment Management shall be deemed as paid by Shanghai Changjia Investment to Taizhou Hualong under the Hualong Agreement;
- (w) a novation agreement dated April 20, 2010 among Shanghai Yingtai, Shanghai Changjia Investment Management and Shanghai Changjia Investment, pursuant to which Shanghai Changjia Investment agreed to assume all the obligations and duties of Shanghai Changjia Investment Management under the SPA to acquire Nantong Xingwang and Shanghai Santong from the Shanghai Yingtai. In addition, all the consideration (amounting to an aggregate of RMB45 million) paid by Shanghai Changjia Investment Management shall be deemed as paid by Shanghai Changjia Investment to Shanghai Yingtai under the SPA;
- (x) two undertakings dated April 21, 2010 executed by Shanghai Changjia Investment in favour of our Company, pursuant to which Shanghai Changjia Investment granted the CT Options to us, details of which are set out in the section headed “Connected Transactions – Connected transactions” in this prospectus;
- (y) an equity transfer agreement dated April 23, 2010 between Shanghai Changjia Investment Management and Shanghai Changjia Investment, pursuant to which Shanghai Changjia Investment agreed to acquire all the equity interests in Nantong Xingwang from Shanghai Changjia Investment Management for a consideration of RMB3,000,000;

- (z) a share swap agreement dated May 5, 2010 between Changjia Group Int'l, Chairman Zhao, CJ Land and our Company, pursuant to which Changjia Group Int'l injected the entire issued share capital of CJ Land into our Company in consideration of our Company allotting and issuing 100,000 Shares, credited as fully paid, to Changjia Group Int'l;
- (aa) an undertaking dated May 18, 2010 executed by Shanghai Changjia Investment in favour of our Company, pursuant to which Shanghai Changjia Investment granted an option to us which we could exercise (upon the satisfaction of various conditions) to require Shanghai Changjia Investment to transfer the entire registered capital of Suzhou Hualong to us at a consideration which shall be determined based on the then prevailing market rate;
- (bb) an equity transfer agreement dated June 3, 2010 between Qidong Qiyue and Shanghai Yingtai International Trading Co., Ltd.* (上海盈泰國際貿易有限公司) ("**Shanghai Yingtai International**"), pursuant to which Shanghai Yingtai International acquired 49% equity interests in Shanghai Yongtai Investment Co., Ltd.* (上海永泰投資有限公司) from Qidong Qiyue for a consideration of RMB490,000 and Shanghai Yingtai International undertake to pay the amount of RMB1,960,000 which was outstanding and owing from Qidong Qiyue;
- (cc) a termination notice dated October 15, 2010 given by Shanghai Changjia Investment to our Company terminating the undertaking set out in paragraph (aa) above;
- (dd) the deed of indemnity dated October 25, 2010 executed by Chairman Zhao in favour of our Company (for itself and as trustee for its subsidiaries) in respect of, amongst others, taxation referred to in the sub-section headed "Tax Indemnity" in this Appendix;
- (ee) the non-competition deed dated October 25, 2010 executed by Chairman Zhao in favour of our Company (for itself and as trustee for its subsidiaries), pursuant to which Chairman Zhao agreed not to compete with us in our core business, details of which are set out in the section headed "Relationship with Controlling Shareholders – Non-compete undertaking" in this prospectus;
- (ff) a corporate investor agreement dated October 25, 2010 entered into between our Company, Chosen Elite Limited, Cheung Kong (Holdings) Limited and the Joint Bookrunners, pursuant to which Chosen Elite Limited has agreed to subscribe at the Offer Price for such number of Offer Shares that may be purchased with US\$50 million, rounded down to the nearest board lot;
- (gg) a corporate investor agreement dated October 25, 2010 entered into between our Company, Chow Tai Fook Nominee Limited and the Joint Bookrunners, pursuant to which Chow Tai Fook Nominee Limited has agreed to subscribe at the Offer Price for such number of Offer Shares that may be purchased with US\$50 million, rounded down to the nearest board lot;
- (hh) a corporate investor agreement dated October 25, 2010 entered into between our Company, Tailwind Group Limited and the Joint Bookrunners, pursuant to which Tailwind Group Limited has agreed to subscribe at the Offer Price for such number of Offer Shares that may be purchased with US\$50 million, rounded down to the nearest board lot; and
- (ii) Hong Kong Underwriting Agreement.






2. Intellectual property






Trademarks

As of the Latest Practicable Date, our Group had registered the following trademarks in the PRC:

Trademark	Class	Registration No.	Registration Period	Registered Owner
	36	3723458	February 7, 2006 to February 6, 2016	Shanghai Changjia Property
	37	3723459	January 14, 2006 to January 13, 2016	Shanghai Changjia Property
chamtime	36	7348422	October 21, 2010 to October 20, 2020	Shanghai Changjia Property
chamtime	37	7348444	October 21, 2010 to October 20, 2020	Shanghai Changjia Property
	36	7348357	October 21, 2010 to October 20, 2020	Shanghai Changjia Property
	37	7348378	October 21, 2010 to October 20, 2020	Shanghai Changjia Property

As of the Latest Practicable Date, our Group had filed applications for registration of the following trademarks in the PRC:

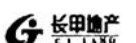

Trademark	Class	Application No.	Application Date	Applicant
chamtime	42	7348468	April 23, 2009	Shanghai Changjia Property
	42	7348397	April 23, 2009	Shanghai Changjia Property
 chamtime 长 泰	36	7350963 ⁽¹⁾	April 24, 2009	Shanghai Changjia Property
 chamtime 长 泰	37	7350991 ⁽¹⁾	April 24, 2009	Shanghai Changjia Property
 chamtime 长 泰	42	7351131	April 24, 2009	Shanghai Changjia Property
	36	8573368	August 13, 2010	Shanghai Changjia Property

Trademark	Class	Application No.	Application Date	Applicant
	37	8573380	August 13, 2010	Shanghai Changjia Property
	36	8573396	August 13, 2010	Shanghai Changjia Property
	37	8573388	August 13, 2010	Shanghai Changjia Property
	36	8573407	August 13, 2010	Shanghai Changjia Property
	37	8573417	August 13, 2010	Shanghai Changjia Property
	36	8573430	August 13, 2010	Shanghai Changjia Property
	37	8573419	August 13, 2010	Shanghai Changjia Property
	36	8573433	August 13, 2010	Shanghai Changjia Property
	37	8573448	August 13, 2010	Shanghai Changjia Property
	36	8578471	August 13, 2010	Shanghai Changjia Property
	37	8578504	August 13, 2010	Shanghai Changjia Property

Note:

- (1) The application for registration of the trademark was refused by the Trademark Office of State Administration for Industry and Commerce of the PRC. Shanghai Changjia Property had applied for review of the refused trademark on August 27, 2010.

As at the Latest Practicable Date, our Group had registered the following trademarks in Hong Kong:

Trademark	Class	Registration No.	Registration Period	Registered Owner
长甲	19, 35,	301558981	March 9, 2010	Most Well
長甲	36, 37,		to March 8,	Investment
	41, 43		2020	
	35, 36,	301558855	March 9, 2010	Most Well
	37, 41,		to March 8,	Investment
	43		2020	
				

Trademark	Class	Registration No.	Registration Period	Registered Owner
	35, 36, 37	301558846	March 9, 2010 to March 8, 2020	Most Well Investment
长甲地产 長甲地產	35, 36, 37	301558873	March 9, 2010 to March 8, 2020	Most Well Investment
	35, 36, 37	301558828	March 9, 2010 to March 8, 2020	Most Well Investment
长甲集团 長甲集團	19, 35, 36, 37, 41, 43	301559007	March 9, 2010 to March 8, 2020	Most Well Investment
	19, 35, 36, 37, 41, 43	301558945	March 9, 2010 to March 8, 2020	Most Well Investment
	19, 35, 36, 37, 41, 43	301558990	March 9, 2010 to March 8, 2020	Most Well Investment
长泰 長泰	35, 36, 37, 41, 43	301558882	March 9, 2010 to March 8, 2020	Most Well Investment
	35, 36, 37, 41, 43	301558864	March 9, 2010 to March 8, 2020	Most Well Investment
				
Chamtime				
	35, 36, 37, 41, 43	301558909	March 9, 2010 to March 8, 2020	Most Well Investment
CJ LAND	35, 36, 37	301558927	March 9, 2010 to March 8, 2020	Most Well Investment
长泰西郊别墅 長泰西郊別墅	36, 37	301559034	March 9, 2010 to March 8, 2020	Most Well Investment
	36, 37	301559025	March 9, 2010 to March 8, 2020	Most Well Investment
	36, 37	301558954	March 9, 2010 to March 8, 2020	Most Well Investment
虞景山庄 MOUNTAIN VIEW VILLA	36, 37	301559016	March 9, 2010 to March 8, 2020	Most Well Investment

Trademark	Class	Registration No.	Registration Period	Registered Owner
淀湖观园 澱湖觀園	36, 37	301558972	March 9, 2010 to March 8, 2020	Most Well Investment
东郊御园 東郊御園	36, 37	301558963	March 9, 2010 to March 8, 2020	Most Well Investment

As of the Latest Practicable Date, our Group had filed applications for registration of the following trademarks in Hong Kong:

Trademark	Class	Application No.	Application Date	Applicant
Chamtime	35, 36, 37, 41	301558891AA	March 9, 2010	Most Well Investment
CHANGJIA GROUP	35, 36, 37, 41, 43	301558918AA	March 9, 2010	Most Well Investment

3. Domain name

As of the Latest Practicable Date, our Group is the registered proprietor of the following domain names in the PRC:

Domain name	Registrant	Date of expiration
cjland.com.cn	Shanghai Changjia Property	August 5, 2011
cjland.cn	Shanghai Changjia Property	August 5, 2011
changjialand.cn	Shanghai Changjia Property	August 20, 2011
cjland.hk	Changjia Group ⁽¹⁾	August 5, 2011
changjialand.com	Changjia Group ⁽¹⁾	August 20, 2011
changjialand.hk	Changjia Group ⁽¹⁾	August 24, 2011
長甲地產.com	Changjia Group ⁽¹⁾	August 25, 2011
長甲集團.com	Changjia Group ⁽¹⁾	August 25, 2011
chamtimeifc.com	Changjia Group ⁽¹⁾	September 29, 2011
chamtimevilla.com	Changjia Group ⁽¹⁾	September 29, 2011
shanghai-tan-garden.com	Changjia Group ⁽¹⁾	September 29, 2011

Note:

- (1) Our Group is in the process of changing the name of the registrant to a member of our Group which will be registered as the registrant of the domain name.

Saved as disclosed above, there are no other copyright, patent or other intellectual property rights that are material to our business.

C. FURTHER INFORMATION ABOUT OUR DIRECTORS, SENIOR MANAGEMENT AND STAFF, AND SUBSTANTIAL SHAREHOLDERS

1. Directors' interests and short positions in the share capital and debentures of our Company and its associated corporations

Immediately following the completion of the Capitalization Issue and the Global Offering (but without taking account of any Shares which may be allotted and issued upon the exercise of the Over-allotment Option or any options which have been or may be granted under the Share Option Schemes), the interest or short position of our Directors in the Shares, underlying Shares and debentures of our Company or any associated corporation (within the meaning of Part XV of the SFO) which will be required to be notified to our Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required to be notified to our Company and the Hong Kong Stock Exchange, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, once the Shares are listed is as follows:

(i) Interest in Shares of our Company

Name of Director	Nature of interest	Number and class of shares⁽¹⁾	Approximate percentage of shareholding
Chairman Zhao ⁽²⁾	Interest of a controlled corporation	3,000,000,000 Shares (L)	75%

Notes:

- (1) The letter "L" denotes the person's long position in such Shares.
- (2) Changjia Group Int'l is wholly-owned and controlled by Chairman Zhao; accordingly, Chairman Zhao is deemed to be interested in the Shares held by Changjia Group Int'l.

(ii) Interest in the underlying Shares of our Company

Name of Director	Nature of interest	Number of Shares subject to options granted under the Pre-IPO Share Option Scheme	Approximate percentage of shareholding
Chairman Zhao	Beneficial owner	8,200,000	0.20%
ZHANG Fan (張帆)	Beneficial owner	8,000,000	0.20%
ZHANG Wenhao (張文浩)	Beneficial owner	4,000,000	0.10%
ZHAO Hongyang (趙宏陽)	Beneficial owner	2,000,000	0.05%

2. Substantial Shareholders

So far as our Directors are aware, the following persons (other than a Director or a chief executive of our Company) will, immediately following the completion of the Capitalization Issue and the Global Offering (assuming the Over-allotment Option, the options granted under the Pre-IPO Share Option Scheme or the options which may be granted under the Share Option Scheme are not exercised), have beneficial interests or short positions in Shares or underlying Shares of our Company which would fall to be disclosed to our Company under the provisions of Division 2 and 3 of Part XV of the SFO:

Name of Shareholder	Nature of interest	Number and class of shares ⁽¹⁾	Approximate percentage of shareholding
Changjia Group Int'l ⁽²⁾	Beneficial owner	3,000,000,000 Shares (L)	75%

Notes:

- (1) The letter "L" denotes the person's long position in such Shares.
- (2) Changjia Group Int'l is wholly-owned and controlled by Chairman Zhao; accordingly Chairman Zhao is deemed to be interested in the Shares held by Changjia Group Int'l.

Upon the completion of the Global Offering, no person is directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying voting rights to vote in all circumstances at general meetings of an other member of our Group.

3. Particulars of Directors' service agreements

Each of our executive Directors has entered into a service agreement with our Company on October 11, 2010 for a term of 3 years commencing from the Listing Date and may be terminated in accordance with the terms of the service agreements.

Each of our independent non-executive Directors was appointed to our Board pursuant to the letters of appointment dated October 11, 2010, for an initial term of 1 year commencing from October 11, 2010 and the term of appointment will be automatically renewed for an additional 1 year after the expiry of the initial term.

Save as disclosed above, none of our Directors has entered or has proposed to enter into any service agreements with our Company or any member of our Group (other than agreements expiring or terminable by the employer within one year without payment of compensation other than statutory compensation).

4. Remuneration of Directors

The aggregate amount of remuneration paid and benefits in kind granted to our Directors for each of the three years ended December 31, 2009 and the four months ended April 30, 2010 were approximately RMB1,723,000, RMB1,732,000, RMB1,866,000 and RMB620,000, respectively.

Under the arrangements currently proposed, conditional upon the listing of the Shares on the Hong Kong Stock Exchange, the estimated aggregate remuneration payable to and benefits in kind to be received by our Directors for the year ending December 31, 2010 are expected to be approximately RMB3,530,300.

5. Connected transactions and related party transactions

Details of the connected transactions and related party transactions of our Company are set out in the section entitled "Connected Transactions" in this prospectus and in the Accountants' Report, the text of which is set out in Appendix I to this prospectus, respectively.

6. Agency fees or commissions received

Save as disclosed in this prospectus, no commissions, discounts, brokerages or other special terms were granted within the two years preceding the date of this prospectus in connection with the issue or sale of any capital of any member of our Group.

7. Disclaimers

Save as disclosed in this prospectus:

- (a) none of our Directors or chief executive of our Company has any interest or short position in the Shares, underlying Shares or debentures of our Company or any of its associated corporation (within the meaning of the SFO) which will have to be notified to our Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required to be notified to our Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies once the Shares are listed;
- (b) none of our Directors or experts referred to under the heading "Consents of experts" in this Appendix has any direct or indirect interest in the promotion of our Company, or in any assets which have within the two years immediately preceding the date of this prospectus been acquired or disposed of by or leased to any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group;
- (c) none of our Directors is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of our Group taken as a whole;
- (d) none of our Directors has any existing or proposed service contracts with any member of our Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation));
- (e) taking no account of Shares which may be taken up under the Global Offering, none of our Directors knows of any person (not being a Director or chief executive of our Company) who will, immediately following completion of the Global Offering, have an interest or short position in the Shares or underlying Shares of our Company which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of SFO or be interested, directly or indirectly, in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of our Group;

- (f) none of the experts referred to under the heading “Consents of experts” in this Appendix has any shareholding in any member of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group; and
- (g) so far as is known to our Directors, none of our Directors, their respective associates (as defined under the Listing Rules) or Shareholders of our Company who are interested in more than 5% of the issued share capital of our Company has any interests in the five largest customers or the five largest suppliers of our Group.

D. PRE-IPO SHARE OPTION SCHEME

Summary of Terms

The purpose of the Pre-IPO Share Option Scheme is to give the participants an opportunity to acquire a personal stake in our Company and help motivate such participants to optimize their performance and efficiency, and also to help retain the participants whose contributions are important to the long-term growth and profitability of our Group. The principal terms of the Pre-IPO Share Option Scheme, approved by written resolutions of the Shareholder dated October 11, 2010, are substantially the same as the terms of the Share Option Scheme except that:

- (a) the exercise price per Share under the Pre-IPO Share Option Scheme shall be 90% of the Offer Price;
- (b) subject to the satisfaction of all conditions imposed, any option granted under the Pre-IPO Share Option Scheme can only be exercisable in the following manner:

Vesting period	Maximum percentage of options exercisable
Anytime after the first anniversary of the Listing Date	25% of the total number of options granted
Anytime after the second anniversary of the Listing Date	additional 25% of the total number of options granted
Anytime after the third anniversary of the Listing Date	additional 25% of the total number of options granted
Anytime after the fourth anniversary of the Listing Date	all the remaining number of options granted

- (c) the total number of Shares which may be issued upon the exercise of all options granted under the Pre-IPO Share Option Scheme is 79,600,000 Shares, representing approximately 2% of the enlarged issued share capital of our Company immediately after completion of the Capitalization Issue and the Global Offering (assuming that the Over-allotment Option, the options granted under the Pre-IPO Share Option Scheme and the options to be granted under the Share Option Scheme are not exercised);

- (d) save for the options which have been conditionally granted, no further options will be granted under the Pre-IPO Share Option Scheme as the right to do so will end upon the completion of the Global Offering; and
- (e) each option granted under the Pre-IPO Share Option Scheme has a 10-year exercise period from the Listing Date.

Options granted pursuant to the Pre-IPO Share Option Scheme are non-transferable. No Share will be issued under the Pre-IPO Share Option Scheme if our Company's public float will as a result of such issue be less than the minimum requirements under the Listing Rules.

Performance targets have also been imposed as conditions for the exercise of the options granted under the Pre-IPO Share Option Scheme. Application has been made to the Listing Committee of the Hong Kong Stock Exchange for the approval of the listing of and permission to deal in the 79,600,000 Shares to be issued pursuant to the exercise of the options granted under the Pre-IPO Share Option Scheme.

Outstanding Options Granted

As at the date of this prospectus, options to subscribe for an aggregate of 79,600,000 Shares have been conditionally granted to a total of 76 participants by our Company at a consideration of HK\$1.00 under the Pre-IPO Share Option Scheme. All the options under the Pre-IPO Share Option Scheme were granted on October 15, 2010.

Particulars of the options granted to the grantees under the Pre-IPO Share Option Scheme are set out below:

Name of grantee	Address	Position	No. of Shares subject to the option	Approximate percentage of shareholding ⁽¹⁾
Directors				
Chairman Zhao	Room 401, No. 22, Lane 366 Pucheng Road Pudong New District Shanghai The People's Republic of China	Chairman, Executive Director and Chief Executive Officer	8,200,000	0.20%
ZHANG Fan (張帆)	Room 601, No. 4, Lane 688 Zhaojabang Road Xuhui District Shanghai The People's Republic of China	Vice Chairman, Executive Director and President	8,000,000	0.20%
ZHANG Wenhao (張文浩)	Room 101, No. 320 Dongyuan 3 Cun Pudong New District Shanghai The People's Republic of China	Vice Chairman and Executive Director	4,000,000	0.10%

Name of grantee	Address	Position	No. of Shares subject to the option	Approximate percentage of shareholding ⁽¹⁾
ZHAO Hongyang (趙宏陽)	Room 401, No. 22, Lane 366 Pucheng Road Pudong New District Shanghai The People's Republic of China	Executive Director	2,000,000	0.05%
Senior management of our Group				
Vincent Tze Kun CHIA (謝知君)	Room 101, No. 49, Lane 506 Rushan Road Pudong New District Shanghai The People's Republic of China	Chief Financial Officer	10,000,000	0.25%
ZHOU Yajun (周亞軍)	Room 403, 49/F, Lane 2828 Gaoqing Road Pudong New District Shanghai The People's Republic of China	Vice President	2,000,000	0.05%
WANG Hongwei (王宏偉)	Room 501, No. 33, Lane 980 Shilong Road Xuhui District Shanghai The People's Republic of China	Vice President	2,000,000	0.05%
ZHAO Zhen (趙震)	Room 13C, No. 2, Lane 555 Xinfeng Road Jingan District Shanghai The People's Republic of China	Chief Architect	2,000,000	0.05%
WEI Jianzhong (魏建中)	Room 1203, No. 3 Tower No. 100 Lingshan Road Pudong New District Shanghai The People's Republic of China	Financial Controller	2,000,000	0.05%
DAI Jiahua (戴家驊)	No.201 Door No. 1 Block 5 Nan Li, Zaojia Jie Fengtai District, Beijing	Chief Project Supervisor	1,400,000	0.04%

Name of grantee	Address	Position	No. of Shares subject to the option	Approximate percentage of shareholding ⁽¹⁾
Other employees and officers of our Group				
CHEN Guojun (陳國軍)	Room 602, No. 24, Lane 785 Lingshan Road Pudong New District Shanghai	General Manager of Shanghai Jindilianchuang	1,400,000	0.04%
WU Baohua (吳寶華)	Room 501, No. 21, Lane 169 Qingshan Road Minhang District Shanghai	General Manger of Shanghai Haoquan	1,400,000	0.04%
JIANG Jie (姜潔)	Room 102, No. 9, Lane 666 Hongqiao Road Changning District Shanghai	General Manger of Shanghai Changhe	1,400,000	0.04%
MA Xinkai (馬新開)	Room 501, No. 58, Lane 55 Yifeng Road Zhangjiang Town Pudong New District Shanghai	General Manger of Changshu Changtai and Changshu Changxiang	1,400,000	0.04%
ZHOU Haifeng (周海鋒)	Room 203, No. 163, Lane 99 Wanding Road Minhang District Shanghai	Group Marketing Director	1,400,000	0.04%
BAI Hao (白皓)	Room 601, No. 30, Lane 1734 Zhangyang Road Pudong New District Shanghai	Group Contract Director	1,400,000	0.04%
WU Liqun (吳立群)	No. 117, Lane 3399 Yindu Road Minhang District Shanghai	Group Commercial Director	1,400,000	0.04%
LIU Fuchen (劉福臣)	Room 1003, Block 1 Lane 573 Dongfang Road Pudong New District Shanghai	Group Investment Development Manager	1,400,000	0.04%
LIANG Xiaolei (梁曉磊)	Room 702, No. 2, Lane 5291 Yanggao North Road Pudong New District Shanghai	Group President Officer	1,400,000	0.04%
HAN Changmei (韓長梅)	Room 202, No. 72, Lane 811 Boshan East Road Pudong New District Shanghai	Group Finance Manager	1,400,000	0.04%

Name of grantee	Address	Position	No. of Shares subject to the option	Approximate percentage of shareholding ⁽¹⁾
ZHAO Changwei (趙長偉) ⁽²⁾	Room 301, No. 9, Lane 485 Pingdu Road Pudong New District Shanghai	Group Finance Manager	1,400,000	0.04%
NIU Songhua (牛松華)	Room 502, No. 52, Lane 2999 Zhangyang Road Pudong New District Shanghai	Group Logistics Manager	1,400,000	0.04%
Zhao Changjie (趙長杰) ⁽³⁾	Room 901, No. 3, Lane 333 Songlin Road Pudong New District Shanghai	Group Investment Development (Second Department) Manager	900,000	0.02%
Remaining 53 other employees and officers of our Group			20,300,000	0.51%

Notes:

- (1) The percentage is calculated based on the number of issued Shares immediately following the Capitalization Issue and the completion of the Global Offering and assuming that the Over-allotment Option, the options granted under the Pre-IPO Share Option Scheme and the options to be granted under the Share Option Scheme have not been exercised.
- (2) Mr. Zhao Changwei is the cousin of Chairman Zhao and the uncle of Mr. Zhao Hongyang and is a connected person of our Company.
- (3) Ms. Zhao Changjie is the younger sister of Chairman Zhao and the aunt of Mr. Zhao Hongyang and is a connected person of our Company.

Out of the 79,600,000 Shares to be issued upon the exercise of all the options granted under the Pre-IPO Share Option Scheme, options representing 22,200,000 Shares were granted to four Directors of our Company, options representing 19,400,000 Shares were granted to six members of the senior management of our Company and options representing 38,000,000 Shares were granted to 66 other employees and officers of our Group. Out of the 66 other employees and officers of our Group who were granted options under the Pre-IPO Share Option Scheme, 2 grantees (namely, Ms. Zhao Changjie and Mr. Zhao Changwei) are connected persons of our Company and the remaining 64 grantees did not include any connected person of our Company. Mr. Zhao Changwei is the cousin of Chairman Zhao and the uncle of Mr. Zhao Hongyang and Ms. Zhao Changjie is the sister of Chairman Zhao and the aunt of Mr. Zhao Hongyang.

Assuming that all of the outstanding options granted under the Pre-IPO Share Option Scheme were exercised in full on the Listing Date, the shareholding interest of the public would be increased from approximately 25% to approximately 25.86% of the total issued share capital of our Company immediately after completion of the Capitalization Issue and Global Offering, assuming that the Over-allotment Option is not exercised. The Directors will not exercise any options if as a result of which our Company will not be able to comply with the public float requirements of the Listing Rules.

The options issued under the Pre-IPO Share Option Scheme represent approximately 2% of our enlarged issued share capital as at the Listing Date. Assuming that all the options granted under the Pre-IPO Share Option Scheme had been exercised in full during the year ending December 31, 2010 and that 4,079,600,000 Shares, comprising 4,000,000,000 Shares to be in issue immediately after the Capitalization Issue and the Global Offering and 79,600,000 Shares to be issued upon the exercise of all the options granted under the Pre-IPO Share Option Scheme, were deemed to have been in issue throughout the year ending December 31, 2010, but not taking into account any Shares which may be allotted and issued upon the exercise of the Over-allotment Option or any options which may be granted under the Share Option Scheme, this would have a dilutive effect on pro forma forecast basic earnings per Share from approximately RMB0.18 to approximately RMB0.17. However, as the options are exercisable from the first to fourth anniversary of the Listing Date, any such dilution and impact on earnings per Share will be staggered over several years. No further options will be granted under the Pre-IPO Share Option Scheme after the Listing Date.

The number of options granted to each grantee under the Pre-IPO Share Option Scheme was determined by the Board at the time of grant based upon a number of factors including the length of service and performance of the grantees, the requirement that our Shares be listed on a recognized stock exchange before the options could be exercised and an estimate of the likely period before which any such listing would occur.

Waiver from the Hong Kong Stock Exchange and exemption from the SFC

Under Rule 17.02(1)(b) of the Listing Rules and item 27 of Appendix 1A and paragraph 10(d) of Part I of the Third Schedule to the Companies Ordinance, this prospectus is required to include details of the number, description and amount of any of our Shares which a person has, or is entitled to be given, an option to subscribe for, together with certain particulars of each option, namely the period during which it is exercisable, the price to be paid for Shares subscribed for under it, the consideration (if any) given or to be given for it or for the right to it and the names and addresses of the persons to whom it was given. We have granted options to 76 persons to subscribe for 79,600,000 Shares on the terms set out in the table in this section.

We have applied for (i) a waiver from the Hong Kong Stock Exchange from strict compliance with the disclosure requirements under Rule 17.02(1)(b) and paragraph 27 of Appendix 1A to the Listing Rules and (ii) a certificate of exemption from the SFC from strict compliance with the disclosure requirements of paragraph 10(d) of Part I of the Third Schedule to the Companies Ordinance on the ground that full compliance with these requirements would be unduly burdensome for us for the following reasons:

- (a) the numbers of options granted to individual grantees are, individually, de minimis and, collectively, represents approximately 2% of the issued share capital of our Company immediately following completion of the Capitalization Issue and the Global Offering assuming none of the options granted under the Pre-IPO Share Option Scheme or the options to be granted under the Share Option scheme is exercised). The grant and exercise in full of the options granted under the Pre-IPO Share Option Scheme will not cause any material adverse change in the financial position of our Company;
- (b) in light of the number of grantees involved in the Pre-IPO Share Option Scheme, strict compliance with the disclosure requirements in setting out the full details of the grantees under the Pre-IPO Share Option Scheme in this prospectus will be unduly burdensome for our Company;

- (c) the information contained in this prospectus regarding the Pre-IPO Share Option Scheme, including its dilutive effect and impact of earnings per Share upon full exercise of the options granted under the Pre-IPO Share Option Scheme should provide potential investors with sufficient information to make a relevant assessment of our Company in their investment making process; and
- (d) the lack of full compliance with the applicable disclosure requirements will not hinder our Company in providing an informed assessment of the Company's activities, assets and liabilities, financial position, management and prospects to its potential investors.

In light of the above, the Directors are of the view that the grant of the waiver by the Hong Kong Stock Exchange and the certificate of exemption by the SFC will not prejudice the interests of the investing public.

The Hong Kong Stock Exchange has granted the waiver and the SFC has granted the certificate of exemption to us on the conditions that:

- (a) full details of all options granted by our Company to Directors, connected persons, members of senior management and other employees and officers who are entitled to more than 1,000,000 Shares upon the exercise of his options under the Pre-IPO Share Option Scheme required under paragraph 10 of Part I of the Third Schedule to the Companies Ordinance (as in relation to the SFC exemption) and Rule 17.02(1)(b) and paragraph 27 of Appendix IA to the Listing Rules (as in relation to the Hong Kong Stock Exchange waiver), are disclosed in this prospectus;
- (b) in respect of the options granted by our Company under the Pre-IPO Share Option Scheme to grantees other than those referred to in paragraph (a) above, the following details are disclosed in this prospectus:
 - (i) the aggregate number of grantees and the number of Shares subject to the options;
 - (ii) the consideration paid for the grant of the options; and
 - (iii) the exercise period and the exercise price for the options;
- (c) a list of all the grantees who have been granted options under the Pre-IPO Share Option Scheme containing all the particulars required under Rule 17.02(1)(b) and paragraph 27 of Appendix IA to the Listing Rules (as in relation to the Hong Kong Stock Exchange waiver) and paragraph 10 of Part I of the Third Schedule to the Hong Kong Companies Ordinance (as in relation to the SFC exemption) will be made available for public inspection in accordance with the paragraph headed "Documents Delivered to the Registrar of Companies and Available for Inspection" in Appendix IX to this prospectus;
- (d) in relation to the Hong Kong Stock Exchange waiver only, the dilutive effect and impact on earnings per Share upon full exercise of the options conditionally granted under the Pre-IPO Share Option Scheme are disclosed in this prospectus;

- (e) in relation to the Hong Kong Stock Exchange waiver only, the aggregate number of Shares subject to the outstanding options granted by our Company under the Pre-IPO Share Option Scheme and the percentage of our Company's issued share capital (upon the completion of the Capitalization Issue and the Global Offering, and assuming the Over-allotment Option is not exercised) of which such number represents are disclosed in this prospectus; and
- (f) the particulars of the exemption are set out in this prospectus.

E. SHARE OPTION SCHEME

The following is a summary of the principal terms required to be included in the Share Option Scheme as required by the Listing Rules:

1. Objective

The purpose of the Share Option Scheme is to provide the Participants (defined in paragraph 2 below) who have been granted options (the "**Options**") under the Share Option Scheme to subscribe for Shares (the "**Grantees**") with the opportunity to acquire proprietary interests in our Company and to encourage Participants to work towards enhancing the value of our Company and its Shares for the benefit of our Company and its Shareholders as a whole. The Share Option Scheme will provide our Group with a flexible means of either retaining, incentivising, rewarding, remunerating, compensating and/or providing benefits to Participants.

2. Participants

Our Board may, at their discretion, invite any Directors (including executive Directors, non-executive Directors and independent non-executive Directors) and employees of any member of our Group and any advisers, consultants, distributors, contractors, customers, suppliers, agents, business partners, joint venture business partners, service providers of any member of our Group whom the Board considers, in its sole discretion, have contributed or will contribute to our Group (the "**Participants**") to participate in the Share Option Scheme.

3. Maximum number of shares subject to option

- (a) Subject to paragraphs 3(b) and 3(c), the Shares which may be issued upon exercise of all Options to be granted under the Share Option Scheme and any other share option scheme(s) adopted by our Company (and to which the provisions of Chapter 17 of the Listing Rules are applicable) must not in aggregate exceed 10% of the aggregate of the Shares in issue on the date the Shares commence trading on the Hong Kong Stock Exchange (the "**Scheme Mandate Limit**") which shall be 400,000,000 Shares. Options which have lapsed in accordance with the terms of the Share Option Scheme (or any other share option scheme(s) of our Company) shall not be counted for the purpose of calculating the Scheme Mandate Limit.
- (b) Our Company may refresh the Scheme Mandate Limit at any time subject to prior approval of our Shareholders in general meeting and/or such other requirements prescribed under the Listing Rules from time to time. However, the Scheme Mandate Limit as refreshed shall not exceed 10% of the Shares in issue as of the date of the aforesaid approval by our Shareholders in general meeting. Options previously granted under the Share Option Scheme and any other share option schemes of our Company (and to which

the provisions of Chapter 17 of the Listing Rules are applicable) (including those outstanding, cancelled or lapsed in accordance with its terms or exercised), shall not be counted for the purpose of calculating the limit as refreshed. A circular in accordance with the requirements of the Listing Rules must be sent to our Shareholders in connection with the meeting at which their approval will be sought.

- (c) Our Company may also seek separate approval of our Shareholders in general meeting for granting Options beyond the Scheme Mandate Limit to Participants specifically identified by our Company before the aforesaid Shareholders' meeting where such approval is sought. A circular shall be sent to our Shareholders containing a generic description of the identified Participants, the number and terms of the Options to be granted, the purpose of granting Options to the identified Participants, how those Options serve such purpose and all other information as required under the Listing Rules.
- (d) Unless approved by our Shareholders in the manner set out in this paragraph, the total number of Shares issued and to be issued upon exercise of the Options granted and to be granted under the Share Option Scheme and any other share option scheme(s) of our Company to each Participant (including both exercised and outstanding Options) in any 12 month period shall not exceed 1% of the total number of Shares in issue (the "**Individual Limit**"). Any further grant of Options to a Participant which would result in the Shares issued and to be issued upon exercise of all Options granted and to be granted to such Participant (including exercised, cancelled and outstanding Options) in the 12 month period up to and including the date of such further grant exceeding the Individual Limit shall be subject to separate approval of our Shareholders in general meeting with such Participant and his associates abstaining from voting. A circular shall be sent to our Shareholders disclosing the identity of such Participant, the number and terms of the Options granted and to be granted and all other information as required under the Listing Rules. The number and terms (including the Subscription Price) of Options to be granted to such Participant shall be fixed before our Shareholders' approval is sought and the date of the Board meeting for proposing such further grant shall for all purposes be the Date of Grant for the purpose of calculating the Subscription Price.
- (e) Each grant of Options to any Director, chief executive or substantial Shareholder of our Company (or any of their respective associates) shall be subject to the prior approval of the independent non-executive Directors of our Company (excluding any independent non-executive Director who is a proposed recipient of the grant of Options). Where any grant of Options to a substantial Shareholder or an independent non-executive Director of our Company, or any of their respective associates would result in the number of Shares issued and to be issued upon exercise of all Options already granted and to be granted (including Options exercised, cancelled and outstanding) to such person in the 12 month period up to and including the date of such grant:
 - (i) representing in aggregate over 0.1% (or such other higher percentage as may from time to time be specified by the Hong Kong Stock Exchange) of the Shares in issue; and

- (ii) having an aggregate value, based on the closing price of the Shares as stated in the daily quotations sheets issued by the Hong Kong Stock Exchange on the Date of Grant, in excess of HK\$5 million (or such other higher amount as may from time to time be specified by the Hong Kong Stock Exchange),

such further grant of Options shall be subject to prior approval by our Shareholders (voting by way of poll) in general meeting. All connected persons (as defined in the Listing Rules) of our Company shall abstain from voting at such general meeting, except that any connected person may vote against the relevant resolution at the general meeting provided that his intention to do so has been stated in the circular to be sent to our Shareholders in connection therewith.

4. Restriction on dealing

No Offer shall be made and no Option shall be granted to any Participant in circumstances prohibited by the Listing Rules or at a time when the Participant would or might be prohibited from dealing in the Shares by the Listing Rules or by any applicable rules, regulations or law. No offer shall be made and no Option shall be granted to any Participants after a price sensitive event has occurred or a price sensitive matter has been the subject of a decision until such price sensitive information has been published in the newspapers. In particular, during the period commencing one month immediately preceding the earlier of:

- (a) the date of the Board meeting (as such date is first notified to the Hong Kong Stock Exchange in accordance with the requirements of the Listing Rules) for the approval of our Company's quarterly, interim or annual results (whether or not required under the Listing Rules); and
- (b) the deadline for our Company to publish its quarterly, interim or annual results announcement (whether or not required under the Listing Rules),

and ending on the date of the results announcement, no Option may be granted.

5. Exercise period

- (a) The period within which the Options may be exercised will be specified by our Company at the time of grant. This period must expire no later than 10 years from the relevant Date of Grant.
- (b) In the event the Grantee dies before exercising the Option in full and none of the events for termination of employment under paragraph 12(d) below then exists with respect to such Grantee, the personal representative(s) of the Grantee shall be entitled within a period of 12 months from the date of death to exercise the Option up to the entitlement of such Grantee as of the date of death.

- (c) In the event a Grantee (being an employee or a director of any member of our Group) ceases to be a Participant for any reason other than (i) his or her death or (ii) on one or more of the grounds of termination of employment or engagement specified in paragraph 12(d) below, the Grantee shall have the right to exercise those Options then already vested in accordance with the terms of the Share Option Scheme at any time prior to or on the date of cessation unless the Board otherwise determines, in which event the Option shall be exercisable to the extent and within such period as the Board may determine. The date of cessation of employment of a Grantee (being an employee and who may or may not also be a director of any member of our Group) shall be the last actual working day on which the Grantee was physically at work with the relevant member of our Group, whether salary is paid in lieu of notice or not.
- (d) If a general offer by way of takeover or otherwise (other than by way of scheme of arrangement pursuant to paragraph 5(e) below) is made to all the holders of Shares (or all such holders other than the offeror, any person controlled by the offeror and any person acting in association or concert with the offeror) and such offer becomes or is declared unconditional prior to the expiry date of the relevant Option, our Company shall forthwith give notice thereof to the Grantee in accordance with paragraph 5(h) below and the Grantee shall be entitled to exercise the Option to its full extent at any time within such period as shall be notified by our Company.
- (e) If a general offer for Shares by way of scheme of arrangement is made to all the holders of Shares and has been approved by the necessary number of holders of Shares at the requisite meetings, our Company shall forthwith give notice thereof to the Grantee in accordance with paragraph 5(h) below and the Grantee may at any time within such period as shall be notified by our Company exercise the Option to its full extent.
- (f) In the event a notice is given by our Company to our Shareholders to convene a Shareholders' meeting for the purpose of considering and, if thought fit, approving a resolution to voluntarily wind-up our Company, our Company shall forthwith give notice thereof to the Grantee in accordance with paragraph 5(h) below and the Grantee may at any time within such period as shall be notified by our Company exercise the Option to its full extent, and our Company shall as soon as possible and in any event no later than three days prior to the date of the proposed shareholders' meeting, allot, issue and register in the name of the Grantee such number of fully paid Shares which fall to be issued on exercise of such Option.
- (g) In the event of a compromise or arrangement, other than a scheme of arrangement contemplated in paragraph 5(e) above, between our Company and its members and/or creditors being proposed in connection with a scheme for the reconstruction or amalgamation of our Company, our Company shall give notice thereof to all Grantees in accordance with paragraph 5(h) below on the same day as it first gives notice of the meeting to its members and/or creditors to consider such a scheme or arrangement and the Grantee may at any time within such period as shall be notified by our Company exercise the Option to its full extent, and our Company shall as soon as possible and in any event no later than three days prior to the date of the proposed meeting, allot, issue and register in the name of the Grantee such number of fully paid Shares which fall to be issued on exercise of such Option.

- (h) Upon the occurrence of any of the events referred to in paragraphs 5(d), (e), (f) and (g) above, our Company shall, at the same time as giving the notice provided under the relevant paragraphs, also give notice to a Grantee that his or her Option may be exercised at any time within such period as shall be notified by our Company.

6. Vesting period

At the time of grant of the Options, our Company may specify any minimum period(s) for which an Option must be held before it can be exercised.

7. Performance targets

At the time of the grant of the Options, our Company may specify any performance target(s) which must be achieved before the Options can be exercised. The Share Option Scheme does not contain any performance targets for the exercise of Options but we take into account performance of the Participants in considering any grant of Options.

8. Consideration for acceptance

The amount payable on acceptance of an Option is HK\$1.00.

9. Subscription price

The subscription price shall be such price determined by the Board at its absolute discretion and notified to the Participant in the Offer (the "**Subscription Price**") and shall be no less than the higher of:

- (a) the closing price of a Share as stated in the daily quotations sheet issued by the Hong Kong Stock Exchange on the date of grant;
- (b) the average closing price of the Shares as stated in the daily quotations sheets issued by the Hong Kong Stock Exchange for the five business days immediately preceding the Date of Grant (provided that in the event that any Option is proposed to be granted within a period of less than five business days after the trading of the Shares first commences on the Hong Kong Stock Exchange, the new issue price of the Shares for the Global Offering shall be used as the closing price for any business day falling within the period before listing of the Shares on the Hong Kong Stock Exchange); or
- (c) the nominal value of a Share on the date of grant.

10. Rights allotted to the Shares

The Shares to be allotted and issued upon the exercise of an Option shall be identical to the then existing issued shares of our Company and subject to all the provisions of the memorandum and Articles of Association of our Company for the time being in force and will rank pari passu with the other fully paid Shares in issue on the date the name of the Grantee is registered on the register of members of our Company or if that date falls on a day when the register of members of our Company is closed, the first day of the re-opening of the register of members, save that the Grantee shall not have any voting rights, or rights to participate in any dividends or distributions (including those arising on a liquidation of our Company) declared or recommended or resolved to be paid to our Shareholders on the register on a date prior to such registration.

11. Term of the scheme

No Options may be granted under the Share Option Scheme on or after the date of the tenth anniversary of the adoption of the Share Option Scheme ("**Scheme Period**").

12. Lapse of options

An Option shall lapse automatically (to the extent not already exercised) on the earliest of:

- (a) the expiry of the Option Period;
- (b) the date or the expiry of the period for exercising the Option as referred to in paragraphs 5(b) to 5(g) above;
- (c) the date on which the Grantee commits a breach of paragraph 16;
- (d) the date on which the Grantee (being an employee or a director of any member of our Group) ceases to be a Participant by reason of the termination of his or her employment or engagement on the grounds that he or she has been guilty of serious misconduct, or appears either to be unable to pay or to have no reasonable prospect of being able to pay his or her debts or has become bankrupt or has made any arrangement or composition with his or her creditors generally, or has been convicted of any criminal offence involving his or her integrity or honesty or on any other ground on which an employer would be entitled to terminate his or her employment summarily;
- (e) the date on which the Grantee (being a corporation) appears either to be unable to pay or to have no reasonable prospect of being able to pay its debts or has become insolvent or has made any arrangement or composition with its creditors generally;
- (f) unless the Board otherwise determines, and other than in the circumstances referred to in paragraphs 5(b) or 5(c), the date the Grantee ceases to be a Participant (as determined by a Board resolution) for any other reasons.

13. Reorganization of share capital

In the event of an alteration in the capital structure of our Company whilst any Option remains exercisable by way of capitalization of profits or reserves, rights issue, subdivision or consolidation of shares, or reduction of the share capital of our Company in accordance with legal requirements and requirements of the Hong Kong Stock Exchange (other than any alteration in the capital structure of our Company as a result of an issue of Shares as consideration in a transaction to which our Company is a party), such corresponding alterations (if any) shall be made to:

- the number or nominal amount of Shares comprised in each Option so far as unexercised; and/or
- the Subscription Price; and/or
- the method of exercise of the Option,

or any combination thereof, as the auditors or financial adviser engaged by our Company for such purpose shall, at the request of our Company, certify in writing, either generally or as regards any particular Grantee, to be in their opinion fair and reasonable, provided always that any such adjustments should give each Grantee the same proportion of the equity capital of our Company as that to which that Grantee was previously entitled prior to such adjustments, and no adjustments shall be made which will enable a Share to be issued at less than its nominal value.

14. Cancellation of options

Any Options granted but not exercised may be cancelled if the Grantee so agrees. Issuance of new Options to the same Grantee may only be made if there are unissued Options available under the Share Option Scheme (excluding the cancelled Options) and in compliance with the terms of the Share Option Scheme.

15. Termination of the scheme

Our Company by ordinary resolution in general meeting or the Board may at any time resolve to terminate the operation of the Share Option Scheme prior to the expiry of the Scheme Period and in such event no further Options will be offered or granted but the provisions of the Share Option Scheme shall remain in full force to the extent necessary to give effect to the exercise of any Options granted prior thereto or otherwise as may be required in accordance with the provisions of the Share Option Scheme. Options complying with the provisions of Chapter 17 of the Listing Rules which are granted during the life of the Share Option Scheme and remain unexercised and unexpired immediately prior to the termination of the operation of the Share Option Scheme shall continue to be valid and exercisable in accordance with their terms of issue after the termination of the Share Option Scheme.

16. Transfer of options

An Option shall be personal to the Grantee and shall not be transferable or assignable and no Grantee shall in any way sell, transfer, charge, mortgage, encumber or otherwise dispose of or create any interest in favour of or enter into any agreement with any other person over or in relation to any Option, except for the transmission of an Option on the death of the Grantee to his personal representative(s) on terms of the Share Option Scheme. Any breach of the foregoing shall entitle our Company to cancel any outstanding Option or part thereof granted to such Grantee without incurring any liability on the part of our Company.

17. Alteration

The Board may amend any of the provisions of the Share option Scheme (including without limitation amendments in order to comply with changes in legal or regulatory requirements and amendments in order to waive any restrictions, imposed by the provisions of the Share Option Scheme, which are not found in Chapter 17 of the Listing Rules) at any time (but not so as to affect adversely any rights which have accrued to any Grantee at that date). Those specific provisions of the Share Option Scheme which relate to the matters set out in Rule 17.03 of the Listing Rules cannot be altered to the advantage of Participants, and no changes to the authority of the administrator of the Share Option Scheme in relation to any alteration of the terms of the Share Option Scheme shall be made, without the prior approval of Shareholders in general meetings. Any alterations to the terms and conditions of the Share Option Scheme which are of a material nature, or any change to the terms of Options granted, must also, to be effective, be approved by our Shareholders in general meetings and the Hong Kong Stock Exchange, except where the alterations take effect automatically under the existing terms of the Share Option Scheme. The Share Option Scheme so altered must comply with Chapter 17 of the Listing Rules. Specifically, any alterations to the Subscription Price or the number of Shares subject to the Options shall comply with Chapter 17 of the Listing Rules, the "Supplementary Guidance on Main Board Rule 17.03(13)/GEM Listing Rule 23.03(13) and the Note Immediately After the Rule" issued by the Hong Kong Stock Exchange and any future guidance or interpretation of the Listing Rules that may be issued by the Hong Kong Stock Exchange from time to time.

F. OTHER INFORMATION**1. Tax**

Dealings in the Shares will be subject to Hong Kong stamp duty.

Intending holders of the Shares are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of or dealing in the Shares. It is emphasized that none of us, our Directors or any other parties involved in the Global Offering accepts responsibility for any tax effect on, or liabilities of holders of Shares resulting from their subscription for, purchase, holding or disposal of or dealing in the Shares.

2. Tax Indemnity

Chairman Zhao has entered into a deed of indemnity with and in favor of our Company (for itself and as trustee for its subsidiaries) (being the contract referred to in the sub-section headed "Summary of material contracts" in this Appendix) to provide indemnities in respect of, among other matters, taxation resulting from income, profits or gains earned, accrued or received as well as any claim to which our Company or any member of our Group may be subject on or before the date on which the Global Offering becomes unconditional ("**Effective Date**") which might be payable by any member of our Group, and Hong Kong estate duty which might be payable by any member of our Group, by reason of any transfer of property (within the meaning of Section 35 of the Estate Duty Ordinance, Chapter 111 of the Laws of Hong Kong, as amended by the Revenue (Abolition of Estate Duty) Ordinance) to any member of our Group on or before the Effective Date.

3. Litigation

Our Directors confirm that, as of the Latest Practicable Date, save as disclosed in the section headed "Business – Legal Proceedings," no litigation, arbitration, proceedings or claims of material importance are pending, in process or threatened against any member of our Group that would have a material adverse effect on the results of operations or financial condition of our Group.

4. The Joint Sponsors

The Joint Sponsors has made an application on behalf of our Company to the Listing Committee of the Hong Kong Stock Exchange for listing of, and permission to deal in our Shares to be issued pursuant to the Global Offering (including any Shares to be issued pursuant to the exercise of the Over-allotment Option, the options granted under the Pre-IPO Share Option Scheme and the options to be granted under the Share Option Scheme). All necessary arrangements have been made enabling the securities to be admitted to CCASS.

The listing of our Shares on the Hong Kong Stock Exchange is sponsored by Citigroup Global Markets Asia Limited and Merrill Lynch Far East Limited. The Joint Sponsors has declared pursuant to Rule 3A.08 of the Listing Rules that it is independent pursuant to Rule 3A.07 of the Listing Rules.

5. Compliance adviser

We have in accordance with Rule 3A.19 of the Listing Rules retain Shenying Wanguo Capital (H.K.) Ltd. as our compliance adviser.

6. Preliminary expenses

The preliminary expenses of our Company are estimated to be approximately HK\$60,000 and are payable by our Company.

7. Qualifications of experts

The qualifications of the experts who have given an opinion or advice in this prospectus as follows:

Name	Qualifications
Citigroup Global Markets Asia Limited	Licensed to conduct Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance), and Type 7 (providing automated trading services) of the regulated activities under the SFO, acting as one of the Joint Sponsors
Merrill Lynch Far East Limited	Licensed to conduct Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) of the regulated activities under SFO, acting as one of the Joint Sponsors
Ernst & Young	Certified Public Accountants
Savills Valuation and Professional Services Limited	Property valuers
Conyers Dill & Pearman	Cayman Islands attorneys at law
Commerce & Finance Law Offices	PRC legal advisers

8. Consents of experts

Each of the experts referred to in paragraph 7 above has each given and have not withdrawn their respective written consents to the issue of this prospectus with the inclusion of their reports and/ or letters and/ or valuation certificates and/ or opinions and/ or the references to their names included herein in the form and context in which they are respectively included.

9. Promoter

Our Company has no promoter for the purpose of the Listing Rules. Within the two years immediately preceding the date of this prospectus, no cash, securities or other benefit has been paid, allotted or given or is proposed to be paid, allotted or given to any promoter in connection with the Global Offering and the related transactions described in this prospectus.

10. Binding effect

This prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies Ordinance insofar as applicable.

G. PARTICULARS OF SELLING SHAREHOLDER

The particulars of the Selling Shareholder are as follows:

Name	:	Changjia Group Int'l Holding Limited (長甲集團國際控股有限公司)
Description	:	Corporation
Address	:	Portcullis TrustNet (BVI) Limited, Portcullis TrustNet Chambers, P.O. Box 3444, Road Town, Tortola, British Virgin Islands
Sole shareholder	:	Zhao Changjia
Sole director	:	Zhao Changjia
Number of Sale Shares	:	100,000,000 (assuming the Over-allotment Option is not exercised)

H. MISCELLANEOUS

(a) Save as disclosed in this prospectus, within the two years preceding the date of this prospectus:

- (i) no share or loan capital of our Company or any of its subsidiaries has been issued or agreed to be issued fully or partly paid either for cash or for consideration other than cash;
- (ii) no share or loan capital of our Company or any of its subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;
- (iii) no founders or management or deferred shares of or any debentures in our Company or any of its subsidiaries have been issued or agreed to be issued;
- (iv) no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any capital of our Company or any of its subsidiaries;
- (v) no commission has been paid or payable, except for the commission payable to the Underwriters, for subscription of, agreeing to subscribe or procuring subscription of any shares in our Company or any of its subsidiaries.

(b) Our Directors confirm that:

- (i) there has been no material adverse change in the financial or trading position or prospects of our Group since April 30, 2010 (being the date to which the latest audited financial statements of our Group were prepared); and
- (ii) there has not been any interruption in the business of our Group which may have or have had a material adverse effect on the financial position of our Group in the 12 months preceding the date of this prospectus.

- (c) The register of members of our Company will be maintained in the Cayman Islands by Codan Trust Company (Cayman) Limited and a branch register of members of our Company will be maintained in Hong Kong by Computershare Hong Kong Investor Services Limited. Unless our Directors otherwise agree, all transfers and other documents of title of Shares must be lodged for registration with and registered by our Company's Share Registrar in Hong Kong and may not be lodged in the Cayman Islands.
- (d) No company within our Group is presently listed on any stock exchange or traded on any trading system.
- (e) All necessary arrangements have been made to enable our Shares to be admitted into CCASS for clearing and settlement.
- (f) The English language and Chinese language versions of this prospectus are being published separately, in reliance upon the exemption provided by section 4 of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions Notice) (Chapter 32L of the Laws of Hong Kong).

A. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to the copy of this prospectus delivered to the Registrar of Companies in Hong Kong for registration were (i) copies of the **WHITE, YELLOW** and **GREEN** Application Forms, (ii) the written consents referred to in paragraph headed "Consents of experts" in Appendix VIII to this prospectus, (iii) copies of the material contracts referred to in paragraph "Summary of material contracts" in Appendix VIII to this prospectus, and (iv) particulars of the Selling Shareholder.

B. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the offices of Paul, Hastings, Janofsky & Walker at 21-22/F, Bank of China Tower, 1 Garden Road, Central, Hong Kong during normal business hours up to and including the date which is 14 days from the date of this prospectus:

- (a) the Memorandum of Association and the Articles of Association;
- (b) the accountants' report of our Group prepared by Ernst & Young, the text of which is set out in Appendix I to this prospectus;
- (c) the report on the unaudited pro forma financial information, the text of which is set out in Appendix II to this prospectus;
- (d) the letters relating to the profit forecast, the texts of which are set out in Appendix III to this prospectus;
- (e) the property valuation report prepared by Savills, the text of which is set out in Appendix IV to this prospectus;
- (f) the PRC legal opinions issued by Commerce & Finance Law Office, the PRC legal adviser to our Company in respect of certain aspects of our Group and our property interests, and certain taxation matters of our Group;
- (g) the letter prepared by Conyers Dill & Pearman summarizing certain aspects of Cayman Islands company law as referred to in Appendix VII to this prospectus;
- (h) the material contracts referred to in the section headed "Statutory and General Information – Summary of material contracts" as set out in Appendix VIII to this prospectus;
- (i) the written consents referred to in the section headed "Statutory and General Information – Consents of experts" as set out in Appendix VIII to this prospectus;
- (j) the rules of the Pre-IPO Share Option Scheme;
- (k) the full list of all the grantees who have been granted options to subscribe for Shares under the Pre-IPO Share Option Scheme, containing all the particulars required under paragraph 10 of Part 1 of the Third Schedule to the Hong Kong Companies Ordinance and Rule 17.02(1)(b) and paragraph 27 of Appendix 1A of the Listing Rules;

- (l) the rules of the Share Option Scheme;
- (m) the service contract referred to in "Statutory and General Information – Particulars of Directors' service agreements";
- (n) the Company Law; and
- (o) a statement of particulars of the Selling Shareholder.

