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

RISKS RELATING TO OUR BUSINESS

Our business is subject to extensive governmental regulation and, in particular, we are susceptible to policy changes in the PRC property sector

Our business is subject to extensive governmental regulation. As with other PRC property developers, we must comply with various requirements mandated by the PRC laws and regulations, including the policies and procedures established by local authorities designed to implement such laws and regulations. In particular, the PRC government exerts considerable direct and indirect influence on the development of the PRC property sector by imposing industry policies and other economic measures, such as control over the supply of land for property development, control of foreign exchange, property financing, taxation and foreign investment. Through these policies and measures, the PRC government may restrict or reduce land available for property development, raise benchmark interest rates of commercial banks, place additional limitations on the ability of commercial banks to make loans to property developers and property purchasers, and impose additional taxes and levies on property sales and restrict foreign investment in the PRC property sector. Many of the property industry policies carried out by the PRC government are unprecedented and are expected to be refined and improved over time. Other political, economic and social factors may also lead to further adjustments and changes of such policies. Although since the second half of 2008, in order to combat the impact of the global economic slowdown, the PRC government has adopted measures to encourage domestic consumption in the residential property market and support real estate development, we cannot assure you that such economic rescue measures will be long-lived. Such property industry policies, including their refinement and adjustment, may not necessarily have a positive effect on our operations or our future business development. The favorable policy changes since the second half of 2008 may be revised or terminated by the PRC government from time to time as a result of changes in market conditions. In addition, we cannot assure you that the PRC government will not adopt additional and more stringent industry policies, regulations and measures in the future. If we fail to adapt our operations to new policies, regulations and measures that may come into effect from time to time with respect to the real property industry, or such policy changes disrupt our business or cause us to incur additional costs, our business prospects, results of operations and financial condition may be materially and adversely affected.

You should read the various risk factors under "— Risks Relating to the Property Industry in China" in this prospectus for more risks and uncertainties relating to the extensive PRC regulations.

We are highly dependent on the performance of the residential property markets in China, particularly in regional centers where we have or will have operations

Our business and prospects depend on the performance of the PRC residential property markets. Any housing market downturn in China generally or in the regions where we operate could adversely affect our business, results of operations and financial condition. Historically, our property developments were concentrated in Guangzhou and its vicinities in Guangdong Province. As we expand to most provincial capitals and regional centers across China, our reliance on these markets will increase. As of September 30, 2009, we had 46 properties under development or held for future development across the country, including eight in Guangdong Province, five in Chongqing municipality, four in Wuhan city and adjacent area, four in Changsha city, three in Jiangsu Province, three in Xi'an city, three in Chengdu city and adjacent area, two in Shenyang city, two in Hefei city, two in Nanchang city and two in Shijiazhuang city. As of September 30, 2009, based on our GFA under development, Jiangsu Province may become our largest regional property market in China, with considerable GFA under development concentrated in Qidong city, which is expected to be completed in phases by 2029. Over-concentration of our properties under development within any particular city or region, such as Qidong city, during any protracted period of time may expose us to more regional risks where we have concentrated operations. Any adverse developments in regional economies where we have significant operations could have a material adverse effect on our results of operations and financial condition.

Overall demand for private residential properties in China, particularly in provincial capitals and regional centers, grew rapidly in recent years. However, the market also experienced fluctuations in property prices during the same period. There have been increasing concerns over housing affordability and sustainability of market growth. In addition, demand for properties in China has been adversely affected and will continue to be so affected by the macro-economic control measures implemented by the PRC government and the current global economic downturn. You may find a more detailed description of the PRC government control measures in the property sector in "— Risks Relating to the Property Industry in China — The PRC government may adopt further measures to slow down growth in the property sector." We cannot assure you that the demand for new residential properties in provincial capitals and regional centers, where we have or will have operations, will continue to grow in the future or that there will not be over-development or market downturn in the domestic residential property sector. Any such adverse development and the ensuing decline in property sales or decrease in property prices in China may adversely affect our business and financial condition.

Current global economic slowdown, crisis in the global financial markets and volatility of the property prices have negatively impacted, and may continue to negatively impact, our business and our ability to obtain necessary financing for our operations

The current global economic slowdown and turmoil in the global financial markets that started in the middle of 2008 have resulted in a general credit crunch, an increased level of commercial and consumer delinquencies, lack of consumer confidence and increased market volatility. The slowdown of worldwide economy, including that of China, has caused a rapid slide in property prices. The negative impact of the current global economic slowdown on our business is manifold. For example:

- we had to abandon our initial public offering in 2008;
- the uncertain economic prospect and tightened credit markets have resulted in a lower demand for our properties than what we had anticipated in 2007; and
- the declining property prices have caused a decline in our sales revenue and a decline in our profit margin.

The global economic slowdown and financial market turmoil have adversely impacted, and may continue to adversely impact, home owners and potential property purchasers, which may lead to a further decline in the general demand for our products and a further erosion of their selling prices.

The current global financial markets turmoil and the tightening of credit due to the rampant lack of liquidity have also negatively impacted our liquidity and our ability to obtain additional financings. We have significantly scaled back our original expansion plan, not only because of the slowdown of the global economy and its anticipated impact on our industry, but also due to the tightened credit market that is making it difficult for us to access affordable financing for the capital expenditure and working capital needs in our expansion plan. The current global financial market crisis and the unavailability or limited availability of financing in China have adversely impacted, and will continue to adversely impact, our liquidity, capital expenditure financing and working capital. You may find additional information on our liquidity and financial condition in the section entitled "Financial Information — Liquidity and Capital Resources" in this prospectus. If the current global economic slowdown and financial market crisis continue on a sustained basis, they will materially adversely impact the demand for our products, materially adversely affect our ability to obtain necessary financing for our operations, and negatively impact our financial condition and results of operations.

We are highly leveraged and a deterioration of our cash flow position could materially and adversely affect our ability to service our indebtedness and to continue our operations

We maintain a significant level of indebtedness to finance our operations. As of December 31, 2006, 2007 and 2008 and June 30, 2009, our aggregate outstanding borrowings were RMB 2,255.4 million, RMB 9,561.7 million, RMB 10,440.2 million and RMB 10,172.3 million, respectively. Our total borrowings described above did not include our guarantees or indemnity obligations of approximately RMB 1,073.9 million, RMB 1,464.2 million, RMB 2,087.0 million and RMB 5,677.5 million, respectively, as of December 31, 2006, 2007 and 2008 and June 30, 2009. Out of our total borrowings of RMB 10,172.3 million as of June 30, 2009, RMB 6,294.4 million was due within a period not exceeding one year, RMB 3,628.9 million was due within a period of more than one year but not exceeding five years and RMB 249.0 million was due within a period of more than five years. We have incurred and will incur a significant amount of interest expenses in relation to our bank borrowings, the Convertible Preferred Shares and the Structured Secured Loan. Most of these interest expenses have been or will be capitalized as properties under development rather than being recorded as expenses in our income statement upon their incurrence. The amounts of the capitalized interests for completed properties held for sale were approximately RMB 13.1 million, RMB 73.3 million and RMB 215.6 million as of December 31, 2006, 2007 and 2008, respectively, and RMB 361.0 million as of June 30, 2009. The amounts of capitalized interests for properties under development were approximately RMB 111.9 million, RMB 707.1 million and RMB 1,616.2 million as of December 31, 2006, 2007 and 2008, respectively, and RMB 1,703.1 million as of June 30, 2009. Such capitalized interest expense will be recorded as expenses in the consolidated income statements as a portion of cost of sales upon recognition of the sale of the relevant properties. Our capitalized interests included in cost of sales for the years ended December 31, 2006, 2007 and 2008 and the six months ended June 30, 2009 were RMB 76.7 million, RMB 96.4 million, RMB 150.7 million and RMB 109.0 million, respectively. Accordingly, such capitalized interest expenses may adversely affect our gross profit margin upon recognition of the sales of the relevant properties in 2009 and future periods.

Our gearing ratio, as calculated by dividing our total borrowings by our total assets, was 28.9%, 44.7%, 36.6% and 27.9%, respectively, as of December 31, 2006, 2007 and 2008 and June 30, 2009. Although we have recorded net operating cash inflow for the six months ended June 30, 2009, we recorded net operating cash outflow in the years ended December 31, 2006, 2007 and 2008. Therefore, we cannot assure you that we will be able to generate sufficient cash flow from operations to support the repayment of our current indebtedness. If we are unable to make scheduled payments in connection with our debt and other fixed payment obligations as they become due, we may need to renegotiate the terms and conditions of such obligations or to obtain additional equity or debt financing. We cannot assure you that our renegotiation efforts would be successful or timely or that we would be able to refinance our obligations on acceptable terms or at all. If financial institutions decline to lend additional funds to us or to refinance our existing loans when they mature as a result of our credit risk and we fail to raise financing through other means, our financial condition, cash flow position and our business prospects may be materially and adversely affected.

In addition, some of our financing arrangements contain provisions that may not work to our advantage when we encounter difficulties in servicing our debt obligations. For example, our Structured Secured Loan contains an offshore tranche in the aggregate principal amount of US$430 million and an onshore tranche in the aggregate principal amount of RMB 20 million. The security package for the offshore loan includes typical offshore share pledges, which are subject to termination upon the consummation of the Global Offering. Our onshore loan is collateralized by the land use rights underlying Evergrande Splendor Qidong, and both the onshore loan and the offshore loan contain cross-default provisions that will make a default in one loan a default in the other as well. As a result, our Structured Secured Loan documentation makes our onshore collateral effectively available for enforcement purposes in the event of a default under the offshore loan. We cannot assure that we will not enter into similar financing arrangements so long as they are fair and reasonable to our company and shareholders as a whole.

Certain events of default occurred in 2008 under the Structured Secured Loan, such as our failure to maintain certain financial ratios during the current global economic downturn and financial crisis. We obtained a forbearance agreement with the lenders of the Structured Secured Loan in December 2008 for them not to accelerate the repayment of the Structured

Secured Loan. As a result of occurrence of the events of default and in anticipation of this Global Offering, we have obtained additional waivers from the Financial Investors, the Structured Secured Loan lenders and the New Investors with respect to the existing or purported defaults, events of default or cross-defaults under the various investment and loan agreements. You may find additional information on the key terms of the Structured Secured Loan, such events of default and waivers under the sections entitled "Corporate History — Reorganization — Introduction of Financial Investors," "— Structured Secured Loan," "— Introduction of New Investors" and "Financial Information — Indebtedness — Structured Secured Loan" in this prospectus. Such waivers will remain valid until March 31, 2010. We have also obtained an extension of the exercise date of the put option in relation to the Structured Secured Loan from the lenders until March 31, 2010. Although it is never our intention to default under any of our agreements, we cannot assure you that we will be able to maintain the relevant financial ratios from time to time and that we will not default. While a forbearance agreement and relevant waivers have been obtained from the Financial Investors, the Structured Secured Loan lenders and the New Investors for the existing or purported events of default, such forbearance agreement and waivers will expire on March 31, 2010 and we cannot assure you that the Financial Investors, the Structured Secured Loan lenders and the New Investors will continue to agree to entertain any forbearance or waiver arrangements with us upon any future occurrence of a default, event of default or cross-default. If we are unable to obtain further forbearance or waiver arrangements with the Financial Investors, the Structured Secured Loan lenders and the New Investors upon occurrence of any default, event of default or cross-default in the future, it could lead to, among other things, an acceleration in our debt financing obligations, which could in turn have a materially adverse effect on our financial condition.

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

Property development is capital intensive. We finance our property projects primarily through a combination of pre-sale and sale proceeds, borrowings from financial institutions, equity financings and internal funds. Historically, we also relied on the issue of the Convertible Preferred Shares and interest-free loans from our Original Shareholder to fund our operations, which sources of funding may not be available to us in the future. Our ability to obtain adequate financing for land acquisition and property development on terms which will allow us to achieve a reasonable return is dependent on a number of factors that are beyond our control, such as general economic conditions, credit availability from financial institutions, as well as monetary policies in China and PRC regulations relating to the property sector.

We have obtained land use rights certificates for all of our properties under development, and have received all of the relevant construction land planning permits, construction works planning permits and construction permits for 17.1 million square meters, or 40.7%, of our GFA under development as of September 30, 2009. We had not received such construction related permits with respect to 24.9 million square meters, or 59.3%, of our GFA under development as of September 30, 2009. As permitted under the PRC laws and regulations, we are allowed to develop our projects in phases, and to apply for the relevant permits when we are ready to commence the relevant phase, with proper design and landscaping plan approved by the government authorities. During the Track Record Period, we experienced delays in obtaining the construction related permits with respect to only a small number of our projects, and we subsequently obtained the relevant construction related permits as approved by the local governments. Therefore we do not expect that such delays have materially adverse impact on our business, results of operations and financial condition. As of the Latest Practicable Date, we have obtained all the required construction related permits or approvals necessary for developing the relevant phase in each of our projects. We cannot assure you, however, that the PRC government will not limit our access to capital, our flexibility and our ability to use bank loans or other forms of financing to finance our property development. We cannot assure you that we will be able to secure adequate financing to fund our land acquisitions (including any unpaid land premium for past acquisitions), to finance our project construction or to renew our existing credit facilities prior to their expiration. Our failure to do so may adversely affect our business, financial condition and results of operations.

Our financing costs are subject to changes in interest rates

Changes in interest rates have affected and will continue to affect our financing costs and, ultimately, our results of operations. The benchmark one-year bank lending rates published by PBOC for the years ended December 31, 2006, 2007 and 2008 and the six months ended June 30, 2009 were 6.12%, 7.47%, 5.31% and 5.31%, respectively. The decrease, however, in the benchmark one-year bank lending rate from 7.47% in December 2007 to 5.31% in December 2008 was a part of PBOC measures to combat the global economic downturn. We also have U.S. dollar denominated loans outstanding, with interest rates benchmarked to the three-month London interbank offered rates for U.S. dollar loans. While we do not believe such increases in the London interbank offered rates for U.S. dollar loans have had or will have a material adverse effect on our ability to obtain adequate financing for our operations or on our overall financial condition, we cannot assure you that the London interbank offered rates for U.S. dollar loans will remain unchanged or that the impact will not increase. As of June 30, 2009, the average annualized interest rate on our outstanding Renminbi borrowings was 6.0%, and the average annualized interest rate on our outstanding foreign currency borrowings was 20.1%. Interest expenses of bank borrowings incurred in 2006, 2007, 2008 and the six months ended June 30, 2009 were RMB 154.2 million, RMB 413.9 million, RMB 1,232.3 million and RMB 529.6 million, respectively. We cannot assure you that PBOC will not raise lending rates or the London interbank offered rates for U.S. dollar loans will not fluctuate significantly. Any further increase in these rates will increase our financing cost and may materially and adversely affect our business, financial condition and results of operations.

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

We derive our revenue principally from the sale of properties that we have developed. To have a steady stream of developed properties available for sale and a continuous growth in the long term, we need to replenish and increase our land reserves that are suitable for development. Our ability to identify and acquire suitable development sites is subject to a number of factors, some of which are beyond our control. The availability of substantially all of the land in China is controlled by the PRC government. Thus the PRC government's land policies have a direct impact on our ability to acquire land use rights for development and our costs of acquisition. In recent years, the PRC central and local governments have also implemented various measures to regulate the means by which property developers obtain land for property development. The PRC government also controls land supply through zoning, land usage regulations and other means. All these measures further intensify the competition for land in China among property developers. For example, subsequent re-zoning by the PRC government may adversely affect our ability to obtain land use rights. We won the bidding of a piece of land located in Tianhe district of Guangzhou at a land auction for an offer of RMB 4.1 billion in January 2008, and have paid an auction deposit of RMB 130 million. We have entered into a land grant contract with the government, although we have not yet paid the remaining land premium. This land was originally designated for residential use, but has since been re-designated by Guangzhou city government as a result of its re-zoning of this area as part of a newly established financial district in Guangzhou city. We are in negotiation with the government with respect to the amendments to the terms of our land grant contract, including the use of the land and our payment terms. It is not entirely certain at this stage how the government will agree to amend our land grant contract. If we are unable to reach an agreement in our favor, we may be subject to forfeiture of the land and the auction deposit of RMB 130 million. If we fail to acquire sufficient land reserves suitable for development in a timely manner and at acceptable prices, our prospects and competitive position may be adversely affected and our business strategies, growth potential and performance may be materially adversely affected.

We have limited experience in hotel management and our results in this segment may be adversely affected by our inexperience

We are currently developing nine extra-large-scale suburban resort development projects, each including upscale hotels and modern conference, entertainment, sports, dining and other commercial facilities, along with a variety of residential complexes. Our experience in hotel management is limited. We plan to operate some of these hotels ourselves and engage hotel and resort management companies to manage the others upon the completion of their construction. We cannot assure you that we will be able to procure the services of professional hotel and resort management companies for such projects. We could face considerable reputational and financial risks if such hotels are mismanaged or do not meet the expectations of our residential, business and other customers. Additionally, we cannot assure you that there will be sufficient demand for such resort and hotel facilities in the localities of these properties. If we fail in our efforts in such hotel and resort business, our financial condition and results of operations will be adversely affected.

We may not be able to execute our contemplated expansion plan successfully

As of September 30, 2009, we completed development of eight projects and partially completed development of 17 projects with a total GFA of 4.1 million square meters. Currently we have 46 properties under development or held for future development with an estimated total GFA of 51.2 million square meters in 24 strategically selected cities across 16 provinces and two municipalities in China. Although our planned projects are carefully chosen after rounds of screening, review and deliberation, such large-scale rapid expansion have placed and may continue to place a substantial strain on our managerial and financial resources. The rapid increase in the volume of our developments brought by such expansion has also presented and may continue to present challenges in terms of project construction and delivery management. Although we have formulated a standardized operational model to facilitate the management of our projects nationwide, any failure to follow our standards or inconsistencies in our compliance across different geographical regions in China may negatively impact our reputation and damage our pursuit for brand and quality. In addition, any failure in effectively managing our large volume of developments within a short period of time may adversely affect our ability to deliver properties to our buyers in a timely manner and harm our reputation and our growth prospect. Also, our expansion plans are based on our forward-looking assessment of the market prospects. Although we believe that such judgments and decisions constitute one of our strengths, we cannot assure you that our market assessment will turn out to be accurate, or that we will be able to execute our contemplated expansion plan successfully or that we will succeed in integrating our expanded operations despite our standardized operational model, especially in light of the uncertain economic conditions as a result of the global economic slowdown and crisis in the global financial markets. There can be no assurance that our expanded operations will generate adequate returns on our investments or positive operating cash flows.

Our LAT provisions and prepayments may not be sufficient to meet our LAT obligations

In accordance with the current PRC laws and regulations on LAT, all persons, including companies and individuals, that receive income from the sale or transfer of state-owned land use rights, buildings and their attached facilities are subject to LAT at progressive rates ranging from 30% to 60% of the appreciated value of the property, with certain exemptions available for the sale of ordinary residential properties if the appreciated value does not exceed 20% of the deductible items as defined in the relevant LAT regulations. In October 2008, as a part of the PRC governmental measures to combat the global economic slowdown, the Ministry of Finance and the State Administration of Taxation jointly issued the Notice on Adjustments to Taxation on Real Estate Transactions to temporarily exempt sales of residential properties by individual owners from LAT. Sales of villas and commercial properties are not eligible for such exemption. Pursuant to the relevant rules issued by the State Administration of Taxation, LAT obligations must be settled with the relevant tax bureaus within specific timeframes subsequent to the delivery of the completed projects. Accordingly, we have settled LAT payments on our four completed property projects in Guangzhou that are subject to LAT settlement. You may find a more detailed description of the PRC regulations on LAT in the section entitled "Taxation — Mainland China Taxation — Our Operations in Mainland China — Land appreciation tax" in Appendix V to this prospectus.

Between 2005 and December 31, 2007, local tax bureaus in various cities, including Guangzhou, required prepayment of LAT at the rate of 0.5% to 1.0% on the pre-sale proceeds of properties. Since January 1, 2008, the rate of LAT prepayment in Guangzhou has increased to 1% for the ordinary residential properties and 2% for other commercial properties. We prepaid LAT in the aggregate amount of RMB 175.3 million with respect to our pre-sales made during the Track Record Period. For the years ended December 31, 2006, 2007 and 2008 and the six months ended June 30, 2009, we made LAT provisions in the amount of RMB 64.4 million, RMB 199.7 million, RMB 332.5 million and RMB 59.5 million, respectively. However, there are uncertainties in the interpretation and implementation of the LAT regulations. Although as of the Latest Practicable Date, we had made sufficient prepayments and/or provisions for LAT in compliance with PRC laws and regulations as interpreted by local tax authorities, there can be no assurance that our LAT prepayments and provisions will be sufficient to cover our LAT liabilities and that the relevant tax authorities will agree with the basis on which we calculated our LAT liabilities. Our results of operations, cash flow and financial condition may be adversely affected if our LAT liabilities as finally determined by the relevant tax authorities are substantially higher than our LAT provisions and prepayments.

Our success depends on the continuing services of our key management members

We depend on the services provided by our senior management and other skilled and experienced key staff members, in particular, our chairman, Dr. Hui, and our other executive officers. Most of them have more than 10 years of experience in the PRC property markets with in-depth knowledge of various aspects of the property development. As competition for experienced managerial talents and skilled personnel in the property development market is intense and the pool of qualified candidates is limited, we may not be able to retain the services of our senior executives or key personnel, or attract and retain high-quality senior executives or key personnel in the future. The loss of the services of our senior management or other key personnel and failure to find qualified replacements could disrupt and adversely affect our operations. Moreover, along with our rapid growth and expansion into other regional markets in China, we will need to hire and retain skilled managers to lead and manage our regional operations. If we cannot attract and retain qualified personnel, our business and future growth may be adversely affected.

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

Property development projects require substantial capital expenditures prior to and during the construction period, and construction of a property project may take many months or several years before it generates positive cash flow through pre-sales or sales. Meanwhile, the progress and cost for a development project can be adversely affected by many factors, including:

- delays in obtaining necessary licenses, permits or approvals from governmental agencies or authorities;
- relocation of existing residents and/or demolishment of existing structures;
- shortages of materials, equipment, contractors and skilled labor;
- labor disputes;
- construction accidents;
- natural catastrophes; and
- adverse weather conditions.

Construction delays or failure to complete the construction of a project according to its planned specifications, schedules or budgets as a result of the above factors may adversely affect our results of operations and financial position and may also cause reputational damage. As a result of the global economic slowdown and crisis in the global financial markets, we experienced delay in delivery of a small number of our property projects. As of the Latest

Practicable Date, we had paid approximately RMB 1.9 million to our customers as late delivery penalties, and we may be subject to possible future claims of approximately RMB 2.9 million by our customers.

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

Real estate markets in China are strictly regulated by the PRC government. Property developers must comply with various laws and regulations of the PRC government, including rules issued by local governments to enforce these laws and regulations. To develop and complete a property project, we must apply for various licenses, permits, certificates and approvals, including land use rights certificates, construction land planning permits, construction works planning permits, construction permits, pre-sale permits and certificates of completion, at the relevant government departments. Before the government issues any certificate or permit, we must first meet specific conditions. We cannot guarantee that we will not encounter serious delays or other difficulties in fulfilling such conditions, or that we will be able to adapt to new rules and regulations that may come into effect from time to time with respect to the property industry. There may also be delays on the part of the relevant regulatory bodies in reviewing our applications and granting approvals. Therefore, in the event that we fail to obtain, or encounter significant delays in obtaining, the necessary governmental approvals for any of our major property projects, we will not be able to continue with our development plans, and our business, financial condition and results of operations will be adversely affected.

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

According to PRC law, property developers must meet various requirements within 90 days after delivery of property or such other time period provided in sales contracts for the customers to apply for property ownership certificates, including passing various governmental clearances, formalities and procedures. We usually stipulate the delivery dates in our sales contracts so as to leave sufficient time for us to complete the formalities and obtain the relevant approvals. However, we cannot assure you that there will not be delays in our property development. There may also be factors beyond our control that may delay the delivery of property ownership certificates, including shortage in human resources at various governmental offices and time-consuming inspections and approval processes at various government agencies. Under current PRC laws and regulations and under our sales contracts, we are required to compensate our customers for delays in our deliveries. In the case of serious delays on one or more property projects, our business and reputation will be harmed.

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

As a precondition to engaging in real estate property development in China, a property developer must obtain a qualification certificate and renew it on an annual basis unless the rules and regulations allow a longer renewal period. According to the current PRC regulations on qualification of property developers, a newly established property developer must first apply for a provisional qualification certificate with a one-year validity, which can be extended for a maximum of two years. If the newly established property developer fails to commence a property development project within the one-year period when the provisional qualification certificate is in effect, it will not be allowed to extend its provisional qualification certificate. Experienced property developers must also apply for renewal of their qualification certificates once every two to three years in most cities, subject to an annual verification by relevant governmental authorities. It is mandatory under government regulations that developers fulfill all statutory requirements before obtaining or renewing their qualification certificates.

Property developers in China must also produce valid qualification certificates when they apply for pre-sale permits. We cannot assure you that we will be able to pass the annual verification of the qualification certificates or that we or each of our project companies will be able to obtain formal qualification certificates in a timely manner, or at all, as and when they become due to expire. If we or our project companies do not possess valid qualification certificates, the government will refuse to issue pre-sale and other permits necessary for our property development business. In addition, the government may impose a penalty on us and our project companies for failure to comply with the relevant licensing requirements. If we or any of our project companies are unable to meet the relevant requirements, and therefore unable to obtain or renew the qualification certificates or pass the annual verification, our business and financial condition could be materially adversely affected.

The fair value of our investment properties is likely to fluctuate from time to time and may decrease significantly in the future, which may materially adversely impact our profitability

We are required to reassess the fair value of our investment properties at every balance sheet date for which we issue financial statements. Under HKFRS, gains or losses arising from changes in the fair value of our investment properties are included in our income statements in the period in which they arise. Our valuations are based on a direct comparison approach, under which our investment properties are directly compared with other comparable properties of similar size, character and location, in order to provide a fair comparison of capital values.

Capitalization approach has also been adopted, under which the estimated net income generated from the investment properties is capitalized at an appropriate rate to arrive at the value conclusions. Our investment properties were revalued by an independent property valuer as of December 31, 2006, 2007 and 2008 and June 30, 2009, respectively, on an open market, existing use basis, which reflected market conditions on those dates. Based on such valuation, we recognized the aggregate fair market value of our investment properties on our consolidated balance sheets, and recognized fair value gains on investment properties and the relevant deferred tax on our consolidated income statements. For the years ended December 31, 2006, 2007 and 2008 and the six months ended June 30, 2009, the fair value gains on our investment properties were RMB 300.1 million, RMB 657.1 million, RMB 77.4 million and RMB 299.7 million, respectively, and accounted for approximately 50.8%, 43.3%, 8.0% and 58.8%, respectively, of our profit before tax.

The significant increase in the fair market value of our investment properties in the Track Record Period was primarily due to the addition of our new investment properties and the overall appreciation of the existing investment properties in Guangzhou. Fair value gains or losses do not, however, change our cash position as long as the relevant investment properties are held by us and, therefore, do not increase our liquidity in spite of the increased profit. The amount of revaluation adjustments has been, and will continue to be, subject to market fluctuations. We cannot assure you that changes in the market conditions will continue to create fair value gains on our investment properties at the previous levels or at any level at all, or that the fair value of our investment properties will not decrease in the future. In particular, the fair value of our investment properties could decline in the event that our industry experiences a downturn as a result of PRC government policies aimed at “cooling-off” the PRC property market, or the global economic downturn and financial market crisis since mid 2008. Any significant decreases in the fair value of our investment properties may materially and adversely impact our profitability.

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

The appraisal value of our properties as contained in the Property Valuation Report is based on multiple assumptions that include elements of subjectivity and uncertainty. The valuation may differ materially from actual results. Therefore, the appraised value of our properties should not be taken as their actual realizable value or a forecast of their realizable value. Unforeseeable changes to the development of the property projects as well as national and local economic conditions may affect the value of our property holdings. The assumptions, on which the appraised value of our properties and land reserves is based, include that:

- we have obtained or will obtain on a timely basis all approvals from regulators necessary for the development and delivery of the projects;
- the properties are freely transferable/rentable either on strata title basis or as a whole to purchasers upon completion of the proposed development;
- we have paid all the land premiums and demolishment and resettlement costs and obtained all land use rights certificates without any additional payment obligation of additional land premium and demolishment and resettlement costs; and
- the properties will be developed and completed in accordance with their development plan.

For example, Evergrande Splendor Qidong has a total GFA of 11,957,045 square meters and constituted 28.5% of our total GFA under development as of September 30, 2009. This project will be developed on a piece of land that the local government acquired through marine reclamation. In accordance with the local rule, which does not contradict the national laws and regulations of China then in effect, we have paid RMB 53.0 million of relocation fees and RMB 75.3 million of marine use right fees to the local government as the consideration to obtain the land use right for development of this project. However, this project may be transferable only upon our payment of additional land premium to the local government. At present, we are in the preparation stage for the construction of this project, including solidifying the land, and expect to complete its development in phases by 2029. Based on our appraisal assumptions described above, this project is currently assigned a value of approximately RMB 30.2 billion by CB Richard Ellis Limited, an independent property valuer. If we fail to pay the additional premium or any materially adverse change occurs with respect to the development of Evergrande Splendor

Qidong, the current valuation of this project may be subject to materially adverse change, which in turn, may materially and adversely affect our business, results of operations and financial condition.

The Property Valuation Report also makes reference to 18 parcels of land under "Group IV — Property interests contracted to be held by the Group in the PRC" that we, as of September 30, 2009, had entered into land grant contracts or land transaction confirmation letter but had not made full payment of the land premiums or satisfied other conditions for obtaining the relevant land use rights certificates. We are not in possession of the proper land use rights certificates with respect to these 18 parcels of land as of the date of this prospectus.

In accordance with the Valuation Standards on Properties of the Hong Kong Institute of Surveyors, PRC properties without proper land use rights certificates may not be assigned any commercial value for purposes of issuing any property valuation report in connection with a listing on the Stock Exchange. You should not rely on the estimated value of approximately RMB 99.4 billion attributable to us as disclosed in the Property Valuation Report because the issue by the government of the relevant land use rights certificates depends on our timely payment of the requisite land premiums and many other conditions, some of which are beyond our control.

We may not be able to obtain land use rights certificates with respect to certain parcels of land under contract

As of the Latest Practicable Date, we had entered into land grant contracts or transfer agreements, but had not obtained all land use rights certificates, in respect of 15 projects as disclosed in the section entitled "Business — Our Property Projects — Properties Held for Future Development." As of the same date, the relevant land parcels occupied an aggregate site area of approximately 3.3 million square meters. If we fail to obtain, or experience material delays in obtaining, the land use rights certificates with respect to these parcels of land, our business, financial condition and results of operations may be adversely affected.

We rely on third-party contractors for certain services in our property development

We engage third-party contractors to provide various services, including construction, landscaping, gardening, equipment installation, interior decoration, mechanical and electrical installation and utilities installation. We generally select third-party contractors through our standardized tender process. We endeavor to employ only companies with good reputation, strong track records, performance reliability and adequate financial resources, and we have implemented strict quality control procedures and closely monitor the construction progress. However, we cannot guarantee that any such third-party contractor will always provide satisfactory services at the quality required by us. If the performance of any third-party contractor is not satisfactory, we may need to replace such contractor or take other remedial actions, which could adversely affect the cost and development schedule of our projects. In addition, as we are expanding our business into other regional markets in China, there may be a shortage of third-party contractors that meet our quality requirements in such regions. Moreover, the contractors may undertake projects from other developers, engage in risky undertakings or otherwise encounter financial or other difficulties, which may adversely affect their ability to complete our property projects on time, within budget or at all. All of these third-party related factors may have an adverse impact on our reputation, credibility, financial position and business operations.

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

As we pre-sell properties before their actual completion of construction, in accordance with industry practice, banks require us to guarantee our customers' mortgage loans. Typically, we guarantee mortgage loans taken out by our customers up until we complete the relevant properties and the property ownership certificates and certificates of other interests with respect to the relevant properties are delivered to the mortgagee banks. If a purchaser defaults on a mortgage loan, we may have to repurchase the underlying property by paying off the mortgage. If we fail to do so, the mortgagee bank may auction the underlying property and recover any additional amount outstanding from us as the guarantor of the mortgage loans. In line with industry practice, we do not conduct any independent credit checks on our customers whose mortgage loans we guarantee but rely on the evaluation of such customers by the mortgagee banks.

As of December 31, 2006, 2007 and 2008 and June 30, 2009, our outstanding guarantees in respect of our customers' mortgage loans amounted to RMB 1,073.9 million, RMB 1,464.2 million, RMB 2,087.0 million and RMB 5,677.5 million, respectively. During the Track Record Period, we encountered defaulted mortgage loans in the aggregate amounts of RMB 4.0 million. We were able to recoup our full guarantee amounts through foreclosure sales. Although we did not sustain any economic loss in these instances, you should not assume that these guarantees are risk free. Should substantial defaults occur and if we are called upon to honor our guarantees, our financial condition and results of operations could be adversely affected.

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

We are required to compensate owners and residents of demolished buildings on some of our property developments for their relocation and resettlement in accordance with the PRC urban housing demolition and relocation regulations. The compensation we pay is calculated in accordance with formulas published by the relevant local authorities. These formulas take into account the location, type of building subject to demolition, local income levels and many other factors. There can be no assurance that these local authorities will not change or adjust their formulas from time to time without sufficient advance notice. If they do so, the land costs may be subject to substantial increases, which can adversely affect our cash flow, financial condition and results of operations. In addition, despite these government-sanctioned formulas, if we fail to reach an agreement over the amount of compensation with any existing owner or resident, either we or such owner or resident may apply to the relevant authorities for a ruling on the amount of compensation. Dissenting owners and residents may also refuse to relocate. This administrative process or such resistance or refusal to relocate may delay the timetable of our development projects, and an unfavorable final ruling may result in us paying more than the amount calculated under the formulas. Such delays in our development projects will also lead to an increase in the cost and delay the cash inflow from pre-sales of the relevant projects, which may in turn adversely affect our business, results of operations and financial condition.

Property owners may cease to engage us as the provider of property management services

We provide property management services to our property owners through our wholly owned property management subsidiary, Jinbi Property Management. We believe that property management is an integral part of our business and critical to the successful marketing and promotion of our property developments. Under PRC laws and regulations, the property owners of a residential development have the right to change the property management service provider upon the approval by a certain percentage of the property owners. If owners of the properties that we have developed choose to terminate our property management services, or our property management services receive unsatisfactory reviews by property owners, our reputation, future sales of our properties and our results of operations could be adversely affected.

We have limited insurance to cover our potential losses and claims

We do not carry insurance against all potential losses or damages with respect to our properties before their delivery to customers other than those buildings over which our lending banks have security interests and for which we are required to maintain insurance coverage under the relevant loan agreements. In addition, we do not maintain insurance coverage against liability from tortious acts or other personal injuries related to our project constructions. We believe that such liabilities should be borne by construction companies. However, we cannot assure you that we would not be sued or held liable for damages due to such tortious acts and other personal injuries. Moreover, there are certain losses for which insurance is not available on commercially practicable terms in China, such as losses suffered due to earthquakes, typhoons, flooding, war and civil disorder. If we suffer from any losses, damages or liabilities in the course of our operations and property development, we may not have sufficient financial resources to remedy the damages or to satisfy our potential obligations. In addition, any payments we make to cover any losses, damages or liabilities may have a material adverse effect on our business, results of operations and financial condition.

Our results of operations may vary significantly from period to period

We derive a majority of our revenue from the sale of residential properties that we have developed. In accordance with our accounting policy, we recognize revenue upon the completion and delivery of the properties to purchasers, which may take place up to 18 months after the commencement of pre-sale. As a result, our results of operations may vary significantly from period to period due to the construction timetables and timing of sales and delivery of our various development projects. Additionally, selling prices of properties vary and are largely determined by local market conditions. Although our properties are developed under the standardized operational model, the average selling price for properties in the same series may vary from city to city, which may affect our business, results of operations and financial condition. Seasonal variations may cause further fluctuations in our interim revenue and profits. For example, we have a number of projects in northern China where winter weather conditions can hinder the execution of our development projects and delay our timetable and revenue recognition. The volatility of our results of operations during the Track Record Period was due to our higher expenses incurred as we expanded our operations on a nationwide basis and was also attributable to the fair value gains on our investment properties, gains from partial disposal of subsidiaries and transfer of project development rights, the provisions or reversals of financial guarantees, gains or losses on repurchase of certain debt outstanding, and the fair value change on the embedded financial derivatives in the Convertible Preferred Shares. We recognized certain non-recurring gains during the Track Record Period, primarily including (i) the gain of approximately RMB 760.4 million from our disposal of a 40% interest in a subsidiary in 2007, representing 50.1% of our profit before income tax during the year, (ii) the gain of approximately RMB 474.5 million from our transfer of the development rights and control rights in two property development projects to Chow Tai Fook Group in 2008, representing 49.1% of our profit before income tax during the year, and (iii) the gain of approximately RMB 172.5 million from our repurchase of a portion of the Structured Secured Loan at a discount price in the six months ended June 30, 2009, representing 33.8% of our profit before tax during the six-month period in 2009. Such gains may not recur and bear little indication to our future financial performance. In addition, our results of operations in the year ended December 31, 2008 and the six months ended June 30, 2009 were also adversely affected by the global economic slowdown and financial market crisis. You should refer to the sections entitled "Financial Information — Indebtedness" and "— Results of Operations" in this prospectus. In light of the above, we believe that period-to-period comparisons of our results of operations may not be as meaningful as they would be for a business with mostly recurring revenue from period to period.

We may be deemed a PRC resident enterprise under the new PRC Enterprise Income Tax Law and be subject to the PRC taxation on our worldwide income

We are a Cayman Islands holding company with substantially all of our operations conducted through our operating subsidiaries in China. Under the new PRC Enterprise Income Tax Law that took effect on January 1, 2008, enterprises established outside China whose "de facto management bodies" are located in China are considered "resident enterprises" for PRC tax law purposes and will generally be subject to the uniform 25% enterprise income tax rate as to their global income. Under the implementation regulations issued by the State Council relating to the new PRC Enterprise Income Tax Law, a "de facto management body" is defined as the body that has the significant and overall management control over the business, personnel, accounts and properties of an enterprise. In April 2009, the State Administration of Taxation promulgated a circular to clarify the definition of "de facto management bodies" for enterprises incorporated overseas with controlling shareholders being PRC enterprises. It, however, remains unclear how the tax authorities will treat an overseas enterprise invested or controlled by another overseas enterprise and ultimately controlled by a Hong Kong permanent resident as is in our case. Although we are currently not treated as a PRC resident enterprise by the relevant PRC tax authorities, substantially all of our management is currently based in China and will remain in China in the future. As a result, we may be treated as a PRC resident enterprise for PRC enterprise income tax purposes and subject to the uniform 25% enterprise income tax as to our global income. You should also read the risk factor entitled "— Dividends payable by us to our foreign investors and gains on the sale of our Shares may become subject to withholding taxes under PRC tax laws" below. If we are treated as such a PRC resident enterprise under the PRC tax law, we could face significant adverse tax consequences.

Dividends payable by us to our foreign investors and gain on the sale of our Shares may become subject to withholding taxes under PRC tax laws

Under the new PRC Enterprise Income Tax Law and its implementation regulations issued by the State Council, to the extent such dividends for earnings derived since January 1, 2008 are sourced within China and we are considered a "resident enterprise" for PRC tax law purposes, then PRC income tax at the rate of 10% is applicable to dividends payable by us to investors that are "non-resident enterprises" so long as any such "non-resident enterprise" investor does not have an establishment or place of business in China or, despite the existence of such establishment or place of business in China, the relevant income is not effectively connected with such establishment or place of business in China. A lower withholding tax rate may apply if such "non-resident enterprise" is incorporated in a jurisdiction that has entered into an income tax treaty or agreement with China that allows a lower withholding. Similarly, any gain realized on the transfer of the Shares by such "non-resident enterprise" investors is also subject to a 10% PRC income tax if such gain is regarded as income derived from sources within China and we are considered a "resident enterprise" in China. If we are required under the new tax law to withhold PRC income tax on our dividends payable to our foreign shareholders who are "non-resident enterprises," or if you are required to pay PRC income tax on the transfer of our Shares, the value of your investment in our Shares may be materially adversely affected. It is unclear whether, if we are considered a PRC "resident enterprise," holders of our Shares might be able to claim the benefit of income tax treaties or agreements entered into between China and other countries or regions.

We rely principally on dividends paid by our subsidiaries to fund our cash and financing requirements, and any limitation on the ability of our PRC subsidiaries to pay dividends to us could have a materially adverse effect on our ability to conduct our business

We are a holding company and rely principally on dividends paid by our subsidiaries for cash requirements, including the funds necessary to service any debt we incur and to pay any dividend we declare. If any of our subsidiaries incurs debt in its own name, the instruments governing the debt may restrict dividends or other distributions on its equity interest to us. Furthermore, applicable PRC laws, rules and regulations permit payment of dividends by our PRC subsidiaries on a combined basis only out of their retained earnings, if any, determined in accordance with the PRC accounting standards. Our PRC subsidiaries are required to set aside a certain percentage of their after-tax profit based on the PRC accounting standards each year for their reserve fund in accordance with the requirements of relevant laws and provisions in their respective articles of associations. As a result, our PRC subsidiaries combined may be restricted in their ability to transfer any portion of their net income to us whether in the form of dividends, loans or advances. Any limitation on the ability of our subsidiaries to pay dividends to us could materially adversely limit our ability to grow, make investments or acquisitions that could be beneficial to our businesses, pay dividends, service our debts or otherwise fund and conduct our business. Under the new PRC Enterprise Income Tax Law and its implementation regulations, PRC income tax at the rate of 10% is applicable to dividends paid by PRC enterprises from their earnings derived since January 1, 2008 to "non-resident enterprises" (enterprises that do not have an establishment or place of business in China, or that have such establishment or place of business but the relevant income is not effectively connected with such establishment or place of business) subject to any lower withholding tax rate as may be contained in any income tax treaty or agreement that China has entered into with the government of the jurisdiction where such "non-resident enterprises" were incorporated. If we or our non-PRC subsidiaries are considered "non-resident enterprises" under the PRC tax law, any dividend that we or any such non-PRC subsidiary receive from our PRC subsidiaries may be subject to PRC taxation at the 10% rate unless any lower treaty rate is applicable.

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

We may be involved from time to time in material disputes with various parties involved in the development and the sale of our properties, including contractors, suppliers, construction workers, original residents, partners, banks and purchasers. These disputes may lead to protests, legal or other proceedings and may result in damage to our reputation, substantial costs and diversion of resources and management's attention. As most of our projects are comprised of multiple phases, purchasers of our properties in earlier phases may commence legal actions against us if our subsequent planning and development of the projects are perceived to be inconsistent with our representations and warranties made to such earlier purchasers. In addition, we may have compliance issues with regulatory bodies in the course of our operations, which may subject us to administrative proceedings and unfavorable decrees that result in liabilities and cause delays to our property developments. For more information, you should refer to the section entitled "Business — Legal Proceedings" in this prospectus for more information.

We may be exposed to intellectual property infringement, misappropriation or other claims by third parties and a deterioration in our brand image could adversely affect our business

We believe that we have built an excellent reputation in China for the quality of our various product series. We have also placed great importance on the continuous enhancement of our brand name and the increase in our brand recognition. Our brand strategy, however, depends on our ability to use, develop and protect our intellectual properties, such as our trademarks. Although we have applied for trademark registration for our names and logos, we have not successfully registered all of these trademarks in China or elsewhere. As a result, we could be subject to trademark disputes. The defense and prosecution of intellectual property lawsuits and related legal and administrative proceedings can be both costly and time-consuming and may significantly divert our resources and the time and attention of our management personnel. An adverse ruling in any such litigation or proceedings could subject us to significant liabilities to third parties, require us to seek licenses from third parties, to pay ongoing royalties, or subject us to injunctions prohibiting the use of our name and logo.

RISKS RELATING TO THE PROPERTY INDUSTRY IN CHINA

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

Along with the economic growth in China, investments in the property sectors have increased significantly in the past few years. In response to concerns over the increase in property investments, from 2004 to the first half of 2008, the PRC government introduced various policies and measures to curtail property developments, including:

- requiring real estate developers to finance, with their internal resources, at least 35% of the total investment (excluding affordable housing projects);

- limiting the monthly mortgage payment to 50% of an individual borrower's monthly income and limiting all monthly debt service payments of an individual borrower to 55% of his or her monthly income;

- suspending land supply for villa construction and restricting land supply for high-end residential property construction;

- requiring that at least 70% of the land supply approved by any local government for residential property development during any given year must be used for developing low- to medium-cost and small- to medium-size units for sale or as low-cost rental properties;

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

- requiring any first-time home owner to pay the minimum amount of down-payment at 20% of the purchase price of the underlying property if the underlying property has a unit floor area of less than 90 square meters and the purchaser is buying the property as a primary residence;

- requiring any second-time home buyer to pay an increased minimum amount of down-payment at 40% of the purchase price of the underlying property and an increased minimum mortgage loan interest rate at 110% of the relevant PBOC benchmark one-year bank lending interest rate;

- for a commercial property buyer, (i) requiring banks not to finance any purchase of pre-sold properties, (ii) increasing the minimum amount of down-payment to 50% of the purchase price of the underlying property, (iii) increasing the minimum mortgage loan interest rate to 110% of the relevant PBOC benchmark one-year bank lending interest rate, and (iv) limiting the terms of such bank borrowings to no more than 10 years, with commercial banks allowed flexibility based on their risk assessment;

- for a buyer of commercial/residential dual-purpose properties, increasing the minimum amount of down-payment to 45% of the purchase price of the underlying property, with the other terms similar to those for commercial properties;

- limiting the grant or extension of revolving credit facilities to property developers that hold a large amount of idle land and vacant commodity properties; and

- imposing more restrictions on the types of property developments that foreign investments may engage in.

Although since the middle of 2008, in order to combat the impact of the global economic slowdown, the PRC government has adopted measures to encourage consumption in the residential property market and to support real estate development, including reducing the minimum capital funding requirement for real estate development from 35% to 20% for affordable housing projects and ordinary commodity residential property projects and to 30% for other property projects, we cannot assure that the PRC government will not change or modify these temporary measures in the future. For more information on the various restrictive measures taken by the PRC government, you should refer to "Appendix VI — Summary of PRC Laws Relating to the Property Sector" in this prospectus. These measures may limit our access to capital resources, reduce market demand for our products and increase our operating costs in complying with these measures. We cannot assure you that the PRC government will not adopt additional and more stringent measures, which could further slow down property development in China and adversely affect our business and prospects.

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

We depend on cash flows from pre-sale of properties as an important source of funding for our property projects. Under current PRC laws and regulations, property developers must fulfill certain conditions before they can commence pre-sale of the relevant properties and may only use pre-sale proceeds to finance the development of such properties. In August 2005, PBOC in a report entitled "2004 Real Estate Financing Report" recommended to discontinue the practice of pre-selling unfinished properties because such practices, in the PBOC's opinion, create significant market risks and generate transactional irregularities. Although this and similar recommendations have not been adopted by the PRC government, there can be no assurance that the PRC government will not adopt such recommendations and ban the practice of pre-selling unfinished properties or implement further restrictions on the pre-sale practice, such as imposing additional conditions for obtaining a pre-sale permit or imposing further restrictions on the use of pre-sale proceeds. Any such measure will adversely affect our cash flow position and force us to seek alternative sources of funding for most of our property development business.

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

Under PRC laws, if we fail to develop a property project according to the terms of the land grant contract, including those relating to the payment of land premium, demolishment and resettlement costs and other fees, specified usage of the land and the time for commencement and completion of the property development, the PRC government may issue a warning, impose a penalty and/or order us to forfeit the land. Under the current PRC laws and regulations, if we fail to pay any outstanding land premium by the stipulated deadline, we may be subject to a late payment penalty calculated on a per-day basis. As of September 30, 2009, we had outstanding land premiums with respect to a small number of projects which we had not paid based on the underlying land grant contracts. We have obtained the relevant local governments' approvals to either extend the payment of the outstanding land premiums or pay such outstanding land premiums in installments, except for several projects that we are in discussions with the relevant local governments regarding their potential re-zoning plans. Although we do not expect that we will be subject to any penalties imposed by the local governments with respect to the outstanding land premiums, we cannot assure you that we will be able to secure similar government approvals if we fail to pay land premiums in the future.

In addition, if we fail to commence development of a property project within the stipulated period as required under the current PRC laws without the approval from the relevant PRC land bureau, the relevant PRC land bureau may serve a warning notice on us and impose a idle land fee of up to 20% of the land premium unless such failure is caused by a government action or a force majeure event. The Notice on Promoting Economization of Land Use issued by the State Council in January 2008 further confirmed the idle land fee at 20% of the land premium. If we fail to commence such development for more than two years, the land is subject to forfeiture to the PRC government unless the delay in development is caused by government actions or force majeure. Even if the commencement of the land development complies with the land grant contract, if the developed GFA on the land is less than one-third of the total GFA of the project or if the total capital expenditure is less than 25% of the total investment of the project and the suspension of the development of the land is more than one year without government approval, the land will still be treated as idle land. During the Track Record Period, we did not receive any notice from the PRC government that any of our projects had been or would be determined as idle land, and we were not required to pay any idle land fee or forfeit any land as a result of noncompliance with the relevant rules.

The following project may be subject to forfeiture of the land or land grant deposit to the PRC government.

Project	Valuation as of September 30, 2009	Total costs paid	Outstanding land premium	Potential loss to us	Ref. to Property Valuation Report
	(RMB in thousands)	(RMB in thousands)	(RMB in thousands)	(RMB in thousands)	
Guangzhou Juanmachang Project	N/A[(1)]	130,000	3,970,000	130,000	81

(1) As we have not obtained the land use right certificate, the land is deemed to have no commercial value. You may find further information in the section entitled "Appendix IV — Property Valuation Report" on this project.

The government has not delivered the land underlying Guangzhou Juanmachang Project to us as a result of its re-zoning plan, and we have not obtained the land use right certificate and land use right for such land. We are in negotiation with the government on amending the terms of the land grant contract, including the use of the land and the payment terms. It is not entirely certain at this stage how the government will agree to amend our land grant contract, and accordingly we are currently not able to evaluate the necessity for us to make any impairment provisions at this stage. In addition, since the government has not delivered the land to us and we have not obtained the relevant land use right certificate and land use right, our PRC legal counsel, Commerce & Finance Law Offices, has advised that the land will not be determined as idle land, and that therefore we will not be subject to any idle land fees with respect to such land.

Except as disclosed above, we do not believe any of our land and/or land grant deposits will be at risk of forfeiture to the PRC government. Our PRC legal counsel, Commerce & Finance Law Offices, has also advised that, as of the Latest Practicable Date, except as disclosed above, we did not commit other breaches of the PRC laws and regulations governing idle land, which may subject us to the payment of idle land fees and forfeiture of the land to the local authorities.

If we are required to pay substantial idle land fees, our results of operations and our reputation may be adversely affected. If we forfeit land, we will not only lose the opportunity to develop the property projects on such land, but may also lose all our investments in the land, including land premiums paid and development costs incurred.

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

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

Our business will be adversely affected if mortgage financing becomes more costly or otherwise less attractive or available

Substantially all purchasers of our residential properties rely on mortgages to fund their purchases. An increase in interest rates may significantly increase the cost of mortgage financing and affect the affordability of residential properties. In addition, the PRC government and commercial banks may also increase the down-payment requirements, impose other conditions or otherwise change the regulatory framework in a manner that would make mortgage financing unavailable or unattractive or less available or less attractive to potential property purchasers. Under current PRC laws and regulations, purchasers of residential properties with a unit floor area of less than 90 square meters generally must pay at least 20% of the purchase price of the properties before they can finance their purchases through mortgages. Since September 2007, for second home buyers that use mortgage financing, the PRC government has increased the minimum down-payment to 40% of the purchase price, with minimum mortgage loan interest rates at 110% of the relevant PBOC benchmark one-year bank lending interest rate. For commercial property buyers, banks are no longer allowed to finance the purchase of any pre-sold properties. The minimum down-payment for commercial property buyers has increased to 50% of the purchase price, with minimum mortgage loan interest rates at 110% of the relevant PBOC benchmark one-year bank lending interest rate and maximum maturities of no more than 10 years. In addition, mortgagee banks may not lend to any individual borrower if the monthly repayment of the anticipated mortgage loan would exceed 50% of the individual borrower's monthly income or if the total debt service of the individual borrower would exceed 55% of such individual's monthly income. If the availability or attractiveness of mortgage financing is reduced or limited, many of our prospective customers may not be able to purchase our properties and, as a result, our business, liquidity and results of operations could be adversely affected.

Intensified competition might adversely affect our business and our financial position

In recent years, many property developers, including overseas developers, have entered the property development markets in Guangdong Province and other regions of China where we have operations. Competition among property developers may cause an increase in land premiums and raw material costs, shortages in quality construction contractors, further delays in issue of government approvals, and higher costs to attract or retain talented employees.

Moreover, residential property markets across China are influenced by various other factors, including changes in economic conditions, banking practices and consumer sentiments. If we fail to compete effectively or to adapt to the changes in market conditions, our business operations and financial condition will suffer.

Potential liability for environmental damages could result in substantial outflow of our resources

We are subject to a variety of laws and regulations concerning the protection of health and environment. The particular environmental laws and regulations that apply to any given project development site vary according to the site's location, the site's environmental condition, the present and former uses of the site, as well as adjoining properties. Efforts taken to comply with environmental laws and regulations may result in delays in development, cause us to incur substantial compliance costs and can prohibit or severely restrict project development activity in environmentally-sensitive regions or areas.

As required by PRC laws and regulations, each project we develop is required to undergo environmental assessments and we are required to submit an environmental impact assessment report to the relevant governmental authorities for approval before commencement of its construction. Although the environmental audits conducted by the relevant PRC environmental protection agencies to date have not revealed any environmental violations that we believe would have a material adverse effect on our business, financial condition or results of operations, it is possible that there are potential material environmental liabilities of which we are unaware. In addition, we cannot ensure that our operations will not result in environmental liabilities or that our contractors will not violate any environmental laws and regulations in their operations that may be attributed to us. You should refer to the section entitled "Business — Environmental and Safety Matters" in this prospectus for more information in respect of environmental matters.

RISKS RELATING TO CHINA

PRC economic, political and social conditions as well as governmental policies can affect our business

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

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

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

Changes in PRC foreign exchange regulations may adversely affect our business operations

The PRC government imposes controls on the convertibility between Renminbi and foreign currencies and the remittance of foreign exchange out of China. We receive substantially all our revenue in Renminbi. Under our current corporate structure, our income is primarily derived from dividend payments from our PRC subsidiaries. Our PRC subsidiaries must convert their Renminbi earnings into foreign currency before they may pay cash dividends to us or service their foreign currency denominated obligations. Under existing PRC foreign exchange regulations, payments of current-account items may be made in foreign currencies without prior approval from SAFE by complying with certain procedural requirements.

However, approval from appropriate governmental authorities is required when Renminbi is converted into foreign currencies and remitted out of China for capital-account transactions, such as the repatriation of equity investment in China and the repayment of the principal of loans denominated in foreign currencies. Such restrictions on foreign exchange transactions under capital accounts also affect our ability to finance our PRC subsidiaries. Subsequent to this Global Offering, we have the choice, as permitted by the PRC foreign investment regulations, to invest our net proceeds from this Global Offering in the form of registered capital or a shareholder loan into our PRC subsidiaries to finance our operations in China. Our choice of investment is affected by the relevant PRC regulations with respect to capital-account and current-account foreign exchange transactions in China. Our investment decisions are additionally affected by various other measures taken by the PRC government relating to the PRC property market as we have disclosed in the section entitled "Industry Overview — PRC Property Markets — Measures Taken by PRC Government in Recent Years Relating to PRC Property Markets" in this prospectus. In addition, our transfer of funds to our subsidiaries in China is subject to approval by PRC governmental authorities in the case of an increase in registered capital, and subject to approval by and registration with PRC governmental authorities in case of shareholder loans to the extent that the existing foreign investment approvals received by our PRC subsidiaries permit any such shareholder loans at all. These limitations on the flow of funds between us and our PRC subsidiaries could restrict our ability to act in response to changing market conditions.

Fluctuations in the value of Renminbi may adversely affect our business and the value of distributions by our PRC subsidiaries

The value of Renminbi depends, to a large extent, on the PRC domestic and international economic, financial and political developments and governmental policies, as well as the currency's supply and demand in the local and international markets. Since 1994 till 2005, the conversion of Renminbi into foreign currencies were based on exchange rates set and published daily by PBOC in light of the previous day's interbank foreign exchange market rates in China and the then current exchange rates on the global financial markets. The official exchange rate for the conversion of Renminbi into the U.S. dollar was largely stable until July 2005. On July 21, 2005, PBOC revalued Renminbi by reference to a basket of foreign currencies, including the U.S. dollar. As a result, the value of Renminbi appreciated by more than 2% on that day. Since then, the PRC central bank has allowed the official Renminbi exchange rate to float against a basket of foreign currencies. There can be no assurance that such exchange rate will not fluctuate widely against the U.S. dollar or any other foreign currency in the future. Since our income and profits are denominated in Renminbi, any appreciation of Renminbi will increase the value of dividends and other distributions payable by our PRC subsidiaries in foreign currency terms. Conversely, any depreciation of Renminbi will decrease the value of dividends and other distributions payable by our PRC subsidiaries in foreign currency terms. Fluctuation of the value of Renminbi will also affect the amount of our foreign debt service in Renminbi terms since we have to convert Renminbi into foreign currencies to service our indebtedness denominated in foreign currencies.

Interpretation of PRC laws and regulations involves uncertainty

Our core business is conducted within China and is governed by PRC laws and regulations. The PRC legal system is based on written statutes, and prior court decisions can only be used as a reference. Since 1979, the PRC government has promulgated laws and regulations in relation to economic matters such as foreign investment, corporate organization and governance, commerce, taxation and trade, with a view to developing a comprehensive system of commercial law, including laws relating to property ownership and development. However, due to the fact that these laws and regulations have not been fully developed, and because of the limited volume of published cases and the non-binding nature of prior court decisions, interpretation of PRC laws and regulations involves a degree, sometimes a significant degree, of uncertainty.

Depending on the governmental agency or the presentation of an application or case to such agency, we may receive less favorable interpretations of laws and regulations than our competitors. In addition, any litigation in China may be protracted and result in substantial costs and diversion of resources and management attention. All these uncertainties may cause difficulties in the enforcement of our land use rights, entitlements under our permits, and other statutory and contractual rights and interests.

The national and regional economies in China and our prospects may be adversely affected by natural disasters, acts of God, and occurrence of epidemics

Our business is subject to general economic and social conditions in China. Natural disasters, epidemics and other acts of God which are beyond our control may adversely affect the economy, infrastructure and livelihood of the people in China. Some regions in China, including the cities where we operate, are under the threat of flood, earthquake, sandstorm, snowstorm, fire, drought, or epidemics such as Severe Acute Respiratory Syndrome, or SARS, H5N1 avian flu or the human swine flu, also known as Influenza A (H1N1). For instance, a serious earthquake and its successive aftershocks hit Sichuan Province in May 2008 and resulted in tremendous loss of lives and destruction of assets in the region. In addition, past occurrences of epidemics, depending on their scale, have caused different degrees of damage to the national and local economies in China. A recurrence of SARS or an outbreak of any other epidemics in China, such as the H5N1 avian flu or the human swine flu, especially in the cities where we have operations, may result in material disruptions to our property development and our sales and marketing, which in turn may adversely affect our financial condition and results of operations.

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

Facts, forecasts and other statistics in this prospectus relating to China, the PRC economy, the PRC real estate industry and the selected PRC regional data have been derived from various official government publications available in China and may not be consistent with other information compiled within or outside China. However, we cannot guarantee the quality or reliability of such source materials. They have not been prepared or independently verified by us, any Selling Shareholder, any Joint Sponsor, any Joint Global Coordinator, any Joint

Bookrunner, any Joint Lead Manager, any Underwriter or any of our or their respective affiliates or advisors (including legal advisors), or other participants in this Global Offering and, therefore, we make no representation as to the accuracy of such facts, forecasts and statistics. We have, however, taken reasonable care in the reproduction and/or extraction of the official government publications for the purpose of disclosure in this prospectus. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice, these facts, forecasts and statistics in this prospectus may be inaccurate or may not be comparable to facts, forecasts and statistics produced with respect to other economies. Further, there can be no assurance that they are stated or compiled on the same basis or with the same degree of accuracy as in other jurisdictions. Therefore, you should not unduly rely upon the facts, forecasts and statistics with respect to China, the PRC economy, the PRC real estate industry and the selected PRC regional data contained in this prospectus.

RISKS RELATING TO OUR GLOBAL OFFERING

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

Prior to the Global Offering, there has been no public market for our Shares. The initial indicative offer price range for our Shares as disclosed in this prospectus was the result of negotiations among us, the Selling Shareholders and the Joint Bookrunners on behalf of the Underwriters, and the Offer Price may differ significantly from the market price for our Shares following the Global Offering. We have applied for listing of, and permission to deal in, our Shares on the Stock Exchange. A listing on the Stock Exchange, however, does not guarantee that an active trading market for our Shares will develop, or if it does develop, will be sustained following the Global Offering or that the market price of our Shares will not decline following the Global Offering. In addition, there can be no assurance that the Global Offering will result in the development of an active and liquid public trading market for our Shares. Furthermore, the price and trading volume of our Shares may be volatile. Factors such as the following may significantly affect the volume and price at which our Shares will trade:

- actual or anticipated fluctuations in our results of operations;
- announcements of new projects or land acquisitions by us or our competitors;
- reduction of or restriction on financing for the property industry or housing market;
- news regarding recruitment or loss of key personnel by us or our competitors;
- announcements of competitive developments, acquisitions or strategic alliances in our industry;
- changes in earnings estimates or recommendations by financial analysts;
- potential litigation or regulatory investigations;
- general market conditions or other developments affecting us or our industry;

- the operating and stock price performance of other companies, other industries and other events or factors beyond our control; and
- release of lock-up or other transfer restrictions on our outstanding Shares or sales or perceived sales of additional Shares by us, the Original Shareholder or other shareholders.

You should note that the stock prices of companies in the property industry have experienced wide fluctuations. Such wide market fluctuations may adversely affect the market price of our Shares.

In addition, the securities markets have from time to time experienced significant price and volume fluctuations that are not related to the operating performance of particular companies. For instance, during the global economic slowdown and financial market crisis that began around the middle of 2008, the global stock markets witnessed drastic price drops with heavy unprecedented selling pressure. Many stocks fell to a fraction of their highs in 2007.

These market fluctuations may also materially adversely affect the market price of our Shares.

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

The Offer Price of our Shares is higher than the net tangible asset value per Share immediately prior to the Global Offering. Therefore, you and other purchasers of our Shares in the Global Offering will experience an immediate dilution in pro forma net tangible asset value of RMB 2.72 (HK$3.09) per Share, based on the maximum Offer Price of HK$4.00.

In order to expand our business, we may consider offering and issuing additional Shares or equity-linked securities in the future. You and other purchasers of our Shares may experience further dilution in the net tangible assets book value per Share if we issue additional Shares at a price lower than the net tangible assets book value per Share at the time of their issue.

Our Original Shareholder may take actions that conflict with the best interests of our other shareholders

Prior to the Global Offering, our Original Shareholder will remain our controlling shareholder with substantial control over our issued share capital. Accordingly, subject to our Memorandum and Articles of Association and the Cayman Companies Law, Dr. Hui, by virtue of his controlling beneficial ownership of our share capital as well as his position as the chairman of our Board, will be able to exercise significant control and exert significant influence over our business or otherwise on matters of significance to us and other shareholders by voting at the general meetings of shareholders or at the Board meetings, including:

- election of our Directors;
- selection of senior management;

- amount and timing of dividend payments and other distributions;
- acquisition of or merger with another entity;
- overall strategic and investment decisions;
- issue of securities and adjustment to our capital structure; and
- amendments to our Memorandum and Articles of Association.

Forward-looking information may prove inaccurate

This prospectus contains forward-looking statements and information relating to us, our operations and prospects and our industry that are based on our current beliefs and assumptions as well as information currently available to us. These forward-looking statements are, by their nature, subject to significant risks and uncertainties. They include, without limitation, statements relating to:

- our business and operating strategies and our various measures to implement such strategies;
- our dividend distribution plans;
- our capital commitment plans, particularly plans relating to acquisition of land for our property development and the development of our projects;
- our operations and business prospects, including development plans for our existing and new businesses;
- our estimates of site areas, GFA, project types and facilities to be developed;
- our estimates of project development timing, such as time to commence, complete and pre-sell any project;
- the future competitive environment for the PRC real estate industry;
- the regulatory environment as well as the general industry outlook for the PRC real estate industry;
- future developments in the PRC real estate industry; and
- the general economic trend of China.

Where used in this prospectus, the words "anticipate," "believe," "expect," "plan," "prospects," "going forward" and similar expressions, as they relate to us, our business or our industry, are intended to identify forward-looking statements. Such statements reflect our current views with respect to future events and are subject to risks, uncertainties and various assumptions, including the risk factors described in this prospectus. Should one or more of these risks or uncertainties materialize, or should any of the underlying assumptions prove incorrect, actual results may diverge significantly from the forward-looking statements in this prospectus. We do not intend to update these forward-looking statements other than our ongoing disclosure pursuant to the Listing Rules or other requirements of the Stock Exchange.

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

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

China does not have treaties providing for the reciprocal recognition and enforcement of judgments of courts with the Cayman Islands, the United States, the United Kingdom, Japan and many other countries. Therefore, recognition and enforcement in China of judgments of a non-PRC court may be difficult or impossible.

We strongly caution you not to place any reliance on any information contained in press articles or other media regarding us and the Global Offering

Prior or subsequent to the publication of this prospectus, there has been or may be press and media coverage regarding us and the Global Offering, in addition to marketing materials published by us in compliance with the Listing Rules. We have not authorized any such press and media reports, and the financial information, financial projections, valuations and other information about us contained in such unauthorized press and media coverage may not truly reflect what is disclosed in this prospectus. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication, and accordingly do not accept any responsibility for any such press or media coverage or the inaccuracy or incompleteness of any such information. To the extent that any such information appearing in the press and media is inconsistent or conflicts with the information contained in this prospectus, we disclaim it, and accordingly you should not rely on any such information. In making your decision as to whether to purchase our Shares, you should rely only on the information included in this prospectus.