You should read the following discussion of our results of operations and financial condition in conjunction with our audited consolidated financial information as of and for each of the three years ended December 31, 2006, 2007 and 2008 and as of and for the six months ended June 30, 2009, including the notes thereto, included in Appendix I to this prospectus. Our consolidated financial statements have been prepared in accordance with HKFRS, which may differ in material respects from generally accepted accounting principles in other jurisdictions. The following discussion contains forward-looking statements that involve risks and uncertainties. Our future results could differ materially from those discussed in such forward-looking statements as a result of various factors, including those set forth under ''Risk Factors'' and elsewhere in this prospectus.

OVERVIEW

We are one of the largest developers of quality residential property projects and a leader in adopting a standardized operational model to manage our various projects in different cities across China. Founded in Guangzhou, Guangdong Province, in 1996, we have become a leading national property developer through our economies of scale and widely recognized brand name under the leadership of our management team. Over the years, our focus on centralized management system, standardized operational model and quality products has allowed us to quickly replicate our success in Guangzhou across China. Through our standardized operational model, we have been able to simultaneously manage projects in various development and sale stages in 24 cities with high-growth prospects, of which 17 are provincial capitals or municipalities, including Guangzhou, Tianjin, Chongqing, Shenyang, Chengdu, Wuhan, Nanjing, Xi'an, Changsha, Taiyuan and Kunming.

Our residential property development integrates planning, design, construction and property management and follows our standardized process management to ensure development speed and product quality. We have been awarded the highest recognition in China in real estate development, architectural planning and design, construction, construction supervision and property management, and have been ranked among the "Top 10 Property Developers of China" by China Real Estate Top 10 Research Group, an organization constituted by Enterprise Research Institute of the Development Research Center of the State Council, Tsinghua University Real Estate Research Center and China Index Academy, for six consecutive years since 2004.

According to a report published on October 9, 2009 by China Real Estate Appraisal and CRIC, we were ranked No. 1 among property developers in China in terms of the total land reserves and GFA under construction as of September 30, 2009. We were also ranked No. 1 among property developers in China in terms of GFA pre-sold for the nine months ended September 30, 2009, and were among the top five property developers in China in terms of contracted sales for the nine months ended September 30, 2009. In addition, we were ranked No. 1 among property developers in China in terms of GFA pre-sold and contracted sales for the three months ended September 30, 2009. China Real Estate Appraisal is a non-profit professional appraisal institution constituted by China Real Estate and Housing Research Association, China Enterprise Evaluation Association, Beijing University Real Estate Research and Appraisal Center, and Shanghai E-House Real Estate Research Institute and Sina

Technology (China) Co., Ltd. It conducts research on, and evaluates, real estate enterprises in China as well as the PRC real estate industry, and provides analysis for participants in the PRC real estate industry. CRIC is a subsidiary of E-House, a New York Stock Exchange listed company, which specializes in providing third-party real estate information and consulting services in the PRC property market. We have not commissioned China Real Estate Appraisal and CRIC for this report. For more information about our relationship with E-House, you may refer to "Business — Property Development — Sales and Marketing" in the prospectus.

We have the largest land reserves among all PRC property developers, with a total GFA of approximately 51.2 million square meters of high-quality and low-cost land with an average cost of approximately RMB 445 per square meter. We focus on provincial capitals and municipalities with high-growth potentials and our land reserves cover the most provincial capitals and municipalities among all PRC property developers. As of September 30, 2009, we had a total of 54 property projects, more than 83% of which were urban projects in provincial capitals or municipalities. As of September 30, 2009, we completed development of a total GFA of approximately 4.1 million square meters since our inception, and we had properties under development with a total GFA of 41.9 million square meters, and properties held for future development with a total GFA of 9.3 million square meters.

As of September 30, 2009, 41 of our property projects under development had construction permits with a total GFA of 17.1 million square meters and a saleable GFA under construction of 16.6 million square meters, and we had obtained pre-sale permits for a total GFA under construction of 7.1 million square meters in 32 projects, of which 2.5 million square meters remained unsold.

Over the years, we have developed and introduced various distinctive product series to the market, including:

- ***High-end series*** represented by products within our Evergrande Palace (恒大華府) series, which account for approximately 10% of the number of our current projects, and are positioned as high-end and premium residential properties in urban centers. Properties of our Evergrande Palace series target high-income residents in such regions.

- ***Mid- to mid-high-end series*** represented by products within our Evergrande Oasis (恒大綠洲) series, Evergrande Metropolis (恒大名都) series and Evergrande City (恒大城) series, which account for approximately 70% of the number of our current projects, and target middle to upper-middle income residents, who currently constitute the largest segment of residential real estate purchasers. Evergrande Metropolis and Evergrande City are urban residential complexes in major cities, while Evergrande Oasis is located in areas with the requisite natural landscape. These series are equipped with well-developed facilities and amenities within the complexes.

- ***Tourism-related series*** represented by products within our Evergrande Splendor (恒大金碧天下) series, which account for approximately 20% of the number of our current projects. Products within our Evergrande Splendor series are positioned as large-scale resort projects that offer a mix of residential, commercial and tourism-related properties.

We design and develop all of our product series under our standardized operational model and market them under the brand name of “Evergrande” on a nationwide basis.

We strive to provide high-quality residential products to the market by focusing on every step of the development process, from site selection, planning, landscaping, construction to fitting-out and property management. We aim to deliver “best-in-class” end-products to our customers. Over the years, our products have gained a wide brand recognition among consumers as reflected by our strong contracted sales and sales records. For the year ended December 31, 2008, our contracted sales amounted to approximately RMB 6.0 billion. For the nine months ended September 30, 2009, our contracted sales amounted to approximately RMB 23.1 billion, as compared to approximately RMB 5.4 billion for the same period in 2008, representing an approximately three-time increase. In addition, we had received approximately RMB 15.7 billion of receipt in advances from our customers in relation to our contracted sales for the nine months ended September 30, 2009, and we expect to receive the remaining RMB 7.4 billion in the future in accordance with the payment schedules in the relevant sales contracts. As of September 30, 2009, our total cash (including cash equivalents and restricted cash) amounted to RMB 10.0 billion, representing approximately 96.1% increase from that of June 30, 2009. As of September 30, 2009, our unaudited total equity and total assets were RMB 8.9 billion and RMB 48.1 billion, respectively.

BASIS OF PREPARATION OF OUR FINANCIAL STATEMENTS

We underwent the Reorganization in anticipation of this Global Offering. Our Reorganization involved companies under common control, and our company and consolidated subsidiaries resulting from the Reorganization are regarded as a continuing group. Accordingly, we have accounted for the Reorganization on the basis of merger accounting, under which our consolidated financial statements present our results of operations, cash flows and financial position as if our current group structure had been in existence since January 1, 2006 or since the respective dates of incorporation/establishment or acquisition, whichever is later. All intra-group transaction balances have been eliminated on consolidation. In accordance with HKFRS, we have prepared our consolidated financial statements under the historical cost convention, as modified by the revaluation of investment properties, embedded financial derivatives and available-for-sale investments at their fair value pursuant to HKFRS.

KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Economic Growth, Speed of Urbanization and Demand for Residential Properties in China

Economic growth, urbanization and rising standard of living in China have been the main driving forces behind the increasing market demand for residential properties. Since the second half of 2008, the global economic slowdown and turmoil in the global financial markets have resulted in adverse impact on the overall economy of China, including the PRC real estate market, from which our entire revenues are generated. The economic conditions and volatility of the property prices may continue to have impact on our business and results of operations. At the current stage of the PRC economic development, while the real estate industry is regarded by the PRC government as one of the pillar industries of China, the real estate industry is significantly dependent on the overall economic growth and the resultant consumer demand for residential properties. Because we primarily target middle to upper-middle income level residents, we believe that private sector developments and urbanization in China are especially important to our operations. These factors will continue to have a significant impact on the number of potential property-buyers and the pricing and profitability of residential properties, which directly affect our results of operations.

Regulatory Measures in the Real Estate Industry in China

PRC governmental policies and measures on property development and related industries have a direct impact on our business and results of operations. From time to time, the PRC government adjusts its macroeconomic control policies to encourage or restrict development in the private property sector through regulating, among others, land supply, pre-sale of properties, land usage, plot ratio, bank financing and taxation. Prior to the second half of 2008, the PRC government had implemented a series of measures to slow down the growth of the economy, including the property markets. However, since the second half of 2008, in view of the economic downturn, the PRC government has adopted measures to encourage consumptions in the residential property market and support real property developers. PRC regulatory measures in the real estate industry will continue to impact our business and results of operations. You should refer to sections entitled "Industry Overview — PRC Property Markets — Measures Taken by PRC Government in Recent Years Relating to PRC Property Markets" and "Appendix VI — Summary of PRC Laws Relating to the Property Sector" in this prospectus for more details on the relevant PRC regulations.

Abilities to Acquire Suitable Land

Our continuing growth will depend in large part on our ability to acquire quality land at prices that can yield reasonable return. As the PRC economy continues to grow at a relatively high speed and demand for residential properties remains relatively strong, we expect that competition among developers for land reserves will remain intense as well. In addition, the statutory means of public tender, auction and listing-for-sale for the grant of state-owned land use rights is also likely to increase competition for development land and increase land acquisition costs.

Timing of Property Development

The number of property projects that we undertake during any particular period is limited due to substantial capital requirements for land acquisitions and construction costs as well as limited land supply. In addition, significant time is required for the development of property projects and it may take many months or probably years before the commencement of pre-sale or completion and delivery of a property project. No revenue is recognized with respect to a property project until it has been completed and delivered to the customers. In addition, as market demand is not stable, revenue in a particular period may also depend on our ability to gauge the expected market demand at the expected launch time for completion and delivery of a particular project, while delays in construction, regulatory approval processes and other factors can adversely affect the timetable of our projects. As a result, our results of operations have fluctuated in the past and are likely to continue to fluctuate in the future.

Land and Construction Costs

Our results of operations are affected by land and construction costs. Land and construction costs constitute the most important items in our cost of sales. Over the years, land premiums have generally been increasing steadily in China. It is widely expected that land premiums will continue to rise as the PRC economy continues to develop. Key construction materials such as steel and cement are included in the fees payable to our construction contractors. Although short-term price volatility of these materials does not affect us immediately, changes in costs in construction materials will cause contractors to change their fee quote, thus impacting our cost of sales and overall project costs. If we cannot sell our properties at a price level sufficient to cover all the increased costs, we will not be able to achieve our target profit margin and our profitability will be adversely impacted.

Product Mix of Our Properties

We derive our revenue mainly from sale of properties. Over the years, we have developed and introduced various product series to the market, targeting a broad customer base. Our results of operations and cash flow generated from operating activities may vary from period to period depending on the product mix and average selling prices for different types of the product. In addition, our results of operations and cash flows generated from operating activities may also vary depending on the market demand at the time we sell our properties. The revenue we receive from our property development depends on local market prices which in turn depend on local supply and demand conditions, as well as the type of property being developed.

Access to and Cost of Financing

Bank borrowing is an important source of funding for our property developments. As of December 31, 2006, 2007 and 2008 and June 30, 2009, our outstanding bank borrowings amounted to RMB 2,255.4 million, RMB 9,561.7 million, RMB 10,440.2 million and RMB 10,172.3 million, respectively. As commercial banks in China link the interest rates on their loans to benchmark lending rates published by PBOC, any increase in such benchmark lending rates will increase the interest costs for our developments. 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. In addition, our access to capital and cost of financing are also affected by restrictions imposed from time to time by the PRC government on bank lending for property developments.

LAT

Our property developments are subject to LAT with respect to the appreciated value of the related land and improvements on such land. LAT applies to both domestic and foreign investors in real estate development in China, irrespective of whether they are corporate entities or individuals. We prepaid LAT in the aggregate amounts of RMB 175.3 million with respect to our pre-sales made during the Track Record Period. According to the relevant LAT laws and regulations in China, provisions of LAT should be made upon recognition of revenue. For 2006, 2007, 2008 and the six months ended June 30, 2009, we made LAT provisions of RMB 64.4 million, RMB 199.7 million, RMB 332.5 million and RMB 59.5 million, respectively. As of the Latest Practicable Date, we had made all prepayments and/or full provisions for LAT in compliance with the relevant LAT laws and regulations in China as interpreted and enforced by the relevant local tax authorities. However, we cannot assure that the relevant tax authorities will agree to the basis on which we have calculated our LAT liabilities for provision purposes or that such provisions will be sufficient to cover all LAT obligations that tax authorities may ultimately impose on us. Our financial condition may be materially adversely affected if our LAT liabilities as calculated by the relevant tax authorities are substantially higher than our provisions. We have provided more details on the PRC regulations on LAT in "Appendix V — Taxation — Mainland China Taxation — Our Operations in Mainland China — Land appreciation tax" in this prospectus.

Fair Value of Investment Properties

Our investment properties include our retail spaces and parking spaces held for rental income and/or for capital appreciation. Our investment properties are stated at their fair value on our consolidated balance sheets as non-current assets as of each balance sheet date on the basis of valuations by an independent property valuer. Gains or losses arising from changes in the fair value of our investment properties are accounted for as gains or losses upon revaluation in our consolidated income statements, which may have a substantial effect on our profits. The property valuation involves the exercise of professional judgment and requires the use of certain bases and assumptions. The fair value of our investment properties may have been higher or lower if the valuer used a different set of bases or assumptions or if the valuation was conducted by other qualified independent professional valuers using a different set of bases and assumptions. In addition, upward revaluation adjustments reflect unrealized capital gains on our investment properties as of the relevant balance sheet dates and do not generate any cash inflow available for our operations or potential dividend distribution to our shareholders. The amounts of fair value adjustments have been, and may continue to be, significantly affected by the prevailing property market conditions in China and may increase or decrease. We cannot assure you that similar levels of fair value gains can be sustained in the future.

CRITICAL ACCOUNTING POLICIES

We prepare our consolidated financial statements under the historical cost convention as modified for the revaluation of certain investment properties, embedded financial derivatives and available-for-sale investments in accordance with HKFRS. HKFRS requires us to make judgments, estimates and assumptions that affect (i) the reported amounts of our assets and liabilities at the end of each fiscal period, and (ii) the reported amounts of income and expenses during each fiscal period. We continually evaluate these estimates based on our own historical experience, knowledge and assessment of our current business and other conditions, our expectations regarding the future based on available information and our best assumptions, which together form our basis for making judgments about matters that are not readily apparent from other sources. Since the use of estimates is an integral component of the financial reporting process, our actual results could differ from those estimates and expectations. Some of our accounting policies require a higher degree of judgment than others in their application.

When reviewing our consolidated financial statements, you should consider (i) our selection of critical accounting policies, (ii) the judgment and other uncertainties affecting the application of such policies, and (iii) the sensitivity of reported results to changes in conditions and assumptions. We believe the following accounting policies involve the most significant judgment and estimates used in the preparation of our consolidated financial statements.

Investment Properties

Properties that are held for long-term rental income or for capital appreciation or both, and that are not occupied by us, are classified as investment properties. Properties that are being constructed or developed for future use as investment properties are classified as property and equipment and stated at cost until construction or development is complete, at which time they are reclassified and subsequently accounted for as investment properties. Investment properties are measured initially at their cost. After initial recognition, investment properties are carried at fair value. Fair value is based on the current prices in an active market for the properties with similar leases and other contracts, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, we use alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. These valuations are performed at each balance sheet date by independent valuers. The fair value of investment properties reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions. The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect of the property.

Properties under Development

For accounting purposes, properties under development include only properties in respect of which we have obtained the relevant land use rights certificates and the relevant construction permits. Properties under development are stated at the lower of cost and net realizable value. Net realizable value takes into account the price ultimately expected to be realized, less applicable variable selling expenses and anticipated cost to completion. Development cost of property comprises construction costs, amortization of land use rights, borrowing costs, and professional fees incurred during the development period. On completion, the properties are transferred to completed properties held for sale. Properties under development are classified as current assets except those that will not be realized in one normal operating cycle. Land use rights may sometimes be subject to restrictions due to incomplete administrative and other procedures. We need to make further payments to the relevant governmental authorities as calculated on the basis of the appraisal value of the relevant land after deducting various fees and reclamation costs we have invested before we may transfer ownership of our completed properties to our customers.

Completed Properties Held for Sale

Completed properties remaining unsold at the end of each financial reporting period are stated at the lower of cost and net realizable value. Cost comprises development costs attributable to the unsold properties. Net realizable value is determined by reference to the sale proceeds of properties sold in the ordinary course of business, less applicable variable selling expenses, or by management estimates based on prevailing marketing conditions.

Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities unless we have an unconditional right to defer settlement of the liability for at least 12 months after the respective balance sheet date.

Borrowing costs incurred for the construction of any qualified assets are capitalized during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are recognized as an expense in the period in which they are incurred.

LAT

We are subject to LAT in China. However, the implementation and settlement of these taxes vary among various tax jurisdictions in China. Accordingly, significant judgment is required in determining the amount of the land appreciation and its related taxes. We recognize our LAT based on our best estimates according to our understanding of the tax rules. The final LAT could be different from the amounts that were initially recorded, and these differences will impact our income tax in the periods when such LAT has been finalized with local tax authorities.

Enterprise Income Taxes and Deferred Taxation

We are subject to enterprise income tax in China. Prior to January 1, 2008, PRC enterprise income tax is provided for at 33% on the taxable profit for the PRC statutory financial reporting purposes. Effective from January 1, 2008, all enterprises with operations in China are subject to the same statutory income tax rate at 25%.

Significant judgment is required in determining the provision for income tax. There are many transactions and calculations for which the ultimate determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such difference will impact the income tax and deferred tax provision in the period when such determination is made.

Deferred income tax assets are recognized to the extent that our management believes it is probable that future taxable profit will be available against which the temporary differences can be utilized. Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference can be controlled by us and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using the tax rates that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Property and Equipment

Property and equipment are stated at historical cost less depreciation and any impairment loss. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to us and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the consolidated income statement during the period in which they are incurred.

Depreciation on property and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Buildings	30 years
Machinery	5–10 years
Motor vehicles	5–10 years
Furniture, fitting and equipment	5–8 years

The assets' residual values and useful lives are reviewed and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in the income statements.

Embedded Financial Derivatives

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. Our derivative instruments do not qualify for hedge accounting and are accounted for at their fair value through profit or loss. Changes in the fair value of these derivatives are recognized immediately in the income statement. You should refer to the section entitled "Financial Information — Indebtedness — Convertible Preferred Shares and Embedded Financial Derivatives" in this prospectus for additional disclosure.

Financial Guarantee

Financial guarantee liabilities are recognized in respect of the financial guarantee we provide to banks for property purchasers and to certain of our investors. Financial guarantee liabilities are recognized initially at fair value plus transaction costs that are directly attributable to the issue of the financial guarantee liabilities and are subsequently measured at the higher of the present value of the best estimate of the expenditures required to settle the present obligation and the amount initially recognized less cumulative amortization.

Financial guarantee liabilities are derecognized from the balance sheet when, and only when, the obligation specified in the contract is discharged, cancelled or expired.

CERTAIN INCOME STATEMENT ITEMS

Revenue

We derive our revenue primarily from property development, property investment, property management services and other property-related services. We recognize our revenue after the properties have been sold and delivered. As customary in the residential property industry, we pre-sell our properties prior to their completion in accordance with PRC pre-sale regulations. We do not, however, recognize the proceeds from pre-sales as revenue until we have completed the construction of these properties and delivered the properties to the purchasers. Typically there is a time gap ranging from three months to one year between the time we commence pre-sale of the properties under development and the delivery of the properties. We record the proceeds received from the pre-sold properties as a part of "receipt in advance from customers," an item of current liabilities on our balance sheet, and as a part of cash inflows from operating activities on our cash flow statements. Revenue arising from property investment is recognized on a straight-line basis over the relevant lease period. Revenue arising from property management services and other property-related services is recognized over the period when the related services are rendered.

Cost of Sales

Cost of sales comprises primarily costs incurred directly for our property development, including construction costs, land acquisition costs, capitalized borrowing costs and business taxes.

Construction costs. Construction costs represent costs for the design and construction of a property project, consisting primarily of fees paid to our contractors, including contractors responsible for civil engineering construction, landscaping, equipment installation and interior decoration, as well as infrastructure construction costs and design costs. Our construction costs are affected by a number of factors such as price of construction materials, location and types of properties, choices of materials and investments in ancillary facilities. Substantially all of the costs of construction materials, whether procured by ourselves or by our contractors, are accounted for as part of the contractor fees upon settlement with the relevant contractors.

Land acquisition costs. Land acquisition costs represent costs relating to acquisition of the rights to occupy, use and develop land, including land premiums, demolishment and resettlement costs, and other land-related taxes and government surcharges. The land acquisition costs are recognized as part of cost of sales upon completion and delivery of the relevant properties.

Capitalized borrowing costs. Our borrowing costs are capitalized to the extent that such costs are directly attributable to the acquisition or construction of a project. Such capitalized borrowing costs are included as part of the cost of sales for the relevant property when we recognize the sales revenue.

Business taxes. Our revenues from property development, property investment and property management are subject to business taxes and surcharges at the rate of 5.5% payable to local tax authorities.

Fair Value Gains on Investment Properties

We hold certain properties such as retail shops and parking spaces for rental income or capital appreciation. Our investment properties are revalued annually on an open market value or existing use basis by an independent property valuer. Any appreciation or depreciation in our investment property value is recognized as fair value gains or losses in our consolidated income statements.

Other Gains

Our other gains primarily consist of interest income, gains on the transfer of project development right, gains on partial disposal of subsidiaries, and gains from repurchase of the Structured Secured Loan. As part of the ordinary business operations, we from time to time seek to co-develop projects or transfer partial project interest, which may result in other gains or losses. Gains on transfer of project development right were derived from the transfers of the development rights of two development projects and we recognized a gain, which represented the excess of the proceeds received and receivable over the costs of the two projects. Gains on partial disposal of a subsidiary represented the excess of proceeds over the carrying value of the underlying shareholding interest in the subsidiary. Gains from repurchase of the Structured Secured Loan were derived from the repurchase of a portion of the Structured Secured Loan and related accrued interest at a discount price to the face value.

Selling and Marketing Costs

Selling and marketing costs comprise primarily advertising and promotional expenses, sales commissions and other expenses relating to sales of our properties, including advertisements on television and in newspapers, magazines, and on billboards.

Administrative Expenses

Administrative expenses comprise primarily administrative staff costs, travel expenses, entertainment expenses, rental payments, office expenses, depreciation and provision for bad debts.

(Provisions)/Reversal of Financial Guarantees

Our financial guarantee liabilities mainly arise from (i) our providing guarantee for repayment by the Original Shareholder in respect of the restructuring for the Convertible Preferred Shares; and (ii) our providing guarantee for the Original Shareholder and Dr. Hui in respect of their obligations to redeem our ordinary shares issued to certain investors on June 25, 2008.

The fair value on financial guarantees is affected by certain factors, including the global economic outlook, our financial position and the results of operations, probability of success of this Offering, probability of default and recovery ratio, and market yields and return volatility of comparable corporate bonds. The provisions in the year ended December 31, 2008 and reversal in the six months ended June 30, 2009 were primarily attributed to the financial crisis in 2008 and the subsequent improvement in market situation in the first half of 2009.

Finance (Costs)/Income, net

Finance (Costs)/income, net, comprise primarily the net amount of foreign exchange gains/losses and interest costs net of capitalized interest relating to properties under development and property and equipment. Since foreign exchange rates fluctuate and the construction period for a project does not necessarily coincide with the interest payment periods of the relevant loan, not all of the interest costs related to a project can be capitalized. As a result, our finance costs fluctuate from period to period depending on the level of interest costs that are capitalized within the reporting period.

Profit before Income Tax

Profit before income tax comprises primarily operating profit, net of fair value change on financial guarantee and embedded financial derivatives and finance costs/income.

Our net profit margins (defined as profit for the year/period divided by revenue) for the three years ended December 31, 2006, 2007, 2008 and the six months ended June 30, 2009 were 16.4%, 34.1%, 17.5% and 31.9%, respectively.

Income Tax Expenses

Income tax expenses represent PRC enterprise income tax payable and LAT payable by our PRC subsidiaries.

Prior to December 31, 2005, enterprise income tax for certain subsidiaries established in Guangzhou was calculated based on the pre-sale proceeds of the properties according to the rules and regulations issued by Guangzhou tax authorities, with an effective tax rate between 2.5% and 3.0%. Since January 1, 2006, the enterprise income tax applicable to our property development companies in Guangzhou is the same as other PRC enterprises, generally at 33% of their taxable income. Since January 1, 2008, our PRC subsidiaries have been subject to the new national enterprise income tax of 25% pursuant to the new enterprise income tax law adopted by the NPC. We did not provide for any Hong Kong profits tax as we had no business operations subject to Hong Kong profit tax during the Track Record Period.

Currently, we are not subject to any Cayman Islands income tax pursuant to an undertaking obtained from the Governor in Cabinet. You should refer to "Appendix VII — Summary of Memorandum and Articles of Association and Cayman Islands Companies Law — Summary of Cayman Companies Law and Taxation — 18. Taxation" in this prospectus for more details.

The reconciliation of income tax and our profit before income tax in form of percentages is set out below:

	Year ended December 31,			Six months ended June 30,	
	2006	2007	2008	2008	2009
Profit before income tax	100%	100%	100%	100%	100%
Calculated at PRC enterprise income tax rate	28	33	24	25	22
Effect of changes in tax rate	0	(8)	0	0	0
PRC land appreciation tax deductible for PRC corporate income tax purposes	(4)	(4)	(8)	(6)	(3)
Income not subject to tax	0	(20)	(22)	(18)	(21)
Reversal of provision of deferred tax liabilities of land use right having obtained invoice	0	0	0	0	(13)
Expenses not deductible for tax purposes	10	14	5	1	1
Tax losses for which no deferred income tax asset was recognized	0	1	1	0	0
PRC enterprise income tax	34	16	0	2	(14)
PRC land appreciation tax	11	13	35	24	12
Effective tax rate	45%	29%	35%	26%	(2%)

Our effective tax rate decreased from 45% for the year ended December 31, 2006 to 29% for the year ended December 31, 2007 primarily due to:

- the effect of changes in the PRC enterprise income tax rate from 33% to 25%, which reduced our deferred income tax expense associated primarily with the fair value gains of our investment properties; and

- the gain associated with the partial disposal of interest in a subsidiary in 2007, which was non-taxable.

Our effective tax rate increased from 29% for the year ended December 31, 2007 to 35% for the year ended December 31, 2008 primarily due to significant increases in LAT incurred, which was driven by the higher profit margin achieved by our property projects completed and delivered during the year.

Our effective tax rate was 26% for the six months ended June 30, 2008, as compared to negative 2% for the same period in 2009, primarily due to (i) reversal of financial guarantee of RMB 146.3 million which is not subject to tax; (ii) additional gains from disposal of 40% equity interest in a subsidiary which is not subject to tax; (iii) the gain of RMB 172.5 million from the repurchase of the Structured Secured Loan, which is not subject to tax; and (iv) reversal of deferred tax liabilities as a result of receiving the official tax invoice in respect of the previous acquisition of Xinzhongjian.

RESULTS OF OPERATIONS

The table below summarizes our consolidated results in absolute terms and as a percentage of our revenue for 2006, 2007, 2008 and the six months ended June 30, 2008 and 2009.

	Year ended December 31,						Six months ended June 30,			
	2006		2007		2008		2008		2009	
	(RMB in thousands, except percentages and per share data)									
Revenue	1,983,304	100.0%	3,166,692	100.0%	3,606,791	100.0%	2,525,413	100.0%	1,635,130	100.0%
Cost of sales	(1,426,278)	71.9	(1,945,261)	61.4	(2,124,420)	58.9	(1,585,279)	62.8	(1,089,782)	66.6
Gross profit	557,026	28.1	1,221,431	38.6	1,482,371	41.1	940,134	37.2	545,348	33.4
Fair value gains on investment properties	300,103	15.1	657,067	20.7	77,415	2.1	107,912	4.3	299,657	18.3
Other gains	25,904	1.3	796,877	25.2	531,090	14.7	485,883	19.2	301,094	18.4
Selling and marketing costs	(63,640)	3.2	(220,651)	7.0	(665,299)	18.4	(278,161)	11.0	(415,259)	25.4
Administrative expenses	(150,964)	7.6	(470,579)	14.9	(545,273)	15.1	(218,146)	8.6	(349,034)	21.3
Other operating expenses	(19,572)	1.0	(23,356)	0.7	(34,439)	1.0	(24,243)	1.0	(6,187)	0.4
Operating profit	648,857	32.7	1,960,789	61.9	845,865	23.5	1,013,379	40.1	375,619	23.0
Fair value change on embedded financial derivatives	(2,515)	0.1	(562,684)	17.8	—	—	—	—	—	—
(Provisions)/reversals of financial guarantees	—	—	—	—	(65,997)	1.8	(32,315)	1.3	146,341	8.9
Finance (costs)/income, net	(55,809)	2.8	118,765	3.8	186,520	5.2	183,980	7.3	(12,308)	0.8
Profit before income tax	590,533	29.8	1,516,870	47.9	966,388	26.8	1,165,044	46.1	509,652	31.2
Income tax (expenses)/credit	(265,074)	13.4	(437,766)	13.8	(333,958)	9.3	(304,480)	12.1	12,708	0.8
Profit for the year/period	325,459	16.4	1,079,104	34.1	632,430	17.5	860,564	34.1	522,360	31.9
Other comprehensive income:										
Gain/(loss) recognized directly in equity	—	—	—	—	—	—	—	—	—	—
Total comprehensive income for the year/period	325,459	16.4	1,079,104	34.1	632,430	17.5	860,564	34.1	522,360	31.9
Attributable to:										
Shareholders of the Company	325,459	16.4	1,081,533	34.2	524,760	14.5	759,883	30.1	500,172	30.5
Minority interests	—	—	(2,429)	0.1	107,670	3.0	100,681	4.0	22,188	1.4
	325,459	16.4	1,079,104	34.1	632,430	17.5	860,564	34.1	522,360	31.9
Basic and diluted earnings per share for profit attributable to our shareholders during the year/period (expressed in RMB per share)	Not applicable	—	Not applicable	—	0.21	—	0.33	—	0.18	—
Dividends	493,518	24.9%	—	—%	125,651	3.5%	125,651	5.0%	—	—%

Business Segments

Our business consists of the following four segments:

- property development;
- property investment;
- property management services; and
- other businesses related to property development.

The following table illustrates our revenue by business segment for the years/periods indicated:

	Year ended December 31,			Six months ended June 30,	
	2006	2007	2008	2008	2009
	(RMB in millions)				
Property development	1,885.4	3,014.8	3,495.0	2,471.3	1,490.1
Property investment	11.8	28.6	25.8	11.8	12.4
Property management services	46.3	66.9	78.7	37.3	44.7
Others	39.8	56.4	7.3	5.0	87.9
Total	1,983.3	3,166.7	3,606.8	2,525.4	1,635.1

The following table illustrates our other gains for the years/periods indicated:

	Year ended December 31,			Six months ended June 30,	
	2006	2007	2008	2008	2009
	(RMB in thousands)				
Interest income	6,846	27,875	34,495	8,977	12,351
Forfeited customer deposits	2,975	5,394	5,338	1,399	6,277
Gain on transfer of project development rights	—	—	474,465	474,465	—
Gain on partial disposal of a subsidiary	—	760,382	—	—	98,800
Gain on the disposal of available-for-sale investments	10,800	—	—	—	—
Others	5,283	3,226	16,792	1,042	183,666
	25,904	796,877	531,090	485,883	301,094

Six Months Ended June 30, 2009 Compared to Six Months Ended June 30, 2008

Revenue. Our revenue decreased by RMB 890.3 million, or 35.3%, to RMB 1,635.1 million for the six months ended June 30, 2009 from RMB 2,525.4 million for the same period in 2008. The major contributor to our revenue in these periods was the property development business. During the six months ended June 30, 2008, our revenue generated from property development was derived mainly from the high-end series products, including our flagship project, Evergrande Royal Scenic Penninsula, while our revenue from property development during the six months ended June 30, 2009 was derived from development of properties from a more diversified mix of product series. Major developments completed and delivered in the six months ended June 30, 2009 included Evergrande Scenic Garden phase 1, Evergrande Royal Scenic Penninsula phase 1, Evergrande City Chengdu phase 1, Evergrande Oasis Chengdu phase 1, Evergrande Oasis Shenyang phase 1, Evergrande Palace Chongqing phase 1, Evergrande Splendor Chongqing phase 1 and Evergrande Palace Wuhan phase 1.

Property Development. Our revenue generated from property development decreased by RMB 981.2 million, or 39.7%, to RMB 1,490.1 million for the six months ended June 30, 2009 from RMB 2,471.3 million for the same period in 2008. The decrease was primarily due to the delivery of more high-end series products (including Evergrande Royal Scenic Penninsula) with a higher average selling price in the six months ended June 30, 2008, as compared to our delivery of more diversified products with lower average selling price in the same period in 2009.

The following table sets forth the revenue generated from each project and the percentage of the total revenue generated by each project for the periods indicated.

	Six months ended June 30, 2009		**Six months ended June 30, 2008**	
Project	**Revenue**	**% of revenue**	**Revenue**	**% of revenue**
	(RMB in millions except percentages)			
High-end series				
Evergrande Royal Scenic Penninsula	296.2	19.9%	1,212.1	49.0%
Other projects	214.5	14.4	9.0	0.4
Sub-total	510.7	34.3	1,221.1	49.4
Mid- to mid-high-end series				
Evergrande Oasis Chengdu	198.7	13.3	—	—
Evergrande Oasis Shenyang	182.6	12.3	—	—
Evergrande City Chengdu	154.4	10.4	—	—
Jinbi Century Garden	17.6	1.2	459.4	18.6
Jinbi Junhong Garden	10.6	0.7	456.4	18.5
Jinbi New City Garden	7.8	0.5	279.1	11.3
Other projects	17.1	1.1	55.3	2.2
Sub-total	588.8	39.5	1,250.2	50.6
Tourism-related series				
Evergrande Scenic Garden	288.2	19.3	—	—
Evergrande Splendor Chongqing	102.4	6.9	—	—
Sub-total	390.6	26.2	—	—
Total	1,490.1	100.0%	2,471.3	100.0%

Property Investment. Our revenue generated from property investment increased by RMB 0.6 million, or 5.1%, to RMB 12.4 million for the six months ended June 30, 2009 from RMB 11.8 million for the same period in 2008. The increase was primarily due to the slightly increased rental price in some of our rental properties as well as the addition of properties to our investment property portfolio which increased the total GFA of our investment properties in the six months ended June 30, 2009.

Property Management Services. Our revenue generated from property management services increased by RMB 7.4 million, or 19.8%, to RMB 44.7 million for the six months ended June 30, 2009 from RMB 37.3 million for the same period in 2008. The increase was primarily due to the additional property management fees that we received from the increased total GFA completed and delivered since June 30, 2008.

Others. Our other revenue increased by RMB 82.9 million, or 16.6 times, to RMB 87.9 million for the six months ended June 30, 2009 from RMB 5.0 million for the same period in 2008, primarily due to the increased revenue generated from the construction services we provided to certain construction projects in accordance with contractual arrangements with independent third parties.

Cost of sales. Our cost of sales decreased by RMB 495.5 million, or 31.3%, to RMB 1,089.8 million for the six months ended June 30, 2009 from RMB 1,585.3 million for the same period in 2008. The decrease was primarily due to the delivery of more high-end series products with higher construction costs in the six months ended June 30, 2008, as compared to the delivery of more diversified products with lower construction costs in the same period in 2009. Our gross profit margin decreased to 33.3% for the six months ended June 30, 2009 from 37.2% for the same period in 2008 due to the combined effect of the market slowdown and the lower percentage of our high-end series products delivered for the six months ended June 30, 2009.

Fair value gains on investment properties. Fair value gains on our investment properties increased by RMB 191.8 million, or 177.8%, to RMB 299.7 million for the six months ended June 30, 2009 from RMB 107.9 million for the same period in 2008. The increase was primarily due to the increased value of our existing investment properties as a result of overall property value appreciation and increased rental prices, as well as the addition of properties to our investment property portfolio, which increased the total GFA of our investment properties.

Other gains. Our other gains decreased by RMB 184.8 million, or 38.0%, to RMB 301.1 million for the six months ended June 30, 2009 from RMB 485.9 million for the same period in 2008. Our other gains for the six months ended June 30, 2008 were derived primarily from the gain of RMB 474.5 million realized from our transfer of the development rights in two property development projects to Chow Tai Fook Group. Our other gains for the six months ended June 30, 2009 were derived primarily from the gain of approximately RMB 172.5 million realized from our repurchase of a portion of the Structured Secured Loan from an independent third party at a discount price, as well as the gain of RMB 98.8 million realized from repayment by Success Will Group Limited to us in accordance with the contractual arrangements relating to our disposal of a 40% interest in Success Will Group Limited to an affiliate of Merrill Lynch in 2007. In addition, our bank interest income increased to approximately RMB 12.4 million in the six months ended June 30, 2009 from approximately RMB 9.0 million in the same period of 2008.

Selling and marketing costs. Our selling and marketing costs increased by RMB 137.1 million, or 49.3%, to RMB 415.3 million for the six months ended June 30, 2009 from RMB 278.2 million for the same period in 2008. The increase was primarily due to the increase in the advertising costs and sales commissions in connection with our increased nationwide marketing and brand promotion activities as a result of the significantly increased number of properties and total GFA pre-sold in the six months ended June 30, 2009, partially offset by the decrease in the consultancy fee. Our selling and marketing costs are booked in the current period in which they are incurred in connection with the pre-sale activities, while the revenue generated in connection with such selling and marketing costs may be booked in the subsequent period when the relevant properties are delivered.

Administrative expenses. Our administrative expenses increased by RMB 130.9 million, or 60.0%, to RMB 349.0 million for the six months ended June 30, 2009 from RMB 218.1 million for the same period in 2008, primarily due to the increase in our total number of employees from 5,141 as of June 30, 2008 to 6,974 as of June 30, 2009, resulting in the increase in the total salaries and benefits for our administrative personnel to approximately RMB 189.3 million for the six months ended June 30, 2009 from approximately RMB 85.1 million for the same period in 2008 as a result of our nationwide business expansion.

Other operating expenses. Our other operating expenses decreased by RMB 18.0 million, or 74.5%, to RMB 6.2 million for the six months ended June 30, 2009 from RMB 24.2 million for the same period in 2008. The decrease was primarily due to more charitable donations made in connection with natural disasters occurred in the six months ended June 30, 2008, such as Sichuan earthquake.

Reversal of financial guarantees. There was a reversal of financial guarantees of approximately RMB 146.3 million for the six months ended June 30, 2009 while there was a provision of approximately RMB 32.3 million for the same period in 2008, primarily due to a significant improvement of the market conditions during the six months ended June 30, 2009 which resulted in a decrease of carrying amount of the financial guarantees.

Finance (costs)/income, net. We had a net finance cost of RMB 12.3 million for the six months ended June 30, 2009, and a net finance income of RMB 184.0 million for the same period of 2008. The net finance income for the six months ended June 30, 2008 was primarily due to the foreign exchange gain of RMB 191.6 million mainly arising from the Structured Secured Loan as a result of the appreciation of Renminbi against the U.S. dollar during this period. In addition, our interest expenses incurred from bank borrowings wholly repayable within five years increased to approximately RMB 8.1 million for the six months ended June 30, 2009 from approximately RMB 7.6 million for the same period of 2008.

Income tax (expenses)/credit. Our income tax expenses, which comprised PRC enterprise income tax and LAT, were RMB 304.5 million for the six months ended June 30, 2008. We had a tax credit of RMB 12.7 million for the six months ended June 30, 2009. The change was primarily due to (i) reversal of financial guarantee of RMB 146.3 million which is not subject to tax; (ii) additional gains from disposal of 40% equity interest in a subsidiary which is not taxable; (iii) the gain of RMB 172.5 million from the repurchase of the Structured Secured

Loan, which is not taxable; and (iv) reversal of deferred tax liabilities as a result of receiving the official invoice from relevant tax authorities in respect of the previous acquisition of Xinzhongjian as part of our Reorganization.

Profit for the period. Our profit for the period decreased by RMB 338.2 million, or 39.3%, to RMB 522.4 million for the six months ended June 30, 2009 from RMB 860.6 million for the same period in 2008. The result for the six months ended June 30, 2009 and the corresponding period of 2008, after excluding fair value gains on our investment properties and provisions/ reversals of financial guarantees, were a net profit of approximately RMB 151.3 million and RMB 811.9 million, respectively. The decrease was primarily due to delivery of more high-end series products (including Evergrande Royal Scenic Penninsula) with a higher average selling price in the six months ended June 30, 2008, as compared to our delivery of more diversified products with a lower average selling price in the same period in 2009. In addition, our advertising costs and sales commissions increased significantly in the six months ended June 30, 2009, and they were booked in the current period in which they are incurred in connection with the pre-sale activities, while the revenue generated in connection with such advertising costs and sales commissions may be booked in the subsequent period when the relevant properties are delivered.

Dividend. We did not pay any dividend for the six months ended June 30, 2009, but paid a dividend of RMB 125.7 million for the six months ended June 30, 2008.

2008 Compared to 2007

Revenue. Our revenue increased by RMB 440.1 million, or 13.9%, to RMB 3,606.8 million for the year ended December 31, 2008 from RMB 3,166.7 million for the year ended December 31, 2007. The major contributor to our revenue in these two years was the property development business. Major projects completed and delivered in the year ended December 31, 2008 included Jinbi New City Garden phase 5, Jinbi Garden No. 3 phases 3 and 4, Jinbi Junhong Garden, Jinbi Century Garden phase 5, Jinbi Atrium phase 5, Evergrande Royal Scenic Peninsula phases 1, Evergrande Palace Chongqing phase 1, Evergrande Oasis Shenyang phase 1, Evergrande Oasis Chengdu phase 1 and Evergrande City Chengdu phase 1.

Property Development. Our revenue generated from property development increased by RMB 480.2 million, or 15.9%, to RMB 3,495.0 million for the year ended December 31, 2008 from RMB 3,014.8 million for the year ended December 31, 2007, primarily due to the increase in the average selling price in the year ended December 31, 2008, partially offset by the decrease in the total GFA we delivered in the year ended December 31, 2008. The increase of the average selling price was primarily a result of the delivery of our high-end flagship project, Evergrande Royal Scenic Peninsula.

The following table sets forth the revenue generated from each project and the percentage of the total revenue generated by each project for the years indicated.

Project	2008 Revenue	2008 % of revenue	2007 Revenue	2007 % of revenue
	(RMB in millions except percentages)			
High-end series				
Evergrande Royal Scenic Peninsula	1,663.9	47.6%	—	—%
Other Projects	47.4	1.4	126.9	4.2
Sub-total	1,711.3	49.0	126.9	4.2
Mid- to mid-high-end series				
Jinbi Junhong Garden	506.8	14.5	589.9	19.6
Jinbi Century Garden	493.5	14.1	533.9	17.7
Jinbi New City Garden	380.5	10.9	357.1	11.9
Jinbi Garden No. 3	48.6	1.4	1,073.2	35.6
Jinbi Atrium	25.5	0.7	329.5	10.9
Other Projects	328.9	9.4	4.3	0.1
Sub-total	1,783.8	51.0	2,887.9	95.8
Total	3,495.0	100.0%	3,014.8	100.0%

Property Investment. Our revenue generated from property investment decreased by RMB 2.8 million, or 9.8%, to RMB 25.8 million for the year ended December 31, 2008 from RMB 28.6 million for the year ended December 31, 2007, primarily due to the decrease in the rentable GFA in the year ended December 31, 2008.

Property Management Services. Our revenue generated from property management services increased by RMB 11.8 million, or 17.6%, to RMB 78.7 million for the year ended December 31, 2008 from RMB 66.9 million for the year ended December 31, 2007, primarily due to the additional property management fees that we received from the total GFA completed and delivered in the year ended December 31, 2008.

Others. Our other revenue decreased by RMB 49.1 million, or 87.1%, to RMB 7.3 million for the year ended December 31, 2008 from RMB 56.4 million for the year ended December 31, 2007, primarily due to the decreased construction services provided by us to independent third parties in 2008.

Cost of sales. Our cost of sales increased by RMB 179.1 million, or 9.2%, to RMB 2,124.4 million for the year ended December 31, 2008 from RMB 1,945.3 million for the year ended December 31, 2007. The increase was primarily due to (i) increased revenue in the year ended December 31, 2008, which resulted in increased business taxes, (ii) our development of more high-end series products with relatively higher construction costs in 2008, including our flagship project, Evergrande Royal Scenic Peninsula, and (iii) the increase in our decoration standard, which led to increased costs. However, our gross profit margin increased to 41.1% in the year ended December 31, 2008 from 38.6% in the year ended December 31, 2007 as our selling prices increased at a higher rate than that of our cost of sales.

Fair value gains on investment properties. Fair value gains on our investment properties decreased by RMB 579.7 million, or 88.2%, to RMB 77.4 million in the year ended December 31, 2008 from RMB 657.1 million in the year ended December 31, 2007. The decrease was primarily due to the general economic slowdown of the property market in Guangzhou during the year.

Other gains. Our other gains decreased by RMB 265.8 million, or 33.4%, to RMB 531.1 million in the year ended December 31, 2008 from RMB 796.9 million in the year ended December 31, 2007. Our other gains for the year ended December 31, 2007 primarily consisted of a gain of approximately RMB 760.4 million realized from our disposal of a 40% interest in a subsidiary, Success Will Group Limited, to an affiliate of Merrill Lynch. Our other gains for the year ended December 31, 2008 primarily consisted of a gain of approximately RMB 474.5 million realized from our transfer of the development rights and control rights in two projects to Chow Tai Fook Group in the year ended December 31, 2008. In addition, our interest income from bank deposits increased from RMB 27.9 million for the year ended December 31, 2007 to RMB 34.5 million for the year ended December 31, 2008.

Selling and marketing costs. Our selling and marketing costs increased by RMB 444.6 million, or 201.4%, to RMB 665.3 million in the year ended December 31, 2008 from RMB 220.7 million in the year ended December 31, 2007, primarily due to the higher advertising costs, sales commissions and consultancy fees incurred in 2008 in connection with implementing more marketing and brand promotion activities to support our pre-sale efforts of 18 projects nationwide in 2008.

Administrative expenses. Our administrative expenses increased by RMB 74.7 million, or 15.9%, to RMB 545.3 million in the year ended December 31, 2008 from RMB 470.6 million in the year ended December 31, 2007. The increase was primarily due to: (i) our increased total salaries and benefits for our administrative personnel; and (ii) our increased office and transportation related expenses in connection with our nationwide expansion.

Other operating expenses. Our other operating expenses increased by RMB 11.0 million, or 47%, to RMB 34.4 million in the year ended December 31, 2008 from RMB 23.4 million in the year ended December 31, 2007. The increase was primarily due to our more charitable donations made in the year ended December 31, 2008 in connection with natural disasters, including Sichuan earthquake.

Fair value change on embedded financial derivatives. The valuation loss for the year ended December 31, 2007 arose from the revaluation of the conversion option and the redemption option of our Convertible Preferred Shares at December 31, 2007. The Convertible Preferred Shares were issued in November 2006 at a subscription price of US$0.5 per share. In accordance with HKAS 39, the conversion option and the redemption option of the Convertible Preferred Shares were remeasured at December 31, 2006 and the changes in fair value of the Convertible Preferred Shares were recognized in our consolidated income statement. As of January 31, 2008, we have repurchased and cancelled the 800,000,000 Convertible Preferred Shares in our company for an aggregate consideration of US$400 million. The repurchase was financed by a loan in the same amount lent by the Financial Investors, including their affiliates, to the Original Shareholder, which had been injected as capital into our company to subscribe for the 800,000,000 newly issued ordinary shares. The Original Shareholder has conditionally transferred a portion of the newly issued ordinary shares to the Financial Investors, and security for the loan included a guarantee provided by our company.

Fair value change on financial guarantee. The fair value on financial guarantee was initially recognized as RMB 66.0 million as of December 31, 2008. The financial guarantee mainly arises from: (i) our providing guarantee for repayment by the Original Shareholder in respect of the restructuring for the Convertible Preferred Shares; and (ii) our providing guarantee for the Original Shareholder and Dr. Hui in respect of their obligations to redeem ordinary shares issued to certain investors on June 25, 2008.

Finance (costs)/income, net. Our net finance income increased by RMB 67.7 million, or 57.0%, to RMB 186.5 million for the year ended December 31, 2008 from RMB 118.8 million for the year ended December 31, 2007. The increase was primarily due to the foreign exchange gain of RMB 201.9 million mainly arising from the Structured Secured Loan due to the appreciation of Renminbi against the U.S. dollar. In the year ended December 31, 2008, our uncapitalized interest expenses were RMB 15.4 million, and in the year ended December 31, 2007, our uncapitalized interest expenses were RMB 155.5 million with a foreign exchange gain of RMB 274.3 million.

Income tax (expenses)/credit. Our income tax expenses, which comprised PRC enterprise income tax and LAT, decreased by RMB 103.8 million, or 23.7%, to RMB 334.0 million in the year ended December 31, 2008 from RMB 437.8 million in the year ended December 31, 2007. The decrease was primarily due to our decreased profit before income taxes in the year ended December 31, 2008. The effective tax rate for the year ended December 31, 2008 slightly increased to 34.6% from 28.9% for the year ended December 31, 2007 because: (i) the gross profit margin in the year ended December 31, 2008 was higher than that in the year ended December 31, 2007, which resulted in higher LAT; (ii) the write back of the deferred tax provided for the appreciation of land use rights and investment properties revaluation surplus recorded before the current period as the PRC enterprise income tax rate will be lowered from 33% to 25% for the fiscal periods beginning on after January 1, 2008; and (iii) the non-taxable gain of RMB 760.4 million from the disposal of a 40% interest in a property project company was recognized in 2007 while the non-taxable gain of RMB 474.5 million from the transfer of the development rights and control rights in two projects to an affiliate of Chow Tai Fook Group was recognized in the year ended December 31, 2008.

Profit for the year. Our profit for the year decreased by RMB 446.7 million, or 41.4%, to RMB 632.4 million in the year ended December 31, 2008 from RMB 1,079.1 million in the year ended December 31, 2007. The result for the year ended December 31, 2008 and 2007, after excluding fair value gains on our investment properties, embedded financial derivatives and financial guarantee, were a net profit of RMB 640.4 million and RMB 1,149.0 million, respectively.

Dividend. We did not pay any dividend for the year ended December 31, 2007 but paid a dividend of RMB 125.7 million for the year ended December 31, 2008.

2007 Compared to 2006

Revenue. Our revenue increased by RMB 1,183.4 million, or 60.0%, to RMB 3,166.7 million in the year ended December 31, 2007 from RMB 1,983.3 million in the year ended December 31, 2006. The major contributor to our revenue in these two years was the property development business. Major projects completed and delivered in the year ended December 31, 2007 included Jinbi New City Garden phases 2 to 4, Jinbi Garden No. 3 phases 3 and 4, Jinbi Century Garden phases 3 and 4, Jinbi Atrium phases 3 and 4, Jinbi Junhong Garden, and Jinbi Bay Garden phase 2.

Property Development. Our revenue generated from property development increased by RMB 1,129.5 million, or 59.9%, to RMB 3,014.8 million in the year ended December 31, 2007 from RMB 1,885.3 million in the year ended December 31, 2006. The increase was primarily due to the significant increase in both average selling price and the total GFA we delivered in the year ended December 31, 2007 as a result of the strong market demand.

The following table sets forth the revenue generated from each project and the percentage of the total revenue generated by each project for the years as indicated.

	2007		2006	
Project	**Revenue**	**% of revenue**	**Revenue**	**% of revenue**
	(RMB in millions except percentages)			
High-end series				
Jinbi Bay Garden	120.8	4.0%	418.8	22.2%
Jinbi Palace	6.1	0.2	40.0	2.1
Sub-total	126.9	4.2	458.8	24.3
Mid- to mid-high-end series				
Jinbi Garden No. 3	1,073.2	35.6	316.7	16.8
Jinbi Junhong Garden	589.9	19.6	—	—
Jinbi Century Garden	533.9	17.7	300.6	15.9
Jinbi New City Garden	357.1	11.9	330.8	17.5
Jinbi Atrium	329.5	10.9	266.2	14.1
Other projects	4.3	0.1	212.3	11.3
Sub-total	2,887.9	95.8	1,426.6	75.7
Total	3,014.8	100.0%	1,885.4	100.0%

Property Investment. Our revenue generated from property investment increased by RMB 16.8 million, or 142.4%, to RMB 28.6 million in the year ended December 31, 2007 from RMB 11.8 million in the year ended December 31, 2006. The increase was primarily due to the reversion of the lease of Jinbi Dashijie and the shops in Jinbi Garden No. 3 that became available for leasing and leased out in the year ended December 31, 2007.

Property Management Services. Our revenue generated from property management services increased by RMB 20.6 million, or 44.5%, to RMB 66.9 million in the year ended December 31, 2007 from RMB 46.3 million in the year ended December 31, 2006. The increase was primarily due to the additional property management fees that we received from the total GFA completed and delivered since December 31, 2006.

Others. Our other revenue increased by RMB 16.6 million, or 41.7%, to RMB 56.4 million in the year ended December 31, 2007 from RMB 39.8 million in the year ended December 31, 2006, primarily due to our increased revenue generated from our construction service business.

Cost of sales. Our cost of sales increased by RMB 519.0 million, or 36.4%, to RMB 1,945.3 million in the year ended December 31, 2007 from RMB 1,426.3 million in the year ended December 31, 2006. The increase was primarily due to: (i) the increased revenue in the year ended December 31, 2007 which resulted in the increased business taxes corresponding to our increased property sales; and (ii) the increase in our decoration standard, which led to increased costs. However, our gross profit margin increased to 38.6% in the year ended December 31, 2007 from 28.1% in the year ended December 31, 2006 as our selling prices increased at a higher rate than that of our cost of sales.

Fair value gains on investment properties. Fair value gains on our investment properties increased by RMB 357.0 million, or 119.0%, to RMB 657.1 million in the year ended December 31, 2007 from RMB 300.1 million in the year ended December 31, 2006. The increase was primarily due to: (i) the increased value of our existing investment properties as a result of the overall property value appreciation and the increased rental prices in Guangzhou in the year ended December 31, 2007; and (ii) the addition of properties to our investment property portfolio.

Other gains. Our other gains increased by RMB 771.0 million, or 30 times, to RMB 796.9 million in the year ended December 31, 2007 from RMB 25.9 million in the year ended December 31, 2006. The increase was primarily due to the profit of approximately RMB 760.4 million realized from our disposal of a 40% interest in a subsidiary, Success Will Group Limited, to an affiliate of Merrill Lynch.

Selling and marketing costs. Our selling and marketing costs increased by RMB 157.1 million, or 247.0%, to RMB 220.7 million in the year ended December 31, 2007 from RMB 63.6 million in the year ended December 31, 2006. The increase was primarily due to the increased advertising and promotion expenses incurred with the increased number of properties and GFA pre-sold in the year ended December 31, 2007 as well as increased marketing campaign and brand promotion on a nationwide basis in connection with the launch of our various property projects.

Administrative expenses. Our administrative expenses increased by RMB 319.6 million, or 211.7%, to RMB 470.6 million in the year ended December 31, 2007 from RMB 151.0 million in the year ended December 31, 2006. The increase was primarily due to: (i) our increased total salaries and benefits for our administrative personnel as well as the incurrence of expenses in advance of recognizing revenue from our continued expansion into cities outside Guangdong Province; and (ii) the increased land amortization and tax and fees in connection with the land use right as a result of our increased land reserves.

Other operating expenses. Our other operating expenses increased by RMB 3.8 million, or 19.4%, to RMB 23.4 million in the year ended December 31, 2007 from RMB 19.6 million in the year ended December 31, 2006. The increase was primarily due to an increase of our charitable donation made in the year ended December 31, 2007.

Fair value change on embedded financial derivatives. The valuation loss for 2007 arose from the revaluation of the conversion option and the redemption option of our Convertible Preferred Shares at December 31, 2007. The Convertible Preferred Shares were issued in November 2006. In accordance with HKAS 39, the conversion option and the redemption option of the Convertible Preferred Shares were remeasured at December 31, 2007 and the changes in fair value of the Convertible Preferred Shares were recognized in our consolidated income statement.

Finance (costs)/income, net. The net finance income was RMB 118.8 million for the year ended December 31, 2007, and the net finance cost was RMB 55.8 million for the year ended December 31, 2006. The change was primarily due to the foreign exchange gain of RMB 274.3 million mainly arising from the translation of the Convertible Preferred Shares due to the appreciation of Renminbi against the U.S. dollar. Such foreign exchange gain was partially offset by the uncapitalized interest expenses for bank borrowings and the liabilities component of the Convertible Preferred Shares. Our uncapitalized interest expenses increased from RMB 81.8 million for the year ended December 31, 2006 to RMB 155.5 million for the year ended December 31, 2007.

Income tax (expenses)/credit. Our income tax expenses, which comprised PRC enterprise income tax and LAT, increased by RMB 172.7 million, or 65.1%, to RMB 437.8 million in the year ended December 31, 2007 from RMB 265.1 million in the year ended December 31, 2006. The increase was primarily due to our increased profit before income taxes in the year ended December 31, 2007. The effective tax rate decreased from 44.9% in the year ended December 31, 2006 to 28.9% in the year ended December 31, 2007 because (i) the write back of the deferred tax provided for the appreciation of land use rights and investment properties revaluation surplus recorded before the current period as the PRC enterprise income tax rate was lowered from 33% to 25% for the fiscal periods beginning on after January 1, 2008; and (ii) the gain of approximately RMB 760.4 million from the disposal of a 40% interest in a subsidiary, Success Will Group Limited, to an affiliate of Merrill Lynch, which was non-taxable.

Profit for the year. Our profit for the year increased by RMB 753.6 million, or 231.5%, to RMB 1,079.1 million in the year ended December 31, 2007 from RMB 325.5 million in the year ended December 31, 2006. The result for the year ended December 31, 2007 and 2006, after excluding fair value losses on our investment properties and embedded financial derivatives, were a net profit of RMB 1,149.0 million and RMB 126.9 million, respectively.

Dividend. We did not pay any dividend for the year ended December 31, 2007 while paid a dividend of approximately RMB 493.5 million for the year ended December 31, 2006.

LIQUIDITY AND CAPITAL RESOURCES

We have financed our property projects primarily through proceeds from our shareholders' contributions, bank borrowings, pre-sale proceeds of properties under development, proceeds from the sale of completed properties, the Convertible Preferred Shares and the Structured Secured Loan. We typically follow a financing model under which our start-up cost is mainly financed by bank and other borrowings as well as shareholders' contributions. This financing model supports our projects until the pre-sales stage, when we are able to repay our borrowings with pre-sale proceeds. Our main sources of funds for our property projects are summarized below.

- **Shareholders' contributions.** We have relied to a certain extent on capital contributions from our Shareholders in exchange for equity interests to finance our projects. Since 2004 and prior to May 27, 2009, PRC property developers were typically required to make a capital contribution of not less than 35% of the total investment of a project when they apply for project-specific loans. On May 27, 2009, such contribution percentage requirement was reduced to 20% for ordinary commodity housing projects and affordable housing projects and 30% for all other property development projects.

- **Bank borrowings.** As of June 30, 2009, we had total secured bank borrowings of RMB 9,923 million. We usually obtain project-specific bank borrowings that are secured by our properties under development and our land use rights, and usually repay the borrowings using a portion of our pre-sale proceeds of the specific property.

- **Pre-sale proceeds of properties.** Pre-sale proceeds are proceeds we receive when we enter into contracts to sell properties prior to their completion. Under PRC law, the following conditions must be fulfilled before commencement of the pre-sale of a particular property: (i) the land premium must be paid in full and the land use rights certificate must have been obtained; (ii) the construction works planning permit and the work commencement permit must have been obtained; (iii) the funds contributed to the development of the project must amount to at least 25% of the total amount to be invested in the project and the project progress and the date of completion of the project for use must have been ascertained; and (iv) the pre-sale permit must have been obtained. Upon obtaining a pre-sale permit from the relevant government authorities, we generally enter into pre-sale contracts with our customers. We typically receive an initial payment of at least 30% of the unit purchase price at the execution of the pre-sale contract and the balance typically can be obtained as bank mortgage loans from commercial banks within 90 days of the execution of the pre-sale contract.

- **Financings.** On November 29, 2006, we, Dr. Hui, the Original Shareholder and the Financial Investors entered into an investment agreement pursuant to which the Financial Investors agreed to subscribe for an aggregate of 800,000,000 Convertible Preferred Shares for an aggregate subscription amount of US$400 million subject to adjustment and finalization upon completion of a Qualified IPO. On December 11, 2007 (as amended on June 26, 2008), we entered into a restructuring agreement with the Financial Investors pursuant to which we repurchased and cancelled the 800 million Convertible Preferred Shares for an aggregate consideration of US$400 million. On August 27, 2007, we entered into a loan agreement (as amended on January 24, 2008, June 26, 2008 and September 21, 2009) with an affiliate of Credit Suisse, as initial lender, to raise the Structured Secured Loan with a maximum aggregate principal amount of approximately US$500 million. The aggregate amount drawn down was US$430 million as an offshore loan and RMB 20 million as an onshore loan, and there has been no further draw-down on the loan. The Credit Suisse affiliate has since sold or syndicated out a substantial portion of the Structured Secured Loan to 15 other institutions. On June 9, 2008, we, Dr. Hui, the Original Shareholder and the New Investors entered into a new investment agreement (as amended) pursuant to which the New Investors agreed to subscribe for an aggregate of 374,104,266 new Shares in our company for an aggregate subscription amount of US$506 million. For further details, you may refer to the sections entitled "Corporate History — Reorganization — Introduction of Financial Investors," "— Structured Secured Loan" and "— Introduction of New Investors" in this prospectus.

We expect to fund our property projects through a combination of sources, including internally generated cash flow, proceeds from the pre-sale of our properties under development, proceeds from the sale of completed properties, bank loans, and other funds raised from the capital markets from time to time. In particular, as of June 30, 2009, the total contracted commitment of property development expenditure and land expenditure amounted to RMB 14,278 million and RMB 11,616 million, respectively. For details of the commitment we have made relating to property development expenditure and land expenditure as of June 30, 2009, you may find additional information in Note 32 of "Appendix I — Accountants' Report" in this prospectus. Based on the best estimate by our Directors as of the Latest Practicable Date, approximately RMB 25,894 million is expected to be invested within five years.

Net Current Assets

We set out in the table below our current assets as of September 30, 2009 based on our unaudited management accounts:

	As of September 30, 2009
	(unaudited) (RMB in millions)
Current assets	
Land use rights	12,798
Properties under development	9,726
Completed properties held for sale	6,596
Trade and other receivables and prepayments	4,936
Income tax recoverable	219
Restricted cash	5,568
Cash and cash equivalents	4,441
	44,284
Current liabilities	
Borrowings	7,344
Trade and other payables	6,205
Receipt in advance from customers	17,013
Financial guarantee liabilities	51
Current income tax liabilities	913
	31,526
Net current assets	12,758

As a result of our standardized operational model, our business cycle from the commencement of development to pre-sale is relatively short and a majority of our properties under development are classified as current assets, which may be able to generate cash within one year. Our receipts in advance from customers were accounted for as liabilities prior to delivery of the properties. The relevant amount in this category would be recognized as revenue upon completion and delivery of the properties to customers. The increase of land use rights by RMB 4,154 million, as compared to RMB 8,644 million as of December 31, 2008, was mainly due to the payment of outstanding land premium for the property projects during the nine months ended September 30, 2009.

The following table presents selected cash flow data from our consolidated cash flow statements for the periods indicated:

	Year ended December 31,			Six months ended June 30,	
	2006	2007	2008	2008	2009
	(RMB in millions)				
Net cash (used in)/generated from operating activities	(1,674.6)	(7,517.7)	(5,186.3)	(3,289.4)	2,368.2
Net cash generated from/(used in) investing activities.	1,892.2	777.9	(135.4)	(70.0)	(24.3)
Net cash generated from/(used in) financing activities.	1,278.6	6,767.7	4,465.2	4,883.8	(119.0)
Cash and cash equivalents at end of the year/period	1,656.0	1,640.9	749.7	3,136.6	2,974.2

Operating Activities

Our cash used in operations principally comprises amounts we pay for our property development activities, which are reflected on our consolidated balance sheets as an increase in our property inventory. Our cash from operations is generated principally from the proceeds from sales of our properties.

We recorded continuous net operating cash outflows for the years ended 2006, 2007 and 2008, and a net operating cash inflow in the six months ended June 30, 2009. For the year ended 2006, 2007 and 2008, the net operating cash outflows were principally due to the increase in our acquisitions of land use rights, properties under development and completed properties held for sale. Our net cash flow generated from operating activities in the six months ended June 30, 2009 was primarily due to a significant increase in our receipt in advance from customers as a result of our pre-sale activities.

Net cash generated from operating activities was RMB 2,368.2 million in the six months ended June 30, 2009, as compared to net cash used in operating activities of RMB 3,289.4 million in the same period in 2008. Operating cash outflow before changes in working capital was RMB 184.8 million in the six months ended June 30, 2009, as compared to an operating cash inflow of RMB 911.7 million in the same period in 2008. Changes in working capital contributed to a cash inflow of RMB 3,002 million in the six months ended June 30, 2009 primarily due to the significant increase in our receipt in advance from customers compared to the same period of 2008, as a result of our increased number of properties and total GFA pre-sold during this period.

Our standardized operational model for high-quality real estate products has enabled us to effectively expand nationwide rapidly. In the six months ended June 30, 2009, we pre-sold properties with an aggregate GFA of approximately 2,156,871 square meters and our pre-sale proceeds amounted to RMB 10.2 billion, representing a growth rate of 1,390.4% and 920.7% over the same period in 2008 respectively.

Net cash used in operating activities decreased to RMB 5,186.3 million in the year ended December 31, 2008 from RMB 7,517.7 million in the year ended December 31, 2007. Operating cash inflow before changes in working capital increased to RMB 749.3 million in the year ended December 31, 2008 from RMB 531.3 million in the year ended December 31, 2007. Changes in working capital contributed to a cash outflow of RMB 4,788.0 million in the year ended December 31, 2008 as compared to RMB 7,558.2 million in the year ended December 31, 2007, primarily attributable to our slowed-down pace to build up land reserves as a result of the more moderate cash control policy and operating policy we adopted in response to the economic downturn in 2008.

Net cash used in operating activities increased to RMB 7,517.7 million in the year ended December 31, 2007 from RMB 1,674.6 million in the year ended December 31, 2006. Operating cash inflow before changes in working capital increased to RMB 531.3 million in the year ended December 31, 2007 from RMB 346.3 million in the year ended December 31, 2006. Changes in working capital contributed to a cash outflow of RMB 7,558.2 million in the year ended December 31, 2007, as compared to RMB 1,770.0 million in 2006, primarily due to the increase in acquisitions of land reserves and construction activities as reflected by the increase in the balances of our land use rights, properties under development, completed properties held for sale, as well as our increased pre-sale activities as reflected by the increase in our restricted cash balance.

Investing Activities

Net cash used in investing activities decreased to RMB 24.3 million in the six months ended June 30, 2009 from RMB 70.0 million in the same period in 2008. The decrease was primarily due to the decrease in our purchase of property and equipment to RMB 36.7 million in the six months ended June 30, 2009 from RMB 70.9 million in the same period in 2008, and the increase in the interest received to RMB 12.4 million in the six months ended June 30, 2009 from RMB 9.0 million in the same period in 2008.

Net cash used in investing activities was RMB 135.4 million in the year ended December 31, 2008, as compared to net cash generated from investing activities of RMB 777.9 million in the year ended December 31, 2007. This change was primarily due to the cash inflow as a result of the proceeds of RMB 976.4 million from our disposal of a 40% interest in a subsidiary, Success Will Group Limited, to an affiliate of Merrill Lynch in the year ended December 31, 2007, which was not replicated in 2008. The primary cash outflow in investing activities were attributable to purchase of fixed assets and hotel constructions.

Net cash generated in investing activities decreased to RMB 777.9 million in the year ended December 31, 2007 from RMB 1,892.2 million in the year ended December 31, 2006, primarily due to the fact that RMB 1,872.7 million of cash advances were repaid by related parties in 2006, which was not replicated in 2007. The primary cash inflow in 2007 was the proceeds of RMB 976.4 million from the partial disposal of our interests in a subsidiary.

Financing Activities

Net cash used in financing activities was RMB 119.0 million in the six months ended June 30, 2009, as compared to net cash generated from financing activities of RMB 4,883.8 million for the same period in 2008. The cash outflow from financing activities in the six months ended June 30, 2009 was primarily due to the repayment of bank borrowings of RMB 1,877.0 million, partially offset by RMB 1,756.6 million raised from the new bank borrowings. Cash inflow generated from financing activities in the six months ended June 30, 2008 was primarily due to the proceeds of RMB 3,386.1 million from the issue of new shares to New Investors, a decrease in restricted cash pledged for bank borrowings of RMB 676.1 million, an increase in bank borrowings of RMB 1,914.8 million, partially offset by repayment of bank borrowings of RMB 1,092.5 million.

Net cash generated from financing activities decreased to RMB 4,465.2 million in the year ended December 31, 2008 from RMB 6,767.7 million in the year ended December 31, 2007, primarily due to a decrease in new bank borrowings of RMB 4,593.9 million to RMB 3,732.6 million from RMB 8,326.5 million and an increase in repayment of bank borrowings of RMB 2,084.5 million, from RMB 969.7 million to RMB 3,054.2 million, partially offset by to the proceeds of RMB 3,386.1 million from the issue of new shares to New Investors in 2008.

Net cash generated from financing activities increased to RMB 6,767.7 million in the year ended December 31, 2007 from RMB 1,278.6 million in the year ended December 31, 2006, primarily due to a significant increase in new bank borrowings, partially offset by the proceeds from issue of Convertible Preferred Shares in 2006, which was not replicated in 2007, as well as dividends paid and distributed to the shareholders.

Working Capital

As of December 31, 2006, 2007, 2008, June 30, 2009 and September 30, 2009, our aggregate cash and cash equivalents amounted to RMB 1,656.0 million, RMB 1,640.9 million, RMB 749.7 million, RMB 2,974.2 million and RMB 4,441.5 million, respectively. As of September 30, 2009, we had available and undrawn banking facilities in the aggregate amount of RMB 10.4 billion. In order to improve our working capital position, gearing ratio and operating cash flow going forward, we plan to:

- proactively execute our nationwide sales plan and generate operating cash flow from the pre-sale of our properties;
- leverage our cost advantage from our increasing economies of scale; and
- seek longer term financing opportunities including syndicated loans, issue of corporate bonds, and equity and equity-linked financings.

Taking into account the estimated net proceeds from the Global Offering, available banking facilities and cash flow from our operations, we confirm that we have sufficient working capital for our present requirements and for the next 12 months from the date of this prospectus.

PROPERTY INTERESTS AND PROPERTY VALUATION

Our property interests, including the interests in properties that are attributable to us, as valued by CB Richard Ellis Limited, independent property valuer, as of September 30, 2009 was RMB 99.4 billion. There was a net revaluation surplus, representing the excess market value of the properties over their book value as of June 30, 2009 (after adjusting for properties purchased and sold, and depreciation/amortization during the period from July 1, 2009 to September 30, 2009). For further details of our property interests and the text of the letter and valuation certificates of these property interests prepared by CB Richard Ellis Limited, see "Appendix IV — Property Valuation Report" to this prospectus.

Disclosure of the reconciliation of the valuation of the interests in properties attributable to us and such property interests in our consolidated balance sheet as of June 30, 2009 as required under Rule 5.07 of Listing Rules is set forth below:

Net book value as of June 30, 2009	RMB in millions
Buildings and assets under construction included in property and equipment(1)	263.6
Properties under development	11,320.3
Completed properties held for sale	3,291.7
Land use rights	10,480.8
Investment properties	2,148.1
	27,504.5
Movement for the period from July 1, 2009 to September 30, 2009(2)	4,591.8
Net book value as of September 30, 2009	32,096.3
Valuation surplus	80,852.0
Valuation as of September 30, 2009	112,948.3

(1) Among the property and equipment amounting to an aggregate of approximately RMB 389.8 million as of June 30, 2009, only the assets under construction and buildings amounting to approximately RMB 263.6 million were included in the valuation in Appendix IV.

(2) Movement for the period from July 1, 2009 to September 30, 2009 mainly represented RMB 2,613.1 million of new purchases of properties and land use rights, RMB 1,978.7 million of costs incurred for construction of properties under development and investment properties, offset by sales of properties, depreciation and amortization.

INDEBTEDNESS

Borrowings

Our borrowings are denominated in both U.S. dollar and Renminbi. You may refer to the section entitled "Information About This Prospectus and the Global Offering — Exchange Rate Conversion" for the exchange rate between U.S. dollars and Renminbi. As of December 31, 2006 and 2007 and 2008, June 30, 2009 and September 30, 2009, we had the following outstanding borrowings.

	As of December 31,			As of June 30,	As of September 30,
	2006	2007	2008	2009	2009
	(RMB in millions)				
Borrowings included in non-current liabilities:					
Bank borrowings — secured	1,732.3	8,980.5	9,779.3	9,468.3	12,854.4
Borrowings from a related party	211.1	225.5	240.9	249.0	253.2
	1,943.4	9,206.0	10,020.2	9,717.3	13,107.6
Less: current portion of non-current borrowings	(517.7)	(290.5)	(5,793.8)	(5,839.4)	(5,885.4)
	1,425.7	8,915.5	4,226.4	3,877.9	7,222.2
Borrowings included in current liabilities:					
Bank borrowings — secured	312.0	355.7	420.0	455.0	1,458.2
Current portion of non-current borrowings	517.7	290.5	5,793.8	5,839.4	5,885.4
	829.7	646.2	6,213.8	6,294.4	7,343.6
Total borrowings	2,255.4	9,561.7	10,440.2	10,172.3	14,565.8

Our outstanding bank and other borrowings amounted to RMB 2,255.4 million, RMB 9,561.7 million, RMB 10,440.2 million, RMB 10,172.3 million and RMB 14,565.8 million, as of December 31, 2006, 2007 and 2008, June 30, 2009 and September 30, 2009, respectively. The increase in our bank and other borrowings was primarily due to additional funds needed for new development projects and our acquisition of land reserves for future development. As of December 31, 2006, 2007, 2008, June 30, 2009 and September 30, 2009, the average interest rate on our borrowings was 6.19%, 12.53%, 10.92%, 10.16% and 9.08%, respectively.

Commercial banks in China typically require guarantees or security interests to lend to us. As of December 31, 2006, 2007 and 2008, June 30, 2009 and September 30, 2009, all of our outstanding bank and other borrowings were secured by our land use rights, investment properties, properties under development, completed properties held for sale and cash deposit and equity interests in certain subsidiaries.

The table below sets forth the maturity profiles of our non-current borrowings as of the dates indicated:

	As of December 31,			As of June 30,	As of September 30,
	2006	2007	2008	2009	2009
	(RMB in millions)				
Bank borrowings:					
1–2 years	182.7	5,160.4	3,605.5	2,586.1	2,727.4
2–5 years	1,032.0	3,529.6	380.0	1,042.8	4,241.6
Borrowings from a related party:					
1–2 years	211.1	225.5	—	—	—
2–5 years	—	—	240.9	249.0	253.2
	1,425.8	8,915.5	4,226.4	3,877.9	7,222.2

Structured Secured Loan

We made three draw-downs under the Structured Secured Loan:

- on August 31, 2007, US$300 million and RMB 20 million;
- on October 24, 2007, US$67 million; and
- on October 31, 2007, US$63 million.

Upon the above draw-downs, we paid structuring fees ranging from 1.5% to 3.0%. The following were reflected in our financial statements:

- cash and bank balances increased by US$295.8 million (approximately RMB 2,221,461,000), US$66 million (approximately RMB 493,020,000) and US$61.1 million (approximately RMB 456,417,000), respectively, which represented net cash proceeds with structuring fees deducted from the loan consideration;
- loans recognized at their fair value net of structuring fees amounting to US$289.9 million (approximately RMB 2,177,149,000), US$64.6 million (approximately RMB 482,562,000) and US$59.8 million (approximately RMB 446,706,000), respectively; and
- the remaining amount of US$5.9 million (approximately RMB 44,312,000), US$1.4 million (approximately RMB 10,458,000) and US$1.3 million (approximately RMB 9,711,000), respectively, mainly representing the value of the Shares transferred by the Original Shareholder to Credit Suisse, credited to our capital reserve and not classified or to be classified as our finance cost.

The fair value of the Structured Secured Loan was measured as the present value of its future cash outflow, which included payment of loan principal, coupon rate and premium, discounted by using the prevailing market rate of interest for a similar instrument but without considering the Shares transferred by the Original Shareholder to Credit Suisse. Going forward, the Structured Secured Loan will be stated at amortized cost, and its interest, with a coupon rate of LIBOR plus 4.5%, and premium in aggregate to be calculated based on the agreed annual return rate of 19% as provided in the Structured Secured Loan agreement for the period from the date of draw-down to the date of completion of the Global Offering will be expensed and reflected in our income statement or capitalized under the "property under development" in our balance sheet. Upon consummation of the Global Offering, the accrued payments of premium paid by the Original Shareholder will be regarded as shareholder's contribution and transferred to capital reserve of our financial statements.

The Directors believe that, under an arm's length transaction, the Structured Secured Loan proceeds represented the aggregate fair value of the Structured Secured Loan and the Shares given by the Original Shareholder to Credit Suisse. Under the circumstances, the Shares given by the Original Shareholder to Credit Suisse constituted a subsidy to us, with its value being the difference between the fair value of the Structured Secured Loan and the Structured Secured Loan proceeds, as estimated by an independent valuer. The independent valuer also confirmed that the value associated to the Shares given to Credit Suisse was market value based on the discounted cash flow method.

On June 24, 2009, Tianji Holding Limited, our wholly-owned subsidiary, purchased the entire issued share capital of Ever Grace Group Limited, which is one of the lenders and owns US$48.5 million of the Structured Secured Loan, from Shikumen Capital Management Limited, an affiliate of a New Investor, and an independent third party, for an aggregate consideration of US$34.0 million.

Certain events of default occurred under the Structured Secured Loan in 2008 as we failed to maintain certain financial ratios (including the Consolidated EBITDA) during the current global economic downturn and financial crisis. But we obtained a forbearance agreement with the lenders of the Structured Secured Loan in December 2008 for them not to accelerate the Structured Secured Loan. In anticipation of this Global Offering, we have obtained waivers from the Structured Secured Loan lenders as well as the Financial Investors and the New Investors with respect to any existing or purported defaults, events of default or cross-defaults under the various financing agreements. Such waivers will remain valid and effective until March 31, 2010. In addition, we have also obtained an extension of the exercise date of the put option to March 31, 2010 in relation to the Structured Secured Loan from the lenders.

Convertible Preferred Shares and Embedded Financial Derivatives

On November 29, 2006, we issued 800,000,000 Convertible Preferred Shares at a subscription price of US$400 million. The Convertible Preferred Shares were subject to dividends at 5% of the subscription price per annum and were to mature on November 29, 2011 unless being extended, at the election of the holders of Convertible Preferred Shares, by additional two years. The Convertible Preferred Shares may be converted into Shares before the maturity date and any outstanding Convertible Preferred Shares must be mandatorily converted into Shares upon occurrence of a qualified public offering at the relevant conversion price, which was equal to their subscription price subject to adjustments under certain circumstances. Holders of the Convertible Preferred Shares had an option to require us to redeem the Convertible Preferred Shares under certain circumstances at a put price which was equal to their subscription price plus an amount of premium calculated at a compounded rate of return of 15% per annum and deducted by all paid dividends.

All equity interests in the PRC subsidiaries held by ANJI (BVI) Limited were pledged to the holders of Convertible Preferred Shares to secure our obligation to them.

The net proceeds received from the issue of the Convertible Preferred Shares of approximately US$392,982,000 were split between a liability component and a number of embedded financial derivatives as follows:

- The liability component represented the present value of the contractually determined stream of future cash flows discounted at the prevailing market interest rate at that time applicable to instruments of comparable credit status and providing substantially the same cash flows, on the same terms, but without the embedded derivatives.

  The interest charged for the period up to December 11, 2007 was calculated by applying an effective interest rate of approximately 18.61% to the liability component from the time the Convertible Preferred Shares were issued.

- Embedded derivatives, comprising (a) the fair value of the option of the holders of Convertible Preferred Shares to convert the Convertible Preferred Shares into our Shares; and (b) the fair value of the option of the holders of Convertible Preferred Shares to require us to redeem the Convertible Preferred Shares.

On December 11, 2007, all our Convertible Preferred Shares were restructured and became a debt financing arrangement. We repurchased and cancelled the 800,000,000 Convertible Preferred Shares for an aggregate consideration of US$400 million in January 2008. You may refer to the section entitled "Corporate History — Reorganization — Introduction of Financial Investors" in this prospectus for more details.

The detailed breakdown between the liability component and the embedded financial derivatives is set out in the table below:

	Liability component	Embedded financial derivatives	Total
	(RMB in thousands)		
Convertible Preferred Shares issued on November 29, 2006	2,820,131	295,424	3,115,555
Foreign exchange gain	(35,524)	(3,707)	(39,231)
Interest charged	45,715	—	45,715
Changes in fair value	—	2,515	2,515
As at December 31, 2006	2,830,322	294,232	3,124,554
Exchange gain	(195,483)	(40,480)	(235,963)
Interest charged	519,089	—	519,089
Changes in fair value	—	562,684	562,684
As at December 31, 2007	3,153,928	816,436	3,970,364
Transfer to ordinary share	(58,652)	—	(58,652)
Transfer to share premium	(2,057,512)	(816,436)	(2,873,948)
Transfer to reserves	(1,014,536)	—	(1,014,536)
Financial guarantee liability	(23,228)	—	(23,228)
As of December 31, 2008, June 30, 2009 and September 30, 2009	—	—	—

FINANCIAL GUARANTEE

We make arrangements with various PRC banks to provide mortgage facilities to purchasers of our pre-sold properties. In accordance with market practice, we are required to provide guarantees to these banks in respect of mortgages provided to such customers. Guarantees for mortgages on pre-sold residential properties are generally discharged at the earlier of: (i) the property ownership certificates are submitted to the mortgagee banks, or (ii) the purchasers pay off the total amount of mortgages. If a purchaser defaults on the mortgage loan, we are typically required to repurchase the underlying property by paying off the mortgage loan. If we fail to do so, the mortgagee banks will auction the underlying property and recover the balance from us if the outstanding loan amount exceeds the net foreclosure sale proceeds. In line with industry practice, we do not conduct independent credit checks on our customers but rely on the credit checks conducted by the mortgagee banks. As of December 31, 2006, 2007 and 2008 and June 30, 2009, our outstanding guarantees for mortgage loans of the purchasers of our pre-sold properties were approximately 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. However, we were able to recoup our full guaranteed amounts through foreclosure sales. As a result, we did not sustain any economic loss. Since July 1, 2009, we have not experienced any purchaser defaults on mortgage loans that we guaranteed. You may refer to “Appendix I — Accountants’ Report — Note 31 — Financial guarantees” for additional information.

We repurchased and cancelled the 800 million Convertible Preferred Shares for an aggregate consideration of US$400 million. The repurchase was financed by a loan in the same amount lent by the Financial Investors to the Original Shareholder, of which we provide guarantee for the repayment. In June 2008, we and the Original Shareholder entered into a new investment agreement with the New Investors for the issue of 374,104,266 Shares. Pursuant to the terms of a deed of undertaking, the Original Shareholder granted a put option to the New Investors, exercisable upon the occurrence of certain events, to require the Original Shareholder to repurchase all or a portion of the Put Option Shares at an agreed-upon price and the Company has provided guarantee to the Original Shareholder for the fulfillment of the obligation under the put option. You may refer to sections entitled "Corporate History — Reorganization — Introduction of Financial Investors" and "— Introduction of New Investors" in this prospectus for more details. As of December 31, 2006, 2007 and 2008 and June 30, 2009, our relevant financial guarantees amounted to approximately RMB nil, RMB nil, RMB 197.4 million and RMB 51.1 million, respectively.

We confirm that, other than disclosed in this prospectus, there has been no material change in our indebtedness and contingent liabilities since June 30, 2009.

CONTRACTUAL OBLIGATIONS AND CAPITAL COMMITMENTS

The following table sets forth our aggregate minimum lease payments as of the dates indicated:

	As of December 31,			As of June 30,
	2006	2007	2008	2009
	(RMB in millions)			
Not later than one year	5.6	28.0	30.7	28.9
Later than one year and not later than five years	4.9	84.5	71.8	45.2
Later than five years	0.8	7.3	7.1	6.2
	11.3	119.8	109.6	80.3

The following table sets forth our commitments for property development expenditures as of the dates indicated:

	As of December 31,			As of June 30,
	2006	2007	2008	2009
	(RMB in millions)			
Contracted but not provided for	1,720.2	8,561.6	12,776.3	14,278.5

The following table sets forth our commitments for land expenditures as of the dates indicated:

	As of December 31,			As of June 30,
	2006	2007	2008	2009
	(RMB in millions)			
Contracted but not provided for . . .	1,627.5	5,701.5	10,235.6	11,615.7

Our commitments for property development expenditures and land expenditures are financed by cash generated from our operations. We expect to continue to rely on proceeds from our property sales and pre-sales as well as new financings as the principal sources of funding to finance our contractual obligations and capital commitments. We also expect to use a portion of our net proceeds from this Global Offering to reduce our current indebtedness as we have disclosed in the section entitled "Future Plans and Use of Proceeds — Use of Proceeds" in this prospectus.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

Except for the contingent liabilities set forth above, we have not entered into any off-balance sheet arrangements or commitments to guarantee the payment obligations of any third parties. We do not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or engages in leasing or hedging or research and development services with us.

MARKET RISKS

We are, in the normal course of business, exposed to market risks primarily relating to fluctuations in interest rates, commodity prices, foreign exchange rates and inflation rate.

Interest Rate Risk

We are exposed to interest rate risks, primarily relating to our borrowings, which were RMB 2,255.4 million, RMB 9,561.7 million, RMB 10,440.2 million and RMB 10,172.3 million, respectively, as of December 31, 2006, 2007 and 2008 and June 30, 2009. We undertake debt obligations to support our property development and general working capital needs. Upward fluctuations in interest rates may increase the cost of our financing. Fluctuations in interest rates can also lead to significant fluctuations in the fair values of our debt obligations. The benchmark one-year bank lending rate published by PBOC for the years ended December 31, 2006, 2007 and 2008 and the six months ended June 30, 2009 was 6.12%, 7.47%, 5.31% and 5.31%, respectively. We currently do not use any derivative instruments to hedge our interest rate risk.

An increase in interest rates may also adversely affect our prospective purchasers' ability to obtain financing and depress the overall housing demand in China. Furthermore, the increase in interest rates may also increase our financial obligation to the PRC banks as we have disclosed in the section entitled "— Financial Guarantee" above.

Commodity Risk

We are exposed to fluctuations in the prices of raw materials for our property development, primarily steel and cement. We do not engage in any hedging activities. Purchasing costs of steel and cement are generally accounted for as part of the construction contractor fees pursuant to our arrangements with the relevant construction contractors. Accordingly, rising prices for construction materials will affect our construction costs in the form of increased fee quotes by our construction contractors. As a result, fluctuations in the prices of our construction materials have a significant impact on our results of operations.

Foreign Exchange Risk

Substantially all of our revenues and expenses are denominated in Renminbi. Our exposure to foreign exchange rate fluctuations results primarily from our indebtedness denominated in foreign currencies, primarily the U.S. dollars. During the Track Record Period, because of the generally appreciating Renminbi, our holdings in foreign currency denominated assets equal to US$84.4 million, US$134.5 million, US$140.1 million and US$132.5 million as of December 31, 2006, 2007 and 2008 and June 30, 2009, including our proceeds from overseas equity and debt financings before we use them to acquire land reserves, generated foreign exchange losses. Subsequent to this Global Offering, a depreciation of Renminbi would adversely affect the value of any dividends we pay to our offshore shareholders. We currently do not engage in hedging activities designed or intended to manage such currency risk. You should refer to "Risk Factors — Risks Relating to China — Fluctuations in the value of Renminbi may adversely affect our business and the value of distributions by our PRC subsidiaries" for additional risk disclosure.

Inflation

China has not experienced significant inflation or deflation in recent years. According to the National Bureau of Statistics of China, China's overall national inflation rate, as represented by the general consumer price index, was approximately 1.5% in the year ended December 31, 2006, 4.8% in the year ended December 31, 2007 and 5.9% in the year ended December 31, 2008. Recent inflation and deflation have not materially affected our business.

DISCLOSURE PURSUANT TO RULES 13.13 TO 13.19 OF THE LISTING RULES

Our Directors have confirmed that, as of the Latest Practicable Date, they were not aware of any circumstances which would give rise to a disclosure obligation pursuant to Rules 13.13 to 13.19 of the Listing Rules upon the listing of our Shares on the Stock Exchange.

PROFIT FORECAST FOR THE YEAR ENDING DECEMBER 31, 2009

We set forth below our profit forecast solely in respect of our net forecasted consolidated profit for the year ending December 31, 2009. However, our actual results of 2009, including the actual net profit, will still be subject to market conditions and our operations in the next three months. Based on the contracted sales and overall construction progress of properties under development as of September 30, 2009, we were on track to meet our 2009 profit forecast for the year ending December 31, 2009. In order to assist you in understanding the basis of our profit forecast, we set out additional information in respect of our top 10 projects that will contribute approximately 70% of our forecasted revenue for the year ending December 31, 2009.

Basis of Preparation

Our Directors prepared the forecast of our net consolidated profit attributable to our shareholders for the year ending December 31, 2009 based on our audited consolidated results for the year ended December 31, 2008 and the six months ended June 30, 2009, the unaudited management accounts for the three months ended September 30, 2009, and the forecast of our consolidated results for the remaining three months of the year ending December 31, 2009. The forecast for the year ending December 31, 2009 has been prepared on the basis of accounting policies consistent with those adopted for the purpose of the Accountants' Report in Appendix I to this prospectus and the assumptions set forth below.

Principal Assumptions for the Profit Forecast

We set forth below the principal assumptions adopted by our Directors in preparing the profit forecast:

- there will be no material changes in the existing governmental policies as well as political, legal, financial or economic conditions in China, Hong Kong or any other jurisdiction in which we currently operate or which are otherwise material to our operations;

- with respect to the real estate industry in particular, the PRC government will not impose material changes or additional austerity measures to dampen sales or prices of the PRC real estate market;

- there will be no changes in laws, rules or regulations or in contractual arrangements between the governmental authorities with us in the jurisdictions in which we operate, which may materially adversely affect our business;

- there will be no material changes in the bases or rates of taxation in the jurisdictions in which we operate, except as otherwise disclosed in this prospectus;

- there will be no material changes in interest rates or foreign currency exchange rates from those currently prevailing; and

- in respect of the calculation of the capital value of our investment properties as of December 31, 2009:

  - the current financial, economic and political conditions in China that are material to the rental income generated by our investment properties will remain unchanged;

  - the principal terms and conditions pursuant to which our investment properties are being operated will remain unchanged; and

- the leases relating to our investment properties will be renewed upon their expiration on normal commercial terms.

Such specific assumptions are consistent with those in the valuation undertaken by CB Richard Ellis Limited, an independent property valuer. The investment properties were valued by CB Richard Ellis Limited as of September 30, 2009 and their valuation is set out in "Appendix IV — Property Valuation Report" to this prospectus.

The independent valuer, CB Richard Ellis Limited, has adopted a direct comparison approach by assuming sales of each of these property interests in its current state with the benefit of vacant possession with references to comparable sale transactions available in the relevant markets. The independent valuer has also adopted a capitalization approach taking into account the rental income of the properties derived from the existing leases or achievable in the existing market with due allowance for the reversionary income potential of the leases, which have then been capitalized to determine the market value at an appropriate capitalization rate.

We arrived at the estimated fair value gain or loss on investment properties based on (i) the market value of such investment properties as of September 30, 2009 valued by the independent valuer, and (ii) our estimated capital value as of December 31, 2009 based on the anticipated property-specific market trends of the properties projected by the independent valuer. Such estimates rely on certain property valuation techniques that involve estimates of comparable sales in the relevant market, current market rental and the forecasted rental movement for similar properties in a similar location and condition. Based on these estimates, we forecast that the retail property and carpark market in our current operational jurisdictions will remain stable in the fourth quarter of 2009, with the rental and capital value to appreciate in a range of 0–2%. The fair value of our investment properties as of December 31, 2009, and in turn any fair value change, will continue to be dependent on market conditions and other factors beyond our control, and be based on the market movement and other assumptions that are, by their nature, subjective and uncertain.

Under HKFRS, changes in the fair value of investment properties are reflected in our consolidated income statement and accounted for as "Fair value gains/losses on investment properties."

Summary of Property Development of Top 10 Projects

We set forth below a summary of the property development projects or project phases as of September 30, 2009 that are projected to jointly contribute approximately 70% of our forecasted revenue for the year ending December 31, 2009. As of September 30, 2009, we had successfully pre-sold 100% of the projects or project phases which were expected to be completed and delivered in 2009.

		As of September 30, 2009			
	Top 10 projects/project phases to be delivered in 2009	Contracted sales/sales (RMB in thousands)	Pre-sold/ delivered GFA (m^2)	Average selling price for properties pre-sold/ delivered (RMB/m^2)	Actual/ expected delivery date
1	Evergrande Royal Scenic Peninsula (Phases 1 and 2)	672,674	54,500	12,343	Oct 09
2	Evergrande Splendor Tianjin (Phase 1)	525,338	89,776	5,852	Oct 09
3	Evergrande Scenic Garden (Phase 1)(1)	418,085	74,867	5,584	Sep 09
4	Evergrande Oasis Chengdu (Phase 1)	413,539	82,986	4,983	Dec 09
5	Evergrande City Chengdu (Phase 1)	402,573	86,205	4,670	Dec 09
6	Evergrande Oasis Shenyang (Phase 1)	354,885	83,225	4,264	Oct 09
7	Evergrande Oasis Taiyuan (Phase 1)	244,002	51,930	4,699	Oct 09
8	Evergrande Oasis Nanjing (Phase 1)	265,039	52,163	5,081	Dec 09
9	Evergrande Palace Chongqing (Phase 1)(1)	303,089	47,341	6,402	Sep 09
10	Evergrande Metropolis Xi'an (Phase 1)	83,042	19,093	4,349	Oct 09
	Total	3,682,266	642,086		

(1) This project phase had been completed and delivered as of September 30, 2009.

As of September 30, 2009, the construction progress with respect to the top 10 projects or project phases above was as follows (excluding phase 1 of Evergrande Scenic Garden and phase 1 of Evergrande Palace Chongqing that had been completed and delivered as of September 30, 2009):

Evergrande Royal Scenic Peninsula

Deliveries of Evergrande Royal Scenic Peninsula comprise of villas and seven high-rise residential buildings for phase 1, and four high-rise buildings for phase 2. The villas and seven high-rise residential buildings for phase 1 had been completed and are ready for delivery. We commenced development of the four high-rise buildings for phase 2 in December 2006 and commenced pre-sale in June 2008. As of September 30, 2009, the construction of these buildings had substantially been completed. We expect to complete the construction and commence deliveries of undecorated units in October 2009. You may refer to properties 13, 22 and 37 in "Appendix IV — Property Valuation Report" for additional information.

Evergrande Splendor Tianjin

Deliveries of Evergrande Splendor Tianjin comprise of 366 villas for phase 1. We commenced development of this project in September 2007, and commenced pre-sale in September 2008. As of September 30, 2009, we had completed the main building structure, including part of masonry and plastering work. We had completed the construction and commenced deliveries of some undecorated units in September 2009 and we expect to complete the construction of all remaining units in October 2009. You may refer to properties 34 and 42 in "Appendix IV — Property Valuation Report" for additional information.

Evergrande Oasis Chengdu

Deliveries of Evergrande Oasis Chengdu comprise of 40 condominiums and five high-rise residential buildings for phase 1. The 40 condominiums had been completed and are ready for delivery. We commenced development of the five high-rise buildings in October 2007, and commenced pre-sale in December 2008. As of September 30, 2009, we had completed the main building structure. Decoration and installation work of the public sections are in progress. We expect to complete the construction and commence deliveries in December 2009. You may refer to properties 24 and 51 in "Appendix IV — Property Valuation Report" for additional information.

Evergrande City Chengdu

Deliveries of Evergrande City Chengdu comprise of 42 condominiums and four high-rise residential buildings for phase 1. The 42 condominiums had been completed and are ready for delivery. We commenced development of the four high-rise residential buildings in November 2007 and commenced pre-sale in December 2008. As of September 30, 2009, we had completed the main building structure and substantially all of the decoration and installation work for the public sections. We expect to complete the construction and commence deliveries in December 2009. You may refer to properties 29 and 50 in "Appendix IV — Property Valuation Report" for additional information.

Evergrande Oasis Shenyang

Deliveries of Evergrande Oasis Shenyang comprise of 24 condominiums and high-rise residential buildings for phase 1, among which 20 condominiums and high-rise residential buildings had been completed and are ready for delivery. We commenced development of another four high-rise buildings in January 2008 and commenced pre-sale in April 2008. As of September 30, 2009, we had completed the main building structure, part of the basic installation work, as well as majority of the interior decoration. We expect to complete the construction and commence deliveries in October 2009. You may refer to properties 31, 62 and 87 in "Appendix IV — Property Valuation Report" for additional information.

Evergrande Oasis Taiyuan

Deliveries of Evergrande Oasis Taiyuan comprise of 38 condominiums for phase 1. We commenced development of the project in December 2007 and commenced pre-sale in September 2008. As of September 30, 2009, we had completed the main building structure, and a majority of the decoration for the public sections and interior installations of these 38 buildings. We expect to commence deliveries in October 2009. The decorations for the public sections and interior installations of the remaining buildings had also been substantially completed. We expect to complete the construction and commence deliveries in December 2009. You may refer to properties 43 and 82 in "Appendix IV — Property Valuation Report" for additional information.

Evergrande Oasis Nanjing

Deliveries of Evergrande Oasis Nanjing comprise of 12 condominiums for phase 1. We commenced development of the project in December 2007 and commenced pre-sale in September 2008. As of September 30, 2009, we had completed the main building structure while decoration for the public sections and interior installations are in progress. We expect to complete the construction and commence deliveries in December 2009. You may refer to property 70 in "Appendix IV — Property Valuation Report" for additional information.

Evergrande Metropolis Xi'an

Deliveries of Evergrande Metropolis Xi'an comprise of 18 high-rise residential buildings for phase 1. We commenced development of the project in November 2007 and commenced pre-sale in September 2008. As of September 30, 2009, we had completed the main building structure, as well as the decoration for the public sections and interior installations of six buildings. These six buildings are expected to be completed and ready for delivery in October 2009. Interior design works for the remaining 12 buildings are in progress. We expect to complete the construction and commence deliveries in November 2009. You may refer to property 53 in "Appendix IV — Property Valuation Report" for additional information.

Sensitivity Analysis

As of September 30, 2009, we had successfully pre-sold 100% of the forecasted revenue and most of these projects or project phases had been substantially completed. Therefore, we did not perform sensitivity analysis on targeted average selling price and targeted GFA sold and delivered.

Sensitivity analysis on fair value changes of investment properties

The total forecasted amount of fair value gain on our investment properties for the year ending December 31, 2009 is RMB 831 million and its related deferred taxation expense are RMB 208 million (including the portion attributable to minority interests). The total forecasted fair value gain is primarily due to the addition of a significant amount of investment properties to our investment portfolio. We set forth below, for the periods indicated, information of our investment properties and the forecasted fair value gains in 2009.

Investment properties as of December 31, 2008	Property type	GFA (m^2)	Number of units	Forecasted fair value gains in 2009 (RMB)
Jinbi Garden No. 1	Commercial spaces	667		1,100,000
	Car parking spaces		375	1,300,000
Jinbi Garden No. 2	Commercial spaces	901		630,000
	Car parking spaces		88	88,000
Jinbi Garden No. 3	Commercial spaces	1,720		—
	Car parking spaces		189	—
Jinbi Big World	Commercial spaces	15,172		63,800,000
Jinbi City Plaza	Commercial spaces	12,004		47,000,000
	Car parking spaces		190	1,000,000
Jinbi Bay Garden	Car parking spaces		196	—
Jinbi Palace	Commercial spaces	581		1,800,000
	Car parking spaces		309	—
Jinbi New City	Commercial spaces	563		—
	Car parking spaces		352	—
Jinbi Emerald Court	Commercial spaces	8,371		11,200,000
	Car parking spaces		141	300,000
Jinbi Century Garden	Commercial spaces	793		1,000,000
	Car parking spaces		1,251	—
Jinbi Atrium	Car parking spaces		779	—
Jinbi Junhong Garden	Car parking spaces		465	50,000
Subtotal		40,772	4,335	129,268,000

New investment properties in 2009	Property type	GFA (m^2)	Number of units	Forecasted fair value gains in 2009 (RMB)
Evergrande Scenic Garden	Car parking spaces		1,643	149,951,932
Evergrande City Chongqing	Car parking spaces		915	57,429,060
Evergrande Metropolis Xi'an	Car parking spaces		601	32,722,481
Evergrande Oasis Xi'an	Car parking spaces		225	11,392,317
Evergrande Oasis Shenyang	Commercial spaces	34,704		225,882,752
Evergrande Oasis Taiyuan	Commercial spaces	2,375		13,487,500
	Car parking spaces		862	40,468,667
Evergrande Royal Scenic Peninsula	Commercial spaces	2,500		12,945,956
	Car parking spaces		276	11,322,000
Jinbi New City Phase 5	Commercial spaces	2,935		40,980,167
	Car parking spaces		935	105,191,168
Subtotal		42,514	5,457	701,774,000
Total fair value gains on investment properties in 2009				831,042,000

The following table illustrates the sensitivity of the net profit attributable to our shareholders (net of deferred tax effect) to different levels of revaluation gains on investment properties for the year ending December 31, 2009:

Percentage changes in revaluation gains or losses on investment properties compared to our estimate . .	(15%)	(10%)	(5%)	5%	10%	15%
Impact on net profit attributable to our shareholders targeted for the year 2009 (RMB in thousands)	(92,400)	(61,600)	(30,800)	30,800	61,600	92,400

If the estimated revaluation gain of our investment properties increases or decreases by 5%, our net profit attributable to our shareholders for the year ending December 31, 2009 is expected to be approximately RMB 1,063.3 million or RMB 1,001.7 million, respectively, representing an increase or a decrease of 3.0%, respectively, over or from the targeted 2009 net profit attributable to our shareholders.

If the estimated revaluation gain of our investment properties increases or decreases by 10%, our net profit attributable to our shareholders for the year ending December 31, 2009 is expected to be approximately RMB 1,094.1 million or RMB 970.9 million, respectively, representing an increase or a decrease of 6.0%, respectively, over or from the targeted 2009 net profit attributable to our shareholders.

If the estimated revaluation gain of our investment properties increases or decreases by 15%, our net profit attributable to our equity holder for the year ending December 31, 2009 is expected to be approximately RMB 1,124.9 million or RMB 940.1 million, respectively, representing an increase or a decrease of 8.9%, respectively, over or from the targeted 2009 net profit attributable to our shareholders.

You should refer to the risk factor under the section entitled “Risk Factors — Risks Relating to Our Business — 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” for additional information.

The above illustrations are intended for reference only and any variation could exceed the ranges given. The above sensitivity analyses are not purported to be exhaustive. While we have considered for the purposes of this profit forecast what we believe is the best estimate of the fair value changes of our investment properties for the year ending December 31, 2009, the actual fair value changes of our investment properties as of the relevant time may differ materially from our estimates and are dependent on market conditions and other factors which are beyond our control.

Profit Forecast for the Year Ending December 31, 2009

	RMB in millions
Net forecasted consolidated profit attributable to our shareholders before revaluation of investment properties	417
Revaluation increase on investment properties (net of deferred tax effect)	616
Net forecasted consolidated profit attributable to our shareholders after revaluation of investment properties	1,033

	Before revaluation of investment properties	After revaluation of investment properties
	RMB	RMB
Forecasted earnings per Share on a pro forma fully diluted basis	0.027	0.068

The calculation of the forecasted earnings per Share on a pro forma fully diluted basis is based on the forecasted consolidated profit for the year attributable to our shareholders, assuming that we had been listed since January 1, 2009 and a total of 15,208,000,000 Shares (comprising 15,000,000,000 Shares to be in issue immediately after the Global Offering and 208,000,000 Shares to be issued upon the exercise of all of the options granted under the Pre-IPO Share Option Scheme) had been issued and outstanding during the entire year ending December 31, 2009. This calculation has been prepared on the basis that we will not receive any proceeds from the exercise of any options under the Pre-IPO Share Option Scheme, without taking into account the impact of the fair value of the Shares on computation of the number of potentially dilutive Shares and without taking into account the impact of the fair value of the options under the Pre-IPO Share Option Scheme on the profit forecast for the year ending December 31, 2009.

You may find the texts of the letters from PricewaterhouseCoopers, independent auditors and reporting accountants, and from Merrill Lynch and Goldman Sachs as the joint sponsors for this listing on the Stock Exchange, in respect of the profit forecast in Appendix III to this prospectus.

DIVIDENDS AND DISTRIBUTABLE RESERVES

Subject to the Cayman Companies Law and our Memorandum and Articles of Association, through a general meeting, we may declare dividends in any currency but no dividend may be declared in excess of the amount recommended by our Board. Our Memorandum and Articles of Association provide that dividends may be declared and paid out of our profit, realized or unrealized, or from any reserve set aside from profits which our Directors determine no longer needed. With the sanction of an ordinary resolution, dividends may also be declared and paid out of share premium account or any other fund or account which can be authorized for this purpose in accordance with the Cayman Companies Law.

Except as provided under the terms of a particular issue, or with respect to the rights attached to any Shares, (i) all dividends must be declared and paid according to the amounts paid up on the Shares in respect of which the dividend is paid, but no amount paid up on a

Share in advance of calls may for this purpose be treated as paid up on the Share; and (ii) all dividends must be apportioned and paid pro rata according to the amount paid up on the Shares during any portion or portions of the period in respect of which the dividend is paid. Our Directors may deduct from any dividend or other monies payable to any of our shareholders or in respect of any Shares all sums of money (if any) presently payable by such shareholder to us on account of calls or otherwise. In addition, the declaration of dividends is subject to the discretion of our Board, and the amounts of dividends actually declared and paid will also depend on the following factors:

- our general business conditions;
- our financial results;
- our capital requirements;
- interests of our shareholders; and
- any other factors which our Board may deem relevant.

Our Board has absolute discretion in whether to declare any dividend for any year and, if it decides to declare a dividend, how much dividend to declare. We currently intend to pay dividends of approximately 10% of our profits available for distribution beginning from the year ended December 31, 2009. Going forward, we will re-evaluate our dividend policy in light of our financial position and the prevailing economic climate. However, the determination to pay dividends will be made at the discretion of our Board and will be based upon our earnings, cash flow, financial condition, capital requirements, statutory fund reserve requirements and any other conditions that our Directors deem relevant. The payment of dividends may also be limited by legal restrictions and by financing agreements that we may enter into in the future.

As of December 31, 2006, 2007 and 2008 and June 30, 2009, our retained earnings available for distribution to our shareholders amounted to approximately RMB 111.0 million, RMB 1,153.1 million, RMB 1,662.1 million and RMB 2,162.3 million, respectively. As of June 30, 2009, our distributable reserves amounted to RMB 6,195.8 million.

On January 31, 2008, following the redemption of the Convertible Preferred Shares and before the Original Shareholder transferred a part of its Shares to the Financial Investors, we declared dividends of US$17,372,026 out of our share premium account to the then holders of our Shares of which, US$17,278,080 (equivalent to approximately RMB 125,000,000) was paid to the Original Shareholder and the balance of US$93,946 was paid to Credit Suisse. The sum paid to the Original Shareholder was used to off-set the amount due from the Original Shareholder.

UNAUDITED PRO FORMA NET TANGIBLE ASSETS

The following unaudited pro forma data of our net tangible assets prepared in accordance with Rule 4.29 of the Listing Rules is for illustration purposes only, and is set out here to illustrate the effect of the Global Offering on our net tangible assets as of June 30, 2009 as if the Global Offering had taken place on June 30, 2009.

Because of its hypothetical nature, the unaudited pro forma net tangible assets data may not give a true picture of our financial position as of June 30, 2009 or any future date following the Global Offering. It was prepared based on our consolidated net assets as of June 30, 2009 as set out in the Accountants' Report in Appendix I to this prospectus, and adjusted as described below.

	Audited consolidated net tangible assets attributable to our shareholders as of June 30, 2009[(1)]	Estimated net proceeds from the Global Offering[(2)]	Unaudited adjusted net tangible assets	Pro forma adjusted net tangible assets per Share[(3)]	
	(RMB in millions)			(RMB)	(HK$)
Based on the low end of the indicative offer price range of HK$3.00 per share . .	8,762.0	2,368.8	11,130.8	0.74	0.84
Based on the high end of the indicative offer price range of HK$4.00 per share . .	8,762.0	3,241.1	12,003.1	0.80	0.91

(1) The audited consolidated net tangible assets attributable to our shareholders as of June 30, 2009 was extracted from the Accountants' Report as set out in Appendix I to this prospectus.

(2) The estimated net proceeds from the Global Offering are based on 1,005,000,000 new Shares to be offered by us and 16,845,129 existing Shares to be offered by Ever Grace and on the low end and high end of the indicative offer price range of HK$3.00 and HK$4.00 per Share, respectively, after deduction of estimated related fees and expenses but excluding an incentive fee which may be payable to the Joint Bookrunners. If we decide to pay such additional incentive fee, the pro forma adjusted net tangible assets per Share will decrease.

(3) The unaudited pro forma net tangible assets per Share were determined after the adjustments as described in note 2 above and on the basis that 15,000,000,000 Shares were issued and outstanding on June 30, 2009 and that options granted under the Pre-IPO Share Option Scheme and Share Option Scheme had not been exercised.

As of September 30, 2009, our properties held under property and equipment together with the underlying land use rights were revalued by CB Richard Ellis Limited, an independent property valuer, and the relevant property valuation report is set out in "Appendix IV — Property Valuation Report" to this prospectus. There was no material revaluation surplus of our properties held under property and equipment.

The unaudited pro forma net tangible assets and the pro forma net tangible assets per Share did not take into account the effect of the acquisitions after June 30, 2009.

For the purpose of this presentation of unaudited pro forma net tangible assets data, the balances stated in Renminbi were converted into Hong Kong dollars at the PBOC Rate of HK$1.00 to RMB 0.88 prevailing on the Latest Practicable Date.

NO MATERIAL ADVERSE CHANGE

We confirm that there has not been any material adverse change in our financial or trading position since June 30, 2009.