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OVERVIEW

We are one of the few integrated property developers in China well recognized for its leadership position in the development of centrally located high-end commercial properties and mid-to-high-end residential properties in top tier cities. Leveraging on our core competency in our dual-focused approach, we are well positioned to pursue a vigorous growth strategy that maximizes our profitability.

As of June 30, 2009, we were the largest non-government developer of commercial properties, including Grade A office buildings, in the Shenzhen CBD, with a total GFA of 831,081 square meters of commercial properties either completed or under development. We have a substantial land bank for office properties under development and further land parcels which we expect to acquire in the Shenzhen CBD, which (based on information currently available to us) is expected to account for a major proportion of the expected total saleable GFA of office properties in the Shenzhen CBD in the next five years. We continually expand our land bank at competitive costs primarily through non-auction-based channels. Targeting high-growth cities in China with highest GDP and focusing on developing sites located in such cities, we have penetrated seven of the top 10 cities in China ranked in terms of GDP, including Beijing, Shanghai, Shenzhen, Guangzhou, Hangzhou, Chongqing and Qingdao, and have successfully replicated the model of our commercial properties and residential product series in Shenzhen into some of these cities.

While pursuing vigorous growth, our business model has proven to be sustainable, as we have successfully weathered the challenges brought about by the 2008 financial crisis. We believe that such success is attributable to our dual-focused approach to commercial and residential property development. Moreover, the management decision not to accept structured [●] financing helped insulate us from the undesirable financial impact that may otherwise result in material adverse effect on our financial condition and results operations. Our diversified product portfolio also contributes to the sustainability of our business model. Such portfolio not only enables our businesses to maintain flexibility within the rapidly growing real estate market in China, but also help us mitigate cyclical risks of the economy.

In March 2009, we received the honor as one of the “Top 10 Developers in Terms of Profitability among the 2009 China Top 100 Real Estate Developers” (2009中國房地產百強企業 — 贏利性 TOP10) and as one of the “China Top 100 Real Estate Developers for 2004-2009 Consecutive Years” (2004-2009連續六年中國房地產百強企業) by the China Index Research Institute, based on scale, profitability, debt servicing ability, operating efficiency and growth potential. In October 2008, we were named a “Blue-Chip Real Estate Enterprise in China” (中國藍籌地產企業) by the Economic Observer (經濟觀察報), Sina.com (新浪網) and Cheung Kong Graduate School of Business (長江商學院) for the four consecutive years since 2005.

We believe that, as a result of our premium project locations, competitive land cost and prudent financial policies, our well-established business model focusing on both commercial and residential property development has enabled us to effectively mitigate cyclical risks of the economy and the property market in China. In addition, the absence of a structured [●] financing has provided us with more financial flexibility under the tightened credit conditions in 2008. We were able to

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continually obtain financing, including financing overseas, to support our business development in 2008 at a competitive financing cost. During the year ended December 31, 2008, our Shenzhen Victoria Harbour achieved the highest contract sales value among all real estate development projects in Shenzhen according to statistics compiled by www.Soufun.com.

Our Dual-focused Property Development

Our property projects are generally divided into two categories:

- *CBD commercial projects*, typically consisting of a combination of Grade A office buildings, hotels, retail properties and large shopping malls in designated CBDs.
- *Integrated mid-to-high-end residential projects*, including high-rise apartments, low-rise apartments, garden houses, townhouses and villas, and large integrated residential communities with ancillary facilities such as clubhouses, kindergartens, schools and shopping centers as well as commercial arcades.

As of June 30, 2009, we were the largest non-government developer of commercial properties including Grade A office buildings in the Shenzhen CBD, with a total GFA of 831,081 square meters of commercial properties either completed or under development. As of the same date, we had residential properties, either completed or under development, with a total GFA of 2,126,722 square meters in China, among which Shenzhen Cote d'Azur (深圳蔚藍海岸) is one of the largest residential complex projects within Shenzhen.

Our diversified product portfolio has enabled our business to maintain flexibility and growth amid the weak PRC property market over the past year, effectively mitigating cyclical risks of the economy. From the beginning of 2008 through the first quarter of 2009, our development projects maintained a good momentum in sales, primarily driven by our sales in Shenzhen, which constituted the majority of our total sales. Leveraging on the premium locations of our development projects in Shenzhen and applying reasonable pricing strategies in light of the market conditions, we achieved satisfactory results despite the weak market. For example, our Shenzhen Victoria Harbour was launched for sale in May 2008, while the PRC property market was at its cyclical low. However, we still achieved a half-year sales of over Rmb 2 billion. With regards to commercial properties, we sold a total GFA of approximately 52,000 square meters at our Shenzhen Excellence Century Center within the first few days of its launch in 2009, which also benefited from the overall recovery of the real estate market in China. In comparison, only approximately 48,800 square meters of office building were pre-sold in Shenzhen for the whole year of 2008.

We managed to maintain access to a variety of different financing channels and were able to obtain substantial financing even in a tight credit market during the last quarter of 2008 when banks generally tightened customers' credit lines. For instance we managed to secure an overseas loan of US\$100 million from ICBC Asia in September 2008.

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As of August 31, 2009, we had a land bank with a total GFA of approximately 11.7 million square meters with a total appraised value of approximately Rmb 44.6 billion. Of this value, a significant portion is represented by commercial properties. Our major commercial projects, comprising Shenzhen Excellence Century Center, Shenzhen Excellence Times Plaza (Phase 2 and remaining portion of Phase 1), Chongqing Excellence Mart (Phases 1 and 2) and Guangzhou Diwang, represent 28.2% of the total value of our appraised properties. After August 31, 2009, we further acquired the Shanghai Chengbang Villa Project, which has contributed an additional GFA of approximately 83,356 square meters to our land bank with an appraised value of approximately Rmb 881.0 million.

Our Geographic Expansion and Successful Replication

Based in Shenzhen, we gradually established ourselves as a leading developer of commercial properties and large-scale integrated mid-to-high-end residential properties in the Shenzhen and Neighboring Area. In May 2009, the PRC government approved the General Proposal of Shenzhen Comprehensive Reforms (2009-2011) (深圳市綜合配套改革總體方案(2009-2011)) for the purpose of enhancing the complementation between Shenzhen and Hong Kong, promoting Shenzhen-Hong Kong interaction, and developing the region into a global financial center, a logistics center, a trade center, an innovation center and a center of international culture and creative industries. We believe this proposal and related policies adopted for the implementation of the proposal will provide significant growth opportunities for the Shenzhen real estate industry.

Since 2005, we have been expanding our business into other high-growth cities in China with highest GDP beyond the Shenzhen and Neighboring Area. Such cities include Shanghai, Guangzhou, Qingdao, Hangzhou, Chongqing, Wuhan, and Changsha. Most of our projects are located in the central areas of the cities, such as Shenzhen CBD, Houhai central area in Shenzhen Nanshan district (深圳南山后海中心), Guangzhou Zhonghua Plaza commercial circle (廣州中華廣場商圈), Changsha New Municipal Government Center (長沙新市政府中心) and Qingdao CBD. Our Qingdao Azure Archipelagoes (青島蔚藍群島), for example, achieved total sales of Rmb 134.7 million in June and July of 2009 and was one of the best selling residential projects in Qingdao for the two consecutive months in terms of GFA sold, units sold and sales revenue, respectively, according to the statistics of the local government.

Outlook

We plan to maintain our dual-focused strategy to develop centrally located high-end commercial properties and mid-to-high-end residential properties in top tier cities. We intend to continue to strengthen our leading position in Shenzhen, where our headquarters is based, while replicating our successful business model in Qingdao, Hangzhou, and expanding our operations to Beijing, Shanghai and other top cities in China ranked by GDP.

Development and Operation data

As of June 30, 2009, we completed development of commercial and residential properties with a total GFA of approximately 1.9 million square meters. As of the same date, we had 14 property projects under development or held for future development in eight cities with an estimated total GFA of approximately 11.3 million square meters, among which approximately 1.3 million square meters

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were for commercial properties and 8.4 million square meters for residential properties. The remaining estimated GFA of 1.6 million square meters include common facilities, public areas, underground car parks and hotels. In September 2009, we further expanded into Shanghai and acquired the Shanghai Chengbang Villa Project, which is a residential project under development with a total GFA of approximately 83,356 square meters.

For the years ended December 31, 2006, 2007 and 2008 and the six months ended June 30, 2009, our revenue was Rmb 1,369.9 million, Rmb 990.8 million, Rmb 2,149.6 million and Rmb 2,178.7 million, respectively. Our sales of commercial properties accounted for 99.0%, 19.1%, 16.7% and 7.2% of our total revenue from property development and our sales of residential properties accounted for 0.4%, 79.4%, 82.4% and 92.8% of our total revenue from property development during the same periods. Our net profit attributable to our equity holders for the same periods was Rmb 205.8 million, Rmb 323.7 million, Rmb 184.5 million and Rmb 382.9 million, respectively. We realized a gain of Rmb 230.0 million in 2007 from our disposal of a 40% interest in a property project. For the years ended December 31, 2006, 2007 and 2008 and the six months ended June 30, 2009, our property management services contributed approximately 3.1%, 6.9%, 4.0% and 1.9% of our total revenue, respectively. We also hold certain properties for investment purposes, and the fair value gain on our investment properties contributed approximately 34.4%, 25.7%, 22.1% and 9.2% of our profit for the same respective periods on an after-tax basis.

The decrease of the percentage of the sales of commercial properties in our total revenue from property development during the Track Record Period was primarily due to fluctuations caused by our project construction schedules and the relevant accounting rules governing the recognition of revenue rather than a trend of change in property development focus. For example, our sales and pre-sales of commercial properties of Shenzhen Excellence Century Center constituted approximately 44.2% of our total sales and pre-sales from property development for the six months ended June 30, 2009, but none of these sales and pre-sales had been recognized as of June 30, 2009. We expect that the percentage of the sales of commercial properties will increase in line with the progress of our commercial projects.

COMPETITIVE STRENGTHS

We believe we possess the following principal competitive strengths which enable us to compete successfully in the PRC property market.

Our dual-focused business model to provide us greater protection against cyclical risks of the economy and policy risks

We have a dual-focused business model to develop both high-end commercial properties and mid-to-high-end residential properties in the central districts of the top cities in China ranked by GDP.

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As the retail, office and residential property markets target different customer groups and are affected by different factors and cycles of the economy, our dual-focused business model helps us mitigate both cyclical and government policy risks to which our business may be subject. Despite the downturn of the properties market in 2008, our retail properties of Shenzhen Cote d’Azur (蔚藍海岸) and the Shenzhen Excellence Times Plaza (Phase 1) (深圳卓越時代廣場一期) recorded satisfactory sales, achieving sales value of Rmb 125.81 million and Rmb 206.51 million, respectively, during the year of 2008.

In addition, our business model reduces our exposure to risks created by changing government policies. For example, in May 2006, the PRC government promulgated policies requiring that at least 70% of the total planned GFA development for residential projects approved or constructed on or after June 1, 2006 be developed for small units of less than 90 square meters. Moreover, it is required that at least 70% of the land supplied by local governments for residential use must be used for the development of mid-to-low-price and affordable housing. The policies were to curb the over-heated residential market. Those government policies were not related to the commercial property market.

Our high-quality retail, office and residential properties projects launched in 2008 were well received by the market. We managed to secure substantial offshore financing despite the tight credit market amid the financial crisis in 2008. Meanwhile, we have also been able to access domestic financing channels despite fluctuations in the property market, which ensures our continuous healthy development amid the market cycles.

Our leading position in commercial and residential property development

Largest commercial property developer in the Shenzhen CBD

As of June 30, 2009, in terms of GFA completed and GFA under development, we were the largest non-government developer of commercial properties and Grade A office buildings in Shenzhen CBD. As of June 30, 2009, we have completed two commercial projects in Shenzhen with a total GFA of 254,874 square meters, including office buildings and retail space. As of the same date, we had two commercial projects with an aggregate planned GFA of 576,207 square meters in Shenzhen under development.

Furthermore, our Shenzhen projects are all centrally located in the Shenzhen CBD. They are in close proximity to large exhibition centers, subway exits or interchanges of transportation networks.

In September 2008, our “Excellence” brand was named one of the “2008 Leading Brand in China Real Estate for the Category of CBD Office Property Development” (2008中國房地產CBD商務地產專業領先品牌) by the China Index Research Institute. Our Shenzhen Excellence Times Plaza (Phase 1) also was awarded the 2008 State Excellent Project Silver Medal (2008年度國家優質工程銀質獎) in December 2008 and received the honor of the “2007 Commercial Property Grand Award” (2007年商業地產大獎) at the Boao 21st Century Real Estate Forum 2007 (博鰲•21世紀房地產論壇2007屆年會).

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In 2006, the Qingdao municipal government extended to us the opportunity to participate in the development of a large-scale commercial complex in the Qingdao CBD following a visit made by a delegation of the Qingdao municipal government to our Shenzhen Excellence Times Plaza. As a result, we had the opportunity to assist the Qingdao municipal government in the land clearance stage of the project. Additionally in December 2007, we acquired through the acquisition of a project company a piece of land with a proposed GFA of 207,202 square meters in the Binjiang District of Hangzhou to develop a large modern complex with a combination of luxury hotels, premium grade office buildings and service apartments. Leveraging on our core competency in our dual-focused approach and strong brand recognition, we believe we will be able to replicate our success in Qingdao, Hangzhou and other top cities in China ranked by GDP.

We believe that our proven capability in developing and operating commercial properties will continue to facilitate us to acquire sites or projects in premium locations and will enable us to further expand in other top cities in China ranked in terms of GDP.

Large-scale residential property developer with successful experience in the Shenzhen and Neighboring Area and other high-growth cities in China with highest GDP

Over the years, we have established “Excellence” as a brand recognized for high-quality residential properties. We have completed five large-scale residential complex projects in Shenzhen with an aggregate total GFA of 1,195,783 square meters, among which Shenzhen Cote d’Azur is one of the largest residential complex projects in Shenzhen. As of June 30, 2009, we have six residential projects under construction in China, with an aggregate total planned GFA of 539,266 square meters and eight projects held for future development, with an aggregate total planned GFA of 10,104,166 square meters.

From 2000 to 2004, we developed a large-scale boutique residential community project Shenzhen Cote d’Azur (Phases 1 to 4) with an aggregate total GFA of approximately 779,766 square meters. Leveraging on our success from the Shenzhen Cote d’Azur residential property project, we expanded our operations into other cities and developed large-scale integrated residential projects with brands such as “Azure Archipelagoes” and “Cote d’Azur” in Qingdao, Wuhan, Changsha and Lianyungang. In 2007, our mid-to-high-end residential product brand “Azure Archipelagoes” was awarded “2007 Brand Value Top 10 of China Real Estate Development.”

Our sizable land bank acquired at competitive cost in strategic locations

We have a sizeable land bank in strategic locations. As of August 31, 2009, we had a land bank of an aggregate planned GFA of approximately 11.7 million square meters. We believe that our current land bank will be sufficient for our development needs for the next five years. We select our land in strategic locations. For example, all of the land bank for our commercial projects are located in downtown areas, while the land bank for our planned mid-to-high-end residential projects are generally located in key areas under urban redevelopment planning. We believe that these advantages will substantially enhance the value of the properties developed by us in the future.

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We believe we are competitive in urban redevelopment projects in Shenzhen as a result of our commitment to, and extensive experience in, addressing the needs and concerns of local governments and the parties affected by resettlement plans. We also believe our ability to acquire land in strategic locations at competitive prices through diversified channels is one of our distinctive competitive advantages, which is paramount to our long-term growth and profitability. Our primary channels for land acquisition include the following:

- ***Acquire project companies that have quality land bank.*** We actively acquire controlling interests in project companies with quality land bank. For example, we acquired the land parcel for Dongguan Azure Polis by acquiring a majority equity interest in project companies from local developers. Additionally, we intend to acquire the land underlying our Shenzhen Gangxia Project, which is located in the center of Shenzhen CBD, through the acquisition of a project company during the downturn of the property market in 2008.
- ***Participate in the urban redevelopment projects in Shenzhen to secure land without going through the tender-auction-listing process.*** We participate in the urban redevelopment programs in Shenzhen through: (i) government requisition related redevelopment (徵地返還), i.e., jointly developing the land which the government has granted to villagers in exchange for their original habitation; and (ii) inner-city village redevelopment (城中村改造), i.e., participating in the redevelopment of urban areas originally occupied by villagers. We have acquired the land for Shenzhen Victoria Harbour and Shenzhen Excellence Century Center through participating in such government requisition related redevelopment programs. In a typical redevelopment project, we negotiate with the collective entities which act on behalf of the villagers on land transfers or development which require subsequent approval from relevant government authorities. Leveraging on our reputation for quality developments, we were able to establish a mutually beneficial relationship with the local government and the parties affected by resettlement plans and obtain land in premium locations at competitive cost. In accordance with the relevant rules promulgated by the Shenzhen municipal government, the compensation land granted to the villagers and the land acquired through joint development with the villages are exempted from the tender-auction-listing requirement.
- ***Participate in the tender-auction-listing.*** The qualifications for the participation in a tender-auction-listing process prescribed by local governments generally require the developer to possess good reputation, in-depth industry knowledge and extensive experience in real estate development. We believe that our development capability, track record, recognized brand name as one of the leading developers in Shenzhen have led to invitations from a number of local governments of other cities to allow us to participate in the tender-auction-listing process for the development of integrated and large-scale real estate projects.

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Our experienced management team and efficient disciplined internal management system

We have an experienced management team, led jointly by Li Wa, our founder and Chairman, and Li Xiaoping, our Vice Chairman of the Board and President. Li Wa was named “China Real Estate Top 20 Individuals Over 20 Years” (中國房地產20年20人) at the China Real Estate Annual Conference 2007-2008 and “Youth Leader in China Real Estate Sector” (中國房地產青年領袖) at the 2006 Boao 21st Century Real Estate Forum Annual Conference (博鰲•21世紀房地產論壇年會). Li Xiaoping was named as one of the “2004 Most Outstanding Persons in China Real Estate Sector” (2004中國地產十大傑出人物) in 2005 jointly by sohu.com (搜狐網), focus.cn (焦點房產網), China Real Estate Institute (中國不動產學院) and the Market Research Center of China Central Television (中國中央電視台市場研究中心). Our senior management team has extensive experience in property development and corporate management.

We are committed to establishing an efficient management system for our business. Since 2004, we have engaged a number of strategic, operational and human resources consulting firms including Adfaith Management Consulting (北京正略鈞策管理公司), Shenzhen SAP Management Consulting (深圳賽普顧問公司), HAY Group (合益集團) and Watson Wyatt (華信惠悅諮詢公司) to assist our company in formulating expansion strategies and corporate management system. This process was implemented through the setting up of a more defined internal organization structure, enhanced operation process system and human resources system. We believe that our strong management team and efficient management system will continue to support our long term growth and business expansion in China.

Our sound internal management system has enabled us to mitigate the impact of cyclical adjustments of the real estate industry. For example, in 2008, we had relatively strong property sales during the cyclical slowdown of the property industry. We were able to continue accessing our financing channels despite the tightened credit market and our financing cost remained low in the economic environment with low liquidity. Additionally, we do not have structured [●] financing which provided us with more financial flexibility under the tightened credit conditions in 2008.

Our high-quality developments and distinguished property management services

We focus on the development of high quality developments complemented by comprehensive property management services. In keeping with our commitment to product quality of our development, we place a significant emphasis on the overall aesthetics and artistic appeal, modern designs with practical features, landscaping and comprehensive ancillary facilities. We collaborate with reputable international architecture and interior design firms and well-established construction companies such as architecture firms Peddle Thorp Melbourne Architects and LEO A DALY, landscape design firms EDSA Oriented and Belt Collins, and construction companies China Construction First Building (Group) Corporation Limited (中建一局) and China Huashi Enterprises Company Limited (中國華西建築工程總公司).

We maintain a strict quality control system and employ a professional team of over 100 architects and engineers. We closely monitor all key stages of the construction process, from the selection of material suppliers through a tender process to final inspection conducted immediately before delivery.

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Through our property management company, we manage all property projects developed by us and provide comprehensive services to our residents. We believe that our commitment to product quality and comprehensive property management services contribute to our customers’ satisfaction and our reputation.

Our well-recognized brand name and established reputation

“Excellence” is a recognized brand associated with large-scale, high-quality, innovative and well-designed properties. In addition, we have also developed commercial and residential properties under several distinctive brand names targeting different customer groups. For example, we developed residential products under several distinctive brand names including “Cote d’Azur”, “Repulse Bay”, and “Victoria Harbour” which cater to different customer segments. We also developed commercial properties under the “Excellence Times Plaza” brand. As each brand has its own standards and specifications in terms of property specifications, ancillary facilities and property management services, this strategy allows us to effectively market our products and readily develop our product series in other high-growth areas in China.

We have received numerous awards in recognition of the high-quality design and construction of our property development projects. Such recognition in turn helps reinforce our strong brand names. For details of our awards, see section entitled “— Property Development — Various Awards Received by Us”.

OUR BUSINESS STRATEGIES

Our principle business strategies are as follow:

Maintain our leading position in the Shenzhen and Neighboring Area

The Shenzhen and Neighboring Area is a location strategically important to our business. With an initial focus on this area, we have gradually become one of the leading developers of commercial properties and large-scale integrated residential properties in the region. We will continue to strengthen and enhance our position as a well-recognized property developer in this region to exploit further opportunities arising from the anticipated gradual integration of Hong Kong and Shenzhen. We are committed to bringing the greatest investment returns to shareholders.

Continue to replicate our success to top cities in China ranked by GDP with high growth

Since 2005, we have replicated our successful business model beyond the Shenzhen and Neighboring Area to cover other top cities in China ranked by GDP with high growth, including Qingdao, Hangzhou, Chongqing, Wuhan, Changsha and Lianyungang. We recently acquired the Shanghai Chengbang Villa Project in Shanghai and also intend to expand our operations to Beijing. As to future expansion, we will continue to focus on cities with the highest GDP and growth potential and select projects which are located in premium locations including those with access to large exhibition centers, subway exits or interchanges of transportation network. Such projects are expected to offer higher investment returns. Through such systematic expansion grounded on a clearly defined investment criteria, we strive to gradually become a leading high-end commercial and mid-to-high-end residential property developer in China.

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Continue to strategically increase our land bank in premium locations

We seek to continuously replenish and increase our land bank through diversified channels including investment in project companies and participation in urban redevelopment programs. We have been invited by several local governments to participate in large scale property development projects. We plan to select projects which meet our investment criteria and replenish our land bank continuously over the next few years. We will continue to develop the land acquired based on our overall development and growth strategy.

We intend to focus on projects with premium locations in CBDs for commercial properties and on key areas under urban redevelopment planning with favorable geographical features for residential properties.

Continue to maintain adequate liquidity and upgrade our information management system

We will continue to closely monitor our capital and cash positions and carefully manage key operating parameters such as land acquisition costs, construction costs, cash flows and fixed charges. By closely monitoring our sales and pre-sales, we manage our cash flow at all times to ensure the adequacy of our ongoing capital requirements. Our management adopts prudent measures in balancing our capital commitments against long-term financing opportunities.

Additionally, we constantly strive to upgrade and integrate our existing information management system. We are committed to adhering to strict cost control, to real-time sales monitoring and to developing efficient customer relationship management, so as to ensure consistency of the application of our business model to all large scale development projects across the country.

Continue to maintain an effective organizational structure and enhance employee performance

We will continue to strengthen our existing internal management system and build a corporate culture with a strong team spirit. At the same time, we will continue to provide our staff with training tailored to their needs and roles as well as incentives that are linked to performance. We constantly look out for opportunities to recruit qualified employees to meet the demands of our continuing expansion

OUR PROPERTY PROJECTS

As of June 30, 2009, we had a total of 26 property projects in eight cities in China, including three cities in the Shenzhen and Neighboring Area. In September 2009, we further expanded into Shanghai and acquired another project, Shanghai Chengbang Villa Project.

We have three categories of properties:

- completed properties, comprising properties that have received certificates of completion;

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- properties under development, comprising properties for which we have received construction permits with respect to part or all of the project, and the construction of which has commenced but has not completed; and
- properties held for future development, comprising properties for which we have received the land use rights certificates but have not yet received the required construction permits.

For more details, see “Appendix IV — Property Valuation” to this document.

Our classification of properties reflects the basis on which we operate our business and may differ from classifications employed by other developers. Our land bank consists of our completed properties held for sale, properties under development and properties held for future development. Each property project may involve multiple land use right certificates, construction land planning permits, construction works planning permits, construction permits, pre-sale permits and other permits and certificates which may be issued at different times throughout its development.

For the convenience of expression, project phases in one category are counted as one project even if those phases do not constitute the entire project.

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

- when we receive the land use right certificate, the site area information in respect of the related projects or project phases refers to the site area information in such land use right certificate; and
- before we receive the land use right certificate, the site area information in respect of the related projects or project phases refers to the site area information in the relevant land use right 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 document is derived on the following basis:

- For total GFA, when the construction of properties in the relevant 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 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 do not have 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

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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. Our final underground GFA information is based on the government survey report issued concurrently with the certificate of completion; if we have not received the certificate of completion, our underground GFA information is based on the government survey report issued concurrently with the pre-sale permit; and if we have not received the pre-sale permit, our underground GFA information is based on our project design plan approved by the relevant government authorities. The total GFA information in this document 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 excluding carparks). 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 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 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 document does not include GFA of parking spaces. GFA sold and delivered refers to the GFA sold for which the revenue has been recognized.

We currently have five types of residential properties:

- villas, which are typically independent houses with one to three stories;
- townhouses, which are typically connected houses of two to four units;
- multi-story residential buildings, which are typically low-density residential buildings of four to six stories;
- low-rise residential buildings, which typically have between seven to 18 stories; and
- high-rise residential buildings, which typically have more than 18 stories.

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The table below sets forth the project-by-project information regarding the types and progress of our property developments as of June 30, 2009.⁽³⁾

No.	Project	Type	Aggregate site area (m ²)	GFA (m ²)			Total
				Completed	Under development	Held for future development	
Shenzhen and Neighboring Area⁽¹⁾							
1	Shenzhen Cote d'Azur (Phases 1 to 4)	Commercial/Residential	263,471	779,766	—	—	779,766
2	Shenzhen City Central Garden	Commercial/Residential	44,140	79,405	—	—	79,405
3	Shenzhen Excellence Times Plaza (Phases 1 and 2)	Commercial	17,129	119,497	111,593	—	231,090
4	Shenzhen Central Walk ⁽²⁾	Commercial	43,428	135,377	—	—	135,377
5	Shenzhen Repulse Bay	Residential	19,506	79,956	—	—	79,956
6	Shenzhen Victoria Harbour	Commercial/Residential	64,669	188,243	—	—	188,243
7	Shenzhen Excellence Century Center	Commercial/Residential	30,163	—	464,614	—	464,614
8	Dongguan Azure Polis	Commercial/Residential	199,998	68,413	—	499,880	568,293
9	Huizhou Luofushan Project	Commercial/Residential	597,329	—	—	1,119,991	1,119,991
10	Huizhou Daya Bay Project	Commercial/Residential	773,316	—	—	2,416,614	2,416,614
Qingdao							
11	Qingdao Azure Archipelagoes (Phases 1 to 5)	Commercial/Residential	886,940	132,663	316,236	1,051,000	1,499,899
Changsha							
12	Changsha Cote d'Azur (Phases 1 to 3)	Commercial/Residential	260,412	153,176	33,823	251,605	438,604
13	Changsha Valley Villa	Commercial/Residential	373,680	—	189,207	—	189,207
Wuhan							
14	Wuhan Cote d'Azur (Phase 1)	Commercial/Residential	95,625	105,834	—	—	105,834
15	Wuhan Houhu Village Project	Commercial/Residential	215,696	—	—	495,890	495,890
Chongqing							
16	Chongqing Excellence Mart (Phases 1 and 2)	Commercial	98,431	56,561	—	91,148	147,709
Lianyungang							
17	Lianyungang Cote d'Azur (Phases 1 and 2)	Commercial/Residential	1,549,370	—	—	4,269,186	4,269,186
Total			<u>5,533,303</u>	<u>1,898,891</u>	<u>1,115,473</u>	<u>10,195,314</u>	<u>13,209,678</u>

(1) We also acquired 56 residential units of Youpin Apartments in Shenzhen with a total GFA of 5,100 square meters from the independent third-party developer of the project as partial payment for an interest in a parcel of land we sold to them. We hold these units for sale.

(2) The table also includes Shenzhen Central Walk. We contributed capital for and participated in the development of this project but have disposed our interest in this project in 2007. For information on our acquisition and disposal of our interest in this project, please see the section entitled “Financial Information — Results of Operations — 2007 compared to 2006 — Other gains” in this document.

The table does not include Shanghai Chengbang Villa Project (上海誠邦別墅項目), a residential project under development which we acquired in September 2009. For more information on this project, please see the section entitled “Our Property Projects — Shanghai Chengbang Villa (上海誠邦別墅項目).” We had obtained land use rights certificates for all the projects listed in this table as of the Latest Practicable Date.

BUSINESS

The table below sets forth our project-by-project information regarding sales, pre-sales and average selling prices for the Track Record Period.

No.	Project	Commencement date of pre-sales or sales	Years ended December 31,															
			2006				2007				2008				2009			
			Total sales and pre-sales	GFA sold and pre-sold	Average Selling Price	% of total sales and pre-sales	Total sales and pre-sales	GFA sold and pre-sold	Average Selling Price	% of total sales and pre-sales	Total sales and pre-sales	GFA sold and pre-sold	Average Selling Price	% of total sales and pre-sales	Total sales and pre-sales	GFA sold and pre-sold	Average Selling Price	% of total sales and pre-sales
(Rmb in millions)	(m ²)	(Rmb)	(%)	(Rmb in millions)	(m ²)	(Rmb)	(%)	(Rmb in millions)	(m ²)	(Rmb)	(%)	(Rmb in millions)	(m ²)	(Rmb)	(%)			
1	Shenzhen Cote d'Azur (Phases 1 to 4)	Nov 1999	9.5	519	18,230	0.6	11.4	1,859	6,130	1.6	125.8	3,559	4.7	12.5	485	25,859	0.4	
2	Shenzhen City Central Garden	Mar 2003	—	—	—	—	4.8	807	5,905	0.7	—	—	—	—	—	—	—	
3	Shenzhen Excellence Times Plaza (Phases 1 and 2)	Oct 2005	910.8	47,300	19,255	56.7	100.4	3,879	25,876	14.1	206.5	1,823	7.8	138.1	4,070	33,923	4.5	
4	Shenzhen Repulse Bay	May 2006	538.7	34,343	15,685	33.5	307.3	17,246	17,820	43.2	76.3	3,030	2.9	51.0	2,448	20,821	1.7	
5	Shenzhen Victoria Harbour	Apr 2008	—	—	—	—	—	—	—	—	1,958.5	72,440	73.8	987.2	25,448	38,794	32.1	
6	Shenzhen Excellence Century Center	May 2009	—	—	—	—	—	—	—	—	—	—	—	1,359.3	45,388	29,948	44.2	
7	Dongguan Azure Polis	Aug 2008	—	—	—	—	—	—	—	—	29.1	5,858	4,964	11.2,8	21,057	5,356	3.7	
8	Qingdao Azure Archipelagos (Phases 1 to 5)	Jan 2008	—	—	—	—	—	—	—	—	145.3	27,180	5,346	242.0	53,272	4,544	7.9	
9	Changsha Cote d'Azur (Phases 1 to 3)	Jul 2006	134.4	38,323	3,508	8.4	146.1	32,504	4,522	20.5	59.6	12,607	4,731	111.5	27,777	4,013	3.6	
10	Changsha Valley Villa	May 2008	—	—	—	—	—	—	—	—	—	—	—	27.7	3,426	8,088	0.9	
11	Wuhan Cote d'Azur (Phase 1)	Apr 2007	—	—	—	—	139.5	36,056	3,869	19.6	52.9	14,521	3,642	33.1	9,319	3,553	1.1	
12	Chongqing Excellence Mart (Phases 1 and 2)	Nov 2006	2.8	962	2,873	0.2	2.7	1,141	2,361	0.4	—	—	—	—	—	—	—	
	Others ⁽¹⁾	Dec 2004	9.7	662	14,632	0.6	—	—	—	—	—	—	—	—	—	—	—	
	Total		1,605.8	122,109	13,151	100.0	712.2	93,292	7,634	100.0	2,653.9	141,019	18,819	100.0	3,075.2	192,690	15,959	100.0

(1) Others are related to the sales of certain properties we owned at Excellence Mansion (卓越大厦).

The table does not include Shanghai Chengbang Villa Project (上海誠邦別墅項目), a residential project under development which we acquired in September 2009. For more information on this project, please see the section entitled "Our Property Projects — Shanghai Chengbang Villa (上海誠邦別墅項目)."

BUSINESS

The table below sets forth the geographical distribution of our completed properties, properties under development and properties held for future development as of June 30, 2009:

Location	Completed properties				Properties under development				Properties held for future development			
	Total GFA	% of total GFA	Total GFA attributable to us	% of total GFA attributable to us	Total GFA	% of total GFA	Total GFA attributable to us	% of total GFA attributable to us	Total GFA	% of total GFA	Total GFA attributable to us	% of total GFA attributable to us
	(m ²)	(%)	(m ²)	(%)	(m ²)	(%)	(m ²)	(%)	(m ²)	(%)	(m ²)	(%)
Shenzhen and												
Neighboring Area	1,450,657	76.4	1,354,336	75.1	576,207	51.7	436,823	44.8	4,036,485	39.6	3,600,512	36.9
Qingdao	132,663	7.0	132,663	7.4	316,236	28.3	316,236	32.4	1,051,000	10.3	1,051,000	10.8
Changsha	153,176	8.0	153,176	8.5	223,030	20.0	223,030	22.8	251,605	2.5	251,605	2.6
Wuhan	105,834	5.6	105,834	5.9	—	—	—	—	495,890	4.8	495,890	5.1
Chongqing	56,561	3.0	56,561	3.1	—	—	—	—	91,148	0.9	91,148	0.9
Lianyungang	—	—	—	—	—	—	—	—	4,269,186	41.9	4,269,186	43.7
Total	1,898,891	100.0	1,802,570	100.0	1,115,473	100.0	976,089	100.0	10,195,314	100.0	9,759,341	100.0

The table also includes Shenzhen Central Walk. We contributed capital for and participated in the development of this project but have disposed our interest in this project in 2007. For information on our acquisition and disposal of our interest in this project, please see the section entitled “Financial Information — Results of Operations — 2007 compared to 2006 — Other gains” in this document. The table does not include Shanghai Chengbang Villa Project (上海誠邦別墅項目), a residential project under development which we acquired in September 2009. For more information on this project, please see the section entitled “Our Property Projects — Shanghai Chengbang Villa (上海誠邦別墅項目).”

BUSINESS

The table below sets forth the geographical revenue contribution to our property development as percentages of our total revenue from property development during the Track Record Period:

Location	Years ended December 31,				Six months ended June 30,			
	2006		2007		2008		2009	
	Revenue (Rmb in millions)	% of total revenue (%)	Revenue (Rmb in millions)	% of total revenue (%)	Revenue (Rmb in millions)	% of total revenue (%)	Revenue (Rmb in millions)	% of total revenue (%)
Shenzhen and Neighboring Area	1,302.4	99.8	796.1	91.8	1,565.7	78.4	1,634.8	77.8
Qingdao	—	—	—	—	35.2	1.8	333.6	15.9
Changsha	—	—	68.9	7.9	214.2	10.7	88.6	4.2
Wuhan	—	—	—	—	180.7	9.1	44.3	2.1
Chongqing	2.8	0.2	2.7	0.3	—	—	—	—
Total	1,305.2	100.0	867.7	100.0	1,995.8	100.0	2,101.3	100.0

BUSINESS

The table below sets out our completed properties in each of our three product categories by type as of June 30, 2009.

Residential	Commercial	Integrated commercial-residential complexes
Shenzhen Cote d’Azur (Phase 1)	Shenzhen Excellence Times Plaza (Phase 1)	Shenzhen Cote d’Azur (Phases 2 to 4)
Shenzhen Repulse Bay	Shenzhen Central Walk	Shenzhen City Central Garden
Changsha Cote d’Azur (Phase 1B)	Chongqing Excellence Mart (Phase 1)	Shenzhen Victoria Harbour (South and North Parts)
		Qingdao Archipelagoes (Phases 1A and 1B)
		Changsha Cote d’Azur (Phase 1A)
		Wuhan Cote d’Azur (Phase 1)
		Dongguan Azure Polis (Phase 1)

BUSINESS

Properties Under Development

As of June 30, 2009, we had six property projects under development with an aggregate GFA of approximately 1,115,473 square meters.

No.	Project	Site area (m ²)	Total GFA (m ²)	Saleable GFA				Total GFA pre-sold (m ²)	Actual or estimated commencement time	Actual or estimated pre-sale commencement	Estimated costs to be incurred/ paid until December 31, 2010 ⁽⁴⁾ (Rmb in millions)	Estimated costs to be incurred/ paid for completion ⁽⁵⁾ (Rmb in millions)	Interests attributable to us (%)	Ref. to Property Valuation Report
				Retail (m ²)	Office (m ²)	Residential (m ²)	Hotel (m ²)							
Shenzhen and Neighboring Area														
1	Shenzhen Excellence Times Plaza (Phase 2) ⁽²⁾	9,834	111,593	19,788	30,382	—	29,919	29,923	Dec 08	300	398	100	IV-49	
2	Shenzhen Excellence Century Center	30,163	464,614	47,850	238,672	36,211	26,600	45,388	May 09	800	2,405	70	IV-46	
Qingdao														
3	Qingdao Azure Archipelagos (Phase 1C and 1D)	97,400	162,291	5,604	—	89,979	35,679	8,951	Mar 08	120	327	100	IV-55	
4	Qingdao Azure Archipelagos (Phases 2E and 2F)	91,000	153,945	12,000	—	141,945	—	153,945	Aug 09	160	500	100	IV-55	
Changsha														
5	Changsha Cote d'Azur (Phase 2A)	24,644	33,823	—	—	29,860	—	29,860	Oct 08	120	395	100	IV-52	
6	Changsha Valley Villa	373,680	189,207	3,666	—	181,729	—	185,395	May 08	50	489	100	IV-58	
Total			<u>626,721</u>	<u>1,115,473</u>	<u>88,908</u>	<u>289,054</u>	<u>479,724</u>	<u>62,279</u>		<u>1,550</u>	<u>4,514</u>			

- (1) The office and retail portions of Shenzhen Excellence Times Plaza (Phase 2) have been completed in January 2009.
- (2) We have reached a pre-sale agreement with CITIC Securities Co., Ltd. (中信証券股份有限公司) to sell to it the office tower in Shenzhen Excellence Times Plaza (Phase 2) with a total saleable GFA of 29,920 square meters. We have also reached an agreement with HNA Group (Hong Kong) Co., Limited (海航集團(香港)有限公司) to sell to it (i) the hotel properties and related retail properties in Shenzhen Excellence Times Plaza (Phase 2) with a total saleable GFA of 38,901 square meters and 100 carports through an equity transfer in South Smart, our subsidiary indirectly holding Shenzhen Excellence Times Plaza (Phase 2). For more information on these agreements, please see the section entitled “Our Property Projects — Shenzhen Excellence Times Plaza (Phase 2)” in this document.
- (3) We received construction permit for a total GFA of 25,441 square meters in Qingdao Azure Archipelagos (Phases 2E and 2F) in July 2009.
- (4) This refers to the estimated costs to be incurred/paid from June 30, 2009 to December 31, 2010.
- (5) This refers to the estimated costs to be incurred/paid as of June 30, 2009 for completing relevant projects.

The table does not include Shanghai Chengbang Villa Project (上海誠邦別墅項目), a residential project under development which we acquired in September 2009. For more information on this project, please see the section entitled “Our Property Projects — Shanghai Chengbang Villa (上海誠邦別墅項目).”

BUSINESS

Properties Held for Future Development

As of June 30, 2009, we also had eight projects held for future development with an aggregate site area of 4,045,276 square meters. We set forth in the table below further information about these projects. The total GFA with respect to each project included in our properties held for future development are estimates by our management on the basis of our current development plans formulated pursuant to the relevant land use rights certificates.

No.	Project	Estimated commencement time	Estimated completion time	Site area (<i>m</i> ²)	Proposed GFA (<i>m</i> ²)	Interest attributable to us (%)	Ref. to Property Valuation Report
Shenzhen and Neighboring Area							
1	Dongguan Azure Polis (Phases 2 to 4)	Nov 2009	Dec 2015	121,669	499,880	80	IV-66
2	Huizhou Luofushan Project	Jan 2010	Dec 2016	597,329	1,119,991	70	IV-76
3	Huizhou Daya Bay Project	Jan 2010	Dec 2016	773,316	2,416,614	100	IV-80
Qingdao							
4	Qingdao Azure Archipelagoes (Phases 2 to 5, excluding Phases 2E and 2F)	Nov 2009	Jun 2017	614,740	1,051,000	100	IV-63
Changsha							
5	Changsha Cote d’Azur (Phases 2B, 2C, 2D and 3)	Dec 2009	Jun 2014	120,554	251,605	100	IV-61
Chongqing							
6	Chongqing Excellence Mart (Phase 2)	Jul 2011	Oct 2014	52,602	91,148	100	IV-72
Lianyungang							
7	Lianyungang Cote d’Azur (Phases 1 and 2)	Nov 2009	Nov 2018	1,549,370	4,269,186	100	IV-68 & 74
Wuhan							
8	Wuhan Houhu Village Project ⁽¹⁾ ..	Feb 2010	Dec 2014	<u>215,696</u>	<u>495,890</u>	100	IV-78
Total				<u><u>4,045,276</u></u>	<u><u>10,195,314</u></u>		

(1) We acquired the land parcels underlying Wuhan Houhu Village Project through the acquisition of the equity interest in Wuhan Zhenghe from a third party who claimed to have secured the right to acquire the land use rights underlying Wuhan Houhu Village Project prior to the introduction by the PRC government of the public tender, auction and listing-for-sale system. We have paid the acquisition consideration to the transferor and have received the land use rights certificates for Wuhan Houhu Village Project from the relevant PRC land authorities. However, our PRC legal counsel have been unable to verify whether Wuhan Zhenghe had completed all necessary procedures for grant or transfer of the land use rights before receiving the land use rights because we have been unable to obtain, and provide to our PRC legal counsel, certain documents (including previous land grant contract) for the land grant or transfer and certain approval from relevant land authorities. We may forfeit our land use rights for such land parcels if the transfer procedures violated the requirements under relevant laws and regulations. If such forfeiture occurs, we may seek indemnification from the transferor of the equity interest in Wuhan Zhenghe against any damages incurred in connection with the forfeiture pursuant to the relevant equity transfer agreement. Our controlling shareholders have also agreed to fully indemnify us and hold us harmless with respect to any damages we may incur in connection with such forfeiture. We are currently in the process of obtaining supporting documents from the relevant authorities to vindicate our land use rights underlying Wuhan Houhu Village Project. We also intend to re-execute a land grant contract with the relevant authority by the end of 2009 to make up for the previous irregularities, if any. For risks relating to the forfeiture of the land use rights, please also see the section entitled “Risk Factors — Risks Relating to Our Business — We may not always be able to obtain suitable land for development due to the PRC government’s control over land supply to property developers as well as the uncertainties related to land acquisition through secondary market or equity acquisition” in this document.

BUSINESS

As of June 30, 2009, we have not yet commenced development for some of these properties for more than one or two years from the commencement dates stipulated in the relevant land grant contracts. Some of these properties may be subject to land idle fee or reclamation. For more details of such properties, please see the section entitled “Risk Factors — Risks Relating to Our Business — The PRC government may impose fines on us or reclaim our land if we fail to comply with the terms of the land grant contracts” in this document. The remaining of these properties, as identified below, are not subject to land idle fee or reclamation either because we have received extension of the commencement dates from relevant authorities or due to other reasons:

No.	Project	Location	Total site area of relevant land (<i>m</i> ²)	Initially stipulated commencement date	Extension of commencement date or other explanations
1	Changsha Cote d’Azur (Phases 2B, 2C, 2D and 3)	Changsha, Hunan	82,336	April 27, 2006 or June 26, 2007 (as applicable)	The relevant land authority has extended the commencement date to December 30, 2010.
2	Wuhan Houhu Village Project ...	Wuhan, Hubei	215,696	We received the land use rights certificate on June 16, 2008. ⁽¹⁾	Demolition and resettlement is being conducted on the land. The relevant land authority has undertaken not to treat the land as idle land and not to impose land idle fee or forfeiture on the land.
3	Dongguan Azure Polis (Phases 2 to 4).....	Dongguan, Guangzhou Province	54,952	The relevant land grant contract, effective March 15, 2006, does not specify the commencement date.	Due to the impact of local inter-city railway project and redevelopment of local railway station, we have been unable to commence construction on the land. Relevant authorities have confirmed the above statement. Based on the confirmation by relevant authorities and our PRC legal counsel’s understanding of relevant laws and regulations, our PRC legal counsel have opined that the land is not subject to land idle fee or forfeiture under these circumstances.

(1) We have been unable to obtain certain documents related to the acquisition of this land, including the previous land grant contract. For further details on the acquisition process of this land and related risks, you may refer to the section entitled “Risk Factors — Risks Relating to Our Business — We may not always be able to obtain suitable land for development due to the PRC government’s control over land supply to property developers as well as the uncertainties related to land acquisition through secondary market or equity acquisition” in this document.

BUSINESS

Project Description — Shenzhen and Neighboring Area

The following map illustrates the location of our projects in the Shenzhen and Neighboring Area. Unless otherwise disclosed, we do not operate facilities such as schools and kindergartens, shopping centers, parks and business service centers which are situated within the projects we have developed. We operate the clubhouses and engage professional hotel operators to manage the hotels.



BUSINESS

Shenzhen Cote d’Azur (深圳蔚藍海岸)



Shenzhen Cote d’Azur (深圳蔚藍海岸)

Shenzhen Cote d’Azur is a large-scale residential project located in an upscale coastal area in Nanshan District by the banks of Shenzhen Bay. This project occupies a total site area of 263,471 square meters with a total GFA of 779,766 square meters, including 2,895 carparks. It primarily comprises low-rise and high-rise residential buildings. The project is divided into four phases. Ancillary facilities at this project include a primary school, a high school, two kindergartens and three clubhouses.

We commenced development of Shenzhen Cote d’Azur in September 2000 and completed it in November 2004. As of June 30, 2009, we continue to hold 1,000 carparks which we intend to hold for long-term investment purpose.

In July 2004, Shenzhen Cote d’Azur won recognition as an “International Garden Community in China” (中國國際花園社區) and one of “Top 30 Large and Influential Communities in China” (影響中國的30大社區). Both awards were jointly given by the United Nations Environment Program (聯合國環境規化署), the International Park Association (國際花園協會), the Chinese Real Estate Expo Organizing Committee (中國地博會組委會) and the China Mainstream Media Union of Real Estate Coverage (中國主流媒體房地產宣傳聯盟).

BUSINESS

In November 2000, this project was accredited with the honorary title of “2000 Outstanding Intelligent Community” (2000年優秀智能化社區). The prize was awarded by the Ministry of Science and Technology of the PRC (中華人民共和國科學技術部), the Ministry of Construction (中國人民共和國建設部), the Chinese Academy of Sciences (中國科學院) and the People’s Government of Shenzhen Municipality (深圳市人民政府).

Details of this development as of June 30, 2009 were as follows:

	Residential	Retail		
Total saleable GFA (m ²)	542,145	16,120		
Total GFA sold and delivered (m ²).....	542,145	6,673		
			2006	2007
			2008	First half of 2009
Average selling price of properties sold or pre-sold (Rmb/m ²)	18,230	6,130	35,351	25,859
Total GFA sold and pre-sold (m ²)	519	1,859	3,559	485

As of June 30, 2009, we still had retail properties of this project with a total saleable GFA of 9,447 square meters unsold because we intended to defer the sale of these properties until a period after the project properties have been substantially occupied by residents and the community has reached a more mature stage in order to achieve a better selling price. We initially leased such retail properties to third parties and now intend to sell the properties after the current leases expire. We did not encounter any difficulty in selling these properties.

The fluctuations of average selling prices of properties during the Track Record Period were primarily due to our sale of different types of properties for the same project at different time. In 2006, we primarily sold commercial properties, which generally had a higher average selling price than that of the residential properties we primarily sold in 2007. In 2008, we sold commercial properties at a higher average selling price than 2006 because the prices increased as the project community matured. In the six months ended June 30, 2009, we also primarily sold commercial properties, but the average selling price decreased as compared with 2008 because such properties were the ones left with less satisfactory locations.

BUSINESS

Shenzhen City Central Garden (深圳城市中心花園)



Shenzhen City Central Garden (深圳城市中心花園)

Shenzhen City Central Garden is a residential project located next to Henggang Stylistic Square in Henggang District, Shenzhen. This project occupies a total site area of 44,140 square meters with a total GFA of 79,405 square meters, including 390 carparks. It primarily comprises low-rise and high-rise residential buildings. Ancillary facilities at this project include a senior activities center, a healthcare center and a cultural activities room.

We commenced development of Shenzhen City Central Garden in March 2002 and completed it in May 2003.

BUSINESS

Details of this development as of June 30, 2009 were as follows:

	Residential	Retail
Total saleable GFA (m ²)	56,419	13,279
Total GFA sold and delivered (m ²).....	55,612	7,174

	2006	2007	2008	First half of 2009
Average selling price of properties sold or pre-sold (Rmb/m ²)	—	5,905	—	—
Total GFA sold and pre-sold (m ²)	—	807	—	—

As of June 30, 2009, we still had residential properties and retail properties with a total saleable GFA of 807 square meters and 6,105 square meters, respectively. We intended to defer the sale of these retail properties until a period after the project properties have been substantially occupied by residents and the community has reached a more mature stage in order to achieve a better selling price. We initially leased such retail properties to third parties and now intend to sell the properties after the current leases expire. We plan to sell the unsold residential properties at a later time in anticipation of a sale at a higher selling price. We did not encounter any difficulty in selling these properties.

BUSINESS

Shenzhen Excellence Times Plaza (Phase 1) (深圳卓越時代廣場一期)



Shenzhen Excellence Times Plaza (Phase 1) (深圳卓越時代廣場一期)

Shenzhen Excellence Times Plaza (Phase 1) is a commercial property project located in Futian District next to the Shenzhen municipal government and the Shenzhen Convention and Exhibition Center (深圳會展中心). The site is in the middle of the Shenzhen CBD surrounded by several five-star hotels and high-rise commercial buildings with convenient access to various commercial and retail facilities and two subway routes. This project occupies a total site area of 7,295 square meters with a total GFA of 119,497 square meters, including 443 carparks. It comprises 54 floors of office space and some retail units.

BUSINESS

We commenced the development of Shenzhen Excellence Times Plaza (Phase 1) in October 2003 and completed it in October 2006. As of June 30, 2009, we held 250 carparks, which are intended for long-term investment purpose.

In December 2008, Shenzhen Excellence Times Plaza (Phase 1) was granted the “2008 China Quality Construction Silver Award” (2008年度國家優質工程銀質獎) by the Evaluation Committee of China Quality Construction Award (國家工程建設質量獎審定委員會).

In July 2007, this project received the honor of the “2007 Commercial Properties Award” (2007年最具升值潛力商業地產大獎) at the Boao 21st Century Real Estate Forum 2007 (博鰲•21世紀房地產論壇2007屆年會).

In January 2008, this project was awarded “China Real Estate Best CBD Office Development Model Over 20 Years” (中國房地產20年最佳CBD寫字樓群開發模式) by China Real Estate News (中國房地產報) and Sina.com (新浪網) at the China Real Estate Annual Conference 2007-2008 (中國房地產年會).

Details of this development as of June 30, 2009 were as follows:

	Office	Retail		
Total saleable GFA (m ²)	82,690	13,378		
Total GFA sold and delivered (m ²)	77,847	6,831		
			2006	2007
			2008	First half of 2009
Average selling price of properties sold or pre-sold (Rmb/m ²)	19,255	25,876	113,221	33,923
Total GFA sold and pre-sold (m ²)	47,300	3,879	1,823	4,070

The fluctuations of average selling prices of properties during the Track Record Period were primarily due to our sale of different types of properties for the same project at different time. In 2008, the high average selling price was a result of our sale of retail properties for this project, which had a much higher average selling price than that of the office properties we primarily sold in 2006, 2007 and the six months ended June 30, 2009. The increase of the average selling prices of our office properties sold in 2006, 2007 and the six months ended June 30, 2009 was primarily a result of market changes as well as our sale of office properties at different locations, which command different levels of prices.

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Shenzhen Excellence Times Plaza (Phase 2) (深圳卓越時代廣場二期)



Shenzhen Excellence Times Plaza (Phase 2) (深圳卓越時代廣場二期)

Shenzhen Excellence Times Plaza (Phase 2) is a comprehensive commercial project located in Futian District, Shenzhen. Shenzhen Excellence Times Plaza (Phase 1), Shangri-la Hotel and the subway are in the vicinity of this project. It is positioned as an upscale modern international commercial complex with Grade-A office buildings, brand-name shops, restaurants and entertainment facilities. This project occupies a total site area of 9,834 square meters with a total GFA of 111,593 square meters, including 450 carparks.

We commenced development of Shenzhen Excellence Times Plaza (Phase 2) in June 2006. We completed the office and retail portions of this project in January 2009 and expect to complete the hotel portion in December 2011. We have reached a pre-sale agreement with CITIC Securities Co., Ltd. (中信証券股份有限公司) (“CITIC”) in August 2009 to sell to CITIC the office tower in Shenzhen Excellence Times Plaza (Phase 2) with a total saleable GFA of 29,920 square meters. The sale price for the office tower is Rmb 32,000 per square meter for a total price of approximately Rmb 957.5 million. The proposed delivery time of the office tower to CITIC is February 27, 2010.

BUSINESS

We have also entered an agreement in Macau with HNA Group (Hong Kong) Co., Limited (海航集團(香港)有限公司) (“HNA Group”), a company incorporated in Hong Kong, in October 2009 to sell to it (i) the hotel properties and related retail properties in Shenzhen Excellence Times Plaza (Phase 2) with a total saleable GFA of 38,901 square meters at the price of Rmb 29,000 per square meter, subject to adjustment of the total saleable GFA according to registered total GFA, and (ii) 100 carparks at the price of Rmb 300,000 per carpark. The total consideration for the sale is approximately Rmb 1,158.1 million, while our total costs incurred in developing the above hotel and related retail properties as of the Latest Practicable Date were approximately Rmb 459.8 million. The sale will be effected as a transfer to HNA Group of our equity interest in South Smart, our BVI subsidiary indirectly holding our interest in Shenzhen Excellence Times Plaza (Phase 2). Pursuant to the agreement, we agreed to first transfer all of our assets and liabilities other than the above hotel and related properties out of South Smart and then transfer a 99% equity interest in South Smart to HNA Group. Completion of such transfer is expected to take place in June 2010 after the hotel and related properties are completed. The parties agreed to jointly manage South Smart and its subsidiaries prior to completion of the transfer of such 99% equity interest. We agreed to transfer the remaining 1% equity interest in South Smart to HNA Group for US\$1.0 either (i) when HNA Group transfers its equity interest in South Smart to a third party or (ii) five years after we have transferred the 99% interest in South Smart to HNA Group, whichever is earlier. During the period when we hold the 1% equity interest in South Smart, the parties agreed that we are given the right to use the clubhouse of the hotel properties but will have no right to participate in the dividend distribution or the management of South Smart. HNA Group has paid us deposits in H.K. dollar amount equivalent to Rmb 100.0 million for the sale.

As of June 30, 2009, the total development costs (including land acquisition costs, construction costs and capitalized finance costs) incurred for this project were Rmb 686.9 million.

Details of this development as of June 30, 2009 were as follows:

	Office	Retail	Hotel
Total saleable GFA (m ²)	30,382	19,788	29,919

Shenzhen Central Walk (深圳怡景中心城)

Shenzhen Central Walk is a large-scale commercial complex located in the Shenzhen CBD. It occupies a site area of 43,428 square meters with a total GFA of 135,377 square meters, including 800 carparks. Shenzhen Central Walk comprises department stores, a Carrefour flagship store, a cinema complex and one of the largest indoor playgrounds in Shenzhen.

We held a total investment of Rmb 180 million, or 40% of the equity interest, in this project and participated in its development. The development of Shenzhen Central Walk commenced in June 2005 and was completed in December 2006. We disposed our equity interest in this project in May 2007. For information on our acquisition and disposal of our interest in this project, please see the section entitled “Financial Information — Results of Operations — 2007 compared to 2006 — Other gains” in this document.

BUSINESS

In 2005, we made a loan of Rmb 80 million to Shenzhen Yijing Commercial Centre Development Co., Ltd., or Shenzhen Yijing, our project partner in Shenzhen Central Walk, for their general working capital needs. The interest rate of the loan was twice of the prime lending rate. Since only financial institutions can legally engage in corporate borrowings in China, our loan to Shenzhen Yijing was not in compliance with the relevant PRC laws, our interest income of Rmb 10.9 million may be disgorged by the PBOC. In addition, we may be fined for a sum up to one to five times of our interest income. We collected the principal amount and the interest in full from Shenzhen Yijing in 2007.

Shenzhen Repulse Bay (深圳淺水灣花園)



Shenzhen Repulse Bay (深圳淺水灣花園)

Shenzhen Repulse Bay is a residential project located in the High Technology Development Zone in Shenzhen. It is an upscale residential project with a seaview and is also adjacent to the proposed new subway line No. 2 in Shenzhen. This project occupies a total site area of 19,506 square meters with a total GFA of 79,956 square meters, including 476 carparks. It primarily comprises high-rise residential buildings and consists solely of four-bedroom units designed for families. Ancillary facilities at this project include a kindergarten and a clubhouse. We commenced development of Shenzhen Repulse Bay in September 2005 and completed it in April 2007. As of June 30, 2009, we held 150 carparks for long-term investment purposes.

In July 2006, this project was awarded a “Global Model Residential Community” (全球人居環境示範社區) at the Global Natural Ecology and Living Environment Forum (全球自然生態與人居環境論壇), which was hosted by the United Nations Department of Economic and Social Affairs (聯合國政府組織經濟和社會事務部) and the China City Construction and Development Exhibition (中國城博會).

BUSINESS

In January 2006, this project received “Gold award of 2006 at the Sixth China Real Estate Development Annual Conference” (2006第六屆中國房地產發展年會年度金獎). The award was granted by the Enterprise Research Institute at the Development Research Center of the State Council (國務院發展研究中心企業所), the Tsinghua University Institute of Real Estate Studies (清華大學房地產研究所) and the China Index Research Institute based on their evaluation.

Details of this development as of June 30, 2009 were as follows:

	Residential			
	2006	2007	2008	First half of 2009
Total saleable GFA (m ²)				58,347
Total GFA sold and delivered (m ²).....				57,068
Average selling price of properties sold or pre-sold (Rmb/m ²)	15,685	17,820	25,163	20,821
Total GFA sold and pre-sold (m ²)	34,343	17,246	3,030	2,448

Shenzhen Victoria Harbour (深圳維港名苑)



Shenzhen Victoria Harbour (深圳維港名苑)

BUSINESS

Shenzhen Victoria Harbour is an integrated commercial-residential complex located in Nanshan District, Shenzhen. This project features a low-density, modern townhouse-style community with a large shopping arcade. It occupies a total site area of 64,669 square meters with a total GFA of 188,243 square meters, including 1,080 carparks. It primarily comprises townhouses, high-rise residential buildings and commercial units. Ancillary facilities at the project include a community health service center. We hold a 99.3% interest in this project.

We have divided this project into South Part and North Part. South Part occupies a site area of 38,919 square meters with a total GFA of 96,701 square meters including 560 carparks. North Part occupies a site area of 25,750 square meters with a total GFA of 91,542 square meters including 520 carparks. We commenced development of Shenzhen Victoria Harbour in June 2007 and commenced pre-sale in May 2008. We completed South Part in December 2008 and North Part in June 2009.

In June 2009, Shenzhen Victoria Harbour received the “Distinguished Award of China Real Estate Marketing Award for 2008-2009 Year (Seventh)” as evaluated by The Economic Observer (經濟觀察報). In February 2009, the project received the honor of “Champion of Sales in Shenzhen, China” (中國(深圳)銷售冠軍獎樓盤) at The 9th China Real Estate Development Annual Conference (第九屆中國房地產年會), which was jointly hosted by the Enterprise Research Institute at the Development Research Center of the State Council (國務院發展研究中心企業所), the Tsinghua University Institute of Real Estate Studies (清華大學房地產研究所) and the China Index Research Institute and organized by SouFun Holdings Ltd. (搜房國際控股).

In October 2008, this project was awarded “China International Garden Community Award” (中國國際花園社區大獎) by the International Federation of Parks and Recreation (國際公園與康樂管理協會), a non-profit organization recognized and supported by the United Nations Environment Program (聯合國的環境計劃署), based on ecology, environmental protection, suitability for living and sustainable development.

Details of this development as of June 30, 2009 were as follows:

	Residential	Retail		
Total saleable GFA (m ²)	104,012	23,599		
Total GFA sold and delivered (m ²)	84,797	—		
			First	
			half of	
	2006	2007	2008	2009
Average selling price of properties sold or pre-sold (Rmb/m ²)	—	—	27,036	38,794
Total GFA sold and pre-sold (m ²)	—	—	72,440	25,448

BUSINESS

Shenzhen Excellence Century Center (深圳卓越世紀中心)



Shenzhen Excellence Century Center (深圳卓越世紀中心)

Shenzhen Excellence Century Center is an integrated commercial development located in the Shenzhen CBD in Futian District, Shenzhen. The project comprises Grade-A office properties, a five-star hotel and other commercial properties. It was designed by LEO A DALY, a leading international design firm. This project occupies a total site area of 30,163 square meters with a total GFA of 464,614 square meters, including 1,590 carparks. With a height of 280 meters, building 1 of Shenzhen Excellence Century Center is the tallest office building in Shenzhen CBD. Currently, we hold a 100% interest in the project company and an approximately 70% interest in the total saleable GFA of the project and the carparks.

We commenced construction of Shenzhen Excellence Century Center in March 2007 and expect to complete it in June 2010. We commenced pre-sale in May 2009.

As of June 30, 2009, the total development costs (including land acquisition costs, construction costs and capitalized finance costs) incurred for this project were Rmb 1,591.6 million.

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In June 2009, Shenzhen Excellence Century Center was granted “2009 Business Complex Marketing Award” (2009年度商務綜合體營銷大獎) by the organizing committee of Boao 21st Century Real Estate Forum (博鰲21世紀房地產論壇組委會). In January 2009, this project was recognized as “2009 China Real Estate New Perspective Urban Landmark (Shenzhen)” (中國地產新視角城市地標性建築(深圳))” at the “Sohu 2009 • New Perspective Summit Forum” (搜狐2009 • 新視角高峰論壇).

In December 2007, Shenzhen Excellence Century Center was awarded “2007-2008 Top 10 Urban Constructions and New Landmarks in China” (2007-2008中國城市建築新地標Top 10) by the 4th China Digital Real Estate International Summit Forum and 2007-2008 Seminar on the Achievements in Urban Constructions and New Landmarks in China (第四屆中國數字地產國際高峰論壇暨2007-2008中國城市建築新地標研究成果發佈會). This event was jointly organized by the China Real Estate Industry Association and Market Research Professional Committee (中國房地產業協會產業與市場研究專業委員會) and the China Index Research Institute.

Details of this development as of June 30, 2009 were as follows:

	Residential	Office	Retail	Hotel
Estimated Total saleable GFA (m ²)	36,211	263,022	43,321	26,666
Total GFA sold and delivered (m ²)	—	—	—	—
	2006	2007	2008	First half of 2009
Average selling price of properties sold or pre-sold (Rmb/m ²)	—	—	—	29,948
Total GFA sold and pre-sold (m ²)	—	—	—	45,388

BUSINESS

Dongguan Azure Polis (東莞蔚藍城邦)



Dongguan Azure Polis (東莞蔚藍城邦)

Dongguan Azure Polis is an integrated commercial-residential complex located in Changping Town, Dongguan, in the vicinity of Shenzhen. We expect it to be one of the largest urban development projects in Dongguan in recent years. This project occupies a total site area of 199,998 square meters with a total GFA of 568,293 square meters, including 3,619 carparks. It will primarily comprise condominiums, high-rise residential buildings, villas, commercial buildings and a hotel. Ancillary facilities at the project will include a kindergarten, clubhouse and various sports facilities. We hold an 80% interest in the project.

We have divided this project into four phases. Phase 1 occupies a site area of 78,329 square meters with a total GFA of 68,413, including 338 carparks. Phases 2, 3 and 4 occupy a site area of 121,669 square meters with a total GFA of 499,880 square meters. We commenced development of Phase 1 of Dongguan Azure Polis in March 2008 and completed it in June 2009. We commenced pre-sale of Phase 1 in May 2008. We expect to commence development of Phase 2 in December 2009 and complete it in the first quarter of 2011. We hold Phases 3 and 4 for future development.

As of June 30, 2009, the total development costs (including land acquisition costs, construction costs and capitalized finance costs) incurred for this project were Rmb 467.0 million.

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Details of this development as of June 30, 2009 were as follows:

	Phase 1			
	Residential	Retail		
Total saleable GFA (m ²)	61,556	4,620		
Total GFA sold and delivered (m ²)	—	—		
	2006	2007	2008	First half of 2009
Average selling price of properties sold or pre-sold (Rmb/m ²)	—	—	4,964	5,356
Total GFA sold and pre-sold (m ²)	—	—	5,858	21,057

Huizhou Luofushan Project (惠州羅浮山項目)

Huizhou Luofushan Project is a large-scale integrated residential and resort project located in Luofushan, Huizhou, a popular tourist attraction in Guangdong Province. This project occupies a total site area of approximately 597,329 square meters with a total GFA of approximately 1,119,991 square meters. It will primarily comprise residential buildings, a hotel and retail units. Ancillary facilities at the project include a clubhouse, a dining and entertainment area and a business conference center.

We hold a 70% interest in this project. As we have not yet commenced development of the land for this project for a period of more than one year, but less than two years, from the commencement date stipulated in the relevant land grant contracts, the land may be subject to land idle fee. For more details of the risks of land idle fee and land forfeiture for this project, please see the section entitled "Risk Factors — Risks Relating to Our Business — The PRC government may impose fines on us or reclaim our land if we fail to comply with the terms of the land grant contracts" in this document. We are currently in the process of consulting with relevant authorities with a view to seeking an extension of the commencement date. We do not believe there is a material risk for incurring land idle fee or triggering land forfeiture. We expect to commence development of this project in the first quarter of 2010 and complete it in 2015.

As of June 30, 2009, the total development costs (including land acquisition costs, construction costs and capitalized finance costs) incurred for this project were Rmb 196.3 million.

Details of this development as of June 30, 2009 were as follows:

	Residential	Retail
Estimated total saleable GFA (m ²)	896,448	71,716

BUSINESS

Huizhou Daya Bay Project (惠州大亞灣項目)

Huizhou Daya Bay Project is a large-scale integrated residential and resort complex of high quality located in Daya Bay Economic and Technology Development Zone (大亞灣經濟技術開發區) of Huizhou city in Guangdong Province. This project occupies a total site area of 773,316 square meters with a total GFA of 2,416,614 square meters. It will primarily comprise residential buildings and villas. We have fully paid the land premium for Huizhou Daya Bay Project and expect to receive the land use rights certificate by the end of September 2009.

We hold a 100% interest in this project. We expect to commence development of this project in the first quarter of 2010 and complete it in 2018.

As of June 30, 2009, the total development costs (including land acquisition costs, construction costs and capitalized finance costs) incurred for this project were Rmb 419.7 million.

Details of this development as of June 30, 2009 were as follows:

	<u>Residential</u>	<u>Retail</u>
Estimated total saleable GFA (m ²)	1,903,290	30,000

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Project Description — Qingdao



BUSINESS

Qingdao Azure Archipelagoes (青島蔚藍群島)



Qingdao Azure Archipelagoes (青島蔚藍群島)

Qingdao Azure Archipelagoes is a residential project located in Chengyang District, Qingdao, a coastal city in Shandong province. It is situated at the tip of Jiaozhou Bay in Qingdao, and has the full view of the Bay. This project features themed communities, including a Korean community and a Japanese community, with designs tailored to attract Korean and Japanese residents in Qingdao. This project occupies a total site area of 886,940 square meters with a total GFA of 1,499,899 square meters. This project consists of low-rise residential units, condominiums, villas, service apartments and a hotel. Ancillary facilities at the project include a community health services center, two kindergartens, a club house, a theme park, various sports facilities and international schools.

We have divided this project into five phases. Phase 1 occupies a site area of 181,200 square meters with a total GFA of 294,954 square meters including 1,526 carparks. Phases 2 to 5 occupy a site area of 705,740 square meters with a total GFA of 1,204,945 square meters. Phase 1 is further subdivided into Parts A, B, C and D. Phase 2 is further subdivided into Parts E and F and the remaining parts. We hold a 100% interest in the project. We commenced development of Phase 1 of Qingdao Azure Archipelagoes in June 2007 and completed Phases 1A and 1B in December 2008. We expect to complete Phases 1C and 1D in December 2009. We commenced pre-sales of Phase 1 in March 2008. We commenced development of phases 2E and 2F in July 2009 and expect to complete them in December 2011. We commenced pre-sales of Phases 2E and 2F in August 2009.

As we have not yet commenced development of certain land for this project for two years from the commencement date stipulated in the relevant land grant contracts, the land may be subject to forfeiture. For more details of the risks of land forfeiture for this project, please see the section entitled “Risk Factors — Risks Relating to Our Business — The PRC government may impose fines on us or reclaim our land if we fail to comply with the terms of the land grant contracts” in this document. We are currently in the process of consulting with relevant authorities with a view to seeking an extension of the commencement date. We do not believe there is a material risk for

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triggering land forfeiture. We expect to commence development of the remaining parts of Phase 2 in the first quarter of 2010 and to complete it by the end of 2011. We expect to commence development of Phases 3, 4 and 5 in April 2010, April 2011 and March 2012, respectively, and to complete them in October 2013, October 2014 and June 2015, respectively.

As of June 30, 2009, the total development costs (including land acquisition costs, construction costs and capitalized finance costs) incurred for this project were Rmb 858.4 million.

In May 2008, Qingdao Azure Archipelagoes received the honor of “Excellent Project of State Healthy Housing Project” (國家康居工程優秀項目) and “National Green Ecological Intelligent Community” (全國綠色生態智能住區) from China Real Estate Enterprises Management Association (中國房地產企業管理協會) and China Housing Industry Construction Association (中國住宅產業建設協會).

In August 2007, this project was accredited “2006-2007 Innovative Landscape Planning and Design of China Real Estate” (2006—2007年中國房地產創新景觀規劃設計) by house.sina.com.cn (新浪房產), China Real Estate Landscape Design International Summit Organizing Committee (中國房地產景觀設計峰會組委會), Asia Landscape Research Center (亞洲景觀研究中心), and Asia Real Estate Research Center (亞洲房地產研究中心).

Details of this development as of June 30, 2009 were as follows:

	Phase 1			First half of 2009
	Residential	Retail	Hotel	
Estimated Total saleable GFA (m ²)	189,543	11,839	35,679	
Total GFA sold and delivered (m ²).....	76,308	—	—	
	2006	2007	2008	2009
Average selling price of properties sold or pre-sold (Rmb/m ²)	—	—	5,346	4,544
Total GFA sold and pre-sold (m ²)	—	—	27,180	53,272

BUSINESS

Project Description — Changsha

Changsha Cote d'Azur (長沙蔚藍海岸)



Changsha Cote d'Azur (長沙蔚藍海岸)

Changsha Cote d'Azur is a large-scale residential project located in Yuelu District, Changsha, the capital city of Hunan Province. The project primarily comprises low-rise residential buildings, condominiums and villas. Ancillary facilities at this project include a kindergarten, primary school, a clubhouse and a shopping center.

We have divided this project into three phases. Phase 1 is further subdivided into Part A and Part B. Phases 1A and 1B occupy a total site area of 54,463 and 56,491 square meters, respectively, with a total GFA of 69,633 and 83,543 square meters, respectively, including 175 and 275 carparks, respectively.

We commenced development of Phase 1A in December 2005 and completed it in December 2006. Pre-sale for Phase 1A commenced in December 2006. For Phase 1B, we commenced development in September 2006 and completed it in December 2008. Pre-sale for Phase 1B commenced in April 2007.

Phase 2 occupies a site area of 85,771 square meters with an aggregate total GFA of 183,532 square meters, including 929 carparks. Phase 2 is further subdivided into Parts A, B, C and D. Phase 2A occupies a total site area of 24,644 square meters with a total GFA of 33,823 square meters, including 155 carparks. We commenced development of Phase 2A in October 2007 and expect to complete it in December 2010. We commenced pre-sale for Phase 2A in October 2008. Phases 2B, 2C and 2D are held for future development. Phase 3 is also held for future development. Phase 3 occupies a site area of 63,685 square meters with an aggregate total GFA of 101,896 square meters.

As of June 30, 2009, the development costs (including land acquisition costs, construction costs and capitalized finance costs) incurred for this project were Rmb 623.7 million.

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Changsha Cote d’Azur received a number of awards in 2006, including a “2006 China Real Estate Top 10 Innovative Property Development” and a “2006 Most Influential Real Estate Property in Changsha” by the China Index Research Institute and Hunan Real Estate Industry Association, respectively.

In 2007, this project was accredited “China Classical Villa Comprehensive Award” (中國經典別墅綜合金獎) by Soufun.com (搜房網) and China Villa Index System (中國別墅指數系統).

Details of this development as of June 30, 2009 were as follows:

	Phase 1A and 1B		Phase 2A	
	Residential	Retail	Residential	Retail
Total saleable GFA (m ²)	114,494	3,587	29,860	—
Total GFA sold and delivered (m ²).....	91,125	491	—	—
				First half of
	2006	2007	2008	2009
Average selling price of properties sold or pre-sold (Rmb/m ²)	3,508	4,522	4,731	4,013
Total GFA sold and pre-sold (m ²)	38,323	32,304	12,607	27,777

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Changsha Valley Villa (長沙麓山別墅)



Changsha Valley Villa (長沙麓山別墅)

Changsha Valley Villa is an up-scale residential villa project located at the foot of Yuelu Mountain in the Lushan District, Changsha, two kilometers from Changsha Yuelu Academy (長沙岳麓書院), a famous historical site surrounded by scenic mountains and approximately 11 kilometers from downtown Changsha. This project occupies a total site area of 373,680 square meters with a total GFA of 189,207 square meters, including 515 carparks. Ancillary facilities at the project include kindergartens, clubhouses, sports facilities and a business service center. We hold a 100% interest in the project.

We commenced development of this project in July 2007 and expect to complete it in December 2012. We commenced pre-sale in May 2008.

As of June 30, 2009, the total development costs (including land acquisition costs, construction costs and capitalized finance costs) incurred for this project were Rmb 343.4 million.

In 2007, this project was accredited “China Mountain Villa Gold Award” by Soufun.com (搜房網) and China Villa Index System (中國別墅指數系統).

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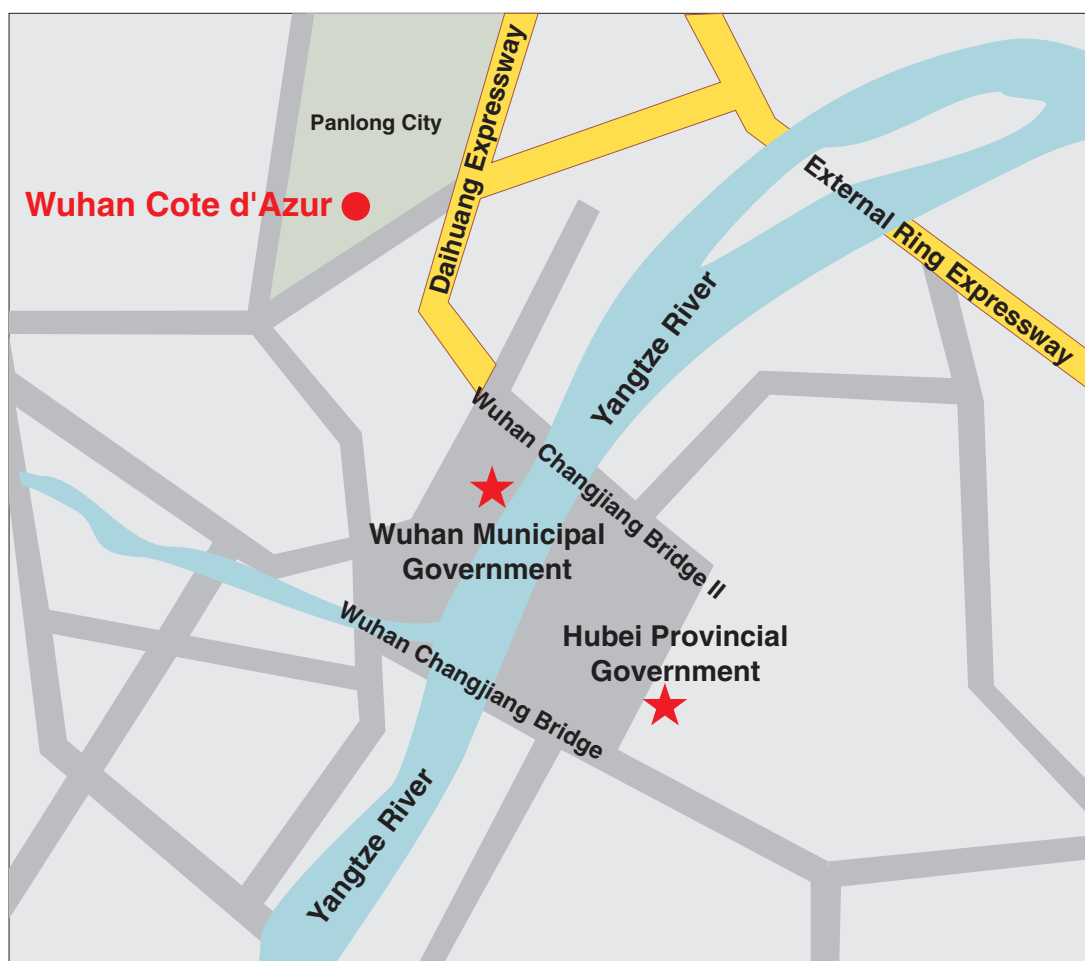
Details of this development as of June 30, 2009 were as follows:

	Villa ⁽¹⁾	High-rise Residentials	Retail
Estimated Total saleable GFA (m ²)	178,549	3,180	3,666
Total GFA sold and delivered (m ²).....	—	—	—

(1) The total saleable area is 178,549 square meters, of which 44,295 square meters are under construction and 134,254 square meters are held for future development.

	2006	2007	2008	First half of 2009
Average selling price of properties sold or pre-sold (Rmb/m ²)	—	—	—	8,088
Total GFA sold and pre-sold (m ²)	—	—	—	3,426

Project Description — Wuhan



BUSINESS

Wuhan Cote d'Azur (Phase 1) (武漢蔚藍海岸一期)



Wuhan Cote d'Azur (Phase 1) (武漢蔚藍海岸一期)

Wuhan Cote d'Azur (Phase 1) is an up-scale residential project located in Panlong District, Wuhan, the capital city of Hubei Province. Two thirds of the project site is surrounded by water of the neighboring lake and the project is designed to maximize utility of the natural waterfront. This project occupies a total site area of 95,625 square meters with a total GFA of 105,834 square meters, including 400 carparks. It primarily comprises villas and retail units. Ancillary facilities at the project include a clubhouse, a swimming pool, a park, a kindergarten and a shopping area. We hold a 100% interest in the project.

We commenced development of this project in November 2006 and completed it in January 2008. We commenced pre-sales in May 2007.

As of June 30, 2009, the total development costs (including land acquisition costs, construction costs and capitalized finance costs) incurred for this project were Rmb 196.5 million.

Details of this development as of June 30, 2009 were as follows:

	<u>Residential</u>	<u>Retail</u>
Total saleable GFA (m ²)	95,507	7,401
Total GFA sold and delivered (m ²)	59,740	—

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	2006	2007	2008	First half of 2009
Average selling price of properties sold or pre-sold (Rmb/m ²)	—	3,869	3,642	3,553
Total GFA sold and pre-sold (m ²)	—	36,056	14,521	9,319

Wuhan Houhu Village Project (武漢后湖村項目)

Wuhan Houhu Village Project is a residential and commercial project located in Panlong Economic Development Zone in Wuhan. This project occupies a total site area of approximately 215,696 square meters with a total GFA of approximately 495,890 square meters. It will primarily comprise residential buildings. Ancillary facilities at the project include clubhouse, kindergarten and commercial streets.

We hold a 100% interest in this project. As we have been unable to obtain certain documents to verify the compliance with all necessary procedures for grant or transfer of the land use rights for this project, we may forfeit the land use rights if there existed irregularities sufficiently serious to cause such consequences. For more details of the risks of forfeiture for this project, please see the section entitled "Risk Factors — Risks Relating to Our Business — We may not always be able to obtain suitable land for development due to the PRC government's control over land supply to property developers as well as the uncertainties related to land acquisition through secondary market or equity acquisition" and the section entitled "Our Property Projects — Properties Held for Future Development" in this document. In the event of such forfeiture, we may seek indemnification from the transferor from whom we acquired this project against any damages incurred in connection with the forfeiture. Our controlling shareholders have also agreed to fully indemnify us and hold us harmless against any damages we may incur in connection with such forfeiture. We are currently in the process of obtaining supporting documents from the relevant authorities to vindicate our land use rights underlying the Wuhan Houhu Village Project. We also intend to re-execute a land grant contract with the relevant authority by the end of 2009 to make up for the previous irregularities, if any. We believe that the actual risk of our land being subject to forfeiture is small. We expect to commence development of this project in the first quarter in 2010 and complete it in 2013.

As of June 30, 2009, the total development costs (including land acquisition costs, construction costs and capitalized finance costs) incurred for this project were Rmb 125.2 million.

Details of this development as of June 30, 2009 were as follows:

	Residential	Retail
Estimated total saleable GFA (m ²)	384,712	7,000

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Project Description — Chongqing



Chongqing Excellence Mart (重慶光彩大市場)

Chongqing Excellence Mart is a large-scale commercial project located in Wanzhou District, Chongqing. It is a major wholesale market in Chongqing for building materials. This project occupies a total site area of 98,431 square meters with a total GFA of 147,709 square meters.

We have divided this project into two phases. In June 2004, we commenced development of Phase 1 and completed it in October 2006. As of June 30, 2009, we only sold approximately 9% of the salable GFA in Chongqing Excellence Mart (Phase 1). We believe that we will enjoy better return on this project as the property price appreciates with the wholesale market for building materials becoming more developed. Currently we lease most of the unsold commercial spaces to third parties for rental income and also sell these properties at a controlled pace.

In April 2007, this project was awarded the bronze medal in the commercial category of the “2007 Annual Award for Commercial Buildings in Chongqing” by the Chongqing Municipal Housing Industrialization Office (重慶市住宅產業化辦公室) and the Chongqing City Construction Comprehensive Exploitation Association (重慶市城市建設綜合開發協會).

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Details of Phase 1 of this development as of June 30, 2009 were as follows:

				<u>Retail</u>
Total saleable GFA (m ²)				56,561
Total GFA sold and delivered (m ²).....				2,103
				First half of
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Average selling price of properties sold or pre-sold (Rmb/m ²)	2,873	2,361	—	—
Total GFA sold and pre-sold (m ²)	962	1,141	—	—

Project Description — Lianyungang



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Lianyungang Cote d’Azur (連雲港蔚藍海岸)

Lianyungang Cote d’Azur is a large-scale residential project located in Lianyungang Economic Development Zone at Lianyungang, a port city in Jiangsu Province. We expect to develop a large, up-scale residential project with a coastal theme. This project occupies a total site area of 1,549,370 square meters with a total GFA of 4,269,186 square meters. It will primarily comprise condominiums, high-rise residential buildings and villas. Ancillary facilities at the project include a kindergarten, primary and secondary schools, a club house, a farm produce market and a cultural center. We hold a 100% interest in the project.

The development of this project is divided into two phases. We expect to commence development of phase 1 in the first quarter of 2010 and to complete it in 2012. We expect to commence pre-sales in the third quarter of 2011.

As of June 30, 2009, the total development costs (including land acquisition costs, construction costs and capitalized finance costs) incurred for this project were Rmb 653.1 million.

Details of this development as of June 30, 2009 were as follows:

	Phase 1		
	Residential	Retail	Office
Estimated total saleable GFA (m ²)	1,465,588	83,162	—
	Phase 2		
	Residential	Retail	Office
Estimated total saleable GFA (m ²)	1,814,630	255,000	259,370

Shanghai Chengbang Villa Project (上海誠邦別墅項目)

Shanghai Chengbang Villa is a residential project located in Zhaoxiang Town of Qingpu District in Shanghai. We acquired this project in September 2009 by purchasing the 100% equity interest in Shanghai Detian Real Estate Co., Ltd. (上海德天置業有限公司), or Shanghai Detian, which owns the project. As consideration for the acquisition, we paid Shanghai Detian’s initial shareholders a total consideration of Rmb 100 million in cash and agreed to make bank entrustment loans through Shanghai Detian to these initial shareholders in a total principal amount of Rmb 290 million at zero interest rate.

This project occupies a total site area of 188,140 square meters and a proposed total GFA of 83,356 square meters. It will primarily comprise villas. Ancillary facilities at the project include clubhouses.

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The development of this project is divided into two phases. Phase 1 occupies a site area of 82,687 square meters with a total GFA of 30,486 square meters. Phase 2 occupies a site area of 105,452 square meters with a total GFA of 52,870 square meters.

Shanghai Detian commenced development of Phase 1 of this project in October 2005. Since the development has been suspended for more than two years without the consent of the land administrative authorities, we may forfeit the land use rights to the government pursuant to the land grant contract. For more details of the risks of land forfeiture for this project, please see the section entitled “Risk Factors — Risks Relating to Our Business — The PRC government may impose fines on us or reclaim our land if we fail to comply with the terms of the land grant contracts” in this document. We are currently in the process of re-submitting relevant application in order to resume the development. We believe that the actual risk of our land being subject to forfeiture is small. We plan to resume the development of Phase 1 in the first quarter of 2010 and complete it in the first quarter of 2011.

Shanghai Detian commenced development of Phase 2 in April 2007 and commenced pre-sales of Phase 2 in November 2008. We expect to complete Phase 2 by the end of 2009. Certain properties of Phase 2 are currently attached in aid of execution under a court order due to a pending lawsuit brought by a third party against Shanghai Detian. For more details on this lawsuit, please see the section entitled “Business — Legal Proceedings and Material Claims” in this document.

Details of this project as of June 30, 2009 were as follows:

	Phase 1	Phase 2
	Villa	Villa
Estimated Total saleable GFA (m ²)	24,327	30,475
Total GFA sold and delivered (m ²).....	—	—
		First
	2006	2007
	2008	half of
		2009
Average selling price of properties sold or pre-sold (Rmb/m ²)	—	—
Total GFA sold and pre-sold (m ²)	—	—
		30,545
		13,069

OTHER LAND-RELATED CONTRACTUAL ARRANGEMENTS

Generally, land use rights can be obtained in the primary market or the secondary market in China. Primary market commonly refers to the grant of state-owned land use rights by relevant government authorities, and secondary market commonly refers to the acquisition of land use rights from entities or persons which hold land use rights. Unless otherwise required by relevant PRC laws and regulations, land acquisition in the secondary market is not subject to the tender-auction-listing

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rules and can be achieved by agreements among relevant parties, which typically involve the following situations: (i) acquiring the equity interest in a company which holds or is entitled to obtain land use rights; and (ii) purchasing land use rights from third parties. Urban redevelopment projects in collaboration with the original villagers or residents, subject to approvals by competent government authorities, may also be exempt from the tender-auction-listing process. We have successfully acquired land through acquisition in the secondary market and through urban redevelopment projects in the past. We will continue to acquire land in secondary market or through participating as a co-developer in urban redevelopment projects when appropriate opportunities arise.

We have entered into various contractual arrangements with independent third parties with a view to eventually acquiring land use rights in various cities in China. These contractual arrangements are not land grant contracts. We may still need to go through the tender-auction-listing process under the PRC tender-auction-listing rules and/or obtain relevant government approvals before we can obtain the land use rights with respect to some of the projects under these contractual arrangements. Similar contractual arrangements historically played an important role in our land acquisition. However, we cannot assure you that these contractual arrangements will reach similar results. These contractual arrangements relate to urban redevelopment projects in different regions and various other land acquisition channels or methods in the primary and secondary markets. Due to the variances in the applicable local government rules and regulations governing urban redevelopment projects, and in the complexity of the structures and/or the methods involved in the arrangements, the expected timeframe for completing the transactions and obtaining the land use rights certificates, if at all, varies greatly from one contract to another and can take from a few months to a number of years. As a result, the completion time of one contractual arrangement is not a good reference or indication for that of another.

As of August 31, 2009, our land bank of 11.7 million square meters of GFA, which consisted of our completed properties held for sale, properties under development and our properties held for future development, did not include the land under the acquisition contractual arrangements. A summary of these contractual arrangements is set forth below in the interest of complete disclosure of our land-related obligations and prospects. As our current land bank is sufficient for our property development needs in the next five years and the down-payments and deposits made under these contractual arrangements are refundable as stipulated in the agreements, we do not anticipate any material adverse financial or operational impact even if we do not eventually succeed in obtaining any of the land under the agreements.

As of the Latest Practicable Date, we had entered into 10 land-related contractual arrangements. There are no specific development plans for the land under these contractual arrangements at this stage.

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The table below sets forth the information of our other land-related contractual arrangements:

No.	Project	Location	Date of agreement	Site area	Payments/ costs incurred as of June 30, 2009	Outstanding contractual commitments for completing land acquisition ⁽³⁾	Interest attributable to us	Estimated date for issuance of land use rights certificate
				(m ²)	(Rmb in millions)	(Rmb in millions)	(%)	
1.	Shenzhen Nanxin Project	Shenzhen	Mar 2006	64,336	105.3	275	70.0	Dec 2009
2.	Hangzhou Binjiang Project	Hangzhou	Dec 2007	15,161	305.5	27	70.0	Dec 2009
3.	Shenzhen Jinliju Project	Shenzhen	Oct 2007	77,025	49.0	172	100.0	2010
4.	Shenzhen Longhua Township Project	Shenzhen	Oct 2005	72,146	25.7	7.5	100.0	(1)
5.	Shenzhen Shajing Project	Shenzhen	Dec 2005	84,600	20.0	81	53.0	(1)
6.	Qingdao CBD Project	Qingdao	Dec 2007	40,344 ⁽²⁾	130.0	337	100.0	(1)
7.	Shenzhen Meisha Seaview Project .	Shenzhen	Sep 2003	1,760,000	112.2	0	51.0	(1)
8.	Shenzhen Gangxia Project	Shenzhen	Dec 2008	148,900	5.1	0	33.2	Dec 2009
9.	Shenzhen Zhenbao Project.....	Shenzhen	Jun 2009	60,000	20.0	660	100.0	(1)
10.	Beijing Hengyin Project	Beijing	Aug 2009	666,667	—	— ⁽⁴⁾	60.0	(1)
Total				<u>2,989,179</u>	<u>772.8</u>	<u>1,559.5</u>		

(1) Not available.

(2) The land of this contractual arrangement consists of two parcels with an estimated total site area of 40,344 square meters. We have won the auction in August 2009, and have entered into a land grant contract in September 2009, for the land use rights with respect to one parcel of the land with a site area of 10,504 square meters for a total consideration of approximately Rmb 101.8 million.

(3) This refers to our outstanding contractual commitments as of June 30, 2009 for completing the acquisitions of relevant land. Such outstanding commitments include not only our agreed contractual commitments but also estimated costs in the future in order to complete relevant land acquisitions.

(4) We entered into the relevant agreement in August 2009 to acquire a 60% equity interest in a project company. As of the Latest Practicable Date, we had fully paid the transfer price of Rmb 30 million to acquire the equity interest. The project company is in the process of obtaining the right to conduct primary land development on the relevant land that we intend to acquire.

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Among our 10 outstanding contractual arrangements, Shenzhen Nanxin Project, Shenzhen Gangxia Project, Hangzhou Binjiang Project, Shenzhen Jinliju Project and Qingdao CBD Project are at a more advanced stage than the remaining projects. However, the land premium payable for the Shenzhen Nanxin Project and Shenzhen Gangxia Project will be determined by the relevant government authorities on the basis of the then benchmark land price when they eventually approve this urban redevelopment project and the demolition of existing buildings and resettlement of the residents on the land have been completed. For Qingdao CBD Project, the consideration for purchasing the remaining parcel of land is subject to the final auction.

The other five contractual arrangements involve higher level of uncertainty. Due to reasons beyond our control, such as potential internal restructuring of our counterparty or uncertain timing of initial government approvals, these arrangements remain at a preliminary stage. As a result, we cannot ascertain or reliably estimate their prospects, additional costs or the expected timeframe at present.

Shenzhen Nanxin Project

In April and June 2006, we entered into three inner-city village redevelopment agreements with Shenzhen Tiansha Enterprise Company Limited (深圳市田廈實業股份有限公司), representing the villagers, and Shenzhen Baishichen Enterprise Company Limited (深圳市百仕成實業發展有限公司). Shenzhen Tiansha Enterprise Company Limited is a joint stock company incorporated under PRC laws, in which each villager is a shareholder. Its body of authority is the shareholders' general meeting, and resolutions passed by a majority vote are binding on all shareholders. The operations of the joint stock company are managed by its board of directors, with two thirds of its members to constitute a quorum and a simple majority of the directors present at a board meeting to pass a resolution. These joint development agreements stipulate that the cooperation between us and the village joint stock company is mutually exclusive. In consideration for a preliminary transfer fee and joint profit sharing, the village joint stock companies agreed to transfer the land to us for redevelopment. The land parcels have an estimated site area of 38,720 square meters with a proposed total GFA of 218,724 square meters. There are existing buildings on the land. Pursuant to Shenzhen government regulations, such inner-city village redevelopment projects, subject to approvals by competent government authorities, are exempt from the tender-auction-listing requirements. We have obtained such approvals from local government, but have not yet completed the demolition of existing buildings and resettlement of residents on the land. Therefore, we cannot assure you when we will be able to obtain the land use rights certificates for the land or at all. We have not formulated project details. Our PRC legal counsel advises that (i) the above agreements are legal, valid and not in violation of the applicable PRC laws and regulations; (ii) the exemption from tender-auction-listing requirements is subject to the government approval of these joint development agreements; and (iii) after we complete the demolition and resettlement of the existing buildings and residents on the land, we can enter into the land grant contract with the relevant land administration authority.

Under the agreements, we are responsible for the demolition of the old properties, the relocation and resettlement of the original residents, the applications for various property development-related government approvals and permits and all development costs of such inner-city village redevelopment projects, while the village joint stock companies will assist and cooperate in these matters. The estimated costs relating to demolition, relocation and resettlement are approximately Rmb 260 million. Once the redevelopment is complete and sold, the village joint stock company are entitled to

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25% to 30% of net profit after tax, pursuant to the relevant redevelopment agreements. If we fail to obtain the necessary approvals or the projects fail to materialize due to other factors that are beyond our control, we are entitled to the refund of the preliminary transfer fee and deposits paid to the village joint stock company.

As of June 30, 2009, the total amount paid by us in connection with this inner-city village redevelopment agreements was approximately Rmb 105.34 million. To date, we have conducted this inner-city village redevelopment projects in compliance with all relevant government regulations. We have not entered into any land grant contract with the relevant PRC government authorities. We expect to obtain the land use rights toward the end of 2009. There is no assurance that we will be able to obtain the land use rights notwithstanding the above-mentioned arrangements.

Hangzhou Binjiang Project

We entered into a project cooperation agreement in December 2007 with Chen Qishui, an independent third party, who owned 80% of Hangzhou Hengxing Property Co., Ltd. (杭州恆興置業有限公司), or Hengxing, to acquire from him or his assignee a 50% equity interest in Hengxing. The remaining 20% equity interest is held by a passive owner, a village organization, which has also agreed to transfer its 20% equity interest to us. There are no existing structures on the land. Hengxing won the bid for a parcel of land situated in Binjiang district of Hangzhou city, the capital city of Zhejiang Province at a government-sanctioned land auction in January 2006. This parcel of land has an estimated site area of 15,161 square meters and a proposed total GFA of 207,202 square meters. Hengxing has signed the land grant contract with the relevant PRC government authorities. Such land is planned for commercial, office and residential uses. Upon the consummation of these two equity transfers, we will own 70% of Hengxing and manage its entire operations. Mr. Chen will be a director and the president of Hengxing, and continue to be responsible for obtaining the land use rights certificate and applying for various property development-related government approvals and permits. The consideration for the transfer of the 70% equity interest was Rmb 14.0 million and our agreement to lend approximately Rmb 360.1 million in the form of shareholder's loan to Hengxing to be used to repay Hengxing's indebtedness to third parties and outstanding land premium. The shareholder loan will be made to Hengxing by Excellence Commercial, a PRC legal person. Our PRC legal counsel have confirmed that the SAFE notice dated July 10, 2007 applies to offshore entities extending shareholders' loans to their subsidiaries engaged in PRC property development, and as such, has no application to the shareholder's loan made to Hengxing by Excellence Commercial. The total equity transfer payment and the loan proceeds were paid and disbursed on June 30, 2008. Our PRC legal counsel have advised that "The Notice on Further Investment in the Real Estate Sector in the PRC" should not apply to the above acquisition. The transaction is not a round-trip investment for two reasons. First, the investment originated at the offshore level, with sources of funding came originally from outside mainland China. Second, the counterparty is an independent third party. As such, no approval from the relevant authority is required.

As of June 30, 2009, we had paid the equity transfer consideration of Rmb 14.0 million and completed the acquisition of 70% interest in Hengxing. As of the same date, we had paid an aggregate of Rmb 305.5 million in land premium and related stamp duty and disbursed approximately Rmb 106.0 million to repay Hengxing's indebtedness. As of the Latest Practicable Date, we had paid the land premium in full pursuant to the land grant contract. However, as there was a delay in Hengxing's

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payment of such land premium, we are required by the land grant contract to pay a surcharge in the total amount of approximately Rmb 92.3 million. Our PRC legal counsel have advised that (i) the equity transfer contemplated in our agreement with Chen Qishui is legal, valid and not in violation of the applicable PRC laws and regulations; (ii) the land grant contract entered by Hengxing is legal, valid and not in violation of the applicable PRC laws and regulations; and (iii) there should be no material legal impediment for us to obtain the land use rights certificate for the land, provided that we will pay the surcharge and relevant taxes and fees and complete the necessary application procedures. We have already filed our application to the relevant government authorities for the issuance of land use rights certificates to Hengxing, and expect to receive the certificate by the end of 2009.

Shenzhen Jinliju Project

We entered into an agreement in July 2003 with Shenzhen Jinpeng (Group) Co., Ltd. (深圳市金鵬(集團)股份有限公司) and Jinlijia Industrial (Shenzhen) Co., Ltd. (金利嘉實業(深圳)有限公司), as transferors, with respect to a 100% equity interest in Shenzhen Jinliju. In December 1996, Shenzhen local land authority agreed to grant the land use rights to a parcel of land situated in Baoan district, Shenzhen to Jinlijia Industrial (Shenzhen) Co., Ltd. The aggregate consideration for the purchase was Rmb 48.95 million. This land has an estimated site area of 77,025 square meters and a proposed total GFA of 288,843 square meters subject to final approval of relevant authorities. There are no existing structures on the land. The transferor undertook substantial preparatory work, together with the relevant local governmental authorities, in connection with the land acquisition, such as negotiations with local residents on the compensation for the demolition and their resettlement, but the transferor has not received any land use rights certificate or entered into a land grant contract with the relevant PRC governmental authorities. In April through June 2005, without our agreement or any consultation with us, the transferors assigned 49% their equity interest in the project company to Shenzhen Ruican Industrial Co., Ltd. (深圳燦燦實業有限公司), and 51% of its equity interest to CITIC Ka Wah Property Investment Co., Ltd. (中信嘉華置業投資有限公司). Subsequent to a lawsuit we filed against both assignees in a court in Shenzhen, we reached a settlement agreement with both defendants in October 2007, pursuant to which Shenzhen Ruican Industrial Co., Ltd. and CITIC Ka Wah Property Investment Co., Ltd. agreed to transfer their respective ownership interests in the project company to us for a consideration of Rmb 221 million.

As of June 30, 2009, we had paid approximately Rmb 9.0 million to Shenzhen Jinpeng (Group) Co., Ltd., approximately Rmb 16.4 million to Shenzhen Ruican Industrial Co., Ltd., and approximately Rmb 16.8 million to CITIC Ka Wah Property Investment Co., Ltd. and approximately Rmb 6.8 million to the entity that represented the original residents as compensation for relocation and resettlement. The parties have agreed that the total consideration of Rmb 221 million under the settlement agreement will be paid in full upon the acquisition of the land use rights by the project company, which is expected to complete in 2010. Our PRC legal counsel advises that the above equity transfer agreements are legal, valid and not in violation of the applicable PRC laws and regulations. We are currently in the process of negotiating with relevant authorities with respect to the grant of land use rights. According to the decision made by the relevant local authorities in August 2009, we must comply with the local planning in order to receive the land use rights. Otherwise we may receive

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certain monetary compensation in lieu of the land use rights. To date, we have not received any land use rights certificate or entered into any land grant contract with the relevant PRC governmental authorities. There is no assurance that we will necessarily be able to obtain the land use rights, notwithstanding the above-mentioned arrangement.

Shenzhen Longhua Township Project

We entered into a series of agreements as of October 2005 with a view to acquiring a 100% interest in the land use rights with respect to a piece of land situated in Baoan district, Shenzhen, owned by Shangtang village represented by Shenzhen Shangtang Economic Development Co., Ltd. (深圳市上塘經濟發展有限公司). The aggregate consideration to be paid to Shangtang village for the right to develop the land once the government planning of the land is finalized, was Rmb 33.2 million. This land has an estimated site area of 72,146 square meters and a proposed total GFA of 270,547 square meters. There are no existing structures on the land.

As of June 30, 2009, we had paid approximately an aggregate of Rmb 25.7 million. Our PRC legal counsel advises that (i) the above agreements are legal, valid and not in violation of the applicable PRC laws and regulations; and (ii) the land in question is subject to the tender-auction-listing requirements and our obtaining the land use rights is uncertain. To date, we have not received any land use rights certificate or entered into any land grant contract with the relevant PRC governmental authorities. There is no assurance that we will necessarily be able to obtain the land use rights, notwithstanding the above-mentioned arrangement.

Shenzhen Shajing Project

This is a government requisition related redevelopment project. We, together with Shenzhen Mintai Real Estate Development Co., Ltd. (深圳市閩泰房地產發展有限公司), entered into a series of agreements in December 2005 with four residential community committees in Baoan district, Shenzhen, with a view to acquiring land use rights with respect to a piece of land situated in Baoan district granted to the original residents as compensation for requisition by the government of their land for the construction of a national highway. The aggregate consideration for the purchase was Rmb 101.0 million. This land has an estimated site area of 84,600 square meters and a proposed total GFA of 317,000 square meters. There are no existing structures on the land. We have a 53% interest in this venture while our partner, Shenzhen Mintai Real Estate Development Co., Ltd., has a 47% interest.

As of June 30, 2009, we had paid an aggregate of Rmb 20.0 million but had not received any land use rights certificate or entered into any land grant contract with the relevant PRC governmental authorities. Our PRC legal counsel advises that (i) the above agreements are legal, valid and not in violation of the applicable PRC laws and regulations; and (ii) our rights in the land through the joint development as contemplated in the agreements are subject to government approval and uncertain. There is no assurance that we will be able to obtain the land use rights notwithstanding the above-mentioned arrangement.

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Qingdao CBD Project

We entered into an agreement in December 2007 with Qingdao CBD Development and Construction Co., Ltd. with a view to acquiring a 100% interest in the land use rights with respect to two parcels of land situated in the Qingdao CBD, a coastal city in Shandong Province. There are existing buildings attached to the land. We have agreed to provide various services during the preliminary preparation stage of the project. We have also undertaken to advance payments for costs relating to demolition, relocation and resettlement with respect to the project. In August 2009, we have won the auction for the land use rights with respect to one parcel of the land with a site area of 10,504 square meters and a proposed total GFA of 39,390 square meters for a total consideration of approximately Rmb 101.8 million. This parcel of land is planned for commercial use. The consideration for purchasing the remaining parcel of land, which has an estimated site area of 29,841 square meters and a proposed total GFA of 398,420 square meters, is subject to the final auction.

As of June 30, 2009, we had paid a deposit of Rmb 130.0 million, which, along with any advance payments we make for demolition, relocation and resettlement, will be counted toward our payment for the land premium if we win the land use rights at the auction and is subject to refund if we fail to win the land use rights. Pursuant to the land grant contract we entered with the relevant PRC governmental authority in September 2009 for the parcel of land we won, our deposits in the amount of Rmb 20.4 million were counted toward our payment for the land premium. We have also paid one of the two installments of land premium in the amount of Rmb 30.5 million in September 2009. The land grant contract requires the second installment in the amount of Rmb 50.9 million to be paid prior to February 20, 2010. Our PRC legal counsel have confirmed that (i) the above agreement and land grant contract are legal, valid and not in violation with the applicable PRC laws and regulations; (ii) there should be no material legal impediment for us to obtain the land use rights certificate for the parcel of land we won, provided that we will fully pay the second installment as required by the land grant contract, pay the relevant taxes and fees and complete the necessary application procedures; and (iii) our rights in the remaining parcel of land are subject to the outcome of the tender-auction-listing process. To date, we have not received any land use rights certificate. With respect to the remaining parcel of land, we have not entered into any land grant contract with the relevant PRC governmental authorities. There is no assurance that we will be able to obtain the land use rights, notwithstanding the above-mentioned arrangements and procedures.

Shenzhen Meisha Seaview Project

We entered into a cooperation agreement with Shenzhen Sanjiu Dalong Jiankang City Co., Ltd. (深圳三九大龍健康城有限公司), or Shenzhen Sanjiu, in September 2003 to form a project company, Meisha Seaview. We agreed to contribute Rmb 56.1 million for a 51% equity interest in the project company and Shenzhen Sanjiu agreed to contribute its interest in a piece of land, including constructions in progress thereon, in Longgang district in Shenzhen city for a 49% equity interest in the project company. This piece of land has an site area of approximately 1,760,000 square meters and earmarked for golf courses and related developments, including villa houses and residential buildings. Of the 1,760,000 square meters of land use rights contributed by Shenzhen Sanjiu as capital to Meisha

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Seaview, approximately 1,332,000 square meters are subject to a land grant contract, with the remaining 428,000 square meters of land use rights still pending approval by the government. There are existing buildings attached to the land. We injected our capital contribution of Rmb 112.2 million into Meisha Seaview in January 2004.

As of June 30, 2009, due to internal restructuring at Shenzhen Sanjiu since 2005, it has not been able to secure the issuance of the land use rights certificates with respect to this site despite its payment in full for the land premium relating to the 1,332,000 square meters of land use rights. We are not in a position to ascertain or estimate when Shenzhen Sanjiu will be able to obtain such land use rights certificates. As a result of the delay caused by the internal restructuring of Shenzhen Sanjiu, Meisha Seaview was not able to start any property development and its capital contributed by us remained unused. To more effectively utilize the capital resources of our group, we requested Meisha Seaview to disburse approximately Rmb 100.0 million to Excellence China in 2005 as an interest-free loan payable on demand for working capital purpose. The delay of Meisha Seaview project does not have any material impact on our operations.

Our PRC legal counsel advises that (i) the above agreement with Shenzhen Sanjiu is legal, valid and not in violation of the applicable PRC laws and regulations; and (ii) our rights in the land are uncertain as Shenzhen Sanjiu could not inject its interest in the land to Meisha Seaview as capital contribution due to the aforementioned internal restructuring. There is no assurance that we will be able to obtain the land use rights despite the above-mentioned arrangements and procedures.

Shenzhen Gangxia Project (崗廈項目)

We entered into a cooperation agreement in December 2008 with Dabaihui Industrial Group Co., Ltd. (大百匯實業集團有限公司), or Dabaihui Group, and certain other parties with a view to acquiring an indirect controlling interest in Shenzhen Jindi Dabaihui Real Estate Development Co., Ltd. (深圳市金地大百匯房地產開發有限公司), or Jindi Dabaihui. Jindi Dabaihui is owned by Shenzhen Jindi Old City Redevelopment Co., Ltd. (深圳市金地舊城改造開發有限公司), Shenzhen Dabaihui Real Estate Co., Ltd. (深圳市大百匯房地產有限公司), or Dabaihui, and Shenzhen Pengrun Real Estate Development Co., Ltd. (深圳市鵬潤房地產開發有限公司), or Pengrun, with respect to 35%, 33% and 32% of its equity interest, respectively.

In July 2006, Jindi Dabaihui entered into an inner-city village redevelopment agreement with Shenzhen Futian Old City Redevelopment Bureau (深圳福田舊改重建局) and Shenzhen Gangxia Industrial Co., Ltd. (深圳崗廈實業股份有限公司), or Gangxia Industrial, with respect to the land of an old village located in Gangxia Heyuan Sub-district of Futian District in Shenzhen. The land parcels have an estimated site area of 148,900 square meters with a proposed total GFA of 1,112,100 square meters. There were existing buildings collectively owned by the villagers on the land. In August 2007, Jindi Dabaihui entered into a supplemental agreement with Shenzhen Futian District Inner-city Village (Old Village) Redevelopment Office (深圳市福田區城中村(舊村)改造辦公室) and Gangxia Industrial with respect to the demolition of the old buildings on the land. Gangxia Industrial is a joint stock company incorporated under PRC laws, in which each villager is a shareholder. The operations of the joint stock company are managed by its board of directors. Shenzhen Futian Old City Redevelopment Bureau and Shenzhen Futian District Inner-city Village (Old Village) Redevelopment Office are governmental agencies supervising the redevelopment project. Subject to approval by relevant

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governmental authorities, all the commodity housing to be developed on the land may be sold to the market. Under these agreements, Gangxia Industrial and the villagers are entitled to completed properties with a total GFA of 433,923 square meters as compensation, while Jindi Dabaihui is entitled to the rest of the completed properties. Jindi Dabaihui is responsible for the compensation payment for demolition and resettlement, the funding of the redevelopment, the design, planning and construction of the project, the sale of the completed properties to be allocated to Jindi Dabaihui, and certain property management services. Gangxia Industrial is responsible for providing the land use rights for the project, coordinating with the villagers with respect to the redevelopment of the project, and assisting in obtaining all property development-related government approvals and permits. The estimated costs relating to demolition and resettlement are approximately Rmb 3.2 billion.

Pursuant to the cooperation agreement entered in December 2008, Dabaihui Group will increase its holding of equity interest in Dabaihui to 100%, Dabaihui will directly or indirectly hold a total of 65% equity interest in Jindi Dabaihui by acquiring Pengrun, and Dabaihui Group will then transfer its 51% equity interest in Dabaihui to us. In consideration for the 51% equity interest in Dabaihui, we agreed to pay Dabaihui Group a transfer price of Rmb 5.1 million, to take charge in the redevelopment project, and make bank entrustment loans to Dabaihui Group in a total principal amount of Rmb 500 million at the interest rate to be further agreed on the basis of the relevant PBOC benchmark lending rates. Dabaihui Group agreed to pledge to us its 49% equity interest in Dabaihui as collaterals for the loans. Dabaihui Group also agreed to put us in charge of the daily operations of Dabaihui, Pengrun and Jindi Dabaihui. We will have the right to nominate the legal representative and a majority of the members on the respective boards of directors of Dabaihui and Pengrun, and nominate all the directors of the boards of Jindi Dabaihui that Dabaihui and Pengrun are entitled to nominate, which together will constitute a majority of the board of Jindi Dabaihui.

As of June 30, 2009, we already paid the equity transfer price of Rmb 5.1 million and completed the acquisition of 51% interest in Dabaihui. As of the same date, we had made entrustment loans to Dabaihui Group in the total principal amount of Rmb 300 million. With respect to these entrustment loans, Rmb 150 million bears a floating interest rate equal to the benchmark three-year lending rate plus 10% and the other Rmb 150 million bears a floating interest rate equal to the benchmark three-year lending rate. The entrustment loans are in compliance with the relevant PRC laws and regulations. We believe that it is more appropriate to account for the advance of these entrustment loans as our operating activities as these entrustment loans were part and parcel of the purchase of the Shenzhen Gangxia Project for our properties development business instead of for the purpose of interests earning.

Pursuant to Shenzhen government regulations, the inner-city village redevelopment projects, subject to approvals by competent government authorities, are exempt from the tender-auction-listing requirements. Our PRC legal counsel advises that the exemption from tender-auction-listing requirements is subject to the government approval of the redevelopment agreements. We have obtained the consent from local government.

As of June 30, 2009, the total amount paid by Jindi Dabaihui in connection with the inner-city village redevelopment agreement was approximately Rmb 1.2 billion. We have not entered into any land grant contract with the relevant PRC government authorities. We expect to obtain the land use rights by the end of 2009.

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Shenzhen Zhenbao Project (深圳圳寶項目)

We entered into a project transfer agreement in June 2009 with Shenzhen Zhenbao Industrial Co., Ltd. (深圳市圳寶實業有限公司), or Shenzhen Zhenbao, Shenzhen Hengtao Investment Development Co., Ltd. (深圳市恒濤投資發展有限公司), or Shenzhen Hengtao, and certain other parties with a view to acquiring the land use rights with respect to several parcels of land with an estimated total site area of approximately 60,000 square meters situated at Meilin Zhongkang sub-district and eastern Shekou in Shenzhen. The aggregate consideration to be paid by us to Shenzhen Zhenbao for the land use rights is Rmb 670 million, subject to adjustment depending on relevant governmental approval on certain parcels of the land. Such land use rights should be transferred to a newly established project company.

In January 2005, Shenzhen Zhenbao entered into an agreement with the local land authorities regarding the compensation to be given to Shenzhen Zhenbao for the local authorities' taking back of certain land initially granted to Shenzhen Zhenbao by way of administrative allocation. Pursuant to this agreement and other relevant documents, the local authorities will, after relevant approval, grant to Shenzhen Zhenbao, as compensation, the land use rights for several parcels of land with an estimated total site area of approximately 60,000 square meters situated at Meilin Zhongkang sub-district and eastern Shekou in Shenzhen. Such land is planned for commercial uses.

Under the agreement entered in June 2009, once Shenzhen Zhenbao acquires the land use rights with respect to the subject land, it will first transfer or contribute such land use rights to a newly established project company and then transfer to us the equity interest in the project company. Additionally, Shenzhen Hengtao, a majority shareholder of Shenzhen Zhenbao, has agreed to make arrangements to transfer to us 98% equity interest in Shenzhen Zhenbao temporarily to secure Shenzhen Zhenbao's performance of the agreement. Such equity interest will be transferred back to Shenzhen Hengtao upon our acquisition of the relevant land use rights. The parties have confirmed that the purpose of the agreement is for us to acquire the relevant land use rights rather than any equity interest in Shenzhen Zhenbao or other assets of Shenzhen Zhenbao.

As of June 30, 2009, we had paid approximately Rmb 20 million to Shenzhen Zhenbao. As of the Latest Practicable Date, we had received 61% equity interest in Shenzhen Zhenbao pursuant to the agreement. Our PRC legal counsel have advised us that the above agreement entered in June 2009 is legal, valid and not in violation of the applicable PRC laws and regulations. As of the Latest Practicable Date, Shenzhen Zhenbao had not received any land use rights certificate or entered into any land grant contract with the relevant PRC governmental authorities. There is no assurance that we will necessarily be able to obtain the land use rights by way of acquiring the project company from Shenzhen Zhenbao, notwithstanding the above-mentioned arrangement.

Beijing Hengyin Project (北京恒銀項目)

We entered into a share transfer agreement in August 2009 with Shenzhen Jingji Haiwan Hotel Management Co., Ltd. (深圳市京基海灣酒店管理有限公司), or Jingji Haiwan, Shenzhen Jingji Jingdu Hotel Management Co., Ltd. (深圳市京基晶都酒店管理有限公司), or Jingji Jingdu, and certain other parties as guarantors to acquire a 60% equity interest in Beijing Hengyin Real Estate Development

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Co., Ltd. (北京恒銀房地產開發有限公司), or Beijing Hengyin. As consideration for the equity transfer, we agreed to pay a total price of Rmb 30.0 million to Jingji Haiwan and Jingji Jingdu, who will each transfer to us their 30% equity interest, respectively, in Beijing Hengyin. Jingji Haiwan and Jingji Jingdu will assume all the debts owed by Beijing Hengyin prior to the transfer.

In May 2007, Beijing Hengyin entered into an agreement with the villagers’ committee of Haijingluo Village of Beiqijia Town in Changping District, Beijing, with respect to the old village redevelopment of Haijingluo Village. The land subject to the redevelopment, which is divided into four phases, has a total site area of 666,667 square meters and a total proposed GFA of 1,468,667 square meters. Pursuant to these agreements and other relevant documents, Beijing Hengyin is in the process of obtaining the right to conduct primary land development for phases 1 and 2. The right to conduct primary land development for phases 3 and 4 of the redevelopment on the remaining land is subject to a tender-auction-listing process. The land subject to the redevelopment is collectively owned and needs to be converted into state-owned land before it can be granted through a tender-auction-listing process by the government. Such conversion process is beyond our control.

While we intend to eventually acquire the land for which Beijing Hengyin is in the process of obtaining the right to conduct primary land development, such land will be subject to a tender-auction-listing process after the completion of its primary land development. Our involvement in the primary land development will not necessarily give us any advantage in obtaining the land use right under the tender-auction-listing process.

As of the Latest Practicable Date, we had paid Rmb 30 million to Jingji Haiwan and Jingji Jingdu and acquired the 60% equity interest in Beijing Hengyin. Our PRC legal counsel have confirmed that (i) the equity transfer contemplated in the above agreement entered in August 2009 is legal, valid and not in violation with the applicable PRC laws and regulations; and (ii) Beijing Hengyin’s rights in the land are subject to the outcome of the tender-auction-listing process. To date, we have not received any land use rights certificate or entered into any land grant contract with the relevant PRC governmental authorities. There is no assurance that we will be able to conduct the primary land development or eventually obtain the land use rights, notwithstanding the above-mentioned arrangements and procedures.

PROPERTY DEVELOPMENT

We determine the number, type and location of our property development projects primarily based on our three-year business development plans and financial resources. During the Track Record Period, we complied with all the relevant laws and regulations in relation to our property development in obtaining various licenses, permits, certificates and approvals, including government approvals of the relevant urban redevelopment plans, land use rights certificates, construction land planning permits, construction works planning permits, construction permits, pre-sale permits and certificates of completion, and we also complied with SAFE and foreign investment-related regulations, except that we have not commenced development of certain properties for over one to two years from the construction commencement date stipulated in the relevant land grant contracts as we have disclosed under the section entitled “Risk Factors — Risk Relating to Our Business — The PRC government may impose fines on us or reclaim our land if we fail to comply with the terms of the land grant contracts” in this document, and we have experienced delays in relation to delivery of certain

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completed properties as we have disclosed under the section entitled “Risk Factors — Risk Relating to Our Business — Our failure to meet all requirements for the delivery of completed properties and issuance of property ownership certificates may lead to compensatory liability to our customers” in this document. Our PRC legal counsel have confirmed our compliance record as described above.

We maintain a systematic development approach although each project is specifically designed to cater to the target market and regional preferences. The core processes in our property development are summarized below.

City and Site Selection

Before we enter into a new city, we engage reputable professional agencies to conduct market research and an investigation and to produce reports with analysis of key market factors including local regulatory guidelines on property development, transportation and infrastructure, available natural resources, competition, development cost and potential return. Our business development team reviews and organizes these reports to screen for potential projects that meet our criteria, and will conduct preliminary site survey and feasibility analysis on potential projects that are particularly promising. Based on our business development team’s final recommendation, our senior management in charge of property development will have all key function departments, including our marketing and sales, design, budgeting and finance, and legal, participate in a full-scale feasibility analysis of the candidate project. The final feedback will then be submitted to our project decision committee for review and approval. The project decision committee consists of Li Wa, Li Xiaoping, Wang Dou, Zhangyuan (張遠), Wu Fengbai (鄔風柏), Yang Bing (楊冰) and Fang Yifeng (方奕鋒). We apply the following criteria in our project site selection process:

- overall economic development and development potential of the city;
- population of the city and population trends;
- average annual income of the residents;
- the ratio of average annual income per resident to average property sale price of the city;
- urban planning and development by local government;
- the suitability of the scale and type of the potential development;
- clearance of any material legal obstacles with respect to ownership interest;
- overall competition landscape;
- premium location within the city, neighboring public amenities and infrastructures such as public transportation, hospitals, banks, supermarkets and other ancillary facilities for business and residential communities;

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- natural environment and surroundings, preferably near a park, ocean, river, lake or golf course;
- development cost, estimated return on investment and the impact on cash flow; and
- leasing potential, including prospects for rental price increases.

Land Acquisition

We generally acquire land through the following means:

- acquisition of equity interests in companies that possess land use rights;
- participation in urban redevelopment projects; and
- participation in tender-auction-listing.

Acquisition of Project Companies

Acquisition of project companies is a common practice in the PRC property market as one of the means to increase land bank. We have used this method in the past, such as the land use rights underlying our Dongguan Azure Polis, Changsha Valley Villa and Lianyungang Cote d’Azur. Since this is primarily a privately negotiated sale, it is subject to various associated risks. In addition to business terms, previous dealings and relationships between the buyer and seller, competition from other buyers, seller’s political, financial and other influence in the local market may play a role in the negotiation and its outcome. As we buy the equity interest in the project company, it necessarily requires us to perform significant due diligence not only on the land held by the target company, but also on the target company itself, including its assets and liabilities. In the absence of contrary contractual provisions, we will assume all liabilities of the target company, such as its financial guarantees, unidentified indebtedness, contractual arrangements and disputes and legal proceedings of the target company. We also run the potential non-completion risk when the transferor refuses to transfer its equity interest in the target company to us despite a binding share transfer agreement especially when the land price significantly appreciates over a relatively short period. The transferor may delay the completion process, be non-cooperative, or endeavor to seek additional payment for the transfer.

We believe, however, that there are many benefits associated with this land acquisition approach as compared to other means. These project companies typically have either already obtained the land use rights or proceeded substantially in the land acquisition process. Upon successful acquisition of the target company, the buyer effectively acquires the relevant land use rights that belong to the target company without the necessity of going through the complicated land acquisition procedures in the localities. The sellers often have good connections with the local establishment and are familiar with the local market conditions. Our equity transfer agreements in such circumstances often require the sellers to cooperate with us in various pre-development matters. In order to take greater advantage of the expertise and experience of the sellers, we sometimes endeavor to buy a controlling stake in the target company with the seller as our project partner. A well managed joint venture in such circumstances could create a win-win situation for both the buyer and seller.

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Equity interests in PRC project companies so acquired are subject to registration with, and/or approval from, the relevant governmental departments, including the relevant industry and commerce administration authorities. Upon completion of such acquisition, the target company will need to effect amendments to its business license and to register the change of its shareholders. Completion of an acquisition of project companies is also subject to third party consents, especially banks and other financial lenders, pursuant to the terms and conditions of their loan or prior transaction documents. In addition, as a result of the acquisition, the buyer also inherits most of the prior contractual arrangements, which the buyer may or may not share the view with respect to the advantages and disadvantages of such contractual arrangements. Effective management of the relationship with the existing employees at the target company constitutes another significant responsibility for the buyer. Good employee relationship will optimize the investment by the buyer.

Urban Redevelopment

We have actively participated in urban redevelopment programs initiated by the Shenzhen municipal government as one of our primary means of acquiring land in Shenzhen. As Shenzhen was developed from a fishing village into a major city across the border from Hong Kong over the span of the past 30 years, these urban redevelopment programs have played an especially important role in the urbanization history of Shenzhen.

In Shenzhen, urban redevelopment programs initiated by the municipal government consists of two types: (i) government requisition related redevelopment (徵地返還) and (ii) inner-city village redevelopment (城中村改造).

- *Government Requisition Related Redevelopment.* When the government historically repossessed land for urban development purposes, whether to construct a highway or to re-zone a district, it typically compensated the original residents with another piece of land plus additional payments for relocation and resettlement. The compensatory land may be used for residential development or commercial development purposes. Our Shenzhen Victoria Harbour project and Shenzhen Excellence Century Center project were such government requisition related redevelopment projects. Since August 2002, Shenzhen government no longer compensates residents of repossessed land with replacement land. It has also indicated that it may require future government requisition related redevelopment projects to be subject to the tender-auction-listing processes.
- *Inner-City Village Redevelopment.* This category of urban redevelopment projects largely results from renovation or beautification efforts initiated by the municipal government for inner city districts. Rapid urbanization also expanded such zoning and redevelopment needs. The inner-city village redevelopment program involves primarily residential projects developed for the purpose of replacing old or dangerous living quarters in Shenzhen urban areas. In this category of urban redevelopment, we typically negotiate and reach agreement with cooperative joint stock companies established by the villagers as their representative. In exchange of the land use rights for the residential development, we typically compensate the existing urban village property owners with residential units of comparable total GFA plus additional payments for relocation and resettlement. Under the current laws and regulations in Shenzhen, the replacement residential units for each household may not be

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more than 480 square meters. Although we currently do not have completed projects or projects under development falling into this category of urban redevelopment program, our contractual arrangements for Shenzhen Nanxin Project and Shenzhen Gangxia Project as disclosed in the section entitled “— Our Property Projects — Other Land-related Contractual Arrangements” are such inner-city village redevelopment projects.

All urban redevelopment projects, whether government requisition related or inner-city village redevelopment, are subject to approvals by the relevant government authorities before the developer may enter into land grant contracts and obtain land use rights. As a policy matter, the Shenzhen government has granted various favorable treatments, such as lower land premiums, to encourage such urban redevelopment projects.

Under the existing rules and regulations in Shenzhen, land use rights may be acquired through these urban redevelopment programs without going through the tender-auction-listing process so long as such redevelopment is undertaken jointly by a developer and the villagers. Any such redevelopment project to be undertaken solely by a developer must be subject to the tender-auction-listing process. In addition, due to the number of villagers and their different interests in such programs, it is usually a very time-consuming process for an urban redevelopment project to receive the various approvals and consents before commencement of its development. We usually negotiate initially with the village joint stock company and endeavor to reach an agreement with the approval of its board of directors and the approval of its shareholders at a general meeting. We then proceed to apply for the approval by the relevant government authority for our participation in such urban redevelopment. Once such government approval is received, we have to enter into separate agreements with individual villagers with respect to their compensation and other resettlement related matters. Although individual villagers may not challenge the legal or beneficial ownership of the land redeveloped or to be redeveloped once the redevelopment plan has been approved by the relevant government authority, an individual villager may refuse to enter into the individual resettlement compensation agreement with the relevant property developer. Such refusal may delay the redevelopment schedule or increase the resettlement costs.

Tender-Auction-Listing

Tender-auction-listing has been a standard practice in China for the grant of state-owned land use rights for residential or commercial property development use since August 2004. We have participated in such tender-auction-listing processes as a means to replenish our land bank. Since this is primarily a publicly contested sale, it tends to be a much more competitive process than private sales. Although this process has the advantage of eliminating or minimizing non-pricing related considerations, such as personal relationships with the seller and the buyer’s political, financial and other standing in the local market, this tender-auction-listing process does tend to increase the pricing pressure for the developers and favor developers with stronger financial resources and deeper market insight.

Land parcels subject to tender-auction-listing processes have usually gone through primary preparation by the government. Therefore, the developer does not have to negotiate with the original residents on the compensation for their relocation and resettlement. We obtained our land use rights to Changsha Cote d’Azur project through our participation in tender-auction-listing processes.

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We have obtained land use rights certificates for all our completed properties and properties under development. We currently expect to maintain sufficient land bank to meet our development requirements for the next five years on a rolling basis. As of June 30, 2009, we had approximately 1.0 million square meters in GFA under development. We continually search for land sites which meet our selection criteria.

During the Track Record Period, we were not required to pay any land idle fee or forfeit any land parcel as a result of noncompliance with the relevant PRC rules. Although there can be no assurance that circumstances leading to forfeiture or significant delays in our development schedules will not arise in the future, we do not expect that any land parcel of our current land bank will be subject to forfeiture based on our current development plans.

Project Planning and Design

Through systematic review and research and based on our in-depth understanding of market trends and customer needs, we make an objective assessment of our planned projects and form specific project design guidelines, in which we set out the design criteria in light of market demand and functional requirements, such as the ratio of office and retail space, in order to maximize return.

We engage leading domestic and international design firms, including Peddle Thorp Melbourne Architects and LEO A DALY, to carry out our project design according to our project design guidelines. We typically invite three to five reputable design firms to tender via a concept-design competition. Through rounds of rigorous review, we select the winner of the tender based on a comprehensive evaluation of the submitted concept designs in terms of maximizing the value of the planned development. Our internal design department then coordinates and works closely with the selected design firms in major aspects of the design process, from master planning, design details and adjustments, to material selection.

The following steps form part of an integrated process of our property design procedures:

- Overall planning, primarily focused on product positioning, pacing of development, development model, development phases and property mix, transportation and environment evaluation and ancillary facilities;
- Product design, primarily focused on the style, theme and functionality of the development, building structure and facilities, floor plans and choice of materials;
- Landscape design, primarily focused on creating a harmonious and aesthetically pleasing living environment through integrating the overall design scheme with the designs for individual buildings; and
- Interior design, focused on the ergonomic design of all interior space of common areas to optimize the residents' experience and usage of these areas.

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We are committed to excellence in the planning and design of our property developments. In developing our Shenzhen Cote d’Azur project, we engaged world renowned firms such as Peddle Thorp Melbourne Architects and Belt Collins for the architectural design and landscape design. Shenzhen Cote d’Azur won the national “Best Planning” and “Best Landscaping” awards from the Ministry of Construction in 2001. We have also engaged EDSA Oriented for landscape design themed “town by the seaside” and WY Design Consulting for individual building design for our Excellence Blue Archipelagos project in Qingdao, which was named the “Most Anticipated Property Development in Qingdao” (2007年最值得期待的樓盤) by Peninsula Metro Daily (半島都市報社) in 2007. Our Shenzhen Excellence Century Center project has selected the well-known LEO A DALY as the designer and the architect through a competitive bidding process. We expect Shenzhen Excellence Century Center to become a new landmark in the Shenzhen CBD.

We believe that our commitment to excellence in planning and design will enhance our brand value, ensure a solid foundation for our long-term success and help to maximize return on our investments.

Project Construction

We outsource all our construction work to third party construction companies. We usually select construction companies through a bidding process and invite a minimum of five qualified construction companies to bid for a construction project through a tender process. We seek to engage the most reputable contractors, such as China Construction First Building (Group) Corporation Limited (中國建築一局(集團)有限公司) and China Huashi Enterprises Company Limited (中國華西建築工程總公司), which are well recognized for their construction quality. We take into account contractors’ professional qualifications, track record, reputation, proposed delivery schedule and cost, as well as their financial condition and resources when evaluating the suitability of the contractors.

The terms of our standard construction contracts provide for progressive payments throughout the construction progress, and contain express warranties on construction quality and schedule. We withhold 5% of the contract sum for two years after completion to apply against potential claims arising out of any construction defects. We require our contractors to comply with PRC laws and regulations on the quality of construction projects, as well as our own standards and specifications. Contractors are also subject to our quality control procedures, including examination of materials and supplies, on-site inspection and production of progress reports. We do not allow our construction contractors to subcontract or transfer their contractual arrangements with us to any third party without our prior consent. Our construction work also includes gardening and landscaping, which are outsourced to independent service providers through a competitive selection process.

We are not responsible for any labor problems of our contractors or accidents and injuries that may occur during construction. These risks are born by construction companies, as provided in our contracts with them. To the best of our knowledge, there were no non-compliance cases or labor disputes noted from the third-party construction companies during the Track Record Period. We did not experience any material construction delays or fail to complete the construction of any project during the Track Record Period.

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We provide our customers with a warranty for the quality of the structure pursuant to the Measures on the Sales of Commodity Housing 《商品房銷售管理辦法》 and Regulations for the Operations of Urban Property Development 《城市房地產開發經營管理條例》. The warranty period is the useful life of the property as set in the project planning documents. If the quality of the structure is found to be defective by the relevant construction quality inspection authority, property buyers can return the property and demand a refund, and we are liable to the property buyers for losses caused by the defects.

Quality Control and Procurement

To ensure quality and monitor the progress and workmanship of construction, we hire independent supervisory companies in addition to our own construction supervision team to conduct on-site inspection and monitor construction progress on a day-to-day basis. Each of our project developments has its own on-site project management team. Prior to handing over a property to our customers, our sales and customer service departments together with our engineers inspect the property and take immediate action to cure any defect revealed.

We impose stringent standards on the quality of construction materials used in our projects. We directly purchase a portion of major building materials, especially those affecting product quality including aluminum alloy and elevators, while our contractors are responsible for procuring most basic building materials, such as cement and steel. We inspect the materials delivered to us and reject those that are below our standards or that do not comply with our specifications. To obtain premium quality supplies at competitive cost, we have a centralized procurement system to aggregate our material requirements across projects to obtain volume discounts from suppliers.

For the years ended December 31, 2006, 2007 and 2008 and the six months ended June 30, 2009, purchases from our five largest suppliers accounted for approximately 27.0%, 26.8%, 28.2% and 17.0%, respectively, of our total purchases, and purchases from our single largest supplier accounted for approximately 16.0%, 17.4%, 12.9% and 5.8%, respectively, of our total purchases. For the same periods, none of our Directors, neither their associates nor any of our shareholders holding more than 5% of our issued share capital has any interest in any of our five largest suppliers.

Sales and Marketing

Our sales and marketing team conducts feasibility studies based on market analysis, design sales and pricing plans, and determines appropriate advertising and promotion campaigns for a particular property development and for our “Excellence” brand name. They also collect customer data and feedback. Through the analyses of the data collected and our research we have compiled a guideline for sales at all points of contact with customers 《覆蓋客戶所有接觸點的營銷設計指引》 to ensure customer satisfaction throughout the sales process. In addition to our own sales team, we engage third-party real estate sales agencies to implement our sales strategies and conduct sales on an as-needed basis when we enter into the sales of a new type of property or when we enter into a particular market segment with which we are less familiar. For example, we engaged third-party sales agencies in 2008 to sell properties of Shenzhen Victoria Harbour and in 2009 to sell properties of

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Shenzhen Excellence Century Center. For the years ended December 31, 2006, 2007 and 2008 and the six months ended June 30, 2009, the sales revenue generated from third-party agency sales constitutes 0.2%, 0.2%, 0.4% and 0.5%, respectively, of our total revenue. We usually pay third-party agencies a fixed-rate commission based on the sales completed by them.

We make certain undertakings to the property buyers in the relevant sales contracts, which primarily include the following:

- timely delivery of the property pursuant to the date stipulated in the contract;
- the property sold is free and clear of any encumbrances at the time of delivery;
- warranty on the quality of the foundation and main structure of the construction for a reasonable period specified in the relevant design contracts; and warranty on certain fittings and fixtures, if applicable, usually for a period of two years according to the published national standards; and
- timely procurement of individual property ownership certificate within 210 to 240 days from the date we obtain the certificates of completion.

We did not experience any difficulties in fulfilling our obligations to the property buyers during the Track Record Period.

To ensure effective sales and pricing strategies and risk management, we work with external marketing consultants. Based on market conditions and other indicators such as each project’s occupancy rate, height limit and density of the buildings and ancillary facilities, external consultants have helped to optimize our sales and marketing strategies for particular developments. By ensuring that each project meets the market demand we can also effectively manage and minimize our business risk.

We have success in our brand promotion efforts. For the four consecutive years since 2005, we have been named a “Blue-Chip Real Estate Enterprise in China” (中國藍籌地產企業) by the Economic Observer (經濟觀察報) and Sina.com. We have also been ranked among the “Top 10 Real Estate Brand Names in China” (中國房地產品牌價值TOP10) by the China Index Research Institute. We have cooperated with internationally renowned 4A advertising agencies to promote our brand and develop outreach programs to further publicize the “Excellence” brand. To strengthen recognition of our brand and our market reputation together with our product promotion, we conduct advertising campaigns at strategic time intervals coinciding with critical project stages.

As a part of our sales and marketing strategy we advertise primarily through media channels including newspapers, outdoor billboards, television, magazines, internet and radio. We participate in large-scale social and public welfare activities where we offer participants updates on our new developments. For the past eight consecutive sales quarters, we were ranked as one of the top five in property sales in Shenzhen according to the government-compiled statistics.

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Our principal customers are individual purchasers of residential properties and commercial property buyers in China. For the Track Record Period, revenue attributable to our five largest customers was less than 7.3% of our total revenue in each period. The revenue attributable to our single largest customer was less than 3.1% of our total revenue in each period. 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 Track Record Period.

Payment Arrangements

Purchasers of our properties, including those purchasing pre-sale properties, may pay us through mortgage loans with banks. We typically require our purchasers to pay a non-refundable deposit upon entering into provisional purchase contracts. If the purchasers later decide not to enter into formal purchase contracts, they will forfeit their deposits. Upon executing the formal purchase contracts, our purchasers are typically required to pay at least 10-20% of the total purchase price of the property, with the remaining balance to be paid within one month from the signing of the formal contract. If the purchasers choose to fund their purchases by mortgage loans provided by banks, they are responsible for the mortgage application and obtaining bank approval while we will assist them on an as-needed basis. The payment terms for sales and pre-sales of our properties are substantially identical.

Most of our customers purchase our properties through mortgage financing. In accordance with industry practice in China, we provide guarantees to mortgagee banks in respect of the mortgage loans provided to the purchasers of our pre-sold properties. These guarantees are released upon the earlier of (i) the relevant property certificates being delivered to the purchasers, and (ii) the settlement of mortgage loans between the mortgagee banks and the purchasers of our properties. In line with industry practice, we do not conduct independent credit checks on our purchasers but rely on the credit checks conducted by the mortgagee banks. As of December 31, 2006, 2007 and 2008 and the six months ended June 30, 2009, our outstanding guarantees on the mortgage loans of our purchasers amounted to Rmb 908.2 million, Rmb 606.5 million, Rmb 533.4 million and 1,287.7 million, respectively. During the Track Record Period, we did not encounter any material defaulted mortgage loans. The recent real estate financing measures promulgated by the central government have not caused any increasing trend of mortgage payment default by our customers in our experience. You should refer to the section entitled “Risk Factors — Risks Relating to Our Business — We guarantee the mortgage loans provided to our purchasers and consequently are liable to the mortgagee banks if our purchasers default on their mortgage loan repayments” in this document for additional risk disclosure.

Various Awards Received by Us

In March 2009, we received the honor as one of the “Top 10 Developers in Terms of Profitability among the 2009 China Top 100 Real Estate Developers” (2009中國房地產百強企業 — 贏利性 TOP10) and as one of the “China Top 100 Real Estate Developers for 2004-2009 Consecutive Years” (2004-2009連續六年中國房地產百強企業) by the China Index Research Institute, based on scale, profitability, debt payment ability, operating efficiency and growth potential.

In January 2009, we were awarded “2009 Most Influential Brand from New Perspective of China Real Estate” (2009中國地產新視角最具影響力品牌) by Sohu.com (搜狐網) and Focus.com.cn (焦點房地產網).

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In December 2008, we were recognized as one of “2008 Ten Model Companies in China Urbanization” (中國城市化進程十大典範企業), and Li Xiaoping was recognized as one of “2008 Ten Persons with Outstanding Contributions to Urbanization of China” (2008中國城市化進程十大貢獻力人物), by China International Urbanization Development Strategy Research Committee (中國國際城市化發展戰略研究委員會) at the Second China Urbanization International Summit (第二屆中國城市化國際峰會).

In December 2008, we were accredited as one of “China Top 500 Real Estate Developers” by China Real Estate Appraisal (中國房地產測評中心), which was founded by China Real Estate and Housing Research Association (中國房地產及住宅研究會), China Enterprise Evaluation Association (中國企業評價協會), the center of Real Estate Studies and Appraisals of Peking University (北京大學不動產研究鑒定中心), Shanghai E-House Real Estate Research Institute (上海易居房地產研究院) and Sina Technology (China) Co., Ltd. (新浪網技術(中國)有限公司).

In October 2008, for the four consecutive years since 2005, we were named a “Blue-Chip Real Estate Enterprise in China” (中國藍籌地產企業) by the Economic Observer (經濟觀察報), Sina.com (新浪網) and Cheung Kong Graduate School of Business (長江商學院).

In September 2008, China Index Research Institute published “Brand Value of China Real Estate Companies Top 10” (中國房地產公司品牌價值Top 10). We were accredited “2008 Brand Value Top 10 of South China Real Estate Companies” (2008中國華南房地產公司品牌價值TOP 10). “Excellence” (卓越集團) was awarded “2008 Leading Brand in China Real Estate for the Category of CBD Office Property Development” (2008中國房地產CBD商務地產專業領先品牌), and our Cote d’Azur series (卓越•蔚藍海岸系列), Shenzhen Victoria Harbour (卓越•維港), Shenzhen Repulse Bay (卓越•淺水灣) and Changsha Valley Villa (長沙麓山別墅) were awarded “2008 Brand Value Top 10 of China Real Estate Development” (2008中國房地產項目品牌價值Top 10).

In June 2008, we received “2008 Citizenship Award of China Real Estate Companies” (2008年度中國地產企業公民大獎) and “2008 CBD Operation Award” (2008年度CBD運營大獎) at the Boao 21st Century Real Estate Forum (博鰲•21世紀房地產論壇).

In April 2008, we were named one of the “Top 10 creditworthy real estate developers of Guangdong Shenzhen in 2008” (首屆(2008年度)廣東深圳地產資信10強) by Industrial and Commercial Bank of China Limited Shenzhen Branch (中國工商銀行股份有限公司深圳市分行), Agricultural Bank of China Shenzhen Branch (中國農業銀行股份有限公司深圳市分行), Bank of China Limited Shenzhen Branch (中國銀行股份有限公司深圳市分行), China Construction Bank Limited Shenzhen Branch (中國建設銀行股份有限公司深圳市分行) and People’s Daily Online (人民日報社人民網).

In January 2008, China Real Estate Annual Conference 2007 - 2008 (中國房地產年會), which was jointly organized by China Real Estate News (中國房地產報) and Sina.com (新浪網), reviewed the history of the PRC property sector over the past 20 years. We were awarded the honor of “China Real Estate Top 20 Enterprises Over 20 Years” (中國房地產20年成功模式之20強).

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Initiatives To Continuously Improve Our Operations

With the objective of enhancing our operational efficiency and human resource management, we have engaged external consulting firms to evaluate our operations and provide recommendations on how we can further improve the effectiveness of our operations.

From September 2006 to September 2007, we engaged Watson Wyatt Worldwide Inc. (華信惠悅諮詢有限公司), a consulting company focusing on the management of human resources, to evaluate our job positions and establish the management system for our employee compensation.

From February 2006 to August 2007, we engaged Shenzhen SAP Management Consulting (賽普諮詢顧問有限公司) to help us formulate procedures to support our business strategies and expansion. We have implemented recommendations including the enhancement of our internal control guidelines, optimization of our operating procedures, and the streamlining of our corporate structures.

From November 2005 to May 2006, we engaged HAY Group (合益諮詢顧問有限公司), a human resource management consulting firm, to formulate performance review process and career development plan for our key job positions.

PROPERTY MANAGEMENT

We have our wholly owned subsidiary, Excellence Property Management, to exclusively provide comprehensive property management services for all the properties we develop, including residential properties, office buildings, hotels and commercial plazas. In 2006, Excellence Property Management received “Class I” (一級) qualification certification issued by the PRC Ministry of Construction, the highest national accreditation for property management companies in China. The criteria for “Class I” property management companies include the following:

- (1) A registered capital of more than Rmb 5.0 million;
- (2) Not less than 30 property management professionals and full-time management and technical personnel in the relevant fields such as engineering, management and economics. At least 20 of them possess the intermediate professional qualification or above. Heads of businesses such as engineering and finance possess the intermediate professional qualification or above;
- (3) Property management professionals have obtained the vocational qualification certificate in accordance with the state’s relevant requirements;
- (4) Being engaged in the management of at least two types of properties and the GFA managed in the following categories is not less than:
 - two million square meters managed for multi-story residential buildings
 - one million square meters for high-rise residential buildings

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- 150,000 square meters for detached houses (villas)
 - 500,000 square meters for office buildings, industrial premises and other properties
- (5) Established and strictly enforced company policies and standards with respect to service quality and service fees, established the enterprise credit record system, and has proven track record in operation and management.

The “Class I” property management company qualification certification is issued by the Ministry of Construction.

In July 2007, we officially became the first property management services company that joined the Golden Key Properties Alliance (金鑰匙物業聯盟) as approved by the headquarters of the Golden Key Properties Alliance (金鑰匙物業聯盟總部) and Golden Key Hotels of the World (世界金鑰匙酒店聯盟).

Property management is an integral part of our business in that (i) the quality and reputation of property management is critical to the buying decision of property buyers and will contribute to the brand recognition of a property developer; (ii) quality property management services will help to improve property planning and design based on customer feedback they collected; and (iii) quality property management services will enhance property value. We believe that quality property management services add value to our property developments and promote our property sales and brand name in the long term. The significance of our quality property management services to customer loyalty is highlighted by the fact that approximately 30% of our sales during the Track Record Period were either from or referred by the current owners of properties developed and managed by us. We also provide property management services to third parties. With our full range services plus a team consisting of over 1,100 professionals, we are able to serve customers from all lines of businesses in various regions across China including Guangdong Province, Hunan Province, Hubei Province, Jiangxi Province, Beijing and Chongqing. As of June 30, 2009, the total GFA we serviced exceeded 10 million square meters.

Our property management services include maintenance and security of common areas, gardening and landscaping, cleaning, fire protection and rental agency services. The following summarizes our commitment to providing the best services to our customers:

- Concierge services. We are proud to introduce international hotel service standards to our property management. The personalized services we provide to our customers include travel and other reservations, rental management, event planning, ticketing and information collection. We require our employees to follow the “SARDIC” standard in providing personalized services to our customers, which stands for **S**mile, **A**ctive, **R**espect, **D**etail, **I**nnovative and **C**are, a hotel service standard which we choose to adopt in our property management services; and
- Circle of Excellence. We endeavor to build a community life style with distinct culture and style for our residential property owners — Circle of Excellence. In addition, we have established clubs catering to business communities in the Shenzhen CBD.

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Our property management company has won many awards in past years, including the “Exemplary Socially Responsible PRC Property Management Company” in 2007 issued by China Property Management Journal, the “2006 Most Satisfactory Property Management Company” issued by Housing and Real Estate Magazine, “Top 10 Brands of Property Management in Shenzhen, China (In Memory of 30th Anniversary of China’s Reform and Opening Up)” ((紀念改革開放30周年)中國深圳物業管理十大品牌稱號) in 2008 issued by Shenzhen Special Zone Herald (深圳特區報), Jing Daily (晶報), Hong Kong Commercial Daily (香港商報), “Top 10 Property Services Companies in China” (中國物業服務百強企業) in 2008 issued by China Real Estate Top 10 Research (中國房地產TOP10研究組).

Under PRC law, property owners are entitled to engage or discontinue a property management company at an owners’ meeting if at least half of the owners agree. As of June 30, 2009, none of the owners meetings voted to discontinue our property management services. For the years ended December 31, 2006, 2007 and 2008 and the six months ended June 30, 2009, our property management services contributed approximately 3.1%, 6.9%, 4.0% and 1.9%, respectively, of our total revenue, respectively.

Qualification certificates of our subsidiaries

The following table sets out the expiry dates of qualification certificates of our subsidiaries. The duration of qualification certificate for a property development company is usually one year.

<u>No.</u>	<u>Name of subsidiary</u>	<u>Expiry date</u>
1.	Excellence China	April 30, 2010
2.	Shenzhen Pengyue	April 30, 2010
3.	Shenzhen Excellence	April 30, 2010
4.	Excellence Century City	April 30, 2010
5.	Shenzhen Qnian Jianye Investment Co.....	April 30, 2010
6.	Wuhan Excellence	June 30, 2012
7.	Wuhan Zhenghe	June 16, 2010
8.	Excellence Qingdao	June 30, 2010
9.	Changsha Excellence	December 31, 2011
10.	Hunan Lushan.....	June 5, 2010
11.	Chongqing Wanshang.....	May 31, 2010
12.	Excellence Weigang.....	April 30, 2010
13.	Dongguan Zhongtian.....	September 22, 2011
14.	Excellence Property Management.....	Not applicable

As a Class I property management company, the qualification certificate of Excellence Property Management does not have a fixed duration and is subject to renewal requirement on a rolling basis, which is conducted through randomly selecting for review by the relevant government authority.

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The qualification certificate is legally required before a developer can engage in property development or property management. We usually initiate the renewal process of our qualification certificates within one to two months prior to the expiry date of the certificate, which meets the requirements of relevant rules and in our experience allows sufficient time to complete the renewals before the expiration. We did not experience any difficulties in renewing our qualification certificates during the Track Record Period. We plan to renew all our qualification certificates as they become due and do not expect to encounter any difficulties in the renewal process.

INVESTMENT PROPERTIES

As of June 30, 2009, we held 40-year operating rights in the 21,069 square meters of retail space in Guangzhou Diwang Shopping Arcade, or Guangzhou Diwang, and 1,400 carparks as investment properties for long-term rental and/or capital appreciation, but not for our occupation. Our investment criteria are primarily based on the estimated future cash inflow and long-term potential growth prospect. We do not have any definite plans to dispose of our existing investment properties and we plan to increase the proportion of our investment properties and to begin developing hotel premises to be operated by professional hotel operators. We may choose to sell our investment properties when we believe that sales would generate a better return on our investment.

In August 2006, we acquired a 90% equity interest in Guangzhou Guixin for a cash consideration of Rmb 5.7 million. In October 2008, we acquired the remaining 10% equity interest in Guangzhou Guixin for a cash consideration of Rmb 20.3 million. In April 2002, Guangzhou Guixin, as lessee, entered into a 20-year lease agreement (renewable for another 20 years) for Guangzhou Diwang with Guangdong Sports Bureau (廣東省體育局), as lessor. Guangdong Sports Bureau is the government authority in Guangdong Province responsible for the administration of sports related activities within the province. We are not entitled to the land use rights to Guangzhou Diwang as we only hold the operating rights through the long-term lease agreement. The land in question was granted to the lessor in 2002 as allocated land (劃撥地) by the relevant government authority and the lessor had obtained the construction land permit (建設用地批准書). The lessor has not obtained the property ownership certificate due to the following reasons: (i) the lessor did not perceive the need to obtain such property ownership certificate as the lessor had no intent to transfer or borrow against such property; and (ii) certain prerequisite documents such as land use rights certificate and certificate of completion were not obtained by the lessor for reasons mentioned above. Currently the lessor is in the process of obtaining land use rights certificate and property ownership certificate to Guangzhou Diwang. The lessor believes that there is no material legal impediment to its obtaining of these certificates. However, the procedures to rectify such previous omissions can be complicated and there can be no assurance that such certificates can be obtained in a timely manner if at all. As advised by our PRC counsel, the lease agreement between Guangzhou Guixin and Guangdong Sports Bureau was legal, valid and enforceable among the contracting parties. Should the lessor be found in violation of relevant PRC laws with respect to the lease of Guangzhou Diwang, the lessor may be fined for the violation and our rights under the lease agreement may be challenged or annulled. Pursuant to the lease agreement, Guangzhou Guixin is entitled to compensation from Guangdong Sports Bureau for losses incurred in connection with the lease of Guangzhou Diwang if the agreement is invalidated by relevant government authorities. However, the agreement does not specify the amount of or the mechanism to determine the compensation for which the lessor will be liable if the lease were invalidated due to regulatory reasons. Furthermore, there can be no assurance that Guangdong Sports

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Bureau will perform or have the necessary financial resources to fulfill its undertaking to us if the lease agreement were invalidated. For the classification of Guangzhou Diwang as investment property and the recognition and valuation policies of our income from and interest in Guangzhou Diwang Shopping Arcade, see Note 2.10 in the Accountant’s Report included as Appendix IA to this document.

PROPERTIES USED BY US

As of June 30, 2009, we owned a total GFA of approximately 2,916 square meters, which occupies the 21st floor and the 22nd floor in Excellence Mansion, for our own use as office premise in Shenzhen. We have the property ownership certificate to the 21st floor, and the property ownership certificate to the 22nd floor is in the process of registration. In addition, we leased an aggregate GFA of 120 square meters from independent third parties in Shenzhen as office premises.

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 replenish land bank and other factors. The property markets where we operate 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, 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

We have registered the trademarks and service marks of “卓越”, “EXCELLENCE”, and “蔚藍海岸” (“Cote d’Azur”) with the PRC Trademark Office under various categories in Shenzhen including property sales and services. We have also applied to register with the PRC Trademark Office, some of our other trademarks and service marks under various categories. See “Statutory and General Information — B. Further Information about the Business — 2. Intellectual property rights of our group — (a) Trademarks”. Our PRC legal advisor is of the view that our ability to successfully apply for the registration of such trademarks will depend on whether there will be any oppositions made by third parties. As of the Latest Practicable Date, we were not aware of any opposition made by third parties against the registration of the trademarks under application in the PRC. We confirm that the trademarks under application are immaterial to the operations of our company since we have been using the trademarks that have already been registered for our business operations. We have also completed the registration of our logo in Hong Kong.

INSURANCE

Property developers are not required under PRC national and local laws and regulations to maintain insurance coverage in respect of their property development operations. We maintain insurance coverage on our properties under development and other mandatorily required insurances. In addition, we generally do not carry insurance against personal injuries that may occur during the

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construction of our properties. The construction companies, however, are responsible for quality and safety control during the course of the construction and are required to maintain accident insurance for their construction workers pursuant to PRC laws and regulations. In addition, according to our construction contracts, any liability that may arise from tortious acts committed on construction sites will be borne by the construction companies. To date, we have not experienced any destruction of or material damage to our property developments nor have any material personal injury-related claims been brought against us.

We believe that our policies with respect to insurance are in line with the industry practice in China. However, there are risks that we do not have sufficient insurance coverage for losses, damage and liabilities that may arise in our business operations. 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 promulgated by both the central and local governments. The laws and regulations governing the environmental requirements for real estate developments in the PRC include the Environmental Protection Law 《中華人民共和國環境保護法》, the Prevention and Control of Noise Pollution Law 《中華人民共和國環境噪聲污染防治法》, the Environmental Impact Assessment 《中華人民共和國環境影響評價法》 and the Administrative Regulations on Environmental Protection for Development Projects 《建設項目環境保護管理條例》 Pursuant to these laws and regulations, an environmental impact assessment report is required to be submitted to the relevant government authorities for approval before commencement of construction, and each project developed by a property developer is required to undergo an environmental assessment. When there is a material change in respect of the construction site, scale or nature of a given project, a new environmental impact assessment report must be submitted for approval.

Although property development is generally regarded as low polluting, during the course of construction of a project, there may be an increased amount of dust around the site, increased noise pollution, increased waste water and solid construction waste. In each of these cases, our construction contractors, as part of the responsibilities under their contracts, are responsible for taking actions to dispose of waste, to keep dust levels low and to control noise pollution. None of our completed properties or properties under development are located in the areas with heightened environmental protection standards.

We endeavor to ensure that we comply with relevant laws and regulations on environmental protection and safety by engaging construction contractors with good environmental protection and safety track record. When entering into construction contracts with them, we would request that they strictly comply with all current PRC environmental protection and safety laws and regulations including using construction materials and construction methods that meet the requirements of such laws and regulations. We would also request the construction contractors to be responsible for the final clean up of the construction site and to take steps to minimize adverse environmental impact during construction, such as erecting a fence around the construction site, limiting work hours for noisy construction activities and managing quality of residual soil. In addition, we closely monitor the project at every stage to ensure the construction process is in compliance with the environmental

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protection and safety laws and regulations and require the construction contractors to immediately remedy any default or non-compliance. We are conscious of the need for environmental protection and keen to adopt viable new technologies that are environmental friendly. For example, we utilized geothermal energy (地熱源) protection technologies in Qingdao Azure Archipelagoes to make the buildings more energy efficient, and adopted a new venting design in Shenzhen Repulse Bay project to reduce noise pollution.

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. Inspections of each completed property project carried out by the relevant PRC government authorities to date have not revealed any environmental liability which we believe would have a material adverse effect on our business operations or financial condition. During the Track Record Period, we did not experience any material environmental pollution incident and there was no penalty imposed on us for violation of environmental laws and regulations. Our PRC legal counsel, Commerce & Finance Law Offices, has also confirmed this finding after their due investigation. We believe we are in compliance with PRC safety regulations and that we do not have a record of any non-compliance during the Track Record Period.

We cannot predict the impact of unforeseeable environmental contingencies or new or changed laws or regulations on our existing projects or properties that we may develop in the future. We intend to prevent any potential future environmental risks by continuing to comply with relevant PRC environmental laws and regulations, engaging only reputable construction contractors with good environmental protection and safety track record and requiring the construction contractors to strictly comply with relevant laws and regulations in materials procurement and property construction. We will also continue to educate our employees in relation to the importance of environmental protection and keep abreast with developments in PRC environmental protection laws and regulations through regular dialogue with the relevant local PRC authorities. We incurred insignificant costs in connection with environmental compliance during the Track Record Period.

In respect of social responsibilities, in particular, labor health, safety and social insurance, pursuant to the regulations of the Labor Contract Law of the People’s Republic of China 《中華人民共和國勞動合同法》, the Labor Law of the People’s Republic of China 《中華人民共和國勞動法》 and Opinions on Several Questions concerning the implementation of the Labor Law of the People’s Republic of China 《關於貫徹執行中華人民共和國勞動法若干問題的意見》, an enterprise is required to execute an employment contract with its employees according to law and shall not rescind the employment contract without cause. Employees are entitled to have rest and annual leave according to the law and provisions stipulated in an employment contract. An enterprise is required to have health and safety policies and provide health and safety training to its staff. It is also required to provide its staff with a safe and hygienic working environment as well as any protective gears if necessary. Pursuant to the relevant regulations, an enterprise is required to purchase basic medical insurance, pension insurance, maternity insurance, unemployment insurance, personal injury insurance for its staff and pay the relevant insurance premiums according to law. During the Track Record Period, we had not violated any currently applicable PRC social, health and safety regulations

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in any material respect. We intend to fully comply with the new PRC labor laws and do not expect such compliance to affect our business operations in any material respect. We believe that by protecting the interests of our employees we would be able to enhance employee morale and assist in long-term retention of quality personnel.

In order to comply with the relevant laws and regulations, we participate in various defined retirement contribution plans organized by the PRC provincial and municipal governments for our employees. We pay on behalf of our employees a monthly social insurance premium covering pension insurance, medical insurance, unemployment insurance and personal injury insurance. Our human resources department personnel looks after our social, health and safety issues. They generally have sound knowledge of administration and human resources issues. They work together with our legal department to ensure they are aware of the latest legal development in this area and our compliances with the relevant requirements.

In relation to work place safety around construction sites, we have limited potential liabilities to the workers on our construction sites because we outsource all the construction work. Most of the responsibilities rest with the construction contractors. There was no occurrence of any material accidents/injuries in relation to our property development during the Track Record Period. When entering into contracts with contractors, we require them to purchase accidents insurance according to applicable laws and regulations to cover their workers and adopt effective occupational injuries control measures, such as providing workers with necessary protective gears and offer them regular medical examinations and work place safety trainings.

LEGAL PROCEEDINGS AND MATERIAL CLAIMS

During the Track Record Period, we were involved in legal or other proceedings in the ordinary course of our business, which mainly consisted of disputes with our customers. 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. During the Track Record Period, we were involved in a number of lawsuits arising out of the ordinary course of business. None of these litigations, individually or in the aggregate, have had any material adverse effect on our financial position or results of operations. Based on our assessment of the cases and likely results, we have not made provisions for the outstanding legal claims. For the years ended December 31, 2006, 2007 and 2008 and the six months ended June 30, 2009, legal related expenses were Rmb 1.6 million, Rmb 2.6 million, Rmb 3.6 million and Rmb3.1 million, respectively.

Additionally, we currently have the following four material lawsuits pending against us.

The first lawsuit arose out of an agreement entered in May 2007 for the acquisition of a 100% equity interest in Fangzhou Industrial Co., Ltd. (深圳市方洲實業發展有限公司) (“Fangzhou Industrial”) from the previous owners of Fangzhou Industrial by Li Xiaoping and Xiao Xingping (肖興萍) with Excellence China as Guarantor. The total consideration for the acquisition is Rmb 30 million. The purpose of the agreement was to carry out a reorganization of Wanghai Yikang Industrial Co., Ltd. (深圳市旺海怡康實業發展有限公司) (“Wanghai Yikang Company”), in which Fangzhou

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Industrial held a 67% equity interest. As contemplated under the agreement, Li Xiaoping and Xiao Xingping have made an initial payment of Rmb 5 million to the previous owners, and the previous owners have transferred their equity interest to Li Xiaoping and Xiao Xingping. Subsequently, however, the reorganization of Wanghai Yikang Company was carried out by another party in accordance with an order issued by Shenzhen Intermediate People’s Court. Pursuant to the agreement, if Li Xiaoping, Xiao Xingping and Excellence China are unable to complete the reorganization of Wanghai Yikang Company, the previous owners should return the Rmb 5.0 million to Li Xiaoping and Xiao Xingping, and Li Xiaoping and Xiao Xingping should transfer the equity interest in Wanghai Yikang Company back to the previous owners. The previous owners of Fangzhou Industrial have sued Li Xiaoping, Xiao Xingping and Excellence China for the balance of Rmb 25 million. Our PRC legal counsel have advised that, in the event the court rules in favor of the previous owners of Fangzhou Industrial, Li Xiaoping and Xiao Xingping may be required to pay such previous owners the balance of Rmb 25 million and certain liquidated damages, with Excellence China liable as guarantor. But Excellence China may seek reimbursement from Li Xiaoping and Xiao Xingping for any loss incurred as such guarantor.

The second lawsuit is an action that could impact our 20-year lease agreement (renewable for another 20 years) for Guangzhou Diwang. Our subsidiary Guangzhou Guixin, as lessee, entered into this lease in April 2002 with Guangdong People’s Stadium (as authorized by Guangdong Sports Bureau) (廣東省人民體育場(經廣東省體育局授權)), as lessor. Guangzhou Diwang was initially developed by Hong Kong Yashi Enterprise (Group) Co., Ltd. (香港雅仕企業(集團)有限公司) (“Hong Kong Yashi”), Guangzhou Yashi Investment Development Co., Ltd. (廣州雅仕投資發展有限公司) (“Guangzhou Yashi”) and Guangzhou Yuguan Industrial Development Co., Ltd. (廣州宇冠實業發展有限公司) (“Guangzhou Yuguan”) in cooperation with Guangdong Sports Bureau, who provided the underlying land for the project. In 2002, Guangdong Sports Bureau terminated its cooperation agreements with Guangzhou Yashi, Guangzhou Yuguan and Hong Kong Yashi due to the latter’s inability to continue funding the development of the project. In April 2002, Guangdong Sports Bureau and other relevant parties entered into an agreement with Guangzhou Guixin, pursuant to which Guangzhou Guixin acquired the right to continue to develop the project and acquired the long-term lease for Guangzhou Diwang. As consideration, Guangzhou Guixin made a direct payment of Rmb 38.85 million to Guangzhou Yuguan and a payment of Rmb 20 million to Guangzhou Yashi by assuming a debt of the same amount owing by Guangzhou Yashi.

Prior to Guangdong Sports Bureau’s termination of its cooperation agreements with Guangzhou Yashi, Guangzhou Yuguan and Hong Kong Yashi, Guangzhou Yashi owed Rmb 3.9 million in debt to Guangzhou Dongmo Economic Development Co., Ltd. (廣州市東摩經濟發展有限公司) (“Guangzhou Dongmo”), for which Guangzhou Dongmo had obtained a court order for enforcement. As Guangzhou Yashi failed to repay the Rmb 3.9 million, Guangzhou Dongmo has sued Hong Kong Yashi, Guangzhou Yashi, Guangzhou Yuguan and Guangdong Sports Bureau, seeking to invalidate Guangdong Sports Bureau’s termination of its cooperation agreements with Hong Kong Yashi, Guangzhou Yashi and Guangzhou Yuguan. Guangzhou Guixin joined the proceeding as a third party. Guangzhou Dongmo alleges that Guangzhou Yashi and Guangzhou Yuguan transferred their interests in the Guangzhou Diwang project to Guangdong Sports Bureau without consideration, which impaired Guangzhou Dongmo’s right as creditor to recover the Rmb 3.9 million from Guangzhou Yashi. The PRC court of first instance has issued a judgment denying Guangzhou Dongmo’s claim. This lawsuit is currently pending before the appellate court upon Guangzhou Dongmo’s appeal of the trial court’s decision. Our

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PRC legal counsel have advised that, in the event the decision of the appellate court is unfavorable to us, the relevant parties may be required to revert to a position prior to the termination of the cooperation agreements among Guangzhou Yashi, Guangzhou Yuguan and Guangdong Sports Bureau. As a result, we may forfeit our leasehold interest in Guangzhou Diwang and be required to return the profits we derived from Guangzhou Diwang to a party as directed by the court. In such case, we will be entitled to claim back the consideration Guangzhou Guixin previously paid in acquiring the interest in Guangzhou Diwang from the relevant parties.

We believe we have a strong defense on appeal. In addition, Guangdong People’s Stadium has further agreed to enter into new agreements with Guangzhou Guixin to keep our interest in Guangzhou Diwang intact in case Guangzhou Guixin’s interest in Guangzhou Diwang is invalidated by the court, while we will not need to pay any additional consideration. Our controlling shareholders have agreed to indemnify us against any losses or damages that we may incur as a result of this lawsuit.

The third lawsuit arose out of an agreement between Shanghai Detian and Shanghai Ceyuan Real Estate Agency Co., Ltd. (上海策源房地產經紀有限公司), or Shanghai Ceyuan, in November 2006. Pursuant to the agreement, Shanghai Detian appointed Shanghai Ceyuan as its sales agent for certain properties of the Shanghai Chengbang Villa Project. After a dispute ensued between the parties in connection with the agency sales under the agreement, Shanghai Ceyuan sued Shanghai Detian for breach of contract, claiming for liquidated damages in the amount of Rmb 1.5 million, agency fees in the amount of Rmb 21.2 million and other loss in the amount of Rmb 21.8 million. The PRC court of first instance has issued a judgment granting Shanghai Ceyuan liquidated damages in a total amount of Rmb 1.5 million but denying all its other claims for damages. Both Shanghai Detian and Shanghai Ceyuan have appealed to the appellate court. On appeal, while Shanghai Ceyuan insisted on its original claims, Shanghai Detian asked the court to overrule the lower court’s decision granting the liquidated damages. The case is currently pending before the appellate court. Since Shanghai Ceyuan has asked the court for property preservation during the proceedings, five residential units of Phase 2 of the Shanghai Chengbang Villa project with a total GFA of approximately 3,801 square meters have been attached in aid of execution by the court. Our PRC legal counsel have advised that, in the event the court rules in favor of Shanghai Ceyuan, we may be required to pay Shanghai Ceyuan the liquidated damages, agency fees and other losses. The liquidated damages in the amount of Rmb 1.5 million granted to Shanghai Ceyuan by the court have been factored into the total consideration we paid for our acquisition of the 100% equity interest in Shanghai Detian. The previous shareholders of Shanghai Detian have further agreed to indemnify us against any additional damages exceeding the Rmb 1.5 million that we may incur as a result of an unfavorable ruling against us by the appellate court.

The fourth lawsuit relates to our Shenzhen Excellence Times Plaza (Phase 1). According to a complaint we received on September 23, 2009, this lawsuit was initiated in January 2005. In this lawsuit, Ridong Tiancheng Real Estate Development (Shenzhen) Co., Ltd. (日東天成房地產開發(深圳)有限責任公司), or Ridong Tiancheng, was initially named as one of the six defendants. Ridong Tiancheng was the predecessor of our subsidiary Shenzhen Excellence. In March 2005, we acquired the 100% equity interest in Ridong Tiancheng and changed its name to Shenzhen Excellence Real Estate Development Co., Ltd. (深圳卓越房地產開發有限公司), the current name of Shenzhen Excellence. We have fully paid the consideration for the equity acquisition in 2005. This is the first time we have received the complaint, which now names Shenzhen Excellence as one of the six

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defendants. The complaint alleges that the plaintiffs were the initial owner of Ridong Tiancheng’s parent company and the property project which we have since developed as Shenzhen Excellence Time Plaza (Phase 1). According to the plaintiffs, they transferred their equity interest in Ridong Tiancheng’s parent company and the property project in accordance with agreements to certain other defendants named in the complaint. The plaintiffs allege that they are entitled to retain certain property interests in the property project under such agreements. According to the plaintiffs, these defendants fraudulently arranged for several successive transfers of this property project in violation of the agreements, which impaired the plaintiffs’ retained interest in the property project. As a result, the plaintiffs sued for invalidation of certain agreement for the initial transfer of Ridong Tiancheng’s parent company and the property project. The plaintiffs initially sought (i) enforcement of their allegedly retained interest in this project, i.e., ownership right to two floors of office spaces and 15 carparks, the right to name the project, and the right to manage the completed project, or (ii) damages in the total amount of Rmb 96.0 million. As most of the properties at Shenzhen Excellence Time Plaza (Phase 1) have since been sold to third parties, the plaintiffs have subsequently amended their complaint to seek only monetary damages in the total amount of Rmb 96.0 million, without the other claims.

While the lawsuit was initiated in 2005, the court has not yet ruled on the merit of the case because the parties have been arguing on jurisdictional issues in the previous years. Although we are still in the process of evaluating this lawsuit, we intend to vigorously defend our rights and interests in court. Our PRC counsel have advised that, as one of the six defendants, we may potentially incur damages up to Rmb 96.0 million in the event of an unfavorable court ruling. Pursuant to the relevant agreements for our acquisition of Ridong Tiancheng, we may seek full indemnification from the seller of the equity interest in Ridong Tiancheng, who is an independent third party, and certain other independent third parties against any damages we may incur in connection with this lawsuit. However, there is no assurance that such seller and other parties will have sufficient financial resources to perform indemnification obligations. Our controlling shareholders have, however, agreed to fully indemnify us and hold us harmless with respect to any losses we may incur in connection with this lawsuit.

We have not incurred significant legal costs and expenses from these legal proceedings in view of our overall operating results. Except as disclosed in this document, we are not aware of any material legal proceedings or claims currently existing or pending against us.

Except as disclosed in this document, 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 Track Record Period.