

HAINAN PEARL RIVER HOLDINGS CO., LTD.

ABSTRACT OF THE THIRD QUARTERLY REPORT 2012

I. Important Notes

The Board of Directors, the Supervisory Committee, directors, supervisors and other senior management personnel of Hainan Pearl River Holdings Co., Ltd. (hereinafter referred to as the Company) hereby guarantee that this report carries no false information, misleading statements or major omissions, and accept, individually and collectively, the responsibility for the factuality, accuracy and completeness of the information set forth herein.

All directors attended the board session for reviewing this report.

Mr. Zheng Qing, Principal of the Company, Mr. Chen Binglian, Person in charge of accounting work and Mr. Yang Daoliang, Person in charge of accounting organ (Financial Manager) hereby confirmed that the Financial Report enclosed in the third quarterly report is true and complete.

II. Company Profile

(I) Major accounting data and financial indexes

Any retrospective adjustment in previous financial statements?

Yes No Inapplicable

| | 30 Sept. 2012 | 31 Dec. 2011 | Increase/decrease (%) | |
|---|------------------|---------------------------|-----------------------|---------------------------|
| | Jul.-Sept. 2012 | YoY increase/decrease (%) | Jan.-Sept. 2012 | YoY increase/decrease (%) |
| Total assets (RMB Yuan) | 1,515,375,323.90 | 1,311,949,739.44 | | 15.51% |
| Owners' equity attributable to shareholders of the Company (RMB Yuan) | 304,833,015.75 | 373,004,748.20 | | -18.28% |
| Share capital (Share) | 426,745,404.00 | 426,745,404.00 | | 0% |
| Net assets per share attributable to shareholders of the Company (RMB Yuan/share) | 0.71 | 0.87 | | -18.39% |
| Gross operating revenues (RMB Yuan) | 41,396,363.51 | 11.84% | 149,738,319.71 | -17.41% |
| Net profit attributable to shareholders of the Company (RMB Yuan) | -41,048,615.60 | -124.43% | -78,783,414.04 | -136.36% |
| Net cash flow from operating activities (RMB Yuan) | -- | -- | -70,155,511.08 | -47.21% |
| Net cash flow per share from operating activities (RMB Yuan/share) | -- | -- | -0.16 | -45.45% |
| Basic EPS (RMB Yuan/share) | -0.1 | -150% | -0.18 | -125% |
| Diluted EPS (RMB Yuan/share) | -0.1 | -150% | -0.18 | -125% |
| Weighted average ROE (%) | -11.86% | -7.91% | -23.25% | -16.13% |

| | | | | |
|---|---------|--------|---------|---------|
| Weighted average ROE after deducting non-recurring gains and losses (%) | -11.98% | -5.72% | -29.65% | -15.97% |
|---|---------|--------|---------|---------|

Items of non-recurring gains and losses

√Applicable Inapplicable

| Item | Amount during Jan.-Sept. 2012 (RMB Yuan) | Notes |
|---|--|-------|
| Gains and losses on disposal of non-current assets | 141,821.50 | |
| Tax rebate, reduction or exemption due to un-authorized approval or the lack of formal approval documents | | |
| Government grants recognized in the current year, except for those acquired in the ordinary course of business or granted at certain quotas or amounts according to the country's unified standards | | |
| Capital occupation fees received from non-financial enterprises that are included in current gains and losses | 3,177,103.41 | |
| Gains generated when the investment costs of the Company's acquiring subsidiaries, associates and joint ventures are less than the fair value of identifiable net assets in the investees attributable to the Company in the acquisition of the investments | | |
| Exchange gains and losses of non-monetary assets | | |
| Gains and losses through entrusting others to invest or manage assets | | |
| Various asset impairment provisions due to acts of God such as natural disasters | | |
| Gains and losses on debt restructuring | | |
| Enterprise reorganization expenses, such as expenses on employee settlement and integration | | |
| Gains and losses on the parts exceeding the fair value when prices of transactions become unfair | | |
| Net current gains and losses from the period-begin to the combination date of subsidiaries due to business combinations under the same control | | |
| Gains and losses on contingent matters which are irrelevant to the normal operation of the Company | | |
| Gains and losses on fair value changes of transactional financial assets and liabilities, and investment gains on disposal of transactional financial assets and liabilities and available-for-sale financial assets, except for the effective hedging business related to the Company's normal operation | 18,542,755.18 | |
| Reversal of impairment provisions for accounts receivable which are separately tested for impairment signs | | |
| Gains and losses on entrustment loans from external parties | | |
| Gains and losses on fair value changes of investing properties for which the fair value method is adopted for subsequent measurement | | |
| Current gain and loss effect due to a just-for-once adjustment to current gains and losses according to requirements of taxation and accounting laws and regulations | | |
| Custodian fee income from entrusted operations with the Company | | |
| Other non-operating incomes and expenses besides the items above | -110,231.11 | |

| | | |
|--|---------------|----|
| Other gain and loss items that meet the definition of non-recurring gains and losses | | |
| Minority interests effects | -12,018.97 | |
| Income tax effects | -33,764.85 | |
| | | |
| Total | 21,705,665.16 | -- |

“Other gain and loss items that meet the definition of non-recurring gains and losses” & non-recurring gain and loss items recognized as recurring gain and loss items according to the natures and characteristics of the Company’s normal business

| Item | Involved amount (RMB Yuan) | Notes |
|------|----------------------------|-------|
| | | |

(II) Total number of shareholders and top 10 shareholders at the period-end

| Total number of shareholders | | | 42,262 |
|---|--|------------------------------------|-------------|
| Particulars about shares held by the top ten shareholders holding tradable shares | | | |
| Name of shareholder | Number of tradable shares held at period-end | Type and number of shares | |
| | | Type | Number |
| Beijing Wanfa Real Estate Development Co., Ltd. | 112,479,478 | RMB ordinary shares | 112,479,478 |
| Chen Yunxuan | 2,171,922 | RMB ordinary shares | 2,171,922 |
| Fu Biao | 2,142,951 | RMB ordinary shares | 2,142,951 |
| Xiao Gengning | 2,021,653 | Domestically listed foreign shares | 2,021,653 |
| Zhang Xiaoxia | 1,949,250 | Domestically listed foreign shares | 1,949,250 |
| Ou Lei | 1,500,000 | RMB ordinary shares | 1,500,000 |
| Nanhua Finance Co., Ltd. | 1,299,500 | RMB ordinary shares | 1,299,500 |
| Zeng Ping | 1,280,000 | RMB ordinary shares | 1,280,000 |
| Zhang Huisheng | 1,209,968 | RMB ordinary shares | 1,209,968 |
| Huang Yueling | 1,174,900 | RMB ordinary shares | 1,174,900 |
| Particulars about shareholders | Among shareholders above, there exists no related-party relationship between the principal shareholder and other shareholders of the Company. Nor they are parties with concerted action as prescribed in the Information Disclosure Administrative Methods for Changes in Shareholding of Shareholders of Listed Companies. And it is unknown whether there exists related-party relationship among other shareholders and whether they are prescribed parties with concerted action. | | |

III. Significant Events

(I) Significant changes in major accounting data, financial highlights and reasons for these changes

Applicable Inapplicable

Significant changes in major accounting data, financial highlights and reasons for these changes

| Items | 30 Sept. 2012 | 31 Dec. 2011 | Increase/decrease (%) | Main reasons for change |
|----------------|----------------|---------------|-----------------------|----------------------------------|
| Monetary funds | 150,341,686.11 | 52,507,843.73 | 186.32% | Increase of cash from borrowings |

| Accounts receivable | 11,853,741.98 | 7,047,354.39 | 68.20% | Property service and hotel incomes of subsidiaries increased. |
|---|-----------------|-----------------|-----------------------|---|
| Prepayments | 148,212,551.27 | 76,803,784.89 | 92.98% | Increase of prepayments for the construction of the Snow Village project |
| Long-term deferred expenses | 29,404,970.27 | 10,069,867.95 | 192.01% | The financing consulting fee paid to Chongqing International Trust Co., Ltd. |
| Short-term borrowings | 210,000,000.00 | 45,000,000.00 | 366.67% | The Company secured a one-year borrowing from Chongqing International Trust Co., Ltd. |
| Taxes and fares payable | 1,057,814.19 | 3,581,099.43 | -70.46% | Payment of taxes and fares |
| Non-current liabilities due within one year | 12,500,000.00 | 232,000,000.00 | -94.61% | The borrowing from Chongqing International Trust Co., Ltd. was paid off. |
| Long-term borrowings | 352,500,000.00 | 81,000,000.00 | 335.19% | The Company secured a two-year borrowing from Chongqing International Trust Co., Ltd. and a long-term borrowing from the Mudan River branch of China Construction Bank. |
| Minority interests | 13,890,223.35 | 26,674,626.16 | -47.93% | Bonuses of the subsidiary Hubei Hubei Pearl River Real Estate Development Co., Ltd. |
| Items | Jan.-Sept. 2012 | Jan.-Sept. 2011 | Increase/decrease (%) | Main reasons for change |
| Business taxes and surtaxes | 11,301,987.61 | 19,919,004.71 | -43.26% | Decrease of real estate sales income |
| Selling expenses | 6,705,935.94 | 4,402,530.39 | 52.32% | Increase of the sales staff and the salaries for them |
| Administrative expenses | 78,446,279.78 | 57,713,451.85 | 35.92% | The consolidation scope expanded and the labor and amortization costs increased. |
| Financial expenses | 47,616,949.88 | 29,180,612.10 | 63.18% | Increase of borrowings and decrease of interest income |
| Asset impairment loss | -8,082,061.18 | 1,841,485.18 | -538.89% | Some accounts receivable were settled, which reversed the relevant bad-debt provisions. |
| Income tax expenses | 1,872,560.35 | 6,016,502.51 | -68.88% | Profit decrease of the subsidiary Hubei Pearl River Real Estate Development Co., Ltd. |
| Other comprehensive income | 10,611,681.59 | -25,186,875.00 | 142.13% | Fair value changes and some disposal of available-for-sale financial assets (shares of Southwest Securities) |
| Net cash flows from operating activities | -70,155,511.08 | -47,655,272.57 | -47.21% | Decrease of real estate sales income |
| Net cash flows from investing activities | -64,689,197.79 | -21,309,942.92 | -203.56% | Increase of cash paid to acquire fixed assets |
| Net cash flows from financing activities | 232,678,551.25 | -16,797,909.82 | 1485.16% | Increase of cash from borrowings |

(II) Progress of significant events and its influence, as well as the analysis and explanation on solutions

1. About non-standard audit opinion

Applicable Inapplicable

2. The Company offers capital to the controlling shareholder or its related parties or provides external guarantees in violation of the prescribed procedures.

Applicable Inapplicable

3. Signing and execution of significant contracts concerning routine operation

Applicable Inapplicable

The Company signed the Loan Contract (Contract No.: CQXT[DK] Zi No. 2012342), Mortgage Guarantee Contract (Contract No.: CQXT [DY] Zi No. 2012343), Natural Person Guarantee Contract (Contract No.: CQXT [BZ] Zi No. 2012345) and Financial Adviser Agreement (Contract No.: CQXT [DK] Zi No. 2012346) with Chongqing International Trust Co., Ltd. (hereinafter referred to as "Chongqing Trust"), the Company borrowed RMB 250 million from Chongqing International Trust Co., Ltd. with a period of two years, paying the interest and relevant financial costs at an annual rate of 16.07%. The loan was offered twice, RMB 168 million was offered for the first time, and the remained RMB 82 million was offered according to the needs of the Company after the application of the borrower and with the approval of Chongqing Trust. The Company provided the second priority mortgage guarantee with its three villas located at No. 13 Heng Road West, Haipo Development Zone, Sanya Bay Road, Sanya, Hainan, which is such property ownership of a construction area of 1513.11 m² and the relevant distributed land use right of an area of 25646.19 m²; the Company's wholly-owned subsidiary—Sanya Wanja Hotel Management Co., Ltd. provided the second priority mortgage guarantee with its legally owned Days Hotel & Suites Sanya Resort located at No. 13 Heng Road West, Haipo Development Zone, Sanya Bay Road, Sanya, Hainan, which is such property ownership of a construction area of 25646.19 m² and the relevant distributed land use right of an area of 30780.07 m²; and the legal representative of the Company provided the joint liability guarantee to Chongqing Trust for performing its repayment obligations; the loan will be used for the fine decoration of the main building of Days Hotel & Suites Sanya Resort and three villas as well as paying the loan of Sanya Wanja Hotel Management Co., Ltd. due to Haikou Yeshumen Subbranch of Bank of China.

For details, please refer to public notice published on China Securities Journal, Ta Kung Pao and <http://www.cninfo.com.cn/> dated on 28 Sept. 2012.

4. Others

Applicable Inapplicable

(III) Commitments of the Company or shareholders with an over 5% shareholding made in or carried down into the reporting period

Applicable Inapplicable

(IV) Predict the 2012 annual operating results

Warnings of possible loss or large-margin change of the accumulated net profit made during the period from the beginning of the year to the end of the next reporting period compared with the same period of the last year according to prediction, as well as explanations on the reasons

Applicable Inapplicable

(V) Other significant events that need to be explained

1. Securities investment

Applicable Inapplicable

2. Investments in derivatives

Applicable Inapplicable

3. Derivative investments held at the period-end

Applicable Inapplicable

4. Researches, visits and interviews received in the reporting period

Applicable Inapplicable

5. Corporate bonds issued

Any corporate bonds issued?

Yes No

**Chairman of the Board of Directors: Zheng Qing
HaiNan Pearl River Holdings Co., Ltd.**
29 October 2012