

## IMPORTANT

If you are in any doubt about this prospectus, you should consult your professional advisors, including your stockbrokers, bank managers and solicitors.



# Greentown China Holdings Limited

綠城中國控股有限公司\*

(incorporated in the Cayman Islands with limited liability)

## GLOBAL OFFERING

Number of Offer Shares	: 324,675,500 Shares (comprising 298,701,500 new Shares to be offered by us, subject to the Over-allotment Option, and 25,974,000 existing Shares to be offered by the Selling Shareholders)
Number of Hong Kong Offer Shares	: 32,468,000 Shares (subject to adjustment)
Number of International Offer Shares	: 292,207,500 Shares (subject to adjustment and the Over-allotment Option)
Maximum Offer Price	: HK\$9.86 per Offer Share, plus brokerage of 1%, SFC transaction levy of 0.005%, and Stock Exchange trading fee of 0.005% (payable in full on application subject to refund on final pricing)
Nominal value	: HK\$0.10 per Share
Stock code	: 3900

## Joint Global Coordinators and Joint Bookrunners



Sponsor



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 Appendix X "Documents Delivered to the Registrar of Companies and Available for Inspection" to this prospectus, has been registered by the Registrar of Companies in Hong Kong as required by Section 342C of the Companies Ordinance, Chapter 32 of the Laws of Hong Kong. The Securities and Futures Commission of Hong Kong and the Registrar of Companies in Hong Kong take no responsibility as to the contents of this prospectus or any other document referred to above.

We expect to determine the Offer Price by agreement with the Joint Global Coordinators on behalf of the Underwriters and the Selling Shareholders on the Price Determination Date. The Price Determination Date is expected to be on or around Friday, July 7, 2006 and, in any event, not later than Monday, July 10, 2006. The Offer Price will be not more than HK\$9.86, and is currently expected to be not less than HK\$6.57, unless otherwise announced. Applicants for Hong Kong Offer Shares must pay, on application, the maximum offer price of HK\$9.86 for each Hong Kong Offer Share, together with a 1% brokerage fee, 0.005% SFC transaction levy and 0.005% Stock Exchange trading fee, subject to refund if the Offer Price should be lower than HK\$9.86 as finally determined.

The Joint Global Coordinators on behalf of the Underwriters may, with our and the Selling Shareholders' consent, reduce the number of Offer Shares in the Global Offering and/or the indicative offer price range below that described in this prospectus (which is HK\$6.57 to HK\$9.86 per Offer Share) at any time prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, notices of the reduction in the number of Offer Shares being offered under the Global Offering and/or the indicative offer price range 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 last day for lodging applications under the Hong Kong Public Offering. If applications for Hong Kong Offer Shares have been submitted prior to the day which is the last day for the lodging of applications under the Hong Kong Public Offering, then even if the number of Offer Shares and/or the indicative offer price range is so reduced, such applications cannot subsequently be withdrawn. Further details are set out in the sections entitled "Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares" in this prospectus. If, for whatever reason, the Joint Global Coordinators on behalf of the Underwriters, the Selling Shareholders and we are not able to agree on the Offer Price, the Global Offering (including the Hong Kong Public Offering) will not proceed and will lapse.

The Global Offering may be terminated by the Joint Global Coordinators on behalf of the Underwriters at any time prior to 8:00 a.m. on the Listing Date following the occurrence of certain events described in the section entitled "Underwriting — Underwriting Arrangements and Expenses — Hong Kong Public Offering — Grounds for Termination" in this prospectus.

The Offer Shares have not been and will not be registered under the U.S. Securities Act and may not be offered, sold, pledged or transferred within the United States except to qualified institutional buyers in reliance on Rule 144A or another exemption from registration under the U.S. Securities Act or outside the United States in offshore transactions pursuant to Regulation S.

\* For identification only

June 30, 2006

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## EXPECTED TIMETABLE<sup>(1)</sup>

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Application lists open <sup>(2)</sup> . . . . .	11:45 a.m. on Thursday, July 6, 2006
Latest time to lodge <b>white</b> and <b>yellow</b> Application Forms . .	12:00 noon on Thursday, July 6, 2006
Latest time to give <b>electronic application instructions</b> to HKSCC <sup>(3)</sup> . . . . .	12:00 noon on Thursday, July 6, 2006
Application lists close . . . . .	12:00 noon on Thursday, July 6, 2006
Price Determination Date <sup>(4)</sup> . . . . .	Friday, July 7, 2006
Announcement of the Offer Price, indication of the level of interest in the International Offering and application results and basis of allocation of the Hong Kong Offer Shares (with successful applicants' identification document numbers) to be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) on . . . . .	Wednesday, July 12, 2006
Dispatch of refund checks on or before <sup>(5)</sup> . . . . .	Wednesday, July 12, 2006
Dispatch of Share certificates on or before <sup>(5)</sup> . . . . .	Wednesday, July 12, 2006
Dealings in Shares on the Stock Exchange expected to commence on . . . . .	Thursday, July 13, 2006

*Notes:*

- (1) All times refer to Hong Kong local time except as otherwise indicated. The "Structure of the Global Offering" section in this prospectus contains details, including conditions, of the Global Offering.
- (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 Thursday, July 6, 2006, the application lists will not open on that day. You may find further information in the paragraph entitled "Effect of bad weather on the opening of the application lists" in the section entitled "How to Apply for Hong Kong Offer Shares" in this prospectus.
- (3) If you are applying by way of electronic application to HKSCC, you should read the section entitled "How to Apply for Hong Kong Offer Shares — How to apply electronically to HKSCC via CCASS" in this prospectus.
- (4) This is the expected Price Determination Date, which in any event will not be later than Monday, July 10, 2006. If, for any reason, the Offer Price is not agreed by Monday, July 10, 2006, the Global Offering, including the Hong Kong Public Offering, will not proceed.
- (5) We will issue refund checks to you if your application is wholly or partially unsuccessful or if the Offer Price is less than the price per Offer Share payable on application. We will dispatch Share certificates and refund checks by ordinary post to you at your own risk to the address you specified in your Application Form unless you have elected for personal collection. If you have applied for 1,000,000 Hong Kong Offer Shares or more and you have indicated in your Application Form that you wish to collect refund checks and/or Share certificates personally, you may collect refund checks and/or Share certificates from our branch 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 Wednesday, July 12, 2006 or on any other date we announce in the newspapers as the date of dispatch of Share certificates/refund checks. If you are an individual applicant and you have elected for personal collection, you may not authorize any other person to collect on your behalf. If you are a corporate applicant and you have elected for personal collection, you must attend by your authorized representative with your letter of authorization stamped with your corporate chop. Both individuals and authorized representatives must produce, at the time of collection, evidence of identity acceptable to our branch registrar. If you fail to collect within the time specified for collection, we will dispatch uncollected Share certificates and refund checks by ordinary post at your own risk to the address specified in the relevant Application Forms. You may find additional information in the section entitled "How to Apply for Hong Kong Offer Shares" in this prospectus.

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## EXPECTED TIMETABLE<sup>(1)</sup>

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Part of your Hong Kong Identity Card number or your 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 check, if any. Such data will also be transferred to a third party for refund purpose. Your banker may require verification of your Hong Kong Identity Card number or your passport number before encashment of your refund check. Inaccurate completion of your Hong Kong Identity Card number or your passport number may lead to delay in encashment of or may invalidate your refund check.

**Our Share certificates will become valid certificates of title only if the Hong Kong Public Offering has become unconditional and neither of the Underwriting Agreements has been terminated in accordance with its terms, which is expected to be at around 8:00 a.m. on Thursday, July 13, 2006.**

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*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. You should not rely on any information or representation not contained in this prospectus as having been authorized by us, any Selling Shareholder, our Directors, the Joint Global Coordinators, the Sponsor, the Underwriters, any of their directors, or any other person or party involved in the Global Offering.*

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## SUMMARY

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*This summary aims to give you an overview of the information contained in this prospectus. Because this is a summary, it does not contain all the information that may be important to you. You should read the whole prospectus before you decide to invest in our Shares. There are risks associated with any investment. We have described some of the particular risks in investing in our Shares in the section entitled "Risk Factors." You should read that section carefully before you decide to invest in our Shares.*

### OVERVIEW

We are one of the leading residential property developers in China. We were ranked No. 1 among all property developers in Zhejiang Province by Zhejiang Provincial Real Estate Association in 2005 in terms of overall corporate strength measured by a combination of factors, including sales, profits, total assets, total development projects commenced or under development, taxes paid, charitable donations made, awards received, brand recognition and overall management in 2004. In 2004 and 2005, our "Greentown" brand was ranked one of the 10 most valuable property brands in China by the Top 10 China Real Estate Research Group, an organization constituted by Enterprise Research Institute of the Development Research Center of the State Council, Qinghua University Real Estate Research Center and Soufun China Index Institute. We were established in January 1995 in Hangzhou, the capital city of Zhejiang Province. While we have historically focused our property development operations in Hangzhou and other cities within Zhejiang Province, we have over the years become a national player in the residential property markets with significant operations in Shanghai, Beijing and other strategically selected cities across the country, including Hefei in Anhui Province, Changsha in Hunan Province and Urumqi in Xinjiang Uygur Autonomous Region.

We primarily develop quality residential properties targeting middle to higher income residents in China. Our residential developments aim to provide residents with a comfortable and convenient community life. We have three main product series:

- villas, which are typically independent houses with one or two storeys;
- low-rise apartment buildings, which are typically three to five storeys; and
- high-rise apartment buildings, which are typically higher than six storeys.

Many of our residential developments are integrated residential complexes, which typically have a total site area over 150,000 square meters and offer a combination of different product series with such ancillary facilities as club houses, kindergartens and grocery stores. In addition to residential properties, we are developing or planning to develop office and hotel properties in Shanghai, Ningbo, Zhoushan and Hangzhou. As of the Latest Practicable Date, we completed 28 property projects or project phases with an aggregate site area of approximately 2.1 million square meters and a total GFA of approximately 2.0 million square meters. Among these 28 projects or project phases, 11 projects or project phases had been fully sold as of March 31, 2006 and are not included in the Property Valuation report in Appendix IV to this prospectus.

We are currently developing or planning to develop 83 property projects or project phases with an aggregate site area of approximately 8.1 million square meters and an estimated total GFA of approximately 8.6 million square meters, including approximately 5.2 million square meters of site area and approximately 5.5 million square meters of total GFA attributable to us. Among these on-going or planned projects or project phases,

- 24 are located in Hangzhou with a total GFA of approximately 3.4 million square meters,
- 27 are located in other cities in Zhejiang Province with a total GFA of approximately 2.6 million square meters,

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## SUMMARY

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- 10 are located in Shanghai with a total GFA of approximately 786,000 square meters,
- seven are located in Beijing with a total GFA of approximately 528,000 square meters, and
- 15 are located in Hefei, Changsha and Urumqi with a total GFA of approximately 1.3 million square meters.

Among the 83 on-going or planned projects or project phases as of the date of this prospectus, we have not obtained land use rights certificates with respect to approximately 384,000 square meters of site area for eight of our projects or project phases. We are in the process of completing all necessary procedures, including the payment of land premiums and demolition and resettlement costs, with a view to eventually securing all the land use rights certificates. We expect to complete these 83 projects or project phases within the next five years. No commercial value has been assigned to the land in respect of which we have not obtained the land use rights certificates in the Property Valuation report in Appendix IV to this prospectus.

Unless otherwise specified, area information contained in this prospectus, whether in terms of GFA or site area, includes all projects in which we have an equity interest. We currently have seven minority-owned companies which own 27 property projects or project phases with an aggregate site area of approximately 2.1 million square meters and an estimated total GFA of approximately 3.3 million square meters.

### OUR COMPETITIVE STRENGTHS

We believe that we possess the following principal strengths enabling us to compete in the residential property markets in China:

- we are one of the leading national players in the residential property markets in China with high brand recognition in Zhejiang Province and considerable brand awareness nationwide;
- we offer quality products to our customers through emphasis on planning and design and strict quality control;
- we have sufficient land reserves in strategic locations to support our growth in the next five years;
- we have an experienced senior management team supported by a well-trained workforce;
- we have an in-depth understanding of market conditions and consumer preferences for private residential properties in our target markets across China; and
- we have a centralized marketing and sales force to promote our products to our target markets and to manage our customer relationships.

You can find more detailed discussions of these competitive strengths in the section entitled “Business — Our Competitive Strengths” in this prospectus.

### OUR BUSINESS STRATEGIES

Our principal business strategies are:

- to maintain our leadership in Zhejiang Province and to further expand in Shanghai, Beijing and other strategically selected cities across China;
- to continue to leverage our brand name and increase our brand value;
- to continue to emphasize on project planning and design and to improve the quality and appeal of our products; and
- to adhere to prudent financial management to ensure sustainable growth and capital sufficiency.

You can find more detailed discussions of our principal strategies in the section entitled “Business — Our Business Strategies” in this prospectus.

## SUMMARY

### TRADING RECORD

The total GFA of properties we delivered for the years ended December 31, 2003, 2004 and 2005 were 167,073 square meters, 429,881 square meters and 448,877 square meters, respectively. For the years ended December 31, 2003, 2004 and 2005, our revenues were Rmb 1,224.4 million, Rmb 2,739.1 million and Rmb 2,535.1 million, respectively; profits attributable to our equity holders were Rmb 77.2 million, Rmb 454.4 million and Rmb 622.7 million, respectively.

The following tables summarize our consolidated financial information for the three years ended, and as of, December 31, 2003, 2004 and 2005. We extracted this summary financial information from the Accountants' Report in Appendix I to this prospectus and you should read the entire audited financial statements, including the notes to the financial statements, included in Appendix I for more details.

### Consolidated income statements

	Year ended December 31,		
	2003	2004	2005
	(Rmb in millions, except per share data)		
<b>Continuing operations</b>			
Revenue . . . . .	1,224.4	2,739.1	2,535.1
Cost of sales . . . . .	(860.4)	(1,856.9)	(1,639.6)
Gross profit . . . . .	364.0	882.2	895.5
Other operating income . . . . .	65.0	64.1	84.0
Selling and administrative expenses . . . . .	(176.2)	(213.8)	(274.0)
Profit from operations . . . . .	252.8	732.5	705.5
Finance costs . . . . .	(53.8)	(36.8)	(70.8)
Net gain on partial disposal of subsidiaries . . . . .	—	1.0	—
Net gain on disposal of an associate . . . . .	—	—	0.6
Net gain on disposal of subsidiaries . . . . .	—	—	45.0
Share of results of associates . . . . .	(6.8)	(43.0)	31.3
Profit before taxation . . . . .	192.2	653.7	711.6
Taxation . . . . .	(106.9)	(202.0)	(125.1)
Profit for the year from continuing operations . . . . .	85.3	451.7	586.5
<b>Discontinued operations</b>			
Profit (loss) for the year from discontinued operations . . . . .	(15.9)	(5.9)	0.3
<b>Profit for the year</b> . . . . .	<u>69.4</u>	<u>445.8</u>	<u>586.8</u>
<b>Attributable to:</b>			
<b>Equity holders of the Company</b> . . . . .	77.2	454.4	622.7
Minority interests . . . . .	(7.8)	(8.6)	(35.9)
	<u>69.4</u>	<u>445.8</u>	<u>586.8</u>
Dividends . . . . .	<u>—</u>	<u>77.1</u>	<u>198.4</u>
<b>Earnings per Share</b>			
From continuing and discontinued operations:			
Basic <sup>(1)</sup> . . . . .	<u>Rmb 0.08</u>	<u>Rmb 0.45</u>	<u>Rmb 0.62</u>
From continuing operations:			
Basic <sup>(2)</sup> . . . . .	<u>Rmb 0.09</u>	<u>Rmb 0.46</u>	<u>Rmb 0.62</u>

#### Notes:

- (1) The calculation of the basic earnings per Share from continuing and discontinued operations is based on profit for the year attributable to equity holders of our company and a weighted average number of Shares of 1,000,000,000 which has been adjusted to reflect the Capitalization Issue on June 21, 2006. The number of Shares in issue prior to the Capitalization Issue was 1,000.
- (2) The calculation of the basic earnings per Share from continuing operations is based on profit for the year attributable to equity holders of our company before profit (loss) for the year from discontinued operations and a weighted average number of Shares of 1,000,000,000 which has been adjusted to reflect the Capitalization Issue on June 21, 2006. The number of Shares in issue prior to the Capitalization Issue was 1,000.

## SUMMARY

### Consolidated balance sheets

	December 31,		
	2003	2004	2005
	(Rmb in millions)		
<b>Non-current assets</b>			
Property, plant and equipment . . . . .	168.9	177.2	244.1
Intangible asset . . . . .	0.8	0.6	0.3
Interests in associates . . . . .	96.3	126.7	479.3
Available-for-sale investments . . . . .	25.0	25.0	1.0
Rental paid in advance . . . . .	8.3	14.9	14.2
Deferred tax assets . . . . .	79.1	57.9	74.1
	<u>378.4</u>	<u>402.3</u>	<u>813.0</u>
<b>Current assets</b>			
Properties for development . . . . .	1,237.2	1,168.4	2,506.1
Properties under development . . . . .	2,832.0	3,809.0	5,654.3
Completed properties for sale . . . . .	99.0	239.3	699.2
Inventories . . . . .	1.3	2.0	12.4
Available-for-sale investments . . . . .	0.3	—	—
Trade and other receivables, deposits and prepayments . . . . .	663.2	430.9	383.9
Amounts due from related parties . . . . .	1,338.0	2,358.5	1,081.0
Income taxes recoverable . . . . .	36.9	65.1	60.1
Other taxes recoverable . . . . .	135.2	185.6	235.6
Pledged bank deposits . . . . .	44.4	196.4	276.7
Bank balances and cash . . . . .	861.1	1,081.9	859.4
	<u>7,248.6</u>	<u>9,537.1</u>	<u>11,768.7</u>
Assets classified as held for sale . . . . .	<u>—</u>	<u>451.4</u>	<u>—</u>
	<u>7,248.6</u>	<u>9,988.5</u>	<u>11,768.7</u>
<b>Current Liabilities</b>			
Trade and other payables . . . . .	633.7	894.5	1,000.3
Pre-sale deposits . . . . .	2,991.1	3,985.5	4,824.0
Amounts due to related parties . . . . .	391.0	666.4	652.1
Dividend payable . . . . .	—	29.1	1.4
Income taxes payable . . . . .	135.0	206.6	57.9
Other taxes payable . . . . .	29.5	116.0	175.5
Bank and other borrowings — due within one year . . . . .	1,736.7	2,351.2	2,510.8
	<u>5,917.0</u>	<u>8,249.3</u>	<u>9,222.0</u>
Liabilities directly associated with assets classified as held for sale . . . . .	<u>—</u>	<u>123.6</u>	<u>—</u>
	<u>5,917.0</u>	<u>8,372.9</u>	<u>9,222.0</u>
<b>Net current assets</b> . . . . .	<u>1,331.6</u>	<u>1,615.6</u>	<u>2,546.7</u>
<b>Total assets less current liabilities</b> . . . . .	<u>1,710.0</u>	<u>2,017.9</u>	<u>3,359.7</u>
<b>Non-current liabilities</b>			
Bank and other borrowings — due after one year . . . . .	1,399.6	1,301.4	2,368.5
Deferred tax liabilities . . . . .	24.1	35.3	128.1
	<u>1,423.7</u>	<u>1,336.7</u>	<u>2,496.6</u>
	<u>286.3</u>	<u>681.2</u>	<u>863.1</u>
<b>Capital and reserves</b>			
Paid-in capital . . . . .	250.2	210.5	—
Reserves . . . . .	(129.9)	336.7	665.9
Equity attributable to equity holders of the Company . . . . .	120.3	547.2	665.9
Minority interest . . . . .	166.0	134.0	197.2
	<u>286.3</u>	<u>681.2</u>	<u>863.1</u>

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## SUMMARY

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### PROFIT FORECAST FOR THE YEAR ENDING DECEMBER 31, 2006

We have prepared the following profit forecast for 2006 on the bases and assumptions as described in Appendix II to this prospectus. You should read these bases and assumptions in Appendix II when you analyze our profit forecast for 2006.

Forecasted profit for the year attributable to

equity holders of our company<sup>(1)</sup> . . . . . Rmb 1,471 million (HK\$1,423 million)

Forecasted earnings per Share on a pro forma fully diluted basis<sup>(1)(2)</sup> . . . . . Rmb 1.13 (HK\$1.10)

Forecasted earnings per Share on a weighted average basis<sup>(1)(3)</sup> . . . . . Rmb 1.29 (HK\$1.25)

*Notes:*

- (1) We prepared our profit forecast after accounting adjustment for the net change in the fair value of the options and conversion feature that are embedded in our Convertible Bonds.
- (2) We calculated our forecasted earnings per Share on a fully diluted basis based on our forecasted profit for the year attributable to equity holders of our company for the year ending December 31, 2006 with the assumption that we had been listed on the Stock Exchange since January 1, 2006 and that a total of 1,298,701,500 Shares, including our Shares issued pursuant to the Global Offering and the Sale Shares, were in issue during the entire year of 2006. This calculation also assumes no exercise of the Over-allotment Option.
- (3) We calculated our forecasted earnings per Share on a weighted average basis based on our forecasted profit for the year attributable to equity holders of our company for the year ending December 31, 2006 with the assumption that a weighted average number of 1,141,576,327 Shares were in issue during the entire year. This calculation also assumes no exercise of the Over-allotment Option.

### OFFER STATISTICS

We have prepared the following offer statistics on the basis of hypothetical Offer Prices without taking into account the 1% brokerage fee, 0.005% SFC transaction levy and 0.005% Stock Exchange trading fee. We have also assumed no exercise of the Over-allotment Option.

	<b>Based on Offer Price per Share of HK\$6.57</b>	<b>Based on Offer Price per Share of HK\$9.86</b>
Market capitalization of our Shares <sup>(1)</sup> . . . . .	HK\$8,532 million	HK\$12,805 million
Prospective price/earnings multiple		
on a pro forma fully diluted basis <sup>(2)</sup> . . . . .	6.0 times	9.0 times
on a weighted average basis <sup>(3)</sup> . . . . .	5.2 times	7.9 times
Adjusted net tangible asset value per Share <sup>(4)</sup> . . . . .	Rmb 2.00 (HK\$1.93)	Rmb 2.76 (HK\$2.67)

*Notes:*

- (1) We calculated our market capitalization on the basis of 1,298,701,500 Shares expected to be in issue following the completion of the Global Offering assuming the Over-allotment Option is not exercised.
- (2) We calculated our prospective price/earnings multiple on a pro forma fully diluted basis in accordance with our forecasted earnings per Share on a pro forma fully diluted basis at the respective hypothetical Offer Prices of HK\$6.57 and HK\$9.86, respectively.
- (3) We calculated our prospective price/earnings multiple on a weighted average basis in accordance with our forecasted earnings per Share on a weighted average basis at the respective hypothetical Offer Prices of HK\$6.57 and HK\$9.86, respectively.
- (4) We calculated the adjusted net tangible asset value per Share on the basis of 1,298,701,500 Shares expected to be in issue following the completion of the Global Offering and hypothetical Offer Prices per Share of HK\$6.57 and HK\$9.86, respectively.

DTZ valued our properties as of March 31, 2006 and you may find their valuation certificates for our properties in Appendix IV to this prospectus.

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## SUMMARY

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### DIVIDENDS

For the years ended December 31, 2003, 2004 and 2005, we declared and paid final dividends of nil, Rmb 77.1 million and Rmb 198.4 million, respectively, to our shareholders. On March 19, 2006, we declared a special dividend in the aggregate amount of US\$50 million on the basis of our net profit for the year ended December 31, 2005 to our shareholders whose names appeared on our register of members on the record date of January 1, 2006. The special dividend was paid out of our internal resources to Delta House in the amount of US\$27.0 million, to Profitwise in the amount of US\$19.5 million and to Wisearn in the amount of US\$3.5 million, respectively, in March and April of 2006. Proceeds of such special dividend were used by Delta House, Profitwise and Wisearn to settle a portion of the amounts due from our Original Shareholders and their affiliates to us as of December 31, 2005.

For the year ending December 31, 2006, our Board of Directors currently intends to recommend a final dividend of approximately Rmb 500 million (approximately Rmb 0.385 per Share), based on our issued share capital following completion of the Global Offering, assuming the Over-allotment Option is not exercised and our non-mandatory Convertible Bonds are not converted into our Shares. If the Over-allotment Option is exercised and/or our non-mandatory Convertible Bonds are converted into our Shares, the per Share amount of such final dividend to be paid will decrease accordingly. Such final dividend is subject to the approval of our shareholders and, if approved, is currently expected to be paid in mid 2007.

Our Board of Directors may declare dividends in the future after taking into account our operations, earnings, financial condition, cash requirements and availability and other factors as it may deem relevant at such time. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents and the Cayman Companies Law, including the approval of our shareholders. Our future declarations of dividends may or may not reflect our historical declarations of dividends and will be at the absolute discretion of our Board of Directors.

### USE OF PROCEEDS

The net proceeds of the Global Offering accruing to us (after deduction of underwriting fees and commissions and estimated expenses payable by us in relation to the Global Offering, assuming the Over-allotment Option is not exercised) are estimated to be approximately HK\$1,869 million, assuming an Offer Price of HK\$6.57 per Share, or approximately HK\$2,820 million, assuming an Offer Price of HK\$9.86 per Share (or if the Over-allotment Option is exercised in full, approximately HK\$2,178 million, assuming an Offer Price of HK\$6.57 per Share, or approximately HK\$3,285 million, assuming an Offer Price of HK\$9.86 per Share).

We plan to use our net proceeds from the Global Offering as follows:

- approximately Rmb 572 million to redeem all our mandatory Convertible Bonds;
- approximately Rmb 975 million to finance the development costs for some properties under development, specifically:
  - (1) approximately Rmb 350 million to finance the development of Beijing Qinglongqiao Phase I and Phase II, which is expected to complete in September 2007 and December 2007, respectively;
  - (2) approximately Rmb 140 million to finance the development of Greentown Lanting Phase III, which is expected to complete in December 2008;
  - (3) approximately Rmb 115 million to finance the development of Taohuayuan South Phase II, which is expected to complete in December 2009;
  - (4) approximately Rmb 110 million to finance the development of Haining Baihe High-rise Phase II, which is expected to complete in June 2010;

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## SUMMARY

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- (5) approximately Rmb 100 million to finance the development of Jiahe Jiubao Project Phase I, which is expected to complete in May 2010;
- (6) approximately Rmb 60 million to finance the development of Hefei Baihe Apartments Phase II, which is expected to complete in May 2008; and
- (7) approximately Rmb 100 million to finance the development of our other existing property developments;
- approximately Rmb 385 million to Rmb 870 million to acquire new land for development; and
- the remaining balance, if any, to repay certain outstanding loans and/or for general corporate purposes, assuming an Offer Price of HK\$9.86 per Share, specifically,
  - (1) loans of an aggregate principal amount of approximately Rmb 331 million, with annual interest rates ranging from 5.02% to 12.00% and maturity dates between August 2006 and December 2006, that we borrowed to finance the development of Deep Blue Plaza, Jingui Plaza, Taohuayuan South, Beijing Baihe Apartments, Shangyu Guihua Garden, Zhoushan Guihua City; and
  - (2) loans of an aggregate principal amount of approximately Rmb 150 million, with annual interest rates ranging from 5.58% to 10.80% and maturity dates between September 2006 and December 2006, that we borrowed for working capital and general corporate purposes and accrued interest of approximately Rmb 17 million on our Convertible Bonds.

Among the projects or project phases mentioned above, Taohuayuan South is a villa project, in respect of which we have obtained the land use rights certificate.

We intend to use our additional net proceeds of approximately HK\$310 million, assuming an Offer Price of HK\$6.57 per Share, or approximately HK\$465 million, assuming an Offer Price of HK\$9.86 per Share, that we estimate we will receive from subscription for additional Shares in the event the Over-allotment Option is exercised in full, to acquire new land for development.

Our acquisitions of new land for development mentioned above may include, but are not limited to, those described in the section entitled “Business — Other Land Acquisition Contractual Arrangements” after the signing of the relevant land use rights grant contracts. As of the Latest Practicable Date, we did not have concrete plans or a timetable for such acquisitions.

Pending the use of our proceeds as disclosed in this prospectus, we will hold such funds on short-term deposit with licensed banks and/or authorized financial institutions in Hong Kong as we consider to be in our interest and in the interest of our shareholders taken as a whole.

We will not receive any proceeds from the sale of Sale Shares by any Selling Shareholder. The net proceeds of the Global Offering accruing to the Selling Shareholders (after deduction of underwriting fees and commissions and estimated expenses payable by the Selling Shareholders in relation to the Global Offering) are estimated to be approximately HK\$165 million, assuming an Offer Price of HK\$6.57 per Share, or HK\$247 million, assuming an Offer Price of HK\$9.86 per Share.

### RISK FACTORS

There are risks and uncertainties relating to our business, the PRC real estate industry, China in general and the Global Offering. We have described major risks and uncertainties under the section entitled “Risk Factors” in this prospectus. The following is a summary of these risks and uncertainties:

#### Risks relating to our business

- We are heavily dependent on the performance of the residential property markets in China, particularly in Zhejiang Province;

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## SUMMARY

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- We maintain a substantial level of indebtedness and a deterioration of our cash flow position could materially adversely affect our ability to service our indebtedness and to continue our operations;
- We may not have adequate financing to fund our land acquisitions and property developments;
- Our financing costs are subject to changes in interest rates;
- We may not always be able to obtain land reserves that are suitable for development;
- The relevant PRC tax authorities may challenge the basis on which we calculate our LAT obligations;
- We guarantee mortgage loans of our customers and may become liable to mortgagee banks if customers default on their mortgage loans;
- We do not have insurance to cover potential losses and claims;
- Our business will be adversely affected if we fail to obtain, or experience material delays in obtaining, necessary government approvals for any major property development;
- We may not be able to complete our development projects on time or at all;
- Our failure to meet all requirements for the issuance of property ownership certificates may lead to compensatory liability to our customers;
- If we cannot continue to obtain qualification certificates, our business may be adversely affected;
- Our controlling shareholders may take actions that conflict with the best interests of our other shareholders;
- If our partners act in contradiction to our interests, our business may be adversely affected;
- The appraisal value of our properties may be different from the actual realizable value and is subject to change;
- We are reliant on third party contractors;
- We may forfeit land to the PRC government if we fail to comply with the terms of the land use rights grant contracts;
- We may not be able to obtain land use rights certificates with respect to certain parcels of land in which we currently have various interests;
- We bear demolition and resettlement costs associated with some of our property developments and such costs may increase;
- We may not continue to enjoy income tax benefits;
- If any key management members leave, we may be unable to find suitable substitutes;
- We are a holding company that heavily relies on dividend payments from our subsidiaries and associated companies for funding;
- A third party's inappropriate use of the trademarks and service marks “綠城” (Greentown) and “綠城房產” (Greentown Real Estate) may damage our reputation and negatively affect our results of operations and financial condition;
- Our operations are subject to seasonal variations;
- Our dividend distributions to our existing shareholders prior to the completion of the Global Offering should not be treated as indicative of our future dividend policy;

### **Risks relating to the residential property industry in China**

- The PRC government may adopt further measures to slow down growth in the property sector;
- Changes of laws and regulations with respect to pre-sale may adversely affect our cash flow position and performance;
- We are exposed to pre-sale related contractual and legal risks;
- Our sales and pre-sales will be affected if mortgage financing becomes more costly or otherwise becomes less attractive;
- Intensified competition might adversely affect our business and our financial position;



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## SUMMARY

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### **Risks relating to China**

- PRC economic, political and social conditions as well as government policies can affect our business;
- Changes in foreign exchange regulations may adversely affect our results of operations;
- Fluctuations in the value of Renminbi will affect the value of, and dividends payable on, our Shares in foreign currency terms and affect the amount of our foreign debt service in Renminbi terms;
- Interpretation of PRC laws and regulations involves uncertainty;
- The national and regional economies in China and our prospects may be adversely affected by a recurrence of SARS or an outbreak of other epidemics, such as avian flu;

### **Risks relating to our Global Offering**

- There has been no prior public market for our Shares and their liquidity and market price may be volatile;
- You will experience immediate dilution and may experience further dilution if we issue additional Shares in the future;
- Forward-looking information may prove inaccurate;
- We cannot guarantee the accuracy of facts, forecasts and other statistics with respect to China, the PRC economy and the PRC real estate industry contained in this prospectus;
- 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;
- You may face difficulties in protecting your interests because we are incorporated under Cayman Islands law, which law may provide less protection to minority shareholders than the laws of Hong Kong and other jurisdictions;
- It may be difficult to effect service of process upon us or our Directors or executive officers who reside in mainland China or to enforce against them in mainland China any judgments obtained from non-PRC courts; and
- 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.

In May 2006, the PRC government implemented a series of measures, including, among others, land supply, bank financing and mortgage financing measures, to curb fast increases in property prices, to encourage the development of middle- to low-end housing and to promote healthy development of the PRC property industry. Among these measures, the PRC government ordered the local governments to suspend the supply of land for new villa projects. Although our Directors believe it is unlikely that such measure will affect our existing villa projects, it will limit our product variety in our future developments and thus may adversely affect our business and results of operations. For detailed descriptions about these new measures, please see “Risk Factors — Risks Relating to our Business — We may not always be able to obtain land reserves that are suitable for development,” “— We may not have adequate financing to fund our land acquisitions and property developments,” “— Our business will be adversely affected if we fail to obtain, or experience material delays in obtaining, necessary government approvals for any major property development,” “— Risks Relating to the Residential Property Industry in China — The PRC government may adopt further measures to slow down growth in the property sector,” “Industry Overview — China’s Economy” and “Appendix VI — Summary of PRC Laws Relating to the Property Sector-Measures on Stabilizing Housing Price.”

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## DEFINITIONS

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*In this prospectus, unless the context otherwise requires, the following terms shall have the following meanings.*

"affiliate"	person or entity directly or indirectly controlled by, or under the direct or indirect common control of, one person or entity
"Application Form(s)"	white application form(s) and yellow application form(s) or, where the context so requires, either of them
"associated company"	has the meaning ascribed to it under IAS 28 "Investments in associates," that is, an enterprise in which an investor has a significant influence and which is neither a subsidiary nor a joint venture (as defined in IAS 31 "Interests in joint ventures") of the investor
"associates"	has the meaning ascribed thereto under the Listing Rules
"Board of Directors" or "Board"	our board of Directors
"Capitalization Issue"	the issue of Shares made on June 21, 2006 upon the capitalization of certain sums standing to the credit of our profit and loss account as further described in "Statutory and General Information — Further Information About Our Company — Changes in share capital" in Appendix VIII to this prospectus
"Cayman Companies Law"	the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
"CBRC"	中國銀行業監督管理委員會 (China Banking Regulatory Commission)
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"CCASS Broker Participant"	a person admitted to participate in CCASS as a broker participant
"CCASS Custodian Participant"	a person admitted to participate in CCASS as a custodian participant
"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 Broker Participant, a CCASS Custodian Participant or a CCASS Investor Participant
"China" or "PRC"	the People's Republic of China and, except where the context requires, geographical references in this prospectus to China or the PRC exclude Hong Kong, Macau and Taiwan
"Companies Ordinance"	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time

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## DEFINITIONS

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“controlling shareholder”	has the meaning ascribed thereto under the Listing Rules, and “controlling interest” will be construed accordingly
“Convertible Bonds”	our US\$130 million aggregate principal amount of secured convertible bonds due 2011 issued on January 10, 2006
“Deed of Indemnity”	a deed of indemnity, dated June 22, 2006, given by our Original Shareholders in favor of us
“Deed of Non-competition”	a deed of non-competition, dated June 22, 2006, given by our Original Shareholders and Greentown Holdings Group in favor of us
“Delta House”	Delta House Limited, a British Virgin Islands international company with limited liability and wholly owned by Song Weiping, chairman of our Board
“Director(s)”	our director(s)
“DTZ”	DTZ Debenham Tie Leung Limited, professional surveyors and property valuers
“Far East Miles”	Far East Miles Limited (香港遠東里程有限公司), a company incorporated in Hong Kong with limited liability on March 16, 1993 and owned by independent investors not connected with us
“GDP”	gross domestic product
“GFA”	gross floor area
“Global Offering”	the Hong Kong Public Offering and the International Offering
“Greentown Holdings Group”	綠城控股集團有限公司 (Greentown Holdings Group Limited), a wholly foreign-owned enterprise (外商獨資企業) incorporated in China on December 6, 2001, an affiliate owned by the Original Shareholders and not a constituent of our company
“Greentown Real Estate”	綠城房地產集團有限公司 (Greentown Real Estate Group Co., Ltd.), our wholly owned subsidiary in China registered as a wholly foreign-owned enterprise (外商獨資企業) with limited liability under the PRC law on January 6, 1995
“Hangzhou Jiuxi”	杭州九溪度假村有限公司 (Hangzhou Jiuxi Property Services Co., Ltd.), a sino-foreign equity joint venture (中外合資企業) with limited liability established under the laws of China on July 19, 1996 in Hangzhou and owned as to 95% by Richwise and as to 5% by Greentown Real Estate
“HK\$” or “H.K. dollars”	Hong Kong dollars, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HKSCC Nominees”	HKSCC Nominees Limited

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## DEFINITIONS

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"Hong Kong"	the Hong Kong Special Administrative Region of China
"Hong Kong Offer Shares"	the 32,468,000 newly issued Shares offered by us for subscription in the Hong Kong Public Offering
"Hong Kong Public Offering"	our offering of Hong Kong Offer Shares for subscription by the public in Hong Kong (subject to adjustment as described in the section entitled "Structure of the Global Offering") for cash at the Offer Price and on and subject to the terms and conditions described in this prospectus and the Application Forms
"Hong Kong Underwriters"	the underwriters of the Hong Kong Public Offering listed in the section entitled "Underwriting — Hong Kong Underwriters"
"Hong Kong Underwriting Agreement"	the Hong Kong underwriting agreement dated June 29, 2006 relating to the Hong Kong Public Offering entered into among us, the Joint Global Coordinators and the Hong Kong Underwriters
"IFRS"	International Financial Reporting Standards, which include standards and interpretations approved by the International Accounting Standards Board (IASB), and the International Accounting Standards (IAS) and interpretations issued by the International Accounting Standards Committee (IASC)
"International Offer Shares"	the 292,207,500 Shares, consisting of 266,233,500 newly issued Shares offered by us and 25,974,000 Sale Shares offered by the Selling Shareholders pursuant to the International Offering, together with any additional Shares offered pursuant to any exercise of the Over-allotment Option
"International Offering"	offering of International Offer Shares outside the United States pursuant to Regulation S, including 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 entitled "Structure of the Global Offering"
"International Underwriters"	the underwriters of the International Offering led by the Joint Global Coordinators and expected to enter into the International Underwriting Agreement to underwrite the International Offering
"International Underwriting Agreement"	the international underwriting agreement relating to the International Offering, which is expected to be entered into among us, the Selling Shareholders, the Joint Global Coordinators and the International Underwriters on or around July 7, 2006
"Joint Global Coordinators"	JPMorgan Securities and UBS

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## DEFINITIONS

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“JPMorgan”	J.P. Morgan Securities (Asia Pacific) Limited, licensed to conduct Type 1 regulated activity (dealing in securities), Type 4 regulated activity (advising on securities), Type 6 regulated activity (advising on corporate finance) and, Type 7 regulated activity (providing automated trading services) under the SFO and a wholly owned subsidiary of JPMorgan Chase & Co.
“JPMorgan Securities”	J.P. Morgan Securities Ltd., incorporated under the laws of the United Kingdom, a wholly owned subsidiary of JPMorgan Chase & Co. and an entity under the common ownership and control with the Sponsor
“land use rights certificate”	土地使用權證 (Land Use Rights Certificate), certificate issued by a local real estate and land resources bureau with respect to the land use rights
“LAT”	土地增值稅 (Land Appreciation Tax) as defined in 中華人民共和國土地增值稅暫行條例 (PRC Provisional Regulations on Land Appreciation Tax) of 1994 and its implementation rules, as described in Appendix V to this prospectus
“Latest Practicable Date”	June 23, 2006, being the latest practicable date for ascertaining certain information in this prospectus prior to its publication
“Listing Date”	the date, expected to be on or about July 13, 2006, on which our Shares are listed on the Stock Exchange and from which dealings in our Shares are permitted to take place on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“Macau”	the Macau Special Administrative Region of China
“Memorandum and Articles of Association”	our memorandum of association and our articles of association, conditionally approved and adopted on June 22, 2006 and to become effective upon the Listing Date, as amended, supplemented or otherwise modified from time to time
“Ministry of Construction”	中國建設部 (PRC Ministry of Construction)
“Ministry of Finance”	中國財政部 (PRC Ministry of Finance)
“Ministry of Land and Resources”	中國國土資源部 (PRC Ministry of Land and Resources)
“MOFCOM”	中國商務部 (PRC Ministry of Commerce)
“NDRC”	中國國家發展和改革委員會 (PRC National Development and Reform Commission)
“NPC” or “National People’s Congress”	全國人民代表大會 (National People’s Congress and its Standing Committee)

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## DEFINITIONS

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“Offer Price”	the final price per Offer Share in H.K. dollars (exclusive of brokerage, SFC transaction levy and the Stock Exchange trading fee) at which Offer Shares are to be subscribed for and issued/sold pursuant to the Hong Kong Public Offering and the International Offering, to be determined as further described in the section entitled “Structure of the Global Offering — Determination of the Offer Price” in this prospectus
“Offer Shares”	the Hong Kong Offer Shares and the International Offer Shares together, where relevant, with any additional Shares issued pursuant to any exercise of the Over-allotment Option
“Original Shareholders”	Song Weiping, Shou Bainian and Xia Yibo, respectively
“Over-allotment Option”	the option we will grant to the Joint Global Coordinators on behalf of the International Underwriters, exercisable by the Joint Global Coordinators on behalf of the International Underwriters pursuant to the International Underwriting Agreement at any time from the day on which trading of our Shares commences on the Stock Exchange until 30 days after the last day for lodging of applications under the Hong Kong Public Offering, to require us to allot and issue up to an aggregate of 48,701,000 additional Shares representing approximately 15% of the initial Offer Shares, at the Offer Price, to, among other things, cover over-allocations in the International Offering, if any
“PBOC”	中國人民銀行 (People’s Bank of China), the central bank of China
“PBOC Rate”	the exchange rate for foreign exchange transactions published daily by PBOC
“PRC government”	the central government of China and its political subdivisions, including provincial, municipal and other regional or local government bodies
“Price Determination Date”	the date, expected to be on or around July 7, 2006 but no later than July 10, 2006, on which the Offer Price is fixed for the purposes of the Global Offering
“Profitwise”	Profitwise Limited, a British Virgin Islands international company with limited liability and wholly owned by Shou Bainian, executive vice chairman of our Board and chief executive officer of our company
“property ownership certificate”	房地產權證 (Property Ownership and Land Use Rights Certificate), certificate issued by a local real estate and land resources bureau with respect to the land use rights and the ownership rights of the buildings on such land
“Richwise”	Richwise Holdings Limited, an investment holding company incorporated under the laws of the British Virgin Islands with limited liability and wholly owned by our company
“QIBs”	“qualified institutional buyers” within the meaning of Rule 144A

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## DEFINITIONS

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“Regulation S”	Regulation S under the U.S. Securities Act
“Relevant Period”	our financial years ended December 31, 2003, 2004 and 2005
“Reorganization”	the reorganization of our assets and liabilities, including assets and liabilities of our subsidiaries and associated companies, as described in the section entitled “Corporate History — Reorganization” in this prospectus
“Rmb” or “Renminbi”	Renminbi yuan, the lawful currency of China
“Rule 144A”	Rule 144A under the U.S. Securities Act
“SAFE”	中國國家外匯管理局 (PRC State Administration of Foreign Exchange)
“Sale Shares”	25,974,000 Shares owned by the Selling Shareholders
“Selling Shareholders”	Delta House, Profitwise and Wisearn
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Shanghai Lvyu”	上海綠宇房地產開發有限公司 (Shanghai Lvyu Real Estate Development Co., Ltd.), our wholly owned subsidiary in China registered as a wholly foreign owned enterprise with limited liability under the laws of China on July 19, 2000 in Shanghai
“Share”	an ordinary share, with a nominal value of HK\$0.10, in our share capital
“Share Option Scheme”	the share option scheme we conditionally adopted pursuant to a resolution passed by our Shareholders on June 22, 2006 and a resolution of our Board on June 22, 2006 as described in the section entitled “Statutory and General Information — Other Information — Share Option Scheme” in Appendix VIII to this prospectus
“Shou Bainian”	壽柏年 (Shou Bainian), national of China, one of our Original Shareholders holding a 39% beneficial equity interest in our company immediately prior to the Global Offering
“Song Weiping”	宋卫平 (Song Weiping), national of China, one of our Original Shareholders holding a 52% beneficial equity interest in our company immediately prior to the Global Offering
“Sponsor”	JPMorgan, the sponsor for the listing of our Shares on the Stock Exchange

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## DEFINITIONS

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"Stark"	Shepherd Investments International Ltd., Centar Investments (Asia), Ltd., and Stark Asia Master Fund, Ltd., each being a company incorporated in the British Virgin Islands with limited liability and a member of the affiliated family of funds of Stark Investments (Hong Kong) Limited
"State Council"	中國國務院 (State Council of China)
"State Taxation Bureau"	國家稅務總局 (State Taxation Bureau of China)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"UBS"	UBS AG acting through its business group UBS Investment Bank
"Underwriters"	the Hong Kong Underwriters and the International Underwriters
"Underwriting Agreements"	the Hong Kong Underwriting Agreement and the International Underwriting Agreement
"United States" or "U.S."	the United States of America
"U.S. Securities Act"	the United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder
"US\$" or "U.S. dollars"	United States dollars, the lawful currency of the United States
"we," "us," "our" or "our company"	Greentown China Holdings Limited, incorporated as an exempted company with limited liability under the laws of Cayman Islands on August 31, 2005 and, except where the context otherwise requires, including our subsidiaries after the Reorganization and those entities and/or businesses which comprised or came to comprise Greentown China Holdings Limited prior to the Reorganization
"Wisearn"	Wisearn Limited, a British Virgin Islands international company with limited liability, wholly owned by Xia Yibo, the spouse of Song Weiping
"Xia Yibo"	夏一波 (Xia Yibo), national of China, one of our Original Shareholders holding a 7% beneficial equity interest in our company immediately prior to the Global Offering, and the spouse of Song Weiping
"Zhejiang Provincial Real Estate Association"	an association under the supervision of Zhejiang Province Construction Bureau, with over 500 members as of December 31, 2005, comprising various real estate associations, enterprises engaged in property development, property management, trading and property agency services in Zhejiang Province



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## RISK FACTORS

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*You should carefully read and consider all of the risks and uncertainties described below before deciding to make any investment in our Shares. Our business, financial condition or results of operations could be materially adversely affected by any of these risks and uncertainties. The trading price of our Shares could decline due to any of these risks and uncertainties and you may lose all or part of your investment as a result.*

### RISKS RELATING TO OUR BUSINESS

#### **We are heavily dependent on the performance of the residential property markets in China, particularly in Zhejiang Province**

Our business and prospects depend on the performance of the PRC residential markets. Any housing market downturn in China generally or in the regions where we have property developments could adversely affect our business, results of operations and financial condition. Currently, a substantial number of our property projects are located in Hangzhou and other cities in Zhejiang Province. As of the Latest Practicable Date, we had 27 completed residential projects or project phases and 77 residential projects or project phases under development or held for future development. Out of the 27 completed residential projects or project phases, 19 are located in Hangzhou and three in other cities in Zhejiang Province. Of the 77 residential projects or project phases under development or held for future development, 23 are located in Hangzhou and 24 in other cities in Zhejiang Province. The 22 completed residential projects or project phases in Zhejiang Province have an aggregate site area of approximately 1.7 million square meters and an aggregate total GFA of approximately 1.4 million square meters. The 47 residential projects or project phases under development or held for future development in Zhejiang Province have an aggregate site area of approximately 4.5 million square meters and an estimated aggregate total GFA of approximately 5.6 million square meters.

Despite rapid economic developments in China, residential property prices in China, including Zhejiang Province, have been growing at a slower rate in 2005. There can be no assurance that there will be continued or growing demand for new residential properties in Zhejiang Province and other parts of China. In addition, there can be no assurance that there will not be over-development or market downturn in the residential property sectors in Zhejiang Province and other parts of China. Any such over-development or market downturn and the resultant decline in property sales or decrease in property prices in Zhejiang Province or other parts of China may adversely affect our business and financial condition.

#### **We maintain a substantial level of indebtedness and a deterioration of our cash flow position could materially adversely affect our ability to service our indebtedness and to continue our operations**

We maintain a substantial level of indebtedness to finance our operations. As of December 31, 2003, 2004 and 2005, our aggregate outstanding indebtedness was Rmb 3,527.3 million, Rmb 4,443.1 million and Rmb 5,531.4 million, respectively. As of April 30, 2006, our aggregate outstanding indebtedness was Rmb 5,633.5 million. Our total indebtedness described above does not include our guarantee or indemnity obligations of approximately Rmb 2,039.7 million, Rmb 2,714.6 million, Rmb 4,367.0 million and Rmb 2,818.4 million, respectively, as of December 31, 2003, 2004 and 2005 and April 30, 2006. Our debt to equity ratio was 779%, 349%, 434% and 829% respectively, as of December 31, 2003, 2004 and 2005 and April 30, 2006. Of our total outstanding indebtedness of Rmb 5,633.5 million as of April 30, 2006, approximately Rmb 2,441.7 million was repayable within 12 months and approximately Rmb 3,186.8 million was repayable within five years. In comparison, as of December 31, 2003, 2004 and 2005, our total shareholders' equity was Rmb 286.3 million, Rmb 681.2 million and Rmb 863.1 million, respectively.

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## RISK FACTORS

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In addition to borrowing, we rely on pre-sale of properties as a major source of funding for our operations, including our debt service. Should our pre-sale be significantly limited or otherwise materially adversely affected as a result of changes in PRC rules and regulations or in government policies relating to property development, or significant economic downturn in China or in the regional markets where we operate or otherwise, we could experience cash flow difficulties and difficulties in servicing our indebtedness. If major commercial banks decline to lend additional loans to us or to re-finance our existing loans when they mature as a result of our credit risk and we fail to raise financing through other channels, our financial condition, cash flow position and our business prospects may be materially adversely affected.

### **We may not have adequate financing to fund our land acquisitions and property developments**

Property development is capital intensive. We finance our property projects primarily through a combination of pre-sale and sale proceeds, borrowings from financial institutions, internal funds and loans from project partners. As of December 31, 2005, our total bank and other borrowings amounted to approximately Rmb 4,879.3 million. Our ability to procure adequate financing for land acquisition and property development depends on a number of factors that are beyond our control. In September 2004, the PRC government adopted measures to strengthen enforcement on lending regulations in the property industry, which were initially implemented by PBOC in June 2003. These measures:

- restrict PRC commercial banks from financing land premiums;
- restrict PRC commercial banks from financing the development of luxury residential properties and villas; and
- restrict property developers from financing property developments with loans obtained from banks in regions outside the location of the relevant property developments.

In May 2006, the Ministry of Construction and other PRC government authorities jointly issued the Opinions on Housing Supply Structure and Stabilization of Property Prices, which, among others,

- restrict the grant or extension of revolving credit facilities to property developers that hold a large amount of idle land and vacant commodity properties; and
- prohibit commercial banks from taking commodity properties that have been vacant for more than three years as security for their loans.

On June 16, 2006, the PBOC decided to lift its reserve requirement ratio for commercial banks, effective on July 5, 2006, from 7.5% to 8%. The reserve requirement refers to the amount of funds that banks must hold in reserve against deposits made by their customers. The PBOC's decision to increase this ratio may negatively impact the amount of funds available to lend to businesses, including us, by commercial banks in China.

These government actions and policy initiatives have limited our flexibility and ability to use bank loans to finance our property projects across the country. We cannot assure that we will be able to secure adequate financing or renew our existing credit facilities prior to their expiration or that our business, financial condition and results of operations will not be materially adversely affected as a result of such and other government actions and policy initiatives.

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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 and, ultimately, our results of operations. PBOC in October 2004 raised the benchmark one-year lending rate from 5.31% to 5.58% and in April 2006 further increased such rate to 5.85%. While we do not believe such increases in the lending rate have had or will have a material adverse effect on our ability to obtain adequate financing for our operations or on our overall financial condition, we cannot assure that lending rates will remain unchanged. As of April 30, 2006, the average annualized interest rate on our outstanding bank borrowings was 6.24%. Interest expenses incurred in 2003, 2004 and 2005 were Rmb 205.5 million, Rmb 212.1 million and Rmb 250.8 million, respectively. We cannot assure you that PBOC will not further raise lending rates or that our business, financial condition and results of operations will not be adversely affected as a result.

### **We may not always be able to obtain land reserves that are suitable for development**

We derive our revenues principally from the sale of properties that we have developed. Thus we must replenish and increase our land reserves in order to ensure sustainable business growth. Based on our current rate of property development, we believe we have sufficient land reserves for development for approximately the next five years.

In China, the government controls the availability of land reserves. Government land supply policies have a direct impact on our ability to acquire land use rights for development and our costs of acquisition. In May 2002, the PRC government introduced a nationwide system of mandatory public tender, auction or listing-for-sale for the grant of land use rights for commercial use, tourism, entertainment and commodity housing development. Although the regulation does not prevent privately held land use rights from being traded in the secondary market, the intention of the PRC government to grant state-owned land use rights at competitive market prices is likely to increase the acquisition cost of land reserves. Our business prospects may be adversely affected to the extent that we are unable to acquire quality sites on a timely basis or at prices which will enable us to achieve sufficient returns. In addition, on May 30, 2006, the Ministry of Land and Resources published the Urgent Notice on Tightening Land Administration, which requires local governments to suspend the supply of land for new villa projects to ensure adequate supply of land for more affordable housing. All of our villa projects currently under development or held for future development, regardless of whether the relevant land use rights certificates have been obtained, have received the relevant construction land use permits and our Directors believe it is unlikely that such new policy will affect our existing projects. Historically, villa sales accounted for 17.8%, 21.6% and nil of our revenues from property sales for the years ended December 31, 2003, 2004 and 2005, respectively. The suspension of supply of land for new villa projects will limit our product variety in our future developments and thus may adversely affect our business and results of operations.

### **The relevant PRC tax authorities may challenge the basis on which we calculate our LAT obligations**

In accordance with the provisions of PRC Provisional Regulations on Land Appreciation Tax and their implementation rules, all persons including companies and individuals that receive income from the sale or transfer of state-owned land use rights, buildings and their attached facilities must pay 30% to 60% LAT on appreciated value of the land and improvements on such land, with certain exemptions available for the sale of ordinary residential properties (普通標準住宅) if the appreciated values do not exceed 20% of the deductible items as defined in the relevant tax laws. Sales of villas and commercial properties are not eligible for such exemption. You may find a more detailed description of the PRC regulations on LAT in "Taxation — Mainland China Taxation — Our operations in mainland China — Land appreciation tax" in Appendix V to this prospectus.

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However, there are uncertainties in the interpretation and implementation of these LAT regulations, such as whether the residential part of our complexes that contain both residential and commercial units will be eligible for the exemption available to ordinary residential properties. We have been prepaying LAT with reference to our pre-sale proceeds since the PRC government imposed such prepayment requirement in 2004 in all jurisdictions where we have operations, except Shanghai Pudong district and Beijing Fangshan district which have not implemented such prepayment requirement with respect to ordinary residential properties. Such LAT prepayments are recorded as a part of "other taxes recoverable" on our balance sheets. We also made LAT provisions of Rmb 0.5 million, Rmb 100.3 million and Rmb 5.1 million during the years ended December 31, 2003, 2004 and 2005, respectively. LAT provisions are recorded as a part of "other taxes payable" on our balance sheets. As of the Latest Practicable Date, none of the amounts in our LAT provisions in 2003, 2004 and 2005 had been settled. Nor have we received any official exemption or confirmation with respect to our LAT liabilities for any period despite our LAT prepayments during the years. Our PRC counsel, T&C Law Firm, has confirmed in its opinion that as of the Latest Practicable Date we had made prepayments and/or provisions for LAT in compliance with PRC LAT laws and regulations and/or requirements by local tax authorities. Although our Directors are of the view that our LAT prepayments and provisions in 2003, 2004 and 2005, as reflected in the financial statements included in the Accountants' Report in Appendix I to this prospectus, are sufficient to cover our LAT liabilities in these periods, there can be no assurance that our LAT prepayments and provisions will be sufficient to cover our past LAT liabilities. We cannot assure you that the relevant tax authorities will agree with the basis on which we calculate our LAT liabilities. In addition, our financial condition may be materially adversely affected if our LAT liabilities as finally calculated by the relevant tax authorities are substantially higher than our LAT provisions and prepayments. The Original Shareholders have each agreed to indemnify us with respect to losses, liabilities and expenses in relation to LAT that may be or become payable but not paid by us in accordance with PRC law in respect of properties we have delivered or may deliver prior to the Listing Date. However, there can be no assurance that each of these indemnifiers will be financially capable of delivering these indemnities especially when they are called upon to indemnify all or a substantial portion of such LAT and other liabilities under the Deed of Indemnity.

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

As we pre-sell properties before their 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 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 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 credibility checks on our customers but simply rely on the result of evaluation by the mortgagee banks relating to such individual customers.

As of December 31, 2003, 2004 and 2005, our outstanding guarantees in respect of our customers' mortgage loans amounted to Rmb 1,434.7 million, Rmb 1,829.8 million and Rmb 2,875.7 million, respectively. During the three years ended December 31, 2005 and up to the Latest Practicable Date, we encountered one event of default in 2004 by a purchaser of seven commercial units in Hangzhou Zigui Garden. The defaulted mortgage loans had an aggregate outstanding principal amount of Rmb 4.4 million. The lending bank was able to recoup its full investment through foreclosure sales. Our guarantees were not called upon and we did not sustain any economic loss. As of April 30, 2006, our

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outstanding guarantees in respect of our customers' mortgage loans amounted to Rmb 2,162.2 million. If substantial defaults occur in a depressed property market and we are called upon to honor our guarantees, our financial condition and results of operations will be adversely affected.

### **We do not have insurance to cover potential losses and claims**

We do not take out insurance coverage against potential losses or damages with respect to our properties before their delivery to customers. Nor do we maintain insurance coverage against liability from tortious acts or other personal injuries on our project sites. We believe that third-party construction companies should bear such tortious and personal injury liabilities arising from our project sites. In addition, there are certain types of losses, such as losses due to earthquake, which are currently uninsurable in China. Business interruption insurance is also currently unavailable in China. 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 have to internalize losses, damages and liabilities because of our lack of insurance coverage, which may in turn adversely affect our financial condition and results of operations.

### **Our business will be adversely affected if we fail to obtain, or experience material delays in obtaining, necessary government approvals for any major property development**

China's property markets are strictly regulated by the PRC government. Property developers in China must abide by various laws and regulations, including rules stipulated by 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 land use rights certificates, construction plan permits, construction permits, pre-sale permits and completion acceptance certificates. Before the government issues any certificate or permit, we must first meet specific conditions. To date, we have not encountered serious delays or difficulties in the process of applying for these certificates and permits, but we cannot guarantee that we will not encounter serious delays or difficulties in the future. Therefore, 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, we will not be able to keep up with our development schedule and our business, financial condition and results of operations will be adversely affected. In addition, in May 2006, the Ministry of Construction and other relevant PRC government authorities jointly issued the Opinions on Housing Supply Structure and Stabilization of Property Prices, which, among others, require that at least 70% of residential projects approved or constructed on or after June 1, 2006 must consist of units with a unit floor area (套型建築面積) of less than 90 square meters per unit and that projects which have not obtained construction permits must adjust their planning to be in conformity with this new requirement. Unit floor area is measured by reference to the interior usable area of the relevant units and is generally smaller than GFA. According to these Opinions, municipalities under direct administration of the PRC central government and provincial capitals may deviate from such ratio under special circumstances upon approval from the Ministry of Construction. The implementation of such policy may limit our project variety in the future and thus may adversely affect our business and results of operations. Moreover, it is unclear how this new policy will be interpreted and implemented across the country and we may be required to adjust the design and planning of some of our projects, which may require additional design costs and cause delays to the development schedules of some of our projects.

### **We may not be able to complete our development projects on time or at all**

Property development projects require substantial capital expenditures prior to and during the construction period, and construction of a property project may take longer than a year before it may generate positive cash flow through pre-sales or sales. The progress and costs for a development project can be adversely affected by many factors, including:

- delays in obtaining necessary licenses, permits or approvals from government agencies or authorities;
- relocation of existing residents and/or demolition of existing structures;

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- shortages of materials, equipment, contractors and skilled labor;
- labor disputes;
- construction accidents;
- natural catastrophes; and
- adverse weather conditions.

Construction delays or failure to complete the construction of a project according to its planned specifications, schedule or budget as a result of the above factors may affect our results of operations and financial position and may also cause reputational damage. We cannot assure you that we will not experience any significant delays in completion or delivery or that we will not be subject to any liabilities for any such delays.

**Our failure to meet all requirements for the 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 property or such other time period provided in sales contracts for the customers to apply for property ownership certificates, including passing various governmental clearances, formalities and procedures. We usually stipulate the delivery dates in our sales contracts so as to leave enough time for us to complete the formalities and obtain the relevant approvals. However, we cannot assure you that there will not be delays in our property development. There may also be factors beyond our control that cause delay to the delivery of property ownership certificates, such as time-consuming examination and approval processes at various government agencies. Under our sales contracts, we are required to compensate our customers for delays in completing our deliverables. In the case of serious delays on one or more property projects, our business and reputation will be harmed.

**If we cannot continue to obtain qualification certificates, our business may be adversely affected**

As a precondition to engage in real property development in China, a property developer must obtain a qualification certificate and renew it on an annual basis. According to the PRC regulation on qualification of property developers issued in 2000, a newly established property developer must first apply for a provisional qualification certificate with a one-year validity, which can be extended for not more than two years under renewal. If, however, the newly established property developer fails to commence a property development project within the one-year period when the provisional qualification certificate is in effect, it will not be allowed to extend its provisional qualification certificate. More established developers must also apply for renewal of their qualification certificates on an annual basis. It is mandatory under government regulations that developers must fulfil all statutory requirements before they may obtain or renew their qualification certificates.

We typically conduct our property developments through project companies. These project companies must also hold valid qualification certificates to be able to conduct their businesses. There can be no assurance that we and our project companies will continue to be able to extend or renew the qualification certificates. If we or our project companies do not possess valid qualification certificates, the government will refuse to issue pre-sale and other permits necessary for the conduct of the property development business. In addition, the government may impose a penalty on us and our project companies for failure to comply with the relevant licensing requirements.

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### **Our controlling shareholders may take actions that conflict with the best interests of our other shareholders**

Before and immediately after the Global Offering, our Original Shareholders will remain our controlling shareholders, with substantial control over our issued share capital. Accordingly, subject to our Memorandum and Articles of Association and the Cayman Companies Law, our Original Shareholders, by virtue of their controlling ownership of our share capital as well as their positions 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 Memorandum and Articles of Association.

The interests of our Original Shareholders may differ from the interests of other shareholders and these controlling shareholders are free to exercise their votes according to their interests. You should note that our controlling shareholders have substantial business interests in land and property projects that may compete with our business. In connection with this Global Offering, the Original Shareholders have each given an undertaking in the Deed of Non-competition that they and affiliates controlled by them will not engage in property development business (other than hotel development and property management) that may compete with us in China; 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 these controlling shareholders conflict with the interests of other shareholders, the interests of other shareholders can be disadvantaged and harmed.

### **If our partners act in contradiction to our interests, our business may be adversely affected**

Many of our project companies are joint ventures established under PRC law and, for some of these joint ventures, we are a minority equityholder. This gives rise to the possibility that we may only have limited control over the operations of these joint ventures. Therefore, it may be necessary for us to obtain consent from our joint venture partners before we can cause the joint venture to make or implement a particular business development decision or to distribute profits to the shareholders, including ourselves. Furthermore, we and our joint venture partners may hold different views. Thus, the joint venture partners might act in a way contrary to our interests, or otherwise be unable or unwilling to fulfil their obligations under the joint venture contracts. As a result, the joint ventures may face difficulties in their operations and our interests in the joint ventures may be harmed.

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

The appraisal value on our properties as contained in the property valuation report prepared by DTZ attached hereto as Appendix IV is based on multiple assumptions that include elements of subjectivity and uncertainty. Therefore, the appraised value of our properties should not be taken as their actual realizable value or a forecast of their realizable value. Unforeseeable changes to the development of the property projects as well as national and local economic conditions may affect the value of our property holdings.

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

- we will complete development projects on time;
- we have obtained or will obtain on a timely basis all approvals from regulators necessary for the development of the projects; and
- we have paid all the land premiums and demolition and resettlement costs and obtained all land use rights certificates and transferable land use rights without any payment obligation of additional land premium and demolition and resettlement costs.

As for properties in which we have less than a 100% stake, their appraised values are allocated to us according to our pro rata ownership in the relevant project companies.

### **We are reliant on third party contractors**

We employ third party contractors to carry out various works, including design, pile setting, foundation digging, construction, equipment installation, internal decoration, electromechanical engineering, pipeline engineering and elevator installation. In 2003, 2004 and 2005, payments to third-party contractors accounted for approximately 94% to 96% of our total construction payments. We select third party contractors mainly through a statutory tender system. We endeavor to employ companies with good reputation, credibility and financial resources, but we cannot guarantee that any such third party contractor will provide satisfactory services at the quality level required by us. In addition, since we have expanded our business to other regional markets in China, there may be a shortage of independent third party contractors able to meet our quality requirements in such regions. Moreover, 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. All of these factors will have a negative impact on our reputation, credibility, financial position and business operations.

### **We may forfeit land to the PRC government if we fail to comply with the terms of the land use rights grant contracts**

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 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 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 a land idle fee on the land of up to 20% of the land premium. If we fail to commence development for more than two years, the land is subject to forfeiture to the PRC government unless the delay in development is caused by government actions or force majeure. Even though the commencement of the land development is in line with the land use rights grant contract, if the developed GFA on the land is less than one-third of the total GFA of the project or the total capital invested is less than one-fourth of the total investment of the project and the suspension of the development of the land is over one year in time without government approval, the land will be treated as idle land. There have been instances of our failure to develop land or pay land premium, demolition and resettlement costs and other fees on a timely basis although the land authorities have not ordered us to forfeit the land. As of the Latest Practicable Date, we paid an aggregate land idle fee of Rmb 1.3 million, with Rmb 1.4 million outstanding in respect of a project. In addition, the Hangzhou National Land and Resource Bureau Yuhang Branch imposed land idle fees in the aggregate amount of Rmb 6.1 million on us in respect of two other projects. T&C Law Firm, our PRC counsel, has advised us that we should not be subject to



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such fees, and we have disputed the imposition of such fees. The land bureau has not responded to our pleading as of the date of this prospectus. See “Business — Legal Proceedings and Material Claims” for more details. There can be no assurance that circumstances leading to forfeiture or significant delays in development schedule will not arise in the future. If we forfeit land, 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 premiums paid and development costs incurred.

**We may not be able to obtain land use rights certificates with respect to certain parcels of land in which we currently have various interests**

We have not obtained all land use rights certificates in respect of eight projects or project phases as disclosed in “Business — Our Property Projects — Properties held for future development.” As of the Latest Practicable Date, the relevant land parcels occupied an aggregate site area of approximately 384,000 square meters. We have not assigned any value to these parcels of land in the Property Valuation Report in Appendix IV to this prospectus. In addition, we have not signed the land use rights grant contracts and/or have not obtained the land use rights certificates in respect of various proposed projects as disclosed in “Business — Other Land Acquisition Contractual Arrangements.” If we fail to obtain the land use rights certificates with respect to these parcels of land in a timely manner, or at all, or we are required to pay higher land premium or fail to recover the costs that we have incurred, our business, financial condition and results of operations may be materially adversely affected.

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

We are required to compensate owners and residents of demolished buildings on some of our property developments for their relocation and resettlement in accordance with the PRC urban housing demolition and relocation regulations. The compensation we pay 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. There can be no assurance, however, that these local authorities will not change or adjust their formulas from time to time without sufficient advance notice. If they do so, the land costs may be subject to substantial increase, which can adversely affect our cash flow, financial condition and results of operations. In addition, if we fail to reach an agreement over the amount of compensation with any existing owner or resident, either we or such owner or resident 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 the timetable of our development projects, and an unfavorable final ruling may result in us paying more than the amount the formulas call for.

**We may not continue to enjoy income tax benefits**

Companies in China, including Greentown Real Estate, are typically subject to an aggregate of 33% corporate income tax rate. Two of our project companies enjoy preferential income tax treatment due to their places of establishment and/or their status as foreign-invested enterprises. Shanghai Lvyu, one of our major revenue contributors in 2004 and 2005, pays corporate income tax at the reduced rate of 15%. Under current PRC tax law, enterprises established in the Pudong New Zone in Shanghai, such as Shanghai Lvyu, are subject to a reduced corporate income tax rate of 15% for their income sourced from operations in the Pudong New Zone in Shanghai. Hangzhou Jiuxi, also a major revenue contributor in 2004, pays corporate income tax at the reduced corporate income tax rate of 27%. Under current PRC tax law, foreign-invested enterprises established in Hangzhou Zhijiang National Tourism And Resort Zone (杭州之江國家旅遊度假區) in Zhejiang Province, such as Hangzhou Jiuxi, are subject to a reduced corporate income tax rate of 24%, plus a local income tax of 3%. Taking into account these preferential tax treatments, our effective overall corporate income tax rate for 2004 and 2005 was 30.9% and 17.6%, respectively. The preferential tax treatment enjoyed by Shanghai Lvyu and Zhejiang Jiuxi is valid throughout their continuing operating period. However, as we generally

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dissolve our project companies some time after the completion of the development of their properties, including Shanghai Lvyu and Hangzhou Jiuxi in due course, our tax benefits derived from the preferential treatments enjoyed by these project companies will cease after all properties developed by these companies have been delivered. There can be no assurance that such preferential tax treatments will continue or that we will receive additional tax benefits from these or other tax authorities.

**If any key management members leave, we may be unable to find suitable substitutes**

We depend on the services provided by our management and other qualified and experienced staff. Competition for such talented employees is intense in the property development sector. We are very dependent on Song Weiping and Shou Bainian, our controlling shareholders and senior management members. Both of them have more than a decade of experience in the PRC property markets with in-depth knowledge of various aspects of property development. In case any core management team member leaves and we fail to find suitable substitutes, our business will be adversely impacted. Moreover, along with our steady growth and expansion into other regional markets in China, we will need to employ, train and retain employees on a much larger geographical scale. If we cannot attract and retain suitable human resources, our business and future growth will be negatively affected.

**We are a holding company that heavily relies on dividend payments from our subsidiaries and associated companies for funding**

We are a holding company established in the Cayman Islands and operate our core business through our subsidiaries and associated companies in China. Therefore, the availability of funds to us to pay dividends to our shareholders and to service our indebtedness depends upon dividends received from these subsidiaries and associated companies. If our subsidiaries and associated companies incur debt or losses, such indebtedness or loss may impair their ability to pay dividends or other distributions to us. As a result, our ability to pay dividends and to service our indebtedness will be restricted. 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 generally accepted accounting principles in other jurisdictions, including IFRS. PRC laws also require foreign-invested enterprises, such as some of our subsidiaries in China, to set aside part of their net profit as statutory reserves. These statutory reserves are not available for distribution as cash dividends. In addition, restrictive covenants in bank credit facilities, joint venture agreements or other agreements that we or our subsidiaries and associated companies may enter into in the future may also restrict the ability of our subsidiaries and associated companies to make contributions to us and our ability to receive distributions. Therefore, these restrictions on the availability and usage of our major source of funding may impact our ability to pay dividends to our shareholders and to service our indebtedness.

**A third party's inappropriate use of the trademarks and service marks “綠城” (Greentown) and “綠城房產” (Greentown Real Estate) may damage our reputation and negatively affect our results of operations and financial condition**

We use the trademarks and service marks “綠城” (Greentown) and “綠城房產” (Greentown Real Estate) under licenses from Greentown Holdings Group. Greentown Holdings Group is engaged in various businesses in addition to property development, such as hotel management and sports. Accordingly, the Greentown trademarks have been registered under Greentown Holdings Group's name for various classes and categories of services and products in accordance with PRC law. Although we are licensed to use the trademarks in our property development business on an exclusive and royalty-free basis, Greentown Holdings Group continues to use such trademarks in its other categories of business. In addition, Greentown Holdings Group allows several connected parties to use the “Greentown” mark in their business operations. Such connected parties who are under the control of the Original Shareholders are engaged in interior decoration, media, hospital investment, and education businesses. Greentown Holdings Group also allows certain of its affiliates to use the “Greentown” and “Greentown

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Real Estate” marks in eight property projects as permitted and specified in the Deed of Non-competition. If such entities use such trademarks and service marks in ways that negatively affect the “Greentown” and “Greentown Real Estate” brand names, our reputation and the reputation of our products could be damaged, which in turn may have an adverse effect on our financial condition and results of operations.

### **Our operations are subject to seasonal variations**

Our business is under the influence of seasonal variations. For example, winter weather conditions can hinder the execution of development projects, especially in northern China. In summer time, customers tend to stay away from development projects to avoid hot weather. In addition, our delivery of properties in the first quarter of each year is further negatively impacted by long vacations at the end of the year and during the Chinese New Year holidays. Therefore, our revenue and profit, recognized upon delivery of properties, in the first half of a year are often much lower than the second half and we will continue to experience significant fluctuations in revenue and profit on an interim basis subsequent to this Global Offering.

### **Our dividend distributions to our existing shareholders prior to the completion of the Global Offering should not be treated as indicative of our future dividend policy**

We declared and paid dividends in the amount of Rmb 77.1 million and Rmb 198.4 million in 2004 and 2005, respectively. We have also declared and paid a special dividend in the aggregate amount of US\$50 million on the basis of our net profit for the year ended December 31, 2005 payable to our shareholders whose names appeared on our register of members on the record date of January 1, 2006. The amounts of distributions that we have declared and made in the past are not indicative of the dividends that we may pay in the future.

## **RISKS RELATING TO THE RESIDENTIAL PROPERTY INDUSTRY IN CHINA**

### **The PRC government may adopt further measures to slow down growth in the property sector**

Along with the economic growth in China, investments in the property sectors have increased significantly in the past few years. In response to concerns over the scale of the increase in property investments, the PRC government has introduced policies to curtail property developments which, among others, include the following:

- requiring real estate developers to finance 35% rather than 20% of the total projected capital outlay of any property development with their internal resources;
- limiting the monthly mortgage payment to 50% of an individual borrower’s monthly income and limiting all monthly debt service payments of an individual borrower to 55% of his or her monthly income;
- increasing the required reserve ratio of funds that a commercial bank must hold on deposit to 7.5% and further to 8.0% from 7.0%, effectively reducing the amount of money a bank is able to lend;
- strictly enforcing a land idle 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;
- revoking projects not in compliance with the planning permits;
- suspending land provision for villa construction and restricting land supply for high-end residential property construction;
- imposing a business tax levy on the sales proceeds for second-hand transfers subject to the length of holding period and type of properties starting from June 1, 2005;
- prohibiting any onward transfer of uncompleted properties; and

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- tightening regulations governing mortgage lending and restricting approval of new development zones.

In May 2006, Ministry of Construction, NDRC, PBOC and other relevant PRC government authorities jointly issued the Opinions on Housing Supply Structure and Stabilization of Property Prices. Such opinions reiterated the existing measures and introduced new measures to further curb fast increases in property prices in large cities and to promote healthy development of the PRC property market. These measures, among others, include:

- 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;
- requiring that at least 70% of residential projects approved or constructed on or after June 1, 2006 must consist of units with a unit floor area (套型建築面積) of less than 90 square meters per unit and that projects which have received project approvals prior to this date but have not obtained construction permits must adjust their planning in order to be in conformity with this new requirement, with the exception that municipalities under direct administration of the PRC central government and provincial capitals and certain cities may deviate from such ratio under special circumstances upon approval from the Ministry of Construction;
- 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, effective from June 1, 2006;
- 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 commercial banks from taking commodity properties that have been vacant for more than three years as security for their loans; and
- imposing a business tax levy on the entire sales proceeds from re-sale of properties if the holding period is shorter than five years, as opposed to two years as such levy was initially implemented in 2005.

The PRC government's restrictive measures to curtail the growth of the property sectors could limit our access to capital resources, reduce market demand and increase our operating costs in adapting to these measures. We cannot assure you that the PRC government will not adopt additional and more stringent measures, which could further slow down property development in China and adversely affect our business and prospects.

### **Changes of laws and regulations with respect to pre-sale may adversely affect our cash flow position and performance**

We depend on cash flows from pre-sale of properties as an important source of funding for our property projects. Under current PRC laws and regulations, property developers must fulfil certain conditions before they can commence pre-sale of the relevant properties and may only use pre-sale proceeds to finance their developments. On August 5, 2005, PBOC issued a report entitled "2004 Real Estate Financing Report," in which it recommended to discontinue the practice of pre-selling 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 and have no enforceability. However, there can be no assurance that the PRC government will not ban the practice of pre-selling uncompleted properties or implement further restrictions on the pre-sale of properties, such as imposing additional conditions for a pre-sale permit or further restrictions on the use of pre-sale proceeds. Any such measure will adversely affect our cash flow position and force us to seek alternative sources of funding for much of our property development business.

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## RISK FACTORS

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### **We are exposed to pre-sale related contractual and legal risks**

We make certain undertakings in our pre-sale contracts. These pre-sale contracts and PRC laws and regulations provide for remedies for breach of such undertakings. For example, if we pre-sell a property project fully or partially and we fail to complete that property project, we will be liable to the purchasers for their losses. Should we fail to complete a pre-sold property project on time, our purchasers may seek compensation for late delivery pursuant to either their contracts or PRC laws. If our delay extends beyond a specified period, our purchasers may terminate the pre-sale contracts and claim compensation. We cannot assure you that we will not experience significant delays in completion and delivery of our projects.

### **Our sales and pre-sales will be affected if mortgage financing becomes more costly or otherwise becomes less attractive**

Substantially all purchasers of our residential properties rely on mortgages to fund their purchases. 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 and commercial banks may also increase the down payment requirement, impose other conditions or otherwise change the regulatory framework in a manner that would make mortgage financing unavailable or unattractive to potential property purchasers. Under current PRC laws and regulations, purchasers of residential properties generally must pay at least 20% of the purchase price of the properties before they can finance their purchases through mortgages. In May 2006, the PRC government increased the minimum amount of down payment to 30% of the purchase price of the underlying property if such property has a unit floor area of 90 square meters or more. 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. If the availability or attractiveness of mortgage financing is reduced or limited, many of our prospective customers may not be able to purchase our properties and, as a result, our business, liquidity and results of operations could be adversely affected.

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 pre-sales of our properties. Such difficulties in financing could result in a substantially lower rate of sale and pre-sale 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 China. However, there can be no assurance that such changes in laws, regulations, policies or practices will not occur in China in the future.

### **Intensified competition might adversely affect our business and our financial position**

In recent years, many property developers, including overseas developers, have entered the property development markets in Zhejiang Province and other regions of China. Many of them 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 premiums and raw material costs, shortages in quality construction contractors, surplus in property supply leading to decreasing property prices, further delays in issuance of government approvals, and higher costs to attract or retain talented employees. Moreover, residential property markets across China are

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## RISK FACTORS

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influenced by various other factors, including changes in economic conditions, banking practices and consumer sentiments. If we fail to compete effectively, our business operations and financial condition will suffer.

### RISKS RELATING TO CHINA

#### **PRC economic, political and social conditions as well as government policies can affect our business**

The PRC economy differs from the economies of most developed countries in many aspects, including:

- political structure;
- degree of government involvement;
- degree of development;
- level and control of capital reinvestment;
- control of foreign exchange; and
- allocation of resources.

The PRC economy has been transitioning from a centrally planned economy to a more market-oriented economy. For more than two decades, the PRC government has implemented economic reform measures emphasizing utilization of market forces in the development of the PRC economy. Although we believe these reforms will have a positive effect on China's overall and long-term development, we cannot predict whether changes in the PRC economic, political and social conditions, laws, regulations and policies will have any adverse effect on our current or future business, financial condition or results of operations.

#### **Changes in foreign exchange regulations may adversely affect our results of operations**

We currently receive all of our revenues in Renminbi. The PRC government regulates the conversion between Renminbi and foreign currencies. Over the years, the government has significantly reduced its control over routine foreign exchange transactions under current accounts, including trade and service related foreign exchange transactions, payment of dividends and service of foreign debts. Subsequent to this Global Offering, we have the choice of investing our net proceeds in the form of registered capital or shareholder loan into our PRC subsidiaries for property developments. Our choice of investment is affected, however, by the relevant SAFE regulations with respect to capital-account and current-account foreign exchange transactions in China. There can be no assurance that these PRC laws and regulations on foreign investments will not cast uncertainties on our financing and operating plans in China. Under current foreign exchange regulations in China, following the completion of this Global Offering and subject to the relevant registration at SAFE, we will be able to pay dividends in foreign currencies, without prior approval from SAFE, by complying with certain procedural requirements. However, there can be no assurance that the current PRC foreign exchange policies regarding debt service and payment of dividends in foreign currencies will continue in the future. Changes in PRC foreign exchange policies might have a negative impact on our ability to service our foreign currency-denominated indebtedness and to distribute dividends to our shareholders in foreign currencies.

#### **Fluctuations in the value of Renminbi will affect the value of, and dividends payable on, our Shares in foreign currency terms and affect the amount of our foreign debt service in Renminbi terms**

The value of Renminbi depends, to a large extent, on China's domestic and international economic, financial and political developments and government policies, as well as the currency's supply and demand in the local and international markets. For over 10 years from 1994, the conversion of

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Renminbi into foreign currencies, including the H.K. dollar and U.S. dollar, were based on exchange rates set and published daily by PBOC in light of the previous day's inter-bank foreign exchange market rates in China and the then current exchange rates on the global financial markets. The official exchange rate for the conversion of Renminbi into the U.S. dollar was largely stable until July 2005. On July 21, 2005, PBOC revalued Renminbi by reference to a basket of foreign currencies, including the U.S. dollar. As a result, the value of Renminbi appreciated by 2% on that day. Since then, the PRC central bank has allowed the official Renminbi exchange rate to float against a basket of foreign currencies. There can be no assurance that such exchange rate will not fluctuate widely against the U.S. dollar, the H.K. dollar or any other foreign currency in the future. Since our income and profits are denominated in Renminbi, any appreciation of Renminbi will increase the value of, and any dividends payable on, our Shares in foreign currency terms. Conversely, any depreciation of Renminbi will decrease the value of, and any dividends payable on, our Shares in foreign currency terms. Fluctuation of the value of Renminbi will also affect the amount of our foreign debt service in Renminbi terms since we have to convert Renminbi into foreign currencies to service our foreign debt, including our Convertible Bonds.

### **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 will involve a degree of uncertainty. 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. 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 our permits, and other statutory and contractual rights and interests.

### **The national and regional economies in China and our prospects may be adversely affected by a recurrence of SARS or an outbreak of other epidemics, such as avian flu**

Some regions in China, including the cities where we operate, are susceptible to epidemics such as Severe Acute Respiratory Syndrome, or SARS. Past occurrences of epidemics, depending on their scale of occurrence, have caused different degrees of damage to the national and local economies in China. A recurrence of SARS or an outbreak of any other epidemics in China, such as the H5N1 avian flu, 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 will adversely affect our financial condition and results of operations.

## **RISKS RELATING TO OUR 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 issue price range for our Shares was the result of negotiations among us, the Selling Shareholders and the Joint Global Coordinators on behalf of the Underwriters, and the Offer Price may differ significantly from the market price for our Shares following the Global Offering. We have applied for listing of, and

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permission to deal in, our Shares on the Stock Exchange. A listing on the Stock Exchange, however, does not guarantee that an active trading market for our Shares will develop, or if it does develop, will be sustained following the Global Offering or that the market price of our Shares will not decline following the Global Offering. In addition, there can be no assurance that the Global Offering will result in the development of an active and liquid public trading market for our Shares. Furthermore, the price and trading volume of our Shares may be volatile. Factors such as variations in our revenues, earnings and cash flow or other political, economic, financial and social developments may affect the volume and price at which our Shares will trade.

**You will experience immediate dilution and may experience further dilution if we issue additional Shares in the future**

The Offer Price of our Shares is higher than the net tangible assets value per Share immediately prior to the Global Offering. Therefore, purchasers of our Shares in the Global Offering will experience an immediate dilution in pro forma combined net tangible assets value to Rmb2.76 (HK\$2.67) per share, based on the maximum Offer Price of HK\$9.86, assuming the Underwriters will not exercise the Over-allotment Option.

In order to expand our business, we may consider offering and issuing additional Shares in the future. We may also issue additional Shares pursuant to our Share Option Scheme. Purchasers of our Shares may experience dilution in the net tangible assets book value per share of their Shares if we issue additional Shares in the future at a price which is lower than the net tangible assets book value per Share at that time.

**Forward-looking information may prove inaccurate**

This prospectus contains forward-looking statements and information relating to us and our operations and prospects that are based on our current beliefs and assumptions as well as information currently available to us. When used in this prospectus, the words “anticipate,” “believe,” “estimate,” “expect,” “plans,” “prospects,” “going forward” and similar expressions, as they relate to us or our business, are intended to identify forward-looking statements. Such statements reflect our current views with respect to future events and are subject to risks, uncertainties and various assumptions, including the risk factors described in this prospectus. Should one or more of these risks or uncertainties materialize, or should any of the underlying assumptions prove incorrect, actual results may diverge significantly from the forward-looking statements in this prospectus. We do not intend to update these forward-looking statements in addition to our on-going disclosure obligations pursuant to the Listing Rules or other requirements of the Stock Exchange.

**We cannot guarantee the accuracy of facts, forecasts and other statistics with respect to China, the PRC economy and the PRC real estate industry contained in this prospectus**

Facts, forecasts and other statistics in this prospectus relating to China, the PRC economy and the PRC real estate industry have been derived from various official government publications generally believed to be reliable. However, we cannot guarantee the quality or reliability of such source materials. They have not been prepared or independently verified by us, any Selling Shareholder, the Sponsor, the Joint Global Coordinators, the Underwriters or any of our or their respective affiliates or advisors and, therefore, we make no representation as to the accuracy of such facts, forecasts and statistics, which may not be consistent with other information compiled within or outside China. We have, however, taken reasonable care in the reproduction and/or extraction of the official government publications for the purpose of disclosure in this prospectus. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice, these facts, forecasts and statistics in this prospectus may be inaccurate or may not be comparable to facts, forecasts and statistics produced with respect to other economies. Further, there can be no assurance that they are stated or



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compiled on the same basis or with the same degree of accuracy as the case may be in other jurisdictions. Therefore, you should not unduly rely upon the facts, forecasts and statistics with respect to China, the PRC economy and the PRC real estate industry contained in this prospectus.

**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 beneficially owned by our Original Shareholders, JPMorgan Securities and Stark and the Shares that may be owned by the holders of our non-mandatory Convertible Bonds upon conversion of such bonds are subject to certain lock-up periods. While we are not aware of any intentions of our Original Shareholders to dispose of a significant amount of our Shares after the completion of this Global Offering, we are not in a position to give any assurance that our Original Shareholders, JPMorgan Securities, Stark or any holders of our non-mandatory Convertible Bonds will not dispose of any Shares they may come to own 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.

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

Our corporate affairs are governed by our Memorandum and Articles of Association and by the Cayman Companies Law and common law of the Cayman Islands. The laws of the Cayman Islands relating to the protection of the interests of minority shareholders differ in some respects from those in Hong Kong and 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 Hong Kong or other jurisdictions. For example, the Cayman Islands does not have a statutory equivalent of section 168A of the Companies Ordinance which provides a remedy for shareholders who have been unfairly prejudiced by the conduct of the company's affairs. See "Summary of Memorandum and Articles of Association and Cayman Companies Law" in Appendix VII to this prospectus.

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

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

China 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 or most other Western countries. Therefore, recognition and enforcement in China 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.

**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**

There has been press coverage regarding us and the Global Offering in some of the Hong Kong newspapers, including South China Morning Post, The Standard and Ming Pao, on June 20, 2006, Hong Kong Economic Times, The Sun and Oriental Daily News, on June 21, 2006, Hong Kong Economic

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## **RISK FACTORS**

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Journal, on June 22, 2006 and Ming Pao, Hong Kong Economic Times, China Daily — Hong Kong Edition, The Standard, Apple Daily, Sing Tao Daily, 都市日報, Oriental Daily News, The Sun and Hong Kong Economic Journal on June 27, 2006, which included financial information, financial projections and other information about us that does not appear in our prospectus. We wish to emphasize to you that we do not accept any responsibility for any such news reports, the accuracy or completeness of any such information and that such reports and information were not sourced from or authorized by us. We make no representation as to appropriateness, accuracy, completeness or reliability of any such information or publication. To the extent that any such information appearing in publications is inconsistent or conflicts with the information contained in this prospectus, we disclaim it. Accordingly, you should not rely on any such reports or information in deciding whether you wish to invest in our Offer Shares.

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## INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

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### **DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS**

This prospectus contains 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 purpose of giving information to the public with regard to us. Our Directors collectively and individually accept full responsibility for the accuracy of the information contained in this prospectus and confirm, having made all reasonable inquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement in this prospectus misleading.

We have not authorized anyone to provide any information or to make any representation not contained in this prospectus. You should not rely on any information or representation not contained in this prospectus as having been authorized by us, any Selling Shareholding, the Sponsor, the Joint Global Coordinators, the Underwriters or any of their respective directors, or any other person involved in this Global Offering. Neither the delivery of this prospectus nor any offering, sale or delivery made in connection with our Shares should, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in our affairs since the date of this prospectus or imply that the information contained in this prospectus is correct as of any date subsequent to the date of this prospectus.

### **UNDERWRITING**

The Global Offering comprises the Hong Kong Public Offering of initially 32,468,000 Hong Kong Offer Shares and the International Offering of initially 292,207,500 International Offer Shares, subject, in each case, to reallocation on the basis as described in the section entitled "Structure of the Global Offering" in this prospectus and, in case of the International Offering, to any exercise of the Over-allotment Option.

This prospectus is published solely in connection with the Hong Kong Public Offering. The Sponsor is sponsoring the listing of our Shares on the Stock Exchange. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters on a conditional basis. One of the conditions is that we, the Selling Shareholders and the Joint Global Coordinators on behalf of the Underwriters have agreed on the Offer Price. The International Offering will be fully underwritten by the International Underwriters under the terms of the International Underwriting Agreement. The entire Global Offering is conditional upon a favorable determination by JPMorgan Securities and another independent investment bank of international repute selected by us (and approved in writing by the trustee of the Convertible Bonds) that the Global Offering constitutes a "qualified public offering" for the purpose of our Convertible Bonds as described in "Summary of Convertible Bonds — Qualified Public Offering" in Appendix IX to this prospectus.

We expect that the Offer Price will be fixed by agreement among us, the Selling Shareholders and the Joint Global Coordinators on behalf of the Underwriters on the Price Determination Date, which is expected to be on or around July 7, 2006 and in any event no later than July 10, 2006. If, for any reason, we, the Selling Shareholders and the Joint Global Coordinators on behalf of the Underwriters cannot agree on the Offer Price, the Global Offering will not proceed. For information about the Underwriters and the underwriting arrangements, see "Underwriting" in this prospectus.

### **RESTRICTIONS ON SALE OF THE OFFER SHARES**

We offer the Hong Kong Offer Shares solely on the basis of the information contained and representations made in this prospectus and the related Application Forms and on the terms and subject to the conditions contained in this prospectus and the Application Forms.

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## INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

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No action has been taken to permit a public offering of the Offer Shares or the distribution of this prospectus in any jurisdiction other than Hong Kong. Accordingly, this prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any jurisdiction or under any circumstance 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.

Each person subscribing for or acquiring Offer Shares will be required to confirm, and shall be deemed by such person's acquisition of Offer Shares to have confirmed, that such person is aware of the restrictions on offers of the Offer Shares as described in this prospectus.

### **Australia**

No prospectus or other disclosure document has been lodged with, or registered by, the Australian Securities and Investments Commission ("ASIC") in relation to the Global Offering. This prospectus does not constitute a prospectus or other disclosure document under the Corporations Act 2001 (Cth) (the "Corporations Act") and does not purport to include the information required for a prospectus or other disclosure document under the Corporations Act.

Any offer in Australia of the Offer Shares may only be made to persons (the "Exempt Investors") who are "sophisticated investors" (within the meaning of section 708(8) of the Corporation Act), to "professional investors" (within the meaning of section 708(11) of the Corporation Act) or otherwise pursuant to one or more exemptions contained in section 708 of the Corporations Act so that it is lawful to offer the Offer Shares without disclosure to investors under Chapter 6D of the Corporations Act.

The Offer Shares applied for by Exempt Investors in Australia must not be offered for sale in Australia for 12 months from the date of issue under the Global Offering, except in circumstances where disclosure to investors under Chapter 6D of the Corporations Act would not be required pursuant to an exemption under section 708 of the Corporations Act or otherwise or where the offer is pursuant to a disclosure document which complies with Chapter 6D of the Corporations Act or is made where the body issued the relevant securities with disclosure under Chapter 6D of the Corporations Act. Any person acquiring our Shares must observe such Australian on-sale restrictions.

### **Cayman Islands**

No invitation may be made to the public in the Cayman Islands to subscribe for or purchase any of our Shares.

### **European Economic Area**

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State"), no Offer Shares may be made to the public in that Relevant Member State prior to the publication of a prospectus in relation to the Offer Shares which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that an offer of Offer Shares may be made to the public in that Relevant Member State at any time:

- (a) to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;
- (b) to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000; and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts; or

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## INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

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- (c) in any other circumstances which do not require the publication by us of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression of “offer to the public” in relation to any Offer Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Offer Shares to be offered so as to enable an investor to decide to purchase or subscribe the Offer Shares, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression “Prospectus Directive” means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

### France

This prospectus has not been prepared in the context of a public offering of securities in France within the meaning of Articles L.411-1 of the French *Code monétaire et financier* (“CMF”) and Article 211-1 of the *Règlement Général* of the French *Autorité des Marchés Financiers* (“RGAMF”) and has therefore not been submitted to the *Autorité des Marchés Financiers* for prior approval under conditions set out *inter alia* by Articles 212-1 et seq. of the RGAMF. In accordance with Articles L.411-2-4° of the CMF, it may only be made available to qualified investors listed under Articles D.411-1 of the CMF and/or to a limited circle of fewer than 100 investors pursuant to Article D.411-2 of the CMF on the condition that it shall not be passed on to any person nor reproduced (in whole or in part), that investors act for their own account under conditions set out by Articles D.411-1, D.411-2, D.734-1, D.744-1, D.754-1 and D.764-1 of the CMF and undertake not to offer, market or distribute, sell or resell or otherwise retransfer, directly or indirectly, to the public in France the Offer Shares so purchased other than in compliance with Articles L.411-1, L.411-2, L.412-1 and L.621-8 of the CMF.

### Italy

The offering of the Offer Shares has not been registered with the *Commissione Nazionale per le Società e la Borsa* (“CONSOB”) in accordance with Italian securities legislation. The Offer Shares may not be offered, sold or delivered, and copies of this prospectus or any other document relating to the Offer Shares may not be distributed or made available, in the Republic of Italy to the public at large except to qualified investors (*operatori qualificati*), as defined by Articles 25 and 31(2) of CONSOB Regulation no. 11522 of July 1, 1998 as subsequently modified (“Regulation 11522”) or as defined by any self-executing provisions of Directive 2003/71/EC which shall have direct effect in Italy as rule of law. Any offer, sale or delivery of the Offer Shares or distribution or availability of copies of this prospectus in Italy must be made solely by investment firms, banks or financial intermediaries permitted to conduct such activities in the Republic of Italy and must be in full compliance with the provisions contained in Legislative Decree no. 58 of February 24, 1998, Legislative Decree no. 385 of September 1, 1993 and their implementing rules and guidelines and any other applicable laws and regulations and possible requirements or limitations which may be imposed by the Italian competent authorities.

### Japan

The Offer Shares have not been and will not be registered for public offering under the Securities and Exchange Law of Japan (Law No. 235 of 1948 as amended) (the “Securities and Exchange Law”). Accordingly, the Offer Shares may not be offered or sold, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Securities and Exchange Law and other relevant laws and regulations of Japan. As used in this paragraph, a “resident of Japan” means any person residing in Japan, including any corporation or other entity organized under the laws of Japan.

### **Mainland China**

This prospectus may not be circulated or distributed in mainland China and the Offer Shares may not be offered or sold directly or indirectly to any resident in mainland China, or offered or sold to any person for re-offering or re-sale directly or indirectly to any resident in mainland China except pursuant to applicable laws and regulations of mainland China.

### **The Netherlands**

The Offer Shares may not be offered, sold, transferred or delivered in or from within The Netherlands as part of their initial distribution or at any time thereafter directly or indirectly, and neither this prospectus nor any other document in respect of the Global Offering may be distributed or circulated in The Netherlands other than to individuals or legal entities who or which trade or invest in securities in the conduct of a profession or business within the meaning of The Netherlands Securities Transactions Supervision Act 1995 (*Vrijstellingsregeling wet toezicht effectenverkeer 1995*) and its implementing regulations (which include banks, brokers, securities institutions, insurance companies, pension funds, investment institutions, other institutional investors and other parties including treasury departments of commercial enterprises and finance companies of groups which are regularly active in the financial markets in a professional manner).

### **Singapore**

This prospectus has not been and will not be lodged with or registered by the Monetary Authority of Singapore as a prospectus under the Securities and Futures Act (Cap 289) of Singapore (the "SFA") and the Offer Shares will be offered in Singapore pursuant to exemptions invoked under Subdivision 4, Division 1, of Part XIII, particularly section 274 and section 275, of the SFA. Accordingly, this prospectus and any other document or material in connection with the offer of the Offer Shares may not be issued, circulated or distributed in Singapore nor may any of the Offer Shares be offered for subscription or purchase or made the subject of an invitation or offer for subscription or purchase, whether directly or indirectly, in Singapore other than (i) pursuant to, and subject to the conditions of, exemptions invoked under Subdivision 4, Division 1, of Part XIII, particularly section 274 and section 275, of the SFA and to persons to whom the Offer Shares may be offered or sold under such exemptions; or (ii) otherwise pursuant to, and subject to the conditions of, any other applicable provisions of the SFA, as amended from time to time.

Where the Offer Shares are subscribed or purchased under Section 275 by a relevant person which is:

- (a) a corporation (which is not an accredited investor) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (which the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an accredited investor, shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest in that trust shall not be transferable for six months after that corporation or that trust has acquired the Offer Shares under Section 273 except:
  - (1) to an institutional investor under Section 274 of the SFA or to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA;
  - (2) where no consideration is given for the transfer; or

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## INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

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- (3) by operation of law.

### **Taiwan**

The Offer Shares have not been and will not be registered with the Financial Supervisory Commission, the Executive Yuan of Taiwan and are not being offered or sold and may not be offered or sold, directly or indirectly, in Taiwan or to, or for the benefit of, any resident of Taiwan, except (i) pursuant to the requirements of the related securities laws and regulations in Taiwan; and (ii) in compliance with any other applicable requirements of Taiwanese laws.

### **United Kingdom**

This prospectus has not been approved by an authorized person in the United Kingdom and has not been registered with the Registrar of Companies in the United Kingdom. The Offer Shares may not be offered or sold and, prior to the expiry of a period of six months from the date of commencement of dealings in the Shares on the Stock Exchange. In addition, no person may communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (the "FSMA")) received by such person in connection with the issue or sale of the Offer Shares except in circumstances in which section 21(1) of the FSMA does not apply to us.

### **United States**

The Offer Shares have not been and will not be registered under the U.S. Securities Act and may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons except that the Offer Shares may be offered, sold or delivered to QIBs in reliance on Rule 144A or another exemption from registration under the U.S. Securities Act or outside the United States in offshore transactions in accordance with Regulation S.

The Offer Shares have not been approved or disapproved by the U.S. Securities and Exchange Commission, any state securities commission in the United States or any other U.S. regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the Global Offering or the accuracy of this prospectus or the circular relating to the International Offering. Any representation to the contrary is a criminal offence in the United States.

### **APPLICATION FOR LISTING ON THE STOCK EXCHANGE**

We have applied to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, our Shares in issue and to be issued pursuant to (i) the Global Offering (including any additional Shares which may be issued pursuant to the exercise of the Over-allotment Option); (ii) the exercise of options which may be granted under the Share Option Scheme; and (iii) the conversion of our non-mandatory Convertible Bonds. We expect dealing in our Shares on the Stock Exchange to commence on July 13, 2006.

Our Convertible Bonds are listed on Singapore Exchange Securities Trading Limited. Except for our Convertible Bonds, no part of our share or loan capital is listed on or dealt in on any other stock exchange. We are not seeking or proposing to seek a listing of, or permission to list, our share or loan capital on any other stock exchange.

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## INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

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### **OUR SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS**

If the Stock Exchange grants the listing of, and permission to deal in, our Shares on the Stock Exchange and we comply 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 Stock Exchange is required to take place in CCASS on the second trading day after a trade. You should seek advice from your stockbroker or other professional advisors for details of such settlement arrangements as such arrangements will affect your rights and interests.

We have made all necessary arrangements 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 advisors if you are in any doubt as to the taxation implications of subscription for, purchasing, holding or disposing of, and dealing in, our Shares (or exercising rights attaching to them) under the laws of Hong Kong and the place of your operations, domicile, residence, citizenship or incorporation. We emphasize that none of the Joint Global Coordinators, Sponsor, Underwriters, us, Selling Shareholders, any of our or their respective directors or any other person or party involved in the Global Offering accepts responsibility for your tax effects or liabilities resulting from your subscription for, purchase, holding or disposing of, or dealing in, our Shares or your exercise of any rights attaching to our Shares.

### **HONG KONG BRANCH REGISTER OF MEMBERS AND STAMP DUTY**

Our principal register of members will be maintained by our principal registrar, Butterfield Fund Services (Cayman) Limited, in the Cayman Islands and our branch register of members will be maintained by our branch registrar in Hong Kong, Computershare Hong Kong Investor Services Limited. Dealings in our Shares registered on our Hong Kong branch register of members will be subject to Hong Kong stamp duty. Only Shares registered on our Hong Kong branch register of members may be traded on the Stock Exchange.

### **OVER-ALLOTMENT AND STABILIZATION**

Stabilization is a practice used by underwriters to facilitate the distribution of securities. To stabilize, the 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 offering price of the securities.

In connection with the Global Offering, JPMorgan Securities, as stabilizing manager, or any person acting for it may over-allocate or effect transactions with a view to stabilizing or maintaining the market price of our Shares at a level higher than that which might otherwise prevail in the open market for a limited period after the Listing Date. Any market purchases will be effected in compliance with all applicable laws and regulatory requirements. However, there is no obligation on JPMorgan Securities or any person acting for it to conduct any such stabilizing activity which, if commenced, may be terminated at the absolute discretion of JPMorgan Securities or any person acting for it at any time. Any such stabilizing activity is required to be brought to an end on the 30th day after the earlier of the last day for lodging of applications under the Hong Kong Public Offering and the Listing Date. The number of Shares that may be over-allocated will not exceed the number of Shares that may be issued or sold upon exercise of the Over-allotment Option, being 48,701,000 Shares in aggregate, which is approximately 15% of the number of Offer Shares initially available under the Global Offering.



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## INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

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Stabilizing actions permitted in Hong Kong pursuant to the Securities and Futures (Price Stabilization) Rules include:

- over-allocation for the purpose of preventing or minimizing any reduction in the market price;
- selling or agreeing to sell Shares so as to establish a short position in them for the purpose of preventing or minimizing any reduction in the market price;
- subscribing, or agreeing to subscribe, for Shares pursuant to the Over-allotment Option in order to close out any position established as a result of over-allocation or short position described above;
- purchasing, or agreeing to purchase, Shares for the sole purpose of preventing or minimizing any reduction in the market price;
- selling Shares to liquidate a long position held as a result of those purchases; and
- offering or attempting to do anything described in the 2nd, 3rd, 4th and 5th actions above.

As a result of effecting transactions to stabilize or maintain the market price of our Shares, JPMorgan Securities or any person acting for it may maintain a long position in our Shares. The size of the long position and the period for which JPMorgan Securities or any person acting for it will maintain the long position is at the discretion of JPMorgan Securities and is uncertain. In the event that JPMorgan Securities or any person acting for it liquidates its long position by making sales in the open market, this may lead to a decline in the market price of our Shares.

Stabilizing action by JPMorgan Securities or any person acting for it is not permitted to support the price of our Shares for a period longer than the stabilizing period, which begins on the Listing Date on which trading of our Shares first commences on the Stock Exchange and ends on the 30th day after the earlier of the last day for lodging of applications under the Hong Kong Public Offering and the Listing Date. Therefore, the stabilizing period is expected to end on or before August 5, 2006. As a result, demand for our Shares and their market price may fall after the end of the stabilizing period.

We will ensure or procure that a public announcement in compliance with the Securities and Futures (Price Stabilizing) Rules will be made within seven days of the expiration of the stabilizing period.

Any stabilizing action taken by JPMorgan Securities or any person acting for it may not necessarily result in the market price of our Shares staying at or above the Offer Price either during or after the stabilizing period. Bids for or market purchases of our Shares by JPMorgan Securities or any person acting for it may be made at a price at or below the Offer Price and therefore at or below the price paid by you for our Shares.

### PROCEDURE FOR APPLICATION FOR HONG KONG OFFER SHARES

You may find the application procedures for our Hong Kong Offer Shares in the section entitled “How to Apply for Hong Kong Offer Shares” in this prospectus and on the relevant Application Forms.

### STRUCTURE OF THE GLOBAL OFFERING

You may find details of the structure of the Global Offering, including its conditions, in the section entitled “Structure of the Global Offering” in this prospectus.

### EXCHANGE RATE CONVERSION

For exchange rate translations throughout this prospectus, unless otherwise specified, we have used the PBOC Rates of HK\$1.00 and US\$1.00 equaling Rmb 1.03364 and Rmb 8.0188, respectively, each being the PBOC Rate on May 31, 2006. All translations from H.K. dollars into U.S. dollars were made at the rate of US\$1.00 to HK\$7.7578. The PBOC Rates for the H.K. dollar and U.S. dollar on the Latest Practicable Date were HK\$1.00 = Rmb 1.03037 and US\$1.00 = Rmb 8.0026, respectively. We make no

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## INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

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representations and none should be construed as being made, that any of the Renminbi, H.K. dollar or U.S. dollar amounts contained in this prospectus could have been or could be converted into amounts of any other currencies at any particular rate or at all on such date or any other date.

### **ROUNDING**

Any discrepancies in any table between totals and sums of amounts listed in the table are due to rounding.

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## DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

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### DIRECTORS

Name	Address	Nationality
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#### *Executive Directors*

Song Weiping	(宋卫平) Room D8, Dangui Garden No. 333, Wenyuan Road Xihu District Hangzhou, Zhejiang Province China, 310012	Chinese
Shou Bainian	(壽柏年) Room 1001, Unit 2 Block 26, Zigui Garden Xihu District Hangzhou, Zhejiang Province China, 310012	Chinese
Chen Shunhua	(陳順華) Room 23-2-601 Liu Lang Xinyuan Shangcheng District Hangzhou, Zhejiang Province China, 310002	Chinese
Guo Jiafeng	(郭佳峰) Room 2-2, Yingui Garden No. 469, Wenyuan West Road Hangzhou, Zhejiang Province China, 310012	Chinese

#### *Independent Non-executive Directors*

Jia Shenghua	(賈生華) Room 706 Block 54, Qiushi Village Xihu District Hangzhou, Zhejiang Province China, 310013	Chinese
Jiang Wei	(蔣 偉) 7th Floor, No. 7 Sing Woo Crescent Happy Valley, Hong Kong	Chinese
Sze Tsai Ping, Michael	(史習平) Flat 10A 26 Magazine Gap Road The Peak, Hong Kong	British
Tsui Yiu Wa, Alec	(徐耀華) 11A Branksome 3 Tregunter Path Mid-Levels, Hong Kong	British
Tang Shiding	(唐世定) Room 1905 Block 8, Guodu Apartment Xiacheng District Hangzhou, Zhejiang Province China, 310006	Chinese

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## DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

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### PARTIES INVOLVED IN THE GLOBAL OFFERING

<b>Sponsor</b>	J.P. Morgan Securities (Asia Pacific) Limited 27th Floor, Chater House 8 Connaught Road Central, Hong Kong
<b>Joint Bookrunners</b>	J.P. Morgan Securities (Asia Pacific) Limited 27th Floor, Chater House 8 Connaught Road Central, Hong Kong  UBS AG 52th Floor, Two International Finance Centre 8 Finance Street Central, Hong Kong
<b>Joint Global Coordinators</b>	J.P. Morgan Securities Ltd. 125 London Wall London EC2Y 5AJ United Kingdom  UBS AG 52th Floor, Two International Finance Centre 8 Finance Street Central, Hong Kong
<b>Auditors and reporting accountants</b>	Deloitte Touche Tohmatsu <i>Certified Public Accountants</i> 35th Floor, One Pacific Place 88 Queensway Hong Kong
<b>Legal advisors to our company</b>	<i>as to Hong Kong law and U.S. law:</i> Herbert Smith 23rd Floor, Gloucester Tower 11 Pedder Street Central, Hong Kong  <i>as to PRC law:</i> T&C Law Firm 11th Floor, Block A Huanglong Century Plaza No. 1 Hangda Road Hangzhou, Zhejiang Province China 310007  <i>as to Cayman Islands law and British Virgin Islands law:</i> Maples and Calder 1504 One International Finance Centre 1 Harbour View Street Central, Hong Kong

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## DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

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**Legal advisors to the Underwriters**

*as to Hong Kong law and U.S. law:*

Sidley Austin  
39th Floor, Two International Finance Centre  
8 Finance Street  
Central, Hong Kong

*as to PRC law:*

King & Wood  
31st Floor, SOHO Office Tower A  
39 Dongsanhuan Zhonglu  
Chaoyang District  
Beijing, China 100022

**Property valuer**

DTZ Debenham Tie Leung Limited  
10th Floor  
Jardine House  
1 Jardine Place  
Central, Hong Kong

**Compliance adviser**

Platinum Securities Company Limited  
22nd Floor, Standard Chartered Bank Building  
4 Des Voeux Road  
Central, Hong Kong

**Receiving bankers**

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

Bank of Communications Company Limited  
Hong Kong Branch  
20 Pedder Street  
Central, Hong Kong

Standard Chartered Bank (Hong Kong) Limited  
15th Floor, Standard Chartered Tower  
388 Kwun Tong Road  
Kowloon, Hong Kong

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## CORPORATE INFORMATION

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<b>Registered office in Cayman Islands</b>	M&C Corporate Services Limited PO Box 309GT, Ugland House South Church Street George Town, Grand Cayman Cayman Islands
<b>Place of business in Hong Kong</b>	Room 1406–8 14th Floor, New World Tower Queen's Road Central Central, Hong Kong
<b>Company secretary</b>	Lam Kam Tong ( <i>CPA, ACCA</i> )
<b>Qualified accountant</b>	Lam Kam Tong ( <i>CPA, ACCA</i> )
<b>Authorized representatives</b>	Shou Bainian Room 1001, Unit 2 Block 26, Zigui Garden Xihu District Hangzhou, Zhejiang Province China 310012  Lam Kam Tong ( <i>CPA, ACCA</i> ) 19D, Block 2, Castello Shatin, New Territories Hong Kong
<b>Board audit committee</b>	Tsui Yiu Wa, Alec Sze Tsai Ping, Michael Jia Shenghua Tang Shiding Jiang Wei
<b>Board remuneration committee</b>	Jia Shenghua Sze Tsai Ping, Michael Chen Shunhua
<b>Board nomination committee</b>	Sze Tsai Ping, Michael Tsui Yiu Wa, Alec Shou Bainian Tang Shiding
<b>Cayman Islands principal share registrar</b>	Butterfield Fund Services (Cayman) Limited Butterfield House, 68 Fort Street P.O. Box 705, George Town Grand Cayman, Cayman Island British West Indies
<b>Hong Kong branch registrar</b>	Computershare Hong Kong Investor Services Limited Shops 1712–1716, 17th Floor Hopewell Centre 183 Queen's Road East Wanchai, Hong Kong

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## CORPORATE INFORMATION

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### Principal bankers

Standard Chartered Bank (Hong Kong) Limited  
4–4A Des Voeux Road Central,  
13th Floor, Standard Chartered Bank Building  
Central, Hong Kong

The Bank of China Limited, Zhejiang Province Branch  
321 Fengqi Road  
Hangzhou, Zhejiang Province  
China 310003

Industrial and Commercial Bank of China  
Hangzhou Kaiyuan Branch  
273 Zhongshan Road  
Hangzhou, Zhejiang Province  
China 310001

Agricultural Bank of China  
Hangzhou Zhongshan Branch  
188 Zhongshan Road  
Hangzhou, Zhejiang Province  
China 310002

China Construction Bank Limited, Hangzhou, Xihu  
Branch  
62 Baochu Road  
Hangzhou, Zhejiang Province  
China 310007

Bank of Communications, Shanghai, Pudong Branch  
518 Shangcheng Road  
Shanghai, China 200120

Industrial and Commercial Bank of China  
Shanghai Branch No.2  
42 Henan Road  
Shanghai, China 200002

Industrial and Commercial Bank of China  
Beijing Fangshan Branch  
32 Beida Avenue  
Fangshan Liangxiang West Road  
Beijing, China 102488

Shanghai Pudong Development Bank  
Hunan Changsha Branch  
559 Wuyi Avenue  
Changsha, Hunan Province  
China 411115

Industrial and Commercial Bank of China  
Hefei Yinhe Branch  
616 Meiling Avenue  
Hefei, Anhui Province  
China 230001

## INDUSTRY OVERVIEW

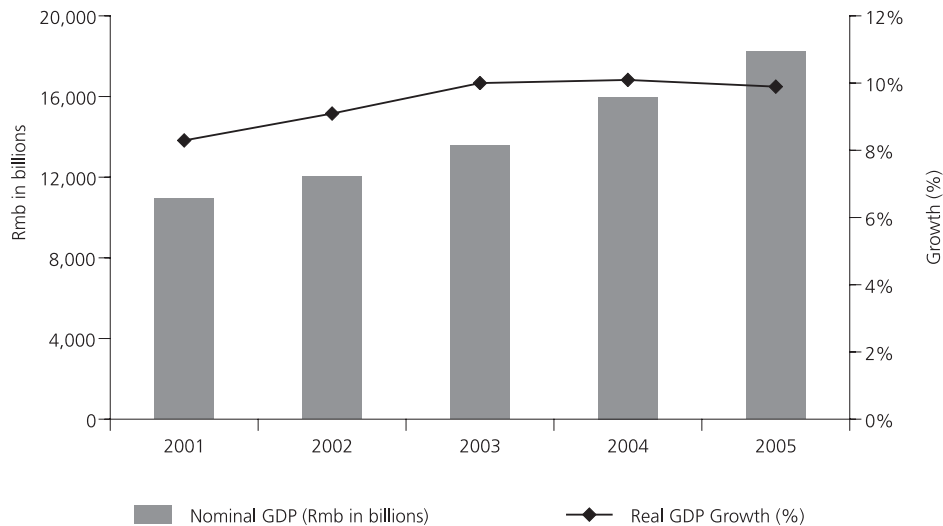
*We have extracted and derived the information and statistics in the section below, in part, from various official government publications unless otherwise indicated. While reasonable care has been taken in the extraction, compilation and reproduction of such information and statistics, neither we, nor any Selling Shareholder, nor the Joint Global Coordinators, Sponsor or Underwriters, nor any of our or their respective affiliates or advisors, nor any party involved in this Global Offering have independently verified such information and statistics directly or indirectly derived from official government publications or make any representation as to their accuracy. The information and statistics may not be consistent with other information and statistics compiled within or outside China.*

### CHINA'S ECONOMY

The PRC economy has grown significantly since the PRC government introduced economic reforms in the late 1970's. China's accession to the World Trade Organization, or WTO, in 2001 has further accelerated the reform of the PRC economy.

According to National Bureau of Statistics of China, China's real GDP grew at an average annual growth rate of approximately 9.5% during the 5-year period from 2001 to 2005, making China one of the fastest growing economies in the world. In 2005, China's nominal GDP was approximately Rmb 18,232.1 billion, while real GDP grew approximately 9.9% from 2004.

**China's GDP (2001–2005)**



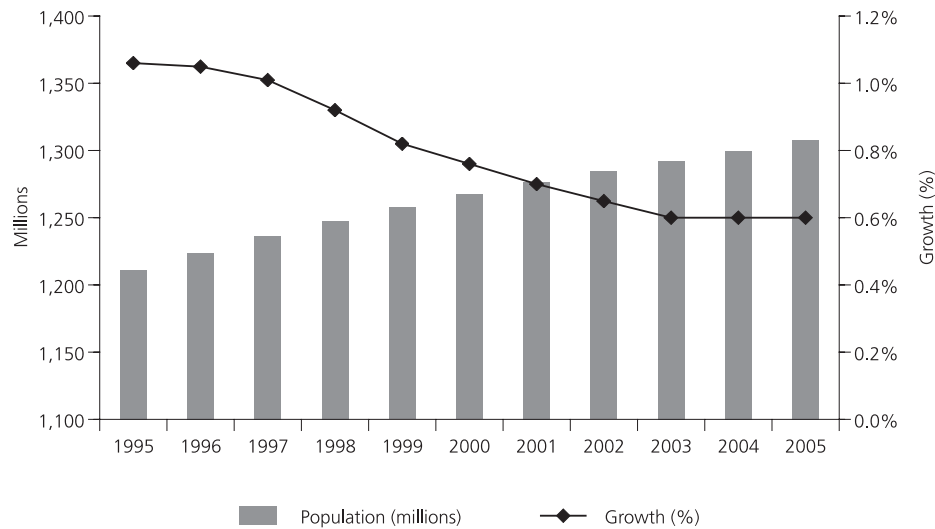
Source: National Bureau of Statistics of China



## INDUSTRY OVERVIEW

China's population has increased steadily over the past decades. However, due to the adoption by the PRC government of the one-child-per-family policy, population growth has remained at a relatively slow rate from year to year with an annual growth rate of approximately 0.8%. Total population in China reached approximately 1.3 billion as of the end of 2005.

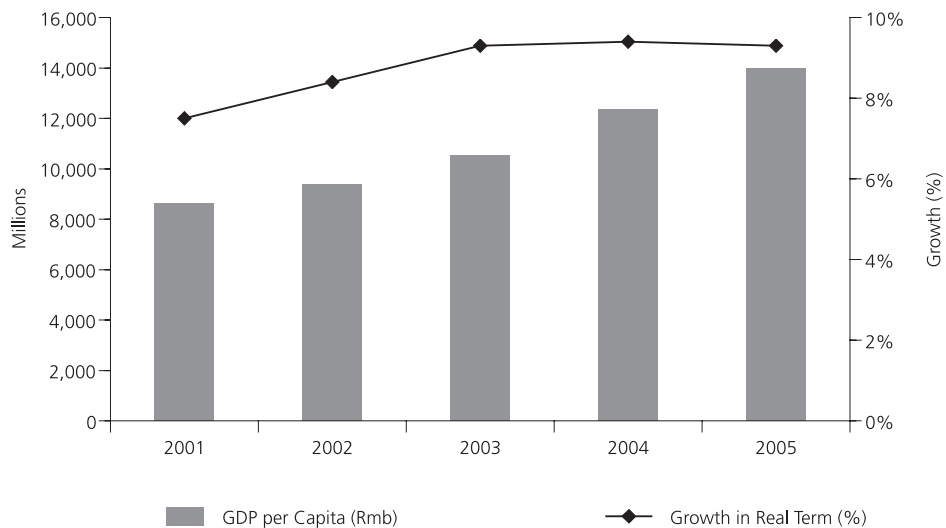
**China's Population (1995–2005)**



Source: National Bureau of Statistics of China

In line with the nominal GDP growth, China's nominal GDP per capita increased to Rmb 13,985 in 2005, representing a growth of approximately 9.3% in real terms over 2004.

**China's GDP per Capita (2001–2005)**

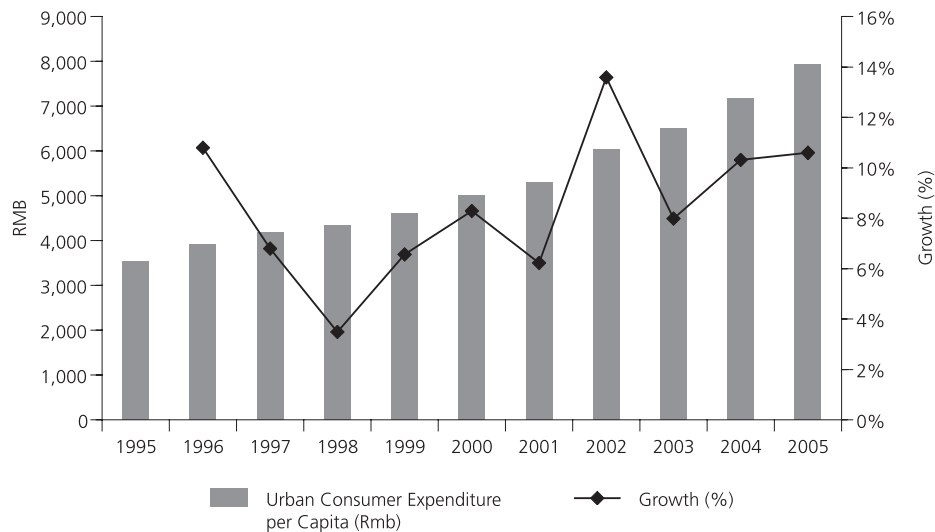


Source: National Bureau of Statistics of China

## INDUSTRY OVERVIEW

The urban consumer expenditure per capita in China reached Rmb 7,943 in 2005, representing an increase of approximately 10.6% over 2004.

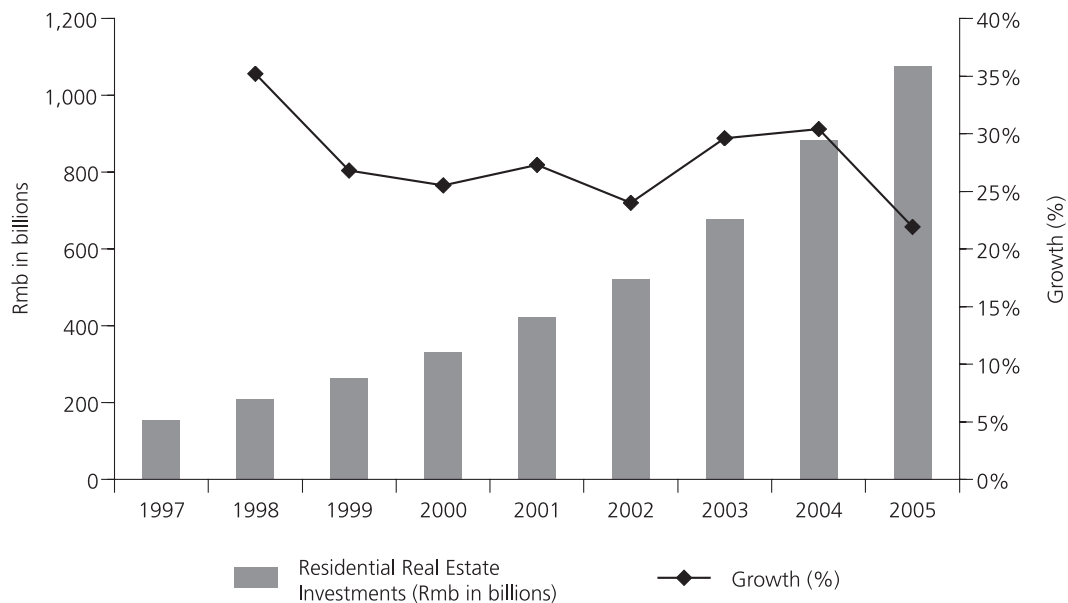
**Urban Consumer Expenditure per Capita in China (1995–2005)**



Source: National Bureau of Statistics of China

Investments in residential real estate in China were approximately Rmb 1,076.8 billion in 2005, representing an increase of approximately 21.9% over 2004.

**Residential Real Estate Investments in China (1997–2005)**



Source: National Bureau of Statistics of China

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## INDUSTRY OVERVIEW

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Since 2004, in order to prevent China's economy from expanding too rapidly and to achieve a balanced and sustainable economic growth, the PRC government has taken measures to control money supply, credit availability and fixed assets investment. The PRC government has also taken measures to discourage speculation in the residential property market and to increase the supply of affordable housing rather than high-end residential properties. In response to concerns over the scale of the increase in property investment, the PRC government has introduced policies to restrict future development, including:

- limiting the monthly mortgage payment to 50% of an individual borrower's monthly income and limiting all monthly debt service payments of an individual borrower to 55% of his or her monthly income;
- requiring real estate developers to finance 35% rather than 20% of the total projected capital outlay of any property development with their capital funds;
- increasing the required reserve ratio of funds that a commercial bank must hold on deposit from 7.0% to 7.5% and further to 8.0%, effectively reducing the amount of money a bank is able to lend; and
- tightening regulations governing mortgage lending and restricting approval of new large-scale development zones.

In April 2005, Ministry of Construction and other relevant PRC government authorities jointly issued the Opinions on Stabilizing Property Prices followed by a set of new measures to tackle the overheating of the real estate industry. The new policies include:

- a business tax levy on the sales proceeds subject to the length of holding period and type of properties starting from June 1, 2005;
- a ban on onward transfer of uncompleted properties;
- strict enforcement of the imposition of a land idle fee for land which has not been developed for one year or longer starting from the commencement date stipulated in the land use rights grand contract and cancellation of land use right for land idle for two years or longer;
- a stop order and cancellation for projects not in compliance with the planning permits; and
- a ban on land provision for villa construction and a restriction on land provision for high-end residential property construction.

On May 29, 2006, Ministry of Construction, NDRC, PBOC and other relevant PRC government authorities jointly issued the Opinions on Housing Supply Structure and Stabilization of Property Prices. Such opinions reiterated the existing measures and introduced new measures to further curb rapid increases in property prices in large cities and to promote healthy development of the PRC property market. These measures, among others, include:

- 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;
- requiring that at least 70% of residential projects approved or constructed on or after June 1, 2006 must consist of units with a unit floor area (套型建築面積) of less than 90 square meters per unit and that projects which have received project approvals prior to this date but have not obtained construction permits must adjust their planning in order to be in conformity with this new requirement, with the exception that municipalities under direct administration of the PRC central government and provincial capitals and certain cities may deviate from such ratio under special circumstances upon approval from the Ministry of Construction;

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## INDUSTRY OVERVIEW

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- 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, effective from June 1, 2006;
- prohibiting commercial banks from lending funds to real estate developers with an internal capital ratio, calculated by dividing the internal funds by the total project capital required for the relevant projects, of less than 35%, restricting the grant or extension of revolving credit facilities to property developers holding a large amount of idle land and vacant commodity properties, and prohibiting commercial banks from taking commodity properties which have been vacant for more than three years as security for their loans; and
- imposing a business tax levy on the entire sales proceeds from re-sale of properties if the holding period is shorter than five years, effective from June 1, 2006, as opposed to two years as such levy was initially implemented from June 2005; where an individual transfers a property other than an ordinary residential property after five years from his/her purchase, the business tax will be levied on the difference between the price for such re-sale and the original purchase price.

On May 30, 2006, the Ministry of Land and Resources published the Urgent Notice on Tightening Land Administration. In this Notice, the Ministry of Land and Resources stressed that local governments must adhere to their annual overall land use planning and land supply plans and tighten the control on land supply for non-agricultural use. The Notice requires local governments to suspend the supply of land for new villa projects to ensure adequate supply of land for more affordable housing. In this Notice, the Ministry of Land and Resources also requires the local governments to conduct thorough investigations of illegal land use and submit a report on such investigations to it by the end of October 2006.

### CHINA'S PROPERTY MARKETS

Reform of the PRC property market did not commence until the 1990s. Prior to such reform, the PRC real estate development industry was part of the nation's centrally planned economy. In the 1990s, the PRC government initiated the housing reform and, as a result, China's real estate and housing sector began its transition to a market-based system. A brief timeline of key housing reforms is set out below:

1988	NPC 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 the reform and established an employer/employee-funded housing fund
1994	The PRC government issued a regulation regarding pre-sale of commodity housing in cities
1995	The PRC government issued regulations regarding the transfer of real estate, establishing a regulatory framework for real estate sales
1998	The PRC government abolished the state-allocated housing policy
1999	The PRC government extended the maximum mortgage term to 30 years  The PRC government increased maximum mortgage financing from 70% to 80%  The PRC government 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 sale of commodity properties

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## INDUSTRY OVERVIEW

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- 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
- The PRC government 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 financing for the purpose of reducing the credit and systemic risks associated with such financing
- The State Council issued a notice for sustained and healthy development of the real estate market
- 2004      The State Council issued a notice to require that real estate development projects (excluding affordable housing programs) be financed by developers themselves from their capital funds with respect to 35%, rather than 20%, of the total projected capital outlay for such projects
- The Ministry of Construction amended Administrative Measures on the Presale of Commodity Housing in Cities
- CBRC issued the Guideline for Commercial Banks on Risks of Real Estate Loans to further strengthen the risk control of commercial banks over their real estate financing
- 2005      The PRC government instituted additional measures to discourage speculation in real properties such as increasing the minimum down payment to 30% of the total purchase price in some cities where the housing price increased too fast, eliminating the preferential mortgage interest rate for residential housing, imposing a business tax of 5% on the proceeds from sales that occur within two years of purchase, and prohibiting resale of unfinished properties
- 2006      The PRC government implemented additional land supply, bank financing and other measures to curb fast increases in property prices, to encourage the development of middle-to low-end housing and to promote healthy development of the PRC property industry

For additional information on housing reforms and recent regulatory developments, see “Summary of PRC Laws Relating to the Property Sector” in Appendix VI to this prospectus.

## INDUSTRY OVERVIEW

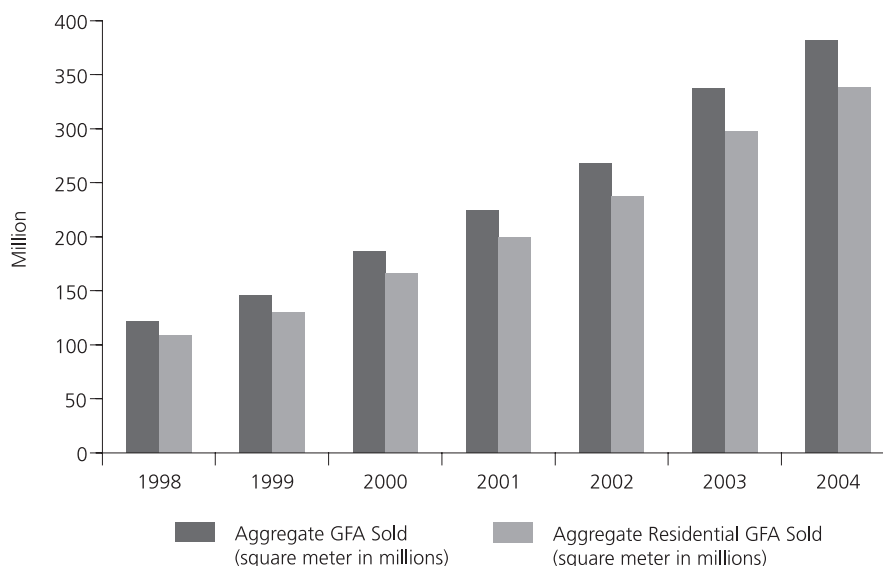
The housing reforms, together with the economic growth of China, emergence of the mortgage lending market and urbanization, are the key factors in creating a real estate market in China and in sustaining the growth of China's real estate market. These and other government housing reform measures will continue to encourage private housing ownership in China. According to the National Bureau of Statistics of China, China's urbanization rate, i.e. the proportion of the population residing in urban areas, rose from approximately 29.0% in 1995 to approximately 43.0% in 2005. Increases in the urban population of China will likely result in increases in demand for residential properties. The table below describes China's urbanization rate for the periods indicated.

	2000	2001	2002	2003	2004	2005
Urban population (millions) . . .	459	481	502	524	543	562
Total population (millions). . . .	1,267	1,276	1,285	1,292	1,300	1,308
Urbanization rate (%). . . . .	36.2	37.7	39.1	40.5	41.8	43.0

### Commodity Property Sales

Demand for real estate in China has seen a steady increase over the years. According to the National Bureau of Statistics of China, the total revenue from real property sales in China increased from approximately Rmb 251.3 billion in 1998 to approximately Rmb 1,808.0 billion in 2005. During the same period, aggregate GFA sold in China increased from approximately 121.9 million square meters in 1998 to approximately 382.3 million square meters in 2004. Of the aggregate GFA sold in 2004, approximately 338.2 million square meters were residential properties, representing an increase of approximately 13.6% over 2003. In 2005, the aggregate GFA sold amounted to approximately 560 million square meters. The aggregate GFA sold in 2005 and the corresponding sales proceeds included properties that were sold (including pre-sales) in 2005 while the aggregate GFA sold between 1998 and 2004 and the corresponding sales proceeds included properties that were completed and sold between 1998 and 2004. Data for aggregate residential GFA sold in 2005 are currently not available.

**GFA Sold in China (1998–2004)**

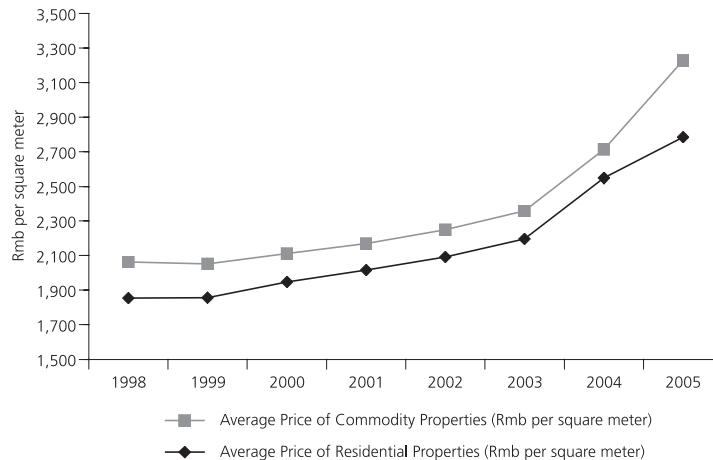


Source: National Bureau of Statistics of China

## INDUSTRY OVERVIEW

The average price of commodity properties sold in China increased from Rmb 2,063 per square meter in 1998 to Rmb 2,714 per square meter in 2004, while the average price of residential properties sold increased from Rmb 1,854 per square meter to Rmb 2,549 per square meter during the same period. The average price of commodity properties sold in China in 2005 was calculated by dividing total sales proceeds by the aggregate GFA sold, which was approximately Rmb 3,229 per square meter. According to an announcement issued by National Bureau of Statistics of China, the average price of residential properties sold in 2005 increased by approximately 9.3% compared to 2004.

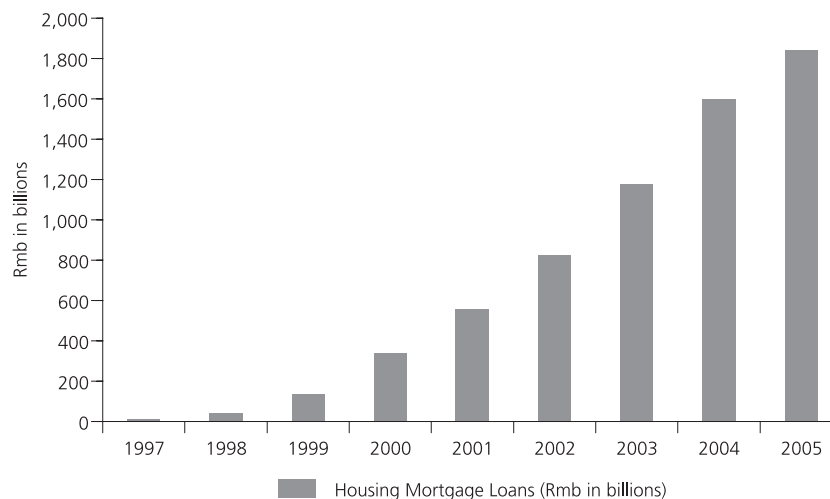
**Average Property Prices in China (1998–2005)**



Source: National Bureau of Statistics of China

The chart below (with respect to data up to 2004) was prepared by CEIC Data Company Limited, a comprehensive database provider incorporated in Hong Kong. Data for 2005 were published by National Bureau of Statistics of China. Mortgage loans have grown significantly since 1997 as a result of continuous strong demand for residential properties in China.

**Housing Mortgage Loans in China (1997–2005)**



Sources: CEIC Data Company Limited; National Bureau of Statistics of China

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## INDUSTRY OVERVIEW

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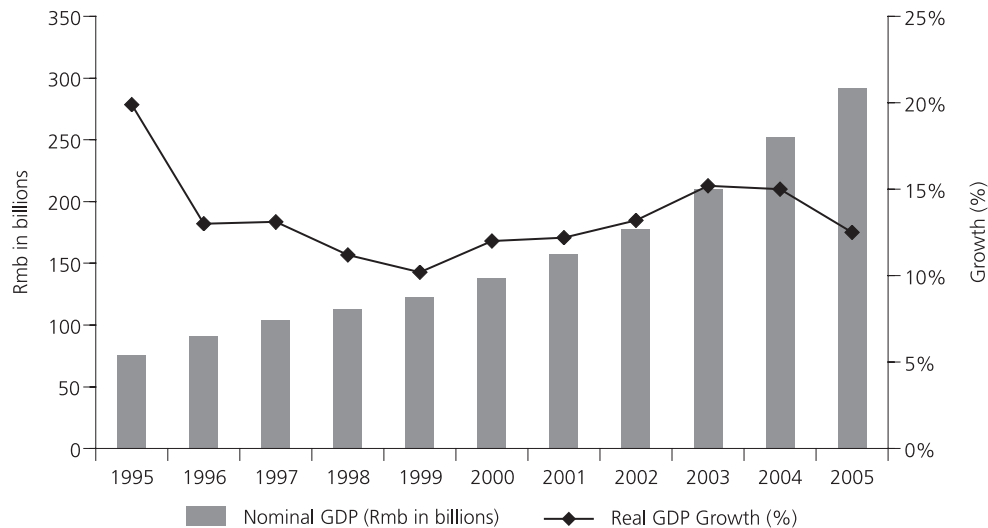
### HANGZHOU

Hangzhou is the capital city of Zhejiang Province. It covers a total area of approximately 16,596 square kilometers and had a population of approximately 6.6 million as of December 31, 2005. A key city in the Yangtze River delta, Hangzhou is 1.5 hours and two hours away from Ningbo and Shanghai, respectively, by car.

The growth in the economy and population of Hangzhou has generated an increase in housing demand in the city. From 1995 to 2005, the population of Hangzhou has increased by more than 620,000 representing an increase of approximately 10.5%. In addition, the urbanization rate, i.e. the proportion of the population residing in non-agricultural areas, increased from approximately 36.5% in 2000 to approximately 45.1% in 2005.

The nominal GDP of Hangzhou was approximately Rmb 291.9 billion in 2005, while real GDP grew approximately 12.5% from 2004. Among all the provincial capitals, Hangzhou ranked second after Guangzhou in terms of nominal GDP in 2004.

**Hangzhou's GDP (1995–2005)**



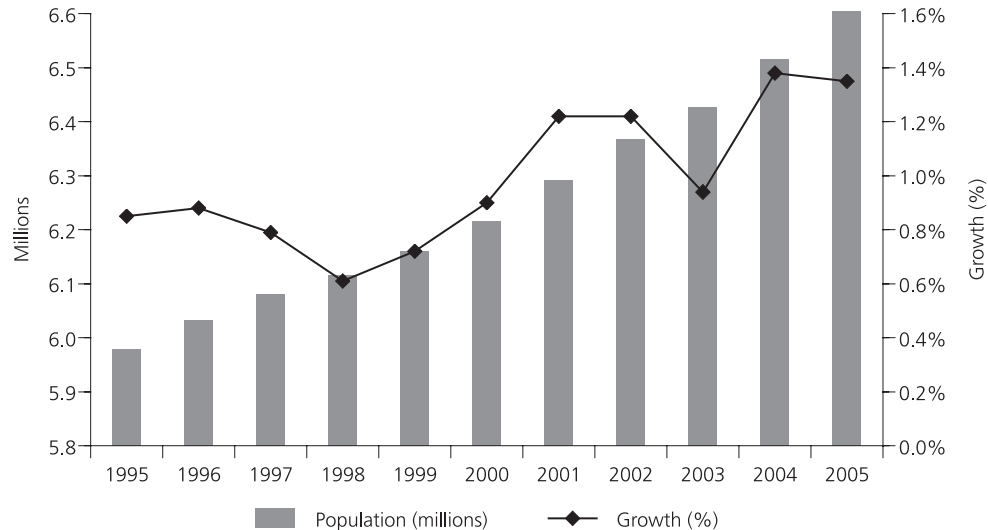
Source: Hangzhou City Statistical Bureau



## INDUSTRY OVERVIEW

The population in Hangzhou increased steadily over the years with an average annual growth rate of approximately 1.0%. As of December 31, 2005, Hangzhou's population reached approximately 6.6 million.

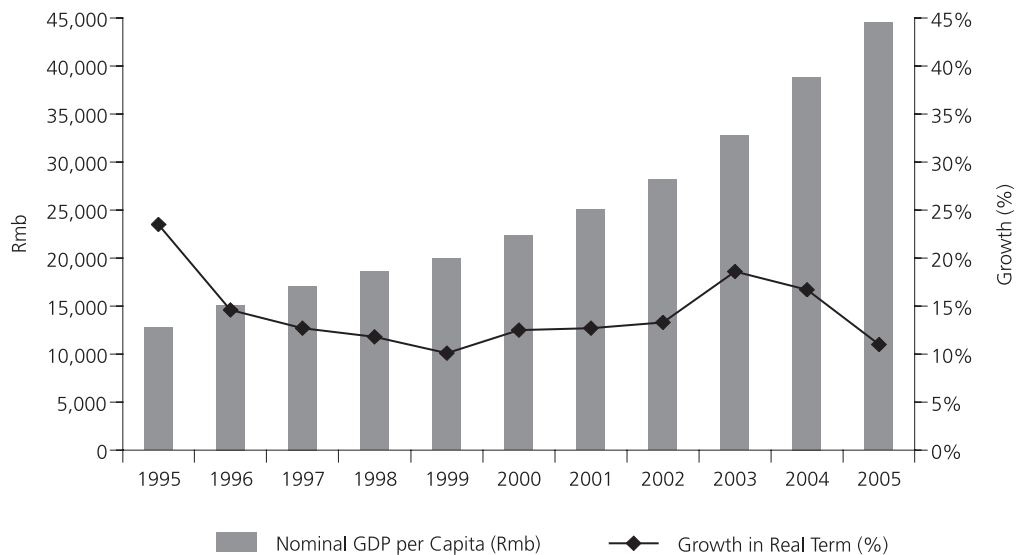
**Hangzhou's Population (1995–2005)**



Source: Hangzhou City Statistical Bureau

In line with the nominal GDP growth, Hangzhou's nominal GDP per capita increased to Rmb 44,487 in 2005, representing a growth of approximately 11.0% in real terms over 2004. Among all the provincial capitals, Hangzhou ranked second behind Guangzhou in terms of nominal GDP per capita in 2004.

**Hangzhou's Nominal GDP per Capita (1995–2005)**

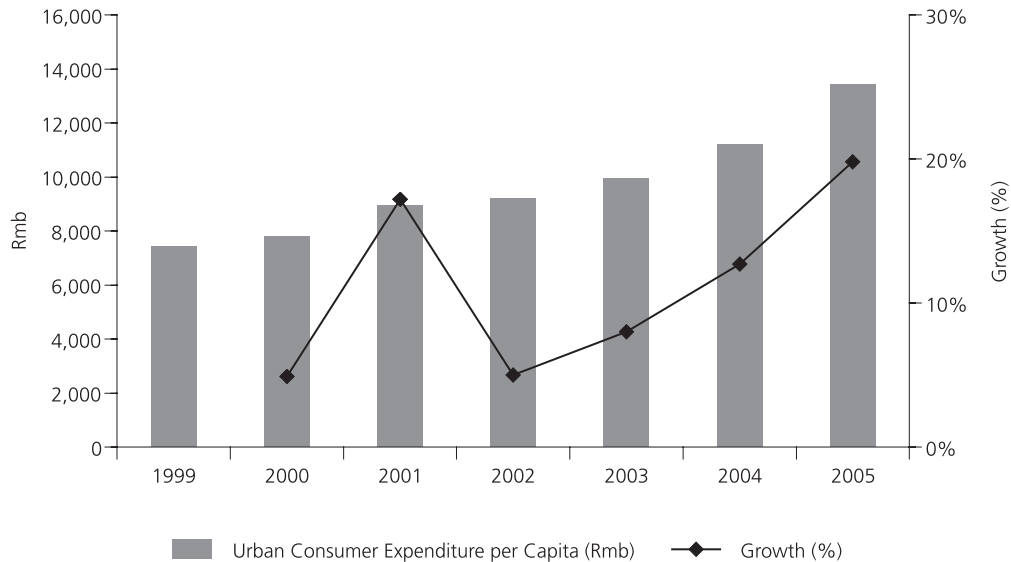


Source: Hangzhou City Statistical Bureau

## INDUSTRY OVERVIEW

Urban consumer expenditure per capita in Hangzhou was Rmb 13,438 in 2005, representing an increase of approximately 19.8% over 2004. In terms of the urban consumer expenditure per capita, Hangzhou ranked second behind Guangzhou among all the provincial capitals in 2004.

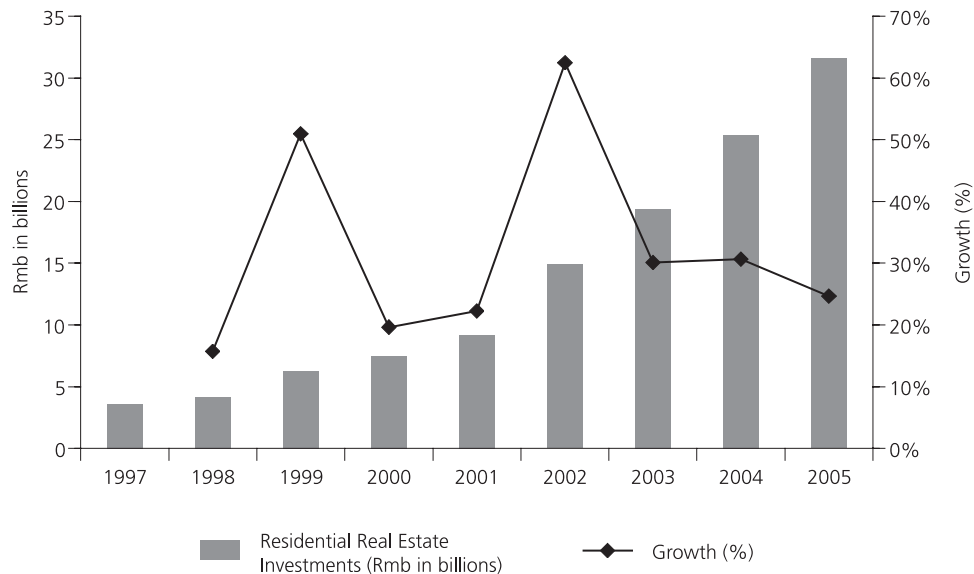
**Urban Consumer Expenditure per Capita in Hangzhou (1999–2005)**



Source: Hangzhou City Statistical Bureau

Residential real estate investments in Hangzhou have increased over the years. Total residential real estate investments in the city amounted to approximately Rmb 31.6 billion in 2005, representing an increase of approximately 24.7% over 2004.

**Residential Real Estate Investments in Hangzhou (1997–2005)**

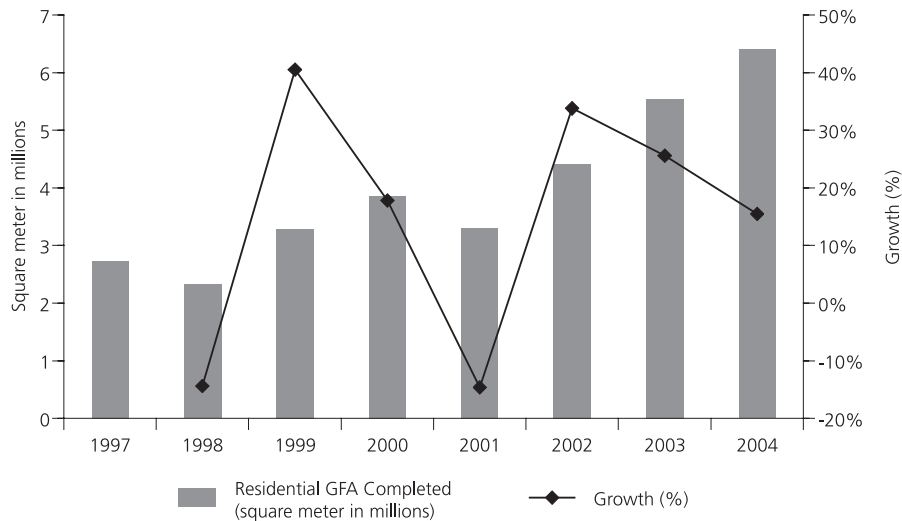


Source: Hangzhou City Statistical Bureau

## INDUSTRY OVERVIEW

GFA of completed residential developments in Hangzhou in 2004 was approximately 6.4 million square meters, representing an increase of approximately 15.5% over 2003. According to monthly statistical reports published by Hangzhou City Statistical Bureau, total residential GFA completed in Hangzhou between January 2005 and December 2005 amounted to approximately 6.3 million square meters.

**Residential GFA Completed in Hangzhou (1997–2004)**



Source: Hangzhou City Statistical Bureau

In 2004, residential GFA under construction in Hangzhou reached approximately 27.1 million square meters, representing an increase of approximately 42.1% over 2003. According to monthly statistical reports published by Hangzhou City Statistical Bureau, total residential GFA under construction in Hangzhou between January 2005 and December 2005 amounted to approximately 32.9 million square meters.

**Residential GFA Under Construction in Hangzhou (1997–2005)**

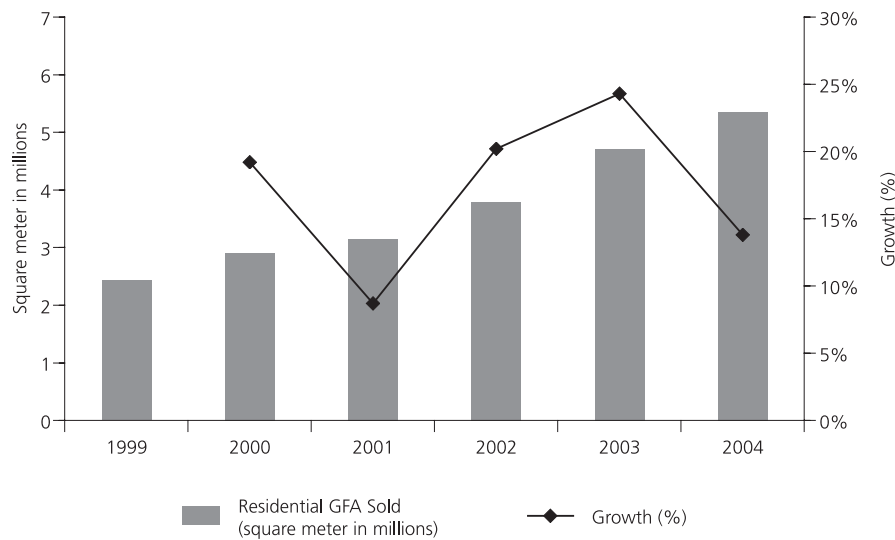


Source: Hangzhou City Statistical Bureau

## INDUSTRY OVERVIEW

In 2004, total residential GFA sold in Hangzhou amounted to approximately 5.4 million square meters, representing an increase of approximately 13.8% over 2003. Total residential GFA sold in Hangzhou in 2005 amounted to approximately 6.2 million square meters. The residential GFA sold in 2005 included properties that were sold (including pre-sales) in 2005 while the residential GFA sold between 1999 and 2004 included properties completed in these respective years, which might have been sold in periods prior to the years they were completed.

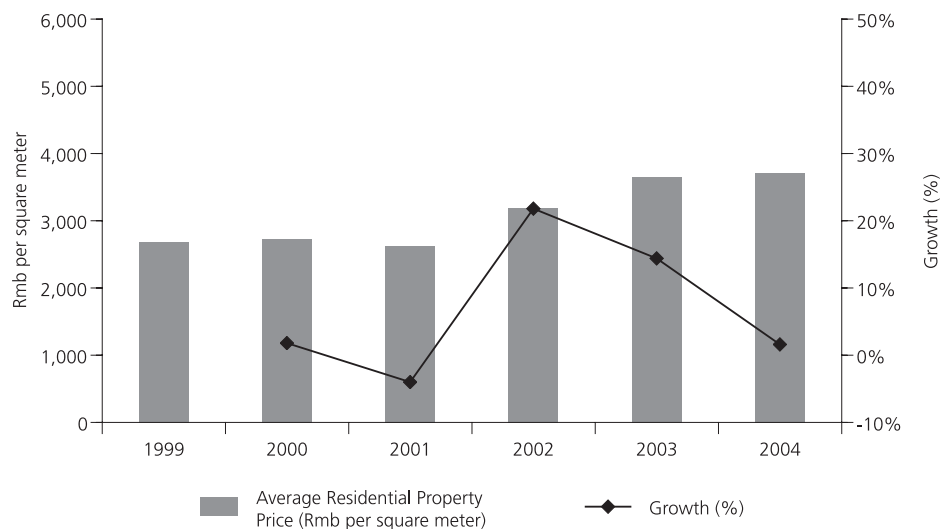
**Residential GFA Sold in Hangzhou (1999–2004)**



Sources: Zhejiang Provincial Bureau of Statistics; China Real Estate Statistics Yearbook

The average price of total residential GFA sold in Hangzhou in 2004 reached Rmb 3,714 per square meter, representing an increase of approximately 1.6% over 2003. The average price of total residential GFA sold in 2005 was Rmb 5,454 per square meter.

**Average Residential Property Price in Hangzhou (1999–2004)**



Sources: Zhejiang Provincial Bureau of Statistics; China Real Estate Statistics Yearbook

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## INDUSTRY OVERVIEW

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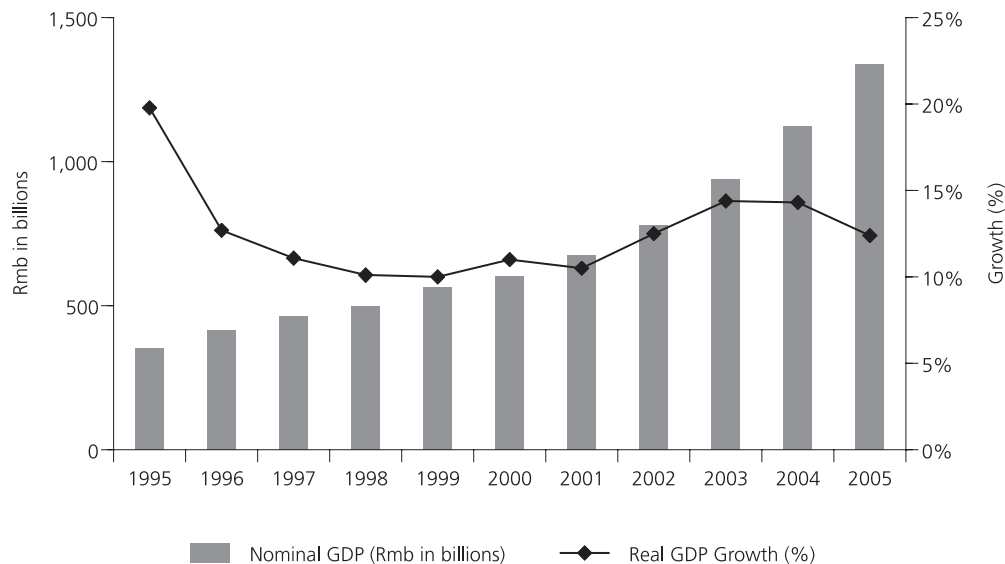
### ZHEJIANG PROVINCE

Zhejiang Province is located to the south of the Yangtze River delta, adjacent to Shanghai to its north. It covers a total area of approximately 101,800 square kilometers and had a population of approximately 45.8 million at the end of 2005. The Yangtze River delta has become an important economic region in China with significant development and growth potential.

In line with the economic growth in Zhejiang Province, the purchasing power of Zhejiang residents has increased significantly over the years, which has supported the growth of the real estate market in Zhejiang Province.

Nominal GDP of Zhejiang Province in 2005 was approximately Rmb 1,336.5 billion, while real GDP grew approximately 12.4% over 2004. In terms of nominal GDP, Zhejiang Province ranked behind Guangdong Province, Shandong Province and Jiangsu Province among all the provinces, autonomous regions and municipalities in China in 2004. In terms of nominal GDP per capita, Zhejiang Province ranked only behind Beijing, Shanghai and Tianjin among all the provinces, autonomous regions and municipalities in China in 2004.

**Zhejiang's GDP (1995–2005)**

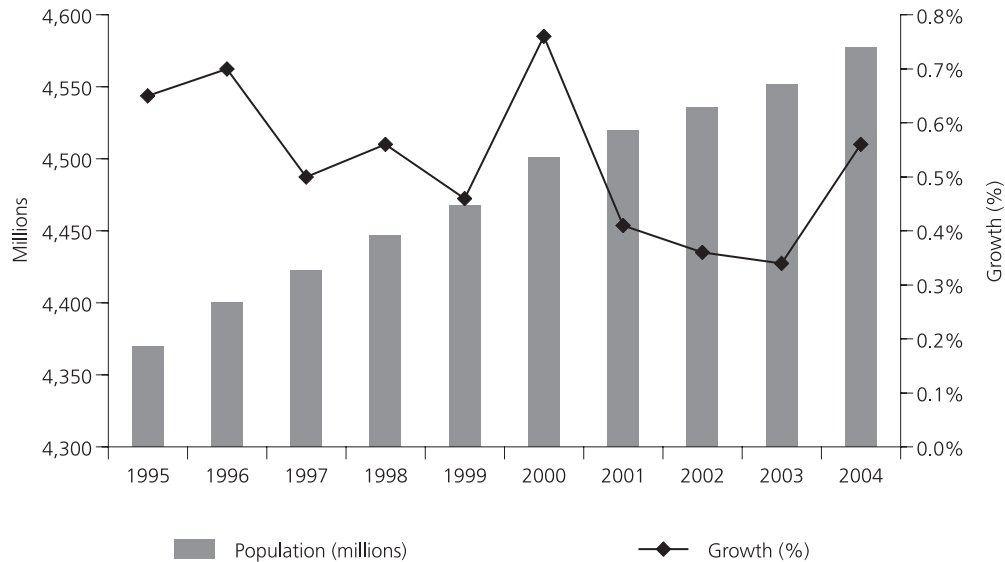


Sources: National Bureau of Statistics of China; Zhejiang Provincial Bureau of Statistics

## INDUSTRY OVERVIEW

The population of Zhejiang Province increased steadily over the years with an average annual growth rate of approximately 0.6%. As of December 31, 2004, Zhejiang Province had a population of approximately 45.8 million. Data for 2005 are currently not available.

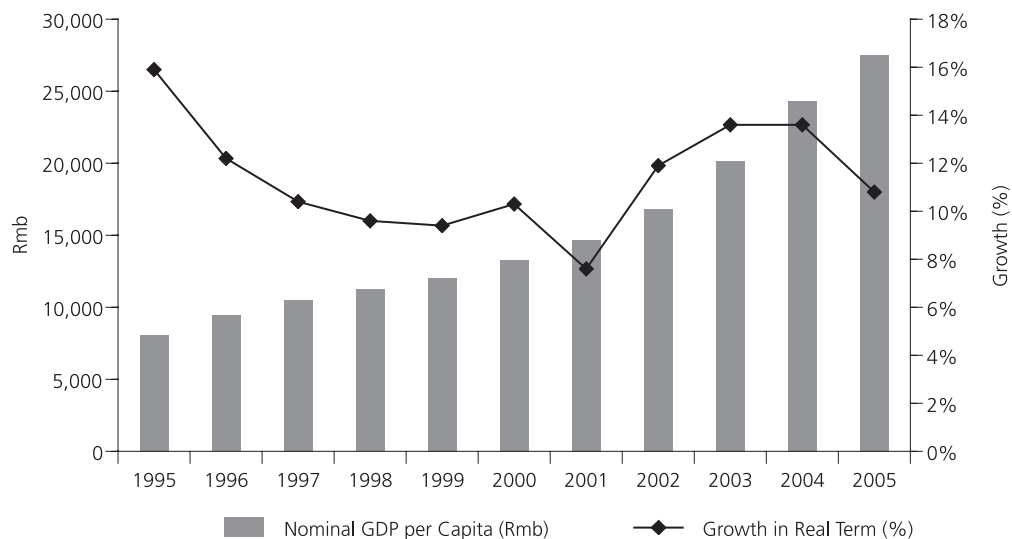
**Zhejiang's Population (1995–2004)**



Source: Zhejiang Provincial Bureau of Statistics

The nominal GDP per capita in Zhejiang Province reached Rmb 27,552 in 2005, representing an increase of approximately 10.8% in real terms over 2004. Nominal GDP per capita of Zhejiang Province ranked fourth among all the provinces, autonomous regions and municipalities in China in 2004.

**Zhejiang Nominal GDP per Capita (1995–2005)**

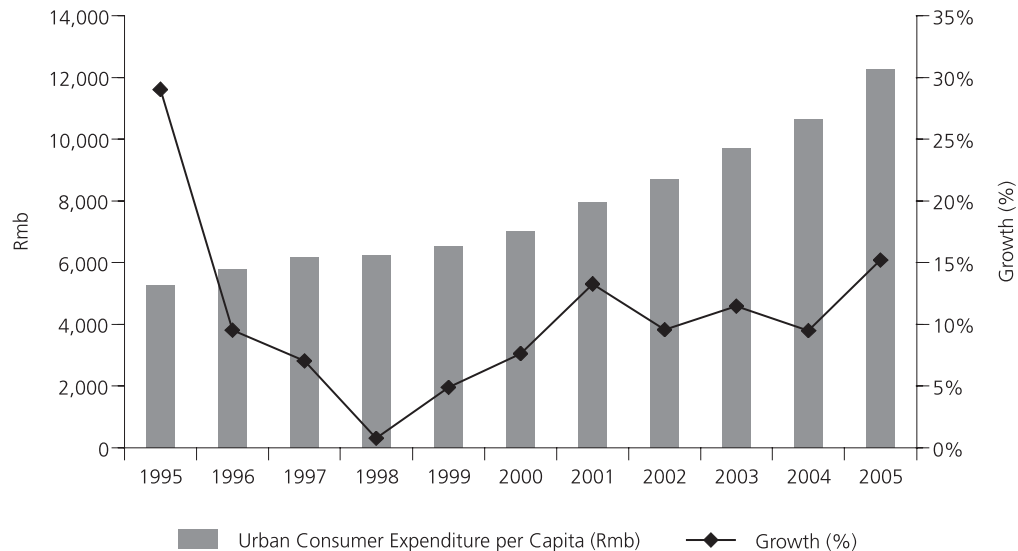


Sources: National Bureau of Statistics of China; Zhejiang Provincial Bureau of Statistics

## INDUSTRY OVERVIEW

Urban consumer expenditure per capita in Zhejiang Province reached Rmb 12,254 in 2005, representing an increase of approximately 15.2% over 2004. In terms of urban consumer expenditure per capita, Zhejiang Province ranked fourth among all the provinces, autonomous regions and municipalities in China, only behind Shanghai, Beijing and Guangdong Province.

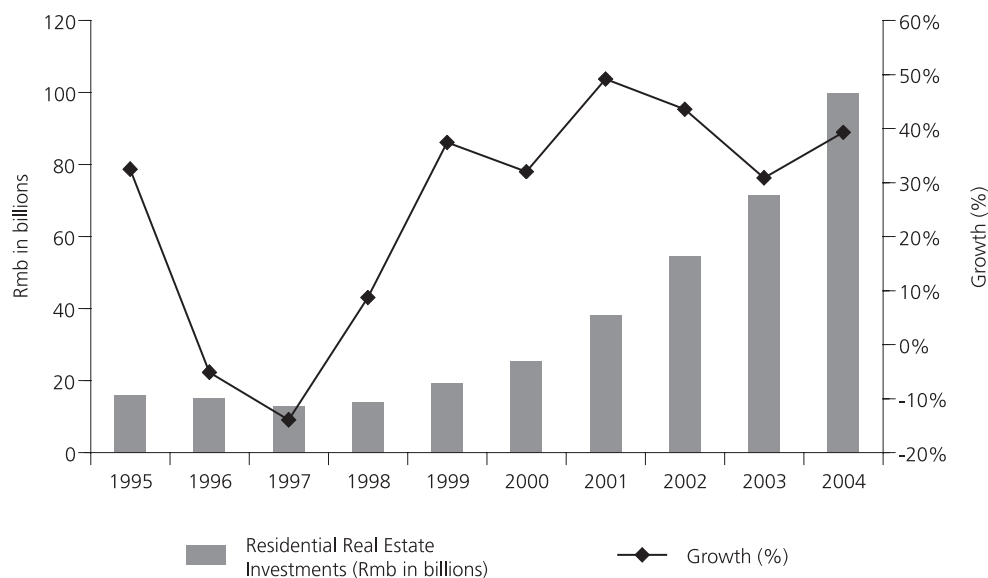
**Urban Consumer Expenditure per Capita in Zhejiang (1995–2005)**



Source: Zhejiang Provincial Bureau of Statistics

Aggregate residential real estate investments in Zhejiang Province reached approximately Rmb 99.7 billion in 2004, representing an increase of approximately 39.3% over 2003. According to the monthly statistical reports published by Zhejiang Provincial Bureau of Statistics, the aggregate residential real estate investments in Zhejiang Province amounted to approximately Rmb 108.8 billion in 2005.

**Residential Real Estate Investments in Zhejiang (1995–2004)**

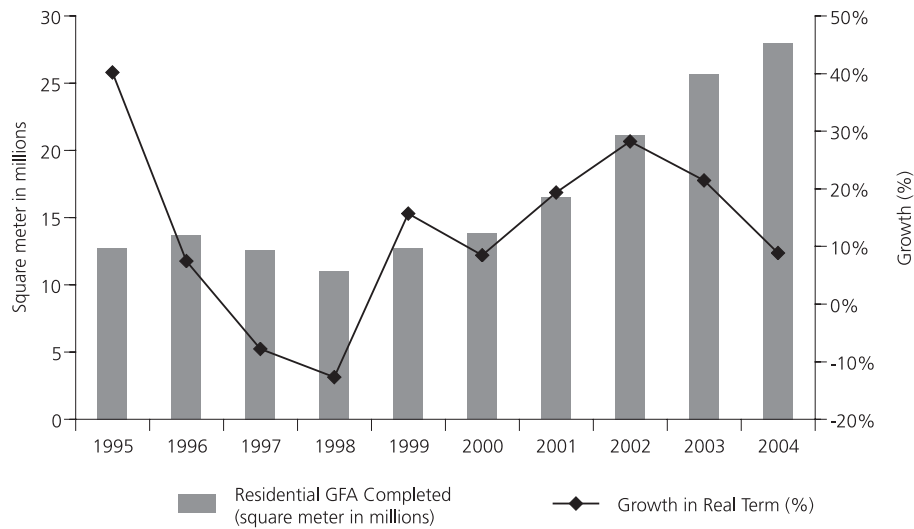


Source: Zhejiang Provincial Bureau of Statistics

## INDUSTRY OVERVIEW

The GFA of completed residential developments in Zhejiang Province was approximately 28.0 million square meters in 2004, representing an increase of approximately 8.9% over 2003. According to the monthly statistical reports published by Zhejiang Provincial Bureau of Statistics, the aggregate residential GFA completed in Zhejiang Province between January 2005 and December 2005 amounted to approximately 29.4 million square meters.

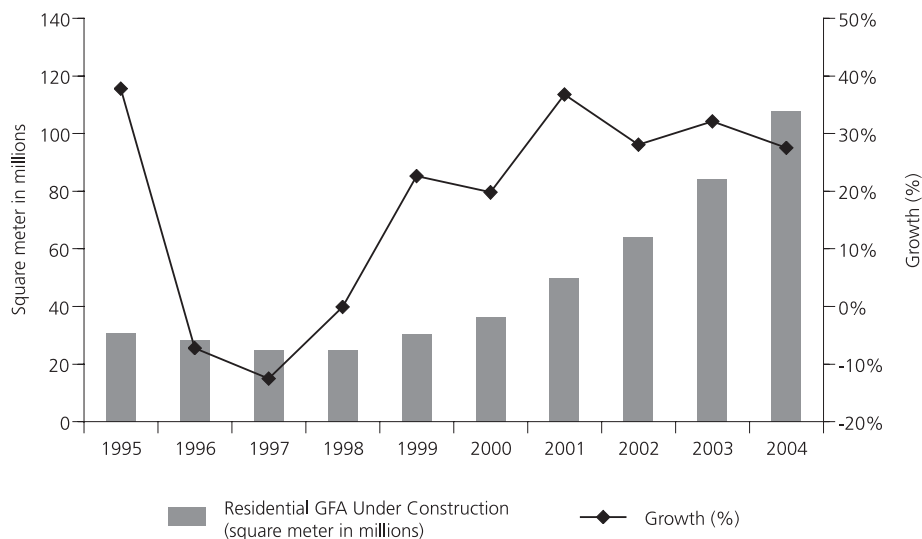
**Residential GFA Completed in Zhejiang (1995–2004)**



Source: Zhejiang Provincial Bureau of Statistics

The aggregate residential GFA under construction in Zhejiang Province was approximately 107.6 million square meters in 2004, representing an increase of approximately 27.5% over 2003. According to the monthly statistical reports published by Zhejiang Provincial Bureau of Statistics, the aggregate residential GFA under development in Zhejiang Province between January 2005 and December 2005 amounted to approximately 119.6 million square meters.

**Residential GFA Under Construction in Zhejiang (1995–2004)**



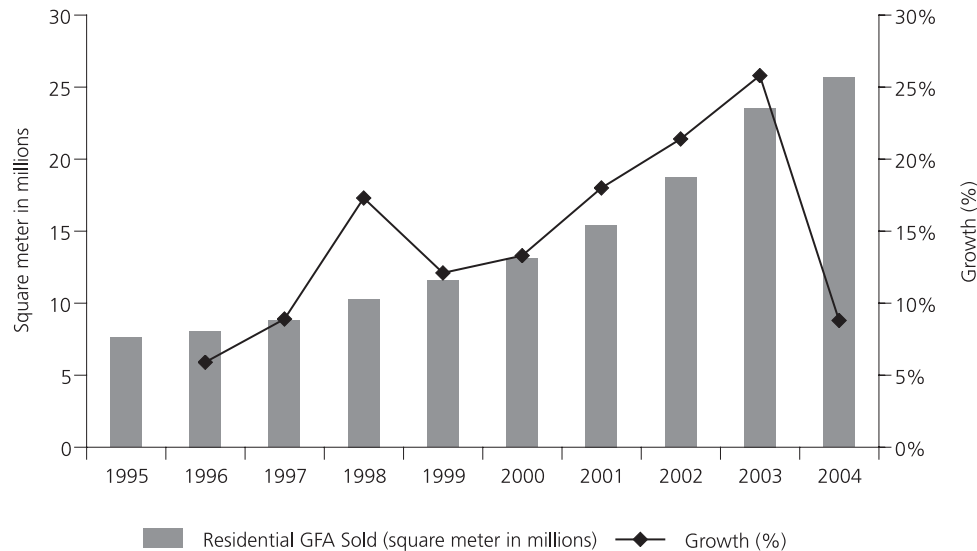
Source: Zhejiang Provincial Bureau of Statistics



## INDUSTRY OVERVIEW

Total residential GFA sold in Zhejiang Province in 2004 was approximately 25.7 million square meters, representing an increase of approximately 8.8% over 2003. Data for 2005 are currently not available.

### Residential GFA Sold in Zhejiang (1995–2004)



Sources: National Bureau of Statistics of China; Zhejiang Provincial Bureau of Statistics

The average price of residential GFA sold in Zhejiang Province in 2004 was Rmb 2,786 per square meter, representing an increase of approximately 13.7% over 2003. According to the monthly statistical reports published by Zhejiang Provincial Bureau of Statistics, the average price of residential GFA sold in Zhejiang Province rose approximately 9.6% in 2005 over 2004.

### Average Residential Property Price in Zhejiang (1995–2004)



Sources: National Bureau of Statistics of China; Zhejiang Provincial Bureau of Statistics

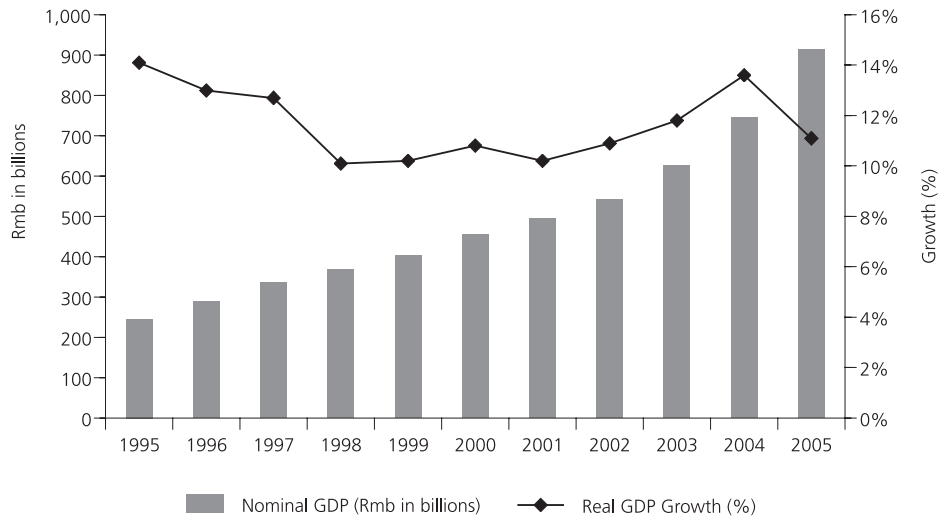
## INDUSTRY OVERVIEW

### SHANGHAI

Shanghai is situated at the eastern part of the Yangtse River delta region, bordering Jiangsu and Zhejiang Provinces. It occupies an area of approximately 6,340.5 square kilometers with a population of approximately 13.6 million as of the end of 2005. Shanghai is one of the four municipalities in China under the direct administration of the PRC central government.

Shanghai's nominal GDP reached approximately Rmb 914.4 billion in 2005, while real GDP grew approximately 11.1% over 2004.

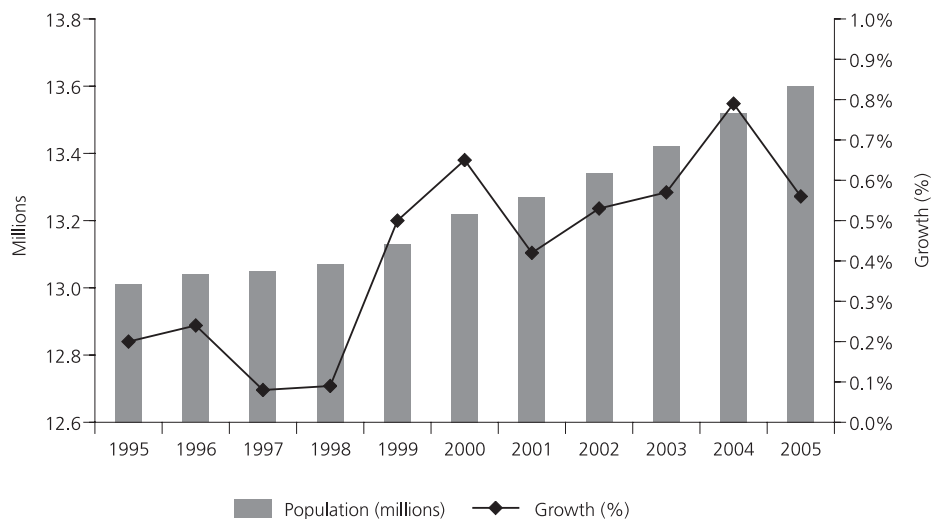
**Shanghai's GDP (1995–2005)**



Source: Shanghai Municipal Bureau of Statistics

The population of Shanghai increased steadily between 1995 and 2005 with an average annual growth rate of approximately 0.4%. As of December 31, 2005, Shanghai's population reached approximately 13.6 million.

**Shanghai's Population (1995–2005)**

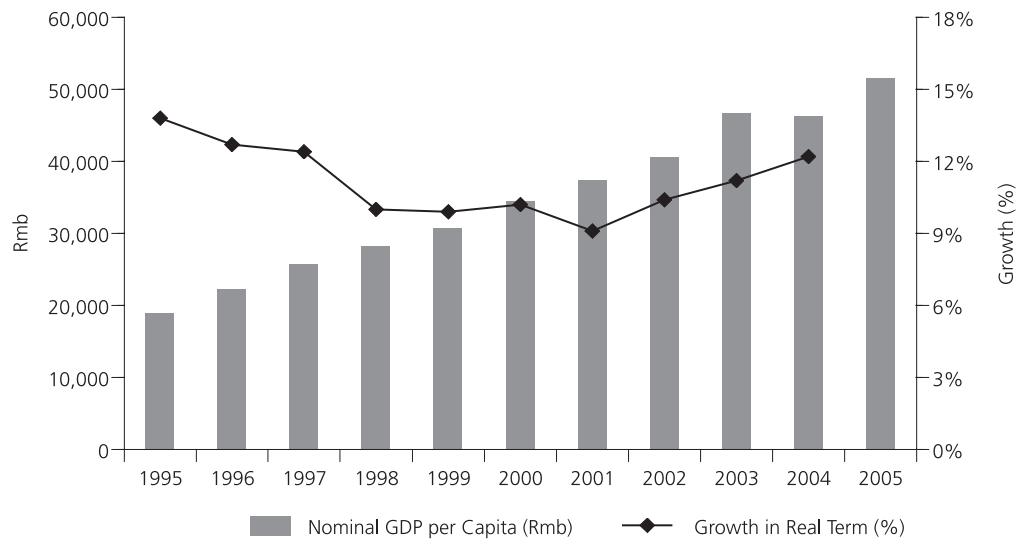


Source: Shanghai Municipal Bureau of Statistics

## INDUSTRY OVERVIEW

In line with the nominal GDP growth, Shanghai's nominal GDP per capita increased to Rmb 51,583 in 2005. Data for the growth rate in real terms for 2005 is currently not available.

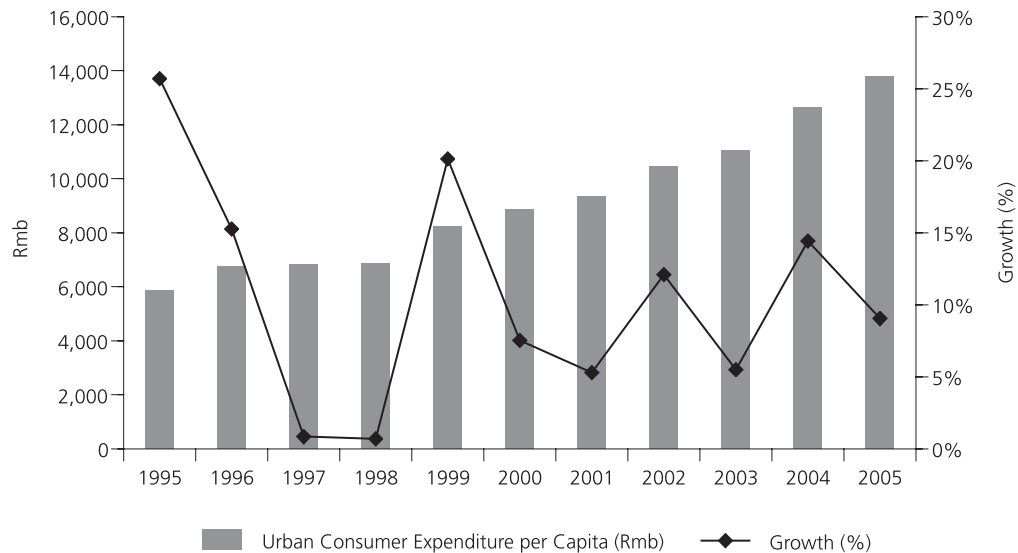
**Shanghai's Nominal GDP per Capita (1995–2005)**



Source: National Bureau of Statistics of China; Shanghai Municipal Bureau of Statistics

Urban consumer expenditure per capita in Shanghai reached Rmb 13,773 in 2005, representing an increase of approximately 9.0% over 2004.

**Urban Consumer Expenditure per Capita in Shanghai (1995–2005)**

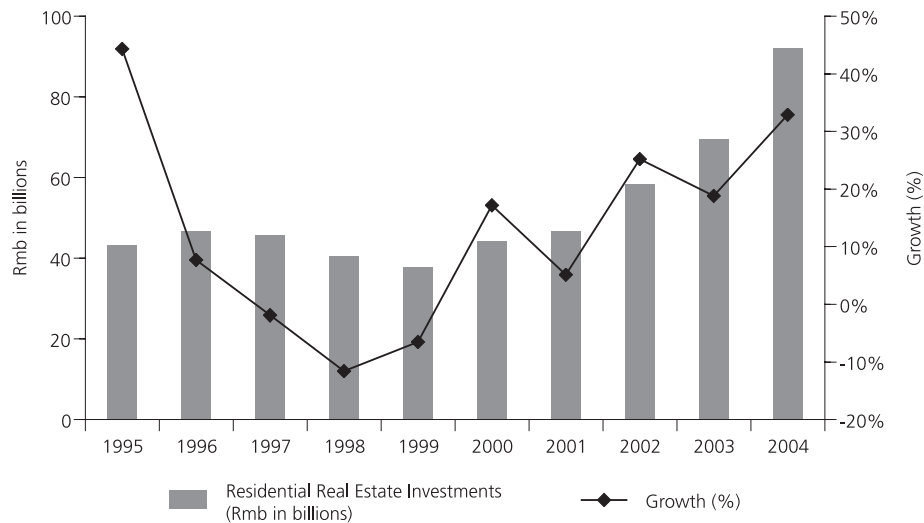


Source: Shanghai Municipal Bureau of Statistics

## INDUSTRY OVERVIEW

Total residential real estate investments in Shanghai amounted to approximately Rmb 92.3 billion in 2004, representing an increase of approximately 32.9% over 2003. According to Shanghai Municipal Bureau of Statistics, the total residential real estate investments in Shanghai were approximately Rmb 92.1 billion in 2005.

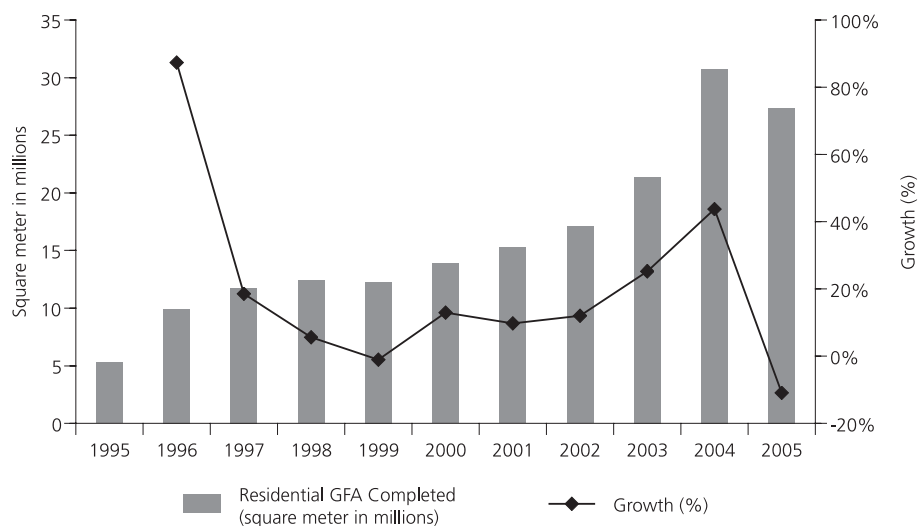
### Residential Real Estate Investments in Shanghai (1995–2004)



Source: Shanghai Municipal Bureau of Statistics

Aggregate GFA of completed commodity developments in Shanghai was approximately 31.0 million square meters in 2005, representing a decrease of approximately 10.1% over 2004. Aggregate GFA of completed residential commodity developments was approximately 27.4 million square meters, representing a decrease of approximately 10.9% over 2004.

### Residential GFA Completed in Shanghai (1995–2005)

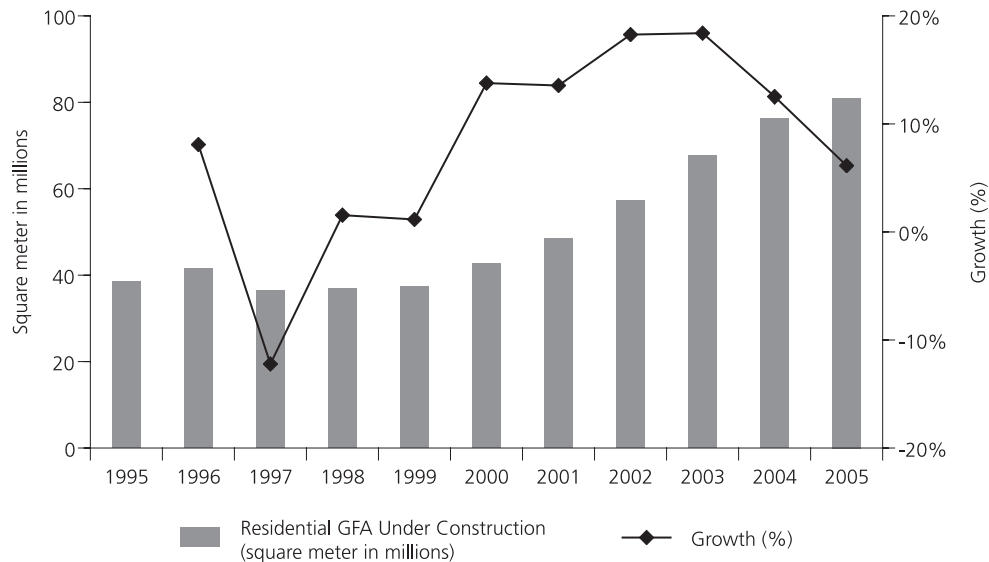


Source: Shanghai Municipal Bureau of Statistics

## INDUSTRY OVERVIEW

Total GFA of commodity developments under construction in Shanghai reached approximately 104.6 million square meters in 2005, representing an increase of approximately 10.3% over 2004. Of this total GFA under construction, approximately 81.0 million square meters of GFA were of residential developments, representing an increase of approximately 6.0% over 2004.

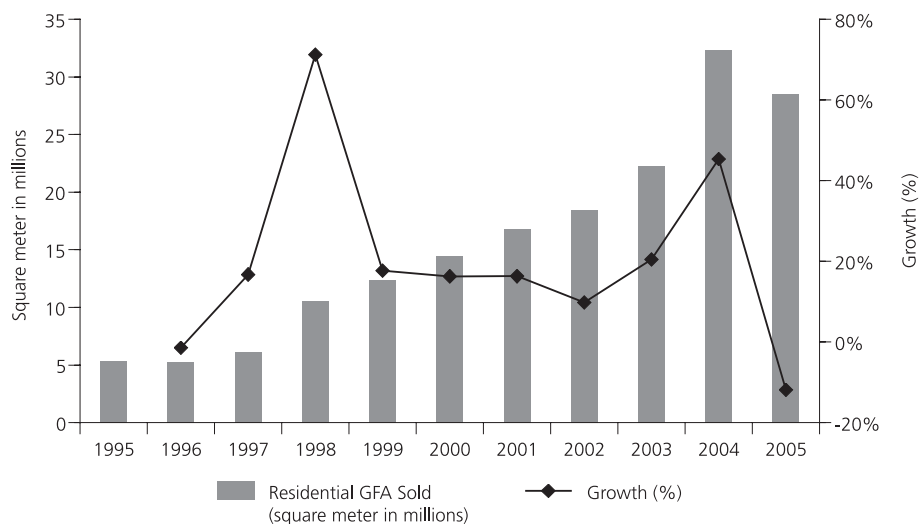
### Residential GFA Under Construction in Shanghai (1995–2005)



Source: Shanghai Municipal Bureau of Statistics

Aggregate GFA of commodity developments sold in Shanghai in 2005 decreased by approximately 9.5% to approximately 31.6 million square meters as compared to 2004. Of this amount, approximately 28.5 million square meters were of residential properties, representing a decrease of approximately 12.0% from 2004.

### Residential GFA Sold in Shanghai (1995–2005)

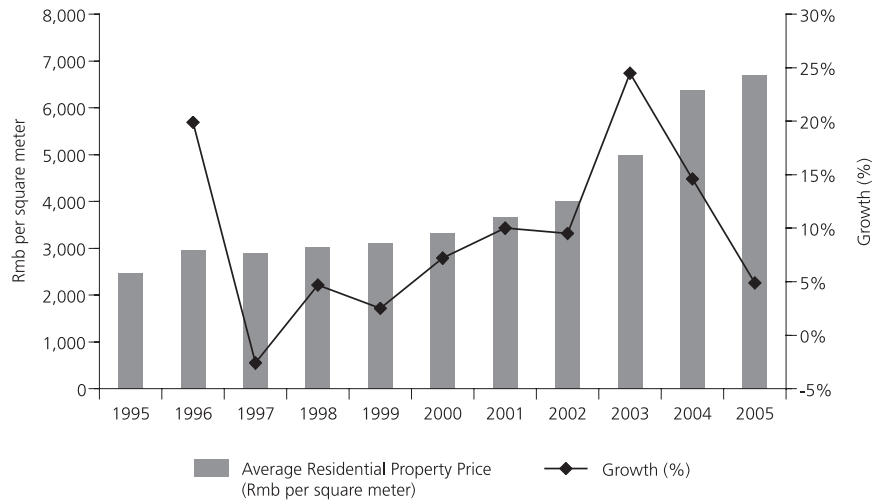


Source: Shanghai Municipal Bureau of Statistics

## INDUSTRY OVERVIEW

The average price of commodity properties increased from Rmb 6,489 per square meter in 2004 to Rmb 6,842 per square meter in 2005, representing an increase of approximately 5.4%. The average price of residential properties increased from Rmb 6,385 per square meter in 2004 to Rmb 6,698 per square meter in 2005, representing an increase of approximately 4.9%. Year-on-year growth rate in 2004 was based on the new definition adopted by Shanghai Municipal Bureau of Statistics for 2004 and onward and may not be comparable with the percentage changes of reported average selling prices in 2003 and 2004.

**Average Residential Property Price in Shanghai (1995–2005)**



Source: Shanghai Municipal Bureau of Statistics

In the above chart, the residential GFA sold between 2004 and 2005 included properties that were sold (including pre-sales) in these respective years while the residential GFA sold between 1995 and 2003 included properties completed in these respective years, which might have been sold in periods prior to the years they were completed.

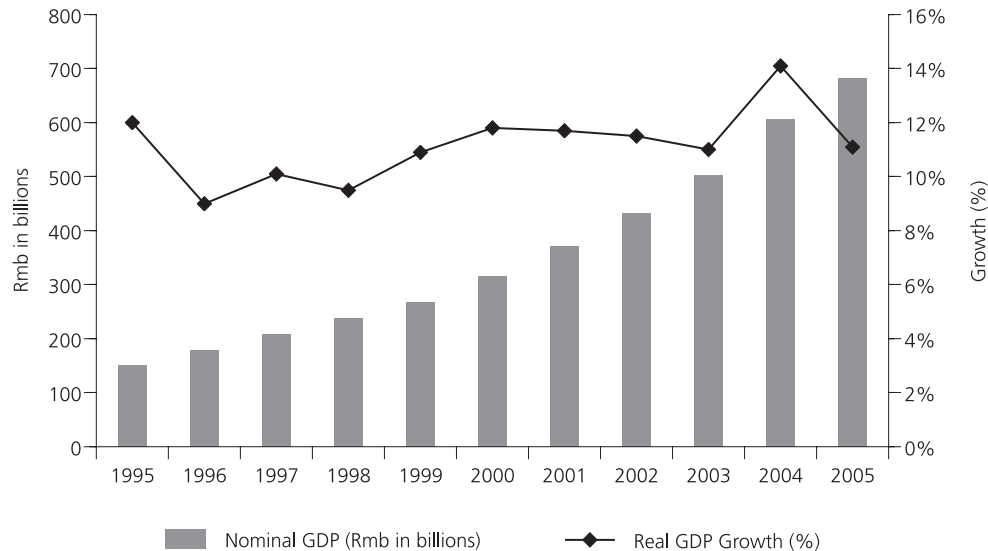
## INDUSTRY OVERVIEW

### BEIJING

Beijing, as the national capital of China, has long been a political, commercial and cultural center of the nation. It occupies an area of approximately 16,807.8 square kilometers with a population of approximately 11.8 million as of the end of 2005. Beijing is one of the four municipalities in China under direct administration of the PRC central government.

Beijing's nominal GDP reached approximately Rmb 681.5 billion in 2005 while real GDP grew approximately 11.1% over 2004.

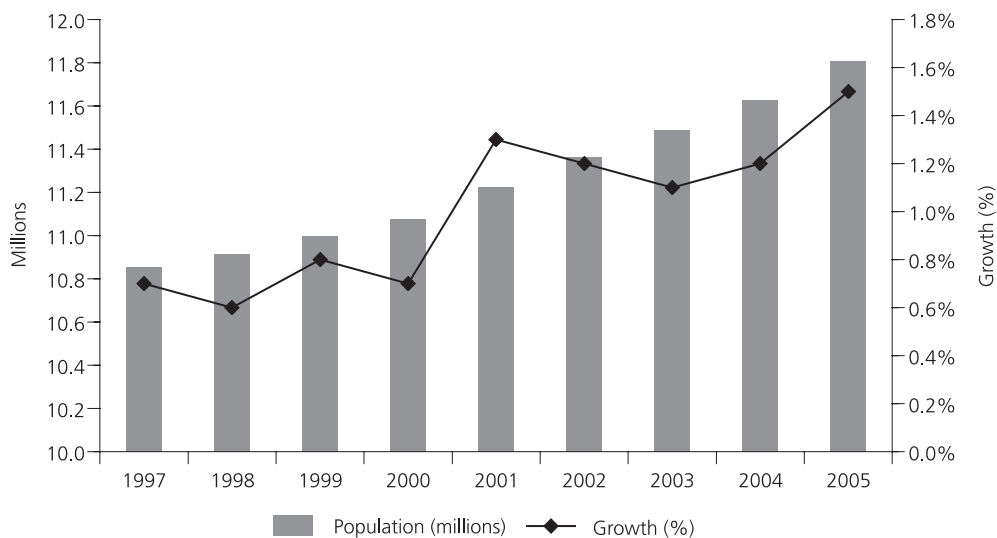
**Beijing's GDP (1995–2005)**



Source: Beijing Municipal Bureau of Statistics

The population of Beijing has increased steadily between 1997 and 2005 with an average annual growth rate of approximately 1.0%. As of December 31, 2005, Beijing's population reached approximately 11.8 million.

**Beijing's Population (1997–2005)**

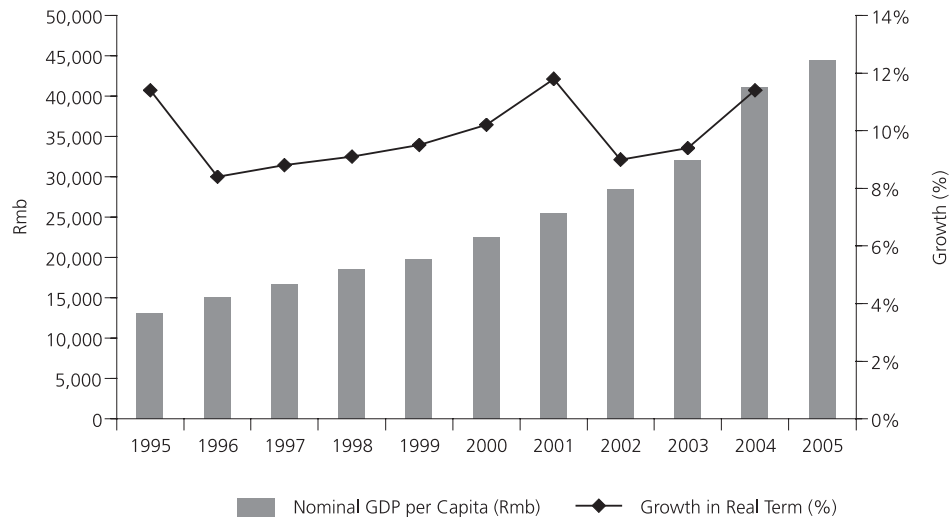


Source: Beijing Municipal Bureau of Statistics

## INDUSTRY OVERVIEW

In line with the nominal GDP growth, Beijing's nominal GDP per capita increased to Rmb 44,441 in 2005. Data for the 2005 growth rate in real terms is currently not available.

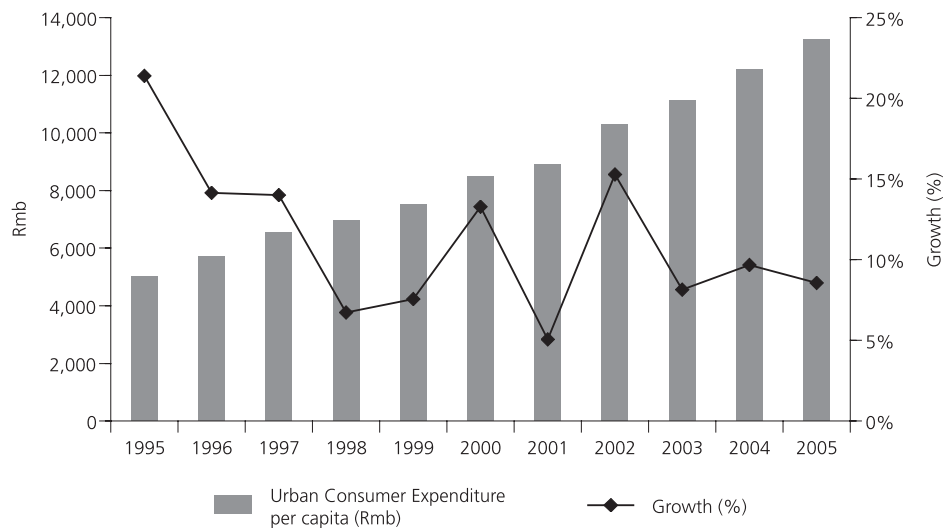
**Beijing's Nominal GDP per Capita (1995–2005)**



Source: National Bureau of Statistics of China; Beijing Municipal Bureau of Statistics

Urban consumer expenditure per capita in Beijing reached Rmb 13,244 in 2005, representing an increase of approximately 8.6% over 2004.

**Urban Consumer Expenditure per Capita in Beijing (1995–2005)**



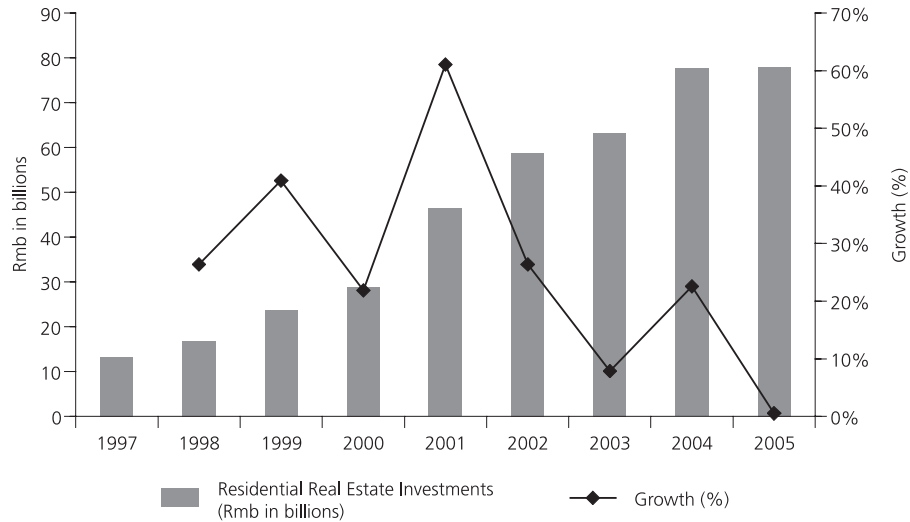
Source: Beijing Municipal Bureau of Statistics



## INDUSTRY OVERVIEW

Real estate investments in Beijing have experienced a continuous increase over the years. Total residential real estate investments in Beijing amounted to approximately Rmb 78.0 billion in 2005, representing an increase of approximately 0.5% over 2004.

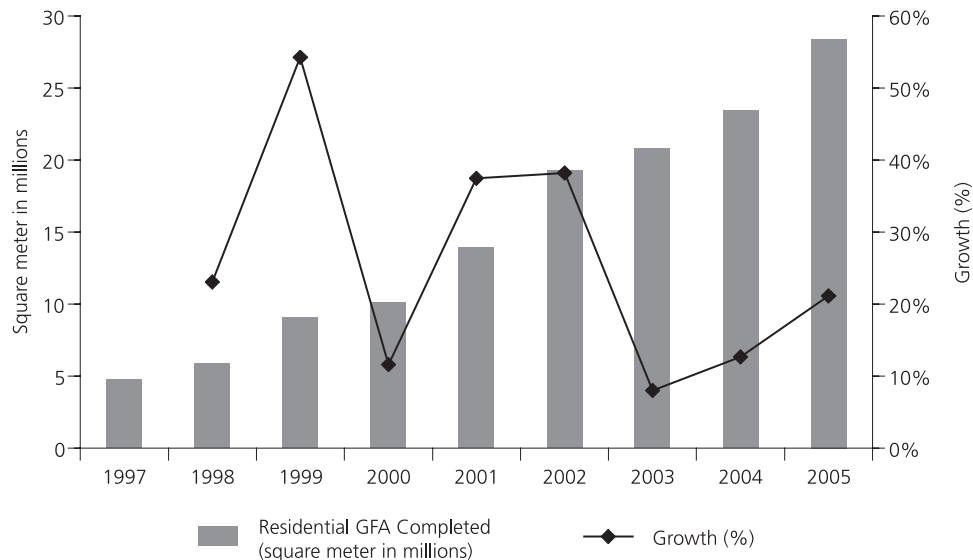
### Residential Real Estate Investments in Beijing (1997–2005)



Source: Beijing Municipal Bureau of Statistics

Aggregate GFA of completed commodity developments in Beijing was approximately 37.7 million square meters in 2005, representing an increase of approximately 23.0% over 2004. Aggregate GFA of completed residential commodity developments was approximately 28.4 million square meters, representing an increase of approximately 21.2% over 2004.

### Residential GFA Completed in Beijing (1997–2005)

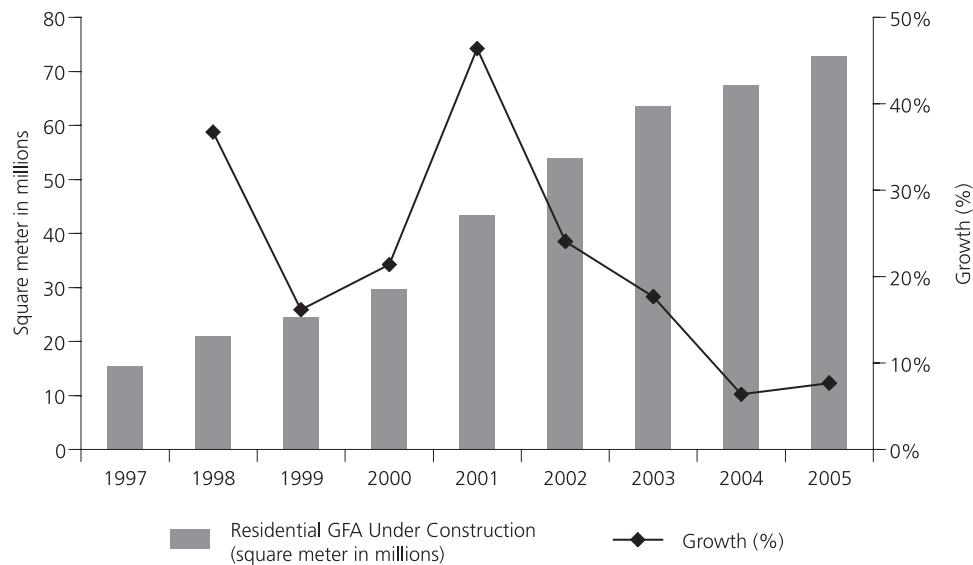


Source: Beijing Municipal Bureau of Statistics

## INDUSTRY OVERVIEW

Total GFA of commodity developments under construction in Beijing reached approximately 107.5 million square meters in 2005, representing an increase of approximately 8.2% over 2004. Of this total GFA under construction, approximately 72.8 million square meters of GFA were of residential developments, representing an increase of approximately 7.7% over 2004.

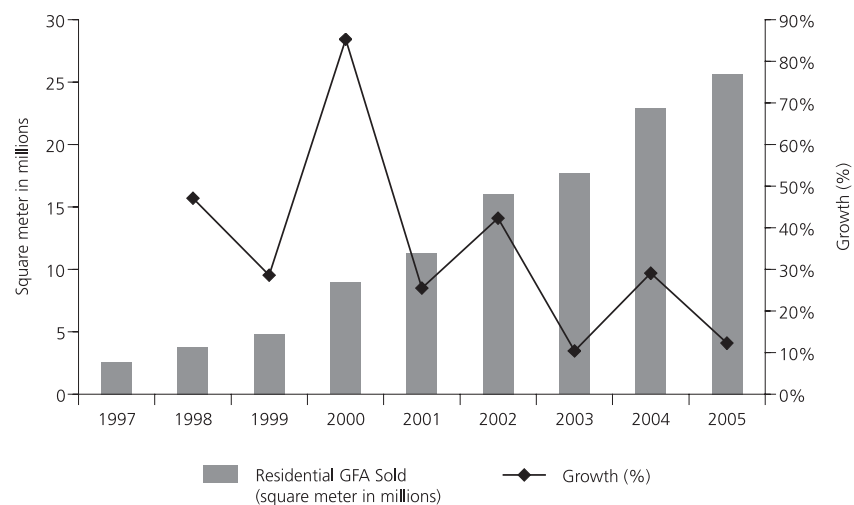
### Residential GFA Under Construction in Beijing (1997–2005)



Source: Beijing Municipal Bureau of Statistics

Aggregate GFA of commodity developments sold in Beijing in 2005 increased by approximately 13.5% over 2004 to approximately 28.0 million square meters. Of this amount, approximately 25.7 million square meters were of residential properties, representing an increase of approximately 12.3% over 2004.

### Residential GFA Sold in Beijing (1997–2005)



Source: Beijing Municipal Bureau of Statistics

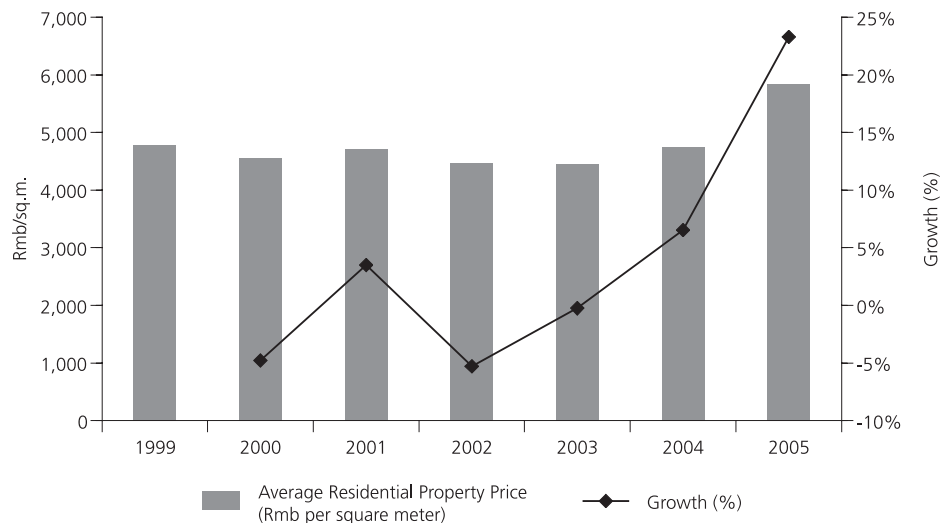
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## INDUSTRY OVERVIEW

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The average price of commodity properties increased to Rmb 6,274 per square meter in 2005 from Rmb 5,053 per square meter in 2004, representing an increase of approximately 24.2%. The average price of residential properties increased to Rmb 5,853 per square meter in 2005 from Rmb 4,747 per square meter in 2004, representing an increase of approximately 23.3%.

### Average Residential Property Price in Beijing (1999–2005)



Source: Beijing Municipal Bureau of Statistics

### HEFEI, ANHUI PROVINCE

Hefei is the capital city of Anhui Province. It covers a total area of approximately 7,266 square kilometers and had a population of approximately 4.6 million as of December 31, 2005. Hefei is also one of the important science and technology centers in China, home to China's National Science and Technology University.

Hefei's nominal GDP reached approximately Rmb 85.4 billion in 2005 while its real GDP grew approximately 16.9% over 2004. Its nominal GDP per capita increased by approximately 14.5% over 2004 to Rmb 18,960 in 2005. Urban consumer expenditure per capita in Hefei reached Rmb 7,398 in 2005, representing an increase of approximately 5.7% over 2004.

According to Anhui Provincial Bureau of Statistics, real estate investments in Hefei increased by approximately 39.9% to a total of approximately Rmb 13.3 billion in 2004. Of the total real estate investments in 2004, approximately Rmb 10.5 billion were investments in residential properties, representing an approximately 50.5% increase over 2003. Total GFA of completed residential developments in 2004 was approximately 4.6 million square meters, representing an increase of approximately 59.3% over 2003. Total GFA of residential developments under construction in Hefei in 2004 was approximately 11.1 million square meters, representing an increase of approximately 33.3% over 2003. Total residential GFA sold reached approximately 3.2 million square meters in 2004, representing an increase of approximately 29.7% over 2003. The average selling price of residential properties in Hefei was Rmb 2,314 per square meter in 2004, representing an increase of approximately 22.1% over 2003.

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## INDUSTRY OVERVIEW

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### **CHANGSHA, HUNAN PROVINCE**

Changsha is the capital city of Hunan Province. It covers a total area of approximately 11,825 square kilometers and had a population of approximately 6.2 million as at the end of 2005.

Changsha's nominal GDP reached approximately Rmb 152.0 billion in 2005 while its real GDP grew approximately 14.9% over 2004. Nominal GDP per capita in Changsha reached Rmb 23,968 in 2005, representing an increase of approximately 13.9% over 2004. In 2004, Changsha's urban consumer expenditure per capita amounted to Rmb 9,660, representing an approximately 7.0% increase over 2004.

The economic growth of and increase in urbanization in Changsha have led to an increase in real estate investment in Changsha. According to Changsha City Statistical Bureau, real estate investments in Changsha increased by approximately 43.2% over 2003 to a total of approximately Rmb 17.6 billion in 2004. Of the total real estate investments in 2004, approximately Rmb 11.7 billion were investments in residential properties, representing an increase of approximately 59.4% over 2003. Total GFA of completed residential developments in 2004 reached approximately 5.4 million square meters, representing an increase of approximately 29.8% over 2003. Total GFA of residential developments under construction in Changsha reached approximately 13 million square meters in 2004, representing an increase of approximately 21.8% over 2003. According to Changsha City Construction Committee, in 2004, total GFA of commodity properties sold was approximately 2.5 million square meters, representing a decline of 25% from 2003. Of this total, 2.2 million square meters, or 87.4%, were of residential properties. According to Changsha City Housing Property Management Bureau, the average selling price of commodity properties in Changsha was Rmb 2,738 per square meter in 2004, representing an increase of approximately 10.9% over 2003. The average price of residential properties sold in 2004 was Rmb 2,391 per square meter, representing an increase of approximately 7.6% over 2003.

### **URUMQI, XINJIANG UYGUR AUTONOMOUS REGION**

Urumqi is the capital of Xinjiang Uygur Autonomous Region. It covers an area of approximately 12,000 square kilometers with a population of approximately 1.9 million as of the end of 2005.

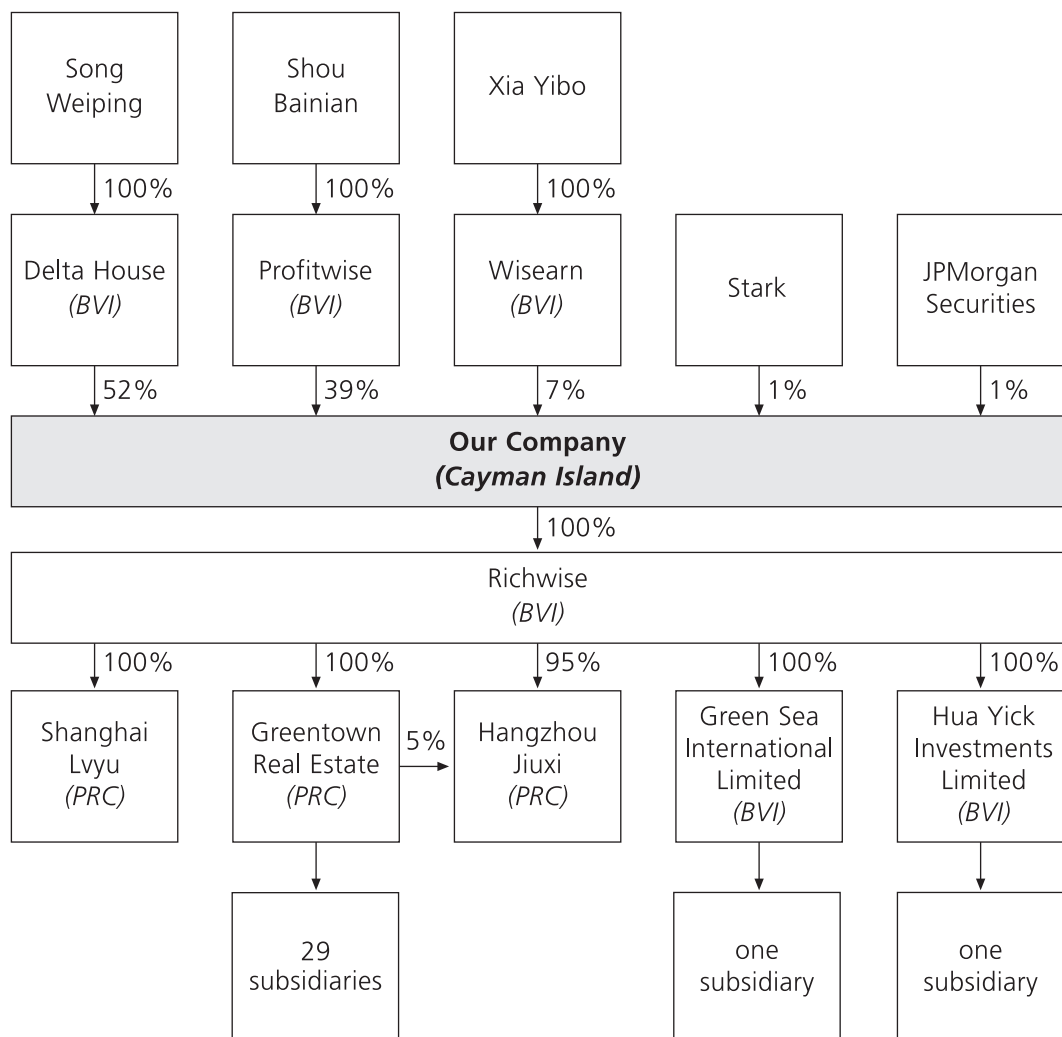
Urumqi's nominal GDP reached approximately Rmb 57.1 billion in 2005 while its real GDP grew approximately 13.6% over 2004. Nominal GDP per capita was Rmb 22,820 in 2004. Urban consumer expenditure per capita in Urumqi was Rmb 7,052 in 2005, representing an increase of approximately 7.0% from 2004.

According to Xinjiang Uygur Autonomous Region Bureau of Statistics, real estate investments in Urumqi decreased by approximately 12.7% from 2003 to a total of approximately Rmb 4.0 billion in 2004. Of the total real estate investments in 2004, approximately Rmb 2.1 billion were investments in residential properties, representing a decrease of approximately 10.6% over 2003. Total GFA of completed residential developments in 2004 was 1.7 million square meters, representing a decrease of approximately 46.4% from 2003. Total GFA of residential developments under construction in 2004 was approximately 3.1 million square meters, representing a decrease of approximately 33.1% from 2003. GFA of residential properties sold in Urumqi was approximately 2.3 million square meters in 2004, representing a decrease of approximately 13.8% from 2003. The average selling price of residential properties in Urumqi was Rmb 1,886 per square meter in 2004, representing an increase of approximately 1.2% over 2003. Data for 2005 are currently not available.

## CORPORATE HISTORY

As of the date of this prospectus, we are 52% owned by Song Weiping, chairman of our Board, 39% owned by Shou Bainian, executive vice chairman of our Board and chief executive officer, 7% owned by Xia Yibo, wife of Song Weiping, 1% owned by JPMorgan Securities and 1% owned by Stark. Our three Original Shareholders hold their respective interests in our company through their wholly owned investment holding companies incorporated in the British Virgin Islands, Delta House, Profitwise and Wisearn, respectively. We, through Richwise, our 100% owned British Virgin Islands subsidiary, wholly own the three main PRC operating subsidiaries, Greentown Real Estate, Shanghai Lvyu and Hangzhou Jiuxi. These PRC operating companies engage in property development businesses in China by themselves and/or through their subsidiaries and associated companies. In addition, Richwise also owns two investment holding companies incorporated in the British Virgin Islands, namely Green Sea International Limited and Hua Yick Investments Limited, each currently with a subsidiary in China to conduct property development. Richwise also owns certain minority ownership interests in project development companies in China.

The following chart sets forth our corporate and shareholding structures as of the date of this prospectus:



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## CORPORATE HISTORY

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We assume in this prospectus that this Global Offering will constitute a qualified public offering for the purpose of our Convertible Bonds as described in “Summary of Convertible Bonds” in Appendix IX to this prospectus. According to an agreement entered into between the holders of the Convertible Bonds and us on June 23, 2006, we have agreed to take steps necessary to allow the holders of our mandatory Convertible Bonds to redeem their mandatory Convertible Bonds upon a “qualified public offering” as described in “Summary of Convertible Bonds” in Appendix IX to this prospectus, and the holders of our mandatory Convertible Bonds have agreed that they will elect to require us to redeem these Convertible Bonds at an aggregate amount of approximately US\$71 million if this Global Offering constitutes a “qualified public offering.” The holders of our non-mandatory Convertible Bonds in the aggregate principal amount of US\$65 million may elect to convert these non-mandatory Convertible Bonds into our Shares at any time on or after 180 days subsequent to the closing of this Global Offering. For additional information on our Convertible Bonds, see “Summary of Convertible Bonds” in Appendix IX to this prospectus.

### OUR HISTORY

Greentown Real Estate, our current wholly owned subsidiary in China, was incorporated as a limited liability company under the laws of China on January 6, 1995 in Zhejiang Province to engage primarily in residential property development by itself or through its subsidiaries or associated companies. Prior to our Reorganization described below, Greentown Real Estate was owned by Song Weiping, Shou Bainian and Xia Yibo, holding a 54%, 39% and 7% equity interest, respectively. As of the date hereof, Greentown Real Estate owns over 40 subsidiaries and associated companies located in Zhejiang, Shanghai, Beijing and other provinces and cities in China to carry on property development business.

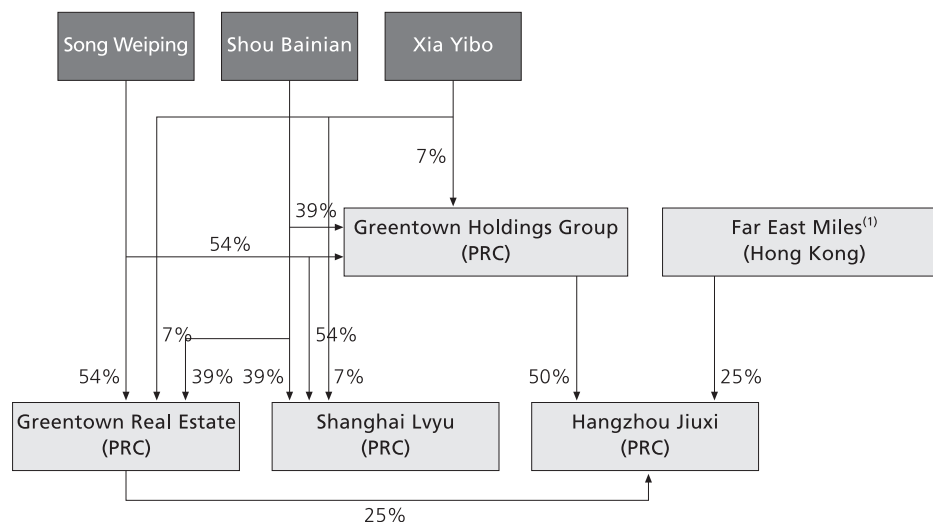
Apart from Greentown Real Estate and its subsidiaries and associated companies, Song Weiping and Shou Bainian have also established other companies to carry on property development in China.

- Hangzhou Jiuxi was incorporated as a sino-foreign joint venture under the laws of China on July 19, 1996 in Hangzhou to carry on property developments primarily in Hangzhou.
- Shanghai Lvyu was incorporated under the laws of China on July 19, 2000 in Shanghai. Shanghai Lvyu carries on property developments primarily in Shanghai by itself or through its associated company.

Pursuant to an agreement entered into on August 10, 2002 among Song Weiping, Shou Bainian, Xia Yibo and others, the respective ultimately attributable beneficial equity interests of Song Weiping, Shou Bainian and Xia Yibo in, *inter alia*, Greentown Holdings Group, Greentown Real Estate, Shanghai Lvyu and other companies invested by these companies or invested by Song Weiping and/or Shou Bainian directly which were engaged in property development business under the brand name of Greentown were, *de facto*, divided among Song Weiping, Shou Bainian and Xia Yibo on a 54%:39%:7% basis. Song Weiping, Shou Bainian and Xia Yibo have been acting in concert since April 1998 when Mr. Shou joined us and pursuant to an agreement entered into among Song Weiping, Shou Bainian and Xia Yibo on November 26, 2005, Song Weiping, Shou Bainian and Xia Yibo also confirmed and agreed that they will continue to act in concert in relation to our business operations and management affairs.

## CORPORATE HISTORY

The following chart sets forth our corporate and beneficial shareholding structures prior to our Reorganization:



Note:

(1) Far East Miles is owned by independent third parties.

### REORGANIZATION

Delta House, Profitwise and Wisearn were incorporated in the British Virgin Islands on July 28, 2004, November 16, 2004 and November 16, 2004 by Song Weiping, Shou Bainian and Xia Yibo, respectively, as their wholly owned investment holding companies, each with limited liability.

Richwise was incorporated in the British Virgin Islands on November 16, 2004 as an investment holding company with limited liability, with Delta House, Profitwise and Wisearn owning 54%, 39% and 7%, respectively, of its equity interests since its inception.

Our company, Greentown China Holdings Limited, was incorporated as an exempted company with limited liability under the laws of the Cayman Islands on August 31, 2005, with Delta House, Profitwise and Wisearn each owning 54%, 39% and 7%, respectively, of its equity interest since its inception.

Pursuant to an agreement among Delta House, Profitwise, Wisearn, Richwise and us relating to the sale and purchase of shares in Richwise dated November 14, 2005, all the issued shares of Richwise were transferred by Delta House, Profitwise and Wisearn to us and Richwise became our wholly owned subsidiary.

Richwise acquired our three main operating subsidiaries in China, Greentown Real Estate, Shanghai Lvyu and Hangzhou Jiuxi as follows:

- Richwise acquired all of the equity interest in Greentown Real Estate from Song Weiping, Shou Bainian and Xia Yibo on March 10, 2005. Pursuant to an approval certificate (*Shang Wai Zi Zhe Fu Zi* [2005] No. 00425) dated April 8, 2005 issued by Zhejiang Provincial Foreign Trade and Economic Cooperation Bureau, Greentown Real Estate became a wholly foreign-owned enterprise of Richwise. Greentown Real Estate obtained its new business license on April 22, 2005. On April 25, 2005, Greentown Real Estate further completed the requisite foreign exchange registration procedures at Zhejiang Provincial Foreign Exchange Bureau.

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## CORPORATE HISTORY

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- Richwise acquired all of the equity interest in Shanghai Lvyu from Song Weiping and Shou Bainian (including all beneficiary equity interest owned by Xia Yibo) on December 8, 2004. Pursuant to an approval certificate (*Shang Wai Zi Hu Du Zi* [2005] No. 0586) issued by Shanghai Foreign Investment Commission dated February 28, 2005, Shanghai Lvyu became a wholly foreign-owned enterprise of Richwise. Shanghai Lvyu obtained its new business license on March 18, 2005. On October 19, 2005, Shanghai Lvyu further completed the requisite foreign exchange registration procedures at Shanghai Municipal Foreign Exchange Bureau.
- Richwise acquired an aggregate 70% equity interest in Hangzhou Jiuxi from Greentown Holdings Group and Greentown Real Estate on December 6, 2004. The 25% equity interest owned by Far East Miles in Hangzhou Jiuxi was also transferred to Richwise on the same day for a cash consideration of US\$2,400,000 based on arm's length negotiation between the two parties. Greentown Real Estate owns the remaining 5% of Hangzhou Jiuxi. Pursuant to an approval certificate (*Shang Wai Zi Zhe Fu Zi* [1996] No. 07368) dated December 9, 2004 issued by Zhejiang Provincial Foreign Trade and Economic Cooperation Bureau, Hangzhou Jiuxi became a 95%-owned subsidiary of Richwise. Hangzhou Jiuxi obtained its new business license on December 13, 2004. Hangzhou Jiuxi completed its ownership change registration with Zhejiang Administration for Industry and Commerce on December 13, 2004.

### CONVERTIBLE BONDS

On January 10, 2006, we issued an aggregate principal amount of US\$130,000,000 of Convertible Bonds, comprising US\$65,000,000 mandatory Convertible Bonds and US\$65,000,000 non-mandatory Convertible Bonds. There are two tranches within our mandatory Convertible Bonds, US\$40,000,000 in principal amount of tranche A mandatory Convertible Bonds and US\$25,000,000 in principal amount of tranche B mandatory Convertible Bonds. JPMorgan Securities and Stark are the two subscribers for our Convertible Bonds. JPMorgan Securities subscribed and is holding US\$11,500,000 in principal amount of our tranche A mandatory Convertible Bonds, US\$7,500,000 in principal amount of our tranche B mandatory Convertible Bonds and US\$21,000,000 in principal amount of our non-mandatory Convertible Bonds. Stark subscribed and is holding US\$28,500,000 in principal amount of our tranche A mandatory Convertible Bonds, US\$17,500,000 in principal amount of our tranche B mandatory Convertible Bonds and US\$44,000,000 in principal amount of our non-mandatory Convertible Bonds. Our Convertible Bonds are listed on Singapore Exchange Securities Trading Limited and will mature on January 10, 2011.

According to an agreement entered into between the holders of the Convertible Bonds and us on June 23, 2006, we have agreed to take steps necessary to allow the holders of our mandatory Convertible Bonds to redeem their bonds upon a "qualified public offering" as described in "Summary of Convertible Bonds" in Appendix IX to this prospectus, and the holders of our mandatory Convertible Bonds have agreed that they will elect to require us to redeem these Convertible Bonds at an aggregate amount of approximately US\$71 million if this Global Offering constitutes a "qualified public offering."

According to deeds of charge entered into on January 10, 2006 in connection with the issuance of our Convertible Bonds, 51% of the shares of each Selling Shareholder held by the relevant Original Shareholder, and 51% of the shares of Richwise held by our company, are charged with the security trustee for the benefit of all the holders of our Convertible Bonds. We expect such share charges to be released upon the consummation of this Global Offering if it constitutes a "qualified public offering" as described in "Summary of Convertible Bonds" in Appendix IX to this prospectus, according to the terms of the Convertible Bonds.

You may find more information on our Convertible Bonds in "Summary of Convertible Bonds" in Appendix IX to this prospectus.



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## CORPORATE HISTORY

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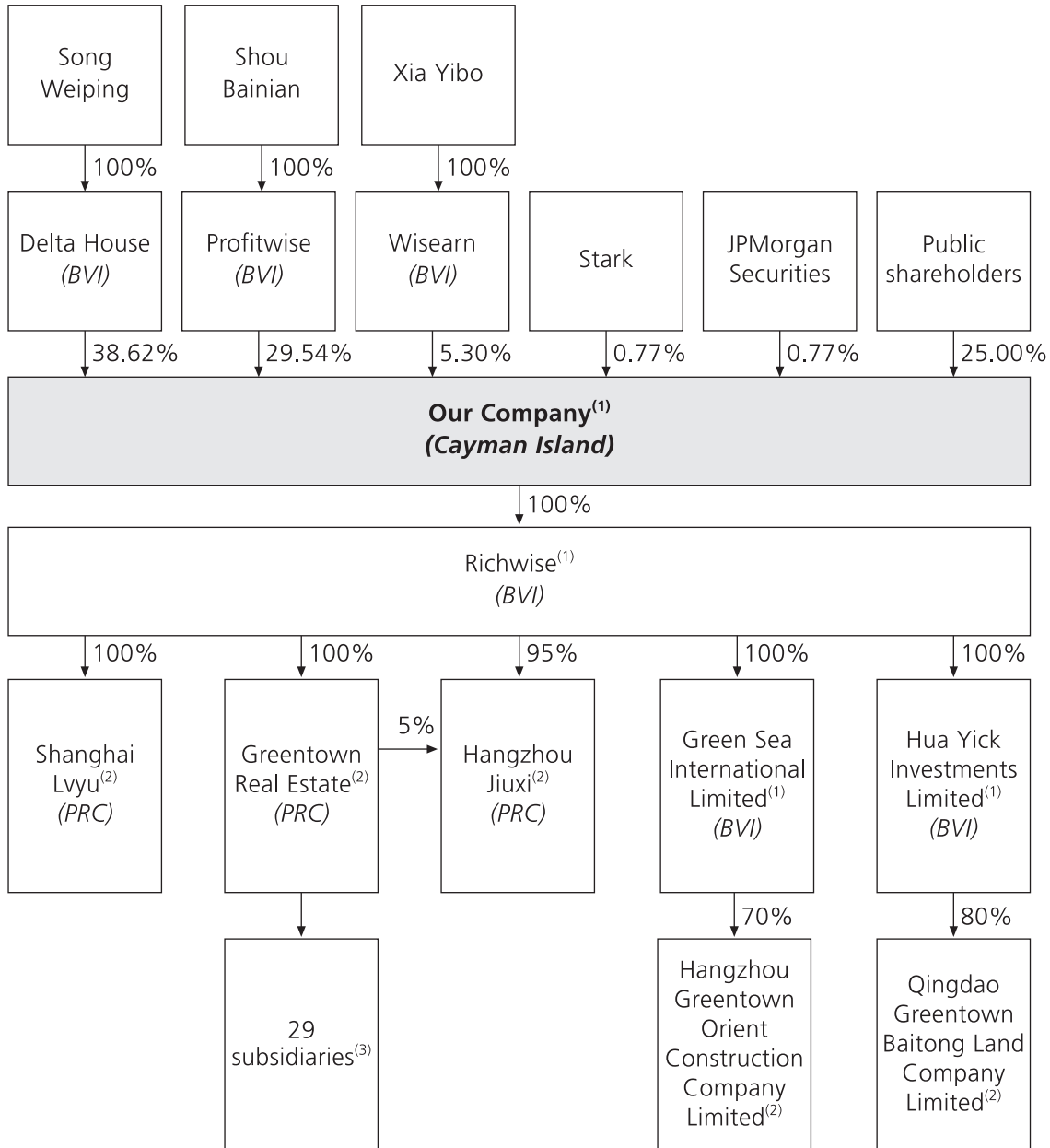
### **EXISTING SHARES SOLD CONCURRENT WITH CONVERTIBLE BONDS**

Concurrent with the sale of our Convertible Bonds, Delta House sold 10 Shares, or 1%, in the capital of our company to JPMorgan Securities and 10 Shares, or 1%, in the capital of our company to Stark at the price of US\$1,000,000 per Share pursuant to a subscription agreement dated January 4, 2006 (the "Subscription Agreement") entered into among the Original Shareholders, Delta House, Profitwise, Wisearn, JPMorgan Securities (in its capacity as underwriter) and us. As a result of the Capitalization Issue, JPMorgan Securities and Stark each currently own 10,000,000 Shares, representing a recapitalized purchase price of US\$1.00 per Share, implying a discount of approximately 5.6% of the Offer Price assuming an Offer Price of HK\$8.22, being the mid point of the pricing range of HK\$6.57 to HK\$9.86 of the Global Offering. These Shares rank *pari passu* with all other Shares in issue or to be issued pursuant to the Global Offering and they are not subject to any lock-up under the Global Offering.

## CORPORATE HISTORY

### OUR SHAREHOLDING STRUCTURE AFTER THE GLOBAL OFFERING

Assuming (i) this Global Offering will constitute a qualified public offering for the purpose of our Convertible Bonds as described in “Summary of Convertible Bonds — Qualified Public Offering” in Appendix IX to this prospectus; (ii) US\$40 million in aggregate principal amount of our tranche A mandatory Convertible Bonds and US\$25 million in aggregate principal amount of our tranche B mandatory Convertible Bonds will be redeemed upon completion of this Global Offering; and (iii) the Underwriters will not exercise their Over-allotment Option, our shareholding structure immediately after this Global Offering will be as follows:



Notes:

- (1) Engaged in investment holding business.
- (2) Principally engaged in real estate development business.

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## CORPORATE HISTORY

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- (3) Out of the 29 subsidiaries, 21 entities are principally engaged in the real estate development business. The remaining eight entities, as described below, are engaged in other business activities which are related to our real estate development business:
- (i) Zhejiang Greentown Property Sales Co., Ltd, a subsidiary of Greentown Real Estate, is principally engaged in the sales of, and marketing for, the properties developed by us.
  - (ii) Beijing Greentown Property Brokers Trading Co., Ltd, a subsidiary of Greentown Real Estate, is principally engaged in the broking and consulting for the properties developed by us in Beijing.
  - (iii) Shanghai Erhai Investment Consulting Co., Ltd, a subsidiary of Greentown Real Estate, is principally engaged in the marketing consultation for properties developed by us in Shanghai.
  - (iv) Zhejiang Greentown Material & Equipments Co., Ltd, a subsidiary of Greentown Real Estate, is principally engaged in the trading of construction materials and decoration materials.
  - (v) Beijing Green Shunda Trading Co., Ltd, a subsidiary of Greentown Real Estate, is principally engaged in the trading of construction materials and decoration materials.
  - (vi) Zhejiang Greentown Electronical Technology Equipment Co., Ltd, a subsidiary of Greentown Real Estate, is principally engaged in the sales and installation of, and other related services for, automatically-controlled equipment and monitoring equipment for buildings.
  - (vii) Zhejiang Greentown Electronical Engineering Co., Ltd, a subsidiary of Greentown Real Estate, is principally engaged in the design and development of computer software and their systems for buildings.
  - (viii) Beijing Greentown Investment Co., Ltd, a subsidiary of Greentown Real Estate, is principally engaged in investment management business.

### OVERVIEW OF OUR BUSINESS

We are one of the leading residential property developers in China. We were ranked No. 1 among all property developers in Zhejiang Province by Zhejiang Provincial Real Estate Association in 2005 in terms of overall corporate strength measured by a combination of factors, including sales, profits, total assets, total development projects commenced or under development, taxes paid, charitable donations made, awards received, brand recognition and overall management in 2004. In 2004 and 2005, our “Greentown” brand was ranked one of the 10 most valuable property brands in China by the Top 10 China Real Estate Research Group, an organization constituted by Enterprise Research Institute of the Development Research Center of the State Council, Qinghua University Real Estate Research Center and Soufun China Index Institute. We were established in January 1995 in Hangzhou, the capital city of Zhejiang Province. While we have historically focused our property development operations in Hangzhou and other cities within Zhejiang Province, we have over the years become a national player in the residential property markets with significant operations in Shanghai, Beijing and other strategically selected cities across the country, including Hefei in Anhui Province, Changsha in Hunan Province and Urumqi in Xinjiang Uygur Autonomous Region.

We primarily develop quality residential properties targeting middle to higher income residents in China. Our residential developments aim to provide residents with a comfortable and convenient community life. We have three main product series:

- villas, which are typically independent houses with one or two storeys;
- low-rise apartment buildings, which are typically three to five storeys; and
- high-rise apartment buildings, which are typically higher than six storeys.

Many of our residential developments are integrated residential complexes, which typically have a total site area over 150,000 square meters and offer a combination of different product series with such ancillary facilities as club houses, kindergartens and grocery stores. In addition to residential properties, we are developing or planning to develop office and hotel properties in Shanghai, Ningbo, Zhoushan and Hangzhou. As of the Latest Practicable Date, we completed 28 property projects or project phases with an aggregate site area of approximately 2.1 million square meters and a total GFA of approximately 2.0 million square meters. Among these 28 projects or project phases, 11 projects or project phases had been fully sold as of March 31, 2006 and are not included in the Property Valuation report in Appendix IV to this prospectus.

We are currently developing or planning to develop 83 property projects or project phases with an aggregate site area of approximately 8.1 million square meters and an estimated total GFA of approximately 8.6 million square meters, including approximately 5.2 million square meters of site area and approximately 5.5 million square meters of total GFA attributable to us. Among these on-going or planned projects or project phases,

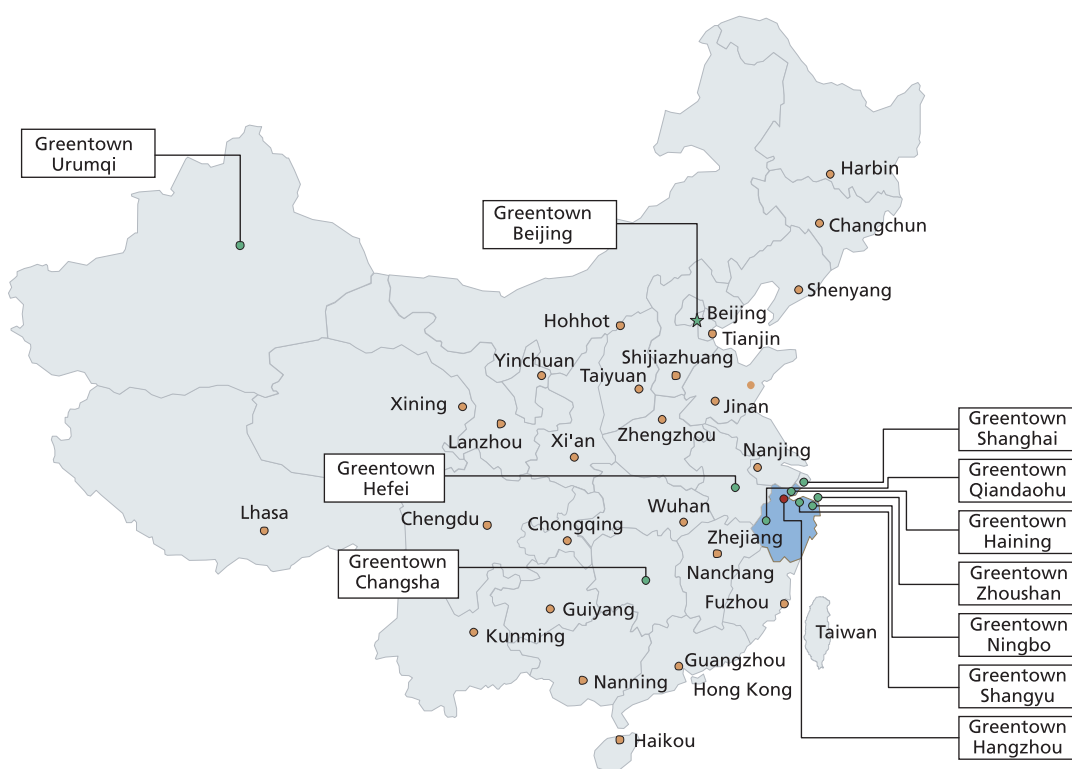
- 24 are located in Hangzhou with a total GFA of approximately 3.4 million square meters;
- 27 are located in other cities in Zhejiang Province with a total GFA of approximately 2.6 million square meters;
- 10 are located in Shanghai with a total GFA of approximately 786,000 square meters;
- seven are located in Beijing with a total GFA of approximately 528,000 square meters; and
- 15 are located in Hefei, Changsha and Urumqi with a total GFA of approximately 1.3 million square meters.

Among the 83 on-going or planned projects or project phases as of the date of this prospectus, we have not obtained land use rights certificates with respect to approximately 384,000 square meters of site area for eight of our projects or project phases. We are in the process of completing all necessary

procedures, including the payment of land premiums and demolition and resettlement costs, with a view to eventually securing all the land use rights certificates. We expect to complete these 83 projects or project phases within the next five years. No Commercial value has been assigned to the land in respect of which we have not obtained the land use rights certificates in the Property Valuation report in Appendix IV to this prospectus.

Unless otherwise specified, area information contained in this prospectus, whether in terms of GFA or site area, includes all projects in which we have an equity interest. We currently have seven minority-owned companies which own 27 property projects or project phases with an aggregate site area of approximately 2.1 million square meters and an estimated total GFA of approximately 3.3 million square meters.

The chart below shows geographic locations of our 83 property projects or project phases under development or held for future development across 11 cities in China.



### OUR OPERATING PHILOSOPHY

We formulate our overall real estate development business strategy based on our long-term views of the economic and social developments as well as the urbanization trends in China. We believe in our mission to create comfortable, elegant and value-worthy properties for our customers, to enhance the landscape and visual appeal of the communities and cities where our properties are located, to upgrade the living environment of our customers, and to grow our business together with our employees and our community. We believe in our people, attach strong importance to our corporate governance, and endeavor to incorporate our core values of sincerity, goodwill, exquisiteness and perfection into the norm of conduct for our employees. Our management is convinced that a strong sense of our corporate responsibility and a steadfast belief in core values constitute the foundation of our success and sustainable growth.

### OUR COMPETITIVE STRENGTHS

We believe that we possess the following principal strengths to compete in the residential property markets in China:

- we are one of the leading national players in the residential property markets in China with high brand recognition in Zhejiang Province and considerable brand awareness nationwide;
- we offer quality products to our customers through emphasis on planning and design and strict quality control;
- we have sufficient land reserves in strategic locations to support our growth in the next five years;
- we have an experienced senior management team supported by a well-trained workforce;
- we have an in-depth understanding of market conditions and consumer preferences for private residential properties in our target markets across China; and
- we have a centralized marketing and sales force to promote our products to our target markets and to manage our customer relationships.

### **We are one of the leading national players in the residential property markets in China with high brand recognition in Zhejiang Province and considerable brand awareness nationwide**

We are one of the leading national residential property developers in China with strong presence in Zhejiang Province. In 2005, we were ranked No. 1 among all property developers in Zhejiang Province in terms of overall corporate strength according to the notice (Zhe Fang Xie [2005] No. 35) dated September 27, 2005 and confirmation date March 26, 2006 issued by Zhejiang Provincial Real Estate Association. In 2004, we were the only property developer based in Zhejiang Province that received the “Best-known Brand” (知名商號) award from Zhejiang Administration of Industry and Commerce. While we have historically focused our property development operations mainly in Hangzhou and other cities within Zhejiang Province, we have over the years become a national player in the residential property markets with significant operations in Shanghai, Beijing and other strategically selected cities across the country, including Hefei in Anhui Province, Changsha in Hunan Province and Urumqi in Xinjiang Uygur Autonomous Region. Our “Greentown” brand was ranked one of the 10 most valuable brands among all PRC property developers in 2004 and 2005 by the Top 10 China Real Estate Research Group, an organization constituted by Enterprise Research Institute of the Development Research Center of the State Council, Qinghua University Real Estate Research Center and Soufun China Index Institute. We believe that our well-recognized brand in Zhejiang Province and the growing awareness of our brand across the nation will enable us to expand our operations nationwide and to gain better returns.

### **We offer quality products to our customers through emphasis on planning and design and strict quality control**

We place particular emphasis on the overall artistic appeal, natural environment, architectural excellence and human-centric facilities for our projects. We position our properties in the market with distinctive designs and fine qualities reinforced with choice materials, advanced construction workmanship and effective project management. We have established a comprehensive design and quality control system, which encompasses our design and construction criteria, development procedures and responsibility allocation. Over the years, we have established design and research relationships with over 10 reputable international and domestic design houses to materialize our design concept and help us position our properties among the best products in the country. We received the “China Construction Architecture” award issued jointly by China Architecture Yearbook and China Architecture Research Institute in 2004 in recognition of our achievements in design and architecture.

To ensure the quality of our properties across the country, we select and appoint key managerial staff at project companies and provide them with centralized training. We have also been certified under the ISO9000 quality system since 1999. In 2004, according to the surveys conducted by China Quality

Association among 4,300 owners of properties developed by 30 developers in eight cities, we received the highest scores in both the customer satisfaction and customer loyalty categories. Our Shanghai Greentown project was ranked No. 1 in 2005 among the recipients of the Golden Award of the Shanghai Quality Residential Property by the Shanghai Real Estate Industry Association. Our Chunjiang Huayue project was awarded as the Best Residential Property in Hangzhou by the Committee for the Hangzhou Best Residential Property Award in 2005.

**We have sufficient land reserves in strategic locations to support our growth in the next five years**

We believe that we have sufficient land reserves with development potential for the next five years. Over the years, we have acquired land reserves in various strategically selected cities in China. As of the Latest Practicable Date, we had land reserves, including property projects or project phases under development or held for future development, with an aggregate site area of approximately 8.1 million square meters and an estimated aggregate total GFA of 8.6 million square meters, including 5.2 million square meters of site area and 5.5 million square meters of total GFA attributable to us. Out of the 8.6 million square meters of total GFA, we expect that 1.2 million square meters and 1.8 million square meters will be completed and ready for delivery in 2006 and 2007, respectively. In terms of total GFA of our current land reserves, approximately 40% is located in Hangzhou, 30% in other cities of Zhejiang Province, 9% in Shanghai, 6% in Beijing, 7% in Hefei City of Anhui Province, 7% in Changsha City of Hunan Province and 1% in Urumqi City of Xinjiang Uygur Autonomous Region. Our current land reserves reflect our current strategic distribution of our operations across China.

In addition, because of our brand and reputation, we are often invited by land authorities in various regional markets to bid for land for development purposes. We believe that our brand, reputation, ability to master-plan, design and build large scale projects and our track record in the real estate industry have been effective in attracting increasingly more strategic partners with financial and/or land resources to co-develop residential projects with us.

**We have an experienced senior management team supported by a well-trained workforce**

Our senior management team on average has over 10 years of experience in the PRC property sector, with considerable strategic planning and business management capabilities. They share our core corporate values and operating philosophy. Most of our executive directors and senior management members have been working with us for more than five years. As property development demands close monitoring, we are highly selective in our hiring process and endeavor to recruit and train employees who have the potential of becoming long-term and effective management staff in our team. We also incentivize and motivate our employees with performance-based bonuses and a career development platform at our company. As of the Latest Practicable Date, approximately 80% of our employees had college or associate college degrees. In addition, key positions such as construction, sales and financial managers are filled by persons with necessary qualifications after an internal selection or external recruiting through a competitive process.

We conduct and host training programs in varying degrees of sophistication for our staff on subjects such as management techniques, technical skills and technology developments. We believe we have cultivated a corporate culture built around four core values: sincerity, goodwill, exquisiteness and perfection. We believe that we have attracted and retained some of the top talents in the real estate industry in China through the emphasis on our corporate brand-reputation strategy, our on-going training programs and our competitive compensation packages.

### **We have an in-depth understanding of market conditions and consumer preferences for private residential properties in our target markets across China**

We believe that an in-depth understanding of our target markets and accurate product positioning are essential to our success. Over the years, we have accumulated extensive knowledge of the PRC residential property industry in general and the regional markets where we operate, in particular. We maintain a customer database to keep track of changes in demands and preferences of existing and potential customers. We also conduct regional market research and analysis in order to understand competitive conditions in the regional markets where we operate or expect to expand. These efforts assist us in accurately predicting market trends and levels of demand in a particular locality and help us better plan and design our property projects to meet market trends and preferences. We believe that, taking advantage of our reputation and brand awareness coupled with our promotion efforts, we are able to influence market expectations and preferences within our target clientele of middle to higher income residents.

### **We have a centralized marketing and sales force to promote our products to our target markets and to manage our customer relationships**

We have a centralized marketing and sales force for most of our projects in China. We believe that our centralized approach assures consistency in promotion and sales strategy on a nationwide basis. Our marketing and sales team, with the input from our project companies, formulates our nationwide marketing and sales strategies and coordinates our promotion activities across different regional markets in China. We also train and deploy our own sales forces rather than rely on third party brokers and agents for most of our projects. We believe that our own dedicated sales representatives are better positioned to service our customers and control property pricing and selling expenses. Our own sales force has also effectively added accountability to our selling efforts. We also have a dedicated after-sale service team to collect and act on complaints and suggestions from our customers. The marketing and sales staff also organize special events, such as inviting potential customers to visit our completed projects to develop and strengthen customer relations and enhance customer confidence and awareness with respect to our products. We believe that these measures enhance our market reputation and increase the number of referrals by existing customers. In 2004, according to the surveys conducted by China Quality Association among 4,300 owners of properties developed by 30 developers in eight cities, we received the highest scores in both the customer satisfaction and customer loyalty categories.

### **OUR BUSINESS STRATEGIES**

Our principal business strategies are:

- to maintain our leadership in Zhejiang Province and to further expand in Shanghai, Beijing and other strategically selected cities across China;
- to continue to leverage our brand name and increase our brand value;
- to continue to emphasize on project planning and design and to improve the quality and appeal of our products; and
- to adhere to prudent financial management to ensure sustainable growth and capital sufficiency.

### **Maintain our leadership in Zhejiang Province and further expand in Shanghai, Beijing and other strategically selected cities across China**

Zhejiang Province remains a key geographical region in our overall business development strategies in China. With our track record, local knowledge and market reputation in Zhejiang Province, we intend to maintain our leadership in Zhejiang Province. We believe that the economy in Zhejiang Province is principally powered by private businesses and that private businesses, in turn, have produced many higher-income property consumers. In addition, the proximity of Zhejiang Province to Shanghai places



us in a strategic position to expand in Shanghai. Beijing, as the capital of the nation, attracts property buyers nationwide and from overseas and presents a relatively mature market for our products. We entered the Shanghai and Beijing markets in 2000 and 2001, respectively, and have been expanding our operations in these cities. We believe that our operations in Shanghai and Beijing will have a franchising value to our endeavor to expand nationwide.

We will continue to pursue business opportunities in other provincial capitals and strategically selected cities outside Zhejiang Province to capture the economic growth in these regions and to geographically broaden our revenue base. We intend to use Zhejiang Province as our home base to branch out our operations to the relatively affluent coastal provinces and to those selected cities across China. We believe that those provincial capitals and cities in China could present increasing growth opportunities as they will tend to attract property buyers from smaller cities within the province.

### **Continue to leverage our brand name and increase our brand value**

We believe that our strong brand name has been an important contribution to our past success. We will continue to focus on product appeal to offer properties with innovative design, high quality and a sense of community harmony so as to increase our brand value. To maximize our development scale and brand awareness across China, we also intend to leverage our “Greentown” brand and industry expertise by partnering with our strategic partners that possess land or financial resources to jointly develop property projects. We intend to continue to maintain control over key aspects of these co-developed projects, including project design, construction and quality control. We will also continue to proactively manage our customer relations, including effectively using our nationwide “Greentown” customer club to expand our customer base and increase customer loyalty.

### **Continue to emphasize on project planning and design and to improve the quality and appeal of our products**

We will continue to collaborate with reputable domestic and international architects in our pursuit of product innovation and professional designs. Our goal is to benchmark our products against world class development standards through enhanced international cooperation. We will continue to implement strict quality control to monitor our product quality and workmanship throughout the development process. We will continue to target middle to higher-end customer segments with our three main product series and intend to replicate our success stories with these product series in new markets through on-going product innovations.

### **Adhere to prudent financial management to ensure sustainable growth and capital sufficiency**

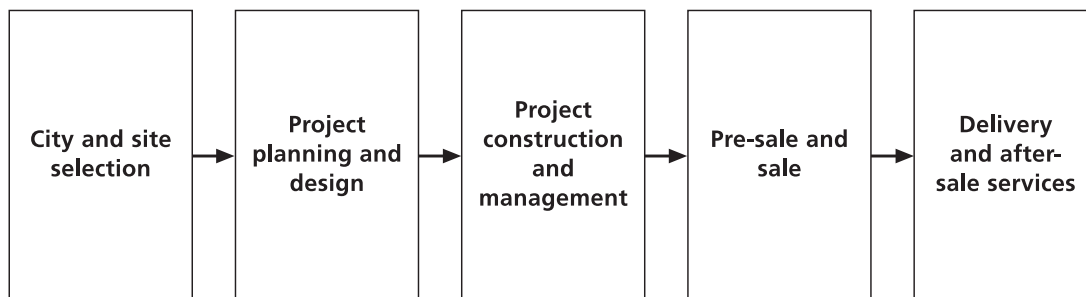
We will continue to closely monitor our capital and cash positions and carefully manage such key measures as land acquisition costs, construction costs, cash flows and fixed charge coverages. We will continue to cooperate with strategic partners to develop properties on a selective basis to take advantage of our partners’ land and financial resources. We will actively manage our sales and pre-sales to ensure adequate cash flow for our ongoing capital requirements. We will remain disciplined in our capital commitments and seek long-term financing opportunities.

## **OUR OPERATIONS**

### **Property Development**

Our business operations primarily involve the development and subsequent sale of high quality residential properties targeting middle to higher income residents in China. Our residential developments include villas, low-rise apartment buildings and high-rise apartment buildings. We will continue to focus on the residential property markets in Zhejiang Province, Shanghai and Beijing and pursue growth opportunities in strategically selected provincial capitals and cities in China.

We maintain a systematic development approach although each project is specifically designed to cater to the target market and regional preferences. Our property development process can be summarized in the diagram below:



### **City and Site Selection**

We conduct market research before we enter into a new city. We have formulated a set of criteria in our city selection process, including:

- size and population of the city;
- general economic development and development conditions in the private sectors;
- purchasing power of the residents;
- urban planning and development;
- anticipated demand for private residential properties;
- future land availability; and
- overall competition landscape.

We consider the following factors for site selection and product positioning:

- site area and suitability for large-scale development;
- location within the city;
- neighboring environment and amenities;
- infrastructure available or to be made available by the local government;
- government planning for its vicinities; and
- overall cost structure of the potential development.

Prior to July 2002, most of our land use rights were obtained from local land bureaus and other land developers through negotiations. On July 1, 2002, the Rules Regarding the Grant of State-Owned Land Use Rights by Way of Tender, Auction and Listing-for-sale (招標拍賣掛牌出讓國有土地使用權規定) issued by the Ministry of Land and Resources came into effect. These rules require that land use rights for the purposes of commercial use, tourism, entertainment and commodity residential properties in China be granted by the government through public tender, auction or listing-for-sale. When deciding to whom to grant land use rights, the relevant authorities will consider not only the tender price, but

also the credit history and qualifications of the tenderer and its development proposal. Grantees of land use rights may, however, dispose of the land use rights granted to them in private sales, subject to the terms and conditions of the land use rights grant contracts and relevant laws and regulations. Therefore, to the extent permitted by law, we may choose to acquire land in the secondary market through negotiated transfers in addition to the public tender, auction or listing-for-sale process. When opportunities arise, we will also consider obtaining land use rights from third parties through co-development arrangements to increase our land reserves. See “Summary of PRC Laws Relating to the Property Sector” in Appendix VI to this prospectus for more information about PRC land grant regulations.

Based on our current development and growth targets, we expect to maintain sufficient land reserves to fulfill our development requirements for the next five years on a rolling basis. As of the Latest Practicable Date, we had approximately 7.4 million square meters of land under development and approximately 649,000 square meters of land for future development. We continually search for land sites which meet our selection criteria.

### **Project Planning and Design**

We have a planning and design department which works closely with our project managers as well as external designers and architects in master planning, architectural design, landscape design and interior design. Our senior management is actively involved in the whole process, especially in the master planning and architectural design of our projects.

The design work for our projects is entirely outsourced to external design firms. Historically, we have used two design firms minority-owned by Song Weiping, one of our Original Shareholders, to undertake architectural design work for most of our projects. For the years ended December 31, 2003, 2004 and 2005, fees paid to these two companies accounted for approximately 31.6%, 15.2% and 12.7%, respectively, of our total payments to design firms. With a view to integrating quality with innovation in designs for our properties, in recent years we have also retained renowned domestic and international design houses to help design our projects in various aspects, including master planning, architectural design, landscape design and interior design. Over the years, we have developed long-term relationships with a number of well-known international design firms, including Dahlin Group, Inc., Place Design Group Pty Ltd, Bilkey Llinas Design, Belt Collins International (HK) Limited and Development Design Group Incorporated. We have received various awards in recognition of our efforts in innovating our property designs. For example, our Deep Blue Plaza project in Hangzhou, Baihe Apartment project in Beijing and Shanghai Greentown project in Shanghai received “China’s Most Innovative Building” award in 2004 issued jointly by China Architecture Yearbook and China Architecture Research Institute, “Beijing Landmark Building” award in 2004 by Shopping Guide Magazine and “National Classic Residency” award in 2004 jointly by 建設部城鄉規劃管理中心 (Urban and Rural Planning and Administration Center of the Ministry of Construction), 中國風景園林學會 (Chinese Landscape Institute), 中國房地產及住宅研究會 (China Real Estate and Residence Research Association), 中國勘察設計協會 (China Surveying and Design Association) and 中國民族建築研究會 (China Ethnic Architecture Association), respectively.

### **Project Construction and Management**

We develop and manage our projects through project companies. We designate project managers and maintain control over the finance and accounting, procurement of construction materials and construction cost management for our majority-owned project companies. For project companies in which we have a minority equity stake and over which we otherwise do not maintain management control, we generally retain the power to designate heads of construction departments and quality control departments.

Our construction work is outsourced to independent construction companies, which are selected through a tender process. As most of our projects do not involve state ownership, we are generally not required to select the construction companies through a public tender process and may invite a minimum of three qualified construction companies to bid for a construction project through a tender by invitation process. We have established a selection procedure to choose our construction contractors in order to ensure compliance with our quality and workmanship standards. We take into account the construction companies' professional qualification, reputation, track records, past cooperation with our company and financial condition and resources when inviting candidates for the bidding. As an ISO9000 certified enterprise, we also review the qualifications and performance of our construction contractors on an annual basis.

Construction materials are either procured by ourselves or by our contractors. For a substantial part of our purchases of key construction materials, such as steel and cement, we use a centralized procurement process to help increase our negotiating power and lower our unit costs. We believe that such an arrangement will also allow us to better control quality of the key construction materials used in our projects and ensure timely delivery of the projects. Substantially all of the costs of construction materials, whether procured by ourselves or by the contractors, are accounted for as part of the contractor fees upon settlement with the relevant contractors. Apart from civil engineering construction, our construction work also includes interior decoration, gardening and landscaping, which are entirely outsourced to independent service providers. Of the outsourced construction works, we receive certain interior decoration services and purchase certain landscaping materials in respect of outsourced construction works from Greentown Holdings Group and other companies controlled by our Original Shareholders. In 2003, 2004 and 2005, our aggregate purchases (including purchases of raw materials and interior decoration services) from these connected persons accounted for approximately 5.8%, 4.3% and 6.0%, respectively, of our total procurements during the three years. For further information, see also "Connected Transactions — Non-exempt Continuing Connected Transactions."

To ensure construction quality, our construction contracts contain quality warranties and penalty provisions for substandard work. Our construction contracts do not allow our construction contractors to subcontract or transfer their contractual arrangements with us to any third party. We typically withhold 3% to 5% of the construction fees for two to five years after completion of the construction to give additional quality assurance. For each project where over 30% of its properties available for pre-sale have been pre-sold, we select eight to 10 purchasers of properties in that project to establish a quality inspection team. The team generally conducts on-site inspections on a bi-monthly basis to oversee the schedule and quality of the related properties.

For the years ended December 31, 2003, 2004 and 2005, purchases from our single largest supplier accounted for approximately 7.9%, 10.4% and 4.9%, respectively, of our total purchases. For the same periods, purchases from our five largest suppliers accounted for approximately 33.2%, 28.6% and 20.0%, respectively, of our total purchases. None of our Directors, their associates nor any of our shareholders holding more than 5% of our issued share capital has any interest in our five largest suppliers.

### **Pre-sale and Sale**

Like other developers, we pre-sell properties prior to the completion of their construction. Under PRC pre-sale law, property developers must satisfy specific conditions before they can pre-sell their properties under construction. These mandatory conditions include:

- the land premium must have been paid in full;
- the land use rights certificate, the construction planning permit and the construction permit must have been obtained;

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## BUSINESS

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- at least 25% of the total project development investments must have been made;
- the progress and the expected completion and delivery date of the construction must be certain; and
- the pre-sale permit must have been obtained.

These mandatory conditions are designed to impose a timing restriction on developers with respect to the commencement of pre-sales. They are predicated on substantial progress in project construction and in capital expenditure. Generally, the local governments also require developers and property purchasers to use model pre-sale contracts prepared under the auspices of the government. Developers are required to file all pre-sale contracts with local land bureaus and real state administrations within 30 days of entering into such contracts. Local governments may have additional conditions for commencing pre-sales of properties.

We maintain a centralized marketing and sales force for most of our development projects in China through our sales and marketing subsidiaries in Zhejiang Province, Beijing and Shanghai. We have over 100 personnel specializing in marketing and sales. This approach assures consistency in our promotion and sales strategy on a nationwide basis. Our centralized marketing team formulates our nationwide marketing strategies and coordinates our promotion activities across different regional markets in China. We train and use our own sales force rather than rely on outside brokers and agent for most of our projects. We believe our own dedicated sales representatives are better positioned to serve our customers and to control our property pricing and selling expenses. Our sales subsidiaries also offer consultation and sales planning services to third parties on a selective basis.

Our marketing and sales staff cooperate closely with each other in order to determine the appropriate advertising and selling plans for a particular project. They also conduct market research, formulate sales, pre-sales and pricing strategies and plan and organize on-site sale and pre-sale procedures. Our promotion channels include billboard advertisements, promotion over the visual and print media, and model display. As part of our marketing strategy, we organize potential customers to visit our completed projects. These show-case visits facilitate sales of our properties under development located in cities where these visitors reside and help promote our brand. In addition, we provide our existing customers with an internal bi-monthly publication, Home • Greentown (Home • 綠城), to provide information on our various projects, including on-going projects. In August 2005, we launched our Greentown Club with its membership available to all our existing and potential customers. From time to time, our Greentown Club organizes activities such as mini-concerts and free medical consultation to its members. In addition, in order to collect views from our customers on an on-going basis and to continually improve our services, we have established a Customer Service Quality Monitor Group composed of over 30 representatives selected from customers and residents at most of our property projects. This group meets once a year with our senior management members and has served as a forum to exchange views and ideas between us and our customers. We believe that these measures increase the number of referrals and facilitate recurring purchases by our existing customers.

Our principal customers are individual purchasers of residential properties in China. For the years ended December 31, 2003, 2004 and 2005, revenues attributable to our five largest customers were less than 10% of our total revenues in each year. In 2005, Ms. Xia Yibo, one of our Original Shareholders, was one of our five largest customers who purchased our properties in the aggregate amount of Rmb 5,487,000, representing 0.22% of our total revenues in 2005. Other than this purchase, none of our Directors, their associates nor any of our shareholders holding more than 5% of our issued capital has any interest in our five largest customers during the Relevant Period.

Most of our customers purchase our properties through mortgage loans. As is customary in the property industry in China, we provide guarantees to mortgagee banks in respect of the mortgage loans provided to the purchasers of our properties up until we complete the construction of 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. See “Financial Information — Indebtedness and Contingent Liabilities — Contingent liabilities.”

**Delivery and After-sale Services**

We endeavor to deliver our products to our customers on a timely basis. We closely monitor the progress of construction of our property projects as well as conducting pre-delivery property inspections to ensure timely delivery. The time frame for delivery is set out in the sale and purchase agreements entered into with our customers. Once a property project or project phase has passed the requisite inspections and is therefore ready for delivery, our customer service staff will notify our customers in respect of delivery. Our sales and construction staff, together with staff of the property management company, will inspect the properties prior to delivery to ensure quality.

Our customer service department is responsible for managing our after-sale services. We offer multiple communication channels to our customers to express their feedback and complaints about our products or services, including a telephone hotline at our head office and complaint departments at our project companies. We also cooperate with property management companies that manage our properties to handle customer complaints. Furthermore, we have set up an ownership certificate department to assist our purchasers to obtain their property ownership certificates.

Prior to delivery of properties to customers, we engage Zhejiang Greentown Property Management Company, a subsidiary of Greentown Holdings Group, to manage all of our properties. After the delivery of properties to customers, with a view to ensuring quality in property management, we introduce Zhejiang Greentown Property Management Company, to provide property management services to customers until the owners of the relevant developments have become statutorily entitled to elect their own property management companies. As of the Latest Practicable Date, owners of all of our developments who had become statutorily entitled to elect their property management companies continued to choose Zhejiang Greentown Property Management Company to manage their properties.

**OUR PROPERTY PROJECTS**

As of the Latest Practicable Date, we had a total of 111 property projects or project phases in China.

We have three categories of properties:

- completed properties, comprising properties already completed and delivered;
- properties under development, comprising properties with land use rights certificates which construction is yet to be completed; and
- properties held for future development, comprising properties subject to the issuance of land use rights certificates pending full payment of land premium and/or demolition and resettlement costs or satisfaction of other conditions.

Our classification of properties reflects the basis on which we operate our business and may differ from classifications employed by other developers. Each property project or project phase may be subject to multiple land use rights certificates, construction permits, pre-sale permits and other permits and certificates which may be issued at different times throughout their developments. Our classification of properties is also different from the classification of properties in the Property Valuation report

contained in Appendix IV to this prospectus and the Accountants' Report in Appendix I to this prospectus. Both reports, prepared pursuant to the standards in their respective professions, share many similarities in their treatment of these properties.

The differences between our classification of properties and the classification of properties in the Property Valuation report are as follows:

- properties that have been sold are not included in the Property Valuation report;
- "properties under development" under our classification include properties in respect of which we have obtained the relevant land use rights certificates while "properties under development" in the Property Valuation report refer to properties in respect of which we have obtained the relevant land use rights certificates as well as construction permits; and
- "properties held for future development" under our classification include properties in respect of which we have not obtained all of the relevant land use rights certificates but have signed the land use rights grant contracts while "properties held for future development" in the Property Valuation report refer to properties in respect of which we have obtained the relevant land use rights certificates but have not obtained the relevant construction permits. Properties in respect of which we have not obtained the relevant land use rights certificates but have signed the land use rights grant contracts are referred to as "properties to be acquired by the group" in the Property Valuation report.

The differences between our classification of properties and the classification of properties in the Accountants' Report are as follows:

- properties that have been sold are not included in the balance sheets in the Accountants' Report;
- "properties under development" under our classification include properties in respect of which we have obtained the relevant land use rights certificates while "properties under development" as recorded in the Accountants' Report refer to properties in respect of which we have obtained the relevant land use rights certificates as well as construction permits; and
- "properties held for future development" under our classification include properties in respect of which we have not obtained the relevant land use rights certificates but have signed the land use rights grant contracts while "properties for development" as recorded in the Accountants' Report have a broader coverage which also include properties in respect of which we have obtained the relevant land use rights certificates but have not obtained the relevant construction permits.

Geographical distribution of our property projects as of the Latest Practicable Date was as follows:

Province or city	Completed properties					Properties under development					Properties held for future development				
	% of total		% of total		% of total		% of total		% of total		% of total		% of total		
	Total GFA or estimated	GFA or estimated	Total GFA or estimated	GFA or estimated	Total GFA or estimated	GFA or estimated	Total GFA or estimated	GFA or estimated	Total GFA or estimated	GFA or estimated	Total GFA or estimated	GFA or estimated	Total GFA or estimated	GFA or estimated	Total GFA or estimated
	m <sup>2</sup> ('000)	(%)	m <sup>2</sup> ('000)	(%)	m <sup>2</sup> ('000)	(%)	m <sup>2</sup> ('000)	(%)	m <sup>2</sup> ('000)	(%)	m <sup>2</sup> ('000)	(%)	m <sup>2</sup> ('000)	(%)	m <sup>2</sup> ('000)
Hangzhou . . . . .	1,254	62%	1,110	62%	3,120	40%	1,965	40%	309	35%	211	38%	211	38%	211
Zhejiang Province (excluding Hangzhou)	129	6	89	5	2,152	28	1,304	26	420	48	234	42	234	42	234
Shanghai . . . . .	317	16	317	18	635	8	469	10	150	17	114	20	114	20	114
Beijing . . . . .	213	10	170	9	528	7	406	8	—	—	—	—	—	—	—
Anhui Province . . . . .	129	6	116	6	597	8	447	9	—	—	—	—	—	—	—
Hunan Province . . . . .	—	—	—	—	613	8	317	6	—	—	—	—	—	—	—
Xinjiang Uygur Autonomous Region . . . . .	—	—	—	—	52	1	26	1	—	—	—	—	—	—	—
Total . . . . .	2,042	100%	1,802	100%	7,697	100%	4,934	100%	879	100%	559	100%	559	100%	559

The site area information in this prospectus is derived on the following basis:

- when we have received the land use rights certificates, the site area information in respect of the related projects or project phases refers to the site area information in such land use rights certificates; and
- before we have received the land use rights certificates, the site area information in respect of the related projects or project phases refers to the site area information in the relevant land use rights grant contracts or the relevant government permits related to the projects or project phases excluding, however, the areas earmarked for public infrastructure such as roads and community recreation zones.



The GFA information in this prospectus is derived on the following basis:

- For total GFA, when the construction of the projects or project phases is complete and we have received the completion and inspection certificates, the total GFA information in respect of these projects or project phases refers to the total GFA in such completion and inspection certificates; if we have not yet obtained the completion and inspection certificates but have the detailed construction drawings for the projects or project phases, the total GFA information in respect of these projects or project phases refers to the total GFA in such detailed construction drawings; if we have not yet had the detailed construction drawings, but have obtained the construction planning permits for the projects or project phases, the total GFA information in respect of these projects or project phases refers to the total GFA in such construction planning permits; if we have not obtained any of the above documents for these projects or project phases, the total GFA information in respect of these projects or project phases refers to the total GFA estimated based on our current development plans. Total GFA stated in completion and inspection certificates, detailed construction drawings and construction planning permits includes underground GFA. Underground GFA refers to basement and other underground spaces, generally used for parking and storage purposes. The total GFA information in this prospectus includes both saleable and non-saleable GFA. Saleable GFA generally refers to residential properties and retail shops and office space (including internal floor area and shared areas in the building that are exclusively allocated to such properties). Non-saleable GFA generally refers to certain communal facilities, including, among others, club houses, schools and floor area for property management purposes as required by the government.
- For saleable GFA, if we have obtained the pre-sale permits for the projects or project phases, the saleable GFA information refers to the saleable GFA in the pre-sale permits; if we have not yet obtained the pre-sale permits but have had the detailed construction drawings for the projects or project phases, the estimated saleable GFA information in respect of these projects or project phases refers to the estimated saleable GFA in such detailed construction drawings; if we have not yet obtained the detailed construction drawings but have obtained the construction planning permits for the projects or project phases, the estimated saleable GFA information in respect of these projects or project phases is estimated based on our current development plans in accordance with such construction planning permits; if we have not yet obtained any of the above documents for the projects or project phases, the estimated saleable GFA information in respect of these projects or project phases is estimated based on our current development plans.
- GFA sold information refers to the GFA in the relevant sale and purchase agreements on an aggregate basis. GFA sold information in this prospectus does not include GFA of parking spaces.

Unless the pre-sale of a project has started, we have provided estimated pre-sale commencement time for such on-going project in this prospectus. While these estimates are based on the management's best belief and knowledge, they do not represent commitments and are subject to change. Unless a project has already been completed, we have likewise provided estimated completion time for such on-going project in this prospectus. Similarly, while these estimates are based on the management's best belief and knowledge, they do not represent commitments and are subject to change.

### Completed properties

As of the Latest Practicable Date, we had completed the development of the following 28 property projects or project phases. With respect to the following table, you should note that completed properties that are fully sold are not covered in the Property Valuation report in Appendix IV to this prospectus.

Property projects	Project phases	Location	Type	Interest attributable to us	Total GFA (m <sup>2</sup> )	GFA unsold as of March 31, 2006 (m <sup>2</sup> )	Completion time	Ref. to Property Valuation report
<b>Majority owned projects</b>								
Dangui Garden . . . . .		Hangzhou, Zhejiang	Villa	see note (1)	27,200	18,376	June 95	—
Jingui Garden . . . . .		Hangzhou, Zhejiang	Villa	see note (1)	26,640	10,469	Nov. 95	—
Yingui Garden . . . . .		Hangzhou, Zhejiang	Villa	see note (2)	40,186	27,833	June 96	—
Yuegui Garden . . . . .		Hangzhou, Zhejiang	Complex	see note (2)	26,346	18,816	May 97	38
Dangui Apartments . . . . .		Hangzhou, Zhejiang	Low-rise	see note (2)	42,434	47,560	July 97	37
Yungui Garden . . . . .		Hangzhou, Zhejiang	Complex	see note (1)	42,216	22,265	Apr. 98	—
Langui Garden . . . . .		Hangzhou, Zhejiang	Complex	see note (2)	40,273	47,587	Apr. 99	39
Chunjiang Huayue . . . . .	Phase I	Hangzhou, Zhejiang	High-rise	100%	43,108	173,751	Feb. 04	32
Chunjiang Huayue . . . . .	Phase II	Hangzhou, Zhejiang	High-rise	100%	23,436	93,132	Mar. 05	32
Chunjiang Huayue . . . . .	Phase III	Hangzhou, Zhejiang	High-rise	100%	12,045	60,192	May 06	4
Dishui Building . . . . .		Hangzhou, Zhejiang	Commercial	100%	4,660	25,746	Sep. 05	—
Guilua City . . . . .	Phase I	Hangzhou, Zhejiang	Complex	100%	153,802	174,546	July 02	41 <sup>(4)</sup>
Guilua City . . . . .	Phase II	Hangzhou, Zhejiang	Complex	100%	46,912	15,903	Jan. 03	41 <sup>(4)</sup>
Hangzhou Green Garden . . . . .		Hangzhou, Zhejiang	High-rise	100%	36,703	123,284	Nov. 03	36 <sup>(4)</sup>
Hangzhou Zigui Garden . . . . .		Hangzhou, Zhejiang	Complex	100%	77,286	122,326	Dec. 02	—
Jiuxi Rose Garden . . . . .	Phase I	Hangzhou, Zhejiang	Villa	100%	86,522	26,506	Apr. 00	—
Jiuxi Rose Garden . . . . .	Phase II	Hangzhou, Zhejiang	Villa	100%	120,394	41,629	June 04	—
Taohuayuan East . . . . .		Hangzhou, Zhejiang	Villa	100%	381,560	65,136	May 03	—
Yunshu Garden . . . . .		Hangzhou, Zhejiang	Low-rise	100%	7,374	16,231	July 04	—
Zhoushan Dangui Garden . . . . .	Phase I	Zhoushan, Zhejiang	Low-rise	100%	26,099	42,477	May 03	40
Zhoushan Dangui Garden . . . . .	Phase II	Zhoushan, Zhejiang	Low-rise	100%	4,501	6,809	Oct. 04	—
Shanghai Greentown . . . . .	Phase I	Shanghai	High-rise	100%	87,738	188,050	Oct. 04	33
Shanghai Greentown . . . . .	Phase II	Shanghai	High-rise	100%	38,958	129,129	Sep. 05	33
Beijing Baihe Apartments . . . . .	Phase I	Beijing	Low-rise	80%	113,348	156,736	May 05	35
Beijing Baihe Apartments . . . . .	Phase II	Beijing	Low-rise	80%	45,730	56,364	Sep. 05	35
Hefei Guilua Garden . . . . .	Phase I	Hefei, Anhui	Complex	90%	128,027	128,930	Sep. 04	34
<b>Non-majority owned projects</b>								
Haining Baihe New City . . . . .	Low-rise Phase I	Haining, Zhejiang	Low-rise	50%	71,982	79,455	Dec. 05	42
Qilixiang Creek Villas . . . . .		Hangzhou, Zhejiang	Villa	30%	367,969	122,921	June 05	31
<b>Total</b> . . . . .					2,123,449	2,042,159		62,721

**Notes:**

- (1) We undertook the development of these projects as a contractor on behalf of the project partner that was granted the land use rights. We funded the development of and shared the profits from these projects with the project partner according to our contracts with it. According to our contracts with the project partner of Dangui Garden and Jingui Garden, we were entitled to 75% of the profits derived from each of these projects. According to our contract with the project partner of Yungui Garden, the project partner was entitled to the profits from this project in an amount equal to 20% of its investment in the project, while we retained the remaining profits.
- (2) These projects were co-developed with the project partner. We and the project partner did not establish a joint venture company to develop these projects but instead funded the development of and shared the profits from these projects according to the co-development agreements. According to our co-development agreements for Dangui Apartments, Langui Garden, Yuegui Garden and Yingui Garden, we were entitled to 75%, 65%, 40% and 75%, respectively, of the profits derived from these projects.
- (3) Approximately 2,883 square meters of the unsold GFA of these projects are currently used as temporary dormitory for some of our employees or as temporary storage space pending sale at any time. We continue to offer these properties for sale and these properties can be ready for sale at a moment's notice.
- (4) GFA unsold does not include the GFA for parking spaces and storage units that have not been sold. All properties in these projects or project phases had been sold as of March 31, 2006 except for certain parking spaces and storage units, which are covered in the Property Valuation report in Appendix IV to this prospectus.

### ***Majority-owned projects***

#### **Dangui Garden (丹桂花園)**

Dangui Garden is located at No. 333, Wensan West Road, Xihu District, Hangzhou, Zhejiang Province. This project occupies a total site area of approximately 27,200 square meters with a total GFA of approximately 18,376 square meters. It consists primarily of villas with an aggregate of 64 residential units. This project was developed by us on behalf of Hangzhou Qiantang Real Estate Development Company, our project partner. According to the relevant development contract, we were entitled to 75% of the profits derived from this project.



Construction of this project was completed in June 1995. As of March 31, 2006, all properties in this project had been sold.

### **Jingui Garden (金桂花園)**

Jingui Garden is located at No. 333, Wensan West Road, Xihu District, Hangzhou, Zhejiang Province. This project occupies a total site area of approximately 26,640 square meters with a total GFA of approximately 10,469 square meters. It consists primarily of villas with an aggregate of 54 residential units. This project was developed by us on behalf of Hangzhou Qiantang Real Estate Development Company, our project partner. According to the relevant development contract, we were entitled to 75% of the profits derived from this project.



Construction of this project was completed in November 1995. As of March 31, 2006, all properties in this project had been sold.

**Yingui Garden (銀桂花園)**

Yingui Garden is located at No. 469, Wensan West Road, Xihu District, Hangzhou, Zhejiang Province. This project occupies a total site area of approximately 40,186 square meters with a total GFA of approximately 27,833 square meters. It consists primarily of villas with an aggregate of 78 residential units. We co-developed this project with Hangzhou Qiantang Real Estate Development Company, our project partner. According to our co-development agreement, we were entitled to 75% of the profits derived from this project.



Construction of this project was completed in June 1996. As of March 31, 2006, all properties in this project had been sold.

**Yuegui Garden (月桂花園)**

Yuegui Garden is located at No. 251, Wensan West Road, Xihu District, Hangzhou, Zhejiang Province. This project occupies a total site area of approximately 26,346 square meters with a total GFA of approximately 18,816 square meters. It consists primarily of villas and low-rise apartment buildings with an aggregate of 125 residential units. We co-developed this project with Hangzhou Qiantang Real Estate Development Company, our project partner. According to our co-development agreement, we were entitled to 40% of the profits derived from this project.



Construction of this project was completed in May 1997. As of March 31, 2006, all properties in this project had been sold, except for 115 square meters of residential space and 892 square meters of office space.

### **Dangui Apartments (丹桂公寓)**

Dangui Apartments is located at No. 85, Wensan West Road, Xihu District, Hangzhou, Zhejiang Province. This project occupies a total site area of approximately 42,434 square meters with a total GFA of approximately 47,560 square meters. It consists primarily of low-rise apartment buildings with an aggregate of 397 residential units. We co-developed this project with Hangzhou Qiantang Real Estate Development Company, our project partner. According to our co-development agreement, we were entitled to 75% of the profits derived from this project. This project was awarded 杭州城市建設十大新景觀 (Top Ten New Scenery for Urban Planning in Hangzhou) by 杭州市城鄉建設委員會 (Hangzhou Urban and Rural Planning Committee), 新華通訊社浙江分社 (Xinhua News Agency, Zhejiang Branch), 杭州日報社 (Hangzhou Daily) and 杭州電視台 (Hangzhou Television Station) in 1998.



Construction of this project was completed in July 1997. As of March 31, 2006, all properties in this project had been sold, except for 124 square meters of residential space.



### **Yungui Garden (雲桂花園)**

Yungui Garden is located at No. 333, Wensan West Road, Xihu District, Hangzhou, Zhejiang Province. This project occupies a total site area of approximately 42,216 square meters with a total GFA of approximately 22,265 square meters. It consists primarily of villas and low-rise apartment buildings with an aggregate of 116 residential units. This project was developed by us on behalf of Hangzhou Qiantang Real Estate Development Company, our project partner. According to the relevant development contract, our project partner was entitled to the profits from this project in an amount equal to 20% of its investment in the project, while we retained the remaining profits.



Construction of this project was completed in April 1998. As of March 31, 2006, all properties in this project had been sold.



### **Langui Garden (蘭桂花園)**

Langui Garden is located at No. 386, Gudun Road, Xihu District, Hangzhou, Zhejiang Province. This project occupies a total site area of approximately 40,273 square meters with a total GFA of approximately 47,587 square meters. It consists primarily of low-rise apartment buildings and villas with an aggregate of 346 residential units. We co-developed this project with Hangzhou Qiantang Real Estate Development Company, our project partner. According to our co-development agreement, we were entitled to 65% of the profits derived from this project.



Construction of this project was completed in April 1999. As of March 31, 2006, all properties in this project had been sold, except for 240 square meters of residential space, 90 square meters of commercial space, 1,427 square meters of office space and six parking spaces.

### **Chunjiang Huayue (春江花月)**

Chunjiang Huayue is located at No. 19, Fuxing Road, Shangcheng District, Hangzhou, Zhejiang Province. This project consists of five phases. We have completed the development of Phases I, II and III with Phases IV and V under development. This project is being developed by Hangzhou Greentown Real Estate Development Co. Ltd., a project company wholly owned by us. The project was named 浙江人居經典 (Zhejiang Classic Residential Properties) by 全國人居方案競賽組委會 (Competition Committee for the National Award for Residential Properties) in 2003, and as 杭州市最佳人居獎 (Best Residential Property in Hangzhou) by 杭州市最佳人居環境獎評選委員會 (Committee for Hangzhou Best Residential Property Award) in 2005.

Phase I occupies a total site area of approximately 43,108 square meters with a total GFA of approximately 173,751 square meters. It consists primarily of high-rise apartment buildings with an aggregate of 850 residential units and 594 parking spaces. Construction of this phase was completed in February 2004. As of March 31, 2006, all properties in this phase had been sold, except for 451 square meters of residential space and 76 parking spaces.



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Phase II occupies a total site area of approximately 23,436 square meters with a total GFA of approximately 93,132 square meters. It consists primarily of high-rise apartment buildings with an aggregate of 434 residential units and 247 parking spaces. Construction of this phase was completed in March 2005. As of March 31, 2006, all properties in this phase had been sold, except for 1,076 square meters of residential space, 1,688 square meters of commercial space and 10 parking spaces.

Phase III occupies a total site area of approximately 12,045 square meters with a total GFA of approximately 60,192 square meters. It consists primarily of high-rise apartment buildings with an aggregate of 267 residential units and 170 parking spaces. Construction of this phase was completed in May 2006. As of March 31, 2006, all properties in this phase had been sold, except for 3,269 square meters of residential space and 35 parking spaces.



See “— Properties under development — Chunjiang Huayue” below for information about Phases IV and V of Chunjiang Huayue.

### **Dishui Building (地税大楼)**

Dishui Building is located at No. 1, Ti Huan Er Road, Xihu District, Hangzhou, Zhejiang Province. This project occupies a total site area of approximately 4,660 square meters with a total GFA of approximately 25,746 square meters. It consists of a commercial building. This project was developed by Zhejiang Green Garden Real Estate Development Co., Ltd., a project company wholly owned by us.



Construction of this project was completed in September 2005. As of March 31, 2006, all properties in this project had been sold.

### **Guihua City (桂花城)**

Guihua City is located at No. 69, Zijinhua Road, Xihu District, Hangzhou, Zhejiang Province. This project consists of two phases. We have completed the development of both phases. This project is developed by Hangzhou Osmanthus City Real Estate Development & Operation Co., Ltd., a project company wholly owned by us.



Phase I occupies a total site area of approximately 153,802 square meters with a total GFA of approximately 174,546 square meters. It consists primarily of villas and low-rise apartment buildings. Construction of this phase was completed in July 2002. As of March 31, 2006, all properties in this phase had been sold.



Phase II occupies a total site area of approximately 46,912 square meters with a total GFA of approximately 15,903 square meters. It consists primarily of villas and low-rise apartment buildings. Construction of this phase was completed in January 2003. As of March 31, 2006, all properties in this phase had been sold, except for four parking spaces and 44 storage units.

### **Hangzhou Green Garden (杭州綠園)**

Hangzhou Green Garden is located at No. 36, Qiushi Road, Xihu District, Hangzhou, Zhejiang Province. This project occupies a total site area of approximately 36,703 square meters with a total GFA of approximately 123,284 square meters. It consists primarily of high-rise apartment buildings. This project was developed by Zhejiang Green Garden Real Estate Development Co., Ltd., a project company wholly owned by us. The project was awarded 浙江省建設工程“錢江杯” (Zhejiang Construction Project Qian Jiang Award) by 浙江省建築行業協會 (Zhejiang Construction Industry Association) and 浙江省工程建設質量管理協會 (Zhejiang Project Construction Quality Management Association) in 2005.



Construction of this project was completed in November 2003. As of March 31, 2006, all properties in this project had been sold, except for one parking space.

### **Hangzhou Zigui Garden (杭州紫桂花園)**

Hangzhou Zigui Garden is located at No. 268, West Wen Er Road, Xihu District, Hangzhou, Zhejiang Province. This project occupies a total site area of approximately 77,286 square meters with a total GFA of approximately 122,326 square meters. It consists primarily of high-rise and low-rise apartment buildings. This project was developed by Zhejiang Xingyu Real Estate Development Co., Ltd., a project company wholly owned by us.



Construction of this project was completed in December 2002. As of March 31, 2006, all properties in this project had been sold.

### **Jiuxi Rose Garden (九溪玫瑰園)**

Jiuxi Rose Garden is located at No. 20, Wuyun East Road and No. 8, Wuyun West Road, Hangzhou, Zhejiang Province. This project consists of two phases. We have completed the development of both phases. This project was developed by Hangzhou Jiuxi Property Services Co., Ltd., a project company wholly owned by us. The project was awarded 人居經典綜合大獎 (Classic Residential Properties Award) by 建設部城鄉規劃研究管理中心 (Urban and Rural Planning, Research and Administration Center of the Ministry of Construction), 中國風景園林學會 (Chinese Landscape Institute) and 中國房地產及住宅研究會 (Chinese Real Estate and Residence Research Association) in 2001.



Phase I occupies a total site area of approximately 86,522 square meters with a total GFA of approximately 26,506 square meters. It consists primarily of villas. Construction of this phase was completed in April 2000. As of March 31, 2006, all properties in this phase had been sold.

Phase II occupies a total site area of approximately 120,394 square meters with a total GFA of approximately 41,629 square meters. It consists primarily of villas. Construction of this phase was completed in June 2004. As of March 31, 2006, all properties in this phase had been sold.

**Taohuayuan East (桃花源東區)**

Taohuayuan East is located at Zhongtai Village and Fenghuang Shan, Yuhang District, Hangzhou, Zhejiang Province. This project occupies a total site area of approximately 381,560 square meters with a total GFA of approximately 65,136 square meters. It consists primarily of villas. This project was developed by Hangzhou Taohuayuan Real Estate Development Co., Ltd., a project company wholly owned by us. The project was awarded 全國人居經典建築方案綜合大獎(經典別墅類) (National Classic Residential Architecture Award — For Classic Villas) by 全國人居經典方案競賽組委會 (Competition Committee for the National Award for Residential Properties) in 2002.



Construction of this project was completed in May 2003. As of March 31, 2006, all properties in this project had been sold.



### **Yunshu Garden (雲樹苑)**

Yunshu Garden is located at No. 69 Zijinghua Road, Xihu District, Hangzhou, Zhejiang Province. This project occupies a total site area of approximately 7,374 square meters with a total GFA of approximately 16,231 square meters. It consists primarily of low-rise apartment buildings. This project was developed by Hangzhou Osmanthus City Real Estate Development & Operation Co., Ltd., a project company wholly owned by us.



Construction of this project was completed in July 2004. As of March 31, 2006, all properties in this project had been sold.

### **Zhoushan Dangui Garden (舟山丹桂花園)**

Zhoushan Dangui Garden is located at No. 315 Renmin North Road, Dinghai district, Zhoushan, Zhejiang Province. This project consists of two phases. We have completed the development of both phases. This project was developed by Zhoushan Greentown Real Estate Development Co., Ltd., a project company wholly owned by us.



Phase I occupies a total site area of approximately 26,099 square meters with a total GFA of approximately 42,477 square meters. It consists primarily of low-rise apartment buildings. Construction of this phase was completed in May 2003. As of March 31, 2006, all properties in this phase had been sold, except for 573 square meters of commercial space.

Phase II occupies a total site area of approximately 4,501 square meters with a total GFA of approximately 6,809 square meters. It consists primarily of low-rise apartment buildings. Construction of this phase was completed in October 2004. As of March 31, 2006, all properties in this phase had been sold.

### **Shanghai Greentown (上海綠城)**

Shanghai Greentown is located at No. 99 Jinhe Road, Pudong New Zone, Shanghai. This project consists of three phases. We have completed the development of Phases I and II with Phase III under development. This project is developed by Shanghai Lvyu. The project was awarded 全國人居經典建築方案大賽住宅組綜合大獎 (National Classic Residential Architecture Award — For Residence Groups) by 建設部城鄉規劃管理中心 (Urban and Rural Planning and Administration Center of the Ministry of Construction), 中國房地產及住宅研究會 (Chinese Real Estate and Residence Research Association), 中國風景園林學會 (Chinese Landscape Institute), 中國勘察設計協會 (Chinese Surveying and Design Association) and 中國民族建築研究會 (Chinese Ethnic Architecture Association) in 2002, and 上海市優秀住宅金獎 (Gold Award for Quality Residential Property in Shanghai) by 上海市房地產行業協會 (Shanghai Real Estate Industry Association) in 2005.

Phase I occupies a total site area of approximately 87,738 square meters with a total GFA of approximately 188,050 square meters. It consists primarily of high-rise apartment buildings. Construction of this phase was completed in October 2004. As of March 31, 2006, all properties in this phase had been sold, except for 247 square meters of residential space, 1,055 square meters of commercial space and 512 parking spaces.



Phase II occupies a total site area of approximately 38,958 square meters with a total GFA of approximately 129,129 square meters. It consists primarily of high-rise apartment buildings. Construction of this phase was completed in September 2005. As of March 31, 2006, all properties in this phase had been sold, except for 705 square meters of residential space and 380 parking spaces.



See “—Properties under development — Shanghai Greentown” below for information about Phase III of Shanghai Greentown.

### **Beijing Baihe Apartments (北京百合公寓)**

Beijing Baihe Apartments are located at Yancun County, Fangshan District, Beijing. This project consists of seven phases. We have completed the development of Phases I and II, with Phases III to VII under development. This project is being developed by Beijing Sunshine Greentown Real Estate Development Co., Ltd., a project company 80% owned by us.

Phase I occupies a total site area of approximately 113,348 square meters with a total GFA of approximately 156,736 square meters. It consists primarily of low-rise apartment buildings. Construction of this phase was completed in May 2005. As of March 31, 2006, all properties in this phase had been sold, except for 23,021 square meters of residential space, 513 parking spaces and 84 storage units.

Phase II occupies a total site area of approximately 45,730 square meters with a total GFA of approximately 56,364 square meters. It consists primarily of low-rise apartment buildings. Construction of this phase was completed in September 2005. As of March 31, 2006, all properties in this phase had been sold, except for 10,774 square meters of residential space and 201 parking spaces.



See “— Properties under development — Beijing Baihe Apartments” below for information about Phases III to VII of Beijing Baihe Apartments.

### **Hefei Guihua Garden (合肥桂花园)**

Hefei Guihua Garden is located at High and New Technological Development Zone, Hefei, Anhui Province. This project consists of three phases. We have completed the development of Phase I, with Phases II and III under development. This project is being developed by Anhui Greentown Real Estate Development Co., Ltd., a project company 90% owned by us. This project was designed by Zhejiang Greentown Oriental Architecture Design Co., Ltd. and Yu Parkin Associates, Inc. The project was named 安徽省十佳住宅小区 (Top Ten Residential Communities of Anhui Province) by 安徽省建設廳 (Construction Department of Anhui Province) in 2004.

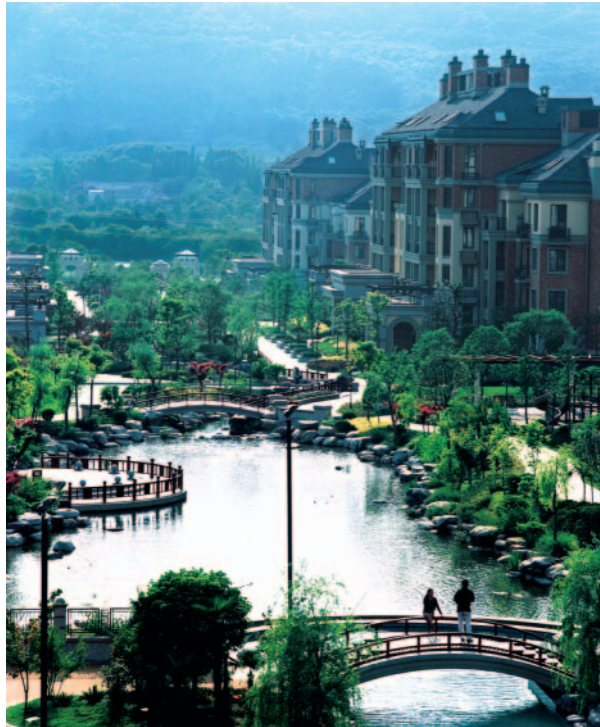


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Phase I occupies a total site area of approximately 128,027 square meters with a total GFA of approximately 128,930 square meters. It consists primarily of high-rise and low-rise apartment buildings. Construction of this phase was completed in September 2004. As of March 31, 2006, all properties in this phase had been sold, except for 7,052 square meters of residential space, 2,236 square meters of commercial space, 452 parking spaces and storage units.



See “— Properties under development — Hefei Guihua Garden” below for information about Phases II and III of Hefei Guihua Garden.

***Non-majority owned projects*****Haining Baihe New City (海寧百合新城)**

Haining Baihe New City is located at Haining, Zhejiang Province. This project consists of 15 phases. We have completed the development of Low-rise Phase I, with Low-rise Phases II to V, High-rise Phases I, II, IV and V and Villa Phases I to V under development and High-rise Phase III held for future development. This project is being developed by Haining Greentown Xinhua Real Estate Development Co., Ltd., a project company 50% owned by us.



Low-rise Phase I occupies a total site area of approximately 71,982 square meters with a total GFA of approximately 79,455 square meters. It consists primarily of low-rise apartment buildings. Construction of this phase was completed in December 2005. As of March 31, 2006, all properties in this phase had been sold, except for 1,648 square meters of residential space, 44 parking spaces and 14 storage units.

See “— Properties under development — Haining Baihe New City” below for information about Low-rise Phases II to V, High-rise Phases I, II, IV and V and Villa Phases I to V of Haining Baihe New City and “— Properties held for future development” below for information about High-rise Phase III of Haining Baihe New City.

**Qilixiang Creek Villas (七里香溪別墅園)**

Qilixiang Creek Villas are located at Silian Cun, Shouxiang Town, Fuyang City, Hangzhou, Zhejiang Province. This project occupies a total site area of approximately 367,969 square meters with a total GFA of approximately 122,921 square meters. It consists primarily of villas. This project was developed by Hangzhou Jimei Real Estate Development Co., Ltd., a project company owned as to 30% by us. This project was designed by 浙江綠城建築設計有限公司 (Zhejiang Greentown Architecture Design Co., Ltd). The project was awarded 全國人居建築規劃設計方案綜合大獎(經典別墅類) (National Classic Residential Architecture Award — For Classic Villas) by 中國建築學會 (Chinese Architecture Institute), 中國房地產及住宅研究會 (Chinese Real Estate and Residence Research Association), 中國風景園林學會 (Chinese Landscape Institute) and 建設部城鄉規劃管理中心 (Urban and Rural Planning and Administration Center of the Ministry of Construction) in 2003.



Construction of this project was completed in June 2005. As of March 31, 2006, all properties in this project had been sold, except for 6,038 square meters of residential space.

### Properties under development

As of the Latest Practicable Date, we had 75 property projects or project phases with an aggregate of 7.7 million square meters of total GFA under development. We have obtained the land use rights certificates in respect of these properties. Based on our current development plan, we plan to deliver properties with 65,000 square meters of total GFA in the first half of 2006, 1.1 million square meters of total GFA in the second half of 2006, 1.8 million square meters of total GFA in 2007 and the remaining after 2007. We set forth in the table below details of these properties.

Property projects	Project phases	Location	Type	Interest attributable to us	Site area (m <sup>2</sup> )	Total GFA or estimated total GFA (m <sup>2</sup> )	Saleable GFA or estimated saleable GFA (m <sup>2</sup> )	GFA under pre-sale permits as of Mar. 31, 2006 (m <sup>2</sup> )		Actual or estimated commencement time	Estimated completion time	Ref. to Property Valuation report	
								of Mar. 31, 2006 (m <sup>2</sup> )	as of Mar. 31, 2006 (m <sup>2</sup> )				
Majority owned projects													
Chunjiang Huayue	Phase IV	Hangzhou, Zhejiang	High-rise	100%	23,991	79,457	60,513	57,726	51,521	Dec. 03	July 04	Nov. 06	4
Chunjiang Huayue	Phase V	Hangzhou, Zhejiang	High-rise	100%	20,783	67,806	53,743	48,055	21,021	Dec. 03	July 04	Dec. 06	4
Deep Blue Plaza		Hangzhou, Zhejiang	High-rise	100%	18,337	134,107	97,626	97,626	73,498	Dec. 02	May 04	Oct. 06	7
Dingxiang Apartment		Hangzhou, Zhejiang	High-rise	100%	6,426	31,468	22,871	23,581	18,614	Sep. 03	Apr. 04	Oct. 06	2
Greentown Lanting	Phase I	Hangzhou, Zhejiang	High-rise	75%	74,866	128,456	81,000	—	—	Oct. 05	Oct. 06	Dec. 07	9
Greentown Lanting	Phase II	Hangzhou, Zhejiang	Low-rise	75%	68,000	67,535	47,555	—	—	Sep. 06	May 07	June 08	9
Greentown Lanting	Phase III	Hangzhou, Zhejiang	High-rise	75%	73,532	203,599	145,500	—	—	Jan. 07	Oct. 07	Dec. 08	9
Greentown Lanting	Phase IV	Hangzhou, Zhejiang	Low-rise	75%	140,000	207,507	140,000	—	—	May 07	Apr. 08	June 09	9
Greentown Lanting	Phase V	Hangzhou, Zhejiang	Villa	75%	71,226	54,079	39,000	—	—	Dec. 07	July 08	Dec. 09	9
Jiahe Jiubao Project	Phase I	Hangzhou, Zhejiang	High-rise	100%	60,955	205,000	146,000	—	—	June 07	Feb. 08	May 10	30
Jingui Plaza		Hangzhou, Zhejiang	Commercial	100%	6,984	33,776	24,164	24,164	8,537	Dec. 04	Oct. 05	Dec. 06	1
Jiuxi Rose Garden Holiday Village		Hangzhou, Zhejiang	Villa	100%	80,827	28,000	11,125	—	—	Oct. 04	Sep. 06	June 07	3
Taohuayuan South	Phase I	Hangzhou, Zhejiang	Villa	51%	449,000	123,160	121,660	27,957	19,414	Oct. 04	Oct. 04	Dec. 07	6
Taohuayuan South	Phase II	Hangzhou, Zhejiang	Villa	51%	490,413	134,150	129,150	—	—	June 07	Sep. 07	Dec. 09	6
Taohuayuan West		Hangzhou, Zhejiang	Villa	100%	331,172	63,793	62,937	60,502	53,742	Mar. 03	May 03	Aug. 06	5
Ningbo Guihua Garden	Phase I	Ningbo, Zhejiang	Low-rise	60%	57,655	124,820	92,645	28,649	12,712	Oct. 05	Jan. 06	May 08	13
Ningbo Guihua Garden	Phase II	Ningbo, Zhejiang	High-rise	60%	55,022	102,440	79,720	—	—	Oct. 06	May 07	Dec. 08	47
Shangyu Guihua Garden		Shangyu, Zhejiang	Complex	51%	96,891	184,839	146,690	146,690	89,295	June 04	Aug. 04	Nov. 06	10
Zhoushan Dangxiao		Zhoushan, Zhejiang	Villa	100%	16,272	8,113	8,113	—	—	July 06	Aug. 06	Dec. 07	26
Zhoushan Grand Hotel <sup>(1)</sup>		Zhoushan, Zhejiang	Commercial	100%	87,081	78,587	N/A	N/A	N/A	Sep. 04	N/A	June 07	12
Zhoushan Guihua City	Phase I	Zhoushan, Zhejiang	Low-rise	100%	166,414	153,680	115,598	95,614	63,593	Aug. 04	Jan. 05	Dec. 06	11
Zhoushan Guihua City	Phase II	Zhoushan, Zhejiang	High-rise	100%	75,000	197,300	149,000	—	—	May 06	Oct. 06	June 08	11
Zhoushan Service Apartment		Zhoushan, Zhejiang	High-rise	100%	20,964	68,300	68,300	—	—	Mar. 07	Oct. 08	Apr. 09	25
Shanghai Dongjiadu	Phase I	Shanghai	High-rise	51%	16,637	76,042	55,000	—	—	Aug. 06	June 07	Dec. 08	27
Shanghai Dongjiadu	Phase II	Shanghai	High-rise	51%	32,616	148,958	107,000	—	—	Aug. 07	Aug. 08	Apr. 09	27
Shanghai Greentown	Phase III	Shanghai	High-rise	100%	59,839	146,489	109,285	34,773	7,408	Mar. 05	Nov. 05	Aug. 07	16
Shanghai Rose Garden	Phase I	Shanghai	Villa	100%	171,743	48,177	47,177	—	—	Sep. 05	June 06	Sep. 07	15
Shanghai Rose Garden	Phase II	Shanghai	Villa	100%	138,250	40,061	40,061	—	—	Sep. 06	June 07	Dec. 07	15
Shanghai Rose Garden	Phase III	Shanghai	Villa	100%	230,968	65,153	57,653	—	—	Sep. 07	Jan. 08	Jan. 09	48
Beijing Bahe Apartments <sup>(2)</sup>	Phase III	Beijing	Low-rise	80%	62,934	80,819	53,377	53,377	24,337	Aug. 04	Oct. 05	June 07	22
Beijing Bahe Apartments	Phase IV	Beijing	High-rise	80%	36,908	65,444	51,211	—	—	Mar. 05	June 06	Nov. 07	22
Beijing Bahe Apartments	Phase V	Beijing	Low-rise	80%	77,157	81,297	65,651	—	—	Mar. 06	May 07	Nov. 08	22
Beijing Bahe Apartments	Phase VI	Beijing	High-rise	80%	63,838	106,320	79,260	—	—	Mar. 07	June 08	Nov. 09	22
Beijing Bahe Apartments	Phase VII	Beijing	High-rise	80%	44,598	85,078	65,091	—	—	Mar. 08	Sep. 09	Nov. 10	22
Beijing Qinglongqiao	Phase I	Beijing	Low-rise	65%	55,322	38,172	26,026	—	—	Oct. 05	Oct. 06	Sep. 07	23



Property projects	Project phases	Location	Type	Interest attributable to us	Site area (m <sup>2</sup> )	Total GFA or estimated total GFA (m <sup>2</sup> )	Saleable GFA or estimated saleable GFA (m <sup>2</sup> )	GFA under pre-sale permits as of Mar. 31, 2006 (m <sup>2</sup> )	as of Mar. 31, 2006 estimated commencement time (m <sup>2</sup> )	Actual or pre-sale commencement time	Estimated completion time	Ref. to Property Valuation report
<b>Majority owned projects</b>												
<b>(continued)</b>												
Beijing Qinglongqiao . . . . .	Phase II	Beijing	Low-rise	65%	49,807	70,553	42,387	—	—	July 06	Dec. 07	23
Hefei Baife Apartments . . . . .	Phase I	Hefei, Anhui	High-rise	54%	58,332	134,036	109,500	59,767	28,819	Dec. 04	May 07	19
Hefei Baife Apartments . . . . .	Phase II	Hefei, Anhui	High-rise	54%	38,771	118,124	88,300	—	—	July 06	May 08	19
Hefei Guihua Garden <sup>(3)</sup> . . . . .	Phase II	Hefei, Anhui	Complex	90%	150,764	213,714	157,490	133,900	84,781	July 03	Oct. 06	18
Hefei Guihua Garden . . . . .	Phase III	Hefei, Anhui	High-rise	90%	40,938	131,287	104,723	—	—	July 06	Dec. 08	18
Changsha Guihua City . . . . .	Phase I	Changsha, Hunan	Complex	51%	87,056	169,813	122,112	48,670	23,755	Nov. 04	Dec. 06	20
Changsha Guihua City . . . . .	Phase II	Changsha, Hunan	High-rise	51%	68,155	150,034	103,993	—	—	July 06	Dec. 07	20
Hunan Qingzhu Garden North . . . . .	Phase I	Changsha, Hunan	Villa	52%	227,648	53,000	46,200	—	—	Dec. 05	Dec. 07	24
Hunan Qingzhu Garden North . . . . .	Phase II	Changsha, Hunan	Villa	52%	271,748	44,500	44,500	—	—	July 06	Dec. 08	24
Hunan Qingzhu Garden North . . . . .	Phase III	Changsha, Hunan	Villa	52%	168,252	36,000	36,000	—	—	May 07	Dec. 09	24
Hunan Qingzhu Garden South . . . . .	Phase I	Changsha, Hunan	Villa	52%	271,713	65,060	55,060	—	—	Aug. 06	Apr. 08	24
Hunan Qingzhu Garden South . . . . .	Phase II	Changsha, Hunan	Villa	52%	116,956	31,780	31,780	—	—	Mar. 07	Feb. 09	24
Hunan Qingzhu Garden South . . . . .	Phase III	Changsha, Hunan	Villa	52%	251,694	63,256	63,256	—	—	July 07	Dec. 09	24
Xinjiang Rose Garden . . . . .	Phase I	Urumqi, Xinjiang	Villa	51%	26,164	11,073	11,073	11,073	1,621	Oct. 04	Sep. 06	21
Xinjiang Rose Garden . . . . .	Phase II	Urumqi, Xinjiang	Villa	51%	65,091	13,173	9,746	—	—	Apr. 05	Sep. 07	21
Xinjiang Rose Garden . . . . .	Phase III	Urumqi, Xinjiang	Villa	51%	97,961	28,054	28,054	—	—	Sep. 07	Nov. 08	21
<b>Non-majority owned projects</b>												
Haining Baife New City . . . . .	Low-rise	Haining, Zhejiang	Low-rise	50%	41,135	64,590	42,838	42,838	32,794	June 04	June 06	14
Haining Baife New City . . . . .	Phase II	Haining, Zhejiang	Low-rise	50%	78,325	112,084	83,198	83,198	7,320	Dec. 04	May 07	14
Haining Baife New City . . . . .	Phase III	Haining, Zhejiang	Low-rise	50%	30,889	63,672	38,997	—	—	Aug. 05	Nov. 08	14
Haining Baife New City . . . . .	Phase IV	Haining, Zhejiang	Low-rise	50%	41,002	69,710	47,723	—	—	Mar. 07	June 09	14
Haining Baife New City . . . . .	Phase V	Haining, Zhejiang	High-rise	50%	28,500	71,800	51,698	—	—	July 06	June 09	14
Haining Baife New City . . . . .	Phase I	Haining, Zhejiang	High-rise	50%	41,909	110,100	69,677	—	—	Mar. 07	June 10	14
Haining Baife New City . . . . .	Phase II	Haining, Zhejiang	High-rise	50%	30,636	68,268	42,349	—	—	Mar. 08	June 11	14
Haining Baife New City . . . . .	Phase IV	Haining, Zhejiang	High-rise	50%	54,008	136,537	93,124	—	—	Sep. 08	Nov. 11	14
Haining Baife New City . . . . .	Phase V	Haining, Zhejiang	High-rise	50%	125,140	58,958	29,926	29,926	15,238	Aug. 05	Nov. 07	14
Haining Baife New City . . . . .	Villa Phase I	Haining, Zhejiang	Villa	50%	73,500	30,451	30,147	—	—	Mar. 06	June 08	14
Haining Baife New City . . . . .	Villa Phase II	Haining, Zhejiang	Villa	50%	134,807	41,050	40,639	—	—	July 06	Nov. 08	14
Haining Baife New City . . . . .	Villa Phase III	Haining, Zhejiang	Villa	50%	66,500	17,400	17,226	—	—	Mar. 07	May 09	14
Haining Baife New City . . . . .	Villa Phase IV	Haining, Zhejiang	Villa	50%	53,500	18,790	18,602	—	—	Sep. 07	Nov. 09	14
Haining Baife New City . . . . .	Villa Phase V	Haining, Zhejiang	Villa	50%	140,150	193,544	143,069	119,978	85,760	Sep. 04	Dec. 07	8
Jade City . . . . .	Phase I	Hangzhou, Zhejiang	Complex	45%	93,773	160,945	121,147	—	—	Jan. 06	Dec. 07	8
Jade City . . . . .	Phase II	Hangzhou, Zhejiang	Complex	45%	195,792	298,400	235,022	—	—	Dec. 06	Dec. 08	8
Jade City . . . . .	Phase III	Hangzhou, Zhejiang	Complex	45%	—	—	—	—	—	—	—	—

Property projects	Project phases	Location	Type	Interest attributable to us	Site area (m <sup>2</sup> )	Total GFA or estimated total GFA (m <sup>2</sup> )	Saleable GFA or estimated saleable GFA (m <sup>2</sup> )	GFA under pre-sale permits as of Mar. 31, 2006 (m <sup>2</sup> )	GFA pre-sold as of Mar. 31, 2006 (m <sup>2</sup> )	Actual or estimated pre-sale commencement time	Estimated completion time	Ref. to Property Valuation report
<b>Non-majority owned projects</b>												
<b>(continued)</b>												
Jade City	Phase IV	Hangzhou, Zhejiang	Complex	45%	275,103	387,800	297,985	—	—	June 07	Dec. 09	8
Jade City	Phase V	Hangzhou, Zhejiang	Complex	45%	244,955	456,250	350,595	—	—	June 08	Dec. 10	8
Xingqiao Project	Phase I	Hangzhou, Zhejiang	Low-rise	35%	37,195	60,750	45,500	—	—	Dec. 06	May 09	28
Ningbo Green Garden		Ningbo, Zhejiang	High-rise	50%	37,680	134,905	95,612	—	—	Apr. 06	Sep. 08	29
Bishui Qingfeng	Phase I	Qiandaochu, Zhejiang	High-rise	29%	94,176	169,321	124,821	—	—	July 06	Dec. 09	51
Bishui Qingfeng	Phase II	Qiandaochu, Zhejiang	High-rise	29%	34,091	66,079	56,079	—	—	May 07	Dec. 10	51
East Sea Plaza	Phase I	Shanghai	Commercial	49%	5,760	78,129	67,805	—	—	Aug. 05	June 07	17
East Sea Plaza	Phase II	Shanghai	Commercial	49%	4,741	32,231	24,616	—	—	Dec. 06	July 09	17
<b>Total</b>					<b>7,436,938</b>	<b>7,697,203</b>	<b>5,822,271</b>	<b>1,228,064</b>	<b>723,780</b>			

Notes:

- (1) This project is a hotel project and not for sale.
- (2) Portion of Beijing Baihe Apartments Phase III with a saleable GFA of 7,936 square meters has been completed as of the Latest Practicable Date.
- (3) Portion of Hefei Guihua Garden Phase II with a saleable GFA of 104,574 square meters has been completed as of the Latest Practicable Date.

**Majority-owned projects****Chunjiang Huayue (春江花月)**

Chunjiang Huayue is located at Site No. 19, Fuxing Road, Shangcheng District, Hangzhou, Zhejiang Province.

Phase IV is expected to occupy a total site area of approximately 23,991 square meters and have an estimated total GFA of approximately 79,457 square meters. It will primarily consist of high-rise apartment buildings with an aggregate of 57,726 square meters of residential space, 2,787 square meters of commercial space and 260 parking spaces. Construction of this phase commenced in December 2003 and is expected to be completed in November 2006. As of March 31, 2006, we pre-sold 51,521 square meters of residential space and 164 parking spaces in this phase.

Phase V is expected to occupy a total site area of approximately 20,783 square meters and have an estimated total GFA of approximately 67,806 square meters. It will primarily consist of high-rise apartment buildings with an aggregate of 48,055 square meters of residential space, 5,688 square meters of commercial space and 180 parking spaces. Construction of this phase commenced in December 2003 and is expected to be completed in December 2006. As of March 31, 2006, we pre-sold 21,021 square meters of residential space and 38 parking spaces in this phase.

As of March 31, 2006, the total development costs (including land acquisition costs, construction costs and capitalized finance costs) incurred for Phases IV and V of this project were Rmb 443.2 million. We estimate that additional construction costs of approximately Rmb 82.0 million will be required for this project.

See “— Completed properties — Chunjiang Huayue” above for information about Phases I, II and III of Chunjiang Huayue.

**Deep Blue Plaza (深藍廣場)**

Deep Blue Plaza is located at No. 195-207 Zhaohui Road, Xiacheng District, Hangzhou, Zhejiang Province. This project is being developed by Hangzhou Zhongshan Real Estate Development Co., Ltd., a project company wholly owned by us.

This project is expected to occupy a total site area of approximately 18,337 square meters and have an estimated total GFA of approximately 134,107 square meters. It will primarily consist of high-rise apartment buildings with an aggregate of 59,917 square meters of residential space, 3,975 square meters of commercial space, 33,735 square meters of office space and 421 parking spaces.

Construction of this project commenced in December 2002 and is expected to be completed in October 2006. As of March 31, 2006, we pre-sold 55,183 square meters of residential space, 18,315 square meters of office space, and 231 parking spaces in this phase.

As of March 31, 2006, the total development costs (including land acquisition costs, construction costs and capitalized finance costs) incurred for this project were Rmb 507.7 million. We estimate that additional land costs of approximately Rmb 20.1 million and additional construction costs of approximately Rmb 361.3 million will be required for this project.

**Dingxiang Apartment (丁香公寓)**

Dingxiang Apartment is located at Tianmushan Road, Xihu District, Hangzhou, Zhejiang Province. This project is being developed by Zhejiang Green Garden Real Estate Development Co., Ltd., a project company wholly owned by us. This project is expected to occupy a total site area of approximately

6,426 square meters and have an estimated total GFA of approximately 31,468 square meters. It will primarily consist of high-rise apartment buildings with an aggregate of 22,020 square meters of residential space, 851 square meters of commercial space and 84 parking spaces.

Construction of this project commenced in September 2003 and is expected to be completed in October 2006. As of March 31, 2006, we pre-sold 18,002 square meters of residential space, 612 square meters of commercial space and 44 parking spaces.

As of March 31, 2006, the total development costs (including land acquisition costs, construction costs and capitalized finance costs) incurred for this project were Rmb 152.4 million. We estimate that additional construction costs of approximately Rmb 70.6 million will be required for this project.

**Greentown Lanting (綠城藍庭)**

Greentown Lanting is located at Linping Street, Shanghuanqiao Village, Yuhang District, Hangzhou, Zhejiang Province. This project consists of five phases, all of which are under development. This project is being developed by Hangzhou Yuhang Jinteng Real Estate Development Co., Ltd., a project company owned as to 75% by us.

Phase I is expected to occupy a total site area of approximately 74,866 square meters and have an estimated total GFA of approximately 128,456 square meters. It will primarily consist of high-rise apartment buildings with an aggregate of 80,000 square meters of residential space, 1,000 square meters of commercial space, 424 parking spaces and 50 storage units. Construction of this phase commenced in October 2005 and is expected to be completed in December 2007.

Phase II is expected to occupy a total site area of approximately 68,000 square meters and have an estimated total GFA of approximately 67,535 square meters. It will primarily consist of low-rise apartment buildings with an aggregate of 37,000 square meters of residential space, 10,555 square meters of commercial space, 250 parking spaces and 50 storage units. Construction of this phase is expected to commence in September 2006 and be completed in June 2008.

Phase III is expected to occupy a total site area of approximately 73,532 square meters and have an estimated total GFA of approximately 203,599 square meters. It will primarily consist of high-rise apartment buildings with an aggregate of 145,000 square meters of residential space, 500 square meters of commercial space, 876 parking spaces and 80 storage units. Construction of this phase is expected to commence in January 2007 and be completed in December 2008.

Phase IV is expected to occupy a total site area of approximately 140,000 square meters and have an estimated total GFA of approximately 207,507 square meters. It will primarily consist of low-rise apartment buildings with an aggregate of 140,000 square meters of residential space, 1,020 parking spaces and 300 storage units. Construction of this phase is expected to commence in May 2007 and be completed in June 2009.

Phase V is expected to occupy a total site area of approximately 71,226 square meters and have an estimated total GFA of approximately 54,079 square meters. It will primarily consist of villas with an aggregate of 39,000 square meters of residential space, 300 parking spaces and 75 storage units. Construction of this phase is expected to commence in December 2007 and be completed in December 2009.

As of March 31, 2006, the total development costs (including land acquisition costs, construction costs and capitalized finance costs) incurred for this project were Rmb 407.1 million. We estimate that additional land costs of approximately Rmb 164.6 million will be required for this project and additional construction costs of approximately Rmb 200.3 million will be required for Phase I of this project, for which we had commenced construction as of the Latest Practicable Date.

**Jiahe Jiubao Project (嘉和九堡項目)**

Jiahe Jiubao Project is located at Yanggong Village, Jiubao Town, Jianggan District, Hangzhou, Zhejiang Province. This project consists of two phases. We have Phase I under development, with Phase II held for future development. This project is being developed by Zhejiang Jiahe Industrial Co., Ltd., a project company wholly owned by us.

Phase I is expected to occupy a total site area of approximately 60,955 square meters and have an estimated total GFA of approximately 205,000 square meters. It will primarily consist of high-rise apartment buildings with an aggregate of 140,000 square meters of residential space, 6,000 square meters of commercial space and 950 parking spaces. Construction of this phase is expected to commence in June 2007 and be completed in May 2010.

See “— Properties held for future development” for information about Phase II of Jiahe Jiubao Project.

**Jingui Plaza (金桂大廈)**

Jingui Plaza is located between Wenxin Road and Gudun Road, Xihu District, Hangzhou, Zhejiang Province. This project is being developed by Hangzhou Osmanthus City Real Estate Development & Operation Co., Ltd., a project company wholly owned by us. This project consists of a commercial and office building, will occupy a total site area of approximately 6,984 square meters and have an estimated total GFA of approximately 33,776 square meters. This project will offer an aggregate of 2,751 square meters of commercial space, 21,413 square meters of office space and 154 parking spaces.

Construction of this project commenced in December 2004 and is expected to be completed in December 2006. As of March 31, 2006, we pre-sold 2,115 square meters of commercial space, 6,423 square meters of office space and 11 parking spaces in this project.

As of March 31, 2006, the total development costs (including land acquisition costs, construction costs and capitalized finance costs) incurred for this project were Rmb 45.7 million. We estimate that additional construction costs of approximately Rmb 96.2 million will be required for this project.

**Jiuxi Rose Garden Holiday Village (九溪玫瑰園休閒世界)**

Jiuxi Rose Garden Holiday Village is located at No. 8, Wuyun Road West, Xihu District, Hangzhou, Zhejiang Province. This project is being developed by Hangzhou Jiuxi. This project is expected to occupy a total site area of approximately 80,827 square meters and have an estimated total GFA of approximately 28,000 square meters. It will primarily consist of villas with an aggregate of 2,836 square meters of residential space and 8,289 square meters of commercial space. Construction of this project commenced in October 2004 and is expected to be completed in June 2007.

As of March 31, 2006, the total development costs (including land acquisition costs, construction costs and capitalized finance costs) incurred for this project were Rmb 111.8 million. We estimate that additional construction costs of approximately Rmb 153.4 million will be required for this project.

**Taohuayuan South (桃花源南區)**

Taohuayuan South is located at Taoyuan Community, Zhongtai Village, Yuhang District, Hangzhou, Zhejiang Province. This project consists of two phases, both of which are under development. This project is being developed by Hangzhou Yuhang Greentown Real Estate Development Co., Ltd., a project company 51% owned by us.

Phase I is expected to occupy a total site area of approximately 449,000 square meters and have an estimated total GFA of approximately 123,160 square meters. It will primarily consist of villas with an aggregate of 121,660 square meters of residential space. Construction of this phase commenced in October 2004 and is expected to be completed in December 2007. As of March 31, 2006, we pre-sold 19,414 square meters of residential space.

Phase II is expected to occupy a total site area of approximately 490,413 square meters and have an estimated total GFA of approximately 134,150 square meters. It will primarily consist of villas with an aggregate of 129,150 square meters of residential space. Construction of this phase is expected to commence in June 2007 and be completed in December 2009.

As of March 31, 2006, the total development costs (including land acquisition costs, construction costs and capitalized finance costs) incurred for this project were Rmb 430.8 million. We estimate that additional land costs of approximately Rmb 222.5 million will be required for this project and additional construction costs of approximately Rmb 443.0 million will be required for Phase I of this project, for which we had commenced construction as of the Latest Practicable Date.

**Taohuayuan West (桃花源西區)**

Taohuayuan West is located at Zhongtai Village and Fenghuang Shan, Yuhang District, Hangzhou, Zhejiang Province. This project is being developed by Hangzhou Taohuayuan Real Estate Development Co., Ltd., a project company wholly owned by us. This project will occupy a total site area of approximately 331,172 square meters and have an estimated total GFA of approximately 63,793 square meters. It will primarily consist of villas with an aggregate of 62,937 square meters of residential space. The project was awarded 全國人居經典建築方案綜合大獎(經典別墅類) (National Classic Residential Architecture Award — For Classic Villas) by 全國人居經典建築方案競賽組委會 (Competition Committee for the National Award for Residential Properties) in 2002.

Construction of this project commenced in March 2003 and is expected to be completed in August 2006. As of March 31, 2006, we pre-sold 53,742 square meters of residential space.

As of March 31, 2006, the total development costs (including land acquisition costs, construction costs and capitalized finance costs) incurred for this project were Rmb 377.7 million. We estimate that additional land costs of approximately Rmb 16.8 million and additional construction costs of approximately Rmb 32.4 million will be required for this project.

**Ningbo Guihua Garden (寧波桂花園)**

Ningbo Guihua Garden is located at Luotuo Jie Road, Ningbo, Zhejiang Province. This project consists of two phases, both of which are under development. This project is being developed by Ningbo Greentown Osmanthus Garden Real Estate Development Co., Ltd., a project company 60% owned by us.

Phase I is expected to occupy a total site area of approximately 57,655 square meters and have an estimated total GFA of approximately 124,820 square meters. It will primarily consist of low-rise apartment buildings with an aggregate of 92,645 square meters of residential space, 542 parking

spaces and 180 storage units. Construction of this phase commenced in October 2005 and is expected to complete in May 2008. As of March 31, 2006, we pre-sold 12,712 square meters of residential spaces, 23 parking spaces and 86 storage units.

Phase II is expected to occupy a total site area of approximately 55,022 square meters and an estimated total GFA of approximately 102,440 square meters. It will primarily consist of high-rise apartment buildings with an aggregate of 76,550 square meters of residential space, 3,170 square meters of commercial space and 285 parking spaces. Construction of this phase is expected to commence in October 2006 and be completed in December 2008.

As of March 31, 2006, the total development costs (including land acquisition costs, construction costs and capitalized finance costs) incurred for this project were Rmb 228.6 million. We estimate that additional land costs of approximately Rmb 56.9 million will be required for this project and additional construction costs of approximately Rmb 173.9 million will be required for Phase I of this project, for which we had commenced construction as of the Latest Practicable Date.

#### **Shangyu Guihua Garden (上虞桂花園)**

Shangyu Guihua Garden is located at Lingyun Jie, Baiguan Street, Shangyu, Zhejiang Province. This project is being developed by Shangyu Greentown Real Estate Development Co., Ltd., a project company owned as to 51% by us.

This project is expected to occupy a total site area of approximately 96,891 square meters and have an estimated total GFA of approximately 184,839 square meters. It will consist of both high-rise and low-rise apartment buildings with an aggregate of 140,290 square meters of residential space, 6,400 square meters of commercial space, 597 parking spaces and 300 storage units. Construction of this phase commenced in June 2004 and is expected to be completed in November 2006. As of March 31, 2006, we pre-sold 89,295 square meters of residential space, 190 parking spaces and 221 storage units in this project.

As of March 31, 2006, the total development costs (including land acquisition costs, construction costs and capitalized finance costs) incurred for this project were Rmb 434.7 million. We estimate that additional construction costs of approximately Rmb 84.5 million will be required for this project.

#### **Zhoushan Dangxiao (舟山党校)**

Zhoushan Dangxiao is located at No. 116 Wenhua Road, Dinghai District, Zhoushan, Zhejiang Province. This project is being developed by Zhoushan Greentown Real Estate Development Co., Ltd., a project company wholly owned by us. This project is expected to occupy a total site area of approximately 16,272 square meters with an estimated total GFA of approximately 8,113 square meters. It will primarily consist of villas with an aggregate of 8,113 square meters of residential space.

Construction of this project is expected to commence in July 2006 and be completed in December 2007.

#### **Zhoushan Grand Hotel (舟山大酒店)**

Zhoushan Grand Hotel is located at Lincheng New District, Zhoushan, Zhejiang Province. This project is being developed by Zhoushan Greentown Real Estate Development Co., Ltd., a project company wholly owned by us. This project is expected to occupy a total site area of approximately 87,081 square meters with an estimated total GFA of approximately 78,587 square meters. Construction of this project commenced in September 2004 and is expected to be completed in June 2007.

As of March 31, 2006, the total development costs (including land acquisition costs, construction costs and capitalized finance costs) incurred for this project were Rmb 90.0 million. We estimate that additional construction costs of approximately Rmb 354.7 million will be required for this project.

**Zhoushan Guihua City (舟山桂花城)**

Zhoushan Guihua City is located at Land Lot LE-22, Lincheng New District, Dinghai District, Zhoushan, Zhejiang Province. This project consists of two phases, both of which are under development. This project is being developed by Zhoushan Greentown Real Estate Development Co., Ltd., a project company wholly owned by us.

Phase I is expected to occupy a total site area of approximately 166,414 square meters and have an estimated total GFA of approximately 153,680 square meters. It will primarily consist of low-rise apartment buildings with an aggregate of 108,798 square meters of residential space, 6,800 square meters of commercial space, 470 parking spaces and 563 storage units. Construction of this phase commenced in August 2004 and is expected to be completed in December 2006. As of March 31, 2006, we pre-sold 63,593 square meters of residential space, 263 parking spaces and 397 storage units in this phase.

Phase II is expected to occupy a total site area of approximately 75,000 square meters and have an estimated total GFA of approximately 197,300 square meters. It will primarily consist of high-rise apartment buildings with an aggregate of 149,000 square meters of residential space and 630 parking spaces. Construction of this phase commenced in May 2006 and is expected to be completed in June 2008.

As of March 31, 2006, the total development costs (including land acquisition costs, construction costs and capitalized finance costs) incurred for this project were Rmb 329.9 million. We estimate that additional construction costs of approximately Rmb 527.6 million will be required for this project.

**Zhoushan Service Apartment (舟山酒店式公寓)**

Zhoushan Service Apartment is located at Lingcheng New District, Dinghai District, Zhoushan, Zhejiang Province. This project is being developed by Zhoushan Greentown Real Estate Development Co., Ltd., a project company wholly owned by us. This project is expected to occupy a total site area of approximately 20,964 square meters with an estimated total GFA of approximately 68,300 square meters. It will primarily consist of a high-rise apartment building with an aggregate of 50,000 square meters of residential space and 18,300 square meters of office space.

Construction of this project is expected to commence in March 2007 and be completed in April 2009.

**Shanghai Dongjiadu (上海董家渡)**

Shanghai Dongjiadu is located at Xiaodongmen Street, Huangpu District, Shanghai. This project consists of three phases. Phases I and II are under development, with Phase III held for future development. This project is being developed by Shanghai Huazhe Bund Real Estate Co., Ltd., a project company owned as to 51% by us.

Phase I is expected to occupy a total site area of approximately 16,637 square meters and have an estimated total GFA of approximately 76,042 square meters. It will primarily consist of high-rise apartment buildings with an aggregate of 55,000 square meters of residential space and 375 parking spaces. Construction of this phase is expected to commence in August 2006 and be completed in December 2008.



Phase II is expected to occupy a total site area of approximately 32,616 square meters and have an estimated total GFA of approximately 148,958 square meters. It will primarily consist of high-rise apartment buildings with 101,000 square meters of residential space, 6,000 square meters of commercial space and 750 parking spaces. Construction of this phase is expected to commence in August 2007 and be completed in April 2009.

See “— Properties held for future development” below for information about Phase III of Shanghai Dongjiadu.

**Shanghai Greentown (上海綠城)**

Shanghai Greentown is located at No. 99 Jinhe Road, Pudong New Zone, Shanghai. This project consists of three phases. We have completed the development of Phases I and II, with Phase III under development. This project is being developed by Shanghai Lvyu.

Phase III is expected to occupy a total site area of approximately 59,839 square meters and have an estimated total GFA of approximately 146,489 square meters. It will primarily consist of high-rise apartment buildings with an aggregate of 107,576 square meters of residential space, 1,709 square meters of commercial space and 845 parking spaces. Construction of this phase commenced in March 2005 and is expected to be completed in August 2007. As of March 31, 2006, we pre-sold 7,408 square meters of residential space in this phase.

As of March 31, 2006, the total development costs (including land acquisition costs, construction costs and capitalized finance costs) incurred for Phase III of this project were Rmb 460.9 million. We estimate that additional land costs of approximately Rmb 0.1 million and additional construction costs of approximately Rmb 315.2 million will be required for this project.

See “— Completed properties — Shanghai Greentown” above for information about Phases I and II of Shanghai Greentown.

**Shanghai Rose Garden (上海玫瑰園)**

Shanghai Rose Garden is located at Qizhong Forest Athletic City, Ma Qiao Town, Minhang District, Shanghai. This project consists of four phases. Phases I to III are under development and Phase IV is held for future development. This project is being developed by Shanghai Greentown Woods Golf Villas Development Co., Ltd., a project company wholly owned by us.

Phase I is expected to occupy a total site area of approximately 171,743 square meters and have an estimated total GFA of approximately 48,177 square meters. It will primarily consist of villas with an aggregate of 47,177 square meters of residential space. Construction of this phase commenced in September 2005 and is expected to be completed in September 2007.

Phase II is expected to occupy a total site area of approximately 138,250 square meters and have an estimated total GFA of approximately 40,061 square meters. It will primarily consist of villas with an aggregate of 40,061 square meters of residential space. Construction of this phase is expected to commence in September 2006 and be completed in December 2007.

Phase III is expected to occupy a total site area of approximately 230,968 square meters and an estimated total GFA of approximately 65,153 square meters. It will primarily consist of villas with an aggregate of 57,653 square meters of residential space. Construction of this phase is expected to commence in September 2007 and be completed in January 2009.

As of March 31, 2006, the total development costs (including land acquisition costs, construction costs and capitalized finance costs) incurred for this project were Rmb 778.4 million. We estimate that additional land costs of approximately Rmb 313.3 million will be required for this project and additional construction costs of approximately Rmb 264.8 million will be required for Phase I of this project, for which we had commenced construction as of the Latest Practicable Date.

See “— Properties held for future development” below for information about Phase IV of Shanghai Rose Garden.

### **Beijing Baihe Apartments (北京百合公寓)**

Beijing Baihe Apartments are located at Yancun County, Fangshan District, Beijing.

Phase III is expected to occupy a total site area of approximately 62,934 square meters and have an estimated total GFA of approximately 80,819 square meters. It will primarily consist of low-rise apartment buildings with an aggregate of 51,820 square meters of residential space, 1,557 square meters of commercial space and 21 parking spaces. Construction of this phase commenced in August 2004 and is expected to be completed in June 2007. As of March 31, 2006, we pre-sold 23,489 square meters of residential space and 848 square meters of commercial space in this phase. As of the Latest Practicable Date, we completed 6,379 square meters of residential space and 1,557 square meters of commercial space in this phase.

Phase IV is expected to occupy a total site area of approximately 36,908 square meters and have an estimated total GFA of approximately 65,444 square meters. It will primarily consist of high-rise apartment buildings with an aggregate of 51,211 square meters of residential space and 189 parking spaces. Construction of this phase commenced in March 2005 and is expected to be completed in November 2007.

Phase V is expected to occupy a total site area of approximately 77,157 square meters and have an estimated total GFA of approximately 81,297 square meters. It will primarily consist of low-rise apartment buildings with an aggregate of 56,401 square meters of residential space, 9,250 square meters of commercial space and 213 parking spaces. Construction of this phase commenced in March 2006 and is expected to be completed in November 2008.

Phase VI is expected to occupy a total site area of approximately 63,838 square meters and have an estimated total GFA of approximately 106,320 square meters. It will primarily consist of high-rise apartment buildings with an aggregate of 79,260 square meters of residential space and 328 parking spaces. Construction of this phase is expected to commence in March 2007 and be completed in November 2009.

Phase VII is expected to occupy a total site area of approximately 44,598 square meters and have an estimated total GFA of approximately 85,078 square meters. It will primarily consist of high-rise apartment buildings with an aggregate of 65,091 square meters of residential space. Construction of this phase is expected to commence in March 2008 and be completed in November 2010.

As of March 31, 2006, the total development costs (including land acquisition costs, construction costs and capitalized finance costs) incurred for Phases III to VII of this project were approximately Rmb 372.3 million. We estimate that additional land costs of approximately Rmb 59.8 million will be required for Phases III to VII of this project and additional construction costs of approximately Rmb 142.7 million will be required for Phases III to V of this project, for which we had commenced construction as of the Latest Practicable Date.

See “— Completed properties — Beijing Baihe Apartments” above for more information about Phases I and II of Beijing Baihe Apartments.

**Beijing Qinglongqiao (北京青龍橋)**

Beijing Qinglongqiao is located at Qinglongqiao Cun, Haidianxiang, Haidian District, Beijing. This project consists of four phases. Phases I and II are under development, with Phases III and IV held for future development. This project is being developed by Beijing Xingye Wanfa Real Estate Development Co., Ltd., a project company owned as to 65% by us.

Phase I is expected to occupy a total site area of approximately 55,322 square meters and have an estimated total GFA of approximately 38,172 square meters. It will primarily consist of low-rise apartment buildings with an aggregate of 26,026 square meters of residential space and 137 parking spaces. Construction of this phase commenced in October 2005 and is expected to be completed in September 2007.

Phase II is expected to occupy a total site area of approximately 49,807 square meters and have an estimated total GFA of approximately 70,553 square meters. It will primarily consist of low-rise apartment buildings with an aggregate of 42,387 square meters of residential space and 250 parking spaces. Construction of this phase is expected to commence in July 2006 and be completed in December 2007.

As of March 31, 2006, the total development costs (including land acquisition costs, construction costs and capitalized finance costs) incurred for this project were Rmb 723.7 million. We estimate that additional land costs of approximately Rmb 998.1 million will be required for this project and additional construction costs of approximately Rmb 249.4 million will be required for Phase I of this project, for which we had commenced construction as of the Latest Practicable Date.

See “— Other Land Acquisition Contractual Arrangements — Beijing” below for information about Phases III and IV of Beijing Qinglongqiao.

**Hefei Baihe Apartments (合肥百合公寓)**

Hefei Baihe Apartments are located at Hezuohua South Road, Shushan District, Hefei, Anhui Province. This project consists of two phases, both of which are under development. This project is being developed by Anhui Greentown Lianhua Real Estate Development Co., Ltd., a project company owned as to 54% by us.

Phase I is expected to occupy a total site area of approximately 58,332 square meters and have an estimated total GFA of approximately 134,036 square meters. It will primarily consist of high-rise apartment buildings with an aggregate of 105,000 square meters of residential space, 4,500 square meters of commercial space and 800 parking spaces. Construction of this phase commenced in December 2004 and is expected to be completed in May 2007. As of March 31, 2006, we pre-sold 28,819 square meters of residential space in this phase.

Phase II is expected to occupy a total site area of approximately 38,771 square meters and have an estimated total GFA of approximately 118,124 square meters. It will primarily consist of high-rise apartment buildings with an aggregate of 88,300 square meters of residential space and 550 parking spaces. Construction of this phase is expected to commence in July 2006 and be completed in May 2008.

As of March 31, 2006, the total development costs (including land acquisition costs, construction costs and capitalized finance costs) incurred for this project were approximately Rmb 206.1 million. We estimate that additional construction costs of approximately Rmb 205.2 million will be required for Phase I of this project, for which we had commenced construction as of the Latest Practicable Date.

**Hefei Guihua Garden (合肥桂花園)**

Hefei Guihua Garden is located at the High and New Technological Development Zone, Hefei, Anhui Province.

Phase II is expected to occupy a total site area of approximately 150,764 square meters and have an estimated total GFA of approximately 213,714 square meters. It will consist of both high-rise and low-rise apartment buildings with an aggregate of 156,403 square meters of residential space, 1,087 square meters of commercial space, 571 parking spaces and 602 storage units. Construction of this phase commenced in July 2003 and is expected to be completed in October 2006. As of March 31, 2006, we pre-sold 84,781 square meters of residential space, 162 parking spaces and storage units in this phase. As of the Latest Practicable Date, we completed 104,574 square meters of residential space.

Phase III is expected to occupy a total site area of approximately 40,938 square meters and have an estimated total GFA of approximately 131,287 square meters. It will primarily consist of high-rise apartment buildings with an aggregate of 87,712 square meters of residential space, 17,011 square meters of commercial space and 517 parking spaces. Construction of this phase is expected to commence in July 2006 and be completed in December 2008.

As of March 31, 2006, the total development costs (including land acquisition costs, construction costs and capitalized finance costs) incurred for Phases II and III of this project were approximately Rmb 116.3 million. We estimate that additional land costs of approximately Rmb 17.3 million will be required for Phases II and III of this project and additional construction costs of approximately Rmb 57.3 million will be required for Phase II of this project, for which we had commenced construction as of the Latest Practicable Date.

See “— Completed properties — Hefei Guihua Garden” above for information about Phase I of Hefei Guihua Garden.

**Changsha Guihua City (長沙桂花城)**

Changsha Guihua City is located at Yuhua District, Changsha, Hunan Province. This project consists of two phases, both of which are under development. This project is developed by Hunan Greentown Investment & Property Co., Ltd., a project company owned as to 51% by us. The project was named 長沙最佳品質樓盤 (Best Quality Development of Changsha) by 長沙市房管局 (Housing Administration Bureau of Changsha), 長沙市規劃局 (Planning Bureau of Changsha) and 瀟湘晨報社 (Xiaoxiang Morning Post) in 2005.

Phase I is expected to occupy a total site area of approximately 87,056 square meters and have an estimated total GFA of approximately 169,813 square meters. It will consist of both high-rise and low-rise apartment buildings with an aggregate of 108,327 square meters of residential space, 13,785 square meters of commercial space, 614 parking spaces and 207 storage units. Construction of this phase commenced in November 2004 and is expected to be completed in December 2006. As of March 31, 2006, we pre-sold 23,755 square meters of residential space, 22 parking spaces and 19 storage units in this phase.

Phase II is expected to occupy a total site area of approximately 68,155 square meters and have an estimated total GFA of approximately 150,034 square meters. It will primarily consist of high-rise apartment buildings with an aggregate of 101,856 square meters of residential space, 2,137 square meters of commercial space, 625 parking spaces and 266 storage units. Construction of this phase is expected to commence in July 2006 and be completed in December 2007.

As of March 31, 2006, the total development costs (including land acquisition costs, construction costs and capitalized finance costs) incurred for this project were approximately Rmb 407.7 million. We estimate that additional construction costs of approximately Rmb 146.8 million will be required for Phase I of this project, for which we had commenced construction as of the Latest Practicable Date.

#### **Hunan Qingzhu Garden North (湖南青竹園北區)**

Hunan Qingzhu Garden North is located at Qingzhu Lakefront, Laodaohe Town, Kaifu District, Changsha, Hunan Province. This project consists of three phases, all of which are under development. This project is being developed by Hunan Green Bamboo Lake International Business Community Development Co., Ltd., a project company owned as to 52.47% by us.

Phase I is expected to occupy a total site area of approximately 227,648 square meters and have an estimated total GFA of approximately 53,000 square meters. It will primarily consist of villas with an aggregate of 46,200 square meters of residential space. Construction of this phase commenced in December 2005 and is expected to be completed in December 2007.

Phase II is expected to occupy a total site area of approximately 271,748 square meters and have an estimated total GFA of approximately 44,500 square meters. It will primarily consist of villas with an aggregate of 44,500 square meters of residential space. Construction of this phase is expected to commence in July 2006 and be completed in December 2008.

Phase III is expected to occupy a total site area of approximately 168,252 square meters and have an estimated total GFA of approximately 36,000 square meters. It will primarily consist of villas with an aggregate of 36,000 square meters of residential space. Construction of this project is expected to commence in May 2007 and be completed in December 2009.

As of March 31, 2006, the total development costs (including land acquisition costs, construction costs and capitalized finance costs) incurred for this project were approximately Rmb 239.2 million. We estimate that additional land costs of approximately Rmb 2.0 million will be required for this project and additional construction costs of approximately Rmb 80.2 million will be required for Phase I of this project, for which we had commenced construction as of the Latest Practicable Date.

#### **Hunan Qingzhu Garden South (湖南青竹園南區)**

Hunan Qingzhu Garden South is located at Qingzhu Lakefront, Laodaohe Town, Kaifu District, Changsha, Hunan Province. This project consists of three phases, all of which are under development. This project is being developed by Hunan Green Bamboo Lake International Business Community Development Co., Ltd., a project company owned as to 52.47% by us.

Phase I is expected to occupy a total site area of approximately 271,713 square meters and have an estimated total GFA of approximately 65,060 square meters. It will primarily consist of villas with an aggregate of 55,060 square meters of residential space. Construction of this phase is expected to commence in August 2006 and be completed in April 2008.

Phase II is expected to occupy a total site area of approximately 116,956 square meters and have an estimated total GFA of approximately 31,780 square meters. It will primarily consist of villas with an aggregate of 31,780 square meters of residential space. Construction of this phase is expected to commence in March 2007 and be completed in February 2009.

Phase III is expected to occupy a total site area of approximately 251,694 square meters and have an estimated total GFA of approximately 63,256 square meters. It will primarily consist of villas with an aggregate of 63,256 square meters of residential space. Construction of this phase is expected to commence in July 2007 and be completed in December 2009.

**Xinjiang Rose Garden (新疆玫瑰園)**

Xinjiang Rose Garden is located at Hongqiao Shan, Shuimogou Road, Shuimogou District, Urumqi, Xinjiang Uygur Autonomous Region. This project consists of three phases, all of which are under development. This project is being developed by Xinjiang Sunshine Greentown Real Estate Development Co., Ltd., a project company owned as to 51% by us.

Phase I is expected to occupy a total site area of approximately 26,164 square meters and have an estimated total GFA of approximately 11,073 square meters. It will primarily consist of villas with an aggregate of 11,073 square meters of residential space. Construction of this phase commenced in October 2004 and is expected to be completed in September 2006. As of March 31, 2006, we pre-sold 1,621 square meters of residential space in this phase.

Phase II is expected to occupy a total site area of approximately 65,091 square meters and have an estimated total GFA of approximately 13,173 square meters. It will primarily consist of villas with an aggregate of 9,746 square meters of residential space. Construction of this phase commenced in April 2005 and is expected to be completed in September 2007.

Phase III is expected to occupy a total site area of approximately 97,961 square meters and have an estimated total GFA of approximately 28,054 square meters. It will primarily consist of villas with an aggregate of 28,054 square meters of residential space. Construction of this phase is expected to commence in September 2007 and be completed in November 2008.

As of March 31, 2006, the total development costs (including land acquisition costs, construction costs and capitalized finance costs) incurred for this project were approximately Rmb 45.9 million. We estimate that additional land costs of approximately Rmb 11.6 million will be required for this project and additional construction costs of approximately Rmb 36.7 million will be required for Phases I and II of this project, for which we had commenced construction as of the Latest Practicable Date.

***Non-majority owned projects*****Haining Baihe New City (海寧百合新城)**

Haining Baihe New City is located at Haining, Zhejiang Province.

Low-rise Phase II is expected to occupy a total site area of approximately 41,135 square meters and have an estimated total GFA of approximately 64,590 square meters. It will primarily consist of low-rise apartment buildings with an aggregate of 33,756 square meters of residential space, 8,520 square meters of commercial space, 110 parking spaces and 74 storage units. Construction of this phase commenced in June 2004 and is expected to be completed in June 2006. As of March 31, 2006, we pre-sold 32,794 square meters of residential space, 80 parking spaces and 57 storage units in this phase.

Low-rise-Phase III is expected to occupy a total site area of approximately 78,325 square meters and have an estimated total GFA of approximately 112,084 square meters. It will primarily consist of low-rise apartment buildings with an aggregate of 83,198 square meters of residential space, 308 parking spaces and 281 storage units. Construction of this phase commenced in December 2004 and is expected to be completed in May 2007. As of March 31, 2006, we pre-sold 7,320 square meters of residential space, 15 parking spaces and 19 storage units in this phase.

Low-rise Phase IV is expected to occupy a total site area of approximately 30,889 square meters and have an estimated total GFA of approximately 63,672 square meters. It will primarily consist of low-rise apartment buildings with an aggregate of 38,997 square meters of residential space, 289 parking spaces and 105 storage units. Construction of this phase commenced in August 2005 and is expected to be completed in November 2008.

Low-rise Phase V is expected to occupy a total site area of approximately 41,002 square meters and have an estimated total GFA of approximately 69,710 square meters. It will primarily consist of low-rise apartment buildings with an aggregate of 47,723 square meters of residential space, 263 parking spaces and 116 storage units. Construction of this phase is expected to commence in March 2007 and be completed in June 2009.

High-rise Phase I is expected to occupy a total site area of approximately 28,500 square meters and have an estimated total GFA of approximately 71,800 square meters. It will primarily consist of high-rise apartment buildings with an aggregate of 41,411 square meters of residential space, 10,287 square meters of commercial space, 261 parking spaces and 50 storage units. Construction of this phase is expected to commence in July 2006 and be completed in June 2009.

High-rise Phase II is expected to occupy a total site area of approximately 41,909 square meters and have an estimated total GFA of approximately 110,100 square meters. It will primarily consist of high-rise apartment buildings with an aggregate of 62,953 square meters of residential space, 6,724 square meters of commercial space, 449 parking spaces and 86 storage units. Construction of this phase is expected to commence in March 2007 and be completed in June 2010.

High-rise Phase IV is expected to occupy a total site area of approximately 30,636 square meters and have an estimated total GFA of approximately 68,268 square meters. It will primarily consist of high-rise apartment buildings with an aggregate of 39,049 square meters of residential space, 3,300 square meters of commercial space, 194 parking spaces and 42 storage units. Construction of this phase is expected to commence in March 2008 and be completed in June 2011.

High-rise Phase V is expected to occupy a total site area of approximately 54,008 square meters and have an estimated total GFA of approximately 136,537 square meters. It will primarily consist of high-rise apartment buildings with an aggregate of 86,523 square meters of residential space, 6,601 square meters of commercial space, 430 parking spaces and 92 storage units. Construction of this phase is expected to commence in September 2008 and be completed in November 2011.

Villa Phase I is expected to occupy a total site area of approximately 125,140 square meters and have an estimated total GFA of approximately 58,958 square meters. It will primarily consist of villas with an aggregate of 29,926 square meters of residential space. Construction of this phase commenced in August 2005 and is expected to be completed in November 2007. As of March 31, 2006, we pre-sold 15,238 square meters of residential space in this phase.



Villa Phase II is expected to occupy a total site area of approximately 73,500 square meters and have an estimated total GFA of approximately 30,451 square meters. It will primarily consist of villas with an aggregate of 30,147 square meters of residential space. Construction of this phase commenced in March 2006 and is expected to be completed in April 2008.

Villa Phase III is expected to occupy a total site area of approximately 134,807 square meters and have an estimated total GFA of approximately 41,050 square meters. It will primarily consist of villas with an aggregate of 40,639 square meters of residential space. Construction of this phase is expected to commence in July 2006 and be completed in November 2008.

Villa Phase IV is expected to occupy a total site area of approximately 66,500 square meters and have an estimated total GFA of approximately 17,400 square meters. It will primarily consist of villas with an aggregate of 17,226 square meters of residential space. Construction of this phase is expected to commence in March 2007 and be completed in May 2009.

Villa Phase V is expected to occupy a total site area of approximately 53,500 square meters and have an estimated total GFA of approximately 18,790 square meters. It will primarily consist of villas with an aggregate of 18,602 square meters of residential space. Construction of this phase is expected to commence in September 2007 and be completed in November 2009.

As of March 31, 2006, the total development costs (including land acquisition costs, construction costs and capitalized finance costs) incurred for Low-rise Phases II to V, High-rise Phases I to V and Villa Phases I to V of this project were approximately Rmb 850.9 million. We estimate that additional land costs of approximately Rmb 216.3 million will be required for Low-rise Phases II to V, High-rise Phases I to V and Villa Phases I to V of this project. We estimate that additional construction costs of approximately Rmb 169.4 million will be required for Low-rise Phases II to IV and Villa Phases I and II of this project, for which we had commenced construction as of the Latest Practicable Date.

See “— Completed properties — Haining Baihe New City” above for information about Low-rise Phase I of Haining Baihe New City and “— Properties held for future development” below for information about High-rise Phases I to III of Haining Baihe New City.

### **Jade City (翡翠城)**

Jade City is located at Huafeng Cun, Xianlin Town, Yuhang District, Hangzhou, Zhejiang Province. This project consists of five phases, all of which are under development. This project is being developed by Hangzhou Jade City Real Estate Development Co., Ltd., a project company owned as to 45% by us.

Phase I is expected to occupy a total site area of approximately 140,150 square meters and have an estimated total GFA of approximately 193,544 square meters. It will consist of both high-rise and low-rise apartment buildings with an aggregate of 143,069 square meters of residential space, 690 parking spaces and 295 storage units. Construction of this phase commenced in September 2004 and is expected to be completed in December 2007. As of March 31, 2006, we pre-sold 85,760 square meters of residential space and 149 parking spaces and 188 storage units in this phase.

Phase II is expected to occupy a total site area of approximately 93,773 square meters and have an estimated total GFA of approximately 160,945 square meters. It will consist of both high-rise and low-rise apartment buildings with an aggregate of 113,147 square meters of residential space, 8,000 square meters of commercial space and 569 parking spaces. Construction of this phase commenced in January 2006 and is expected to be completed in December 2007.



Phase III is expected to occupy a total site area of approximately 195,792 square meters and have an estimated total GFA of approximately 298,400 square meters. It will consist of both high-rise and low-rise apartment buildings with an aggregate of 235,022 square meters of residential space, 1,264 parking spaces and 71 storage units. Construction of this phase is expected to commence in December 2006 and be completed in December 2008.

Phase IV is expected to occupy a total site area of approximately 275,103 square meters and have an estimated total GFA of approximately 387,800 square meters. It will consist of low-rise apartment buildings, high-rise apartment buildings and villas with an aggregate of 293,985 square meters of residential space, 4,000 square meters of commercial space, 1,621 parking spaces and 196 storage units. Construction of this phase is expected to commence in June 2007 and be completed in December 2009.

Phase V is expected to occupy a total site area of approximately 244,955 square meters and have an estimated total GFA of approximately 456,250 square meters. It will consist of both high-rise and low-rise apartment buildings with an aggregate of 347,265 square meters of residential space, 3,330 square meters of commercial space, 2,107 parking spaces and 152 storage units. Construction of this phase is expected to commence in June 2008 and be completed in December 2010.

As of March 31, 2006, the total development costs (including land acquisition costs, construction costs and capitalized finance costs) incurred for this project were Rmb 655.2 million. We estimate that additional land costs of approximately Rmb 443.7 million will be required for this project and additional construction costs of approximately Rmb 548.0 million will be required for Phases I and II of this project, for which we had commenced construction as of the Latest Practicable Date.

#### **Xingqiao Project (星橋項目)**

Xingqiao Project is located at Nanxing Village, Xingqiao Development Zone Avenue, Yuhang District, Hangzhou, Zhejiang Province. This project consists of two phases. Phase I is under development, with Phase II held for future development. This project is being developed by Hangzhou Yuhang Greentown Jiuzhou Real Estate Development Co., Ltd., a project company owned as to 35% by us.

Phase I is expected to occupy a total site area of approximately 37,195 square meters and have an estimated total GFA of approximately 60,750 square meters. It will primarily consist of low-rise apartment buildings with an aggregate of 45,500 square meters of residential space and 300 parking spaces. Construction of this project is expected to commence in December 2006 and be completed in May 2009.

See “— Properties held for future development” below for information about Phase II of Xingqiao Project.

#### **Ningbo Green Garden (寧波綠園)**

Ningbo Green Garden is located at Technology Park, No. 226 Changhai Road, Ningbo, Zhejiang Province. This project is expected to occupy a total site area of approximately 37,680 square meters with an estimated total GFA of approximately 134,905 square meters. It will primarily consist of high-rise apartment buildings with an aggregate of 65,437 square meters of residential space, 30,175 square meters of office space and 660 parking spaces. This project is developed by Ningbo Zhebao Greentown Real Estate Development Co., Ltd., a project company owned as to 50% by us.

Construction of this project commenced in April 2006 and is expected to be completed in September 2008.

As of March 31, 2006, the total development costs (including land acquisition costs, construction costs and capitalized finance costs) incurred for this project were approximately Rmb 274.1 million. We estimate that additional land costs of approximately Rmb 14.5 million and additional construction costs of approximately Rmb 340.8 million will be required for this project.

**Bishui Qingfeng (碧水清風)**

Bishui Qingfeng is located at Qiandaohu County, Chunan District, Qiandaohu, Zhejiang Province. This project consists of two phases, both of which are under development. This project is being developed by Hangzhou Qiandao Lake Greentown Investment & Property Co., Ltd., a project company owned as to 29% by us.

Phase I is expected to occupy a total site area of approximately 94,176 square meters and have an estimated total GFA of approximately 169,321 square meters. It will consist primarily of high-rise residential buildings with an aggregate of 111,321 square meters of residential space, 13,500 square meters of commercial space and 880 parking spaces. Construction of this phase is expected to commence in July 2006 and be completed in December 2009.

Phase II is expected to occupy a total site area of approximately 34,091 square meters and have an estimated total GFA of approximately 66,079 square meters. It will consist primarily of high-rise residential buildings with an aggregate of 56,079 square meters of residential space and 200 parking spaces. Construction of this phase is expected to commence in May 2007 and be completed in December 2010.

**East Sea Plaza (東海廣場)**

East Sea Plaza is located at Jing'an District, Shanghai. This project consists of two phases, both of which are under development. This project is developed by Shanghai Jingyu Real Estate Co., Ltd., a project company owned as to 49% by us.

Phase I is expected to occupy a total site area of approximately 5,760 square meters and have an estimated total GFA of approximately 78,129 square meters. It will primarily consist of commercial buildings with an aggregate of 67,805 square meters of commercial space and 150 parking spaces. Construction of this project commenced in August 2005 and is expected to be completed in June 2007.

Phase II is expected to occupy a total site area of approximately 4,741 square meters and have an estimated total GFA of approximately 32,231 square meters. It will primarily consist of commercial buildings with an aggregate of 24,616 square meters of commercial space and 218 parking spaces. Construction of this project is expected to commence in December 2006 and be completed in July 2009.

As of March 31, 2006, the total development costs (including land acquisition costs, construction costs and capitalized finance costs) incurred for this project were approximately Rmb 1,388.7 million. We estimate that additional construction costs of approximately Rmb 286.7 million will be required for Phase I of this project, for which we had commenced construction as of the Latest Practicable Date.

**Properties held for future development**

We also have eight projects or project phases for which our project companies have entered into land use rights grant contracts, land use rights transfer agreements or other agreements but for which we have not obtained the land use rights certificates for all or part of the relevant land. These properties are meant for future development and they have an aggregate site area of 649,299 square meters. As of the Latest Practicable Date, we had obtained land use rights certificates in respect of an aggregate of 264,983 square meters in site area of these properties and had not obtained the land use rights certificates for the remaining 384,316 square meters. There is no assurance that we will obtain the land use rights certificates in respect of the remaining area and we have therefore assigned no commercial value in the Property Valuation report in Appendix IV to properties with respect to which we had not obtained the relevant land use rights certificates as of March 31, 2006. As of March 31, 2006, the total carrying value of such land was approximately Rmb 443.9 million, which primarily represents our payments toward land costs. According to the relevant land use rights grant contracts or transfer agreements, the project companies are entitled to a full refund of the land premiums that they have paid if they fail to obtain the land use rights certificates due to reasons not attributable to them. These projects or project phases are in their preliminary planning stage and we have incurred some insignificant costs in connection with such preliminary planning and preparatory work. None of these projects or project phases have commenced actual physical construction. We divide these properties into three categories:

**Category I** includes properties in respect of which we have paid all land premiums as provided in the relevant land use rights grant contracts and we have applied or are legally entitled to apply for the land use rights certificates. We have approximately 33,236 square meters of site area in this category for which we have not obtained land use rights certificates. The aggregate carrying value of such land parcels was Rmb 376.5 million as of March 31, 2006, which primarily represented our payments toward land costs. We have been advised by our PRC counsel, T&C Law Firm, that there exists no material legal impediment to our obtaining the relevant land use rights certificates.

**Category II** includes properties in respect of which we will be legally entitled to apply for the land use rights certificates after we have made the outstanding payments, including land premiums and demolition and resettlement costs, as provided in the relevant land use rights grant contracts, which were not yet due as of the Latest Practicable Date. We have approximately 70,511 square meters of site area in this category for which we have not obtained land use rights certificates. The aggregate carrying value of such land parcels was nil as of March 31, 2006, which primarily represented our payments toward land costs. We have been advised by our PRC counsel, T&C Law Firm, that so long as we pay the relevant outstanding amounts as they become due under the relevant land use rights grant contracts, there exists no material legal impediment to our application for, and obtaining of, the relevant land use rights certificates.

**Category III** includes properties in respect of which we will be legally entitled to apply for the land use rights certificates subject to (i) our payment of all land premiums and/or (ii) our completion of the demolition and resettlement process including the payment of all demolition and resettlement costs. There exists uncertainties as to the final land premiums and/or demolition and resettlement costs payable by us. We have approximately 280,569 square meters of site area in this category for which we have not obtained land use rights certificates. The aggregate carrying value of such land parcels was approximately Rmb 67.4 million as of March 31, 2006, which primarily represented our payments toward land costs.

## BUSINESS

Within this category, Ningbo Zheda Technology Zone Phases I and II are subject to renegotiation on the land premium and the conclusion of a new land use rights grant contract despite the fact that we have already signed a contract with, and paid the agreed land premium in full to, the relevant local governmental agency. When we signed the contract with the relevant government agency in 2003, the land was for agricultural use and, therefore, our contract was subject to a condition that the land be converted into construction use by the relevant government agencies. Before we could effect the land use conversion, the PRC government imposed a moratorium on all large-scale property developments subject to restructuring and a freeze for approximately six months in 2004. In August 2005, the PRC Supreme People's Court issued an interpretative opinion that all land use rights related contracts with respect to such large-scale property development projects are subject to reconfirmation by the relevant land bureaus. In December 2005, the Zhejiang provincial government approved the conversion of the permitted use of this piece of land to property development. During the interim, however, the cost incurred by the government in preparation of the land exceeded our agreed land premium payable under the contract and, as a result, the government authorities issued a demand to us for renegotiation of the land premium in reliance on a 2003 PRC regulation that requires land premiums not to be lower than the land costs. As of the date of this prospectus, we are still negotiating with the relevant government authorities regarding the additional land premiums payable and no agreement has been reached.

We set forth in the table below further information about these properties held for future development. The proposed GFAs with respect to each project or project phase included in our properties held for future development, such as the proposed GFAs disclosed in the following table, are estimates by our management on the basis of the land use rights grant contracts or government project documents or plans.

Property projects	Location	Carrying value as of March 31, 2006 <sup>(1)</sup> (Rmb in millions)	Land premiums to be paid under land use rights grant contracts as of March 31, 2006 <sup>(2)</sup> (Rmb in millions)	Interest attributable to us	Site area (m <sup>2</sup> )	Proposed GFA (m <sup>2</sup> )	Ref. to Property Valuation report
<b>Category I</b>							
New Green Garden . . . . .	Hangzhou, Zhejiang	229.9	—	50%	27,666	116,000	53
Shanghai Rose Garden Phase IV . . . . .	Shanghai	146.6	69.2 <sup>(3)</sup>	100%	262,392 <sup>(4)</sup>	75,426	48
<b>Category II</b>							
Haining Baihe New City High-rise Phase III . . . . .	Haining, Zhejiang	—	210.0	50%	70,511	173,000	52
<b>Category III</b>							
Jiahe Jiubao Project Phase II . . . . .	Hangzhou, Zhejiang	14.4	—	100%	39,854	131,000	55
Xingqiao Project Phase II . . . . .	Hangzhou, Zhejiang	26.4	—	35%	38,581	61,780	54
Shanghai Dongjiadu Phase III . . . . .	Shanghai	—	—	51%	16,505 <sup>(5)</sup>	75,000	49
Ningbo Zheda Technology Zone Phase I . . . . .	Ningbo, Zhejiang	26.6	see Note (6)	60%	73,336	184,845	50
Ningbo Zheda Technology Zone Phase II . . . . .	Ningbo, Zhejiang	—	see Note (6)	60%	120,454	61,939	50
<b>Total . . . . .</b>		<b>443.9</b>	<b>279.2</b>		<b>649,299</b>	<b>878,990</b>	

**Notes:**

- (1) Carrying value represented costs incurred for these properties held for future development, comprising primarily land costs together with some preliminary planning expenses.
- (2) Land premiums to be paid under land use rights grant contracts represented outstanding considerations for the grant of land use rights according to the relevant land use rights grant contracts.
- (3) All land premiums under the land use rights grant contract for Shanghai Rose Garden Phase IV have been fully paid subsequent to March 31, 2006.
- (4) We have obtained the land use rights certificate in respect of 256,822 square meters of land in Shanghai Rose Garden Phase IV.
- (5) We have obtained the land use rights certificate in respect of 8,161 square meters of land in Shanghai Dongjiadu Phase III.
- (6) We and the relevant government authorities are still in the process of negotiating the additional land premiums payable with respect to these two project phases.

We have not assigned any commercial value to these land parcels because we have not received the relevant land use rights certificates. The Property Valuation included in Appendix IV to this prospectus, however, made references to these properties and also disclosed their estimated values attributable to us on the assumption that the various conditions are satisfied in due course, in particular:

- that the requisite land premiums are paid on a timely basis in accordance with the land use rights grant contracts; and
- that no other legal impediments exist or will occur to us for obtaining the relevant land use rights certificates.

You should not unduly rely on such estimated values as disclosed in the Property Valuation report when making your investment decision in our Shares.

### **Other Land Acquisition Contractual Arrangements**

**Hangzhou — Liu Zhuang Project.** In March 2005, Zhejiang Fazhan Real Estate Development Co., Ltd., (“Zhejiang Fazhan Real Estate”) signed a land use rights grant contract with Hangzhou Land and Resources Bureau to acquire a parcel of land with an aggregate site area of approximately 51,062 square meters. In September 2005, Zhejiang Fazhan Real Estate and us established Zhejiang Fazhan Greentown Real Estate Co., Ltd. (“Zhejiang Fazhan Greentown”), in which Zhejiang Fazhan Real Estate and us each hold a 55% and 45% interest, respectively. In October 2005, Zhejiang Fazhan Real Estate transferred all its rights and obligations under the land use rights grant contract to Zhejiang Fazhan Greentown. As of March 7, 2006, Zhejiang Fazhan Greentown was in default of certain land premium and compensation fee payments. The relevant land authorities agreed to postpone the payment of such land premiums and compensation fees to the end of April 2006. Our PRC counsel, T&C Law Firm, has advised us that the relevant land use rights grant contract and compensation agreement remain valid and Zhejiang Fazhan Greentown is subject to a penalty at the rate of 0.1% of the amount in default per day for the defaulting period pursuant to the relevant land use rights grant contract and compensation agreement, unless the relevant authorities waive them. As of the Latest Practicable Date, such penalty fees amounted to approximately Rmb 39.5 million. Zhejiang Fazhan Greentown has paid approximately Rmb 421.5 million out of the total amount of land premiums and compensation fees, with approximately Rmb 80.4 million of land premium and compensation fee outstanding and in default. Due to such default, Zhejiang Fazhan Greentown may forfeit to the government the relevant parcel of land in respect of which such land premium or compensation fee remains outstanding. On May 9, 2006, the project partners of this project passed a shareholders’ resolution providing that all losses arising out of the possible penalties and forfeiture of land in respect of this project will be borne by our project partner, the majority shareholder of Zhejiang Fazhan Greentown.

**Beijing.** In February 2002, Beijing municipal government approved the Beijing Qinglongqiao project. The site covers an aggregate site area of 346,370 square meters with an aggregate proposed GFA of 340,530 square meters. We have divided this project into four phases. In April 2004, we entered into a land use rights grant contract with the Beijing municipal government with respect to Beijing Qinglongqiao Phases I and II with an aggregate site area of 105,129 square meters and an aggregate proposed GFA of 101,812 square meters. In November 2004, we received the relevant land use rights certificates for the two phases. You may find more details about Beijing Qinglongqiao Phases I and II in “— Properties under development — Beijing Qinglongqiao.”

We have not entered into any land use rights grant contract with respect to Beijing Qinglongqiao Phases III and IV. These two phases have an aggregate site area of 241,238 square meters and an aggregate proposed GFA of 231,807 square meters. The land parcels underlying the two phases have been designated for relocation and infrastructure construction purposes under the city planning and forestation program initiated by Beijing municipal government. Under this program, Beijing Haidian

district government reclaimed certain parcels of land in the district and is in the process of relocating the original residents on such land to certain other areas of the district. We have received approval from Beijing Haidian district government to commence the demolition and resettlement process. After we complete the demolition and resettlement process, we intend to apply for the conversion of the use of this piece of land to commercial development and to sell the properties to the public. If Beijing municipal government approves such conversion, we will need to pay additional land premiums as determined by the relevant land authorities. Such determination will take into account the demolition and resettlement costs that we have incurred. However, we cannot assure you that Beijing municipal government will approve the conversion of the designated use to commercial development.

If we fail to obtain the approval to convert the land to commercial development, under applicable regulations promulgated by Beijing municipal government we may sell the properties built on such sites after their completion to the residents subject to relocation under the city planning and forestation program initiated by Beijing municipal government. Each resident subject to relocation under such program can purchase the properties by reference to their development costs for GFA of up to 50 square meters. For GFA exceeding 50 square meters per person, the selling price will be determined by the relevant authorities, which generally is higher than prices based on development costs.

Beijing Qinglongqiao Phases III and IV will be developed by the same project company that is currently developing Beijing Qinglongqiao Phases I and II, Beijing Xingye Wanfa Real Estate Development Co., Ltd., a project company owned as to 65% by us.

**Hangzhou — Baochu Road Project.** In May 2006, we won a bid for co-development of a residential property development site currently owned by the PRC military, whereby the PRC military will provide the land and we will pay for the construction costs and demolition and resettlement costs and both the PRC military and us will share the properties according to an agreed ratio. We paid Rmb 5.0 million as the bidding deposit to the land owner. The site covers an area of 25,041 square meters with a proposed total GFA of approximately 46,200 square meters. On May 16, 2006, we signed the co-development agreement with the land owner on this proposed co-development project. The co-development agreement, however, is subject to the approval of the PRC military authorities. There can be no assurance that such approval will be forthcoming if at all. If we fail to obtain the land use rights, we are entitled to a full refund of the bidding deposit.

**Qingdao.** We entered into a project framework agreement in January 2006 with the government of Licang District of Qingdao City in Shandong Province. We paid Rmb 10 million as a bidding deposit and won the bid for project developer. In this project framework agreement, we have agreed to pay certain demolition and resettlement costs, when and as incurred, to the Licang District government. Qingdao City government is currently planning to develop the Licang District into a new residential and business district in Qingdao. The initial development plan covers an area of approximately 2.0 square kilometers with a total GFA of approximately 1.6 million square meters. Our payments made and to be made to Licang District government will be counted toward our payment of land premium if we obtain any land use rights. In the event that Licang District government fails to prepare the land for development in time as provided in the agreement or we fail to obtain any land use rights (if, for instance, we are out-bid by our competitors), we are entitled to a full refund of our upfront payment, plus an agreed monetary compensation. There is no assurance that our framework agreement will lead to our acquisition of any land use rights.

**Shanghai.** In November 2002, Greentown Real Estate and Shanghai Shenyuan Enterprise Development Co., Ltd., entered into a residential project development agreement with Xinqiao Township government in Songjiang District of Shanghai with respect to a piece of land of

approximately 360,000 square meters in site area. Greentown Real Estate and Shanghai Shenyuan Enterprise Development Co., Ltd., established Shanghai Green View Real Estate Development Co., Ltd., to develop this project in January 2003. Greentown Real Estate owns 60% of the equity interest of this project company. We and Shanghai Shenyuan Enterprise Development Co., Ltd., have paid Rmb 60 million and Rmb 40 million, respectively, to the Xinqiao Township government as a deposit. According to the then applicable Shanghai land grant regulations, the government will not sign the land use rights grant contract with a developer until the planning parameters and land grant method for the project have been determined. The Planning Administration (規劃管理局) of Songjiang District did not approve the planning parameters of the project until May 2003. In March 2003, Xinqiao Township government submitted a report to Songjiang District government proposing to grant the relevant land parcel through a tender by invitation process. Songjiang District government did not approve such proposal and did not submit it to Shanghai municipal government for its approval until March 2004. On August 31, 2004, the PRC government started to strictly enforce the mandatory requirement of tender, auction and listing-for-sale nationwide for the grant of land use rights for commercial development and, as a result, the determination of the land grant method for this land parcel is still pending and we have not received the relevant approval from Shanghai municipal government. In May 2006, Xinqiao Township government confirmed in a letter to us that it is closely monitoring the approval process for this project and is actively pursuing the relevant authorities in charge of this project at both Songjiang District government and Shanghai municipal government. Xinqiao Township government further confirmed that, in the event that we fail to receive the relevant land use rights in any public auction or bidding, it will promptly and unconditionally refund our deposit in full. We will evaluate from time to time whether to proceed with the acquisition of the land. The factors we will consider in such determination include land acquisition cost and development cost, market price of comparable sites, market environment and outlook and overall profitability of the project.

**Indemnity.** Pursuant to the Deed of Indemnity, our Original Shareholders jointly undertook to indemnify us against, among other things, any losses in relation to any payment made by us in respect of the above five land acquisition contractual arrangements.

#### **PROPERTIES USED BY US**

As of March 31, 2006, we used the office space, with a total GFA of 4,757.6 square meters, at Huanglong Century Plaza (黃龍世紀廣場) in Hangzhou as our headquarters. We leased this office space from Greentown Holdings Group and its associate Zhejiang Century Square Investment Company Limited. See “Connected Transactions — Non-exempt Continuing Connected Transactions — Properties Lease.” In addition to our offices in Huanglong Century Plaza, we also occupied properties with an aggregate GFA of 22,548.2 square meters, including 15,273.8 square meters in Zhejiang Province, 2,177.8 square meters in Beijing, 1,729.6 square meters in Shanghai and 3,367.0 square meters in other parts of China. These properties were primarily used as office premises or dormitories for our employees in the different regions. With respect to the 22,548.2 square meters of office premises and dormitories, we owned 15,676.6 square meters with the remaining 6,871.6 square meters on lease from independent third parties.

#### **COMPETITION**

We compete with other real estate developers based on a number of factors including product quality, service quality, price, financial resources, brand recognition, ability to acquire proper land reserves and other factors. We believe we have established a strong presence in Zhejiang Province since our formation in Hangzhou in 1995. The property markets in Zhejiang Province and other regions of China where we have operations, however, are highly competitive. Our existing and potential competitors include major domestic developers and, to a lesser extent, foreign developers, such as leading developers from Hong Kong. Some of these competitors may have better track records, greater

financial, human and other resources, larger sales networks and greater name recognition. See “Risk Factors — Risk Relating to the Residential Property Industry in China — Intensified competition might adversely affect our business and our financial position.”

**INTELLECTUAL PROPERTY RIGHTS**

Greentown Holdings Group has registered the trademarks and service marks of “綠城” (Greentown) and “綠城房產” (Greentown Real Estate) with the PRC Trademark Office (中華人民共和國商標局) under various categories including property development, construction, property lease and real estate agency. Greentown Holdings Group has granted us a license to use the trademarks and service marks “綠城” (Greentown) and “綠城房產” (Greentown Real Estate) free of charge in a trademark licensing agreement entered into between Greentown Holdings Limited and us dated June 22, 2006. See “Connected Transactions.”

We are also the owner of the domain names of “chinagreentown.com” and “chinagreentown.cn.” See “Statutory and General Information — Intellectual property” in Appendix VIII to this prospectus for more details.

**INSURANCE**

We carry employer’s liability insurance for medical and related expenses that our employees may incur as a result of personal injuries on our workplace or construction sites of our property developments. We do not, however, maintain property damage or third-party liability insurance on our workplace or property developments. Under existing PRC law, these types of insurance are not mandatory and may be purchased on a voluntary basis. We believe our insurance practice is in line with the customary practice in the PRC real estate industry. We closely monitor the quality and safety measures adopted on our construction sites with the construction companies to lower the risks of damage to our property and liabilities that may be attributable to us. We may re-evaluate the risk profile of the property markets and adjust our insurance practice from time to time.

See “Risk Factor — Risks Relating to Our Business — We do not have insurance to cover potential losses and claims.”

**ENVIRONMENTAL AND SAFETY MATTERS**

We are subject to PRC environmental and safety laws and regulations. These laws and regulations govern a broad range of environmental matters, including air pollution, noise emissions and water and waste discharge. We are required to engage qualified agencies to conduct a comprehensive environmental assessment on each of our projects and submit our environmental impact study reports to the relevant authority for approval. The PRC government will not grant us the construction permit with respect to any property project absent an environmental impact study report that is acceptable to it. We are committed to compliance with these environmental and safety laws and regulations. We also actively participate in the environmental assessment process and fully cooperate with accredited environmental assessment organizations.

All of our completed property projects and properties under construction have received the requisite environmental approvals. Upon completion of each property project, the relevant PRC government authorities will also inspect the property site to ensure that we have complied with the applicable environmental and safety standards.

Our Directors confirm that we have not breached any applicable environmental or safety regulation since our establishment. Our Directors further confirm that our operations are in compliance with currently applicable PRC environmental and safety regulations.



**LEGAL PROCEEDINGS AND MATERIAL CLAIMS**

During the Relevant Period, we have been involved in legal or other proceedings in the ordinary course of our business, which involved primarily disputes with our customers and we have not incurred significant legal costs and expenses in view of our overall operating results. We are not aware of any other material legal proceedings or claims currently existing or pending against us.

As of the Latest Practicable Date, we had not encountered any circumstances that have led to material construction delays or received any material claims from our customers for our failure to complete any pre-sold project on time, or received any material claims from our customers for our delay in the delivery of property ownership certificates.

In October 2005, the Hangzhou National Land and Resources Bureau Yuhang Branch required us to commence construction of Greentown Lanting and Xingqiao projects and pay land idle fees in the aggregate amount of Rmb 6.1 million on the ground that parts of the land had been idle for more than one year. The delay in construction in these two projects, however, was due to failure of the government to relocate original residents and to complete demolition and site preparation. Pursuant to applicable land grant regulations, developers should not be subject to any land idle fee if the delay in commencing construction is due to government actions. We have pleaded to the relevant authorities against the imposition of such land idle fees. The relevant authorities had not responded to our petition as of the Latest Practicable Date. T&C Law Firm, our PRC counsel, has advised us that we should not be subject to such land idle fees because the delay in commencing construction in these projects were caused by the failure of the government to relocate original residents and to complete demolition and site preparation. As such, we did not make any provision for such land idle fees in our financial statements included in the Accountants' Report in Appendix I to this prospectus.

In January 2006, we received a notice from the Hangzhou National Land and Resources Bureau Yuhang Branch requiring us to commence construction of seven out of the 21 parcels of land in respect of Taohuayuan South project and pay land idle fees of Rmb 2.7 million in respect of such land. We commenced the overall project construction in October 2004. However, due to its large development scale, the physical construction of this project has not yet extended to these seven parcels of land. We have paid approximately Rmb 1.3 million of such land idle fee. We have pleaded to the land bureau against the imposition of the outstanding land idle fees and to postpone the commencement of construction of these seven parcels of land in light of the development schedule of this project. The land bureau had not responded to our petition as of the Latest Practicable Date. T&C Law Firm, our PRC counsel, has advised us that we have strong grounds to challenge the imposition of such land idle fees because this project was approved by Hangzhou Development and Planning Bureau Yuhang Branch as a single development project and we commenced the construction of the overall project in October 2004 and its development is continuous since then. As such, we did not make any provision for the outstanding land idle fees.

Except as disclosed above, we have not been subject to any penalty and/or land idle fee imposed by the PRC government for our failure to develop a property project or project phase on a timely basis in accordance with the relevant land use rights grant contracts during the Relevant Period.

**RELATIONSHIP WITH OUR ORIGINAL SHAREHOLDERS**

Apart from us, our Original Shareholders own a number of other companies. Greentown Holdings Group is a company holding a group of companies under common control of our Original Shareholders. It was established in Hangzhou on December 6, 2001 and is currently beneficially owned by Song Weiping, Shou Bainian and Xia Yibo, holding an equity interest of 54%, 39% and 7%, respectively.

Greentown Holdings Group currently has more than 40 subsidiaries and is carrying on various lines of businesses principally in Zhejiang Province of China, including property management, hotel management and tourism, sports, and sale of construction materials, among other things. In addition, it is involved in the Non-inclusion Projects described in “— Non-competition undertaking — Non-inclusion projects” below.

As of December 31, 2005, Greentown Holdings Group had more than 4,000 full-time employees. For 2005, based on the management accounts of Greentown Holdings Group prepared in accordance with PRC accounting rules and regulations, its revenues amounted to approximately Rmb 87,400,000. None of our executive Directors assume any directorship or management role in Greentown Holdings Group. Greentown Holdings Group is operated independently from us with a separate management team. The total revenues of Greentown Holdings Group received from us amounted to approximately Rmb 21,340,000 in 2005, consisting of football advertising services fees of Rmb 14,329,000, pre-delivery property management services fees of Rmb 5,874,000 and sales of landscaping materials of Rmb 1,136,500, representing approximately 24.4% of the total revenues of Greentown Holdings Group in the same year.

Our Original Shareholders also own other businesses, such as interior decoration, media, hospital investment and education in China.

#### **Delineation of businesses**

Apart from the Non-inclusion Projects, none of Greentown Holdings Group, any of its subsidiaries or any of the other entities controlled by our Original Shareholders are engaged in any property development business that competes or may compete with us.

Greentown Holdings Group and the other businesses owned by our Original Shareholders are engaged in a variety of businesses, some of which are unrelated to the property industry, such as sports, tourism, hospital investment and education.

Other than the Non-inclusion Projects, all property-related businesses operated by Greentown Holdings Group and other affiliates of our Original Shareholders are ancillary to and not a part of our core property development activities. For example, they are engaged in property management, provision of interior decoration services and the supply of landscaping materials for construction. There is no overlap in our businesses as Greentown Holdings Group and other businesses controlled by our Original Shareholders are in fact our suppliers and service providers. Such transactions sourced from Greentown Holdings Group and other businesses controlled by our Original Shareholders constitute connected transactions before and subsequent to this Global Offering. See “Connected Transactions — Non-exempt Continuing Connected Transactions.”

Greentown Holdings Group is also engaged in the hotel operation business, which is distinct from our residential property development business. Our properties under development include two hotels, Jiuxi Rose Garden Holiday Village in Hangzhou and Zhoushan Grand Hotel in Zhoushan. These hotels will be ancillary to our core operations and are being developed by us solely because the land grant in relation to adjacent residential projects required the construction of a hotel. Following completion of the hotels, we will engage third party hotel management companies to manage them. We do not currently operate, nor do we intend to operate, hotel management and development as part of our core business. Therefore, the future overlap in hotel operations will not compete with our core business. Furthermore, the hotel operated by Greentown Holdings Group is a high-end hotel located in Hangzhou, whereas Jiuxi Rose Garden Holiday Village will be principally targeted at mid-market tourists. Therefore, we do not consider that there would be material competition.

The Non-inclusion Projects represent the only overlap between our core business and that of Greentown Holdings Group and other entities controlled by our Original Shareholders. These projects were not included within our business either because there exist legal uncertainties as to the title of the relevant land or because the joint venture partner(s) did not consent to such a transfer. For a detailed explanation of how we decided which properties were and were not included within our company during the Reorganization, the reasons for excluding each of the Non-inclusion Projects, and how each of these Non-inclusion Projects can be differentiated from our operations, please refer to “Business — Relationship with our Original Shareholders — Non-inclusion Projects” below. Each of the project companies holding the Non-inclusion Projects is a joint venture and has a management team independent from us. There is no overlap between the board composition of those project companies and us. Greentown Holdings Group holds only a minority interest in each existing Non-inclusion Project and does not have management control. In any event, pursuant to the Deed of Non-competition, we have been granted an option to acquire any of the Non-inclusion Projects if and when we choose. We may therefore acquire such projects in the future if the existing obstacles to their inclusion are removed, and if our Board considers that such an acquisition would be in the best interests of our shareholders as a whole. We do not currently have any plans to exercise any of the options, but we will make an announcement if such a decision is taken in the future.

In addition, pursuant to the Deed of Non-competition, each of our Original Shareholders and Greentown Holdings Group has undertaken not to engage in activities that compete with our core businesses except for the Non-inclusion Projects. As such, we consider that there exists a clear delineation between our business and that of Greentown Holdings Group and other entities controlled by our Original Shareholders.

### **Directors**

Save as disclosed in this section “— Relationship with our Original Shareholders,” none of our Directors is a director (other than an independent non-executive director) or a substantial shareholder of any business apart from our business, which competes or is likely to compete, either directly or indirectly, with our business.

### **Connected transactions**

Historically, we have entered into connected transactions with our Original Shareholders or their affiliates. Principally, these transactions related to services provided or products supplied to us in our ordinary course of business. We sourced these products and services from affiliates of our Original Shareholders as we considered their prices to be reasonable and their service levels to be satisfactory. Our Original Shareholders and Greentown Holdings Group entered into a Comprehensive Services Agreement with us on June 22, 2006, pursuant to which our Original Shareholders and Greentown Holdings Group will continue to provide certain services and materials to us. Our Original Shareholders and Greentown Holdings Group will enter into such connected transactions under terms no less favorable than those they would offer to independent third parties. If services and materials provided by our Original Shareholders or Greentown Holdings Group cannot meet our requirements, we have a right to terminate such services or supplies by serving three-months’ prior written notice. See “Connected Transaction — Non-exempt Continuing Connected Transactions.”

**Non-competition undertaking**

Each Original Shareholder and Greentown Holdings Group (the “Covenantors”) have undertaken to us in the Deed of Non-competition that they will not, and shall procure their controlled affiliates (other than members of our company) not to, engage in any property development business (except for hotel development and property management) in China including (without limitation) the following activities:

- (i) acquiring, holding, developing, transferring, disposing or otherwise dealing in, whether directly or indirectly, land, real estate properties or property-related investments;
- (ii) engaging, having a right or in any way having an economic interest, in the promotion or development of or investment in land or real estate properties;
- (iii) acquiring, holding, transferring, disposing or otherwise dealing in any option, right or interest over any of the matters set out in paragraphs (i) and (ii) above; or
- (iv) acquiring, holding, transferring, disposing or otherwise dealing in, directly or indirectly, shares of any company, joint venture, corporation or entity of any nature, whether or not incorporated, with any interest in the matters set out in paragraphs (i) to (iii) above;

provided, however, that:

- (i) Greentown Holdings Group may continue with the development and sale of the existing eight property projects (the “Non-inclusion Projects”), as described in “— Non-inclusion Projects” below, within and to the extent of the proposed GFA as described below; and
- (ii) except for the Non-inclusion Projects and the Linping Guihua City project which is owned by independent third parties, where Greentown Holdings Group has allowed those projects to use the Trademarks (as defined below), Greentown Holdings Group may not use and may not permit any person other than us to use the Trademarks in any property development business that competes or may compete with us in China. In addition, Greentown Holdings Group shall not register or use or permit any person other than us to register or use trademarks similar to the Trademarks in any property development business that competes or may compete with us in China.

Pursuant to the Deed of Non-competition, the Covenantors granted an option to us to acquire the Non-inclusion Projects. The option allows us to acquire the attributable interests of the Original Shareholders, or any part thereof, in such Non-inclusion Projects at their fair market values, provided that such interests are available for transfer. If the parties to the Deed of Non-competition fail to agree on the acquisition price, the valuation of such property projects and the price shall be determined by an independent qualified valuer. The Original Shareholders also undertook in the Deed of Non-competition that they will use their best endeavors to obtain the joint venture partners’ consent to the transfer of such attributable interests to us if so requested by us and to provide us with all information necessary for the purpose of exercising the option.

The exercise of any of the options under the Deed of Non-competition will constitute a connected transaction for us, and we shall comply with the procedures set out in Chapter 14A of the Listing Rules in respect of connected transactions, including independent shareholdings’ approval if required. Any decision relating to the exercise of the options under the Deed of Non-competition will be made by our independent non-executive Directors.

On a quarterly basis, based on information from meetings with Greentown Holdings Group and our management’s understanding of the market, proposals as to whether to exercise the options and other information relating to the Deed of Non-competition will be presented to our independent non-executive Directors for their consideration. Our independent non-executive Directors will consider

whether the covenants contained in the Deed of Non-competition have been complied with and what, if any, remedial actions should be taken. Our executive Directors, including Mr. Song Weiping and Mr. Shou Bainian, will not attend our board meetings at which matters relating to the Deed of Non-competition are under consideration unless they are invited by a majority of the independent non-executive Directors present at such meetings.

When considering the exercise or non-exercise of any options contained in the Deed of Non-competition, our independent non-executive Directors, after considering any recommendation from our management, will take into account various factors including:

- whether the legal issues relating to the title of the land have been adequately resolved such that it would be appropriate for us to acquire and pursue such project;
- whether consents from the joint venture partners can be obtained;
- whether the project accords with our then current development strategy; and/or
- whether the project has reached a sufficiently progressed stage that it would be in the interest of our shareholders as a whole to exercise the options.

Pursuant to the Deed of Non-competition, Greentown Holdings Group will not conduct any property development except the Non-inclusion Projects. If any future business opportunity which may involve business competitive to our principal business is made available to Greentown Holdings Group, any Original Shareholder or their affiliates, the Original Shareholders and Greentown Holdings Group shall promptly refer such business opportunity to us. Any decisions on whether to accept future business opportunities referred to us by Greentown Holdings Group will be taken by our independent non-executive Directors. In taking such decisions, our independent non-executive Directors will consider whether the relevant business opportunities are expected to present a sustainable level of profitability, accord with our then current development strategy, and in other respects would be in the best interests of our shareholders as a whole. In addition, Greentown Holdings Group and each Original Shareholder and his/her relevant affiliates shall meet with us on an annual basis to update us on the latest development progress of the Non-inclusion Projects and any other business opportunities which it may be aware of. Our representatives (including our independent non-executive Directors) shall be entitled to receive information and materials at such meetings in respect of any of the Non-inclusion Projects and such business opportunity from Greentown Holdings Group and each Original Shareholder and his/her relevant affiliates.

In addition, our Original Shareholders and Greentown Holdings Group have undertaken in the Deed of Non-competition to provide and use reasonable endeavors to procure the provision to us of all information necessary for the enforcement of the undertakings contained therein. Our Original Shareholders have further undertaken to make a statement in our annual report confirming compliance by them and their affiliates with the terms of the Deed of Non-competition. We will disclose in our annual reports on how the undertakings in the Deed of Non-competition were complied with and enforced in accordance with the principles of making voluntary disclosures in the Corporate Governance Report as defined in Appendix 23 of the Listing Rules.

The Deed of Non-competition will terminate if the Covenantors in the aggregate beneficially own less than a 10% interest in us or the Shares cease to be listed on the Stock Exchange.

### **Internal controls**

Following the listing of our Shares on the Stock Exchange, we will continue to enter into connected transactions with our Original Shareholders and their affiliates. Mr. Song Weiping and Mr. Shou Bainian, two of our Original Shareholders, are also our Directors. Our Original Shareholders and Greentown Holdings Group, however, may not compete with us as provided in the Deed of Non-

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## BUSINESS

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competition. Our Original Shareholders have confirmed that they fully comprehend their respective obligations to act in the best interests of our company and our shareholders as a whole. In order to further avoid potential conflicts of interests, we have implemented the following measures:

- As part of our preparations for this Global Offering, we have amended our Memorandum and Articles of Association to comply with the Listing Rules. In particular, our Memorandum and Articles of Association provide that, except in certain limited circumstances, a Director shall not vote on any resolution approving any contract or arrangement or any other proposal in which such Director or any of his/her associates have a material interest nor shall such Director be counted in the quorum present at the meeting. As such, each of our Original Shareholders shall not vote or be counted in the quorum in respect of any proposals involving Greentown Holdings Group or any of their other affiliates.
- As a condition to the listing of our Shares on the Stock Exchange and pursuant to our Memorandum and Articles of Association, our Board must include a majority of independent non-executive directors. We have appointed five independent non-executive Directors, four of whom have extensive experience as directors of listed companies and three of whom have expertise in the property sector. Our independent non-executive Directors will be able to provide an impartial, external opinion to protect the interests of our public shareholders.
- We have appointed Platinum Securities Company Limited as our compliance adviser, which will provide advice and guidance to us in respect of compliance with the applicable laws and the Listing Rules including various requirements relating to directors' duties and internal controls.
- Pursuant to the Deed of Non-competition, any decision to exercise or not exercise the options granted to us in the Deed of Non-competition with respect to any Non-inclusion Project shall be taken by our independent non-executive Directors. In addition, as described in "— Non-competition undertaking" below, our independent non-executive Directors will be responsible for taking decisions to enforce the Deed of Non-competition. Our executive Directors, including Mr. Song Weiping and Mr. Shou Bainian, will not attend our board meetings at which matters relating to the Deed of Non-competition are under consideration, unless invited by a majority of the independent non-executive Directors present at such meeting.
- Pursuant to the Comprehensive Services Agreement, the terms offered by our Original Shareholders and their affiliates with respect to any connected transactions conducted thereunder shall be on at least as favorable terms to us as that offered to other parties. In addition, as required by the Listing Rules, our independent non-executive Directors shall review our continuing connected transactions annually and confirm in our annual report that such transactions have been entered into in our ordinary and usual course of business, are either on normal commercial terms or on terms no less favorable to us than available to or from independent third parties and on terms that are fair and reasonable and in the interests of our shareholders as a whole.
- We will engage an independent financial adviser by the end of 2006 to advise our independent non-executive Directors as to whether it is in the interests of our company and our shareholders to exercise the options pursuant to the Deed of Non-competition. Our independent non-executive Directors will convene a meeting to consider, without the attendant of our executive Directors, whether to exercise the options with reference to the opinions of the independent financial adviser by the end of 2006.
- In addition, if our independent non-executive Directors consider it necessary or desirable, they may also engage professional advisers (including an independent financial adviser) to advise them on matters relating to the Deed of Non-competition (including as to whether or not to exercise the options and the terms on which such options should be exercised) or on any business opportunities which may be referred to us by the Original Shareholders and Greentown Holdings Group.

- The exercise of any options pursuant to the Deed of Non-competition would constitute a connected transaction pursuant to the Listing Rules. We will comply with all requirements of the Listing Rules in relation to such connected transactions, including obtaining independent shareholder approval where relevant. We will also announce any decision to exercise or not exercise the options as required by the Listing Rules. When considering the exercising or non-exercise of any options contained in the Deed of Non-competition, our independent non-executive Directors will take into account various factors including:
  - (i) whether the legal issues relating to the title of the land have been adequately resolved such that it would be appropriate for us to acquire and pursue such project;
  - (ii) whether consents from the joint venture partners can be obtained;
  - (iii) whether the project accords with our then current development strategy; and/or
  - (iv) whether the project has reached a sufficiently progressed stage that it would be in the interest of our shareholders as a whole to exercise the options.
- Our independent non-executive Directors will annually review all the decisions taken in each quarter of the year in relation to whether to exercise the options pursuant to the Deed of Non-competition and whether to pursue any business opportunities which may be referred to us by the Original Shareholders and Greentown Holdings Group, and disclose such decisions and the rationale for them in our annual report. Disclosure of the development status of the Non-inclusion Projects will also be made in our annual reports for as long as Greentown Holdings Group remains interested in the relevant Non-inclusion Projects.

**Non-inclusion projects**

Since the consummation of the Reorganization, the Non-inclusion Projects have been retained by Greentown Holdings Group. Pursuant to the Deed of Non-competition, these property projects will continue to be developed and eventually sold by Greentown Holdings Group, within and to the extent of the proposed GFA as described below, unless and until we have exercised the option to purchase any attributable interest in such Non-inclusion Projects. Except for the Non-inclusion Projects, Greentown Holdings Group and the Original Shareholders and their affiliates will not engage in any new property development project that competes or may compete with us.

The guiding principles we applied during the Reorganization for deciding which properties to be included within our company were as follows:

- (a) the relevant properties had to conform with our development strategy and business model;
- (b) one of the following conditions had to be met in respect of the relevant properties:
  - (i) land use rights certificates had been obtained;
  - (ii) where land use rights certificates had not yet been obtained, there should be valid and enforceable land use rights grant contracts; or
  - (iii) where land use rights grant contracts had not yet been entered into, either bidding process and negotiations for the acquisition of the land should have been initiated, with payment of bidding deposit made, where relevant, or project approval (立項) obtained from the relevant government authorities; and
- (c) where Greentown Holdings Group held a minority interest in a development, the majority joint venture partner did not have any legal right to prevent the transfer of the interest to us.

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## BUSINESS

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Our business model currently involves the development and subsequent sale of residential properties. Under PRC laws and regulations, we are required to obtain the land use rights before we develop the relevant properties. In addition, the limited amount of commercial properties that we are developing are office buildings and hotels but are not commercial buildings. We do not consider development of commercial properties as our core pursuit. Our development strategies are described in the section “Business — Our Business Strategies.”

The Non-inclusion Projects do not fulfil the criteria set out in (a), (b), or (c) above. Specifically in relation to criterion (b) above, there are title issues with properties set out in paragraphs (B) to (D) (for further details, see descriptions below) and there are no clear procedures for rectification of these problems. In respect of the properties set out in paragraphs (E) to (H), the joint venture partner has not given consent to the transfer.

As described in “Business — Relationship with our Original Shareholders — Non-competition Undertaking,” if and when:

- the title issues can be resolved;
- any joint venture partner consents (where necessary) are obtained;
- it is in our best interests to do so; and
- we consider that the project accords with its then current development strategy;

we will consider exercising our option to acquire the attributable interest in the relevant Non-inclusion Project.

The Non-inclusion Projects fall into three categories. The property project set out in paragraph (A) below has not been included in our business because we have decided not to pursue this development. Greentown Holdings Group has sold its interest in this project to avoid competition. The property projects set out in paragraphs (B), (C) and (D) below have not been included in our business because Greentown Holdings Group only has contractual interests in such properties. No legal title to such properties have been obtained by Greentown Holdings Group owing to uncertainties regarding the permitted use of the land or transfer restrictions. We will not pursue such projects unless and until such obstacles can be removed. In addition, joint venture partner consent is required for the transfer of the relevant attributable interests in (B) to (D) and the joint venture partners have indicated to Greentown Holdings Group that they will not consent to such transfer. The property projects set out in paragraphs (E), (F), (G) and (H) below have not been included in our business because Greentown Holdings Group has not been able to obtain consent from the relevant joint venture partners. For each of the property projects in (E) to (H), Greentown Holdings Group holds a minority equity interest and has no management control. The respective remaining interests are beneficially owned by independent third parties which have refused to allow Greentown Holdings Group to transfer its respective interests in those projects to us. The joint venture partner in respect of the property projects in (E) to (G) is a body corporate. The joint venture partner in respect of the property project in (H) is an individual.



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## BUSINESS

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Details of the Non-inclusion Projects are as follows:

- (A) the development of Anzhenqiao Building Complex (安貞橋綜合樓), a commercial building, in Beijing with a proposed GFA of 20,550 square meters by Beijing Tianan Greentown Property Development Company Limited (北京天安綠城房地產開發公司) ("Beijing Tianan"), formerly a 70% subsidiary of Greentown Holdings Group. This project has been disposed of by Greentown Holdings Group and no potential competition exists with us. We have provided further explanations on our disposal below.
- (B) the development of Blue Coast (藍色港灣) in Chaoyang District of Beijing with a proposed GFA of 61,594 square meters by Beijing Dongfang Yihua Property Development Company Limited (北京東方怡華房地產開發公司) ("Dongfang Yihua"), a 30% associate of Greentown Holdings Group. Dongfang Yihua has entered into a joint development contract with Chaoyang State Farm (朝陽農場) ("Chaoyang State Farm"), a local state farm to develop the land. The land is held by Chaoyang State Farm and its designated land use is agricultural. Pending the change of the land use, the land cannot be used for residential development. At present, there is no indication that Dongfang Yihua is able to obtain the governmental approval for the change of the designated land use within a short time. Assuming the land use has been changed, Dongfang Yihua would further need to participate in a public tender process to acquire the land. This project therefore does not fulfil criterion (b) of our Reorganisation principles and was excluded in the Reorganization. Furthermore, the joint venture partner in the project company has indicated that it would not consent to a transfer of Greentown Holdings Group's interest in the project company and this project therefore does not fulfil criterion (c) of our Reorganization principles. Construction has not begun on this development. Due to the title issue outlined above and the uncertainty whether and when this project will commence development, we consider the potential competition risk with us is currently remote.
- (C) the development of Huanglong Commercial Complex (黃龍商貿樓), a commercial building, in Hangzhou with a proposed GFA of 120,000 square meters by Hangzhou Zijin Industrial Investment Company Limited (杭州紫金實業投資有限公司) ("Hangzhou Zijin"), a 20% associate of Greentown Holdings Group. The other beneficial interests of Hangzhou Zijin are held by Zhejiang Century Square Investment Company Limited (浙江世紀廣場投資有限公司) ("Zhejiang Century Square"), a 40% associate of Greentown Holdings Group, on trust for an independent third party and Hangzhou Huanglong Joint-stock Economic Cooperative (杭州黃龍洞股份經濟合作社) (the "Huanglong Cooperative"). The land occupied by Huanglong Commercial Complex was obtained by the Huanglong Cooperative, which is a collectively owned enterprise under the PRC law. As advised by our PRC counsel, T&C Law Firm, the land owned by such a collectively owned enterprise is subject to certain transfer restrictions and is not freely transferable without consent of two-thirds of all the farmers within Huanglong Cooperative. Therefore, instead of transferring the land to Hangzhou Zijin, the land will instead be leased to Hangzhou Zijin which has a right to sub-lease to third parties. Hangzhou Zijin will lease the land from Huanglong Cooperative for a period of 40 years upon the completion of construction of Huanglong Commercial Complex. Currently, as the construction of Huanglong Commercial Complex has not commenced, the detailed terms of lease of the land from Huanglong Cooperative by Hangzhou Zijin is still subject to further negotiation. The business model of Hangzhou Zijin contrasts with our business model of solely or jointly owning our properties and selling rather than leasing the developed properties. Furthermore, the Huanglong Commercial Complex will be a multiple commercial uses complex whereas our commercial buildings are office buildings. As such, this project does not conform with our development strategy and therefore does not conform with criterion (a) of our Reorganization principles. In addition, Hangzhou Zijin has only a leasehold contractual arrangement and will not own any land use rights. It therefore does not fulfil criterion (b) of

our Reorganization principles. Furthermore, the joint venture partner in the project company has indicated that it would not consent to a transfer of Greentown Holdings Group's interest in the project company and this project therefore does not fulfil with criterion (c) of our Reorganization principles. As described above, the business model for this development is very different from ours, and the actual nature of the development also differs from our commercial office properties. Therefore, we do not consider that there will be competition between this project and our principal business. Currently, the construction plan of Huanglong Commercial Complex has not been finalized and there is no concrete timetable for the completion of construction of Huanglong Commercial Complex.

- (D) the development of Huanglong Century Plaza, a commercial building, in Hangzhou with a proposed GFA of 80,700 square meters by Zhejiang Century Square, a 40% associate of Greentown Holdings Group. The other equity interests of Zhejiang Century Square are owned by an individual and Huanglong Cooperative. Construction of Huanglong Century Plaza was completed in 2002. The land currently used by Zhejiang Century Square is not state-owned land but collectively owned land, which is subject to transfer restrictions and Zhejiang Century Square may not transfer it freely. Zhejiang Century Square has instead leased the land from Huanglong Cooperative for a period of 45 years commencing from March 31, 2002 and sub-leased it to third parties. Substantially all of the rentals and sub-rentals have already been collected and such profits have been distributed between the joint venture partners of Zhejiang Century Square. Therefore, the project company is simply holding a lease and sub-lease contract, with insignificant revenues to be obtained. This project does not conform with our development strategy and therefore does not conform with criterion (a) of our Reorganization principles. It also does not conform with criterion (b) of our Reorganisation principles as Zhejiang Century Square does not own the land use rights. Furthermore, the joint venture partner in the project company has indicated that it would not consent to a transfer of Greentown Holdings Group's interest in the project company and this project therefore does not fulfil criterion (c) of our Reorganization principles. As described above, Zhejiang Century Square is operating on a lease and sub-lease contract. In light of the above, we do not consider that there will be competition between this project and us.
- (E) the development of Deqing Baihe Apartments (德清百合公寓) in Deqing of Zhejiang Province with a proposed GFA of 209,922 square meters and saleable GFA of 161,005 square meters by Deqing Greentown Xizi Property Development Company Limited, an associate indirectly held as to 24.5% by Greentown Holdings Group through Zhejiang Zhongqinglv Greentown Real Estate Investment Company Limited ("Zhongqinglv Real Estate") (a 49% associate of Greentown Holdings Group). This project was excluded in the Reorganization because joint venture partner consent was required for the transfer and was not obtained and it therefore did not conform with criterion (c) of our Reorganization principles. Construction commenced on September 1, 2005, is expected to be completed in June 2009 and pre-sales commenced from December 1, 2005. We do not currently have any developments (actual or proposed) in Deqing. If we ever in the future decide to develop any properties in Deqing, it will take some time before such new developments are constructed and pre-sales begin. It is therefore unlikely that the sales of any future developments by us in Deqing would overlap with this project, and we thus consider that there will not be material competition between this project and us.
- (F) the development of Deqing Guihua City (德清桂花城) in Deqing of Zhejiang Province with a proposed GFA of 305,163 square meters and saleable GFA of 256,788 square meters by Deqing Greentown Zhongtian Property Development Company Limited, an associate indirectly held as to 46.6% by Greentown Holdings Group through Zhongqinglv Real Estate. This project was excluded in the Reorganization because joint venture partner consent was required for the

transfer and was not obtained and it therefore did not conform with criterion (c) of our Reorganization principles. Construction commenced on December 1, 2004, is expected to be completed in December 2008 and pre-sales commenced from April 2, 2005. We do not currently have any developments (actual or proposed) in Deqing. If we even in the future decide to develop any properties in Deqing, it will take some time before such new developments are constructed and pre-sales begin. It is therefore unlikely that the sales of any future developments by us in Deqing would overlap with this project, and we thus consider that there will not be material competition between this project and us.

- (G) the development of Greentown Baihe Apartments (綠城百合公寓) in Zhengzhou of Henan Province with a proposed GFA of 425,968 square meters and saleable GFA of 334,000 square meters by Henan Zhongzhou Greentown Real Estate Investment Company Limited, an associate indirectly held as to 37.7% by Greentown Holdings Group through Zhongqinglv Real Estate. This project was excluded in the Reorganization because joint venture partner consent was required for the transfer and was not obtained and it therefore did not conform with criterion (c) of our Reorganization principles. Construction commenced on July 1, 2005, is expected to be completed in December 2008 and pre-sales commenced from April 1, 2006. We do not currently have any developments (actual or proposed) in Henan Province. If we ever in the future decide to develop any properties in Henan Province, it will take some time before such new developments are constructed and pre-sales begin. It is therefore unlikely that the sales of any future developments by us in Henan Province would overlap with this project, and we thus consider that there will not be material competition between this project and us.
- (H) the development of a villa project located in Huadu District of Guangzhou in Guangdong Province with a proposed GFA of 90,222 square meters by Guangzhou Lvshanhu Property Development Company Limited (廣州綠山湖房地產開發有限公司), a 20% associate of Greentown Holdings Group. This project was excluded in the Reorganization because joint venture partner consent was required for the transfer and was not obtained and it therefore did not conform with criterion (c) of our Reorganization principles. Construction has not yet commenced. We do not currently have any developments (actual or proposed) in Guangdong Province. If we ever in the future decide to develop any properties in Guangdong Province, it will take some time before such new developments are constructed and pre-sales begin. It is therefore unlikely that the sales of any future developments by us in Guangdong Province would overlap with this project, and we thus consider that there will not be material competition between this project and us.

The management team of the project companies holding the Non-inclusion Projects are different from ours. There is no overlap between the board composition of those project companies holding Non-inclusion Projects and our Board.

In relation to the project set out in paragraph (A), pursuant to an equity interest transfer agreement dated April 26, 2006, Greentown Holdings Group and its joint venture partner agreed to transfer their entire equity interests in Beijing Tianan to two individuals who are independent third parties. Anzhenqiao Building Complex is an office building development project with a proposed GFA of approximately 20,500 square meters located in central Beijing. Pursuant to an approval document (2004 Gui Yi Zhi No. 0061) of the local city planning authority, the construction of Anzhenqiao Building Complex is required to be in harmony with another building located in the vicinity as these two buildings are subject to integrated planning and construction requirements. This requires a substantial amount of coordination with the other building, which has led to the slow progress of this project. As our development strategy is primarily focused on residential property development rather than office building development and in light of the abovementioned issues, we took a commercial decision not to pursue this project and Greentown Holdings Group has sold its interests in this project to avoid potential competition. As Greentown Holdings Group has disposed of its interest in Anzhenqiao Building Complex, we have no information as to the current development status of the project.

### CONNECTED TRANSACTIONS

Greentown Holdings Group is a company established and controlled by the Original Shareholders. Greentown Holdings Group and other associates of the Original Shareholders constitute our connected persons pursuant to the Listing Rules. We have entered into a number of continuing agreements and arrangements with the Original Shareholders and Greentown Holdings Group in our ordinary and usual course of business. Upon the listing of the Shares on the Stock Exchange, the following transactions will constitute continuing connected transactions under the Listing Rules.

#### Exempt Continuing Connected Transactions

##### **Trademarks Licence**

Greentown Holdings Group is the registered owner of the trademarks and service marks of “綠城” (Greentown) and “綠城房產” (Greentown Real Estate) in the form of Romanized spelling, Chinese characters (including the simplified and traditional forms) as well as in the form of logos (the “Trademarks”) in China. We and Greentown Holdings Group have entered into a trademarks license agreement (the “Trademarks License Agreement”) dated June 22, 2006, pursuant to which Greentown Holdings Group has granted us an irrevocable and exclusive right to use the Trademarks in our property development business.

Pursuant to the Trademarks License Agreement, except for the Non-inclusion Projects and Linping Guihua City project which is owed by independent third parties, where Greentown Holdings Group allowed those projects to use the Trademarks, Greentown Holdings Group may not use and may not permit any person other than us to use the Trademarks in any property development business that competes or may compete with us in China. In addition, Greentown Holdings Group shall not register or use or permit any person other than us to register or use trademarks similar to the Trademarks in any property development business that competes or may compete with us in China. The Trademarks have been licensed to us on a royalty-free basis within the valid registration period of such Trademarks. Greentown Holdings Group has agreed to maintain at its own cost the registration of such Trademarks, including extensions from time to time of such registration of the Trademarks upon their expiration. Greentown Holdings Group has also agreed to be responsible for any expenses for enforcement against any infringement of the licensed Trademarks by any third parties. The term of the Trademarks License Agreement is ten years subject to an automatic extension for a further ten years if so requested by us one month before the expiring date.

As the grant of rights to use the Trademarks by Greentown Holdings Group to us is on a free-of-charge basis, the transactions under the Trademarks License Agreement are exempted from the reporting, announcement and independent shareholders’ approval requirements applicable to continuing connected transactions under Chapter 14A of the Listing Rules as it falls within the *de minimis* threshold under Rule 14A.33 of the Listing Rules.

##### **Deed of Non-competition**

We have also entered into the Deed of Non-competition with our Original Shareholders and Greentown Holdings Group. Pursuant to the Deed of Non-competition, the Covenantors (as defined above) undertook that they will not, and shall procure their controlled affiliates not to, engage in any business that competes or may compete with us and granted us an option to acquire their attributable interests in the Non-inclusion Projects. See “Business — Relationship with our Original Shareholders — Non-competition undertaking.”

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## CONNECTED TRANSACTIONS

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### **Non-exempt Continuing Connected Transactions**

On June 22, 2006, our Original Shareholders and Greentown Holdings Group entered into a comprehensive services agreement (the “Comprehensive Services Agreement”) with us relating to the transactions set out in (C), (D) and (E) below. The Comprehensive Services Agreement is for a term of three years commencing from January 1, 2006 and may be renewed upon mutual agreement among the parties.

#### **(A) *Properties leases***

Zhejiang Century Square Investment Company Limited is owned as to 40% by Greentown Holdings Group. It is therefore an associate of Greentown Holdings Group and our connected person for the purpose of the Listing Rules.

Prior to the Global Offering, Greentown Holdings Group and Zhejiang Century Square Investment Company Limited leased to us certain premises and properties for general commercial uses. The buildings and properties leased by us from Greentown Holdings Group and Zhejiang Century Square Investment Company Limited comprise several floors of Huanglong Century Plaza located at No. 1 Hangda Road in Hangzhou with an aggregate GFA of 4,758 square meters.

We intend to continue to occupy these premises following the Global Offering. Therefore, we have entered into a properties leasing agreement on June 22, 2006 with Greentown Holdings Group and a properties leasing agreement on June 22, 2006 with Zhejiang Century Square Investment Company Limited (collectively, the “Properties Leasing Agreements”) regarding the terms and conditions for the continued lease of these properties. The leases are for a period of three years from January 1, 2006. The aggregate annual rental payable pursuant to the Properties Leasing Agreements is Rmb 6.35 million. There are no rent review provisions.

DTZ, an independent valuer, has confirmed that the rental payments under the Properties Leasing Agreements reflect the prevailing market rates and the terms of the agreements are fair and reasonable to us.

#### *Historical transaction values*

Historically, we were not required to pay rental fees to Greentown Holdings Group or Zhejiang Century Square Investment Company Limited for the lease of the properties which are the subject matter of the Properties Leasing Agreements.

#### *Annual Caps*

Pursuant to the terms of the Properties Leasing Agreements, our annual rental payable in respect of the Properties Leasing Agreements will be Rmb 6.35 million in each year of the three years ending December 31, 2008, which are accordingly determined as our annual caps.

#### **(B) *Football club advertising services***

Greentown Holdings Group owns 100% of a football club, namely Zhejiang Greentown Football Club Company Limited (浙江綠城足球俱樂部有限公司) (the “Greentown Football Club”). Greentown Football Club is therefore an associate of Greentown Holdings Group and our connected person for the purpose of the Listing Rules.

Greentown Football Club is one of the professional football clubs in China which is participating in football matches within the China Football League A at present. We have historically entered into advertising arrangements with Greentown Football Club, pursuant to which our Greentown Real Estate (綠城房產) brand name has been advertised by Greentown Football Club at its football games and

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## CONNECTED TRANSACTIONS

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events. Our Directors believe that this marketing campaign has been successful and has allowed our brand name to be publicized to spectators and the wider public through various public media reporting on the football events.

In view of past successful experience, we intend to continue to maintain an advertising cooperation relationship with Greentown Football Club after the Global Offering. Pursuant to an advertising services agreement entered into between Greentown Football Club and us (the "Advertising Services Agreement") dated June 22, 2006, we will pay annual advertising fees to Greentown Football Club in return for its advertising the brand name of Greentown Real Estate. The annual advertising fees shall be agreed between the parties each year. We will consider various factors when determining the fees, including comparable advertising rates for similar campaigns, our advertising focus and the level and quality of publicity we expect to obtain from such events. Pursuant to the Advertising Services Agreement, Greentown Football Club is required to use the name of Greentown Real Estate only in all of its publicity materials and prominently show the same in its players' sportswear and is also required to publish press articles including the name on designated newspapers, television programs and websites within each year. Our Directors believe the Advertising Services Agreement has been entered into in the ordinary and usual course of our business and the advertising services are conducted on normal commercial terms and are fair and reasonable and in the interest of our shareholders as a whole. The Advertising Services Agreement is for a term of three years commencing from January 1, 2006.

### *Historical transaction value*

For the three consecutive years ended December 31, 2005, the aggregate fees for the advertising services provided by Greentown Football Club to us were approximately Rmb 36,574,000, Rmb 34,520,000 and Rmb 14,329,000, respectively. In the year of 2005, one of our affiliates, Hangzhou Jimei Property Development Company Limited ("Hangzhou Jimei") that was held by Greentown Real Estate as to a 30% equity interest and not consolidated within our company had a strong marketing requirement for its properties. Hangzhou Jimei completed Qilixiang Greek Villas in June 2005. As a large villa project located in remote suburban areas of Hangzhou, Qilixiang Greek Villas had a strong marketing and advertising demand to facilitate its sales. Upon arm's length negotiations between Hangzhou Jimei and Greentown Football Club, Greentown Football Club agreed to advertise the project by way of prominently displaying the name and photos of Qilixiang Greek Villas in its publicity activities. As a result, substantial advertising resources of Greentown Football Club were used by Hangzhou Jimei and our use of such advertising resources for such purposes declined in 2005. Accordingly, we decided to reduce the use of advertising services from Greentown Football Club in the same year so that the affiliate could use some of the advertising services from Greentown Football Club. Aggregate advertising fees of approximately Rmb 13,701,500 were paid by the affiliate in 2005 to Greentown Football Club.

### *Annual caps*

In determining the annual caps of the advertising fees payable to Greentown Football Club, we have considered various factors such as the level and quality of publicity expected from Greentown Football Club, as well as the prevailing market rate of other similar football clubs in the same league in providing similar advertising and promotion services. Furthermore, Greentown Football Club is targeting an advance into China Football Super League, which our Directors believe is likely following the 2006 season in view of its current performances. If the Greentown Football Club can advance into China Football Super League, it will attract more attention both from media and spectators and the corresponding level and quality of publicity for us from its advertising campaign is expected to be enhanced. Pursuant to the Advertising Services Agreement, the aggregate annual advertising fees payable to Greentown Football Club will vary depending on which league it plays in. The advertising fees

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## CONNECTED TRANSACTIONS

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currently payable to Greentown Football Club for 2006 are Rmb 31,500,000. If Greentown Football Club fails to qualify for China Football Super League in the next football season, the annual advertising fee will be reduced to Rmb 29,000,000 (assuming it retains its status as a football team in China Football League A) or Rmb 20,000,000 (assuming it downgrades to China Football League B). If Greentown Football Club successfully advances into China Football Super League, with reference to the market rate of other football clubs in China Football Super League in providing similar advertising and promotion services, we will pay an annual advertising fee of Rmb 40 million to Greentown Football Club in 2007 and 2008, which accordingly are determined as our annual caps.

### (C) ***Interior decoration services***

The Original Shareholders, through their associates, have historically provided and will continue to provide interior decoration services to us for our property development. These associates of Original Shareholders include Hangzhou Greentown Decoration and Design Company Limited ("Greentown Decoration"), a company owned as to 86.7% by Ms. Xia, one of our Original Shareholders, Hangzhou Greentown Decoration Engineering Company Limited, a company owned as to 90% by Ms. Xia, and Zhejiang Huaneng Decoration Engineering Company Limited, a subsidiary of Greentown Decoration. In China, it is a common practice for property developers to engage external providers to conduct interior decoration for their developed properties. We historically have not conducted any interior decoration business ourselves and have no special expertise in such area. In view of our past successful long-term working relationship with affiliates of the Original Shareholders in this area, we believe that the Original Shareholders and their affiliates are able to provide quality and cost-effective interior decoration services to us on a continuing basis. Following the Global Offering, these services will be provided pursuant to the Comprehensive Services Agreement.

Pursuant to the Comprehensive Services Agreement, our Original Shareholders have agreed to provide interior decoration services to us upon terms not less favorable than those they offer to any third parties from time to time, but we are not obliged to use such services exclusively or at all from our Original Shareholders or their affiliates. By serving three months' prior written notice, we may terminate the interior decoration service provided by our Original Shareholders or their affiliates in respect to any project. Our Directors believe the interior decoration services provided by our Original Shareholders and their affiliates are in the ordinary and usual course of our business and are conducted on normal commercial terms and are fair and reasonable and in the interest of our shareholders as a whole.

### *Historical transaction value*

For the three consecutive years ended December 31, 2005, the aggregate fees for the interior decoration services provided by associates of our Original Shareholders to us were approximately Rmb 26,777,000, Rmb 20,798,800 and Rmb 20,859,000, respectively. Historically, we used interior decoration services primarily for lobbies of our high-rise buildings, property sales centers and club houses. Most of our residential properties did not require such services as most of them were delivered to customers without interior decoration. The demand for such interior decoration services varied during the three years due to fluctuations in relative contributions of our club houses and lobbies of high-rise buildings to our total properties developed. In 2003, the historical transaction value was comparatively higher than 2004 and 2005 due to strong demand for interior decoration services for club houses and lobbies of high-rise buildings.

### *Annual caps*

We expect our total interior decoration services procurement will be increased significantly since we are planning to increase our development of fully decorated residential properties. Out of the expected increase in our total procurement for interior decoration services, we expect the proportion sourced



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## CONNECTED TRANSACTIONS

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from connected persons will be reduced as we are likely to source most of such services in respect of fully decorated residential properties from independent third parties. We also expect a continued increase in delivery of our office premises and residential properties with lobbies and club houses resulting from our growth of operations. Out of interior decoration services procurement in respect of these office premises, and lobbies and club houses of residential properties, we expect the proportion sourced from connected persons to remain steady as we think the services provided by the associates of our Original Shareholders have historically been satisfactory. Based on the historical transaction values and taking into account our projected growth, our Directors estimate that, pursuant to the Comprehensive Services Agreement, our annual fees in respect of interior decoration services to be provided by Greentown Holdings Group to us for the three years ending December 31, 2008 would not exceed Rmb 30 million, Rmb 40 million, and Rmb 50 million, respectively, which accordingly are determined as our annual caps.

### **(D) *Property management services***

We do not engage in property management services. The property management services, although property-related, are labor-intensive and require long-term dedication to make the business a satisfactory accommodation to property owners. Our Directors do not consider property management services as part of our core pursuit or our business development target. It is a common practice for property developers in China to engage external property management service providers to render professional property management services for their property developments. Greentown Holdings Group, through its subsidiary, Zhejiang Greentown Property Management Company, is one of the service providers we engage to provide property management services in respect of our projects. Prior to delivery of properties to our customers, Greentown Holdings Group provides pre-delivery property management services (including certain property management advisory services, security services and other related services) to us. Following delivery of the properties to our customers, such property management services are no longer provided to us, but are contractually or legally provided to the customers by Greentown Holdings Group, which therefore do not constitute connected transactions. The provision of pre-delivery property management services by Greentown Holdings Group constitutes a connected transaction. Following the Global Offering, these services will be provided pursuant to the Comprehensive Services Agreement.

Pursuant to the Comprehensive Services Agreement, Greentown Holdings Group has agreed to provide pre-delivery property management services to us upon terms not less favorable than those it offers from time to time to third parties. We are not obliged to engage the services from Greentown Holdings Group on an exclusive basis or at all. By serving a three months' prior written notice, we may terminate property management services provided by Greentown Holdings Group in respect of any of our projects. Our Directors believe the property management services provided by Greentown Holdings Group are contracted in the ordinary and usual course of our business and are conducted on normal commercial terms and are fair and reasonable and in the interest of our shareholders as a whole.

### *Historical transaction value*

For each of the three consecutive financial years ended December 31, 2005, the payments we made for the aforesaid services provided by Greentown Holdings Group to us were approximately Rmb 1,908,000, Rmb 2,830,000 and Rmb 5,874,000, respectively. The increase in historical transaction values for property management services was due to the increase in delivery of properties during the Relevant Period.



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## CONNECTED TRANSACTIONS

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### *Annual caps*

We expect that our requirement for pre-delivery property management services will increase broadly in line with any increase in the number of properties we develop. We do not currently anticipate that there will be major changes in the percentage of property management services provided by Greentown Holdings Group out of our total property management services procurement, since its service levels have historically been satisfactory, and we believe that Greentown Holdings Group will continue to be able to provide services to us in line with our anticipated growth of such service requirements. Therefore, we expect that the value of property management services from Greentown Holdings Group will increase broadly in line with our projected increase in properties developed. In particular, it is expected that 12 projects will be completed in 2006, with a total GFA of 1,257,235 square meters, representing a significant increase from the seven projects completed in 2005, with a total GFA of 663,483 square meters. Further, it is expected that 20 projects will be completed in 2007 with a total GFA of 1,748,164 square meters and 17 projects will be completed in 2008 with a total GFA of 1,776,649 square meters, subject to further adjustments and changes that we may make from time to time. Based on the above historical transaction values and taking into account our projected growth, our Directors estimate that our annual expenditures in respect of property management services provided by Greentown Holdings Group to us under the Comprehensive Services Agreement for the three years ending December 31, 2008 will not exceed Rmb 11 million, Rmb 12 million and Rmb 14 million, respectively, which accordingly are determined as our annual caps.

### **(E) Supply of raw materials**

Historically, our Original Shareholders and Greentown Holdings Group provided certain construction materials to us, including aluminum alloy fixtures and fittings, landscaping materials and steel. The aluminum alloy fixtures and fittings were manufactured and supplied by Hangzhou Greentown Aluminum Product Company Limited, a company majority owned by Ms. Xia, one of our Original Shareholders. In 2005, our purchase of aluminum alloy fixtures and fittings from Hangzhou Greentown Aluminum Product Company Limited amounted to approximately Rmb 57.2 million. Ms. Xia disposed of her whole equity interest in Hangzhou Greentown Aluminium Product Company Limited to an independent third party on March 30, 2006. The purchase of aluminum alloy fixtures and fittings thus will not constitute connected transactions after the Global Offering. We also purchased steel from Hangzhou Jihe Group Company Limited, a company majority owned by a director of our subsidiary, Haining Greentown Xinghu Property Development Limited. In 2005, such purchase of steel amounted to approximately Rmb 27,362,300. We will cease to purchase any steel from connected persons from June 2006.

Greentown Holdings Group, through its associates, currently is providing certain landscaping materials to us. Such materials consisted primarily of plants used for outside landscaping of our property developments, particularly, for our villas. Following the Global Offering, these materials will be provided pursuant to the Comprehensive Services Agreement.

Pursuant to the Comprehensive Services Agreement, Greentown Holdings Group has agreed to provide such materials to us upon terms not less favorable than those it offers from time to time to any third parties. We are not obliged to purchase the landscaping raw materials exclusively from Greentown Holdings Group or at all. By serving a three month's prior written notice, we may terminate the supply of landscaping raw materials from Greentown Holdings Group in relation to any specific supply contract.

Our Directors believe the acquisition of landscaping raw materials is in the ordinary and usual course of our business, is conducted on normal commercial terms and is fair and reasonable and in the interest of our shareholders as a whole.

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## CONNECTED TRANSACTIONS

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### *Historical transaction value*

Prior to 2005, Greentown Holdings Group did not supply the landscaping raw materials to us. Our aggregate cost for purchase of landscaping materials from Greentown Holdings Group was approximately Rmb 1,136,500 in 2005. Greentown Holdings Group was not among our top five suppliers in the year ended December 31, 2005.

### *Annual caps*

We expect that our requirement for landscaping raw materials will increase broadly in line with any increase in the number of properties we develop. We do not currently anticipate that there will be major changes in the percentage of landscaping raw materials provided by Greentown Holdings Group out of our total procurement for such landscaping raw materials, since its supply has historically been satisfactory, and we believe that it will continue to be able to supply us in line with our anticipated growth in procurement requirements for such raw materials. Therefore, we expect that the value of landscaping raw materials supplied by Greentown Holdings Group will increase broadly in line with our projected increase in properties developed. Based on the historical transaction values and our projected growth, our Directors estimate that, pursuant to the Comprehensive Services Agreement, our annual cost in respect of purchase of landscaping raw materials to be supplied by Greentown Holdings Group for the three years ending December 31, 2008 would not exceed Rmb 2 million, Rmb 3 million, and Rmb 4 million, respectively, which accordingly are determined as our annual caps.

### **Waivers**

The transactions described in paragraphs (A) to (E) above constitute our continuing connected transactions under Rule 14A.35 of the Listing Rules. The applicable percentage ratios as defined in Rule 14A.10 of the Listing Rules and calculated with reference to the proposed annual caps each year shown above are less than 2.5%. As such, the non-exempt continuing connected transactions in paragraphs (A) to (E) above would normally require full reporting and announcement but exempt from the independent shareholders' approval. Our Directors, including the independent non-executive Directors, consider that disclosure and approval of these transactions in full compliance with the Listing Rules would be impracticable and, in particular, add unnecessary administrative costs to us. In addition, our Directors believe that it is in our interests to continue with these transactions after the listing of our Shares on the Stock Exchange. They also believe that such transactions are conducted upon normal commercial terms and are fair and reasonable and in the interests of our shareholders as a whole. Our Directors (including independent non-executive Directors) are also of the view that the annual caps of all of the non-exempt continuing connected transactions in paragraphs (A) to (E) above are fair and reasonable. We have applied for and the Stock Exchange has granted us waivers from strict compliance with the announcement and (where applicable) independent shareholders' approval requirements of the Listing Rules in respect of each of these transactions subject to the aggregate value of each of these non-exempt continuing connected transactions for each financial year not exceeding the relevant annual cap amount set forth in the respective caps stated above.

In applying for the waivers, we have agreed that we will comply with the requirements set out in Chapter 14A of the Listing Rules.

### **Sponsor's view**

The Sponsor is of the view that the transactions and the annual caps described in paragraphs (A) to (E) above have been entered into and will be entered into in our ordinary and usual course of business and on normal commercial terms, are fair and reasonable and are in the interests of our shareholders as a whole.

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## DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

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### BOARD OF DIRECTORS

Our Board of Directors consists of nine Directors, five of whom are independent non-executive Directors. The powers and duties of our Board of Directors include: convening shareholders' meetings and reporting the Board's work at the shareholders' meetings, implementing the resolutions passed on the shareholders' meetings, determining our business plans and investment plans, formulating our annual budget and final accounts, formulating our proposals for profit distributions and for the increase or reduction of registered capital as well as exercising other powers, functions and duties as conferred by our Memorandum and Articles of Association. We have entered into service contracts with each of our executive Directors and independent non-executive Directors.

### Executive Directors

Song Weiping (宋卫平), aged 48, is the chairman of our Board. He is primarily responsible for the formulation of our development strategies, as well as supervising our project planning, design and marketing. Song Weiping graduated from Hangzhou University with a bachelor's degree in history in 1982. Between 1982 and 1994, he worked at various entities including CPC School of Zhoushan City and Hangzhou Qiantang Real Estate Company. He founded our company in January 1995. In 2004 and 2005, Mr. Song was honored with the Ten Leaders of the Residential Property Sector in Zhejiang Award (浙江省住宅產業十大領軍人物) jointly by the Zhejiang Daily (浙江日報社), the China Housing Industry Association (全國工商聯住宅產業商會) and Special Committee of the China Construction Industry Association (中國建築業協會專業委員會). In 2004, Mr. Song received the China Construction Architecture Award (Individual Contribution Award) (中國建築藝術獎(個人貢獻獎)). He is a vice-chairman of Zhejiang Provincial Real Estate Association (浙江省房地產協會).

Shou Bainian (壽柏年), aged 52, is the executive vice chairman of our Board and our chief executive officer. He is primarily responsible for our overall business operations and financial management. He graduated from Hangzhou University with a bachelor's degree in history in 1982. Between 1982 and 1998, he worked at the government office of Yin County of Zhejiang Province, the general office of Ningbo Municipal Government and China Huaneng Group's Zhejiang subsidiary. He joined us in April 1998. He is a vice-chairman of Hangzhou Real Estate Association (杭州市房地產協會).

Chen Shunhua (陳順華), aged 44, is an executive Director of our Board and our chief operating officer. He is primarily responsible for the management of our daily operations including human resources, sales and customer relations as well as the management of our property developments in east China. He received a diploma in management science and engineering from Zhejiang University in 1999 and a master's degree in business administration from the Open University of Hong Kong in 2002. Between 1991 and 1992, he worked at Zhejiang Radio & Television Engineering Company (浙江廣播電視工程公司) as a chief officer and a financial general manager. Between 1992 and 2002, he worked at Zhejiang Radio & Television Real Estate Limited (浙江省廣播電視房地產開發公司) as a chief accountant and general manager. He joined us in December 2002.

Guo Jiafeng (郭佳峰), aged 41, is an executive Director of our Board and one of our executive general managers. He is primarily responsible for our property developments in Beijing and central China. He is also the chairman of Hunan Greentown Investment & Property Co., Ltd. (湖南綠城投資置業有限公司) and the vice-chairman of Hangzhou Taohuayuan Real Estate Development Co., Ltd. (杭州桃花源房地產開發有限公司), two of our subsidiaries. He graduated from Zhejiang School of Construction (浙江建築工業學校) with a diploma in industrial and civil architecture in 1981. Between 1988 and 1994, he worked at various entities including Zhoushan Dinghai Construction Company (舟山定海縣建築公司) and Zhoushan Zhongnongxin Real Estate Company (舟山中農信房地產公司). He joined us in May 1999.

### Independent Non-executive Directors

Jia Shenghua (賈生華), aged 44, is an independent non-executive Director of our Board. He is currently an associate dean of the School of Management of Zhejiang University, as well as a director of Zhejiang University Property Research Center (浙江大學房地產研究中心). Mr. Jia is an independent non-executive director of Cosmos Group Co., Ltd. (廣宇集團股份有限公司), Zhejiang Jiali Technology Holding Ltd. (浙江佳力科技股份有限公司) and Zhejiang Huating Holding Ltd. (浙江華庭股份有限責任公司), as well as a consultant to Ningbo Fangtai Kitchenware Ltd (寧波方太廚具有限公司). Between 1989 and 1995, Mr. Jia taught and conducted research in property economics, property development, and enterprise management in China and Germany. Mr. Jia graduated from the Northwest Agricultural University (西北農業大學) with a doctorate degree in agricultural economics and management. He is currently a member of Zhejiang Enterprises Management Research Society (浙江省企業管理研究會), Hangzhou Land Academy (杭州市土地學會) and Zhejiang Land Academy (浙江省土地學會). He was appointed as our independent non-executive Director on June 22, 2006.

Jiang Wei (蔣偉), aged 43, is an independent non-executive Director of our Board. He is currently the director and chief financial officer of China Resources (Holdings) Company Limited ("CRC"), an integrated and diversified conglomerate with major business operations involving the manufacture and distribution of consumer products, property development, infrastructure, utilities and related industries. Mr. Jiang has a bachelor's degree in international trade and a master's degree in international business and finance, both from the University of International Business and Economics in Beijing, China. Mr. Jiang is a director of China Vanke Company Limited, a PRC listed company primarily engaging in property development business in China. He was formerly a non-executive director of China Resources Peoples Telephone Company Limited, a Hong Kong listed company. He is also a non-executive director of the following Hong Kong listed companies: China Resources Enterprise Limited, China Resources Land Limited, China Resources Cement Holdings Limited, China Resources Power Holdings Company Limited and China Assets (Holdings) Limited. Mr. Jiang has extensive experience in business planning and financial control. He was appointed as our independent non-executive Director on June 22, 2006.

Sze Tsai Ping, Michael (史習平), aged 61, is an independent non-executive Director of our Board. He is a member of the Disciplinary Appeals Committee of the Stock Exchange, a lay member of the Insider Dealing Tribunal and a committee member of the Hong Kong Stockbrokers Association Limited. He was formerly a council member of the Stock Exchange, a member of the Main Board Listing Committee of the Stock Exchange and a member of the SFC Appeals Panel. Mr. Sze is a non-executive director of Burwill Holdings Limited and an independent non-executive director of T. S. Telecom Technologies Limited as well as GOME Electrical Appliances Holding Limited, all of which are listed on the Stock Exchange. He is a certified public accountant, being an associate of the Institute of Chartered Accountants in England and Wales, a fellow of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants. He is also a fellow of the Hong Kong Institute of Directors Limited. He has over 30 years of experience in the financial and securities field. He was appointed as our independent non-executive Director on June 22, 2006.

Tsui Yiu Wa, Alec (徐耀華), aged 57, is an independent non-executive Director of our Board. He is currently the chairman of WAG Worldsec Corporate Finance Limited and vice-chairman of China Mergers and Acquisitions Association. He was formerly the chairman of the Hong Kong Securities Institute, the chief operating officer of the Hong Kong Exchanges and Clearing Limited, the chief executive of the Stock Exchange and the adviser and council member of the Shenzhen Stock Exchange. In the last three years, Mr. Tsui held past directorships in the following listed companies as an independent non-executive director: CITIC 21CN Company Limited, Value Convergence Holdings Limited, Techpacific Capital Limited and Stockmartnet Holdings Ltd. Currently he holds directorships in

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## DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

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the following listed companies as an independent non-executive director: Industrial & Commercial Bank of China (Asia) Limited, Vertex Communications & Technology Group Limited, China Chengtong Development Group Ltd., COSCO International Holdings Limited, China Power International Development Limited and Synergis Holdings Limited. He graduated from the University of Tennessee, United States, with a bachelor's degree in science and a master's degree in industrial engineering. He completed the Program for Senior Managers in Government at the John F. Kennedy School of Government of Harvard University. He has numerous years of experience in finance and administration, corporate and strategic planning, information technology as well as human resources management. He was appointed as our independent non-executive Director on June 22, 2006.

Tang Shiding (唐世定), aged 64, is an independent non-executive Director of our Board. Between 1992 and 2002, Mr. Tang served as the deputy director of Zhejiang Province Construction Department (浙江省建設廳). He is currently the chairman of Zhejiang Provincial Real Estate Association (浙江省房地產協會), a consultant of the Real Estate Association of China (中國房地產協會) and a specialist on the Comprehensive Real Estate Development Committee under the China Real Estate and Residence Research Society (中國房地產及住宅研究會房地產綜合開發委員會). Mr. Tang has also been a member of the Residential Guidance Working Committee of the China Civil Engineering Institute (中國土木工程學會住宅工程指導工作委員會) since December 2003. His publications include "Growth Pattern and Development Trend of the Real Estate Industry in Zhejiang" (浙江房地產成長模式和發展趨勢). Currently he holds directorships in the following A-Share listed companies in China as an independent non-executive director: Lander Real Estate Co., Ltd (萊茵達置業股份有限公司), Zhejiang Zhongda Group Co., Ltd (浙江中大集團股份有限公司), and Qianjiang Water Resources Development Co., Ltd. (錢江水利開發股份有限公司). Mr. Tang was appointed as our independent non-executive Director on June 22, 2006.

### COMPANY SECRETARY

Lam Kam Tong (林錦堂), aged 37, is our company secretary. Prior to joining the Group in May 2006, Mr. Lam was a senior manager of Deloitte Touche Tohmatsu and has over 14 years experience in professional audit firms. Mr. Lam graduated from the Chinese University of Hong Kong with a bachelor's degree in business administration. He is also a member of the Hong Kong Institute of Certified Public Accountants and Association of Chartered Certified Accountants.

### QUALIFIED ACCOUNTANT

Lam Kam Tong (林錦堂), aged 37, is employed as our financial controller and qualified accountant on a full-time basis as required under Rule 3.24 of the Listing Rules. See "— Company Secretary" above for his biography.

### SENIOR MANAGEMENT

Zhao Jinbiao (趙錦標), aged 58, is an executive general manager of our company. He is primarily responsible for the management of our property developments in Zhejiang Province. He is also the general manager of Hangzhou Greentown Real Estate Development Co., Ltd. (杭州綠城房地產開發有限公司). He graduated from Zhejiang University with a bachelor's degree in industrial and civil construction engineering in 1982. From 1982 to 1999, he worked at Zhejiang Provincial Planning and Economic Commission (浙江省計劃經濟委員會) and became the manager of its fixed assets investment department in 1996. He joined us in January 1999.

Ma Li (馬力), aged 48, is an executive general manager of our company. He is primarily responsible for supervising project construction, procurement of raw materials and development budgets. He is also the general manager of Hangzhou Jade City Real Estate Development Co., Ltd. (杭州翡翠城房地產開發有限公司). He graduated from Zhejiang University with a bachelor's degree in industrial and civil construction engineering in 1982. From 1982 to 1993, he worked at P&T Plan-design

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## DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

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Institute of Zhejiang Province (浙江省郵電規劃設計院) and acted as a deputy chief engineer from 1989 to 1992. From 1993 to 2000, he worked at Zhejiang Huaneng Real Estate Development Company (浙江華能房地產開發公司) and acted as its general manager from 1996 to 2000. He joined us in June 2000.

Chen Wei (陳維), aged 40, is an executive general manager of our company. He is primarily responsible for supervising project planning and interior design work. He is also the general manager of Hangzhou Zhongshan Real Estate Development Co., Ltd. (杭州中山房地產開發有限公司). He graduated from Zhejiang Industrial University with a diploma in industrial and civil architecture in 1987. He graduated from Shanghai Tongji University with a master's degree in architecture in 1994. From 1987 to 1998, he worked at Hangzhou Institute of Urban Construction Design (杭州市城建設計院) as an architect. From 1998 to 2002, he worked at Zhejiang Zhongda Group Real Estate United Co., Ltd. (浙江中大集團房地產聯合有限公司) as a deputy general manager and then a director. He joined us in June 2002.

Qian Xiaohua (錢曉華), aged 42, is an executive general manager of our company. He is primarily responsible for the management of our commercial property development. He is also the general manager of Shanghai Jingyu Real Estate Co., Ltd. (上海靜宇置業有限公司). He graduated from Beijing Institute of Aeronautics (北京航空學院) with a bachelor's degree in solid mechanics in 1984 and from China — Europe International Business School with a master degree in business administration in 2002. From 1995 to 2005, he worked at Shanghai Midway Infrastructure (Holdings) Limited (上海中橋基建(集團)股份有限公司) as a director and a chief executive officer. He joined us in February 2005.

Lam Kam Tong (林錦堂), aged 37, is the company secretary and qualified accountant of our company. See “— Company Secretary” above for his biography.

### **RULE 8.12 REQUIREMENTS**

According to Rule 8.12 of the Listing Rules, an issuer must have sufficient management presence in Hong Kong. In most circumstances, at least two of the issuer's executive directors must be ordinarily resident in Hong Kong. Since our operations are in mainland China, we do not and, for the foreseeable future, will not have management presence in Hong Kong. Currently, substantially all of our Directors reside in mainland China. Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver under Rule 8.12 of the Listing Rules. We will have certain internal arrangements in place to maintain effective communication between us and the Stock Exchange, including appointing Lam Kam Tong, a Hong Kong resident and our company secretary, and Shou Bainian, one of our executive Directors, as authorized representatives, to act at all times as our channel of communication with the Stock Exchange. They will make themselves available in Hong Kong whenever necessary to deal promptly with enquiries from the Stock Exchange. In addition, we have retained Platinum Securities Company Limited as compliance advisor to act as our principal channel of communication with the Stock Exchange for the duration of the compliance advisor's engagement, the material terms of which are set forth in “— Compliance Advisor” below.

### **BOARD AUDIT COMMITTEE**

We have established a Board audit committee in compliance with the Code of Corporate Governance Practices as set out in Appendix 14 to the Listing Rules. The primary duties of the audit committee will be to review and supervise our financial reporting process and internal control system and provide advice and comments to our Board of Directors. The audit committee consists of five members, all of whom are our independent non-executive Directors. The chairman of the audit committee is Mr. Tsui Yiu Wa, Alec.

### **BOARD REMUNERATION COMMITTEE**

We have set up a Board remuneration committee which consists of Jia Shenghua, Sze Tsui Ping, Michael and Chen Shunhua. The Board remuneration committee considers and recommends to our Board of Directors the remuneration and other benefits paid by us to our Directors and senior management. The remuneration of all our Directors and senior management is subject to regular monitoring by the Board remuneration committee to ensure that levels of their remuneration and compensation are appropriate.

### **BOARD NOMINATION COMMITTEE**

We have set up a Board nomination committee which consists of Sze Tsui Ping, Michael, Tsui Yiu Wa, Alec, Shou Bainian and Tang Shiding. The Board nomination committee considers and recommends to our Board of Directors suitably qualified persons to become our Board members and is responsible for reviewing the structure, size and composition of our Board on a regular basis.

### **COMPENSATION OF DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES**

We reimburse our Directors for expenses which are necessarily and reasonably incurred for providing services to us or executing their functions in relation to our operations. The executive Directors are also our employees and receive, in their capacity as our employees, compensation in the form of salaries and other allowances and benefits in kind.

The aggregate amount of salaries and other allowances and benefits in kind paid by us to our five highest paid individuals during the years ended December 31, 2003, 2004 and 2005 was approximately Rmb 1.4 million, Rmb 1.2 million and Rmb 2.9 million, respectively. Approximately Rmb 58,000, Rmb 73,000 and Rmb 198,000 were paid by us as our contribution to the pension schemes in respect of such individuals in the three years ended December 31, 2003, 2004 and 2005, respectively.

During the years ended December 31, 2003, 2004 and 2005, the aggregate amount of salaries and other allowances, pension scheme contributions and benefits in kind paid by us to or on behalf of all of our Directors was Rmb 0.6 million, Rmb 0.7 million, and Rmb 1.3 million, respectively.

Except as disclosed above, no other payments have been made or are payable, in respect of the years ended December 31, 2003, 2004 and 2005, by us or any of our subsidiaries to or on behalf of any of our Directors.

Under the arrangements currently in force, we estimate the aggregate remuneration, excluding discretionary bonus, of our Directors payable for the year ending December 31, 2006 to be approximately Rmb 2,390,000.

## DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

### EMPLOYEES

As of May 31, 2006, we had 1,035 full-time employees. Breakdowns of employees by function as of the same date were as follows:

Division	Number of employees				Total	Percentage of total
	Zhejiang	Shanghai	Beijing	Other regions		
Management . . . . .	80	14	9	16	119	11.50%
Administration . . . . .	62	18	13	14	107	10.34
Human resources . . . . .	20	5	2	3	30	2.90
Finance and auditing . . . . .	54	8	5	12	79	7.63
Construction . . . . .	284	39	42	65	430	41.55
Construction cost management	30	3	5	6	44	4.25
Marketing . . . . .	17	5	2	12	36	3.48
Sales . . . . .	94	25	19	33	171	16.52
Customer relations . . . . .	4	1	2	2	9	0.87
Others . . . . .	10	0	0	0	10	0.97
Total . . . . .	655	118	99	163	1,035	100.0%

We recruit our employees from Chinese universities, vocational schools and the public. As of May 31, 2006, over 80% of our 1,035 full-time employees had college or associate college degrees.

The remuneration package of our employees includes salary, bonus and other cash subsidies. In general, we determine employee salaries based on each employee's qualification, position and seniority. We have designed an annual review system to assess the performance of our employees, which form the basis of our determination on salary raise, bonus and promotion. We are subject to social insurance contribution plans organized by the PRC local governments. In accordance with the relevant national and local labor and social welfare laws and regulations, we are required to pay on behalf of our employees a monthly social insurance premium covering pension insurance, medical insurance, unemployment insurance and housing reserve fund. We believe the salaries and benefits that our employees receive are competitive in comparison with market rates.

Our employees do not negotiate their terms of employment through any labor union or by way of collective bargaining agreements. We believe our relationship with our employees is good. As of the Latest Practicable Date, no significant labor disputes which adversely affected or were likely to have an adverse effect on the operations of our business occurred.

We have adopted a share option scheme for our senior management and employees. See "Statutory and General Information — Other Information — Share Option Scheme" in Appendix VIII to this prospectus. As of the date of this prospectus, we have not granted any share option to any person.



**COMPLIANCE ADVISOR**

We have appointed Platinum Securities Company Limited as our compliance advisor upon listing of our Shares on the Stock Exchange in compliance with Rule 3A.19 of the Listing Rules. We have entered into a compliance advisor's agreement with Platinum Securities Company Limited, the material terms of which are summarized as follows:

- (a) we have appointed Platinum Securities Company Limited as our compliance advisor for the purpose of Rule 3A.19 of the Listing Rules for a period commencing on the date of listing of our Shares on the Stock Exchange 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 financial year ending December 31, 2007, or until the agreement is terminated, whichever is earlier;
- (b) Platinum Securities Company Limited shall provide us with services, including guidance and advice as to compliance with the requirements under the Listing Rules and applicable laws, rules, codes and guidelines, and to act as one of our principal channels of communication with the Stock Exchange;
- (c) we have agreed to indemnify Platinum Securities Company Limited for certain actions against it and losses incurred by it arising out of or in connection with the performance by Platinum Securities Company Limited of its duties under the agreement; and
- (d) we may terminate the appointment of Platinum Securities Company Limited as our compliance advisor only if its work is of an unacceptable standard as determined under the Listing Rules and the relevant laws and regulations or if there is a material dispute (which cannot be resolved within 30 days) over fees payable to it as permitted by Rule 3A.26 of the Listing Rules. Platinum Securities Company Limited will have the right to resign or terminate its appointment by service of a three-month notice to us if we materially breach the agreement.

## SUBSTANTIAL SHAREHOLDERS

So far as we are aware, the following persons will, immediately following the completion of the Global Offering and taking no account of any Shares which may be taken up under the Global Offering and assuming no exercise of the Over-allotment Option, have beneficial interests or short positions in any of our Shares or underlying Shares which would fall to be disclosed to us under the provisions of Divisions 2 and 3 of Part XV of the SFO.

Shareholder	Number of Shares held after Global Offering	Nature of Interest	Percentage of shareholding in us after Global Offering <sup>(1)</sup>
Song Weiping . . .	570,383,000 <sup>(2)</sup>	Deemed interest, interest of controlled corporations	43.92%
Xia Yibo . . . . .	570,383,000 <sup>(3)</sup>	Deemed interest, interest of controlled corporations	43.92%
Shou Bainian. . .	383,643,000	Interest of controlled corporations	29.54%
Delta House . . .	501,524,000	Beneficial owner	38.62%
Profitwise . . . .	383,643,000	Beneficial owner	29.54%

*Notes:*

- (1) If the Over-allotment Option is fully exercised, such percentages of shareholding by Song Weiping, Shou Bainian, Delta House and Profitwise will be 42.33%, 28.47%, 37.22% and 28.47%, respectively.
- (2) Includes deemed interest in 501,524,000 Shares held via controlled corporation, and deemed interest in 68,859,000 Shares held by Wisearn, a controlled corporation of his spouse, Xia Yibo. Ms Xia Yibo is similarly deemed to be interested in 570,383,000 Shares by virtue of her deemed interest in Shares held by Wisearn and Shares in which Song Weiping is interested.
- (3) Includes deemed interest in 68,859,000 Shares held via controlled corporation, and deemed interest in 501,524,000 Shares held by Delta House, a controlled corporation of her spouse, Song Weiping. Mr. Song Weiping is similarly deemed to be interested in 570,383,000 Shares by virtue of his deemed interest in Shares held by Delta House and Shares in which Xia Yibo is interested.

For details of our Directors' interests in our Shares immediately following the completion of the Global Offering, see "Statutory and General Information — Further Information about Directors, Management and Staff" in Appendix VIII to this prospectus.

Except as disclosed in this prospectus, we are not aware of any person that is not a Director who will, immediately following the completion of the Global Offering, be directly or indirectly interested in 10% or more of our registered capital. We are not aware of any arrangement which may at a subsequent date result in a change of control of our company.

## SHARE CAPITAL

The following is a description of the share capital of our company in issue after giving effect to the Capitalization Issue and the Global Offering:

		HK\$
<b>Authorized:</b>		
10,000,000,000	Shares, par value HK\$0.10 per Share . . . . .	1,000,000,000
<b>Issued and to be issued, fully paid or credited as fully paid:</b>		
1,000	Shares in issue prior to Capitalization Issue . . . . .	100
999,999,000	Shares issued pursuant to the Capitalization Issue . . . . .	99,999,900
1,000,000,000	Shares in issue at the date of this prospectus . . . . .	100,000,000
298,701,500	Shares to be issued pursuant to the Global Offering . . . . .	29,870,150
<b>Total:</b>		
1,298,701,500	Shares . . . . .	129,870,150

The above table assumes the Global Offering becomes unconditional and is completed. It takes no account of any Shares which may be issued upon the exercise of the Over-allotment Option. Our Directors have a general mandate to issue additional Shares as described below.

Other than this Global Offering, we do not propose to carry out a public or private issue or to place securities simultaneously with the Global Offering or within the next six months other than the issue of Shares upon conversion of our non-mandatory Convertible Bonds or upon the exercise of options granted under the Share Option Scheme. We have not approved any Share issue plan other than the Global Offering and the issue of Shares upon conversion of our non-mandatory Convertible Bonds or upon the exercise of options granted under the Share Option Scheme.

We have given certain undertakings in respect of the issuance of our Shares and other securities. See “Underwriting — Underwriting Arrangements and Expenses — Undertakings.”

### RANKING

The Offer Shares will rank equally with all our Shares now in issue or to be issued and will qualify for all dividends, income and other distributions and any other rights and benefits attaching or accruing to our Shares after the completion of the Global Offering.

### GENERAL MANDATE TO ISSUE SHARES

Assuming the Global Offering becomes unconditional, our Directors have been granted a general mandate to allot, issue and deal with Shares with a total nominal value of not more than the sum of:

- 20% of the total nominal amount of our share capital in issue immediately following the completion of Global Offering but before the exercise of the Over-allotment Option; and
- the total nominal amount of our share capital repurchased by us under the mandate as mentioned in “— General Mandate to Repurchase Shares” below.

The general mandate is in addition to the powers of our Directors to allot, issue or deal with Shares under any rights issue, scrip dividend scheme or similar arrangement providing for the allotment and issue of Shares in lieu of the whole or part of a dividend in accordance with our Memorandum and Articles of Association, or pursuant to the exercise of any subscription rights attached to any warrants which may be issued by us from time to time, or upon the exercise of the Over-allotment Option or options granted under the Share Option Scheme. The general mandate does not include any Shares to be issued pursuant to the exercise of the Over-allotment Option or the options granted under the Share Option Scheme.

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## SHARE CAPITAL

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This general mandate will expire:

- at the end of our next annual general meeting; or
- at the end of the period within which we are required by any applicable laws or our Memorandum and Articles of Association to hold our next annual general meeting; or
- when varied or revoked by an ordinary resolution of our shareholders in a general meeting,

whichever is the earliest.

Further information of this general mandate is set out in “Statutory and General Information — Further Information About Our Company — Resolutions in writing of all our shareholders passed on June 22, 2006” in Appendix VIII to this prospectus.

### **GENERAL MANDATE TO REPURCHASE SHARES**

Assuming the Global Offering becomes unconditional, our Directors have been granted a general mandate to exercise all the powers of our company to repurchase Shares with a total nominal value of not more than 10% of the total nominal amount of our share capital in issue immediately following the completion of Global Offering but before the exercise of the Over-allotment Option. The general mandate does not include any Shares to be issued pursuant to the exercise of the Over-allotment Option or the options granted under the Share Option Scheme.

This general mandate only relates to repurchases made on the Stock Exchange or on any other stock exchange on which the Shares are listed (and which is recognized by SFC and the Stock Exchange for this purpose) and which are in accordance with the Listing Rules. A summary of the relevant Listing Rules is set out in “Statutory and General Information — Further Information About Our Company — Repurchase by our company of Shares” in Appendix VIII to this prospectus.

This general mandate will expire:

- at the end of our next annual general meeting; or
- at the end of the period within which we are required by any applicable laws or our Memorandum and Articles of Association to hold our next annual general meeting; or
- when varied or revoked by an ordinary resolution of our shareholders in a general meeting.

whichever is the earliest.

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## FINANCIAL INFORMATION

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*You should read this section in conjunction with our audited consolidated financial statements, including the accompanying notes, in the Accountants' Report in Appendix I to this prospectus. Our audited consolidated financial statements as of and for each of the three years ended December 31, 2003, 2004 and 2005 were audited by Deloitte Touche Tohmatsu, Certified Public Accountants. We have prepared our consolidated financial statements in accordance with IFRS, which may differ in material respects from generally accepted accounting principles in other jurisdictions. Pursuant to the Reorganization, our company, Greentown China Holdings Limited, became the holding company of the companies now comprising our group. Our company, Greentown China Holdings Limited, and its subsidiaries resulting from the Reorganization are regarded as a continuing entity. Our consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement (including the Non-Property Related Entities as defined in note 2 in the Accountants' Report in Appendix I to this prospectus up to the date of disposal) for the years ended December 31, 2003, 2004 and 2005 include the results, changes in equity and cash flows of the companies comprising our group as if our company, Greentown China Holdings Limited, had always been the holding company of our group and in accordance with the respective equity interests in the individual companies attributable to the existing shareholders throughout the Relevant Period or, if shorter, since their respective dates of incorporation. Therefore, the financial information included in this prospectus may not necessarily reflect our results of operations, financial position and cash flows in the future or what they would have been had we been a separate, stand-alone entity during the periods presented.*

*This section includes forward-looking statements. All statements, other than statements of historical facts, included in this section that address activities, events or developments which we expect or anticipate will or may occur in the future are forward-looking statements. These statements are based on assumptions and analyses we made in light of experience and our perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances.*

*Unless the context otherwise requires, references to "2003," "2004" and "2005" in this prospectus are to our financial years ended December 31, 2003, 2004 and 2005, respectively. References to "associate" or "associates" in this "Financial Information" section are to associates as defined in IFRS.*

### **MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

#### **Overview**

We are one of the leading residential property developers in China. We primarily develop high quality residential properties in three main product series: villas, low-rise apartment buildings and high-rise apartment buildings. While we have historically focused our property development operations in Hangzhou and other cities within Zhejiang Province, we have over the years become a national player in the residential property markets with significant operations in Shanghai, Beijing and other strategically selected cities across the country, including Hefei in Anhui Province, Changsha in Hunan Province and Urumqi in Xinjiang Uygur Autonomous Region. For 2003, 2004 and 2005, our revenues amounted to Rmb 1,224.4 million, Rmb 2,739.1 million and Rmb 2,535.1 million, respectively, with profits attributable to equity holders of our company of Rmb 77.2 million, Rmb 454.4 million and Rmb 622.7 million for the respective years.

#### **Key factors affecting our results of operations**

##### ***Economic growth, speed of urbanization and demand for residential properties in China***

Economic growth, urbanization and higher standards of living in China have been the main driving forces behind the increasing market demand for residential properties. At the current stage of the PRC economic development, while the property industry is regarded by the PRC government as one of

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## FINANCIAL INFORMATION

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China's pillar industries, the property industry is significantly dependent on the overall economic growth and the resultant consumer demand for residential properties. Because we target middle to higher income residents, we believe that private sector developments and urbanization in China are especially important to our operations. Developments in the private sector, urbanization and the resultant demand for residential properties in China have in the past increased the sales of our properties. These factors will continue to have a significant impact on our results of operations.

### ***Regulatory measures in the real estate industry in China***

PRC government policies and measures on property development and related industries have a direct impact on our business and results of operations. From time to time, the PRC government adjusts its macroeconomic control policies to encourage or restrict development in the private property sector through measures relating to, among others, land grants, pre-sales of properties, bank financing and taxation. In 2004 and 2005, the PRC government implemented a series of measures with a view to slowing down the growth of the economy, including the property markets. As a result of such measures, property developments and sales in certain regions of China, including Shanghai, grew at a slower speed in 2005 as compared to 2003 and 2004. PRC regulatory measures in the real estate industry will continue to impact our business and results of operations.

### ***Ability to acquire suitable land***

Our continuing growth will depend in large part on our ability to secure quality land at prices that can yield reasonable returns. Based on our current development plans, we have sufficient land reserves for property developments for the next five years. As the PRC economy continues to grow at a relatively high speed and demand for residential properties remains relatively strong, we expect that competition among developers for land reserves that are suitable for property development will intensify. In addition, the public tender, auction and listing-for-sale practice in respect of the grant of state-owned land use rights is also likely to increase competition for development land and to increase land acquisition costs as a result.

### ***Pre-sale***

Pre-sale constitutes the most important source of our operating cash inflow during the process of our project development. The PRC law allows us to pre-sell properties before their completion upon satisfaction of certain requirements and requires us to use the pre-sale proceeds to develop the property projects so pre-sold. The amount and timing of cash inflows from pre-sales are affected by a number of factors, including timing and other restrictions on pre-sale imposed by the PRC government, market demand for our properties subject to pre-sale and the number of properties we have available for pre-sale. Reduced cash flow from pre-sales of our properties will increase our reliance on external financing and will impact our ability to finance our continuing property developments.

### ***Access to and cost of financing***

Bank borrowing is another important source of funding for our property developments. As of December 31, 2003, 2004 and 2005, our outstanding bank borrowings amounted to Rmb 2,789.2 million, Rmb 3,454.0 million and Rmb 3,913.2 million, respectively. As commercial banks in China link the interest rates on their bank loans to benchmark lending rates published by PBOC, any increase in such benchmark lending rates will increase the interest costs for our developments. Our access to capital and cost of financing are also affected by restrictions imposed from time to time by the PRC government on bank lending for property developments.

We may also seek financing in the international capital market similar to the offering of our Convertible Bonds, which may give us a longer maturity term but may bear higher interest rates than bank borrowings.

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## FINANCIAL INFORMATION

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### ***Price volatility of construction materials***

Our results of operations are affected by price volatility of construction materials such as steel and cement. Cost of materials constitutes the most important item in our construction costs, exceeding in importance our construction labor cost and project design cost. For a substantial part of our purchases of key construction materials such as steel and cement, we use a centralized procurement process to help increase our negotiating power and lower our unit costs for construction materials. Despite the efficiencies and pricing advantages of our volume purchases, rising costs for any construction materials will impact our construction costs and cost of sales. If we cannot pass the increased costs on to our customers, our profitability will suffer.

### ***LAT***

Our property developments are subject to LAT with respect to the appreciated value of the related land and improvements on such land. LAT applies to both domestic and foreign investors in real properties in China, irrespective of whether they are corporate entities or individuals. The PRC tax authorities in general have not strictly enforced the LAT regulations and the regulatory standards for the calculation of LAT are unclear in various aspects. We made LAT provisions of Rmb 0.5 million, Rmb 100.3 million and Rmb 5.1 million for 2003, 2004 and 2005, respectively. We also prepay LAT with reference to our pre-sale proceeds since the PRC government imposed such prepayment requirement in 2004 in all jurisdictions where we have operations, except Shanghai Pudong district and Beijing Fangshan district which has not implemented such prepayment requirement with respect to ordinary residential properties (普通標準住宅). Our PRC counsel, T&C Law Firm, has confirmed in its opinion that, as of the Latest Practicable Date, we had made prepayments and/or provisions for LAT in compliance with PRC LAT laws and regulations and/or requirements by local tax authorities. However, we cannot assure that such provisions will be sufficient to cover our LAT obligations in respect of our past LAT liabilities or that the relevant tax authorities will agree with the basis on which we have calculated our LAT liabilities for provision purposes. Our financial condition may be materially adversely affected if our LAT liabilities as calculated by the relevant tax authorities are substantially higher than our provisions. We have provided more details on the PRC regulations on LAT in “Taxation — Mainland China Taxation — Our operations in mainland China — Land appreciation tax” in Appendix V to this prospectus.

### ***Interim fluctuation of results of operations***

Our results of operations tend to fluctuate from period to period. The number of properties that we can develop or complete during any particular period is limited due to substantial capital requirements for land acquisition, demolition, resettlement and construction, as well as limited land supplies and lengthy development period before positive cash flows may be generated. In addition, in recent years we began to develop larger scale property developments and, as a result, we develop properties through different phases during the course of several years. Typically, selling prices of properties in such larger scale property developments tend to increase as the overall development becomes closer to completion, thus offering a more established residential community to the purchasers. Seasonal variations as we disclosed in “Risk Factors — Risks Relating to Our Business — Our operations are subject to seasonal variations” have in addition caused fluctuations in our interim revenues and profits, including quarterly and semi-annual results. As a result, our results of operations fluctuate and our interim results do not proportionally reflect our annual results.

### ***Critical accounting policies***

We prepare our consolidated financial statements under the historical cost convention as modified for the revaluation of certain financial instrument and in accordance with IFRS. IFRS requires us to make judgments, estimates and assumptions that affect (i) the reported amounts of our assets and liabilities at the end of each fiscal period, (ii) the disclosure of our contingent assets and liabilities at the end of each fiscal period and (iii) the reported amounts of revenues and expenses during each fiscal period.

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We continually evaluate these estimates based on our own historical experience, knowledge and assessment of current business and other conditions, our expectations regarding the future based on available information and our best assumptions, which together form our basis for making judgments about matters that are not readily apparent from other sources. Since the use of estimates is an integral component of the financial reporting process, our actual results could differ from those estimates and expectations. Some of our accounting policies require a higher degree of judgment than others in their application.

When reviewing our financial statements, you should consider (i) our selection of critical accounting policies, (ii) the judgment and other uncertainties affecting the application of such policies, and (iii) the sensitivity of reported results to changes in conditions and assumptions. We believe the following accounting policies involve the most significant judgment and estimates used in the preparation of our consolidated financial statements.

**Revenue recognition.** Our revenues comprise primarily proceeds from sales of properties that we develop, net of business tax. We recognize revenues from the sales of our properties when the relevant properties have been delivered to the purchasers, typically at the earlier of the time when the possession to the properties was passed to the purchasers and, if the purchasers failed to take delivery within the delivery period stated in the delivery notices, the last day of the delivery period stated in the delivery notices. Deposits received from pre-sales of properties are carried as pre-sale deposits.

**Construction contracts.** We sometimes engage in property developments as construction contracts for accounting purposes. In such event, where the outcome of a construction contract can be estimated reliably, revenue and costs are recognized by reference to the stage of completion of the contract activities at the relevant balance sheet date, as measured by the proportion that contract costs incurred for work performed to the balance sheet date bear to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer. Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognized to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognized as expenses in the period in which they are incurred. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognized as an expense immediately. The determination of the stage of completion and estimation of total contract costs require management judgments with reference to the market situation. Adjustments may be required if the market situation changes in the future. As of the date of this prospectus, we have one project which was treated as a construction contract for accounting purposes.

**Properties for development.** Cost of properties for development includes the costs of the relevant land use rights and other costs directly attributable to bringing the leasehold land to the condition necessary for it to be ready for development. The costs of the relevant land use rights representing leasehold land held for future development are stated at cost less accumulated amortization and any identified impairment loss. Other costs directly attributable to bringing the leasehold land to the condition necessary for it to be ready for development are stated at cost less any identified impairment loss.

**Properties under development.** Properties under development are stated at the lower of cost and net realizable value. Cost of properties under development includes the costs of the relevant land use rights, construction costs, capitalized borrowing costs and other direct development expenditure. Net realizable value is determined by reference to the estimated selling price in the ordinary course of business less estimated costs to completion and estimated costs necessary to make the sale.



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## FINANCIAL INFORMATION

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**Completed properties for sale.** Completed properties for sale are stated at the lower of cost and net realizable value. Cost of completed properties for sale includes the costs of the relevant land use rights, construction costs, capitalized borrowing costs and other direct development expenditure. Net realizable value is determined by reference to the estimated selling price in the ordinary course of business less estimated costs necessary to make the sale.

**Borrowing costs.** We capitalize our borrowing costs as part of the cost of sales for a project or project phase to the extent that such costs are directly attributable to the acquisition and construction of such project or project phase. In general, we capitalize the borrowing costs incurred from the commencement of the construction upon receipt of the construction permit of the relevant project or project phase until the relevant project or project phase is ready for delivery. Borrowing costs incurred after the completion of the construction or otherwise not directly attributable to the acquisition and construction of such project or project phase are recorded on our income statements as finance costs in the period in which they are incurred.

**LAT.** LAT is recognized as an expense to the extent that it is probable that we have the obligation to pay the tax to the PRC tax authorities. We make provisions for LAT based on the total appreciated value of the land and improvements on the land in respect of the delivered properties. We have estimated and made provisions according to the requirements set forth in the relevant PRC tax laws and regulations. We also prepay LAT on the basis of our pre-sale proceeds in accordance with requirements of PRC tax authorities. The actual LAT liabilities are, however, subject to the determination by the tax authorities upon completion of the property development projects and, because the PRC government has not published clear and comprehensive guidelines to implement its LAT regulations, the tax authorities may disagree with the basis on which provisions for LAT are calculated. In 2003, 2004 and 2005, we made LAT prepayments of Rmb 0.6 million, Rmb 3.6 million and Rmb 25.0 million, respectively, and made LAT provisions of Rmb 0.5 million, Rmb 100.3 million and Rmb 5.1 million, respectively. Until the PRC government further clarifies its LAT regulations and enforces them on a uniform basis, our actual LAT liability will continue to be subject to a degree of uncertainty.

### **Certain income statement items**

#### **Revenue**

We derive our revenue primarily from proceeds from sales of properties that we develop, net of business tax, municipal maintenance tax and education surcharge. Business tax, municipal maintenance tax and education surcharge in the aggregate account for approximately 5.55% of the gross revenue, depending on local regulations of different cities. We recognize our revenue after the properties have been sold and delivered. As customary in the residential property industry, we pre-sell our properties prior to their completion in accordance with PRC pre-sale regulations. We do not, however, recognize the proceeds from pre-sale of properties until we have completed the construction of these properties and the properties have been delivered to the purchasers. Typically there is a time gap ranging from one to two years between the time we commence pre-sale of the properties under development and the delivery of the properties. We record the proceeds received from the pre-sold properties as “pre-sale deposits,” an item of current liabilities on our balance sheet, and as a part of “increase in pre-sale deposits” on our cash flow statements.

## FINANCIAL INFORMATION

Our financial performance for a given period depends on the number of properties we sell or pre-sell within the period and the sale prices realized for these properties. The table below sets forth, for the periods and regions indicated, the aggregate GFA of residential properties we delivered and the average selling prices per square meter for these properties, as measured by dividing the revenues by the aggregate GFA delivered.

	Year ended December 31,					
	2003		2004		2005	
	GFA delivered (m <sup>2</sup> )	Average selling price/m <sup>2</sup> (Rmb)	GFA delivered (m <sup>2</sup> )	Average selling price/m <sup>2</sup> (Rmb)	GFA delivered (m <sup>2</sup> )	Average selling price/m <sup>2</sup> (Rmb)
Hangzhou						
Villa . . . . .	31,180	6,706	42,639	13,599	—	—
Apartment . . . . .	97,353	8,576	151,906	5,893	79,011	7,523
Zhejiang Province (excluding Hangzhou)						
Villa . . . . .	—	—	—	—	—	—
Apartment . . . . .	38,540	3,453	9,365	3,580	58,131	3,354
Shanghai						
Villa . . . . .	—	—	—	—	—	—
Apartment . . . . .	—	—	150,620	6,526	107,146	9,539
Beijing						
Villa . . . . .	—	—	—	—	—	—
Apartment . . . . .	—	—	—	—	109,674	2,807
Anhui Province						
Villa . . . . .	—	—	—	—	—	—
Apartment . . . . .	—	—	75,351	2,462	94,915	3,360
Hunan Province						
Villa . . . . .	—	—	—	—	—	—
Apartment . . . . .	—	—	—	—	—	—
Xinjiang Uygur Autonomous Region						
Villa . . . . .	—	—	—	—	—	—
Apartment . . . . .	—	—	—	—	—	—
<b>Total . . . . .</b>	<b>167,073</b>		<b>429,881</b>		<b>448,877</b>	

One of our property projects, Dishui Building, is treated for accounting purposes as a construction contract rather than a property development project. Pursuant to a contract with Zhejiang Finance Development Company (浙江省財務開發公司), we developed this project on its behalf and have received development fees totaling Rmb 211.6 million. Revenues generated from this project are recognized by reference to the stage of completion of the project at the relevant balance sheet date. Such revenues recognized on a stage-of-completion basis were Rmb 38.1 million, Rmb 54.7 million and Rmb 66.7 million, respectively, for 2003, 2004 and 2005. See Note 5 “— Revenue” in the Accountants’ Report in Appendix I to this prospectus.

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The table below sets forth, for the periods indicated, our revenues from property sales by project and revenues from other sources.

	Year ended December 31,		
	2003	2004	2005
	(Rmb in millions)		
<b>Property sales</b>			
Guihua City . . . . .	131.5	69.4	11.5
Hangzhou Green Garden . . . . .	821.9	79.5	6.5
Chunjiang Huayue Phase I . . . . .	—	746.2	18.9
Chunjiang Huayue Phase II . . . . .	—	—	559.8
Taohuayuan East . . . . .	77.6	8.9	—
Jiuxi Rose Garden . . . . .	—	571.0	1.2
Hangzhou Zigui Garden . . . . .	9.7	—	—
Shanghai Greentown Phase I . . . . .	—	983.0	21.3
Shanghai Greentown Phase II . . . . .	—	—	1,001.0
Zhoushan Dangui Garden Phase I (residential) . . . . .	118.5	4.8	—
Zhoushan Dangui Garden Phase I (commercial) . . . . .	14.6	4.9	4.1
Zhoushan Dangui Garden Phase II . . . . .	—	23.8	—
Hefei Guihua Garden Phase I . . . . .	—	175.5	62.1
Hefei Guihua Garden Phase I (parking spaces) . . . . .	—	10.0	—
Hefei Guihua Garden Phase II . . . . .	—	—	256.8
Haining Baihe New City . . . . .	—	—	190.9
Beijing Baihe Apartments . . . . .	—	—	307.8
Others . . . . .	3.3	1.6	—
<b>Subtotal</b> . . . . .	1,177.1	2,678.6	2,441.9
<b>Construction contract</b> . . . . .	38.1	54.7	66.7
<b>Computer system design and installation</b> . . . . .	7.9	4.7	4.6
<b>Sales of construction materials</b> . . . . .	—	—	18.6
<b>Other businesses</b> . . . . .	1.3	1.1	3.3
<b>Total</b> . . . . .	1,224.4	2,739.1	2,535.1

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### Cost of sales

Cost of sales comprises primarily costs incurred directly for our property development, including land acquisition costs, construction costs, capitalized interest expenses and provisions for LATs. The table below sets forth breakdowns by these categories of our cost of sales for 2003, 2004 and 2005.

	Year ended December 31,					
	2003		2004		2005	
	(Rmb in millions)	(% of cost of sales)	(Rmb in millions)	(% of cost of sales)	(Rmb in millions)	(% of cost of sales)
Land acquisition costs . . . . .	344.5	40.0%	461.0	24.8%	270.1	16.5%
Construction costs						
Contractor fees and certain material costs <sup>(1)</sup> . . . . .	381.6	44.4	1,026.4	55.3	1,005.1	61.3
Infrastructure costs . . . . .	19.5	2.3	14.9	0.8	90.1	5.5
Design costs . . . . .	12.5	1.4	28.6	1.5	39.9	2.4
Government surcharges . . . . .	15.5	1.8	64.6	3.5	44.5	2.7
Construction management costs	14.0	1.6	16.6	0.9	28.9	1.8
<b>Subtotal</b> . . . . .	443.1	51.5	1,151.1	62.0	1,208.5	73.7
Capitalized interest . . . . .	36.1	4.2	111.6	6.0	81.0	4.9
LAT provisions . . . . .	0.5	0.1	100.3	5.4	5.1	0.3
Others . . . . .	36.2	4.2	32.9	1.8	74.9	4.6
<b>Total</b> . . . . .	860.4	100.0%	1,856.9	100.0%	1,639.6	100.0%

Note:

- (1) The material costs in this item primarily related to purchases of plants for landscaping use and certain electrical engineering equipment for installation in our properties.

*Land acquisition costs.* Land acquisition costs represent costs relating to acquisition of the rights to occupy, use and develop land, including land premiums, demolition and resettlement costs, and other land-related taxes and government surcharges. In addition to PRC economic development and property market conditions, our land acquisition costs are affected by the location of the property projects and the timing of acquisition. In 2003, 2004 and 2005, our average land costs per square meter of GFA were Rmb 2,061.8, Rmb 1,072.4 and Rmb 601.7, respectively, as measured by dividing the aggregate land costs by the aggregate saleable GFA of properties delivered within these periods. Our average land costs decreased between 2003 and 2005 primarily because we delivered more properties in regions where land was relatively cheaper. Between 2003 and 2004, such decrease was also due to the lower land costs for a particular project because we acquired the land at a time when land costs were generally lower.

When a piece of land is previously occupied, site cleaning and relocation of original residents are required before the land can be developed. Demolishment and resettlement costs generally represent the compensation we pay to the original residents and the expenses to clean up the site. The PRC government has laid down some basic principles for determining the appropriate level of demolition and resettlement compensation. However, the actual demolition and resettlement compensation varies from site to site and is subject to negotiations between the developers and the original residents. In many instances, pursuant to the land use rights grant contract, the government will take responsibility for completing the demolition of original structures and the resettlement of the original residents on the land while we will typically pay the demolition and resettlement costs through the government at an agreed amount.

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*Construction costs.* Construction costs represent costs for the design and construction of a property project, consisting primarily of fees paid to our contractors, including contractors responsible for civil engineering construction, landscaping, equipment installation and interior decoration, as well as infrastructure construction costs, design costs and certain government surcharges. Our construction costs are affected by a number of factors such as price movements of construction materials, location and types of properties, choices of materials and investments in ancillary facilities. Substantially all of the costs of construction materials, whether procured by ourselves or by our contractors, are accounted for as part of the contractor fees upon settlement with the relevant contractors. Our construction costs as a percentage of the total cost of sales increased in recent years primarily because we used higher quality construction materials and upgraded ancillary facilities in our property developments in an attempt to continue to enhance the overall quality and appeal of our properties.

*Capitalized interest.* We capitalize our borrowing costs as part of the cost of sales for a project or project phase to the extent that such costs are directly attributable to the acquisition, construction or the jurisdiction of such project or project phase. See “— Critical Accounting Policies — Borrowing costs.”

*LAT provisions.* LAT provisions as part of our cost of sales represent provisions for the estimated LATs payable in relation to our properties delivered during a period. In accordance with the PRC Provisional Regulations on Land Appreciation Tax and the relevant implementation rules, property developers that receive income from the sale or transfer of state-owned land use rights, buildings and other attached facilities must pay 30% to 60% LAT on the appreciated value of the land and improvements on such land unless the properties fall into the category of ordinary residential properties and the appreciation does not exceed 20% of the deductible items as described in the LAT regulations. Sales of villas and commercial properties are not eligible for such exemption. However, the regulatory standards for the calculation of LAT are unclear or uncertain in various respects. We made LAT provisions of Rmb 0.5 million, Rmb 100.3 million and Rmb 5.1 million in 2003, 2004 and 2005, respectively. Our LAT provisions were relatively small for 2003 and 2005 because most of the properties delivered in these years were ordinary residential properties and the appreciation did not exceed 20% of the total deductible items, while we made Rmb 100.3 million of LAT provisions in 2004 because a larger portion of our deliveries in 2004 were villas, which were not treated as ordinary residential properties and were not eligible for the 20% exemption. For further details, see “— Key factors affecting our results of operations — LAT” and “Risk Factors — Risks Relating to Our Business — The relevant PRC tax authorities may challenge the basis on which we calculate our LAT obligations.”

### ***Other operating income***

Other operating income primarily comprises interest income from our bank deposits and loans to project companies that are our associates, government grants, gain on disposal of available-for-sale investments, and management fees received from our minority-owned project companies not consolidated with our company for financial reporting purposes. Government grants are subsidies we receive from local governments, which are paid at the sole discretion of the relevant government authorities. In 2003, 2004 and 2005, we received Rmb 19.4 million, Rmb 41.5 million and Rmb 24.0 million, respectively, in local government grants. These grants were financial subsidies, awards or support from local governments during those respective years in various cities or provinces where we had operations.

### ***Selling and administrative expenses***

Selling and administrative expenses comprise primarily advertising and promotion expenses, staff costs, advertising fees paid to the Greentown Football Club (綠城足球俱樂部), depreciation, travel expenses, entertainment expenses, rental payments, office expenses, impairment losses on properties, sales commissions, and certain taxes including urban land use tax, building tax and stamp duty.

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### ***Finance costs***

Finance costs comprise primarily interest costs net of capitalized interest relating to properties under development. See “Critical Accounting Policies — Borrowing costs” above. Since the construction period for a project or project phase does not necessarily coincide with the interest payment period of the relevant loan, not all of the interest costs related to a project or project phase can be capitalized. As a result, our finance costs fluctuate from period to period depending on the level of interest costs that are capitalized within the reporting period.

### ***Taxation***

Taxation represents PRC corporate income tax payable by our subsidiaries in China. The Corporate income tax rate generally applicable in China is 33% of taxable income. Certain enterprises are eligible for preferential corporate income tax treatments. Shanghai Lvyu, one of our major revenue contributors in 2004 and 2005, pays corporate income tax at the reduced rate of 15% as an enterprise established in the Pudong New Zone in Shanghai. Hangzhou Jiuxi, also a major revenue contributor in 2004, pays corporate income tax at the reduced corporate income tax rate of 27% as a foreign-invested enterprise established in Hangzhou Zhijiang National Tourism and Resort Zone (杭州之江國家旅遊度假區) in Zhejiang Province. Taking into account these preferential tax treatments, our effective corporate income tax rate for 2003, 2004 and 2005 was 55.6%, 30.9% and 17.6%, respectively. The relatively high effective income tax rate in 2003 was mainly due to the fact that a large number of project companies had not yet reached the pre-sale stage in their projects and therefore no deferred tax assets had been recognized for the losses they incurred. As generally our project companies will be dissolved after the completion of their property developments, our tax benefits derived from the preferential treatments by these project companies will cease after we have delivered all properties developed by these companies. Going forward our other project companies may be eligible for similar tax benefits. However, there can be no assurance that we will continue to receive these or other tax benefits indefinitely or at all.

Currently, we are not subject to Cayman Islands income tax pursuant to an undertaking obtained from the Governor in Cabinet. See “Summary of Memorandum and Articles of Association and Cayman Companies Law — Summary of Cayman Companies Law and Taxation — Taxation” in Appendix VII to this prospectus.

### ***Discontinued operations***

As part of our Reorganization, we disposed of some of our businesses, including catering, consulting, property management, entertainment, production and sale of certain materials such as plants used for landscaping of property developments, leasing and landscape gardening, that are not part of our core pursuit of property development. Losses from these businesses were Rmb 15.9 million and Rmb 5.9 million, respectively, for 2003 and 2004. Profits from these businesses were Rmb 0.3 million for 2005.

### ***Minority Interests***

Our project companies generally incur losses before they commence delivery of the properties they develop due to the initial capital outlay and administrative costs. As such, minority shareholders of our project companies generally share losses during the early stages of the relevant developments. For 2003, 2004 and 2005, most of our non-wholly owned subsidiaries had not delivered any, or had delivered only a small number of, properties developed by them. As a result, our minority shareholders shared a net loss in each of these years.

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### Results of operations

The table below summarizes our audited consolidated results in absolute terms and as a percentage of our revenue for 2003, 2004 and 2005.

### Consolidated income statements

	Year ended December 31,					
	2003		2004		2005	
	(Rmb in millions, except percentages and per share data)					
<b>Continuing operations</b>						
Revenue . . . . .	1,224.4	100.0%	2,739.1	100.0%	2,535.1	100.0%
Cost of sales. . . . .	(860.4)	(70.3)	(1,856.9)	(67.8)	(1,639.6)	(64.7)
Gross profit . . . . .	364.0	29.7	882.2	32.2	895.5	35.3
Other operating income . . . . .	65.0	5.3	64.1	2.3	84.0	3.3
Selling and administrative expenses . . . . .	(176.2)	(14.3)	(213.8)	(7.8)	(274.0)	(10.8)
Profit from operations . . . . .	252.8	20.7	732.5	26.7	705.5	27.8
Finance costs . . . . .	(53.8)	(4.4)	(36.8)	(1.3)	(70.8)	(2.8)
Net gain on partial disposal of subsidiaries . . . . .	—	—	1.0	0.0	—	—
Net gain on disposal of an associate . . . . .	—	—	—	—	0.6	0.0
Net gain on disposal of subsidiaries . . . . .	—	—	—	—	45.0	1.8
Share of results of associates. . .	(6.8)	(0.6)	(43.0)	(1.5)	31.3	1.2
Profit before taxation . . . . .	192.2	15.7	653.7	23.9	711.6	28.0
Taxation . . . . .	(106.9)	(8.7)	(202.0)	(7.4)	(125.1)	(4.9)
Profit for the year from continuing operations . . . . .	85.3	7.0	451.7	16.5	586.5	23.1
<b>Discontinued operations</b>						
Profit (loss) for the year from discontinued operations . . . .	(15.9)	(1.3)	(5.9)	(0.2)	0.3	0.0
<b>Profit for the year</b> . . . . .	<u>69.4</u>	<u>5.7</u>	<u>445.8</u>	<u>16.3</u>	<u>586.8</u>	<u>23.1</u>
<b>Attributable to:</b>						
<b>Equity holders of the</b>						
<b>Company</b> . . . . .	77.2	6.3	454.4	16.6	622.7	24.6
Minority interests. . . . .	(7.8)	(0.6)	(8.6)	(0.3)	(35.9)	(1.5)
	<u>69.4</u>	<u>5.7%</u>	<u>445.8</u>	<u>16.3</u>	<u>586.8</u>	<u>23.1</u>
Dividends . . . . .	—	—	77.1	2.8%	198.4	7.8%
<b>Earnings per Share</b>						
From continuing and discontinued operations:						
Basic <sup>(1)</sup> . . . . .	<u>Rmb 0.08</u>		<u>Rmb 0.45</u>		<u>Rmb 0.62</u>	
From continuing operations:						
Basic <sup>(2)</sup> . . . . .	<u>Rmb 0.09</u>		<u>Rmb 0.46</u>		<u>Rmb 0.62</u>	

#### Notes:

- (1) The calculation of the basic earnings per Share from continuing and discontinued operations is based on profit for the year attributable to equity holders of our company and a weighted average number of Shares of 1,000,000,000 which has been adjusted to reflect the Capitalization Issue on June 21, 2006. The number of Shares in issue prior to the Capitalization Issue was 1,000.
- (2) The calculation of the basic earnings per Share from continuing operations is based on profit for the year attributable to equity holders of our company before profit (loss) for the year from discontinued operations and a weighted average number of Shares of 1,000,000,000 which has been adjusted to reflect the Capitalization Issue on June 21, 2006. The number of Shares in issue prior to the Capitalization Issue was 1,000.

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### 2005 compared to 2004

*Revenue.* Our revenue decreased by Rmb 204.0 million, or 7.4%, to Rmb 2,535.1 million in 2005 from Rmb 2,739.1 million in 2004. Major contributors to our revenue in 2005 included sales of properties of Shanghai Greentown Phase II, Chunjiang Huayue Phase II, Beijing Baihe Apartments Phase I, Hefei Guihua Garden Phase II and Haining Baihe New City Apartment — Low-rise Phase I. The decrease in revenue was primarily due to the increased weight in our delivery of lower-priced properties as compared to 2004. These properties are at their initial phase of development or are located in regions relatively less developed, and therefore with generally lower property prices, than Hangzhou and Shanghai. Two of our major project phases delivered in 2005 are situated in Fangshan district, Beijing and Hefei, Anhui Province.

*Cost of sales.* Our cost of sales decreased by Rmb 217.2 million, or 11.7%, to Rmb 1,639.6 million in 2005 from Rmb 1,856.8 million in 2004 primarily due to lower land costs for Beijing Baihe Apartments Phase I, Hefei Guihua Garden Phase II and Haining Baihe New City Apartment Low-rise Phase I as compared to the average land costs for the properties delivered in 2004.

*Gross profit.* Our gross profit increased by Rmb 13.2 million, or 1.5%, to Rmb 895.4 million in 2005 from Rmb 882.2 million in 2004. Our gross profit margin increased to 35.3% in 2005 from 32.2% in 2004, primarily due to the higher selling prices realized for Shanghai Greentown Phase II and Chunjiang Huayue Phase II, which generated the majority of our gross profit in 2005, than their first phase developments delivered in 2004.

*Other operating income.* Our other operating income increased by Rmb 19.9 million, or 31.0%, to Rmb 84.0 million in 2005 from Rmb 64.1 million in 2004 primarily due to an increase of Rmb 30.0 million in interest income resulting mainly from loans to associates and third parties, partially offset by a decrease of Rmb 17.5 million in government grants.

*Selling and administrative expenses.* Our selling and administrative expenses increased by Rmb 60.2 million, or 28.1%, to Rmb 274.0 million in 2005 from Rmb 213.8 million in 2004. As a percentage of revenue, our selling and administrative expenses increased from 7.8% in 2004 to 10.8% in 2005. The increase in selling and administrative expenses was primarily due to an increase in staff costs as a result of our expanded business and increased employee salaries in 2005.

*Finance costs.* Our finance costs increased by Rmb 34.0 million, or 92.2%, to Rmb 70.8 million in 2005 from Rmb 36.8 million in 2004, primarily due to an increase in borrowings associated with our new property projects. Construction of many of these new projects did not commence in 2005 and as a result we could not capitalize their interest expenses.

*Net gain on disposal of an associate.* Our net gain on disposal of an associate was Rmb 0.6 million in 2005 as compared to nil in 2004. It resulted from the disposal of our 50% interest in an associate.

*Net gain on disposal of subsidiaries.* Our net gain on disposal of subsidiaries was Rmb 45.0 million in 2005 as compared to nil in 2004. The gain on disposal of subsidiaries resulted primarily from the disposals of all of our interest in two subsidiaries. We used the net proceeds from the disposals to finance other developments.

*Share of results of associates.* Our share of profits of associates was Rmb 31.2 million in 2005 as compared to our share of losses of Rmb 43.0 million in 2004. Our share of profits of associates in 2005 was primarily attributable to profits from Hangzhou Jimei Real Estate Development Co., Ltd., whose



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Qilixiang Creek project was delivered in 2005, and profits from Shanghai Huazhe Bund Real Estate Co., Ltd. Losses from our associates in 2004 were primarily due to the initial capital outlay and administrative expenses for property projects where returns had not become realizable.

*Taxation.* Our income tax expenses decreased by Rmb 76.9 million, or 38.1%, to Rmb 125.1 million in 2005 from Rmb 202.0 million in 2004. Our effective income tax rate decreased to 17.6% in 2005 from 30.9% in 2004. The decrease was primarily attributable to the increased weight of properties delivered in Shanghai Greentown Phase II, the project company of which, Shanghai Lvyu, pays corporate income tax at the reduced rate of 15% as opposed to the generally applicable rate of 33%.

*Profit for the year from continuing operations.* Our profit for the year from continuing operations increased by Rmb 134.7 million, or 29.8%, to Rmb 586.4 million in 2005 from Rmb 451.7 million in 2004. As a percentage of revenue, our profit for the year from continuing operations increased from 16.5% in 2004 to 23.1% in 2005. The increase was primarily attributable to higher gross profit, higher other operating income, more share of profits of associates and lower income tax expenses as well as a net gain on disposal of subsidiaries in 2005.

*Profit (loss) for the year from discontinued operations.* Our profit for the year from discontinued operations was Rmb 0.3 million in 2005 as compared to a loss of Rmb 5.9 million in 2004.

*Profit for the year.* Our profit for the year increased by Rmb 141.0 million, or 31.6%, to Rmb 586.8 million in 2005 from Rmb 445.8 million in 2004.

*Minority interest.* Losses attributable to our minority shareholders increased by Rmb 27.3 million, or 316.4%, to Rmb 35.9 million in 2005 from Rmb 8.6 million in 2004. The losses attributable to our minority shareholders in 2005 mainly reflected losses shared by minority shareholders of Hangzhou Taohuayuan Real Estate Development Co., Ltd., Anhui Greentown Lianhua Real Estate Development Co., Ltd., Hunan Green Bamboo Lake International Business Community Development Co., Ltd. and Ningbo Junshun Real Estate Development Co., Ltd. due to their initial capital outlay and administrative costs at the early stage of the property development by these project companies.

Profit attributable to equity holders of our company increased by Rmb 168.3 million, or 37.0%, to Rmb 622.7 million in 2005 from Rmb 454.4 million in 2004.

### **2004 compared to 2003**

*Revenue.* Our revenue increased by Rmb 1,514.7 million, or 123.7%, to Rmb 2,739.1 million in 2004 from Rmb 1,224.4 million in 2003, primarily due to a significant increase in the number of properties delivered in 2004. Major contributors to our revenue in 2004 included Shanghai Greentown Phase I, Chunjiang Huayue Phase I, Jiuxi Rose Garden Phase II and Hefei Guihua Garden Phase I.

*Cost of sales.* Our cost of sales increased by Rmb 996.4 million, or 115.8%, to Rmb 1,856.8 million in 2004 from Rmb 860.4 million in 2003, primarily due to the increased deliveries of properties in 2004.

*Gross profit.* Our gross profit increased by Rmb 518.2 million, or 142.4%, to Rmb 882.2 million in 2004 from Rmb 364.0 million in 2003, primarily due to the increased deliveries of properties in 2004. Our gross profit margin increased to 32.2% in 2004 from 29.7% in 2003, primarily due to the lower land costs for our Jiuxi Rose Garden Phase II, which land was acquired in 1997 when land acquisition was relatively cheaper than our acquisitions in recent years.

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*Other operating income.* Our other operating income decreased by Rmb 0.9 million, or 1.5%, to Rmb 64.1 million in 2004 from Rmb 65.0 million in 2003, primarily due to decreases in interest income, gain on disposal of available-for-sale investments and management fees, which were partially offset by a Rmb 22.1 million increase in government grants.

*Selling and administrative expenses.* Our selling and administrative expenses increased by Rmb 37.6 million, or 21.3%, to Rmb 213.8 million in 2004 from Rmb 176.2 million in 2003. The increase resulted primarily from a significant increase in advertising and promotion expenses due to increased sales of properties. As a percentage of revenue, our selling and administrative expenses decreased from 14.4% in 2003 to 7.8% in 2004.

*Finance costs.* Our finance costs decreased by Rmb 17.0 million, or 31.5%, to Rmb 36.8 million in 2004 from Rmb 53.8 million in 2003, primarily due to an increase in the number of projects entering into the construction phase in 2004, allowing more interest costs to be capitalized.

*Net gain on partial disposal of subsidiaries.* Our net gain on partial disposal of subsidiaries was Rmb 1.0 million in 2004 compared to nil in 2003 as a result of the partial disposal of our interest in two subsidiaries in 2004.

*Share of results of associates.* Our share of losses of associates increased by Rmb 36.2 million, or 532.4%, to Rmb 43.0 million in 2004 from Rmb 6.8 million in 2003. The increase was primarily due to increases in losses from Shanghai Huazhe Bund Real Estate Co., Ltd., Hangzhou Jade City Real Estate Development Co., Ltd., Hangzhou Jimei Real Estate Development Co., Ltd. and Hangzhou Yuhang Jinteng Real Estate Development Co., Ltd. Losses from our associates were primarily due to the initial capital requirements and administrative expenses for their property projects during the early development stages when returns had not become realizable.

*Taxation.* Our income tax expenses increased by Rmb 95.2 million, or 89.0%, to Rmb 202.0 million in 2004 from Rmb 106.8 million in 2003, primarily due to our increased deliveries of properties and the resulting profits. Our effective income tax rate decreased to 30.9% in 2004 from 55.6% in 2003. The relatively high effective income tax rate in 2003 was mainly due to the fact that a large number of project companies had not yet reached the pre-sale stage in their projects and therefore no deferred tax assets had been recognized for the losses they incurred in 2003. The decrease in effective income tax rate in 2004 was primarily attributable to the preferential tax treatments enjoyed by Hangzhou Jiuxi and Shanghai Lvyu, both of which were our major revenue contributors in 2004. Hangzhou Jiuxi and Shanghai Lvyu pay corporate income tax at the reduced rates of 27% and 15%, respectively.

*Profit for the year from continuing operations.* Our profit for the year from continuing operations increased by Rmb 366.4 million, or 429.2%, to Rmb 451.7 million in 2004 from Rmb 85.3 million in 2003. As a percentage of revenue, our profit for the year from continuing operations increased from 7.0% in 2003 to 16.5% in 2004. The increase was primarily attributable to the lower cost of sales, lower selling and administrative expenses and lower income tax expenses as a percentage of revenue.

*Loss for the year from discontinued operations.* Our losses for the year from discontinued operations decreased by Rmb 10.0 million, or 62.7%, to Rmb 5.9 million in 2004 from Rmb 15.9 million in 2003.

*Profit for the year.* Our profit for the year increased by Rmb 376.4 million, or 542.4%, to Rmb 445.8 million in 2004 from Rmb 69.4 million in 2003.

*Minority interest.* Losses shared by our minority shareholders increased by Rmb 0.8 million, or 10.6%, to Rmb 8.6 million in 2004 from Rmb 7.8 million in 2003.

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Profit attributable to equity holders of our company increased by Rmb 377.2 million, or 488.6%, to Rmb 454.4 million in 2004 from Rmb 77.2 million in 2003.

### **Certain balance sheet items**

#### ***Trade and other receivables, prepayments and deposits***

We had trade and other receivables, prepayments and deposits of Rmb 663.2 million, Rmb 430.9 million and Rmb 383.9 million, respectively, as of December 31, 2003, 2004, and 2005. Trade receivables were Rmb 36.7 million, Rmb 4.9 million and Rmb 19.9 million, respectively, as of December 31, 2003, 2004 and 2005. We pre-sell most of our properties and receive full payments for them prior to their completion and delivery to the purchasers. For properties sold after their completion, we generally grant a credit to our customers for a term of two months. Sometimes we may grant a longer credit period to property purchasers based on our assessment of their financial position. We also retain a legal recourse against such purchasers to be able to repossess the properties in case the purchasers default. As a result, we do not believe that any allowance for bad and doubtful debts is necessary for such trade receivables. Other receivables were Rmb 315.4 million, Rmb 256.6 million and Rmb 187.3 million, respectively, as of December 31, 2003, 2004 and 2005. Other receivables represent mainly our advances to third parties. They are interest-free, unsecured and payable on demand. We had Rmb 258.0 million, Rmb 188.6 million and Rmb 129.0 million of such advances outstanding as of December 31, 2003, 2004 and 2005, respectively. They were largely advances to our joint venture project companies or our project partners in connection with our joint acquisition of land reserves. To the extent the acquisition was successful, such advances would be converted into, and recorded as, payments toward land costs or development costs in connection with our projects. To the extent the acquisition was not successful, we would require repayment without any interest. As of the Latest Practicable Date, such outstanding advances amounted to Rmb 55.0 million.

Prepayments and deposits were Rmb 311.1 million, Rmb 169.4 million and Rmb 176.6 million, respectively, as of December 31, 2003, 2004, and 2005. Prepayments and deposits represent primarily our prepaid land costs and/or construction costs. The prepaid land costs are accounted for as “properties for development” after the relevant land use rights grant contract has been signed and the prepaid construction costs are transferred to “properties under development” in accordance with the relevant project’s construction progress. We normally do not prepay construction costs to our contractors. In 2003, however, due to special arrangements we prepaid certain construction costs to the construction contractor for our Hefei Guihua Garden Phase I, which costs were converted into “properties under development” in 2004. As a result, our prepayments decreased substantially in 2004 as compared to 2003. Our prepayments as of December 31, 2003, 2004 and 2005 also included Rmb 100.0 million that we paid in 2003 with respect to a proposed project in Songjiang District of Shanghai as we have disclosed in “Business — Our Property projects — Other Land Acquisition Contractual Arrangements — Shanghai.”

#### ***Trade and other payables***

We had trade and other payables of Rmb 633.7 million, Rmb 894.5 million and Rmb 1,000.3 million, respectively, as of December 31, 2003, 2004, and 2005. Trade payables were Rmb 332.3 million, Rmb 475.1 million and Rmb 573.2 million, respectively, as of December 31, 2003, 2004, and 2005. We do not have uniform settlement terms with our suppliers and contractors. For general suppliers, we typically settle our payments within 60 days of receiving the goods and services. For construction of our projects, we typically agree with our construction contractors to settle in the current month approximately 70% of the construction costs incurred during the previous month. This is largely because of the time needed to verify the actual incurrence of construction costs. We typically settle as much as 85% by the time the construction of a project is completed and up to 95% by the time we

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finally agree with our contractors on the amount of the aggregate construction costs. Our contractual arrangements also typically provide for our withholding a warranty fee of up to 5% of the aggregate construction costs, subject to settlement within two to five years.

We had other payables and accrued expenses of Rmb 281.7 million, Rmb 370.8 million and Rmb 427.1 million, respectively, as of December 31, 2003, 2004, and 2005. The increase in other payables and accrued expenses in 2004 as compared to 2003 was primarily due to a temporary loan in the principal amount of Rmb 63.5 million we borrowed for working capital purposes, which had been repaid in full as of the Latest Practicable Date. The increase in other payables and accrued expenses in 2005 as compared to 2004 was primarily due to notes payables of Rmb 51.0 million we issued in connection with purchases of raw materials, which had been paid in full as of the Latest Practicable Date.

### ***Amounts due from and to related parties***

		<b>As of December 31,</b>		<b>As of</b>
	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>March 31,</b>
		<b>(Rmb in millions)</b>		<b>2006</b>
				<b>(unaudited)</b>
<b>Amounts due from related parties</b>				
Due from shareholders . . . . .	295.1	295.1	9.4	2.9
Due from Shareholders' Companies <sup>(1)</sup> . . . . .	607.4	556.3	576.4	413.5
Due from minority shareholders . . . . .	110.0	64.1	178.2	62.1
Due from associates . . . . .	260.7	1,356.7	225.2	520.2
Due from officers . . . . .	64.8	86.3	91.8	31.3
Total . . . . .	<u>1,338.0</u>	<u>2,358.5</u>	<u>1,081.0</u>	<u>1,030.0</u>
<b>Amounts due to related parties</b>				
Due to shareholders . . . . .	—	—	16.6	31.7
Due to Shareholders' Companies <sup>(1)</sup> . . . . .	277.4	170.4	184.0	13.7
Due to minority shareholders . . . . .	40.1	404.1	340.7	668.1
Due to associates . . . . .	60.4	67.9	96.5	76.6
Due to officers . . . . .	13.1	24.0	14.3	12.5
Total . . . . .	<u>391.0</u>	<u>666.4</u>	<u>652.1</u>	<u>802.6</u>

Note:

(1) Shareholders' Companies refer to companies owned by our Original Shareholders.

***Amounts due from related parties.*** Amounts due from related parties include amounts due from our Original Shareholders, companies owned by them, our minority shareholders, associates and officers. As of December 31, 2005, we had amounts due from related parties of Rmb 1,081.0 million, of which Rmb 585.8 million was due from our Original Shareholders and companies owned by them; Rmb 178.2 million was due from our minority shareholders; Rmb 225.2 million was due from our associates and Rmb 91.8 million was due from our officers. As of December 31, 2005, Rmb 258.5 million of our amounts due from related parties arose from trade activities and Rmb 822.5 million of our amounts due from related parties arose from non-trade activities. As a private enterprise, we lent funds to our Original Shareholders, companies owned by them, our minority shareholders and officers during the Relevant Period. Amounts due from our Original Shareholders and companies owned by them represented primarily money lent to them for their non-property related business. Amounts due from our minority shareholders represented primarily money lent to them prior to the Reorganization. Amounts due from our officers represented primarily money we lent to them for them to invest in some of our property developments as minority shareholders. These officers are mainly members of our management or management of our project companies, including Mr. Chen Shunhua and Mr. Guo

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Jiafeng, both our Directors and executive general managers. Most of the amounts due from these officers were secured by such officers' interest in the relevant project companies and repayable within one year. As of the Latest Practicable Date, all of the amounts due from our officers had been repaid except for Rmb 254,000, which were primarily cash held by our officers for our daily operations. Associates are project companies majority-owned by our project partners and minority-owned by us. Advances to these associates typically are for our development projects undertaken by these associates. We typically receive repayments for the advances after the relevant properties have commenced pre-sale and generated positive cash flows. The Original Shareholders have used the proceeds from the sale of some of their equity interest concurrent with the offering of our Convertible Bonds and the special dividend of US\$50 million declared on March 19, 2006 to settle the amounts due from them and their affiliates to us. Except as disclosed above, most of the amounts due from related companies are unsecured and bear interest at rates between 5.58% and 10.9% per annum. As of the Latest Practicable Date, the amounts due from related parties were reduced to Rmb 548.7 million. As of the Latest Practicable Date, all amounts of non-trade nature due to us from related parties had been fully settled. As of the Latest Practicable Date, all our guarantees provided to our Original Shareholders and companies owned by them had been fully released.

*Amounts due to related parties.* Our amounts due to related parties include amounts due to our Original Shareholders, companies owned by them, our minority shareholders, associates and officers. As of December 31, 2005, we had amounts due to related parties of Rmb 652.1 million, of which Rmb 200.6 million was due to our Original Shareholders and companies owned by them; Rmb 340.7 million was due to our minority shareholders; Rmb 96.5 million was due to our associates and Rmb 14.3 million was due to our officers. As of December 31, 2005, Rmb 466.8 million of our amounts due to related parties arose from trade activities and Rmb 185.3 million of our amounts due to related parties arose from non-trade activities. During the Relevant Period, one affiliate of our Original Shareholders participated in financing arrangements as financial conduits and immediate lenders for our property developments. Amounts due to our minority shareholders represented primarily the portion of their lendings to our project companies as shareholder loans. Amounts due to our associates represented mostly pre-paid distributions to us before they were declared as dividends. As of the Latest Practicable Date, all amounts of non-trade nature due to related parties from us had been fully settled. As of the Latest Practicable Date, we had amounts due to related parties of Rmb 384.7 million, which represented solely amounts arising from the continuing connected transactions, including property leases, interior decoration services, pre-delivery property management services, football advertising services and sale of landscaping materials, as described in the section entitled "Connected Transactions" in this prospectus. All guarantees provided to us by our related parties had been released as of the Latest Practicable Date.

### ***Pre-sale deposits***

We record our pre-sale proceeds as "pre-sale deposits" within our current liabilities in our balance sheet. We do not recognize these pre-sale proceeds as revenue until we have completed the construction of the relevant projects and have delivered the relevant properties to the purchasers. As of December 31, 2003, 2004 and 2005, our aggregate pre-sale deposits amounted to Rmb 2,991.1 million, Rmb 3,985.5 million and Rmb 4,824.0 million, respectively.

### ***Income taxes recoverable and other taxes recoverable***

We prepay corporate income tax and other taxes, such as business tax and LAT, when we receive pre-sale proceeds. We record these prepaid income taxes as "income taxes recoverable" and record other prepaid taxes as "other taxes recoverable." We record such income taxes recoverable as "taxation" in our income statements during the same year after we have recognized the relevant pre-sale proceeds as revenue. We record such other taxes recoverable relating to LAT as part of our "cost of sales" and directly net off those relating to business tax from our revenue during the same year after we have

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recognized the relevant pre-sale proceeds as revenue. In 2003, 2004 and 2005, we prepaid Rmb 36.9 million, Rmb 65.1 million and Rmb 60.0 million, respectively, of income taxes and prepaid Rmb 135.2 million, Rmb 185.6 million and Rmb 235.6 million, respectively, of other taxes. The aggregate amounts of our prepayments of income tax and other taxes are calculated on the basis of our pre-sale proceeds during the year and, as a result, such prepayments vary from year to year. All our tax prepayments are subject to adjustments and clearance with the relevant tax authorities, with deficiencies to be paid and excesses to be refunded.

### LIQUIDITY AND CAPITAL RESOURCES

To date, we have primarily financed our expenditures through internally generated cash flows, proceeds from pre-sales and sales of properties, borrowings from commercial banks and other parties and capital market financings such as our Convertible Bonds.

The following table presents selected cash flow data from our consolidated cash flow statements for the periods indicated:

	Year ended December 31,		
	2003	2004	2005
	(Rmb in millions)		
Net cash from operating activities . . . . .	306.9	824.8	6.0
Net cash used in investing activities . . . . .	(183.2)	(1,313.5)	(128.0)
Net cash from (used in) financing activities . . . . .	375.8	747.1	(138.1)
Cash and cash equivalents at end of the year . . . . .	861.1	1,119.4	859.4

### Operating activities

Our cash from operating activities is generated primarily from proceeds from the sales of our properties, including proceeds from pre-sales of our properties which are recorded as “pre-sale deposits” on our balance sheet. Our cash flows for a given period are also supplemented by increases in trade and other payables and taxes payable which have been accrued but are not yet due. Our cash used in our operating activities reflects our investments in our property developments. Cash used in operating activities also includes payments of income taxes.

In 2005, our net cash from operating activities was Rmb 6.0 million. Cash from operating activities in 2005 consisted primarily of proceeds from the sales of our properties, pre-sale deposits of Rmb 838.5 million and a decrease of Rmb 355.3 million in properties for development. The cash inflows from operating activities were partially offset by investments in properties under development and completed properties for sale totaling Rmb 1,483.9 million, payment of income taxes of Rmb 293.9 million and a decrease in trade and other payables of Rmb 50.5 million.

In 2004, our net cash from operating activities was Rmb 824.8 million. Cash from operating activities in 2004 consisted primarily of proceeds from the sales of our properties, pre-sale deposits of Rmb 994.4 million and a decrease in trade and other receivables, deposits and prepayments of Rmb 158.2 million and an increase in other taxes payable of Rmb 86.6 million. The cash inflows from operating activities were partially offset by investments in properties for and under development and completed properties for sale totaling Rmb 1,004.0 million, an increase in other taxes recoverable of Rmb 50.4 million and payment of income taxes of Rmb 126.3 million.

In 2003, our net cash from operating activities was Rmb 306.9 million. Cash from operating activities in 2003 consisted primarily of proceeds from the sales of our properties, pre-sales deposits of Rmb 1,277.3 million, a decrease in properties for development and completed properties for sales totaling

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Rmb 289.5 million and an increase in trade and other payables of Rmb 120.5 million. The cash inflows from operating activities were partially offset by investments in properties under development of Rmb 1,274.1 million, an increase in trade and other receivables, deposits and prepayments of Rmb 210.4 million, an increase in other taxes recoverable of Rmb 79.6 million, and payment of income taxes of Rmb 44.4 million.

### Investing activities

Our cash used in investing activities reflects cash outflows relating to advances to related parties, the acquisitions of or investments in subsidiaries or associates and the purchases of property, plant and equipment. Our cash from investing activities reflects primarily cash inflows relating to repayments from related parties, disposal of subsidiaries and associates and interest payments received. Advances to and repayments from related parties consist primarily of loans to our minority-owned project companies for their property developments and the repayments from these companies generally after the relevant property development has commenced pre-sales and generated positive cash flows. We are not related to the majority owners of these project companies. Investments in associates consist primarily of our investments in our project companies for their property developments.

In 2005, our net cash used in investing activities was Rmb 128.0 million. Cash used in investing activities in 2005 mainly consisted of cash outflows for investments in associates of Rmb 450.1 million mainly for the investments in Shanghai Jingyu Real Estate Co., Ltd., Zhejiang Haizhou Investment & Property Co., Ltd. and Zhejiang Newspapering Greentown Investment Co., Ltd., purchases of property, plant and equipment of Rmb 77.2 million and purchases of additional interests in subsidiaries of Rmb 17.2 million. The cash used in investing activities was partially offset by repayments from related parties of Rmb 123.3 million, disposals of subsidiaries of Rmb 101.9 million mainly due to the disposals of Deqing Zhongtian Real Estate Development Company Limited and Henan Zhongzhou Greentown Investment Property Co., Ltd., repayment from third parties of Rmb 59.6 million and interest payments received of Rmb 50.8 million.

In 2004, our net cash used in investing activities was Rmb 1,313.5 million. Cash used in investing activities in 2004 mainly consisted of cash outflows for advances to related parties of Rmb 1,150.2 million, investments in associates of Rmb 138.0 million mainly for the investments in Shanghai Huazhe Bund Real Estate Co., Ltd. and Deqing Greentown Xizi Real Estate Development Co., Ltd. and purchases of property, plant and equipment of Rmb 89.3 million, which were partially offset by repayment from third parties of Rmb 69.4 million, proceeds from disposals of interests in associates of Rmb 40.0 million and interest payments received of Rmb 20.8 million.

In 2003, our net cash used in investing activities was Rmb 183.2 million. Cash used in investing activities in 2003 mainly consisted of cash outflows for advances to related parties of Rmb 128.7 million, investments in associates of Rmb 129.5 million mainly for the investments in Hunan Greentown Investment & Property Co., Ltd., Ningbo Zheda Science & Technology Park Construction Co., Ltd. and other associates, acquisition of subsidiaries of Rmb 46.0 million, purchase of additional interests in subsidiaries of 45.7 million and purchases of property, plant and equipment of Rmb 37.7 million, which were partially offset by repayment from third parties of Rmb 103.5 million, proceeds from disposals of interests in associates of Rmb 54.8 million and proceeds from disposals of property, plant and equipment of Rmb 27.2 million.

### Financing activities

Our cash from financing activities is mainly generated from bank and other borrowings taken out to finance our property development, advances from related parties and contributions by minority shareholders of our subsidiaries, which are offset by repayments of bank and other borrowings and interest thereon, increases in pledged deposits as security interests for our borrowings, payments of dividends and distribution of paid-in capital in connection with the Reorganization.

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In 2005, our net cash used in financing activities was Rmb 138.1 million. In 2005 we raised bank and other borrowings totaling Rmb 3,800.9 million and received contributions by minority shareholders of our subsidiaries totaling Rmb 23.0 million to finance our project developments. In 2005, we made repayments of bank and other borrowings totaling Rmb 2,990.1 million and repayments to related parties totaling Rmb 106.3 million to settle amounts due to related parties, made interest payments totaling Rmb 250.8 million, paid dividends totaling Rmb 226.2 million, distributed paid-in capital totaling Rmb 308.3 million as a result of the Reorganization, and had an increase in pledged deposits of Rmb 80.3 million.

In 2004, our net cash from financing activities was Rmb 747.1 million. In 2004, we raised bank and other borrowings totaling Rmb 2,993.4 million and received advances from related parties totaling Rmb 548.7 million. In 2004, we made repayments of bank and other borrowings totaling Rmb 2,353.0 million, had an increase in pledged deposits of Rmb 152.0 million, paid interests of Rmb 212.1 million and dividends of Rmb 73.0 million and distributed paid-in capital of Rmb 39.7 million.

In 2003, our net cash from financing activities was Rmb 375.8 million. In 2003, we raised bank and other borrowings totaling Rmb 2,909.3 million and received advances from related parties totaling Rmb 31.8 million, which were partially offset by repayments of bank and other borrowings totaling Rmb 2,335.7 million, interest payments of Rmb 205.5 million and an increase in pledged deposits of Rmb 44.4 million.

### **Net current asset position**

Our net current assets as of April 30, 2006 were approximately Rmb 3,257.3 million, comprising current assets of approximately Rmb 11,916.6 million and current liabilities of approximately Rmb 8,659.3 million. As of the same date, our current assets consisted of properties for development of Rmb 2,932.9 million, properties under development of Rmb 5,922.3 million, completed properties for sale of Rmb 545.3 million, inventories of Rmb 2.1 million, trade and other receivables of Rmb 343.5 million, amounts due from related parties of Rmb 675.3 million, income taxes recoverable of Rmb 107.9 million, other taxes recoverable of Rmb 251.2 million, pledged bank deposits of Rmb 170.0 million and bank balances and cash of Rmb 966.1 million; and our current liabilities consisted of trade and other payables of Rmb 1,134.6 million, pre-sale deposits of Rmb 4,887.3 million, bank and other borrowings of Rmb 2,036.1 million, amounts due to related parties of Rmb 405.6 million, income taxes payable of Rmb 29.5 million and other taxes payable of Rmb 166.2 million.

### **Restricted cash**

A portion of our cash has been deposited in certain banks as pledges for bank loans. Such cash is restricted from being used or transferred before the repayment of the respective bank borrowings. As of December 31, 2003, 2004 and 2005 and as of April 30, 2006, the outstanding amount of cash so deposited was approximately Rmb 44.4 million, Rmb 196.4 million, Rmb 276.7 million and Rmb 170.0 million, respectively.

### **Working capital**

As of December 31, 2005, our aggregate cash and cash equivalents amounted to Rmb 859.4 million, including overseas cash and cash equivalents of Rmb 0.9 million free from any foreign exchange controls in China and cash and cash equivalents in China of Rmb 858.5 million subject to PRC foreign exchange controls if any such cash and cash equivalents are to be remitted outside China. As of April 30, 2006, our aggregate cash and cash equivalents were Rmb 966.1 million.



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Taking into account the estimated net proceeds from the Global Offering, available banking facilities and cash flow from our operations, we confirm that we have sufficient working capital for our present requirements and for the next 12 months from the date of this prospectus.

### INDEBTEDNESS AND CONTINGENT LIABILITIES

#### Borrowings

Our borrowings are denominated principally in Renminbi. As of December 31, 2003, 2004 and 2005, and as of the close of business on April 30, 2006, being the latest practicable date prior to the printing of this document for the purpose of this indebtedness statement, we had the following outstanding borrowings.

	As of December 31,			As of
	2003	2004	2005	April 30,
	(Rmb in millions)			2006
				(unaudited)
Secured bank loans . . . . .	1,336.2	2,391.0	3,441.2	2,904.0
Unsecured bank loans . . . . .	1,453.0	1,063.0	472.0	424.0
	2,789.2	3,454.0	3,913.2	3,328.0
Secured other loans . . . . .	—	—	335.2	367.4
Unsecured other loans . . . . .	347.1	198.6	631.0	652.1
	347.1	198.6	966.2	1,019.5
	3,136.3	3,652.6	4,879.4	4,347.5
Secured bank loans directly associated with assets classified as held for sale . . . . .	—	35.0	—	—
Unsecured other loans directly associated with assets classified as held for sale . . . . .	—	89.1	—	—
	3,136.3	3,776.7	4,879.4	4,347.5
Convertible Bonds <sup>(1)</sup> . . . . .	—	—	—	880.4
Amounts due to related parties . . . . .	391.0	666.4	652.1	405.6
Total . . . . .	3,527.3	4,443.1	5,531.5	5,633.5

Note:

- (1) Out of the borrowings of Rmb 880.4 million relating to our Convertible Bonds, Rmb 484.8 million was related to our mandatory Convertible Bonds and Rmb 395.6 million was related to our non-mandatory Convertible Bonds.

Some of our other loans are consignment loans. Consignment loans are tri-partite arrangements, under which banks, as entrusted by certain non-financial institutions or individuals, lend us the funds sourced from such non-financial institutions or individuals at a management fee. Such non-financial institutions or individuals are considered the providers of the consignment loans. Consignment loans generally bear interest rates higher than normal bank borrowings. We have been advised by our PRC counsel, T&C Law Firm, that such consignment loan arrangements are in compliance with applicable laws and regulations in China.

Our outstanding bank and other borrowings amounted to Rmb 3,136.3 million, Rmb 3,776.7 million, Rmb 4,879.3 million and Rmb 5,227.9 million, respectively, as of December 31, 2003, 2004 and 2005 and April 30, 2006. The increase in our bank and other borrowings was primarily due to the expansion of our operations. We used the proceeds from these borrowings to finance our property development. For 2003, 2004 and 2005 and the four months ended April 30, 2006, the average interest rate was 5.34%, 6.10%, 6.68% and 6.24%, respectively, for our bank loans and 5.40%, 7.24%, 12.0% and 11.71%, respectively, for other loans. The significant increase in average interest rates in 2005 was

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primarily due to a one-time bridge loan associated with our Reorganization which bore a higher interest rate than routine bank borrowings. The bridge loan was repaid in full in January 2006 with the proceeds from our Convertible Bonds.

Commercial banks in China typically require guarantees or security interests for our borrowings. As of December 31, 2003, 2004 and 2005, Rmb 552.6 million, Rmb 927.6 million and Rmb 985.8 million, respectively, of our outstanding bank and other borrowings were guaranteed by companies owned by our Original Shareholders, minority shareholders of our project companies and third parties. All such guarantees provided by companies owned by our Original Shareholders, guarantees provided by minority shareholders of our project companies and guarantees provided by third parties under cross-guarantee arrangements had been fully released as of the Latest Practicable Date. As of December 31, 2003, 2004 and 2005, Rmb 1,336.2 million, Rmb 2,391.0 million and Rmb 3,776.3 million, respectively, of our outstanding bank and other borrowings were secured by our properties, including land use rights and construction in progress. As of the Latest Practicable Date, our mortgages to banks covered an aggregate GFA of approximately 697,589 square metres, together with the underlying land use rights, in respect of certain residential buildings and commercial units and construction in progress that we owned, and land of approximately 3.8 million square metres, together with construction in progress on 537,417 square metres of such land.

The table below sets forth the maturity profiles of our bank and other borrowings and our Convertible Bonds as of the dates indicated:

	As of December 31,			As of
	2003	2004	2005	April 30,
	(Rmb in millions)			2006
				(Unaudited)
Bank loans				
Due within one year . . . . .	1,389.6	2,226.2	1,898.8	1,378.0
Due after one year but within two years . . . . .	1,244.6	888.8	1,303.2	1,541.1
Due in three to five years, inclusive . . . . .	155.0	374.0	706.0	403.9
Due after five years . . . . .	—	—	5.2	5.0
Total bank loans . . . . .	<u>2,789.2</u>	<u>3,489.0</u>	<u>3,913.2</u>	<u>3,328.0</u>
Other loans				
Due within one year . . . . .	292.5	214.1	612.0	658.1
Due after one year but within two years . . . . .	54.6	73.6	54.0	—
Due in three to five years, inclusive . . . . .	—	—	300.2	361.4
Total other loans . . . . .	<u>347.1</u>	<u>287.7</u>	<u>966.2</u>	<u>1,019.5</u>
Convertible Bonds <sup>(1)</sup>				
Due in three to five years, inclusive . . . . .	—	—	—	880.4
Total Convertible Bonds . . . . .	<u>—</u>	<u>—</u>	<u>—</u>	<u>880.4</u>
Amounts due to related parties . . . . .	<u>391.0</u>	<u>666.4</u>	<u>652.1</u>	<u>405.6</u>
Total borrowings . . . . .	<u>3,527.3</u>	<u>4,443.1</u>	<u>5,531.5</u>	<u>5,633.5</u>

Note:

- (1) Out of the borrowings of Rmb 880.4 million relating to our Convertible Bonds, Rmb 484.8 million was related to our mandatory Convertible Bonds and Rmb 395.6 million was related to our non-mandatory Convertible Bonds.

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On January 10, 2006, we issued US\$130,000,000 in aggregate principal amount of Convertible Bonds. Our Convertible Bonds carry an initial interest rate of 10% per annum, subject to adjustment upon the consummation of this Global Offering to 6% for our non-mandatory Convertible Bonds. In addition, we have undertaken to Stark to pay an amount equivalent to an additional 1% per annum, so as to give Stark an effective interest rate of 7% per annum in respect of its holdings of our non-mandatory Convertible Bonds. This payment undertaking is not assignable to transferees (other than affiliates of Stark) of the non-mandatory Convertible Bonds or otherwise. According to an agreement entered into between the holders of the Convertible Bonds and us on June 23, 2006, we have agreed to take steps necessary to allow the holders of our mandatory Convertible Bonds to redeem their bonds upon a “qualified public offering” as described in “Summary of Convertible Bonds” in Appendix IX to this prospectus, and the holders of our mandatory Convertible Bonds have agreed that they will elect to require us to redeem these Convertible Bonds at an aggregate amount of approximately US\$71 million if this Global Offering constitutes a “qualified public offering.”

We expect to pay approximately Rmb 52.3 million interest due on July 10, 2006 according to the terms of our Convertible Bonds. We plan to make such interest payment out of our internal funds.

### **Contingent liabilities**

We make arrangements with various domestic banks to provide mortgage facilities to purchasers of our properties. In accordance with market practice, we are required to provide guarantees to these banks in respect of mortgages offered to our customers. Guarantees for mortgages on residential properties are generally discharged when the property ownership certificates and certificates of other interests with respect to the relevant properties are submitted to the mortgagee banks. If a purchaser defaults on the mortgage loan, we may be required to repurchase the underlying property by paying off the mortgage loan. 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. In line with industry practice, we do not conduct independent credit checks on our customers but will rely on the credit checks conducted by the mortgagee banks. As of April 30, 2006, the outstanding guarantees over mortgage loans of the purchasers of our properties were equal to approximately Rmb 2,162.2 million. As of the same date, we had not experienced any significant purchaser defaults on mortgage loans that we guaranteed.

As of December 31, 2005, we had guarantees outstanding with respect to indebtedness of companies owned by our Original Shareholders of Rmb 273.0 million and, as of the Latest Practicable Date, such guarantees were fully released. As of December 31, 2005, we also guaranteed the indebtedness of our associates and the indebtedness of independent third parties in the aggregate amount of Rmb 452.5 million and Rmb 765.8 million, respectively. Guarantees provided to third parties under cross-guarantee arrangements amounting to Rmb 483.0 million had been subsequently released. As of April 30, 2006, our guarantees outstanding with respect to indebtedness of our associates and third parties were reduced to Rmb 486.2 million and Rmb 170.0 million, respectively.

In connection with this Global Offering, the Original Shareholders have each agreed to indemnify us against the losses, claims, liabilities and expenses arising out of, or relating to (i) guarantees entered into by us prior to the Listing Date in respect of indebtedness incurred by affiliates controlled by any Original Shareholder that are not our consolidated subsidiaries and (ii) guarantees entered into by us that are not on normal commercial terms or in our ordinary course of business in respect of indebtedness incurred by third parties.

As disclosed in the section entitled “Business — Legal Proceedings and Material Claims,” we received three claims for land idle fees in respect of three of our projects. Such claims have been disclosed as contingent liabilities in the financial information included in the Accountants’ Report in Appendix I to

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this prospectus as T&C Law Firm, our PRC counsel, has confirmed that in each case we have strong reasons for appeal and, in the opinion of our Directors, such appeals have a good chance of being successful.

We confirm that, other than disclosed in this prospectus, there has been no material change in our indebtedness and contingent liabilities since April 30, 2006.

### Contractual obligations

The following table sets forth our contractual obligations as of April 30, 2006 that may affect our liquidity over the next five years:

	Payments due by period				
	Total	Less than	1–3 years	3–5 years	Over
		1 year			5 years
(Rmb in millions)					
Debt obligations . . . . .	5,633.5	2,441.7	2,305.1	881.7	5.0
Land acquisition obligations . . . . .	612.7	490.0	70.0	52.7	—
Construction payment obligations . . . . .	1,323.1	1,115.5	178.2	23.1	6.3
Operating lease obligations . . . . .	18.5	8.5	10.0	—	—
Total . . . . .	<u>7,587.8</u>	<u>4,055.7</u>	<u>2,563.3</u>	<u>957.5</u>	<u>11.3</u>

We expect to continue to rely on proceeds from our property sales and pre-sales as well as new financings as the principal sources of funding to finance our contractual obligations. We also expect to use a portion of our net proceeds from this Global Offering to reduce our current indebtedness as we have disclosed in “Future Plans and Use of Proceeds — Use of Proceeds” in this prospectus.

### Off-balance sheet commitments and arrangements

Except for the contingent liabilities set forth above, we have not entered into any off-balance sheet guarantees or other commitments to guarantee the payment obligations of any third parties. We do not have any variable interest in any unconsolidated 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, in the normal course of business, exposed to market risks primarily relating to fluctuations in interest rates, commodity prices, foreign exchange rates and the inflation rate.

#### Interest rate risk

We are exposed to interest rate risks, primarily relating to our bank borrowings, which totaled Rmb 3,913.2 million as of December 31, 2005. We undertake debt obligations to support our property development and general working capital needs. Upward fluctuations in interest rates increase the cost of our financing. Fluctuations in interest rates can also lead to significant fluctuations in the fair values of our debt obligations. The benchmark one-year lending rate published by PBOC for 2003, 2004 and 2005 was 5.31%, 5.58% and 5.58%, respectively. On April 28, 2006, PBOC raised the benchmark one-year lending rate by 27 basis points to 5.85%. We do not currently use any derivative instruments to modify the nature of our debt so as to manage our interest rate risk.

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An increase in interest rates may also adversely affect our prospective purchasers' ability and cost to obtain financing and depress the overall housing demand in China. On March 17, 2005, PBOC raised the minimum property mortgage loan rates. As a result, the minimum rate for property mortgages with a term of over five years increased to 5.51%, 20 basis points higher than the previously existing minimum mortgage loan rate.

### **Commodities risk**

We are exposed to fluctuations in the prices of raw materials for our property developments, primarily steel and cement. We purchase most of our supplies of steel and cement at market prices. Such purchase costs are generally accounted for as part of the contractor fees pursuant to our arrangements with the relevant contractors. We satisfy the remaining requirements for these materials through our construction and other contractors. Accordingly, rising prices for construction materials will affect our construction costs in the forms of increased fees payable to our contractors. As a result, fluctuations in the prices of our construction materials have a significant impact on our results of operations.

### **Foreign exchange risk**

Substantially all of our revenues and expenses are denominated in Renminbi. Our exposure to foreign exchange rate fluctuations results primarily from our foreign currency-denominated debts, mainly our Convertible Bonds. Our Convertible Bonds are denominated in U.S. dollars and any changes in the exchange rate between Renminbi and U.S. dollar will affect the amount required to repay the principal of and interests on the Convertible Bonds and may result in foreign exchange gains or losses for a given period. We will continue to be exposed to foreign exchange rate fluctuations as a result of our Convertible Bonds until such bonds have been fully converted, redeemed or repaid. In addition, subsequent to this Global Offering, a depreciation of Renminbi would adversely affect the value of any dividends we pay to our offshore shareholders. We currently do not engage in hedging activities designed or intended to manage such currency risk. Also see "Risk Factors — Risks Relating to China — Fluctuations in the value of Renminbi will affect the value of, and dividends payable on, our Shares in foreign currency terms and affect the amount of our foreign debt service in Renminbi terms."

### **Inflation**

China has not experienced significant inflation or deflation in recent years. According to the National Bureau of Statistics of China, China's overall national inflation rate, as represented by the general consumer price index, was approximately 1.2% in 2003, 3.9% in 2004 and 1.8% in 2005. Recent inflation and deflation have not materially affected our business. Deflation could negatively affect our business as it might be a disincentive for prospective property purchasers to make a purchase.

### **DISCLOSURE REQUIRED UNDER CHAPTER 13 OF THE LISTING RULES**

Our Directors have confirmed that, as of the Latest Practicable Date, there are no circumstances which would give rise to a disclosure requirement under Rule 13.13 to 13.19 of the Listing Rules upon the listing of our Shares on the Stock Exchange.

### **PROFIT FORECAST**

We forecast that, on the bases described in Appendix II to this prospectus, profits attributable to equity holders of our company for the year ending December 31, 2006 is unlikely to be less than Rmb 1,480 million, before accounting adjustment for the net change in the fair value of the options and conversion feature that are embedded in our Convertible Bonds, or Rmb 1,471 million after such accounting adjustment.

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On a pro forma fully diluted basis and on the assumption that the Global Offering had been completed and a total of 1,298,701,500 Shares were in issue throughout the year ending December 31, 2006 (taking no account of any Share that may be issued pursuant to the exercise of the Over-allotment Option but taking into account of profits or losses that may arise on the revaluation of the options which are embedded in our Convertible Bonds), our estimated earnings per Share is HK\$1.10, representing a price/earnings multiple of 7.5 times based on the Offer Price of HK\$8.22 per Share (being the mid-point of the stated range of the Offer Price between HK\$6.57 and HK\$9.86 per Share).

You may find the texts of the letters from Deloitte Touche Tohmatsu, auditors and reporting accountants, and J.P. Morgan Securities (Asia Pacific) Limited as the Sponsor in respect of the profit forecast in Appendix II to this prospectus.

### **DIVIDENDS AND DISTRIBUTABLE RESERVES**

Subject to the Cayman Companies Law and through a general meeting, we may declare dividends in any currency but no dividend may be declared in excess of the amount recommended by our Board. Our Memorandum and 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 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 Cayman Companies Law.

Except so far as the rights attaching to, or the terms of issue of, any Shares that may otherwise provide, (i) all dividends shall be declared and paid according to the amounts paid up on the Shares in respect of which 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. Our Directors may deduct from any dividend or other monies payable to any of our shareholders or in respect of any Shares all sums of money (if any) presently payable by him or her to us on account of calls or otherwise. 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 on the following factors:

- our general business conditions;
- our financial results;
- our capital requirements;
- interests of our shareholders; and
- any other factors which our Board may deem relevant.

Our Directors have absolute discretion in whether to declare any dividend for any year and, if they decide to declare a dividend, how much dividend to declare. They will declare dividends, if any, in Hong Kong dollars with respect to our 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.

In 2003, 2004 and 2005, we distributed dividends of nil, Rmb 77.1 million and Rmb 198.4 million, respectively, to our shareholders. On March 19, 2006, we declared a special dividend in the aggregate amount of US\$50 million on the basis of our net profit for the year ended December 31, 2005 to our shareholders whose names appeared on our register of members on the record date of January 1, 2006. The special dividend was paid out of our internal resources to Delta House in the amount of US\$27.0 million, to Profitwise in the amount of US\$19.5 million and to Wisearn in the amount of US\$3.5 million, respectively, in March and April of 2006. Proceeds of such special dividend were used by Delta House, Profitwise and Wisearn to settle a portion of the amounts due from our Original

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Shareholders and their affiliates to us as of December 31, 2005. For the year ending December 31, 2006, our Board of Directors currently intends to recommend a final dividend of approximately Rmb 500 million (approximately Rmb 0.385 per Share), based on our issued share capital following completion of the Global Offering (assuming the Over-allotment Option is not exercised and our non-mandatory Convertible Bonds are not converted into our Shares). If the Over-allotment Option is exercised and/or our non-mandatory Convertible Bonds are converted into our Shares, the per share amount of such final dividend to be paid will decrease accordingly. Such final dividend is subject to the approval of our shareholders and, if approved, is currently expected to be paid in mid 2007. Our past dividend payment history is not, and should not be taken as, an indication of our potential future practice on dividend payments. There is no assurance that dividends of any amount will be declared or distributed in any year.

### **Distributable reserves**

As of December 31, 2005, our reserves available for distribution to our equity holders amounted to approximately Rmb 280.3 million.

### **UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS**

The following statement of unaudited pro forma adjusted net tangible assets is based on our net tangible assets as of December 31, 2005 contained in the Accountants' Report in Appendix I to this prospectus and adjusted as described below:

	<b>Audited consolidated net tangible assets attributable to equity holders of our company as of December 31, 2005<sup>(1)</sup></b>	<b>Estimated net proceeds from issue of Offer Shares<sup>(2)</sup></b>	<b>Unaudited pro forma adjusted net tangible assets<sup>(3)(4)</sup></b>	<b>Unaudited pro forma adjusted net tangible assets per Share<sup>(5)</sup></b>
	<b>(Rmb in millions)</b>			<b>(Rmb)                      (HK\$)</b>
Based on Offer Price of HK\$6.57 per Share . . . . .	665.7	1,931.5	2,597.2	2.00                      1.93
Based on Offer Price of HK\$9.86 per Share . . . . .	665.7	2,914.8	3,580.5	2.76                      2.67

**Notes:**

- (1) As of December 31, 2005, our audited consolidated net tangible assets attributable to equity holders of the company was equal to equity attributable to equity holders of our company less the intangible asset.
- (2) The estimated net proceeds from the Global Offering are based on hypothetical Offer Prices of HK\$6.57 and HK\$9.86, respectively, per Offer Share assuming no exercise of the Over-allotment Option, after deduction of underwriting fees and estimated expenses payable by us in connection with the Global Offering.
- (3) The unaudited pro forma adjusted net tangible assets do not take into account the special dividend of US\$50 million declared and paid to our Shareholders whose names appeared on our register of members on the record date of January 1, 2006.
- (4) By comparing the valuation of our property interests as set out in Appendix IV to this prospectus and the unaudited net book value of these properties as of March 31, 2006, the valuation surplus was approximately Rmb 9,976.2 million, which has not been included in the above net tangible assets. The valuation surplus of our property interests will not be incorporated in our financial statements for the year ending December 31, 2006. If the valuation surplus were to be included in our financial statements for the year ending December 31, 2006, an additional depreciation charge of approximately Rmb 0.4 million per annum would be incurred.
- (5) The unaudited pro forma adjusted net tangible assets per Share is based on a total of 1,298,701,500 Shares expected to be in issue immediately after the Capitalization Issue and the completion of the Global Offering (assuming no exercise of the Over-allotment Option).

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## FINANCIAL INFORMATION

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### PROPERTY INTERESTS AND PROPERTY VALUATION

Our property interests, including the interests in properties that are attributable to us, as valued by DTZ, an independent property valuer, as of March 31, 2006 was Rmb 18.5 billion. There is a net revaluation surplus, representing the excess market value of the properties over their book value as of December 31, 2005 (after adjusting for units sold during the period from January 1, 2006 to March 31, 2006).

For further details of our property interests and the text of the letter and valuation certificates of these property interests prepared by DTZ, see Appendix IV to this prospectus. You should also be aware of the differences between our classification of properties and the classification used by DTZ in its Property Valuation report and by our auditors and reporting accountants in the Accountants' Report as we have disclosed in "Business — Our Property Projects."

Disclosure of the reconciliation of the valuation of the interests in properties attributable to us and such property interests in our consolidated balance sheets as of December 31, 2005 as required under Rule 5.07 of Listing Rules is set forth below:

	<b>Rmb in millions</b>
Net book value as of December 31, 2005	
Property, plant and equipment <sup>(1)</sup> . . . . .	168.1
Properties for development <sup>(2)</sup> . . . . .	2,260.5
Properties under development . . . . .	5,654.3
Completed properties for sale . . . . .	699.2
	<u>8,782.1</u>
Movement for the period from January 1 to March 31, 2006	
Addition . . . . .	1,091.6
Disposal . . . . .	(908.2)
Depreciation . . . . .	(0.8)
Net book value as of March 31, 2006 . . . . .	8,964.7
Valuation surplus . . . . .	9,976.2
Valuation as of March 31, 2006 <sup>(3)</sup> . . . . .	<u>18,940.9</u>

*Notes:*

- (1) Among the property, plant and equipment amounting to an aggregate of approximately Rmb 244.1 million as of December 31, 2005, property, plant and equipment (other than construction in progress and buildings) amounting to approximately Rmb 76.0 million are excluded from the valuation in Appendix IV to this prospectus and are therefore also excluded from this reconciliation.
- (2) Among the properties for development amounting to an aggregate of approximately Rmb 2,506.1 million as of December 31, 2005, properties for development amounting to approximately Rmb 245.6 million, in respect of which the land use rights certificates had not yet been obtained as of March 31, 2006, have not been assigned any commercial value in the valuation in Appendix IV to this prospectus and are therefore also excluded from this reconciliation.
- (3) For the purpose of this reconciliation, the valuation as of March 31, 2006 includes the valuation of property interests of our subsidiaries in full but excludes that of our associates.

### NO MATERIAL ADVERSE CHANGE

We confirm that there has not been any material adverse change in our financial or trading position since December 31, 2005.



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## FUTURE PLANS AND USE OF PROCEEDS

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### FUTURE PLANS

We intend to grow our business by continuing to focus on development of integrated residential complexes comprising our three principal product series, villas, low-rise apartment buildings and high-rise apartment buildings. We intend to leverage our competitive strengths to solidify our leading position in Zhejiang Province residential property markets and to further strengthen our presence in Shanghai, Beijing and other strategically selected cities in China.

Based on our current development schedule and land bank, we will have sufficient land reserves and property developments in the pipeline for the next five years and plan to continue to maintain a five-year land reserve on a rolling basis. Consistent with our future plans, our future property developments will consist largely of residential properties targeted at middle to higher income residents. As we engage primarily in the development of large-scale development projects comprising multiple phases, our future property developments will continue to be categorized into properties under development and properties held for future development based on the development status of our properties as of any time of reference. As of the Latest Practicable Date, we had approximately 7.7 million square meters of GFA under development and approximately 0.9 million square meters of GFA held for future development. Based on our current development plan, we estimate that aggregate additional land and construction costs of approximately Rmb 19,939 million will be required to complete the properties currently under development and aggregate additional land and construction costs of approximately Rmb 3,422 million will be required to complete the properties currently held for future development. We intend to use a portion of the proceeds from this Global Offering to finance these property developments as described below. We will use our operating cash flows and external borrowings to finance the remaining development costs. Based on our current development plan, which is subject to changes, we expect to complete approximately 15.7%, 23.5%, 23.5%, 22.6%, 12.0% and 2.7%, respectively, of the properties currently under development by the end of 2006, 2007, 2008, 2009, 2010 and 2011. We expect to complete approximately nil, nil, 21.0%, 35.9% and 43.1%, respectively, of the properties currently held for future development by the end of 2006, 2007, 2008, 2009 and 2010.

### USE OF PROCEEDS

The net proceeds of the Global Offering accruing to us (after deduction of underwriting fees and commissions and estimated expenses payable by us in relation to the Global Offering, assuming the Over-allotment Option is not exercised) are estimated to be approximately HK\$1,869 million, assuming an Offer Price of HK\$6.57 per Share, or approximately HK\$2,820 million, assuming an Offer Price of HK\$9.86 per Share (or if the Over-allotment Option is exercised in full, approximately HK\$2,178 million, assuming an Offer Price of HK\$6.57 per Share, or approximately HK\$3,285 million, assuming an Offer Price of HK\$9.86 per Share).

We plan to use our net proceeds from the Global Offering as follows:

- approximately Rmb 572 million to redeem all our mandatory Convertible Bonds;
- approximately Rmb 975 million to finance the development costs for some properties under development, specifically:
  - (1) approximately Rmb 350 million to finance the development of Beijing Qinglongqiao Phase I and Phase II, which is expected to complete in September 2007 and December 2007, respectively;
  - (2) approximately Rmb 140 million to finance the development of Greentown Lanting Phase III, which is expected to complete in December 2008;
  - (3) approximately Rmb 115 million to finance the development of Taohuayuan South Phase II, which is expected to complete in December 2009;

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## FUTURE PLANS AND USE OF PROCEEDS

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- (4) approximately Rmb 110 million to finance the development of Haining Baihe High-rise Phase II, which is expected to complete in June 2010;
- (5) approximately Rmb 100 million to finance the development of Jiahe Jiubao Project Phase I, which is expected to complete in May 2010;
- (6) approximately Rmb 60 million to finance the development of Hefei Baihe Apartments Phase II, which is expected to complete in May 2008; and
- (7) approximately Rmb 100 million to finance the development of our other existing property developments;
- approximately Rmb 385 million to Rmb 870 million to acquire new land for development; and
- the remaining balance, if any, to repay certain outstanding loans and/or for general corporate purposes, assuming an Offer Price of HK\$9.86 per Share, specifically,
  - (1) loans of an aggregate principal amount of approximately Rmb 331 million, with annual interest rates ranging from 5.02% to 12.00% and maturity dates between August 2006 and December 2006, that we borrowed to finance the development of Deep Blue Plaza, Jingui Plaza, Taohuayuan South, Beijing Baihe Apartments, Shangyu Guihua Garden, Zhousha Guihua City; and
  - (2) loans of an aggregate principal amount of approximately Rmb 150 million, with annual interest rates ranging from 5.58% to 10.80% and maturity dates between September 2006 and December 2006, that we borrowed for working capital and general corporate purposes and accrued interest of approximately Rmb 17 million on our Convertible Bonds.

Among the projects or project phases mentioned above, Taohuayuan South and Jiuxi Rose Garden Holiday Village are villa projects, in respect of which we have obtained the land use rights certificates.

We intend to use our additional net proceeds of approximately HK\$310 million, assuming an Offer Price of HK\$6.57 per Share, or approximately HK\$465 million, assuming an Offer Price of HK\$9.86 per Share, that we estimate we will receive from subscription for additional Shares in the event the Over-allotment Option is exercised in full, to acquire new land for development.

Our acquisitions of new land for development mentioned above may include, but are not limited to, those described in the section entitled “Business — Other Land Acquisition Contractual Arrangements” after the signing of the relevant land use rights grant contracts. As of the Latest Practicable Date, we did not have concrete plans and timetable for such acquisitions.

Pending the use of our net proceeds as disclosed in this prospectus, we will hold such funds on short-term deposit with licensed banks and/or authorized financial institutions in Hong Kong as we consider to be in our interest and in the interest of our shareholders taken as a whole.

We will not receive any proceeds from the sale of Sale Shares by any Selling Shareholder. The net proceeds of the Global Offering accruing to the Selling Shareholders (after deduction of underwriting fees and commissions and estimated expenses payable by the Selling Shareholders in relation to the Global Offering) are estimated to be approximately HK\$165 million, assuming an Offer Price of HK\$6.57 per Share, or HK\$247 million, assuming an Offer Price of HK\$9.86 per Share.

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## UNDERWRITING

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### UNDERWRITERS

#### **Hong Kong Underwriters**

J.P. Morgan Securities (Asia Pacific) Limited  
UBS AG  
BOCI Asia Ltd  
Core Pacific - Yamaichi International (H.K.) Limited  
First Shanghai Securities Limited  
South China Securities Limited  
Tai Fook Securities Company Limited

### UNDERWRITING ARRANGEMENTS AND EXPENSES

#### **Hong Kong Public Offering**

We, the Hong Kong Underwriters and the Joint Global Coordinators, among others, entered into the Hong Kong Underwriting Agreement on June 29, 2006. As described in the Hong Kong Underwriting Agreement, we are offering the Hong Kong Offer Shares for subscription on the terms and subject to the conditions of this prospectus and the Application Forms at the Offer Price. Subject to the Listing Committee granting the listing of, and permission to deal in, our Shares in issue and to be issued, and to certain other conditions described in the Hong Kong Underwriting Agreement (including the Joint Global Coordinators, on behalf of the Underwriters, and us agreeing to the Offer Price), the Hong Kong Underwriters have agreed severally to subscribe or procure subscribers for the Hong Kong Offer Shares which are being offered but are not taken up under the Hong Kong Public Offering on the terms and subject to the conditions of this prospectus and the Application Forms.

The Hong Kong Underwriting Agreement is conditional upon and subject to the International Underwriting Agreement having been signed and becoming unconditional.

#### ***Grounds for termination***

The Joint Global Coordinators may in their absolute discretion, upon giving notice in writing to us, terminate the Hong Kong Underwriting Agreement with immediate effect if, at any time prior to 8:00 a.m. on the Listing Date:

- (i) there shall develop, occur, exist or come into effect:
  - (a) any new law or any change or development involving a prospective change in any existing laws or any change in the interpretation or application thereof by any court or other competent authority of the Cayman Islands, Hong Kong, the PRC, the United States, Singapore, France, Germany, The Netherlands and the United Kingdom (collectively, the “Relevant Jurisdictions”); or
  - (b) any change or development involving a prospective change in, or any event or series of events resulting or likely to result in any change or development in local, national or international financial, political, military, industrial, legal, fiscal, economic, regulatory, market or currency matters or conditions (including but not limited to a change in the system under which the value of the H.K. dollar is linked to the U.S. dollar or revaluation of Renminbi against any foreign currencies or a change in any other currency exchange rates) in the Relevant Jurisdictions; or

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## UNDERWRITING

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- (c) the imposition of any moratorium, suspension or restriction on trading in securities generally on the Stock Exchange, the Singapore Stock Exchange, the London Stock Exchange, the New York Stock Exchange or in the NASDAQ System or any disruption in commercial banking activities or securities settlement, payment or clearance services or procedures in any of the Relevant Jurisdictions; or
- (d) a change or development or event involving a prospective change in taxation or exchange control (or the implementation of any exchange control) or foreign investment regulations in the Relevant Jurisdictions; or
- (e) any imposition of economic sanctions, in whatever form, directly or indirectly, by the United States, France, Germany, The Netherlands, the United Kingdom or the PRC, Hong Kong or the Cayman Islands; or
- (f) the outbreak or escalation of hostilities involving any of the Relevant Jurisdictions or the declaration by any of the Relevant Jurisdictions of a national emergency or war or any other national or international calamity or crisis; or
- (g) any event or series of events of force majeure in or affecting any of the Relevant Jurisdictions including without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic (including SARS or H5N1 or such related/ mutated forms), terrorism, strike or lock-out; or
- (h) any change or development or event involving a prospective change in our assets, liabilities, profit, losses, performance, condition, business, financial, earnings, trading position or prospects including any litigation or claim of material importance of any third party being threatened or instigated against us or any of our subsidiaries; or
- (i) other than with the approval of the Joint Global Coordinators, the issue or requirement to issue by us of a supplementary prospectus or offering document 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 Global Coordinators, materially adverse to the marketing for or implementation of the Global Offering; or
- (j) a petition is presented for the winding up or liquidation of any of our subsidiaries or any of our subsidiaries makes any composition or arrangement with its creditors or enters into a scheme of arrangement or any resolution is passed for the winding-up of any of our subsidiaries or a provisional liquidator, receiver or manager is appointed over all or part of the assets or undertaking of any of our subsidiaries or anything analogous thereto occurs in respect of any of our subsidiaries; or
- (k) a valid demand by any creditor for repayment or payment of any indebtedness of any of our subsidiaries or in respect of which any of our subsidiaries is liable prior to its stated maturity, or any loss or damage sustained by any of our subsidiaries (howsoever caused and whether or not the subject of any insurance or claim against any person),

which, individually or in the aggregate and in the sole opinion of Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters):

- (1) is or will or is likely to be materially adverse to the business or financial condition or prospects of us and our subsidiaries taken as a whole; or

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## UNDERWRITING

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- (2) has or will have or is likely to have a material adverse effect on the success or marketability of the Hong Kong Public Offering or the International Offering; or
  - (3) makes it inadvisable or inexpedient or impracticable to proceed with the Hong Kong Public Offering or the International Offering on the terms contemplated in this prospectus; or
  - (4) would have the effect of making any part of the Hong Kong Underwriting Agreement incapable of performance in accordance with its terms or which prevents the processing of applications and/or payments pursuant to the terms of the Hong Kong Underwriting Agreement, the Receiving Bankers Agreement and/or the Branch Registrar Agreement (as defined in the Hong Kong Underwriting Agreement).
- (ii) any change or development or event involving a prospective change, or a materialization of, any of the risks set out in the section entitled "Risk Factors" in this prospectus which in the sole opinion of Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters) has, or shall have or is likely to have a material adverse effect on the success of the Hong Kong Public Offering or the International Offering; or
- (iii) any statement including but not limited to any forecasts, expressions of opinion, intention or expectation contained in this prospectus or the Application Forms becomes or is discovered to be untrue, inaccurate, incomplete or misleading or in the case of forecasts, expressions of opinion, intention or expectation, are not fair and honest based on reasonable assumptions in any material respect with reference to the facts and circumstances then subsisting; or
- (iv) any matter or event arising or having been discovered rendering or there coming to the notice of any of the Joint Global Coordinators, the Sponsor or the Underwriters any matter or event showing any of the representation and warranties we gave in the Hong Kong Underwriting Agreement to be untrue, inaccurate or misleading or having been breached in any material respect; or
- (v) there shall have occurred any matter or event, act or omission which gives rise or is reasonably likely to give rise to any material liability of us pursuant to the indemnities contained in Clause 13 of the Hong Kong Underwriting;
- (vi) any breach on the part of us, the Original Shareholders and/or the Selling Shareholders of any of the material provisions of the Hong Kong Underwriting Agreement or the International Underwriting Agreement in any material respect; or
- (vii) any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of this prospectus, not having been disclosed in this prospectus, constitute a material omission therefrom; or
- (viii) we withdraw this prospectus and the Application Forms or the Global Offering.

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## UNDERWRITING

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### ***Undertakings***

We have undertaken to each of the Joint Global Coordinators, the Sponsor and the Hong Kong Underwriters that, and we, the Original Shareholders and the Selling Shareholders undertake to use our respective best endeavor to procure that:

- (i) except pursuant to the Global Offering (including pursuant to the Over-allotment Option) or in certain prescribed circumstances, such as the issue of Shares pursuant to (a) our Share Option Scheme or (b) the conversion of our Convertible Bonds, or with the prior written consent of the Joint Global Coordinators and of the Stock Exchange, and unless in compliance with the requirements of the Listing Rules, we will not (a) offer, allot or issue, or agree to allot, issue, grant or agree to grant any option, right or warrant over, either directly or indirectly, any of our Shares or other securities (including warrants or other securities convertible into or exercisable or exchangeable for or that represent the right to receive any of our Shares) or (b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any Shares, whether any of the foregoing transactions is to be settled by delivery of such Shares or such other securities, in cash or otherwise, or offer or agree to do any of the foregoing, or announce any intention to do so, within the first six (6) months from the Listing Date;
- (ii) in the event of an issuance or arrangement by us of any of the foregoing as set out above by virtue of the aforesaid exceptions or during the period of six (6) months immediately following the expiry of the first six-month period after the Listing Date, we will take all reasonable steps to ensure that any such act will not create a disorderly or false market for any of our Shares or other securities; and
- (iii) we shall not effect any purchase of Shares, or agree to do so, which may reduce the holding of Shares in “public hands” (as such expression means under the Listing Rules) below the relevant prescribed minimum percentage as is set out in and calculated in accordance with the Listing Rules without first having obtained the prior written consent of the Joint Global Coordinators, save as otherwise agreed or permitted by the Stock Exchange.

Each of the Original Shareholders and the Selling Shareholders undertakes to each of us, the Joint Global Coordinators, the Sponsor and the Hong Kong Underwriters that:

- (i) during the period commencing from the date of this prospectus and ending on the date which is six (6) months from the Listing Date (the “First Period”), such person or entity will not, except pursuant to the stock lending agreement, without the prior written consent of the Joint Global Coordinators and unless in compliance with the requirements of the Listing Rules, (a) offer, pledge, charge, sell, contract to 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, any of our Shares or shares in the capital of Delta House (“Delta House Shares”) or shares in the capital of Profitwise (“Profitwise Shares”) or shares in the capital of Wisearn (“Wisearn Shares”) held by such person or entity or other securities of us that are convertible into or exercisable or exchangeable for, or that represent the right to receive any such Shares or Delta House Shares or Profitwise Shares or Wisearn Shares (as the case may be) or such other securities or (b) 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 Shares or Delta House Shares or Profitwise Shares or Wisearn Shares (as the case may be), whether any of the foregoing transactions is to be settled by delivery of such Shares or Delta House Shares or Profitwise Shares or Wisearn Shares (as the case may be) or such other securities, in cash or otherwise;

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## UNDERWRITING

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- (ii) such person or entity will not, without the prior written consent of the Stock Exchange in the six-month period commencing on the expiry of the First Period set out in paragraph (i) above (the “Second Period”), dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any Shares held by Delta House or Profitwise or Wisearn upon completion of the Global Offering or Delta House Shares or Profitwise Shares or Wisearn Shares held by such person or entity if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, the Original Shareholders and the Selling Shareholders would individually or together cease to be our controlling shareholders (as defined in the Listing Rules);
- (iii) in the event of a disposal of any of our Shares or securities or any interest therein within the First Period and/or the Second Period, such person or entity will take all reasonable steps to ensure that such a disposal will not create a disorderly or false market for any of our Shares or other securities; and
- (iv) such person or entity will comply with all the restrictions and requirements under the Listing Rules on the sale, transfer or disposal by such person or entity of any Shares.

Each of the Original Shareholders and the Selling Shareholders undertakes to each of us, the Joint Global Coordinators, the Sponsor and the Hong Kong Underwriters that, during the period commencing on the date by reference to which disclosure of direct or indirect shareholding in us held by such person or entity is made in this prospectus and ending on the date which is twelve (12) months from the Listing Date, such person or entity shall:

- (i) when such person or entity pledges or charges any of our Shares or other securities of us or the Delta House Shares or the Profitwise Shares or the Wisearn Shares (as the case may be) beneficially owned by such person or entity in favor of any authorized institution pursuant to Note (2) to Rule 10.07(2) of the Listing Rules, immediately inform us of such pledge or charge (as the case may be) together with the number of Shares or securities so pledged or charged; and
- (ii) when such person or entity receives any indication, either verbal or written, from the pledgee or chargee of any of our Shares or securities or the Delta House Shares or the Profitwise Shares or the Wisearn Shares (as the case may be) such person or entity pledged or charged shall be disposed of, immediately inform us of such indication.

We have undertaken to the Stock Exchange that save in connection with the Global Offering or the Over-allotment Option, no further Shares or securities convertible into our equity securities will be issued by us, or form the subject of any agreement by us to such an issue, within six months from the date on which our Shares first commence dealing on the Stock Exchange (whether or not such issue of Shares or securities will be completed within six months from the commencement of dealings) except in the circumstances permitted pursuant to Rule 10.08 of the Listing Rules.

Our Original Shareholders have been acting in concert since April 1998 and pursuant to an agreement entered into among our Original Shareholders on November 26, 2005, each of them confirmed and agreed that they will continue to act in concert in relation to our business operations and management affairs. Each of our Original Shareholders has undertaken to the Stock Exchange that except pursuant to the Global Offering or the Over-allotment Option, he or she shall procure the companies controlled by him or her shall not:

- (i) in the period commencing on the date by reference to which disclosure of the shareholdings of the companies controlled by him or her is made in this prospectus, and ending on the date which is six (6) months from the date on which dealings in our Shares commence on the Stock Exchange

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## UNDERWRITING

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(the “Initial Six Month Period”), dispose of, nor enter into any agreement to dispose of, or otherwise create any options, rights, interests or encumbrances in respect of, any of our securities in respect of which the companies controlled by him or her are shown by this prospectus to be the beneficial owner (the “Securities”); or

- (ii) in the six (6) month period commencing on the expiry of the Initial Six Month Period, dispose of, nor enter into any agreement to dispose of, or otherwise create any options, rights, interests or encumbrances in respect of, any of our Securities if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, the companies controlled by him or her would then cease to be a controlling shareholder of us.

Each of the Original Shareholders further undertakes to the Stock Exchange that, within the period commencing on the date by reference to which disclosure of the shareholdings of the companies controlled by him or her is made in this prospectus and ending on the date which is 12 months from the date on which dealings in our Shares commence on the Stock Exchange, he or she shall procure that companies controlled by him or her shall:

- (i) when it pledges or charges any securities beneficially owned by it in favor of an authorized institution pursuant to Note (2) to Rule 10.07(2) of the Listing Rules, immediately inform us of such pledge or charge together with the number of securities so pledged or charged; and
- (ii) when it receives any indications, either verbal or written, from the pledgee or chargee that any of the pledged or charged securities will be disposed of, immediately inform us of such indications.

Each of the Selling Shareholders undertakes to the Stock Exchange that, save in connection with the Global Offering or the Over-allotment Option, it shall not:

- (i) in the period commencing on the date by reference to which disclosure of its shareholdings is made in this prospectus, and ending on the date which is six (6) months from the date on which dealings in our Shares commence on the Stock Exchange (the “Initial Six Month Period”), dispose of, nor enter into any agreement to dispose of, or otherwise create any options, rights, interests or encumbrances in respect of, any of our securities in respect of which it is shown by this prospectus to be the beneficial owner; or
- (ii) in the six (6) month period commencing on the expiry of the Initial Six Month Period, dispose of, nor enter into any agreement to dispose of, or otherwise create any options, rights, interests or encumbrances in respect of, any of our Securities if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, we would then cease to be a controlling shareholder of us.

Each of the Selling Shareholders further undertakes to the Stock Exchange that, within the period commencing on the date by reference to which disclosure of its shareholdings is made in this prospectus and ending on the date which is 12 months from the date on which dealings in our Shares commence on the Stock Exchange, it shall:

- (i) when it pledges or charges any securities beneficially owned by it in favor of an authorized institution pursuant to Note (2) to Rule 10.07(2) of the Listing Rules, immediately inform us of such pledge or charge together with the number of securities so pledged or charged; and
- (ii) when it receives any indications, either verbal or written, from the pledgee or chargee that any of the pledged or charged securities will be disposed of, immediately inform us of such indications.



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## UNDERWRITING

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### International Offering

In connection with the International Offering, we, the Selling Shareholders and the Original Shareholders expect to enter into the International Underwriting Agreement with the Joint Global Coordinators and the International Underwriters. Under the International Underwriting Agreement, the International Underwriters will, subject to certain conditions, severally agree to purchase the International Offer Shares being offered pursuant to the International Offering or procure purchasers for such International Offer Shares.

We will grant to the International Underwriters the Over-allotment Option, exercisable by the Joint Global Coordinators on behalf of the International Underwriters at any time from the day on which trading of our Shares commences on the Stock Exchange until 30 days after the last day for lodging of applications under the Hong Kong Public Offering, to require us to allot and issue up to an aggregate of 48,701,000 additional Shares at the Offer Price to cover, among other things, over-allocations in the International Offering.

### Commission and expenses

We will pay the Hong Kong Underwriters a commission of 3.2% of the aggregate Offer Price payable for the Hong Kong Offer Shares initially offered under the Hong Kong Public Offering, out of which they will pay any sub-underwriting commissions. For unsubscribed Hong Kong Offer Shares reallocated to the International Offering, we will pay to the International Underwriters an underwriting commission at the rate applicable to the International Offer Shares. We and the Selling Shareholders will pay, in proportion to the number of International Offer Shares sold by us and the Selling Shareholders, respectively, in the International Offering, such fee and commission in connection with the International Offering. We and the Selling Shareholders will pay, in proportion to the number of Offer Shares sold by us and the Selling Shareholders, respectively, in the Global Offering, the Stock Exchange listing fees, the Stock Exchange transaction levy, certain legal and other professional fees, printing, and other expenses relating to the Global Offering, which are estimated to be approximately HK\$31 million in aggregate (based on the mid-point of the offer price range and assuming the Over-allotment Option is not exercised). We and each Selling Shareholder may pay additional fees and expenses relating to specific professional services rendered to their own benefit in connection with the Global Offering.

The International Underwriters will receive a commission of 3.2% of the aggregate Offer Price payable for the International Offer Shares offered under the International Offering.

The Underwriters will pay us an aggregate amount of US\$1,875,000 to reimburse a part of the fees and expenses incurred in relation to our issue of the Convertible Bonds and reorganization prior to this Global Offering.

We and the Selling Shareholders have agreed to indemnify the Hong Kong Underwriters for certain losses which they may suffer, including losses arising from the performance of their obligations under the Hong Kong Underwriting Agreement and any breach by us or any Selling Shareholder of the Hong Kong Underwriting Agreement. We, the Selling Shareholders and the Original Shareholders will agree to indemnify the International Underwriters against certain liabilities, including certain liabilities under the U.S. Securities Act.

### UNDERWRITERS' INTERESTS IN US

Other than (i) respective rights and obligations of the Underwriters under the Underwriting Agreements, (ii) 10,000,000 Shares owned by JPMorgan Securities (after giving effect to the Capitalization Issue), and (iii) US\$21,000,000 in principal amount of our non-mandatory Convertible Bonds held by JPMorgan Securities, immediately upon completion of this Global Offering, none of the

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## UNDERWRITING

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Underwriters has any shareholding interests in us or in any of our subsidiaries or has any right, legally enforceable or not, to subscribe for or to nominate persons to subscribe for our securities or securities of any of our subsidiaries.

Following the completion of this Global Offering, the Underwriters and their affiliates may hold some of our Shares in connection with the performance of their obligations under the Underwriting Agreements.

### **INDEPENDENCE OF THE SPONSOR**

The Sponsor is independent of us and satisfies the requirements of Rule 3A.07(1) of the Listing Rules as disclosed below:

- a. Assuming an offer price of HK\$6.57, JPMorgan Securities will hold approximately 1.8% of our enlarged issued share capital assuming (i) full conversion of our non-mandatory Convertible Bonds into our Shares and (ii) an offer of new Shares representing 23% of our enlarged issued share capital in the Global Offering; it being understood, as permitted by Rule 3A.07(1) of the Listing Rules, that these calculations do not take into account any holdings of our Shares that may arise solely as a result of any underwriting obligation of JPMorgan and JPMorgan Securities under the Global Offering.
- b. None of the directors of the Sponsor or their associates holds or will hold, directly or indirectly, any interest in our issued share capital; and
- c. Except as disclosed above and unless otherwise permitted under Rule 3A.07(1) of the Listing Rules, none of the members of the sponsor group (as defined in the Listing Rules) holds or will hold, directly or indirectly, any interest in our issued share capital.

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## STRUCTURE OF THE GLOBAL OFFERING

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### PRICE PAYABLE ON APPLICATION

The Offer Price will not be more than HK\$9.86 and is expected to be not less than HK\$6.57, unless otherwise announced by no later than the morning of the last day for lodging applications under the Hong Kong Public Offering as further explained below. If you apply for the Offer Shares under the Hong Kong Public Offering, you must pay the maximum Offer Price of HK\$9.86 per Offer Share plus a 1.0% brokerage fee, 0.005% Stock Exchange trading fee and 0.005% SFC transaction levy. This means that, for every board lot of 500 Offer Shares, you should pay HK\$4,979.80 at the time of your application.

If the Offer Price, as finally determined in the manner described below, is lower than HK\$9.86, we will refund the respective difference, including the brokerage fee, 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 entitled “How to Apply for the Hong Kong Offer Shares” in this prospectus.

### DETERMINATION OF THE OFFER PRICE

We expect the Offer Price to be fixed by agreement among us and the Joint Global Coordinators, on behalf of the Underwriters, 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 July 7, 2006 and in any event, no later than July 10, 2006. The Offer Price will not be more than HK\$9.86 per Offer Share and is expected to be not less than HK\$6.57 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 Global Coordinators, 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, and with our and the Selling Shareholders’ consents, reduce the number of Offer Shares and/or the indicative offer price range below that described in this prospectus prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. 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 Offering publish a notice in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) of the reduction in the number of Offer Shares and/or the indicative offer price range.

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 Global Coordinators, on behalf of the Underwriters, 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 section entitled “Financial Information — Liquidity and Capital Resources — Working capital” of this prospectus, the offering statistics as currently disclosed in the section entitled “Summary” of this prospectus, the use of proceeds in the section entitled “Future Plans and Use of Proceeds” and any other financial information which may change as a result of such reduction. **If you have already submitted an application for Hong Kong Offer Shares before the last day for lodging applications under the Hong Kong Public Offering, you will not be allowed to subsequently withdraw your application, even if the number of Offer Shares and/or the offer price range is reduced.** If we do not publish a notice in the South China Morning Post or 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 Offering, the Offer Price, if agreed upon by us, will be within the offer price range as stated in this prospectus.

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## STRUCTURE OF THE GLOBAL OFFERING

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**If we are unable to reach an agreement with the Selling Shareholders and the Joint Global Coordinators, on behalf of the Underwriters, on the Offer Price by July 10, 2006, 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 Offering and the application results and basis of allotment of the Hong Kong Offer Shares, on July 12, 2006.

### CONDITIONS OF THE GLOBAL OFFERING

Acceptance of all applications for the Offer Shares will be conditional on, among other things:

- the Listing Committee 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 issuable pursuant to the exercise of the Over-allotment Option), and such listing and permission not having been subsequently revoked prior to the commencement of dealings in our Shares on the 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; and
- the obligations of the Underwriters under the 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,

in each case, on or before the dates and times specified in the 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 Offering and the Hong Kong Public Offering 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 Stock Exchange will be notified immediately. We will publish a notice of the lapse of the Global Offering in the South China Morning Post and the Hong Kong Economic Times on the day after such lapse.

In the above situation, we will return all application monies to the applicants, without interest and on the terms described in the section entitled “How to Apply for the Hong Kong Offer Shares — Refund of Application Monies” in this prospectus. In the meantime, we will hold all application monies in a separate bank account or separate bank accounts with the receiving banker or other banks licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong).

**We expect to dispatch share certificates for the Offer Shares on July 12, 2006. However, these share certificates will only become valid certificates of title on 8:00 a.m. on July 13, 2006 provided that (i) the Global Offering has become unconditional in all respects and (ii) the right of termination as described in the section entitled “Underwriting” in this prospectus has not been exercised.**

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## STRUCTURE OF THE GLOBAL OFFERING

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### The Global Offering

Our Global Offering consists of the Hong Kong Public Offering and the International Offering. We intend to initially make available up to 324,675,500 Offer Shares under the Global Offering, of which 292,207,500 Offer Shares will be conditionally placed at the Offer Price pursuant to the International Offering and the remaining 32,468,000 Offer Shares will be offered to the public in Hong Kong at the Offer Price under the Hong Kong Public Offering subject, in each case, to reallocation on the basis described under “The Hong Kong Public Offering” below.

Of the total 324,675,500 Offer Shares under the Global Offering, assuming no exercise of the Over-allotment Option, we are allotting and offering 298,701,500 Shares and our Selling Shareholders are offering 25,974,000 Shares. The 324,675,500 Offer Shares in the Global Offering will represent approximately 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 Offering or indicate an interest for Offer Shares under the International Offering, 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 Offering or International Offer Shares under the International Offering, but not under both offerings. The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to institutional and professional investors. The International Offering 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 U.S. 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 Offering 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.

Allocation of the International Offer Shares to investors under the International Offering 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 investor’s invested assets or equity assets in the relevant sector and whether or not the relevant investor is likely to buy further, and/or hold or sell its International Offer Shares after the listing of our Shares on the Stock Exchange. Such allocation is intended to result in a distribution of the International Offer 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.

Allocation of Hong Kong Offer Shares to investors under the Hong Kong Public Offering will be based on the level of valid applications received under the Hong Kong Public Offering. The basis of allocation may vary depending on the number of Hong Kong Offer Shares validly applied for by applicants. We intend to make the allocation on a pro-rata basis although we may, if necessary, allocate the Hong Kong Offer Shares on the basis 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 that those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

In connection with the Global Offering, we intend 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

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## STRUCTURE OF THE GLOBAL OFFERING

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Shares commences on the Stock Exchange until 30 days after the last day for lodging of applications under the Hong Kong Public Offering, to require us to allot and issue up to an aggregate of 48,701,000 additional Shares, representing in aggregate approximately 15% of the initial size of the Global Offering at the Offer Price to cover, among other things, over-allocations in the International Offering, 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 purchase will be made in compliance with all applicable laws, rules and regulations. If the Joint Global Coordinators exercise the Over-allotment option in full, the additional Offer Shares will represent approximately 3.6% 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.

In order to facilitate the settlement of over-allocations in connection with the International Offering, the Joint Global Coordinators may choose to borrow Shares from our controlling shareholders under a stock borrowing arrangement between the Joint Global Coordinators and our controlling shareholders, or acquire Shares from other sources. A waiver has been granted by the Stock Exchange to our Original Shareholders and their wholly owned subsidiaries from strict compliance with Rule 10.07(1)(a) of the Listing Rules which restricts the disposal of shares by controlling shareholders following a new listing, in order to allow our Original Shareholders and their wholly owned subsidiaries to enter into such stock borrowing arrangement. The waiver is subject to the condition that any Shares which may be made available to the Joint Global Coordinators pursuant to such arrangements will be on the following terms:

- these Shares will only be used for settlement of over-allocations in the International Offering;
- they will be limited to the maximum aggregate number of Shares which may be issued and allotted by us upon full exercise of the Over-allotment Option;
- the same number of Shares so borrowed must be returned to our Original Shareholders and their wholly owned subsidiaries no later than three business days following the earlier of (a) the last date on which the additional Shares may be issued and allotted by us pursuant the Over-allotment Option, and (b) the day on which the Over-allotment Option is exercised in full;
- no payment will be made to our Original Shareholders and their wholly owned subsidiaries by the Joint Global Coordinators under the stock borrowing arrangement; and
- the stock borrowing arrangement will be effected in compliance with all applicable laws, rules and regulatory requirements.

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters and the International Offering is expected to be fully underwritten by the International Underwriters. The Hong Kong Public Offering and the International Offering are subject to the conditions described in the section entitled “Underwriting — Underwriting Arrangements and Expenses” in this prospectus. In particular, we, our Selling Shareholders and the Joint Global Coordinators, on behalf of the Underwriters, must agree on the Offer Price for the Global Offering. The Hong Kong Underwriting Agreement was entered into on June 29, 2006 and, subject to an agreement on the Offer Price between the Joint Global Coordinators (on behalf of the Hong Kong Underwriters) and us for purposes of the Hong Kong Public Offering. The International Underwriting Agreement (including the agreement on the Offer Price between and among us, the Selling Shareholders and the Global Coordinators on behalf of the International Underwriters for purposes of the International Offering) is expected to be entered into on July 7, 2006, the Price Determination Date. The Hong Kong Underwriting Agreement and the International Underwriting Agreement are inter-conditional upon each other.

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## STRUCTURE OF THE GLOBAL OFFERING

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### THE HONG KONG PUBLIC OFFERING

The Hong Kong Public Offering is a fully underwritten public offer (subject to agreement as to pricing and satisfaction or waiver of the other conditions provided in the Hong Kong Underwriting Agreement and described in “— Conditions of the Global Offering” above in this prospectus) for the subscription in Hong Kong of, initially, 32,468,000 Offer Shares at the Offer Price (representing approximately 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 Offering and the Hong Kong Public Offering 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.

The total number of the Offer Shares available under the Hong Kong Public Offering 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 Stock Exchange trading fee and the SFC transaction levy payable) or less; and
- 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 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 application for more than 50% of the 32,468,000 Offer Shares initially included in the Hong Kong Public Offering (that is, 16,234,000 Offer Shares) will be rejected. Each applicant under the Hong Kong Public Offering 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 Offering, 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 Offering from investors who have indicated interest in or have received Offer Shares in the International Offering, and to identify and reject indications of interest in the International Offering from investors who have applied for or have received Offer Shares in the Hong Kong Public Offering.

The allocation of the Offer Shares between the Hong Kong Public Offering and the International Offering is subject to the following adjustments in the event of over-subscription under the Hong Kong Public Offering:

- If the number of the Offer Shares validly applied for under the Hong Kong Public Offering represents 15 times or more but less than 50 times the number of the Offer Shares initially available for subscription under the Hong Kong Public Offering, then International Offer Shares

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## STRUCTURE OF THE GLOBAL OFFERING

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will be reallocated to the Hong Kong Public Offering from the International Offering, so that the total number of the Hong Kong Offer Shares available under the Hong Kong Public Offering will be 97,403,000 Offer Shares, representing approximately 30% of the Offer Shares initially available under the Global Offering;

- If the number of the Offer Shares validly applied for under the Hong Kong Public Offering represents 50 times or more but less than 100 times the number of the Offer Shares initially available for subscription under the Hong Kong Public Offering, then the number of International Offer Shares to be reallocated to the Hong Kong Public Offering from the International Offering will be increased so that the total number of the Hong Kong Offer Shares available under the Hong Kong Public Offering will be 129,870,500 Offer Shares, representing approximately 40% of the Offer Shares initially available under the Global Offering; and
- If the number of the Offer Shares validly applied for under the Hong Kong Public Offering represents 100 times or more the number of the Offer Shares initially available for subscription under the Hong Kong Public Offering, then the number of International Offer Shares to be reallocated to the Hong Kong Public Offering from the International Offering will be increased, so that the total number of the Hong Kong Offer Shares available under the Hong Kong Public Offering will be 162,338,000 Offer Shares, representing approximately 50% of the Offer Shares initially available under the Global Offering.

If the Hong Kong Public Offering is not fully subscribed, however, the Joint Global Coordinators may reallocate to the International Offering all or any unsubscribed Hong Kong Offer Shares in such numbers as they deem appropriate.

References in this prospectus to applications, Application Forms, application or subscription monies or the procedure for application relate solely to the Hong Kong Public Offering.

### THE INTERNATIONAL OFFERING

The number of the Offer Shares to be initially offered for sale under the International Offering will be 292,207,500 Offer Shares (comprising 266,233,500 Offer Shares to be allotted and offered by us and 25,974,000 Offer Shares to be offered by our Selling Shareholders), representing approximately 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 Offering, the International Offer Shares will be conditionally placed on our behalf and on behalf of the Selling Shareholders by the International Underwriters or through selling agents appointed by them. International Offer Shares will be placed with certain professional and institutional investors and other investors anticipated to have a sizeable demand for the International Offer Shares in Hong Kong, Europe and other jurisdictions outside the United States (other than mainland China) 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 under the U.S. Securities Act. The International Offering is subject to the Hong Kong Public Offering becoming unconditional.

The Joint Global Coordinators (on behalf of the Underwriters) may require any investor who has been offered Offer Shares under the International Offering and who has made an application under the Hong Kong Public Offering to provide sufficient information to the Joint Global Coordinators so as to allow them to identify the relevant applications under the Hong Kong Public Offering and to ensure that such investor is excluded from any application of Hong Kong Offer Shares under the Hong Kong Public Offering.



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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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There are two ways to make an application for Hong Kong Offer Shares. You may either use an Application Form or electronically instruct HKSCC to cause HKSCC Nominees to apply for Hong Kong Offer Shares on your behalf. Except where you are a nominee and provide the required information in your application, you may not make more than one application (whether individually or jointly) by applying on a white or yellow Application Form and by giving electronic application instructions to HKSCC.

### WHICH APPLICATION METHOD TO USE

- Use a **white** Application Form if you want the Hong Kong Offer Shares issued in your own name in physical certificate(s).
- 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 to cause HKSCC Nominees to apply for Hong Kong Offer Shares on your behalf via CCASS. 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 Participant stock account or your designated CCASS Participant's stock account.

Our Offer Shares are not available to our Directors, chief executive officer or any of their respective associates (as defined in the Listing Rules).

### WHERE TO COLLECT APPLICATION FORMS

You can collect a **white** Application Form and our prospectus during normal business hours from 9:00 a.m. on June 30, 2006 till 12:00 noon on July 6, 2006 from:

Any of the following addresses of the Hong Kong Underwriters:

<b>J.P. Morgan Securities (Asia Pacific) Limited</b>	27th Floor, Chater House 8 Connaught Road, Central, Hong Kong
<b>UBS AG</b>	52th Floor, Two International Finance Centre 8 Finance Street, Central, Hong Kong
<b>BOCI Asia Ltd</b>	20/F., Bank of China Tower, 1 Garden Road, Central, Hong Kong
<b>First Shanghai Securities Limited</b>	18/F., Wing On House, 71 Des Voeux Road, Central, Hong Kong
<b>South China Securities Limited</b>	28/F., Bank of China Tower, No. 1 Garden Road, Central, Hong Kong
<b>Tai Fook Securities Company Limited</b>	25th Floor, New World Tower, 16–18 Queen's Road Central, Hong Kong
<b>Core Pacific - Yamaichi International (H.K.) Limited</b>	36th Floor, COSCO Tower, Grand Millennium Plaza, 183 Queen's Road Central, Hong Kong

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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or any of the following branches of:

### Bank of China (Hong Kong) Limited:

<b>District</b>	<b>Branch</b>	<b>Address</b>
Hong Kong Island:	Bank of China Tower Branch	3/F, 1 Garden Road
	Connaught Road Central Branch	13–14 Connaught Road Central
	United Centre Branch	Shop 1021, United Centre, 95 Queensway
	409 Hennessy Road Branch	409–415 Hennessy Road, Wan Chai
	North Point (Kiu Fai Mansion) Branch	413–415 King's Road, North Point
	Shek Tong Tsui Branch	534 Queen's Road West, Shek Tong Tsui
Kowloon:	Yau Ma Tei Branch	471 Nathan Road, Yau Ma Tei
	Humphrey's Avenue Branch	4–4A, Humphrey's Avenue Tsimshatsui
	Kowloon Plaza Branch	Unit 1, Kowloon Plaza, 485 Castle Peak Road
	Hoi Yuen Road Branch	55 Hoi Yuen Road, Kwun Tong
	Diamond Hill Branch	G107 Plaza Hollywood, Diamond Hill
New Territories:	Castle Peak Road (Tsuen Wan) Wealth Management Centre	167 Castle Peak Road, Tsuen Wan
	Lucky Plaza Branch	Lucky Plaza, Wang Pok Street Shatin
	Tuen Mun Town Plaza Branch	Shop 2, Tuen Mun Town Plaza, Phase II
	Castle Peak Road (Yuen Long) Branch	162 Castle Peak Road, Yuen Long

or any of the following branches of:

### Bank of Communications Company Limited Hong Kong Branch:

Hong Kong Island:	Hong Kong Branch	20 Pedder Street, Central
	Central District Sub-branch	G/F., 123–125A Des Voeux Road Central
	Wanchai Sub-branch	32–34 Johnston Road, Wanchai
	Taikoo Shing Sub-branch	Shop 38, G/F., City Plaza 2, 18 Taikoo Shing Road
Kowloon:	Kowloon Sub-branch	563 Nathan Road
	Hunghom Sub-branch	1–3A Tak Man Street, Whampoa Estate, Hunghom, Kowloon
	Ngau Tau Kok Sub-branch	Shop G1, G/F., Phase I, Amoy Plaza 77 Ngau Tau Kok Road
	Wong Tai Sin Sub-branch	Shops 127–129, 1/F Lung Cheung Mall, 136 Lung Cheung Road Wong Tai Sin

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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New Territories:	Tsuen Wan Sub-branch	Shop G10–11, Pacific Commercial Plaza, Bo Shek Mansion, 328 Sha Tsui Road
	Sheung Shui Sub-branch	Shops 1010–1014, G/F., Sheung Shui Centre Shopping Arcade Sheung Shui

or any of the following branches of:

### Standard Chartered Bank (Hong Kong) Limited:

Hong Kong Island:	Central Branch	Shop no. 16, G/F and Lower G/F New World Tower, 16–18 Queen's Road Central, Central
	88 Des Voeux Road Branch	88 Des Voeux Road Central, Central
	Des Voeux Road Branch	Standard Chartered Bank Building 4–4A Des Voeux Road Central, Central
	Leighton Centre Branch	Shop 12–16, UG/F, Leighton Centre 77 Leighton Road, Causeway Bay
	Hennessy Road Branch	399 Hennessy Road, Wanchai
	North Point Centre Branch	North Point Centre, 284 King's Road, North Point
	Quarry Bay Branch	G/F, Westlands Gardens, 1027 King's Road, Quarry Bay
Kowloon:	Mongkok Branch	Shop B, G/F, 1/F & 2/F, 617–623 Nathan Road, Mongkok
	Tsimshatsui Branch	G/F, 10 Granville Road, Tsimshatsui
	Yaumati Branch	546–550 Nathan Road, Yaumati
	San Po Kong Branch	Shop A, G/F, Perfect Industrial Building, 31 Tai Yau Street, San Po Kong
	Cheung Sha Wan Branch	828 Cheung Sha Wan Road, Cheung Sha Wan
	Kwun Tong Branch	88–90 Fu Yan Street, Kwun Tong
New Territories:	Tsuen Wan Branch	Shop C, G/F & 1/F, Jade Plaza No. 298 Sha Tsui Road, Tsuen Wan
	Shatin Centre Branch	Shop 32C, Level 3, Shatin Shopping Arcade, Shatin Centre, 2–16 Wang Pok Street, Shatin

You can collect a **yellow** Application Form and our prospectus during normal business hours from 9:00 a.m. on June 30, 2006 till 12:00 noon on July 6, 2006 from:

- the Depository Counter of HKSCC at 2nd Floor, Vicwood Plaza, 199 Des Voeux Road Central, Hong Kong; or

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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- the Customer Service Centre of HKSCC at Upper Ground Floor, V-Heun Building, 128–140 Queen’s Road Central, Hong Kong.

### HOW TO COMPLETE APPLICATION FORMS

There are detailed instructions on each Application Form. You should read these instructions carefully. If you do not follow the instructions, your application may be rejected and returned by ordinary post together with the accompanying check or banker’s cashier order to you (or the first-named applicant in the case of joint applicants) at your own risk to the address stated in the Application Form.

If your application is made through a duly authorized attorney, we and the Joint Global Coordinators will have discretion to accept it, subject to any conditions we think fit, including evidence of authority of your attorney.

### MINIMUM SUBSCRIPTION AMOUNT AND PERMITTED MULTIPLES

You may use the Application Forms to subscribe for a minimum of 500 Hong Kong Offer Shares or for one of the numbers or multiples set forth in the table in the Application Forms. You may give, if you are a CCASS Investor Participant, or cause your broker or custodian, who is a CCASS Broker Participant or a CCASS Custodian Participant, to give **electronic application instructions** for a minimum of 500 Hong Kong Offer Shares. Such instructions in respect of more than 500 Hong Kong Offer Shares must be in one of the numbers or multiples set forth in the table in the Application Forms.

### HOW MANY APPLICATIONS YOU MAY MAKE

You may make more than one application for the Hong Kong Offer Shares only if you are a nominee, in which case you may both give **electronic application instructions** to HKSCC (if you are a CCASS Participant) and lodge more than one Application Form in your own name 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. 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 by giving an electronic application instruction, you:

- (if the application is made for your own benefit) warrant that this 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; and
- (if you are an agent for another person) warrant that you have made reasonable inquiries of that other person that this 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, and that you are duly authorized to sign the Application Form as that other person’s agent.

Except where you are a nominee and provide the information required to be provided in your applications, 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;

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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- both apply (whether individually or jointly) on a **white** Application Form and a **yellow** Application Form or apply on a **white** or **yellow** Application Form and by giving **electronic application instructions** to HKSCC;
- apply (whether individually or jointly) on a **white** or **yellow** Application Form or by giving an **electronic application instruction** to HKSCC for more than 50% of the Hong Kong Offer Shares initially being offered for public subscription under the Hong Kong Public Offering; or
- have applied for or taken up, or have indicated an interest for, or have been or will be placed (including conditionally and/or provisionally) any Offer Shares under the International Offering.

All of your applications will also be rejected as multiple applications if more than one application is made for your benefit, including any application made by HKSCC Nominees 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 for your benefit. Unlisted company means a company with no equity securities listed on the Stock Exchange. Statutory control in relation to a company means you:

- control the composition of the board of directors of that company;
- 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).

If you are suspected of having made multiple electronic applications or if more than one electronic application is made for your benefit, 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 instruction** 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 the purpose of considering whether multiple applications have been made.

### TIME FOR THE PUBLIC TO APPLY FOR HONG KONG OFFER SHARES

Completed **white** or **yellow** Application Forms, together with payment attached, must be lodged by 12:00 noon on Thursday, July 6, 2006, or, if the application lists are not open on that day due to bad weather, then by 12:00 noon on the next business day when such lists are open as described in “— Effect of bad weather on the opening of the application lists” below.

Your completed Application Form, with payment attached, should be deposited in the special collection boxes provided at any of the branches of Bank of China (Hong Kong) Limited, Bank of Communications Company Limited Hong Kong Branch and Standard Chartered Bank (Hong Kong) Limited listed above in “— Where to Collect Application Forms” at the following times:

<b>Friday, June 30, 2006</b>	<b>—</b>	<b>9:00 a.m. to 4:30 p.m.</b>
<b>Monday, July 3, 2006</b>	<b>—</b>	<b>9:00 a.m. to 4:30 p.m.</b>
<b>Tuesday, July 4, 2006</b>	<b>—</b>	<b>9:00 a.m. to 4:30 p.m.</b>
<b>Wednesday, July 5, 2006</b>	<b>—</b>	<b>9:00 a.m. to 4:30 p.m.</b>
<b>Thursday, July 6, 2006</b>	<b>—</b>	<b>9:00 a.m. to 12:00 noon</b>

The application lists will be open between 11:45 a.m. and 12:00 noon on Thursday, July 6, 2006.

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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No proceedings will be taken on applications for our Shares and no allotment of any such Shares will be made until the closing of the application lists. No allocation of any of our Hong Kong Offer Shares will be made later than Friday, July 28, 2006.

### 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,

in force in Hong Kong at anytime between 9:00 a.m. and 12:00 noon on Thursday, July 6, 2006. Instead, they will open between 11:45 a.m. and 12:00 noon on the next business day which does not have either of those warnings 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 public holiday in Hong Kong.

In the event of the above-mentioned tropical cyclone or rainstorm on Thursday, July 6, 2006, the latest time for lodging your Application Forms and for inputting your **electronic application instructions** will be postponed accordingly to the next business day which does not have either of those warning signals in force in Hong Kong at anytime between 9:00 a.m. and 12:00 noon on such day.

### PUBLICATION OF RESULTS

We expect to publish the basis of allotment, the results of applications, and the Hong Kong Identity Card/passport/Hong Kong Business Registration numbers of successful applicants under the Hong Kong Public Offering in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) on Wednesday, July 12, 2006.

### THE PRICE OF THE HONG KONG OFFER SHARES

You must pay the maximum indicative offer price of HK\$9.86 per Share, with 1.0% brokerage fee, 0.005% Stock Exchange trading fee and 0.005% SFC transaction levy, in full when you apply for the Hong Kong Offer Shares. As such, for every board lot of 500 Shares, you must pay HK\$4,979.80 at the time of application. The Application Forms contain tables showing the exact amount payable for certain multiples of Shares up to 16,234,000 Offer Shares. You must pay the amount payable upon application for the Shares by check or banker’s cashier order in accordance with the terms contained in the Application Form.

If your application is successful, the brokerage fee will be paid to participants of the Stock Exchange or the Stock Exchange (as the case may be); the Stock Exchange trading fee will be paid to the Stock Exchange; and the SFC transaction levy will be collected by the Stock Exchange on behalf of the SFC.

### REFUND OF APPLICATION MONIES

If:

- the Offer Price, as finally determined, is less than HK\$9.86 per Share that you initially paid upon application;
- if your application is partially unsuccessful;
- if your application is wholly unsuccessful;
- the conditions of the Global Offering are not fulfilled in accordance with the section entitled “Structure of the Global Offering — Conditions of the Global Offering” in this prospectus; or
- any application is revoked or any allocation pursuant thereto has become void,

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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we will, in each case, refund the difference per Offer Share and/or your surplus application monies or your application monies, including the 1.0% brokerage fee, 0.005% Stock Exchange trading fee and 0.005% SFC transaction levy that you paid to the extent attributable to the surplus application monies. We will not pay interest on any refunded amount. It is intended that special efforts will be made to avoid any undue delay in refunding application monies where appropriate.

All refunds will be by a check crossed "Account Payee Only" made out to you, or if you are joint applicants, to the first-named applicant on your Application Form. 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 check, 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 before encashment of your refund check. Inaccurate completion of your Hong Kong Identity Card number/passport number may lead to delay in encashment of or may invalidate your refund check.

### DISPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND CHECKS

No temporary documents of title will be issued in respect of our Shares. No receipt will be issued for sums paid on application. Subject to the provisions below relating to personal collection, share certificates and refund checks will be sent to you in due course by ordinary post, at your own risk, to the address specified in your Application Form:

- for applications on **white** Application Forms: (i) share certificate(s) for the Hong Kong Offer Shares you have applied for, if the application is wholly successful; or (ii) share certificate(s) for the number of Hong Kong Offer Shares you have successfully applied for, if the application is partially successful, and/or
- for applications on **white** or **yellow** Application Forms, a refund check or refund checks crossed "Account Payee Only" in favor of the applicant (or, in the case of joint applicants, the first-named applicant) for: (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; and/or (iii) the difference between the Offer Price and the initial price per Share paid on application in the event that the Offer Price is less than the initial price per Share paid on application, in each case including the related 1.0% brokerage fee, 0.005% Stock Exchange trading fee and 0.005% SFC transaction levy, but without interest.

For wholly successful and partially successful applications on **yellow** Application Forms, share certificates that the applicants have successfully applied for will be deposited into CCASS as described in "— Personal collection for **yellow** Application Forms" below.

Subject to personal collection mentioned below, refund checks for surplus application monies (if any) in respect of wholly and partially unsuccessful applications or the difference between the Offer Price and the initial price per Share paid on application, in each case including 1.0% brokerage fee, 0.005% Stock Exchange trading fee and 0.005% SFC transaction levy, as well as share certificates for wholly and partially successful applications under **white** Application Forms are expected to be posted on or around Wednesday, July 12, 2006 or, for electronic applicants, are expected to be credited to your designated bank account or the designated bank account of your broker or custodian on Wednesday, July 12, 2006. No interest will be paid thereon. We reserve the right to retain any share certificates and any surplus application monies pending clearance of your check(s).

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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Our share certificates for the Offer Shares will only become valid certificates of title at 8:00 a.m. on Thursday, July 13, 2006 provided that:

- the Global Offering has become unconditional in all respects; and
- the right of termination as described in the section entitled “Underwriting — Underwriting Arrangements and Expenses — Hong Kong Public Offering — Grounds for termination” in this prospectus has not been exercised.

**Personal collection for white Application Forms.** If you have (i) applied for 1,000,000 Hong Kong Offer Shares or more on a **white** Application Form, (ii) indicated your intention in your Application Form to collect your refund check(s) (if applicable) and/or share certificate(s) (if applicable) for Hong Kong Offer Shares from our branch registrar, Computershare Hong Kong Investor Services Limited, and (iii) provided all information required by your Application Form, you may collect (if applicable) refund check(s) and (if applicable) share certificate(s) for Hong Kong Offer Shares from our branch registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–16, 17/F, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Wednesday, July 12, 2006 or any other date as notified by us in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) as the date of collection/dispatch of share certificates and refund checks. If you are an individual and have elected for personal collection, you may not authorize any other person to make collection on your behalf. If you are a corporate applicant and have elected for personal collection, you must attend by your authorized representative bearing a letter of authorization from your corporation stamped with your corporation’s chop. Both individuals and authorized representatives (if applicable) must produce, at the time of collection, evidence of identity acceptable to our branch registrar. If you do not collect your refund check(s) and share certificate(s) personally within the time specified for collection, they will be promptly sent by ordinary post to the address on your Application Form and at your own risk.

If you have applied for less than 1,000,000 Hong Kong Offer Shares or if you have applied for 1,000,000 Hong Kong Offer Shares or more, whether using a **white** or **yellow** Application Form, but have not indicated in your Application Form that you wish to collect your share certificate(s) (if applicable) and/or refund check(s) in person, your share certificate(s) (if applicable) and/or refund check(s) will be sent to the address on your Application Form on Wednesday, July 12, 2006 by ordinary post and at your own risk.

**Personal collection for yellow Application Forms.** If you have (i) applied for 1,000,000 Hong Kong Offer Shares or more on a **yellow** Application Form, (ii) indicated your intention in your Application Form to collect your refund check(s) from our branch registrar, and (iii) provided all information required by your Application Form, you may collect (if applicable) refund check(s) from our branch registrar in the same way as applicants using **white** Application Forms as described above.

If you have applied for Hong Kong Offer Shares using a **yellow** Application Form and your application is wholly or partially successful, your share certificate(s) for Hong Kong Offer Shares you have successfully applied for will be issued in the name of HKSCC Nominees and deposited directly 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 at the close of business on Wednesday, July 12, 2006, or, under contingent situations, on any other date as will be determined by HKSCC or HKSCC Nominees.



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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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### **If you are applying through a designated CCASS Participant (other than a CCASS Investor Participant):**

For Offer Shares credited to the stock account of your designated CCASS Participant (other than CCASS Investor Participant), you can check the number of Offer Shares allotted to you with that CCASS Participant.

### **If you are applying as a CCASS Investor Participant:**

We will publish the results of CCASS Investor Participants' applications together with the results of the public offer in the newspapers on Wednesday, July 12, 2006. You should check the announcement published by us and report any discrepancies to HKSCC before 5:00 p.m. on Wednesday, July 12, 2006 or any other date HKSCC or HKSCC Nominees Limited chooses. Immediately after the credit of the Offer Shares to your stock account, you can check your new account balance via the CCASS Phone System and 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 Offer Shares credited to your stock account.

**Electronic applications.** If your electronic application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of your CCASS Investor Participant stock account or the stock account of the CCASS Participant that you have instructed to give the **electronic application instruction** on your behalf, at the close of business day on Wednesday, July 12, 2006 or, in the event of a contingency, on any other date as shall be determined by HKSCC or HKSCC Nominees.

We will publish the **application results of CCASS Participants** (and where the CCASS Participant is a broker or custodian, we will include information relating to the beneficial owner, if supplied), your Hong Kong Identity Card or passport number or other identification code (Hong Kong Business Registration number for corporations) and the basis of allotment of the Hong Kong Public Offering, in the newspapers on Wednesday, July 12, 2006. You should check the announcement published by us and report any discrepancies to HKSCC before 5:00 p.m. on Wednesday, July 12, 2006 or any other date HKSCC or HKSCC Nominees chooses.

If you have applied through a designated CCASS Participant (other than a CCASS Investor Participant) for Hong Kong Offer Shares to be 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 allotted to you and the amount of refund (if any) payable to you with that CCASS Participant.

If you are applying as a CCASS Investor Participant, you can also check the number of Offer Shares allotted to you and the amount of refund (if any) payable to you via the CCASS Phone System and CCASS Internet System on Wednesday, July 12, 2006. Immediately following the credit of the Offer Shares to your stock account and the credit of the refund monies to your bank account, HKSCC will make available to you an activity statement showing the number of Offer Shares credited to your stock account and the amount of refund money credited to your designated bank account (if any).

### **HOW TO APPLY ELECTRONICALLY TO HKSCC VIA CCASS**

CCASS Participants may give **electronic application instructions** to HKSCC to apply for the Hong Kong Offer Shares and to arrange payment of the money due on application and payment of refunds in accordance with their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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If you are a CCASS Investor Participant, you may give **electronic application instructions** through the CCASS Phone System by calling 2979 7888 or through the CCASS Internet System (<https://ip.ccass.com>) in accordance with the procedures contained in HKSCC's "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 Centre  
Upper Ground Floor, V-Heun Building  
128–140 Queen's Road Central  
Hong Kong

and complete an input request form. Our prospectuses are available for collection at the above address.

If you are not a CCASS Investor Participant, you may instruct your broker or custodian who is a CCASS Broker Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for Hong Kong Offer Shares on your behalf.

You are deemed to have authorized HKSCC and/or HKSCC Nominees to transfer the details of your application, whether submitted by you or through your broker or custodian, to us and our branch registrar.

### **Application for Hong Kong Offer Shares by HKSCC Nominees on your behalf**

When you electronically instruct HKSCC to cause HKSCC Nominees to apply for Hong Kong Offer Shares on your behalf via CCASS, HKSCC Nominees will sign and submit a **white** Application Form on your behalf. In so doing,

- (i) HKSCC Nominees is only acting as a nominee for you and will not be, and you will be, however, liable for any breach of the terms and conditions of the **white** Application Form or this prospectus;
- (ii) HKSCC Nominees, on your behalf:
  - agrees that the Hong Kong Offer Shares to be allotted shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for credit to your CCASS Investor Participant stock account or the stock account of the CCASS Participant who has inputted the **electronic application instruction** on your behalf;
  - undertakes and agrees to accept the Hong Kong Offer Shares in respect of which you have given the **electronic application instruction** or any lesser number of such Offer Shares;
  - undertakes and confirms that you have not applied for or taken up any International Offer Shares under the International Offering nor otherwise participated in the International Offering;
  - (if the **electronic application instruction** is given for your own benefit) declares that only one set of **electronic application instruction** has been given for your benefit;
  - (if you are an agent for another person) declares that you have only given one set of **electronic application instruction** for the benefit of such other person and that you are duly authorized to give the instruction as such other person's agent;
  - understands that the above declaration will be relied upon by us, our Directors and the Joint Global Coordinators when deciding whether or not to make any allotment of Hong Kong Offer Shares in respect of the **electronic application instruction** given by you and that you are subject to prosecution for making any false declaration;

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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- authorizes us to place the name of HKSCC Nominees in our register of members as the holder of the Hong Kong Offer Shares allotted in respect of your **electronic application instruction** and to send share certificate(s) and/or refund money in accordance with the arrangements separately agreed between us and HKSCC;
- confirms that you have read the terms and conditions and application procedures described in this prospectus and agrees to be bound by them;
- confirms that you have only relied on the information and representations contained in this prospectus in giving your **electronic application instruction** or instructing your broker or custodian to give the **electronic application instruction** on your behalf;
- agrees that we, the Hong Kong Underwriters and any other parties involved in the Hong Kong Public Offering are liable only for the information and representations contained in this prospectus;
- agrees to disclose your personal data to us and our branch registrar, receiving bankers, advisers and agents and any additional information which we or they may require about you;
- agrees (without prejudice to any other rights which you may have) that once the application of HKSCC Nominees has been accepted, the application cannot be rescinded for innocent misrepresentations;
- agrees that any application made by HKSCC Nominees on your behalf pursuant to **electronic application instructions** given by you is irrevocable before Friday, July 28, 2006, such agreement to take effect as a collateral contract with us and to become binding when you give such instruction. This collateral contract will be in consideration of our agreement not to offer any Hong Kong Offer Shares to any person before Friday, July 28, 2006 and our agreement to offer Hong Kong Offer Shares by means of one of the procedures described in this prospectus. However, HKSCC Nominees may revoke such instruction before the fifth business day after the time of the opening of the application lists if a person responsible for this prospectus under Section 40 of the Companies Ordinance gives a public notice under that section to exclude or limit the responsibility of that person for this prospectus;
- agrees that once the application of HKSCC Nominees has been accepted, neither such application nor your **electronic application instruction** can be revoked, and that acceptance of such application will be evidenced by the announcement of the results of the Hong Kong Public Offering published by us; and
- agrees to the arrangements, undertakings and warranties specified in the participant agreement between you and HKSCC, read together 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.

### Effect of your electronic application instruction to HKSCC

By giving **electronic application instructions** to HKSCC or instructing your broker or custodian, who is a CCASS Broker 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 taken the following actions. Neither HKSCC nor HKSCC Nominees shall be liable to us or to any other person in connection with the following actions:

- you have instructed and authorized HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Hong Kong Offer Shares on your behalf;
- you have instructed and authorized HKSCC to arrange payment of the maximum indicative offer price, with brokerage fee, transaction levy and 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

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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is less than the maximum indicative offer price per Hong Kong Offer Share you initially paid on application, refund of the application money or the relevant portion of it by crediting your designated bank account; and

- you have instructed and authorized HKSCC to cause HKSCC Nominees to take on your behalf the actions it is stated to take on your behalf in the **white** Application Form.

### Time for inputting electronic application instructions

CCASS Broker/Custodian Participants can input **electronic application instructions** at the following times on the following dates:

Friday, June 30, 2006	—	9:00 a.m. to 8:30 p.m. <sup>(1)</sup>
Monday, July 3, 2006	—	8:00 a.m. to 8:30 p.m. <sup>(1)</sup>
Tuesday, July 4, 2006	—	8:00 a.m. to 8:30 p.m. <sup>(1)</sup>
Wednesday, July 5, 2006	—	8:00 a.m. to 8:30 p.m. <sup>(1)</sup>
Thursday, July 6, 2006	—	8:00 a.m. <sup>(1)</sup> to 12:00 noon

*Note:*

- (1) These times are subject to change as HKSCC may determine from time to time with prior notification to CCASS Broker/Custodian Participants.

CCASS Investor Participants can input **electronic application instructions** from 9 a.m. on Friday, June 30, 2006 until 12 noon on Thursday, July 6, 2006 (24 hours daily, except the last application day).

### 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 such instruction is given will be treated as an applicant.

### Section 40 of the Companies Ordinance

For the avoidance of doubt, we 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 Companies Ordinance.

### Personal Data

The section of the Application Form captioned “Personal Data” applies to any personal data held by us and our branch 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. We, the Sponsor, the Joint Global Coordinators and the Underwriters take no responsibility for the application, including the procedures and processes of the application, and provide 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 to allow ample time, and not to wait until the last minute, to input their **electronic application instructions** into 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

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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**electronic application instructions**, they should either: (i) submit a **white** or **yellow** Application Form; or (ii) visit HKSCC's Customer Service Centre to complete an input request form for **electronic application instruction** before 12:00 noon on Thursday, July 6, 2006.

### **CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED HONG KONG OFFER SHARES**

Full details of the circumstances in which you will not be allotted Hong Kong Offer Shares are set out in notes attached to the Application Forms and, whether you are making your application by an Application Form or by electronic application instruction to HKSCC, you should read them carefully. In particular, you should note the following situations in which Hong Kong Offer Shares will not be allotted to you.

#### **You may only revoke your application under limited circumstances**

By completing and submitting an Application Form, or **electronic application instructions**, to HKSCC your application or the application made by HKSCC Nominees on your behalf may not be revoked on or before Friday, July 28, 2006. This agreement will take effect as a collateral contract with us, and will become binding when you 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. This collateral contract will be in consideration of our agreement not to offer any Hong Kong Offer Shares to any person before Friday, July 28, 2006 except by means of one of the procedures referred to in this prospectus.

Your application or the application made by HKSCC Nominees on your behalf may only be revoked on or before Friday, July 28, 2006 if a person responsible for this prospectus under Section 40 of the Companies Ordinance gives a public notice under such section to exclude or limit the responsibility of that person for this prospectus.

If any supplement to this 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 procedures provided, all applications that have been submitted will 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 has been accepted, it cannot be revoked. For this purpose, acceptance of applications that are not rejected will be constituted by notification in the press of the results of allotment, and where such basis of allotment 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.

#### **Your application may be accepted or rejected at our discretion or our agent's discretion**

We and our agents (including the Joint Global Coordinators) have full discretion to reject or accept any application, or to accept only part of an application. We, the Joint Global Coordinators and the Hong Kong Underwriters, in their capacity as our agents, and our and their respective agents and nominees, do not have to provide any reason for any rejection or acceptance.

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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### **Your application will be rejected if you do not comply with certain conditions**

Your application will be rejected if:

- you have made multiple applications or are suspected of having made multiple applications, including having indicated an interest for, or being placed (including conditionally and/or provisionally), any Offer Shares under the International Offering;
- your Application Form is not completed in accordance with the instructions as stated on such form;
- your payment is not made correctly; or
- you pay by check or banker's cashier order and such check or banker's cashier order is dishonored on its first presentation.

### **Your application will not be accepted under certain circumstances**

Your application or HKSCC Nominee's application on your behalf will not be accepted if either:

- any Underwriting Agreement does not become unconditional; or
- any Underwriting Agreement is terminated in accordance with its terms.

### **Your allotment of Hong Kong Offer Shares will be void under certain circumstances**

Your allotment of Hong Kong Offer Shares or the allotment of Hong Kong Offer Shares to HKSCC Nominees will be void if the Listing Committee does not grant permission to list our Shares either:

- within three weeks from the closing of the applications lists; or
- within a longer period of up to six weeks if the Listing Committee notifies us of such longer period within three weeks of the closing of the application lists.

## **DEALINGS AND SETTLEMENT**

### **Commencement of dealings in our Shares on the Stock Exchange**

Dealings in our Shares on the Stock Exchange are expected to commence at 9:30 a.m. on Thursday, July 13, 2006. Our Shares will be traded on the Stock Exchange in board lots of 500 Shares. The stock code of our Shares is 3900.

### **Our Shares will be eligible for admission into CCASS**

If the Stock Exchange grants the listing of, and permission to deal in, our Shares on the Stock Exchange and we comply 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 HKSCC chooses. Settlement of transactions between participants of the 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.

All necessary arrangements have been made for our Shares to be admitted into CCASS.

You should seek advice of your stockbroker or other professional advisor for details of the settlement arrangements as such arrangements will affect your rights and interests.

The following is the text of a report, prepared for the purpose of incorporation in this prospectus, received from our auditors and reporting accountants, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong. As described in "Documents Delivered to the Registrar of Companies and Available for Inspection" in Appendix X, a copy of the accountants' report is available for inspection.

# Deloitte.

## 德勤

德勤·關黃陳方會計師行  
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35/F One Pacific Place  
88 Queensway  
Hong Kong

30 June, 2006

The Directors  
Greentown China Holdings Limited  
J.P. Morgan Securities (Asia Pacific) Limited

Dear Sirs,

We set out below our report on the financial information (the "Financial Information") regarding Greentown China Holdings Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") for each of the three years ended 31 December 2005 (the "Relevant Periods") for inclusion in the prospectus of the Company dated 30 June 2006 (the "Prospectus").

The Company was incorporated in the Cayman Islands on 31 August 2005 as an exempted company with limited liability under the Companies Law (2004 Revision). The Company is an investment holding company and has not carried on any business since its incorporation. Through a group reorganisation (the "Group Reorganisation"), as set out in detail in note 2 to the Financial Information, the Company became the holding company of the Group on 14 November 2005.

As at the date of this report, the Company has the following subsidiaries:

Name of subsidiary	Place and date of incorporation/ registration	Issued and fully paid share/ registered capital	Attributable equity interest		Principal activities	Legal form
			Direct	Indirect		
才智控股有限公司 Richwise Holdings Limited ("Richwise") . . . . .	The British Virgin Islands ("The BVI") 16 November 2004	US\$100	100%	—	Investment holding	Private limited liability company
Green Sea International Limited ("Green Sea") . . . . .	The BVI 8 February 2005	US\$100	—	100%	Investment holding	Private limited liability company
佳卓企業有限公司 Best Smart Enterprises Limited ("Best Smart") . . . . .	The BVI 25 November 2005	US\$100	—	100%	Investment holding	Private limited liability company
華益投資有限公司 Hua Yick Investments Limited ("Hua Yick") . . . . .	The BVI 25 November 2005	US\$100	—	100%	Investment holding	Private limited liability company
綠城房地產集團有限公司 Greentown Real Estate Group Co., Ltd. ("Greentown Real Estate") . . . . .	The People's Republic of China ("The PRC") 6 January 1995	Rmb 500,000,000 (Note 1)	—	100%	Real estate development	Wholly foreign-owned enterprise

Name of subsidiary	Place and date of incorporation/ registration	Issued and fully paid share/ registered capital	Attributable equity interest		Principal activities	Legal form
			Direct	Indirect		
上海綠宇房地產開發有限公司 Shanghai Lvyu Real Estate Development Co., Ltd. ("Shanghai Lvyu") . . . . .	The PRC 19 July 2000	Rmb 100,000,000 (Note 2)	—	100%	Real estate development	Wholly foreign-owned enterprise
杭州九溪度假村有限公司 Hangzhou Jiuxi Property Services Company Limited ("Hangzhou Jiuxi") . . . . .	The PRC 19 July 1996	US\$9,600,000	—	100%	Real estate development	Sino-foreign equity joint venture
安徽綠城房地產開發有限公司 Anhui Greentown Real Estate Development Co., Ltd. ("Anhui Greentown") . . . . .	The PRC 9 August 2001	Rmb 30,000,000	—	90%	Real estate development	Limited liability company
安徽綠城聯華房地產開發有限公司 Anhui Greentown Lianhua Real Estate Development Co., Ltd. ("Anhui Greentown Lianhua") . . . . .	The PRC 9 July 2002	Rmb 20,000,000	—	54%	Real estate development	Limited liability company
北京綠城投資有限公司 Beijing Greentown Investment Co., Ltd. ("Beijing Greentown Investment") . . . . .	The PRC 3 June 2002	Rmb 50,000,000	—	100%	Investment management	Limited liability company
杭州桂花城房地產開發經營有限公司 Hangzhou Osmanthus City Real Estate Development & Operation Co., Ltd. ("Hangzhou Osmanthus City") . . . . .	The PRC 24 April 1998	Rmb 30,000,000	—	100%	Real estate development	Limited liability company
杭州桃花源房地產開發有限公司 Hangzhou Taohuayuan Real Estate Development Co., Ltd. ("Hangzhou Taohuayuan") . . . . .	The PRC 29 April 1998	Rmb 10,000,000	—	100%	Real estate development	Limited liability company
杭州中山房地產開發有限公司 Hangzhou Zhongshan Real Estate Development Co., Ltd. ("Hangzhou Zhongshan") . . . . .	The PRC 16 March 1993	Rmb 50,000,000	—	100%	Real estate development	Limited liability company
海寧綠城新湖房地產開發有限公司 Haining Greentown Sinhoo Real Estate Development Co., Ltd. ("Haining Greentown") . . . . .	The PRC 11 April 2002	Rmb 20,000,000	—	50% (Note 3)	Real estate development	Limited liability company
上虞市綠城房地產開發有限公司 Shangyu Greentown Real Estate Development Co., Ltd. ("Shangyu Greentown") . . . . .	The PRC 2 August 2002	Rmb 30,000,000	—	51%	Real estate development	Limited liability company



Name of subsidiary	Place and date of incorporation/ registration	Issued and fully paid share/ registered capital	Attributable equity interest		Principal activities	Legal form
			Direct	Indirect		
上海綠城森林高爾夫別墅開發有限公司 Shanghai Greentown Woods Golf Villas Development Co., Ltd. ("Shanghai Greentown Woods Golf") . . . . .	The PRC 19 June 2002	Rmb 100,000,000	—	100%	Real estate development	Limited liability company
浙江省綠園房地產有限公司 Zhejiang Green Garden Real Estate Development Co., Ltd. ("Zhejiang Green Garden") . . . . .	The PRC 16 December 1998	Rmb 20,000,000	—	100% (Note 4)	Real estate development	Limited liability company
浙江綠城電子技術設備有限公司 Zhejiang Greentown Electronical Technology Equipment Co., Ltd. ("Zhejiang Greentown Electronical Technology Equipment") . . . . .	The PRC 16 November 2000	Rmb 5,000,000	—	90%	Design, development, installation and sales of building auto-controlling systems, network systems and office automotive devices	Limited liability company
浙江綠城電子工程有限公司 Zhejiang Greentown Electronical Engineering Co., Ltd. ("Zhejiang Greentown Electronical Engineering") . . . . .	The PRC 20 December 2001	Rmb 2,500,000	—	81%	Design, development, installation and sales of computer software, network systems and electronic equipment	Limited liability company
舟山綠城房地產開發有限公司 Zhoushan Greentown Real Estate Development Co., Ltd. ("Zhoushan Greentown") (Note 5) . . . . .	The PRC 16 December 1999	Rmb 34,000,000	—	100%	Real estate development	Limited liability company
北京陽光綠城房地產開發有限公司 Beijing Sunshine Greentown Real Estate Development Co., Ltd. ("Beijing Sunshine Greentown").	The PRC 15 January 2001	Rmb 50,000,000	—	80%	Real estate development	Limited liability company
北京綠城房地產經紀有限公司 Beijing Greentown Property Brokers Trading Co., Ltd. ("Beijing Greentown Property Brokers Trading") . . . . .	The PRC 15 October 2003	Rmb 2,000,000	—	100%	Real estate broking and consulting	Limited liability company
上海綠景置業有限公司 Shanghai Green View Real Estate Co., Ltd. ("Shanghai Green View") . . . . .	The PRC 2 January 2003	Rmb 46,660,000	—	60%	Real estate development	Limited liability company

Name of subsidiary	Place and date of incorporation/ registration	Issued and fully paid share/ registered capital	Attributable equity interest		Principal activities	Legal form
			Direct	Indirect		
浙江綠城房地產營銷有限公司 Zhejiang Greentown Property Sales Co., Ltd. ("Zhejiang Greentown") . . . . .	The PRC 31 March 2003	Rmb 5,000,000	—	100%	Real estate sales and consulting	Limited liability company
北京格林順達貿易有限公司 Beijing Green Shunda Trading Co., Ltd. ("Beijing Green Shunda") . . . . .	The PRC 15 April 2004	Rmb 10,000,000	—	100%	Trading of construction materials	Limited liability company
北京興業萬發房地產開發有限公司 Beijing Xingye Wanfa Real Estate Development Co., Ltd. ("Beijing Xingye Wanfa") . . . . .	The PRC 26 October 2001	Rmb 50,000,000	—	65%	Real estate development	Limited liability company
杭州綠城置業投資有限公司 Hangzhou Greentown Real Estate Investment Co., Ltd. ("Hangzhou Greentown Real Estate Investment") . . . . .	The PRC 30 September 2004	Rmb 15,000,000	—	75%	Real estate development and investment	Limited liability company
杭州綠城房地產開發有限公司 Hangzhou Greentown Real Estate Development Co., Ltd. ("Hangzhou Greentown") . . . . .	The PRC 23 October 2000	Rmb 20,000,000	—	100%	Real estate development	Limited liability company
湖南綠城投資置業有限公司 Hunan Greentown Investment & Property Co., Ltd. ("Hunan Greentown") . . . . .	The PRC 14 November 2003	Rmb 80,000,000	—	51%	Real estate investment and development	Limited liability company
湖南青竹湖國際商務社區開發有限公司 Hunan Green Bamboo Lake International Business Community Development Co., Ltd. ("Hunan Green Bamboo Lake") . . . . .	The PRC 26 September 2003	Rmb 50,600,000	—	52%	Real estate development	Limited liability company
上海華浙外灘置業有限公司 Shanghai Huazhe Bund Real Estate Co., Ltd. ("Shanghai Huazhe") . . . . .	The PRC 26 September 2002	Rmb 50,000,000	—	51%	Real estate development	Limited liability company
新疆陽光綠城房地產開發有限公司 Xinjiang Sunshine Greentown Real Estate Development Co., Ltd. ("Xinjiang Sunshine") . . . . .	The PRC 17 January 2004	Rmb 20,000,000	—	51%	Real estate development	Limited liability company
杭州余杭綠城房地產開發有限公司 Hangzhou Yuhang Greentown Real Estate Development Co., Ltd. ("Hangzhou Yuhang Greentown") . . . . .	The PRC 12 November 1999	Rmb 30,000,000	—	51%	Real estate development	Limited liability company

Name of subsidiary	Place and date of incorporation/ registration	Issued and fully paid share/ registered capital	Attributable equity interest		Principal activities	Legal form
			Direct	Indirect		
寧波浙大科技園建設有限公司 Ningbo Zheda Science Park Construction Co., Ltd. ("Ningbo Zheda Science Park") . . . . .	The PRC 21 August 2003	Rmb 50,000,000	—	60%	Real estate development	Sino-foreign equity joint venture
杭州余杭金騰房地產開發有限公司 Hangzhou Yuhang Jinteng Real Estate Development Co., Ltd. ("Hangzhou Yuhang Jinteng") . .	The PRC 25 December 2001	Rmb 50,000,000	—	75%	Real estate development	Limited liability company
浙江綠城材料設備有限公司 Zhejiang Greentown Material & Equipment Co., Ltd. ("Zhejiang Greentown Material & Equipment") . . . . .	The PRC 20 July 2005	Rmb 50,000,000	—	100%	Trading of construction materials	Limited liability company
上海爾海投資諮詢有限公司 Shanghai Erhai Investment Consulting Co., Ltd. ("Shanghai Erhai") . . . . .	The PRC 18 July 2005	Rmb 1,000,000	—	100%	Real estate consulting	Limited liability company
浙江嘉和實業有限公司 Zhejiang Jiahe Industrial Co., Ltd. ("Zhejiang Jiahe") (Note 6) . . . .	The PRC 25 April 1995	Rmb 50,000,000	—	100%	Real estate development	Limited liability company
青島綠城百通置業有限公司 Qingdao Greentown Baitong Land Co., Ltd. ("Qingdao Greentown Baitong") (Note 6) . .	The PRC 23 January 2006	US\$15,000,000	—	80%	Real estate development	Sino-foreign equity joint venture
杭州綠城東部建設有限公司 Hangzhou Greentown Orient Construction Co., Ltd. ("Hangzhou Greentown Orient") (Note 6) . . . . .	The PRC 14 February 2006	Rmb 50,000,000	—	70%	Real estate development	Sino-foreign equity joint venture

## Notes:

- On 10 March 2005, Richwise entered into an agreement with the owners of Greentown Real Estate for the transfer of the entire equity interest in Greentown Real Estate. Greentown Real Estate obtained its business license as a wholly foreign-owned enterprise on 25 April 2005. The consideration for this equity transfer was fully paid by 21 October 2005. On 24 October 2005, Greentown Real Estate received governmental approval for the increase in its registered capital from Rmb 100,000,000 to Rmb 500,000,000. The additional capital was paid up on 12 January 2006.
- On 8 December 2004, Richwise entered into an agreement with the owners of Shanghai Lvyu for the transfer of the entire equity interest in Shanghai Lvyu. Shanghai Lvyu obtained its business license as a wholly foreign-owned enterprise on 18 March 2005. The consideration for this equity transfer was fully paid by 2 November 2005.
- The Group holds 50% equity interest in Haining Greentown. Pursuant to a declaration made by 浙江新湖房地產集團有限公司 ("Zhejiang Xin Hu Real Estate Group Co., Ltd."), the holder of the other 50% equity interest in Haining Greentown, the Group has the power to govern the financial and operating policies of Haining Greentown. Therefore Haining Greentown is accounted for as a subsidiary of the Group.
- 浙江黃龍體育中心有限公司 ("Zhejiang Huanglong Sports Centre Co., Ltd.") holds 50% nominal equity interest in Zhejiang Green Garden. Pursuant to an agreement entered into by Greentown Real Estate, Zhejiang Green Garden and Zhejiang Huanglong Sports Centre Co., Ltd., all parties confirm that Zhejiang Huanglong Sports Centre Co., Ltd.'s capital contribution to Zhejiang Green Garden has been paid up by Greentown Real Estate and its equity interest in Zhejiang Green Garden belongs to Greentown Real Estate. Therefore, Zhejiang Green Garden is accounted for as a wholly-owned subsidiary of the Group.

- (5) Pursuant to an absorption and merger agreement entered into by Zhoushan Greentown and Zhoushan Greentown Hotel Investment Co., Ltd. dated 11 October 2005, the owners of both parties resolved that Zhoushan Greentown should absorb and merge with Zhoushan Greentown Hotel Investment Co., Ltd. The absorption and merger was completed on 14 January 2006.
- (6) See section D "Subsequent events".

The financial year-end date of the Company and its subsidiaries is 31 December. No audited financial statements have been prepared for the Company, Richwise, Green Sea, Best Smart and Hua Yick since their respective dates of incorporation as there are no statutory requirements for these entities to prepare audited financial statements.

The statutory financial statements of the Company's subsidiaries established in the PRC were prepared in accordance with relevant accounting principles and financial regulations applicable to companies established in the PRC and were audited by the following certified public accountants registered in the PRC:

Name of company	Financial year	Name of auditors
Greentown Real Estate . . .	Year ended 31 December 2003	Zhejiang Zhengxin Associated Certified Public Accountants (浙江正信聯合會計師事務所)
	Year ended 31 December 2004	Zhejiang Zhonghui Certified Public Accountants (浙江中滙會計師事務所有限公司)
	Year ended 31 December 2005	Origen Certified Public Accountants Ltd (浙江東方中滙會計師事務所有限公司)
Shanghai Lvyu . . . . .	Year ended 31 December 2003	Shanghai J&J Certified Public Accountants Firm (上海杰和杰聯合會計師事務所)
	Year ended 31 December 2004	Shanghai Joy Certified Public Accountants Co. Ltd (上海君宜會計師事務所有限公司)
	Year ended 31 December 2005	(上海上德聯合會計師事務所)
Hangzhou Jiuxi . . . . .	Year ended 31 December 2003	Hangzhou Duteous Certified Public Accountants (杭州敬業會計師事務所)
	Year ended 31 December 2004	Hangzhou Honest Certified Public Accountants (杭州明德會計師事務所)
	Year ended 31 December 2005	Origen Certified Public Accountants Ltd (浙江東方中滙會計師事務所有限公司)
Anhui Greentown . . . . .	Each of the three years ended 31 December 2005	Anhui Boson Certified Public Accountants (安徽寶申會計師事務所)
Anhui Greentown Lianhua	Year ended 31 December 2003	Anhui Huayuan Certified Public Accountants (安徽華遠會計師事務所)
	Each of the two years ended 31 December 2005	An Hui Boson Certified Public Accountants (安徽寶申會計師事務所)
Beijing Greentown Investment . . . . .	Year ended 31 December 2003	None
	Year ended 31 December 2004	Beijing Sanqian Certified Public Accountants (北京三幹會計師事務所有限公司)
	Year ended 31 December 2005	Beijing Keqin Certified Public Accountants (北京科勤會計師事務所)

Name of company	Financial year	Name of auditors
Hangzhou Osmanthus City	Year ended 31 December 2003	Zhejiang Zhongzhou Accountant Firm (浙江中州會計師事務所有限公司)
	Year ended 31 December 2004	Zhejiang Zhonghui Certified Public Accountants (浙江中滙會計師事務所有限公司)
	Year ended 31 December 2005	Origen Certified Public Accountants Ltd (浙江東方中滙會計師事務所有限公司)
Hangzhou Taohuayuan . . .	Each of the two years ended 31 December 2004	Zhejiang Zhengxin Associated Certified Public Accountants (浙江正信聯合會計師事務所)
	Year ended 31 December 2005	Origen Certified Public Accountants Ltd (浙江東方中滙會計師事務所有限公司)
Hangzhou Zhongshan. . . .	Year ended 31 December 2003	Zhejiang Xing He Certified Public Accountants (浙江興合會計師事務所)
	Year ended 31 December 2004	Hangzhou Duteous Certified Public Accountants (杭州敬業會計師事務所)
	Year ended 31 December 2005	Origen Certified Public Accountants Ltd (浙江東方中滙會計師事務所有限公司)
Haining Greentown . . . . .	Each of the three years ended 31 December 2005	Haining Zhengming Certified Public Accountants (海寧正明會計師事務所)
Shangyu Greentown . . . .	Year ended 31 December 2003	Shangyu Touji Certified Public Accountants (上虞同濟會計師事務所)
	Year ended 31 December 2004	Zhejiang Zhonghui Certified Public Accountants (浙江中滙會計師事務所有限公司)
	Year ended 31 December 2005	Origen Certified Public Accountants Ltd (浙江東方中滙會計師事務所有限公司)
Shanghai Greentown Woods Golf . . . . .	Each of the two years ended 31 December 2004	Shanghai Dalong Certified Public Accountants Co. Ltd. (上海達隆會計師事務所有限公司)
	Year ended 31 December 2005	Shanghai Zhonghui Certified Public Accountants Co. Ltd. (上海中惠會計師事務所有限公司)
Zhejiang Green Garden . .	Each of the two years ended 31 December 2004	Zhejiang Zhengxin Associated Certified Public Accountants (浙江正信聯合會計師事務所)
	Year ended 31 December 2005	Origen Certified Public Accountants Ltd (浙江東方中滙會計師事務所有限公司)
Zhejiang Greentown Electronical Technology Equipment . . . . .	Each of the two years ended 31 December 2004	None
	Year ended 31 December 2005	Origen Certified Public Accountants Ltd (浙江東方中滙會計師事務所有限公司)
Zhejiang Greentown Electronical Engineering	Year ended 31 December 2003	None
	Year ended 31 December 2004	Zhejiang Zhengxin Associated Certified Public Accountants (浙江正信聯合會計師事務所)
	Year ended 31 December 2005	Origen Certified Public Accountants Ltd (浙江東方中滙會計師事務所有限公司)
Zhoushan Greentown. . . .	Each of the two years ended 31 December 2004	Zhoushan Changhai Kuaijishi Shiwusuo (舟山昌海會計師事務所)
	Year ended 31 December 2005	Origen Certified Public Accountants Ltd (浙江東方中滙會計師事務所有限公司)

Name of company	Financial year	Name of auditors
Beijing Sunshine Greentown . . . . .	Each of the three years ended 31 December 2005	Beijing Jingyucheng Certified Public Accountants Co., Ltd. (北京精與誠會計師事務所有限責任公司)
Beijing Greentown Property Brokers Trading . . . . .	Period from 15 October 2003 (date of establishment) to 31 December 2003 and each of the two years ended 31 December 2005	None
Shanghai Green View . . . . .	Period from 2 January 2003 (date of establishment) to 31 December 2003 and each of the two years ended 31 December 2005	Shanghai Zhonghui Certified Public Accountants Co., Ltd (上海中惠會計師事務所有限公司)
Zhejiang Greentown . . . . .	Period from 31 March 2003 (date of establishment) to 31 December 2003 Year ended 31 December 2004 Year ended 31 December 2005	Hangzhou Duteous Certified Public Accountants (杭州敬業會計師事務所) Zhejiang Zhonghui Certified Public Accountants (浙江中匯會計師事務所有限公司) Origen Certified Public Accountants Ltd (浙江東方中匯會計師事務所有限公司)
Beijing Green Shunda . . . . .	Period from 15 April 2004 (date of establishment) to 31 December 2004 and year ended 31 December 2005	None
Beijing Xingye Wanfa . . . . .	Each of the two years ended 31 December 2004 Year ended 31 December 2005	None Tianhong Yongxin C.P.A. Partnership (北京天鴻永信會計師事務所)
Hangzhou Greentown Real Estate Investment . . . . .	Period from 30 September 2004 (date of establishment) to 31 December 2004 Year ended 31 December 2005	None Origen Certified Public Accountants Ltd (浙江東方中匯會計師事務所有限公司)
Hangzhou Greentown . . . . .	Each of the two years ended 31 December 2004 Year ended 31 December 2005	Zhejiang Zhonghui Certified Public Accountants (浙江中匯會計師事務所有限公司) Origen Certified Public Accountants Ltd (浙江東方中匯會計師事務所有限公司)
Hunan Greentown . . . . .	Period from 14 November 2003 (date of establishment) to 31 December 2003 Each of the two years ended 31 December 2005	None Hunan Huawei United C.P.A. Office (湖南華維聯合會計師事務所)
Hunan Green Bamboo Lake . . . . .	Period from 26 September 2003 (date of establishment) to 31 December 2003 Each of the two years ended 31 December 2005	None Hunan Reanda Certified Public Accountants Co., Ltd. (湖南利安達會計師事務所有限責任公司)
Shanghai Huazhe . . . . .	Year ended 31 December 2003 Year ended 31 December 2004 Year ended 31 December 2005	Zhejiang Pan-China Certified Public Accountants (浙江天健會計師事務所) Shu Kun Pan Certified Public Accountants Co. Ltd. (上海立信長江會計師事務所有限公司) Shanghai Shenwei Certified Public Accountants Co. Ltd (上海申威聯合會計師事務所有限公司)
Xinjiang Sunshine . . . . .	Period from 17 January 2004 (date of establishment) to 31 December 2004 Year ended 31 December 2005	Tianjin Wuzhou Certified Public Accountants (天津五洲聯合會計師事務所新疆華西分所) Xinjiang Tianrui Certified Public Accountants (新疆天瑞有限責任會計師事務所)

Name of company	Financial year	Name of auditors
Hangzhou Yuhang Greentown . . . . .	Each of the two years ended 31 December 2004 Year ended 31 December 2005	None  Origen Certified Public Accountants Ltd (浙江東方中滙會計師事務所有限公司)
Ningbo Zheda Science Park	Period from 21 August 2003 (date of establishment to December 2003 Year ended 31 December 2004  Year ended 31 December 2005	Ningbo Shiming Certified Public Accountants (寧波世明會計師事務所) Ningbo Hongtai Certified Public Accountants (寧波鴻泰會計師事務所) Origen Certified Public Accountants Ltd (浙江東方中滙會計師事務所有限公司)
Hangzhou Yuhang Jinteng	Each of the two years ended 31 December 2004  Year ended 31 December 2005	Hanzhou Hengchen Certified Public Accountants (杭州恒辰會計師事務所) Origen Certified Public Accountants Ltd (浙江東方中滙會計師事務所有限公司)
Zhejiang Greentown Material & Equipment. .	Period from 20 July 2005 (date of establishment) to 31 December 2005	Origen Certified Public Accountants Ltd (浙江東方中滙會計師事務所有限公司)
Shanghai Erhai . . . . .	Period from 18 July 2005 (date of establishment) to 31 December 2005	None

For the purpose of this report, we have undertaken our own independent audits of the consolidated financial statements of the Company (the "Underlying Financial Statements"), which were prepared in accordance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standard Board (the "IASB") and the International Financial Reporting Interpretations Committee (the "IFRIC") of the IASB, for the Relevant Periods, in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

For the purpose of this report, we have examined the Underlying Financial Statements in accordance with the Auditing Guideline "Prospectuses and the Reporting Accountant" as recommended by the HKICPA.

The Financial Information of the Group for the Relevant Periods set out in this report has been prepared from the Underlying Financial Statements and in accordance with the basis set out in note 1 to the Financial Information. No adjustments were deemed necessary by us to the Underlying Financial Statements in preparing our report for inclusion in the Prospectus.

The Underlying Financial Statements are the responsibility of the directors of the Company who approved their issue. The directors of the Company are responsible for the contents of the Prospectus in which this report is included. It is our responsibility to compile the Financial Information set out in this report from the Underlying Financial Statements, to form an opinion on the Financial Information and to report our opinion to you.

In our opinion, on the basis of presentation set out in note 1 to the Financial Information, the Financial Information together with the notes thereon give, for the purpose of this report, a true and fair view of the state of affairs of the Group as at 31 December 2003, 2004 and 2005 and of the Company as at 31 December 2005 and of the consolidated results and consolidated cash flows of the Group for each of the three years ended 31 December 2005.

**A. FINANCIAL INFORMATION**

The following is the Financial Information of the Group as at 31 December 2003, 2004 and 2005 and for the Relevant Periods prepared on the basis set out in note 1 to the Financial Information.

**CONSOLIDATED INCOME STATEMENTS**

	NOTES	Year ended 31 December		
		2003	2004	2005
		Rmb'000	Rmb'000	Rmb'000
<b>Continuing operations</b>				
Revenue . . . . .	5	1,224,362	2,739,082	2,535,075
Cost of sales . . . . .		(860,372)	(1,856,846)	(1,639,634)
Gross profit . . . . .		363,990	882,236	895,441
Other operating income . . . . .	6	65,027	64,077	84,072
Selling and administrative expenses . . . . .		(176,226)	(213,813)	(273,958)
Profit from operations . . . . .	7	252,791	732,500	705,555
Finance costs . . . . .	8	(53,758)	(36,833)	(70,790)
Net gain on partial disposal of subsidiaries . . . . .		—	1,029	—
Net gain on disposal of an associate . . . . .		—	—	573
Net gain on disposal of subsidiaries . . . . .		—	—	44,993
Share of results of associates . . . . .		(6,838)	(42,963)	31,228
Profit before taxation . . . . .		192,195	653,733	711,559
Taxation . . . . .	10	(106,847)	(202,030)	(125,112)
Profit for the year from continuing operations . . . . .		85,348	451,703	586,447
<b>Discontinued operations</b>				
Profit (loss) for the year from discontinued operations . . . . .	11	(15,911)	(5,934)	322
Profit for the year . . . . .		69,437	445,769	586,769
Attributable to:				
Equity holders of the Company . . . . .		77,234	454,395	622,688
Minority interests . . . . .		(7,797)	(8,626)	(35,919)
		69,437	445,769	586,769
Dividends . . . . .	12	—	77,132	198,420
Earnings per share . . . . .	13			
From continuing and discontinued operations:				
Basic . . . . .		Rmb 0.08	Rmb 0.45	Rmb 0.62
From continuing operations:				
Basic . . . . .		Rmb 0.09	Rmb 0.46	Rmb 0.62



## BALANCE SHEETS

	NOTES	Group			Company
		As at 31 December			As at
		2003	2004	2005	31 December
		Rmb'000	Rmb'000	Rmb'000	2005
					Rmb'000
NON-CURRENT ASSETS					
Property, plant and equipment . . . . .	14	168,872	177,205	244,074	—
Intangible asset . . . . .	15	864	576	288	—
Interests in associates . . . . .	16	96,263	126,659	479,327	—
Available-for-sale investments . . . . .	17	25,000	25,000	1,000	—
Rental paid in advance . . . . .		8,267	14,957	14,161	—
Deferred tax assets . . . . .	18	79,079	57,938	74,135	—
Investments in subsidiaries . . . . .		—	—	—	280,346
		<u>378,345</u>	<u>402,335</u>	<u>812,985</u>	<u>280,346</u>
CURRENT ASSETS					
Properties for development . . . . .	19	1,237,249	1,168,367	2,506,091	—
Properties under development . . . . .	20	2,831,990	3,809,005	5,654,287	—
Completed properties for sale . . . . .		98,994	239,296	699,233	—
Inventories . . . . .		1,320	2,049	12,419	—
Available-for-sale investments . . . . .	17	254	—	—	—
Trade and other receivables, deposits and prepayments . . . . .	22	663,194	430,946	383,880	—
Amounts due from related parties . . .	34	1,337,975	2,358,470	1,081,009	—
Income taxes recoverable . . . . .		36,913	65,093	60,039	—
Other taxes recoverable . . . . .		135,235	185,591	235,647	—
Pledged bank deposits . . . . .	31	44,410	196,415	276,699	—
Bank balances and cash . . . . .	22	<u>861,056</u>	<u>1,081,914</u>	<u>859,393</u>	—
		7,248,590	9,537,146	11,768,697	—
Assets classified as held for sale . . . .	23	—	451,351	—	—
		<u>7,248,590</u>	<u>9,988,497</u>	<u>11,768,697</u>	—
CURRENT LIABILITIES					
Trade and other payables . . . . .	24	633,719	894,542	1,000,291	—
Pre-sale deposits . . . . .		2,991,104	3,985,499	4,823,954	—
Amounts due to related parties . . . .	34	391,034	666,380	652,086	—
Dividend payable . . . . .		—	29,100	1,367	—
Income taxes payable . . . . .		134,976	206,634	57,908	—
Other taxes payable . . . . .		29,510	116,012	175,509	—
Bank and other borrowings — due within one year . . . . .	25	<u>1,736,655</u>	<u>2,351,155</u>	<u>2,510,841</u>	—
		5,916,998	8,249,322	9,221,956	—
Liabilities directly associated with assets classified as held for sale . . .	23	—	123,604	—	—
		<u>5,916,998</u>	<u>8,372,926</u>	<u>9,221,956</u>	—

	NOTES	Group			Company
		As at 31 December			As at
		2003	2004	2005	31 December
		Rmb'000	Rmb'000	Rmb'000	Rmb'000
NET CURRENT ASSETS . . . . .		1,331,592	1,615,571	2,546,741	—
TOTAL ASSETS LESS CURRENT					
LIABILITIES. . . . .		1,709,937	2,017,906	3,359,726	280,346
NON-CURRENT LIABILITIES					
Bank and other borrowings — due					
after one year . . . . .	25	1,399,610	1,301,400	2,368,512	—
Deferred tax liabilities. . . . .	18	24,081	35,278	128,081	—
		1,423,691	1,336,678	2,496,593	—
		286,246	681,228	863,133	280,346
CAPITAL AND RESERVES					
Paid-in capital . . . . .	26	250,245	210,501	—	—
Reserves. . . . .		(129,973)	336,688	665,938	280,346
Equity attributable to equity holders of					
the Company. . . . .		120,272	547,189	665,938	280,346
Minority interest . . . . .		165,974	134,039	197,195	—
		286,246	681,228	863,133	280,346

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to equity holders of the Company						
				(Accumulated losses)/ retained earnings		Minority Interests	Total
	Paid-in capital	Special reserve	Statutory reserve		Sub total		
	Rmb'000	Rmb'000 (Note i)	Rmb'000 (Note ii)	Rmb'000	Rmb'000	Rmb'000	Rmb'000
At 1 January 2003 . . . . .	250,245	5,069	—	(212,276)	43,038	161,242	204,280
Net profit (loss) for the year . . . .	—	—	—	77,234	77,234	(7,797)	69,437
Total recognised income and expense for the year . . . . .	—	—	—	77,234	77,234	(7,797)	69,437
Purchase of additional interest in subsidiaries . . . . .	—	—	—	—	—	(45,700)	(45,700)
Capital contribution from minority shareholders of subsidiaries . . . .	—	—	—	—	—	20,400	20,400
Acquisition of subsidiaries . . . . .	—	—	—	—	—	37,829	37,829
At 31 December 2003 . . . . .	250,245	5,069	—	(135,042)	120,272	165,974	286,246
Gain on disposal of subsidiaries to companies with common controlling shareholders of the Group . . . . .	—	78,459	—	—	78,459	—	78,459
Gain on disposal of associates to companies with common controlling shareholders of the Group . . . . .	—	10,939	—	—	10,939	—	10,939
Net income and expense recognised directly in equity . . . .	—	89,398	—	—	89,398	—	89,398
Transfer (Note ii) . . . . .	—	—	116,493	(116,493)	—	—	—
Net profit (loss) for the year . . . .	—	—	—	454,395	454,395	(8,626)	445,769
Total recognised income and expense for the year . . . . .	—	89,398	116,493	337,902	543,793	(8,626)	535,167
Dividends (Note 12) . . . . .	—	—	—	(77,132)	(77,132)	—	(77,132)
Distribution of paid-in capital . . . .	(39,745)	—	—	—	(39,745)	—	(39,745)
Purchase of additional interest in subsidiaries . . . . .	—	—	—	—	—	(37,782)	(37,782)
Disposal of partial interest in subsidiaries . . . . .	—	—	—	—	—	16,671	16,671
Capital contribution from minority shareholders of subsidiaries . . . .	—	—	—	—	—	34,883	34,883
Disposal of subsidiaries . . . . .	—	—	—	—	—	(20,487)	(20,487)
Dividends paid to minority shareholders of subsidiaries . . . .	—	—	—	—	—	(25,009)	(25,009)
Acquisition of subsidiaries . . . . .	—	—	—	—	—	8,415	8,415
Issue of share capital . . . . .	1	—	—	—	1	—	1
At 31 December 2004 . . . . .	210,501	94,467	116,493	125,728	547,189	134,039	681,228
Gain on disposal of subsidiaries to companies with common controlling shareholders of the Group . . . . .	—	2,774	—	—	2,774	—	2,774
Net income and expense recognised directly in equity . . . .	—	2,774	—	—	2,774	—	2,774
Transfer (Note ii) . . . . .	—	—	250	(250)	—	—	—
Net profit (loss) for the year . . . .	—	—	—	622,688	622,688	(35,919)	586,769

	Attributable to equity holders of the Company						
	(Accumulated losses)/						
	Paid-in capital	Special reserve	Statutory reserve	retained earnings	Sub total	Minority Interests	Total
	Rmb'000	Rmb'000 (Note i)	Rmb'000 (Note ii)	Rmb'000	Rmb'000	Rmb'000	Rmb'000
Total recognised income and expenses for the year . . . . .	—	2,774	250	622,438	625,462	(35,919)	589,543
Dividends (Note 12) . . . . .	—	—	—	(198,420)	(198,420)	—	(198,420)
Distribution of paid-in capital and special reserve . . . . .	(210,501)	(97,792)	—	—	(308,293)	—	(308,293)
Purchase of additional interest in subsidiaries . . . . .	—	—	—	—	—	(12,132)	(12,132)
Capital contribution from minority shareholders of subsidiaries . . . . .	—	—	—	—	—	24,045	24,045
Disposal of subsidiaries . . . . .	—	—	—	—	—	(58,124)	(58,124)
Acquisition of subsidiaries . . . . .	—	—	—	—	—	145,286	145,286
At 31 December 2005 . . . . .	—	(551)	116,743	549,746	665,938	197,195	863,133

## Notes:

- (i) The amount represents the net of the gain on disposal of subsidiaries and associates to related companies with common controlling shareholders being considered as capital contribution and recognised as a special reserve and the distribution to shareholders in excess of paid-in capital upon the Group Reorganisation. Please refer to note 28 to the Financial Information for details.
- (ii) The statutory reserve is non-distributable and the transfer to this reserve is determined by the board of directors in accordance with the relevant laws and regulations of the PRC. This reserve can be used to offset accumulated losses and increase capital upon approval from the relevant authorities.

## CONSOLIDATED CASH FLOW STATEMENTS

		Year ended 31 December		
	NOTES	2003	2004	2005
		Rmb'000	Rmb'000	Rmb'000
OPERATING ACTIVITIES				
Profit for the year . . . . .		69,437	445,769	586,769
Adjustments for:				
Share of results of associates. . . . .		6,838	42,963	(31,228)
Depreciation and amortisation . . . . .		12,337	14,557	26,484
Loss on disposal of property, plant and equipment. . . . .		12,209	1,245	—
Interest income . . . . .		(38,146)	(20,814)	(50,821)
Finance costs . . . . .	8	58,631	36,833	70,790
Income tax expense . . . . .	10	106,890	202,128	125,112
Gain on disposal of available-for-sale investments . . . . .		(3,357)	—	—
Release of negative goodwill to income . . . . .		—	—	(3,010)
Net gain on disposal of an associate. . . . .		—	—	(573)
Net gain on disposal of subsidiaries . . . . .		—	—	(44,993)
Net gain on partial disposal of subsidiaries . . . . .		—	(1,029)	—
Gain on disposal of discontinued operations . . . . .	11	—	—	(551)
Impairment loss on completed properties for sale. . . . .		—	—	11,000
Impairment loss on properties for development . . . . .		—	14,518	—
Operating cash flows before movements in working capital . . . . .		224,839	736,170	688,979
(Increase) decrease in properties for development. . . . .		96,606	(65,991)	355,317
Increase in properties under development . . . . .		(1,274,138)	(797,723)	(1,013,004)
Decrease (increase) in completed properties for sale . . . . .		192,913	(140,302)	(470,937)
Increase in inventories . . . . .		(41)	(956)	(10,376)
(Increase) decrease in trade and other receivables, deposits and prepayments . . . . .		(210,391)	158,196	(28,672)
Increase in other taxes recoverable. . . . .		(79,558)	(50,356)	(39,997)
(Increase) decrease in rental paid in advance . . . . .		(8,267)	(6,690)	796
Increase in pre-sale deposits . . . . .		1,277,267	994,395	838,455
Increase (decrease) in trade and other payables . . . . .		120,468	37,761	(50,501)
Increase in other taxes payable . . . . .		11,645	86,628	29,885
Cash from operations. . . . .		351,343	951,132	299,945
Income taxes paid . . . . .		(44,435)	(126,312)	(293,918)
NET CASH FROM OPERATING ACTIVITIES . . . . .		306,908	824,820	6,027

	NOTES	Year ended 31 December		
		2003	2004	2005
		Rmb'000	Rmb'000	Rmb'000
INVESTING ACTIVITIES				
Purchase of property, plant and equipment . . . . .		(37,705)	(89,319)	(77,244)
Proceeds from disposal of property, plant and equipment . . . . .		27,161	1,436	10,003
Purchase of available-for-sale investments . . . . .		(25,255)	(3,491)	(1,000)
Proceeds from disposal of available-for-sale investments . . . . .		6,163	3,745	25,000
Investments in associates . . . . .		(129,477)	(138,038)	(450,088)
Proceeds from disposal of interests in associates . . . . .		54,757	40,028	18,000
Acquisition of subsidiaries (net of cash and cash equivalents acquired) . . . . .	27	(45,985)	(22,892)	28,852
Purchase of additional interests in subsidiaries . . . . .		(45,701)	(37,782)	(17,220)
Proceeds from disposal of subsidiaries (net of cash and cash equivalents disposed of) . . . . .	28	—	(24,998)	101,937
Proceeds from partial disposal of subsidiaries . . . . .		—	17,700	—
(Advances to) repayment from third parties . . . . .		103,453	69,427	59,581
(Advances to) repayment from related parties . . . . .		(128,744)	(1,150,156)	123,339
Interest received . . . . .		38,146	20,814	50,821
NET CASH USED IN INVESTING ACTIVITIES . . . . .		(183,187)	(1,313,526)	(128,019)

	NOTES	Year ended 31 December		
		2003	2004	2005
		Rmb'000	Rmb'000	Rmb'000
FINANCING ACTIVITIES				
Bank and other borrowings raised . . . . .		2,909,265	2,993,381	3,800,912
Repayment of bank and other borrowings. . . . .		(2,335,714)	(2,352,955)	(2,990,107)
Advances from (repayment to) related parties . . . . .		31,809	548,659	(106,347)
Increase in pledged deposits . . . . .		(44,410)	(152,005)	(80,284)
Contribution by minority shareholders of subsidiaries . .		20,400	34,883	23,000
Interest paid . . . . .		(205,531)	(212,093)	(250,778)
Dividends paid . . . . .		—	(48,032)	(226,153)
Dividends paid to minority shareholders of subsidiaries .		—	(25,009)	—
Distribution of paid-in capital . . . . .		—	(39,745)	(308,293)
Proceeds on issue of shares. . . . .		—	1	—
NET CASH FROM (USED IN) FINANCING ACTIVITIES . . .		<u>375,819</u>	<u>747,085</u>	<u>(138,050)</u>
NET INCREASE (DECREASE) IN CASH AND CASH				
EQUIVALENTS . . . . .		499,540	258,379	(260,042)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		<u>361,516</u>	<u>861,056</u>	<u>1,119,435</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR. . . .		<u>861,056</u>	<u>1,119,435</u>	<u>859,393</u>
REPRESENTED BY BANK BALANCES AND CASH				
— presented on face of balance sheet . . . . .		861,056	1,081,914	859,393
— included in assets classified as held for sale . . .	23	—	37,521	—
		<u>861,056</u>	<u>1,119,435</u>	<u>859,393</u>

**NOTES TO THE FINANCIAL INFORMATION****1. BASIS OF PRESENTATION OF FINANCIAL INFORMATION**

Pursuant to the Group Reorganisation, the Company became the holding company of the companies now comprising the Group. The Group comprising the Company and its subsidiaries resulting from the Group Reorganisation is regarded as a continuing entity. Richwise, Greentown Real Estate, Shanghai Lvyu, Hangzhou Jiuxi and Hangzhou Greentown are considered to be companies under common control during the Relevant Periods as the shareholders, namely Song Weiping, Shou Bainian and Xia Yibo (the "Shareholders"), were working as a single management team that governed the financial and operating policies of the Group prior to and after the Group Reorganisation. For the purpose of presenting the financial positions, financial results and cash flows of the Group in this report, these companies are deemed to be subsidiaries of the Group throughout the Relevant Periods. Accordingly, the financial statements of the Group have been prepared on the basis as if the Company had always been the holding company of the Group using the principles of merger accounting. The consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement of the Group (including the Non-Property Related Entities as defined in note 2 up to the date of disposal) for the three years ended 31 December 2005 include the results, changes in equity and cash flows of the companies comprising the Group as if the Company had always been the holding company of the Group and in accordance with the respective equity interests in the individual companies attributable to the existing shareholders throughout the Relevant Periods, or since their respective dates of incorporation/establishment, where this is a shorter period.

The consolidated balance sheets of the Group as at 31 December 2003, 2004 and 2005 have been prepared to present the assets and liabilities of the companies comprising the Group (including the Non-Property Related Entities up to the date of disposal) as at the respective dates as if the current group structure had been in existence at those dates and in accordance with the respective equity interests in the individual companies attributable to existing shareholders as at those dates.

Acquisitions and disposals of subsidiaries, other than those of the Group Reorganisation, during the Relevant Periods are accounted for from their effective dates of acquisitions and disposals, respectively, by the purchase method of accounting. Details of the acquisitions and disposals of these subsidiaries during the Relevant Periods are set out in notes 27 and 28.

All significant intra-group transactions and balances have been eliminated on consolidation.

**2. GROUP REORGANISATION**

To rationalise its corporate structure in anticipation of the listing of its shares on The Hong Kong Stock Exchange Limited (the "Hong Kong Stock Exchange"), the Company underwent the Group Reorganisation to take up all subsidiaries and associates carrying on the real estate development and property investment and management businesses (the "Property Related Entities") from the Shareholders of the Property Related Entities and to dispose of all subsidiaries and associates carrying on other non-property development and investment holding businesses (the "Non-property Related Entities") to the companies owned by the Shareholders (the "Shareholders' Companies"). The Group Reorganisation principally involved:

- (i) the transfer of 95% of the equity interest in Hangzhou Jiuxi, a Property Related Entity, from a Shareholders' Company, Greentown Real Estate and a minority shareholder to Richwise, a wholly-owned subsidiary of the Company, on 6 December 2004 at an aggregate consideration of Rmb 76,000,000;
- (ii) the transfer of the entire equity interest in Shanghai Lvyu, a Property Related Entity, from the Shareholders to Richwise on 8 December 2004 at a consideration of Rmb 117,880,000;
- (iii) the transfer of the entire equity interest in Greentown Real Estate, a Property Related Entity and the holding company of certain Property Related Entities and Non-property Related Entities, from the Shareholders to Richwise on 10 March 2005 at a consideration of Rmb 179,912,000;
- (iv) the transfer of 42.5% and 10% of the equity interest in Hangzhou Greentown from a Shareholders' Company to Greentown Real Estate and Hangzhou Osmanthus City respectively on 26 June 2005 at an aggregate consideration of Rmb 10,500,000. Greentown Real Estate previously owned the remaining 47.5% of the equity interest in Hangzhou Greentown;
- (v) the disposal of the equity interests in the Non-property Related Entities from Greentown Real Estate to the Shareholders' Companies at various dates at various considerations; and
- (vi) the transfer of the entire equity interest in Richwise from the Shareholders to the Company on 14 November 2005 at a nominal consideration.



In respect of (ii) and (iii) of the Group Reorganisation above, the consideration for the transfers of the entire equity interests in Greentown Real Estate and Shanghai Lvyu were fully paid to the Shareholders by 21 October 2005 and 2 November 2005 respectively. The payments of the consideration were treated as a deemed distribution to the Shareholders.

The Group Reorganisation was completed on 14 November 2005 and the Company became the holding company of the Property Related Entities.

### 3. SIGNIFICANT ACCOUNTING POLICIES

The Financial Information has been prepared under the historical cost convention, as modified for the revaluation of certain financial instruments, and in accordance with IFRS.

The Group has early adopted all of the new and revised standards and interpretations issued by the IASB and the IFRIC of the IASB that are relevant to its operations and effective for accounting periods beginning on or after 1 January 2005 in the preparation of the Financial Information throughout the Relevant Periods.

At the date of this report, the following standards and interpretations were in issue but not yet effective:

IAS 1 (Amendment) . . . . .	Capital disclosures <sup>1</sup>
IAS 19 (Amendment) . . . . .	Actuarial gains and losses, group plans and disclosures <sup>2</sup>
IAS 21 (Amendment) . . . . .	Net investment in a foreign operation <sup>2</sup>
IAS 39 (Amendment) . . . . .	Cash flow hedge accounting of forecast intragroup transactions <sup>2</sup>
IAS 39 (Amendment) . . . . .	The fair value option <sup>2</sup>
IAS 39 & IFRS 4 (Amendments) . . . . .	Financial guarantee contracts <sup>2</sup>
IFRS 6 . . . . .	Exploration for and evaluation of mineral resources <sup>2</sup>
IFRS 7 . . . . .	Financial instruments: Disclosures <sup>1</sup>
IFRIC 4 . . . . .	Determining whether an arrangement contains a lease <sup>2</sup>
IFRIC 5 . . . . .	Rights to interests arising from decommissioning, restoration and environmental rehabilitation funds <sup>2</sup>
IFRIC 6 . . . . .	Liabilities arising from participating in a specific market — waste electrical and electronic equipment <sup>3</sup>
IFRIC 7 . . . . .	Applying the restatement approach under IAS 29 Financial Reporting in Hyperinflationary Economies <sup>4</sup>
IFRIC 8 . . . . .	Scope of IFRS 2 <sup>5</sup>
IFRIC 9 . . . . .	Reassessment of embedded derivatives <sup>6</sup>

#### Notes:

- <sup>1</sup> Effective for annual periods beginning on or after 1 January 2007
- <sup>2</sup> Effective for annual periods beginning on or after 1 January 2006
- <sup>3</sup> Effective for annual periods beginning on or after 1 December 2005
- <sup>4</sup> Effective for annual periods beginning on or after 1 March 2006
- <sup>5</sup> Effective for annual periods beginning on or after 1 May 2006
- <sup>6</sup> Effective for annual periods beginning on or after 1 June 2006

The directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements of the Company.

#### **Basis of consolidation**

The Financial Information incorporates the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year, other than those of the Group Reorganisation, are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All significant intra-group transactions, balances, income and expenses are eliminated on consolidation.

Minority interests in the net assets of subsidiaries are identified separately from the Group's equity therein. Minority interests consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

***Merger accounting for business combinations under common control***

The consolidated financial statements incorporate the financial statement items of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party.

The net assets of the combining entities or businesses are consolidated using the existing book values from the controlling parties' perspective. No amount is recognised in respect of goodwill or excess of acquirers' interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The consolidated income statement includes the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

The comparative amounts in the consolidated financial statements are presented as if the entities or businesses had been combined at the previous balance sheet date or when they first came under common control, whichever is shorter.

***Business combinations***

The acquisition of subsidiaries, other than those of the Group Reorganisation, is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 "Business Combinations" are recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 "Non-Current Assets Held for Sale and Discontinued Operations", which are recognised and measured at fair value less costs to sell.

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

***Interests in associates***

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in the Financial Information using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for under IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations". Under the equity method, interests in associates are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of individual investments. Where the Group's share of losses of an associate equals or exceeds the Group's interest in that associate, which includes any long-term interests that, in substance, form part of the Group's net investment in the associate, the Group discontinues recognising its share of further losses. An additional share of losses is provided for and a liability is recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

Where a group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

***Goodwill***

Goodwill arising on the acquisition of a subsidiary represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

***Non-current assets held for sale***

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of the assets' previous carrying amount and fair value less costs to sell.

***Revenue recognition***

Income from properties developed for sale is recognised when the respective properties have been completed and delivered to the buyers. Deposits received from forward sales of properties are carried as pre-sale deposits.

Sale of other goods are recognised when goods are delivered and title has passed.

Service income is recognised when services are provided.

Revenue from construction contracts is recognised in accordance with the Group's accounting policy on construction contracts (see below).

Interest income is accrued on a time basis, by reference to the principal outstanding and at the interest rate applicable.

Rental income, including rental invoiced in advance from properties let under operating leases, are recognised on a straight line basis over the period of the relevant leases.

***Construction contracts***

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the balance sheet date, as measured by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

***Foreign currencies***

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in Renminbi, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in profit or loss in the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Renminbi using exchange rates prevailing on the balance sheet date. Income and expenses items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such translation differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

Goodwill and fair value adjustments arising on an acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

***Borrowing costs***

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalised as part of the cost of those assets. Capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised as an expense in the year in which they are incurred.

***Taxation***

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income and expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the consolidated balance sheet and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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 profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Land appreciation tax is recognised as an expense to the extent that it is probable that the Group has the obligation to pay the tax to the tax authority in the PRC.

**Government grants**

Government grants are recognised as income over the periods necessary to match them with the related costs.

**Operating lease**

Rentals payables or receivables are charged or credited to the income statements on a straight-line basis over the relevant lease term.

**Retirement benefit costs**

The Group participates in state-managed retirement plans pursuant to which the Group pays a fixed percentage of its qualifying staff's wages as contributions to the plans. The contributions payable to the retirement plans in respect of the Relevant Periods are charged to the consolidated income statements as they fall due.

**Property, plant and equipment**

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation, amortisation and accumulated impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefit associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the income statement during the year in which they are incurred.

Construction in progress are stated at cost, which includes construction costs and other direct costs attributable to construction cost, less accumulated impairment losses. No depreciation or amortisation is provided on construction in progress until the construction is completed and the properties and assets are ready for use. The cost of completed construction works is transferred to the appropriate categories of property, plant and equipment.

Depreciation is charged so as to write off the cost of assets less residual value, other than land and properties under construction, over their estimated useful lives, using the straight-line method.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

**Trademarks**

Trademarks are measured initially at cost and are amortised on a straight-line basis over their estimated useful lives.

**Impairment of tangible and intangible assets excluding goodwill**

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. 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.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

***Properties for development***

Properties for development represent leasehold land located in the PRC for development for future sale in the ordinary course of business. Cost comprises the costs of land use rights and other costs directly attributable to bringing the leasehold land to the condition necessary for it to be ready for development. The costs of land use rights representing leasehold land held for future development are stated at cost less accumulated amortisation and any identified impairment loss. Other costs directly attributable to bringing the leasehold land to the condition necessary for it to be ready for development are stated at cost less any identified impairment loss.

***Properties under development***

Properties under development, representing leasehold land located in the PRC under development for future sale in the ordinary course of business, are stated at the lower of cost and net realisable value. Cost comprises the costs of land use rights, construction costs, borrowing costs capitalised and other direct development expenditure. Net realisable value represents the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale.

***Completed properties for sale***

Completed properties for sale are stated at the lower of cost and net realisable value. Cost comprises the costs of land use rights, construction costs, borrowing costs capitalised and other direct development expenditure. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

***Inventories***

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour costs, other direct costs and, where applicable, related production overheads (based on normal operation capacity), that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the first-in, first-out method. Net realizable value represents the estimated selling price less all estimated cost of completion and costs to be incurred in marketing, selling and distribution.

***Financial instruments***

Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

***Trade receivables***

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

***Investments***

Investments are recognised and derecognised on a trade date basis where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, plus directly attributable transaction costs.

At subsequent reporting dates, debt securities that the Group has the expressed intention and ability to hold to maturity (held-to-maturity debt securities) are measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts. An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the investment's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition. Impairment losses are reversed in subsequent periods when an increase in the investment's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the investment at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

Investments other than held-to-maturity debt securities are classified as either investments held for trading or as available-for-sale, and are measured at subsequent reporting dates at fair value. Available-for-sale investment in equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are carried at cost less impairment. Where securities are held for trading purposes, gains and losses arising from changes in fair value are included in profit or loss for the period. For available-for-sale investments, gains and losses arising from changes in fair value are recognised directly in equity, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in the profit or loss for the period. Impairment losses recognised in profit or loss for

equity investments classified as available-for-sale are not subsequently reversed through profit or loss. Impairment losses recognised in profit or loss for debt instruments classified as available-for-sale are subsequently reversed if an increase in the fair value of the instrument can be objectively related to an event occurring after the recognition of the impairment loss.

*Cash and cash equivalents*

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

*Financial liabilities and equity*

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

*Bank borrowings*

Interest-bearing bank loans and overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs.

*Trade payables*

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

*Equity instruments*

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

#### **4. CRITICAL JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

***Judgements in applying the Group's accounting policies***

In the process of applying the Group's accounting policies, management makes various estimates and judgements (other than those involving estimates) based on past experiences, expectations of the future and other information, are disclosed below.

*Construction contracts*

Revenue and costs on construction contracts of the Group are recognised by reference to the stage of completion and the estimated total contract costs. The determination of the stage of completion and estimation of the total contract costs require management judgement with reference to the market situations. Adjustments may be required if the market situations are changed in the future.

***Key sources of estimation uncertainty***

The key sources of estimation uncertainty and the critical judgements that can significantly affect the amounts recognised in the Financial Information are disclosed below.

*Allowance on trade receivables*

The provision policy for doubtful debts of the Group is based on the ongoing evaluation of the collectability and aging analysis of the outstanding receivables and on the management's judgement. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including creditworthiness and the past collection history of each customer. If the financial conditions of the customers of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.

*Land appreciation tax*

The provision of land appreciation tax is estimated and made 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 land appreciation tax is calculated.

## 5. REVENUE

	Year ended 31 December								
	2003			2004			2005		
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
	Rmb'000	Rmb'000	Rmb'000	Rmb'000	Rmb'000	Rmb'000	Rmb'000	Rmb'000	Rmb'000
Property sales . . . . .	1,177,077	—	1,177,077	2,678,577	—	2,678,577	2,441,886	—	2,441,886
Construction contracts . . . . .	38,087	—	38,087	54,694	—	54,694	66,655	—	66,655
Computer system design and installation . . . . .	7,880	—	7,880	4,699	—	4,699	4,615	—	4,615
Sales of construction materials . . . . .	—	—	—	—	—	—	18,571	—	18,571
Catering . . . . .	—	1,736	1,736	—	776	776	—	272	272
Other business . . . . .	1,318	2,794	4,112	1,112	7,110	8,222	3,348	457	3,805
	<u>1,224,362</u>	<u>4,530</u>	<u>1,228,892</u>	<u>2,739,082</u>	<u>7,886</u>	<u>2,746,968</u>	<u>2,535,075</u>	<u>729</u>	<u>2,535,804</u>

Over 90% of the Group's activities are engaged in properties development and sales and over 90% of the Group's sales are to customers in the PRC. The directors consider that these activities constitute one business segment since these activities are related and subject to common risk and returns. Accordingly, no business and geographical analysis of revenue is presented in accordance with IAS 14 "Segment Reporting".

## 6. OTHER OPERATING INCOME

	Year ended 31 December								
	2003			2004			2005		
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
	Rmb'000	Rmb'000	Rmb'000	Rmb'000	Rmb'000	Rmb'000	Rmb'000	Rmb'000	Rmb'000
Interest income	38,125	21	38,146	20,780	34	20,814	50,747	74	50,821
Government grants . . . . .	19,384	—	19,384	41,496	—	41,496	24,000	—	24,000
Gain on disposal of available- for-sale investments	3,357	—	3,357	—	—	—	—	—	—
Management fees . . . . .	2,828	—	2,828	1,346	—	1,346	—	—	—
Release of negative goodwill to income (note 27) . . . . .	—	—	—	—	—	—	3,010	—	3,010
Others . . . . .	1,333	413	1,746	455	604	1,059	6,315	—	6,315
	<u>65,027</u>	<u>434</u>	<u>65,461</u>	<u>64,077</u>	<u>638</u>	<u>64,715</u>	<u>84,072</u>	<u>74</u>	<u>84,146</u>



## 7. PROFIT FROM OPERATIONS

	Year ended 31 December								
	2003			2004			2005		
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
	Rmb'000	Rmb'000	Rmb'000	Rmb'000	Rmb'000	Rmb'000	Rmb'000	Rmb'000	Rmb'000
Profit from operations has been arrived at after charging:									
Staff costs . . . . .	18,600	2,184	20,784	31,125	934	32,059	82,575	176	82,751
Retirement benefit scheme contributions . . . . .	2,115	293	2,408	3,382	132	3,514	7,389	3	7,392
Less: Capitalised in properties under development . . . . .	(6,612)	—	(6,612)	(12,628)	—	(12,628)	(31,429)	(4)	(31,433)
Total staff costs . . . . .	14,103	2,477	16,580	21,879	1,066	22,945	58,535	175	58,710
Depreciation of property, plant and equipment . . . . .	12,203	907	13,110	17,786	515	18,301	27,514	—	27,514
Less: Capitalised in properties under development . . . . .	(1,061)	—	(1,061)	(4,032)	—	(4,032)	(3,160)	—	(3,160)
	11,142	907	12,049	13,754	515	14,269	24,354	—	24,354
Auditors' remuneration . . . . .	540	2	542	1,231	—	1,231	936	—	936
Amortisation of intangible assets (included in selling and administrative expenses) . . . . .	288	—	288	288	—	288	288	—	288
Cost of inventory sold . . . . .	839,740	—	839,740	1,727,636	—	1,727,636	1,582,644	—	1,582,644
Allowance for doubtful debts (included in selling and administrative expenses) . . . . .	3,300	—	3,300	—	—	—	3,357	—	3,357
Write-down of properties for development/completed properties for sale (included in selling and administrative expenses) . . . . .	—	—	—	14,518	—	14,518	11,000	—	11,000
Loss on disposal of property, plant and equipment (included in selling and administrative expenses) . . . . .	12,209	—	12,209	1,245	—	1,245	—	—	—

## 8. FINANCE COSTS

	Year ended 31 December								
	2003			2004			2005		
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
	Rmb'000	Rmb'000	Rmb'000	Rmb'000	Rmb'000	Rmb'000	Rmb'000	Rmb'000	Rmb'000
Interest on:									
— bank borrowings wholly repayable within five years . . .	170,313	4,873	175,186	200,472	—	200,472	217,519	—	217,519
— bank borrowings wholly repayable after five years . . . .	—	—	—	—	—	—	206	—	206
— other borrowings . . . . .	30,345	—	30,345	11,621	—	11,621	33,054	—	33,054
Less: capitalised in properties under development . . . . .	(146,900)	—	(146,900)	(175,260)	—	(175,260)	(179,989)	—	(179,989)
	53,758	4,873	58,631	36,833	—	36,833	70,790	—	70,790

Borrowing costs capitalised for the years ended 31 December 2003, 2004 and 2005 arise on the general funds borrowed and are calculated by applying a capitalisation rate of 5.34% , 5.87% and 7.12% per annum, respectively, to expenditure on the development of properties.

## 9. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

Details of the emoluments paid to the directors for the Relevant Periods are as follow:

	Year ended 31 December		
	2003	2004	2005
	Rmb'000	Rmb'000	Rmb'000
Directors			
— fee . . . . .	—	—	—
— salaries and other allowance . . . . .	542	626	950
— bonus . . . . .	—	—	232
— retirement benefit scheme contributions . . . . .	29	38	96
Total emoluments . . . . .	571	664	1,278

The emoluments of the directors on a named basis are as follows:

	Year ended 31 December		
	2003	2004	2005
	Rmb'000	Rmb'000	Rmb'000
宋卫平 Song Wei Ping . . . . .	376	377	642
壽柏年 Shou Bai Nian . . . . .	195	287	636
	571	664	1,278

The five highest paid individuals of the Group for the Relevant Periods included two directors, details of which are set out above. The remunerations of the remaining three individuals for the Relevant Periods are as follows:

	Year ended 31 December		
	2003	2004	2005
	Rmb'000	Rmb'000	Rmb'000
Employees			
— salaries and other benefits . . . . .	790	536	1,258
— bonus . . . . .	—	—	231
— retirement benefit scheme contributions . . . . .	29	35	102
	819	571	1,591

The emoluments of each of the five highest paid individuals in the Group during the Relevant Periods were below Rmb 1,060,000 (equivalent to HK\$1,000,000).

During the Relevant Periods, no emoluments were paid by the Group to any of the directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors waived any emoluments during the Relevant Periods.

## 10. TAXATION

	Year ended 31 December								
	2003			2004			2005		
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
	Rmb'000	Rmb'000	Rmb'000	Rmb'000	Rmb'000	Rmb'000	Rmb'000	Rmb'000	Rmb'000
The charge (credit) comprises:									
PRC income tax . . . . .	124,674	43	124,717	169,692	98	169,790	150,246	—	150,246
Deferred tax (note 18) . . . . .	(17,827)	—	(17,827)	32,338	—	32,338	(25,134)	—	(25,134)
	<u>106,847</u>	<u>43</u>	<u>106,890</u>	<u>202,030</u>	<u>98</u>	<u>202,128</u>	<u>125,112</u>	<u>—</u>	<u>125,112</u>

The Group, except for Shanghai Lvyu and Hangzhou Jiuxi, was subject to enterprise income tax levied at a rate of 33% of taxable income based on income for financial reporting purposes prepared in accordance with the laws and regulations in the PRC. Shanghai Lvyu and Hangzhou Jiuxi are subject to enterprise income tax levied at a rate of 15% and 27% respectively.

The tax charge for the Relevant Periods can be reconciled to the profit (loss) before taxation per the income statements as follows:

	Year ended 31 December								
	2003			2004			2005		
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
	Rmb'000	Rmb'000	Rmb'000	Rmb'000	Rmb'000	Rmb'000	Rmb'000	Rmb'000	Rmb'000
Profit (loss) before taxation . . . . .	192,195	(15,868)	176,327	653,733	(5,836)	647,897	711,559	322	711,881
Tax at the applicable PRC Income tax of									
33% . . . . .	63,424	(5,236)	58,188	215,731	(1,926)	213,805	234,814	106	234,920
Tax effect of different tax rate . . . . .	3,107	—	3,107	(63,193)	—	(63,193)	(79,851)	—	(79,851)
Tax effect of share of results of associates . . . . .	2,256	—	2,256	14,178	—	14,178	(10,305)	—	(10,305)
Tax effect of income not taxable for tax purposes . . . . .	(5,747)	—	(5,747)	(1,765)	—	(1,765)	(59,094)	—	(59,094)
Tax effect of expenses not deductible for tax purposes . . . . .	19,368	—	19,368	9,438	—	9,438	12,125	—	12,125
Tax effect/(utilization) of tax losses not recognised . . . . .	8,257	5,279	13,536	14,704	2,024	16,728	24,207	(106)	24,101
Tax effect of deductible temporary differences not recognised . . . . .	16,182	—	16,182	12,937	—	12,937	1,564	—	1,564
Others . . . . .	—	—	—	—	—	—	1,652	—	1,652
Taxation charge for the year . . . . .	<u>106,847</u>	<u>43</u>	<u>106,890</u>	<u>202,030</u>	<u>98</u>	<u>202,128</u>	<u>125,112</u>	<u>—</u>	<u>125,112</u>

Details of deferred taxation for each of the three years ended 31 December 2005 are set out in note 18.

**PRC land appreciation tax**

According to the requirements of the Provisional Regulations of the PRC on Land Appreciation Tax ("LAT") (中華人民共和國土地增值稅暫行條例) effective from 1 January 1994, and the Detailed Implementation Rules on the Provisional Regulations of the PRC on LAT (中華人民共和國土地增值稅暫行條例實施細則) effective from 27 January 1995, all income from the sale or transfer of state-owned land use rights, buildings and their attached facilities in the PRC 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 (普通標準住宅) if their appreciation values do not exceed 20% of the sum of the total deductible items.

Effective from 1 January 2003 in Zhoushan, 1 July 2004 in Anhui and 1 October 2004 in Hangzhou, the local tax bureau requires pre-payment of LAT on the pre-sale and sale proceeds of property developments. According to the Notices for the Strengthening of Administration on LAT (關於加強土地增值稅管理工作的通知), the Group is required to pre-pay LAT on pre-sale proceeds at 0.5–2% for ordinary residential properties and 1–3% for other properties.

Thus far, the relevant local tax bureaus responsible for the enforcement of LAT regulations have not required the Group to pay any LAT other than the aforesaid LAT pre-payment.

For each of the three years ended 31 December 2003, 2004 and 2005, the Group has estimated, made and included in cost of sales a provision for LAT in the amount of Rmb 529,000, Rmb 100,341,000 and Rmb 5,052,000 respectively 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.

# 11. DISCONTINUED OPERATIONS

As part of the Group Reorganisation, the directors initialed a plan in December 2004 to dispose of the Group's entire interests in the Non-Property Related Entities which carried out the Group's catering and other non-property related businesses (the "Discontinued Operations") to the Shareholders' Companies. Certain of the Non-Property Related Entities comprising the Discontinued Operations were disposed of in 2004 and the remaining Non-Property Related Entities comprising the Discontinued Operations were disposed of by October 2005, and by then the disposal of the entire interests in the companies in the Discontinued Operations was completed.

The losses of the Discontinued Operations for the Relevant Periods were as follows:

	As at 31 December		
	2003	2004	2005
	Rmb'000	Rmb'000	Rmb'000
Loss of Discontinued Operations for the year . . . . .	(15,911)	(5,934)	(229)
Gain on disposal of Discontinued Operations for the period . . . . .	—	—	551
	<u>(15,911)</u>	<u>(5,934)</u>	<u>322</u>

The results of the Discontinued Operations for the Relevant Periods were as follows:

	Year ended 31 December		
	2003	2004	2005
	Rmb'000	Rmb'000	Rmb'000
Revenue . . . . .	4,530	7,886	729
Cost of sales . . . . .	(2,235)	(5,097)	(462)
Selling and administrative expenses . . . . .	(13,724)	(9,263)	(570)
Other operating income . . . . .	434	638	74
Finance costs . . . . .	(4,873)	—	—
Loss before taxation . . . . .	(15,868)	(5,836)	(229)
Income tax expense . . . . .	(43)	(98)	—
Loss for the year . . . . .	<u>(15,911)</u>	<u>(5,934)</u>	<u>(229)</u>

During the Relevant Periods, the Discontinued Operations did not contribute significantly to the Group's net operating cash flows, investing activities and financing activities.

The carrying amounts of the assets and liabilities at the date of disposal of the Non-Property Related Entities comprising the Discontinued Operations disposed of in 2005 are disclosed in note 28.

The major classes of assets and liabilities of the remaining Non-Property Related Entities comprising the Discontinued Operations as at 31 December 2004 are disclosed in note 23.

**12. DIVIDENDS**

No dividend has been declared by the Company since its incorporation up to 31 December 2005. During the Relevant Periods, the following companies paid dividends to their then existing shareholders prior to the Group Reorganisation who are the equity holders of the Company.

	Year ended 31 December		
	2003	2004	2005
	Rmb'000	Rmb'000	Rmb'000
Richwise . . . . .	—	—	11,173
Greentown Real Estate . . . . .	—	—	187,247
Hangzhou Jiuxi . . . . .	—	27,731	—
Hangzhou Greentown . . . . .	—	49,401	—
	<u>—</u>	<u>77,132</u>	<u>198,420</u>

**13. EARNINGS PER SHARE****From continuing and discontinued operations**

The calculation of the basic earnings per share attributable to the ordinary equity holders of the Company is based on the following data:

*Earnings*

	Year ended 31 December		
	2003	2004	2005
	Rmb'000	Rmb'000	Rmb'000
Earnings for the purposes of basic earnings per share (profit for the year attributable to equity holders of the Company) . . . . .	<u>77,234</u>	<u>454,395</u>	<u>622,688</u>

*Number of shares*

	Year ended 31 December		
	2003	2004	2005
Weighted average number of ordinary shares for the purposes of basic earnings per share . . . . .	<u>1,000,000,000</u>	<u>1,000,000,000</u>	<u>1,000,000,000</u>

The weighted average number of ordinary shares for the purposes of calculating basic earnings per share has been adjusted to reflect the capitalisation issue in June 2006 (see section D "Subsequent events").

No diluted earnings per share has been presented as there are no dilutive potential shares in issue during the Relevant Periods.

**From continuing operations**

The calculation of the basic earnings per share from continuing operations share attributable to the ordinary entity holders of the Company is based on the following data:

*Earnings figures are calculated as follows:*

	Year ended 31 December		
	2003	2004	2005
	Rmb'000	Rmb'000	Rmb'000
Profit for the year attributable to equity holders of the Company . . . . .	77,234	454,395	622,688
(Profit) loss for the year from discontinued operations. . . . .	<u>15,911</u>	<u>5,934</u>	<u>(322)</u>
Earnings for the purposes of basic earnings per share from continuing operations	<u>93,145</u>	<u>460,329</u>	<u>622,366</u>

The denominators used are the same as those detailed above for basic earnings per share.

**From discontinued operations**

Basic earnings (loss) per share for the discontinued operations is (0.02), (0.01) and 0.00 for the years ended 31 December 2003, 2004 and 2005 respectively, based on the loss for the year from the discontinued operations of Rmb 15,911,000, Rmb 5,934,000 and profit of Rmb 322,000 for the years ended 31 December 2003, 2004 and 2005 respectively and the denominators detailed above for basic earnings per share.

**14. PROPERTY, PLANT AND EQUIPMENT**

	Construction in progress	Buildings	Leasehold improvements	Machinery	Furniture, fixtures and equipment	Motor vehicles	Total
	Rmb'000	Rmb'000	Rmb'000	Rmb'000	Rmb'000	Rmb'000	Rmb'000
<b>COST</b>							
At 1 January 2003 . . . . .	77,350	78,471	11,641	3,411	8,592	40,950	220,415
Additions . . . . .	6,012	8,731	2,814	180	4,530	9,504	31,771
Acquired on acquisition of subsidiaries . .	—	—	—	9	116	3,165	3,290
Disposals . . . . .	(38,246)	—	—	—	(1,379)	(57)	(39,682)
At 31 December 2003 . . . . .	45,116	87,202	14,455	3,600	11,859	53,562	215,794
Additions . . . . .	45,478	4,254	8,361	9	5,430	25,787	89,319
Acquired on acquisition of subsidiaries . .	—	2,463	—	—	368	608	3,439
Reclassified to assets classified as held for sale . . . . .	—	(2,500)	(141)	—	(997)	(1,239)	(4,877)
Disposals . . . . .	—	—	(226)	(3,396)	(3,252)	(1,346)	(8,220)
Disposal of subsidiaries . . . . .	(36,113)	(25,915)	(4,822)	(91)	(2,072)	(2,576)	(71,589)
At 31 December 2004 . . . . .	54,481	65,504	17,627	122	11,336	74,796	223,866
Additions . . . . .	54,636	—	3,955	2,479	2,645	13,186	76,901
Acquired on acquisition of subsidiaries . .	—	13,816	6,284	165	2,324	6,006	28,595
Disposals . . . . .	—	(9,854)	(685)	(9)	(418)	(210)	(11,176)
Disposal of subsidiaries . . . . .	—	—	—	(237)	(132)	(837)	(1,206)
Reclassification . . . . .	—	(2,304)	(4,333)	252	6,123	262	—
At 31 December 2005 . . . . .	109,117	67,162	22,848	2,772	21,878	93,203	316,980
<b>DEPRECIATION AND AMORTISATION</b>							
At 1 January 2003 . . . . .	—	(8,667)	(4,685)	(2,120)	(4,161)	(14,491)	(34,124)
Provided for the year . . . . .	—	(3,178)	(1,572)	(121)	(1,168)	(7,071)	(13,110)
Eliminated on disposals . . . . .	—	—	—	—	312	—	312
At 31 December 2003 . . . . .	—	(11,845)	(6,257)	(2,241)	(5,017)	(21,562)	(46,922)
Provided for the year . . . . .	—	(3,125)	(2,244)	(55)	(2,216)	(10,661)	(18,301)
Reclassified to assets classified as held for sale . . . . .	—	50	—	—	275	128	453
Eliminated on disposals . . . . .	—	—	522	2,222	2,628	167	5,539
Eliminated on disposal of subsidiaries . .	—	8,580	1,739	16	618	1,617	12,570
At 31 December 2004 . . . . .	—	(6,340)	(6,240)	(58)	(3,712)	(30,311)	(46,661)
Provided for the year . . . . .	—	(3,304)	(2,873)	(437)	(3,548)	(17,352)	(27,514)
Eliminated on disposals . . . . .	—	584	(3)	9	375	208	1,173
Eliminated on disposal of subsidiaries . .	—	—	—	14	5	77	96
Reclassification . . . . .	—	871	3,549	(983)	(4,468)	1,031	—
At 31 December 2005 . . . . .	—	(8,189)	(5,567)	(1,455)	(11,348)	(46,347)	(72,906)
<b>NET BOOK VALUES</b>							
At 31 December 2003 . . . . .	45,116	75,357	8,198	1,359	6,842	32,000	168,872
At 31 December 2004 . . . . .	54,481	59,164	11,387	64	7,624	44,485	177,205
At 31 December 2005 . . . . .	109,117	58,973	17,281	1,317	10,530	46,856	244,074

The following rates were used for the depreciation/amortisation of property, plant and equipment after considering their respective useful lives:

Buildings . . . . .	Over the shorter of the term of the land use rights or 20 years
Leasehold improvements . . . . .	Over the shorter of the lease term or beneficial period
Machinery . . . . .	10% to 33 1/3%
Furniture, fixtures and equipment . . . . .	10% to 33 1/3%
Motor vehicles . . . . .	20%

Details of the buildings pledged to secure banking facilities granted to the Group are disclosed in note 31.

#### 15. INTANGIBLE ASSET

	<b>Trademark</b>
	<b>Rmb'000</b>
COST	
At 1 January 2003, at 31 December 2003, 2004 and 2005 . . . . .	2,880
AMORTISATION	
At 1 January 2003 . . . . .	(1,728)
Provided for the year . . . . .	(288)
At 31 December 2003 . . . . .	(2,016)
Provided for the year . . . . .	(288)
At 31 December 2004 . . . . .	(2,304)
Provided for the year . . . . .	(288)
At 31 December 2005 . . . . .	(2,592)
NET BOOK VALUES	
At 31 December 2003 . . . . .	864
At 31 December 2004 . . . . .	576
At 31 December 2005 . . . . .	288

The intangible asset, representing a trademark contributed by previous shareholders of Greentown Real Estate as its investment cost, has a finite life and is amortised over its useful life of ten years.

#### 16. INTERESTS IN ASSOCIATES

	<b>As at 31 December</b>		
	<b>2003</b>	<b>2004</b>	<b>2005</b>
	<b>Rmb'000</b>	<b>Rmb'000</b>	<b>Rmb'000</b>
Share of net assets . . . . .	96,263	126,659	479,327

Details of the Group's associates, which were established in the PRC, at the respective balance sheet dates were as follows:

Name of associate	Issued and Fully paid registered capital	Attributable equity interest			Principal activities
		As at 31 December			
		2003	2004	2005	
杭州集美房地產開發有限公司 Hangzhou Jimei Real Estate Development Co., Ltd. . . . .	Rmb 32,000,000	30%	30%	30%	Real estate development
Hangzhou Yuhang Jinteng (i) . . . . .	Rmb 10,000,000	—	48%	—	Real estate development
杭州余杭綠城九洲房地產開發有限公司 Hangzhou Yuhang Greentown Jiuzhou Real Estate Development Co., Ltd.. . . . .	Rmb 10,000,000	—	35%	35%	Real estate development
北京東方怡華房地產開發有限公司 Beijing Dongfang Yihua Property Development Co., Ltd. (ii) . . . . .	Rmb 10,000,000	30%	—	—	Real estate development
Ningbo Zheda Science Park (i) . . . . .	Rmb 50,000,000	35%	35%	—	Real estate development
Shanghai Huazhe (i) . . . . .	Rmb 50,000,000	—	45%	—	Real estate development
Hunan Green Bamboo Lake (i) . . . . .	Rmb 50,600,000	—	49%	—	Real estate development
錢潮水泥混凝土公司 Qianchao Concrete Co., Ltd. (ii) . . . . .	Rmb 25,000,000	30%	—	—	Production of cement and concrete
浙江世紀廣場投資有限公司 Zhejiang Century Square Investment Co., Ltd. (ii) . . . . .	Rmb 50,000,000	40%	—	—	Property investment
浙江綠城園林園藝綠化工程有限公司 Zhejiang Greentown Gardening Co., Ltd. (ii) . . . . .	Rmb 1,000,000	30%	—	—	Landscape design and greening
Xinjiang Sunshine (i) . . . . .	Rmb 20,000,000	—	35%	—	Real estate development
Hunan Greentown (i) . . . . .	Rmb 80,000,000	48%	48%	—	Real estate development
德清綠城西子房地產開發有限公司 Deqing Greentown Xizi Property Development Co., Ltd. . . . .	Rmb 30,000,000	—	50%	—	Real estate development
杭州翡翠城房地產開發有限公司 Hangzhou Jade City Real Estate Development Co., Ltd. . . . .	Rmb 20,000,000	—	45% (iii)	45% (iii)	Real estate development
浙江萬利保險經紀有限公司 Zhejiang Wanli Insurance Broker Co., Ltd. (ii) . . . . .	Rmb 15,000,000	40%	20%	—	Insurance brokering service
上海綠宇物業管理有限公司 Shanghai Lvyu Property Management Co., Ltd. (ii) . . . . .	Rmb 1,000,000	25%	25%	—	Properties management



Name of associate	Issued and Fully paid registered capital	Attributable equity interest			Principal activities
		As at 31 December			
		2003	2004	2005	
浙江海洲綠城投資有限公司 Zhejiang Haizhou Greentown Investment Co., Ltd.. . . . .	Rmb 100,000,000	—	—	50%	Property development and investment
杭州千島湖綠城投資置業有限公司 Hangzhou Qiandao Lake Greentown Investment & Property Co., Ltd.. . . . .	Rmb 30,000,000	—	—	29%	Real estate development
上海靜宇置業有限公司 Shanghai Jingyu Real Estate Co., Ltd.. . . . .	Rmb 100,000,000	—	—	49%	Property investment
深圳東方泰格投資有限公司 Shenzhen Orient Taige Investment Co., Ltd.. . . . .	Rmb 60,000,000	20%	20%	20%	Investment and consulting
北京綠城物業管理有限公司 Beijing Greentown Property Management Co., Ltd. (ii) . . . . .	Rmb 1,000,000	20%	20%	—	Properties management
杭州錢新綠城房地產開發有限公司 Hangzhou Qianxin Greentown Real Estate Development Co. Ltd. . . . .	Rmb 30,000,000	—	—	50%	Real estate development
浙江報業綠城投資有限公司 Zhejiang Newspapering Greentown Investment Co., Ltd.. . . . .	Rmb 80,000,000	—	—	50%	Investment
浙江發展綠城房地產開發有限公司 Zhejiang Fazhan Greentown Real Estate Development Co., Ltd. . . . .	Rmb 50,000,000	—	—	45%	Real estate development
寧波浙報綠城房地產開發有限公司 (前稱「寧波綠城均勝房地產開發有限公司」) Ningbo Zhebao Greentown Real Estate Development Co., Ltd. (Formerly known as “Ningbo Greentown Junsheng Real Estate Development Co., Ltd.”) . . . . .	Rmb 60,000,000	—	—	50%	Real estate development
寧波綠城桂花園房地產開發有限公司 Ningbo Greentown Osmanthus Garden Real Estate Development Co., Ltd.. . . . .	Rmb 20,000,000	—	—	60% (iv)	Real estate development

- (i) These associates became subsidiaries of the Group during the Relevant Periods.
- (ii) These associates were disposed of as part of the Group Reorganisation.
- (iii) 35% of the equity interest in Hangzhou Jade City Real Estate Development Co., Ltd. is held by 浙江省浙經房地產公司 ("Zhejiang Province Zhejing Real Estate Co.") on behalf of the Group.
- (iv) Zhejiang Newspapering Greentown Investment Co., Ltd., an associate, and Richwise respectively hold 70% and 25% of the equity interest in Ningbo Greentown Osmanthus Garden Real Estate Development Co., Ltd. The Group does not have the power to direct the financial and operational policies of Ningbo Greentown Osmanthus Garden Real Estate Development Co., Ltd. Therefore, Ningbo Greentown Osmanthus Garden Real Estate Development Co., Ltd. is accounted for as an associate of the Group.

The summarised financial information in respect of the Group's associates is set out below:

	As at 31 December		
	2003	2004	2005
	Rmb'000	Rmb'000	Rmb'000
Total assets. . . . .	1,943,553	4,363,596	4,654,630
Total liabilities. . . . .	(1,577,833)	(3,986,933)	(3,521,342)
Net assets. . . . .	365,720	376,663	1,133,288
Group's share of net assets of associates . . . . .	96,263	126,659	479,327
Revenue. . . . .	107,429	152,733	677,881
Profit (loss) for the year . . . . .	(28,483)	(90,809)	64,835
Group's share of associates' profit (loss) for the year . . . . .	(6,838)	(42,963)	31,228

The Group has discontinued recognition of its share of losses of certain associates as its share of losses of those associates equals or exceeds its interest in those associates. The amounts of unrecognised share of losses of those associates, extracted from the relevant audited figures of the associates, both for the Relevant Periods and cumulatively, were as follows:

	Year ended 31 December		
	2003	2004	2005
	Rmb'000	Rmb'000	Rmb'000
Unrecognised share of losses of associates . . . . .	—	4,040	6,237
Accumulated unrecognised share of losses of associates . . . . .	—	4,040	6,237

## 17. AVAILABLE-FOR-SALE INVESTMENTS

	As at 31 December		
	2003	2004	2005
	Rmb'000	Rmb'000	Rmb'000
Equity securities, unlisted			
Current . . . . .	254	—	—
Non-current . . . . .	25,000	25,000	1,000
	25,254	25,000	1,000

The Group has not designated any financial assets that are not classified as held for trading as financial assets at fair value through profit and loss.

In the opinion of the directors, the available-for-sale investments in equity securities do not have a quoted market price in an active market and their fair value cannot be reliably measured and are therefore carried at their costs less impairment.

**18. DEFERRED TAXATION**

The following are the major deferred tax assets (liabilities) recognised and movements during the Relevant Periods:

	Temporary difference on revenue recognition and related cost of sales	Tax losses	Fair value adjustments (note 27)	Others	Total
	Rmb'000	Rmb'000	Rmb'000	Rmb'000	Rmb'000
At 1 January 2003 . . . . .	4,374	20,368	—	12,429	37,171
Credit (charge) to the consolidated income statement for the year . . . . .	22,385	(18,855)	—	14,297	17,827
At 31 December 2003 . . . . .	26,759	1,513	—	26,726	54,998
Credit (charge) to the consolidated income statement for the year . . . . .	(3,222)	3,385	—	(32,501)	(32,338)
At 31 December 2004 . . . . .	23,537	4,898	—	(5,775)	22,660
Credit (charge) to the consolidated income statement for the year . . . . .	(7,156)	33,506	—	(1,216)	25,134
Debit to properties for development and under development . . . . .	—	—	(101,740)	—	(101,740)
At 31 December 2005 . . . . .	16,381	38,404	(101,740)	(6,991)	(53,946)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes related to the same fiscal authority. The following amounts determined after appropriate offsetting are shown in the respective balance sheets.

	As at 31 December		
	2003	2004	2005
	Rmb'000	Rmb'000	Rmb'000
Deferred tax assets . . . . .	79,079	57,938	74,135
Deferred tax liabilities . . . . .	(24,081)	(35,278)	(128,081)
	54,998	22,660	(53,946)

The Group had unutilised tax losses of approximately Rmb 80,749,000, Rmb 51,718,000 and Rmb 322,634,000 at 31 December 2003, 2004 and 2005, respectively. A deferred tax asset was recognised in respect of such losses of approximately Rmb 4,585,000, Rmb 14,842,000 and Rmb 104,476,000 at 31 December 2003, 2004 and 2005, respectively. No deferred tax asset has been recognised in respect of the remaining tax losses due to the unpredictability of future profit streams. Pursuant to the relevant laws and regulations in the PRC, the unrecognised tax losses at the balance sheet dates will expire in the following years:

	As at 31 December		
	2003	2004	2005
	Rmb'000	Rmb'000	Rmb'000
2004 . . . . .	27,470	—	—
2005 . . . . .	12,697	3	—
2006 . . . . .	17,401	3,789	3,563
2007 . . . . .	8,693	5,224	4,977
2008 . . . . .	9,903	3,963	29,458
2009 . . . . .	—	23,897	92,849
2010 . . . . .	—	—	87,311
	76,164	36,876	218,158

**19. PROPERTIES FOR DEVELOPMENT**

Approximately Rmb 181,959,000, Rmb 98,233,000 and Rmb 302,395,000 of the long-term leasehold land included in the balance of properties for development as at 31 December 2003, 2004 and 2005, respectively, were in the process of obtaining the land use rights certificates.

**20. PROPERTIES UNDER DEVELOPMENT**

	As at 31 December		
	2003	2004	2005
	Rmb'000	Rmb'000	Rmb'000
Long-term leasehold land — at cost . . . . .	1,219,706	1,827,725	2,399,053
Development costs . . . . .	1,436,195	1,732,447	2,843,092
Finance costs capitalised . . . . .	176,089	248,833	412,142
	<u>2,831,990</u>	<u>3,809,005</u>	<u>5,654,287</u>

**21. CONSTRUCTION CONTRACTS**

	As at 31 December		
	2003	2004	2005
	Rmb'000	Rmb'000	Rmb'000
Contract costs incurred plus recognised profit . . . . .	90,251	144,945	211,600
Less: progress billings . . . . .	(110,000)	(193,600)	(211,600)
Amounts due to contract customers included in trade and other payables (note 24)	<u>(19,749)</u>	<u>(48,655)</u>	<u>—</u>

**22. OTHER CURRENT FINANCIAL ASSETS**

The Group allows an average credit period of 60 days to its trade customers. The aged analysis of trade receivables is stated as follows:

	As at 31 December		
	2003	2004	2005
	Rmb'000	Rmb'000	Rmb'000
0–30 days . . . . .	35,396	3,826	5,619
31–90 days . . . . .	15	6	1,968
91–180 days . . . . .	1	—	4,486
181–365 days . . . . .	1,089	991	3,188
Over 365 days . . . . .	157	93	4,669
Trade receivables . . . . .	<u>36,658</u>	<u>4,916</u>	<u>19,930</u>
Other receivables . . . . .	315,403	256,597	187,342
Prepayments and deposits . . . . .	<u>311,133</u>	<u>169,433</u>	<u>176,608</u>
	<u>663,194</u>	<u>430,946</u>	<u>383,880</u>

Included in other receivables were advances to third parties of Rmb 257,994,000, Rmb 188,567,000 and Rmb 128,986,000 as at 31 December 2003, 2004 and 2005 respectively. The advances are interest free, unsecured and repayable on demand.

Other receivables are repayable on demand.

No allowance was made for trade receivables. An allowance was made for estimated irrecoverable amounts of Rmb 25,004,000, Rmb 25,004,000 and Rmb 27,823,000 of other receivables as at 31 December 2003, 2004 and 2005 respectively.

The directors consider that the carrying amounts of the current financial assets listed above approximate their fair value.

**Bank balances and cash**

Bank balances and cash comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets approximates their fair value.

As at 31 December 2003, 2004 and 2005, the Group had bank balances and cash (including pledged bank deposits) denominated in Renminbi amounting to Rmb 904,245,000, Rmb 1,277,110,000 and Rmb 1,121,279,000 respectively. Renminbi is not freely convertible into other currencies.

**Credit risk**

The Group's principal financial assets are bank balances and cash, trade receivables, other receivables, deposits and prepayments, which represent the Group's maximum exposure to credit risk in relation to financial assets.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The Group's credit risks are primarily attributable to its trade and other receivables. The amounts included in the consolidated balance sheets are net of allowances for bad and doubtful receivables, estimated by the Group's management based on past experience and their assessment of the current economic environment.

#### Interest rate risk

The Group has exposure to interest rate risk through the impact of the rate changes on bank balances and other borrowings.

#### Foreign currency risk

The Group's transactions are mainly denominated in Renminbi and thus the Group has no material exposure to currency risk.

#### Liquidity risk

The Group aims to maintain sufficient funds to finance its current working capital requirements.

### 23. ASSETS CLASSIFIED AS HELD FOR SALE

The directors resolved to dispose of the Group's interests in certain of its Property Related Entities to independent third parties in December 2004. The assets and liabilities attributable to these Property Related Entities, together with the remaining Non-Property Related Entities comprising the Discontinued Operations as disclosed in note 11 and part of the Group Reorganisation, were expected to be sold within twelve months from 31 December 2004 and had been classified as a disposal group held for sale and are presented separately in the consolidated balance sheets.

The major classes of assets and liabilities comprising the disposal group classified as held for sale are as follows:

Non-Property Related Entities:

	As at 31 December		
	2003	2004	2005
	Rmb'000	Rmb'000	Rmb'000
Interests in associates . . . . .	—	3,590	—
Property, plant and equipment . . . . .	—	154	—
Inventories . . . . .	—	56	—
Trade and other receivables . . . . .	—	640	—
Bank balances and cash . . . . .	—	849	—
Total assets classified as held for sale . . . . .	—	5,289	—
Trade and other payables . . . . .	—	(5,651)	—
Other taxes payable . . . . .	—	(7)	—
Total for liabilities directly associated with assets classified as held for sale . . . . .	—	(5,658)	—
Net liabilities of Non-Property Related Entities comprising the disposal group . . . . .	—	(369)	—

Property Related Entities:

	As at 31 December		
	2003	2004	2005
	Rmb'000	Rmb'000	Rmb'000
Interests in associates . . . . .	—	32,000	—
Properties held for development . . . . .	—	371,442	—
Property, plant and equipment . . . . .	—	4,270	—
Trade and other receivables . . . . .	—	1,678	—
Bank balances and cash . . . . .	—	36,672	—
Total assets classified as held for sale . . . . .	—	446,062	—
Trade and other payables . . . . .	—	6,213	—
Other taxes payable . . . . .	—	(23)	—
Bank and other borrowings . . . . .	—	(124,136)	—
Total for liabilities directly associated with assets classified as held for sale . . . . .	—	(117,946)	—
Net assets of Property Related Entities comprising the disposal group . . . . .	—	328,116	—

Aggregate:

	As at 31 December		
	2003	2004	2005
	Rmb'000	Rmb'000	Rmb'000
Interests in associates . . . . .	—	35,590	—
Properties held for development . . . . .	—	371,442	—
Property, plant and equipment . . . . .	—	4,424	—
Inventories . . . . .	—	56	—
Trade and other receivables . . . . .	—	2,318	—
Bank balances and cash . . . . .	—	37,521	—
Total assets classified as held for sale . . . . .	—	451,351	—
Trade and other payables . . . . .	—	562	—
Other taxes payable . . . . .	—	(30)	—
Bank and other borrowings . . . . .	—	(124,136)	—
Total for liabilities directly associated with assets classified as held for sale . . . . .	—	(123,604)	—
Total net assets of the disposal group . . . . .	—	327,747	—

#### 24. TRADE AND OTHER PAYABLES

Trade payables principally comprise amounts outstanding for trade purchases. The aged analysis of trade payables is stated as follows:

	As at 31 December		
	2003	2004	2005
	Rmb'000	Rmb'000	Rmb'000
0–30 days . . . . .	145,401	346,379	513,892
31–90 days . . . . .	36,520	360	6,660
91–180 days . . . . .	149,406	109,677	5,381
181–365 days . . . . .	50	6,541	16,312
Over 365 days . . . . .	873	12,107	30,916
Trade payables . . . . .	332,250	475,064	573,161
Other payables and accrued expenses . . . . .	281,720	370,823	427,130
Amounts due to contract customers (Note 21) . . . . .	19,749	48,655	—
	633,719	894,542	1,000,291

Trade payables, other payables, deposits received and accruals principally comprise amounts outstanding for trade purposes and ongoing costs.

The directors consider that the carrying amounts of the current financial liabilities listed above approximate their fair values.

## 25. BANK AND OTHER BORROWINGS

	As at 31 December		
	2003	2004	2005
	Rmb'000	Rmb'000	Rmb'000
Secured bank loans (note 31) . . . . .	1,336,155	2,390,968	3,441,174
Unsecured bank loans . . . . .	1,453,000	1,063,000	472,000
	2,789,155	3,453,968	3,913,174
Secured other loans . . . . .	—	—	335,170
Unsecured other loans . . . . .	347,110	198,587	631,009
	347,110	198,587	966,179
	3,136,265	3,652,555	4,879,353
Secured bank loan directly associated with assets classified as held for sale . . . .	—	35,000	—
Unsecured other loan directly associated with assets classified as held for sale . .	—	89,136	—
	3,136,265	3,776,691	4,879,353
The amount is repayable as follows:			
Within one year. . . . .	1,736,655	2,440,291	2,510,841
More than one year, but not exceeding two years . . . . .	1,244,610	962,400	1,357,187
More than two years, but not exceeding three years . . . . .	155,000	320,000	1,004,798
More than three years, but not exceeding four years . . . . .	—	54,000	647
More than four years, but not exceeding five years . . . . .	—	—	647
More than five years . . . . .	—	—	5,233
	3,136,265	3,776,691	4,879,353
Less: Secured bank loan directly associated with assets classified as held for sale	—	(124,136)	—
	3,136,265	3,652,555	4,879,353
Less: Amounts due within one year shown under current liabilities . . . . .	(1,736,655)	(2,351,155)	(2,510,841)
Amounts due after one year . . . . .	1,399,610	1,301,400	2,368,512

All bank and other borrowings were denominated in Renminbi, except for a USD-denominated, secured bank loans amounting to Rmb 55,618,000 and Rmb 193,685,000 as at 31 December 2004 and 2005 respectively.

The average interest rates paid were as follows:

	Year ended 31 December		
	2003	2004	2005
Bank loans . . . . .	5.34%	6.10%	6.68%
Other loans. . . . .	5.40%	7.24%	12.00%

All bank loans and most of the other borrowings were arranged at fixed interest rates and exposed the Group to fair value interest rate risk.

The directors estimate the fair value of the bank and other borrowings by discounting their future cash flows at the market rate. The directors consider that the carrying amounts of the bank and other borrowings approximate their fair values at each balance sheet date.

Certain bank loans were supported by guarantees from the following companies:

Secured bank loans:

	As at 31 December		
	2003	2004	2005
	Rmb'000	Rmb'000	Rmb'000
Shareholders . . . . .	—	100,000	293,685
Minority shareholders. . . . .	—	80,000	—
Independent third parties . . . . .	—	150,000	314,117
Minority shareholders together with Group companies . . . . .	40,000	—	—
	40,000	330,000	607,802

Unsecured bank loans:

	As at 31 December		
	2003	2004	2005
	Rmb'000	Rmb'000	Rmb'000
Shareholders' Companies . . . . .	—	150,000	100,000
Minority shareholders . . . . .	130,000	95,000	—
Shareholders together with Group companies . . . . .	20,000	—	—
Independent third parties together with Group companies . . . . .	140,000	138,000	88,000
Independent third parties . . . . .	168,000	160,000	30,000
	<u>458,000</u>	<u>543,000</u>	<u>218,000</u>

Certain other loans were supported by guarantees from the following companies:

Unsecured other loans:

	As at 31 December		
	2003	2004	2005
	Rmb'000	Rmb'000	Rmb'000
Shareholders' Companies . . . . .	—	—	100,000
Shareholders together with Group companies . . . . .	54,610	54,610	—
Minority shareholders together with Group companies . . . . .	—	—	60,000
	<u>54,610</u>	<u>54,610</u>	<u>160,000</u>

Subsequent to 31 December 2005, guarantees provided by the above related parties and independent third parties under cross-guarantee arrangements to banks in respect of bank loans granted to the Group have been fully released upon repayment of such loans.

## 26. PAID-IN CAPITAL

The Company was incorporated in the Cayman Islands on 31 August 2005 as an exempted company with limited liability under the Companies Law (2004 Revision). The authorised share capital of the Company on incorporation was HK\$350,000 divided into 350,000 shares, 100 of which were issued and fully paid.

Pursuant to the written resolutions of the shareholders of the Company on 30 November 2005, each of the existing Company's shares of a par value of HK\$1.00 was sub-divided into 10 shares of HK\$0.10 each. The authorised share capital of the Company after such sub-division of shares was HK\$350,000 divided into 3,500,000 shares of a par value of HK\$0.10 each.

For the purpose of the preparation of the consolidated balance sheets, the balance of the paid-in capital at 31 December 2003 and 2004 represented the aggregate of the share/registered capital of the following companies prior to the Group Reorganisation as follows:

	As at 31 December	
	2003	2004
	Rmb'000	Rmb'000
Richwise . . . . .	—	1
Greentown Real Estate . . . . .	100,000	100,000
Shanghai Lvyu . . . . .	100,000	100,000
Hangzhou Jiuxi . . . . .	39,745	—
Hangzhou Greentown . . . . .	10,500	10,500
	<u>250,245</u>	<u>210,501</u>

The transfer of the equity interests in Hangzhou Jiuxi from a Shareholders' Company, Greentown Real Estate and a minority shareholder to Richwise was completed on 13 December 2004. The transfer of the equity interests in Hangzhou Greentown from a Shareholders' Company to Greentown Real Estate and Hangzhou Osmanthus City was completed on 30 June 2005. The transfer of the equity interests in Greentown Real Estate from the Shareholders to Richwise was completed on 25 April 2005. The transfer of the equity interests in Shanghai Lvyu from the Shareholders to Richwise was completed on 18 March 2005. The transfer of the shares in Richwise from the Shareholders to the Company was completed on 14 November 2005.



**27. ACQUISITION OF SUBSIDIARIES**

A summary of the effects of acquisitions of subsidiaries is as follows:

	Year ended 31 December		
	2003	2004	2005
	Rmb'000	Rmb'000	Rmb'000
Net assets acquired:			
Property, plant and equipment . . . . .	3,290	3,439	28,595
Properties for development . . . . .	2,355	292,754	1,987,102
Properties under development . . . . .	54,164	—	650,972
Trade and other receivables . . . . .	1,954	735	7,039
Amounts due from related parties . . . . .	135,000	—	359,492
Other tax recoverable . . . . .	—	—	10,059
Bank balances and cash . . . . .	11,015	1,128	78,752
Trade and other payables . . . . .	(6,680)	(265,613)	(460,103)
Amounts due to related parties . . . . .	(45,000)	—	(1,690,015)
Other taxes payable . . . . .	(8)	(8)	(29,664)
Bank borrowings . . . . .	—	—	(508,793)
Deferred tax liabilities . . . . .	—	—	(101,740)
Minority interests . . . . .	(37,829)	(8,415)	(145,286)
	118,261	24,020	186,410
Less:			
Interest previously acquired and classified as associates . . . . .	(61,261)	—	(133,500)
Negative goodwill released to income . . . . .	—	—	(3,010)
Total consideration, satisfied by cash . . . . .	57,000	24,020	49,900
Analysis of net inflow (outflow) of cash and cash equivalents in connection with the acquisition of subsidiaries:			
Cash paid . . . . .	(57,000)	(24,020)	(49,900)
Bank balances and cash acquired . . . . .	11,015	1,128	78,752
	(45,985)	(22,892)	28,852

Particulars of the subsidiaries acquired during the Relevant Periods were as follows:

Acquired company	Acquisition date	Equity interest		Consideration
		Direct	Indirect	
				Rmb'000
<b>Year ended 31 December 2003</b>				
Beijing Sunshine Greentown (i) . . . . .	28 February 2003	—	40%	24,000
北京中青旅綠城房地產開發有限公司	25 December 2003	—	33%	33,000
Beijing Zhongqinglv Greentown Real Estate Development Co., Ltd.				
("Beijing Zhongqinglv") (i, iii and v) . . . . .				
<b>Year ended 31 December 2004</b>				
德清綠城中田房地產開發有限公司	18 March 2004	—	95%	9,500
Deqing Greentown Zhongtian Real Estate Development Co., Ltd. ("Deqing Greentown") . . . . .				
Beijing Xingye Wanfa . . . . .	15 April 2004	—	65%	14,520
<b>Year ended 31 December 2005</b>				
Hunan Greentown (i, ii, iii) . . . . .	30 June 2005	—	3%	2,400
Hunan Green Bamboo Lake (ii) . . . . .	30 June 2005	—	3%	—
Xinjiang Sunshine (i) . . . . .	10 February 2005	—	16%	3,200
Shanghai Huazhe (i) . . . . .	23 May 2005	—	6%	3,000
Hangzhou Yuhang Greentown (iv) . . . . .	30 June 2005	—	51%	15,300
Ningbo Zheda Science Park (i and iii) . . . . .	29 August 2005	—	25%	12,500
Hangzhou Yuhang Jinteng (i and iii) . . . . .	10 October 2005	—	27%	13,500

The acquisitions were accounted for using the purchase method of accounting.

- (i) These companies were associates of the Group before the acquisition of additional equity interests in them.
- (ii) Hunan Greentown holds 97% equity interest in Hunan Green Bamboo Lake.
- (iii) The equity interests in these companies were acquired from minority shareholders.
- (iv) 50% and 1% of the equity interest in Hangzhou Yuhang Greentown was acquired from a Shareholder and a minority shareholder respectively.
- (v) On 20 September 2005, pursuant to the Group Reorganisation, the Group disposed of Beijing Zhongqinglv to a Shareholder's Company.

The net assets acquired in the acquisitions of Beijing Sunshine Greentown and Beijing Zhongqinglv during the year ended 31 December 2003 were as follows:

Beijing Sunshine Greentown:

	Carrying amount before combination	Fair value adjustments	Fair value
	Rmb'000	Rmb'000	Rmb'000
Net assets acquired:			
Property, plant and equipment . . . . .	3,062	—	3,062
Properties under development . . . . .	44,858	9,306	54,164
Trade and other receivables . . . . .	1,954	—	1,954
Bank balances and cash . . . . .	3,836	—	3,836
Trade and other payables . . . . .	(6,680)	—	(6,680)
Other taxes payable . . . . .	(8)	—	(8)
Minority interests . . . . .	(8,338)	(1,729)	(10,067)
	<u>38,684</u>	<u>7,577</u>	<u>46,261</u>
Interest previously acquired and classified as an associate . . . . .			(22,261)
Total consideration, satisfied by cash . . . . .			<u>24,000</u>
Net cash outflow arising on acquisition:			
Cash paid . . . . .			(24,000)
Bank balances and cash acquired . . . . .			<u>3,836</u>
			<u>(20,164)</u>

Beijing Zhongqinglv:

	Carrying amount before combination	Fair value adjustments	Fair value
	Rmb'000	Rmb'000	Rmb'000
Net assets acquired:			
Property, plant and equipment . . . . .	228	—	228
Properties for development . . . . .	1,743	612	2,355
Amounts due from related parties . . . . .	135,000	—	135,000
Bank balances and cash . . . . .	7,179	—	7,179
Amount due to a related party . . . . .	(45,000)	—	(45,000)
Minority interests . . . . .	(27,524)	(238)	(27,762)
	<u>71,626</u>	<u>374</u>	<u>72,000</u>
Interest previously acquired and classified as an associate . . . . .			(39,000)
Total consideration, satisfied by cash . . . . .			<u>33,000</u>
Net cash outflow arising on acquisition:			
Cash paid . . . . .			(33,000)
Bank balances and cash acquired . . . . .			<u>7,179</u>
			<u>(25,821)</u>

Acquisitions during the year ended 31 December 2003:

	Carrying amount before combination	Fair value adjustments	Fair value
	Rmb'000	Rmb'000	Rmb'000
Net assets acquired:			
Property, plant and equipment . . . . .	3,290	—	3,290
Properties for development . . . . .	1,743	612	2,355
Properties under development . . . . .	44,858	9,306	54,164
Trade and other receivables . . . . .	1,954	—	1,954
Amounts due from related parties . . . . .	135,000	—	135,000
Bank balances and cash . . . . .	11,015	—	11,015
Trade and other payables . . . . .	(6,680)	—	(6,680)
Amount due to a related party . . . . .	(45,000)	—	(45,000)
Other taxes payable . . . . .	(8)	—	(8)
Minority interests . . . . .	(35,862)	(1,967)	(37,829)
	<u>110,310</u>	<u>7,951</u>	<u>118,261</u>
Interest previously acquired and classified as an associate . . . . .			(61,261)
Total consideration, satisfied by cash . . . . .			<u>57,000</u>
Net cash outflow arising on acquisition:			
Cash paid . . . . .			(57,000)
Bank balances and cash acquired . . . . .			<u>11,015</u>
			<u>(45,985)</u>

The net assets acquired in the acquisitions of Deqing Greentown and Beijing Xingye Wanfa during the year ended 31 December 2004 were as follows:

Deqing Greentown:

	Carrying amount before combination	Fair value adjustments	Fair value
	Rmb'000	Rmb'000	Rmb'000
Net assets acquired:			
Property, plant and equipment . . . . .	2,623	—	2,623
Properties for development . . . . .	256,464	218	256,682
Trade and other receivables . . . . .	735	—	735
Bank balances and cash . . . . .	1,115	—	1,115
Trade and other payables . . . . .	(251,153)	—	(251,153)
Other taxes payable . . . . .	(2)	—	(2)
Minority interests . . . . .	(489)	(11)	(500)
	<u>9,293</u>	<u>207</u>	<u>9,500</u>
Total consideration, satisfied by cash . . . . .			<u>9,500</u>
Net cash inflow arising on acquisition:			
Cash paid . . . . .			(9,500)
Bank balances and cash acquired . . . . .			<u>1,115</u>
			<u>(8,385)</u>

Beijing Xingye Wanfa:

	Carrying amount before combination	Fair value adjustments	Fair value
	Rmb'000	Rmb'000	Rmb'000
Net assets acquired:			
Property, plant and equipment . . . . .	816	—	816
Properties for development . . . . .	28,156	7,916	36,072
Bank balances and cash . . . . .	13	—	13
Trade and other payables . . . . .	(14,460)	—	(14,460)
Other taxes payable . . . . .	(6)	—	(6)
Minority interests . . . . .	(5,081)	(2,834)	(7,915)
	<u>9,438</u>	<u>5,082</u>	
Total consideration, satisfied by cash . . . . .			<u>14,520</u>
Net cash inflow arising on acquisition:			
Cash paid . . . . .			(14,520)
Bank balances and cash acquired . . . . .			<u>13</u>
			<u>(14,507)</u>

Acquisitions during the year ended 31 December 2004:

	Carrying amount before combination	Fair value adjustments	Fair value
	Rmb'000	Rmb'000	Rmb'000
Net assets acquired:			
Property, plant and equipment . . . . .	3,439	—	3,439
Properties for development . . . . .	284,620	8,134	292,754
Trade and other receivables . . . . .	735	—	735
Bank balances and cash . . . . .	1,128	—	1,128
Trade and other payables . . . . .	(265,613)	—	(265,613)
Other taxes payable . . . . .	(8)	—	(8)
Minority interests . . . . .	(5,570)	(2,845)	(8,415)
	<u>18,731</u>	<u>5,289</u>	
Total consideration, satisfied by cash . . . . .			<u>24,020</u>
Net cash inflow arising on acquisition:			
Cash paid . . . . .			(24,020)
Bank balances and cash acquired . . . . .			<u>1,128</u>
			<u>(22,892)</u>

The net assets acquired in the acquisitions of Hunan Greentown, Hunan Green Bamboo Lake, Xinjiang Sunshine, Shanghai Huazhe, Hangzhou Yuhang Greentown, Ningbo Zheda Science Park and Hangzhou Yuhang Jinteng during the year ended 31 December 2005 were as follows:

Hunan Greentown and Hunan Green Bamboo Lake:

	Carrying amount before combination	Fair value adjustments	Fair value
	Rmb'000	Rmb'000	Rmb'000
Net assets acquired:			
Deferred tax assets . . . . .	190	—	190
Property, plant and equipment . . . . .	21,887	—	21,887
Properties for development . . . . .	323,960	21,394	345,354
Properties under development . . . . .	269,332	12,248	281,580
Trade and other receivables . . . . .	1,346	—	1,346
Amounts due from related parties . . . . .	149,338	—	149,338
Bank balances and cash . . . . .	71,597	—	71,597
Trade and other payables . . . . .	(83,883)	—	(83,883)
Amount due to a related party . . . . .	(401,228)	—	(401,228)
Other taxes payable . . . . .	(304)	—	(304)
Bank borrowings . . . . .	(288,793)	—	(288,793)
Deferred tax liabilities . . . . .	—	(15,565)	(15,565)
Minority interests . . . . .	(30,342)	(8,858)	(39,200)
	<u>33,100</u>	<u>9,219</u>	<u>42,319</u>
Interest previously acquired and classified as an associate . . . . .			(39,919)
Total consideration, satisfied by cash . . . . .			<u>2,400</u>
Net cash inflow arising on acquisition:			
Cash paid . . . . .			(2,400)
Bank balances and cash acquired . . . . .			<u>71,597</u>
			<u>69,197</u>

Xinjiang Sunshine:

	Carrying amount before combination	Fair value adjustments	Fair value
	Rmb'000	Rmb'000	Rmb'000
Net assets acquired:			
Property, plant and equipment . . . . .	1,729	—	1,729
Properties under development . . . . .	15,208	3,086	18,294
Trade and other receivables . . . . .	1,881	—	1,881
Bank balances and cash . . . . .	481	—	481
Trade and other payables . . . . .	(360)	—	(360)
Amount due to a related party . . . . .	(1,000)	—	(1,000)
Other taxes payable . . . . .	(7)	—	(7)
Deferred tax liabilities . . . . .	—	(1,018)	(1,018)
Minority interests . . . . .	(8,787)	(1,013)	(9,800)
	<u>9,145</u>	<u>1,055</u>	<u>10,200</u>
Interest previously acquired and classified as an associate . . . . .			(7,000)
Total consideration, satisfied by cash . . . . .			<u>3,200</u>
Net cash inflow arising on acquisition:			
Cash paid . . . . .			(3,200)
Bank balances and cash acquired . . . . .			<u>481</u>
			<u>(2,719)</u>

Shanghai Huazhe:

	Carrying amount before combination	Fair value adjustments	Fair value
	Rmb'000	Rmb'000	Rmb'000
Net assets acquired:			
Property, plant and equipment . . . . .	1,508	—	1,508
Properties for development . . . . .	990,583	170,886	1,161,469
Trade and other receivables . . . . .	642	—	642
Bank balances and cash . . . . .	1,608	—	1,608
Trade and other payables . . . . .	(229,976)	—	(229,976)
Amount due to a related party . . . . .	(749,365)	—	(749,365)
Other taxes payable . . . . .	(29,315)	—	(29,315)
Deferred tax liabilities . . . . .	—	(56,393)	(56,393)
Minority interests . . . . .	7,014	(56,101)	(49,087)
	<u>(7,301)</u>	<u>58,392</u>	<u>51,091</u>
Interest previously acquired and classified as an associate . . . . .			(45,081)
Negative goodwill released to income . . . . .			<u>(3,010)</u>
Total consideration, satisfied by cash . . . . .			<u>3,000</u>
Net cash inflow arising on acquisition:			
Cash paid . . . . .			(3,000)
Bank balances and cash acquired . . . . .			<u>1,608</u>
			<u>(1,392)</u>

Hangzhou Yuhang Greentown:

	Carrying amount before combination	Fair value adjustments	Fair value
	Rmb'000	Rmb'000	Rmb'000
Net assets acquired:			
Property, plant and equipment . . . . .	1,968	—	1,968
Properties under development . . . . .	341,982	9,116	351,098
Trade and other receivables . . . . .	2,871	—	2,871
Amounts due from related parties . . . . .	150,654	—	150,654
Other tax recoverable . . . . .	10,059	—	10,059
Bank balances and cash . . . . .	3,155	—	3,155
Trade and other payables . . . . .	(143,670)	—	(143,670)
Amount due to a related party . . . . .	(123,127)	—	(123,127)
Bank borrowings . . . . .	(220,000)	—	(220,000)
Deferred tax liabilities . . . . .	—	(3,008)	(3,008)
Minority interests . . . . .	(11,707)	(2,993)	(14,700)
	<u>12,185</u>	<u>3,115</u>	<u>15,300</u>
Total consideration, satisfied by cash . . . . .			<u>15,300</u>
Net cash inflow arising on acquisition:			
Cash paid . . . . .			(15,300)
Bank balances and cash acquired . . . . .			<u>3,155</u>
			<u>(12,145)</u>

Ningbo Zheda Science Park:

	Carrying amount before combination	Fair value adjustments	Fair value
	Rmb'000	Rmb'000	Rmb'000
Net assets acquired:			
Property, plant and equipment . . . . .	580	—	580
Properties for development . . . . .	26,495	4,219	30,714
Trade and other receivables . . . . .	39	—	39
Amounts due from related parties . . . . .	19,500	—	19,500
Bank balances and cash . . . . .	608	—	608
Trade and other payables . . . . .	(45)	—	(45)
Other taxes payables . . . . .	(4)	—	(4)
Deferred tax liabilities. . . . .	—	(1,393)	(1,393)
Minority interests. . . . .	(18,868)	(1,131)	(19,999)
	<u>28,305</u>	<u>1,695</u>	<u>30,000</u>
Interest previously acquired and classified as an associate . . . . .			(17,500)
Total consideration, satisfied by cash . . . . .			<u>12,500</u>
Net cash inflow arising on acquisition:			
Cash paid. . . . .			(12,500)
Bank balances and cash acquired . . . . .			<u>608</u>
			<u>(11,892)</u>

Hangzhou Yuhang Jinteng:

	Carrying amount before combination	Fair value adjustments	Fair value
	Rmb'000	Rmb'000	Rmb'000
Net assets acquired:			
Property, plant and equipment . . . . .	923	—	923
Properties for development . . . . .	375,738	73,827	449,565
Trade and other receivables . . . . .	70	—	70
Amounts due from related parties . . . . .	40,000	—	40,000
Bank balances and cash . . . . .	1,303	—	1,303
Trade and other payables . . . . .	(2,169)	—	(2,169)
Amount due to a related party . . . . .	(415,295)	—	(415,295)
Other taxes payables . . . . .	(34)	—	(34)
Deferred tax liabilities. . . . .	—	(24,363)	(24,363)
Minority interests. . . . .	(134)	(12,366)	(12,500)
	<u>402</u>	<u>37,098</u>	<u>37,500</u>
Interest previously acquired and classified as an associate . . . . .			(24,000)
Total consideration, satisfied by cash . . . . .			<u>13,500</u>
Net cash inflow arising on acquisition:			
Cash paid. . . . .			(13,500)
Bank balances and cash acquired . . . . .			<u>1,303</u>
			<u>(12,197)</u>

Acquisitions during the year ended 31 December 2005:

	Carrying amount before combination	Fair value adjustments	Fair value
	Rmb'000	Rmb'000	Rmb'000
Net assets acquired:			
Property, plant and equipment . . . . .	28,595	—	28,595
Properties for development . . . . .	1,716,776	270,326	1,987,102
Properties under development . . . . .	626,522	24,450	650,972
Trade and other receivables . . . . .	7,039	—	7,039
Amounts due from related parties . . . . .	359,492	—	359,492
Other tax recoverable . . . . .	10,059	—	10,059
Bank balances and cash . . . . .	78,752	—	78,752
Trade and other payables . . . . .	(460,103)	—	(460,103)
Amount due to a related party . . . . .	(1,690,015)	—	(1,690,015)
Other taxes payable . . . . .	(29,664)	—	(29,664)
Bank borrowings . . . . .	(508,793)	—	(508,793)
Deferred tax liabilities (Note 18) . . . . .	—	(101,740)	(101,740)
Minority interests . . . . .	(62,824)	(82,462)	(145,286)
	<u>75,836</u>	<u>110,574</u>	<u>186,410</u>
Interest previously acquired and classified as an associate . . . . .			(133,500)
Negative goodwill released to income . . . . .			(3,010)
Total consideration, satisfied by cash . . . . .			<u>49,900</u>
Net cash inflow arising on acquisition:			
Cash paid . . . . .			(49,900)
Bank balances and cash acquired . . . . .			<u>78,752</u>
			<u>28,852</u>

The subsidiaries acquired in the Relevant Periods did not contribute any revenue to the Group for the period between the dates of acquisition and the respective balance sheet dates.

The loss attributable to the subsidiaries acquired in 2003 amounted to approximately Rmb 2,811,000 to the Group's profit before tax for the period between the date of acquisition and 31 December 2003. If the acquisitions had been completed on 1 January 2003, the Group's profit before taxation for the year ended 31 December 2003 would have been Rmb 176,077,000.

The loss attributable to the subsidiaries acquired in 2004 amounted to approximately Rmb 8,644,000 to the Group's profit before taxation for the period between the date of acquisition and 31 December 2004. If the acquisitions had been completed on 1 January 2004, the Group's profit before taxation for the year ended 31 December 2004 would have been Rmb 647,897,000.

The loss attributable to the subsidiaries acquired in 2005 amounted to approximately Rmb 28,588,000 to the Group's profit before taxation for the period between the date of acquisition and 31 December 2005. If the acquisitions had been completed on 1 January 2005, the Group's profit before taxation for the year ended 31 December 2005 would have been Rmb 694,610,000.

The pro forma information is for illustrative purposes only and is not necessarily the indicative results of the Group that actually would have been achieved had the acquisitions been completed on 1 January of 2003, 2004 and 2005 respectively, nor is it intended to be a projection of future results.



**28. DISPOSAL OF SUBSIDIARIES**

The net assets of the subsidiaries disposed of at the respective balance sheet dates were as follows:

	Year ended 31 December		
	2003	2004	2005
	Rmb'000	Rmb'000	Rmb'000
Net assets disposed of			
Property, plant and equipment . . . . .	—	59,019	5,877
Properties for development . . . . .	—	41,667	663,690
Inventories . . . . .	—	171	62
Trade and other receivables, deposits and prepayment . . . . .	—	3,042	25,514
Amounts due from related parties . . . . .	—	129,661	97,041
Bank balances and cash . . . . .	—	24,998	74,013
Trade and other payables . . . . .	—	(43,113)	(303,291)
Amounts due to related parties . . . . .	—	(188,091)	(229,218)
Other taxes payable . . . . .	—	(104)	(82)
Bank borrowings . . . . .	—	—	(148,000)
Minority interests . . . . .	—	(20,487)	(58,124)
	—	6,763	127,482
Transfer to interest in associates . . . . .	—	—	(5,512)
Less: Gain on disposal recognised as special reserve (note). . . . .	—	78,459	2,774
Gain on disposal recognised as income . . . . .	—	—	45,545
Unrealized gain on disposal to an associate . . . . .	—	—	5,661
Total consideration . . . . .	—	85,222	175,950
Satisfied by:			
Amounts due to related companies . . . . .	—	85,222	—
Cash . . . . .	—	—	175,950
Analysis of net outflow of cash and cash equivalents in connection with the disposal of subsidiaries:			
Cash consideration received . . . . .	—	—	175,950
Bank balances and cash disposed of . . . . .	—	(24,998)	(74,013)
	—	(24,998)	101,937

*Note:* As part of the Discontinued Operations as referred to in note 11, the Group disposed of certain Non-Property Related Entities engaged in catering, hotel and other non-property related businesses to the Shareholders' Companies during the years ended 31 December 2004 and 2005 at a total consideration of Rmb 85,222,000 and Rmb 72,000,000 respectively. The gain on disposals was considered to be capital contributions and was recognised as a special reserve.

**29. OPERATING LEASE COMMITMENTS**

The Group as lessee	Year ended 31 December		
	2003	2004	2005
	Rmb'000	Rmb'000	Rmb'000
Minimum lease payments made under operating leases in respect of land and building for the year . . . . .	5,696	4,208	2,168

At the respective balance sheet dates, the Group had commitments for future minimum lease payments under non-cancellable operating leases which would fall due as follows:

	Year ended 31 December		
	2003	2004	2005
	Rmb'000	Rmb'000	Rmb'000
Within one year. . . . .	1,903	2,732	7,603
In the second to the fifth year inclusive . . . . .	3,583	5,057	12,520
After the fifth year . . . . .	8,453	7,910	—
	<u>13,939</u>	<u>15,699</u>	<u>20,123</u>

Operating lease payments represent rentals payable by the Group for certain office premises. Leases are negotiated for an average term of two years with fixed rentals.

The Group as lessor	Year ended 31 December		
	2003	2004	2005
	Rmb'000	Rmb'000	Rmb'000
Property rental income, net of negligible outgoings . . . . .	<u>257</u>	<u>252</u>	<u>907</u>

At the respective balance sheet dates, the Group had contracted with tenants for the following future minimum lease payments:

	Year ended 31 December		
	2003	2004	2005
	Rmb'000	Rmb'000	Rmb'000
Within one year. . . . .	262	55	900
In the second to the fifth year inclusive . . . . .	55	—	2,198
After the fifth year . . . . .	—	—	168
	<u>317</u>	<u>55</u>	<u>3,266</u>

Property rental income represents rentals receivable by the Group. Leases are negotiated for an average term of five years with fixed rentals.

### 30. COMMITMENTS

	As at 31 December		
	2003	2004	2005
	Rmb'000	Rmb'000	Rmb'000
Commitments contracted for but not provided in the Financial Information in respect of properties for development or properties under development . . . . .	<u>1,004,458</u>	<u>1,738,205</u>	<u>2,241,205</u>

### 31. PLEDGE OF ASSETS

At the respective balance sheet dates, the following assets were pledged to banks to secure general banking facilities granted to the Group:

	As at 31 December		
	2003	2004	2005
	Rmb'000	Rmb'000	Rmb'000
Buildings . . . . .	29,630	—	40,014
Properties for development . . . . .	259,557	363,948	284,239
Properties under development . . . . .	1,352,558	2,632,419	3,743,165
Completed properties for sale . . . . .	—	—	243,569
Bank deposits . . . . .	14,410	166,415	256,699
	<u>1,656,155</u>	<u>3,162,782</u>	<u>4,567,686</u>

At the respective balance sheet dates, the following assets were pledged to banks to secure general banking facilities granted to related parties:

	As at 31 December		
	2003	2004	2005
	Rmb'000	Rmb'000	Rmb'000
Properties under development . . . . .	42,275	50,394	105,463
Bank deposits . . . . .	30,000	30,000	20,000
	<u>72,275</u>	<u>80,394</u>	<u>125,463</u>

Subsequent to 31 December 2005, assets pledged to banks to secure general banking facilities granted to related parties have been fully released.

### 32. RETIREMENT BENEFITS PLANS

The employees employed in the PRC are members of the state-managed retirement benefit schemes operated by the PRC government. The PRC subsidiaries are required to contribute a certain percentage of their payroll to the retirement benefit schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefit schemes is to make the required contributions under the schemes.

### 33. CONTINGENT LIABILITIES

#### (i) Guarantees

The Group provides guarantees of approximately Rmb 1,434,657,000, Rmb 1,829,823,000 and Rmb 2,875,699,000 at 31 December 2003, 2004, and 2005 respectively, to banks in favour of its customers in respect of the mortgage loans provided by the banks to customers for the purchase of the Group's developed properties. These guarantees provided by the Group to the banks would be released upon receiving the building ownership certificate of the respective property by the banks from the customers as a pledge for security to the mortgage loan granted.

The Group provided guarantees to banks in respect of bank facilities utilized by the following companies:

	As at 31 December		
	2003	2004	2005
	Rmb'000	Rmb'000	Rmb'000
Shareholders' Companies . . . . .	163,800	301,800	273,000
Minority shareholders . . . . .	100,000	100,000	—
Associates . . . . .	—	9,000	452,500
Independent third parties . . . . .	341,270	474,000	765,800
	<u>605,070</u>	<u>884,800</u>	<u>1,491,300</u>

Subsequent to 31 December 2005, guarantees provided to banks by the Group in respect of bank facilities granted to Shareholders' Companies have been fully released. Guarantees provided to banks by the Group in respect of bank facilities granted to independent third parties under cross-guarantee arrangements amounting to Rmb 483,000,000 have also been subsequently released.

Contingent liabilities arising from interests in associates:

	As at 31 December		
	2003	2004	2005
	Rmb'000	Rmb'000	Rmb'000
Mortgage loan guarantees provided by an associate to banks in favour of its customers . . . . .	<u>85,479</u>	<u>250,069</u>	<u>318,030</u>

#### (ii) Land Idle Fees

In October 2005, the Hangzhou National Land and Resources Bureau Yuhang Branch required the Group to commence construction of Greentown Lanting and Xingqiao projects and pay land idle fees in an aggregate amount of Rmb 6.1 million on the ground that parts of the land had been idle for more than one year. In the opinion of the directors, the delay in construction in these two projects was due to the failure of the government to relocate original residents and to complete demolition and site

preparation. The Group has pleaded to the relevant authorities against the imposition of such land idle fees. The relevant authorities have not responded to the Group's petition yet. The Group's PRC counsel has confirmed that the Group should not be subject to such land idle fees because the delay in commencing construction in these projects were caused by the failure of the government to relocate original residents and to complete demolition and site preparation under the relevant rules. The Group has not made any provision for such land idle fees in the Financial Information as in the opinion of the directors such appeals have a good chance of being successful.

In January 2006, the Group received a notice from the Hangzhou National Land and Resources Bureau Yuhang Branch requiring the Group to commence construction of seven out of the 21 parcels of land in respect of Taohuayuan South project and pay land idle fees of Rmb 2.7 million in respect of such land. The Group commenced the overall project construction in October 2004. However, due to its large development scale, the physical construction of this project has not yet extended to these seven parcels of land. Even though the Group have paid approximately Rmb 1.3 million of such land idle fees, the Group's PRC counsel has confirmed that the Group should not be subject to such land idle fees because:

- (i) the delay in commencing construction was caused by the failure of the government to relocate original residents and to complete demolition and site preparation;
- (ii) the project plan could not be finalised on time due to the failure of the government to relocate certain public equipment situated in the project site; and
- (iii) this project was approved by Hangzhou Development and Planning Bureau Yuhang Branch as a single development project and the Group had commenced the construction of the overall project in October 2004 under the relevant rules.

On this basis, the Group has pleaded to the relevant authorities against the imposition of such land idle fees and to request to postpone the commencement of construction of these seven parcels of land in light of the development schedule of this project. The Group has not made any provision for such land idle fees in the Financial Information as in the opinion of the directors such appeal has a good chance of being successful.

### 34. RELATED PARTY DISCLOSURES

- 1) During the Relevant Periods, in addition to those disclosed in notes 25, 31 and 33, the Group had significant transactions with related parties as follows:

	Year ended 31 December		
	2003	2004	2005
	Rmb'000	Rmb'000	Rmb'000
Sales of properties to Shareholders. . . . .	1,891	4,554	45,661
Sales of properties to officers . . . . .	—	1,952	38,193
Sales of materials to Shareholders' Companies* . . . . .	322	172	8,107
Sales of materials to associates . . . . .	—	—	7,735
Sale of available-for-sale investments to a Shareholders' Company* . . . . .	—	—	25,000
Sale of property, plant and equipment to a Shareholders' Company* . . . . .	—	—	9,265
Rental income from Shareholders' Companies* . . . . .	251	332	60
Purchases from Shareholders' Companies (Note) . . . . .	31,627	48,959	85,679
Interior decoration service fees paid to Shareholders' Companies . . . . .	26,777	20,799	20,859
Property management fees paid to Shareholders' Companies . . . . .	1,908	2,830	5,874
Interest income arising from trade balances due from associates . . . . .	4,533	9,931	7,762
Interest income from other related parties* . . . . .	22,814	—	1,389
Advertising expenses paid to Shareholders' Companies . . . . .	36,574	34,520	14,329
Construction design fees paid to Shareholders' Companies* . . . . .	80	90	—
Landscaping service fees paid to Shareholders' Companies* . . . . .	11,338	16,673	41,621
Sales commission paid to a company invested by an officer* . . . . .	—	20,524	17,598

Note: Purchases from Shareholders' Companies represent raw materials purchased for use by construction contractors, the costs of which are included in the overall construction contracts.

Sales of available-for-sale investments and property, plant and equipment to Shareholder's Companies arose from the Group Reorganization were priced at their cost and carrying value respectively. The directors considered that the other transactions above were carried out in the Group's normal course of business and in accordance with the terms by reference to prevailing market prices.

The directors represented that other than those denoted with an asterisk "\*", the above transactions were expected to continue after the listing of the Company's shares on the Main Board of the Hong Kong Stock Exchange.

2) As at the respective balance sheet dates, the Group had balances with related parties as follows:

	As at 31 December								
	2003			2004			2005		
	Trade	Non-trade	Total	Trade	Non-trade	Total	Trade	Non-trade	Total
	Rmb'000	Rmb'000	Rmb'000	Rmb'000	Rmb'000	Rmb'000	Rmb'000	Rmb'000	Rmb'000
Due from									
Shareholders . . . . .	—	295,065	295,065	—	295,065	295,065	5,765	3,661	9,426
Shareholders' Companies . . .	7,736	599,743	607,479	5,116	551,165	556,281	16,041	560,329	576,370
Minority shareholders . . . . .	—	109,961	109,961	—	64,153	64,153	—	178,209	178,209
Associates . . . . .	260,698	—	260,698	1,355,660	1,000	1,356,660	225,132	33	225,165
Officers . . . . .	320	64,452	64,772	3,353	82,958	86,311	11,534	80,305	91,839
	<u>268,754</u>	<u>1,069,221</u>	<u>1,337,975</u>	<u>1,364,129</u>	<u>994,341</u>	<u>2,358,470</u>	<u>258,472</u>	<u>822,537</u>	<u>1,081,009</u>
Due to									
Shareholders . . . . .	—	—	—	—	—	—	16,600	—	16,600
Shareholders' Companies . . .	1,688	275,715	277,403	7,092	163,328	170,420	33,887	150,147	184,034
Minority shareholders . . . . .	30,880	9,188	40,068	395,818	8,296	404,114	340,663	—	340,663
Associates . . . . .	12,494	47,953	60,447	64,891	3,000	67,891	63,885	32,642	96,527
Officers . . . . .	12,391	725	13,116	14,715	9,240	23,955	11,744	2,518	14,262
	<u>57,453</u>	<u>333,581</u>	<u>391,034</u>	<u>482,516</u>	<u>183,864</u>	<u>666,380</u>	<u>466,779</u>	<u>185,307</u>	<u>652,086</u>

Subsequent to 31 December 2005, all non-trade balances with related parties have been fully settled. In respect of trade balances with related parties:

- (i) The trade balances due from Shareholders and Officers arise mainly from property sales and are with a normal credit term of two months. These balances were fully settled.
- (ii) The trade balances due from Shareholders' Companies are mainly construction prepayments and trade receivables.

Construction prepayments are billed according to the construction contracts and are settled within one to two months after the construction cost incurred are verified and agreed. In the opinion of the directors, these balances are expected to be settled by 30 June of 2006.

Trade receivables arise mainly from materials sales and are with a normal credit term of two months. These balances were fully settled.

- (iii) The trade balances due from associates are mainly project advances to these associates and are tied to the project development cycle. In the opinion of the directors, these balances are expected to be settled when the projects concerned commence pre-sales.
- (iv) The trade balances due to Shareholders and Officers are mainly pre-sale deposits. In the opinion of the directors, these balances are expected to be recognized as sales upon the delivery of properties by the end of 2006.
- (v) The trade balances due to Shareholders' Companies arise mainly from construction purchases and are with a normal credit term of one to two months after the construction costs incurred are verified and agreed. Typically as much as 85% of the construction costs incurred will be settled by the time the construction of a project is completed and up to 95% by the time the amount of the aggregate construction costs are finally agreed. A warranty fee of up to 5% of the aggregate construction costs will be withheld and settled within two to five years. In line with this payment schedule and on the basis of the development stage of the relevant projects, in the opinion of the directors, these balances are expected to be substantially settled by the end of 2006.

- (vi) The trade balances due to minority shareholders are mainly project advances from these minority shareholders, and are tied to the project development cycle. In the opinion of the directors, these balances are expected to be settled when the projects concerned commence pre-sales.
- (vii) The trade balances due to associates are mainly prepaid distributions. In the opinion of the directors, these balances are expected to be settled when the associates distribute profits by the end of 2006.

Except for the amounts as set out in (i) to (vi) below, the balances due from (to) related parties are unsecured, interest free and repayable on demand.

- (i) Included in the amounts due from officers was an amount of approximately Rmb 15,000,000 at 31 December 2003, which bore interest at 6.37% per annum, and an amount of approximately Rmb 38,525,000 at December 31, 2005, which bore interest at 5.58% per annum.
- (ii) Included in the amounts due from Shareholders' Companies was an amount of approximately Rmb 11,584,000 at 31 December 2003, which bore interest at 6.37% per annum.
- (iii) Included in the amounts due from associates were amounts of approximately Rmb 260,654,000 and Rmb 491,677,000 at 31 December 2003 and 2004, which bore interest at 6.37% and 6.29% per annum respectively, and Rmb 224,132,000 at 31 December 2005 which bore interest at 10.9% per annum.
- (iv) Included in the amounts due to Shareholders' Companies were amounts of Rmb 149,946,000 and Rmb 149,883,000 at 31 December 2004 and 2005 respectively, which bore interest at 5.58% per annum.
- (v) Included in the amounts due to officers was an amount of Rmb 6,154,000 at 31 December 2005, which bore interest at 5.58% per annum.
- (vi) Included in the amounts due to minority shareholders was an amount of Rmb 200,000,000, at 31 December 2004, which bore interest at 10% per annum and was guaranteed by Shareholders' Companies.
- 3) Office rentals incurred by the Group amounting to approximately Rmb 3,885,000, Rmb 5,180,000 and Rmb 5,180,000 for the years ended 31 December 2003, 2004 and 2005 were borne by a Shareholders' Company.
- 4) During 2005, as part of the Group Reorganisation, the Group assigned its rights to certain debts to Shareholders' Companies in the amount of Rmb 1,060,524,000. Moreover, Shareholders' Companies assumed certain debt obligations of the Group in the amount of Rmb 270,722,000.
- 5) (i) During the Relevant Periods, in addition to those disclosed in note 27, the Group made acquisitions from related parties as follows:

	Year ended 31 December		
	2003	2004	2005
	Rmb'000	Rmb'000	Rmb'000
Partial acquisition of interests in subsidiaries from minority shareholders . . .	41,500	33,800	16,240
Partial acquisition of interests in subsidiaries from officers . . . . .	—	—	980
Acquisition of interests in associates from Shareholders' Companies . . . . .	300	—	—

- (ii) During the Relevant Periods, in addition to those disclosed in note 28, the Group made disposals to related parties as follows:

	Year ended 31 December		
	2003	2004	2005
	Rmb'000	Rmb'000	Rmb'000
Disposal of interests in associates to Shareholders' Companies . . . . .	—	36,800	—
Partial disposal of interests in subsidiaries to minority shareholders . . . . .	—	17,700	—
Disposal of other investments to Shareholders' Companies . . . . .	—	10,895	25,500
Disposal of interests in subsidiaries to an associate (note) . . . . .	—	—	47,000

Note: In 2005, the Group disposed of two of its subsidiaries to an associate at a gain and accordingly part of the resulting gain amounting to Rmb 5,661,000 was unrealised.

6) Compensation of key management personnel

The remuneration of directors and other members of key management during the Relevant Periods was as follows:

	Year ended 31 December		
	2003	2004	2005
	Rmb'000	Rmb'000	Rmb'000
Short-term benefits . . . . .	917	1,112	3,867
Post-employment benefits . . . . .	34	49	65
Other long-term benefits . . . . .	14	32	259
	<u>965</u>	<u>1,193</u>	<u>4,191</u>

## B. DIRECTORS' REMUNERATION

Save as disclosed in this report, no remuneration was paid or is payable by the Company or by any of its subsidiaries to the Company's directors in respect of the Relevant Periods.

Under the arrangement pursuant to the service contracts entered into between the Group and the directors, the estimated aggregate amount of the directors' emoluments payable for the year ending 31 December 2006 is approximately Rmb 2,390,000 excluding any discretionary bonus.

## C. DISTRIBUTABLE RESERVES OF THE COMPANY

As at 31 December 2005, the Company's reserve available for distribution to the equity holders of the Company amounted to approximately Rmb 280,346,000.

## D. SUBSEQUENT EVENTS

The following significant events took place subsequent to 31 December 2005:

- (1) On 10 January 2006, the Company issued US\$65,000,000 secured non-mandatory convertible bonds due 2011 and US\$65,000,000 secured mandatory convertible bonds due 2011. The bonds are listed on Singapore Exchange Securities Trading Limited.

On 10 January 2006, a shareholder sold 20 shares in the Company to strategic investors for US\$1,000,000 each.

In connection with the offering of the bonds and shares, the Shareholders entered into a deed of indemnity with the Company, the securities firm and the holders of the bonds and shares on 4 January 2006 to indemnify them against certain liabilities and give certain undertakings.

For more details of the bonds, see "Summary of Convertible Bonds" in Appendix IX to the Prospectus.

- (2) On 18 January 2006, the Group disposed of its entire equity interest in Zhejiang Haizhou Greentown Investment Co., Ltd.
- (3) On 19 January 2006, Hangzhou Greentown acquired 100% equity interest in Zhejiang Jiahe.
- (4) Pursuant to written resolutions of the Company passed on June 22, 2006, the transactions which are set out in the paragraph headed "Written resolutions of the Company passed on June 22, 2006" in Appendix VIII had been taken into effect.

Summarised financial information in respect of Zhejiang Jiahe, as extracted from its PRC statutory audited financial statements which were prepared in accordance with relevant accounting principles and financial regulations applicable to companies established in the PRC, is set out below:

	As at 31 December		
	2003	2004	2005
	Rmb'000	Rmb'000	Rmb'000
Other receivables . . . . .	20,803	62,231	756
Properties under development . . . . .	241,664	281,333	361,480
Other assets . . . . .	5,659	8,123	309
Total assets . . . . .	268,126	351,687	362,545
Trade and other payables . . . . .	94,016	170,143	347,378
Long-term payable . . . . .	146,060	160,000	—
Total liabilities . . . . .	240,076	330,143	347,378
Net assets . . . . .	28,050	21,544	15,167

	Year ended 31 December		
	2003	2004	2005
	Rmb'000	Rmb'000	Rmb'000
Revenue	—	—	—
Loss for the year	5,751	4,413	7,479

- (4) On 23 January 2006, Hua Yick set up Qingdao Greentown Baitong, a 80% subsidiary.
- (5) On 14 February 2006, Green Sea set up Hangzhou Greentown Orient, a 70% subsidiary.
- (6) On 19 March 2006, the Group declared a special dividend of US\$50 million to the Company's Shareholders whose names appeared on the register of members on the record date of January 1, 2006. The special dividend was paid in March and April 2006.
- (7) Pursuant to the written resolutions of the Shareholders of the Company on June 21, 2006, the authorised share capital of the Company was increased from HK\$350,000 to HK\$1,000,000,000 by the creation of 9,996,500,000 new Shares and the directors were authorised to allot and issue 999,999,000 shares to the Shareholders, all credited as fully paid, by way of capitalisation of a sum of HK\$99,999,900 which was then standing to the credit of the retained earnings account of the Company.

#### E. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements of the Group, the Company or any of its subsidiaries have been prepared in respect of any period subsequent to 31 December 2005.

Yours faithfully  
**Deloitte Touche Tohmatsu**  
*Certified Public Accountants*  
Hong Kong



You may find our forecasted profits attributable to equity holders of our company for the year ending December 31, 2006 in the section entitled “Financial Information — Profit Forecast” in this prospectus.

**BASES AND ASSUMPTIONS**

We have prepared our forecasted profits attributable to equity holders of our company for the year ending December 31, 2006 on the basis of our unaudited management accounts for the four months ended April 30, 2006 and an estimate of our results for the remaining eight months of the year ending December 31, 2006. Our profit forecast has been presented on a basis consistent in all material respects with the accounting policies normally adopted by us as summarized in the Accountants’ Report in Appendix I to this prospectus. We have made the following principal assumptions in the preparation of our profit forecast:

- there will be no material changes in the existing political, legal, fiscal or economic conditions in Cayman Islands, mainland China or any of the countries or regions in which we carry on our business;
- there will be no material changes in the bases or rates of tax applicable to our business;
- there will be no material changes in the interest rates or foreign currency exchange rates from those currently prevailing; and
- there will be a charge to the income statement in respect of the net change in fair value of the options and conversion feature that are embedded in our Convertible Bonds (the “embedded financial derivatives”) amounting to Rmb 9 million, which is estimated based on an assumed market price of our Shares of HK\$9.86 per Share (representing the top end of the price range of the Global Offering) at December 31, 2006. The actual adjustments to the fair value of the embedded financial derivatives for the year ending December 31, 2006 will be dependent on, amongst other things, the fair value of the embedded financial derivatives as at December 31, 2006 estimated using the Binomial Model. Should the actual increase or decrease in fair value of the embedded financial derivatives differ from the amount estimated by the directors, such difference would have the effect of decreasing or increasing our net profit for the year ending December 31, 2006.

**LETTER FROM OUR AUDITORS AND REPORTING ACCOUNTANTS**

The following is the text of a letter, prepared for inclusion in this prospectus, that we have received from Deloitte Touche Tohmatsu, certified public accountants, in connection with the forecast of our profits for the year attributable to equity holders of our company for the year ending December 31, 2006.

**Deloitte.**  
**德勤**

德勤·關黃陳方會計師行  
香港金鐘道88號  
太古廣場一座35樓

Deloitte Touche Tohmatsu  
35/F One Pacific Place  
88 Queensway  
Hong Kong

June 30, 2006

The Directors  
Greentown China Holdings Limited  
J.P. Morgan Securities (Asia Pacific) Limited

Dear Sirs

We have reviewed the accounting policies adopted and calculations made in arriving at the forecast of the net profit of Greentown China Holdings Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") for the year ending December 31, 2006 (the "Profit Forecast") attributable to equity holders of the Company as set out in the section headed "Financial Information — Profit Forecast" of the prospectus of the Company dated June 30, 2006 (the "Prospectus").

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

The Profit Forecast attributable to equity holders of the Company, for which the directors of the Company are solely responsible, has been prepared by them based on the unaudited management accounts of the Group for the four months ended April 30, 2006 and a forecast of the results of the Group for the remaining eight months of the year ending December 31, 2006.

In our opinion, the Profit Forecast attributable to the equity holders of the Company, so far as the accounting policies and calculations are concerned, have been properly compiled on the basis of the assumptions made by the directors of the Company as set out in the section headed "Profit Forecast — Bases and Assumptions" in Appendix II to the Prospectus and is presented on a basis consistent in all material respects with the accounting policies adopted in preparing the Accountants' Report dated June 30, 2006, as set out in Appendix I to the Prospectus.

Without qualifying our opinion above, we draw to your attention that the directors of the Company have disclosed in the section headed "Profit Forecast — Bases and Assumptions" in Appendix II to the Prospectus that in preparing the Profit Forecast, the directors have assumed that there will be a charge to the income statement in respect of the net change in fair value of the options and conversion feature that are embedded in the convertible bonds (the "embedded financial derivatives") amounting to approximately Rmb 9 million, which is estimated based on an assumed market price of the Company's shares of HK\$9.86 per share (representing the top end of the price range of the Global Offering) at December 31, 2006. The actual adjustments to the fair value of the embedded financial derivatives for the year ending December 31, 2006 will be dependent on, amongst other things, the fair value of the embedded financial derivatives as at December 31, 2006 estimated using the Binomial Model. Should the actual increase or decrease in fair value of the embedded financial derivatives differ from the amount estimated by the directors of the Company, such difference would have the effect of decreasing or increasing the net profit of the Group for the year ending December 31, 2006.

Yours faithfully,  
**Deloitte Touche Tohmatsu**  
*Certified Public Accountants*  
Hong Kong

**LETTER FROM THE SPONSOR**

The following is the text of a letter, prepared for inclusion in this prospectus, we have received from J.P. Morgan Securities (Asia Pacific) Limited, our Sponsor, in connection with the forecast of our profits attributable to equity holders of our company for the year ending December 31, 2006.

J.P. Morgan Securities (Asia Pacific) Limited  
27th Floor, Chater House  
8 Connaught Road, Central  
Hong Kong

June 30, 2006

The Directors  
Greentown China Holdings Limited

Dear Sirs:

We refer to the profit forecast attributable to equity holders of Greentown China Holdings Limited (the "Company", together with its subsidiaries, the "Group") for the year ending December 31, 2006 (the "Forecast") as set out in the section entitled "Financial Information — Profit Forecast" in the prospectus of the Company dated June 30, 2006 (the "Prospectus").

The profit forecast, for which the directors of the Company are solely responsible, has been prepared by them based on the unaudited management accounts of the Group for the four months ended April 30, 2006 and a forecast of the consolidated results of the Group for the remaining eight months of the year ending December 31, 2006.

We have discussed with you the bases and assumptions made by the directors of the Company as set out in the section entitled "Bases and assumptions" in Appendix II to the Prospectus, upon which the Forecast has been made. We have also considered the letter dated June 30, 2006 addressed to yourselves and ourselves from Deloitte Touche Tohmatsu regarding the accounting policies and calculations upon which the Forecast has been made.

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

Without qualifying our opinion above, we draw to your attention that the directors of the Company have disclosed in the section headed "Profit Forecast — Bases and Assumptions" in Appendix II to the Prospectus that in preparing the Profit Forecast, the directors have assumed that there will be a charge to the income statement in respect of the net change in fair value of the options and conversion feature that are embedded in the convertible bonds (the "embedded financial derivatives") amounting to approximately Rmb 9 million, which is estimated based on an assumed market price of the Company's shares of HK\$9.86 per share (representing the top end of the price range of the Global Offering) at December 31, 2006. The actual adjustments to the fair value of the embedded financial derivatives for the year ending December 31, 2006 will be dependent on, amongst other things, the fair value of the embedded financial derivatives as at December 31, 2006 estimated using the Binomial Model. Should the actual increase or decrease in fair value of the embedded financial derivatives differ from the amount estimated by the directors of the Company, such difference would have the effect of decreasing or increasing the net profit of the Group for the year ending December 31, 2006.

For and on behalf of  
**J.P. Morgan Securities (Asia Pacific) Limited**  
**Anthony D Ryan**  
*Managing Director*

*For illustrative purposes only, the unaudited pro forma financial information prepared in accordance with Rule 4.29 of the Listing Rules is set out here to provide information on how the Global Offering might have affected our unaudited pro forma net tangible assets as of December 31, 2005 as if the Global Offering had occurred on December 31, 2005.*

*The pro forma financial information has been prepared for illustrative purposes only and because of its nature, it may not give a true picture of our financial position following the Global Offering.*

#### **A. UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS**

The following statement of our unaudited pro forma adjusted net tangible assets is based on the audited consolidated net tangible assets of us and our subsidiaries as of December 31, 2005, as shown in the Accountants' Report, the text of which is set out in Appendix I to this prospectus, and adjusted as follows:

	<b>Audited consolidated net tangible assets attributable to equity holders of our company as of December 31, 2005<sup>(1)</sup></b>	<b>Estimated net proceeds from the issue of offer shares<sup>(2)</sup></b>	<b>Unaudited pro forma adjusted net tangible assets<sup>(3)(4)</sup></b>	<b>Unaudited pro forma adjusted net tangible assets per share<sup>(5)</sup></b>	
	<b>Rmb in millions</b>	<b>Rmb in millions</b>	<b>Rmb in millions</b>	<b>Rmb</b>	<b>HK\$</b>
Based on Offer Price of HK\$6.57 per share. . . . .	665.7	1,931.5	2,597.2	2.00	1.93
Based on Offer Price of HK\$9.86 per share. . . . .	665.7	2,914.8	3,580.5	2.76	2.67

**Notes:**

- (1) As of December 31, 2005, our audited consolidated net tangible assets attributable to equity holders of the company was equal to equity attributable to equity holders of our company less the intangible asset.
- (2) The estimated net proceeds from the Global Offering are based on hypothetical Offer Prices of HK\$6.57 and HK\$9.86, respectively, per Offer Share assuming no exercise of the Over-allotment Option, after deduction of underwriting fees and estimated expenses payable by us in connection with the Global Offering.
- (3) The unaudited pro forma adjusted net tangible assets do not take into account the special dividend of US\$50 million declared and paid to our shareholders whose names appeared on our register of members on the record date of January 1, 2006.
- (4) By comparing the valuation of our property interests as set out in Appendix IV to this prospectus and the unaudited net book value of these properties as of March 31, 2006, the valuation surplus was approximately Rmb 9,976.2 million, which has not been included in the above net tangible assets. The valuation surplus of our property interests will not be incorporated in our financial statements for the year ending December 31, 2006. If the valuation surplus were to be included in our financial statements for the year ending December 31, 2006, an additional depreciation charge of approximately Rmb 0.4 million per annum would be incurred.
- (5) The unaudited pro forma adjusted net tangible assets per Share is based on a total of 1,298,701,500 Shares expected to be in issue immediately after the Capitalization Issue and the completion of the Global Offering (assuming no exercise of the Over-allotment Option).

**B. LETTER ON UNAUDITED PRO FORMA FINANCIAL INFORMATION**

The following is the text of a letter received from the reporting accountants, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong for the purpose of incorporation in this prospectus.

June 30, 2006

The Directors  
Greentown China Holdings Limited  
J.P. Morgan Securities (Asia Pacific) Limited

We report on the unaudited pro forma adjusted net tangible assets ("Pro Forma Adjusted NTA") of Greentown China Holdings Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group"), which has been prepared by the directors for illustrative purposes only, to provide information about how the proposed public offering might have affected the financial information presented, for inclusion as Appendix III of the prospectus dated June 30, 2006 (the "Prospectus"). The basis of preparation of the Pro Forma Adjusted NTA is set out in Section A of Appendix III to the Prospectus.

**Respective Responsibilities of Directors of the Company and Reporting Accountants**

It is the responsibility solely of the directors of the Company to prepare the Pro Forma Adjusted NTA 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.

It is our responsibility to form an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Pro Forma Adjusted NTA 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 Pro Forma Adjusted NTA 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 (HKSIR) 300 "Accountants' Reports on Pro Forma Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants. Our work consisted primarily of comparing the unadjusted net tangible assets with source documents, considering the evidence supporting the adjustments and discussing the Pro Forma Adjusted NTA with the directors of the Company. This engagement did not involve independent examination of any of the underlying 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 Pro Forma Adjusted NTA has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purposes of the Pro Forma Adjusted NTA as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

The Pro Forma Adjusted NTA is for illustrative purposes only, based on the judgements and assumptions of the directors of the Company, and, because of its hypothetical nature, does not provide any assurance or indication that any event will take place and may not be indicative of the financial position of the Group as at December 31, 2005 or any future date.

**Opinion**

In our opinion:

1. the Pro Forma Adjusted NTA has been properly compiled by the directors of the Company on the basis stated;
2. such basis is consistent with the accounting policies of the Group, and
3. the adjustments are appropriate for the purposes of the Pro Forma Adjusted NTA as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

**Deloitte Touche Tohmatsu**  
*Certified Public Accountants*  
Hong Kong

*The following is the text of a letter, summary of valuations and valuation certificates, prepared for inclusion in this prospectus, that we have received from DTZ Debenham Tie Leung Limited, independent professional surveyors and property valuers, in connection with their valuations of our property interests as of 31 March, 2006.*



Formerly C Y Leung & Company  
原梁振英測量師行

30 June 2006

The Directors  
Greentown China Holdings Limited  
Huanglong Century Plaza, No. 1 Hangda Road  
Hangzhou, Zhejiang Province  
The PRC

Dear Sirs,

#### **Instructions, Purpose & Date of Valuation**

In accordance with your instructions for us to value the property interests of Greentown China Holdings Limited (referred to as the "Company") and its subsidiaries (together referred to as the "Group") in the People's Republic of China (the "PRC") (as more particularly described in the attached valuation certificates), we confirm that we have inspected the properties, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the values of such property interests as at 31 March 2006.

#### **Definition of Market Value**

Our valuation of the property represents its Market Value which in accordance with the Valuation Standards on Properties of the Hong Kong Institute of Surveyors is defined as "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".

#### **Valuation Basis And Assumption**

Our valuation excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangement, special considerations or concessions granted by anyone associated with the sale, or any element of special value.

In the course of our valuation of the property interests in the PRC, we have assumed that transferable land use rights in respect of the property interests 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 relied on the information and advice given by the Group and its legal adviser on PRC law, T&C Law Firm respectively, regarding the title to each of the property interests and the interests of the Group in the properties. In valuing the property interests, we have assumed that the Group has an enforceable title to each of the property interests and has free and uninterrupted right to use, occupy or assign the property interests for the whole of the respective unexpired terms as granted.

In respect of the property interests situated in the PRC, the status of titles and grant of major certificates, approvals and licences, in accordance with the information provided by the Group and the advice provided by T&C Law Firm, are set out in the notes in the respective valuation certificates.

In valuing the property interests, we have complied with the requirements set out in Chapter 5 and PN12 of the Listing Rules of Hong Kong Stock Exchange and Clearing Limited and the Valuation Standards (First Edition 2005) on Valuation of Properties published by The Hong Kong Institute of Surveyors.

### **Method of Valuation**

In valuing the property interests in Groups I and II which are held under development and for future development respectively by the Group in the PRC, we have valued each of these property interests on the basis that these properties will be developed and completed in accordance with the Group's latest development proposals provided to us. We have assumed that approvals for the proposals have been obtained. In arriving at our opinion of value, we have adopted the direct comparison approach by making reference to comparable sales evidence as available in the relevant market and have also taken into account the expended construction costs and the construction costs that will be expended to complete the development to reflect the quality of the completed development. The "capital value when completed" represents our opinion of the aggregate selling prices of the development assuming that it would have been completed at the date of valuation.

In valuing the property interests in Groups III and IV, which are completed and for sale and owned and occupied by the Group in the PRC respectively, we have valued each of these property interests by the direct comparison approach assuming sale of each of these property interests in its existing state with the benefit of vacant possession and by making reference to comparable sales transactions as available in the relevant market.

We have ascribed no commercial value to the property interests in Group V because the respective Certificates for Use of State-owned Land have not been obtained yet.

Properties in Group VI which are rented by the Group have no commercial value due mainly to the prohibition against assignment and subletting or otherwise to the lack of substantial profit rents.

### **Source of Information**

In respect of the property interests in the PRC, we have been provided with extracts of documents in relation to the titles to the property interests. However, we have not inspected the original documents to ascertain any amendments, which may not appear on the copies handed to us.

In the course of our valuation, we have relied to a considerable extent on the information given by the Group and advice given by its PRC legal advisers on PRC law, T&C Law Firm, in respect of the properties in the PRC and have accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenure, completion date of buildings, identification of buildings, number of car parking spaces, particulars of occupancy, joint venture agreements, articles of association, development schemes, construction costs, site and gross floor area 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. We have no reason to doubt the truth and accuracy of the information provided to us by the Group which is material to the valuations. We were also advised by the Group that no material facts have been omitted from the information provided.



**Site Inspection**

We have inspected the exterior and, where possible, the interior of each of the properties. However, 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 valuations are prepared on the assumption that these aspects are satisfactory and that no unexpected costs or delays will be incurred during the construction period. Moreover, no structural survey has been made, but in the course of our inspection, we did not note any serious defects. We are not, however, able to report whether the properties are free of rot, infestation or any other structural defects. No tests were carried out to any of the services. Unless otherwise stated, we have not been able to carry out detailed on-site measurements to verify the site and gross floor areas of the properties and we have assumed that the areas shown on the documents handed to us are correct.

No allowance has been made in our valuations for any charges, mortgages or amounts owing on the property interests 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.

**Currency & Exchange Rates**

Unless otherwise stated, all sums stated in our valuations are in Renminbi, the official currency of the PRC.

We enclose herewith a summary of our valuations and our valuation certificates.

Yours faithfully,  
for and on behalf of  
**DTZ Debenham Tie Leung Limited**  
**Andrew K. F. Chan**  
*Registered Professional Surveyor (GP)*  
*China Real Estate Appraiser*  
*MSc., M.H.K.I.S., M.R.I.C.S*  
*Director*

Note: Mr. Andrew K. F. Chan is a Registered Professional Surveyor who has over 18 years of experience in the valuation of properties in the PRC.

## SUMMARY OF VALUATION

Property Interests	Capital value in existing state as at 31 March 2006	Attributable interest to the Group	Capital value in existing state as at 31 March 2006 attributable to the Group
	Rmb	%	Rmb
<b>Group I — Property interests held under development by the Group in the PRC</b>			
1. Jingui Plaza, Northwest corner of the conjunction of Wenxin Road and Gudun Road, Xihu District, Hangzhou, Zhejiang Province, the PRC	230,000,000	100	230,000,000
2. Dingxiang Apartment, No. 151 Tianmushan Road, Lingyin Street, Xihu District, Hangzhou, Zhejiang Province, the PRC	284,000,000	100	284,000,000
3. Phase III, Jiuxi Rose Garden Holiday Village, No. 8 Wuyun Road West, Xihu District, Hangzhou, Zhejiang Province, the PRC	159,000,000	100	159,000,000
4. Chunjiang Huayue Phases III, IV and V, Site No. 19, Fuxing Road, Shangcheng District, Hangzhou, Zhejiang Province, the PRC	1,673,000,000	100	1,673,000,000
5. Taohuayuan West, Zhongtai Village, Fenghuang Shan, Yuhang District, Hangzhou, Zhejiang Province, the PRC	812,000,000	100	812,000,000
6. Taohuayuan South Zhongtai Village Fenghuang Shan Yuhang District Hangzhou Zhejiang Province the PRC	2,458,000,000	51	1,253,580,000

Property Interests		Capital value in existing state as at 31 March 2006 Rmb	Attributable interest to the Group %	Capital value in existing state as at 31 March 2006 attributable to the Group Rmb
7.	Deep Blue Plaza, Nos. 195–207 Zhaohui Road, East to the Zhonghe Cloverleaf Junction south to the canal, Xiacheng District, Hangzhou City, Zhejiang Province, the PRC	1,404,000,000	100	1,404,000,000
8.	Jade City, Huafeng Cun, Xianlin Town Yuhang District Hangzhou, Zhejiang Province, the PRC	4,181,000,000	45	1,881,450,000
9.	Greentown Lanting, Linping Street, Shanghuanqiao Village, Yuhang District, Hangzhou, Zhejiang Province, the PRC	893,000,000	75	669,750,000
10.	Shangyu Guihua Garden, Baiguan Street, Shangyu City, Zhejiang Province, the PRC	616,000,000	51	314,160,000
11.	Zhoushan Guihua City, Land Lot. LE-22, Lincheng New District Dinghai Zhoushan, Zhejiang Province, the PRC	698,000,000	100	698,000,000
12.	Zhoushan Grand Hotel, North of National Highway No. 329, West of Century Avenue, Lincheng New District, Dinghai, Zhoushan, Zhejiang Province, the PRC	117,000,000	100	117,000,000

Property Interests	Capital value in existing state as at 31 March 2006	Attributable interest to the Group	Capital value in existing state as at 31 March 2006 attributable to the Group
	Rmb	%	Rmb
13. Ningbo Guihua Garden Phase 1 and portion of Phase 2, (to be developed together with Property No. 47) Luotuo Jie Road, South of New Town Main Road at the East side of National Road No. 329, Ningbo, Zhejiang Province, the PRC	296,000,000	60	177,600,000
14. Haining Baihe New City (other than the completed portion described in Property No. 42 and to be developed together with Property No. 52), East to Wenzong Road, South to 3rd Huannan Road, West to Haining Avenue and North to 2nd Huannan Road, Haining City, Zhejiang Province, the PRC	1,683,000,000	50	841,500,000
15. Shanghai Rose Garden Phases I and II (to be developed together with Property No. 48), Ma Qiao Town Minhang District, Shanghai, the PRC	785,000,000	100	785,000,000
16. Shanghai Greentown Phase III (to be developed together with Property 33), No. 99 Jinhe Road, Pu Dong New Area, Shanghai, the PRC	1,177,000,000	100	1,177,000,000
17. East Sea Plaza Phases I and II, Plot No. 2, No. 1486 Nanjing West, Jing'an District, Shanghai, the PRC	1,900,000,000	49	931,000,000

Property Interests	Capital value in existing state as at 31 March 2006	Attributable interest to the Group	Capital value in existing state as at 31 March 2006 attributable to the Group
	Rmb	%	Rmb
18. Hefei Guihua Garden Phase II (Part) and Phase III, Lot KJV-1-1, High and New Technological Development Zone South of Huangshan Road, Hefei, Anhui Province, the PRC	417,000,000	90	375,300,000
19. Hefei Baihe Apartment, Hezuohua South Road, Shushan District, Hefei, Anhui Province the PRC	326,000,000	54	176,040,000
20. Changsha Guihua City, South of Yuhua Avenue, Yuhua District, Changsha, Hunan Province, the PRC	565,000,000	51	288,150,000
21. Xinjiang Rose Garden, Hongqiao Shan, Shuimogou Road, Shuimogou District, Urumqi, Xinjiang UAR, the PRC	81,700,000	51	41,667,000
22. Beijing Baihe Apartment (other than the completed portion), West of Liangxiang Satellite City, Yancun County, Fangshan District, Beijing, the PRC (developed together with Property No. 35)	547,000,000	80	437,600,000
23. Beijing Qinglongqiao Phases I and II Qinglongqiao Cun, Haidianxiang, Haidian District, Beijing, the PRC	682,000,000	65	443,300,000
<b>Sub-total:</b>			<b>15,170,097,000</b>

## SUMMARY OF VALUATION

Property Interests		Capital value in existing state as at 31 March 2006 Rmb	Attributable interest to the Group %	Capital value in existing state as at 31 March 2006 attributable to the Group Rmb
<b>Group II — Property interests held for future development by the Group in the PRC</b>				
24.	Hunan Qingzhu Garden North and South, Qingzhu Lakefront, Laodaohe Town, Kaifu District, Changsha, Hunan Province, the PRC	1,128,000,000	52.47	591,861,600
25.	Zhoushan Service Apartment, West of Century Avenue, North of National Highways No. 329, Lingcheng New District, Dinghai District, Zhoushan, Zhejiang Province, the PRC	169,000,000	100	169,000,000
26.	Zhoushan Dangxiao, No. 116 Wenhua Road, Dinghai District, Zhoushan, Zhejiang Province, The PRC	30,000,000	100	30,000,000
27.	Plot Nos. 620–625 Jie Fang, and Plot No. 632 Jie Fang Xiaodongmen Street, Shanghai Dongjiadu (to be developed together with Property No. 49), Xiaodongmen Street, Huangpu District, Shanghai, the PRC	2,522,000,000	51	1,286,220,000
28.	Portion of Xingqiao Project (to be developed together with Property No. 54), Nanxing Village, Xingqiao Development Zone Avenue, Yuhang District, Hangzhou, Zhejiang Province, the PRC	64,000,000	35	22,400,000
29.	Ningbo Green Garden, Technology Park, No. 226 Changhai Road, Ningbo, Zhejiang Province, the PRC	288,000,000	50	144,000,000

<b>Property Interests</b>		<b>Capital value in existing state as at 31 March 2006 Rmb</b>	<b>Attributable interest to the Group %</b>	<b>Capital value in existing state as at 31 March 2006 attributable to the Group Rmb</b>
30.	Portion of Jiahe Jiubao Project (to be developed together with Property No. 55), Lots B1, B2 and B3, Yanggong Village, Jiubao Town, Jiangan District, Hangzhou, Zhejiang Province, the PRC	471,000,000	100	471,000,000
		<b>Sub-total:</b>		<b>2,714,481,600</b>

## SUMMARY OF VALUATION

Property Interests	Capital value in existing state as at 31 March 2006	Attributable interest to the Group	Capital value in existing state as at 31 March 2006 attributable to the Group
	Rmb	%	Rmb
<b>Group III — Property interests held for sale by the Group in the PRC</b>			
31. The unsold portion of Qilixiang Creek Villa, Silian Cun, Shouxian Town, Fuyang City, Hangzhou, Zhejiang Province the PRC	48,000,000	30	14,400,000
32. The unsold portion of Phases I and II of Chunjiang Huayue, Site No.19, Fuxing Road, Shangcheng District, Hangzhou, Zhejiang Province, the PRC	63,000,000	100	63,000,000
33. The unsold portion of Phases I and II of Shanghai Greentown (developed together with Property 16) No. 99 Jinhe Road, Pudong New Area, Shanghai, the PRC	198,000,000	100	198,000,000
34. The unsold portion of Phase I and Phase II (part) of Hefei Guihua Garden, Lot KJV-1-1, High and New Technological Development Zone, South of Huangshan Road, Hefei, Anhui Province, the PRC	163,000,000	90	146,700,000
35. The unsold portion of Phases I and II of Beijing Baihe Apartment, West of Liangxiang Satellite City, Yancun County, Fangshan District, Beijing, the PRC (developed together with Property No. 22)	183,000,000	80	146,400,000



Property Interests	Capital value in existing state as at 31 March 2006	Attributable interest to the Group	Capital value in existing state as at 31 March 2006 attributable to the Group
	Rmb	%	Rmb
36. A car parking space in Hangzhou Green Garden, No. 36 Qinshi Road, Xihu District, Hangzhou, Zhejiang Province, the PRC	280,000	100	280,000
37. Flat 3-101 of Block 1, Dangui Apartment, No. 85 Wensan Road West, Xihu District, Hangzhou, Zhejiang Province, the PRC	1,240,000	100	1,240,000
38. An office unit on Level 2 of Block 3, an office unit in Block B and an apartment unit on Level 4 of Block 3, Yuegui Garden, No. 251 Wensan Road West, Xihu District, Hangzhou, Zhejiang Province, the PRC	10,000,000	100	10,000,000
39. An office unit in Block H3, Flat 2-101 of Block 13, four quarters units, Shop H1-12 and six car parks, Langui Garden, No. 386 Gudun Road, Xihu District, Hangzhou, Zhejiang Province, the PRC	20,000,000	100	20,000,000
40. Six unsold shop units, Phase 1 of Zhoushan Dangui Garden, Renmin North Road, Dinghai District, Zhoushan, Zhejiang Province, the PRC	4,600,000	100	4,600,000
41. The unsold portion of Guihua City, No. 69 Zijinghua Road, Xihu District, Hangzhou, Zhejiang Province, the PRC	970,000	100	970,000

Property Interests	Capital value in existing state as at 31 March 2006	Attributable interest to the Group	Capital value in existing state as at 31 March 2006 attributable to the Group
	Rmb	%	Rmb
42. The unsold portion of Haining Baihe New City Apartment Phase 1, East to Wenzong Road, South to 3rd Huannan Road, West to Haining Avenue and North to 2nd Huannan Road, Haining City, Zhejiang Province, the PRC (developed together with Property No. 14)	11,500,000	50	5,750,000
	<b>Sub-total:</b>		<b>611,340,000</b>

## SUMMARY OF VALUATION

Property Interests	Capital value in existing state as at 31 March 2006	Attributable interest to the Group	Capital value in existing state as at 31 March 2006 attributable to the Group
	Rmb	%	Rmb
<b>Group IV — Property interests owned and occupied by the Group in the PRC</b>			
43. Rooms 1809, 1811–1816 No. 18 Qiutao Road, Shangcheng District, Hangzhou, Zhejiang Province, the PRC	1,800,000	100	1,800,000
44. Level 27 and Car Parking Space Nos. 127 and 128, Far East International Plaza, No. 319 Xian Xia Road, Changning District, Shanghai, the PRC	31,000,000	100	31,000,000
45. Level 26 of Guoxing Building, No. 22 Souti South Road, Haidian District, Beijing, the PRC	16,500,000	100	16,500,000
46. Apartment units 1203 and 1503 of Block 2, Zhong Hai Fu Yuan, No.27 Zengguang Road, Haidian District, Beijing, the PRC	2,800,000.	100	2,800,000
	<b>Sub-total:</b>		<b>52,100,000</b>

## SUMMARY OF VALUATION

Property Interests	Capital value in existing state as at 31 March 2006 attributable to the Group Rmb
<b>Group V — Property interests contracted to be acquired by the Group in the PRC</b>	
<p>47. A piece of land with a site area of 25,553 sq.m. situated at South of Haiqi Luotuo Street (to be developed together with Property No. 13), Ningbo City, Zhejiang Province, the PRC</p> <p>Notes:</p> <p>(1) No commercial value has been ascribed to the property because the Certificate for the Use of State-owned Land had not been obtained yet as at the date of valuation. However, on the assumption that the Certificate for the Use of State-owned Land had been obtained, the capital value of the property in existing state as at 31 March 2006 was Rmb 76,000,000 (60% interest attributable to the Group: Rmb 45,600,000).</p> <p>(2) As advised by the Group, the Certificate for the Use of State-owned Land of the property has been obtained on 9 June 2006.</p>	No commercial value
<p>48. A piece of land with a site area of 493,359.8 sq.m. situated at No. 18 Maqiao Town (to be developed together with Property No. 15), Minhang District, Shanghai, the PRC</p> <p>Notes:</p> <p>(1) No commercial value has been ascribed to the property because the Certificate for the Use of State-owned Land had not been obtained yet as at the date of valuation. However, on the assumption that the Certificate for the Use of State-owned Land had been obtained, the capital value of the property in existing state as at 31 March 2006 was Rmb 1,095,000,000.</p> <p>(2) As advised by the Group, the Certificates for the Use of State-owned Land of the property with a total site area of 487,790 sq.m. have been obtained on 10 June 2006.</p>	No commercial value
<p>49. Lot 631 Jie Fang, Xiao Dong Men Street (to be developed together with Property No. 27), Huangpu District, Shanghai, the PRC</p> <p>Note: No commercial value has been ascribed to the property because the Certificate for the Use of State-owned Land had not been obtained yet. However, on the assumption that the Certificate for the Use of State-owned Land had been obtained, the capital value of the property in existing state as at 31 March 2006 was Rmb 367,000,000 (51% interest attributable to the Group: Rmb 187,170,000).</p>	No commercial value

Property Interests	Capital value in existing state as at 31 March 2006 attributable to the Group Rmb
<p>50. A piece of land with a site area of 193,790 sq.m. situated at North Side of the junction Juxian Road and Guanghua Road (to be developed as Ningbo Zheda Technology Zone), Ningbo, Zhejiang Province, the PRC</p> <p>Note: No commercial value has been ascribed to the property because the Certificate for the Use of State-owned Land had not been obtained yet. However, on the assumption that the Certificate for the Use of State-owned Land had been obtained, the capital value of the property in existing state as at 31 March 2006 was Rmb 386,000,000 (60% interest attributable to the Group: Rmb 231,600,000).</p>	No commercial value
<p>51. A piece of land with a site area of 128,267 sq.m. situated at Qiandao County (to be developed as Bishui Qingfeng), Chunan District, Zhejiang Province, the PRC</p> <p>Notes:</p> <p>(1) No commercial value has been ascribed to the property because the Certificate for the Use of State-owned Land had not been obtained yet as at the date of valuation. However, on the assumption that the Certificate for the Use of State-owned Land had been obtained, the capital value of the property in existing state as at 31 March 2006 was Rmb 456,000,000 (29% interest attributable to the Group: Rmb 132,240,000).</p> <p>(2) As advised by the Group, the Certificate for the Use of State-owned Land of the property has been obtained on 30 April 2006.</p>	No commercial value
<p>52. A piece of land with a site area of 70,511 sq.m. situated at Haining Beihe New City (to be developed together with Property No. 14), East to Wenzong Road, South to 3rd Huannan Road, West to Haining Avenue and North to 2nd Huannan Road, Haining City, Zhejiang Province, the PRC</p> <p>Note: No commercial value has been ascribed to the property because the Certificate for the Use of State-owned Land had not been obtained yet. However, on the assumption that the Certificate for the Use of State-owned Land had been obtained, the capital value of the property in existing state as at 31 March 2006 was Rmb 217,000,000 (50% interest attributable to the Group: Rmb 108,500,000).</p>	No commercial value

Property Interests	Capital value in existing state as at 31 March 2006 attributable to the Group Rmb
<p>53. A piece of land with a site area of 27,666 sq.m. situated at New Green Garden, North of Plot No. F-07, West of Plot No. F-06, South of Xintang River, East of Yongjiang, Shangcheng District, Hangzhou, Zhejiang Province</p> <p>Note: No commercial value has been ascribed to the property because the Certificate for the Use of State-owned Land had not been obtained yet. However, on the assumption that the Certificate for the Use of State-owned Land had been obtained, the capital value of the property in existing state as at 31 March 2006 was Rmb 429,000,000 (50% interest attributable to the Group: Rmb 214,500,000).</p>	No commercial value
<p>54. A piece of land with a site area of 38,581 sq.m. situated at Nanxing Village, (to be developed together with Property No. 28), Xingqiao Development Zone Avenue, Yuhang District, Hangzhou, Zhejiang Province, the PRC</p> <p>Note: No commercial value has been ascribed to the property because the Certificate for the Use of State-owned Land had not been obtained yet. However, on the assumption that the Certificate for the Use of State-owned Land had been obtained, the capital value of the property in existing state as at 31 March 2006 was Rmb 79,000,000 (35% interest attributable to the Group: Rmb 27,650,000).</p>	No commercial value
<p>55. A piece of land with a site area of 39,854 sq.m. situated at Yanggong Village, (to be developed together with Property No. 30), Jiubao Town, Jianggan District, Hangzhou, Zhejiang Province, the PRC</p> <p>Note: No commercial value has been ascribed to the property because the Certificate for the Use of State-owned Land had not been obtained yet. However, on the assumption that the Certificate for the Use of State-owned Land had been obtained, the capital value of the property in existing state as at 31 March 2006 was Rmb 308,000,000.</p>	No commercial value
	<b>Sub-total: <u>No commercial value</u></b>

## SUMMARY OF VALUATION

Property Interests	Capital value in existing state as at 31 March 2006 attributable to the Group Rmb
<b>Group VI — Property interests rented by the Group in the PRC</b>	
56. Level 10 of Zone A and Level 9 of Zone B, Huanglong Century Plaza, No. 1 Hangda Road, Xihu District, Hangzhou, Zhejiang Province, the PRC	No commercial value
57. Level 6 of Zone B, Huanglong Century Plaza, No. 1 Hangda Road, Xihu District, Hangzhou, Zhejiang Province, the PRC	No commercial value
58. Room 1206 and Car Parking Space Nos. 69–72 on Basement, Jiahua International Business Center, No. 15 Hangda Road, Xihu District, Hangzhou, Zhejiang Province the PRC	No commercial value
59. Room 111 on Level 1 of Zone B, Huanglong Century Plaza, No. 1 Hangda Road, Hangzhou, Xihu District, Zhejiang Province, the PRC	No commercial value
60. 3rd Floor, Block 2, No. 18 Beishaxi Road, Yuhang Economical Development Zone, Linping, Yuhang District, Hangzhou, Zhejiang Province, the PRC	No commercial value
61. Room 1206 and Car Park Space Nos. 19–24 on Basement, Jiahua International Business Center, No. 15 Hangda Road, Xihu District, Hangzhou, Zhejiang Province the PRC	No commercial value
62. Rooms 206–207 of Block C, Zhejiang University National Science Park Phase 1, No. 525 Xixi Road, Xihu District, Hangzhou, Zhejiang Province, the PRC	No commercial value

Property Interests	Capital value in existing state as at 31 March 2006 attributable to the Group Rmb
63. Unit H on Level 24, Fenghe Court, Zhongshan Garden, No. 209 Zhaohui Road, Xiacheng District, Hangzhou, Zhejiang Province, the PRC	No commercial value
64. Level 3, Huadu Building, No. 1 Yixian Road, Linping Town, Yuhang District, Hangzhou, Zhejiang Province, the PRC	No commercial value
65. Room 201–205 of C Block, Zhejiang University National Science Park Phase 1, No. 525 Xixi Road, Xihu District, Hangzhou, Zhejiang Province, the PRC	No commercial value
66. Level 1 of C Block, Zhejiang University National Science Park, No. 525 Xixi Road, Xihu District, Hangzhou, Zhejiang Province, the PRC	No commercial value
67. Room 201, 202, 209, 210, 211, 212, 213 Level 2, Chuangxin Building (Huibo Building), No. 673 Jiangnan Road, Technological Park District, Ningbo, Zhejiang Province, the PRC	No commercial value
68. Units 1, 3, 5, 7, 9, 11, 15, and 17 on Level 8, No. 1558 Jiangnan Road, Ningbo Technological Park District, Ningbo, Zhejiang Province, the PRC	No commercial value



<b>Property Interests</b>		<b>Capital value in existing state as at 31 March 2006 attributable to the Group Rmb</b>
69.	Levels 1 and 2, Nongzi Company Building, Fangban Road, Hainibg, Zhejiang Province, the PRC	No commercial value
70.	Rooms 1709–1711, No. 222 Huihai Central Road, Luwan District, Shanghai, the PRC	No commercial value
71.	Whole floor of a 2-storey office block situated at Ziyuan Road, Yancun Town, Fangshan District, Beijing, the PRC	No commercial value
72.	Levels 1 and 2, Jiayuan Composite Building, No. 26 Nanhu Road, Urumqi, Xinjiang UAR, the PRC	No commercial value
<b>Sub-total:</b>		<b>No commercial value</b>
<b>Grand-total:</b>		<b>18,548,018,600</b>

Note: Subsequent to the date of valuation, the Group has obtained the Certificates for the Use of State-owned Land for the remaining portion of Ningbo Guihua Garden Phase II (Property No. 47), Shanghai Rose Garden Phase III and portion of Phase IV (part of Property No. 48) and Bishui Qingfeng (Property No. 51) respectively. The above grand-total of capital value as at 31 March 2006 does not include the market values of these properties of which the Certificates for the Use of State-owned Land have been obtained after the date of valuation. However, on the assumption that if the relevant Certificates for the Use of State-owned Land for these properties had been obtained as at the date of valuation, the market values of these properties were estimated as below:

**Other Property Interests of which the relevant Certificates for the Use of State-owned Land have been obtained by the Group after the date of valuation**

	<b>Capital value in Existing state as at 31 March 2006 Rmb</b>	<b>Attributable interest to the Group %</b>	<b>Capital value in existing state as at 31 March 2006 attributable to the Group Rmb</b>
Ningbo Guihua Garden Phase II (portion) (Property No. 47)	76,000,000	60	45,600,000
Shanghai Rose Garden Phase III and portion of Phase IV (part of Property No. 48)	1,083,000,000	100	1,083,000,000
Bishui Qingfeng (Property No. 51)	456,000,000	29	132,240,000
			<u>1,260,840,000</u>

## VALUATION CERTIFICATE

## Group I — Property interests held under development by the Group in the PRC

			Capital value in existing state as at 31 March 2006																		
Property	Description and tenure	Particulars of occupancy																			
1. Jingui Plaza, Northwest corner of the conjunction of Wenxin Road and Gudun Road, Xihu District, Hangzhou, Zhejiang Province, the PRC	<p>The property comprises a site with site area of 6,984 sq.m. (75,176 sq.ft.).</p> <p>The property is planned to be developed into an office development scheduled for completion in December 2006.</p> <p>The property is planned to provide gross floor areas as follows:</p> <table><tr><th colspan="2">Approximate Gross Floor Area</th><th></th></tr><tr><th></th><th>sq.m.</th><th>sq.ft.</th></tr><tr><td>Office</td><td>21,413</td><td>230,489</td></tr><tr><td>Commercial</td><td>2,751</td><td>29,612</td></tr><tr><td>Ancillary</td><td>336</td><td>3,617</td></tr><tr><td></td><td><u>24,500</u></td><td><u>263,719</u></td></tr></table> <p>In addition, the property will provide a total of 154 car parks in basement with total gross floor area of approximately 9,276 sq.m. (99,847 sq.ft.).</p> <p>The land use rights of the property have been granted for a term of 50 years due to expire on 15 January 2054 for composite uses and for a term of 40 years due to expire on 15 January 2044 for commercial uses.</p>	Approximate Gross Floor Area				sq.m.	sq.ft.	Office	21,413	230,489	Commercial	2,751	29,612	Ancillary	336	3,617		<u>24,500</u>	<u>263,719</u>	The property is currently under construction.	Rmb 230,000,000
Approximate Gross Floor Area																					
	sq.m.	sq.ft.																			
Office	21,413	230,489																			
Commercial	2,751	29,612																			
Ancillary	336	3,617																			
	<u>24,500</u>	<u>263,719</u>																			

## Notes:

- (1) According to two Certificates for the Use of State-owned Land, the land use rights of the property, comprising a total site area of 6,984 sq.m., are vested in Hangzhou Osmanthus City Real Estate Development & Operation Co., Ltd. for a term of 50 years due to expire on 15 January 2054 for composite uses and for a term of 40 years due to expire on 15 January 2044 for commercial uses.

Certificate No.	Use	Expiry Date	Site Area (sq.m.)
(2005) 000283	Composite	15 January 2054	5,714
(2005) 000284	Commercial	15 January 2044	1,270
Total			<u>6,984</u>

- (2) According to Grant Contract of Land Use Rights No. (97) 31, the land use rights of Guihua City have been agreed to be granted to Hangzhou Qiantang Real Estate Development Co., Ltd. and Zhejiang Greentown Real Estate Development Co., Ltd. as follows:

- (i) Location : Wulian Village, Jiangcun Commercial and Residential Zone, Xihu District
- (ii) Site area : 83,397 sq.m.
- (iii) Plot ratio : 0.62

According to another Grant Contract of Land Use Rights No. (98) 53, the land use rights of Guihua City have been agreed to be granted to Hangzhou Qiantang Real Estate Development Co., Ltd. as follows:

- (i) Location : Luojiazhuang, Jiangcun Commercial and Residential Zone, Xihu District
- (ii) Site area : 148,640 sq.m.
- (iii) Uses : residential for land use term of 70 years; composite for land use term of 50 years
- (iv) Plot ratio :  $\leq 1.05$

According to a Supplementary Agreement of Land Use Rights, the land use rights of Guihua City have been agreed to be granted to Hangzhou Osmanthus City Real Estate Development & Operation Co., Ltd. as follows:

- (i) Location : Luojiazhuang, Jiangcun Commercial and Residential Zone, Xihu District
- (ii) Gross Floor Area : 229,138.6 sq.m.  
20,000 sq.m. for office in land use term of 50 years, 4,444 sq.m. for commercial in land use term of 40 years

- (3) According to a Planning Permit for Construction Works issued by Hangzhou Planning Bureau (杭州市規劃局), the details of the proposed development are summarized as follows:

Permit No.	Gross Floor Area Sq.m.	Issue Date
(2004) 0100767	33,776	29 November 2004

- (4) As advised by the Group, a portion of the development, comprising a total gross floor area of approximately 8,538 sq.m. and 11 car parks have been pre-sold for a total consideration of approximately Rmb 127,900,000. In the course of our valuation, we have taken into account such consideration.
- (5) As advised by the Group, the total construction cost expended as at 31 March 2006 was approximately Rmb 38,800,000. The outstanding construction cost to complete the development was estimated as approximately Rmb 98,200,000. In the course of our valuation, we have taken into account such construction costs.
- (6) The capital value when completed of the proposed development is approximately Rmb 395,000,000.
- (7) According to PRC legal opinion:
- (i) Hangzhou Osmanthus City Real Estate Development & Operation Co., Ltd. has been issued with a business licence and is legally established under the PRC law as a limited company with a registered capital of Rmb 30,000,000 and started operation from 24 April 1998;
  - (ii) Hangzhou Osmanthus City Real Estate Development & Operation Co., Ltd. has settled all the land premium of the property as stated in the Grant Contract of Land Use Rights;
  - (iii) According to two Certificates for the Use of State-owned Land Nos. (2005) 000283 and (2005) 000284 issued by Hangzhou Land Resources Bureau on 14 September 2005, Hangzhou Osmanthus City Real Estate Development & Operation Co., Ltd. has obtained the land use rights of the property, comprising a total site area of 6,984 sq.m., for a land use term due to expire on 15 January 2054 and 15 January 2044 for composite use and commercial use respectively;
  - (iv) Hangzhou Osmanthus City Real Estate Development & Operation Co., Ltd. is entitled to use, transfer, mortgage and lease the property with the residual term of its land use rights at no extra land premium payable to the government;
  - (v) According to a Construction Project Planning Approval No. (2001) 580 issued by Hangzhou Planning Committee on 31 July 2001, the scale of the construction works approved was 12,000 sq.m. for residential use and 28,000 sq.m. for commercial/office uses. The development scale was revised and approved on 27 December 2004 by the committee (Approval No. B-C20200441600) with adjusted area of 33,776 sq.m. for commercial/office uses;
  - (vi) The property is subject to mortgage; and
  - (vii) Hangzhou Osmanthus City Real Estate Development & Operation Co., Ltd. is entitled to transfer and re-mortgage the land use rights of the property subject to the consent of the mortgagee.

- (8) The status of title and grant of major approvals and licences in accordance with the PRC legal opinion and information provided by the Group are as follows:

Certificate for the Use of State-owned Land	Yes
Grant Contract of Land use Rights	Yes
Red-line Drawing	Yes
Construction Project Planning Permit	Yes
Planning Permit for Construction Land	Yes
Planning Permit for Construction Works	Yes
Permit for Commencement of Works	Yes
Pre-sales Permit	Yes
Business Licence	Yes

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			Capital value in existing state as at 31 March 2006														
Property	Description and tenure	Particulars of occupancy															
2. Dingxiang Apartment, No. 151 Tianmushan Road, Lingyin Street, Xihu District, Hangzhou, Zhejiang Province, the PRC	<p>The property comprises a site with a site area of 6,426.00 sq.m. (69,169 sq.ft.).</p> <p>The property is planned to be developed into a residential/commercial development scheduled for completion in October 2006.</p> <p>The property is planned to provide gross floor areas as follows:</p> <table><tr><th colspan="2">Approximate Gross Floor Area</th></tr><tr><th>sq.m.</th><th>sq.ft.</th></tr><tr><td>Office</td><td>22,020</td></tr><tr><td>Commercial</td><td>851</td></tr><tr><td>Ancillary</td><td>2,447</td></tr><tr><td></td><td><u>25,318</u></td></tr><tr><td></td><td><u>272,523</u></td></tr></table>	Approximate Gross Floor Area		sq.m.	sq.ft.	Office	22,020	Commercial	851	Ancillary	2,447		<u>25,318</u>		<u>272,523</u>	Portion of the property is currently under construction	Rmb 284,000,000
Approximate Gross Floor Area																	
sq.m.	sq.ft.																
Office	22,020																
Commercial	851																
Ancillary	2,447																
	<u>25,318</u>																
	<u>272,523</u>																
<p>In addition, the property will provide a total of 84 car parks in basement with total gross floor area of approximately 6,150 sq.m. (66,199 sq.ft.).</p> <p>The land use rights of the property have been granted for a term of 70 years due to expire on 17 December 2072 for residential uses and a term of 40 years due to expire on 17 December 2042 for commercial uses.</p>																	

## Notes:

- (1) According to 3 Certificates for the Use of State-owned Land, the land use rights of the property, comprising a site area of 6,426.00 sq.m., are vested in Zhejiang Green Garden Real Estate Development Co., Ltd. (浙江省綠園房地產有限公司) for a term of 70 years due to expire on 17 December 2072 for residential uses and a term of 40 years due to expire on 17 December 2042 for commercial uses. The details are summarized as follows:

Certificate No.	Use	Expiry Date	Site Areas (sq.m.)
No. (2002) 020172	Residential	17 December 2072	5,294.00
No. (2002) 020173	Commercial	17 December 2042	949.00
No. (2002) 020174	Residential	17 December 2072	183.00
<b>Total</b>			<b><u>6,426.00</u></b>

- (2) According to Grant Contract of Land Use Rights No. (2002) 195, the land use rights of the property have been agreed to be granted to Zhejiang Green Garden Real Estate Development Co., Ltd. (浙江省綠園房地產有限公司) as follows:

(i)	Location	:	Plot A ,No.20,Xihu Huanglong Gymnasium Center
(ii)	Site area	:	6,426 sq.m.
(iii)	Uses	:	residential/commercial
(iv)	Land use term	:	70 years(residential)/40years(commercial)/50 years(composite)
(v)	Plot ratio	:	3.94

- (3) According to Planning Permit for Construction Works No. (2003) 0100577 issued by Hangzhou Planning Bureau (杭州市規劃局) on 21 August 2003 and 4 February 2005, the proposed development is permitted to comprise a total gross floor area of 31,468 sq.m.
- (4) As advised by the Group, a portion of the development, comprising a total gross floor area of approximately 18,614 sq.m. and 44 car parks have been pre-sold for a total consideration of approximately Rmb 287,000,000. In the course of our valuation, we have taken into account such consideration.

- (5) As advised by the Group, the total construction cost expended as at 31 March 2006 was approximately Rmb 103,000,000. The outstanding construction cost to complete the development was estimated as approximately Rmb 47,900,000. In the course of our valuation, we have taken into account such construction costs.
- (6) The capital value when completed of the proposed development is approximately Rmb 387,000,000.
- (7) According to PRC legal opinion:
- (i) Zhejiang Green Garden Real Estate Development Co., Ltd. (浙江省綠園房地產有限公司) has been issued with a business licence and is legally established under the PRC law as a limited company with a registered capital of Rmb 20,000,000 and started operation from 16 December 1998;
  - (ii) Zhejiang Green Garden Real Estate Development Co., Ltd. (浙江省綠園房地產有限公司) has settled all the land premium of the property as stated in the Grant Contract of Land Use Rights;
  - (iii) According to three Certificates for the Use of State-owned Land Nos. (2004) 020172 to 020174 issued by Hangzhou Land Resources Bureau on 18 December 2002, Zhejiang Green Garden Real Estate Development Co., Ltd. (浙江省綠園房地產有限公司) has obtained the land use rights of the property, comprising a total site area of 6,426 sq.m., for a land use term due to expire on 17 December 2042 and 17 December 2072 for commercial and residential uses respectively;
  - (iv) Zhejiang Green Garden Real Estate Development Co., Ltd. (浙江省綠園房地產有限公司) is entitled to use, transfer, mortgage and lease the land use rights of the property at no extra land premium payable to the government;
  - (v) According to a Construction Project Planning Approval No. (1999) 1749 issued by Zhejiang Planning and Economic Committee on 21 December 1999, the scale of the construction works approved was 45,000 sq.m. for ancillary/residential uses;
  - (vi) According to Pre-sale Permit No. (2004) 001 dated 6 April 2004, pre-sale of 22,020 sq.m. residential spaces and 960 sq.m. commercial spaces have been approved; and
  - (vii) The property is not subject to any mortgage.
- (8) The status of title and grant of major approvals and licences in accordance with the PRC legal opinion and information provided by the Group are as follows:

Certificate for the Use of State-owned Land	Yes
Grant Contract of Land use Rights	Yes
Red-line Drawing	Yes
Construction Project Planning Permit	Yes
Planning Permit for Construction Land	Yes
Planning Permit for Construction Works	Yes
Permit for Commencement of Works	Yes
Pre-sales Permit	Yes
Business Licence	Yes

Approximate Gross Floor Area	
sq.m.	sq.ft.
2,836	30,527
8,289	89,223
16,875	181,643
28,000	301,393

Notes:

- | Certificate No. | Use       | Expiry Date  | Site Area (sq.m.) |
|-----------------|-----------|--------------|-------------------|
| (2003) 000323   | Composite | 30 July 2052 | 55,052.00         |
| (2003) 000324   | Composite | 30 July 2052 | 25,775.00         |
|                 |           | <b>Total</b> | <b>80,827.00</b>  |

- |       |               |   |  |
|-------|---------------|---|--|
| (i)   | Location      | : | No. 8, Wuyun Road(west), Xihu District, Hangzhou, Zhejiang |
| (ii)  | Site area     | : | 201,623 sq.m.  |
| (iii) | Uses          | : | Villa and Holiday Resort                                   |
| (iv)  | Land use term | : | 70 years (villa)<br>50 years (holiday resort)              |
| (v)   | Plot ratio    | : | ≤0.35  |

- | Permit No.      | Gross Floor Area<br>Sq.m. | Issue Date       |
|-----------------|---------------------------|------------------|
| (2004) 01060010 | 2,836                     | 8 October 2004   |
| (2004) 01060011 | 15,258.6                  | 14 December 2004 |
| <b>Total:</b>   | <b>18,094.6</b>           |                  |

- (4) As advised by the Group, the total construction cost expended as at 31 March 2006 was approximately Rmb 38,800,000. The outstanding construction cost to complete the development was estimated as approximately Rmb 39,000,000. In the course of our valuation, we have taken into account such construction costs.
- (5) The capital value when completed of the proposed development is approximately Rmb 248,000,000.
- (6) According to PRC legal opinion:
- (i) Hangzhou Jiuxi Property Services Co., Ltd. (杭州九溪度假村有限公司) has been issued with a business licence and is legally established under the PRC law as a limited company with a registered capital of USD9,600,000 and started operation from 19 July 1996;
  - (ii) Hangzhou Jiuxi Property Services Co., Ltd. (杭州九溪度假村有限公司) has settled all the land premium of the property as stated in the Grant Contract of Land Use Rights;
  - (iii) According to two Certificates for State-owned Land Use Rights Nos. (2003) 000323 and (2002) 000324 issued by Hangzhou Zhijiang National Tourism Resort Management Committee (杭州之江國家旅遊度假區管理委員會) on 31 December 2003, Hangzhou Jiuxi Property Services Co., Ltd. (杭州九溪度假村有限公司) has obtained the land use rights of the property, comprising a total site area of 80,827 sq.m., for a land use term due to expire on 30 July 2052 for composite uses;
  - (iv) Hangzhou Jiuxi Property Services Co., Ltd. (杭州九溪度假村有限公司) is entitled to use, transfer, mortgage and lease the property with the residual term of its land use rights at no extra land premium payable to the government;
  - (v) According to a Construction Project Planning Approval No. (2004) 05 issued by Hangzhou Planning Committee and Zhijiang National Tourism Resort Management Committee (杭州之江國家旅遊度假區管理委員會) on 3 August 2004, the scale of the construction works of Phase III approved was 24,739 sq.m. for resort use, of which 16,332 sq.m. gross floor area are above ground and 8,407 sq.m. gross floor area are below ground;
  - (vi) The property is subject to mortgage; and
  - (vii) Hangzhou Jiuxi Property Services Co., Ltd. (杭州九溪度假村有限公司) is entitled to transfer and re-mortgage the land use rights of the property subject to the consent of the mortgagee.
- (7) The status of title and grant of major approvals and licences in accordance with the PRC legal opinion and information provided by the Group are as follows:

Certificate for the Use of State-owned Land	Yes
Contract for Grant of Land use Rights	Yes
Red-line Drawing	Yes
Construction Project Planning Permit	Yes
Planning Permit for Construction Land	Yes (part)
Planning Permit for Construction Works	Yes (part)
Permit for Commencement of Works	Yes
Pre-sale Permit	No
Business Licence	Yes



			Capital value in existing state as at 31 March 2006																
Property	Description and tenure	Particulars of occupancy																	
4. Chunjiang Huayue Phases III, IV and V, Site No. 19, Fuxing Road, Shangcheng District, Hangzhou, Zhejiang Province, the PRC	<p>The property comprises portion of a site with a total site area of 119,372 sq.m. (1,284,436 sq.ft.).</p> <p>The property is planned to be developed into a residential development in phases scheduled for completion between May 2006 and December 2006.</p> <p>The property is planned to provide total gross floor areas as follows:</p> <table><tr><th colspan="2">Approximate Gross Floor Area</th></tr><tr><th>sq.m.</th><th>sq.ft.</th></tr><tr><td>Residential</td><td>145,245</td><td>1,563,417</td></tr><tr><td>Commercial</td><td>8,475</td><td>91,225</td></tr><tr><td>Ancillary</td><td>12,441</td><td>133,915</td></tr><tr><td></td><td><u>166,161</u></td><td><u>1,788,557</u></td></tr></table>	Approximate Gross Floor Area		sq.m.	sq.ft.	Residential	145,245	1,563,417	Commercial	8,475	91,225	Ancillary	12,441	133,915		<u>166,161</u>	<u>1,788,557</u>	Portion of the property is currently under construction.	Rmb 1,673,000,000
Approximate Gross Floor Area																			
sq.m.	sq.ft.																		
Residential	145,245	1,563,417																	
Commercial	8,475	91,225																	
Ancillary	12,441	133,915																	
	<u>166,161</u>	<u>1,788,557</u>																	
<p>In addition, the property will provide a total of 611 car parks in basement with total gross floor area of approximately 41,294 sq.m. (444,489 sq.ft.).</p> <p>The land use rights of the property have been granted for a term of 70 years for residential uses, a term of 40 years for commercial uses, and a term of 50 years for composite uses.</p>																			

## Notes:

- (1) According to 14 Certificates for Use of State-owned Land, the land use rights of the property, comprising portion of the site area of 119,372 sq.m., are vested in Hangzhou Greentown Real Estate Development Co., Ltd (杭州綠城房地產開發有限公司) for a term of 40 years, 50 years and 70 years for commercial, composite and residential uses respectively. The details are summarized as follows:

Certificate No.	Use	Expiry Date	Site Area (sq.m.)
(2002) 000109	Residential	25 June 2072	8,606
(2002) 000110	Residential	25 June 2072	10,636
(2002) 000112	Commercial	25 June 2042	500
(2002) 000111	Composite	25 June 2052	909
(2003) 000307	Residential	19 July 2071	28,274
(2003) 000308	Composite	19 July 2051	1,483
(2003) 000309	Commercial	19 July 2041	410
(2003) 000310	Residential	19 July 2071	27,692
(2003) 000311	Commercial	19 July 2041	79
(2005) 000184	Residential	13 March 2072	15,277
(2005) 000185	Commercial	13 March 2042	1,795
(2005) 000186	Composite	13 March 2052	340
(2005) 000187	Residential	13 March 2072	22,229
(2005) 000188	Commercial	13 March 2042	1,097
<b>Total</b>			<b><u>119,372</u></b>

- (2) According to Grant Contract of Land Use Rights No. (2000) 36, the land use rights of the property have been agreed to be granted to Zhejiang Greentown Real Estate Development Co., Ltd. as follows:

(i)	Location	:	Site No.19, Fuxing Road, Shangcheng District, Hangzhou
(ii)	Site area	:	125,979 sq.m.
(iii)	Uses	:	Residential
(iv)	Land use term	:	70 years
(v)	Plot ratio	:	≤2.99

- (3) According to 5 Planning Permits for Construction Works issued by Hangzhou Planning Bureau (杭州市規劃局), the details of the proposed development are summarized as follows:

Permit No.	Gross Floor Area Sq.m.	Issue Date
(2002) 0100461	93,132	18 June 2002
(2002) 0100863	60,192	22 November 2002
(2003) 0100696	67,806	30 September 2003
(2001) 0100823	173,751	17 February 2004
(2003) 0100580	79,457	22 August 2003
<b>Total:</b>	<b>474,338</b>	

- (4) As advised by the Group, a portion of the development, comprising a total gross floor area of approximately 108,700 sq.m. and 337 car parks have been pre-sold for a total consideration of approximately Rmb 1,274,000,000. In the course of our valuation, we have taken into account such consideration.
- (5) As advised by the Group, the total construction cost expended as at 31 March 2006 was approximately Rmb 350,000,000. The outstanding construction cost to complete the development was estimated as approximately Rmb 105,000,000. In the course of our valuation, we have taken into account such construction costs.
- (6) The capital value when completed of the proposed development is approximately Rmb 2,046,000,000.
- (7) According to PRC legal opinion:
- Hangzhou Greentown Real Estate Development Co., Ltd (杭州綠城房地產開發有限公司) has been issued with a business licence and is legally established under the PRC law as a limited company with a registered capital of Rmb 20,000,000 and started operation from 23 October 2000;
  - Hangzhou Greentown Real Estate Development Co., Ltd (杭州綠城房地產開發有限公司) has settled all the land premium of the property as stated in the Grant Contract of Land Use Rights;
  - According to 14 Certificates for the Use of State-owned Land Nos. (2002) 000109, (2002) 000110, (2002) 000111, (2002) 000112, (2003) 000107, (2003) 000108, (2003) 000109, (2003) 000110, (2003) 000111, (2003) 000307, (2003) 000308, (2003) 000309, (2003) 000310 and (2003) 000311 issued by Hangzhou Land Resources Bureau (杭州市國土資源局), Hangzhou Greentown Real Estate Development Co., Ltd (杭州綠城房地產開發有限公司) has obtained the land use rights of the property, comprising portion of a total site area of 119,372 sq.m., for a land use term due to expire between 19 July 2041 and 25 June 2072 for composite, commercial and residential uses respectively;
  - The above Certificates for Use of State-owned Land Nos. (2003) 00107, (2003) 00108, (2003) 00109, (2003) 00110 and (2003) 00111 have been renewed by Hangzhou Land Resources Bureau (杭州市國土資源局) on 7 July 2005 as follows:

Certificate	Use	Expiry Date	Site Area (sq.m.)
(2005) 000184	Residential	13 March 2072	15,277
(2005) 000185	Commercial	13 March 2042	1,795
(2005) 000186	Composite	13 March 2052	340
(2005) 000187	Residential	13 March 2072	22,229
(2005) 000188	Commercial	13 March 2042	1,097

- Hangzhou Greentown Real Estate Development Co., Ltd (杭州綠城房地產開發有限公司) is entitled to use, transfer, mortgage and lease the land use rights of the property at no extra land premium payable to the government;
- According to a Construction Project Planning Approval No. (2001) 279 issued by Hangzhou Planning Committee on 17 April 2001, the scale of the construction works approved was 357,000 sq.m. for residential use and 20,000 sq.m. for ancillary use;
- Portion of the property with a site area of 17,412 sq.m. is subject to mortgage; and

- (viii) Hangzhou Greentown Real Estate Development Co., Ltd (杭州綠城房地產開發有限公司) is entitled to transfer and re-mortgage the land use rights of a portion of the property with a site area of 17,412 sq.m. subject to the consent of the mortgagee.
- (8) The status of title and grant of major approvals and licences in accordance with the PRC legal opinion and information provided by the Group are as follows:

Certificate for the Use of State-owned Land	Yes
Contract for Grant of Land use Rights	Yes
Red-line Drawing	Yes
Construction Project Planning Permit	Yes
Planning Permit for Construction Land	Yes
Planning Permit for Construction Works	Yes
Permit for Commencement of Works	Yes
Pre-sales Permit	Yes (part)
Business Licence	Yes

		Particulars of occupancy	Capital value in existing state as at 31 March 2006													
Property	Description and tenure															
5. Taohuayuan West, Zhongtai Village, Fenghuang Shan, Yuhang District, Hangzhou, Zhejiang Province, the PRC	<p>The property comprises a site with total site area of 331,172 sq.m. (3,564,735 sq.ft.).</p> <p>The property is planned to be developed into a residential development with detached villas and apartments blocks scheduled for completion in August 2006.</p> <p>The property is planned to provide gross floor areas as follows:</p> <table><tr><th colspan="2">Approximate Gross Floor Area</th></tr><tr><th>sq.m.</th><th>sq.ft.</th></tr><tr><td>Residential</td><td>62,937</td><td>677,454</td></tr><tr><td>Ancillary</td><td>856</td><td>9,214</td></tr><tr><td></td><td><u>63,793</u></td><td><u>686,668</u></td></tr></table> <p>The land use rights of the property have been granted for a term of 70 years due to expire between 19 October 2067 and 12 October 2070 for residential uses.</p>	Approximate Gross Floor Area		sq.m.	sq.ft.	Residential	62,937	677,454	Ancillary	856	9,214		<u>63,793</u>	<u>686,668</u>	Portion of the property is currently under construction.	Rmb 812,000,000
Approximate Gross Floor Area																
sq.m.	sq.ft.															
Residential	62,937	677,454														
Ancillary	856	9,214														
	<u>63,793</u>	<u>686,668</u>														

## Notes:

- (1) According to 18 Certificates for the Use of State-owned Land, the land use rights of the property, comprising portion of a total site area of 712,731.68 sq.m., are vested in Hangzhou Taohuayuan Real Estate Development Co., Ltd. (杭州桃花源房地產開發有限公司) for a term of 70 years due to expire between 19 October 2067 and 2 October 2070 for residential uses. The details of these documents are summarized as follows:

Certificate No.	Use	Expiry Date	Site Area (sq.m.)
(98) 602	Residential	28 October 2068	152,503.00
(2003) 16-1433	Residential	2 October 2070	255,919.05
(2004) 19-966	Residential	20 September 2074	40,586.00
(98)251		19 October 2067	1,253.40
(98)252		19 October 2067	5,413.60
(98) 603		18 August 2068	166,811.33
(2002)15-1733		10 December 2071	43,800.10
(2002)15-1734		29 September 2072	680.00
(2003)15-1		10 December 2071	23,600.10
(2003)15-10		29 September 2072	1,210.10
(2003)15-11		29 September 2072	148.00
(2003)15-12		29 September 2072	810.10
(2003)15-13		29 September 2072	3,413.00
(2003)15-14		29 September 2072	456.10
(2003)15-15		10 December 2071	1,959.10
(2003)15-16		10 December 2071	6,911.10
(2003)15-17		29 September 2072	3,776.00
(2003)15-41		29 September 2072	3,481.60
<b>Total</b>			<b><u>712,731.68</u></b>

- (2) According to Grant Contract of Land Use Rights No. (98) 113, the land use rights of the property have been agreed to be granted to Hangzhou Taohuayuan Real Estate Development Co., Ltd. as follows:

- (i) Location : Fenghuangshang Village and Zhongtai Guojia Village in Yuhang Town
- (ii) Site area : 257,462 sq.m.
- (iii) Uses : residential
- (iv) Land use term : 70 years
- (v) Plot ratio : 1.213

According to Grant Contract of Land Use Rights Nos. (2000)23, (2000)28, the land use rights of the property have been agreed to be granted to Hangzhou Taohuayuan Real Estate Development Co., Ltd. as follows:

- (i) Location : Guojia Cun Zhongtai Village
- (ii) Site area : 93,330 sq.m.
- (iii) Uses : residential
- (iv) Land use term : 70 years

According to Grant Contract of Land Use Rights No. (2002) 253, the land use rights of the property have been agreed to be granted to Hangzhou Taohuayuan Real Estate Development Co., Ltd. as follows:

- (i) Location : Guojia Cun Zhongtai Village
- (ii) Site area : 16,233 sq.m.
- (iii) Uses : residential
- (iv) Land use term : 70 years
- (v) Plot ratio : 1.05

According to Grant Contract of Land Use Rights No. (2002) 254, the land use rights of the property have been agreed to be granted to Hangzhou Taohuayuan Real Estate Development Co., Ltd. as follows:

- (i) Location : Guojia Cun Zhongtai Village
- (ii) Site area : 45,781 sq.m.
- (iii) Uses : residential
- (iv) Land use term : 70 years
- (v) Plot ratio : 1.06

According to Grant Contract of Land Use Rights No. (2002) 255-256, the land use rights of the property have been agreed to be granted to Hangzhou Taohuayuan Real Estate Development Co., Ltd. as follows:

- (i) Location : Guojia Cun Zhongtai Village
- (ii) Site area : 60,792 sq.m.
- (iii) Uses : residential
- (iv) Land use term : 70 years
- (v) Plot ratio : 1.04

According to Grant Contract of Land Use Rights No. (2002) 257, the land use rights of the property have been agreed to be granted to Hangzhou Taohuayuan Real Estate Development Co., Ltd. as follows:

- (i) Location : Guojia Cun Zhongtai Village
- (ii) Site area : 16,644 sq.m.
- (iii) Uses : residential
- (iv) Land use term : 70 years
- (v) Plot ratio : 1.10

According to Grant Contract of Land Use Rights No. (2002) 258, the land use rights of the property have been agreed to be granted to Hangzhou Taohuayuan Real Estate Development Co., Ltd. as follows:

- (i) Location : Guojia Cun Zhongtai Village
- (ii) Site area : 23,206 sq.m.
- (iii) Uses : residential
- (iv) Land use term : 70 years
- (v) Plot ratio : 0.32

- (3) According to 5 Permits for Village/Town Planning and Construction (村鎮規劃建設許可證) and Planning Permits for Construction Works issued by Hangzhou Yuhang District Construction Bureau (杭州市余杭區建設局), the details of the proposed development are summarized as follows:

Permit No.	Gross Floor Area sq.m.	Issue Date
(2002) 01500048	6,726.47	20 December 2002
(2003) 01500027	7,662.22	25 May 2003
(2003) 01500044	13,507.37	30 September 2003
(2004) 01519001	4,090.16	13 April 2004
(2004) 01519005	4,851.16	2 July 2004
<b>Total:</b>	<b>36,837.38</b>	

- (4) As advised by the Group, a portion of the development, comprising a total gross floor area of approximately 53,742 sq.m. has been pre-sold for a total consideration of approximately Rmb 693,860,000. In the course of our valuation, we have taken into account such consideration.
- (5) As advised by the Group, the total construction cost expended as at 31 March 2006 was approximately Rmb 260,000,000. The outstanding construction cost to complete the development was estimated as approximately Rmb 1,500,000. In the course of our valuation, we have taken into account such construction costs.
- (6) The capital value when completed of the proposed development is approximately Rmb 896,000,000.
- (7) According to PRC legal opinion:
- (i) Hangzhou Taohuayuan Real Estate Development Co., Ltd. (杭州桃花源房地產開發有限公司) has been issued with a business licence and is legally established under the PRC law as a limited company with a registered capital of Rmb 10,000,000 and started operation from 29 April 1998;
  - (ii) Hangzhou Taohuayuan Real Estate Development Co., Ltd. (杭州桃花源房地產開發有限公司) has settled all the land premium of the property as stated in the Grant Contract of Land Use Rights;
  - (iii) According to 18 Certificates for the Use of State-owned Land issued by Yuhang Land Administrative Bureau, Hangzhou Taohuayuan Real Estate Development Co., Ltd. (杭州桃花源房地產開發有限公司) has obtained the land use rights of the property, comprising a total site area of 712,731.68 sq.m., for a land use term due to expire between 19 October 2067 and 20 September 2074 for residential use;
  - (iv) Hangzhou Taohuayuan Real Estate Development Co., Ltd. (杭州桃花源房地產開發有限公司) is entitled to use, transfer, mortgage and lease the land use rights of the property at no extra land premium payable to the government;
  - (v) According to a Construction Project Planning Approval Nos. (2000) 106 and 107, (2001) 317, 318, 320, 321 and 322, (2002) 119 and 120, (2003) 31 and (2004) 18 issued by Yuhang District Development Planning Bureau, the scale of the construction works approved was 64,000 sq.m. for residential and ancillary uses; and
  - (vi) The property is not subject to any mortgage.
- (8) The status of title and grant of major approvals and licences in accordance with the PRC legal opinion and information provided by the Group are as follows:

Certificate for the Use of State-owned Land	Yes
Grant Contract of Land use Rights	Yes
Red-line Drawing	Yes
Construction Project Planning Permit	Yes
Planning Permit for Construction Land	Yes
Planning Permit for Construction Works	Yes
Permit for Commencement of Works	Yes
Pre-sales Permit	Yes
Business Licence	Yes

			Capital value in existing state as at 31 March 2006											
Property	Description and tenure	Particulars of occupancy												
6. Taohuayuan South, Zhongtai Village, Fenghuang Shan, Yuhang District, Hangzhou, Zhejiang Province, the PRC	<p>The property comprises a development site with a total site area of 939,413.30 sq.m. (10,111,845 sq.ft.).</p> <p>The property is planned to be developed into a residential development with detached villas and town houses scheduled for completion between December 2007 to December 2009.</p> <p>The property is planned to provide gross floor areas as follows:</p> <table><tr><th colspan="2">Approximate Gross Floor Area</th></tr><tr><th>sq.m.</th><th>sq.ft.</th></tr><tr><td>Residential</td><td>238,050</td></tr><tr><td>Ancillary</td><td>6,500</td></tr><tr><td></td><td><u>244,550</u></td></tr><tr><td></td><td><u>2,632,336</u></td></tr></table> <p>In addition, the property also comprises basement area of approximately 12,760 sq.m. (137,349 sq.ft.).</p> <p>The land use rights of the property have been granted for a term of 70 years due to expire on 24 June 2072 for residential uses.</p>	Approximate Gross Floor Area		sq.m.	sq.ft.	Residential	238,050	Ancillary	6,500		<u>244,550</u>		<u>2,632,336</u>	<p>Portion of the property is currently under construction.</p> <p>(51% interest attributable to the Group: Rmb 1,253,580,000)</p>
Approximate Gross Floor Area														
sq.m.	sq.ft.													
Residential	238,050													
Ancillary	6,500													
	<u>244,550</u>													
	<u>2,632,336</u>													

## Notes:

- (1) According to 5 Certificates for the Use of State-owned Land, the land use rights of the property, comprising a site area of 939,413.30 sq.m., are vested in Hangzhou Yuhang Greentown Real Estate Development Co., Ltd. (杭州余杭綠城房地產開發有限公司) for a term of 70 years due to expire on 24 June 2072 for residential uses. The details are summarized as follows:

Certificate No.	Use	Expiry Date	Site Area (sq.m.)
(2003)16-68	Residential	24 June 2072	273,715.00
(2003)16-69	Residential	24 June 2072	231,628.80
(2003)16-70	Residential	24 June 2072	195,910.00
(2003)16-71	Residential	24 June 2072	84,826.00
(2003)16-72	Residential	24 June 2072	153,333.50
Total:			<u>939,413.30</u>

- (2) According to Grant Contract of Land Use Rights No. (2002) 056, (2002) 196-206, (2002) 208 and (2002) 210, the land use rights of the property have been agreed to be granted to Hangzhou Yuhang Greentown Real Estate Development Co., Ltd. as follows:

(i)	Location	:	Baimu Cun Zhongtai Village
(ii)	Site area	:	636,080 sq.m.
(iii)	Uses	:	residential
(iv)	Land use term	:	70 years
(v)	Plot ratio	:	1.00

According to Grant Contract of Land Use Rights No. (2002) 207, (2002) 209, (2002) 211, the land use rights of the property have been agreed to be granted to Hangzhou Yuhang Greentown Real Estate Development Co., Ltd. as follows:

- (i) Location : Baimu Cun Zhongtai Village
- (ii) Site area : 150,000 sq.m.
- (iii) Uses : residential
- (iv) Land use term : 70 years
- (v) Plot ratio : 1.06

According to Grant Contract of Land Use Rights No. (2002) 212- (2002) 215, the land use rights of the property have been agreed to be granted to Hangzhou Yuhang Greentown Real Estate Development Co., Ltd. as follows:

- (i) Location : Baimu Cun Zhongtai Village
- (ii) Site area : 153,333 sq.m.
- (iii) Uses : residential
- (iv) Land use term : 70 years
- (v) Plot ratio : 1.09

- (3) According to Planning Permit for Construction Works Nos. (2004) 01519010 and (2005) 01519008 issued by Hangzhou Yuhang District Construction Bureau (杭州市余杭區建設局) on 12 October 2004 and 7 July 2005 respectively, portion of the proposed development is permitted to comprise a gross floor area of 43,913.49 sq.m.
- (4) As advised by the Group, a portion of the development, comprising a total gross floor area of approximately 19,414 sq.m. has been pre-sold for a total consideration of approximately Rmb 178,700,000. In the course of our valuation, we have taken into account such consideration.
- (5) As advised by the Group, the total construction costs expended as at 31 March 2006 was approximately Rmb 111,300,000. The outstanding construction cost to complete the development was estimated as approximately Rmb 1,178,000,000. In the course of our valuation, we have taken into account such construction costs.
- (6) The capital value when completed of the proposed development is approximately Rmb 5,244,000,000.
- (7) According to PRC legal opinion:
  - (i) Hangzhou Yuhang Greentown Real Estate Development Co. Ltd. (杭州余杭綠城房地產開發有限公司) has been issued with a business licence and is legally established under the PRC law as a limited company with a registered capital of Rmb 30,000,000 and started operation from 12 November 1999;
  - (ii) Hangzhou Yuhang Greentown Real Estate Development Co. Ltd. (杭州余杭綠城房地產開發有限公司) has settled all the land premium of the property as stated in the Contract for Grant of Land Use Rights;
  - (iii) According to five Certificates for the Use of State-owned Land Nos. (2003) 16-68 to 16-72 issued by Hangzhou Land Resources Bureau on 11 January 2003, Hangzhou Yuhang Greentown Real Estate Development Co. Ltd. (杭州余杭綠城房地產開發有限公司) has obtained the land use rights of the property, comprising a total site area of 939,413.3 sq.m., for a land use term due to expire on 24 June 2072 for residential use;
  - (iv) Hangzhou Yuhang Greentown Real Estate Development Co. Ltd. (杭州余杭綠城房地產開發有限公司) is entitled to use, transfer, mortgage and lease the land use rights of the property at no extra land premium payable to the government;
  - (v) According to a Construction Project Planning Approval Nos. (2001) 47-52, 131-141, (2001) 102-105 and (2004) 86 issued by Yuhang District Development Planning Bureau, the scale of the construction works approved was 228,065 sq.m. for residential use and 7,400 sq.m. for ancillary use;
  - (vi) The proposed gross floor area of the development is not exceeding the maximum permitted gross floor area based on the plot ratio stated in the Grant Contract of Land Use Rights. The final total gross floor area approved is subject to the Planning Permits for Construction Works to be subsequently obtained.
  - (vii) According to Notice of Payment of Idle Land Nos. (2005)31 to 37 and Order for Commencing Construction Works Nos. (2005)49 to 55 issued by Hangzhou Land Resources Bureau Yuhang Branch in January 2006, a total site area of 317,449 sq.m. was regarded as idle land. The idle land fee was Rmb 2,667,000 and the construction works should be commenced before 8 June 2006. The idle land fee amounted Rmb 1,264,700 was paid on 16 January 2006. Payable amounts of Rmb 1,402,300, being the balance of the idle land fee has not been settled yet by the Group.
  - (viii) The property is subject to mortgage; and
  - (ix) Hangzhou Yuhang Greentown Real Estate Development Co. Ltd. (杭州余杭綠城房地產開發有限公司) is entitled to transfer and re-mortgage the land use rights of the property subject to the consent of the mortgagee.



- (8) The status of title and grant of major approvals and licences in accordance with the PRC legal opinion and information provided by the Group are as follows:

Certificate for the Use of State-owned Land	Yes
Grant Contract of Land use Rights	Yes
Red-line Drawing	Yes
Construction Project Planning Permit	Yes
Planning Permit for Construction Land	Yes
Planning Permit for Construction Works	Yes (part)
Permit for Commencement of Works	Yes (part)
Pre-sales Permit	Yes (part)
Business Licence	Yes

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		Particulars of occupancy	Capital value in existing state as at 31 March 2006																				
Property	Description and tenure																						
7. Deep Blue Plaza, Nos. 195–207 Zhaohui Road, East to the Zhonghe Cloverleaf Junction, south to the canal, Xiacheng District, Hangzhou City, Zhejiang Province, the PRC	<p>The property comprises a site with a site area of 18,337 sq.m. (197,379 sq.ft.).</p> <p>The property is planned to be developed into a residential and commercial development scheduled for completion in October 2006.</p> <p>The property is planned to provide gross floor areas as follows:</p> <table><tr><th colspan="3">Approximate Gross Floor Area</th></tr><tr><th></th><th>sq.m.</th><th>sq.ft.</th></tr><tr><td>Residential</td><td>59,917</td><td>644,946</td></tr><tr><td>Commercial</td><td>3,975</td><td>42,787</td></tr><tr><td>Office</td><td>33,735</td><td>363,124</td></tr><tr><td>Ancillary</td><td>4,272</td><td>45,984</td></tr><tr><td></td><td><u>101,899</u></td><td><u>1,096,841</u></td></tr></table> <p>In addition, the property will provide a total of 421 car parks in basement with total gross floor area of approximately 32,208 sq.m. (346,687 sq.ft.).</p> <p>The land use rights of the property have been granted for terms of 70 years due to expire on 19 December 2072, 40 years due to expire on 19 December 2042, and 50 years due to expire on 19 December 2052 for residential, commercial and composite uses respectively.</p>	Approximate Gross Floor Area				sq.m.	sq.ft.	Residential	59,917	644,946	Commercial	3,975	42,787	Office	33,735	363,124	Ancillary	4,272	45,984		<u>101,899</u>	<u>1,096,841</u>	Rmb 1,404,000,000
Approximate Gross Floor Area																							
	sq.m.	sq.ft.																					
Residential	59,917	644,946																					
Commercial	3,975	42,787																					
Office	33,735	363,124																					
Ancillary	4,272	45,984																					
	<u>101,899</u>	<u>1,096,841</u>																					

## Notes:

- (1) According to 3 Certificates for the Use of State-owned Land, the land use rights of the property, comprising a total site area of 18,337 sq.m., are vested to Hangzhou Zhongshan Real Estate Development Co., Ltd. (杭州中山房地產開發有限公司) for terms of 70 years due to expire on 19 December 2072, 40 years due to expire on 19 December 2042, and 50 years due to expire on 19 December 2052 for residential, commercial and composite uses respectively. Details of these documents are summarized as follows:

Certificate No.	Use	Expiry Date	Site Areas (sq.m.)
(2002) 000254	Residential	19 December 2072	10,478
(2002) 000255	Commercial	19 December 2042	1,921
(2002) 000256	Composite	19 December 2052	5,938
<b>Total</b>			<b><u>18,337</u></b>

- (2) According to Grant Contract of Land Use Rights No. (92) 18, the land use rights of the property has been granted to Hangzhou Zhongshan Real Estate Development Co. Ltd as follows:

(i)	Location	:	East to Zhonghe Cloverleaf Junction, South to the Canal, Xiacheng District
(ii)	Site area	:	18,337 sq.m.
(iii)	Uses	:	Residential, commercial, composite
(iv)	Land use term	:	70 years for residential uses, 40 years for commercial uses, 50 years for composite uses
(v)	Plot ratio	:	5.48

- (3) According to Planning Permit for Construction Works Nos. (2003) 0100244 Hangzhou Planning Bureau (杭州市規劃局) on 15 April 2003 and 21 March 2005, the proposed development is permitted to comprise a total gross floor area of 132,695 sq.m.

- (4) As advised by the Group, a portion of the development, comprising a total gross floor area of approximately 73,500 sq.m. and 231 car parking spaces been pre-sold for a total consideration of approximately Rmb 1,351,500,000. In the course of our valuation, we have taken into account such consideration.
- (5) As advised by the Group, the total construction cost expended as at 31 March 2006 was approximately Rmb 360,000,000. The outstanding construction cost to complete the development was estimated as approximately Rmb 210,000,000. In the course of our valuation, we have taken into account such construction costs.
- (6) The capital value when completed of the proposed development is approximately Rmb 1,881,000,000.
- (7) According to PRC legal opinion:
- (i) Hangzhou Zhongshan Real Estate Development Co., Ltd. (杭州中山房地產開發有限公司) has been issued with a business licence and is legally established under the PRC law as a limited company with a registered capital of Rmb 50,000,000 and started operation from 16 March 1993;
  - (ii) Hangzhou Zhongshan Real Estate Development Co., Ltd. (杭州中山房地產開發有限公司) has settled all the land premium of the property as stated in the Grant Contract of Land Use Rights;
  - (iii) According to three Certificates for the Use of State-owned Land Nos. (2002) 000254, 000255 and 000256 issued by Hangzhou Land Resources Bureau on 20 December 2002, Hangzhou Zhongshan Real Estate Development Co., Ltd. (杭州中山房地產開發有限公司) has obtained the land use rights of the property, comprising a total site area of 18,337 sq.m., for a land use term due to expire on 19 December 2072, 19 December 2042 and 19 December 2052 for residential, commercial and composite uses respectively;
  - (iv) Hangzhou Zhongshan Real Estate Development Co., Ltd. (杭州中山房地產開發有限公司) is entitled to use, transfer, mortgage and lease the land use rights of the property at no extra land premium payable to the government;
  - (v) According to a Construction Project Planning Approval Nos. (2002) 301 issued by Hangzhou Development Planning Committee, the scale of the construction works approved was 136,000 sq.m. for residential, office and ancillary uses;
  - (vi) Portion of the property with a gross floor area of 5,640.16 sq.m. is subject to mortgage; and
  - (vii) Hangzhou Zhongshan Real Estate Development Co., Ltd. (杭州中山房地產開發有限公司) is entitled to transfer and re-mortgage the property subject to the consent of the mortgagee.
- (8) The status of title and grant of major approvals and licences in accordance with the PRC legal opinion and information provided by the Group are as follows:

Certificate for the Use of State-owned Land	Yes
Grant Contract of Land use Rights	Yes
Red-line Drawing	Yes
Construction Project Planning Permit	Yes
Planning Permit for Construction Land	No
Planning Permit for Construction Works	Yes
Permit for Commencement of Works	Yes
Pre-sales Permit	Yes (part)
Business Licence	Yes

	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 March 2006
8.	Jade City, Huafeng Cun, Xianlin Town, Yuhang District, Hangzhou, Zhejiang Province, the PRC	<p>The property comprises a development site with a total site area of 949,773.8 sq.m. (10,223,365 sq.ft.).</p> <p>The property is planned to be developed into a residential development by phases with multi-storey apartments. The various phases of the development are scheduled for completion between December 2007 and December 2010.</p>	Portion of the property is currently under construction.	<p>Rmb 4,181,000,000</p> <p>(45% interest attributable to the Group: Rmb 1,881,450,000)</p>

The property is planned to provide total gross floor areas as follows:

	Approximate Gross Floor Area	
	sq.m.	sq.ft.
Residential	1,132,488	12,190,101
Commercial	15,330	165,012
Ancillary	29,603	318,647
	<u>1,177,421</u>	<u>12,673,760</u>

In addition, the property will provide a total of 6,251 car parks and 714 storage spaces in basement with total gross floor area of approximately 319,518 sq.m. (3,439,292 sq.ft.).

The land use rights of the property have been granted for a term of 70 years due to expire on 15 September 2072 for residential use.

Notes:

- (1) According to Certificate for the Use of State-owned Land from Nos. (2004)18-881 to (2004)18-884, the land use rights of the property, comprising a site area of 949,773.8 sq.m., are vested in Hangzhou Jade City Real Estate Development Co., Ltd. (杭州翡翠城房地產開發有限公司) for a term of 70 years due to expire on 15 September, 2072 for residential uses. The details are summarized as follows:

Certificate No.	Use	Expiry Date	Site Area (sq.m.)
(2004)8-881	Residential	15 September 2072	274,211.60
(2004)8-882	Residential	15 September 2072	146,566.20
(2004)8-883	Residential	15 September 2072	236,022.50
(2004)8-884	Residential	15 September 2072	292,973.50
<b>Total:</b>			<b><u>949,773.80</u></b>

- (2) According to Grant Contract of Land Use Rights No. (2002) 152, the land use rights of the property have been agreed to be granted to Zhejiang Province Zhejing Real Estate Co., Ltd. as follows:

(i)	Location	:	Huafeng Village, Xianlin Town, Yuhang District
(ii)	Site area	:	146,566 sq.m.
(iii)	Uses	:	residential
(iv)	Land use term	:	70 years
(v)	Plot ratio	:	1.36

According to Grant Contract of Land Use Rights No. (2002) 153–(2002) 155, the land use rights of the property have been agreed to be granted to Zhejiang Province Zhejing Real Estate Co., Ltd. as follows:

- (i) Location : Huafeng Village, Xianlin Town, Yuhang District
  - (ii) Site area : 803,208 sq.m.
  - (iii) Uses : residential
  - (iv) Land use term : 70 years
  - (v) Plot ratio : 1.38
- (3) According to Planning Permit for Construction Works Nos. (2004) 01506022, (2004) 01506033, (2005) 01506016, (2005) 01506025 and (2006) 01506001 issued by Hangzhou Yuhang District Construction Bureau (杭州市余杭區建設局) on 23 August 2004, portion of the proposed development is permitted to comprise a total gross floor area of 318,489.4 sq.m..
- (4) As advised by the Group, a portion of the development, comprising a total gross floor area of approximately 85,760 sq.m., 149 car parking spaces and 188 storages have been pre-sold for a total consideration of approximately Rmb 581,300,000. In the course of our valuation, we have taken into account such consideration.
- (5) As advised by the Group, the total construction cost expended as at 31 March 2006 was approximately Rmb 193,300,000. The outstanding construction cost to complete the development was estimated as approximately Rmb 2,957,000,000. In the course of our valuation, we have taken into account such construction costs.
- (6) The capital value when completed of the proposed development is approximately Rmb 9,708,000,000.
- (7) According to PRC legal opinion:
- (i) Hangzhou Jade City Real Estate Development Co., Ltd. (杭州翡翠城房地產開發有限公司) has been issued with a business licence and is legally established under the PRC law as a limited company with a registered capital of Rmb 20,000,000 and started operation from 14 September 2004;
  - (ii) Hangzhou Jade City Real Estate Development Co., Ltd. (杭州翡翠城房地產開發有限公司) has settled all the land premium of the property as stated in the Grant Contract of Land Use Rights;
  - (iii) According to four Certificates for the Use of State-owned Land Nos. (2004) 8-881 to 8-884 issued by Hangzhou Land Resources Bureau on 12 October 2004, Hangzhou Jade City Real Estate Development Co., Ltd. (杭州翡翠城房地產開發有限公司) has obtained the land use rights of the property, comprising a total site area of 949,773.8 sq.m., for a land use term due to expire on 15 September 2072 for residential use;
  - (iv) Hangzhou Jade City Real Estate Development Co., Ltd. (杭州翡翠城房地產開發有限公司) is entitled to use, transfer, mortgage and lease the land use rights of the property at no extra land premium payable to the government;
  - (v) According to a Construction Project Planning Approval Nos. (2000) 435, 436 and (2001) 222-228 issued by Hangzhou Yuhang District Development Planning Bureau, the scale of the construction works approved was 1,308,427 sq.m. (excluding the basement area);
  - (vi) Portion of the property with site area of 420,777.8 sq.m. is subject to mortgage; and
  - (vii) Hangzhou Jade City Real Estate Development Co., Ltd. (杭州翡翠城房地產開發有限公司) is entitled to transfer and re-mortgage the land use rights of the property subject to the consent of the mortgagee.
- (8) The status of title and grant of major approvals and licences in accordance with the PRC legal opinion and information provided by the Group are as follows:

Certificate for the Use of State-owned Land	Yes
Grant Contract of Land use Rights	Yes
Red-line Drawing	Yes
Construction Project Planning Permit	Yes
Planning Permit for Construction Land	Yes
Planning Permit for Construction Works	Yes (part)
Permit for Commencement of Works	Yes (part)
Pre-sales Permit	Yes (part)
Business Licence	Yes

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 March 2006
9. Greentown Lanting, Linping Street, Shanghuanqiao Village, Yuhang District, Hangzhou, Zhejiang Province, the PRC	<p>The property comprises a development site with a total site area of 427,623.60 sq.m. (4,602,940 sq.ft.).</p> <p>The property is planned to be developed into a residential development in 5 phases. The various phases of the development are scheduled for completion between December 2007 and December 2009.</p>	Portion of the property is currently under construction.	<p>Rmb 893,000,000</p> <p>(75% interest attributable to the Group: Rmb 669,750,000)</p>

The property is planned to provide the following gross floor areas:

	Approximate Gross Floor Area	
	sq.m.	sq.ft.
Residential	441,000	4,746,924
Commercial	12,055	129,760
Ancillary	39,135	421,249
	<u>492,190</u>	<u>5,297,933</u>

In addition, the whole development of the Greentown Lanting Project will provide a total of 2,870 car parks and 555 storage spaces in basement with total gross floor area of approximately 168,986 sq.m. (1,818,965 sq.ft.).

The land use rights of the property have been granted for a term of 70 years for residential uses, and a term of 50 years for educational uses.

## Notes:

- (1) According to 21 Certificate for the Use of State-owned Land, the land use rights of the property, comprising a site area of 427,623.60 sq.m., are vested in Hangzhou Yuhang Jinteng Real Estate Development Co., Ltd. (杭州余杭金騰房地產開發有限公司) for a term of 70 years due to expire on 11 November 2072 for residential uses and a term of 50 years due to expire on 11 November 2052 for educational uses. The details are summarized as follows:

Certificate No.	Use	Expiry Date	Site Area (sq.m.)
No. (2002)1-1633	Residential	11 November 2072	43,901.70
No. (2002)1-1658	Residential	11 November 2072	19,277.90
No. (2002)1-1659	Residential	11 November 2072	43,207.50
No. (2002)1-1660	Residential	11 November 2072	21,546.10
No. (2002)1-1693	Residential	11 November 2072	8,947.80
No. (2002)1-1694	Residential	11 November 2072	5,520.30
No. (2002)1-1695	Residential	11 November 2072	26,095.80
No. (2002)1-1696	Residential	11 November 2072	40,950.60
No. (2002)1-1697	Educational	11 November 2052	18,084.30
No. (2002)1-1698	Residential	11 November 2072	39,434.40
No. (2002)1-1699	Residential	11 November 2072	545.50
No. (2002)1-1713	Residential	11 November 2072	5,509.50
No. (2002)1-1714	Residential	11 November 2072	21,452.80
No. (2002)1-1715	Residential	11 November 2072	19,455.60
No. (2002)1-1720	Residential	11 November 2072	6,638.30
No. (2002)1-1721	Residential	11 November 2072	12,586.80
No. (2002)1-1722	Residential	11 November 2072	21,972.30
No. (2006)101-188	Residential	10 July 2075	5,665.2
No. (2006)101-189	Residential	10 July 2075	15,609.2
No. (2006)101-190	Residential	10 July 2075	3,176.7
No. (2006)101-191	Residential	10 July 2075	48,045.3
<b>Total:</b>			<b><u>427,623.60</u></b>

- (2) According to Grant Contracts of Land Use Rights Nos. (2002) 299, 300, 301, 302, 303, 304, 305, 306, 307, 308, 309, 310, (2005) 53 and 54, the land use rights of the property have been agreed to be granted to Hangzhou Yuhang Jingteng Real Estate Development Co., Ltd. (杭州余杭金騰房地產開發有限公司) as follows:

Contract No.	Location	Site area	Uses	Land use	
				term	Plot ratio
(2002)299	Shanghuanqiao Village, Linping Street	43,207	Residential	70	1.8
(2002)300	Shanghuanqiao Village, Linping Street	40,950	Residential	70	1.2
(2002)301	Shanghuanqiao Village, Linping Street	21,546	Residential	70	1.2
(2002)302	Shanghuanqiao Village, Linping Street	39,434	Residential	70	1.3
(2002)303	Shanghuanqiao Village, Linping Street	14,468	Residential	70	1.6
(2002)304	Shanghuanqiao Village, Linping Street	43,902	Residential	70	1.7
(2002)305	Shanghuanqiao Village, Linping Street	19,278	Residential	70	1.4
(2002)306	Shanghuanqiao Village, Linping Street	19,224	Residential	70	1.7
(2002)307	Shanghuanqiao Village, Linping Street	41,428	Residential	70	1.6
(2002)308	Shanghuanqiao Village, Linping Street	26,641	Residential	70	1.8
(2002)309	Shanghuanqiao Village, Linping Street	26,963	Residential	70	1.8
(2002)310	Shanghuanqiao Village, Linping Street	18,084	Educational	50	0.6
(2005)53	Shanghuanqiao Village, Linping Street	48,045	Residential/Commercial	70/40	1.5
(2005)54	Shanghuanqiao Village, Linping Street	24,451	Residential/Commercial	70/40	1.5
		<b>Total</b>	<b>427,621</b>		

- (3) As advised by the Group, the total construction cost expended as at 31 March 2006 was approximately Rmb 25,700,000. The outstanding construction cost to complete the development was estimated as approximately Rmb 1,186,000,000. In the course of our valuation, we have taken into account such construction costs.
- (4) The capital value when completed of the proposed development is approximately Rmb 2,970,000,000.
- (5) According to PRC legal opinion:
- Hangzhou Yuhang Jingteng Real Estate Development Co., Ltd. (杭州余杭金騰房地產開發有限公司) has been issued with a business licence and is legally established under the PRC law as a limited company with a registered capital of Rmb 10,000,000 and started operation from 25 December 2001;
  - With the exception of Rmb 10,111,000 Hangzhou Yuhang Jingteng Real Estate Development Co., Ltd. (杭州余杭金騰房地產開發有限公司) has settled all of the land premium of the property as stated in the Grant Contract of Land Use Rights;
  - According to 18 Certificates for the Use of State-owned Land issued by Hangzhou Land Resources Bureau on various dates in December 2002, Hangzhou Yuhang Jingteng Real Estate Development Co., Ltd. (杭州余杭金騰房地產開發有限公司) has obtained the land use rights of the property, comprising a total site area of 427,623.6 sq.m., for a land use term due to expire on 11 November 2072 for residential use and for educational use due to expire on 11 November 2052;
  - Hangzhou Yuhang Jingteng Real Estate Development Co., Ltd. (杭州余杭金騰房地產開發有限公司) is entitled to use, transfer, mortgage and lease the land use rights of the property subject to payment of outstanding land premium of Rmb 10,111,000 payable to the government;
  - According to a Notice issued by Hangzhou Land Resources Bureau Yuhang Branch in October 2005, portion of the site of the property was idle more than 1 year according to Grant Contract of State-owned Land Use Rights No. (2002)299 to 209 and the construction works should be commenced within 6 months. The idle land fee of 5% of the land premium was payable by the Group.
  - As a result of the of the local government's delay in the site clearance work, the Group has applied for postponed of the construction works. However, such approval of delay has not yet been approved yet.
  - According to Construction Project Planning Approval Nos. (2002) 287-298, (2005) 7 and 8, (2005) 28 and (2005) 63 issued by Hangzhou Yuhang District Development Planning Bureau, the scale of the construction works approved was in total 883,250 sq.m. gross floor area for residential use and 82,221 sq.m. gross floor area for ancillary use;
  - Portion of the property with a total site area of 109,022.3 sq.m. is subject to mortgage;
  - Hangzhou Yuhang Jingteng Real Estate Development Co., Ltd. (杭州余杭金騰房地產開發有限公司) is entitled to transfer and re-mortgage the land use rights of the property subject to the consent of the mortgagees; and
  - The pre-sale consent from the government has not been obtained yet.

- (6) The status of title and grant of major approvals and licences in accordance with the PRC legal opinion and information provided by the Group are as follows:

Certificate for the Use of State-owned Land	Yes
Grant Contract of Land use Rights	Yes
Red-line Drawing	Yes
Construction Project Planning Permit	Yes
Planning Permit for Construction Land	Yes (part)
Planning Permit for Construction Works	Yes (part)
Business Licence	Yes

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		Particulars of occupancy	Capital value in existing state as at 31 March 2006
Property	Description and tenure		
10. Shangyu Guihua Garden, Baiguan Street, Shangyu City, Zhejiang Province, the PRC	The property comprises a site with a site area of 96,891 sq.m. (1,042,934 sq.ft.).  The property is planned to be developed into a residential /commercial development scheduled for completion in November 2006.	The property is currently under construction.	Rmb 616,000,000  (51% interest attributable to the Group: Rmb 314,160,000)

The property is planned to provide gross floor areas as follows:

		Approximate Gross Floor Area	
		sq.m.	sq.ft.
Residential		140,290	1,510,082
Commercial		6,400	68,890
		<u>146,690</u>	<u>1,578,972</u>

In addition, the property will provide a total of 597 car parks and 300 storage spaces in basement with total gross floor area of approximately 38,149 sq.m. (410,636 sq.ft.).

The land use rights of the property have been granted for a term of 70 years due to expire on 11 June 2042 for residential uses and a term of 40 years due to expire on 11 June 2042 for commercial uses.

Notes:

- (1) According to Certificate for the Use of State-owned Land No. (2004) 12-999, the land use rights of the property, comprising a site area of 96,891sq.m., have been granted in Shangyu Greentown Real Estate Development Co., Ltd. (上虞市綠城房地產開發有限公司) for a term of 70 years due to expire on 11 June 2072 for residential uses and a term of 40 years due to expire on 11 June 2042 for commercial uses.
- (2) According to Grant Contract of Land Use Rights No. (2002) 200, the land use rights of the property have been agreed to be granted to Zhengjiang Greentown Real Estate Group Co. Ltd. as follows:
  - (i) Location : Chengbei New Area, Liangjiashan Village
  - (ii) Site area : 96,891 sq.m.
  - (iii) Uses : Commercial and residential
  - (iv) Land use term : 40 years (commercial), 70 years (residential)
  - (v) Plot ratio : ≤ 1.5
- (3) According to 2 Planning Permits for Construction Works issued by Shangyu Planning and Construction Bureau (上虞市規劃建設局), the details of the proposed development are summarized as follows:

Permit No.	Gross Floor Area Sq.m.	Issue Date
A0430048	53,424	11 June 2004
A0430073	131,066	10 September 2004
<b>Total:</b>	<b><u>184,490</u></b>	

- (4) As advised by the Group, a portion of the development, comprising a total gross floor area of approximately 89,295 sq.m., 190 car parks and 221 storages have been pre-sold for a total consideration of approximately Rmb 418,400,000. In the course of our valuation, we have taken into account such consideration.

- (5) As advised by the Group, the total construction cost expended as at 31 March 2006 was approximately Rmb 253,000,000. The outstanding construction cost to complete the development was estimated as approximately Rmb 55,500,000. In the course of our valuation, we have taken into account such construction costs.
- (6) The capital value when completed of the proposed development is approximately Rmb 782,000,000.
- (7) According to PRC legal opinion:
- (i) Shangyu Greentown Real Estate Development Co., Ltd. (上虞市綠城房地產開發有限公司) has been issued with a business licence and is legally established under the PRC law as a limited company with a registered capital of Rmb 30,000,000 and started operation from 2 August 2002;
  - (ii) Shangyu Greentown Real Estate Development Co., Ltd. (上虞市綠城房地產開發有限公司) has settled the land premium of the property as stated in the Grant Contract of Land Use Rights;
  - (iii) According to a Certificate for the Use of State-owned Land No. (2004) 12-999 issued by Shangyu Government on 16 March 2004, Shangyu Greentown Real Estate Development Co., Ltd. (上虞市綠城房地產開發有限公司) has obtained the land use rights of the property, comprising a site area of 96,891 sq.m., for a land use term due to expire on 11 June 2072 for residential use and a term of 40 years due to expire on 11 June 2042 for commercial use;
  - (iv) Shangyu Greentown Real Estate Development Co., Ltd. (上虞市綠城房地產開發有限公司) is entitled to use, transfer, mortgage and lease the land use rights of the property with the residual term of its land use rights at no extra land premium payable to the government;
  - (v) According to Construction Project Planning Approval No. (2004) 30 issued by Shangyu Development Planning Bureau on 30 April 2004, the scale of the construction works approved was 183,410 sq.m;
  - (vi) The property with a site area of 48,445.5 sq.m. is subject to mortgage; and
  - (vii) Shangyu Greentown Real Estate Development Co., Ltd. (上虞市綠城房地產開發有限公司) is entitled to occupy, use and lease the property. However, transfer and re-mortgage the land use rights of the property are subject to the consent of the mortgagee.
- (8) The status of title and grant of major approvals and licences in accordance with the PRC legal opinion and information provided by the Group are as follows:

Certificate for the Use of State-owned Land	Yes
Grant Contract of Land use Rights	Yes
Red-line Drawing	Yes
Construction Project Planning Permit	Yes
Planning Permit for Construction Land	Yes
Planning Permit for Construction Works	Yes
Planning Permit for Construction Works	Yes
Pre-sales Permit	Yes
Business Licence	Yes

		Particulars of occupancy	Capital value in existing state as at 31 March 2006												
Property	Description and tenure														
11. Zhoushan Guihua City, Land Lot. LE-22, Lincheng New District, Dinghai, Zhoushan, Zhejiang Province, the PRC	<p>The property comprises a site with a development total site area of 241,414.64 sq.m. (2,598,587 sq.ft.).</p> <p>The property is planned to be developed into a residential development in 2 phases scheduled for completion between December 2006 and June 2008.</p> <p>The property is planned to provide gross floor areas as follows:</p> <table><tr><th colspan="2">Approximate Gross Floor Area</th></tr><tr><th>sq.m.</th><th>sq.ft.</th></tr><tr><td>Residential</td><td>257,798</td></tr><tr><td>Commercial</td><td>6,800</td></tr><tr><td>Ancillary</td><td>20,082</td></tr><tr><td></td><td><u>284,680</u></td></tr></table>	Approximate Gross Floor Area		sq.m.	sq.ft.	Residential	257,798	Commercial	6,800	Ancillary	20,082		<u>284,680</u>	Portion of the property is currently under construction.	Rmb 698,000,000
Approximate Gross Floor Area															
sq.m.	sq.ft.														
Residential	257,798														
Commercial	6,800														
Ancillary	20,082														
	<u>284,680</u>														
<p>In addition, the property will provide a total of 1,100 car parks and 563 storage spaces in basement with total gross floor area of approximately 66,300 sq.m. (713,653 sq.ft.).</p> <p>The land use rights of the property have been granted for a term of 70 years due to expire on 2 December 2072 and 30 June 2073 respectively for residential uses.</p>															

## Notes:

- (1) According to 3 Certificate for the Use of State-owned Land, the land use rights of the property, comprising a total site area of 241,414.64 sq.m., are vested in Zhoushan Greentown Real Estate Development Co., Ltd. (舟山綠城房地產開發有限公司) as follows:

Certificate No.	Use	Expiry Date	Site Area (sq.m.)
(2002) 5-717	Residential	2 December 2072	133,400.00
(2004) 1981	Residential	30 June 2073	88,399.64
(2004) 9920	Residential	30 June 2073	19,615.00
<b>Total</b>			<b><u>241,414.64</u></b>

- (2) According to 2 Grant Contracts of Land Use Rights, the land use rights of the property, comprising a total site area of 241,414.64 sq.m., have been agreed to be granted to Zhoushan Greentown Real Estate Development Co., Ltd. (舟山綠城房地產開發有限公司). The details of these are summarized as follows:

Certificate No.	Location	Site Area Sq.m.	Uses	Land Use Term	Plot Ratio	Land Premium (Rmb)
(2002)111	Land Lot. LE-22, Lincheng New Area	221,799.64	Residential	70 years	≤ 1.2	132,124,781.25
(2004)05	Land Lot. LE-22, Lincheng New Area	19,615.00	Residential	70 years	≤ 1.2	14,803,068.75
<b>Total:</b>		<b><u>241,414.64</u></b>				<b><u>146,927,850.00</u></b>

- (3) According to the Supplementary Agreement (2005)-21, Zhoushan Greentown Real Estate Development Co., Ltd. (舟山綠城房地產開發有限公司) has been permitted to change a portion of the granted land with site area of 5,517.00 sq.m. to commercial use.

- (4) As advised by the Group, a portion of the development, comprising a total gross floor area of approximately 63,593 sq.m., 263 car parks and 397 storages have been pre-sold for a total consideration of approximately Rmb 336,000,000. In the course of our valuation, we have taken into account such consideration.
- (5) As advised by the Group, the total construction cost expended as at 31 March 2006 was approximately Rmb 170,400,000. The outstanding construction cost to complete the development was approximately Rmb 485,500,000. In the course of our valuation, we have taken into account such construction costs.
- (6) The capital value when completed of the proposed development is approximately Rmb 1,560,000,000.
- (7) According to PRC legal opinion:
- (i) Zhoushan Greentown Real Estate Development Co., Ltd. (舟山綠城房地產開發有限公司) has been issued with a business licence and is legally established under the PRC law as a limited company with a registered capital of Rmb 20,000,000 and started operation from 16 December 1999;
  - (ii) Zhoushan Greentown Real Estate Development Co., Ltd. (舟山綠城房地產開發有限公司) has settled the land premium of the property as stated in the Grant Contract of Land Use Rights;
  - (iii) According to 3 Certificates for the Use of State-owned Land Nos. (2002) 5-717, (2004) 1981 and (2004) 9920 issued by Zhoushan Land Resources Bureau on 2 December 2002, 11 February 2004 and 24 May 2004 respectively, Zhoushan Greentown Real Estate Development Co., Ltd. (舟山綠城房地產開發有限公司) has obtained the land use rights of the property, comprising a total site area of 241,414.64 sq.m., for a land use term due to expire on 2 December 2072 and 30 June 2073 respectively for residential use;
  - (iv) Zhoushan Greentown Real Estate Development Co., Ltd. (舟山綠城房地產開發有限公司) is entitled to use, transfer, mortgage and lease the land use rights of the property at no extra land premium payable to the government;
  - (v) According to Construction Project Planning Approval No. (2004) 79 issued by Zhoushan Development Planning Bureau in 2004, the scale of the construction works approved was 290,000 sq.m. gross floor area;
  - (vi) A portion of the property with a site area of 201,333 sq.m. is subject to mortgage; and
  - (vii) Zhoushan Greentown Real Estate Development Co., Ltd. (舟山綠城房地產開發有限公司) is entitled to transfer and re-mortgage the land use rights of a portion of the property with a total site area of 201,333 sq.m. subject to the consent of the mortgagee.
- (8) The status of title and grant of major approvals and licences in accordance with the PRC legal opinion and information provided by the Group are as follows:

Certificate for the Use of State-owned Land	Yes
Grant Contract of Land use Rights	Yes
Red-line Drawing	Yes
Construction Project Planning Permit	Yes
Planning Permit for Construction Land	Yes
Planning Permit for Construction Works	Yes (part)
Permit for Commencement of Works	Yes (part)
Pre-sales Permit	Yes (part)
Business Licence	Yes

	<b>Property</b>	<b>Description and tenure</b>	<b>Particulars of occupancy</b>	<b>Capital value in existing state as at 31 March 2006</b>
12.	Zhoushan Grand Hotel North of National Highway No.329, west of Century Avenue, Lincheng New District, Dinghai, Zhoushan Zhejiang Province	<p>The property comprises a site with a total site area of 87,081 sq.m. (937,340 sq.ft.).</p> <p>The property is planned to be developed into a hotel development scheduled for completion in June 2007.</p> <p>The property is planned to provide gross floor area of approximately 78,587 sq.m. (845,910 sq.ft.) for hotel use.</p> <p>The land use rights of the property have been granted for a term of 40 years due to expire on 18 July 2042 for restaurant and hotel uses.</p>	The property is currently under construction.	Rmb 117,000,000

## Notes:

- (1) According to a Certificate for the Use of State-owned Land No. (2005) 5465, the land use rights of the property, comprising a total site area of 87,081 sq.m., are vested in Zhoushan Greentown Real Estate Development Co., Ltd. (舟山綠城房地產開發有限公司) for a term due to expire on 18 July 2042 for hotel apartment uses.
- (2) According to Grant Contract of Land Use Rights No. (2002) 119, the land use rights of the property have been agreed to be granted to Zhoushan Greentown Hotel Investment Co., Ltd. (舟山綠城酒店投資有限公司) as follows:
  - (i) Location : West of National Avenue, North of National Highways No. 329
  - (ii) Site area : 108,045 sq.m.
  - (iii) Uses : Commercial
  - (iv) Land use term : 40 years
  - (v) Plot ratio : N/A
- (3) As advised by the Group, the total construction cost expended as at 31 March 2006 was approximately Rmb 76,800,000. In the course of our valuation, we have taken into account such construction costs.
- (4) According to PRC legal opinion:
  - (i) Zhoushan Greentown Hotel Investment Co., Ltd. (舟山綠城酒店投資有限公司) has merged with Zhoushan Greentown Real Estate Development Co., Ltd. (舟山綠城房地產開發有限公司) which has been issued with a business licence and is legally established under the PRC law as a limited company with a registered capital of Rmb 20,000,000 and started operation from 16 December 1999;
  - (ii) The land premium of the property as stated in the Grant Contract of Land Use Rights has been paid;
  - (iii) According to a Certificate for the Use of State-owned Land No. (2005) 5465 issued by Zhoushan Land Resources Bureau on 11 May 2005, Zhoushan Greentown Real Estate Development Co., Ltd. (舟山綠城房地產開發有限公司) has obtained the land use rights of the property, comprising a site area of 87,081 sq.m., for a land use term due to expire on 18 July 2042 for hotel apartment uses;
  - (iv) Zhoushan Greentown Real Estate Development Co., Ltd. (舟山綠城房地產開發有限公司) is entitled to use, transfer, mortgage and lease the land use rights of the property at no extra land premium payable to the government;
  - (v) According to Planning Permit for Construction Works No. (2005) 0900032 issued by Zhoushan Construction Committee on 29 March 2005, the scale of the construction works approved was 78,587 sq.m.;
  - (vi) The land use rights of the property are subject to mortgage; and
  - (vii) Zhoushan Greentown Real Estate Development Co., Ltd. (舟山綠城房地產開發有限公司) is entitled to transfer and re-mortgage the property subject to the consent of the mortgagee.

- (5) The status of title and grant of major approvals and licences in accordance with the PRC legal opinion and information provided by the Group are as follows:

Certificate for the Use of State-owned Land	Yes
Grant Contract of Land use Rights	Yes
Red-line Drawing	Yes
Construction Project Planning Permit	Yes
Planning Permit for Construction Land	Yes
Planning Permit for Construction Works	Yes
Permit for Commencement of Works	Yes
Business Licence	Yes

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			Capital value in existing state as at 31 March 2006	
Property	Description and tenure	Particulars of occupancy		
13. Ningbo Guihua Garden Phase 1 and portion of Phase 2 (to be developed together with Property No. 47), Luotuo Jie Road, South of New Town Main Road at the East side of National Road No. 329, Ningbo, Zhejiang Province	<p>The property comprises a site with a site area of 92,215 sq.m. (992,602 sq.ft.).</p> <p>The property is planned to be developed into a residential development scheduled for completion in May 08 for Phase I.</p> <p>The property will comprise portion of Ningbo Guihua Garden and is planned to provide part of the following total gross floor areas:</p>	The property is currently under construction.	Rmb 296,000,000	
			(60% interest attributable to the Group: Rmb 177,600,000)	

In addition, the property will provide a portion of total 827 car parks and 180 storage spaces in basement with total gross floor area of approximately 50,260 sq.m. (540,999 sq.ft.).

The land use rights of the property have been granted for terms of 70 years due to expire on 29 December 2074 for residential use and 40 years due to expire on 29 December 2005 for commercial use.

## Notes:

- (1) According to two Certificates for the Use of State-owned Land No. (2005) 3486 and No. (2006) 0001119, the land use rights of the property, comprising a total site area of 92,215 sq.m., are vested in Ningbo Greentown Osmanthus Garden Real Estate Development Co., Ltd. (寧波綠城桂花園房地產開發有限公司) for terms of 70 years due to expire on 29 December 2074 for residential uses and 40 years due to expire on 29 December 2045 for commercial use.
- (2) According to Grant Contract of Land Use Rights No. 2004-12, the land use rights of part of the property has been agreed to be granted to Greentown Real Estate Group Co., Ltd. (綠城房地產集團有限公司) as follows:
  - (i) Location : Luotuo Jie Road, South of New Town Main Road at the East side of National Road No. 329 (Plot I)
  - (ii) Site area : 58,181 sq.m.
  - (iii) Uses : Residential/Commercial (commercial  $\leq$  2,000 sq.m.)
  - (iv) Land use term : 70 years for residential and 40 years for commercial
  - (v) Land grant fee : Rmb 115,000,000
  - (vi) Plot ratio :  $\leq$  1.8
  - (vii) Site coverage :  $\leq$  25%
  - (viii) Building height :  $\leq$  50 m (16 storeys)
  - (ix) Green land ratio :  $\geq$  40%

According to another Grant Contract of Land Use Rights No. 2004-13, the land use rights of part of the property has been agreed to be granted to Greentown Real Estate Group Co., Ltd. (綠城房地產集團有限公司) as follows:

- (i) Location : Luotuo Jie Road, South of New Town Main Road at the East side of National Road No. 329 (Plot II)
- (ii) Site area : 59,587 sq.m.
- (iii) Uses : Residential
- (iv) Land use term : 70 years
- (v) Land grant fee : Rmb 102,500,000
- (vi) Plot ratio :  $\leq 1.2$
- (vii) Site coverage :  $\leq 25\%$
- (viii) Building height :  $\leq 20$  m (5 storeys)
- (ix) Green land ratio :  $\geq 40\%$

According to Grant Contract of Land Use Rights Supplementary Agreement dated 23 November 2005, the Land Use rights of portion of the property, comprising a site of area of 3,159 sq.m. of the above Plot I land, and 1,932 sq.m. of the above Plot II land have been adjusted from granted land into allocated land for greenery use.

- (3) As advised by the Group, a portion of the development, comprising a total gross floor area of approximately 12,712 sq.m., 23 car parking spaces and 86 storages have been pre-sold for a total consideration of approximately Rmb 56,380,000. In the cause of our valuation, we have taken into account such consideration.
- (4) As advised by the Group, the total construction cost expended as at 31 March 2006 was approximately Rmb 46,000,000. The outstanding construction cost to complete the development was estimated as approximately Rmb 286,900,000. In the course of our valuation, we have taken into account such construction costs.
- (5) The capital value when completed of the whole proposed development is approximately Rmb 984,000,000.
- (6) According to PRC legal opinion:
  - (i) Ningbo Greentown Osmanthus Garden Real Estate Development Co., Ltd. (寧波綠城桂花園房地產開發有限公司) has been issued with a business licence and is legally established under the PRC law as a limited company with a registered capital of Rmb 20,000,000 and started operation from 28 March 2005.
  - (ii) The land premium of the property as stated in the Grant Contract of Land Use Rights No. 2004-13 (Plot II) has been paid;
  - (iii) According to a new Supplementary Agreement dated 20 February 2006, the Grantor agreed to complete the clearance works on the Plot I land before the end of April 2006 and the outstanding land premium Rmb 41,265,700 to be payable 3 days after completion of the clearance works. Since the clearance works of the government have not been finished, the Group has not yet obtained the Certificate for the Use of State-owned Land for portion of the overall development (Property No. 47);
  - (iv) Ningbo Greentown Osmanthus Garden Real Estate Development Co., Ltd. (寧波綠城桂花園房地產開發有限公司) is entitled to use, transfer, mortgage and lease the land use rights of the property stated in the Certificates of State-owned Land at no extra land premium payable to the government;
  - (v) According to Construction Project Planning Approval No. (2005) 70 issued by Ningbo Zhenhai District Development Planning and Economics Bureau on 22 March 2005, the scale of the construction works approved was 177,000 sq.m. gross floor area;
  - (vi) The land use rights of part of the property with a site area of 59,587 sq.m. are subject to mortgage; and.
  - (vii) Ningbo Greentown Osmanthus Garden Real Estate Development Co., Ltd. (寧波綠城桂花園房地產開發有限公司) is entitled to transfer and re-mortgage the land use rights of portion of the property with a site area of 59,587 sq.m. subject to the consent of the mortgagee.
- (7) The status of title and grant of major approvals and licences in accordance with the PRC legal opinion and information provided by the Group are as follows:

Certificate for the Use of State-owned Land	Yes
Grant Contract of Land use Rights	Yes
Red-line Drawing	Yes
Construction Project Planning Permit	Yes
Planning Permit for Construction Land	Yes (part)
Planning Permit for Construction Works	Yes (part)
Permit for Commencement of Works	Yes (part)
Pre-sales Permit	Yes (part)
Business Licence	Yes



		Particulars of occupancy	Capital value in existing state as at 31 March 2006																	
Property	Description and tenure																			
14. Haining Baihe New City (other than the completed portion described in Property No. 42 and to be developed together with Property No. 52), East to Wenyuan Road, South to 3rd Huannan Road, West to Haining Avenue and North to 2nd Huannan Road, Haining City, Zhejiang Province, the PRC	<p>The property comprises portion of a site with a total site area of 871,833 sq.m. (9,384,410 sq.ft.).</p> <p>The whole development is planned to be developed into a large-scaled residential development in various phases scheduled for completion between June 2006 and November 2009.</p> <p>The property will comprise portion of Haining Baihe New City and is planned to provide part of the following total gross floor areas:</p> <table><tr><th colspan="3">Approximate Gross Floor Area</th></tr><tr><th></th><th>sq.m.</th><th>sq.ft.</th></tr><tr><td>Residential</td><td>697,904</td><td>7,512,239</td></tr><tr><td>Retail</td><td>40,385</td><td>434,704</td></tr><tr><td>Ancillary</td><td>84,401</td><td>908,492</td></tr><tr><td></td><td><u>822,690</u></td><td><u>8,855,435</u></td></tr></table> <p>In addition, the property will provide portion of a total 2,888 car parks and 959 storage spaces in basement with total gross floor area of approximately 213,720 sq.m. (2,300,482 sq.ft.).</p> <p>The land use rights of the property have been granted for terms of 70 years for residential use and 40 years for commercial use due to expire on 7 April 2072 and 7 April 2042 respectively.</p>	Approximate Gross Floor Area				sq.m.	sq.ft.	Residential	697,904	7,512,239	Retail	40,385	434,704	Ancillary	84,401	908,492		<u>822,690</u>	<u>8,855,435</u>	<p>Portion of the property is currently under construction.</p> <p>Rmb 1,683,000,000</p> <p>(50% interest attributable to the Group: Rmb 841,500,000)</p>
Approximate Gross Floor Area																				
	sq.m.	sq.ft.																		
Residential	697,904	7,512,239																		
Retail	40,385	434,704																		
Ancillary	84,401	908,492																		
	<u>822,690</u>	<u>8,855,435</u>																		

## Notes:

- (1) According to 11 Certificates for the Use of State-owned Land, the land use rights of the property, comprising a total site area of 871,233 sq.m. are vested in Haining Greentown Sinhoo Real Estate Development Co., Ltd. (海寧綠城新湖房地產開發有限公司) for term of 70 years for residential uses and a term of 40 years for commercial uses. Details of these documents are summarized as follows:

Certificate No.	Use	Expiry Date	Site Area (sq.m.)
(2005) 4106023081	Residential, commercial	7 April 2072 7 April 2042	112,607
(2005) 4106023082	Residential, commercial	7 April 2072 7 April 2042	52,347
(2005) 4106023083	Residential, commercial	7 April 2072 7 April 2042	79,992
(2005) 4106023084	Residential, commercial	7 April 2072 7 April 2042	167,829
(2005) 4106023085	Residential	7 April 2072	78,325
(2005) 4106023086	Residential	7 April 2072	72,210
(2005) 4106023087	Residential	7 April 2072	32,900
(2005) 4106023088	Residential	7 April 2072	29,636
(2005) 4106023089	Residential	7 April 2072	24,944
(2005) 4100024248	Residential	7 April 2072	150,634
(2006) 106020942	Residential, commercial	15 May 2075 15 May 2045	70,409
Total			<u>871,833</u>

- (2) According to Grant Contract of Land Use Rights No. (2002) 13 dated 8 April 2002, the land use rights of the property have been agreed to be granted to Zhejiang Greentown Real Estate Group Co., Ltd. as follows:

- (i) Location : Between 2nd Huannan Road to 3rd Huannan Road and Haining Main Avenue to Manyuan Road
- (ii) Site area : 801,424 sq.m.
- (iii) Uses : Residential, Commercial
- (iv) Land use term : 70 years for residential uses, 40 years for commercial uses
- (v) Plot ratio : 0.8

According to Grant Contract of Land Use Rights No. (2005) 5041, the land use rights of the property, comprising a site area of 140,920 square meters, have been agreed to be granted to Greentown Real Estate Group Company Limited (綠城房地產集團有限公司) for a term of 70 years for residential use and 40 years for commercial use.

- (3) According to 8 Planning Permits for Construction Works issued by Haining Planning and Construction Bureau (海寧市規劃建設局), portion of the construction floor area of the project permitted to be developed is totally 331,269.53 sq.m.
- (4) As advised by the Group, a portion of the development, comprising a total gross floor area of approximately 55,353 sq.m., 95 car parking spaces and 76 storages have been pre-sold for a total consideration of approximately Rmb 262,400,000. In the course of our valuation, we have taken into account such consideration.
- (5) As advised by the Group, the total construction cost expended as at 31 March 2006 was approximately Rmb 251,000,000. The outstanding construction cost to complete the whole development was estimated as approximately Rmb 1,724,000,000. In the course of our valuation, we have taken into account such construction costs.
- (6) The capital value when completed of the whole proposed development is approximately Rmb 4,290,000,000.
- (7) According to PRC legal opinion:
- (i) Haining Greentown Sinhoo Real Estate Development Co., Ltd. (海寧綠城新湖房地產開發有限公司) has been issued with a business licence and is legally established under the PRC law as a limited company with a registered capital of Rmb 20,000,000 and started operation from 11 April 2002;
  - (ii) Haining Greentown Sinhoo Real Estate Development Co., Ltd. (海寧綠城新湖房地產開發有限公司) is entitled to use, transfer, mortgage and lease the land use rights of the property at no extra land premium payable to the government;
  - (iii) According to Construction Project Planning Approval Nos. (2002) 624 and (2003) 853 issued by Zhejiang Development Planning Committee on 12 July 2002 and 24 October 2003 respectively, the scale of the construction works approved was in total 650,000 sq.m. gross floor area (excluding the basement areas);
  - (iv) The proposed gross floor area of the development is not exceeding the maximum permitted gross floor area based on the plot ratio stated in the Grant Contracts of Land Use Rights Nos. (2002) 13 and (2005) 5041. The final total gross floor area approved is subject to the Planning Permits for Construction Works to be subsequently obtained.
  - (v) Portion of the property with a site area of 552,648 sq.m. is subject to mortgage; and
  - (vi) Haining Greentown Sinhoo Real Estate Development Co., Ltd. (海寧綠城新湖房地產開發有限公司) is entitled to transfer and re-mortgage the land use rights of a portion of the property with a site area of 588,161 sq.m. subject to the consent of the mortgagees.
- (8) The status of title and grant of major approvals and licences in accordance with the PRC legal opinion and information provided by the Group are as follows:

Certificate for the Use of State-owned Land	Yes
Grant Contract of Land use Rights	Yes
Red-line Drawing	Yes
Construction Project Planning Permit	Yes
Planning Permit for Construction Land	Yes (part)
Planning Permit for Construction Works	Yes (part)
Permit for Commencement of Works	Yes (part)
Pre-sales Permit	Yes (part)
Business Licence	Yes

		Particulars of occupancy	Capital value in existing state as at 31 March 2006																				
Property	Description and tenure																						
15. Shanghai Rose Garden Phases I and II (to be developed together with Property No. 48), Plot A No. 18, Ma Qiao Town, Minhang District, Shanghai, the PRC	<p>The property comprises a site with a site area of 309,992 sq.m. (3,336,754 sq.ft.).</p> <p>The property is planned to be developed into a residential development scheduled for completion in September 2007 and December 2007 respectively.</p> <p>The property is planned to provide gross floor areas as follows:</p> <table> <tr> <th colspan="2"></th><th colspan="2">Approximate Gross Floor Area</th></tr> <tr> <th></th><th></th><th>sq.m.</th><th>sq.ft.</th></tr> <tr> <td>Residential</td><td></td><td>87,238</td><td>939,030</td></tr> <tr> <td>Ancillary</td><td></td><td>1,000</td><td>10,764</td></tr> <tr> <td></td><td></td><td><u>88,238</u></td><td><u>949,794</u></td></tr> </table> <p>The land use rights of the property have been granted for a term of 70 years due to expire on 29 June 2073 for residential use.</p>			Approximate Gross Floor Area				sq.m.	sq.ft.	Residential		87,238	939,030	Ancillary		1,000	10,764			<u>88,238</u>	<u>949,794</u>	The property is currently under construction.	Rmb 785,000,000
		Approximate Gross Floor Area																					
		sq.m.	sq.ft.																				
Residential		87,238	939,030																				
Ancillary		1,000	10,764																				
		<u>88,238</u>	<u>949,794</u>																				

## Notes:

- (1) According to Shanghai Real Estate Title Certificate No. (2003) 056822, the land use rights of the property, comprising a site area of 309,992 sq.m., are vested in Shanghai Greentown Woods Golf Villas Development Co., Ltd. (上海綠城森林高爾夫別墅開發有限公司) for a term of 70 years due to expire on 29 June 2073 for residential uses.
- (2) According to Grant Contract of Land Use Rights No. (2003) 64, the land use rights of the property have been agreed to be granted to Shanghai Greentown Woods Golf Villas Development Co., Ltd. (上海綠城森林高爾夫別墅開發有限公司) as follows:
  - (i) Location : Ma Qiao Town 383 Jie Fang 1/1Qiu
  - (ii) Site area : Total 803,347 sq.m. (309,992 sq.m. for the first phase)
  - (iii) Uses : Residential
  - (iv) Land use term : 70 years
  - (v) Plot ratio : 0.175
- (3) According to 3 Planning Permits for Construction Works issued by Shanghai Minhang District Planning Management Bureau (上海市閔行區規劃管理局), the details of the proposed development are summarized as follows:

Permit No.	Gross Floor Area Sq.m.	Issue Date
(2004) 1390	21,695	24 September 2004
(2004) 1391	34,830	24 September 2004
(2004) 1464	31,713	25 November 2004
<b>Total:</b>	<b><u>88,238</u></b>	

- (4) As advised by the Group, the total construction cost expended as at 31 March 2006 was approximately Rmb 55,000,000. The outstanding construction cost to complete the development was estimated as approximately Rmb 382,000,000. In the course of our valuation, we have taken into account such construction costs.
- (5) The capital value when completed of the proposed development is approximately Rmb 1,543,000,000.
- (6) In the course of our valuation, we have assumed all of the outstanding infrastructure development cost have been paid.
- (7) According to PRC legal opinion:
  - (i) Shanghai Greentown Woods Golf Villas Development Co., Ltd. (上海綠城森林高爾夫別墅開發有限公司) has been issued with a business licence and is legally established under the PRC law as a limited company with a registered capital of Rmb 100,000,000 and started operation from 19 June 2002;
  - (ii) Shanghai Greentown Woods Golf Villas Development Co., Ltd. (上海綠城森林高爾夫別墅開發有限公司) has settled the land premium of the property as stated in the Grant Contract of Land Use Rights;

- (iii) According to a Shanghai Real Estate Title Certificate No. (2003) 056822 issued by Shanghai Building And Land Resources Administrative Bureau on 27 August 2003, Shanghai Greentown Woods Golf Villas Development Co., Ltd. (上海綠城森林高爾夫別墅開發有限公司) has obtained the land use rights of the property, comprising a site area of 309,992 sq.m., for a land use term due to expire on 29 June 2073 for residential use;
- (iv) Shanghai Greentown Woods Golf Villas Development Co., Ltd. (上海綠城森林高爾夫別墅開發有限公司) is entitled to use, transfer, mortgage and lease the land use rights of the property at no extra land premium payable to the government;
- (v) According to Construction Project Planning Approval No. (2003) 009 dated 22 August 2003 and the Supplementary Agreement No. (2004) 413 dated 12 November 2004 and issued by Shanghai Development Planning Committee, the approved construction scale of the property is 88,236 sq.m. gross floor area;
- (vi) The property is subject to mortgage;
- (vii) Shanghai Greentown Woods Golf Villas Development Co., Ltd. (上海綠城森林高爾夫別墅開發有限公司) is entitled to transfer and re-mortgage the land use rights of the property subject to the consent of the mortgagee; and
- (viii) In addition to the land premium, the Group shall pay to the Maqiao Town Government a total amount of Rmb 330,000,000, being the reimbursement of the infrastructure development costs. Such cost has been settled by the Group.
- (8) The status of title and grant of major approvals and licences in accordance with the PRC legal opinion and information provided by the Group are as follows:

Certificate for the Use of State-owned Land	Yes
Grant Contract of Land use Rights	Yes
Red-line Drawing	Yes
Construction Project Planning Permit	Yes
Planning Permit for Construction Land	Yes
Planning Permit for Construction Works	Yes
Permit for Commencement of Works	Yes
Pre-sales Permit	No
Business Licence	Yes

			Capital value in existing state as at 31 March 2006																		
Property	Description and tenure	Particulars of occupancy																			
16. Shanghai Greentown Phase III (to be developed together with Property 33), No. 99 Jinhe Road Pu Dong New Area Shanghai, the PRC	<p>The property comprises a portion of a site with total site area of 186,535 sq.m. (2,007,863 sq.ft.).</p> <p>The property is planned to be developed into a residential development in 3 phases scheduled for completion in August 2007.</p> <p>The property is planned to provide gross floor areas as follow:</p> <table><tr><th colspan="3">Approximate Gross Floor Area</th></tr><tr><th></th><th>sq.m.</th><th>sq.ft.</th></tr><tr><td>Residential</td><td>107,576</td><td>1,157,948</td></tr><tr><td>Commercial</td><td>1,709</td><td>18,396</td></tr><tr><td>Ancillary</td><td>1,528</td><td>16,447</td></tr><tr><td></td><td><u>110,813</u></td><td><u>1,192,791</u></td></tr></table>	Approximate Gross Floor Area				sq.m.	sq.ft.	Residential	107,576	1,157,948	Commercial	1,709	18,396	Ancillary	1,528	16,447		<u>110,813</u>	<u>1,192,791</u>	The property is under construction.	Rmb 1,177,000,000
Approximate Gross Floor Area																					
	sq.m.	sq.ft.																			
Residential	107,576	1,157,948																			
Commercial	1,709	18,396																			
Ancillary	1,528	16,447																			
	<u>110,813</u>	<u>1,192,791</u>																			
<p>In addition, the property will provide a total of 845 car parks in basement with total gross floor area of approximately 35,676 sq.m. (384,016 sq.ft.).</p> <p>The land use rights of the property have been granted for a term of 70 years due to expire on 20 June 2072 and 23 November 2073 for residential uses.</p>																					

## Notes:

- (1) According to Shanghai Real Estate Title Certificate Nos. (2002) 051052 and (2003) 113668, the land use rights of the property, comprising a site area of 186,535 sq.m., are vested in Shanghai Lvyu Real Estate Development Co. Ltd. (上海綠宇房地產開發有限公司) for a term of 70 years due to expire on 20 June 2072 and 23 November 2073 for residential uses.
- (2) According to Transfer Contract of Land Use Rights dated on 26 April 2000, and Agreement of Modifying the Grantee of Transfer Contract of Land Use Rights dated on 11 August 2000, the land use rights of the property have been agreed to be transferred to Shanghai Lvyu Real Estate Development Co. Ltd. (上海綠宇房地產開發有限公司) as follows:
- (i) Location : Yang Dong Xiao Qu, Plot Nos. W1-4&W1-5
- (ii) Site area : 187,118 sq.m.
- (iii) Uses : Residential
- (iv) Land use term : 70 years
- (v) Plot ratio : 2
- (3) According to 5 Planning Permits for Construction Works issued by Hangzhou Planning Bureau (杭州市規劃局), the details of the proposed development are summarized as follows:

Permit No.	Gross Floor Area Sq.m.	Issue Date
(02) 351	34,223	16 October 2002
(03) 152	23,969	12 June 2003
(03) 300	20,018	9 December 2003
(04) 148	60	4 August 2004
(05) 060	147,564	25 March 2005
<b>Total:</b>	<b><u>222,834</u></b>	

- (4) As advised by Shanghai Lvyu Real Estate Development Co. Ltd., a portion of the development, comprising a total gross floor area of approximately 7,408 sq.m. has been pre-sold for a total consideration of approximately Rmb 90,000,000. In the course of our valuation, we have taken into account such consideration.
- (5) As advised by the Shanghai Lvyu Real Estate Development Co. Ltd., the total construction cost expended as at 31 March 2006 was approximately Rmb 228,700,000. The outstanding construction cost to complete the development was estimated as approximately Rmb 181,500,000. In the course of our valuation, we have taken into account such construction costs.
- (6) The capital value when completed of the proposed development is approximately Rmb 1,804,000,000.
- (7) According to PRC legal opinion:
- (i) Shanghai Lvyu Real Estate Development Co. Ltd. (上海綠宇房地產開發有限公司) has been issued with a business licence and is legally established under the PRC law as a limited company with a registered capital of Rmb 100,000,000 and started operation from 19 July 2000;
  - (ii) Shanghai Lvyu Real Estate Development Co. Ltd. (上海綠宇房地產開發有限公司) has settled the land premium of the property as stated in the Grant Contract of Land Use Rights;
  - (iii) According to Shanghai Real Estate Title Certificate Nos. (2002) 051052 and (2003) 113668 issued by Shanghai Building And Land Resources Administrative Bureau on 12 August 2002 and 23 November 2003 respectively, Shanghai Lvyu Real Estate Development Co. Ltd. (上海綠宇房地產開發有限公司) has obtained the land use rights of the property, comprising a site area of 186,535 sq.m., for a land use term due to expire on 20 June 2072 and 23 November 2073 respectively for residential use;
  - (iv) Shanghai Lvyu Real Estate Development Co. Ltd. (上海綠宇房地產開發有限公司) is entitled to use, transfer, mortgage and lease the land use rights of the property at no extra land premium payable to the government;
  - (v) According to Construction Project Planning Approval No. (2000) 35 and 36 dated 17 October 2000 issued by Shanghai Pudong New District Government, the scale of the construction works approved was in total 374,236 sq.m. gross floor area;
  - (vi) The property is subject to mortgage; and
  - (vii) Shanghai Lvyu Real Estate Development Co. Ltd. is entitled to transfer and re-mortgage the land use rights together with the building ownership subject to the consent of the mortgagees.
- (8) The status of title and grant of major approvals and licences in accordance with the PRC legal opinion and information provided by the Group are as follows:

Certificate for the Use of State-owned Land	Yes
Grant Contract of Land use Rights	Yes
Red-line Drawing	Yes
Construction Project Planning Permit	Yes
Planning Permit for Construction Land	Yes
Planning Permit for Construction Works	Yes
Permit for Commencement of Works	Yes
Pre-sales Permit	Yes
Business Licence	Yes

Property	Description and tenure	Particulars of Occupancy	Capital value in existing state as at 31 March 2006
17. East Sea Plaza Phases I and II, Plot No. 2, No. 1486 Nanjing West Road, Jing'an District Shanghai, the PRC	<p>The property comprises a site with a site area of 10,501 sq.m. (113,033 sq.ft.).</p> <p>The property is planned to be developed into an office development scheduled for completion in June 2007 and July 2009 respectively.</p>	The property is currently under construction.	<p>Rmb 1,900,000,000</p> <p>(49% interest attributable to the Group: Rmb 931,000,000)</p>

The property is planned to provide a total gross floor areas as follow:

	Approximate Gross Floor Area	
	sq.m.	sq.ft.
Office	92,421	994,820
Ancillary	7,615	81,968
	<u>100,036</u>	<u>1,076,788</u>

In addition, the property will provide a total of 368 car parks in basement with total gross floor area of approximately 10,324 sq.m. (111,128 sq.ft.).

The land use rights of the property have been granted for a term of 50 years due to expire on 24 June 2046 for commercial and office uses.

Notes:

- (1) According to Shanghai Real Estate Title Certificate No. (2005) 004498, the land use rights of the property, comprising a site area of 10,501 sq.m., are vested in Shanghai Jingyu Real Estate Co., Ltd. (上海靜宇置業有限公司) for a term of 50 years due to expire on 24 July 2046 for commercial and office uses.
- (2) According to a Transfer Agreement of Construction Project entered into between Shanghai Kai Kai (Group) Co. Ltd. (上海開開(集團)有限公司) ("Party A") and Shanghai Lvyu Real Estate Development Co. Ltd. (上海綠宇房地產開發有限公司) ("Party B") on 25 March 2005, Party A has agreed to transfer the construction project of East Sea Plaza Phases 1 and 2 to Party B at a transfer price of Rmb 1,300,000,000.
- (3) According to Planning Permit for Construction Works No. (97) 0321 issued by Shanghai City Planning Management Bureau (上海市城市規劃管理局) on 4 July 1997, Phase I of the proposed development comprises a total gross floor area of 58,259 sq.m.
- (4) As advised by the Group, the total construction cost expended as at 31 March 2006 was approximately Rmb 22,600,000. The outstanding construction cost to complete the proposed development was estimated as approximately Rmb 639,600,000. In the course of our valuation, we have taken into account such construction costs.
- (5) The capital value when completed of the proposed development is approximately Rmb 3,090,000,000.
- (6) According to PRC legal opinion:
  - (i) Shanghai Greentown Woods Golf Villas Development Co., Ltd. (上海綠城森林高爾夫別墅開發有限公司), a subsidiary of Shanghai Lvyu Real Estate Development Co. Ltd. (上海綠宇房地產開發有限公司), together with other joint-venture companies have set up and registered on 28 March 2005 a project company named Shanghai Jingyu Real Estate Co. Ltd. (上海靜宇置業有限公司);
  - (ii) Shanghai Jingyu Real Estate Co. Ltd. (上海靜宇置業有限公司) has been issued with a business licence and is legally established under the PRC law as a limited company with a registered capital of Rmb 100,000,000 and started operation from 28 March 2005;
  - (iii) By virtue of Shanghai Real Estate Certificate No. (2005) 004498, Shanghai Jingyu Real Estate Co. Ltd. (上海靜宇置業有限公司) has obtained the land use rights of the property, comprising a total site area of 10,501 sq.m., for a term from 25 July 1996 to 24 June 2046 for commercial/office composite uses;
  - (iv) The approved construction scale of Phase I of the Property is 58,259 sq.m., while the actual construction scale of Phase I is 78,129 sq.m. As a result, Shanghai Jingyu Real Estate Co., Ltd. (上海靜宇置業有限公司) should seek the approval for the excess of gross floor area;

- (v) Pursuant to a Transfer Agreement of Construction Project dated 25 March 2005 entered into between Shanghai Kai Kai (Group) Co., Ltd. (上海開開(集團)有限公司) ("Party A") and Shanghai Lvyu Real Estate Development Co., Ltd. (上海綠宇房地產開發有限公司) ("Party B"), Party A shall be responsible for obtaining the approval mentioned in Note (iv) above and the payment of the costs;
- (vi) Shanghai Jingyu Real Estate Co. Ltd. (上海靜寧置業有限公司) is entitled to use, transfer, mortgage and lease the land use rights of the property at no extra land premium payable to the government;
- (vii) The property was acquired from a third party. The balance of the acquisition costs in the sum of Rmb 80,000,000 has yet to be paid by Shanghai Jingyu Real Estate Co., Ltd. (上海靜寧置業有限公司);
- (viii) The property is subject to mortgage; and
- (ix) Shanghai Jingyu Real Estate Co. Ltd. (上海靜寧置業有限公司) is entitled to transfer and re-mortgage the land use rights of the property subject to the consent of the mortgagee.
- (7) The status of title and grant of major approvals and licences in accordance with the PRC legal opinion and information provided by the Group are as follows:

Real Estate Title Certificate	Yes
Contract for Transfer of Land use Rights	Yes
Red-line Drawing	Yes
Planning Permit for Construction Land	Yes (part)
Planning Permit for Construction Works	Yes (part)
Permit for Commencement of Works	Yes (part)
Pre-sales Permit	No
Business Licence	Yes



			Capital value in existing state as at 31 March 2006															
Property	Description and tenure	Particulars of occupancy																
18. Hefei Guihua Garden Phase II (Part) and Phase III, Lot KJV-1-1, High and New Technological Zone, South of Huangshan Road, Hefei, Anhui Province, the PRC	<p>The property comprises a portion of a site with a total site area of 319,729.10 sq.m. (3,441,564 sq.ft.).</p> <p>The property is planned to be developed into a residential development in 2 phases scheduled for completion between October 2006 and December 2008.</p> <p>The property is planned to provide gross floor areas as follows:</p> <table><tr><th colspan="2">Approximate Gross Floor Area</th></tr><tr><th>sq.m.</th><th>sq.ft.</th></tr><tr><td>Residential</td><td>169,114</td><td>1,820,343</td></tr><tr><td>Commercial</td><td>18,098</td><td>194,807</td></tr><tr><td>Ancillary</td><td>9,509</td><td>102,355</td></tr><tr><td></td><td><u>196,721</u></td><td><u>2,117,504</u></td></tr></table> <p>In addition, the property will provide a total of 996 car parks in basement with total gross floor area of approximately 68,111 sq.m. (733,147 sq.ft.).</p> <p>The land use rights of the property have been granted for a term of 70 years due to expire on 10 August 2071 for residential use.</p>	Approximate Gross Floor Area		sq.m.	sq.ft.	Residential	169,114	1,820,343	Commercial	18,098	194,807	Ancillary	9,509	102,355		<u>196,721</u>	<u>2,117,504</u>	<p>The property is currently under construction.</p> <p>Rmb 417,000,000</p> <p>(90% interest attributable to the Group: Rmb 375,300,000)</p>
Approximate Gross Floor Area																		
sq.m.	sq.ft.																	
Residential	169,114	1,820,343																
Commercial	18,098	194,807																
Ancillary	9,509	102,355																
	<u>196,721</u>	<u>2,117,504</u>																

## Notes:

- (1) According to Certificate for the Use of State-owned Land No. 2001-18, the land use rights of the property, comprising a site area of 319,729.10 sq.m., are vested in Anhui Greentown Real Estate Development Co., Ltd. (安徽綠城房地產開發有限公司) for a term of 70 years due to expire on 10 August 2071 for residential use.
- (2) According to Grant Contract of Land Use Rights entered into between the Land Administrative Department of Hefei (the "Grantor") and Hefei Chuangyi Development Co., Ltd. (合肥創億置業有限公司) (the "Grantee"). The land premium stated in the Above Grant Contract of Land Use Rights has been fully settled.
- (3) According to an Agreement of Co-operation for Development entered into between Hefei Chuangyi Development Co., Ltd. (合肥創億置業有限公司) and Zhejiang Greentown Real Estate Development Co., Ltd. (浙江綠城房地產開發責任有限公司) ("Party B") on 28 June 2001, Party A and Party B have formed a project company known as Anhui Greentown Real Estate Development Co., Ltd. (安徽綠城房地產開發有限公司) for the development of the property.
- (4) According to 32 Planning Permits for Construction Works issued by Hefei High and New Technological Real Estate Development District Planning Bureau (合肥高新技術產業開發區規劃局), the details of the proposed development of Phase II are summarized as follows:

Permit No.	Gross Floor Area Sq.m.	Issue Date
2003-075	2,003.00	7 May 2003
2003-076	2,003.00	7 May 2003
2003-077	2,003.00	7 May 2003
2003-078	16,520.00	7 May 2003
2003-079	3,149.00	7 May 2003
2003-100	3,175.54	30 June 2003
2003-104	12,524	14 July 2003
2003-105	12,504.64	14 July 2003
2003-106	9,820.58	14 July 2003
2003-107	3,175.54	14 July 2003

Permit No.	Gross Floor Area Sq.m.	Issue Date
2003-108	9,840.68	14 July 2003
2003-109	5,526.05	14 July 2003
2003-110	5,085.05	14 July 2003
2003-111	6,715.95	14 July 2003
2003-112	6,728.75	14 July 2003
2003-113	1,884.50	14 July 2003
2003-114	1,884.50	14 July 2003
2003-115	1,884.50	15 July 2003
2003-116	3,863.50	15 July 2003
2003-117	3,863.50	15 July 2003
2003-118	6,519.95	15 July 2003
2003-119	5,587.55	15 July 2003
2003-149	18,500.00	3 September 2003
2003-150	17,660.00	3 September 2003
2003-151	4,020.00	3 September 2003
2003-152	3,420.00	3 September 2003
2003-153	19,230.00	3 September 2003
2003-154	21,250.00	3 September 2003
2003-157	27,730.00	8 September 2003
2003-158	31,607.00	8 September 2003
2003-159	3,773.00	8 September 2003
2003-160	30,651.00	8 September 2003
<b>Total:</b>	<b>304,103.80</b>	

- (5) As advised by the Group, a portion of the development, comprising a total gross floor area of approximately 7,326 sq.m. and 3 car parking spaces have been pre-sold for a total consideration of approximately Rmb 27,095,000. In the course of our valuation, we have taken into account such consideration.
- (6) As advised by the Group, the total construction cost expended as at 31 March 2006 was approximately Rmb 176,000,000. The outstanding construction cost to complete the development was estimated as approximately Rmb 230,700,000. In the course of our valuation, we have taken into account such construction costs.
- (7) The capital value when completed of the proposed development is approximately Rmb 804,000,000.
- (8) According to PRC legal opinion:
- (i) Anhui Greentown Real Estate Development Co., Ltd. (安徽綠城房地產開發有限公司) has been issued with a business licence and is legally established under the PRC law as a limited company with a registered capital of Rmb 30,000,000 and started operation from 9 August 2001;
  - (ii) The land premium of the property as stated in the Grant Contract of Land Use Rights has been paid;
  - (iii) According to Certificate for the Use of State-owned Land No. 2001-18 issued by Hefei High and New Technological Real Estate Development District Land Administrative Bureau (合肥高新技術產業開發區土地管理局) on 10 August 2001, Anhui Greentown Real Estate Development Co., Ltd. (安徽綠城房地產開發有限公司) has obtained the land use rights of the property, comprising a site area of 319,729.1 sq.m., for a land use term due to expire on 10 August 2071 for residential use;
  - (iv) Anhui Greentown Real Estate Development Co., Ltd. (安徽綠城房地產開發有限公司) is entitled to use, transfer, mortgage and lease the land use rights of the property with the residual term of its land use rights at no extra land premium payable to the government;
  - (v) According to Construction Project Planning Approval No. (2001) 203 dated 12 December 2001 issued by Hefei High and New Technological Real Estate Development District Economic Trading Bureau, the scale of the construction land approved was in land area of 319,729.1 sq.m;
  - (vi) The approved construction scales of Phase II (Part) and Phase III are 67,814 sq.m. and 93,761 sq.m. respectively. The proposed gross floor area of the development is not exceeding the maximum permitted gross floor area based on the plot ratio stated in the Grant Contract of Land Use Rights. The final total gross floor area approved is subject to the Planning Permits for construction works to be subsequently obtained;
  - (vii) Portion of the property with a site area of 45,403.21 sq.m. and a total gross floor area of 112,900.33 sq.m. under construction are subject to mortgage; and
  - (viii) Anhui Greentown Real Estate Development Co., Ltd. (安徽綠城房地產開發有限公司) is entitled to transfer and re-mortgage the land use rights of the above-mentioned portion of the property with a site area of 45,403.21 sq.m. and gross floor area of 112,900.33 sq.m. subject to the consent of the mortgagee.

- (9) The status of title and grant of major approvals and licences in accordance with the PRC legal opinion and information provided by the Group are as follows:

Certificate for the Use of State-owned Land	Yes
Grant Contract of Land use Rights	Yes
Red-line Drawing	Yes
Construction Project Planning Permit	Yes
Planning Permit for Construction Land	Yes (part)
Planning Permit for Construction Works	Yes (part)
Permit for Commencement of Works	Yes (part)
Pre-sales Permit	Yes (part)
Business Licence	Yes

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			Capital value in existing state as at 31 March 2006																								
Property	Description and tenure	Particulars of occupancy																									
19. Hefei Baihe Apartment, Hezuohua South Road, Shushan District, Hefei, Anhui Province, the PRC	<p>The property comprises a site with a total site area of 97,103.81 sq.m. (1,045,225 sq.ft.).</p> <p>The property is planned to be developed into two phases of residential developments scheduled for completion in May 2007 and May 2008 respectively.</p> <p>The property is planned to provide gross floor areas as follows:</p> <table><tr><th colspan="2"></th><th colspan="2">Approximate Gross Floor Area</th></tr><tr><th></th><th>sq.m.</th><th>sq.ft.</th><th></th></tr><tr><td>Residential</td><td>193,300</td><td>2,080,681</td><td></td></tr><tr><td>Commercial</td><td>4,500</td><td>48,438</td><td></td></tr><tr><td>Ancillary</td><td>7,042</td><td>75,800</td><td></td></tr><tr><td></td><td><u>204,842</u></td><td><u>2,204,919</u></td><td></td></tr></table> <p>In addition, the property will provide a total of 1,350 car parks in basement with total gross floor area of approximately 47,318 sq.m. (509,331 sq.ft.).</p> <p>The land use rights of the property have been granted for a term of 70 years due to expire in March 2073 for residential use.</p>			Approximate Gross Floor Area			sq.m.	sq.ft.		Residential	193,300	2,080,681		Commercial	4,500	48,438		Ancillary	7,042	75,800			<u>204,842</u>	<u>2,204,919</u>		<p>The property is currently under construction.</p> <p>(54% interest attributable to the Group: Rmb 176,040,000)</p>	Rmb 326,000,000
		Approximate Gross Floor Area																									
	sq.m.	sq.ft.																									
Residential	193,300	2,080,681																									
Commercial	4,500	48,438																									
Ancillary	7,042	75,800																									
	<u>204,842</u>	<u>2,204,919</u>																									

## Notes:

- (1) According to 2 Certificates for the Use of State-owned Land Nos. (2004) 0753 and (2004) 0754 the land use rights of the property, comprising a site area of 97,103.81 sq.m., are vested in Anhui Greentown Lianhua Real Estate Development Co., Ltd. (安徽綠城聯華房地產開發有限公司) for a term of 70 years due to expire in March 2073 for residential use.
- (2) According to 2 Grant Contracts of Land Use Rights entered into between Hefei Land Resources Bureau (Grantor) and Anhui Greentown Lianhua Real Estate Development Co., Ltd. (安徽綠城聯華房地產開發有限公司) (Grantee) on 20 March 2003 and 19 June 2003 respectively, the land use rights of the property have been agreed to be granted to the Grantee with a total land area of 97,103.81 sq.m. for a term of 70 years for residential use.
- (3) According to 5 Planning Permits for Construction Works Nos. 2004995, 2004996, 2004997, 2005668 and 2005986 issued by Hefei Planning Bureau (合肥市規劃局) on 8 December 2004, 23 August 2005 and 18 November 2005 respectively, the proposed development is permitted to comprise a total gross floor area of 91,666.80 sq.m.
- (4) As advised by the Group, a portion of the development comprising a total gross floor area of approximately 28,819 sq.m. has been pre-sold for a total consideration of approximately Rmb 119,600,000. In the course of our valuation, we have taken into account such consideration.
- (5) As advised by the Group, the total construction cost expended as at 31 March 2006 was approximately Rmb 73,200,000. The outstanding construction cost to complete the development was estimated as approximately Rmb 466,500,000. In the course of our valuation, we have taken into account such construction costs.
- (6) The capital value when completed of the proposed development is approximately Rmb 1,094,000,000.
- (7) According to PRC legal opinion:
  - (i) Anhui Greentown Lianhua Real Estate Development Co., Ltd. (安徽綠城聯華房地產開發有限公司) has been issued with a business licence and is legally established under the PRC law as a limited company with a registered capital of Rmb 20,000,000 and started operation from 9 July 2002;
  - (ii) Anhui Greentown Lianhua Real Estate Development Co., Ltd. (安徽綠城聯華房地產開發有限公司) has settled the land premium of the property as stated in the Grant Contract of Land Use Rights;
  - (iii) According to 2 Certificates for the Use of State-owned Land Nos. (2004) 0753 and 0754 issued by Hefei Land Resources Bureau on 25 January 2004, Anhui Greentown Lianhua Real Estate Development Co., Ltd. (安徽綠城聯華房地產開發有限公司) has obtained the land use rights of the property, comprising a site area of 97,103.81 sq.m., for a land use term due to expire in March 2073 for residential use;

- (iv) Anhui Greentown Lianhua Real Estate Development Co., Ltd. (安徽綠城聯華房地產開發有限公司) is entitled to use, transfer, mortgage and lease the land use rights of the property at no extra land premium payable to the government;
- (v) According to Construction Project Planning Approval No. 2005164 dated 18 August 2005 issued by Hefei Development Planning Committee, the scale of the construction land approved was 208,800 sq.m. gross floor area (excluding 44,000 sq.m. basement area);
- (vi) Portion of the property with a site area of 97,101.76 sq.m. and a total gross floor area of 11,577 sq.m. under construction are subject to mortgage; and
- (vii) Anhui Greentown Lianhua Real Estate Development Co., Ltd. (安徽綠城聯華房地產開發有限公司) is entitled to transfer and re-mortgage the land use rights of the property subject to the consent of the mortgagee.
- (8) The status of title and grant of major approvals and licences in accordance with the PRC legal opinion and information provided by the Group are as follows:

Certificate for the Use of State-owned Land	Yes
Grant Contract of Land use Rights	Yes
Red-line Drawing	Yes
Construction Project Planning Permit	Yes
Planning Permit for Construction Land	Yes
Planning Permit for Construction Works	Yes (part)
Permit for Commencement of Works	Yes (part)
Pre-sales Permit	Yes (part)
Business Licence	Yes

				Capital value in existing state as at 31 March 2006																														
Property	Description and tenure	Particulars of occupancy																																
20. Changsha Guihua City, South of Yuhua Avenue, Yuhua District, Changsha, Hunan Province, the PRC	<p>The property comprises a site with a total site area of 155,211.47 sq.m. (1,670,697 sq.ft.).</p> <p>The property is planned to be developed into a residential development in 2 phases scheduled for completion in December 2006 and December 2007 respectively.</p> <p>The property is planned to provide gross floor areas as follows:</p> <table> <tr> <th colspan="2"></th><th colspan="2">Approximate Gross Floor Area</th><th></th></tr> <tr> <th></th><th></th><th>sq.m</th><th>sq.ft.</th><th></th></tr> <tr> <td>Residential</td><td></td><td>210,183</td><td>2,262,410</td><td></td></tr> <tr> <td>Commercial</td><td></td><td>15,922</td><td>171,384</td><td></td></tr> <tr> <td>Ancillary</td><td></td><td>19,245</td><td>207,153</td><td></td></tr> <tr> <td></td><td></td><td><u>245,350</u></td><td><u>2,640,947</u></td><td></td></tr> </table> <p>In addition, the property will provide a total of 1,239 car parks and 473 storage spaces in basement with total gross floor area of approximately 74,497 sq.m. (801,886 sq.ft.).</p> <p>The land use rights of the property have been granted for a term of 70 years due to expire on 6 July 2071 for residential uses.</p>			Approximate Gross Floor Area					sq.m	sq.ft.		Residential		210,183	2,262,410		Commercial		15,922	171,384		Ancillary		19,245	207,153				<u>245,350</u>	<u>2,640,947</u>		The property is currently under construction	Rmb 565,000,000	(51% interest attributable to the Group: Rmb 288,150,000)
		Approximate Gross Floor Area																																
		sq.m	sq.ft.																															
Residential		210,183	2,262,410																															
Commercial		15,922	171,384																															
Ancillary		19,245	207,153																															
		<u>245,350</u>	<u>2,640,947</u>																															

## Notes:

- (1) According to Certificate for the Use of State-owned Land No. (2004) 28751, the land use rights of the property, comprising a site area of 155,211.47sq.m., are vested in Hunan Greentown Investment & Property Co., Ltd. (湖南綠城投資置業有限公司) for a term of 70 years due to expire on 6 July 2071 for residential uses.
- (2) According to a Transfer Contract of Land Use Rights, the land use rights of the property have been agreed to be transferred from Hunan Xiang Cheng Real Estate Development Co. Ltd. to Hunan Greentown Investment & Property Co., Ltd. (湖南綠城投資置業有限公司) with the particulars as follows:
  - (i) Location : Southern side of Yuhua Avenue, Village Daqiao, Township Lituo, Yuhua District
  - (ii) Site area : 263 mu, approximately equals to 175,421 sq.m.
  - (iii) Uses : Residential
  - (iv) Land use term : 70 years
- (3) According to Planning Permit for Construction Works Nos. (2004) 0325, (2005) 0179, (2006) 0001 and (2006) 0043 issued by Changsha Planning and Management Bureau (長沙市規劃管理局) on 4 November 2004, 11 August 2005 and 28 February 2006 respectively, the approved development area comprises a total gross floor area of 171,673 sq.m.
- (4) As advised by the Group, a portion of the development, comprising a total gross floor area of approximately 23,755 sq.m., 22 car park spaces and 19 storages have been pre-sold for a total consideration of approximately Rmb 95,000,000. In the course of our valuation, we have taken into account such consideration.
- (5) As advised by the Group, the total construction cost expended as at 31 March 2006 was approximately Rmb 210,700,000. The outstanding construction cost to complete the development was estimated as approximately Rmb 424,000,000. In the course of our valuation, we have taken into account such construction costs.
- (6) The capital value when completed of the proposed development is approximately Rmb 1,222,500,000.

- (7) According to PRC legal opinion:
- (i) Hunan Greentown Investment & Property Co., Ltd. (湖南綠城投資置業有限公司) has been issued with a business licence and is legally established under the PRC law as a limited company with a registered capital of Rmb 80,000,000 and started operation from 14 November 2003;
  - (ii) Hunan Greentown Investment & Property Co., Ltd. (湖南綠城投資置業有限公司) has settled the price of the property as stated in the Transfer Contract of Land Use Rights;
  - (iii) According to a Certificate for the Use of State-owned Land No. (2004) 28751 issued by Chengsha Land Resources Bureau on 19 October 2004, Hunan Greentown Investment & Property Co., Ltd. (湖南綠城投資置業有限公司) has obtained the land use rights of the property, comprising a site area of 155,211.47 sq.m., for a land use term due to expire on 6 July 2071 for residential use;
  - (iv) Hunan Greentown Investment & Property Co., Ltd. (湖南綠城投資置業有限公司) is entitled to use, transfer, mortgage and lease the property with the residual term of its land use rights at no extra land premium payable to the government;
  - (v) According to Construction Project Planning Approval No. (2004) 14 dated 27 February 2004 issued by Hunan Development Planning Committee and the subsequent notice dated 18 March 2005, the scale of the construction land approved was less than plot ratio of 1.6, the maximum construction scale of the property (above the ground level) is 248,338.35 sq.m. gross floor area;
  - (vi) The property is subject to mortgage; and
  - (vii) Hunan Greentown Investment & Property Co., Ltd. (湖南綠城投資置業有限公司) is entitled to transfer and re-mortgage the land use rights of the property subject to the consent of the mortgagee.
- (8) The status of title and grant of major approvals and licences in accordance with the PRC legal opinion and information provided by the Group are as follows:

Certificate for the Use of State-owned Land	Yes
Transfer Contract of Land use Rights	Yes
Construction Project Planning Permit	Yes
Planning Permit for Construction Land	Yes
Planning Permit for Construction Works	Yes (part)
Permit for Commencement of Works	Yes (part)
Pre-sales Permit	Yes (part)
Business Licence	Yes

		Particulars of occupancy	Capital value in existing state as at 31 March 2006
Property	Description and tenure		
21. Xinjiang Rose Garden, HongqiaoShan, Shuimogou Road, Shuimogou District, Urumqi, Xinjiang UAR, the PRC	<p>The property comprises a site with a site area of 189,215.76 sq.m. (2,036,718 sq.ft.).</p> <p>The property is planned to be developed into a residential development in 3 phases scheduled to be completed between September 2006 and November 2008.</p> <p>The property is planned with total gross floor area of approximately 52,300 sq.m. (562,957 sq.ft.) for residential use.</p> <p>The land use rights of the property have been granted for a term of 50 years for greenery land use.</p>	<p>The property is currently under construction.</p>	<p>Rmb 81,700,000</p> <p>(51% interest attributable to the Group: Rmb 41,667,000)</p>

## Notes:

- (1) According to 7 Certificates for the Use of State-owned Land, the land use rights of the property, comprising a site area of 189,215.74 sq.m., are vested in Xinjiang Sunshine Greentown Real Estate Development Co., Ltd (新疆陽光綠城房地產開發有限公司) for a term of 50 years for greenery land use. The details are summarized as follows:

Certificate No.	Use	Expiry Date	Site Area sq.m.
(2004)0008885	Greenery	10 July 2053	34,628.49
(2004)0008886	Greenery	10 July 2053	24,052.52
(2004)0008887	Greenery	10 July 2053	49,865.87
(2005)0009807	Greenery	2 February 2055	25,407.64
(2005)0009808	Greenery	2 February 2055	23,262.92
(2005)0009809	Greenery	2 February 2055	17,708.76
(2005)0009810	Greenery	2 February 2055	14,289.56
<b>Total:</b>			<b>189,215.76</b>

- (2) According to Grant Contract of Land Use Rights No. (2004)-1313, the land use rights of the property have been agreed to be granted to Xinjiang Sunshine Greentown Real Estate Development Co., Ltd (新疆陽光綠城房地產開發有限公司) as follows:

(i) Location	:	Shuimogou Road, Shuimogou District
(ii) Site area	:	26,164 sq.m.
(iii) Uses	:	Residential
(iv) Land use term	:	49 years
(v) Plot ratio	:	0.41

- (3) According to 5 Planning Permits for Construction Works issued by Urumqi City Planning Bureau (烏魯木齊市城市規劃管理局), the details of the proposed development are summarized as follows:

Permit No.	Gross Floor Area Sq.m.	Issue Date
2004 000544	7,163.31	9 October 2004
2004 000590	3,589.47	25 October 2004
2005 000249	4,910.84	7 June 2005
2005 000350-1 and 2	5,075.21	26 July 2005
<b>Total:</b>	<b>20,738.83</b>	

- (4) As advised by the Group, a portion of the development, comprising a total gross floor area of approximately 1,621 sq.m. has been pre-sold for a total consideration of approximately Rmb 9,270,000. In the course of our valuation, we have taken into account such consideration.



- (5) As advised by the Group, the total construction cost expended as at 31 March 2006 was approximately Rmb 30,000,000. The outstanding construction cost to complete the development was estimated as approximately Rmb 121,500,000. In the course of our valuation, we have taken into account such construction costs.
- (6) The capital value when completed of the proposed development is approximately Rmb 260,000,000.
- (7) According to PRC legal opinion:
- (i) Xinjiang Sunshine Greentown Real Estate Development Co., Ltd (新疆陽光綠城房地產開發有限公司) has been issued with a business licence and is legally established under the PRC law as a limited company with a registered capital of Rmb 20,000,000 and started operation from 17 January 2004;
  - (ii) Xinjiang Sunshine Greentown Real Estate Development Co., Ltd (新疆陽光綠城房地產開發有限公司) has been exempted from the payment of the land premium of the property under the grace policy of the government;
  - (iii) According to 7 Certificates for the Use of State-owned Land Nos. (2004) 000885, 000886, 000887, (2005) 0009807, 0009808, 0009809 and 0009810 issued by Urumqi Land Resources Bureau, Xinjiang Sunshine Greentown Real Estate Development Co., Ltd (新疆陽光綠城房地產開發有限公司) has obtained the land use rights of the property, comprising a total site area of 189,215.76 sq.m., for a land use term due to expire on 10 July 2053 and 2 February 2055 respectively for Greenery use;
  - (iv) Xinjiang Sunshine Greentown Real Estate Development Co., Ltd (新疆陽光綠城房地產開發有限公司) is entitled to use, transfer, mortgage and lease the land use rights of the property at no extra land premium payable to the government;
  - (v) According to Construction Project Planning Approval Nos. (2004) 537 in 2004 issued by Xinjiang Development Planning Committee, the scale of the construction works approved was 60,000 sq.m. gross floor area; and
  - (vi) The property is not subject to any mortgage.
- (8) The status of title and grant of major approvals and licences in accordance with the PRC legal opinion and information provided by the Group are as follows:

Certificate for the Use of State-owned Land	Yes
Grant Contract of Land use Rights	Yes
Red-line Drawing	Yes
Construction Project Planning Permit	Yes
Planning Permit for Construction Land	Yes (part)
Planning Permit for Construction Works	Yes (part)
Permit for Commencement of Works	Yes (part)
Pre-sales Permit	Yes (part)
Business Licence	Yes

			Capital value in existing state as at 31 March 2006																								
Property	Description and tenure	Particulars of occupancy																									
22. Beijing Baihe Apartment (other than the completed portion), West of Liangxiang Satellite City, Yancun County, Fangshan District, Beijing, the PRC (developed together with Property No. 35)	<p>The property comprises a site with a total site area of 185,494.58 sq.m. (1,996,664 sq.ft.).</p> <p>The property is planned to be developed into a residential development in 5 phases scheduled for completion in June 2007 and November 2010 respectively.</p> <p>The property is currently under construction with planned gross floor areas as follows:</p> <table><tr><th colspan="2"></th><th colspan="2">Approximate Gross Floor Area</th></tr><tr><th></th><th></th><th>sq.m.</th><th>sq.ft.</th></tr><tr><td>Residential</td><td></td><td>303,783</td><td>3,269,920</td></tr><tr><td>Commercial</td><td></td><td>10,807</td><td>116,327</td></tr><tr><td>Ancillary</td><td></td><td>14,870</td><td>160,061</td></tr><tr><td></td><td></td><td><u>329,460</u></td><td><u>3,546,308</u></td></tr></table>			Approximate Gross Floor Area				sq.m.	sq.ft.	Residential		303,783	3,269,920	Commercial		10,807	116,327	Ancillary		14,870	160,061			<u>329,460</u>	<u>3,546,308</u>	The property is currently under construction.	Rmb 547,000,000  (80% interest attributable to the Group: Rmb 437,600,000)
		Approximate Gross Floor Area																									
		sq.m.	sq.ft.																								
Residential		303,783	3,269,920																								
Commercial		10,807	116,327																								
Ancillary		14,870	160,061																								
		<u>329,460</u>	<u>3,546,308</u>																								

## Notes:

- (1) According to 3 Certificates for the Use of State-owned Land, the land use rights of the property, comprising a site area of 185,494.58 sq.m., are vested in Beijing Sunshine Greentown Real Estate Development Co., Ltd. (北京陽光綠城房地產開發有限公司) for a term of 70 and 40 years for residential and ancillary uses respectively. The details are summarized as follows:

Certificate No.	Term	Expiry Date	Use	Site Area (sq.m)
(2004) 452	50 years (basement)	25 August 2054	Basement car parks	70,037.18
	70 years (residential)	25 August 2074	Residential,	
	40 years (commercial)	25 August 2044	Commercial	
(2004) 453	50 years (basement)	25 August 2054	Basement car parks	68,471.68
	70 years (residential)	25 August 2074	Residential,	
(2004) 454	50 years (basement)	25 August 2054	Basement car parks	46,985.72
	70 years (residential)	25 August 2074	Residential	
	40 years (commercial)	25 August 2044	Commercial	
<b>Total:</b>				<b>185,494.58</b>

- (2) According to 3 Grant Contracts of Land Use Rights Nos. (2004) 753, 754 and 755, the land use rights of the property have been agreed to be granted to Beijing Sunshine Greentown Real Estate Development Co., Ltd. (北京陽光綠城房地產開發有限公司) as follows:

Contract No	Issued Date	Location	Site Area	Use	Term
(2004) 753	26 August 2004	Block Nos 59–73, basement car park of Block Nos 16–20, podium of Block nos 69, 71, and 73, Phase II, Baihe Apartment,	70,092.59	Residential, Commercial, Basement Car Park	70 years for Residential, 40 years for Commercial, and 50 years for basement Car Park
(2004) 754	26 August 2004	Commercial building of Block Nos 1–5, Block Nos. 74–82, basement car park of Block No 21, podium of Block Nos 74, 76, and 78, Phase II, Baihe Apartment	46,842.82	Residential, Basement Car Park	70 years for Residential, 50 years for Basement Car Park
(2004) 755	26 August 2004	Block Nos 83–92, basement car park of Block Nos 22, and 23, Phase II, Baihe Apartment	68,677.4	Residential, Basement Car Park	70 years for Residential, 50 years for Basement Car Park

- (3) According to 7 Planning Permits for Construction Works issued by Beijing Planning Committee (北京市規劃委員會), the details of the proposed development are summarized as follows:

Permit No.	Gross Floor Area Sq.m.	Issue Date
(2003) 0289	51,936.96	4 March 2003
(2003) 0074	50,490.62	9 June 2003
(2003) 0122	54,308.36	9 October 2003
(2003) 0007	56,364.20	28 October 2003
(2004) 0020	64,392.12	1 June 2004
(2004) 0024	17,104.98	14 June 2004
(2004) 0037	65,443.83	22 September 2004
(2005) 0013	42,293.62	22 February 2005
<b>Total:</b>	<b>402,334.69</b>	

- (4) As advised by the Group, a portion of the development, comprising a total gross floor area of approximately 24,337 sq.m. has been pre-sold for a total consideration of approximately Rmb 85,700,000. In the course of our valuation, we have taken into account such consideration.
- (5) As advised by the Group, the total construction cost expended as at 31 March 2006 was approximately Rmb 291,367,000. The outstanding construction cost to complete the development was estimated as approximately Rmb 525,500,000. In the course of our valuation, we have taken into account such construction costs.
- (6) The capital value when completed of the proposed development is approximately Rmb 1,400,000,000.
- (7) According to PRC legal opinion:
- (i) Beijing Sunshine Greentown Real Estate Development Co., Ltd. (北京陽光綠城房地產開發有限公司) has been issued with a business licence and is legally established under the PRC law as a limited company with a registered capital of Rmb 50,000,000 and started operation from 15 January 2001;
  - (ii) Beijing Sunshine Greentown Real Estate Development Co., Ltd. (北京陽光綠城房地產開發有限公司) has settled the land premium of the property as stated in the Grant Contract of Land Use Rights;

- (iii) According to 3 Certificates for the Use of State-owned Land issued by Beijing Land Resources Bureau, Beijing Sunshine Greentown Real Estate Development Co., Ltd. (北京陽光綠城房地產開發有限公司) has obtained the land use rights of the property, comprising a total site area of 185,494.58 sq.m., for a land use term due to expire on 25 August 2044, 25 August 2054 and 25 August 2074 respectively for commercial, basement car park and residential uses;
- (iv) Beijing Sunshine Greentown Real Estate Development Co., Ltd. (北京陽光綠城房地產開發有限公司) is entitled to use, transfer, mortgage and lease the land use rights of the property at no extra land premium payable to the government;
- (v) According to Construction Project Planning Approval Nos. (2002) 955, (2002) 2257 and (2002) 2217 dated 29 May 2002, 11 November 2002 and 29 October 2002 respectively issued by Beijing Development Planning Committee, the scale of the construction works approved was in total 578,050 sq.m. gross floor area;
- (vi) Portion of the property is subject to mortgage; and
- (vii) Beijing Sunshine Greentown Real Estate Development Co., Ltd. (北京陽光綠城房地產開發有限公司) is entitled to transfer and re-mortgage the land use rights of the property subject to the consent of the mortgagee.
- (8) The status of title and grant of major approvals and licences in accordance with the PRC legal opinion and information provided by the Group are as follows:

Certificate for the Use of State-owned Land	Yes
Grant Contract of Land use Rights	Yes
Red-line Drawing	Yes
Construction Project Planning Permit	Yes
Planning Permit for Construction Land	Yes
Planning Permit for Construction Works	Yes (part)
Permit for Commencement of Works	Yes (part)
Pre-sales Permit	Yes (part)
Business Licence	Yes

				Capital value in existing state as at 31 March 2006																									
Property	Description and tenure	Particulars of occupancy																											
23. Beijing Qinglongqiao Phases I and II, Qinglongqiao Cun, Haidianxiang, Haidian Village, Haidian District, Beijing, the PRC	<p>The property comprises a site with a total site area of 105,128.56 sq.m. (1,131,604 sq.ft.).</p> <p>The property is planned to be developed into a residential development in 2 phases scheduled for completion in September 2007 and December 2007 respectively.</p> <p>The property is planned with gross floor areas as follows:</p> <table> <tr> <th colspan="2"></th><th colspan="2">Approximate Gross Floor Area</th><th></th></tr> <tr> <th></th><th></th><th>sq.m.</th><th>sq.ft.</th><th></th></tr> <tr> <td>Residential</td><td></td><td>68,413</td><td>736,398</td><td></td></tr> <tr> <td>Ancillary</td><td></td><td>5,128</td><td>55,198</td><td></td></tr> <tr> <td></td><td></td><td><u>73,541</u></td><td><u>791,596</u></td><td></td></tr> </table> <p>In addition, the property will provide a total of 387 car parks in basement with total gross floor area of approximately 35,184 sq.m. (378,721 sq.ft.).</p> <p>The land use rights of the property have been granted for a term of 70 years for residential and ancillary uses.</p>			Approximate Gross Floor Area					sq.m.	sq.ft.		Residential		68,413	736,398		Ancillary		5,128	55,198				<u>73,541</u>	<u>791,596</u>		The property is currently under construction.		<p>Rmb 682,000,000</p> <p>(65% interest attributable to the Group: Rmb 443,300,000)</p>
		Approximate Gross Floor Area																											
		sq.m.	sq.ft.																										
Residential		68,413	736,398																										
Ancillary		5,128	55,198																										
		<u>73,541</u>	<u>791,596</u>																										

## Notes:

- (1) According to Certificate for the Use of State-owned Land No. (2004) 3210, the land use rights of the property, comprising a site area of 105,128.56 sq.m., are vested in Beijing Xingye Wanfa Real Estate Development Co., Ltd. (北京興業萬發房地產開發有限公司) for a term of 70 years for residential and 40 years for ancillary uses.
- (2) According to Grant Contract of Land Use Rights No. (2004) 302, the land use rights of the property has been granted to Beijing Xingye Wanfa Real Estate Development Co., Ltd. (北京興業萬發房地產開發有限公司) as follows:
  - (i) Location : Qinglongqiao Cun, Haidian Village, Haidian District
  - (ii) Site area : 105,129 sq.m.
  - (iii) Uses : Ancillary, Residential
  - (iv) Land use term : 40 years (ancillary), 70 years (residential)
- (3) As advised by the Group, the total construction cost expended as at 31 March 2006 was approximately Rmb 53,400,000. The outstanding construction cost to complete the development was estimated as approximately Rmb 338,500,000. In the course of our valuation, we have taken into account such construction costs.
- (4) The capital value when completed of the proposed development is approximately Rmb 1,377,000,000.
- (5) In the course of our valuation, we have assumed all of the outstanding demolition and resettlement costs of the property have been paid.
- (6) According to PRC legal opinion:
  - (i) Beijing Xingye Wanfa Real Estate Development Co., Ltd. (北京興業萬發房地產開發有限公司) has been issued with a business licence and is legally established under the PRC law as a limited company with a registered capital of Rmb 20,000,000 and started operation from 26 October 2001;
  - (ii) Beijing Xingye Wanfa Real Estate Development Co., Ltd. (北京興業萬發房地產開發有限公司) has settled the land premium of the property as stated in the Grant Contract of Land Use Rights;
  - (iii) According to Certificate for the Use of State-owned Land No. (2004)3210 issued by Beijing Land Resources Bureau, Beijing Xingye Wanfa Real Estate Development Co., Ltd. (北京興業萬發房地產開發有限公司) has obtained the land use rights of part of the property, comprising a site area of 105,129 sq.m., for a land use term due to expire on 31 March 2074 for residential use and 31 March 2044 for ancillary use;

- (iv) Beijing Xingye Wanfa Real Estate Development Co., Ltd. (北京興業萬發房地產開發有限公司) is entitled to use, transfer, mortgage and lease the property with a site area of 105,129 sq.m. at no extra land premium payable to the government;
  - (v) According to Construction Project Planning Approval No. (2005)0233 dated 30 September 2005, issued by Beijing Development Planning Committee, the scale of the construction works approved was in total 340,530 sq.m. gross floor area;
  - (vi) According to the joint development agreement entered into between Beijing Haidian County Government and Beijing Xingye Wanfa Real Estate Development Co., Ltd., Beijing Haidian County Government is responsible for resettlement works, and is entitled the ownership of 10,000 sq.m of the retail center in Yuqianshan area and all of the remaining resettlement houses in Heshanhu and Anheqiao area., Beijing Xingye Wanfa Real Estate Development Co., Ltd. is responsible for resettlement costs and erection of resettlement houses;
  - (vii) The property is subject to mortgage; and
  - (viii) Beijing Xingye Wanfa Real Estate Development Co., Ltd. is entitled to transfer and re-mortgage the land use rights of the property subject to the consent of the mortgagee.
- (7) The status of title and grant of major approvals and licences in accordance with the PRC legal opinion and information provided by the Group are as follows:

Certificate for the Use of State-owned Land	Yes
Grant Contract of Land use Rights	Yes
Red-line Drawing	Yes
Construction Project Planning Permit	Yes
Planning Permit for Construction Land	Yes
Planning Permit for Construction Works	Yes (part)
Permit for Commencement of Works	Yes (part)
Pre-sales Permit	No
Business Licence	Yes

## Group II — Property interests held for future development by the Group in the PRC

			Capital value in existing state as at 31 March 2006																				
Property	Description and tenure	Particulars of occupancy																					
24. Hunan Qingzhu Garden North and South, Qingzhu Lakefront, Laodaohe Town, Kaifu District, Changsha, Hunan Province, the PRC	<p>The property comprises a site with a site area of 1,308,011.17 sq.m. (14,079,432 sq.ft.).</p> <p>The property is planned to be developed into a residential development in various phases scheduled for completion between December 2007 and December 2009.</p> <p>The property is planned with gross floor areas as follows:</p> <table><tr><th colspan="2"></th><th colspan="2">Approximate Gross Floor Area</th></tr><tr><th></th><th></th><th>sq.m.</th><th>sq.ft.</th></tr><tr><td>Residential</td><td></td><td>279,796</td><td>3,011,724</td></tr><tr><td>Ancillary</td><td></td><td>13,800</td><td>148,543</td></tr><tr><td></td><td></td><td><u>293,596</u></td><td><u>3,160,267</u></td></tr></table> <p>The land use right of the property have been granted for a term of 70 years for residential use and 40 years for commercial use.</p>			Approximate Gross Floor Area				sq.m.	sq.ft.	Residential		279,796	3,011,724	Ancillary		13,800	148,543			<u>293,596</u>	<u>3,160,267</u>	<p>The relocation and clearance works on the land are in progress.</p>	<p>Rmb 1,128,000,000</p> <p>(52.47% interest attributable to the Group: Rmb 591,861,600)</p>
		Approximate Gross Floor Area																					
		sq.m.	sq.ft.																				
Residential		279,796	3,011,724																				
Ancillary		13,800	148,543																				
		<u>293,596</u>	<u>3,160,267</u>																				

## Notes:

- (1) According to 2 Certificate for the Use of State-owned Land Nos. (2004) 024241 and (2005) 01713, the land use rights of the property, comprising a site area of 1,308,011 sq.m., are vested in Hunan Green Bamboo Lake International Business Community Development Co., Ltd. (湖南青竹湖國際商務社區開發有限公司) for a term of 70 years and 40 years for residential and commercial uses respectively. The details are summarized as follows:

Certificate No.	Use	Expiry Date	Site Area sq.m.
(2004) 024241	Residential, commercial	19 August 2074 19 August 2044	667,648.07
(2005) 01713	Residential, commercial	9 March 2075 9 March 2045	640,363.10
<b>Total</b>			<b><u>1,308,011.17</u></b>

- (2) According to Grant Contract of Land Use Rights, the land use rights of the property have been agreed to be granted to Hunan Green Bamboo Lake International Business Community Development Co., Ltd. as follows:

- (i) Location : Qingzhu Lake, Laodaohe Town, Kaifu District, Changsha  
(ii) Site area : 667,648.07 sq.m.  
(iii) Uses : Residential & Commercial  
(iv) Land use term : Residential 70 years, Commercial 40 years  
(v) Plot ratio :  $\leq 1.0$

According to another Grant Contract of Land Use Rights, the land use rights of the property have been agreed to be granted to Hunan Green Bamboo Lake International Business Community Development Co., Ltd. as follows:

- (i) Location : Xia Ning Village, Laodaohe Town, Kaifu District, Changsha  
(ii) Site area : 640,363.10 sq.m.  
(iii) Uses : Residential & Commercial  
(iv) Land use term : Residential 70 years, Commercial 40 years  
(v) Plot ratio :  $\leq 1.0$

- (3) As advised by the Group, the total construction cost expended as at 31 March 2006 was approximately Rmb 72,300,000. The outstanding construction cost to complete the development was estimated as approximately Rmb 763,000,000. In the course of our valuation, we have taken into account such construction costs.
- (4) The capital value when completed of the proposed development is approximately Rmb 2,679,000,000.
- (5) According to PRC legal opinion:
- (i) Hunan Green Bamboo Lake International Business Community Development Co., Ltd. (湖南青竹湖國際商務社區開發有限公司) has been issued with a business licence and is legally established under the PRC law as a limited company with a registered capital of Rmb 28,000,000 and started operation from 26 September 2003;
  - (ii) Hunan Green Bamboo Lake International Business Community Development Co., Ltd. (湖南青竹湖國際商務社區開發有限公司) has settled the land premium of the property as stated in the Grant Contract of Land Use Rights;
  - (iii) According to a Certificate for the Use of State-owned Land Nos. (2004) 024241 and (2005) 01713 issued by People's Government of Chengsha, Hunan Green Bamboo Lake International Business Community Development Co., Ltd. (湖南青竹湖國際商務社區開發有限公司) has obtained the land use rights of the property, comprising a total site area of 1,308,011.17 sq.m., for a land use term due to expire on 19 August 2074 and 9 March 2075 respectively for residential use and 19 August 2044 and 9 March 2045 respectively for commercial use;
  - (iv) Hunan Green Bamboo Lake International Business Community Development Co., Ltd. (湖南青竹湖國際商務社區開發有限公司) is entitled to use, transfer, mortgage and lease the property with the residual term of its land use rights at no extra land premium payable to the government;
  - (v) According to Construction Project Planning Approval Nos. (2003) 19, 300, 302, 943 and 957 in 2003 issued by Hunan Development Planning Committee, the scale of the construction works approved was in total 166,000 sq.m. gross floor area. The proposed gross floor area of the development is not exceeding the maximum permitted gross floor area based on the plot ratio stated in the Grant Contracts of Land Use Rights. The final total gross floor area approved is subject to the Planning Permits for Construction Works to be subsequently obtained;
  - (vi) The property is subject to mortgage;
  - (vii) Hunan Green Bamboo Lake International Business Community Development Co., Ltd. (湖南青竹湖國際商務社區開發有限公司) is entitled to transfer or re-mortgage the land use rights of the property subject to the consent of the mortgagee;
  - (viii) According to Grant Contract of Land Use Rights, Hunan Green Bamboo Lake International Business Community Development Co., Ltd. (湖南青竹湖國際商務社區開發有限公司) is responsible for the resettlement cost in the sum of Rmb 111,007,800, which is payable before March 2007 when the removal works are completed by government;
  - (ix) The commencement works of the construction of the property has been postponed due to the delay of the removal works of the government; and
  - (x) As the necessary approvals and documents for the project planning permits have not been obtained yet, construction work of the project cannot be commenced.
- (6) The status of title and grant of major approvals and licences in accordance with the PRC legal opinion and information provided by the Group are as follows:

Certificate for the Use of State-owned Land	Yes
Grant Contract of Land use Rights	Yes
Business Licence	Yes
Construction Project Planning Permit	Yes
Planning Permit for Construction Land	Yes
Planning Permit for Construction Works	No
Permit for Commencement of Works	No
Pre-sales Permit	No
Business Licence	Yes



				Capital value in existing state as at 31 March 2006																									
	Property	Description and tenure	Particulars of occupancy																										
25.	Zhoushan Service Apartment, West of Century Avenue, North of National Highways No. 329, Lingcheng New District, Dinghai, Zhoushan, Zhejiang Province, the PRC	<p>The property comprises a site with a site area of 20,964 sq.m. (225,656 sq.ft.).</p> <p>The property is planned to be developed into office/residential development and is scheduled for completion in April 2009.</p> <p>The property is planned with total gross floor areas as follows:</p> <table> <tr> <td colspan="2"></td><th colspan="2">Approximate Gross Floor Area</th><td></td></tr> <tr> <td></td><td></td><th>sq.m.</th><th>sq.ft.</th><td></td></tr> <tr> <td></td><td>Residential</td><td>50,000</td><td>538,200</td><td></td></tr> <tr> <td></td><td>Office</td><td>18,300</td><td>196,981</td><td></td></tr> <tr> <td></td><td></td><td><u>68,300</u></td><td><u>735,181</u></td><td></td></tr> </table> <p>The land use rights of the property have been granted for a term due to expire on 18 July 2042 for hotel/serviced apartment uses.</p>			Approximate Gross Floor Area					sq.m.	sq.ft.			Residential	50,000	538,200			Office	18,300	196,981				<u>68,300</u>	<u>735,181</u>		The property is currently a vacant site.	Rmb 169,000,000
		Approximate Gross Floor Area																											
		sq.m.	sq.ft.																										
	Residential	50,000	538,200																										
	Office	18,300	196,981																										
		<u>68,300</u>	<u>735,181</u>																										

## Notes:

- (1) According to a Certificate for the Use of State-owned Land No. (2004) 13712, the land use rights of the property, comprising a total site area of 20,964 sq.m., are vested in Zhoushan Greentown Real Estate Development Co., Ltd. (舟山綠城房地產開發有限公司) for a term of due to expire on 18 July 2042 for hotel apartment uses.
- (2) According to Grant Contract of Land Use Rights No. (2002) 110, the land use rights of the property have been agreed to be granted to Zhoushan Greentown Hotel Investment Co., Ltd. (舟山綠城酒店投資有限公司) as follows:
  - (i) Location : West of National Avenue, North of National Highways No. 329
  - (ii) Site area : 108,045 sq.m
  - (iii) Uses : Commercial
  - (iv) Land use term : 40 years
- (3) As advised by the Group, the total construction cost expended as at 31 March 2006 was approximately Rmb 860,000. The total estimated construction cost to complete the development was estimated as approximately Rmb 306,000,000. In the course of our valuation, we have taken into account such construction costs.
- (4) The capital value when completed of the proposed development is approximately Rmb 670,000,000.
- (5) According to PRC legal opinion:
  - (i) Zhoushan Greentown Hotel Investment Co., Ltd. (舟山綠城酒店投資有限公司) has merged with Zhoushan Greentown Real Estate Development Co., Ltd. (舟山綠城房地產開發有限公司) which has been issued with a business licence and is legally established under the PRC law as a limited company with a registered capital of Rmb 20,000,000 and started operation from 16 December 1999;
  - (ii) The land premium of the property as stated in the Grant Contract of Land Use Rights has been paid;
  - (iii) According to a Certificate for the Use of State-owned Land No. (2004) 13712 issued by Zhoushan Land Resources Bureau on 6 July 2004, Zhoushan Greentown Real Estate Development Co., Ltd. (舟山綠城房地產開發有限公司) has obtained the land use rights of the property, comprising a site area of 20,964 sq.m., for a land use term due to expire on 18 July 2042 for hotel apartment uses;
  - (iv) Zhoushan Greentown Real Estate Development Co., Ltd. (舟山綠城房地產開發有限公司) is entitled to use, transfer, mortgage and lease the land use rights of the property at no extra land premium payable to the government;
  - (v) The property is subject to mortgage;
  - (vi) Zhoushan Greentown Real Estate Development Co., Ltd. (舟山綠城房地產開發有限公司) is entitled to transfer and re-mortgage the property subject to the consent of the mortgagee; and
  - (vii) As the necessary approvals and documents for the project planning permit have not been obtained yet, no construction works of the property can be commenced.

- (6) The status of title and grant of major approvals and licences in accordance with the PRC legal opinion and information provided by the Group are as follows:

Certificate for the Use of State-owned Land	Yes
Grant Contract of Land use Rights	Yes
Red-line Drawing	Yes
Construction Project Planning Permit	Yes
Planning Permit for Construction Land	Yes
Planning Permit for Construction Works	No
Permit for Commencement of Works	No
Business Licence	Yes

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	<b>Property</b>	<b>Description and tenure</b>	<b>Particulars of occupancy</b>	<b>Capital value in existing state as at 31 March 2006</b>
26.	Zhoushan Dangxiao, No. 116 Wenhua Road, Dinghai District, Zhoushan, Zhejiang Province, the PRC	<p>The property comprises a site with a site area of 16,272 sq.m. (175,152 sq.ft.).</p> <p>The property is planned to be developed into a residential development and is scheduled for completion in December 2007.</p> <p>The property is planned with total gross floor area of approximately 8,113 sq.m. (87,328 sq.ft.) for residential use.</p> <p>The land use rights of the property have been granted for a term of 70 years due to expire on 10 May 2072 for residential use.</p>	The property is currently a vacant site.	Rmb 30,000,000

## Notes:

- (1) According to Certificate for the Use of State-owned Land No. (2004) 1019, the land use rights of the property, comprising a site area of 16,272.03 sq.m., are vested in Zhoushan Greentown Real Estate Development Co., Ltd. (舟山綠城房地產開發有限公司) for a term of 70 years due to expire on 10 May 2072 for residential uses.
- (2) According to Grant Contract of Land Use Rights No. (2004)27, the land use rights of the property have been agreed to be granted to Greentown Real Estate Group Company Limited (綠城房地產集團有限公司) as follows:
  - (i) Location : East of Wenhua Road
  - (ii) Site area : 19,065 sq.m. (including road area 2,793 sq.m.)
  - (iii) Uses : Residential
  - (iv) Land use term : 70 years
  - (v) Plot ratio :  $\leq 0.5$
- (3) As advised by the Group, the total construction cost expended as at 31 March 2006 was approximately Rmb 280,000 and the total estimated construction cost to complete the development was approximately Rmb 25,500,000. In the course of our valuation, we have taken into account such construction costs.
- (4) The capital value when completed of the proposed development is approximately Rmb 73,000,000.
- (5) According to PRC legal opinion:
  - (i) Zhoushan Greentown Real Estate Development Co., Ltd. (舟山綠城房地產開發有限公司) has been issued with a business licence and is legally established under the PRC law as a limited company with a registered capital of Rmb 20,000,000 and started operation from 16 December 1999 to 15 December 2005;
  - (ii) Zhoushan Greentown Real Estate Development Co., Ltd. (舟山綠城房地產開發有限公司) has settled the land premium of the property as stated in the Grant Contract of Land Use Rights;
  - (iii) According to a Certificate for the Use of State-owned Land No. (2004) 1019 issued by Zhoushan Land Resources Bureau on 10 May 2004, Zhoushan Greentown Real Estate Development Co., Ltd. (舟山綠城房地產開發有限公司) has obtained the land use rights of the property, comprising a site area of 16,272 sq.m., for a land use term due to expire on 10 May 2072 for residential use;
  - (iv) Zhoushan Greentown Real Estate Development Co., Ltd. (舟山綠城房地產開發有限公司) is entitled to use, transfer, mortgage and lease the land use rights of the property at no extra land premium payable to the government;
  - (v) The property is not subject to any mortgage or any other encumbrances;
  - (vi) As a result of the local government's delay in the site clearance work, possession of the property has not been delivered to the Group. Zhoushan Land Resources Bureau agreed to postpone the construction commencement date until 2 months after the delivery of possession of the land; and
  - (vii) As the necessary approvals and documents for the project planning permit have not been obtained yet, no construction works of the property can be commenced.

- (6) The status of title and grant of major approvals and licences in accordance with the PRC legal opinion and information provided by the Group are as follows:

Certificate for the Use of State-owned Land	Yes
Grant Contract of Land use Rights	Yes
Red-line Drawing	Yes
Construction Project Planning Permit	Yes
Planning Permit for Construction Land	No
Planning Permit for Construction Works	No
Permit for Commencement of Works	No
Business Licence	Yes

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		Particulars of occupancy	Capital value in existing state as at 31 March 2006
27.	<b>Property</b> Plot Nos. 620–625 Jie Fang, Dongjiadu and Plot No. 632 Jie Fang, Xiaodongmen (to be developed together with Property No. 49), Huangpu District, Shanghai, the PRC	<b>Description and tenure</b> The property comprises two sites with a total site area of 57,414 sq.m. (618,650 sq.ft.).  The property is planned to be developed into a residential development in 3 phases. The various phases of the development are scheduled for completion between December 2008 and April 2009.	Rmb 2,522,000,000  (51% interest attributable to the Group: Rmb 1,286,220,000)

The property comprises portion of the Shanghai Dongjiadu Project and is planned to provide part of the following gross floor areas:

		<b>Approximate Gross Floor Area</b>	
		<b>sq.m.</b>	<b>sq.ft.</b>
Residential		205,000	2,206,620
Commercial		11,000	118,404
Ancillary		9,000	96,876
		<u>225,000</u>	<u>2,421,900</u>

In addition, the whole development of the Shanghai Dongjiadu Project will provide a total of 1,500 car parks in basement with total gross floor area of approximately 75,000 sq.m. (807,300 sq.ft.).

The land use rights of the property have been granted for a term due to expire on 23 August 2074 and 30 August 2074 respectively for residential uses.

Notes:

- (1) According to 2 Shanghai Real Estate Title Certificates, the land use rights of the property, comprising a site area of 57,414 sq.m., are vested in Shanghai Huazhe Bund Real Estate Co., Ltd. (上海華浙外灘置業有限公司) for a term of 70 years due to expire on 23 August 2074 and 30 August 2074 for residential uses. The details are summarized as follows:

Certificate No.	Use	Expiry Date	Site Area (sq.m.)
(2004) 008055	Residential	23 August 2074	10,364
(2004) 008660	Residential	30 August 2074	47,050
<b>Total</b>			<b>57,414</b>

- (2) According to Grant Contract of Land Use Rights (2004) 58, the land use rights of the property have been agreed to be granted to Shanghai Huazhe Bund Real Estate Co., Ltd. (上海華浙外灘置業有限公司) as follows:

(i)	Location	:	Huangpu District Dongjiadu 620 Jie Fang 1/1Qiu
(ii)	Site area	:	47,050 sq.m.
(iii)	Uses	:	Residential
(iv)	Land use term	:	70 years
(v)	Plot ratio	:	3.43

According to Grant Contract of Land Use Rights No. (2004) 49, the land use rights of the property have been agreed to be granted to Shanghai Huazhe Bund Real Estate Co., Ltd. (上海華浙外灘置業有限公司) as follows:

- (i) Location : Huangpu District Xiaodongmen Street 632 Jie Fang 1/2Qiu
- (ii) Site area : 10,364 sq.m.
- (iii) Uses : Residential
- (iv) Land use term : 70 years
- (v) Plot ratio : 3.39

According to Grant Contract of Land Use Rights No. (2004) 48, the land use rights of the property have been agreed to be granted to Shanghai Huazhe Bund Real Estate Co., Ltd. (上海華浙外灘置業有限公司) as follows:

- (i) Location : Huangpu District Xiaodongmen Street 631 Jie Fang
- (ii) Site area : 8,344 sq.m.
- (iii) Uses : Residential
- (iv) Land use term : 70 years
- (v) Plot ratio : 3.4

- (3) As advised by the Group, the total construction cost expended as at 31 March 2006 was approximately Rmb 6,700,000. The total estimated construction cost to complete the whole development was estimated as approximately Rmb 954,000,000. In the course of our valuation, we have taken into account such construction costs.
- (4) The capital value when completed of the whole development is approximately Rmb 5,389,000,000.
- (5) In the course of our valuation, we have assumed all of the outstanding demolition and resettlement costs of the property have been paid.
- (6) According to PRC legal opinion:
  - (i) Shanghai Huazhe Bund Real Estate Co., Ltd. (上海華浙外灘置業有限公司) has been issued with a business licence and is legally established under the PRC law as a limited company with a registered capital of Rmb 50,000,000 and started operation from 26 September 2002;
  - (ii) By virtue of entering into 2 Shanghai Real Estate Title Certificates and settling in full the relevant fees agreed in the land grant contract, Shanghai Huazhe Bund Real Estate Co., Ltd. (上海華浙外灘置業有限公司) has obtained the land use rights of portion of the property, comprising a total site area of 57,414 sq.m., due to expire on 23 August 2074 and 30 August 2074 respectively for residential use;
  - (iii) According to Construction Project Planning Approval No. (2002) 500, 508 and 509 dated 18 December 2002 issued by Shanghai Planning Committee, the scale of the construction land approved was in a total land area of 65,750 sq.m;
  - (iv) Payable amounts of Rmb 966,600,000 and Rmb 10,000,000, being the balance of the compensation costs and green land construction fee respectively, have not been settled yet by the Group;
  - (v) According to the land grant contract, the construction works of the property should be commenced before 31 December 2005. Since the clearance of the site has not been completed yet, construction works of the property cannot be started. Huangpu District Housing and Land Administrative Bureau has agreed the commencement works to be postponed before 31 December 2006;
  - (vi) Part of the property with a site area of 47,050 sq.m. is subject to mortgage;
  - (vii) Shanghai Huazhe Bund Real Estate Co., Ltd. (上海華浙外灘置業有限公司) is entitled to lease, transfer, mortgage the land use rights together with the building ownership of the property at no extra land premium;
  - (viii) As the necessary approvals and documents for the project planning permit have not been obtained yet, no construction works of the property can be commenced;
  - (ix) In addition, the Group is responsible at its own costs for the relocation works of the clearance of portion of the overall development (property No. 49) before obtaining the Certificate for the Use of State-owned Land of the property; and
  - (x) Shanghai Huazhe Bund Real Estate Co., Ltd. (上海華浙外灘置業有限公司) is entitled to transfer and re-mortgage the land use rights of the property with a site of 47,050 sq.m. subject to the consent of the mortgagee.
- (7) The status of title and grant of major approvals and licences in accordance with the PRC legal opinion and information provided by the Group are as follows:

Certificate for the Use of State-owned Land	Yes
Grant Contract of Land use Rights	Yes
Red-line Drawing	Yes
Construction Project Planning Permit	Yes
Planning Permit for Construction Land	Yes (part)
Planning Permit for Construction Works	No
Permit for Commencement of Works	No
Business Licence	Yes

			Capital value in existing state as at 31 March 2006															
Property	Description and tenure	Particulars of occupancy																
28. Portion of Xingqiao Project (to be developed together with Property No. 54), Nanxing Village, West of Xingqiao Development Zone Avenue, Yuhang District Hangzhou, Zhejiang Province	<p>The property comprises a site with a site area of 37,194.90 sq.m. (400,366 sq.ft.).</p> <p>The property is planned to be developed into a commercial /residential development and is scheduled for completion in May 2009.</p> <p>The property comprises portion of the Xingqiao Project and is planned to provide part of the following gross floor areas:</p> <table><tr><th colspan="3">Approximate Gross Floor Area</th></tr><tr><th></th><th>sq.m.</th><th>sq.ft.</th></tr><tr><td>Residential</td><td>90,030</td><td>969,083</td></tr><tr><td>Commercial</td><td>5,000</td><td>53,820</td></tr><tr><td></td><td><u>95,030</u></td><td><u>1,022,903</u></td></tr></table> <p>In addition, the whole development of the Xingqiao Project will provide a total of 600 car parks in basement with total gross floor area of approximately 27,500 sq.m. (296,010 sq.ft.).</p> <p>The land use rights of the property have been granted for a term of 70 years for residential uses and a term of 40 years for commercial uses.</p>	Approximate Gross Floor Area				sq.m.	sq.ft.	Residential	90,030	969,083	Commercial	5,000	53,820		<u>95,030</u>	<u>1,022,903</u>	<p>The property is currently a vacant site.</p> <p>(35% interest attributable to the Group: Rmb 22,400,000)</p>	Rmb 64,000,000
Approximate Gross Floor Area																		
	sq.m.	sq.ft.																
Residential	90,030	969,083																
Commercial	5,000	53,820																
	<u>95,030</u>	<u>1,022,903</u>																

## Notes:

- (1) According to Certificate for the Use of State-owned Land No. (2005) 104-375, the land use rights of the property, comprising a site area of 37,194.9 sq.m., are vested in Hangzhou Jiuzhou Real Estate Development Co., Ltd (杭州九洲房地產開發有限公司) for a term of 70 for residential use and 40 years for commercial uses due to expire on 19 December 2072 and 19 December 2042 respectively.
- (2) According to Grant Contract of Land Use Rights No. (2002) 244, the land use rights of the property have been agreed to be granted to Hangzhou Jiuzhou Real Estate Development Co., Ltd (杭州九洲房地產開發有限公司) as follows:
  - (i) Location : Nanxing Village, Xingqiao Street
  - (ii) Site area : 75,776 sq.m.
  - (iii) Uses : residential/commercial
  - (iv) Land use term : 70 years(residential)/40 years(commercial)
  - (v) Plot ratio : 1.29
- (3) As advised by the Group, the total construction cost expended as at 31 March 2006 was approximately Rmb 100,000. The outstanding construction cost to complete the whole development was estimated as approximately Rmb 245,000,000. In the course of our valuation, we have taken into account such construction costs.
- (4) The capital value when completed of the whole development is approximately Rmb 528,000,000.
- (5) According to PRC legal opinion:
  - (i) Hangzhou Yuhang Greentown Jiuzhou Real Estate Development Co., Ltd (杭州余杭綠城九洲房地產開發有限公司) has been issued with a business licence and is legally established under the PRC law as a limited company with a registered capital of Rmb 10,000,000 and started operation from 18 June 2004;
  - (ii) Hangzhou Yuhang Greentown Jiuzhou Real Estate Development Co., Ltd (杭州余杭綠城九洲房地產開發有限公司) has settled all of the land premium of the property as stated in the Grant Contract of Land Use Rights;
  - (iii) According to a Certificate for the Use of State-owned Land issued by Hangzhou Jiuzhou Real Estate Development Co., Ltd (杭州九洲房地產開發有限公司) has obtained the land use rights of part of the property, comprising a site area of 37,194.9 sq.m., for a land use term of 70 years due to expire on 19 December 2072 for residential use and 40 years for commercial use;
  - (iv) Hangzhou Jiuzhou Real Estate Development Co., Ltd (杭州九洲房地產開發有限公司) is entitled to use, transfer, mortgage and lease the property at no extra land premium payable to the government;

- (v) A project company named Hangzhou Yuhang Greentown Jiuzhou Real Estate Development Co., Ltd. (杭州余杭綠城九洲房地產開發有限公司) ("the Project Company") was formed on 18 June 2004 by Greentown Real Estate Group Co., Ltd. (綠城房地產集團有限公司), Hangzhou Jiuzhou Real Estate Development Co., Ltd. (杭州九洲房地產開發有限公司) and Shaofeng (邵楓), with contributed capital of 35%, 30% and 35% respectively. Development of the project will be undertaken by the Project Company. The current certificates and approvals were issued to Hangzhou Jiuzhou Real Estate Development Co., Ltd. (杭州九洲房地產開發有限公司);
- (vi) According to the Regulations of Handling the Idle Land of Hangzhou (杭州市閒置土地處理辦法), the construction project can be postponed and no penalty should be payable although the Group has not commenced the development of the property within the prescribed time limit, as the delay was caused by the government;
- (vii) According to Construction Project Planning Approval No. (2002) 232 dated 19 August 2002, issued by Hangzhou Yuhang District Development Planning Bureau, the scale of the construction works approved for the property together with Property No. 55 was 100,000 sq.m. gross floor area;
- (viii) The property is not subject to any mortgage; and
- (ix) As the necessary approvals and documents for the project planning permit have not been obtained yet, no construction works of the property can be commenced.
- (6) The status of title and grant of major approvals and licences in accordance with the PRC legal opinion and information provided by the Group are as follows:

Certificate for the Use of State-owned Land	Yes
Grant Contract of Land use Rights	Yes
Red-line Drawing	Yes
Construction Project Planning Permit	Yes
Planning Permit for Construction Land	Yes
Planning Permit for Construction Works	No
Permit for Commencement of Works	No
Business Licence	No



			Capital value in existing state as at 31 March 2006
Property	Description and tenure	Particulars of occupancy	
29. Ningbo Green Garden, Technology Park, No. 226 Changhai Road, Ningbo, Zhejiang Province, the PRC	<p>The property comprises a site with a site area of 37,680 sq.m. (405,588 sq.ft.).</p> <p>The property is planned to be developed into office/residential development and is scheduled for completion in September 2008.</p> <p>The property is planned with gross floor areas as follows:</p>	<p>The property is currently a vacant site.</p>	<p>Rmb 288,000,000</p> <p>(50% interest attributable to the Group: Rmb 144,000,000)</p>
		<b>Approximate</b>	
	<b>Portion</b>	<b>Gross Floor Area</b>	
		<b>sq.m. sq.ft.</b>	
	Residential	65,437 704,364	
	Office	30,175 324,804	
	Ancillary	6,664 71,731	
		<u>102,276 1,100,899</u>	
<p>In addition, the property will provide a total of 660 car parks in basement with total gross floor area of approximately 32,629 sq.m. (351,219 sq.ft.).</p> <p>The land use rights of the property have been granted for a term of 40 and 70 years for commercial and residential uses.</p>			

## Notes:

- (1) According to Certificate for the Use of State-owned Land No. (2006) 21203, the land use rights of the property, comprising a site area of 37,680 sq.m., are vested in Ningbo Zhebao Greentown Real Estate Co., Ltd. (寧波浙報綠城房地產開發有限公司), formerly Ningbo Greentown Junsheng Real Estate Co. (寧波綠城均勝房地產公司), for a term of 70 and 40 years due to expire on 30 December 2075 and 30 December 2045 for residential and commercial uses.
- (2) According to Grant Contract of Land Use Rights No. (2005) 002, the land use rights of the property, comprising a site area of 37,680 sq.m., have been agreed to be granted to Ningbo Greentown Junsheng Real Estate Co. (寧波綠城均勝房地產公司) as follows:
  - (i) Location : Changhai Road, Ningbo
  - (ii) Site area : 37,680 sq.m.
  - (iii) Uses : residential/commercial
  - (iv) Land use term : 70 years(residential)/40 years(commercial)
  - (v) Plot ratio : 2.5

According to the Supplementary Agreement of Grant Contract of Land Use Rights dated 4 July 2005, the plot ratio has been adjusted to 2.71.

- (3) As advised by the Group, the total construction cost expended as at 31 March 2006 was approximately Rmb 5,200,000. The outstanding construction cost to complete the development was estimated a approximately Rmb 356,000,000. In the course of our valuation, we have taken into account such construction costs.
- (4) The capital value when completed of the proposed development is approximately Rmb 910,000,000.
- (5) According to PRC legal opinion:
  - (i) Ningbo Greentown Junsheng Real Estate Co. (寧波綠城均勝房地產公司) has been issued with a business licence and is legally established under the PRC law as a limited company with a registered capital of Rmb 30,000,000 and started operation from 17 December 2004;
  - (ii) Ningbo Greentown Junsheng Real Estate Co. (寧波綠城均勝房地產公司) has settled all the land premium of the property as stated in the Grant Contract of Land Use Rights;

- (iii) According to Certificate for the Use of State-owned Land No. (2006) 21203 issued by Ningbo Land Resources Bureau on 17 January 2006, Zhejiang Newspapering Greentown Investment Co., Ltd. (浙江報業綠城投資有限公司) has obtained the land use rights of the property, comprising a site area of 37,680 sq.m., for a land use term due to expire on 30 December 2075 and 30 December 2045 for residential use and commercial/office uses respectively;
- (iv) Zhejiang Newspapering Greentown Investment Co., Ltd. (浙江報業綠城投資有限公司) is entitled to use, transfer, mortgage and lease the portion of the property obtained the Certificates for the Use of State-owned Land with the residual term of its land use rights at no extra land premium payable to the government; and
- (v) According to Planning Permit for Construction Works No. (2006)0207020 issued by Ningbo Planning Bureau on 20 April 2006, the scale of the construction works approved was 135,922.4 sq.m.
- (6) The status of title and grant of major approvals and licences in accordance with the PRC legal opinion and information provided by the Group are as follows:

Certificate for the Use of State-owned Land	Yes
Grant Contract of Land use Rights	Yes
Red-line Drawing	No
Construction Project Planning Permit	No
Planning Permit for Construction Land	Yes
Planning Permit for Construction Works	Yes
Business Licence	No

			Capital value in existing state as at 31 March 2006																		
Property	Description and tenure	Particulars of occupancy																			
30. Portion of Jiahe Jiubao Project (to be developed together with Property No. 55), Lots B1, B2 and B3, Yanggong Village, Jiubao Town, Jiangan District, Hangzhou, Zhejiang Province, the PRC	<p>The property comprises a site with a total site area of 60,955 sq.m. (656,180 sq.ft.).</p> <p>The property is planned to be developed into a residential/ commercial development and is scheduled for completion in May 2010. The property will comprise portion of Jiubao Project and is planned to provide part of the following gross floor areas:</p> <table><tr><th colspan="3">Approximate Gross Floor Area</th></tr><tr><th></th><th>sq.m.</th><th>sq.ft.</th></tr><tr><td>Residential</td><td>239,000</td><td>2,572,596</td></tr><tr><td>Commercial</td><td>6,000</td><td>64,584</td></tr><tr><td>Ancillary</td><td>6,380</td><td>68,674</td></tr><tr><td></td><td><u>251,380</u></td><td><u>2,705,854</u></td></tr></table> <p>In addition, the development will provide a total of 1,600 car parks in basement with total gross floor area of approximately 84,620 sq.m. (910,850 sq.ft.).</p> <p>The land use rights of the property have been granted for residential uses with an expiry date on 31 October 2065.</p>	Approximate Gross Floor Area				sq.m.	sq.ft.	Residential	239,000	2,572,596	Commercial	6,000	64,584	Ancillary	6,380	68,674		<u>251,380</u>	<u>2,705,854</u>	Some vacant structures and farmer houses are found erected on site.	Rmb 471,000,000
Approximate Gross Floor Area																					
	sq.m.	sq.ft.																			
Residential	239,000	2,572,596																			
Commercial	6,000	64,584																			
Ancillary	6,380	68,674																			
	<u>251,380</u>	<u>2,705,854</u>																			

## Notes:

- (1) According to 3 Certificates for Use of Stated-owned Land Nos. (2004)000159, (2004)000160, (2004)000161 issued by Hangzhou State-owned Land Resource Bureau (杭州市國土資源局) on 22 July 2004, the land use rights of the property, comprising a site area of 60,955 sq.m., have been granted to Zhejiang Jia He Industrial Company (浙江嘉和實業有限公司) with an expiry date on 31 October 2065 for residential uses.
- (2) According to No. 2 Supplementary Agreement of Grant Contract of Jianhe Playland Land (嘉和樂園地塊出讓合同補充協議(二)) entered between Hangzhou State-owned Land Resource Bureau (杭州市國土資源局) ("Party A") and Zhejiang Jia He Industrial Company (浙江嘉和實業有限公司) ("Party B") dated 16 June 2004, Party A has agreed that the legal use of Jianhe Playland Land be altered for residential use. The site comprises a total site area of approximately 172,390 sq.m., of which the granted land is approximately 100,809 sq.m., with a maximum permitted gross floor area of approximately 252,022.5 sq.m.
- (3) According to an Agreement of Share Transfer (股權轉讓協議書) entered between Ningbo Huashan International Trading Co., Ltd. (寧波華善國際貿易有限公司) ("Party A") and Hangzhou Greentown Real Estate Development Co., Ltd. (杭州綠城房地產開發有限公司) ("Party B") dated 20 January 2006, Party A has agreed to transfer the 10% Share of registered capital of Zhejiang Jia He Industrial Company (浙江嘉和實業有限公司) to Party B.
- (4) According to PRC legal opinion:
  - (i) Zhejiang Jia He Industrial Company (浙江嘉和實業有限公司) has been issued with a business licence and is legally established under the PRC law as a limited company with a registered capital of Rmb 50,000,000 and started operation from 18 April 1995;
  - (ii) Zhejiang Jia He Industrial Company (浙江嘉和實業有限公司) can not engage in property development operation until the Group obtains the approved qualification;
  - (iii) Zhejiang Jia He Industrial Company (浙江嘉和實業有限公司) has settled all the land premium of the property as stated in the Grant Contract of Land Use Rights;
  - (iv) According to three Certificates for the Use of State-owned Land Nos. (2004) 000159, (2004) 000160 and (2004) 000161 issued by Hangzhou Land Resources Bureau in July 2004, Zhejiang Jia He Industrial Company (浙江嘉和實業有限公司) has obtained the land use rights of the property, comprising a total site area of 60,955 sq.m., for a land use term due to expire on 31 October 2065 for residential;
  - (v) Certificate for the Use of State-owned Land of portion of the overall development (property No. 58), comprising a site area of 39,854 sq.m. can not be obtained until the removal and resettlement works are completed by Zhejiang Jia He Industrial Company (浙江嘉和實業有限公司);

- (vi) Zhejiang Jia He Industrial Company (浙江嘉和實業有限公司) is entitled to use, transfer, mortgage and lease the land use rights of the property at no extra land premium payable to the government;
  - (vii) The Land Grant Contract, Supplementary Agreement of Grant Contract of Jianhe Playland Land and No. 2 Supplementary Agreement of Grant Contract of Jianhe Playland Land (嘉和樂園地塊出讓合同補充協議(二)) entered between Hangzhou State-owned Land Resource Bureau (杭州市國土資源局) and Zhejiang Jia He Industrial Company (浙江嘉和實業有限公司) are valid and binding to both parties;
  - (viii) Portion of the property is subject to mortgage; and
  - (ix) As the necessary approvals and documents for the project planning permit have not been obtained yet, no construction works of the property can be commenced.
- (5) The status of title and grant of major approvals and licences in accordance with the PRC legal opinion and information provided by the Group are as follows:

Certificate for the Use of State-owned Land	Yes
Grant Contract of Land Use Rights	Yes
Red-line Drawing	No
Construction Project Planning Permit	No
Business Licence	Yes

## Group III — Property interests held for sale by the Group in the PRC

	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 March 2006
31.	The unsold portion of Qilixiang Creek Villa, Silian Cun, Shouxiang Town, Fuyang City, Hangzhou, Zhejiang Province, the PRC	Qilixiang Creek is a residential development completed in June 2005.  The property comprises gross floor area of 6,038 sq.m. (64,993 sq.ft.) for residential use.  The land use rights of the property have been granted for a term of 70 years due to expire on 9 December 2071 and 7 June 2071 respectively for residential uses.	The property is currently completed.	Rmb 48,000,000  (30% interest attributable to the Group: Rmb 14,400,000)

Notes:

- (1) According to 4 Certificates for the Use of State-owned Land, the land use rights of the property, comprising a site area of 367,969.30 sq.m., are vested in Hangzhou Jimei Real Estate Development Co., Ltd. (杭州集美房地產開發有限公司) for a term of 70 years due to expire respectively on 7 June 2071 and 9 December 2071 for residential uses. The details are summarized as follows:

Certificate No.	Use	Expiry Date	Site Area (sq.m.)
(2002)3005	Residential	9 December 2071	97,333.30
(2002)3006	Residential	9 December 2071	2,722.70
(2002)3007	Residential	9 December 2071	13,913.30
(2002)3306	Residential	7 June 2071	254,000.00
<b>Total</b>			<b>367,969.30</b>

- (2) According to Grant Contract of Land Use Rights No. (2001) 121 and 122, the land use rights of the property have been agreed to be granted to Hangzhou Jimei Real Estate Development Co., Ltd. as follows:

(i)	Location	:	Silian Village, Shouxiang Town, Fuyang City, Hangzhou, Zhejiang
(ii)	Total Site area	:	375,668.31 sq.m.
(iii)	Uses	:	Residential
(iv)	Land use term	:	70 years
(v)	Plot ratio	:	1.2

- (3) According to 2 Planning Permits for Construction Works issued by Fuyang Construction Bureau (富陽市建設局), the details of the proposed development are summarized as follows:

Permit No.	Gross Floor Area Sq.m.	Issue Date
0133600	36,330	2 August 2001
0133761	87,000	6 January 2003
<b>Total:</b>	<b>123,330</b>	

- (4) As advised by the Group, a portion of the development, comprising a total gross floor area of approximately 112,421.61 sq.m. has been pre-sold for a total consideration of approximately Rmb 731,000,000. In the course of our valuation, we have taken into account such consideration.

- (5) According to PRC legal opinion:
- (i) Hangzhou Jimei Real Estate Development Co., Ltd. (杭州集美房地產開發有限公司) has been issued with a business licence and is legally established under the PRC law as a limited company with a registered capital of Rmb 32,000,000 and started operation from 24 October 2000;
  - (ii) Hangzhou Jimei Real Estate Development Co., Ltd. (杭州集美房地產開發有限公司) has settled the land premium of the property as stated in the Grant Contract of Land Use Rights;
  - (iii) According to 4 Certificates for the Use of State-owned Land issued by Hangzhou Land Resources Bureau, Hangzhou Jimei Real Estate Development Co., Ltd. (杭州集美房地產開發有限公司) has obtained the land use rights of the property, comprising a total site area of 367,969.30 sq.m., for a land use term due to expire on 7 June 2071 and 9 December 2071 respectively for residential use;
  - (iv) Hangzhou Jimei Real Estate Development Co., Ltd. (杭州集美房地產開發有限公司) is entitled to use, transfer, mortgage and lease the property with the residual term of its land use rights at no extra land premium payable to the government;
  - (v) According to Construction Project Planning Approval Nos. (2001) 196 and (2001) 303 issued by Fuyang Planning Committee on 29 April 2001 and 19 June 2001 respectively, the scale of the construction works approved was in total 225,000 sq.m.; and
  - (vi) The property is not subject to any mortgage.
- (6) The status of title and grant of major approvals and licences in accordance with the PRC legal opinion and information provided by the Group are as follows:

Certificate for the Use of State-owned Land	Yes
Grant Contract of Land use Rights	Yes
Red-line Drawing	Yes
Construction Project Planning Permit	Yes
Planning Permit for Construction Land	Yes
Planning Permit for Construction Works	Yes
Pre-sales Permit	Yes
Business Licence	Yes

				Capital value in existing state as at 31 March 2006
Property	Description and tenure	Particulars of occupancy		
32. The unsold portion of Phases I and II of Chunjiang Huayue, Site No. 19, Fuxing Road, Shangcheng District, Hangzhou, Zhejiang Province, the PRC	Phases I and II of Chunjiang Huayue comprises two phases in a residential development completed in February 2004 and March 2005 respectively.  The unsold portion of Phases I and II of Chunjiang Huayue comprises the gross floor area of approximately 1,527 sq.m. (16,437 sq.ft.) for residential use and 1,688 sq.m. (18,170 sq.ft.) for commercial use.  In addition, the property comprises totally 86 car parking spaces.  The land use rights of the property have been granted for a term of 70 years for residential uses, a term of 40 years for commercial uses, and a term of 50 years for composite uses	The property is currently vacant.	Rmb 63,000,000	

## Notes:

- (1) According to 14 Certificates for Use of State-owned Land, the land use rights of the property, comprising portion of the site area of 119,372 sq.m., are vested in Hangzhou Greentown Real Estate Development Co., Ltd (杭州綠城房地產開發有限公司) for a term of 40 years, 50 years and 70 years for commercial, composite and residential uses respectively. The details are summarized as follows:

Certificate No.	Use	Expiry Date	Site Area (sq.m.)
(2002) 000109	Residential	25 June 2072	8,606
(2002) 000110	Residential	25 June 2072	10,636
(2002) 000112	Commercial	25 June 2042	500
(2002) 000111	Composite	25 June 2052	909
(2003) 000307	Residential	19 July 2071	28,274
(2003) 000308	Composite	19 July 2051	1,483
(2003) 000309	Commercial	19 July 2041	410
(2003) 000310	Residential	19 July 2071	27,692
(2003) 000311	Commercial	19 July 2041	79
(2005) 000184	Residential	13 March 2072	15,277
(2005) 000185	Commercial	13 March 2042	1,795
(2005) 000186	Composite	13 March 2052	340
(2005) 000187	Residential	13 March 2072	22,229
(2005) 000188	Commercial	13 March 2042	1,097
<b>Total</b>			<b>119,372</b>

- (2) According to 10 Hangzhou Building Ownership Certificates, the building ownership of the property, comprising a gross floor area of 1,485.88sq.m. is vested in Hangzhou Greentown Real Estate Development Co., Ltd (杭州綠城房地產開發有限公司). The details are summarized as follows:

Certificate No.	Use	Gross floor area (sq.m.)
0065287	Residential	147.49
0065245	Residential	147.61
0065179	Residential	142.85
0065175	Residential	142.48
0065173	Residential	142.48
0359806	Residential	147.33
0359805	Residential	143.25
0065120	Residential	156.81
0065139	Residential	156.81
0065194	Residential	158.77
<b>Total</b>		<b>1,485.88</b>

- (3) According to PRC legal opinion:
- (i) Hangzhou Greentown Real Estate Development Co., Ltd (杭州綠城房地產開發有限公司) has been issued with a business licence and is legally established under the PRC law as a limited company with a registered capital of Rmb 20,000,000 and started operation from 23 October 2000;
  - (ii) According to 14 Certificates for the Use of State-owned Land Nos. (2002) 000109, (2002) 000110, (2002) 000111, (2002) 000112, (2003) 000107, (2003) 000108, (2003) 000109, (2003) 000110, (2003) 000111, (2003) 000307, (2003) 000308, (2003) 000309, (2003) 000310 and (2003) 000311 issued by Hangzhou Land Resources Bureau (杭州市國土資源局), Hangzhou Greentown Real Estate Development Co., Ltd (杭州綠城房地產開發有限公司) has obtained the land use rights of the property, comprising portion of total site area of 119,372 sq.m., for a land use term due to expire between 19 July 2041 and 25 June 2072 for composite, commercial and residential uses respectively;
  - (iii) Portion of the property with a site area of 17,412 sq.m. is subject to mortgage;
  - (iv) Hangzhou Greentown Real Estate Development Co., Ltd (Greentown Real Estate Group Co., Ltd. (杭州綠城房地產開發有限公司)) is entitled to transfer and re-mortgage the land use rights of a portion of the property with a site area of 17,412 sq.m. subject to the consent of the mortgagee.
- (4) The status of title and grant of major approvals and licences in accordance with the PRC legal opinion and information provided by the Group are as follows:

Building Ownership Certificate	Yes
Certificate for the Use of State-owned Land	Yes
Planning Permit for Construction Land	Yes
Planning Permit for Construction Works	Yes
Pre-sales Permit	Yes (part)
Business Licence	Yes



	<b>Property</b>	<b>Description and tenure</b>	<b>Particulars of occupancy</b>	<b>Capital value in existing state as at 31 March 2006</b>
33.	The unsold portion of Phases I and II of Shanghai Greentown (developed together with Property 16), No. 99 Jinhe Road, Pudong New Area, Shanghai, the PRC	<p>Shanghai Greentown is a residential development comprising 3 phases.</p> <p>The property comprises the unsold residential units and 892 car parks in Phases I and II of Shanghai Greentown completed in October 2004 and September 2005 respectively.</p> <p>The property comprises a total gross floor area of approximately 952 sq.m. (10,247 sq.ft.) for residential use and 1,055 sq.m. (11,356 sq.ft.) for commercial use.</p> <p>In addition, the property comprises totally 892 car parking spaces.</p> <p>The land use rights of the property have been granted for a term of 70 years due to expire on 20 June 2072 and 23 November 2073 for residential use.</p>	The property is completed.	Rmb 198,000,000

## Notes:

- (1) According to Shanghai Real Estate Title Certificate Nos. (2002) 051052 and (2003) 113668, the land use rights of the property, comprising a site area of 186,535 sq.m., are vested in Shanghai Lvyu Real Estate Development Co., Ltd. (上海綠宇房地產開發有限公司) for a term of 70 years due to expire on 20 June 2072 and 23 November 2073 for residential uses.
- (2) According to PRC legal opinion:
  - (i) Shanghai Lvyu Real Estate Development Co., Ltd. (上海綠宇房地產開發有限公司) has been issued with a business licence and is legally established under the PRC law as a limited company with a registered capital of Rmb 100,000,000 and started operation from 19 July 2000;
  - (ii) By virtue of the Certificate for the Use of State-owned Land and settling in full the relevant fees agreed in the land transfer contract, Shanghai Lvyu Real Estate Development Co., Ltd. (上海綠宇房地產開發有限公司) has obtained the land use rights of the property, comprising a portion of a site with total site area of 187,118 sq.m., for a land use term due to expire on 20 June 2072 and 23 November 2073 respectively for residential use;
  - (iii) Portion of the property is subject to mortgage; and
  - (iv) Shanghai Lvyu Real Estate Development Co., Ltd. (上海綠宇房地產開發有限公司) is entitled to transfer and re-mortgage the property subject to the consent of the mortgagee.
- (3) The status of title and grant of major approvals and licences in accordance with the PRC legal opinion and information provided by the Group are as follows:

Building Ownership Certificate	Yes
Certificate for the Use of State-owned Land	Yes
Planning Permit for Construction Land	Yes
Planning Permit for Construction Works	Yes
Business Licence	Yes

				Capital value in existing state as at 31 March 2006
Property	Description and tenure	Particulars of occupancy		
34. The unsold portion of Phase I and Phase II (part) of Hefei Guihua Garden, Lot KJV-1-1, High and New Technological Development Zone, South of Huangshan Road, Hefei, Anhui Province, the PRC	The property comprises the unsold portion of Phase I and Phase II (part) completed in September 2004 and March 2006 respectively.  The unsold portion of Phase I of Hefei Guihua Garden comprises the gross floor areas as follows:	The property is currently vacant.		Rmb 163,000,000  (90% interest attributable to the Group: Rmb 146,700,000)
	<b>Portion</b>	<b>Approximate Gross Floor Area</b>		
		<b>sq.m.</b>	<b>sq.ft.</b>	
	Residential	34,171	367,817	
	Commercial	2,236	24,068	
		<u>36,407</u>	<u>391,885</u>	

In addition, the property comprises 990 car parking spaces and storage spaces in the basement.

The land use rights of the property have been granted for a term of 70 years due to expire on 10 August 2071 for residential use.

## Notes:

- (1) According to Certificate for the Use of State-owned Land No. 2001-18, the land use rights of the property, comprising a site area of 319,729.10 sq.m., is vested in Anhui Greentown Real Estate Development Co., Ltd. (安徽綠城房地產開發有限公司) for a term of 70 years due to expire on 10 August 2071 for residential use.
- (2) According to PRC legal opinion:
  - (i) Anhui Greentown Real Estate Development Co., Ltd. (安徽綠城房地產開發有限公司) has been issued with a business licence and is legally established under the PRC law as a limited company with a registered capital of Rmb 30,000,000 and started operation from 9 August 2001;
  - (ii) According to Certificate for the Use of State-owned Land No. 2001-18 issued by Hefei High and New Technological Real Estate Development District Land Administrative Bureau (合肥高新技術產業開發區土地管理局) on 10 August 2001, Anhui Greentown Real Estate Development Co., Ltd. (安徽綠城房地產開發有限公司) has obtained the land use rights of the property, comprising a site area of 319,729.1 sq.m., for a land use term due to expire on 10 August 2071 for residential use;
  - (iii) Portion of the property is subject to mortgage; and
  - (iv) Anhui Greentown Real Estate Development Co., Ltd. (安徽綠城房地產開發有限公司) is entitled to transfer and re-mortgage the property subject to the consent of the mortgagee.
- (3) The status of title and grant of major approvals and licences in accordance with the PRC legal opinion and information provided by the Group are as follows:

Building Ownership Certificate	No
Certificate for the Use of State-owned Land	Yes
Planning Permit for Construction Land	Yes
Planning Permit for Construction Works	Yes
Business Licence	Yes

	<b>Property</b>	<b>Description and tenure</b>	<b>Particulars of occupancy</b>	<b>Capital value in existing state as at 31 March 2006</b>
35.	The unsold portion of Phases I and II of Beijing Baihe Apartment, West of Liangxiang Satellite City, Yancun County, Fangshan District, Beijing, the PRC (developed together with Property No. 22)	<p>The property comprises the unsold and pre-sold residential and commercial units and 805 car parks in Phases 1 and 2 of Beijing Baihe Apartment which was completed in May 2005 and September 2005 respectively.</p> <p>The property comprises a total gross floor area of approximately 33,795 sq.m. (363,769 sq.ft.) for residential use.</p> <p>In addition, the property comprises 714 car parking spaces and 84 storage spaces in basement with a total gross floor area of 31,677 sq.m. (340,971 sq.ft.).</p> <p>The land use rights of the property have been granted for a term of 70 and 50 years due to expire on 8 June 2073, 17 November 2073 and 17 November 2053 for residential, underground car park and ancillary uses respectively.</p>	The property is currently vacant.	<p>Rmb 183,000,000</p> <p>(80% interest attributable to the Group: Rmb 146,400,000)</p>

## Notes:

- (1) According to 2 Certificates for the Use of State-owned Land, the land use rights of the property, comprising a site area of 259,018.81 sq.m., are vested in Beijing Sunshine Greentown Real Estate Development Co., Ltd. (北京陽光綠城房地產開發有限公司) for a term of 70 and 50 years for residential and ancillary uses respectively. The details are summarized as follows:

<b>Certificate No.</b>	<b>Term</b>	<b>Expiry Date</b>	<b>Use</b>	<b>Site Area (sq.m)</b>
(2003)240	70 years	8 June 2073	Residential	83,610.65
(2003)536	70 years	17 November 2073	Residential	175,408.16
	50 years	17 November 2053	Ancillary	
<b>Total:</b>				<b>259,018.81</b>

- (2) According to PRC legal opinion:
- (i) Beijing Sunshine Greentown Real Estate Development Co., Ltd. (北京陽光綠城房地產開發有限公司) has been issued with a business licence and is legally established under the PRC law as a limited company with a registered capital of Rmb 50,000,000 and started operation from 15 January 2001;
  - (ii) By virtue of the Certificates for the Use of State-owned Land and settling in full the relevant fees agreed in the land grant contract, Beijing Sunshine Greentown Real Estate Development Co., Ltd. (北京陽光綠城房地產開發有限公司) has obtained the land use rights of the property, comprising a total site area of 259,018.81 sq.m., for a term of 70 years and 50 years for residential and ancillary uses respectively;
  - (iii) The property is subject to mortgage; and
  - (iv) Beijing Sunshine Greentown Real Estate Development Co., Ltd. (北京陽光綠城房地產開發有限公司) is entitled to transfer and re-mortgage the land use rights of the property subject to the consent of the mortgagee.
- (3) The status of title and grant of major approvals and licences in accordance with the PRC legal opinion and information provided by the Group are as follows:

Building Ownership Certificate	No
Certificate for the Use of State-owned Land	Yes
Planning Permit for Construction Land	Yes
Planning Permit for Construction Works	Yes
Business Licence	Yes

	<b>Property</b>	<b>Description and tenure</b>	<b>Particulars of occupancy</b>	<b>Capital value in existing state as at 31 March 2006</b>
36.	A car parking space in Hangzhou Green Garden, No. 36 Qinshi Road, Xihu District, Hangzhou, Zhejiang Province, the PRC	An unsold car park unit of Hangzhou Green Garden completed in November 2003.  The land use rights of the property have been granted for a term of 70 years due to expire on 29 November 2070 for residential use and 50 years due to expire on 29 November 2050 for composite uses.	The property is currently vacant.	Rmb 280,000

## Notes:

- (1) According to the Certificate for Use of State-owned Land Nos. (2003)000087-000089, the land use rights of the property, comprising a total site area of 36,703 sq.m., are vested in Zhejiang Green Garden Real Estate Development Co., Ltd (浙江省綠園房地產有限公司) for a term 70 years for residential uses due to expire on 29 November 2070 and a term of 50 years for composite uses due to expire on 29 November 2050.
- (2) According to PRC legal opinion:
- (i) Zhejiang Green Garden Real Estate Development Co., Ltd (浙江省綠園房地產有限公司) has been issued with a business licence and is legally established under the PRC law as a limited company with a registered capital of Rmb 20,000,000 and started operation from 16 December 1998;
  - (ii) By virtue of entering into a Grant Contract of Land Use Rights and issuance of Certificates for the Use of State-owned Land and settling in full the relevant fees agreed in the land grant contract, Zhejiang Green Garden Real Estate Development Co., Ltd (浙江省綠園房地產有限公司) has obtained the land use rights of the property, comprising a site area of 36,703 sq.m., for land use terms due to expire on 29 November 2070, 29 November 2050 and 29 November 2040 for residential, composite and commercial uses respectively;
  - (iii) The property is legally owned by the Group;
  - (iv) The property is not subject to any mortgage or any other encumbrances; and
  - (v) Zhejiang Green Garden Real Estate Development Co., Ltd (浙江省綠園房地產有限公司) is entitled to lease, transfer, mortgage the land use rights together with the building ownership of the property at no extra land premium.
- (3) The status of title and grant of major approvals and licences in accordance with the PRC legal opinion and information provided by the Group are as follows:

Building Ownership Certificate	No
Certificate for the Use of State-owned Land	Yes
Planning Permit for Construction Land	Yes
Planning Permit for Construction Works	Yes
Business Licence	Yes

	<b>Property</b>	<b>Description and tenure</b>	<b>Particulars of occupancy</b>	<b>Capital value in existing state as at 31 March 2006</b>
37.	Flat 3-101 of Block 1, Dangui Apartment, No. 85 Wensan Road West, Xihu District, Hangzhou, Zhejiang Province, the PRC	<p>The property comprises an apartment unit in Dangui Apartment with a gross floor area of 124.43 sq.m. (1,339 sq.ft.). The property was completed in about July 1997.</p> <p>The land use rights of the property have been granted for a term of 70 years due to expire on 21 January 2073 for residential use.</p>	The property is currently leased.	Rmb 1,240,000

## Notes:

- (1) According to Building Ownership Certificate No. 0002439, the title of the property, comprising a floor area of 124.43 sq.m., is vested in Zhejiang Green Garden Real Estate Development Co., Ltd (浙江省綠園房地產有限公司) and Hangzhou Qiantang Real Estate Development Co., Ltd. (杭州錢塘房地產開發公司) for a term 70 years for residential uses due to expire on 21 January 2073.
- (2) According to PRC legal opinion:
- (i) Greentown Real Estate Group Company Limited (綠城房地產集團有限公司) has been issued with a business licence and is legally established under the PRC law as a limited company with a registered capital of Rmb 20,000,000 and started operation from 16 December 1998;
  - (ii) By virtue of entering into Building Ownership Certificates, Zhejiang Green Garden Real Estate Development Co., Ltd (浙江省綠園房地產有限公司) and Hangzhou Qiantang Real Estate Development Co., Ltd. (杭州錢塘房地產開發公司) has obtained the land use rights of the property; and
  - (iii) According to a Supplemental Agreement between Hangzhou Qiantang Real Estate Development Co., Ltd. (杭州錢塘房地產開發公司) and Greentown Real Estate Group Company Limited (綠城房地產集團有限公司) dated 25 June 2005, the ownership of the property is transferred solely to Greentown Real Estate Group Company Limited (綠城房地產集團有限公司). However, the ownership of the concerned Building Ownership Certificates has not been changed yet.
- (3) The status of title and grant of major approvals and licences in accordance with the PRC legal opinion and information provided by the Group are as follows:

Building Ownership Certificate	Yes
Certificate for the Use of State-owned Land	Yes
Planning Permit for Construction Land	Yes
Planning Permit for Construction Works	Yes
Business Licence	Yes

				Capital value in existing state as at 31 March 2006
Property	Description and tenure	Particulars of occupancy		
38. An office unit on Level 2 of Block 3, an office unit in Block B and an apartment unit on Level 4 of Block 3, Yuegui Garden, No. 251 Wensan Road, Xihu District, Hangzhou, Zhejiang Province, the PRC	The property comprises 2 office units and an apartment unit in Yuegui Garden which was completed in May 1997.  The property has gross floor areas as follows:	The property is currently vacant.		Rmb 10,000,000
		<b>Approximate Gross Floor Area</b>		
	<b>Portion</b>	<b>sq.m.</b>	<b>sq.ft.</b>	
	Office	891.70	9,598	
	Apartment	115.00	1,238	
		<u>1,006.70</u>	<u>10,836</u>	
	The land use rights of the property have been granted for a term of 70 years from 26 March 1999 for residential use.			

## Notes:

- (1) According to 3 Building Ownership Certificates, the building ownership of the property is vested in Hangzhou Qiantang Real Estate Development Company Limited (杭州錢塘房地產開發公司) and Greentown Real Estate Group Company Limited (綠城房地產集團有限公司). The details are summarized as follows:

Building Ownership Certificate No.	Property	Use	Floor Area (sq.m)
0003582	Level 2, Block 3, Yuegui Garden	Office	700.00
0004132	Block B, No.203 Wenyuan Road, Yuegui Garden	Office	191.70
0004389	Unit 402, Block 3, Yuegui Garden	Residential	115.00
<b>Total:</b>			<b><u>1,006.70</u></b>

- (2) According to PRC legal opinion:
- (i) Hangzhou Qiantang Real Estate Development Co., Ltd. (杭州錢塘房地產開發公司) is legally established under the PRC law;
  - (ii) By virtue of entering into Building Ownership Certificates, Hangzhou Qiantang Real Estate Development Co., Ltd. (杭州錢塘房地產開發公司) has obtained the land use rights of the property; and
  - (iii) According to a Supplemental Agreement between Hangzhou Qiantang Real Estate Development Co., Ltd. (杭州錢塘房地產開發公司) and Greentown Real Estate Group Company Limited (綠城房地產集團有限公司) dated 25 June 2005, the ownership of the property is transferred solely to Greentown Real Estate Group Company Limited (綠城房地產集團有限公司). However, the ownership of the concerned Building Ownership Certificates has not been changed yet.
- (3) The status of title and grant of major approvals and licences in accordance with the PRC legal opinion and information provided by the Group are as follows:

Building Ownership Certificate	Yes
Certificate for the Use of State-owned Land	Yes
Planning Permit for Construction Land	Yes
Planning Permit for Construction Works	Yes
Business Licence	Yes

			Capital value in existing state as at 31 March 2006																	
Property	Description and tenure	Particulars of occupancy																		
39. An office unit in Block H3, Flat 2-101 of Block 13, four quarters units, Shop H1-12 and six car parks, Langui Garden, No. 386 Gudun Road, Xihu District, Hangzhou, Zhejiang Province, the PRC	<p>The property comprises a retail shop, an office unit, an apartment unit and 4 quarters units in Langui Garden which was completed in April 1999.</p> <p>The property has gross floor areas as follows:</p> <table><tr><th rowspan="2">Portion</th><th colspan="2">Approximate Gross Floor Area</th></tr><tr><th>sq.m.</th><th>sq.ft.</th></tr><tr><td>Commercial</td><td>90.00</td><td>15,356</td></tr><tr><td>Office</td><td>1,426.62</td><td>8,451</td></tr><tr><td>Apartment &amp; quarters</td><td><u>240.00</u></td><td><u>2,583</u></td></tr><tr><td></td><td><u>1,756.62</u></td><td><u>18,908</u></td></tr></table>	Portion	Approximate Gross Floor Area		sq.m.	sq.ft.	Commercial	90.00	15,356	Office	1,426.62	8,451	Apartment & quarters	<u>240.00</u>	<u>2,583</u>		<u>1,756.62</u>	<u>18,908</u>	Portion of the property is currently leased.	Rmb 20,000,000
Portion	Approximate Gross Floor Area																			
	sq.m.	sq.ft.																		
Commercial	90.00	15,356																		
Office	1,426.62	8,451																		
Apartment & quarters	<u>240.00</u>	<u>2,583</u>																		
	<u>1,756.62</u>	<u>18,908</u>																		
	<p>In addition, the property comprises 6 car parks and 75 storage spaces.</p> <p>The land use rights of the property have been granted from 30 June 1998 for a term of 70 years for residential use.</p>																			

## Notes:

- (1) According to 4 Building Ownership Certificates, the building ownership of the property is vested in Zhejiang Greentown Real Estate Development Co., Ltd (浙江綠城房地產有限公司), Hangzhou Qiantang Real Estate Development Co., Ltd. (杭州錢塘房地產開發公司) and 杭州日月星實工集團有限公司. The details are summarized as follows:

Building Ownership Certificate No.	Property	Use	Floor Area (sq.m)
0012815	An office unit in Block H3, Langui Garden	Office	1,426.62
0012840	Flat 1-101, Block 13, Langui Garden	Residential	80.00
0012844	4 quarters units in Langui Garden	Residential	160.00
0012850	Shop No. H1-12, Langui Garden	Commercial	90.00
Total:			<u>1,756.62</u>

According to another 6 Building Ownership Certificate Nos. 0012828, 0012841, 0012842, 0012843, 0012845 and 0012865, the building ownership of 6 car parks is vested in Zhejiang Greentown Real Estate Development Co., Ltd. (浙江綠城房地產有限公司), Hangzhou Qiantang Real Estate Development Co., Ltd. (杭州錢塘房地產開發公司) and 杭州日月星實工集團有限公司.

- (2) According to PRC legal opinion:
- (i) Greentown Real Estate Group Company Limited (綠城房地產集團有限公司) has been issued with a business licence and is legally established under the PRC law as a limited company with a registered capital of Rmb 20,000,000 and started operation from 16 December 1998;
  - (ii) By virtue of entering into Building Ownership Certificates, Zhejiang Greentown Real Estate Development Co., Ltd (浙江綠城房地產有限公司), Hangzhou Qiantang Real Estate Development Co., Ltd. (杭州錢塘房地產開發公司) and (杭州日月星實工集團有限公司) has obtained the land use rights of the property; and
  - (iii) According to a Supplemental Agreement among Zhejiang Green Garden Real Estate Development Co., Ltd (浙江省綠園房地產有限公司), Hangzhou Qiantang Real Estate Development Co., Ltd. (杭州錢塘房地產開發公司) and 杭州日月星實工集團有限公司 dated 25 June 2005, the ownership of the property is transferred solely to Greentown Real Estate Group Company Limited (綠城房地產集團有限公司). However, the ownership of the concerned Building Ownership Certificates has not been changed yet.

- (3) The status of title and grant of major approvals and licences in accordance with the PRC legal opinion and information provided by the Group are as follows:

Building Ownership Certificate	Yes
Certificate for the Use of State-owned Land	Yes
Planning Permit for Construction Land	Yes
Planning Permit for Construction Works	Yes
Business Licence	Yes

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	<b>Property</b>	<b>Description and tenure</b>	<b>Particulars of occupancy</b>	<b>Capital value in existing state as at 31 March 2006</b>
40.	Six unsold shop units, Phases 1 of Zhoushan Dangui Garden, Renmin North Road, Dinghai District, Zhoushan, Zhejiang Province, the PRC	<p>The property comprises 6 shop units in a comprehensive residential development completed in May 2003.</p> <p>The property comprises a total gross floor area of approximately 573 sq.m. (6,168 sq.ft.).</p> <p>The land use rights of the property have been granted for a term of 70 years due to expire on 9 January 2071 for residential use.</p>	The property is currently vacant.	Rmb 4,600,000

## Notes:

- (1) According to Certificate for the Use of State-owned Land No. (2001) 2-25 dated 11 January 2001 issued by Zhoushan Land Administrative Bureau, the land use rights of the property, comprising portion of the total land area of 26,098.8 sq.m. have been granted to Zhoushan Greentown Real Estate Development Co., Ltd. (舟山綠城房地產開發有限公司) for a term a 70 years due to expire on 9 January 2071 for residential use.
- (2) According to PRC legal opinion:
  - (i) Zhoushan Greentown Real Estate Development Co., Ltd. (舟山綠城房地產開發有限公司) has been issued with a business licence and is legally established under the PRC law as a limited company;
  - (ii) According to Pre-sale Permit Nos. (2001) 19, 24 and 30 dated 26 June 2001, 19 July 2001 and 7 September 2001 respectively issued by Shouzhuan Real Estate Administrative Office, pre-sale of the property has been approved; and
  - (iii) Zhoushan Greentown Real Estate Development Co., Ltd. (舟山綠城房地產開發有限公司) is entitled to lease, transfer, mortgage the land use rights together with the building ownership of the property at no extra land premium.
- (3) The status of title and grant of major approvals and licences in accordance with the PRC legal opinion and information provided by the Group are as follows:

Building Ownership Certificate	No
Certificate for the Use of State-owned Land	Yes
Planning Permit for Construction Land	Yes
Planning Permit for Construction Works	Yes
Pre-sales Permit	Yes
Business Licence	Yes

			Capital value in existing state as at 31 March 2006
Property	Description and tenure	Particulars of occupancy	
41. The unsold portion of Guihua City, No. 69 Zijinghua Road, Xihu District, Hangzhou, Zhejiang Province, the PRC	<p>The property comprises 4 car parking spaces and 44 storage spaces in Guihua City which is a large scale comprehensive residential development completed between July 2002 to January 2003.</p> <p>The land use rights of the property have been granted for a term of 50 years due to expire on 15 January 2054 for composite uses and for a term of 40 years due to expire on 15 January 2044 for commercial uses.</p>	The property is currently vacant.	Rmb 970,000

Notes:

- (1) According to three Certificates for the Use of State-owned Land, the land use rights of the property, comprising portion of a total site area of 149,892 sq.m., are vested in Hangzhou Osmanthus City Real Estate Development & Operation Co., Ltd. for a term of 70 years for residential use with the particulars as follows:

Certificate No.	Use	Expiry Date	Site Area (sq.m.)
(1999) 000563	Residential	27 May 2069	95,606
(1999) 000564	Residential	27 May 2069	46,912
(2002) 020028	Residential	26 April 2066	7,374
<b>Total:</b>			<b>149,892</b>

- (2) According to PRC legal opinion:
- (i) Hangzhou Osmanthus City Real Estate Development & Operation Co., Ltd. has been issued with a business licence and is legally established under the PRC law as a limited company with a registered capital of Rmb 30,000,000 and started operation from 24 April 1998;
  - (ii) Hangzhou Osmanthus City Real Estate Development & Operation Co., Ltd. has settled all the land premium of the property as stated in the Grant Contract of Land Use Rights;
  - (iii) According to Pre-sale Permit Nos. 78 and 87 dated 23 April 1999, No. (2000) 10 and 13 dated 22 March 2000, No. (2001) 0088 and (2002) 0027 dated 9 November 2001 and 26 April 2002 respectively and No. (2003) 003 dated 23 May 2003 and No. (2005) 0076 issued by Zhejiang Construction Department, pre-sale of the development has been approved;
  - (iv) Hangzhou Osmanthus City Real Estate Development & Operation Co., Ltd. is entitled to use, transfer, mortgage and lease the property at no extra land premium payable to the government, subject to the consent of the mortgagee;
  - (v) According to a Construction Project Planning Approval No. (2001) 580 issued by Hangzhou Planning Committee on 31 July 2001, the approved development scale of Guihua City Phase III was 12,000 sq.m. for residential use and 28,000 sq.m. for commercial/office uses. The development scale was revised and approved on 27 December 2004 by the committee (Approval No. B-C20200441600) with adjusted area of 33,776 sq.m. for commercial/office uses;
  - (vi) Part of the overall development with a site area of 6,984 sq.m. is subject to mortgage; and
  - (vii) Hangzhou Osmanthus City Real Estate Development & Operation Co., Ltd. is entitled to transfer and re-mortgage the land use rights of the property subject to the consent of the mortgagee.
- (3) The status of title and grant of major approvals and licences in accordance with the PRC legal opinion and information provided by the Group are as follows:

Building Ownership Certificate	No
Certificate for the Use of State-owned Land	Yes
Planning Permit for Construction Land	Yes
Planning Permit for Construction Works	Yes
Pre-sales Permit	Yes
Business Licence	Yes

	<b>Property</b>	<b>Description and tenure</b>	<b>Particulars of occupancy</b>	<b>Capital value in existing state as at 31 March 2006</b>
42.	The unsold portion of Haining Baihe New City Apartment Phase 1, East to Wen Yuan Road, South to 3rd Huannan Road, West to Haining Avenue and North to 2nd Huannan Road, Haining City, Zhejiang Province, the PRC (developed together with Property No. 14)	<p>The property comprises the unsold portion of Haining Baihe New City Apartment Phase 1 which is newly completed in December 2005</p> <p>The property comprises gross floor area of approximately 1,648 sq.m. (17,739 sq.ft.) for residential use together with 44 car parking spaces and 14 storage spaces.</p> <p>The land use rights of the property have been granted for terms of 70 years for residential use and 40 years for commercial use due to expire on 7 April 2072 and 7 April 2042 respectively.</p>	The property is currently vacant.	<p>Rmb 11,500,000</p> <p>(50% interest at Group: Rmb 5,750,000)</p>

## Notes:

- (1) According to 10 Certificates for the Use of State-owned Land, the land use rights of the property, comprising a total site area of 800,824 sq.m. are vested in Haining Greentown Sinhoo Real Estate Development Co., Ltd. (海寧綠城新湖房地產開發有限公司) for term of 70 years for residential uses and a term of 40 years for commercial uses. Details of these documents are summarized as follows:

<b>Certificate No.</b>	<b>Use</b>	<b>Expiry Date</b>	<b>Site Area (sq.m.)</b>
(2005) 4106023081	Residential, commercial	7 April 2072 7 April 2042	112,007
(2005) 4106023082	Residential, commercial	7 April 2072 7 April 2042	52,347
(2005) 4106023083	Residential, commercial	7 April 2072 7 April 2042	79,992
(2005) 4106023084	Residential, commercial	7 April 2072 7 April 2042	167,829
(2005) 4106023085	Residential	7 April 2072	78,325
(2005) 4106023086	Residential	7 April 2072	72,210
(2005) 4106023087	Residential	7 April 2072	32,900
(2005) 4106023088	Residential	7 April 2072	29,636
(2005) 4106023089	Residential	7 April 2072	24,944
(2005) 4100024248	Residential	7 April 2072	150,634
<b>Total</b>			<b>800,824</b>

- (2) According to PRC legal opinion:
- (i) Haining Greentown Sinhoo Real Estate Development Co., Ltd. (海寧綠城新湖房地產開發有限公司) has been issued with a business licence and is legally established under the PRC law as a limited company with a registered capital of Rmb 20,000,000 and started operation from 11 April 2002;
  - (ii) Haining Greentown Sinhoo Real Estate Development Co., Ltd. (海寧綠城新湖房地產開發有限公司) is entitled to use, transfer, mortgage and lease the property at no extra land premium payable to the government; and
  - (iii) Portion of the property is subject to mortgage.
- (3) The status of title and grant of major approvals and licences in accordance with the PRC legal opinion and information provided by the Group are as follows:

Building Ownership Certificate	No
Certificate for the Use of State-owned Land	Yes
Planning Permit for Construction Land	Yes
Planning Permit for Construction Works	Yes
Permit for Commencement of Works	Yes
Pre-sales Permit	Yes
Business Licence	Yes

## Group IV — Property interests owned and occupied by the Group in the PRC

	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 March 2006
43.	Rooms 1809, 1811–1816 No. 18 Qiutao Road, Shangcheng District, Zhejiang Province, the PRC	<p>The property comprises 7 office units on the 18th floor of a high-rise commercial building completed in 1977.</p> <p>The property has a total gross floor area of approximately 642.35 sq.m. (6,914 sq.ft.).</p> <p>The land use rights of the property have been granted for a term due to expire on 27 January 2047.</p>	The property is currently occupied by the Group for office use.	Rmb 1,800,000

## Notes:

- (1) According to seven Building Ownership Certificates Nos. 0130759 to 0130765, the building ownership of the property, comprising a total gross floor area of 642.42 sq.m., is vested in Greentown Real Estate Group Co., Ltd. (綠城房地產集團有限公司). The details are summarized as follows:

Certificate No.	Use	Gross floor area
0130759	office	86.65 sq.m.
0130760	office	91.40 sq.m.
0130761	office	91.40 sq.m.
0130762	office	91.40 sq.m.
0130763	office	91.40 sq.m.
0130764	office	98.70 sq.m.
0130765	office	91.40 sq.m.
<b>Total:</b>		<b><u>642.35 sq.m.</u></b>

- (2) According to PRC legal opinion:
- (i) Greentown Real Estate Group Co., Ltd. (綠城房地產集團有限公司) has been issued with a business licence and is legally established under the PRC law as a limited company; and
  - (ii) Greentown Real Estate Group Co., Ltd. (綠城房地產集團有限公司) is entitled to lease, transfer, mortgage the land use rights together with the building ownership of the property.
- (3) The status of title and grant of major approvals and licences in accordance with the PRC legal opinion and information provided by the Group are as follows:

Building Ownership Certificate	Yes
Certificate for the Use of State-owned Land	Yes
Planning Permit for Construction Land	Yes
Planning Permit for Construction Works	Yes
Business Licence	Yes

	<b>Property</b>	<b>Description and tenure</b>	<b>Particulars of occupancy</b>	<b>Capital value in existing state as at 31 March 2006</b>
44.	Level 27 and Car Parking Space Nos. 127 and 128, Far East International Plaza, No. 319 Xian Xia Road, Changning District, Shanghai, the PRC	<p>The property comprises Level 27 and two car parking spaces of a high-rise office building completed in 1999.</p> <p>The property has a gross floor area of 1,500.96 sq.m. (16,156 sq.ft.) plus two car parking spaces.</p> <p>The land use rights of the property have been granted for a term of 50 years due to expire on 19 August 2045 for composite uses.</p>	The property is currently occupied by the Group for office use.	Rmb 31,000,000

## Notes:

- (1) According to Shanghai Building Ownership Certificate No. (2002) 01396, the ownership of the property, comprising a gross floor area of 1,500.96 sq.m., is vested in Shanghai Greentown Woods Golf Villas Development Co, Ltd. (上海綠城森林高爾夫別墅開發有限公司) for a term of 50 years due to expire on 17 October 2045 for composite uses.
- (2) According to Business Licence No. 3101122086953, Shanghai Greentown Woods Golf Villas Development Co., Ltd. (上海綠城森林高爾夫別墅開發有限公司) was established with a registered capital of Rmb 100,000,000 for a period from 19 June 2002 to 18 June 2012.
- (3) According to PRC legal opinion:
  - (i) Shanghai Greentown Woods Golf Villas Development Co., Ltd. (上海綠城森林高爾夫別墅開發有限公司) has been issued with a business licence and is legally established under the PRC law as a limited company with a registered capital of Rmb 100,000,000 and started operation from 19 June 2002 to 18 June 2012;
  - (ii) By virtue of Building Ownership Certificate No. (2002) 01396, Shanghai Greentown Woods Golf Villas Development Co., Ltd. (上海綠城森林高爾夫別墅開發有限公司) has obtained the legal ownership of the property;
  - (iii) Portion of the property is subject to mortgage; and
  - (iv) Shanghai Greentown Woods Golf Villas Development Co., Ltd. (上海綠城森林高爾夫別墅開發有限公司) is entitled to lease, transfer, mortgage the land use rights together with the building ownership of the property.
- (4) The status of title and grant of major approvals and licences in accordance with the PRC legal opinion and information provided by the Group are as follows:

Building Ownership Certificate	Yes
Certificate for the Use of State-owned Land	Yes
Planning Permit for Construction Land	Yes
Planning Permit for Construction Works	Yes
Business Licence	Yes

	<b>Property</b>	<b>Description and tenure</b>	<b>Particulars of occupancy</b>	<b>Capital value in existing state as at 31 March 2006</b>
45.	Level 26 of Guoxing Building, No. 22 Souti South Road, Haidian District, Beijing, the PRC	<p>The property comprises the Level 26 of a high-rise office development completed in 2000.</p> <p>The property's gross floor areas is 1,220.22 sq.m (13,134 sq.ft.).</p> <p>The land use rights of the property have been granted for a term of 50 years due to expire on 1 July 2049.</p>	The property is occupied by the Group for office use.	Rmb 16,500,000

## Notes:

- (1) According to Building Ownership Certificate No.2690002, the ownership of the property comprising a gross floor area of 1,220.22 sq.m., is vested in Beijing Jidi Greentown Property Development Co., Ltd. (北京吉地綠城房地產開發有限公司) for office use.
- (2) According to PRC legal opinion:
  - (i) Beijing Greentown Investment Co., Ltd. (北京綠城投資有限公司), formerly known as Beijing Jidi Greentown Property Development Co., Ltd. (北京吉地綠城房地產開發有限公司), has been issued with a business licence and is legally established under the PRC law as a limited company with a registered capital of Rmb 50,000,000 and operation started from 3 June 2002;
  - (ii) By virtue of Building Ownership Certificate No. 2690002, Beijing Greentown Investment Co., Ltd. (北京綠城投資有限公司), formerly known as, Beijing Jidi Greentown Property Development Co., Ltd. (北京吉地綠城房地產開發有限公司), has obtained the legal ownership of the property; and
  - (iii) Beijing Greentown Investment Co., Ltd. (北京綠城投資有限公司) is entitled to lease, transfer, mortgage the land use rights together with the building ownership of the property.
- (3) The status of title and grant of major approvals and licences in accordance with the PRC legal opinion and information provided by the Group are as follows:

Building Ownership Certificate	Yes
Certificate for the Use of State-owned Land	Yes
Planning Permit for Construction Land	Yes
Planning Permit for Construction Works	Yes
Business Licence	Yes

				Capital value in existing state as at 31 March 2006
Property	Description and tenure	Particulars of occupancy		
46. Apartment units 1203 and 1503 of Block 2, Zhong Hai Xiang Fu Yuan, No. 27 Zengguang Road, Haidian District, Beijing, the PRC	The property comprises two residential units in a 22-storey residential building completed in 2003.  The property has a total gross floor areas of 337.6 sq.m. (3,634 sq.ft.).	The property is occupied by the Group for residential purpose.		Rmb 2,800,000
	<b>Unit</b>	<b>Gross Floor Area</b>		
		<b>sq.m.</b>	<b>sq.ft.</b>	
	1203	168.8	1,817	
	1503	168.8	1,817	
		<u>337.6</u>	<u>3,634</u>	

The land use rights of the property have been granted for a term of 67 years from 4 Jun, 2004, to 26 Jun, 2071.

Notes:

- (1) According to the two Building Ownership Certificates Nos. 00687 and 00688, the legal ownership of the property is vested in Beijing Greentown Investment Co., Ltd. (北京綠城投資有限公司), with gross floor areas as follows:

Unit	Gross Floor Area	
	sq.m.	sq.ft.
1203	168.8	1,817
1503	168.8	1,817
	<u>337.6</u>	<u>3,634</u>

- (2) According to PRC legal opinion:

- (i) Beijing Greentown Investment Co., Ltd. (北京綠城投資有限公司) has been issued with a business licence and is legally established under the PRC law as a limited company with a registered capital of Rmb 50,000,000 and started operation from 3 June 2002;
- (ii) By virtue of two Building Ownership Certificates Nos. 00687 and 00688, Beijing Greentown Investment Co., Ltd. (北京綠城投資有限公司) has obtained the legal title of the property; and
- (iii) Beijing Greentown Investment Co., Ltd. (北京綠城投資有限公司) is entitled to lease, transfer, mortgage the land use rights together with the building ownership of the property.

- (3) The status of title and grant of major approvals and licences in accordance with the PRC legal opinion and information provided by the Group are as follows:

Building Ownership Certificate	Yes
Certificate for the Use of State-owned Land	Yes
Planning Permit for Construction Land	Yes
Planning Permit for Construction Works	Yes
Business Licence	Yes

## Group V — Property interests contracted to be acquired by the Group in the PRC

		Particulars of occupancy	Capital value in existing state as at 31 March 2006																								
47.	<p>A piece of land with a site area of 25,553 sq.m. situated at South of Haiqi Luotuo Street (to be developed together with Property No. 13), Ningbo City, Zhejiang Province, the PRC</p> <p>The property comprises a site with a site area of 25,553 sq.m. (275,052 sq.ft.).</p> <p>The property is planned to be developed as part of Ningbo Guihua Garden Phase 2 which is scheduled for completion in December 2008.</p> <p>The property will comprise portion of Ningbo Guihua Garden and is planned to provide part of the following gross floor areas:</p> <table> <tr> <td colspan="2"></td><th colspan="2">Approximate Gross Floor Area</th></tr> <tr> <td></td><td></td><th>sq.m.</th><th>sq.ft.</th></tr> <tr> <td>Apartments</td><td>169,195</td><td>1,821,215</td><td></td></tr> <tr> <td>Retail</td><td>3,170</td><td>34,122</td><td></td></tr> <tr> <td>Ancillary</td><td>4,635</td><td>49,891</td><td></td></tr> <tr> <td></td><td><u>177,000</u></td><td><u>1,905,228</u></td><td></td></tr> </table> <p>In addition, the property will provide a portion of total 827 car parks and 180 storage spaces in basement with total gross floor area of approximately 50,260 sq.m. (540,999 sq.ft.).</p> <p>The land use rights of the property are expected to be held for a term due to expire on 29 December 2074 for composite uses.</p>			Approximate Gross Floor Area				sq.m.	sq.ft.	Apartments	169,195	1,821,215		Retail	3,170	34,122		Ancillary	4,635	49,891			<u>177,000</u>	<u>1,905,228</u>		The property is currently vacant.	No commercial value (see Note 1 below)
		Approximate Gross Floor Area																									
		sq.m.	sq.ft.																								
Apartments	169,195	1,821,215																									
Retail	3,170	34,122																									
Ancillary	4,635	49,891																									
	<u>177,000</u>	<u>1,905,228</u>																									

## Notes:

- (1) The Certificate for the Use of State-owned Land of the property has not been obtained as at the date of valuation. However, on the assumption that the outstanding land premium and other fees were settled was settled and the Certificate for the Use of State-owned Land has been obtained, the capital value of the property in existing state as at 31 March 2006 was Rmb 76,000,000 (60% interest attributable to the Group: Rmb 45,600,000).
- (2) According to Grant Contract of Land Use Rights No. 2004-12, Ningbo Zhenhai District Land Resources Bureau has agreed to grant the land use rights of the property to Greentown Real Estate Group Company Limited (綠城房地產集團有限公司) as follows:

- |        |                  |   |   |
|--------|------------------|---|---|
| (i)    | Location         | : | Luotuo Jie Road, South of New Town Main Road at the East side of National Road No. 329 (Plot I) |
| (ii)   | Site area        | : | 58,181 sq.m.  |
| (iii)  | Uses             | : | Residential/Commercial (commercial $\leq$ 2,000 sq.m.)  |
| (iv)   | Land use term    | : | 70 years for residential and 40 years for commercial  |
| (v)    | Land grant fee   | : | Rmb 115,000,000   |
| (vi)   | Plot ratio       | : | $\leq$ 1.8  |
| (vii)  | Site coverage    | : | $\leq$ 25%  |
| (viii) | Building height  | : | $\leq$ 50 m (16 storeys)  |
| (ix)   | Green land ratio | : | $\geq$ 40%  |

According to Grant Contract of Land Use Rights Supplementary Agreement dated 23 November 2005, the land use rights of portion of the property, comprising a site of area of 3,159 sq.m of the above Plot I land has been adjusted from granted into allocated as greenery use.

- (3) As advised by the Group, the Certificates for the Use of State-owned Land of the property with a total site area of 487,790 sq.m. have been obtained on 10 June 2006.



- (4) According to PRC legal opinion:
- (i) Ningbo Greentown Osmanthus Garden Real Estate Development Co., Ltd. (寧波綠城桂花園房地產開發有限公司) has been issued with a business licence and is legally established under the PRC law as a limited company with a registered capital of Rmb 20,000,000 and started operation from 28 March 2005;
  - (ii) According to Grant Contract of Land Use Rights Nos. 2004-12 and 2004-13 entered into between Ningbo Zhenhai Land Resources Bureau (Grantor) and Ningbo Greentown Osmanthus Garden Real Estate Development Co., Ltd. (寧波綠城桂花園房地產開發有限公司) (Grantee) on 30 December 2004 and the Supplementary Agreement dated 23 November 2005, the land use rights of the property comprising a total site area of 117,768 sq.m. have been agreed to be granted to the Grantee for a term of 70 years for residential use and 40 years for commercial use, of which 3,159 sq.m. in Plot I and 1,932 sq.m. in Plot II have been changed from granted land to allocated land for greenery use. As agreed in the above Supplementary Agreement, portions of the land premium amounted Rmb 8,826,557 and the transaction service fee amounted Rmb 44,133 will be returned to the Group due to the above site area adjustment;
  - (iii) According to a Supplemental Agreement entered into between the Grantor and the Grantee on 20 February 2006, the Grantor agreed to clear the site before the end of April 2006, and the Grantee has to pay the remaining land premium in 3 workings days after the clearance of the site;
  - (iv) Since the clearance works of the government have not been finished yet, the outstanding land premium of Rmb 41,265,700 is not settled and the Group has not yet obtained the Certificate for the Use of State-owned Land of the property;
  - (v) Upon completion of the site clearance works and payment of the balance of the land premium, the Group may apply for the Certificate for the Use of State-owned Land of the property according to the PRC law;
  - (vi) According to Construction Project Planning Approval No. (2005) 70 issued by Ningbo Zhenhai District Development Planning Bureau on 22 March 2005, the scale of the construction works approved was 177,000 sq.m.;
  - (vii) The property is not subject to any mortgage or any other encumbrances; and
  - (viii) The Certificate for the Use of State-owned Land of the property has been obtained on 9 June 2006 subsequently after the date of valuation.
- (5) The status of title and grant of major approvals and licences in accordance with the PRC legal opinion and information provided by the Group are as follows:

Certificate for the Use of State-owned Land	No
Grant Contract of Land use Rights	Yes
Red-line Drawing	Yes
Construction Project Planning Permit	Yes
Planning Permit for Construction Land	Yes (part)
Planning Permit for Construction Works	Yes (part)
Permit for Commencement of Works	Yes (part)
Pre-sale Permit	Yes (part)
Business Licence	Yes

	<b>Property</b>	<b>Description and tenure</b>	<b>Particulars of occupancy</b>	<b>Capital value in existing state as at 31 March 2006</b>
48.	A piece of land with a site area of 493,359.8 sq.m. situated at No. 18 Maqiao Town (to be developed together with Property No. 15) Minhang District, Shanghai, the PRC	<p>The property comprises a site with a site area of 493,359.8 sq.m. (5,310,525 sq.ft.).</p> <p>The property is planned to be developed as Phases 3 and 4 of Shanghai Rose Garden which is scheduled for completion in December 2007 and August 2009 respectively.</p> <p>The property is planned to provide gross floor areas of approximately 86,338 sq.m. (929,342 sq.ft.).</p> <p>In addition, the property also planned to provide basement floor area of approximately 54,242 sq.m. (583,861 sq.ft.).</p> <p>The land use rights of the property are expected to be held for a term of 70 years due to expire on 29 June 2073 for residential use.</p>	The property is currently vacant.	No commercial value (see Note 1 below)

## Notes:

- (1) The Certificate for the Use of State-owned Land of the property has not been obtained yet. However, on the assumption that the outstanding land premium and other fees were settled and the Certificate for the Use of State-owned Land has been obtained, the capital value of the property in existing state as at 31 March 2006 was Rmb 1,095,000,000.
- (2) According to Grant Contract of Land Use Rights Nos. (2006) 29-33 dated 28 February 2006, the land use rights of the property have been agreed to be granted to Shanghai Greentown Woods Golf Villas Development Co., Ltd. (上海綠城森林高爾夫別墅開發有限公司) as follows:
  - (i) Location : No. 18 Maqiao Town, Minhang District
  - (ii) Site area : Total 493,359.8 sq.m.
  - (iii) Uses : Residential
  - (iv) Land use term : 70 years
  - (v) Plot ratio : 0.175
- (3) As advised by the Group, the Certificates for the Use of State-owned Land of the property with a total site area of 487,790 sq.m. have been obtained in 10 June 2006.
- (4) According to PRC legal opinion:
  - (i) Shanghai Greentown Woods Golf Villas Development Co., Ltd. (上海綠城森林高爾夫別墅開發有限公司) has been issued with a business licence and is legally established under the PRC law as a limited company with a registered capital of Rmb 100,000,000 and started operation from 19 June 2002;
  - (ii) According to five Grant Contracts of Land Use Rights Nos. (2006) 29 to 33 entered into between Shanghai Minhang District Building and Land Administrative Bureau (the Grantor) and Shanghai Greentown Woods Golf Villas Development Co., Ltd. (上海綠城森林高爾夫別墅開發有限公司) (the Grantee) on 28 February 2006, the Grantor has agreed to grant the land use rights of the property with a total site area of 493,359.8 sq.m. to the Grantee for a term of 70 years for residential use at a total land premium of Rmb 55,455,985. In addition, the Grantee shall pay to the Grantor the annual land use fee of Rmb 1.00 per sq.m. of site area;
  - (iii) The land premium of the property has been fully settled by the Group;
  - (iv) In addition to the above-mentioned land premium, the Group shall pay to the Maqiao Town Government a total amount of Rmb 330,000,000, being the reimbursement of the infrastructure development costs. There is an amount of Rmb 110,000,000 for the settlement of the above infrastructure development costs being outstanding. Due to the delay of the clearance works by the government, according to the agreement, the payment of the above outstanding fee may be deferred for another month up to 30 April 2006;
  - (v) The Group is responsible for the relocation costs of totally Rmb 129,397,270. As at the date of valuation, the above relocation costs have been fully paid;
  - (vi) The Construction Project Planning Approval of the property has not been obtained yet; and

- (vii) As the land premium and the relocation costs of the property payable by the Group as stated in the Grant Contract of Land Use Rights have been fully settled, the Group is entitled to apply for the Certificate for the Use of State-owned Land Use Rights of the property.
- (5) The status of title and grant of major approvals and licences in accordance with the PRC legal opinion and information provided by the Group are as follows:

Certificate for the Use of State-owned Land	No
Grant Contract of Land use Rights	Yes
Red-line Drawing	Yes
Construction Project Planning Permit	No
Planning Permit for Construction Land	No
Planning Permit for Construction Works	No
Permit for Commencement of Works	No
Pre-sales Permit	No
Business Licence	Yes

	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 March 2006																		
49.	No. 631 Jie Fang, Xiaodongmen Street (to be developed together with Property No. 27 Huangpu District, Shanghai, the PRC	<p>The property comprises three sites with a total site area of 8,344 sq.m. (89,815 sq.ft.).</p> <p>The property is planned to be developed as part of Shanghai Dongjiadu Phase 3 which is a residential development to be developed in 3 phases. The various phases of the development are scheduled for completion in February 2010.</p> <p>The property will comprise portion of the following gross floor areas:</p> <table> <tr> <th colspan="3">Approximate Gross Floor Area</th> </tr> <tr> <th></th> <th>sq.m.</th> <th>sq.ft.</th> </tr> <tr> <td>Residential</td> <td>205,000</td> <td>2,206,620</td> </tr> <tr> <td>Commercial</td> <td>11,000</td> <td>118,404</td> </tr> <tr> <td>Ancillary</td> <td>9,000</td> <td>96,876</td> </tr> <tr> <td></td> <td><u>225,000</u></td> <td><u>2,421,900</u></td> </tr> </table> <p>In addition, the whole development of the Shanghai Dongjiadu Project will provide a total of 1,500 car parks in basement with total gross floor area of approximately 75,000 sq.m. (807,300 sq.ft.).</p> <p>The land use rights of the property are expected to be held for a term of 70 years due to expire on 23 August 2074 and 30 August 2074 respectively for residential uses.</p>	Approximate Gross Floor Area				sq.m.	sq.ft.	Residential	205,000	2,206,620	Commercial	11,000	118,404	Ancillary	9,000	96,876		<u>225,000</u>	<u>2,421,900</u>	Relocation work of the property has not been completed yet.	No commercial value (see Note 1 below)
Approximate Gross Floor Area																						
	sq.m.	sq.ft.																				
Residential	205,000	2,206,620																				
Commercial	11,000	118,404																				
Ancillary	9,000	96,876																				
	<u>225,000</u>	<u>2,421,900</u>																				

## Notes:

- (1) The Certificate for the Use of State-owned Land of the property has not been obtained yet. However, on the assumption that the outstanding compensation for relocation and other fees were settled and the Certificate for the Use of State-owned Land has been obtained, the capital value of the property in existing state as at 31 March 2006 was Rmb 367,000,000 (51% interest attributable to the Group: Rmb 187,170,000).
- (2) According to Grant Contract of Land Use Rights No. (2004) 48, Shanghai Huangpu District Land Management Bureau has agreed to grant the land use rights of the property to Shanghai Huazhe Bund Real Estate Co., Ltd. (上海華浙外灘置業有限公司) as follows:
  - (i) Location : Huangpu District Xiao Dong Men Street 631 Jie Fang
  - (ii) Site area : 8,344 sq.m.
  - (iii) Uses : Residential
  - (iv) Land use term : 70 years
  - (v) Plot ratio : 3.4
  - (vi) Building covenant : Construction to be commenced before 31 December 2005
- (3) According to PRC legal opinion:
  - (i) Shanghai Huazhe Bund Real Estate Co., Ltd. (上海華浙外灘置業有限公司) has been issued with a business licence and is legally established under the PRC law as a limited company with a registered capital of Rmb 50,000,000 and started operation from 26 September 2002;
  - (ii) According to Grant Contract of Land Use Rights No. (2004) 48 dated 24 August 2004, the land use rights of the property with a site area of 8,344 sq.m. has been granted to Shanghai Huazhe Bund Real Estate Co., Ltd. (上海華浙外灘置業有限公司). No land premium is payable for the above land;
  - (iii) The Group is responsible at its own costs for the relocation works of the clearance of the property before obtaining the Certificate for the Use of State-owned Land of the property;

- (iv) Payable amounts of Rmb 966,600,000 and Rmb 10,000,000, being the balance of the compensation costs and green land construction fee respectively, have not been settled yet by the Group;
  - (v) The relocation works of the property have not been completed. Due to the adjustment of the compensation policy of the government, the amount of compensation previously agreed for the relocation works became not sufficient for the actual payment. As such, the government has requested the Group to increase the amount of compensation for the relocation. Whilst the amount to be increased is still under negotiation, it is estimated by the Group that the extra total amount for the relocation costs will be about Rmb 690,000,000;
  - (vi) According to the land grant contract, the construction works of the property should be commenced before 31 December 2005. Since the clearance of the site has not been completed yet, construction works of the property cannot be started. Huangpu District Land Administrative Bureau has agreed the commencement works to be postponed before 31 December 2006; and
  - (vii) According to Construction Project Planning Approval No. (2002) 500, 508 and 509 dated 18 December 2002 issued by Shanghai Planning Committee, the scale of the construction land approved was in a total land area of 65,750 sq.m..
- (4) The status of title and grant of major approvals and licences in accordance with the PRC legal opinion and information provided by the Group are as follows:

Certificate for the Use of State-owned Land	No
Grant Contract of Land use Rights	Yes
Red-line Drawing	Yes
Construction Project Planning Permit	Yes
Planning Permit for Construction Land	No
Planning Permit for Construction Works	No
Business Licence	Yes

	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 March 2006
50.	A piece of land with a site area of 193,790 sq.m. situated at north side of the junction Juxian Road and Guanghua Road (to be developed as Ningbo Zheda Technology Zone), Ningbo, Zhejiang Province, the PRC	<p>The property comprises a site with a site area of 193,790 sq.m. (2,085,956 sq.ft.).</p> <p>The property is planned to be developed into a research and education development in 2 phases scheduled for completion in December 2008 and June 2009 respectively.</p> <p>The property is planned with gross floor area of 177,089 sq.m. (1,906,186 sq.ft.) for residential use and 69,695 sq.m. (750,197 sq.ft.) for ancillary use.</p> <p>In addition, the property will provide a total of 976 car parks in basement with total gross floor area of approximately 58,968 sq.m. (634,732 sq.ft.).</p> <p>The land use rights of the property are expected to be held for a term of 50 years for research and education uses.</p>	The property is currently vacant.	No commercial value (see Note 1 below)

## Notes:

- (1) The Certificate for the Use of State-owned Land of the property has not been obtained yet. However, on the assumption that the Certificate for the Use of State-owned Land has been obtained, the capital value of the property in existing state as at 31 March 2006 was Rmb 386,000,000 (60% interest attributable to the Group: Rmb 231,600,000).
- (2) According to Grant Contract of Ningbo Technology Zone State-owned Land Use Rights No. (2003) 31, Ningbo Land Resources Bureau of Technology Zone has agreed to grant the land use rights of the property to Ningbo Zheda Science & Technology Park Construction Co., Ltd. (寧波浙大科技園建設有限公司) with salient conditions as follows:
  - (i) Location : Zhejiang University Technological Park, Technological Park District, Ningbo
  - (ii) Site area : 193,790.00 sq.m.
  - (iii) Uses : Research and education
  - (iv) Land use term : 50 years
  - (v) Land Premium : Rmb 26,161,650
  - (iv) Gross Floor Area : 246,784.00 sq.m.
- (3) According to the PRC legal opinion:
  - (i) Ningbo Zheda Science & Technology Park Construction Co., Ltd. (寧波浙大科技園建設有限公司) has been issued with a business licence and is legally established under the PRC law as a limited company with a registered capital of Rmb 50,000,000 and started operation from 21 August 2003;
  - (ii) Ningbo Zheda Science & Technology Park Construction Co., Ltd. (寧波浙大科技園建設有限公司) has entered into a Grant Contract of State-owned Land Use Rights with Ningbo Land Resources Bureau on 10 December 2003, with a site area of 193,790 sq.m. for a land use term of 50 years for research and education uses;
  - (iii) Since the approval to change the use of land from agricultural to construction land had not been obtained when the Grant Contract of Land Use Rights was signed, the agreements on the nature of land and its use etc. may not be legally binding. Also, the land premium of the property is subject to adjustment. Upon the confirmation of the land premium, the Group will enter into another Grant Contract of Land Use Rights with Ningbo Land Resources Bureau;
  - (iv) According to a Notice No. (2005) 190 issued by Ningbo Development And Reform Committee, the project has been included in the Ningbo 2005 main pre-project planning list; and
  - (v) The Certificate for the Use of State-owned Land and other approvals and certificates of the property have not been obtained yet.

- (4) The status of title and grant of major approvals and licences in accordance with the PRC legal opinion and information provided by the Group are as follows:

Certificate for the Use of State-owned Land	No
Grant Contract of Land use Rights	Yes
Red-line Drawing	No
Construction Project Planning Permit	No
Planning Permit for Construction Land	No
Planning Permit for Construction Works	No
Business Licence	No

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	<b>Property</b>	<b>Description and tenure</b>	<b>Particulars of occupancy</b>	<b>Capital value in existing state as at 31 March 2006</b>
51.	A piece of land with a site area of 128,267 sq.m. situated at Qiandao Lake County (to be developed as Bishui Qingfeng), Chunan District, Zhejiang Province, the PRC	<p>The property comprises a site with a site area of 128,267.22 sq.m. (1,380,669 sq.ft.).</p> <p>The property is planned to be developed into commercial/residential development and is scheduled for completion in between December 2009 and December 2010.</p> <p>The property is planned with gross floor areas of 167,400 sq.m. (1,801,894 sq.ft.) for residential use, 13,500 sq.m. (145,314 sq.ft.) for commercial use and 11,500 sq.m. (123,786 sq.ft.) for ancillary uses.</p> <p>In addition, the property will provide a total of 1,080 car parks in basement with total gross floor area of approximately 43,000 sq.m. (462,852 sq.ft.).</p> <p>The land use rights of the property are expected to be held for a term of 70 and 40 years for residential and commercial uses respectively.</p>	The property is a vacant land pending for development	No commercial value (see Note 1 below)

## Notes:

- (1) The Certificate for the Use of State-owned Land of the property has not been obtained as at the date of valuation. However, on the assumption that the outstanding land premium and other fees were settled and the Certificate for the Use of State-owned Land has been obtained, the capital value of the property in existing state as at 31 March 2006 was Rmb 456,000,000 (29% interest attributable to the Group: Rmb 132,240,000).
- (2) According to Grant Contract of State-owned Land Use Rights No (2005) 50, Chunan County Land Resources Bureau has agreed to grant the land use rights of the property, comprising a site area of 128,267.22 sq.m., to Hangzhou Qiandao Lake Greentown Investment & Property Co., Ltd. (杭州千島湖綠城投資置業有限公司) for a term of 70 years for residential use and 40 years for commercial use at a land premium of Rmb 421,500,000.
- (3) As advised by the Group, the Certificate for the Use of State-owned Land of the property has been obtained on 30 April 2006 subsequently after the date of valuation.
- (4) According to PRC legal opinion:
  - (i) Hangzhou Qiandao Lake Greentown Investment & Property Co., Ltd. (杭州千島湖綠城投資置業有限公司) has been issued with a business licence and is legally established under the PRC law as a limited company with a registered capital of Rmb 30,000,000 and started operation from 15 June 2005;
  - (ii) By virtue of entering into a Grant Contract of State-owned Land Use Rights and settling in full the relevant fees agreed in the land grant contract, Hangzhou Qiandao Lake Greentown Investment & Property Co., Ltd. (杭州千島湖綠城投資置業有限公司) has obtained the land use rights of the property, comprising a total site area of 128,267.22 sq.m., for a term of 70 and 40 years for residential and commercial uses respectively;
  - (iii) Hangzhou Qiandao Lake Greentown Investment & Property Co., Ltd. (杭州千島湖綠城投資置業有限公司) has settled all the outstanding land premium of the property on 2 March 2006 and 30 March 2006 respectively, but portion of the land premium amounted Rmb 55,750,000 was paid more than 6 months later than the due dates stated in the payment schedule of the Grant Contract of Land Use Rights;
  - (iv) According to the Grant Contract of Land Use Rights, the late payment portion of the land premium is subject to penalty at 1% per day. The Group may still be subject to a liability of the penalty, unless a written confirmation from the government authority to waive the above penalty has been obtained;
  - (v) According to the land grant contract, the construction work of the land should be started before 20 September 2005. The construction works has not been commenced yet; and
  - (vi) The Certificate for the Use of State-owned Land of the property has been obtained.



- (5) The status of title and grant of major approvals and licences in accordance with the PRC legal opinion and information provided by the Group are as follows:

Certificate for the Use of State-owned Land	No (as at the date of valuation)
Grant Contract of Land use Rights	Yes
Red-line Drawing	Yes
Construction Project Planning Permit	No
Planning Permit for Construction Land	No
Planning Permit for Construction Works	No
Business Licence	No

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			Capital value in existing state as at 31 March 2006													
Property	Description and tenure	Particulars of occupancy														
52. A piece of land with a site area of 70,511 sq.m. situated at Haining Beihe New City (to be developed together with Property No. 14), East to Wenyuan Road, South to 3rd Huannan Road, West to Haining Avenue and North to 2nd Huannan Road, Haining City, Zhejiang Province, the PRC	<p>The property comprises a site with a site area of 70,511 sq.m. (758,980 sq.ft.).</p> <p>The whole development is planned to be developed into a large-scaled residential development in various phases scheduled for completion in October 2010.</p> <p>The property will comprise portion of Haining Baihe New City and is planned to provide part of the following total gross floor areas:</p>	The property is currently a vacant site.		No commercial value (see Note 1 below)												
		<table><tr><th colspan="2">Approximate Gross Floor Area</th></tr><tr><th>sq.m.</th><th>sq.ft.</th></tr><tr><td>697,904</td><td>7,512,239</td></tr><tr><td>40,385</td><td>434,704</td></tr><tr><td>84,401</td><td>908,492</td></tr><tr><td><u>822,690</u></td><td><u>8,855,435</u></td></tr></table>		Approximate Gross Floor Area		sq.m.	sq.ft.	697,904	7,512,239	40,385	434,704	84,401	908,492	<u>822,690</u>	<u>8,855,435</u>	
Approximate Gross Floor Area																
sq.m.	sq.ft.															
697,904	7,512,239															
40,385	434,704															
84,401	908,492															
<u>822,690</u>	<u>8,855,435</u>															

In addition, the property will provide portion of a total 2,888 car parks and 959 storage spaces in basement with total gross floor area of approximately 200,831 sq.m. (2,161,745 sq.ft.).

The land use rights of the property are expected to be held for a term of 70 years for residential use and 40 years for commercial use.

## Notes:

- (1) The Certificate for the Use of State-owned Land of the property has not been obtained yet. However, on the assumption that the outstanding land premium and the fees were settled and the Certificate for the Use of State-owned Land has been obtained, the capital value of the property in existing state as at 31 March 2006 was Rmb 217,000,000 (50% interest attributable to the Group: Rmb 108,500,000).
- (2) According to Grant Contract of Land Use Rights No (2005) 5041, Haining Land Resources Bureau has agreed to grant the land use rights of the property, comprising portion of a total site area of 140,920 sq.m., to Greentown Real Estate Group Company Limited (綠城房地產集團有限公司) for a term of 70 years for residential use and 40 years for commercial use.
- (3) According to an Agreement of Amendment to Grant Contract of Land Use Rights No. (2005) 5041, entered into between Haining Land Resources Bureau and Greentown Real Estate Group Company Limited (綠城房地產集團有限公司) on 22 December 2005, the due date for payment of portion of the land premium in the sum of Rmb 210,000,000 is extended to 30 December 2005, whilst the expiry date for payment of the balance of land premium in the sum of Rmb 210,000,000 is extended to 30 November 2006.
- (4) According to PRC legal opinion:
  - (i) Greentown Real Estate Group Company Limited (綠城房地產集團有限公司) has been issued with a business licence and is legally established under the PRC law as a limited company with a registered capital of Rmb 10,000,000 and started operation from 6 January 1995;
  - (ii) The Grant Contract of Land Use Rights No. (2005) 5041 dated 16 May 2005 and the Agreement of Amendment to Grant Contract of Land Use Rights No. (2005) 5041 dated 22 December 2005 entered into between Haining Land Resources Bureau and Greentown Real Estate Group Company Limited are legal and valid;
  - (iii) Total land premium of Rmb 210,000,000 has been paid by the Group whilst the balance of land premium Rmb 210,000,000 which is payable before 30 November 2006 has not been paid yet. The Group may apply for the Certificate for the Use of State-owned Land in respect of the property when the balance of the land premium is paid; and
  - (iv) The Certificate for the Use of State-owned Land of the property has not been obtained yet.

- (5) The status of title and grant of major approvals and licences in accordance with the PRC legal opinion and information provided by the Group are as follows:

Certificate for the Use of State-owned Land	No
Grant Contract of Land use Rights	Yes
Red-line Drawing	Yes
Construction Project Planning Permit	No
Planning Permit for Construction Land	No
Planning Permit for Construction Works	No
Business Licence	No

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			Capital value in existing state as at 31 March 2006																					
Property	Description and tenure	Particulars of occupancy																						
53. A piece of land with a site area of 27,666 sq.m. situated at New Green Garden, Plot No. F-05, South of Xintang River, East of Yongjiang, Shangcheng District, Hangzhou, Zhejiang Province the PRC	<p>The property comprises a site with a site area of 27,666 sq.m. (297,797 sq.ft.). The property is planned to be developed into a residential development.</p> <p>The property is planned with several high-rise residential buildings with clubhouse and community commercial facilities scheduled for completion in August 2009. The gross floor areas as follows:</p> <table><tr><th>Portion</th><th colspan="2">Approximate Gross Floor Area</th></tr><tr><td></td><th>sq.m.</th><th>sq.ft.</th></tr><tr><td>Residential</td><td>79,800</td><td>858,967</td></tr><tr><td>Commercial</td><td>1,000</td><td>10,764</td></tr><tr><td>Clubhouse</td><td>1,200</td><td>12,917</td></tr><tr><td>Other Ancillary</td><td>1,000</td><td>10,764</td></tr><tr><td></td><td><u>83,000</u></td><td><u>893,412</u></td></tr></table>	Portion	Approximate Gross Floor Area			sq.m.	sq.ft.	Residential	79,800	858,967	Commercial	1,000	10,764	Clubhouse	1,200	12,917	Other Ancillary	1,000	10,764		<u>83,000</u>	<u>893,412</u>	The property is currently a vacant site.	No Commercial Value (See Note 1 below)
Portion	Approximate Gross Floor Area																							
	sq.m.	sq.ft.																						
Residential	79,800	858,967																						
Commercial	1,000	10,764																						
Clubhouse	1,200	12,917																						
Other Ancillary	1,000	10,764																						
	<u>83,000</u>	<u>893,412</u>																						
<p>In addition, the property will provide a 450 car parks in basement with total gross floor area of approximately 33,000 sq.m. (355,212 sq.ft.).</p> <p>The land use rights of the property are expected to be held for a term of 70 years for residential uses, 50 years for office use and 40 years for commercial use.</p>																								

## Notes:

- (1) The Certificate for the Use of State-owned Land of the property has not been obtained yet. However, on the assumption that the Certificate for the Use of State-owned Land has been obtained, the capital value of the property in existing state as at 31 March 2006 was Rmb 429,000,000 (50% interest attributable to the Group: Rmb 214,500,000).
- (2) According to Grant Contract of Land Use Rights No. 杭土合字 (2005) 80 (杭州市國用土地使用權出讓合同書杭土合字(2005)80號) entered between Hangzhou State-owned Land Resource Bureau (杭州市國土資源局) (the Grantor) and Hangzhou Qianjiang New City Development Company (杭州市錢江新城建設開發有限公司) (the Grantee) on 8 August, 2005, the Grantor has agreed to grant the land use rights of the property, comprising a site area of 27,666 sq.m., to the Grantee for a term of 70 years for residential uses.
- (3) According to Supplementary Agreement of Grant Contract of Land Use Rights No. 杭土合字 (2005) 80 (杭土合字(2005)80號《土地出讓合同》補充協議(一)) entered between Hangzhou State-owned Land Resource Bureau (杭州市國土資源局), Hangzhou Qianjiang New City Development Company (杭州市錢江新城建設開發有限公司) and Hangzhou Qianxin Green Town Real Estate Development Company (杭州市錢江新城建設開發有限公司) on 7 November, 2005, the land use rights of the property, comprising a site area of 27,666 sq.m., is transfer to Hangzhou Qianxin Green Town Real Estate Development Company (杭州錢新綠城房地產開發有限公司) with all the rights and obligation of Hangzhou Qianjiang New City Development Company (杭州市錢江新城建設開發有限公司) under the aforesaid Grant Contract.
- (4) According to Grant Contract of Land Use Rights No. (2005) 80 and Supplementary Agreement of Grant Contract of Land Use Rights No. (2005) 80, the land use rights of the property have been agreed to be granted to Hangzhou Qianxin Green Town Real Estate Development Company as follows:
  - (i) Location : North of Plot No. F-07, West of Plot No. F-06, South of Xintang River, East of Yongjiang, Shangcheng District, Hangzhou
  - (ii) Site area : 27,666 sq.m.
  - (iii) Uses : Residential with ancillary public utility
  - (iv) Land use term : 70 years for residential uses, 50 years for office use, 40 years for commercial uses
  - (v) Plot ratio : The GFA over ground shall not exceed 82,998 sq.m.

- (5) According to Business Licence No. 3301021002669, Hangzhou Qianxin Green Town Real Estate Development Company (杭州錢新綠城房地產開發有限公司) was established on 1 November 2005 with a registered capital of Rmb 30,000,000.
- (6) According to PRC legal opinion:
- (i) Hangzhou Qianxin Green Town Real Estate Development Company (杭州錢新綠城房地產開發有限公司) has been issued with a business licence and is legally established under the PRC law as a limited company with a registered capital of Rmb 30,000,000 and started operation from 1 November 2005;
  - (ii) Hangzhou Qianxin Green Town Real Estate Development Company (杭州錢新綠城房地產開發有限公司) has settled all the land premium of the property as stated in the Grant Contract of Land Use Rights;
  - (iii) According to Land Grant Contract and the settling of the land premium, Hangzhou Qianxin Green Town Real Estate Development Company (杭州錢新綠城房地產開發有限公司) has obtained the land use rights of the property, comprising a total site area of 27,666 sq.m.;
  - (iv) The Supplementary Agreement of Grant Contract of Land Use Rights No. (2005) 80 (杭土合字(2005)80號《土地出讓合同》補充協議(一)) entered between Hangzhou State-owned Land Resource Bureau (杭州市國土資源局), Hangzhou Qianjiang New City Development Company (杭州市錢江新城建設開發有限公司) and Hangzhou Qianxin Green Town Real Estate Development Company (杭州錢新綠城房地產開發有限公司) is valid and binding;
  - (v) According to an Agreement of Land Development Reimbursement entered into between Hangzhou Qianjiang New City Development Company (杭州市錢江新城建設開發有限公司) (Party A) and Hangzhou Qianjiang New City Development Company (杭州市錢江新城建設開發有限公司) (Party B) on 29 September 2005, Party B has to pay Party A the land development reimbursement fee of Rmb 186,835,112. The reimbursement fee has not yet settled by the Group;
  - (vi) According to the land grant contract, the commencement date of the construction should be before 8 August 2006; and
  - (vii) As the necessary approvals and documents for the project planning permit have not been obtained yet, no construction works of the property can be commenced.
- (7) The status of title and grant of major approvals and licences in accordance with the PRC legal opinion and information provided by the Group are as follows:
- |   |     |
|---|-----|
| Certificate for the Use of State-owned Land | No  |
| Grant Contract of Land use Rights           | Yes |
| Red-line Drawing                            | No  |
| Construction Project Planning Permit        | No  |
| Planning Permit for Construction Land       | No  |
| Planning Permit for Construction Works      | No  |
| Business Licence                            | Yes |

			Capital value in existing state as at 31 March 2006															
Property	Description and tenure	Particulars of occupancy																
54. A piece of land with a site area of 38,581 sq.m. situated at Nanxing Village, (to be developed together with Property No. 28), West of Xingqiao Development Zone Avenue, Yuhang District, Hangzhou, Zhejiang Province, the PRC	<p>The property comprises a site with a site area of 38,581 sq.m. (415,286 sq.ft.).</p> <p>The property is planned to be developed as part of Xingqiao Project which is a commercial/residential development scheduled for completion in October 2009.</p> <p>The property will comprise portion of the Xingqiao Project and is planned to provide part of the following gross floor areas:</p> <table><tr><td></td><td><b>Approximate Gross Floor Area</b></td><td></td></tr><tr><td></td><td><b>sq.m.</b></td><td><b>sq.ft.</b></td></tr><tr><td>Residential</td><td>90,030</td><td>969,083</td></tr><tr><td>Commercial</td><td><u>5,000</u></td><td><u>53,820</u></td></tr><tr><td></td><td><u>95,030</u></td><td><u>1,022,903</u></td></tr></table>		<b>Approximate Gross Floor Area</b>			<b>sq.m.</b>	<b>sq.ft.</b>	Residential	90,030	969,083	Commercial	<u>5,000</u>	<u>53,820</u>		<u>95,030</u>	<u>1,022,903</u>	The property is under the site clearance work.	No Commercial Value (See Note 1 below)
	<b>Approximate Gross Floor Area</b>																	
	<b>sq.m.</b>	<b>sq.ft.</b>																
Residential	90,030	969,083																
Commercial	<u>5,000</u>	<u>53,820</u>																
	<u>95,030</u>	<u>1,022,903</u>																
	<p>In addition, the whole development of the Xingqiao Project will provide a total of 600 car parks in basement with total gross floor area of approximately 27,500 sq.m. (296,010 sq.ft.).</p> <p>The land use rights of the property are expected to be held for a term of 70 years for residential uses and a term of 40 years for commercial uses.</p>																	

## Notes:

- (1) The Certificate for the Use of State-owned Land of the property has not been obtained yet. However, on the assumption that the Certificate for the Use of State-owned Land has been obtained, the capital value of the property in existing state as at 31 March 2006 was Rmb 79,000,000 (35% interest attributable to the Group: Rmb 27,650,000).
- (2) According to Grant Contract of Land Use Rights No. (2002) 244, Hangzhou Yuhang Land Resources Bureau has agreed to grant the land use rights of the property to Hangzhou Jiuzhou Real Estate Development Co., Ltd (杭州九洲房地產開發有限公司) as follows:
  - (i) Location : Nanxing Village, Xingqiao Street
  - (ii) Site area : 75,776 sq.m.
  - (iii) Uses : residential/commercial
  - (iv) Land use term : 70 years(residential)/40 years(commercial)
  - (v) Plot ratio : 1.29
- (3) According to the co-operative agreement dated 18 June 2004 made between Zhejiang Greentown Real Estate Group Co. (浙江綠城房地產集團公司), Hangzhou Jiuzhou Real Estate Development Co., Ltd (杭州九洲房地產開發有限公司), and Shaofeng (邵楓): the joint venture entity — Hangzhou Yuhang Greentown Jiuzhou Real Estate Development Co., Ltd (杭州余杭綠城九洲房地產開發有限公司) is responsible for the operation and management of the project, and each party shares a fixed proportion of profit, risk and costs.
- (4) According to PRC legal opinion:
  - (i) Hangzhou Yuhang Greentown Jiuzhou Real Estate Development Co., Ltd (杭州余杭綠城九洲房地產開發有限公司) has been issued with a business licence and is legally established under the PRC law as a limited company with a registered capital of Rmb 10,000,000 and started operation from 18 June 2004;
  - (ii) Hangzhou Yuhang Greentown Jiuzhou Real Estate Development Co., Ltd (杭州余杭綠城九洲房地產開發有限公司) has settled all of the land premium of the property as stated in the Grant Contract of Land Use Rights;
  - (iii) According to Method of Disposing Unused Land (杭州市閑置土地處理辦法), the penalty is not payable since the postponement of construction works is caused by the government; and

- (iv) As the necessary approvals and documents for the project planning permit have not been obtained yet, no construction works of the property can be commenced.
- (5) The status of title and grant of major approvals and licences in accordance with the PRC legal opinion and information provided by the Group are as follows:

Certificate for the Use of State-owned Land	No
Grant Contract of Land use Rights	Yes
Red-line Drawing	Yes
Construction Project Planning Permit	Yes
Planning Permit for Construction Land	No
Planning Permit for Construction Works	No
Business Licence	Yes

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		Particulars of occupancy	Capital value in existing state as at 31 March 2006												
Property	Description and tenure														
55. A piece of land with a site area of 39,854 sq.m. situated at Yanggong Village, (to be developed together with Property No. 30), Jiubao Town, Jianggan District, Hangzhou, Zhejiang Province, the PRC	<p>The property comprises a site with a total site area of 39,854 sq.m. (428,988 sq.ft.).</p> <p>The property is planned to be developed as part of Jiahe Jiubao Project which is a residential/commercial development scheduled for completion in December 2010.</p> <p>The property will comprise portion of Jiubao Project and is planned to provide part of the following gross floor areas:</p> <table><tr><th colspan="2">Approximate Gross Floor Area</th></tr><tr><th>sq.m.</th><th>sq.ft.</th></tr><tr><td>Residential</td><td>239,000</td></tr><tr><td>Commercial</td><td>6,000</td></tr><tr><td>Ancillary</td><td>6,380</td></tr><tr><td><u>251,380</u></td><td><u>2,705,854</u></td></tr></table> <p>In addition, the development will provide a total of 1,600 car parks in basement with total gross floor area of approximately 84,620 sq.m. (910,850 sq.ft.).</p> <p>The land use rights of the property are expected to be held for residential uses with an expiry date on 31 October 2065.</p>	Approximate Gross Floor Area		sq.m.	sq.ft.	Residential	239,000	Commercial	6,000	Ancillary	6,380	<u>251,380</u>	<u>2,705,854</u>	The property is currently vacant.	No Commercial Value (See Note 1 below)
Approximate Gross Floor Area															
sq.m.	sq.ft.														
Residential	239,000														
Commercial	6,000														
Ancillary	6,380														
<u>251,380</u>	<u>2,705,854</u>														

## Notes:

- (1) The Certificate for the Use of State-owned Land of the property has not been obtained yet. However, on the assumption that the Certificate for the Use of State-owned Land has been obtained, the capital value of the property in existing state as at 31 March 2006 was Rmb 308,000,000.
- (2) According to No.2 Supplementary Agreement of Grant Contract of Jianhe Playland Land (嘉和樂園地塊出讓合同補充協議(二)) entered between Hangzhou State-owned Land Resource Bureau (杭州市國土資源局) ("Party A") and Zhejiang Jia He Industrial Company (浙江嘉和實業有限公司) ("Party B") dated 16 June 2004, Party A has agreed that the legal use of Jianhe Playland Land be altered for residential use. The site comprises a total site area of approximately 172,390 sq.m., of which the granted land is approximately 100,809 sq.m., with a maximum gross floor area of approximately 252,022.5 sq.m..
- (3) According to a Agreement of Share Transfer (股權轉讓協議書) entered between Ningbo Huashan International Trading Co., Ltd. (寧波華善國際貿易有限公司) ("Party A") and Hangzhou Greentown Real Estate Development Co., Ltd. (杭州綠城房地產開發有限公司) ("Party B") dated 20 January 2006, Party A has agreed to transfer the 10% Share of registered capital of Zhejiang Jia He Industrial Company (浙江嘉和實業有限公司) to Party B.
- (4) According to PRC legal opinion:
  - (i) Zhejiang Jia He Industrial Company (浙江嘉和實業有限公司) has been issued with a business licence and is legally established under the PRC law as a limited company with a registered capital of Rmb 50,000,000 and started operation from 18 April 1995;
  - (ii) Zhejiang Jia He Industrial Company (浙江嘉和實業有限公司) can not engage in property development operation until the Group obtains the approved qualification;
  - (iii) Zhejiang Jia He Industrial Company (浙江嘉和實業有限公司) has settled all the land premium of the property as stated in the Grant Contract of Land Use Rights;
  - (iv) Certificate for the Use of State-owned Land can not be obtained until the removal and resettlement works are completed by Zhejiang Jia He Industrial Company (浙江嘉和實業有限公司);



- (v) The Land Grant Contract, Supplementary Agreement of Grant Contract of Jianhe Playland Land and No.2 Supplementary Agreement of Grant Contract of Jianhe Playland Land (嘉和樂園地塊出讓合同補充協議(二)) entered between Hangzhou State-owned Land Resource Bureau (杭州市國土資源局) and Zhejiang Jia He Industrial Company (浙江嘉和實業有限公司) are valid and binding to both parties;
- (vi) The property is not subject to any mortgage; and
- (vii) As the necessary approvals and documents for the project planning permit have not been obtained yet, no construction works of the property can be commenced.
- (5) The status of title and grant of major approvals and licences in accordance with the PRC legal opinion and information provided by the Group are as follows:

Certificate for the Use of State-owned Land	No
Grant Contract of Land Use Rights	Yes
Red-line Drawing	No
Construction Project Planning Permit	No
Planning Permit for Construction Works	No
Business Licence	Yes

## Group VI — Property interests rented by the Group in the PRC

		Capital value in existing state as at 31 March 2006	
Property	Description and tenancy particulars		
56. Level 10 of Zone A and Level 9 of Zone B, Huanglong Century Plaza, No. 1 Hangda Road, Xihu District, Hangzhou, Zhejiang Province, the PRC	<p>The property comprises two floors of a 13-storey office building completed in 2000.</p> <p>The property comprises a total gross floor area of approximately 2,859.29 sq.m. (30,777 sq.ft.) and is currently occupied by the Group as office.</p> <p>The property is leased by Greentown Real Estate Group Co., Ltd. (綠城房地產集團有限公司), a wholly owned subsidiary of the Group, under a tenancy agreement entered into with a related company on 15 November 2005 for a term of 5 years from 1 January 2006 to 31 December 2010 at a rent of Rmb 3,965,835.23 per annum.</p>	No commercial value	
57. Level 6 of Zone B, Huanglong Century Plaza, No. 1 Hangda Road, Xihu District, Hangzhou, Zhejiang Province, the PRC	<p>The property comprises Level 6 of a 13-storey office building completed in 2000.</p> <p>The property comprises a gross floor area of approximately 1,300 sq.m. (13,993 sq.ft.) and is currently occupied by the Group as office.</p> <p>The property is leased by Greentown Real Estate Group Co., Ltd. (綠城房地產集團有限公司), a wholly owned subsidiary of the Group, under a tenancy agreement entered into with a related company on 11 April 2005 for a term of 3 years from 11 June 2005 to 10 June 2008 at a rent of Rmb 1,283,127, Rmb 1,399,775 and Rmb 1,283,127 per annum for the 1st, 2nd and 3rd years respectively.</p>	No commercial value	
58. Room 1206 and Car Parking space Nos. 69–72 on Basement, Jiahua International Business Center, No. 15 Hangda Road, Xihu District, Hangzhou, Zhejiang Province, the PRC	<p>The property comprises an office unit on Level 11 of a 14-storey office building completed in 2003 plus 4 car parking spaces in the basement.</p> <p>The office unit comprises a gross floor area of approximately 508.37 sq.m. (5,472 sq.ft.) and is currently occupied by the Group as office.</p> <p>The property is leased by Zhejiang Green Garden Real Estate Development Co., Ltd. (浙江省綠園房地產有限公司), a wholly owned subsidiary of the Group, under a tenancy agreement entered into with an independent third party on 25 December 2003 for a term of 20 years from 25 December 2003 to 24 December 2023 at a total rent of Rmb 6,860,376 per annum. The lease will be automatically renewed for a further term of 24 years and 5 months until 24 May 2048.</p>	No commercial value	

			Capital value in existing state as at 31 March 2006
	Property	Description and tenancy particulars	
59.	Room 111 on Level 1 of Zone B, Huanglong Century Plaza, No. 1 Hangda Road, Xihu District, Hangzhou, Zhejiang Province, the PRC	<p>The property comprises an office unit on Level 1 of a 13-storey office building completed in 2000.</p> <p>The property comprises a total gross floor area of approximately 598.31 sq.m. (6,440 sq.ft.) and is currently occupied by the Group as office.</p> <p>The property is leased by Zhejiang Greentown Property Sales Co., Ltd. (浙江綠城房地產管銷有限公司), a wholly owned subsidiary of the Group, under a tenancy agreement entered into with a related company on 15 November 2005 for a term of 5 years from 1 January 2006 to 31 December 2010 at a rent of Rmb 982,724.18 per annum.</p>	No commercial value
60.	3rd Floor, Block 2, No. 18 Beishaxi Road, Yuhang Economical Development Zone, Linping, Yuhang District, Hangzhou, Zhejiang Province, the PRC	<p>The property comprises the whole third floor of a 4-storey office building completed in 2004.</p> <p>The property comprises a gross floor area of approximately 496 sq.m. (5,338.94 sq.ft.) and is currently occupied by the Group as office.</p> <p>The property is leased by Hangzhou Yuhang Jinteng Real Estate Development Co., Ltd. (杭州余杭金騰房地產開發有限公司), a 75% subsidiary of the Group, under a tenancy agreement entered into with an independent third party on 8 December, 2004 for a term of two year from 11 December 2004 to 10 December 2006 at a monthly rent of Rmb 83,328 per month, inclusive of management fee.</p>	No commercial value
61.	Room 1206 and Car Park Space Nos. 19–24 on Basement, Jiahua International Business Center, No. 15 Hangda Road, Xihu District, Hangzhou, Zhejiang Province the PRC	<p>The property comprises an office unit on Level 12 and 6 car parking spaces on basement of a 14-storey office building completed in 2003.</p> <p>The office unit comprises a gross floor area of approximately 586.22 sq.m. (6,310 sq.ft.) and is currently occupied by the Group as office.</p> <p>The property is leased by Hangzhou Taohuayuan Real Estate Co., Ltd. (杭州桃花源房地產開發有限公司), a wholly owned subsidiary of the Group, under a tenancy agreement entered into with an independent third party on 28 November 2003 for a term of 20 years from 28 November 2003 to 27 November 2023 at a total rent of Rmb 7,770,089 for the whole period. The tenancy is automatically renewable for a term of 20 years at a total rent of Rmb 2,002,675 for the whole period and further renewable for a term of 4 years and 6 months at a total rent of Rmb 1,580,668 for the whole period. All the above rentals are inclusive of the 6 car parking spaces.</p>	No commercial value

			Capital value in existing state as at 31 March 2006
	Property	Description and tenancy particulars	
62.	Rooms 206–207 of Block C, Zhejiang University National Science Park Phase 1, No. 525 Xixi Road, Xihu District, Hangzhou, Zhejiang Province, the PRC	<p>The property comprises two office unit on Level 2 of an 8-storey office building completed in 2004.</p> <p>The property comprises a total gross floor area of approximately 109.8 sq.m. (1,182 sq.ft.) and is currently occupied by the Group as office.</p> <p>The property is leased by Zhejiang Fazhan Greentown Real Estate Investment Co., Ltd., a wholly owned subsidiary of the Group, under a tenancy agreement entered into with an independent third party on 9 March 2006 for a term of 3 years from 10 March 2006 to 10 March 2009 at a monthly rent of Rmb 6,400.</p>	No commercial value
63.	Unit H on Level 24, Fenghe Court, Zhongshan Garden, No. 209 Zhaohui Road, Xiacheng District, Hangzhou, Zhejiang Province, the PRC	<p>The property comprises an office unit on Level 24 of a 32-storey office building completed in 1999.</p> <p>The property comprises a gross floor area of approximately 119.54 sq.m. (1,287 sq.ft.). The property is currently occupied by the Group as office.</p> <p>The property is currently leased by Hangzhou Zhongshan Real Estate Development Co., Ltd. (杭州中山房地產開發有限公司), a wholly owned subsidiary of the Group, under a tenancy agreement entered into with an independent third party on 13 December 2006 for a term of one year from 13 December 2006 to 12 December 2007 at a total annual rent of Rmb 50,000.</p>	No commercial value
64.	Level 3, Huadu Building, No. 1 Yixian Road, Linping Town, Yuhang District, Hangzhou, Zhejiang Province, the PRC	<p>The property comprises portion of Level 3 of a 6-storey office building completed in 1999.</p> <p>The property comprises a gross floor area of approximately 350 sq.m. (3,767 sq.ft.). The property is currently occupied by the Group as office.</p> <p>The property is leased by Hangzhou Yuhang Greentown Jiuzhou Real Estate Development Co., Ltd. (杭州余杭綠城九洲房地產開發有限公司), a 35% owned subsidiary of the Group, under a tenancy agreement entered into with an independent third party on 20 April 2004 for a term of 3 years from 20 April 2004 to 20 March 2007 at an annual rent of Rmb 100,000.</p>	No commercial value
65.	Room 201–205 of C Block, Zhejiang University National Science Park Phase 1, No. 525 Xixi Road, Xihu District, Hangzhou, Zhejiang Province, the PRC	<p>The property comprises 5 office units on Level 2 of an 8-storey office building completed in 2004.</p> <p>The property comprises a total gross floor area of approximately 322.53 sq.m. (3,472 sq.ft.) and is currently occupied by the Group as office.</p> <p>The property is leased by Hangzhou Jade City Real Estate Development Co., Ltd. (杭州翡翠城房地產開發有限公司), a 45% owned subsidiary of the Group, under a tenancy agreement entered into with an independent third party on 23 December 2004 for a term of 3 years from 19 January 2005 to 18 January 2008 at a monthly rent of Rmb 18,803.</p>	No commercial value

			Capital value in existing state as at 31 March 2006
	Property	Description and tenancy particulars	
66.	Level 1 of C Block, Zhejiang University National Science Park Phase 1, No. 525 Xixi Road, Xihu District, Hangzhou, Zhejiang Province, the PRC	<p>The property comprises the whole of Level 1 of an 8-storey office building completed in 2004.</p> <p>The property comprises a gross floor area of approximately 643.81 sq.m. (6,930 sq.ft.) and is currently occupied by the Group as office use.</p> <p>The property is currently leased by Hangzhou Jade City Real Estate Development Co., Ltd. (杭州翡翠城房地產開發有限公司), a 45% owned subsidiary of the Group, under a tenancy agreement entered into with an independent third party on 10 November 2004 for a term of 3 years from 30 November 2004 to 29 November 2007 at a monthly rent of Rmb 37,341.</p>	No commercial value
67.	Rooms 201, 202, 209, 210, 211, 212 and 213 on Level 2, Chuangxin Building (Huibo Building), No. 673 Jiangnan Road, Technological Park District, Ningbo, Zhejiang Province, the PRC	<p>The property comprises 7 office units on Level 2 of a multi-storey office building completed in the 1990's.</p> <p>The property has a gross floor area of approximately 306.51 sq.m. (3,300 sq.ft.) and is currently occupied by the Group as office use.</p> <p>The property is leased by Ningbo Zheda Science Park Construction Co., Ltd. (寧波浙大科技園建設有限公司), a 60% owned subsidiary of the Group, under a tenancy agreement entered into with an independent third party in December 2004 on monthly basis without specific term at a monthly rent of Rmb 9,195.3.</p>	No commercial value
68.	Units 1, 3, 5, 7, 9, 11, 15, and 17 on Level 8, No. 1558 Jiangnan Road, Ningbo Technological Park District, Ningbo, Zhejiang Province, the PRC	<p>The property comprises 8 office units on Level 8 of a multi-storey office building completed in 2005.</p> <p>The property has a gross floor area of approximately 688.74 sq.m. (7,414 sq.ft.) and is currently occupied by the Group as office use.</p> <p>The property is leased by Ningbo Zheda Science Park Construction Co., Ltd. (寧波浙大科技園建設有限公司), a 60% owned subsidiary of the Group, under a tenancy agreement entered into with an independent third party on 10 August 2005 for a term of 2 years from 15 August 2005 to 14 August 2007 at a monthly rent of Rmb 10,331.1.</p>	No commercial value
69.	Levels 1 and 2, Nongzi Company Building, Fangban Road, Haining, Zhejiang Province, the PRC	<p>The property comprises Levels 1 and 2 of a 5-storey composite building completed in about 1990.</p> <p>The property has a gross floor area of approximately 800 sq.m. (8,611 sq.ft.) and is currently occupied by the Group as office.</p> <p>The property is leased by Haining Greentown Sinhoo Real Estate Development Co., Ltd. (海寧綠城新湖房地產開發有限公司), a 50% owned subsidiary of the Group, under a tenancy agreement entered into with an independent third party on 8 April 2002 for a term of 5 years from 18 April 2002 to 17 April 2007 at a rent of Rmb 280,000 per annum.</p>	No commercial value

		Capital value in existing state as at 31 March 2006	
Property	Description and tenancy particulars		
70. Rooms 1709–1711, No. 222 Huihai Central Road, Luwan District, Shanghai, the PRC	<p>The property comprises 3 office units on Level 17 of a multi-storey commercial building completed in the 2000's.</p> <p>The property comprises a total gross floor area of approximately 228.67 sq.m. (2,461 sq.ft.) and is currently occupied by the Group for office use.</p> <p>The property is leased by Shanghai Huazhe Bund Real Estate Co., Ltd. (上海華浙外灘置業有限公司), a 51% owned subsidiary of the Group, under a tenancy agreement and a supplement agreement entered into with an independent third party on 22 July 2003 for a term of 1 year from 1 September 2005 to 31 August 2006 at a monthly rent of US\$ 5,146.98.</p>	No commercial value	
71. Whole block of a 2-storey office block situated at Ziyuan Road, Yancun Town, Fangshan District, Beijing, the PRC	<p>The property comprises a whole of a 2-storey office block completed in 1995.</p> <p>The property comprises a gross floor area of approximately 620 sq.m. (6,674 sq.ft.) and is currently occupied by the Group as office.</p> <p>The property is leased by Beijing Sunshine Greentown Real Estate Development Co., Ltd. (北京陽光綠城房地產開發有限公司), a 80% owned subsidiary of the Group, under a tenancy agreement entered into with an independent third party on 27 July 2003 for a term of 3 years from 1 August 2003 to 31 July 2006 at a rent of Rmb 250,000 per annum.</p>	No commercial value	
72. Levels 1 and 2, Jiayuan Composite Building, No. 26 Nanhu Road, Urumqi, Xinjiang UAR, the PRC	<p>The property comprises Levels 1 and 2 of a 3-storey composite building completed in the 1990's.</p> <p>The property comprises a gross floor area of approximately 1,091.40 sq.m. (11,748 sq.ft.) and is currently occupied by the Group as office.</p> <p>The property is leased by Xinjiang Sunshine Greentown Real Estate Development Co., Ltd. (新疆陽光綠城房地產開發有限公司), a 51% owned subsidiary of the Group, under a tenancy agreement entered into with an independent third party on 14 October 2004 for a term of 3 years from 8 December 2004 to 7 December 2007 at a rent of Rmb 300,000 per annum.</p>	No commercial value	

*The following discussion is a summary of some anticipated tax consequences of our operations and of your investment in our Shares under tax laws of mainland China, Hong Kong and the Cayman Islands. The discussion does not deal with all possible tax consequences relating to our operations or to your investment in our Shares. In particular, the discussion does not address the tax consequences under provincial, local and other (e.g. non-PRC, non-Hong Kong and non-Cayman Islands) tax laws. Accordingly, you should consult your tax advisor regarding your particular tax consequences of an investment in our Shares. The following discussion is based upon laws and their interpretations in effect as of the date of this prospectus, all of which are subject to change.*

### **MAINLAND CHINA TAXATION**

Because we are not incorporated in mainland China, your investment in our Shares is largely exempt from PRC tax laws. But because virtually all of our business operations are in mainland China and we carry out these business operations through operating subsidiaries and joint ventures organized under the PRC law, our PRC operations and our operating subsidiaries and joint ventures in mainland China are subject to PRC tax laws and regulations, which indirectly affect your investment in our Shares.

#### **Dividends from our PRC operations**

Under current PRC tax laws, regulations and rulings, dividends paid by our PRC subsidiaries or joint ventures to us are currently exempt from PRC income tax.

#### **Dividends we pay to you**

Because we are not incorporated in mainland China, under current PRC laws, even though we have significant operating subsidiaries and joint ventures in mainland China, our distribution of dividends to our overseas investors such as yourself is not currently subject to PRC tax.

#### **Transfer or disposition of our Shares**

As we are not incorporated in mainland China, under current PRC law, any transfer or disposition of our Shares by an overseas investor such as yourself does not trigger PRC tax liabilities.

#### **Our operations in mainland China**

Our subsidiaries and joint ventures through which we conduct our business operations in mainland China are subject to PRC tax laws and regulations.

**Deed Tax.** Under the PRC Interim Regulation on Deed Tax (中華人民共和國契稅暫行條例) of 1997, a deed tax is chargeable to transferees of land use rights and/or ownership in real properties within the territory of mainland China. These taxable transfers include:

- grant of use right of state-owned land;
- sale, gift and exchange of land use rights, other than transfer of right to manage rural collective land; and
- sale, gift and exchange of real properties.

Deed tax rate is between 3% to 5% subject to determination by local governments at the provincial level in light of the local conditions.

**Corporate Income Tax.** Under the Interim Regulation of the People's Republic of China on Enterprise Income Tax (中華人民共和國企業所得稅暫行條例) and the Income Tax Law of the People's Republic of China for Enterprises with Foreign Investment and Foreign Enterprises (中華人民共和國外商投資企業和外國企業所得稅法), our PRC subsidiaries and joint ventures are generally subject to the 33% corporate income tax. However, some of our project companies enjoy preferential income tax

treatment due to their places of establishment and/or their status as foreign-invested enterprises. Shanghai Lvyu pays corporate income tax at the reduced rate of 15% as an enterprise established in the Pudong New Zone in Shanghai for its income sourced from operations in the Pudong New Zone in Shanghai. Hangzhou Jiuxi pays corporate income tax at the reduced corporate income tax rate of 27% as a foreign-invested enterprise established in Hangzhou Zhijiang National Tourism And Resort Zone (杭州之江國家旅遊度假區) in Zhejiang Province.

**Business Tax.** Under the PRC Interim Regulation on Business Tax (中華人民共和國營業稅暫行條例) of 1994, services in mainland China are subject to business tax. Taxable services include sale of real property in mainland China. Business tax rate is between 3% to 20% depending on the type of services provided. Sale of real properties and other improvements on the land attract a business tax at the rate of 5% of the turnover of the selling enterprise payable to the relevant local tax authorities.

**Land Appreciation Tax.** Under the PRC Interim Regulation on Land Appreciation Tax (中華人民共和國土地增值稅暫行條例) of 1994 and its implementing rules of 1995, LAT applies to both domestic and foreign investors in real properties in mainland China, irrespective of whether they are corporate entities or individuals. The tax is payable by a taxpayer on the appreciation value derived from the transfer of land use rights, buildings or other facilities on such land, after deducting the “deductible items” that include the following:

- payment made to acquire land use rights;
- costs and charges incurred in connection with land development;
- construction costs and charges in the case of newly constructed buildings and facilities;
- assessed value in the case of old buildings and facilities;
- taxes paid or payable in connection with the transfer of land use rights, buildings or other facilities on such land; and
- other items allowed by the Ministry of Finance.

The tax rate is progressive and ranges from 30% to 60% of the appreciation value as compared to the “deductible items” as follows:

Appreciation value	LAT rate
Portion not exceeding 50% of deductible items . . . . .	30%
Portion over 50% but not more than 100% of deductible items . . . . .	40%
Portion over 100% but not more than 200% of deductible items. . . . .	50%
Portion over 200% of deductible items. . . . .	60%

Exemption from LAT is available to the following cases:

- Taxpayers constructing ordinary residential properties for sale (i.e. the residences built in accordance with the local standard for general civilian used residential properties, excluding deluxe apartments, villas, resorts etc.), where the appreciation amount does not exceed 20% of the sum of deductible items;
- Real estate taken over and repossessed according to laws due to the construction requirements of the state;
- Due to redeployment of work or improvement of living standard, transfers by individuals of originally self-used residential properties, with five years or longer of self-used residence and with tax authorities’ approval.



According to a notice issued by the Ministry of Finance in January 1995, the LAT regulation does not apply to the following transfers of land use rights:

- real estate transfer contracts executed before January 1, 1994; and
- first time transfers of land use rights and/or premises and buildings during the five years commencing on January 1, 1994 if the real estate development contracts were executed or the development projects were approved before January 1, 1994 and the capital has been injected for the development in compliance with the relevant regulations.

On December 24, 1999, the Ministry of Finance and the State Taxation Bureau issued a notice that extended the period for the above LAT grand-father exemption policy to the end of 2000.

After the enactment of the LAT regulations and the implementation rules in 1994 and 1995, respectively, due to the long period of time typically required for real estate developments and their transfers, many jurisdictions, while implementing these regulations and rules, did not require real estate development enterprises to declare and pay the LAT as they did other taxes. Therefore, in order to assist the local tax authorities in the collection of LAT, the Ministry of Finance, State Taxation Bureau, Ministry of Construction and State Land Administration Bureau separately and jointly issued several notices to reiterate that, after the assignments are signed, the taxpayers should declare the tax to the local tax authorities where the real estate is located, and pay the LAT in accordance with the amount as calculated by the tax authority and within the time period as required. For those who fail to acquire proof as regards the tax paid or the tax exemption from the tax authorities, the real estate administration authority will not process the relevant title change procedures, and will not issue the property ownership title certificates.

The State Taxation Bureau issued a further notice in July 2002 to require local tax authorities to improve LAT collection method by requiring prepayment of LAT on basis of proceeds from pre-sale of real estate.

*Urban Land Use Tax.* Pursuant to the Interim Regulations of the People's Republic of China on Land Use Tax in respect of Urban Land promulgated by the State Council in September 1988, the land use tax in respect of urban land is levied according to the area of relevant land. The annual tax on urban land is between Rmb 0.2 and Rmb 10 per square meter.

*Buildings Tax.* Under the Interim Regulations of the People's Republic of China on Buildings Tax promulgated by the State Council in September 1986, buildings tax applicable to domestic enterprises is 1.2% if it is calculated on the basis of the residual value of a building and 12% if it is calculated on the basis of the rental.

*Urban Real Estate Tax.* Under the Interim Regulations of the People's Republic of China on Urban Real Estate Tax issued by the State Council in August 1951, enterprises with foreign investment are subject to urban real estate tax, and the tax rate is 1.5% calculated on the basis of the value of a building with the land use rights and 15% calculated on the basis of the rental for rental properties.

*Stamp Duty.* Under the Interim Regulations of the People's Republic of China on Stamp Duty promulgated by the State Council in August 1988, for building property transfer instruments, including those in respect of property ownership transfer, the duty rate is 0.05% of the amount stated therein; for permits and certificates relating to rights, including real estate title certificates and land use rights certificates, stamp duty is levied on an item-by-item basis of Rmb 5 per item.

*Municipal Maintenance Tax.* Under the Interim Regulations of the People's Republic of China on Municipal Maintenance Tax promulgated by the State Council in 1985, taxpayer, whether an individual or otherwise, of product tax, value-added tax or business tax are required to pay municipal maintenance tax. The tax rate is 7% for a taxpayer whose domicile is in an urban area, 5% for a taxpayer whose domicile is in a county or a town, and 1% for a taxpayer whose domicile is not in any urban area or county or town. Under the Circular Concerning Temporary Exemption from Municipal Maintenance Tax and Education Surcharge For Enterprises with Foreign Investment and Foreign Enterprises issued by the State Taxation Bureau on February 25, 1994, the municipal maintenance tax is not applicable to enterprises with foreign investment for the time being, until further explicit stipulations are issued by the State Council.

*Education Surcharge.* Under the Interim Provisions on Imposition of Education Surcharge and the Decision on Amendment to the Interim Provisions on Imposition of Education Surcharge promulgated by the State Council respectively in April 1986 and August 2005, any taxpayer, whether an individual or otherwise, of value-added tax, business tax or consumption tax is liable for an education surcharge, unless such taxpayer is required to pay a rural area education surcharge as provided by the Notice of the State Council on Raising Funds for Schools in Rural Areas. Under the Circular Concerning Temporary Exemption from Municipal Maintenance Tax and Education Surcharge For Enterprises with Foreign Investment and Foreign Enterprises issued by the State Taxation Bureau on February 25, 1994 and the Supplementary Circular Concerning Imposition of Education Surcharge issued by the State Council on October 12, 1994, the education surcharge is not applicable to enterprises with foreign investment for the time being.

## HONG KONG TAXATION

### Dividends

Under the current practice of the Inland Revenue Department, no tax is payable in Hong Kong in respect of dividends we pay. Dividends distributed to our shareholders are free of withholding taxes in Hong Kong.

### Capital gains and profit tax

No tax is imposed in Hong Kong in respect of capital gains from the sale of our Shares. Trading gains from the sale of our Shares by persons carrying on a business in Hong Kong, where such gains are sourced in Hong Kong and arise from such business, will be chargeable to Hong Kong profits tax. Currently, profits tax is imposed on corporations at the rate of 17.5% and on individuals at a maximum rate of 16.0%. Gains from sale of our Shares effected on the Stock Exchange will be considered to be sourced in Hong Kong. Liability for Hong Kong profits tax would thus arise in respect of trading gains from sale of our Shares effected on the Stock Exchange realized by persons carrying on a business of trading or dealing in securities in Hong Kong.

### Stamp duty

Hong Kong stamp duty will be payable by the purchaser on every purchase, and by the seller on every sale, of our Shares. The duty is charged at the ad valorem rate of 0.1% of the consideration for, or (if greater) the value of, our Shares transferred on each sale and purchase. In other words, a total of 0.2% of stamp duty is currently payable on a typical sale and purchase transaction of our Shares. In addition, any instrument of transfer (if required) will be subject to a flat rate of stamp duty of HK\$5. Where a sale or purchase of our Shares is effected by a non-Hong Kong resident and any stamp duty payable on the contract notes is not paid, the relevant instrument of transfer (if any) will be chargeable with such duty, together with the duty otherwise chargeable thereon, and the transferee will be liable to pay such duty.

The Selling Shareholders will be responsible for all Hong Kong stamp duties charged at an ad valorem rate of 0.2% of the Offer Price and payable in connection with the sale of the Offer Shares sold by the Selling Shareholders in the Global Offering.

**CAYMAN TAXATION**

Pursuant to section 6 of the Tax Concessions Law (1999 Revision) of the Cayman Islands, our company has obtained an undertaking from the Governor in Cabinet:

- (a) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits or income or gains or appreciation shall apply to our company or its operations; and
- (b) in addition, that no tax to be levied on profits, income gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable by our company:
  - (i) on or in respect of the shares, debentures or other obligations of our company; or
  - (ii) by way of withholding in whole or in part of any relevant payment as defined in Section 6(3) of the Tax Concession Law (1999 Revision).

The undertaking is for a period of 20 years from September 13, 2005.

The Cayman Islands currently levies 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 our 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 is not a party to any double tax treaties.

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. We do not hold, and do not intend to hold, any interest in land in the Cayman Islands.

**ESTABLISHMENT OF A REAL ESTATE DEVELOPMENT ENTERPRISE**

According to the Law of the People's Republic of China on Administration of Urban Real Estate (the "Urban Real Estate Law") promulgated by the Standing Committee of the National People's Congress, effective in January 1995, a real estate developer is defined as an enterprise which engages in the development and sale of real estate for the purpose of making profits. Under the Regulations on Administration of Development of Urban Real Estate (the "Development Regulations") promulgated by the State Council in July 1998, an enterprise which is to engage in development of real estate must satisfy the following requirements:

- its registered capital must be Rmb 1 million or more; and
- it must have four or more full-time professional real estate/construction technicians and two or more full-time accounting officers, each of whom must hold the relevant qualification certificate.

The local government of a province, autonomous region or municipality directly under the PRC central government may, based on local circumstances, impose more stringent requirements on the registered capital and the professional personnel of a real estate developer.

To establish a real estate development enterprise, the developer must apply for registration with the administration for industry and commerce. The developer must also report its establishment to the real estate development authority in the location of its registration, within 30 days of the receipt of its business license. Where a foreign-invested enterprise is to be established to engage in the development and sale of real estate, it must also comply with the relevant requirements under the PRC laws and administrative regulations regarding foreign-invested enterprises and apply for approvals relating to foreign investments in China.

Under the Foreign Investment Industrial Guidance Catalogue promulgated by the Ministry of Commerce (the "MOFCOM") and the National Development and Reform Commission (the "NDRC") in November 2004,

- the development and construction of ordinary residential units falls within the category of industries in which foreign investment is encouraged,
- the development of a whole land lot, the construction and operation of high end hotels, villas, premium office buildings, international conference centers and large theme parks falls within the category of industries in which foreign investment is subject to restrictions,
- other real estate development falls within the category of industries in which foreign investment is permitted.

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 foreign owned enterprise by the foreign investor in accordance with the PRC laws and administrative regulations regarding foreign-invested enterprise.

Under the Notice on Adjusting the Portion of Capital Fund for Fixed Assets Investment of Certain Industries issued by the State Council on April 26, 2004, the portion of capital fund of real estate projects (excluding affordable housing projects) has been increased from 20% or above to 35% or above.

**QUALIFICATIONS OF A REAL ESTATE DEVELOPER**

Under the Provisions on Administration of Qualifications of Real Estate Developers (the “Provisions on Administration of Qualifications”) promulgated by the Ministry of Construction in March 2000, a real estate developer must apply for registration of its qualifications according to such Provisions on Administration of Qualifications. An enterprise may not engage in property development without a qualification classification certificate for real estate development. The Ministry of Construction oversees the qualifications of real estate developers with national operations, and local real estate development authorities at or above the county level oversee the qualifications of local real estate developers.

In accordance with the Provisions on Administration of Qualifications, real estate developers are classified into four classes.

- Class 1 qualifications are subject to preliminary examination by the construction authorities at the provincial level and final approval of the Ministry of Construction. A class 1 real estate developer is not restricted as to the scale of its real estate projects and may undertake a real estate development anywhere in the country.
- Class 2 or lower qualifications are regulated by the construction authorities at the provincial level subject to delegation to lower level government agencies. A real estate developer of class 2 or lower may undertake a project with a gross floor area of less than 250,000 square meters subject to confirmation by the construction authorities at the provincial level.

Under the Development Regulations, the real estate development authorities will examine applications for registration of qualifications submitted by real estate developers by considering the professional personnel in their employ, financial condition and operating results. A real estate developer that passes the qualification examination will be issued a qualification certificate of the relevant class by the qualification examination authority. 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 which is limited to another classification.

For a newly established real estate developer, the real estate development authority will issue a provisional qualification certificate, if it is an eligible developer, within 30 days of receipt by the authority of the application. The provisional qualification certificate will be effective for one year from its date of issuance and may be extended for not more than two additional year with the approval of the real estate development authority. The real estate developer must apply for qualification classification to the real estate development authority within one month before expiration of the provisional qualification certificate.

**DEVELOPMENT OF A REAL ESTATE PROJECT**

Under the Foreign Investment Industrial Guidance Catalogue promulgated by MOFCOM and NDRC in November 2004, foreign investments are encouraged in the development and construction of ordinary residential units in China; foreign investments are restricted in the development of a whole land lot and the construction and operation of high end hotels, villas, premium office buildings, international conference centers and large theme parks in China; and foreign investments are permitted in other real estate developments. According to the Interim Provisions on Approving Foreign Investment Project promulgated by NDRC in October 2004, approval of NDRC is required for foreign investment projects with total investment of US\$100 million or more within the category of encouraged or permitted foreign investments and those with total investment of US\$50 million or more within the category of foreign investments subject to restrictions. Other foreign investments in China will require only local approval. Specifically, the local authorities may examine and approve foreign investment projects with

total investment less than US\$100 million within the category of encouraged or permitted foreign investments and those with total investment less than US\$50 million within the category of foreign investments subject to restrictions.

Under the Interim Regulations of the People's Republic of China on Grant and Assignment of the Use Right of State-owned Urban Land (the "Interim Regulations on Grant and Assignment") promulgated by the State Council in May 1990, China adopted a system to grant and assign the right to use state-owned land. A land user must pay a land premium to the state as consideration for the grant of the right to use a land site within a specified period of time, and the land user may assign, lease out, mortgage or otherwise commercially exploit the land use rights within the term of use. Under the Urban Real Estate Law and the Interim Regulations on Grant and Assignment, the land administration authority at the city or county level may enter into a land use rights grant contract with the land user to provide for the grant of land use rights. The land user must pay the land premium as provided by the land use rights grant contract. After payment in full of the land premium, the land user may register with the land administration authority and obtain a land use rights certificate which evidences the acquisition of land use rights. The Urban Real Estate Law and the Development Regulations provide that land use rights for a site intended for real estate development must be obtained through grant except for land use rights which may be obtained through premium-free allocation by the PRC government pursuant to the PRC laws or the stipulations of the State Council. Government-allocated land is not allowed to be transferred unless the transfer is approved by the relevant PRC government authorities and the land premium as determined by the relevant PRC government authorities has been paid.

When carrying out the feasibility study for a construction project, the construction or the developer entity must make a preliminary application for construction on the relevant site to the relevant land administration authority in accordance with the Measures for Administration of Examination and Approval for Construction Sites promulgated by the Ministry of Land and Resources in March 1999 and the Measures for Administration of Preliminary Examination of Construction Project Sites promulgated by the Ministry of Land and Resources in July 2001, as amended in October 2004. After receiving the preliminary application, the land administration authority will carry out preliminary examinations of various aspects of the construction project in compliance with the overall zoning plans and land supply policy of the government, and will issue a preliminary approval in respect of the project site if its examination proves satisfactory. The land administration authority at the relevant city or county will sign a land use rights grant contract with the land user and issue an approval for the construction site to the construction entity or the developer.

Under the Measures for Control and Administration of Grant and Assignment of Right to Use Urban State-owned Land promulgated by the Ministry of Construction in December 1992, the grantee under a land use rights grant contract, i.e. a real estate developer, must further apply for a permit for construction site planning from the relevant municipal planning authority. After obtaining such permit, a real estate developer will organize the necessary planning and design work. Planning and design proposals in respect of a real estate development project are again subject to relevant reporting and approval procedures required under the Law of the People's Republic of China on Municipal Planning promulgated by the Standing Committee of the National People's Congress in December 1989 and local statutes on municipal planning. Upon approval by the authorities, a permit for construction works planning will be issued by the relevant municipal planning authority.

In accordance with the Regulations for the Administration of Demolishment and Removal of Urban Housing promulgated by the State Council in June 2001, if demolition of existing structures and removal of existing residents on the construction site need to be conducted before commencement of

construction of the real estate project contemplated, the developer may apply to the local municipal, district or county level government in the place where the real estate is located for a permit for demolition and removal. Upon approval, the local government will issue a demolition and removal permit and post a demolition and removal notice to inform the inhabitants of the area subject to demolition. The designated demolition and removal party, typically a local government entity and sometimes the developer, must implement the demolition and removal within the area and period specified in the demolition and removal permit. If the demolition and removal party fails to complete the demolition and removal works within the permitted period, it may, within 15 days prior to the expiration of the permit, apply to the original approval department in charge of demolition and removal for an extension.

During the demolition and removal period announced by the department in charge of demolition and removal, the demolition and removal party and the parties subject to demolition and removal will enter into a written agreement for compensation and resettlement in respect of the demolition and removal. If the demolition and removal party and the parties subject to demolition and removal cannot reach an agreement, any such party may apply to the original approval department in charge of the demolition and removal for a ruling. Such a ruling must be rendered within 30 days of the application. If any such party disagrees with the ruling, it may initiate proceedings in the People's Court in China. Pursuant to current PRC laws, if the demolition and removal party has provided proper monetary compensation or proper replacement housing to the parties subject to demolition and removal, the demolition and removal may not be stopped.

Compensation for demolition and removal may be effected by way of monetary compensation or exchange of property rights. If the monetary compensation method is used, the amount of compensation is assessed on the basis of the real property market price determined by the location, uses and the gross floor area of the housing to be demolished. If property exchange or replacement is used, the demolition and removal party and the parties subject to demolition and removal will, on the basis of the location, uses and the gross floor area of the housing to be demolished and the housing offered for exchange or replacement, calculate the amount of compensation for the housing to be demolished, the price of the housing to be exchanged or replaced for the housing to be demolished, and work out the difference between the two. In addition to paying the demolition and removal compensation, the demolition and removal party will also pay removal allowance to the parties subject to demolition and removal.

When the site has been properly prepared and is ready for the commencement of construction works, the developer must apply for a permit for commencement of works from the construction authorities at or above the county level according to the Measures for Administration of Granting Permission for Commencement of Construction Works promulgated by the Ministry of Construction in October 1999, as amended in July 2001.

The development of a real estate project must comply with various laws and legal requirements on construction quality, safety standards and technical guidance on architecture, design and construction work, as well as provisions of the relevant contracts. After completion of construction works for a project, the real estate developer must organize an acceptance examination by relevant government authorities and experts according to the Development Regulations and the Interim Provisions on Inspection Upon Completion of Buildings and Municipal Infrastructure ("Acceptance Examination Measures") promulgated by the Ministry of Construction in June 2000. The developer must also report details of the acceptance examination according to the Interim Measures for Reporting Details Regarding Acceptance Examination upon Completion of Buildings and Municipal Infrastructure promulgated by the Ministry of Construction in April 2000. A real estate development project may not

be delivered until and unless it has satisfactorily passed the necessary acceptance examination. Where a property project is developed in phases, an acceptance examination may be carried out for each completed phase.

### **LAND FOR PROPERTY DEVELOPMENT**

In April 1988, the National People's Congress amended the Constitution to permit the transfer of land use rights for value. And in December 1988, the Standing Committee of the National People's Congress amended the Land Administration Law to permit the transfer of land use rights for value.

Under current PRC laws and regulations on land administration, land for property development may be obtained only by grant except for land use rights obtained through allocation. Under the Regulations on the Grant of State-owned Land Use Rights Through Competitive Bidding, Auction and Listing-for-Sale promulgated by the Ministry of Land and Resources in May 2002, land for commercial use, tourism, entertainment and commodity housing development must be granted by competitive bidding, public auction or listing-for-sale. Under these regulations, the relevant land administration authority at city or county level, or the grantor, is responsible for preparing the public auction and competitive bidding documents and must make an announcement 20 days prior to the day of public auction or competitive bidding with respect to the particulars of the land parcel and the time and venue of the public auction or competitive bidding. The grantor must also conduct a qualification verification of the bidding and auction applicants, accept an open public auction to determine the winning tender or hold an auction to ascertain a winning bidder. The grantor and the winning tender or bidder will then enter into a confirmation followed by the execution of a contract for assignment of state-owned land use rights.

### **SALE OF COMMODITY HOUSES**

Under the Measures for Administration of Sale of Commodity Houses promulgated by the Ministry of Construction in April 2001, sale of commodity houses can include both sales before the completion of the properties ("pre-sale") and sales after the completion of the properties.

Any pre-sale of commodity buildings must be conducted in accordance with the Measures for Administration of Pre-sale of Commodity Buildings (the "Pre-sale Measures") promulgated by the Ministry of Construction in November 1994, as amended in August 2001 and July 2004, and the Development Regulations. The Pre-sale Measures provide that any pre-sale of commodity buildings is subject to specified procedures. According to the Development Regulations and the Pre-sale Measures, a pre-sale permit must be in place before a commodity building may be put to pre-sale. Specifically, a developer intending to sell a commodity building before its completion must apply to the real estate development authority for a permit for pre-sale. A commodity building may be sold before completion only if:

- the purchase price has been paid in full for the grant of the land use rights involved and a land use rights certificate has been properly obtained;
- a permit for construction works planning and a permit for commencement of works have been properly obtained;
- the funds invested in the development of the commodity buildings put to pre-sale represent 25% or more of the total investment in the project and the progress of works and the completion and delivery dates have been properly ascertained; and
- a permit for pre-sale of commodity buildings has been obtained.

The proceeds of pre-sale of commodity buildings must be used to develop the relevant project so pre-sold.



Commodity buildings may be put to post-completion sale after they have passed the clearance examination and otherwise satisfy the various preconditions for such sale. Before the post-completion sale of a commodity building, the developer must, among other things, submit the Real Estate Development Project Manual and other documents evidencing the satisfaction of preconditions for post-completion sale to the real estate development authority for its record.

### **TRANSFER OF REAL ESTATE**

According to the Urban Real Estate Law and the Provisions on Administration of Transfer of Urban Real Estate promulgated by the Ministry of Construction in August 1995, as amended in August 2001, a real estate owner may sell, bequeath or otherwise legally transfer real estate to another person or legal entity. When transferring a building, the ownership of the building and the land use rights to the site on which the building is situated are transferred together. The parties to a transfer must enter into a real estate transfer contract in writing and register the transfer with the real estate administration authority having jurisdiction over the location of the real estate within 90 days of the execution of the transfer contract.

Where the land use rights were originally obtained by grant, the real property may only be transferred on the condition that:

- the land premium has been paid in full for the grant of the land use rights as provided by the land use rights grant contract and a land use right certificate has been properly obtained; and
- in the case of a project in which buildings are being developed, development representing more than 25% of the total investment has been completed; or
- in case of a whole land lot development project, construction works have been carried out as planned, water supply, sewerage, electricity supply, heat supply, access roads, telecommunications and other infrastructure or utilities have been made available, and the site has been levelled and made ready for industrial or other construction purposes.

If the land use rights were originally obtained by grant, the term of the land use rights after transfer of the real estate will be the remaining portion of the original term provided in the land use rights grant contract after deducting the time that has been used by the former land users. In the event that the assignee intends to change the use of the land provided in the original grant contract, consent must first be obtained from the original land use rights grantor and the planning administration authority at the relevant city or county and an agreement to amend the land use rights grant contract or a new land use rights grant contract must be signed in order to, inter alia, change the use of the land and adjust the land premium accordingly.

If the land use rights were originally obtained by allocation, such allocation may be changed to land use rights grant if approved by the government vested with the necessary approval power as required by the State Council. After the government authorities vested with the necessary approval power approve such change, the grantee must complete the formalities for the grant of the land use rights and pay the land premium according to the relevant statutes. Land for commercial use, tourism, entertainment and commodity housing development must be assigned by competitive bidding, public auction or listing-for-sale under the current PRC laws and regulations.

### **LEASES OF BUILDINGS**

Under the Urban Real Estate Law and the Measures for Administration of Leases of Buildings in Urban Areas promulgated by the Ministry of Construction in May 1995, parties to a lease of a building must enter into a lease contract in writing. China has adopted a system to register the leases of real

properties. When a lease contract is signed, amended or terminated, the parties must register the details with the real estate administration authority at the city or county in which the building is situated.

### **MORTGAGES OF REAL ESTATE**

Under the Urban Real Estate Law, the Security Law of PRC promulgated by the Standing Committee of the National People's Congress in June 1995, and the Measures for Administration of Mortgages of Urban Real Estate promulgated by the Ministry of Construction in May 1997, as amended in August 2001, when a mortgage is created on the ownership of a building legally obtained, a mortgage must be simultaneously created on the land use rights of the land on which the building is situated. The mortgagor and the mortgagee must sign a mortgage contract in writing. China has adopted a system to register mortgages of real estate. After a real estate mortgage contract has been signed, the parties to the mortgage must register the mortgage with the real estate administration authority at the location where the real estate is situated. A real estate mortgage contract will become effective on the date of registration of the mortgage. If a mortgage is created on the real estate in respect of which a property ownership certificate has been obtained legally, the registration authority will, when registering the mortgage, make an entry under "third party rights" on the original property ownership certificate and then issue a certificate of third party rights to the mortgagee. If a mortgage is created on the commodity building put to pre-sale or on works in progress, the registration authority will, when registering the mortgage, record the details on the mortgage contract. If construction of a real property is completed during the term of a mortgage, the parties involved will re-register the mortgage of the real property after issuance of the certificates evidencing the rights and ownership to the real estate.

According to the Notice of the People's Bank of China on Regulating Home Financing Business promulgated by PBOC in June 2001, all banks must comply with the following requirements before granting residential development loans, individual home mortgage loans and individual commercial property mortgage loans:

- Housing development loans from banks may only be granted to real estate developers with development qualification and credit ratings in the higher categories. Such loans may be offered to residential projects with good market potential. While the borrowing enterprise's internal capital shall not be less than 30% of the total investment required for the project, the project itself must have been issued with a "State-Owned Land Use Rights Certificate," "Construction Land Planning Permit," "Construction Works Planning Permit" and "Construction Works Commencement Permit."
- In respect of the grant of individual home mortgage loans, the ratio between the loan amount and actual value of the collateral (the "Mortgage Ratio") may never exceed 80%. Where an individual applies for a home purchase loan to buy a pre-sale property, the property must have achieved the stage of "topping-out of the main structure completed" for multi-storey buildings and "two-thirds of the total investment completed" for high-rise apartment buildings.
- In respect of the grant of individual commercial use building mortgage loans, the Mortgage Ratio for commercial use building mortgage loans may not exceed 60% with a maximum loan period of 10 years and the subject commercial use building already completed.

PBOC issued a Circular on Further Strengthening the Management of Loans for Property Business in June 2003 to tighten the requirements for banks to provide loans for the purposes of residential development, individual home mortgage and individual commodity houses as follows:

- Property development loans may be granted to property developers who are qualified for property development, rank high in credibility and have no overdue payment for construction. For property developers with commodity houses of high vacancy rate and debt ratio, strict approval procedures must be applied for their new property development loans and their activities must also be subject to close monitoring.
- Commercial banks may not grant loans to property developers to pay off land premium.
- Commercial banks may only provide housing loans to individual buyers when the main structural buildings have been topped out. When a borrower applies for individual home loans for his first residential unit, the down-payment by the borrower remains to be 20%. In respect of his loan application for additional purchase of residential unit(s), the percentage of the down-payment by the borrower should be approximately increased.
- When a borrower applies for a mortgage loan for an individual commercial use building, the Mortgage Ratio may not be more than 60%. In addition, the term of loan may not be more than 10 years and the commodity building must be duly completed and accepted after the relevant governmental inspection.

The down-payment requirement was subsequently increased to 30% of the property price for residential units with a unit floor area (套型建築面積) of 90 square meters or more in May 2006. See “— Measures on Stabilizing Housing Price” below.

In a Circular on Facilitating the Continuously Healthy Development of Property Market issued by the State Council in August 2003, a series of measures were adopted by the government to control the property market. They included, among others, strengthening the construction and management of low-cost affordable houses, increasing the supply of ordinary commodity houses and controlling the construction of high-end commodity houses. Besides, the government also staged a series of measures on the lending for residential development. They included, among others, improving the loan evaluation and lending process, improving the guarantee mechanism of individual home loans and strengthening the monitoring over property loans. It is expected that the circular will have a positive effect on the development of the PRC property market in the long run by facilitating a continuously healthy growth of the property market in China.

Pursuant to the Guidance on Risk Management of Property Loans Granted by Commercial Banks issued by China Banking Regulatory Commission in September 2004, commercial banks may not provide any loan in any form for a project without the State-owned Land Use Rights Certificate, Construction Land Use Planning Permit, Construction Works Planning Permit and Construction Works Commencement Permit. Any property developer applying for property development loans must have invested at least 35% of capital required for the development and a commercial bank should maintain a strict loan evaluation system for processing applications for property development loans.

#### **REAL ESTATE MANAGEMENT**

Under the Measures for the Administration of Qualifications of Property Management Enterprises promulgated by the Ministry of Construction in March 2004, a property management enterprise must apply for assessment of its qualification by the relevant qualification approval authority. An enterprise which passes such a qualification assessment will be issued a qualification certificate. No enterprise may engage in property management without undertaking a qualification assessment conducted by the relevant authority and obtaining a qualification certificate.

**INSURANCE**

There is no mandatory provision in PRC laws, regulations and government rules which require a property developer to take out insurance policies for its real estate developments. According to the common practice of the property industry in China, construction companies are usually required to submit insurance proposals in the course of tendering and bidding for construction projects. Construction companies must pay for the insurance premium at their own costs and take out insurance to cover their liabilities, such as third party's liability risk, employer's liability risk, risk of non-performance of contract in the course of construction and other kinds of risks associated with the construction and installation works throughout the construction period. The insurance coverage for all these risks will cease immediately after the completion and acceptance upon inspection of construction.

**MEASURES ON STABILIZING HOUSING PRICE**

The General Office of the State Council promulgated a Circular on Stabilizing Housing Price in March 2005, introducing measures to be taken to restrain the housing price from increasing too fast and to promote a stable development of the real estate market. In April 2005, the Ministry of Construction, NDRC, the Ministry of Finance, the Ministry of Land and resources, PBOC, the State Taxation Bureau and the China Banking Regulatory Commission jointly issued the Opinions on Stabilizing Housing Prices with the following guidances:

- Where the housing price is growing too fast, while the supply of ordinary commodity houses at medium or low prices and low-cost affordable houses is insufficient, the housing construction should mainly involve projects of ordinary commodity houses at medium or low prices and low-cost affordable houses. The construction of low-density, high-end houses should be strictly controlled. The relevant local government authorities are authorized to impose conditions on planning and design such as building height, plot ratio and green space and to impose such requirements as sale price, type and gross floor area as preconditions on land assignment. The local governments are also required to strengthen their supervision of real estate developments in their jurisdictions.
- Where the price of land for residential use and the price for residential housing are growing too fast, the proportion of land supply for residential use to the total land supply should be appropriately raised, and the land supply for the construction of ordinary commodity houses at medium or low prices and low-cost affordable houses should be especially increased. Land supply for villa construction should continue to be suspended, and land supply for high-end housing property construction should be strictly restricted.
- Land idle fee must be imposed on land that has not been developed for one year from the contractual construction commencement date. Land use rights of land that has not been developed for two years must be forfeited without compensation.
- Commencing from June 1, 2005, a business tax upon transfer of a residential house by an individual within two years from his/her purchase will be levied on the gain from such sale. For an individual to transfer an ordinary residential house after two years from his/her purchase, the business tax will be exempted. For an individual to transfer a property other than an ordinary residential house after two years from his/her purchase, the business tax will be levied on the difference between the price of such sale and the original purchase price.
- Ordinary residential houses with medium or small gross floor areas and at medium or low prices may be granted preferential treatment such as planning permits, land supply, credit and taxation. Houses enjoying these preferential policies must satisfy the following conditions in principle: the plot ratio is above 1.0, the gross floor area of one single unit is less than 120 square meters, and the actual transfer price is lower than 120% of the average transfer price of comparable houses at

comparable locations. The local governments at the provincial level may, based on their actual local circumstances, formulate specific standards for ordinary residential houses that may enjoy the preferential policies.

- Transfer of uncompleted commodity properties by any pre-sale purchaser is forbidden. In addition, purchasers are required to buy properties in their real names. Any commodity property pre-sale contract must also be filed with the relevant government agencies electronically immediately after its execution.

On May 29, 2006, the Ministry of Construction, NDRC, the Ministry of Supervision, the Ministry of Finance, the Ministry of Land and Resources, PBOC, the State Bureau of Statistics, the State Taxation Bureau and the CBRC jointly issued Opinions on Adjusting Housing Supply Structure and Stabilization of Housing Prices. The Opinions reiterated the existing measures and introduced new measures to further curb fast increase in property prices in large cities and to promote healthy development of the PRC property market. These measures, among the others, include:

- 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;
- requiring that at least 70% of residential projects approved or constructed on or after June 1, 2006 must consist of units with a unit floor area (套型建築面積) less than 90 square meters per unit and that projects which have received project development approvals prior to that date but have not obtained construction permits must adjust their planning in order to be in conformity with this new requirement, with the exception that municipalities under direct administration of the PRC central government and provincial capitals and certain cities may deviate from such ratio under special circumstances upon approval from the Ministry of Construction;
- increasing the minimum amount of down payment from 20% to 30% of the purchase price of the underlying residential property if the underlying property has a unit floor area (套型建築面積) of 90 square meters or more, as effective from June 1, 2006;
- prohibiting commercial banks from lending funds to real estate developers with an internal capital ratio, calculated by dividing the internal funds by the total project capital required for the relevant projects, of less than 35%, restricting the grant or extension of revolving credit facilities to property developers holding a large amount of idle land and vacant commodity properties, and prohibiting commercial banks from taking commodity properties which have been vacant for more than three years as security for their loans; and
- imposing a business tax levy on the entire sales proceeds from re-sale of properties if the holding period is shorter than five years, effective from June 1, 2006, as opposed to two years as such levy was initially implemented from June 2005; where an individual transfers a property other than an ordinary residential property after five years from his/her purchase, the business tax will be levied on the difference between the price for such re-sale and the original purchase price.

On May 30, 2006, the Ministry of Land and Resources published the Urgent Notice on Tightening Land Administration. In this Notice, the Ministry of Land and Resources stressed that local governments must adhere to their annual overall land use planning and land supply plans and tighten the control on land supply for non-agricultural use. The Notice requires local governments to suspend the supply of land for new villa projects to ensure adequate supply of land for more affordable housing. In this Notice, the Ministry of Land and Resources also requires the local governments to conduct thorough investigations on illegal use of land and submit a report on such investigations to it by the end of October 2006.

**1. MEMORANDUM OF ASSOCIATION**

The Memorandum of Association of our company was conditionally adopted on June 22, 2006, is to become effective on the Listing Date and states, inter alia, that the liability of members of our company is limited, that the objects for which our company is established are unrestricted and our company shall have full power and authority to carry out any object not prohibited by the Cayman Companies Law or any other law of the Cayman Islands.

The Memorandum of Association is available for inspection at the address specified in “Documents available for inspection” in Appendix X to this prospectus.

**2. ARTICLES OF ASSOCIATION**

The Articles of Association of our company were conditionally adopted on June 22, 2006, are to become effective on the Listing Date and include provisions to the following effect:

**2.1 Classes of Shares**

The share capital of our company consists of ordinary shares. The capital of our company at the date of adoption of the Articles of Association is HK\$1,000,000,000 divided into 10,000,000,000 shares of HK\$0.10 each.

**2.2 Directors****2.2.1 *Power to allot and issue Shares***

Subject to the provisions of the Cayman Companies Law and the Memorandum and Articles of Association, the unissued shares in our company (whether forming part of its original or any increased capital) shall be at the disposal of the Directors, who may offer, allot, grant options over or otherwise dispose of them to such persons, at such times and for such consideration, and upon such terms, as the Directors shall determine.

Subject to the provisions of the Articles of Association and to any direction that may be given by our company in general meeting and without prejudice to any special rights conferred on the holders of any existing shares or attaching to any class of shares, any share may be issued with or have attached thereto such preferred, deferred, qualified or other special rights or restrictions, whether in regard to dividend, voting, return of capital or otherwise, and to such persons at such time and for such consideration as the Directors may determine. Subject to the Cayman Companies Law and to any special rights conferred on any shareholders or attaching to any class of shares, any share may, with the sanction of a special resolution, be issued on terms that it is, or at the option of our company or the holder thereof, liable to be redeemed.

**2.2.2 *Power to dispose of the assets of our company or any subsidiary***

The management of the business of our company shall be vested in the Directors who, in addition to the powers and authorities by the Articles of Association expressly conferred upon them, may exercise all such powers and do all such acts and things as may be exercised or done or approved by our company and are not by the Articles of Association or the Cayman Companies Law expressly directed or required to be exercised or done by our company in general meeting, but subject nevertheless to the provisions of the Cayman Companies Law and of the Articles of Association and to any regulation from time to time made by our company in general meeting not being inconsistent with such provisions or the Articles of Association, provided that no regulation so made shall invalidate any prior act of the Directors which would have been valid if such regulation had not been made.

**2.2.3 Compensation or payment for loss of office**

Payment 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 first be approved by our company in general meeting.

**2.2.4 Loans to Directors**

There are provisions in the Articles of Association prohibiting the making of loans to Directors and associates which are equivalent to the restrictions imposed by the Companies Ordinance.

**2.2.5 Financial assistance to purchase Shares**

Subject to all applicable laws, our company may give financial assistance to Directors and employees of our company, its subsidiaries or any holding company or any subsidiary of such holding company in order that they may buy shares in our company or any such subsidiary or holding company. Further, subject to all applicable laws, our company may give financial assistance to a trustee for the acquisition of shares in our company or shares in any such subsidiary or holding company to be held for the benefit of employees of our company, its subsidiaries, any holding company of our company or any subsidiary of any such holding company (including salaried Directors).

**2.2.6 Disclosure of interest in contracts with our company or any of its subsidiaries**

No Director or proposed Director shall be disqualified by his office from contracting with our company either as vendor, purchaser or otherwise nor shall any such contract or any contract or arrangement entered into by or on behalf of our company with any person, company or partnership of or in which any Director shall be a member or otherwise interested be capable on that account of being avoided, nor shall any Director so contracting or being any member or so interested be liable to account to our company for any profit so realized by any such contract or arrangement by reason only of such Director holding that office or the fiduciary relationship thereby established, provided that such Director shall, if his interest in such contract or arrangement is material, declare the nature of his interest at the earliest meeting of the board of Directors at which it is practicable for him to do so, either specifically or by way of a general notice stating that, by reason of the facts specified in the notice, he is to be regarded as interested in any contracts of a specified description which may be made by our company.

A Director shall not be entitled to vote on (nor shall he be counted in the quorum in relation to) any resolution of the Directors in respect of any contract or arrangement or any other proposal in which the Director or any of his associates has any material interest, and if he shall do so his vote shall not be counted (nor is he to be counted in the quorum for the resolution), but this prohibition shall not apply to any of the following matters, namely:

- (a) the giving to such Director or any of his associates of any security or indemnity in respect of money lent or obligations incurred by him or any of them at the request of or for the benefit of our company or any of its subsidiaries;
- (b) the giving of any security or indemnity to a third party in respect of a debt or obligation of our company or any of its subsidiaries for which the Director or any of his associates has himself/ themselves assumed responsibility in whole or in part and whether alone or jointly under a guarantee or indemnity or by the giving of security;
- (c) any proposal concerning an offer of shares, debentures or other securities of or by our company or any other company which our company may promote or be interested in for subscription or purchase where the Director or any of his associates is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;

- (d) any proposal concerning any other company in which the Director or any of his associates is/are interested only, whether directly or indirectly, as an officer, executive or shareholder or in which the Director or any of his associates is/are beneficially interested in shares of that company, provided that the Director and any of his associates, are not in aggregate beneficially interested in five per cent. or more of the issued shares of any class of such company (or of any third company through which his interest or that of any of his associates is derived) or of the voting rights;
- (e) any proposal or arrangement concerning the benefit of employees of our company or any of its subsidiaries including:
  - (i) the adoption, modification or operation of any employees' share scheme or any share incentive scheme or share option scheme under which the Director or any of his associates may benefit;
  - (ii) the adoption, modification or operation of a pension or provident fund or retirement, death or disability benefits scheme which relates both to Directors, their associates and employees of our company or any of its subsidiaries and does not provide in respect of any Director or any of his associates as such any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; and
  - (iii) any contract or arrangement in which the Director or any of his associates is/are interested in the same manner as other holders of shares or debentures or other securities of our company by virtue only of his interest in shares or debentures or other securities of our company.

#### **2.2.7 Remuneration**

The Directors shall be entitled to receive by way of remuneration for their services such sum as shall from time to time be determined by the Directors, or our company in general meeting, as the case may be, such sum (unless otherwise directed by the resolution by which it is determined) to be divided amongst the Directors in such proportions and in such manner as they may agree, or failing agreement, equally, except that in such event any Director holding office for less than the whole of the relevant period in respect of which the remuneration is paid shall only rank in such division in proportion to the time during such period for which he has held office. Such remuneration shall be in addition to any other remuneration to which a Director who holds any salaried employment or office in our company may be entitled by reason of such employment or office.

The Directors shall also be entitled to be paid all expenses, including travel expenses, reasonably incurred by them in or about the performance of their duties as Directors including their expenses of travelling to and from board meetings, committee meetings or general meetings or otherwise incurred whilst engaged on the business of our company or in the discharge of their duties as Directors.

The Directors may grant special remuneration to any Director who shall perform any special or extra services at the request of our company. Such special remuneration may be made payable to such Director in addition to or in substitution for his ordinary remuneration as a Director, and may be made payable by way of salary, commission or participation in profits or otherwise as may be agreed.

The remuneration of an executive Director or a Director appointed to any other office in the management of our company shall from time to time be fixed by the Directors and may be by way of salary, commission or participation in profits or otherwise or by all or any of those modes and with such



other benefits (including share option and/or pension and/or gratuity and/or other benefits on retirement) and allowances as the Directors may from time to time decide. Such remuneration shall be in addition to such remuneration as the recipient may be entitled to receive as a Director.

#### **2.2.8 Retirement, appointment and removal**

The number of Directors shall not be less than two. A majority of the Board at all times must consist of independent non-executive Directors.

The Directors shall have power at any time and from time to time to appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors. Any Director so appointed shall hold office only until the next annual general meeting of our company and shall then be eligible for re-election at that meeting.

Our company may by ordinary resolution remove any Director (including a Managing Director or other executive Director) before the expiration of his period of office notwithstanding anything in the Articles of Association or in any agreement between our company and such Director (but without prejudice to any claim for compensation or damages payable to him in respect of the termination of his appointment as Director or of any other appointment or office as a result of the termination of his appointment as Director). Our company may by ordinary resolution appoint another person in his place. Any Director so appointed shall hold office during such time only as the Director in whose place he is appointed would have held the same if he had not been removed. Our company may also by ordinary resolution elect any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors. Any Director so appointed shall hold office only until the next following annual general meeting of our company and shall then be eligible for re-election. No person shall, unless recommended by the Directors, be eligible for election to the office of Director at any general meeting unless, during the period, which shall be at least seven days, commencing no earlier than the day after the dispatch of the notice of the meeting appointed for such election and ending no later than seven days prior to the date of such meeting, there has been given to the Secretary of our company notice in writing by a member of our company (not being the person to be proposed) entitled to attend and vote at the meeting for which such notice is given of his intention to propose such person for election and also notice in writing signed by the person to be proposed of his willingness to be elected.

There is no shareholding qualification for Directors nor is there any specified age limit for Directors.

The office of a Director shall be vacated:

- (a) if he resigns his office by notice in writing to our company at its registered office or its principal office in Hong Kong;
- (b) if an order is made by any competent court or official on the grounds that he is or may be suffering from mental disorder or is otherwise incapable of managing his affairs and the Directors resolve that his office be vacated;
- (c) if, without leave, he is absent from meetings of the Directors (unless an alternate Director appointed by him attends) for 12 consecutive months, and the Directors resolve that his office be vacated;
- (d) if he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors generally;

- (e) if he ceases to be or is prohibited from being a Director by law or by virtue of any provision in the Articles of Association;
- (f) if he is removed from office by notice in writing served upon him signed by not less than three-fourths in number (or, if that is not a round number, the nearest lower round number) of the Directors (including himself) for the time being then in office; or
- (g) if he shall be removed from office by a ordinary resolution of the members of our company under the Articles of Association.

At every annual general meeting of our company one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to, but not less than, one-third, shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. A retiring Director shall retain office until the close of the meeting at which he retires and shall be eligible for re-election thereat. Our company at any annual general meeting at which any Directors retire may fill the vacated office by electing a like number of persons to be Directors.

#### **2.2.9 *Borrowing powers***

The Directors may from time to time at their discretion exercise all the powers of our company to raise or borrow or to secure the payment of any sum or sums of money for the purposes of our company and to mortgage or charge its undertaking, property and assets (present and future) and uncalled capital or any part thereof.

The rights of the Directors to exercise these powers may only be varied by a special resolution.

#### **2.2.10 *Proceedings of the Board***

The Directors may meet together for the dispatch of business, adjourn and otherwise regulate their meetings and proceedings as they think fit in any part of the world. 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 a second or casting vote.

### **2.3 Alteration to constitutional documents**

No alteration or amendment to the Memorandum or Articles of Association may be made except by special resolution.

### **2.4 Variation of rights of existing shares or classes of shares**

If at any time the share capital of our company is divided into different classes of shares, all or any of the rights attached to any class of shares for the time being issued (unless otherwise provided for in the terms of issue of the shares of that class) may, subject to the provisions of the Cayman Companies Law, be varied 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 meeting of the holders of the shares of that class. To every such separate meeting all the provisions of the Articles of Association relating to general meetings shall *mutatis mutandis* apply, but so that the quorum for the purposes of any such separate meeting and of any adjournment thereof shall be a person or persons together holding (or representing by proxy or duly authorized representative) at the date of the relevant meeting not less than one-third in nominal value of the issued shares of that class, and that any holder of shares of the class present in person (or in the case of corporation, by its duly authorized representative) or by proxy may demand a poll.

The special rights conferred upon the holders of shares of any class shall not, unless otherwise expressly provided in the rights attaching to or the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

## 2.5 Alteration of Capital

Our company in general meeting may, from time to time, whether or not all the shares for the time being authorized shall have been issued and whether or not all the shares for the time being issued shall have been fully paid up, by ordinary resolution, increase its share capital by the creation of new shares, such new capital to be of such amount and to be divided into shares of such respective amounts as the resolution shall prescribe.

Our company may from time to time by ordinary resolution:

2.5.1 consolidate and divide all or any of its share capital into shares of larger amount than its existing shares. On any consolidation of fully paid shares and division into shares of larger amount, the Directors may settle any difficulty which may arise as they think expedient and in particular (but without prejudice to the generality of the foregoing) may as between the holders of shares to be consolidated determine which particular shares are to be consolidated into each consolidated share, and if it shall happen that any person shall become entitled to fractions of a consolidated share or shares, such fractions may be sold by some person appointed by the Directors for that purpose and the person so appointed may transfer the shares so sold to the purchaser thereof and the validity of such transfer shall not be questioned, and so that the net proceeds of such sale (after deduction of the expenses of such sale) may either be distributed among the persons who would otherwise be entitled to a fraction or fractions of a consolidated share or shares rateably in accordance with their rights and interests or may be paid to our company for our company's benefit;

2.5.2 cancel any shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person, and diminish the amount of its share capital by the amount of the shares so cancelled subject to the provisions of the Cayman Companies Law; and

2.5.3 sub-divide its shares of any of them into shares of smaller amount than is fixed by the Memorandum of Association, subject nevertheless to the provisions of the Cayman 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 our company has power to attach to unissued or new shares.

Our company may by special resolution reduce its share capital or any capital redemption reserve in any manner authorized and subject to any conditions prescribed by the Cayman Companies Law.

## 2.6 Special resolution — majority required

A "special resolution" is defined in the Articles of Association to have the meaning ascribed thereto in the Cayman Companies Law, for which purpose, the requisite majority shall be not less than three-fourths of the votes of such members of our 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 of which notice specifying the intention to propose the resolution as a

special resolution has been duly given and includes a special resolution approved in writing by all of the members of our company entitled to vote at a general meeting of our company in one or more instruments each signed by one or more of such members, and the effective date of the special resolution so adopted shall be the date on which the instrument or the last of such instruments (if more than one) is executed.

In contrast, an “ordinary resolution” is defined in the Articles of Association to mean a resolution passed by a simple majority of the votes of such members of our 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 of Association and includes an ordinary resolution approved in writing by all the members of our company aforesaid.

## **2.7 Voting rights (generally, on a poll and right to demand a poll)**

Subject to any special rights, privileges or restrictions as to voting for the time being attached to any class or classes of shares, at any general meeting on a show of hands every member of our company who is present in person (or, in the case of a member being a corporation, by its duly authorized representative) shall have one vote, and on a poll every member present in person (or, in the case of a member being a corporation, by its duly authorized representative) or by proxy shall have one vote for each share registered in his name in the register of members of our company.

Where any member of our company is, under the Listing Rules, required to abstain from voting on any particular resolution or is restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.

In the case of joint registered holders of any share, any one of such persons may vote at any meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto; but if more than one of such joint holders be present at any meeting personally or by proxy, that one of the said persons so present being the most or, as the case may be, the more senior shall alone be entitled to vote in respect of the relevant joint holding and, for this purpose, seniority shall be determined by reference to the order in which the names of the joint holders stand on the register in respect of the relevant joint holding.

A member of our company in respect of whom an order has been made by any competent court or official on the grounds that he is or may be suffering from mental disorder or is otherwise incapable of managing his affairs may vote, whether on a show of hands or on a poll, by any person authorized in such circumstances to do so and such person may vote on a poll by proxy.

Save as expressly provided in the Articles of Association or as otherwise determined by the Directors, no person other than a member of our company duly registered and who shall have paid all sums for the time being due from him payable to our company in respect of his shares shall be entitled to be present or to vote (save as proxy for another member of our company), or to be counted in a quorum, either personally or by proxy at any general meeting.

At any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is duly demanded or otherwise required under the Listing Rules. A poll may be demanded by:

2.7.1 the chairman of the meeting; or

2.7.2 at least five members of our company present in person (or in the case of a corporation, by its duly authorised representative) or by proxy and entitled to vote; or

2.7.3 any member or members of our company present in person (or in the case of a corporation, by its duly authorised representative) or by proxy and representing in the aggregate not less than one-tenth of the total voting rights of all members of our company having the right to attend and vote at the meetings; or

2.7.4 any member or members of our company present in person (or in the case of a corporation, by its duly authorised representative) or by proxy and holding shares conferring a right to attend and vote at the meeting on which there have been paid up sums in the aggregate equal to not less than one-tenth of the total sum paid up on all shares conferring that right.

On a poll votes may be given either personally or by proxy.

If a recognized clearing house (or its nominee) is a member of our company it may authorize such person or persons as it thinks fit to act as its proxy(ies) or representative(s) at any general meeting of our company or at any general meeting of any class of members of our 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 entitled to exercise the same rights and powers on behalf of the recognized clearing house (or its nominee) which he represents as that recognized clearing house (or its nominee) could exercise if it were an individual member of our company holding the number and class of shares specified in such authorization.

## **2.8 Annual general meetings**

Our company shall in each year hold a general meeting as its annual general meeting in addition to any other general meeting in that year and shall specify the meeting as such in the notice calling it; and not more than 15 months (or such longer period as the Stock Exchange may authorize) shall elapse between the date of one annual general meeting of our company and that of the next.

## **2.9 Accounts and audit**

The Directors shall cause to be kept such books of account as are necessary to give a true and fair view of the state of our company's affairs and to show and explain its transactions and otherwise in accordance with the Cayman Companies Law.

The Directors shall from time to time determine whether, and to what extent, and at what times and places and under what conditions or regulations, the accounts and books of our company, or any of them, shall be open to the inspection of members of our company (other than officers of our company) and no such member shall have any right of inspecting any accounts or books or documents of our company except as conferred by the Cayman Companies Law or any other relevant law or regulation or as authorized by the Directors or by our company in general meeting.

The Directors shall, commencing with the first annual general meeting, cause to be prepared and to be laid before the members of our company at every annual general meeting a profit and loss account for the period, in the case of the first account, since the incorporation of our company and, in any other case, since the preceding account, together with a balance sheet as at the date at which the profit and loss account is made up and a Director's report with respect to the profit or loss of our company for the period covered by the profit and loss account and the state of our company's affairs as at the end of such period, an auditor's report on such accounts and such other reports and accounts as may be required by law. Copies of those documents to be laid before the members of our company at an annual general meeting shall not less than 21 days before the date of the meeting, be sent in the manner in which notices may be served by our company as provided in the Articles of Association to every member of our company and every holder of debentures of our company provided that our company shall not be required to send copies of those documents to any person of whose address our company is not aware or to more than one of the joint holders of any shares or debentures.

Our company shall at any annual general meeting appoint an auditor or auditors of our company who shall hold office until the next annual general meeting. The remuneration of the auditors shall be fixed by our company at the annual general meeting at which they are appointed provided that in respect of any particular year our company in general meeting may delegate the fixing of such remuneration to the Directors.

#### **2.10 Notice of meetings and business to be conducted thereat**

An annual general meeting and any extraordinary general meeting called for the passing of a special resolution shall be called by not less than 21 days' notice in writing and any other extraordinary general meeting shall be called by not less than 14 days' notice in writing. The notice shall be inclusive of the day on which it is served or deemed to be served and of the day for which it is given, and shall specify the time, place and agenda of the meeting, particulars of the resolutions to be considered at the meeting and, in the case of special business, the general nature of that business. The notice convening an annual general meeting shall specify the meeting as such, and the notice convening a meeting to pass a special resolution shall specify the intention to propose the resolution as a special resolution. Notice of every general meeting shall be given to the auditors and all members of our company (other than those who, under the provisions of the Articles of Association or the terms of issue of the shares they hold, are not entitled to receive such notice from our company).

Notwithstanding that a meeting of our company is called by shorter notice than that mentioned above, it shall be deemed to have been duly called if it is so agreed:

- (a) in the case of a meeting called as an annual general meeting, by all members of our company entitled to attend and vote thereat or their proxies; and
- (b) 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 95 per cent. in nominal value of the 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:

- (a) the declaration and sanctioning of dividends;

- (b) the consideration and adoption of the accounts and balance sheets and the reports of the Directors and the auditors and other documents required to be annexed to the balance sheet;
- (c) the election of Directors in place of those retiring;
- (d) the appointment of auditors;
- (e) the fixing of, or the determining of the method of fixing of, the remuneration of the Directors and of the auditors;
- (f) the granting of any mandate or authority to the Directors to offer, allot, grant options over or otherwise dispose of the unissued shares of our company representing not more than 20 per cent. (or such other percentage as may from time to time be specified in the Listing Rules) in nominal value of its then existing issued share capital and the number of any securities repurchased pursuant to sub-paragraph (g) below; and
- (g) the granting of any mandate or authority to the Directors to repurchase securities of our company.

### **2.11 Transfer of Shares**

Transfers of shares may be effected by an instrument of transfer in the usual common form or in such other form as the Directors may approve which is consistent with the standard form of transfer as prescribed by the Stock Exchange.

The instrument of transfer shall be executed by or on behalf of the transferor and, unless the Directors otherwise determine, the transferee, 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 of our company in respect thereof. All instruments of transfer shall be retained by our company.

The Directors may refuse to register any transfer of any share which is not fully paid up or on which our company has a lien. The Directors may also decline to register any transfer of any shares unless:

- (a) the instrument of transfer is lodged with our company accompanied by the certificate for the shares to which it relates (which shall upon the registration of the transfer be cancelled) and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer;
- (b) the instrument of transfer is in respect of only one class of shares;
- (c) the instrument of transfer is properly stamped (in circumstances where stamping is required);
- (d) in the case of a transfer to joint holders, the number of joint holders to whom the share is to be transferred does not exceed four;
- (e) the shares concerned are free of any lien in favour of our company; and
- (f) a fee of such maximum as the Stock Exchange may from time to time determine to be payable (or such lesser sum as the Directors may from time to time require) is paid to our company in respect thereof.

If the Directors refuse to register a transfer of any share they shall, within two months after the date on which the instrument of transfer was lodged with our company, send to each of the transferor and the transferee notice of such refusal.

The registration of transfers may, on 14 days' notice being given by advertisement in the newspaper or, subject to the Listing Rules, by electronic communication in the manner in which notices may be served by our company by electronic means as provided in the Articles of Association, be suspended and the register of members of our company closed at such times for such periods as the Directors may from time to time determine, provided that the registration of transfers shall not be suspended or the register closed for more than 30 days in any year (or such longer period as the members of our company may by ordinary resolution determine provided that such period shall not be extended beyond 60 days in any year).

### **2.12 Power of our company to purchase its own Shares**

Our company is empowered by the Cayman Companies Law and the Articles of Association to purchase its own shares subject to certain restrictions and the Directors may only exercise this power on behalf of our company subject to the authority of its members in general meeting as to the manner in which they do so and to any applicable requirements imposed from time to time by the Stock Exchange and the Securities and Futures Commission of Hong Kong.

### **2.13 Power of any subsidiary of our company to own Shares**

There are no provisions in the Articles of Association relating to the ownership of shares by a subsidiary.

### **2.14 Dividends and other methods of distributions**

Subject to the Cayman Companies Law and Articles of Association, our company in general meeting may declare dividends in any currency but no dividends shall exceed the amount recommended by the Directors. No dividend may be declared or paid other than out of profits and reserves of our company lawfully available for distribution, including share premium.

Unless and to the extent that the rights attached to any shares or the terms of issue thereof otherwise provide, all dividends shall (as regards any shares not fully paid throughout the period in respect of which the dividend is paid) be apportioned and paid pro rata according to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. For these purposes no amount paid up on a share in advance of calls shall be treated as paid up on the share.

The Directors may from time to time pay to the members of our company such interim dividends as appear to the Directors to be justified by the profits of our company. The Directors may also pay half-yearly or at other intervals to be selected by them at a fixed rate if they are of the opinion that the profits available for distribution justify the payment.

The Directors may retain any dividends or other moneys payable on or in respect of a share upon which our company has a lien, and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists. The Directors may also deduct from any dividend or other monies payable to any member of our company all sums of money (if any) presently payable by him to our company on account of calls, installments or otherwise.

No dividend shall carry interest against our company.



Whenever the Directors or our company in general meeting have resolved that a dividend be paid or declared on the share capital of our company, the Directors may further resolve: (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up on the basis that the shares so allotted are to be of the same class as the class already held by the allottee, provided that the members of our company entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment; or (b) that the members of our company 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 Directors may think fit on the basis that the shares so allotted are to be of the same class as the class already held by the allottee. Our company may upon the recommendation of the Directors by ordinary resolution resolve in respect of any one particular dividend of our company that notwithstanding the foregoing a dividend may be satisfied wholly in the form of an allotment of shares credited as fully paid without offering any right to members of our company to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, interest or other sum payable in cash to a holder of shares may be paid by check or warrant sent through the post addressed to the registered address of the member of our company entitled, or in the case of joint holders, to the registered address of the person whose name stands first in the register of members of our company in respect of the joint holding to such person and to such address as the holder or joint holders may in writing direct. Every check or warrant so sent shall 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 of members of our company in respect of such shares, and shall be sent at his or their risk and the payment of any such check or warrant by the bank on which it is drawn shall operate as a good discharge to our company in respect of the dividend and/or bonus represented thereby, notwithstanding that it may subsequently appear that the same has been stolen or that any endorsement thereon has been forged. Our company may cease sending such checks for dividend entitlements or dividend warrants by post if such checks or warrants have been left uncashed on two consecutive occasions. However, our company may exercise its power to cease sending checks for dividend entitlements or dividend warrants after the first occasion on which such a check or warrant is returned undelivered. 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.

Any dividend unclaimed for six years from the date of declaration of such dividend may be forfeited by the Directors and shall revert to our company.

The Directors may, with the sanction of the members of our company in general meeting, direct that any dividend be satisfied wholly or in part by the distribution of specific assets of any kind, and in particular of paid up shares, debentures or warrants to subscribe securities of any other company, and where any difficulty arises in regard to such distribution the Directors may settle it as they think expedient, and in particular may disregard fractional entitlements, round the same up or down or provide that the same shall accrue to the benefit of our company, and may fix the value for distribution of such specific assets and may determine that cash payments shall be made to any members of our company upon the footing of the value so fixed in order to adjust the rights of all parties, and may vest any such specific assets in trustees as may seem expedient to the Directors.

**2.15 Proxies**

Any member of our company entitled to attend and vote at a meeting of our company shall be entitled to appoint another person who must be an individual as his proxy to attend and vote instead of him and a proxy so appointed shall have the same right as the member to speak at the meeting. A proxy need not be a member of our company.

Instruments of proxy shall be in common form or in such other form as the Directors may from time to time approve provided that it shall enable a member to instruct his proxy to vote in favor of or against (or in default of instructions or in the event of conflicting instructions, to exercise his discretion in respect of) each resolution to be proposed at the meeting to which the form of proxy relates. The instrument of proxy shall be deemed to confer authority to demand or join in demanding a poll and to vote on any amendment of a resolution put to the meeting for which it is given as the proxy thinks fit. The instrument of proxy shall, unless the contrary is stated therein, be valid as well for any adjournment of the meeting as for the meeting to which it relates provided that the meeting was originally held within 12 months from such date.

The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney authorized in writing or if the appointor is a corporation either under its seal or under the hand of an officer, attorney or other person authorized to sign the same.

The instrument appointing a proxy and (if required by the Directors) the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, shall be delivered at the registered office of our company (or at such other place as may be specified in the notice convening the meeting or in any notice of any adjournment or, in either case, in any document sent therewith) not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote or, in the case of a poll taken subsequently to the date of a meeting or adjourned meeting, not less than 48 hours before the time appointed for the taking of the poll and in default the instrument of proxy shall not be treated as valid. No instrument appointing a proxy shall be valid after the expiration of 12 months from the date named in it as the date of its execution. Delivery of any instrument appointing a proxy shall not preclude a member of our company from attending and voting in person at the meeting or poll concerned and, in such event, the instrument appointing a proxy shall be deemed to be revoked.

**2.16 Calls on Shares and forfeiture of Shares**

The Directors may from time to time make calls upon the members of our company in respect of any moneys unpaid on their shares (whether on account of the nominal amount of the shares or by way of premium) and not by the conditions of allotment thereof made payable at fixed times and each member of our company shall (subject to our company serving upon him at least 14 days' notice specifying the time and place of payment) pay to our company at the time and place so specified the amount called on his shares. A call may be revoked or postponed as the Directors may determine. A person upon whom a call is made shall remain liable on such call notwithstanding the subsequent transfer of the shares in respect of which the call was made.

A call may be made payable either in one sum or by installments and shall be deemed to have been made at the time when the resolution of the Directors authorizing the call was passed. The joint holders of a share shall be jointly and severally liable to pay all calls and installments due in respect of such share or other moneys due in respect thereof.

If a sum called in respect of a share shall not be paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest on the sum from the day appointed for payment thereof to the time of actual payment at such rate, not exceeding 15 per cent. per annum, as the Directors may determine, but the Directors shall be at liberty to waive payment of such interest wholly or in part.

If any call or installment of a call remains unpaid on any share after the day appointed for payment thereof, the Directors may at any time during such time as any part thereof remains unpaid serve a notice on the holder of such shares requiring payment of so much of the call or installment as is unpaid together with any interest which may be accrued and which may still accrue up to the date of actual payment.

The notice shall name a further day (not being less than 14 days from the date of service of the notice) on or before which, and the place where, the payment required by the notice is to be made, and shall state that in the event of non-payment on or before the time and at the place appointed, the shares in respect of which such call was made or installment is unpaid will be liable to be forfeited.

If the requirements of such notice are not complied with, any share in respect of which such notice has been given may at any time thereafter, before payment of all calls or installments and interest due in respect thereof has been made, be forfeited by a resolution of the Directors to that effect. Such forfeiture shall include all dividends and bonuses declared in respect of the forfeited shares and not actually paid before the forfeiture. A forfeited share shall be deemed to be the property of our company and may be sold, re-allotted or otherwise disposed of.

A person whose shares have been forfeited shall cease to be a member of our company in respect of the forfeited shares but shall, notwithstanding the forfeiture, remain liable to pay to our company all moneys which at the date of forfeiture were payable by him to our company in respect of the shares, together with (if the Directors shall in their discretion so require) interest thereon at such rate not exceeding 15 per cent. per annum as the Directors may prescribe from the date of forfeiture until payment, and the Directors may enforce payment thereof without being under any obligation to make any allowance for the value of the shares forfeited, at the date of forfeiture.

### **2.17 Inspection of register of members**

The register of members of our company shall be kept in such manner as to show at all times the members of our company for the time being and the shares respectively held by them. The register may, on 14 days' notice being given by advertisement in the newspapers, or subject to the Listing Rules, by electronic communication in the manner in which notices may be served by our company by electronic means as provided in the Articles of Association be closed at such times and for such periods as the Directors may from time to time determine either generally or in respect of any class of shares, provided that the register shall not be closed for more than 30 days in any year (or such longer period as the members of our company may by ordinary resolution determine provided that such period shall not be extended beyond 60 days in any year).

Our branch register of members kept in Hong Kong shall during normal business hours (subject to such reasonable restrictions as the Directors may impose) be open to inspection by any member of our company without charge and by any other person on payment of such fee not exceeding HK\$2.50 (or such higher amount as may from time to time be permitted under the Listing Rules) as the Directors may determine for each inspection.

**2.18 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, choice or election of a chairman which shall not be treated as part of the business of the meeting.

Two members of our company present in person or by proxy shall be a quorum provided always that if our company has only one member of record the quorum shall be that one member present in person or by proxy.

A corporation being a member of our company shall be deemed for the purpose of the Articles of Association 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 or by power of attorney to act as its representative at the relevant general meeting of our company or at any relevant general meeting of any class of members of our company.

The quorum for a separate general meeting of the holders of a separate class of shares of our company is described in sub-paragraph 2.4 above.

**2.19 Rights of minorities in relation to fraud or oppression**

There are no provisions in the Articles of Association concerning the rights of minority shareholders in relation to fraud or oppression.

**2.20 Procedure on liquidation**

If our company shall be wound up, and the assets available for distribution amongst the members of our company 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 of our company 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. And if in a winding up the assets available for distribution amongst the members of our 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 amongst the members of our company in proportion to the capital paid up at the commencement of the winding up on the shares held by them respectively. The foregoing is without prejudice to the rights of the holders of shares issued upon special terms and conditions.

If our company shall be wound up, the liquidator may with the sanction of a special resolution of our company and any other sanction required by the Cayman Companies Law, divide amongst the members of our company in specie or kind the whole or any part of the assets of our company (whether they shall consist of property of the same kind or not) and may, for such purpose, set such value as he deems fair upon any 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 of our company. The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the members of our company as the liquidator, with the like sanction and subject to the Cayman Companies Law, shall think fit, but so that no member of our company shall be compelled to accept any assets, shares or other securities in respect of which there is a liability.

**2.21 Untraceable members**

Our company shall be entitled to sell any shares of a member of our company or the shares to which a person is entitled by virtue of transmission on death or bankruptcy or operation of law if: (i) all checks or warrants, not being less than three in number, for any sums payable in cash to the holder of such

shares have remained uncashed for a period of 12 years; (ii) our company has not during that time or before the expiry of the three month period referred to in (iv) below received any indication of the whereabouts or existence of the member; (iii) during the 12 year period, at least three dividends in respect of the shares in question have become payable and no dividend during that period has been claimed by the member; and (iv) upon expiry of the 12 year period, our company has caused an advertisement to be published in the newspapers or subject to the Listing Rules, by electronic communication in the manner in which notices may be served by our company by electronic means as provided in the Articles of Association, giving notice of its intention to sell such shares and a period of three months has elapsed since such advertisement and the Stock Exchange has been notified of such intention. The net proceeds of any such sale shall belong to our company and upon receipt by our company of such net proceeds it shall become indebted to the former member for an amount equal to such net proceeds.

## **SUMMARY OF CAYMAN COMPANIES LAW AND TAXATION**

### **1. Introduction**

The Cayman Companies Law is derived, to a large extent, from the older Companies Acts of England, although there are significant differences between the Cayman Companies Law and the current Companies Act of England. Set out below is a summary of certain provisions of the Cayman Companies Law, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of corporate law and taxation which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar.

### **2. Incorporation**

Our company was incorporated in the Cayman Islands as an exempted company with limited liability on August 31, 2005 under the Cayman Companies Law. As such, its operations must be conducted mainly outside the Cayman Islands. Our 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 size of its authorized share capital.

### **3. Share capital**

The Cayman Companies Law permits a company to issue ordinary shares, preference shares, redeemable shares or any combination thereof.

The Cayman 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 premia on those shares shall be transferred to an account called the "share premium account". At the option of a company, these provisions may not apply to premia 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 Cayman Companies Law provides that the share premium account may be applied by a company, subject to the provisions, if any, of its memorandum and articles of association, in such manner as the company may from time to time determine including, but without limitation:

- (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) in the redemption and repurchase of shares (subject to the provisions of section 37 of the Cayman 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 of business.

The Cayman Companies Law provides that, subject to confirmation by the Grand Court of the Cayman Islands, 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.

Subject to the detailed provisions of the Cayman 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 of 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.

There is no statutory restriction in the Cayman Islands on the provision of financial assistance by a company 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 to act 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.

#### **4. Dividends and distributions**

With the exception of section 34 of the Cayman Companies Law, there are no statutory provisions relating to the payment of dividends. Based upon English case law which is likely to be persuasive in the Cayman Islands in this area, dividends may be paid only out of profits. In addition, section 34 of the Cayman 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 3 above for further details).

#### **5. Shareholders' suits**

The Cayman Islands courts can be expected to follow English case law precedents. The rule in *Foss v. Harbottle* (and the exceptions thereto which permit a minority shareholder to commence a class 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 where the wrongdoers are

themselves in control of the company, and (c) an action which requires a resolution with a qualified (or special) majority which has not been obtained) has been applied and followed by the courts in the Cayman Islands.

#### **6. Protection of minorities**

In the case of a company (not being a bank) having a share capital divided into shares, the Grand Court of the Cayman Islands 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 Grand Court shall direct.

Any shareholder of a company may petition the Grand Court of the Cayman Islands 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.

Claims against a company by its shareholders must, as a general rule, 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.

The English common law rule that the majority will not be permitted to commit a fraud on the minority has been applied and followed by the courts of the Cayman Islands.

#### **7. Disposal of assets**

The Cayman Companies Law contains no specific restrictions on the powers of directors to dispose of assets of a company. As a matter of general law, in the exercise of those powers, the directors must discharge their duties of care and to act in good faith, for a proper purpose and in the interests of the company.

#### **8. Accounting and auditing requirements**

The Cayman Companies Law requires that a company shall cause to be kept proper books of account with respect to:

- (a) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place;
- (b) all sales and purchases of goods by the company; and
- (c) 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.

#### **9. Register of members**

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 its directors may, from time to time, think fit. There is no requirement under the Cayman Companies Law for an exempted company to make any returns of members to the Registrar of Companies in 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.

**10. Inspection of books and records**

Members of a company will have no general right under the Cayman 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 of association.

**11. Special resolutions**

The Cayman Companies Law provides that a resolution is a special resolution when it has been passed by a majority of not less than two-thirds (or such greater number as may be specified in the articles of association of the company) of such members as, being entitled to do so, vote in person or, where proxies are allowed, by proxy at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given. Written resolutions signed by all the members entitled to vote for the time being of the company may take effect as special resolutions if this is authorized by the articles of association of the company.

**12. Subsidiary owning shares in parent**

The Cayman Companies Law does not prohibit a Cayman Islands company acquiring and holding shares in its parent company provided its objects so permit. The directors of any subsidiary making such acquisition must discharge their duties of care and to act in good faith, for a proper purpose and in the interests of the subsidiary.

**13. Reconstructions**

There are statutory provisions which facilitate reconstructions and amalgamations approved by a majority in number representing 75 per cent. in value of shareholders or creditors, depending on the circumstances, as are present at a meeting called for such purpose and thereafter sanctioned by the Grand Court of the Cayman Islands. Whilst a dissenting shareholder would have the right to express to the Grand Court his view that the transaction for which approval is sought would not provide the shareholders with a fair value for their shares, the Grand Court of the Cayman Islands is unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management and if the transaction were approved and consummated the dissenting shareholder would have no rights comparable to the appraisal rights (i.e. the right to receive payment in cash for the judicially determined value of his shares) ordinarily available, for example, to dissenting shareholders of United States corporations.

**14. Take-overs**

Where an offer is made by a company for the shares of another company and, within four months of the offer, the holders of not less than 90 per cent. of the shares which are the subject of the offer accept, the offeror may at any time within two months after the expiration of the said four months, by notice require the dissenting shareholders to transfer their shares on the terms of the offer. A dissenting shareholder may apply to the Grand Court of the Cayman Islands within one month of the notice objecting to the transfer. The burden is on the dissenting shareholder to show that the Grand 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.

**15. 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 Cayman Islands courts to be contrary to public policy (e.g. for purporting to provide indemnification against the consequences of committing a crime).



**16. Liquidation**

A company is placed in liquidation either by an order of the court or by a special resolution (or, in certain circumstances, an ordinary resolution) of its members. A liquidator is appointed whose duties are to collect the assets of the company (including the amount (if any) due from the contributories (shareholders)), settle the list of creditors and discharge the company's liability to them, ratably if insufficient assets exist to discharge the liabilities in full, and to settle the list of contributories and divide the surplus assets (if any) amongst them in accordance with the rights attaching to the shares.

**17. 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.

**18. Taxation**

Pursuant to section 6 of the Tax Concessions Law (1999 Revision) of the Cayman Islands, our company has obtained an undertaking from the Governor in Cabinet:

- (a) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits or income or gains or appreciation shall apply to our company or its operations; and
- (b) in addition, that no tax to be levied on profits, income gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable by our company:
  - (i) on or in respect of the shares, debentures or other obligations of our company; or
  - (ii) by way of withholding in whole or in part of any relevant payment as defined in Section 6(3) of the Tax Concession Law (1999 Revision).

The undertaking is for a period of twenty years from September 13, 2005.

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 our 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.

**19. Exchange control**

There are no exchange control regulations or currency restrictions in the Cayman Islands.

**20. General**

Maples and Calder, our company's legal advisers on Cayman Islands law, have sent to our company a letter of advice summarizing aspects of Cayman Islands company law. This letter, together with a copy of the Cayman Companies Law, is available for inspection as referred to "Documents available for inspection" in Appendix X to this prospectus. 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/she 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 on August 31, 2005 under the Cayman Companies Law as an exempted company with limited liability. Our company has established a place of business in Hong Kong at Room 1406–8, 14th Floor, New World Tower, Queen's Road Central, Central, Hong Kong and has been registered as an overseas company in Hong Kong under Part XI of the Companies Ordinance, with Lam Kam Tong of 19D, Block 2, Castello, Shatin, New Territories, Hong Kong appointed as the authorized representative of our company for the acceptance of service of process and notices on behalf of our company in Hong Kong.

As our company was incorporated in the Cayman Islands, it operates subject to the Cayman Islands laws and to its constitution, which comprises a memorandum of association and articles of association. A summary of various provisions of the constitution of our company and relevant aspects of the Cayman Companies Law is set out in Appendix VII to this prospectus.

**2. Changes in share capital**

- (a) As at the date of incorporation of our company, our authorized share capital was HK\$350,000 divided into 350,000 shares of HK\$1.00 each and one share was allotted and issued fully paid at par to the initial subscriber on August 31, 2005, which was subsequently transferred to Delta House on October 10, 2005.
- (b) On October 10, 2005, 53 more shares were allotted and issued to Delta House, 39 shares were allotted and issued to Profitwise and seven shares were allotted and issued to Wisearn, all fully paid at par.
- (c) By written resolutions of all our shareholders passed on November 30, 2005, every issued and unissued share of HK\$1.00 in the share capital of our company was subdivided into 10 Shares of HK\$0.10 each such that our company shall have an authorized share capital of HK\$350,000 divided into 3,500,000 Shares of HK\$0.10 each.
- (d) On January 10, 2006, Delta House sold 10 Shares to JPMorgan Securities, eight Shares to Shepherd Investments International, Ltd., one Share to Centar Investments (Asia), Ltd. and one Share to Stark Asia Master Fund, Ltd.
- (e) By written resolutions of all our shareholders passed on June 21, 2006, the authorized share capital of our company was increased from HK\$350,000 to HK\$1,000,000,000 by the creation of 9,996,500,000 new Shares. On June 21, 2006, our Directors passed written resolutions to allot and issue 519,999,480 Shares to Delta House, 389,999,610 Shares to Profitwise, 69,999,930 Shares to Wisearn and 9,999,990 Shares to each of JPMorgan Securities and Stark, respectively, all credited as fully paid, by way of capitalization of a sum of HK\$99,999,900 which was then standing to the credit of the profit and loss account of our company.

**3. Written resolutions of all our shareholders passed on June 22, 2006**

Pursuant to the written resolutions of all our shareholders passed on June 22, 2006:

- (a) we conditionally approved and adopted a new Memorandum of Association and Articles of Association which will become effective on the Listing Date;

- (b) conditional upon the same conditions as stated in “Structure of the Global Offering — Conditions of the Global Offering” in this prospectus:
- (i) the Global Offering was approved and our Directors were authorized to allot and issue the new Shares in the Global Offering;
  - (ii) the Over-allotment Option was approved and our Directors were authorized to effect the same and to allot and issue Shares issuable upon the exercise of the Over-allotment Option;
  - (iii) the rules of the Share Option Scheme were approved and adopted and our Directors were authorized to grant options to subscribe for Shares thereunder and to allot and issue Shares pursuant thereto and to take all such steps as they consider necessary or desirable to implement the Share Option Scheme including without limitation: (aa) administering the Share Option Scheme; (bb) modifying and/or amending the Share Option Scheme from time to time provided that such modification and/or amendment is effected in accordance with the provisions of the Share Option Scheme relating to modification and/or amendment and the requirement of the Listing Rules; (cc) granting options under the Share Option Scheme and issuing and allotting from time to time any Shares pursuant to the exercise of the options that may be granted under the Share Option Scheme with an aggregate nominal value not exceeding 10% of the total nominal value of the share capital of our company in issue immediately following the completion of the Global Offering but before the exercise of the Over-allotment Option; and (dd) making application at the appropriate time or times to the Stock Exchange for the listing of, and permission to deal in, any Shares or any part thereof that may hereafter from time to time be issued and allotted pursuant to the exercise of the options granted under the Share Option Scheme;
- (c) a general unconditional mandate was given to our Directors to exercise all the powers of our company to allot, issue and deal with (otherwise than by way of rights issue, scrip dividend or an issue of shares upon the exercise of any subscription rights attached to any warrants of our company or pursuant to the exercise of the options which may be granted under the Share Option Scheme or other similar arrangements) Shares with a total nominal value not more than the sum of:
- (i) 20% of the total nominal amount of our share capital in issue immediately following the completion of the Global Offering but before the exercise of the Over-allotment Option; and
  - (ii) the total nominal amount of Shares repurchased under the authority granted to our Directors as referred to in paragraph headed “Repurchase by our company of Shares” in this Appendix,
- until the end of our next annual general meeting, the expiration of the period within which our next annual general meeting is required by our Memorandum and Articles of Association or any applicable laws to be held, or the revocation or variation by an ordinary resolution of our shareholders in a general meeting, whichever is the earliest; and
- (d) a general unconditional mandate was given to our Directors to exercise all the powers of our company to repurchase on the Stock Exchange, or on any other stock exchange on which the securities of our company may be listed and which is recognized by the SFC and the Stock Exchange for this purpose, Shares with a total nominal value of not more than 10% of the total nominal amount of our share capital in issue immediately following the completion of the Global Offering but before the exercise of the Over-allotment Option, until the end of our next annual

general meeting, the expiration of the period within which our next annual general meeting is required by our Memorandum and Articles of Association or any applicable laws to be held, or the revocation or variation by an ordinary resolution of our shareholders in a general meeting, whichever is the earliest.

#### **4. Corporate Reorganization**

Prior to the issue of our Convertible Bonds, we underwent the Reorganization. A summary of the Reorganization as well as our corporate history is set out in “Corporate History — Reorganization” and “— Our History” in this prospectus.

#### **5. Changes in share capital of subsidiaries**

Certain information on our company’s subsidiaries is contained in “Accountants’ Report” in Appendix I to this prospectus. In addition to those described in “Our History” and “Reorganization” in the section entitled “Corporate History” in this prospectus, the following alterations in the share capital of our subsidiaries have taken place within the two years immediately preceding the issue of this prospectus:

(a) ***Greentown Real Estate***

- Greentown Real Estate was incorporated in China on January 6, 1995 as a limited liability company with a registered share capital of Rmb 5 million. On incorporation, it was owned as to 50% by Zhejiang Guangtong Industrial Investment Company Limited and as to 50% by Ningbo Free Trade Zone Yige Industrial Investment Company Limited.
- On January 12, 2006, the registered capital of Greentown Real Estate was increased to Rmb 500 million and is owned as to 100% by Richwise.

(b) ***Hangzhou Jiuxi***

- Hangzhou Jiuxi was incorporated in China on July 19, 1996 as a sino-foreign equity joint venture with limited liability with a registered share capital of US\$3.6 million. On incorporation, it was owned as to 75% by Greentown Real Estate and as to 25% by Far East Miles.
- Pursuant to a demerger agreement dated February 15, 2006 between the two shareholders at the time, Richwise and Greentown Real Estate, Hangzhou Jiuxi went through a demerger. As of the date of this prospectus, the relevant government approvals for such demerger have been obtained, and the registration procedures are being carried-out. After the demerger, the registered share capital of Hangzhou Jiuxi will be changed to US\$6.6 million, and a new sino-foreign joint venture with limited liability, namely Hangzhou Rose Garden Property Services Co., Ltd. (“Hangzhou Rose”), will be incorporated with a registered share capital of US\$3 million. Both Hangzhou Jiuxi and Hangzhou Rose will be owned as to 95% by Richwise and 5% by Greentown Real Estate.

(c) ***Hangzhou Yuhang Jinteng Real Estate Development Co., Ltd.***

- Hangzhou Yuhang Jinteng Real Estate Development Co., Ltd. was incorporated in China as a limited liability company on December 25, 2001 with a registered capital of Rmb 10 million. On incorporation, it was owned by independent third parties.
- On October 10, 2005, Greentown Real Estate injected Rmb 32.7 million and Hangzhou Jingwei Real Estate Company Limited injected Rmb 7.3 million into Hangzhou Yuhang Jinteng Real Estate Development Co., Ltd, increasing its total registered share capital to RMB 50.0 million.

(d) ***Zhoushan Greentown Real Estate Development Co., Ltd.***

- Zhoushan Greentown Real Estate Development Co., Ltd. was incorporated in China as a limited liability company on December 16, 1999 with a registered share capital of Rmb 5 million. On incorporation, it was owned as to 60% by Greentown Real Estate and 40% by Ningbo Free Trade Zone Yige Industrial Investment Company Limited.
- On October 11, 2005, Zhoushan Greentown Real Estate Development Co., Ltd. merged with Zhoushan Greentown Hotel Investment Co., Ltd. The merged company retained the name of Zhoushan Greentown Real Estate Development Co., Ltd. and had a registered share capital of Rmb 34 million.

(e) ***Beijing Xingye Wanfa Real Estate Development Co., Ltd.***

- On October 26, 2000, Beijing Xingye Wanfa Real Estate Development Co., Ltd. was established in China as a limited liability company with a registered share capital of Rmb 20 million and was owned by independent third parties.
- On September 28, 2005, the registered share capital of Beijing Xingye Wanfa Real Estate Development Co., Ltd. was increased to Rmb 50 million owned as to 65% by Beijing Greentown Investment Co., Ltd. and 35% by Xinshidai Properties Company Limited.

(f) ***Zhejiang Greentown Property Sales Co., Ltd.***

- On March 31, 2003, Zhejiang Greentown Property Sales Co., Ltd. was established in China as a limited liability company with a registered share capital of Rmb 2 million and was owned as to 51% by Greentown Real Estate and as to 49% by independent third parties;
- On March 24, 2005, the registered share capital of Zhejiang Greentown Property Sales Co., Ltd. was increased to Rmb 5 million owned as to 90% by Greentown Real Estate and 10% by Hangzhou Greentown Real Estate Development Company Limited.

## **6. Repurchase by our company of Shares**

(a) ***Provisions of the Listing Rules***

The Listing Rules permit companies whose primary listings are on the Stock Exchange to repurchase their securities on the Stock Exchange subject to certain restrictions, the most important of which are summarized below:

- ***Shareholders' approval***

All proposed repurchases of securities on the Stock Exchange by a company with a primary listing on the Stock Exchange must be approved in advance by an ordinary resolution of shareholders, either by way of general mandate or by specific approval of a particular transaction.

(Note: Pursuant to the written resolution by our shareholders passed on June 22, 2006, a general unconditional mandate was given to our Directors authorizing them to exercise all powers of our company to repurchase on the Stock Exchange, or on any other stock exchange on which the securities of our company may be listed and which is recognized by the SFC and the Stock Exchange for this purpose, Shares with a total nominal value of not more than 10% of the total nominal amount of our share capital in issue immediately following the completion of the Global Offering but before the exercise of the Over-allotment Option, until the end of our next annual general meeting, the expiration of the period within which our next annual general meeting is required by our Memorandum and Articles of Association or any applicable laws to be held, or the revocation or variation by an ordinary resolution of our shareholders in a general meeting, whichever is the earliest.)

- *Source of funds*

Repurchases must be funded out of funds legally available for the purpose in accordance with the constitutional documents of the listed company and the laws of the jurisdiction of its incorporation. A listed company may not repurchase its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time.

(b) ***Reasons for repurchases***

Our Directors believe that it is in the best interests of our company and our shareholders for our Directors to have a general authority from our shareholders to enable our company to repurchase Shares in the market. Repurchases of Shares will only be made when our Directors believe that such repurchases will benefit our company and our shareholders. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net value of our company and its assets and/or its earnings per Share.

(c) ***Funding of repurchases***

In repurchasing securities, we may only apply funds legally available for such purpose in accordance with our Memorandum and Articles of Association and the applicable laws of the Cayman Islands.

It is presently proposed that any repurchase of Shares would be made out of capital paid up on the repurchased Shares, funds of our company which would otherwise be available for dividend or distribution and, in case of the premium payable on such repurchase, from funds of our company otherwise available for dividend or distribution or out of our share premium account before the Shares are repurchased.

Our Directors do not propose to exercise such mandate to repurchase Shares (the “Repurchase Mandate”) to such an extent as would, in the circumstances, have a material adverse effect on our working capital requirements or our gearing levels which, in the opinion of our Directors, are from time to time appropriate for our company.

(d) ***Share capital***

Exercise in full of the Repurchase Mandate, on the basis of 1,298,701,500 Shares in issue immediately following the Global Offering but before the exercise of the Over-allotment Option and the conversion of our non-mandatory Convertible Bonds, could accordingly result in up to 129,870,150 Shares being repurchased by our company during the period prior to:

- the end of our next annual general meeting;
- the expiration of the period within which we are required by any applicable laws or our Memorandum and Articles of Association to hold our next annual general meeting; or
- the revocation or variation by an ordinary resolution of our shareholders in a general meeting,

whichever is the earliest.

(e) ***General***

None of our Directors or, to the best of their knowledge having made all reasonable enquiries, any of their respective associates, has any present intention to sell any Shares to us or our subsidiaries.

Our Directors have undertaken to the 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 of the Cayman Islands.

No connected person (as defined in the Listing Rules) has notified us that it has a present intention to sell Shares to us, or has undertaken not to do so, if the Repurchase Mandate is exercised.

If as a result of a securities repurchase pursuant to the Repurchase Mandate, any of our shareholder's proportionate interest in the voting rights of our company increases, such increase will be treated as an acquisition for the purpose of the Codes on Takeovers and Mergers and Share Repurchases (the "Codes"). Accordingly, any of our shareholders, or a group of our shareholders acting in concert, depending on the level of increase of our shareholders' interest, could obtain or consolidate control of our company and become obliged to make a mandatory offer in accordance with Rule 26 of the Codes as a result of any such increase. Our directors are not aware of any consequences which may arise under the Codes if the Repurchase Mandate is exercised.

If the Repurchase Mandate is fully exercised immediately following completion of the Global Offering without taking into account any Shares which may be allotted and issued upon the conversion of our non-mandatory Convertible Bonds and the exercise of the Over-allotment Option or any options which may be granted under the Share Option Scheme, the total number of Shares which will be repurchased pursuant to the Repurchase Mandate shall be 129,870,150 Shares (being 10% of our issued share capital based on the aforesaid assumptions). Save as aforesaid, our Directors are not aware of any consequences of the repurchases that would arise under the Codes. Any repurchase of Shares which results in the number of Shares held by the public being reduced to less than the prescribed percentage of the Shares then in issue could only be implemented with the approval of the Stock Exchange to waive the Listing Rules requirements regarding the public shareholding referred to above. However, our Directors do not propose to exercise the Repurchase Mandate to such an extent that, in the circumstances, there is insufficient public float as prescribed under the Listing Rules.

## **B. FURTHER INFORMATION ABOUT OUR BUSINESS**

### **1. Summary of material contracts**

The following contracts (not being contracts in our ordinary course of business) have been entered into by us or our subsidiaries within the two years preceding the date of this prospectus and are or may be material:

- an equity interest transfer agreement entered into between Richwise and Greentown Holdings Group dated December 6, 2004, in relation to the acquisition of 50% of the equity interests in Hangzhou Jiuxi by Richwise at a consideration of Rmb 40,000,000;
- an equity interest transfer agreement entered into between Richwise and Greentown Real Estate dated December 6, 2004, in relation to the acquisition of 20% of the equity interests in Hangzhou Jiuxi by Richwise at a consideration of Rmb 16,000,000;
- an equity interest transfer agreement entered into between Richwise and Far East Miles dated December 6, 2004, in relation to the acquisition of 25% of the equity interests in Hangzhou Jiuxi by Richwise at a consideration of Rmb 20,000,000;
- an equity interest transfer agreement relating to Shanghai Lvyu entered into among Song Weiping, Shou Bainian and Richwise dated December 8, 2004 in relation to the acquisition of all equity interests in Shanghai Lvyu by Richwise at a consideration of Rmb 117,880,000;

- an equity interest acquisition agreement entered into among Song Weiping, Shou Bainian, Xia Yibo and Richwise dated March 10, 2005 in relation to the acquisition of all equity interests in Greentown Real Estate by Richwise at a consideration of Rmb 179,912,023;
- an agreement relating to the sale and purchase of shares in Richwise entered into among Delta House, Profitwise, Wisearn and us dated November 14, 2005 in relation to our acquisition of all issued shares of Richwise at a consideration of US\$3.00;
- a deed of non-competition given by Song Weiping, Shou Bainian, Xia Yibo and Greentown Holdings Group in favour of us dated January 4, 2006;
- a deed of non-competition given by Song Weiping, Shou Bainian, Xia Yibo and Greentown Holdings Group in favour of us dated June 22, 2006;
- a subscription agreement entered into among Song Weiping, Shou Bainian, Xia Yibo, Delta House, Profitwise, Wisearn, JPMorgan Securities and us dated January 4, 2006 in relation to our issue of US\$130,000,000 Convertible Bonds and Delta House's sale of 20 Shares at a consideration of US\$20,000,000;
- a deed of indemnity given by Song Weiping, Shou Bainian, Xia Yibo, Delta House, Profitwise and Wisearn dated January 4, 2006 in favor of us, JPMorgan Securities, J.P. Morgan Corporate Trustee Services Limited and the holders of our sale shares, being Stark, in respect of the Convertible Bonds;
- a trust deed entered into by Delta House, Profitwise, Wisearn, J.P. Morgan Corporate Trustee Services Limited (as trustee and security trustee) and us dated January 10, 2006 (and supplemented by a Supplemental Trust Deed dated March 8, 2006) in relation to our appointment of J.P. Morgan Corporate Trustee Services Limited as the trustee and the security trustee in respect of the Convertible Bonds;
- a deed of charge over shares in Richwise entered into between J.P. Morgan Corporate Trustee Services Limited and us dated January 10, 2006 in relation to the Convertible Bonds;
- a deed of undertaking dated June 21, 2006 given by us in favor of Stark in relation to the increase of interest payments for its holdings in our non-mandatory Convertible Bonds;
- an agreement between Stark and us dated June 23, 2006 relating to the redemption by holders of our mandatory Convertible Bonds upon a qualified public offering;
- an agreement between JPMorgan Securities and us dated June 23, 2006 relating to the redemption by holders of our mandatory Convertible Bonds upon a qualified public offering;
- a trademark license agreement entered into between Greentown Holdings Group and us dated June 22, 2006 in relation to the grant of use right of certain trademarks owned by Greentown Holdings Group to us free of charge;
- a deed of indemnity given by Song Weiping, Shou Bainian and Xia Yibo in favor of us dated June 22, 2006, details of which are set out in "D.2 Indemnities given by Original Shareholders" in this appendix; and
- the Hong Kong Underwriting Agreement.









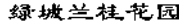

## 2. Intellectual property

As of the Latest Practicable Date, the following intellectual property rights may be material to our business:

### Trademarks

As of the Latest Practicable Date, we obtained the right to use each of the following trademarks in China pursuant to a trademark license agreement dated June 22, 2006:

Trademarks	Class	Products or services covered	Registration number	Expiry date
绿城 . . . . .	9	Computer software (recorded), electronic transmission equipments, remote monitored telephone exchange equipments, transistor (electronic), machinery for computer-operated equipments, alarm equipments, audio records, telephone, antenna, fire-distinguishing equipments.	3353267	Jan 20, 2014
绿城 . . . . .	12	Vehicles, inner tubes of vehicle tyres, ships, luggage vans, cable cars, wheels, bicycles, locomotives, aeroboats.	3353273	Dec 6, 2013
绿城 . . . . .	35	Outdoor advertisement, market analysis, typing, human resource recruitment, business community relocation (information provision), accounting.	3353269	May 20, 2014
绿城 . . . . .	36	Leasing of immovable properties, immovable property intermediaries, valuation and management of immovable assets, management of apartments, leasing of apartments, accommodation agencies, leasing of offices (immovable properties), immovable properties agencies.	1197956	Aug 6, 2008
绿城 . . . . .	36	Accident insurance, trust, pledge brokerage, raising of charity fund, brokerage, banking, guarantee, business liquidation (finance), family banking, charity promotion.	3353271	Aug 27, 2014
绿城 . . . . .	37	Maintenance and repair of vehicles, installation, maintenance and repair of office machines and equipments, construction, construction information, installation and repair of heating equipments, tyre refreshment, furniture repair, installation and repair of lifts, prevention of rust, dry cleaning.	3353272	Aug 27, 2014
绿城 . . . . .	41	Library service, zoo, digital image generation service, electronic desktop typesetting.	3353266	Jul 27, 2014
绿城 . . . . .	42	Construction consultation, engineering, legal services, package design.	3353268	Sep 20, 2014
绿城 . . . . .	43	Tourism related property lease, meeting room renting.	3353270	Oct 27, 2014
绿城 . . . . .	44	Gardening, hospital, sanatorium, public health bath.	3353265	Nov 6, 2013

Trademarks	Class	Products or services covered	Registration number	Expiry date
 .....	36	Leasing of immovable properties, management of immovable assets, management of apartments, accommodation agencies, immovable properties agencies.	1115377	Sep 27, 2007
 .....	36	Management of immovable assets, management of apartments, accommodation agencies, immovable properties agencies.	859820	Jul 27, 2006
 .....	36	Leasing of immovable properties, management of immovable assets, management and lease of apartments, accommodation agencies and lease, immovable properties agencies, valuation of immovable properties, office lease.	1354914	Jan 13, 2010
 .....	36	Leasing of immovable properties, immovable properties intermediaries management of immovable assets, management and lease of apartments, accommodation agencies and lease, immovable properties agencies, valuation of immovable properties, accommodation (apartment) and office lease.	1354911	Jan 13, 2010
 .....	36	Leasing of immovable properties, management of immovable assets, management of apartments, accommodation agencies, immovable properties agencies.	1115375	Sep 27, 2007
 .....	36	Leasing of immovable properties, immovable properties intermediaries, valuation and management of immovable assets, management of apartments, leasing of apartments, immovable properties agencies, brokers.	1139711	Dec 27, 2007
	36	Leasing of immovable properties, management of immovable assets, management of apartments, accommodation (apartment), credit union, immovable properties agencies, valuation of arts work, brokers, guarantees, trust (expired).	3649514	Oct 27, 2015
	36	Leasing of immovable properties, management of immovable assets, management of apartments, accommodation (apartment), credit union, immovable properties agencies, valuation of arts work, brokers, guarantees, trust (expired).	3649513	Oct 27, 2015

Trademarks	Class	Products or services covered	Registration	
			number	Expiry date
绿城春江花月	36	Leasing of immovable properties, management of immovable assets, management of apartments, accommodation (apartment), credit union, immovable properties agencies, valuation of arts work, brokers, guarantees, trust (expired).	3645111	Oct 27, 2015
绿城桃花源	36	Leasing of immovable properties, management of immovable assets, management of apartments, accommodation (apartment), credit union, immovable properties agencies, valuation of arts work, brokers, guarantees, trust (expired).	3649656	Oct 27, 2015

As of the Latest Practicable Date, Greentown Real Estate was the registered proprietor of the following trademarks:

Trademarks	Class	Registration	
		number	Expiry date
玫瑰 .....	36	1103623	Sep 13, 2007
百合 .....	36	1103617	Sep 13, 2007
月桂 .....	36	1103624	Sep 13, 2007
丹桂 .....	36	859819	Jul 27, 2006
金桂 .....	36	983898	Apr 13, 2007
银桂 .....	36	983897	Apr 13, 2007
紫桂花园 .....	36	3649653	Oct 27, 2015

As of the Latest Practicable Date, Greentown Real Estate had applied to the relevant PRC authority for registration of the following trademarks with itself as the registered proprietor and such application is still being processed:

<b>Trademarks</b>	<b>Class</b>	<b>Application number</b>	<b>Date of application</b>
黄龙世纪广场 . . . . .	36	3649654	Aug 13, 2003
深蓝 . . . . .	36	3926251	Mar 25, 2004
育华 . . . . .	41	3937210	Mar 25, 2004
绿城丁香 . . . . .	36	3926252	Mar 25, 2004
绿城青竹园 . . . . .	36	4205523	Oct 14, 2004
绿城青竹园 . . . . .	37	4205522	Oct 14, 2004

Although the above trademarks are pending due registration and subject to approval of the State Trademark Bureau of China, as advised by our PRC counsel, T&C Law Firm, there is no obstacle for us to obtain the above trademarks.

#### ***Domain names***

As of the Latest Practicable Date, we were the registered owner of the following domain names:

<b>Domain name</b>	<b>Expiry date</b>
chinagreentown.com . . . . .	August 19, 2009
chinagreentown.cn . . . . .	March 15, 2010

The contents at the above websites do not form part of this prospectus.

Save as disclosed herein, there are no other trade or service marks, patents, other intellectual or industrial property rights which are material to our business.

**C. FURTHER INFORMATION ABOUT DIRECTORS, MANAGEMENT AND STAFF****1. Directors**

- (a) Disclosure of interests — interests and short positions of our Directors and the chief executives in the shares, underlying shares and debentures of our company and our associated corporations

Immediately following the completion of the Global Offering but before the exercise of the Over-allotment Option, interests and short positions of our Directors and the chief executives in the shares, underlying shares and debentures of our company and our associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to our company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were 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 us and the Stock Exchange pursuant to Model Code for Securities Transactions by Directors of Listed Companies in the Listing Rules, once the Shares are listed, will be as follows:

Name of Director	Personal interests	Family interests	Corporate interests	Other interests	Approximate shareholding	
					Total	percentage
Song Weiping <sup>(1)</sup> . . .	—	68,859,000 Shares	501,524,000 Shares	—	570,383,000 Shares	43.92%
Shou Bainian. . . . .	—	—	383,643,000 Shares	—	383,643,000 Shares	29.54%

Notes:

- (1) Mr. Song Weiping will be interested in 501,524,000 Shares as the sole shareholder of Delta House, and will be deemed to be interested in 68,859,000 Shares held by Wisearn, a company wholly-owned by his spouse Ms. Xia Yibo.

- (b) Particulars of service contracts

Each of our executive Directors has entered into a service contract with our company for a term of three years commencing from the Listing Date until terminated by not less than three months' notice in writing served by either party on the other.

Each of our independent non-executive Directors has entered into a letter of appointment with our company for a term of one year commencing from the Listing Date. Each of the independent non-executive Directors is entitled to an annual fee ranging from Rmb 120,000 to approximately Rmb 206,700. The appointments are subject to the provisions of retirement and rotation of Directors under our Articles of Association.

- (c) Directors' remuneration

An aggregate of approximately Rmb 1,278,000 was paid to our Directors as remuneration for the year ended December 31, 2005.

Under the arrangement currently in force, the aggregate amount of emoluments, excluding the discretionary bonus, if any, payable by us to our Directors for the year ending on December 31, 2006 will be approximately Rmb 2,390,000.

For further information on the remuneration of our Directors, please refer to the Accountants' Report, the text of which is set out in Appendix I to this prospectus.

## 2. Substantial Shareholders

So far as our Directors are aware, immediately following the completion of the Global Offering but before the exercise of the Over-allotment Option, the following persons will have interests or short positions in the Shares and the underlying Shares which would fall to be disclosed to us under provisions of Divisions 2 and 3 of part XV of the SFO, or, directly or indirectly, interested 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 of our members:

Substantial shareholder	Member of our group	Percentage of shareholding
Zhejiang University Science & Technology Park Ningbo Development Company Limited (浙江大學科技園寧波發展有限公司)	Ningbo Zheda Science Park Construction Co., Ltd. (寧波浙大科技園建設有限公司)	40%
Dai Zhaowei (戴照偉)	Hangzhou Greentown Real Estate Investment Co., Ltd. (杭州綠城置業投資有限公司)	10%
Chen Shunhua (陳順華)	Hangzhou Greentown Real Estate Investment Co., Ltd	10%
Hangzhou Jingwei Real Estate Co., Ltd. (杭州經緯房地產有限公司)	Hangzhou Yuhang Jinteng Real Estate Development Limited (杭州余杭金騰房地產開發有限公司)	25%
Zhejiang Sanwei Construction Industries Company Limited (浙江三維建設實業有限公司)	Shangyu Greentown Real Estate Development Co., Ltd. (上虞市綠城房地產開發有限公司)	49%
Zhejiang Donghai Real Estate Company Limited (浙江東海房地產股份有限公司)	Shanghai Huazhe Bund Real Estate Co., Ltd. (上海華浙外灘置業有限公司)	34.2%
Li Linhua (李林華)	Shanghai Huazhe Bund Real Estate Co., Ltd.	11.8%
Shanghai Shenyuan Enterprise Development Company Limited (上海申元企業發展有限公司)	Shanghai Green View Real Estate Co., Ltd. (上海綠景置業有限公司)	40%
Zhejiang Huamen Real Estate Company Limited (浙江華門房地產開發有限責任公司)	Beijing Sunshine Greentown Real Estate Development Co., Ltd. (北京陽光綠城房地產開發有限公司)	20%
Xinshidai Properties Company Limited (新時代房地產有限責任公司)	Beijing Xingye Wanfa Real Estate Development Co., Ltd. (北京興業萬發房地產開發有限公司)	35%
Guo Jiafeng (郭佳峰)	Hunan Greentown Investment & Property Co., Ltd. (湖南綠城投資置業有限公司)	29%

Substantial shareholder	Member of our group	Percentage of shareholding
Huang Jianhai (黃健海)	Hunan Greentown Investment & Property Co., Ltd. (湖南綠城投資置業有限公司)	20%
Hefei Chuangyi Properties Company Limited (合肥創億置業有限責任公司)	Anhui Greentown Real Estate Development Co., Ltd. (安徽綠城房地產開發有限公司)	10%
Kinghing Trust & Investment Company Limited (金信信托投資股份有限公司)	Anhui Greentown Lianhua Real Estate Development Co., Ltd. (安徽綠城聯華房地產開發有限公司)	30%
Zhu Hua (朱華)	Anhui Greentown Lianhua Real Estate Development Co., Ltd.	10%
Urumqi Deyuyilong Business Trading Co., Ltd. (烏魯木齊市德宇翼龍商貿有限公司)	Xinjiang Sunshine Greentown Real Estate Development (新疆陽光綠城房地產開發有限公司)	20.2%
Shen Guoguang (沈風光)	Xinjiang Sunshine Greentown Real Estate Development	18.8%
Shanghai Yecheng Investment Consulting Company Limited (上海燁城投資諮詢有限公司)	Xinjiang Sunshine Greentown Real Estate Development	10%
Shen Yuehua (沈月華)	Hangzhou Yuhang Greentown Real Estate Development Co., Ltd. (杭州余杭綠城房地產開發有限公司)	49%
Hangzhou Jianggan District Agricultural Residency Construction Administration Center (杭州江干區農居建設管理中心)	Hangzhou Greentown Orient Construction Company Limited (杭州綠城東部建設有限公司)	30%
Qingdao Baitong City Construction Company Limited (青島百通城市建設股份有限公司)	Qingdao Greentown Baitong Land Company Limited (青島綠城百通置業有限公司)	20%

### 3. 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 company.

### 4. Disclaimers

Save as disclosed herein:

- (a) none of our Directors or chief executives has any interest or short position in the shares, underlying shares or debentures of our company or any of our associated corporations (within the meaning of the SFO) which will have to be notified to us and the 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 us and the Stock Exchange pursuant to Model Code for Securities Transactions by Directors of Listed Companies in the Listing Rules 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 company, or are proposed to be acquired or disposed of by or leased to any member of our company;
- (c) none of our Directors or experts referred to under the heading “Consents of experts” in this Appendix is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to our business;
- (d) none of our Directors has any existing or proposed service contracts with any member of our company (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 us under the provisions of Divisions 2 and 3 of Part XV of the 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 company;
- (f) none of the experts referred to under the heading “Consents of experts” in this Appendix has any shareholding in any member of our company or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our company; and
- (g) so far as is known to our Directors, none of our Directors, their respective associates (as defined under the Listing Rules) or our shareholders who are interested in more than 5% of the issued share capital of our company has any interest in our five largest customers or our five largest suppliers.

## **D. OTHER INFORMATION**

### **1. Share Option Scheme**

#### ***Summary of terms of the Share Option Scheme (the “Scheme”)***

##### **(a) Purpose**

The purpose of the Scheme is to provide incentive and/or reward to Eligible Persons (as defined below) for their contribution to us and their continuing efforts to promote our interests.



(b) *Who may join and basis for determining eligibility*

Our Board may in its absolute discretion select to make an offer to any Director or employee of our group and any other person (including a consultant or adviser) who in the sole discretion of our Board has contributed or will contribute to our group (the “Eligible Persons”) to subscribe for options for such number of Shares as our Board may determine at the price calculated in accordance with subparagraph (e) below.

Our Board may in its absolute discretion specify such conditions as it thinks fit when making such an offer to an Eligible Person (including, without limitation, as to any performance criteria which must be satisfied by the Eligible Person and/or us, and any minimum period for which an option must be held, before an option may be exercised, if any), provided that such conditions shall not be inconsistent with any other terms and conditions of the Scheme.

(c) *Maximum number of Shares*

- (i) The maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and any other schemes of our company must not, in aggregate, exceed 30% of the Shares in issue from time to time (the “Mandate Limit”). For such Mandate Limit, Shares which are the subject matter of any options that have already lapsed in accordance with the terms of the relevant share option scheme(s) shall not be counted.
- (ii) We may refresh the Mandate Limit by ordinary resolution of our shareholders in general meetings and in such event we will send a circular to our shareholders complying with, and containing matters specified in, the Listing Rules. However, the total number of Shares which may be issued upon exercise of all options to be granted under all existing Schemes under the Mandate Limit as renewed shall not exceed 10% of the total number of Shares in issue as at the date of our shareholders’ approval. Options previously granted under the existing Schemes (including options exercised, outstanding, cancelled, or lapsed in accordance with the relevant scheme rules) shall not be counted for the purpose of calculating the Mandate Limit as refreshed.
- (iii) We may also seek separate approval from our shareholders in general meetings for granting options beyond the Mandate Limit to Eligible Persons specifically identified by us before such approval is sought and in such event we will send a circular to our shareholders complying with, and containing matters specified in, the Listing Rules.

(d) *Maximum number of options to any one individual*

The total number of Shares issued and to be issued upon exercise of the options granted or to be granted (including exercised, cancelled and outstanding options) to each Eligible Person in any 12-month period up to the date of grant shall not exceed 1% of the Shares in issue as at the date of grant.

Any further grant of options in excess of this 1% limit shall be subject to the issue of a circular by us and the approval of our shareholders in general meeting with such Eligible Person and his associates (as defined in the Listing Rules) abstaining from voting and/or other requirements prescribed under the Listing Rules from time to time. Number and terms (including the price) of such options shall be fixed before the relevant general meeting.

(e) *Price of Shares*

The subscription price for a Share in respect of any particular option granted under the Scheme (which shall be payable upon exercise of the option) shall be determined by our Board and shall be at least the higher of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant, which must be a business day; (ii) the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotation sheet for the five business days immediately preceding the date of grant; and (iii) the nominal value of a Share. For (i) and (ii) above, the date of grant shall be taken to be the date of the Board meeting at which the grant is proposed.

(f) *Granting options to connected persons*

- (i) Any grant of options to a Director, chief executive or substantial shareholder of our company or any of their respective associates is required to be approved by our independent non-executive Directors (excluding such independent non-executive Director(s) who is/are the grantee(s) of the options).
- (ii) If we are to offer to grant options to a substantial shareholder or any of our independent non-executive Directors or their respective associates which would result in the Shares issued and to be issued upon exercise of all options granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of the offer of such grant exceeding:
  - 0.1% of the Shares in issue at the relevant time of grant; and
  - an aggregate value of HK\$5 million, based on the closing price of the Shares on the Stock Exchange on the date of each grant,

such grant will be subject to the issue of a circular by us complying with, and containing the matters specified in, the Listing Rules (including, in particular, a recommendation from our independent non-executive Directors (excluding the independent non-executive Director who is the prospective Grantee of the Option) to the independent Shareholders as to voting) and the approval of our shareholders in general meeting on a poll at which all connected persons (as defined in the Listing Rules) of our company shall abstain from voting in favor of the grant.

- (iii) Further, where any change is to be made to the terms of any option granted under subparagraph (i) above, and such grant has been approved in accordance with subparagraph (ii) above, or, if not, as a result of such proposed change the grant would come to be subject to subparagraph (ii) above, similar requirements on circular and shareholders' approval as described in paragraph (ii) above shall apply.

(g) *Restrictions on the time of grant of options*

No offer of grant shall be made to, and no option shall be capable of acceptance by, any Eligible Person 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 announced pursuant to the requirements of the Listing Rules. In particular, no offer of grant shall be made to, and no option shall be capable of acceptance during the period commencing one month immediately preceding the earlier of (i) the date of the Board meeting for the approval of our annual or interim results; and (ii) the deadline for us to publish its interim or annual results announcement under the listing agreement and ending on the date of actual publication of the results announcement.

An offer of grant shall be deemed to have been accepted and the option to which the offer relates shall be deemed to have been granted and to have taken effect when we receives the duplicate of the offer letter comprising acceptance of the offer duly signed by the grantee with the number of Shares in respect of which the offer is accepted clearly stated therein, together with a remittance of the price of grant to us.

*(h) Rights are personal to grantee*

An option is personal to the grantee and shall not be assignable nor transferable, and the grantee shall not in any way sell, transfer, charge, mortgage, encumber or create any interest (whether legal or beneficial) in favor of any third party over or in relation to any option.

*(i) Exercise of option*

An option may be exercised in whole or in part by the grantee (or his personal representatives) within the option period, which shall be determined and notified by our Board to the grantee during which the option may be exercised and in any event shall be not more than 10 years commencing on the date on which the offer in relation to such option is deemed to have been accepted in accordance with paragraph (g) and expiring on the last day of such 10-year period subject to the provisions for early termination contained in paragraph (p), giving notice in writing to us stating that the option is to be exercised and the number of Shares in respect of which it is exercised. Such notice must be accompanied by a remittance for the full amount of the price for the Shares in respect of which the notice is given. Within 30 days after receipt of the notice and (where appropriate) receipt of the independent financial adviser's or the auditors' certificate under paragraph (r), we shall issue and allot the relevant Shares to the grantee (or his personal representatives) credited as fully paid and issue to the grantee (or his personal representatives) a share certificate in respect of the Shares so issued and allotted.

There is no general requirement that an option must be held for any minimum period before it can be exercised but our Board is empowered to impose at its discretion any such minimum period at the time of grant of any particular option.

Subject to the terms of grant of any option and paragraphs (k), (l), (m), (n) and (o) below,

*(j) Performance target*

There is no general requirement for any performance target to be achieved before options can be exercised under the Scheme although our Board has the discretion to require a particular grantee to achieve certain performance targets specified at the time of grant before any option granted under the Scheme can be exercised.

*(k) Rights on ceasing to be an Eligible Person*

Subject to paragraphs (l) and (p)(v) below, where the holder of an outstanding option ceases to be an Eligible Person for any reason, the option shall lapse on the date of cessation and not be exercisable unless our Board otherwise determines in which event the option shall be exercisable to the extent and within such period (not exceeding 90 days) as our Board may determine. The date of such cessation shall be (i) if he is our employee, his last actual working day at his work place with us whether salary is paid in lieu of notice or not; or (ii) if he is not our employee, the date on which the relationship constituting him an Eligible Person ceases.

(l) *Rights on death*

If the grantee of an outstanding option dies before exercising the option in full or at all, his or her personal representatives may by notice in writing to us within 12 months of the date of death exercise the option to its full extent or to the extent specified in such notice.

(m) *Rights on takeover*

If a general offer by way of a take-over is made to all our shareholders (or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror) and such offer becomes or is declared unconditional, we will give notice thereof to the grantee and the grantee (or his personal representatives) may by notice in writing to us within 30 days after such offer becoming or being declared unconditional exercise the option to its full extent or to the extent specified in such notice.

(n) *Rights on scheme of arrangement*

If a general offer by way of a scheme of arrangement is made to all our shareholders and the scheme has been approved by the necessary number of shareholders at the requisite meetings, we shall give notice thereof to the grantee and the grantee (or his personal representatives) may thereafter (but before such time as shall be notified by us) by notice in writing to us exercise the option to its full extent or to the extent specified in such notice.

(o) *Rights on winding-up*

If we give a notice our shareholders to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up our company, we shall on the same date as or soon after it dispatches such notice to each of our shareholders give notice thereof to all grantees (together with a notice of the existence of the provisions of this paragraph) and thereupon, each grantee (or his or her personal representatives) shall be entitled to exercise all or any of his options at any time not later than five business days prior to the proposed general meeting by giving notice in writing to us, accompanied by a remittance for the full amount of the aggregate price for the Shares in respect of which the notice is given whereupon we shall as soon as possible and, in any event, no later than three business days immediately prior to the date of the proposed general meeting, issue and allot the relevant Shares to the grantee credited as fully paid.

(p) *Lapse of the option*

The right to exercise an option (to the extent not already exercised) shall terminate immediately upon the earliest of:

- (i) the expiry date relevant to that option;
- (ii) the expiry of any of the periods referred to in paragraphs (k), (l) and (m);
- (iii) subject to the scheme of arrangement becoming effective, the expiry of the period referred to in paragraph (n);
- (iv) subject to paragraph (o), the date of commencement of the winding up of our company;
- (v) the date on which the grantee ceases to be an Eligible Person by reason of summary dismissal for misconduct or other breach of the terms of his employment or other contract or arrangement constituting him an Eligible Person, or the date on which he begins to appear to be unable to pay or has no reasonable prospect of being able to pay his debts or has become insolvent or has made any arrangements or composition with his or her

creditors generally or on which he has been convicted of any criminal offence involving his or her integrity or honesty. A resolution of our Board to the effect that the employment or other relevant contract or arrangement of a grantee has or has not been terminated on one or more of the grounds specified in this paragraph (v) shall be conclusive; or

(vi) the date on which the Grantee commits a breach of paragraph (h).

(q) *Ranking of Shares*

The Shares to be issued and allotted upon the exercise of an option shall be subject to our constitutional documents for the time being in force and shall rank *pari passu* in all respects with the fully-paid Shares in issue of the Company as at the date of allotment and will entitle the holders to participate in all dividends or other distributions declared or recommended or resolved to be paid or made in respect of a record date falling on or after the date of allotment.

(r) *Effect of alterations to capital*

In the event of any capitalization issue, rights issue, open offer, consolidation, subdivision or reduction of our share capital, such corresponding alterations (if any) shall be made in the number or nominal amount of Shares subject to any options so far as unexercised and/or the subscription price per Share of each outstanding option and/or the method of exercise of the option as our auditors or an independent financial adviser shall certify in writing to the Board to be in their/his opinion fair and reasonable in compliance with Rule 17.03(13) of the Listing Rules and the note thereto and the supplementary guidance attached to the letter from the Stock Exchange dated 5 September 2005 to all issuers relating to share option schemes (the "Supplemental Guidance").

Any such alterations will be made on the basis that a grantee shall have the same proportion of our issued share capital (as interpreted in accordance with the Supplementary Guidance) for which any grantee of an option is entitled to subscribe pursuant to the options held by him before such alteration and the aggregate subscription price payable on the full exercise of any option is to remain as nearly as possible the same (and in any event not greater than) as it was before such event. No such alteration will be made the effect of which would be to enable a Share to be issued at less than its nominal value. The issue of securities as consideration in a transaction is not to be regarded as a circumstance requiring any such alteration. Any adjustment to be made will comply with the Listing Rules, the Supplemental Guidance and any future guidance/interpretation of the Listing Rules issued by the Stock Exchange from time to time.

If there has been any alteration in our capital structure as referred to in paragraph (r), we shall, upon receipt of a notice from a grantee in accordance with paragraph (i), inform the grantee of such alteration and shall either inform the grantee of the adjustment to be made pursuant to the certificate of the independent financial adviser or the auditors (as the case may be) obtained by us for such purpose or, if no such certificate has yet been obtained, inform the grantee of such fact and instruct the independent financial adviser or the auditors (as the case may be) as soon as practicable to issue a certificate in that regard in accordance with paragraph (r).

For the purposes of this paragraph, the independent financial adviser or the auditors shall act as experts and not as arbitrators and their certification being final and binding on us and the grantees. Their costs shall be borne by us.

(s) *Alteration of the Scheme*

Those specific provisions of the Scheme relating to the matters set out in Rule 17.03 of the Listing Rules shall not be altered to the advantage of grantees or prospective grantees except with the prior approval of the Shareholders in general meeting (with participants and their associates abstaining from voting). No such alteration shall operate to affect adversely the terms of issue of any option granted or agreed to be granted prior to such alteration except with the consent or sanction in writing of such majority of the grantees as would be required of our shareholders under the constitutional documents for the time being of our company for a variation of the rights attached to the Shares.

Any change to the authority of the Board in relation to any alteration to the terms of the Scheme shall not be valid unless approved by Shareholders in general meeting.

Any alterations to the provisions of the Scheme which are of a material nature or any change to the terms of options granted must be approved by our shareholders in general meeting except where the alterations take effect automatically under the existing provisions of the Scheme.

The amended terms of the Scheme or the options must comply with Chapter 17 of the Listing Rules.

(t) *Cancellation of options granted*

We may cancel an option granted but not exercised with the approval of the grantee of such option.

Options may be granted to an Eligible Person in place of his cancelled options provided that there are available unissued options (excluding the cancelled options) within the Mandate Limit of the Scheme (or similar limit under any other scheme adopted by our company) from time to time.

(u) *Duration and administration of the Scheme*

Subject to paragraph (v) below, the Scheme shall be valid and effective for a period of 10 years commencing on the date of adoption, after which period no further option shall be granted. Subject to the above, in all other respects, in particular, in respect of options remaining outstanding on the expiration of the 10-year period referred to in this paragraph, the provisions of the Scheme shall remain in full force and effect.

The Scheme shall be subject to the administration of our Board (or if our Board so resolves by a committee of our Board whose members shall include at least one independent non-executive Director) whose decision (save as otherwise provided herein) shall be final and binding on all parties subject to the prior receipt of a statement in writing from our auditors or the independent financial adviser if and as required by paragraph (r).

(v) *Termination of the Scheme*

We, by resolution in general meeting, or our Board may at any time terminate the operation of the Scheme and in such event no further option will be offered but in all other respects the provisions of the Scheme shall remain in full force and effect and options granted prior to such termination shall continue to be valid and exercisable in accordance with the Scheme.

(w) *Condition of the Scheme*

The Scheme is conditional on (i) the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, the Shares and any Shares which may fall to be issued pursuant to the exercise of options to be granted thereto; and (ii) the obligations of the Underwriters under the

Underwriting Agreements becoming unconditional (including, if relevant, as a result of the waiver of such condition(s)) and not being terminated in accordance with the terms of the respective agreements.

(x) *Disclosure in annual and interim reports*

Our Board shall procure that details of the Scheme are disclosed in our annual and interim reports in compliance with the Listing Rules in force from time to time.

(y) *Present status of the Scheme*

As at the date of this prospectus, no option has been granted under the Scheme. Application has been made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Shares which may fall to be issued pursuant to the exercise of the options to be granted under the Scheme.

## **2. Indemnities given by Original Shareholders**

Our Original Shareholders have entered into a deed of indemnity with and in favor of us (which was referred to in the subsection headed “Summary of material contracts” in this Appendix) to provide indemnities on a joint and several basis in respect of:

- (a) any taxation liabilities of our company or its proportionate interest of any tax liabilities of any other members of our group (i) in respect of or in consequence of any act, omission or event occurring or deemed to occur on or before the date on which the Global Offering becomes unconditional; (ii) in respect of any income, profits or gains earned, accrued or received on or before the date on which the Global Offering becomes unconditional; or (iii) in respect of any land appreciation tax that may be or become payable but not paid by us in accordance with PRC law in respect of properties we have delivered or may deliver prior to the date on which the Global Offering becomes unconditional;

However, the above indemnities do not apply to any taxation liability:

- for which specific provision or reserve has been made in our audited consolidated accounts or the audited accounts of our relevant member up to December 31, 2005;
- that arises in our ordinary course of business after December 31, 2005 up to and including the date on which the Global Offering becomes unconditional;
- that arises or is increased as a result only of a retrospective change in law or a retrospective increase in tax rates coming into force after the date on which the Global Offering becomes unconditional; or
- that would not have arisen but for any voluntary act of us after the date on which the Global Offering becomes unconditional which we ought reasonably to have known would give rise to such taxation liability but excluding any act:
  - carried out pursuant to our legally binding obligation entered into or incurred on or before the date on which the Global Offering becomes unconditional; or
  - pursuant to an obligation imposed by any law, regulation or requirement having the force of law; or

- taking place with the written approval of the Original Shareholders or pursuant to the Global Offering or any document executed pursuant to the Global Offering; or
  - occurring in our ordinary course of business; and
- (b) any loss, claims, liabilities and expenses incurred by our company on or after the date on which the Global Offering becomes unconditional in relation to or arising out of: (i) any payment made by us in relation to the five land acquisition contractual arrangements as described in “Business — Our Property Projects — Other land acquisition contractual arrangements” of this prospectus, (ii) guarantees entered into by us prior to the Listing Date in respect of indebtedness incurred by affiliates controlled by our Original Shareholders that are not our consolidated subsidiaries; and (iii) guarantees entered into by us that are not on normal commercial terms or in our ordinary course of business in respect of indebtedness incurred by third parties; and
- (c) any costs, fees or expenses incurred by our company and our proportionate interest of any costs, fees or expenses incurred by any of the companies set out in Schedule 2 of the Deed of Indemnity, in investigating, assessing or contesting any such tax liability or other liabilities specified in 2(a) and 2(b) above respectively, or taking or defending any action in respect of 2(a), (b) and (c) herein.

Our Directors have been advised that no material liability for estate duty is likely to fall on our company or any of our subsidiaries in the Cayman Islands, Hong Kong, British Virgin Islands or China.

### **3. Litigation**

Save as disclosed in the section headed “Business — Legal Proceedings and Material Claims” in this prospectus, as of the Latest Practicable Date, no member of our group is engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to our Directors to be pending or threatened by or against any member of our group.

### **4. Sponsor**

The Sponsor has made an application on our behalf to the Listing Committee of the Stock Exchange for a listing of, and permission to deal in, all the Shares in issue and any Shares which may fall to be issued pursuant to the exercise of the Over-allotment Option or upon conversion of our Convertible Bonds.

### **5. Preliminary expenses**

Our preliminary expenses are estimated to be approximately US\$3,000 and are payable by us.

### **6. Promoters**

Our company has no promoter.

### **7. Taxation of holders of Shares**

#### *(a) Hong Kong*

The sale, purchase and transfer of Shares registered on our Hong Kong branch register of members will be subject to Hong Kong stamp duty, the current rate charged on each of the purchaser and seller is 0.1% of the consideration, or if higher, the fair value of the Shares being sold or transferred. Profits from dealings in the Shares arising in or derived from Hong Kong may also be subject to Hong Kong profits tax.



*(b) Cayman Islands*

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.

*(c) Consultation with professional advisers*

Intending holders of Shares are recommended to consult their professional advisers if they are in doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of or dealing in Shares. It is emphasized that none of our company, our Directors or the other parties involved in the Global Offering can accept 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 Shares or exercise any rights attaching to them.

**8. Qualification of experts**

The following are the qualifications of the experts who have given opinions or advice which are contained in this prospectus:

<b>Name</b>	<b>Qualifications</b>
J.P. Morgan Securities (Asia Pacific) Limited . . . . .	Licensed to conduct Type 1 regulated activity (dealing in securities), Type 4 regulated activity (advising on securities), Type 6 regulated activity (advising on corporate finance) and Type 7 regulated activity (providing automated trading services) under the SFO
Deloitte Touche Tohmatsu . . . . .	Certified public accountants
T&C Law Firm . . . . .	PRC lawyers
Maples and Calder. . . . .	Cayman Islands attorneys-at-law
DTZ Debenham Tie Leung Limited . . . . .	Property valuers

**9 Interests of experts in our company**

Save as disclosed in the section entitled “Underwriting — Underwriters’ Interests in Us” in this prospectus, none of the persons named in the sub-paragraph headed “Consents of experts” in this Appendix is interested beneficially or otherwise in any Shares or shares of any member of our company or has any right or option (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for any Shares or securities in any member of our company.

**10. Consents of experts**

Each of J.P. Morgan Securities (Asia Pacific) Limited, Deloitte Touche Tohmatsu, T&C Law Firm, Maples and Calder and DTZ Debenham Tie Leung Limited has given and has not withdrawn its written consent to the issue of this prospectus with the inclusion of its report and/or letter and/or valuation certificate and/or opinion and/or the references to its name included herein in the form and context in which it is respectively included.

**11. Particulars of the Selling Shareholders**

Particulars of the Selling Shareholders are as follows:

<b>Name</b>	<b>Description</b>	<b>Registered office</b>	<b>Number of Sale Shares</b>
Delta House . . . . .	A British Virgin Islands international company wholly owned by Song Weiping	2nd Floor, Abbott Building, Road Town, Tortola, British Virgin Islands	18,476,000
Profitwise . . . . .	A British Virgin Islands international company wholly owned by Shou Bainian	2nd Floor, Abbott Building, Road Town, Tortola, British Virgin Islands	6,357,000
Wisearn . . . . .	A British Virgin Islands international company wholly owned by Xia Yibo	2nd Floor, Abbott Building, Road Town, Tortola, British Virgin Islands	1,141,000

**12. 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 so far as applicable.

**13. Miscellaneous**

- (a) Save as disclosed in this prospectus, within the two years immediately preceding the date of this prospectus:
- (i) no share or loan capital of our company or any of our subsidiaries has been issued or agreed to be issued or is proposed to be fully or partly paid either for cash or a consideration other than cash;
  - (ii) no share or loan capital of our company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;
  - (iii) no commissions, discounts, brokerages or other special terms have been granted or agreed to be granted in connection with the issue or sale of any share or loan capital of our company or any of our subsidiaries;
  - (iv) no commission has been paid or is payable for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any share in our company or any of our subsidiaries;
- (b) Save as disclosed in this prospectus, there are no founder, management or deferred shares or any debentures in our company or any of our subsidiaries;
- (c) Our Directors confirm that, there has been no material adverse change in our financial or trading position since December 31, 2005, being the date to which our latest audited combined financial statements were made up;
- (d) There has not been any interruption in our business which may have or has had a significant effect on our financial position in the 12 months preceding the date of this prospectus;

- (e) The principal register of our members will be maintained in the Cayman Islands by Butterfield Fund Services (Cayman) Limited and a branch register of our members will be maintained in Hong Kong by Computershare Hong Kong Investor Services Limited. Unless our Directors otherwise agree, all transfer and other documents of title of Shares must be lodged for registration with and registered by our branch register in Hong Kong and may not be lodged in the Cayman Islands. All necessary arrangements have been made to enable the Shares to be admitted to CCASS;
- (f) The English text of this prospectus shall prevail over the Chinese text;
- (g) None of our associates is presently listed on any stock exchange or traded on any trading system; and
- (h) Our Directors have been advised that, under the Cayman Companies Law, the use of a Chinese name by our company for identification purposes only does not contravene the Cayman Companies Law.

#### **14. Bilingual Prospectus**

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).

**CONVERTIBLE BONDS**

On January 10, 2006, we issued an aggregate principal amount of US\$130,000,000 of Convertible Bonds, comprising US\$65,000,000 secured mandatory Convertible Bonds and US\$65,000,000 secured non-mandatory Convertible Bonds. There are two tranches within our mandatory Convertible Bonds, US\$40,000,000 in principal amount of tranche A mandatory Convertible Bonds and US\$25,000,000 in principal amount of tranche B mandatory Convertible Bonds. JPMorgan Securities and Stark are the two subscribers for our Convertible Bonds. JPMorgan Securities subscribed and is holding US\$11,500,000 in principal amount of our tranche A mandatory Convertible Bonds, US\$7,500,000 in principal amount of our tranche B mandatory Convertible Bonds and US\$21,000,000 in principal amount of our non-mandatory Convertible Bonds. Stark subscribed and is holding US\$28,500,000 in principal amount of our tranche A mandatory Convertible Bonds, US\$17,500,000 in principal amount of our tranche B mandatory Convertible Bonds and US\$44,000,000 in principal amount of non-mandatory Convertible Bonds. Prior to consummation of this Global Offering, our Convertible Bonds carry an initial annual interest rate of 10%. The annual interest rate applicable on our non-mandatory Convertible Bonds will be adjusted to 6% upon completion of this Global Offering, although we have further entered into a deed of undertaking with Stark in respect of additional payments (see “— Separate Undertaking with Stark” below). Our Convertible Bonds are listed on Singapore Exchange Securities Trading Limited and will mature on January 10, 2011.

Under the terms and conditions of the mandatory Convertible Bonds, holders of our tranche B mandatory Convertible Bonds may prior to this Global Offering elect to require us to redeem their tranche B mandatory Convertible Bonds at the Early Redemption Amount together with any accrued interest. According to an agreement entered into between the holders of the Convertible Bonds and us on June 23, 2006, we have agreed to take steps necessary to allow the holders of our mandatory Convertible Bonds to redeem their mandatory Convertible Bonds upon a “qualified public offering” as described below, and the holders of our mandatory Convertible Bonds have agreed that they will elect to require us to redeem their mandatory Convertible Bonds at the Early Redemption Amount together with any accrued interest if this Global Offering constitutes a “qualified public offering” as described below. For the purposes of this prospectus, we assume that our mandatory Convertible Bonds will be redeemed upon the consummation of this Global Offering, this Global Offering constitutes a “qualified public offering” and only our non-mandatory Convertible Bonds will remain outstanding after the completion of the Global Offering. Therefore, the following description contains the pertinent terms only in relation to our non-mandatory Convertible Bonds. **“Early Redemption Amount”** of each mandatory Convertible Bond means a redemption amount that will provide holders of the mandatory Convertible Bonds with an annualized rate of return of 20% per annum, in U.S. dollars, on the principal amount of each mandatory Convertible Bond.

According to deeds of charge entered into on January 10, 2006 in connection with the issuance of our Convertible Bonds, 51% of the shares of each Selling Shareholder held by the relevant Original Shareholders, and 51% of the shares of Richwise held by our company, are charged with the security trustee for the benefit of all the holders of our Convertible Bonds. We expect such share charges to be released upon the consummation of this Global Offering if it constitutes a “qualified public offering” as described below according to the terms of the Convertible Bonds.

**Qualified Public Offering**

The triggering event for the exercise of the conversion and/or redemption rights attached to our Convertible Bonds is a qualified public offering. For the purpose of the Convertible Bonds, unless waived by holders of our Convertible Bonds, a qualified public offering means the first offering or listing of our Shares that complies with the Listing Rules and the following conditions:

- it is a primary or secondary offer of our Shares to the public for subscription or sale exclusively for cash, accompanied (or preceded) by the grant of listing of, and permission to deal in, the Shares by the Stock Exchange;

- (a) any individual public float of our Shares is not less than US\$150,000,000 (translated from Hong Kong dollars at the Prevailing Rate), and (b) the aggregate public float of our Shares is not less than US\$300,000,000 (translated from Hong Kong dollars at the Prevailing Rate), both as calculated in accordance with the rules and regulations of the Stock Exchange;
- a duly authorized officer of our company shall have certified in writing to the trustee of our Convertible Bonds that, immediately after giving effect to that offering, no event of default under our Convertible Bonds, and no event which, with the giving of notice or the passage of time, or both, would constitute an event of default under our Convertible Bonds, shall have occurred and be continuing;
- we shall have obtained in principle approval from the Stock Exchange to list the Shares into which the Convertible Bonds are mandatorily convertible (the "Approval"); and
- on the Listing Date, JPMorgan, together with an independent investment bank of international repute selected by us and approved in writing by the trustee of our Convertible Bonds, which may be the lead manager of the offering, shall have determined, as evidenced by a certificate delivered to us and such trustee, that the offer to the public and listing of our Shares satisfy the conditions to constitute a qualified public offering for the purpose of our Convertible Bonds.

For purposes of this Global Offering, we have issued a notice to the holders of our Convertible Bonds for their consent (i) to amend the requirement in the second bullet point above to the effect that the aggregate public float of our Shares for purpose of a "qualified public offering" be not less than US\$250,000,000 instead of US\$300,000,000, (ii) to waive or remove the requirement to obtain the Approval and (iii) to authorize the trustee and security trustee to execute a supplemental deed of trust for and on behalf of the holders of our Convertible Bonds.

Upon receipt of the consent to the notice by the holders of our Convertible Bonds, we and the Selling Shareholders expect to execute a supplemental deed of trust with the trustee and security trustee (both acting for and on behalf of the holders of our Convertible Bonds) on or before July 12, 2006 to amend (i) the requirement in the second bullet point above to the effect that the aggregate public float of our Shares for purpose of a "qualified public offering" be not less US\$250,000,000 instead of US\$300,000,000 and (ii) the condition in the fourth bullet point above to the effect that for an offering to constitute a "qualified public offering" we shall have issued a notice to the holders of our Convertible Bonds that the Stock Exchange has not raised substantive objections to the proposed qualified public offering. Once the supplemental deed of trust is executed, the Approval is no longer a requirement for an offering to constitute a "qualified public offering."

We assume in this prospectus that this Global Offering constitutes a qualified public offering for purposes of our Convertible Bonds.

### **Conversion**

Our non-mandatory Convertible Bonds may be converted at the option of the holders at any time on or after 180 days subsequent to the Listing Date up to the seventh business day prior to the maturity date of our Convertible Bonds, which is January 10, 2011. Subject to adjustments upon the occurrence of various events described in the trust deed relating to the Convertible Bonds, the initial conversion price for our non-mandatory Convertible Bonds will be 104% of the Offer Price.

### **Optional Redemption by Holders**

Holders of our non-mandatory Convertible Bonds have the right to require us to redeem these Convertible Bonds at their outstanding principal amount plus accrued interest (including any default interest) with respect to such non-mandatory Convertible Bonds as follows:

- to redeem, at the option of such holders, all or a part of the non-mandatory Convertible Bonds on January 10, 2009, being the third anniversary of their issue date;

- to redeem in whole, but not in part, the non-mandatory Convertible Bonds upon the occurrence of a change of control when (a) any person or persons, acting together, other than any Original Shareholder, acquires more than 50% of the voting rights of our issued share capital or the right to appoint and/or remove all or the majority of our Directors or (b) we consolidate with or merge into or sell or transfer all or substantially all of our assets to any other person resulting in any person or persons, acting together, other than any Original Shareholder, acquiring control over more than 50% of the voting rights of our issued share capital or the right to appoint and/or remove all or the majority of our Directors; and
- to redeem in whole, but not in part, the non-mandatory Convertible Bonds upon our Shares ceasing to be listed or admitted to trading on the Stock Exchange subsequent to this Global Offering.

**Optional Redemption by Us**

Subsequent to this Global Offering, we will have the right to require holders of our non-mandatory Convertible Bonds to redeem their non-mandatory Convertible Bonds (having given not less than 30 nor more than 60 days' prior written notice) as follows:

- We may, at our option, redeem the non-mandatory Convertible Bonds in whole, but not in part, at any time after July 10, 2008 but not less than seven business days prior to January 10, 2011 if the closing price of our Shares for each of any 20 trading days falling within a period of 30 consecutive trading days, with the last day of such period occurring no more than five trading days prior to the date upon which the early redemption notice is given, was for each such 20 trading day at least 140% of the principal amount of the non-mandatory Convertible Bonds divided by the conversion ratio, which is equal to the principal amount of the Convertible Bonds divided by the then applicable conversion price translated into U.S. dollars at US\$1.00 = HK\$7.75, subject to specific adjustments relating to our non-mandatory Convertible Bonds; and
- We may, at our option, redeem the non-mandatory Convertible Bonds in whole, but not in part, if less than 10% of the aggregate principal amount of non-mandatory Convertible Bonds originally issued remains outstanding.

**Separate Undertaking with Stark**

On June 21, 2006, we provided an undertaking to Stark under which we agreed to pay to Stark an amount equal to an additional 1% per annum of the principal amount outstanding on our non-mandatory Convertible Bonds held by it, so as to give Stark an effective interest rate of 7% per annum in respect of our non-mandatory Convertible Bonds held by Stark. This undertaking is effective from the Listing Date. Subsequent transferees (other than affiliates of Stark) of our non-mandatory Convertible Bonds held by Stark will not have the benefit of our undertaking.

**Convertible Bonds Use of Proceeds**

We have used the net proceeds from the offering of our Convertible Bonds to repay a bridge loan in the aggregate principal amount of US\$24,000,000 provided by JPMorgan Chase Bank, N.A., London Branch, plus interest accrued but unpaid thereon and have undertaken to contribute substantially all the remaining proceeds to our wholly owned enterprises in China in the form of registered capital or other permitted forms of investments for their working capital and general corporate purposes, including capital expenditures and the payment of the outstanding land premiums of our future development projects in China.

**EXISTING SHARES SOLD CONCURRENT WITH CONVERTIBLE BONDS**

Concurrent with the issuance of our Convertible Bonds, Delta House sold 10 Shares, or 1%, in the capital of our company to JPMorgan Securities and 10 Shares, or 1%, in the capital of our company to Stark at the price of US\$1,000,000 per Share pursuant to a subscription agreement dated January 4, 2006 (the "Subscription Agreement") entered into among the Original Shareholders, Delta House, Profitwise, Wisearn, JPMorgan Securities (in its capacity as underwriter) and us. These Shares rank *pari passu* with all the other Shares in issue or to be issued pursuant to the Global Offering and they are not subject to any lock-up under the Global Offering.

We believe that the sale of Shares by Delta House to JPMorgan Securities and Stark could expand our shareholders base with international investors. In addition, Delta House raised funds through the sale of these Shares to settle certain amounts due from related parties to us and our subsidiaries outstanding as of December 31, 2005. Delta House received the proceeds from the sale of Shares on January 11, 2006 and paid them to us to settle certain amounts due to us on March 30, 2006.

Following the Capitalization Issue, JPMorgan Securities and Stark each holds 10,000,000 Shares, representing a recapitalized purchase price of US\$1.00 per Share, implying a discount of approximately 5.6% to the Offer Price assuming an Offer Price of HK\$8.22, being the mid point of the pricing range of HK\$6.57 to HK\$9.86 of this Global Offering. The consideration of the sale of Shares to JPMorgan Securities and Stark was determined after arm's length negotiation in January 2006 and factored in, among others, uncertainty of the qualified public offering as described in "— Qualified Public Offering" above, limited liquidity, minority representation and lack of ability to influence our Board, and our future earnings potential.

**DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES**

The documents attached to the copy of this prospectus delivered to the Registrar of Companies in Hong Kong for registration were copies of the **white** and **yellow** application forms, the written consents referred to in "D. Other information — Consents of experts" in Appendix VIII to this prospectus, a statement of particulars of the Selling Shareholders and copies of the material contracts referred to in "B. Further information about our business — Summary of material contracts" in Appendix VIII to this prospectus.

**DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection at the office of Herbert Smith at 23rd Floor, Gloucester Tower, 11 Pedder Street, Central, Hong Kong during normal business hours up to and including July 14, 2006:

- (a) our Memorandum and Articles of Association;
- (b) the Accountant's Report prepared by Deloitte Touche Tohmatsu, the text of which is set out in Appendix I to this prospectus;
- (c) the letters relating to the profit forecast, the texts of which are set out in Appendix II to this prospectus;
- (d) the letter from Deloitte Touche Tohmatsu in respect of the unaudited pro forma financial information, the text of which is set out in Appendix III to this prospectus;
- (e) the audited financial statements of each of the companies comprising our group for the three years ended December 31, 2005 (or for the period since their respective dates of incorporation where it is shorter);
- (f) the letter, summary of values and valuation certificates relating to our property interests prepared by DTZ Debenham Tie Leung Limited, the texts of which are set out in Appendix IV to this prospectus;
- (g) the letter prepared by T&C Law Firm, legal advisors to us on PRC law, summarizing certain aspects of PRC laws relating to the property sector as referred to in Appendix VI to this prospectus;
- (h) the letter of advice prepared by Maples and Calder summarizing certain aspects of the Cayman Companies Law as referred to at the end of Appendix VII to this prospectus;
- (i) the Cayman Companies Law;
- (j) the rules of the Share Option Scheme;
- (k) the material contracts referred to in "B. Further information about our business — Summary of material contracts" in Appendix VIII to this prospectus;
- (l) the written consents referred to in "D. Other information — Consents of experts" in Appendix VIII to this prospectus; and
- (m) a statement of particulars of the Selling Shareholders.