OVERVIEW

We are one of the leading property developers in the Pearl River Delta region, which is one of the most economically dynamic regions in China. "佳兆業" ("Kaisa") is a well-known brand in the Pearl River Delta region. We were ranked among the "Top 10 Valuable Real Estate Brands" in southern China for each of 2006, 2007 and 2008 by the China Real Estate Top 10 Research Team. Headquartered in Shenzhen, the special economic zone adjacent to Hong Kong, we are primarily engaged in the development of large-scale residential properties and integrated commercial properties. We are well recognized in Shenzhen with a proven track record of successfully bringing to market reputable residential properties. In 2008, we were ranked second in the comprehensive annual ranking list of qualified real estate development enterprises in Shenzhen published by the Shenzhen Municipal Committee of Planning and Land Resources (formerly known as the Shenzhen Municipal Bureau of Land Resources and Housing Management). Our well-established position in the Pearl River Delta region is supported by our geographically diversified development portfolio, including projects in Shenzhen, Guangzhou, Dongguan, Huizhou and Zhuhai. Leveraging our success in the Pearl River Delta region, we have also expanded into other areas in China, including Shanghai and Jiangyin, both in the Yangtze River Delta region, Chengdu in the Chengdu-Chongqing region and Changsha in the Central China region. In July 2009, we completed Jiangyin Lake View Place Phase 1, which became a milestone in our expansion into the Yangtze River Delta region. With our developmental experience and the dedication that we have demonstrated throughout our operational history, we intend to enter into other regions, including the Pan-Bohai Bay Rim. We believe "Kaisa" symbolizes our high quality property developments and high standards of industry practice and encapsulates our devotion to customer satisfaction.

We focus primarily on development of the following:

- *Residential properties.* Our large-scale residential properties are generally located in suburban areas with access to public transport and other urban facilities in select cities in China. These properties include apartments, serviced apartments and townhouses, often with complementary commercial facilities, restaurants and community facilities. The principal target customers for our residential properties are middle to upper-middle income households. We often develop our residential properties in a number of phases. We believe our multi-phased approach has enabled us to manage our capital resources efficiently and has increased our returns through the higher average selling prices which we were generally able to achieve at subsequent development phases.

- *Commercial properties.* Our integrated commercial properties are generally located in CBDs in select cities in China. Since 2005, we have increased the commercial property development in our portfolio. Guangzhou Jinmao, our completed commercial project, is located in a prime location within Guangzhou's CBD and consists of a premium grade office building and retail space. Our other three commercial projects are expected to consist of a mixture of office building and retail space.

As of September 30, 2009, we had a total of 31 property development projects including completed properties, properties under development and properties for future development, in nine cities in China. As of September 30, 2009, we had completed properties with a total GFA of approximately 2,563,414 sq.m., and had a land bank with an estimated total GFA of approximately 12,457,974 sq.m., including completed properties held for sale with a total GFA of approximately 228,673 sq.m., properties under development with an estimated total GFA of approximately 1,388,764 sq.m. and properties for future development with an estimated total GFA of approximately 10,840,538 sq.m.

For the years ended December 31, 2006, 2007 and 2008 and the six months ended June 30, 2009, our revenue was RMB2,398.7 million, RMB2,239.4 million, RMB3,110.4 million and RMB2,473.7 million, respectively. The profit attributable to equity holders of our Company for the same period was RMB493.3 million, RMB483.4 million, RMB500.9 million and RMB368.0 million, respectively. For the years ended December 31, 2006, 2007 and 2008 and the six months ended June 30, 2009, our revenue was primarily generated from sales of our developed properties, which amounted to approximately 99.0%, 93.6%, 94.8% and 97.2% of our revenue, respectively. Our remaining revenue for the year ended December 31, 2006 and the six months ended June 30, 2009 included rental income and income from our property management services; our remaining revenue for the years ended December 31, 2007 and 2008 included income from our project consultancy services, rental income and income from our property management services.

We have historically contracted out construction works of all our development projects to construction contractors, and intend to continue to outsource substantially all of our construction works. We cooperate with Centaline, our primary sales partner, to jointly promote our developed properties in different regional markets in China. Going forward, we will continue to improve the management of our sales through our dedicated sales team and intend to continue to engage Centaline and other professional property sales agencies to provide marketing and sales services for our properties in China.

We intend to continue to focus on developing residential and commercial properties in the Pearl River Delta region and further diversify geographically through expansion into other promising markets in China, including the Yangtze River Delta region, the Chengdu-Chongqing region, the Central China region and the Pan-Bohai Bay Rim. In addition to our focus on residential and commercial development projects, we also aim to increase our investment properties and consequentially our rental income. We intend to retain certain of our commercial properties for long-term investment purposes. In managing our investment property portfolio, we will take into account the estimated long-term growth potential, overall market conditions and our cash flows and financial conditions.

OUR COMPETITIVE STRENGTHS

We believe we have the following competitive strengths:

Well-established position and brand in the Pearl River Delta region and increasing presence in other promising real estate markets in China

We are one of the leading property developers in the Pearl River Delta region and have an increasing presence in other select strategic cities with high economic growth potential in China. We began our operations in 1999 in Shenzhen where we established a track record of developing and selling completed large-scale property developments, with a total GFA of approximately 2.2 million sq.m. We have increased the scale of our property developments in Shenzhen since 1999 and continued to expand our geographic coverage with property developments in Guangzhou, Dongguan, Huizhou and Zhuhai in the Pearl River Delta region. We have leveraged our accumulated knowledge and experience in property development in the Pearl River Delta region to expand into other regions in China. In July 2009, we completed Jiangyin Lake View Place Phase 1, our first property development in the Yangtze River Delta region. We also have property projects at various stages of development in other regions in China, including Shanghai and Jiangyin, which are situated in the Yangtze River Delta region; Chengdu, the provincial capital of Sichuan Province and one of the major urban centers in the Chengdu-Chongqing region; and Changsha, the provincial capital of Hunan Province and one of the key cities in the Central China region. In addition, we intend to enter into the Pan-Bohai Bay Rim. We believe that our well-established position and operating expertise, together with our methodical evaluation of growth potential in these select strategic cities and regions, will enable us to diversify geographically our portfolio of properties.

The "Kaisa" brand is a well-known real estate brand in the Pearl River Delta region. We were ranked among the "Top 10 Valuable Real Estate Brands" in southern China for each of 2006, 2007 and 2008, and one of the "2008 China Top 10 Quality Property Management Service Providers" by the China Real Estate Top 10 Research Team. In 2008, we were ranked second in the comprehensive annual ranking list of qualified real estate development enterprises in Shenzhen published by Shenzhen Municipal Committee of Planning and Land Resources (formerly known as the Shenzhen Municipal Bureau of Land Resources and Housing Management). This annual ranking list is based upon a point system reflecting the results of annual inspections conducted by the Shenzhen Municipal Committee of Planning and Land Resources on the enterprises' corporate and compliance activities in Shenzhen, including but not limited to total GFA in construction, total GFA completed, total GFA sold and number of employees during the year of inspection. We believe our site planning, layout and architectural designs, product quality and dedication to customer satisfaction have distinguished our brand. Our Mocha Town development was awarded the 2004 Gold Award for Architecture and Planning. Our Xiangrui Garden development was named one of the "Shenzhen Top Ten Excellent Property Projects in 30 Years" by the Shenzhen Special Zone Daily, one of the major newspapers in Shenzhen, in 2008. We believe that "Kaisa" also evokes our high standard of industry practice. In 2005, we implemented our "risk announcements" practices to alert our potential customers to the risks attendant to property ownership and investment. In addition, we believe that the market recognition of "Kaisa" is further supplemented by our award winning property management services for properties we developed. We customize services to meet the particular needs and requirements of the community and focus particularly on maintaining customer satisfaction. We believe that by providing quality property management services, we will be able to improve the appeal of our products to customers and distinguish our products from those of our competitors.

Responsiveness to market trends and innovative approach to business operation

Our knowledge of real estate markets and our understanding of market trends in China enable us to respond effectively to market conditions and changes. Our business model incorporates the key market factors that influence housing growth in China, particularly in the cities and regions where we operate or into which we intend to expand. In selecting sites for our residential developments, we focus on identifying suburban areas with access to road networks, public transport and urban facilities. We believe our market analysis, together with our site research and additional market information provided by third-party sources, enable us to better assess the risks, costs and potential returns associated with potential sites for development. By being proactive and responsive, we believe that we have been able to utilize our understanding of market fundamentals to guide our land reserve strategy. For example, based on our understanding of the governmental initiative for achieving greater regional competitiveness, we have adapted our land reserve strategies to the expected integration process of neighboring cities in the Pearl River Delta region. We have identified and successfully acquired quality land with a total GFA of approximately 7.7 million sq.m. in Shenzhen, Dongguan and Huizhou over the past three years. In December 2008, the NDRC issued the Outline of the Plan for Reform and Development of the Pearl River Delta (珠江三角洲地區改革發展規劃綱要), in which the PRC Government for the first time specifically stated its goal to optimize the functional layout of the eastern bank of the Pearl River estuary, with Shenzhen as the core city and Dongguan and Huizhou as major supporting cities. In February 2009, the local governments of Shenzhen, Dongguan and Huizhou entered into the Framework Agreement to Promote Closer Cooperation in the Eastern Bank of the Pearl River Estuary (推進珠江口東岸地區緊密合作框架協議), which provided specific guidelines for a new pattern of cooperative development and further the economic integration of the three cities. Given these recent governmental initiatives to advance the economic integration of Shenzhen, Dongguan and Huizhou, we expect that the real estate markets in these three cities will further converge. We believe that our land reserves in Shenzhen, Dongguan and Huizhou together with our well-known "Kaisa" brand will enable us to take advantage of the anticipated economic integration.

We have also exploited new market opportunities by identifying and acquiring distressed and uncompleted residential and commercial properties in Shenzhen and Guangzhou. We generally develop plans to achieve profitability through an analysis of various factors pertaining to the properties, including their valuation, execution, market repositioning and promotion. In 2006, we completed and brought to market Shenzhen Kaisa Center, once a distressed and partially completed property in Shenzhen. We have also completed the renovation of Guangzhou Jinmao, once a distressed and partially completed property in Guangzhou, in 2008. With our responsiveness to market conditions and innovative approach, as well as our growing track record of bringing such properties to market, we believe we have the ability to take advantage of similar market opportunities in the future.

Acquisition of large parcels of land at relatively low cost and land reserves sufficient to support our contemplated development needs for the next five years

Our land acquisition team adopts a coordinated approach during the land acquisition process. We believe our insight into development trends in our target regions has enabled us to acquire large tracts of land at relatively low cost. Besides acquiring land by means of public tender, auction and listing-for-sale, we also acquire controlling equity interests in companies that hold land use rights for the relevant land. By this means, we have generally been able to acquire suitable and sizable land on a cost-effective basis.

We also have experience of building our land reserves through acquiring and renovating distressed and uncompleted properties. While certain distressed properties present potential for achieving profitability at relatively low cost, this land acquisition approach requires the ability to resolve the numerous problems that rendered the properties distressed, to perform an evaluation and complete the property acquisition on a timely basis, and to devise and execute a comprehensive turn-around solution. Accordingly, we have been able to acquire parcels of land during the Track Record Period by acquiring distressed property developments that had not been completed at relatively low cost.

We acquired our land reserves at relatively low cost as our reserves consist mostly of parcels of land located in select cities where, we believe, the value of acquired land had not been fully recognized at the time of acquisition. We believe that the relatively low cost of our land reserves has enhanced our ability to respond to changing market conditions by adjusting prices while maintaining profitability.

As of September 30, 2009, we had properties under development with an estimated total GFA of approximately 1,388,764 sq.m. and properties for future development with an estimated total GFA of approximately 10,840,538 sq.m. We expect that our existing land reserve will be sufficient to support our contemplated development needs and to sustain our business growth for the next five years.

Experienced and long-serving senior management team and continuous recruitment of management talent

Our senior management team members have extensive experience in the PRC real estate industry and expertise in strategic planning and business management. Certain of our core management members, including our founder and Chairman, Mr. Kwok Ying Shing, have led the growth of our business since our inception in 1999. To retain management talent and align their interests with those of our Company, we offer competitive compensation, stock option plans and a cohesive team-based working environment. We believe that our highly experienced senior management members will enable us to maintain the growth of our business. In recent years, we have attracted and hired, through a selective recruitment process, a number of seasoned managers and professionals from the real estate industry in China. We maintain a continuous effort to attract and retain management talent in accordance with our aim to further expand our business operations.

Relationship with key strategic investors

As part of our recent [●], we have been able to attract internationally renowned investors, including an affiliate of Cheung Kong Holdings and affiliates of Credit Suisse for the loan and warrant portion of [●], and affiliates of Carlyle and an affiliate of Temasek for the equity portion of [●]. See "History, Reorganization and Group Structure — Strategic Investments" in this document.

Many of these investors have experience in investing and in the PRC real estate market, and we believe they will be able to provide strategic input in our operations, such as the improvement of financial internal controls and general corporate governance practices, and sharing property development and management expertise. We believe that we will be able to benefit from such strategic input from our strategic investors.

OUR BUSINESS STRATEGIES

Our goal is to become one of the leading property developers in China. To achieve this goal, we plan to:

Continue to focus on developments in the Pearl River Delta region and further expand into select strategic cities in other regions in China

We intend to continue to focus on property developments in the Pearl River Delta region. We believe that the Pearl River Delta region will remain one of the most economically dynamic regions in China, and that we will be able to continue to capitalize on increasing demand for residential property as well as other types of property we develop in this region.

In addition, we intend to geographically diversify our revenue portfolio by expanding our business operation into strategic regions with high economic growth potential. We have entered into select cities beyond the Pearl River Delta region including Shanghai, Jiangyin, Chengdu and Changsha. We plan to pursue further geographical diversification through expansion into the Pan-Bohai Bay Rim and other high-growth areas in China.

Continue to focus on residential and commercial property development while enhancing property diversification

We will continue to focus on residential and commercial property developments. We have since 2005 increased the commercial property development projects in our portfolio. We also intend to develop mixed-use and multifunctional complexes comprising high-end office space, hotels, shopping centers, entertainment facilities and restaurants. We believe demand for office buildings, retail space and other types of commercial properties will continue to increase as commercial activities grow in China. We seek to achieve and maintain a balanced development structure by further diversifying into commercial property markets, while continuing to develop residential properties.

We intend to increase our holdings of the commercial properties which we develop for long-term investment purposes so as to enhance the overall value of our property portfolio and to increase the proportion of recurring rental income. The commercial properties we intend to develop and retain include office space, retail space and hotels. We intend to enter into tenancy agreements with reputable international and local tenants to secure recurring rental income. We believe the diversification of our property portfolio will reduce our reliance on one particular sector of the market.

Continue to expand our land reserves to sustain our growth

We will continue to expand our land reserves for new property developments in order to sustain our continued growth and to execute our business expansion plan. We will continue to acquire land through acquisitions of controlling equity interests in parties that hold land use rights. In addition to building our land reserves through the public tender, auction and listing-for-sale process, we intend to take advantage of our experience in revamping distressed properties and continue to acquire distressed properties with good development potential.

Furthermore, we intend to continue to participate in the redevelopment projects for old urban areas and villages in Shenzhen to gain access to land that is suited for our property development plans. We participate in such redevelopment projects in Shenzhen through: (i) participating in the redevelopment of old urban areas or villages occupied by the existing residents; and (ii) jointly developing the land which the government has granted to existing residents in exchange for their original residences. We typically negotiate with the township government or residential committee that acts on behalf of the existing residents, enter into the underlying contractual arrangement for the redevelopment, and apply for the approval from the relevant government authority. See "— Other Contractual Arrangements — Contractual arrangements relating to redevelopment."

Further enhance asset turnover and cost efficiency through standardized product lines and scalable business model

We intend to continue to develop standardized product lines to achieve rapid asset turnover and expand the scale of our development while keeping costs competitive. For example, we have developed the "Lake View Place" product line, which currently includes Shenzhen Lake View Place, Jiangyin Lake View Place and Changsha Lake View Place. This product line is comprised of two types of products: (i) standardized residential units, typically ranging from 70 sq.m. to 120 sq.m. in size, at affordable prices targeting emerging middle to upper-middle income consumers in the selected cities; and (ii) townhouses, typically ranging from 150 sq.m. to 500 sq.m. in size, targeting upper income customers. Our "Lake View Place" product line is designed to offer comfortable and convenient community lifestyles and features a portfolio of standard architectural plans and designs. We intend to continue to develop standardized product lines, which we believe will allow us to achieve efficient use of capital and other resources and develop new projects on a timely basis.

We segment the development process into various stages and maintain a systematic approach to manage and control the major steps of our developments, including site selection and land acquisition, detailed project planning and design work, development management and construction, sales and pre-sale, and after-sale services. We intend to further standardize our scalable property development model and optimize our development process by establishing certain standard criteria and operational guidelines that may be replicated across projects.

We believe that these standardized and scalable practices and methodologies, together with a systematic approach to the development process, can be replicated in strategically selected cities, allowing us to effectively and rapidly expand our business and enter into new geographic markets as attractive opportunities arise.

Further enhance our brand recognition

We intend to enhance the brand awareness of "Kaisa" not only in the Pearl River Delta region, but in other select cities and regions in China. We intend to continue to promote our brand, "Kaisa," by focusing on product quality, site planning, layout and architectural design and customer service. We seek to distinguish ourselves by continuing to provide value-added products that meet the needs of our local middle to upper-middle income target customers, and to continue to build our product reliability through "risk announcement" practices. We have a branding team to promote recognition of our brand and products. We also engage a professional company to promote and enhance awareness of our brand. In addition, we will continue to advertise "Kaisa" across a variety of media, including newspapers, the Internet, television, radio and outdoor advertisements, and by participating in property exhibitions and organizing promotional events. Our goal is to benchmark "Kaisa" as a national brand.

DESCRIPTION OF OUR PROPERTY DEVELOPMENTS

The map below shows the geographical distribution of our property development projects as of September 30, 2009.

As of September 30, 2009, we had a total of 31 property development projects in the following three categories:

- completed properties, comprising each property held for sale and each investment property for which we have completed construction and received a construction works acceptance and compliance certificate from the relevant governmental authorities;
- properties under development, comprising each property for which we hold a land use rights certificate and a construction works commencement permit; and
- properties for future development, comprising (i) properties for which we have obtained land use rights certificates but have not received a construction works commencement permit; (ii) properties for which we have not obtained land use rights certificates but have entered into a land grant contract or obtained confirmation from the relevant land and resources bureau that

we have been selected as the winner of the public listing-for-sale process; and (iii) properties as to which we are developing with third parties that hold the land use rights but have not received a construction works commencement permit.

Our classification of projects reflects the basis on which we operate our business and may differ from classifications employed for other purposes or by other developers. Each property project or project phase may involve multiple land use rights certificates, construction permits, pre-sale permits, completion certificates and other permits and certificates which may be issued at different stages of their developments.

The table below sets forth project-by-project information for our 31 property development projects as of September 30, 2009:

No.	Project	Location	Type(1)	Project phase	Site area	Total GFA	Total GFA: Completed properties	Total GFA: Under development	Total GFA: For future development	Interest attributable to us
					(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	
The Pearl River Delta region										
1	Woodland Height (桂芳園)	Shenzhen	Residential	1–8	160,514	580,135	580,135	—	—	100%
2	Mocha Town (可園)	Shenzhen	Residential	1–7	185,724	735,299	735,299	—	—	100%
3	Shenzhen Kaisa Center (深圳佳兆業中心)(2)	Shenzhen	Residential	—	5,966	98,241	98,241	—	—	100%
4	Shenzhen Lake View Place (深圳水岸新都)	Shenzhen	Residential	1–5	182,064	388,626	388,626	—	—	100%
5	Xiangrui Garden (香瑞園)	Shenzhen	Residential	—	57,984	143,796	143,796	—	—	100%
6	Mingcui Garden (茗萃園)	Shenzhen	Residential	1–4	102,375	389,839	290,428	87,881	11,530	100%
7	Jincui Garden (金翠園)	Shenzhen	Residential	—	9,066	104,285	—	104,285	—	100%
8	Shangpin Garden (上品雅園)	Shenzhen	Residential	—	45,829	230,923	—	230,923	—	100%
9	Li Langlu (李朗路項目)	Shenzhen	Residential	—	69,941	104,910	—	—	104,910	100%
10	Fenglong Center (豐隆中心)	Shenzhen	Commercial	—	14,411	142,000	—	—	142,000	48.7%
11	Nan'Ao Kangbao (南澳康保項目)	Shenzhen	Residential	—	73,305	44,000	—	—	44,000	100%
12	Guangzhou Jinmao (廣州金貿項目)(2)	Guangzhou	Commercial	—	12,788	149,736	149,736	—	—	100%
13	Guangzhou Kaisa Plaza (廣州佳兆業廣場)	Guangzhou	Commercial	—	7,106	117,575	—	117,575	—	100%
14	Guangzhou Jiangnan Boulevard (廣州江南大道)	Guangzhou	Residential	—	8,579	53,809	—	—	53,809	100%
15	Zhongyang Haomen (中央豪門)	Dongguan	Residential	1–4	70,938	387,602	69,166	174,853	143,583	100%
16	Dongjiang Haomen (東江豪門)	Dongguan	Residential	1–3	86,324	262,060	—	64,351	197,709	100%
17	Dijingwan (帝景灣)	Dongguan	Residential	—	43,884	122,118	—	122,118	—	100%
18	Yantian (雁田)	Dongguan	Residential	1–2	54,548	136,370	—	—	136,370	80%
19	Jincheng Heights (錦城山莊)	Huizhou	Residential	1–2	89,998	267,995	—	—	267,995	100%
20	Huizhou Kaisa Center (惠州佳兆業中心)	Huizhou	Residential	1–3	69,044	539,686	—	104,644	435,042	100%
21	Yuan Zhou (園洲項目)	Huizhou	Residential	—	20,400	61,200	—	—	61,200(5)	100%
22	Tonghu (惠州潼湖項目)	Huizhou	Residential	1–4	731,487	731,487	—	—	731,487(5)	100%
23	Boluo (惠州博羅項目)	Huizhou	Residential	1–10	1,663,969	4,326,319	—	—	4,326,319	100%
24	Wanzai (灣仔項目)	Zhuhai	Residential	—	21,123	52,808	—	—	52,808	100%
The Chengdu-Chongqing region										
25	Shuangliu (華陽項目(雙流))	Chengdu	Residential	1–3	182,666	767,197	—	—	767,197	100%
26	Lijing Harbor (麗晶港)	Chengdu	Residential	1–6	150,071	716,465	—	205,819	510,646	100%
27	Chengdu Shangmao Garden (成都商貿園)	Chengdu	Commercial	1–2	133,269	493,095	—	—	493,095	100%
The Central China region										
28	Changsha Lake View Place (長沙水岸新都)	Changsha	Residential	1–6	673,536	1,685,702	—	80,055	1,605,647	100%
The Yangtze River Delta region										
29	Jiangyin Lake View Place (江陰水岸新都)	Jiangyin	Residential	1–3	225,530	338,295	107,986	63,788	166,521	100%
30	Jiangyin Zongbu Garden (江陰總部經濟園)	Jiangyin	Residential	1–3	158,240	465,990	—	—	465,990	100%
31	Shanghai Shanhuwan Garden (上海珊瑚灣雅園)	Shanghai	Residential	1–4	104,796	155,152	—	32,472	122,680	100%
	Total (exclusive)(3)				**3,909,355**	**10,691,657**	**2,563,414**	**1,388,764**	**6,739,479**	
	Total (inclusive)(4)				**5,415,475**	**14,792,715**	**2,563,414**	**1,388,764**	**10,840,538**	

Notes:

(1) *Our residential properties include apartments, serviced apartments and townhouses, often with complementary commercial facilities, restaurants and community facilities. Please see the section entitled "Business — Description of Our Property Development Projects" in this document for a description of each property project.*

(2) *The project is a renovation development of a once distressed and partially completed property.*

(3) *Excluding Fenglong Center, a portion of the land with a site area of 1,270,342 sq.m. for Boluo, Guangzhou Jiangnan Boulevard, Yantian and Jiangyin Zongbu Garden for which we have not obtained the land use rights certificates, but have entered into land grant contracts or obtained confirmation from the relevant land and resources bureau that we have been selected as the winner of the public listing-for-sale process.*

(4) *Including the projects excluded by note (3) above.*

(5) *Based on our internal project plans but subject to the governmental approval.*

Completed Properties

The table below sets forth certain information of our completed property projects or project phases as of September 30, 2009. With respect to table below, you should note that certain units of the completed properties which have been sold are not covered in the Property Valuation Report in Appendix IV to this document.

Project	Project phase	Commencement time	Completion time	Land costs[1]	Total GFA	Saleable GFA[2]	% of saleable GFA sold[3]	Average selling price (Residential)	Average selling price (Commercial)	Interest attributable to us	Ref. to Property Valuation Report
				(RMB in millions)	(sq.m.)	(sq.m.)		(RMB/sq.m.)	(RMB/sq.m.)		
Shenzhen											
Woodland Height (桂芳園)	1	June 2000	January 2001	15.5	29,213	29,012	100.0%	3,623	—	100%	4
Woodland Height (桂芳園)	2	November 2000	November 2001	4.6	21,706	13,691	100.0%	3,959	—	100%	4
Woodland Height (桂芳園)	3	March 2001	January 2002	16.4	30,692	30,692	100.0%	4,118	—	100%	4
Woodland Height (桂芳園)	4	August 2001	October 2002	27.1	49,077	47,034	92.1%	4,341	—	100%	4
Woodland Height (桂芳園)	5	August 2002	October 2003	30.5	99,278	90,545	100.0%	4,116	—	100%	4
Woodland Height (桂芳園)	6[4]	June 2003	June 2005	58.3	203,493	172,142	98.1%	4,365	11,752	100%	4
Woodland Height (桂芳園)	7	August 2004	September 2005	40.4	55,732	47,760	100.0%	4,538	24,465	100%	4
Woodland Height (桂芳園)	8	March 2005	September 2006	62.9	90,945	75,081	99.8%	5,063	17,117	100%	4
Mocha Town (可園)	1	April 2004	May 2005	35.3	84,644	57,511	99.1%	4,605	10,248	100%	5
Mocha Town (可園)	2	October 2004	November 2005	27.2	54,296	45,064	100.0%	5,337	15,476	100%	5
Mocha Town (可園)	3	December 2004	March 2006	42.4	79,109	65,625	99.7%	5,134	26,759	100%	5
Mocha Town (可園)	4	May 2005	October 2006	57.4	117,945	91,971	99.0%	5,644	30,758	100%	5
Mocha Town (可園)	5	December 2005	April 2007	74.1	135,791	105,813	98.5%	7,090	16,819	100%	5
Mocha Town (可園)	6	May 2006	November 2007	69.0	118,728	96,875	99.7%	8,648	21,258	100%	5
Mocha Town (可園)	7	May 2007	November 2008	75.5	144,786	102,011	97.7%	9,012	11,248	100%	5
Xiangrui Garden (香瑞園)	—	November 2007	February 2009[5]	316.5	143,796	101,034	86.7%	15,037	—	100%	12
Mingcui Garden (茗萃園)	1	July 2007	November 2008	145.8	163,507	115,329	94.7%	5,962	9,718	100%	8
Mingcui Garden (茗萃園)	2	November 2007	August 2009	117.3	126,921	97,965	57.5%	6.212	—	100%	13
Shenzhen Kaisa Center (深圳佳兆業中心)	—	November 2005	August 2006	240.0	98,241	84,751	72.6%	13,815	—	100%	2, 3
Shenzhen Lake View Place (深圳水岸新都)	1	September 2005	October 2006	76.8	86,009	74,446	85.4%	6,898	16,940	100%	6
Shenzhen Lake View Place (深圳水岸新都)	2	March 2006	October 2007	35.3	66,883	52,251	92.6%	6,436	14,907	100%	6
Shenzhen Lake View Place (深圳水岸新都)	3	May 2007	October 2008	25.1	65,463	50,616	86.2%	6,782	12,921	100%	6
Shenzhen Lake View Place (深圳水岸新都)	4–5	May 2007	December 2008	61.1	170,272	119,937	87.6%	6,392	—	100%	6
Guangzhou											
Guangzhou Jinmao (廣州金貿項目)	—	July 2006	May 2008	480.0	149,736	147,264	63.3%	—	13,739	100%	7
Dongguan											
Zhongyang Haomen (中央豪門)	1	January 2008	June 2009	29.6	69,166	67,446	82.9%	5,600	—	100%	9
Jiangyin											
Jiangyin Lake View Place (江陰水岸新都)	1	June 2008	July 2009[6]	200.9	107,987	87,129	66.6%	11,090	—	100%	11
Total				**2,365.0**	**2,563,414**	**2,067,991**					

Notes:

(1) Land costs incurred are calculated based on our internal management records.

(2) Pursuant to the relevant local regulations, the GFA for car parking spaces are included in the saleable GFA of Guangzhou Jinmao, and no GFA for car parking spaces are included in the saleable GFA of any other projects.

(3) Percentage of saleable GFA sold refers to the total saleable GFA sold and delivered to purchasers divided by total saleable GFA.

(4) The information for this phase takes into account the retail units subject to the financing arrangements we entered into in 2005, under which we guaranteed an annual return. See the section entitled "Financial Information — Indebtedness — Borrowings" in this document.

(5) We had completed a portion of this project in December 2008 with a total GFA of 67,294 sq.m. and the remaining portion in February 2009 with a total GFA of 76,502 sq.m.

(6) We had completed a portion of this project phase in April 2009 with a total GFA of 71,254 sq.m. and the remaining portion in July 2009 with a total GFA of 36,733 sq.m.

We have obtained construction works acceptance and compliance certificates for all of our completed properties.

Properties Under Development

The table below sets forth certain information of our property projects or project phases under development as of September 30, 2009. We have obtained land use rights certificates and construction works commencement permits for all of our properties under development.

Project	Location	Project phase	Total GFA or estimated total GFA	Saleable GFA or estimated saleable GFA	Land costs(1)	Commencement time	GFA under pre-sale permit	GFA pre-sold	Actual or estimated pre-sale commencement time	Estimated completion time	Interests attributable to us	Ref. to Property Valuation Report
			(sq.m.)	(sq.m.)	(RMB in millions)		(sq.m.)	(sq.m.)				
Mingcui Garden (茗萃園) . . .	Shenzhen	3	87,881	69,246	79.2	February 2009	N/A(2)	—	April 2010	July 2011	100%	13
Jincui Garden Project (金翠園)	Shenzhen	—	104,285	46,037	221.5	September 2008	45,883	—	September 2009	November 2010	100%	18
Shangpin Garden (上品雅園)	Shenzhen	—	230,923	155,231	237.3	June 2008	155,231	6,637	July 2009	September 2010	100%	23
Guangzhou Kaisa Plaza (廣州佳兆業廣場)(3)	Guangzhou	—	117,575	105,750	271.7	July 2008	N/A(2)	—	May 2010	December 2010	100%	14
Zhongyang Haomen (中央豪門).	Dongguan	2	66,485	65,300	28.7	June 2008	45,791	16,948	October 2008	December 2009	100%	15
Zhongyang Haomen (中央豪門).	Dongguan	3	108,369	108,369	59.0	August 2009	N/A(2)	—	May 2010	October 2011	100%	15
Dijingwan (帝景灣)	Dongguan	—	122,118	112,143	92.5	April 2008	111,208	55,914	December 2008	March 2010	100%	17
Dongjiang Haomen (東江豪門).	Dongguan	1	64,351	58,507	55.6	January 2009	N/A(2)	—	February 2010	September 2011	100%	20
Huizhou Kaisa Center (惠州佳兆業中心)	Huizhou	1	104,644	74,872	69.8	August 2009	N/A(2)	—	May 2010	September 2011	100%	19
Jiangyin Lake View Place (江陰水岸新都)	Jiangyin	2	63,788	52,567	121.1	July 2009	N/A(2)	—	November 2009	June 2011	100%	16
Shanghai Shanhuwan Garden (上海珊瑚灣雅園).	Shanghai	1	32,472	32,472	37.0	February 2009	32,472	1,966	July 2009	July 2010	100%	22
Changsha Lake View (長沙水岸新都).	Changsha	1	80,055	75,508	22.0	September 2009	N/A(2)	—	April 2010	September 2010	100%	24
Lijing Harbor (麗晶港)	Chengdu	1	205,819	198,907	189.6	August 2008	205,807	108,086	August 2008	December 2010	100%	21
Total			1,388,764	1,154,907	1,485.0		596,391	189,551				

Notes:

(1) *The land costs incurred are calculated based on our internal management records.*

(2) *We had not obtained the pre-sale permit for the project as of September 30, 2009.*

(3) *With respect to Guangzhou Kaisa Plaza, on November 3, 2009, we and an independent third party entered into a memorandum of understanding in relation to a possible disposal of our 100% equity interest in Guangzhou Jiasui, the project company for development of this project. The possible disposal will be subject to the further negotiation and execution and completion of the formal equity transfer agreement. For information, see the section entitled "Financial Information — Recent Development" in this document.*

Properties for future development

The table below sets forth the certain information of our property projects or project phases for future development as of September 30, 2009.

Project	Location	Project phase	Estimated total GFA	Land costs[1]	Estimated completion time[2]	Ref. to Property Valuation Report
			(sq.m.)	(RMB in millions)		
Mingcui Garden (茗萃園)	Shenzhen	4	11,530	13.2	2012	25
Li Langlu (李朗路項目)	Shenzhen	—	104,910	27.5	2012	27
Fenglong Center (豐隆中心)[3, 4]	Shenzhen	—	142,000	264.8	2014	58
Nan'Ao Kangbao (南澳康保項目)	Shenzhen	—	44,000	16.7	2011	32
Zhongyang Haomen (中央豪門)	Dongguan	4	143,583	47.7	2012	28
Dongjiang Haomen (東江豪門)	Dongguan	2–3	197,709	182.4	2012	39
Yantian (雁田)[3, 5]	Dongguan	1–2	136,370	20.0	2011	59
Jincheng Heights (錦城山莊)	Huizhou	1–2	267,995	120.6	2011	29
Huizhou Kaisa Center (惠州佳兆業中心)	Huizhou	2–3	435,042	424.8	2011	38
Yuan Zhou (園洲項目)	Huizhou	—	61,200	25.9	2012	36
Tonghu (惠州潼湖項目)	Huizhou	1–4	731,487	195.2	2011	37
Boluo (惠州博羅項目)[3, 5]	Huizhou	1–10	4,326,319	457.8	2011	40
Wanzai (灣仔項目)	Zhuhai	—	52,808	52.8	2012	26
Guangzhou Jiangnan Boulevard (廣州江南大道)[3, 5]	Guangzhou	—	53,809	222.6	2011	60
Shuangliu (華陽項目(雙流))	Chengdu	1–3	767,197	349.2	2011	30
Lijing Harbor (麗晶港)	Chengdu	2–6	510,646	392.8	2011	31
Chengdu Shangmao Garden (成都商貿園)	Chengdu	1–2	493,095	110.0	2011	41
Changsha Lake View Place (長沙水岸新都)	Changsha	2–6	1,605,647	336.9	2011	33
Jiangyin Lake View Place (江陰水岸新都)	Jiangyin	3	166,521	335.7	2011	34
Jiangyin Zongbu Garden (江陰總部經濟園)[3,6]	Jiangyin	1–3	465,990	92.9	2011	61
Shanghai Shanhuwan Garden (上海珊瑚灣雅園)	Shanghai	2–4	122,680	109.7	2010	35
Total			**10,840,538**	**3,799.2**		

Notes:

(1) *The land costs incurred are calculated based on our internal management records.*

(2) *For projects with multiple phases, the estimated time for completing the first phase of the project.*

(3) *We have not obtained land use rights certificates for these projects. In the Property Valuation Report, these properties are assigned no commercial value.*

(4) *We have signed the land grant contract with the relevant government authority and paid the land premium in full. We will apply for the land use rights certificate upon completion of the demolition and resettlement work.*

(5) *We have signed the land grant contract with the relevant government authority. We will pay the land premium in full and apply to the relevant government authority for the land use rights certificate.*

(6) *We have obtained confirmation from the relevant land and resources bureau that we have been selected as the winner of the public listing-for-sale process. We will enter into a land grant contract with the relevant government authority and apply for the land use rights certificate after the conditions under the land grant contract have been satisfied.*

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

- before a land use rights certificate has been issued, the site area information in respect of the related development or phase is derived from figures set out in the relevant land grant contract or the preliminary approval documents (excluding the areas earmarked for public infrastructure and facilities); and

- if a land use rights certificate has been issued, the site area information relating to the relevant development or phase of the development is derived from the land use rights certificate.

The commencement time for each project or project phase refers to the date or estimated date for beginning construction of the first building.

The completion time for each project or project phase refers to the date on which the completion certificate is duly issued.

If no pre-sale permit has been issued, the pre-sale commencement time is estimated based on our management's best belief and knowledge. These estimates do not represent commitments and are subject to change.

If no completion certificate has been issued, the completion time is estimated based on our management's best belief and knowledge. Theses estimates do not represent commitments and are subject to change.

A property is considered sold when the risks and rewards of property are transferred to the purchasers, which occurs when the construction of relevant property has been completed, the property has been delivered to the purchasers and collectibility of related receivables is reasonably assured.

DESCRIPTION OF OUR PROPERTY DEVELOPMENT PROJECTS

The following are detailed descriptions of our 31 property development projects.

Projects in the City of Shenzhen in the Pearl River Delta region

(1) *Woodland Height (桂芳園)*

Woodland Height is located in Buji Town, Shenzhen. This project occupies an aggregate site area of approximately 160,514 sq.m. with a total GFA of approximately 580,135 sq.m. It is an integrated residential complex which comprises eight low-rise and 25 medium-rise apartment buildings with comprehensive ancillary facilities. Woodland Height also includes one mixed-use commercial building, one clubhouse and one kindergarten.

As of September 30, 2009, we had completed development of all eight phases of Woodland Height. We completed Woodland Height Phase 8 in September 2006. Our Woodland Height project comprised 5,772 residential units with a saleable GFA of approximately 471,279 sq.m., 1,997 commercial units with a saleable GFA of approximately 34,677 sq.m. and 976 car parking spaces. As of September 30, 2009, except for 132 commercial units with a saleable GFA of approximately 7,096 sq.m., all residential units with a saleable GFA of approximately 471,279 sq.m. and 1,865 commercial units with a saleable GFA of approximately 27,571 sq.m. had been sold.

(2) *Mocha Town (可園)*

Mocha Town is located in Buji Town, Shenzhen. This project occupies an aggregate site area of approximately 185,724 sq.m. with a total GFA of approximately 735,299 sq.m. It is an integrated residential complex which comprises primarily two low-rise apartment buildings, two medium-rise apartment buildings and 17 medium-rise apartment buildings with comprehensive ancillary facilities. It also includes complementary commercial facilities and two clubhouses, one of which is for commercial use. In addition, the complex has two kindergartens and one primary-to-middle school. The project is divided into seven phases.

As of September 30, 2009, we had completed seven phases of Mocha Town. We completed Mocha Town Phase 7 in November 2008. Our seven completed project phases comprise 5,407 residential units with a saleable GFA of approximately 545,231 sq.m., 836 commercial units with a saleable GFA of approximately 19,639 sq.m. and 3,474 car parking spaces. As of September 30, 2009, except for 20 residential units with a saleable GFA of approximately 1,788 sq.m. and 51 commercial units with a saleable GFA of approximately 3,918 sq.m., 5,387 residential units with a saleable GFA of approximately 543,443 sq.m. and 785 commercial units with a saleable GFA of approximately 15,721 sq.m. had been sold.

(3) *Shenzhen Kaisa Center (深圳佳兆業中心)*

Shenzhen Kaisa Center is located in the CITIC business area in Futian District, Shenzhen. This project occupies an aggregate site area of approximately 5,966 sq.m. with a total GFA of approximately 98,241 sq.m. It is a residential-commercial integrated project which comprises one high-rise building which includes serviced apartments and commercial properties such as retail stores and restaurants.

We commenced development of Shenzhen Kaisa Center in November 2005 and completed it in August 2006. Shenzhen Kaisa Center project comprises 1,564 serviced apartments with a saleable GFA of approximately 61,932 sq.m., commercial space with a saleable GFA of approximately 22,819 sq.m. and 260 car parking spaces. As of September 30, 2009, except for 10 residential units with a saleable GFA of approximately 373 sq.m., 1,554 residential units with a saleable GFA of approximately 61,559 sq.m. had been sold. We have retained substantially all the commercial space for the long term investment purposes. As of September 30, 2009, commercial space with a total GFA of approximately 21,022 sq.m. had been leased.

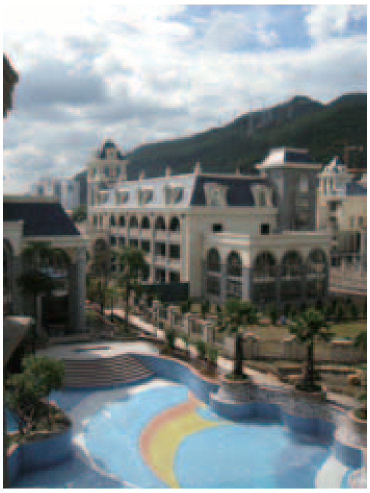
(4) *Shenzhen Lake View Place (深圳水岸新都)*

Shenzhen Lake View Place is located in Longgang District, Shenzhen. This project occupies an aggregate site area of approximately 182,064 sq.m. with a total GFA of approximately 388,626 sq.m. It is an integrated residential complex which comprises low-rise and high-rise apartment buildings, townhouses, stack townhouses and commercial facilities. The project is divided into five phases.

As of September 30, 2009, we had completed all five phases of Shenzhen Lake View Place. We completed Shenzhen Lake View Place Phase 1 in October 2006, Phase 2 in October 2007, Phase 3 in October 2008 and Phase 4 and 5 in December 2008. The completed project phases comprise townhouses and stack townhouses with a saleable GFA of approximately 33,023 sq.m., apartment units with a saleable GFA of approximately 237,870 sq.m., commercial space with a saleable GFA of approximately 26,356 sq.m. and 2,526 car parking spaces. As of September 30, 2009, except for 184 residential units with a saleable GFA of approximately 18,438 sq.m. and 69 commercial units with a saleable GFA of approximately 18,378 sq.m., residential space with a saleable GFA of approximately 252,455 sq.m. and commercial space with a saleable GFA of approximately 7,978 sq.m. had been sold.

(5) *Xiangrui Garden (香瑞園)*

Xiangrui Garden is located in Nanshan District, Shenzhen. This project occupies an aggregate site area of approximately 57,984 sq.m. with a total GFA of approximately 143,796 sq.m. Xiangrui Garden is an integrated residential complex which comprises three low-rise and eight high-rise apartment buildings and townhouses with ancillary facilities.



We commenced development of Xiangui Garden in November 2007 and completed a portion of this project with a total GFA of 67,294 sq.m. in December 2008 and the remaining portion with a total GFA of 76,502 sq.m. in February 2009. The project comprises residential space with a total GFA of approximately 98,523 sq.m. and commercial space with a total GFA of approximately 2,511 sq.m. As of September 30, 2009, except for 75 residential units with a saleable GFA of approximately 10,900 sq.m., 907 residential units with a saleable GFA of approximately 87,623 sq.m. had been sold. No commercial units had been sold as of September 30, 2009.

(6) *Mingcui Garden (茗萃園)*

Mingcui Garden is located in Longgang District, Shenzhen. This project occupies an aggregate site area of approximately 102,375 sq.m. with a total GFA of approximately 389,839 sq.m. Mingcui Garden is expected to be a residential-commercial integrated project which comprises 14 high-rise apartment buildings with commercial facilities. The project is divided into four phases.

We commenced development of Mingcui Garden Phases 1 and 2 in July 2007 and November 2007 and completed them in November 2008 and August 2009, respectively. The two phases comprise residential space with a saleable GFA of approximately 192,421 sq.m. and commercial space with a saleable GFA of approximately 20,873 sq.m. As of September 30, 2009, except for 405 residential units with a saleable GFA of approximately 33,982 sq.m. and 116 commercial units with a saleable GFA of approximately 13,823 sq.m., we had sold 1,924 residential units with a saleable GFA of approximately 101,519 sq.m. and 32 commercial units with a saleable GFA of approximately 7,050 sq.m.

As of September 30, 2009, Mingcui Garden Phase 3 was under development. We commenced development of Mingcui Garden Phase 3 in February 2009 and expect to complete it in July 2011. Phase 3 is expected to comprise residential space with a total GFA of approximately 61,604 sq.m. and commercial space with a total GFA of approximately 7,642 sq.m. We expect to obtain the pre-sale permit for Mingcui Garden Phase 3 in April 2010. Based on our internal management records, the total development costs (including land costs, construction costs and capitalized finance costs) incurred as of September 30, 2009 for Mingcui Garden Phase 3 were approximately RMB210.9 million. We estimate that an additional amount of approximately RMB117.1 million is required to complete development of Mingcui Garden Phase 3. For further information, please refer to Property No. 13 in the Property Valuation Report in Appendix IV to this document.

As of September 30, 2009, Mingcui Garden Phase 4 was held for future development. It is expected to comprise commercial space with a total GFA of approximately 11,530 sq.m. Based on our internal management records, the total development costs (including land costs only) incurred as of September 30, 2009 for Mingcui Garden Phase 4 were approximately RMB13.2 million. For further information, please refer to Property No. 25 in the Property Valuation Report in Appendix IV to this document.

(7) *Jincui Garden (金翠園)*

Jincui Garden is located in Luohu District, Shenzhen. This project occupies an aggregate site area of approximately 9,066 sq.m. with a total GFA of approximately 104,285 sq.m. Jincui Garden is expected to be a residential-commercial integrated project which comprises primarily four high-rise buildings.

As of September 30, 2009, Jincui Garden was under development. We commenced development of Jincui Garden in September 2008 and expect to complete it in November 2010. The project is expected to comprise residential space with a total GFA of approximately 41,017 sq.m. and retail space with a total GFA of approximately 5,021 sq.m. We commenced pre-sale of Jincui Garden in September 2009. Based on our internal management records, the total development costs (including land costs, construction costs and capitalized finance costs) incurred as of September 30, 2009 for Jincui Garden were approximately RMB335.3 million. We estimate that an additional amount of approximately RMB742.8 million is required to complete development of Jincui Garden. For further information, please refer to Property No. 18 in the Property Valuation Report in Appendix IV to this document.

(8) *Shangpin Garden (上品雅園)*

Shangpin Garden is located in Longgang District, Shenzhen. This project occupies an aggregate site area of approximately 45,829 sq.m. with a total GFA of approximately 230,923 sq.m. Shangpin Garden is expected to be an integrated residential project which comprises primarily high-rise apartment buildings with retail space. It will also include one kindergarten.

As of September 30, 2009, Shangpin Garden was under development. We commenced development of Shangpin Garden in June 2008 and we expect to complete it in September 2010. The project is expected to comprise residential space with a saleable GFA of approximately 147,763 sq.m. and retail space with a saleable GFA of approximately 7,468 sq.m. We commenced pre-sale of Shangpin Garden in July 2009. Based on our internal management records, the total development costs (including land costs, construction costs and capitalized finance costs) incurred as of September 30, 2009 for Shangpin Garden were approximately RMB464.9 million. We estimate that an additional amount of approximately RMB466.6 million is required to complete development of Shangpin Garden. For further information, please refer to Property No. 23 of the Property Valuation Report in Appendix IV to this document.

(9) *Li Langlu (李朗路項目)*

Li Langlu is located in Longgang District, Shenzhen. This project occupies an aggregate site area of approximately 69,941 sq.m. and a total GFA of approximately 104,910 sq.m.

As of September 30, 2009, Li Langlu was held for future development. Due to the planned construction of Xiamen-Shenzhen Railway, which may affect Li Langlu, the local urban planning authority has temporarily suspended its review of our application for the construction land planning permit for Li Langlu. According to our PRC legal adviser, the land for Li Langlu will not be subject to land idle fee or reclaimation by the government without compensation as the delay in construction was due to government action in connection with the planned railway construction. Based on our internal management records, the total development costs (including land costs only) incurred as of September 30, 2009 for this project were approximately RMB27.5 million. For further information, please refer to Property No. 27 of the Property Valuation Report in Appendix IV to this document.

(10) *Fenglong Center (豐隆中心)*

Fenglong Center is located at Shennan Avenue in Futian District, Shenzhen. Shenzhen Science Museum, Shenzhen Commercial Bank Building and the subway are in the vicinity of this project. Fenglong Center occupies an aggregate site area of approximately 14,411 sq.m. with a total GFA of approximately 142,000 sq.m., in which a site area of approximately 7,018 sq.m. with a total GFA of approximately 69,154 sq.m. will be attributable to us if the land use rights certificate is duly issued. Fenglong Center is expected to comprise one high-rise office building with one large dining area and retail space.

As of September 30, 2009, Fenglong Center was held for future development. This project will be jointly developed by our majority owned subsidiary, Fenglong Group and Shenzhen City Construction Development (Group) Co., Ltd. (深圳市城市建設開發(集團)公司) ("Shenzhen Chengjian"), an independent third party. We hold a 55% equity interest in Fenglong Group. The remaining 44% equity interest is held by Fitter Holdings Limited (飛達集團有限公司), and 1% is held by Shenzhen Development Bank Bao'An Branch, an independent third party. Fitter Holdings Limited holds more than a 10% equity interest in Fenglong Group and is therefore not an independent third party. Fenglong Group and Shenzhen Chengjian have entered into a land grant contract with the relevant government authority, under which Fenglong Group will hold an 88.5% interest in the land and Shenzhen Chengjian will hold the remaining 11.5% interest. Under the relevant cooperation agreements, Fenglong Group has agreed to provide funds for construction. Shenzhen Chengjian has undertaken substantial preparatory work in connection with the land acquisition and, in consideration of a joint profit sharing arrangement, has agreed to contribute its interest in the parcel of land for this project. The joint profit sharing arrangement was determined with reference to the total GFA of Fenglong Center, under which Fenglong Group will hold an 88.5% interest and Shenzhen Chengjian will hold the remaining 11.5% interest in the project. Fenglong Group was responsible for the total demolition fee. If the land use rights certificate is duly issued, we will hold a 48.7% attributable interest in this project. As of September 30, 2009, the parties had not obtained the relevant land use rights certificate for Fenglong Center. According to our PRC legal adviser, we will be able to obtain the land use rights after (i) the land premium has been paid in full, (ii) the demolition and resettlement work has been completed in accordance with applicable laws and regulations; and (iii) demolition and resettlement costs have been paid in full. Fenglong Group and Shenzhen Chengjian entered into a land grant contract with the Shenzhen Planning and Land Bureau on August 1, 1996. The total payment of RMB66.9 million for the land premium was paid in full in September 2003. The demolition and resettlement work commenced in 1995 and has not been completed due to the significant number of existing residents involved in the relocation and resettlement process. According to the relevant demolition and resettlement permit, the demolition and resettlement work shall be completed by October 18, 2010. As confirmed by our PRC legal adviser, since the land grant contract does not set forth an expiry date and there has been no circumstance leading to the termination, rescission or invalidation of the contract, the land grant contract is legal, valid and enforceable. Based on our internal management records, the total demolition and resettlement costs incurred as of September 30, 2009 were approximately RMB114.4 million. We estimate that an additional amount of approximately RMB37.6 million is required to complete the demolition and resettlement work.

The project is expected to comprise office space with a total GFA of approximately 100,000 sq.m., a dining area with a total GFA of approximately 10,000 sq.m., retail space with a total GFA of approximately 20,000 sq.m. and 300 car parking spaces. Based on our internal management records, the total development costs (including land costs only) incurred as of September 30, 2009 for this project were approximately RMB264.8 million. For further information, please refer to Property No. 58 in the Property Valuation Report in Appendix IV to this document.

On September 26, 2003, a portion of Fenglong Center with a total GFA of approximately 125,694 sq.m. was seized in connection with the alleged default on a loan in an amount of RMB19.1 million for which Fenglong Group acted as guarantor to the borrower. For further details of the seizure, please see "— Legal Proceedings and Material Claims."

As of the Latest Practicable Date, except a small number of residents occupying 15 residential units on the project land, we had reached resettlement agreements with most existing residents. We took into consideration the demolition and resettlement process when we acquired our 55% equity interest in Fenglong Group in March 2007. However, the development schedule of this project has been delayed due to the adverse effect of the recent global economic slowdown. Also see the section entitled "Risk Factors — Risks Relating to Our Business — The current global economic slowdown, crisis in the global financial markets and volatility of the property prices have negatively impacted, and may continue to negatively impact, our profitability, business and our ability to obtain necessary financing for our operations" in this document. We expect to complete the demolition and resettlement work by October 2010. When making this estimation of completion time, we take into account (i) the expiry date of the renewed demolition and resettlement permit issued by the relevant land administrative authority in October 2009; (ii) the progress of the resettlement negotiation and the number of existing residents with whom we have not reached resettlement agreements; (iii) our commitment and ability in addressing the needs and concerns of the residents affected by resettlement process; (iv) our plan to pay the portion of the debt and the accrued interest in connection with the default on a loan committed by Fenglong Group prior to our acquisition of its equity interest; and (v) our experience in resettlement and redevelopment projects in Shenzhen. We expect the conditions required for obtaining the land use rights certificate as described above can be satisfied in 2010. We believe the development of Fenglong Center will not be affected by the seizure of the properties to secure the repayment of the loan. As evaluated by independent property valuers, the estimated value of the property in Fenglong Center as of September 30, 2009 was approximately RMB1,554.8 million, had the land use rights certificate been obtained. We hold a 48.7% interest in this project. This estimated value of approximately RMB1,554.8 million is substantially above the total cost of approximately RMB264.8 million incurred by us as of September 30, 2009. Therefore, no impairment provision was made in our financial statements during the Track Record Period.

(11) *Nan'Ao Kangbao (南澳康保項目)*

Nan'Ao Kangbao is located in Nan'Ao Town, Shenzhen. This project occupies an aggregate site area of approximately 73,305 sq.m. with a total GFA of approximately 44,000 sq.m.

As of September 30, 2009, Nan'Ao Kangbao was held for future development. The permitted use of the land is medical and health use. The project is expected to comprise a rehabilitation and health care center with a total GFA of approximately 41,000 sq.m. Based on our internal management records, the total development costs (including land costs only) incurred as of September 30, 2009 for this project were approximately RMB16.7 million. For further information, please refer to Property No. 32 of the Property Valuation Report in Appendix IV to this document.

Projects in the city of Guangzhou in the Pearl River Delta region

(12) *Guangzhou Jinmao (廣州金貿項目)*

Guangzhou Jinmao is located in a prime location within Guangzhou's CBD in Tianhe District. It is close to a subway stop for the No. 1 and No. 3 subway lines and the Guangzhou Eastern Train Station. This project occupies an aggregate site area of approximately 12,788 sq.m. with a total GFA of approximately 149,736 sq.m. Guangzhou Jinmao is a commercial project which comprises primarily one 51-floor twin office building with retail space.

We commenced development of Guangzhou Jinmao in July 2006 and completed it in May 2008. Guangzhou Jinmao comprises office space with a saleable GFA of approximately 100,974 sq.m., retail space with a saleable GFA of approximately 38,202 sq.m. and 674 car parking spaces. As of September 30, 2009, except for office space with a saleable GFA of approximately 9,045 sq.m., office space with a saleable GFA of approximately 91,929 sq.m. had been sold. We have retained a total GFA of 44,958 sq.m., including retail space with a total GFA of approximately 38,202 sq.m. and 574 car parking spaces with a total GFA of approximately 6,756 sq.m. for long-term investment purposes.

(13) *Guangzhou Kaisa Plaza (廣州佳兆業廣場)*

Guangzhou Kaisa Plaza is located in Guangzhou's CBD in Tianhe District, Guangzhou. This project occupies an aggregate site area of approximately 7,106 sq.m. with a total GFA of approximately 117,575 sq.m. Guangzhou Kaisa Plaza is expected to be a commercial project which comprises primarily one high-rise office building with retail space.

As of September 30, 2009, Guangzhou Kaisa Plaza was under development. The project is expected to comprise office space with a total GFA of approximately 82,829 sq.m., retail space with a total GFA of approximately 6,866 sq.m. and 464 car parking spaces. We commenced development of Guangzhou Kaisa Plaza in July 2008 and expect to complete it in December 2010. We expect to obtain the pre-sale permit for Guangzhou Kaisa Plaza in May 2010. Based on our internal management records, the total development costs (including land costs construction costs and capitalized finance costs) incurred as of September 30, 2009 for Guangzhou Kaisa Plaza were approximately RMB395.3 million. We estimate that an additional amount of approximately RMB354.7 million is required to complete development of Guangzhou Kaisa Plaza. For further information, please refer to Property No. 14 in the Property Valuation Report in Appendix IV to this document.

On November 3, 2009, we and an independent third party (the "Potential Purchaser") entered into a memorandum of understanding (the "MOU") in relation to a possible disposal (the "Possible Disposal") of our 100% equity interest in Guangzhou Jiasui, the project company for development of Guangzhou Kaisa Plaza. We believe that the Possible Disposal, if completed, would result in a satisfactory yield on our investment in Guangzhou Kaisa Plaza. Under the MOU, the consideration for the acquisition of our equity interest in Guangzhou Jiasui was proposed to be no less than RMB1,850 million, which will be subject to the further negotiation and final consideration as set forth in the formal equity transfer agreement. In addition, the Potential Purchaser intends to assume up to RMB900 million of the development costs (including land costs, construction costs and other related fees and taxes). According to our current development plan and internal management records, the estimated total development costs for Guangzhou Kaisa Plaza are approximately RMB750.0 million. Except for the 60-day exclusive negotiation right by the Potential Purchaser, the MOU does not constitute a legally binding commitment in respect of the Possible Disposal. For more information, see the section entitled "Financial Information — Recent Development" in this document.

(14) *Guangzhou Jiangnan Boulevard (廣州江南大道)*

Guangzhou Jiangnan Boulevard is located in Haizhu district, Guangzhou. This project occupies an aggregate site area of approximately 8,579 sq.m. with a total GFA of approximately 53,809 sq.m. Guangzhou Jiangnan Boulevard is expected to be an integrated residential complex comprising high-rise apartment buildings and commercial facilities.

As of September 30, 2009, Guangzhou Jiangnan Boulevard was held for future development. We have entered into a land grant contract with the relevant government authority. As of September 30, 2009, we had not obtained the relevant land use rights certificate for Guangzhou Jiangnan Boulevard. According to our PRC legal adviser, we will be able to obtain the land use rights certificate after we (i) pay the land premium in full; (ii) satisfy all conditions under the land grant contract according to applicable laws and regulations, and (iii) pay in full the relevant taxes and fees. Based on our internal management records, we had incurred, as of September 30, 2009, total development costs (including land costs only) of approximately RMB222.6 million. As of September 30, 2009, the total amount of outstanding land premium and the relevant outstanding taxes and fees was approximately RMB104.9 million. We expect to use our internal funds to fully settle the outstanding land premium and relevant taxes and fees by November 2009 and obtain the relevant land use rights certificate for this project by December 2009. For further information, please refer to Property No. 60 in the Property Valuation Report in Appendix IV to this document.

Projects in the City of Dongguan in the Pearl River Delta region

(15) *Zhongyang Haomen (中央豪門)*

Zhongyang Haomen is located in Shilong Town, Dongguan. This project occupies an aggregate site area of approximately 70,938 sq.m. with an estimated total GFA of approximately 387,602 sq.m. It is expected to be an integrated residential project which comprises high-rise residential buildings with retail space. The project is divided into four phases.

We are jointly developing Zhongyang Haomen with Dongguan Shi Long Town Real Estate Company (東莞市石龍鎮房地產公司) ("Dongguan Shilong"), an independent third party. There are six parcels of land for this project. As of September 30, 2009, we had land use rights certificates for two parcels of land and our joint developer had land use rights certificates for the remaining four parcels of land. Under the previous cooperation arrangements, Dongguan Shilong agreed to transfer to us the land use rights for the parcels of land held by it. We agreed to pay Dongguan Shilong a fixed amount of RMB143.2 million, including RMB136.3 million for the transfer of the land use rights and RMB6.9 million as a management fee. If Dongguan Shilong transfers the land use rights to us, LAT and income tax charges would be payable upon the transfer. Accordingly, we and Dongguan Shilong have decided not to transfer the land use rights for the four parcels of land held by Dongguan Shilong. Under the current arrangement for our cooperative development with Dongguan Shilong, (a) we and Dongguan Shilong agreed to contribute the respective land use rights for the parcels of land for the development of Zhongyang Haomen, (b) we are obligated to pay a fixed amount of RMB136.3 million to Dongguan Shilong for the right to develop the project and an additional amount of RMB6.9 million as a management fee for its participation in the development, (c) we will provide the funding for the development, and (d) we are entitled to 100% of the profits derived from the project and are responsible for payment of LAT arising from the sales of the properties in Zhongyang Haomen. As advised by our PRC legal adviser, even though the land use rights will not be transferred to us, our attributable interest in this project will not be affected, according to the PRC Supreme People's Court's Opinion on Issues Concerning the Application of the Law in Trials of State-owned Land Grant Contract Disputes (最高人民法院關於審理涉及國有土地使用權合同糾紛案件適用法律問題的解釋) issued on August 1, 2005. As advised by our PRC legal adviser, this opinion provides that (i) a property project can be jointly developed under a cooperation arrangement under which one party is responsible for providing land use rights and another party is responsible for contributing the development funding, (ii) the land use rights need not be jointly held by both parties, and (iii) only one of the joint developers is required to possess a real estate developer qualification certificate. Dongguan Yingsheng has a real estate developer qualification. The arrangement for our cooperative development with Dongguan Shilong has been approved by the Dongguan Development and Reform Bureau (東莞市發展和改革局). We and Dongguan Shilong have jointly obtained the construction land planning permit, the construction works planning permit and the construction works commencement permit. According to our PRC legal adviser, the development cooperation between us and Dongguan Shilong is in compliance with the relevant PRC laws and regulations. Under the agreement, if the project cannot be developed in a timely manner, or at all, as a result of one party's fault, the party at fault is liable to compensate the other party for the economic loss caused by the fault. We may seek recourse through the judicial system if Dongguan Shilong defaults under the agreement. Each of Mr. Kwok Ying Shing, Mr. Kwok Ying Chi and Mr. Kwok Chun Wai has entered into a deed of indemnity in favor of us to provide indemnities against, among other things, any liabilities, losses, damages, penalties and fines which may be suffered by us if Dongguan Shilong defaults under the agreement. As confirmed by our PRC legal adviser, a standard legal procedure for obtaining individual property ownership certificates is applicable under the relevant PRC laws and regulations, regardless of whether a project is developed by a single developer or joint developers, or whether the land use rights are held by one developer or by joint developers in a joint development project. See the section entitled "Summary of Principal Legal and Regulatory Provisions — Transfer of Real Estate" in Appendix V to this document. We and Dongguan Shilong will assist the prospective purchasers of properties in Zhongyang Haomen in obtaining their individual property ownership certificates in accordance with the terms of the sales and purchase contracts and under the requirements of the relevant PRC laws and regulations.

We completed Zhongyang Haomen Phase 1 in June 2009. Zhongyang Haomen Phase 1 comprises residential space with a total GFA of approximately 60,834 sq.m. and commercial space with a total GFA of approximately 6,611 sq.m. As of September 30, 2009, except for 37 residential units with a saleable GFA of approximately 6,150 sq.m. and 20 commercial units with a saleable GFA of approximately 5,367 sq.m., 434 residential units with a saleable GFA of approximately 54,684 sq.m. and 13 commercial units with a saleable GFA of approximately 1,244 sq.m. had been sold.

As of September 30, 2009, Zhongyang Haomen Phase 2 and Phase 3 were under development. We commenced development of Zhongyang Haomen Phase 2 in June 2008 and Phase 3 in August 2009, and expect to complete Phase 2 in December 2009 and Phase 3 in October 2011. The two phases are expected to comprise residential space with a saleable GFA of approximately 146,413 sq.m. and commercial space with a saleable GFA of approximately 8,060 sq.m. We commenced pre-sale of Zhongyang Haomen Phase 2 in October 2008 and expect to obtain the pre-sale permit for Phase 3 in May 2010. Based on our internal management records, the total development costs (including land costs, construction costs and capitalized finance costs) incurred as of September 30, 2009 for Zhongyang Haomen Phase 2 and Phase 3 were approximately RMB207.8 million. We estimate that an additional amount of approximately RMB488.4 million is required to complete development of Zhongyang Haomen Phase 2 and Phase 3. For further information, please refer to Property No. 15 in the Property Valuation Report in Appendix IV to this document.

As of September 30, 2009, Zhongyang Haomen Phase 4 was held for future development. Phase 4 is expected to comprise a total GFA of approximately 143,583 sq.m. Based on our internal management records, the total development costs (including land costs only) incurred as of September 30, 2009 for Zhongyang Haomen Phase 4 were approximately RMB47.7 million. For further information, please refer to Property No. 28 in the Property Valuation Report in Appendix IV to this document.

(16) *Dongjiang Haomen (東江豪門)*

Dongjiang Haomen is located in Qishi Town, Dongguan. This project occupies an aggregate site area of approximately 86,324 sq.m. with a total GFA of approximately 262,060 sq.m. Dongjiang Haomen is expected to be an integrated residential complex which comprises high-rise apartment buildings, townhouses and commercial facilities. The project is divided into three phases.

As of September 30, 2009, Dongjiang Haomen Phase 1 was under development. We commenced development of Dongjiang Haomen Phase 1 in January 2009 and expect to complete it in September 2011. Dongjiang Haomen Phase 1 is expected to comprise residential space with a total GFA of approximately 57,181 sq.m. and commercial space with a total GFA of approximately 1,326 sq.m. We expect to obtain the pre-sale permit for Dongjiang Haomen Phase 1 in February 2010. Based on our internal management records, the total development costs (including land costs, construction costs and capitalized finance costs) incurred as of September 30, 2009 were approximately RMB77.0 million. We estimate that an additional amount of approximately RMB111.1 million is required to complete development of Dongjiang Haomen Phase 1. For further information, please refer to Property No. 20 in the Property Valuation Report in Appendix IV to this document.

As of September 30, 2009, Dongjiang Haomen Phase 2 and Phase 3 were held for future development. Based on our internal management records, the total development costs (including land costs only) incurred as of September 30, 2009 for this project were approximately RMB182.4 million. For further information, please refer to Property No. 39 in the Property Valuation Report in Appendix IV to this document.

(17) *Dijingwan (帝景灣)*

Dijingwan is located in Shilong Town, Dongguan. This project occupies an aggregate site area of approximately 43,884 sq.m. with an estimated total GFA of approximately 122,118 sq.m. It is expected to be an integrated residential project.

We are jointly developing Dijingwan with Dongguan Shi Long Town Real Estate Company (東莞市石龍鎮房地產公司) ("Dongguan Shilong"), an independent third party. Dongguan Shilong holds the land use rights certificates for the land. Under the relevant cooperative arrangements, (a) Dongguan Shilong agreed to contribute the relevant land use rights for the development of the project, (b) we are obligated to pay a fixed amount of RMB93.9 million to Dongguan Shilong for the right to develop the project, (c) we will provide the funding for the development, and (d) we are entitled to 100% of the profits derived from the project and are responsible for payment of LAT arising from the sales of the properties in Dijingwan. The arrangement for our cooperative development with Dongguan Shilong has been approved by the Dongguan Development and Reform Bureau (東莞市發展與改革局). We and Dongguan Shilong have jointly obtained the construction land planning permit, the construction works planning permit and the construction works commencement permit. According to our PRC legal adviser, the development cooperation between us and Dongguan Shilong is in compliance with the relevant PRC laws and regulations. Under the agreement, if the project cannot be developed in a timely manner, or at all, as a result of one party's fault, the party at fault is liable to compensate the other party for the economic loss caused by the fault. We may seek recourse through the judicial system if Dongguan Shilong defaults under the agreement. Each of Mr. Kwok Ying Shing, Mr. Kwok Ying Chi and Mr. Kwok Chun Wai has entered into a deed of indemnity in favor of us to provide indemnities against, among other things, any liabilities, losses, damages, penalties and fines which may be suffered by us if Dongguan Shilong defaults under the agreement. As confirmed by our PRC legal adviser, a standard legal procedure for obtaining individual property ownership certificates is applicable under the relevant PRC laws and regulations, regardless of whether a project is developed by a single developer or joint developers, or whether the land use rights are held by one developer or by joint developers in a joint development project. See the section entitled "Summary of Principal Legal and Regulatory Provisions — Transfer of Real Estate" in Appendix V to this document. We and Dongguan Shilong will assist the prospective purchasers of properties in Dijingwan in obtaining their individual property ownership certificates in accordance with the terms of the sales and purchase agreements and under the requirements of the relevant PRC laws and regulations.

As of September 30, 2009, Dijingwan was under development. We commenced the development of Dijingwan in April 2008 and expect to complete it in March 2010. Dijingwan is expected to comprise residential space with a saleable GFA of approximately 112,143 sq.m. We commenced pre-sales of Dijingwan in December 2008. Based on our internal management records, the total development costs (including land costs, construction costs and capitalized finance costs) incurred as of September 30, 2009 for this project were approximately RMB304.5 million. We estimate that an additional amount of approximately RMB182.4 million will be required to complete development of Dijingwan. For further information, please refer to Property No. 17 in the Property Valuation Report in Appendix IV to this document.

(18) *Yantian (雁田)*

Yantian is located in Fenggang Town, Dongguan. This project occupies an aggregate site area of approximately 54,548 sq.m. with a total GFA of approximately 136,370 sq.m. Yantian is expected to be an integrated residential complex which comprises high-rise apartment buildings and commercial facilities. The project is expected to be divided into two phases.

We will jointly develop Yantian with Dongguan Fenggang Yantian Enterprise Development Company (東莞市風崗雁田企業發展公司) ("Dongguan Fenggang"). Dongguan Fenggang is a collectively owned company. In July 2008, we and Dongguan Fenggang jointly established Dongguan Yingyan as the project company to develop this project. For more details of Dongguan Fenggang and Dongguan Yingyan, see the sections entitled "History, Reorganization and Group Structure — Reorganization — Transactions relating to the project companies" and "Substantial Shareholders" in this document. Under the relevant cooperative arrangements, (a) Dongguan Yingyan has registered capital of RMB10.0 million, of which 80% was contributed by us in cash and 20% was contributed by Dongguan Fenggang in cash; (b) of the seven board directors of Dongguan Yingyan, five (including the chairman) are designated by us and two are designated by Dongguan Fenggang; (c) both general manager and manager of finance of Dongguan Yingyan were appointed by us and are responsible for the daily management and financial management of the company; (d) we will bear 80% of the total development costs and liabilities and Dongguan Fenggang will bear the rest 20% in proportion to the respective shareholdings of Dongguan Yingyan; and (e) we are entitled to 80% of the profits derived from the project and Dongguan Fenggang is entitled to 20% of the profits according to the respective shareholdings of Dongguan Yingyan.

As of September 30, 2009, Yantian was held for future development. We have entered into a land grant contract with the relevant government authority. As of September 30, 2009, we had not obtained the relevant land use rights certificate for Yantian. According to our PRC legal adviser, we will be able to obtain the land use rights certificate after we (i) pay the land premium in full, (ii) satisfy all conditions under the land grant contract according to applicable laws and regulations, and (iii) pay in full the relevant taxes and fees. Based on our internal management records, we had incurred, as of September 30, 2009, the total development costs (including land costs only) of approximately RMB20.0 million. As of September 30, 2009, the total amount of outstanding land premium and the relevant outstanding taxes and fees was approximately RMB131.7 million. We expect to use our internal funds to fully settle the outstanding land premium and relevant taxes and fees by December 2009 and obtain the relevant land use rights certificate for this project by January 2010. For further information, please refer to Property No. 59 in the Property Valuation Report in Appendix IV to this document.

Pursuant to the cooperation arrangement between us and Dongguan Fenggang, Dongguan Yingyan participated in the auction for the land adjacent to the land for the Yantian project on October 29, 2009. Dongguan Yingyan successfully acquired the land as the winner of the auction and entered into the land grant contract with the local land resources bureau. This parcel of land occupies a site area of 16,186 sq.m. and will be included in our project land for the development of Yantian. As of October 31, 2009, the total land acquisition costs incurred was RMB33.8 million and the total amount of outstanding land premium and the relevant outstanding taxes and fees was approximately RMB13.1 million. We expect to use our internal funds to fully settle the outstanding land premium and relevant taxes and fees by October 2010 and obtain the relevant land use rights certificate for this project by November 2010.

Projects in the City of Huizhou in the Pearl River Delta region

(19) *Jincheng Heights (錦城山莊)*

Jincheng Heights is located in Huicheng District, Huizhou. This project occupies an aggregate site area of approximately 89,998 sq.m. with a total GFA of approximately 267,995 sq.m. Jincheng Heights is expected to be an integrated residential project which comprises primarily high-rise apartment buildings, and complementary commercial properties. The project is expected to be divided into two phases.

As of September 30, 2009, Jincheng Heights was held for future development. Based on our internal management records, we had incurred, as of September 30, 2009, the total development costs (including land costs and pre-construction land levelling costs) of approximately RMB144.6 million. For further information, please refer to Property No. 29 in the Property Valuation Report in Appendix IV to this document.

(20) *Huizhou Kaisa Center (惠州佳兆業中心)*

Huizhou Kaisa Center is located in Jiangbei District, Huizhou. It is close to the Huizhou Municipal Government building. This project occupies an aggregate site area of approximately 69,044 sq.m. with a total GFA of approximately 539,686 sq.m. Huizhou Kaisa Center is expected to be a residential-commercial integrated project which comprises primarily high-rise apartment buildings and complementary commercial properties. The project is divided into three phases.

As of September 30, 2009, Huizhou Kaisa Center Phase 1 was under development. We commenced development of Huizhou Kaisa Center Phase 1 in August 2009 and expect to complete it in September 2011. Huizhou Kaisa Center Phase 1 is expected to comprise residential space with a total GFA of approximately 63,964 sq.m. and commercial space with a total GFA of approximately 10,908 sq.m. We expect to obtain pre-sale permit for Huizhou Kaisa Center Phase 1 in May 2010. Based on our internal management records, the total development costs (including land costs, construction costs and capitalized finance costs) incurred as of September 30, 2009 were approximately RMB242.8 million. We estimate that an additional amount of approximately RMB89.0 million is required to complete development of Huizhou Kaisa Center Phase 1. For further information, please refer to Property No. 19 in the Property Valuation Report in Appendix IV to this document.

As of September 30, 2009, Huizhou Kaisa Center Phase 2 and Phase 3 were held for future development. The phases for future development are expected to comprise residential space with a total GFA of approximately 264,451 sq.m., office space with a total GFA of approximately 100,000 sq.m., a hotel with a total GFA of approximately 13,000 sq.m. and retail space with a total GFA of approximately 27,821 sq.m. Based on our internal management records, the total development costs (including land costs only) incurred as of September 30, 2009 for Huizhou Kaisa Center Phase 2 and Phase 3 were approximately RMB424.8 million. For further information, please refer to Property No. 38 in the Property Valuation Report in Appendix IV to this document.

(21) *Yuan Zhou (園洲項目)*

Yuan Zhou is located in Yuan Zhou Town, Huizhou. This projects occupies an aggregate site area of approximately 20,400 sq.m. with a total GFA of approximately 61,200 sq.m. Yuan Zhou is expected to be a residential project.

As of September 30, 2009, Yuan Zhou was held for future development. Based on our internal management records, the total development costs (including land costs only) incurred, as of September 30, 2009, for Yuan Zhou were approximately RMB25.9 million. For further information, please refer to Property No. 36 in the Property Valuation Report in Appendix IV to this document.

(22) *Tonghu (惠州潼湖項目)*

Tonghu is located in Tonghu Town, Huizhou. This project occupies an aggregate site area of approximately 731,487 sq.m. with a total GFA of approximately 731,487 sq.m. Tonghu is expected to be a residential project. The project is expected to be divided into four phases.

As of September 30, 2009, Tonghu was held for future development. Based on our internal management records, we had incurred, as of September 30, 2009, the total development costs (including land costs and pre-construction land levelling costs) of approximately RMB195.4 million in connection with the land acquisition for Tonghu. For further information, please refer to Property No. 37 in the Property Valuation Report in Appendix IV to this document.

(23) *Boluo (惠州博羅項目)*

Boluo is located in the city of Boluo County, Huizhou. This project occupies an aggregate site area of approximately 1,663,969 sq.m. with a total GFA of approximately 4,326,319 sq.m. Boluo is expected to be a residential project. The project is expected to be divided into 10 phases.

As of September 30, 2009, Boluo was held for future development. We have acquired the land use rights with respect to a portion of the land for this project with a site area of approximately 393,627 sq.m. With respect to the remaining portion of the land, we entered into a land grant contract with the relevant government authority. According to our PRC legal adviser, under applicable laws and regulations, we will be able to obtain the land use rights certificate after we (i) pay the land premium in full, (ii) satisfy all conditions under the land grant contract according to applicable laws and regulations, and (iii) pay in full the relevant taxes and fees. As of September 30, 2009, we had not received the land use rights certificate for the remaining portion of the land. Based on our internal management records, we had incurred, as of September 30, 2009, the total development costs (including land costs only) of approximately RMB457.8 million in connection with the land acquisition for Boluo. As of September 30, 2009, the total amount of outstanding land premium and the relevant outstanding taxes and fees was approximately RMB459.0 million, including RMB115.0 million for a portion of the project land with a site area of approximately 519,500 sq.m. and RMB344.0 million for the remaining portion of the project land with a site area of approximately 750,842 sq.m. We expect to use our internal funds to fully settle the outstanding land premium and relevant taxes and fees for these two portions of project land by June 2010 and February 2011, respectively, and obtain the relevant land use rights certificate by July 2010 and March 2011, respectively. For further information, please refer to Property No. 40 in the Property Valuation Report in Appendix IV to this document.

Project in the City of Zhuhai in the Pearl River Delta region

(24) *Wanzai (灣仔項目)*

Wanzai is located in Wanzai District, Zhuhai and expected to be an integrated residential project. This project occupies an aggregate site area of approximately 21,123 sq.m. with a total GFA of approximately 52,808 sq.m.

As of September 30, 2009, Waizai was held for future development. We have acquired the total net assets of a collectively owned entity which holds the land use rights for Wanzai. Based on our internal management records, the total development costs (including land costs and pre-construction land levelling costs) incurred, as of September 30, 2009, for Wanzai were approximately RMB55.2 million. For further information, please refer to Property No. 26 in the Property Valuation Report in Appendix IV to this document.

Projects in the City of Chengdu in the Chengdu-Chongqing region

(25) *Shuangliu (華陽項目(雙流))*

Shuangliu is located in Huayang Town, Shuangliu County, Chengdu. This project occupies an aggregate site area of approximately 182,666 sq.m. with a total GFA of approximately 767,197 sq.m. Shuangliu is expected to be a residential project which comprises primarily 39 high-rise apartment buildings. It is also expected to include one clubhouse and one kindergarten. This project is expected to be divided into three phases.

As of September 30, 2009, Shuangliu was held for future development. Based on our internal management records, the total development costs (including land costs and pre-construction land levelling costs) incurred, as of September 30, 2009, for Shuangliu were approximately RMB351.3 million. For further information, please refer to Property No. 30 in the Property Valuation Report in Appendix IV to this document.

(26) *Lijing Harbor (麗晶港)*

Lijing Harbor is located in Wenjiang District, Chengdu. This project occupies an aggregate site area of approximately 150,071 sq.m. with a total GFA of approximately 716,465 sq.m. Lijing Harbor is expected to be a residential project which comprises primarily apartment buildings. It will also include one clubhouse and one kindergarten. This project is expected to be divided into six phases.

As of September 30, 2009, Lijing Harbor Phase 1 was under development. We commenced development of Lijing Harbor Phase 1 in August 2008 and expect to complete it in December 2010. Lijing Harbor Phase 1 is expected to comprise residential space with a saleable GFA of approximately 198,907 sq.m. We commenced pre-sale of Lijing Harbor Phase 1 in August 2008. Based on our internal management records, the total development costs (including land costs, construction costs and capitalized finance costs) incurred as of September 30, 2009 were approximately RMB492.7 million. We estimate that an additional amount of approximately RMB344.0 million is required to complete development of Lijing Harbor Phase 1. For further information, please refer to Property No. 21 in the Property Valuation Report in Appendix IV to this document.

As of September 30, 2009, Lijing Harbor Phases 2, 3, 4, 5 and 6 were held for future development. Based on our internal management records, the total development cost (including land costs only) incurred, as of September 30, 2009, for Lijing Harbor Phases 2, 3, 4, 5 and 6 was approximately RMB392.8 million. For further information, please refer to Property No. 31 in the Property Valuation Report in Appendix IV to this document.

(27) *Chengdu Shangmao Garden (成都商貿園)*

Chengdu Shangmao Garden is located in Shangmao Garden District, Chengdu. This project occupies an aggregate site area of approximately 133,269 sq.m. with a total GFA of approximately 493,095 sq.m. Chengdu Shangmao Garden is expected to be an integrated commercial complex which comprises a 39-meter high building which will include office space, retail space and one hotel. The project is expected to be divided into two phases.

As of September 30, 2009, Chengdu Shangmao Garden was held for future development. The project is expected to comprise commercial space with a total GFA of approximately 373,153 sq.m. and residential space with a total GFA of approximately 117,175 sq.m. Based on our internal management records, we had incurred, as of September 30, 2009, the total development costs (including land costs and pre-construction land levelling costs) of approximately RMB122.1 million in connection with the land acquisition for Chengdu Shangmao Garden. For further information, please refer to Property No. 41 in the Property Valuation Report in Appendix IV to this document.

Project in the City of Changsha in the Central China region

(28) *Changsha Lake View Place (長沙水岸新都)*

Changsha Lake View Place is located in Changsha Town in the city of Changsha. This project occupies an aggregate site area of approximately 673,536 sq.m. with a total GFA of approximately 1,685,702 sq.m. Changsha Lake View Place is expected to be a residential project which comprises low-rise and high-rise apartment buildings, townhouses and stack townhouses. This project is divided into six phases.

As of September 30, 2009, Changsha Lake View Place Phase 1 was under development. We commenced development of Changsha Lake View Place Phase 1 in September 2009 and expect to complete it in September 2010. Changsha Lake View Place Phase 1 is expected to comprise residential space with a total GFA of approximately 75,508 sq.m. We expect to obtain pre-sale permit for Changsha Lake View Place Phase 1 in April 2010. Based on our internal management records, the total development costs (including land costs, construction costs and capitalized finance costs) incurred as of September 30, 2009 were approximately RMB61.2 million. We estimate that an additional amount of approximately RMB187.9 million is required to complete development of Changsha Lake View Place Phase 1. For further information, please refer to Property No. 24 in the Property Valuation Report in Appendix IV to this document.

As of September 30, 2009, Changsha Lake View Place Phases 2–6 were held for future development. Based on our internal management records, total development costs (including land costs only) incurred as of September 30, 2009 for Changsha Lake View Place Phases 2–6 were approximately RMB336.9 million. For further information, please refer to Property No. 33 in the Property Valuation Report in Appendix IV to this document.

Projects in the Yangtze River Delta region

(29) *Jiangyin Lake View Place (江陰水岸新都)*

Jiangyin Lake View Place is located in the city of Jiangyin, Jiangsu Province. This project occupies an aggregate site area of approximately 225,530 sq.m. with a total GFA of approximately 338,295 sq.m. Jiangyin Lake View Place is expected to be a residential project which comprises primarily high-rise apartment buildings and townhouses. The project is divided into three phases.

We commenced development of Jiangyin Lake View Place Phase 1 in June 2008 and completed a portion with a total GFA of 71,254 sq.m. in April 2009 and the remaining portion with a total GFA of 36,733 sq.m. in July 2009. Jiangyin Lake View Place Phase 1 comprises 346 residential units with a saleable GFA of approximately 87,129 sq.m. and 692 car parking spaces. As of September 30, 2009, except for 124 residential units with a saleable GFA of approximately 29,128 sq.m., 222 residential units with a saleable GFA of approximately 58,001 sq.m. had been sold.

As of September 30, 2009, Jiangyin Lake View Place Phase 2 was under development. We commenced development of Jiangyin Lake View Place Phase 2 in July 2009 and expect to complete it in June 2011. Jiangyin Lake View Place Phase 2 is expected to comprise residential space with a saleable GFA of approximately 47,152 sq.m. and commercial space with a saleable GFA of approximately 5,415 sq.m. We expect to obtain pre-sale permit for Jiangyin Lake View Place Phase 2 in November 2009. Based on our internal management records, the total development costs (including land costs, construction costs and capitalized finance costs) incurred as of September 30, 2009 were approximately RMB201.3 million. We estimate that an additional amount of approximately RMB87.2 million is required to complete development of Jiangyin Lake View Place Phase 2. For further information, please refer to Property No. 16 in the Property Valuation Report in Appendix IV to this document.

As of September 30, 2009, Jiangyin Lake View Place Phase 3 was held for future development. Jiangyin Lake View Place Phase 3 is expected to comprise residential space with a total GFA of approximately 146,760 sq.m. and commercial space with a total GFA of approximately 5,329 sq.m. Based on our internal management records, the total development costs (including land costs and pre-construction land levelling costs) incurred as of September 30, 2009 for Jiangyin Lake View Place Phase 3 were approximately RMB335.7 million. For further information, please refer to Property No. 34 in the Property Valuation Report in Appendix IV to this document.

(30) *Jiangyin Zongbu Garden (江陰總部經濟園)*

Jiangyin Zongbu Garden is located in the city of Jiangyin, Jiangsu Province. This project occupies an aggregate site area of approximately 158,240 sq.m. with a total GFA of approximately 465,990 sq.m. Jiangyin Zongbu Garden is expected to be a residential-commercial complex which comprises apartment buildings, office space, commercial properties and a hotel. This project is expected to be divided into three phases.

As of September 30, 2009, Jiangyin Zongbu Garden was held for future development. We obtained confirmation from the relevant land and resources bureau that we have been selected as the winner of the public listing-for-sale of the land for Jiangyin Zongbu Garden in September 2009. According to our PRC counsel, under applicable laws and regulations, we will be able to obtain a land use rights certificate after we (i) enter into a land grant contract pursuant to the confirmation, (ii) pay the land premium in full, (iii) satisfy all conditions under the land grant contract according to applicable laws and regulations, and (iv) pay the relevant taxes and fees in full. Based on our internal management records, we had incurred, as of September 30, 2009, total development costs (including land costs only) of approximately RMB92.9 million for Jiangyin Zongbu Garden. As of September 30, 2009, the total amount of outstanding land premium and the relevant outstanding taxes and fees was approximately RMB383.4 million. We expect to use our internal funds to fully settle the outstanding land premium and relevant taxes and fees by June 2010 and obtain the relevant land use rights certificate for this project by July 2010. For further information, please refer to Property No. 61 in the Property Valuation Report in Appendix IV to this document.

(31) *Shanghai Shanhuwan Garden (上海珊瑚灣雅園)*

Shanghai Shanhuwan Garden is located in Fengxian District, Shanghai. This project occupies an aggregate site area of approximately 104,796 sq.m. with a total GFA of approximately 155,152 sq.m. Shanghai Shanhuwan Garden is expected to be a residential project which comprises primarily high-rise apartment buildings and townhouses. The project is expected to be divided into four phases.

As of September 30, 2009, Shanghai Shanhuwan Garden Phase 1 was under development. We commenced development of Shanghai Shanhuwan Garden Phase 1 in February 2009 and expect to complete it in July 2010. Shanghai Shanhuwan Garden Phase 1 is expected to comprise residential space with a saleable GFA of approximately 32,472 sq.m. We commenced pre-sale of Shanghai Shanhuwan Garden Phase 1 in July 2009. Based on our internal management records, the total development costs (including land costs, construction costs and capitalized finance costs) incurred as of September 30, 2009 were approximately RMB149.5 million. We estimate that an additional amount of approximately RMB7.4 million is required to complete development of Shanghai Shanhuwan Garden Phase 1. For further information, please refer to Property No. 22 in the Property Valuation Report in Appendix IV to this document.

As of September 30, 2009, Shanghai Shanhuwan Garden Phases 2–4 were held for future development. Based on our internal management records, total development costs (including land costs only) incurred, as of September 30, 2009, for Shanghai Shanhuwan Garden Phases 2–4 were approximately RMB109.7 million. For further information, please refer to Property No. 35 in the Property Valuation Report in Appendix IV to this document.

PROJECT MANAGEMENT AND CONSULTANCY SERVICES

Riverside Hill Town is located in Fenggang Town, Dongguan, Guangdong Province. The project occupies an aggregate site area of approximately 70,391 sq.m. with a total GFA of approximately 114,345 sq.m. We have no property interest in Riverside Hill Town. We entered into an agreement in 2005 with Dongguan Fenggang Real Estate Development Company ("Dongguan Fenggang"), an independent third party, under which we had the contractual right to develop, in the name of Dongguan Fenggang, the Riverside Hill Town, formerly known as the Xulong Shanzhuang project (the "Original Agreement"). Dongguan Fenggang is a collectively owned property developer under the jurisdiction of Fenggang township in the city of Dongguan. Under the Original Agreement, Dongguan Fenggang was responsible for applying for project proposals, obtaining the land use rights certificates and other required governmental approvals and permits for this project, and we were responsible for project planning, design, construction and development, and for sale. As advised by our PRC legal adviser, a significant portion of local land was historically held by collectively owned entities in Dongguan, and the arrangement that we entered into with Dongguan Fenggang was a common form of joint development.

In May 2007, the Dongguan municipal government issued a notice (the "Notice") which provides that, if a company develops properties in the name of a collectively owned property developer under the jurisdiction of a township in the city of Dongguan, and the collectively owned property developer collects fees for assisting the company in obtaining the relevant permits and governmental approvals for the development, both parties must terminate the development arrangement before October 1, 2007, and the land use rights certificate must be transferred from the collectively owned property developer to the company which conducts the development. Prior to the issuance of the Notice, we and Dongguan Fenggang had substantially performed our respective obligations under the Original Agreement. As of December 31, 2007, Dongguan Fenggang had obtained all necessary permits, government approvals and certificates required for developing Riverside Hill Town, the project had been substantially completed and substantially all of its residential units had been pre-sold. As advised by our PRC legal adviser, the transfer of the land use rights certificate from Dongguan Fenggang to us had become impracticable because (i) the development had already been substantially completed and certain properties had been pre-sold to individual purchasers at the time of issuance of the Notice, and (ii) the pre-sold properties may not be transferred without consent of the individual property purchaser or cancellation of the relevant pre-sale contracts. Generally, we do not expect individual property purchasers to agree to such transfer of the pre-sold portion of the land use rights.

We entered into a supplemental agreement (the "Supplemental Agreement") on January 23, 2008 with Dongguan Fenggang, under which both parties agreed to terminate certain provisions of the Original Agreement which were not in compliance with the Notice, including the provisions relating to the payment arrangements for the original development cooperation and the allocation of development risks to us. Under the Supplemental Agreement, we are not entitled to the sale proceeds derived from this project. We continue to have the right to provide property management and consultancy services and technical support to Riverside Hill Town upon its completion. The Supplemental Agreement provides that Dongguan Fenggang is obligated to pay us project consultancy services fees for our project management and consultancy services and technical support provided for the development of Riverside Hill Town, and an additional bonus for our contribution to this project. The project consultancy services fees were determined with reference to the GFA of Riverside Hill Town for which we provided services and support. The additional bonus was determined at Dongguan Fenggang's discretion. Dongguan Fenggang has paid us the total project consultancy services fees in an aggregate amount of RMB175.1 million, including RMB104.8 million which was recognized as revenue in the year ended December 31, 2007 under the segment "project consultancy services" and RMB70.3 million which was recognized as revenue in the year ended December 31, 2008 under the same segment. The revenue of RMB104.8 million in 2007 included project consultancy services fees of RMB103.0 million and a bonus of RMB1.8 million. The revenue of RMB70.3 million in 2008 represented project consultancy services fees only. See the section entitled "Financial Information — Results of Operations — 2007 compared to 2006" in this document. We incurred the total cost of RMB364.7 million in the development of Riverside Hill Town, including RMB48.5 million in 2005, RMB118.8 million in 2006, RMB187.8 million in 2007 and RMB9.6 million in 2008. The total cost of RMB364.7 million has been fully recovered by us. In accordance with the Supplemental Agreement, the development costs in relation to Riverside Hill Town were recorded as receivables from Dongguan Fenggang in our financial statement.

According to our PRC legal adviser, there is no legal impediment for the individual purchasers of Riverside Hill Town properties to obtain their individual property ownership certificates, provided that the individual purchasers and Dongguan Fenggang carry out their respective obligations in accordance with the terms of the sale contracts. As advised by our PRC legal adviser, because Riverside Hill Town is owned by Dongguan Fenggang and not by us, it is Dongguan Fenggang's obligation to deliver properties to the individual purchasers and to assist in obtaining individual property ownership certificates. Therefore, we will not be subject to any contingent liability if any property in Riverside Hill Town cannot be delivered to the individual purchaser or if the individual property ownership certificate cannot be issued on time or at all.

Our PRC legal adviser has advised that, (i) since the Original Agreement was entered into before the issuance of the Notice, the Original Agreement did not violate relevant PRC laws and regulations when it was entered into in 2005, and (ii) our cooperation with Dongguan Fenggang is in compliance with relevant PRC laws and regulations and we will not be subject to any consequential legal liability or penalty because, after the Notice was issued in 2007, we entered into the Supplemental Agreement under which the joint development arrangements under the Original Agreement were terminated. Our PRC legal adviser also confirms that (i) the Supplemental Agreement terminated the provisions of the Original Agreement which were not in compliance with the Notice, and the Original Agreement as so supplemented does not violate any prohibitory laws and regulations of the PRC, (ii) the Supplemental Agreement can retrospectively cover the term of the Original Agreement prior to January 23, 2008, and (iii) the cooperation with Dongguan Fenggang does not violate any prohibitory laws and regulations of the PRC. According to our PRC legal adviser, the Supplemental Agreement is legal, binding and enforceable and in compliance with the Notice, and the arrangements under the Supplemental Agreement are in compliance with applicable PRC laws and regulations. None of our other projects include arrangements of the same or a similar nature, and we do not intend to enter into this kind of arrangement in future.

OTHER CONTRACTUAL ARRANGEMENTS

As of the September 30, 2009, we had 22 contractual arrangements, comprising five different categories of projects. The five categories are: (i) contractual arrangements relating to cooperative or joint development, (ii) contractual arrangements relating to redevelopment, (iii) contractual arrangements relating to project transfers, (iv) a contractual arrangement relating to infrastructure development, and (v) contractual arrangements relating to primary land development.

Only three of these contractual arrangements relate to primary land development or infrastructure development. The other 19 contractual arrangements were entered into with a view to facilitating potential acquisitions of land use rights. None of these contractual arrangements are land grant contracts. Generally, land use rights can be obtained in the primary market or the secondary market in China. See "— Land Acquisition." Unless otherwise required by relevant PRC laws and regulations, land acquisition in the secondary market may not be subject to the public tender, auction and listing-for-sale requirements and can be completed by agreements among the relevant parties. All of the redevelopment projects are located in Shenzhen. Under existing rules and regulations in Shenzhen, land use rights may be acquired through these redevelopment programs without going through the public tender, auction and listing-for-sale process so long as such redevelopment is undertaken jointly by a developer and the original residents. Any redevelopment project to be undertaken solely by a developer is, however, subject to the public tender, auction and listing-for-sale process. With respect to these 19 contractual arrangements, it is uncertain whether we will ultimately be able to acquire the land use rights for the related parcels of land. In order to obtain land use rights as contemplated under some, if not all, of these contractual arrangements, we may also be subject to public tender, auction and listing-for-sale requirements. As these 19 contractual arrangements often involve multiple government approvals and relatively complicated procedures, it is not uncommon to take years to acquire the underlying land, if at all. We cannot assure you that these contractual arrangements will eventually result in our acquisition of any parcels of land.

Some of these contractual arrangements involve demolition and resettlement works. We have designated a team of eight staff members responsible for negotiating resettlement compensation with existing residents and coordinating matters relating to the subsequent demolition and resettlement works. We engage or intend to engage independent third parties to carry out the demolition and resettlement works for each relevant project after the negotiations with the existing residents have been completed and the relevant demolition resettlement permit has been issued by the government authority. These arrangements involve a number of certificates, the uncertain timeframes for completion and various contingencies that could delay or prevent obtaining the related land use rights, all of which vary from one project to another. Accordingly, it is difficult to predict the various times at which additional costs will be incurred and the completion time for each contractual arrangement.

In addition, we have entered into three contractual arrangements relating to infrastructure development or primary land development with a view to enhancing our future expansion into the relevant markets through providing services under these arrangements. For the contractual arrangements relating to infrastructure development, we are obligated to invest in and construct the projects. We engage qualified independent third party construction companies to carry out the related infrastructure construction works. For the contractual arrangements relating to primary land development, we are responsible for providing the required funding and will not ourselves undertake the related primary land development works. Since none of the infrastructure construction and primary land development works will be undertaken by us, we are not required to obtain licenses for the relevant infrastructure construction or primary land development works.

If our projects do not proceed in accordance with the scheduled time frame, we will implement measures which we consider appropriate to the nature of and reasons for the delay. If we are able to adjust the relevant schedule, we will endeavor to do so. If we determine that the contractual arrangements are unlikely to proceed based on our past experience, we will negotiate with our counterparties and seek to terminate the contractual arrangements and recover our costs. During the Track Record Period and through the Latest Practicable Date, we and the respective counterparties terminated certain contractual arrangements, including three contractual arrangements relating to project transfers and one contractual arrangement relating to infrastructure development. With respect to the three contractual arrangements relating to project transfers, other than the prepayments made by us for the relevant land-related projects, neither the counterparties nor we had significantly performed any of the respective parts of the contractual arrangements. Pursuant to the respective termination agreements, all rights and obligations of the parties to these three contractual arrangements have been terminated. As confirmed by our PRC legal adviser, there were no contingent liabilities arising from the terminations. Before the relevant terminations, we had prepaid approximately RMB40.0 million, RMB35.9 million and RMB57.0 million, respectively, to be charged as a portion of payment for the relevant project transfer under the three contractual arrangements. As of the Latest Practicable Date, we had recovered the total costs incurred in connection with each of these three contractual arrangements. In addition, we terminated one contractual arrangement relating to infrastructure development. On April 23, 2009, we and the Huizhou Municipal Government, the counterparty, entered into a termination agreement under which both parties agreed to terminate the contractual arrangement for the infrastructure construction work. Pursuant to the termination agreement, all rights and obligations of the parties to this contractual arrangement have been terminated. As confirmed by our PRC legal adviser, there were no contingent liabilities arising from the termination. Before the termination, road sub-grade repair and cleaning had been performed, and we had incurred a total cost of approximately RMB40.9 million for the preliminary development works. Under the termination agreement, the Huizhou Municipal Government agreed to return to us RMB39.0 million of our prepaid investment and retained RMB1.0 million as compensation for its preparatory work in this project. As of the Latest Practicable Date, we had received approximately RMB20.0 million. Given that (i) as confirmed by our PRC legal adviser, we have the legal right to recover the agreed amount stipulated in the termination agreement, (ii) the counterparty is a governmental entity at municipal level, and the credibility of which is less concerned than that of a private entity; (iii) there are no contingent liabilities arising from the termination; and (iv) the counter party has returned to us the majority of recoverable amount and is obligated to return the remaining balance, we believe that we will be able to fully recover and expect to receive the remaining balance of RMB19.0 million within 2009.

We have prepaid deposits, advances or other consideration under these contractual arrangements. These deposits, down payments or other consideration were unsecured payments made by us in accordance with the terms of the relevant contracts and have been accounted for as prepayment for proposed development projects in our financial statements. As of September 30, 2009, we had pre-paid a total amount of RMB1,207.2 million for our contractual arrangements and had outstanding commitments with a total amount of RMB1,967.4 million, which represented approximately 55.1% of our total net assets as of September 30, 2009. We intend to finance the contractual arrangements relating to infrastructure development using internal funds and bank loans and to finance the other contractual arrangements using our internal funds. According to our PRC legal adviser, if the transactions as contemplated in the relevant agreement cannot be completed as a result of the other party's breach, and we are not in breach of the relevant agreement, we have the right to recover the deposits, advances and other forms of consideration paid based on the relevant provisions set out in the agreement or pursuant to the Contract Law of the PRC (中華人民共和國合同法).

The following table sets forth certain information for our 22 contractual arrangements as of the September 30, 2009:

No.	Contractual Arrangement[1]	Location	Date of Agreement[2]	Site Area	Estimated or actual total investment/ cost[3]	Payments/ Costs incurred as of September 30, 2009	Additional cost to be incurred[4]
				(sq.m.)	(RMB millions)	(RMB millions)	(RMB millions)
Contractual arrangements relating to cooperative or joint development							
1.	Contract for cooperative development of an old plant area	Dongguan, Guangdong Province	January 2007	89,145	167.0	78.6	88.4
2.	Agreement for the joint development in Guangdong Tangquan Forest[5].	Huizhou, Guangdong Province	July 2007	500,000	400.0	12.4	387.6
Contractual arrangements relating to redevelopment[6]							
3.	Contract for the redevelopment of an old urban area. . . .	Shenzhen, Guangdong Province	March 2004	1,000,000	N/A[6]	11.3	N/A[6]
4.	Contract for the redevelopment of an old urban area. . . .	Shenzhen, Guangdong Province	July 2004	400,000	N/A[6]	—	N/A[6]
5.	Contract for the redevelopment of an old village area . . .	Shenzhen, Guangdong Province	August 2004	290,000	N/A[6]	—	N/A[6]
6.	Contract for the redevelopment of an old urban area. . . .	Shenzhen, Guangdong Province	August 2004	265,000	N/A[6]	—	N/A[6]
7.	Contract for the redevelopment of an old urban area. . . .	Shenzhen, Guangdong Province	September 2004	74,500	N/A[6]	—	N/A[6]
8.	Contract for renovation of an old village area	Shenzhen, Guangdong Province	April 2006	210,000	N/A[6]	2.2	N/A[6]

No.	Contractual Arrangement[1]	Location	Date of Agreement[2]	Site Area	Estimated or actual total investment/ cost[3]	Payments/ Costs incurred as of September 30, 2009	Additional cost to be incurred[4]
				(sq.m.)	(RMB millions)	(RMB millions)	(RMB millions)
9.	Contract for a redevelopment project	Shenzhen, Guangdong Province	August 2006	230,000	N/A[6]	10.0	N/A[6]
10.	Contract for the redevelopment and joint development of an old urban area	Shenzhen, Guangdong Province	September 2006	90,000	N/A[6]	5.0	N/A[6]
11.	Contract for the redevelopment of an industrial area	Shenzhen, Guangdong Province	September 2007	76,300	N/A[6]	2.4	N/A[6]
12.	Option deed in connection with a redevelopment project	Shenzhen, Guangdong Province	April 2008 (as supplemented by a supplemental deed signed in January 2009)	321,824	816.1	466.2	349.9
Contractual arrangements relating to project transfers							
13.	Contract for the transfer of interest in a parcel of land .	Shenzhen, Guangdong Province	July 2004	26,667	8.0	8.0	—
14.	Land use rights transfer contract . .	Dongguan, Guangdong Province	August 2005	260,000	131.3	131.3	—
15.	Contract for the transfer of interest in a parcel of land and	Shenzhen, Guangdong Province	September 2005	300,000	600.0	183.0	417.0
	Cooperation agreement in connection with the contract for the transfer of interest in a parcel of land .	—	March 2006	—	—	—	—
16.	Contract for a development project in a forest area . . .	Huizhou, Guangdong Province	March 2007	133,333	14.4	8.7	5.7
17.	Contract for the transfer of contract rights and interests.	Dongguan, Guangdong Province	September 2007	7,000	13.0	13.0	—
18.	Contract for an industrial park project	Huizhou, Guangdong Province	November 2007	2,000,001	205.0	65.0	140.0
A contractual arrangement relating to infrastructure development							
19.	Contract for the construction of the Huidong section of Fu Kun Route of Highway G324 (Huancheng North Road)	Huidong, Guangdong Province	October 2007	—	189.5	48.6	140.9

No.	Contractual Arrangement[(1)]	Location	Date of Agreement[(2)]	Site Area	Estimated or actual total investment/ cost[(3)]	Payments/ Costs incurred as of September 30, 2009	Additional cost to be incurred[(4)]
				(sq.m.)	(RMB millions)	(RMB millions)	(RMB millions)
Contractual arrangements relating to primary land development							
20.	Primary land development contract	Pi County, Sichuan Province	September 2006	229,460	96.8	96.8	—
21.	Primary land development contract	Shenyang, Liaoning Province	October 2007	3,873,335	463.0	43.0	420.0
A contractual arrangement completed subsequent to September 30, 2009							
22.	Contract for a joint development project	Dongguan, Guangdong Province	January 2007	16,186	39.7	21.7	18.0
	Total					1,207.2	

Notes:

(1) Except for "Agreement for the joint development in Guangdong Tangquan Forest" listed as item 2, each counterparty to the relevant contractual arrangements is an independent third party.

(2) This refers to the date of the earliest agreement for the particular contractual arrangement, as applicable.

(3) Based on our internal estimates and records. The total investment was primarily estimated based on the consideration under the relevant agreement. The estimate also took into account the related transactional cost and expenses that might be necessary for implementing the relevant agreement. With respect to each of the arrangements listed as item 1, the consideration was primarily for carrying out the redevelopment work on the respective land. With respect to the arrangement listed as item 2, the consideration was primarily for establishing the project company, utilizing forest resources and developing various properties and facilities. With respect to the arrangement listed as item 12, the estimated total investment primarily included the consideration for purchasing the option and costs incurred and to be incurred during the negotiation with a party who has interest in the relevant land and in other related land acquisition efforts. With respect to each of the arrangements listed as items 13 to 18, the consideration primarily represented the prices for the transfer of the relevant projects. With respect to each of the arrangements listed as item 19, the consideration primarily consisted of the required amount of investments for construction of the relevant infrastructure. With respect to each of the arrangements listed as items 20 to 21, the consideration primarily consisted of the required amounts of investments for the relevant land development works.

(4) Based on our internal estimates and records.

(5) Tangquan Linchang, the other party to the agreement, is a 20% shareholder of Huizhou Kaisa Tangquan and is therefore our connected person.

(6) As of the Latest Practicable Date, resettlement compensation negotiations with the existing residents had not been completed. We are in the process of applying to relevant governmental authorities for these redevelopment projects to be approved as old urban area redevelopment projects. Due to the high level of uncertainty and the preliminary nature of these contractual arrangements, we cannot reliably ascertain or estimate the total investment or additional costs to be incurred.

Set forth below is a summary of the contractual arrangements we have entered into in the ordinary course of our business.

Contractual arrangements relating to cooperative or joint development

(1) *Contract for cooperative development of an old plant area*

We and an independent third party entered into a cooperative development agreement on January 29, 2007 and two supplemental agreements on February 2, 2007 in relation to the acquisition of an old undeveloped area in Dongguan, the related demolition and resettlement compensation expenses and certain development works. The site has an area of approximately 89,145 sq.m.

The independent third party is a collectively owned company. We conducted a due diligence review of, among other things, the background, business registration and shareholders' information with respect to the independent party. After the relevant due diligence review, we concluded that the independent third party had the legal capacity and business credibility to enter into the underlying agreements. We also sought advice from our external legal advisers before entering into the agreement.

Under the agreement, the independent third party is responsible for paying the acquisition, demolition and resettlement compensation expenses. We agreed to reimburse the independent third party for these expenses in an aggregate amount of RMB167.0 million. We paid 12.5% (or approximately RMB20.9 million) of that aggregate amount within 30 days of the execution of the agreement, and paid and will continue to pay approximately RMB20.9 million every quarter until the aggregate amount has been paid in full.

As of September 30, 2009, we had paid approximately RMB78.6 million in relation to the works contemplated in the agreement and we expect to incur an additional cost of approximately RMB88.4 million. We intend to finance the total cost relating to this contractual arrangement using internal funds. The demolition and resettlement works have commenced. Subject to the actual progress of the project, we expect the government will hold an auction for the land in the first half of 2010 and we will receive the return on our investment in the project in the same year.

The agreements stipulate that the land will be subject to public tender, auction and listing-for-sale. After a successful public tender, auction or listing-for-sale, if the sales price for the land use rights is between RMB2,200 per sq.m. and RMB2,700 per sq.m., the independent third party will be entitled to 10% of the proceeds from the sale of the land and we will be entitled to 90% of the proceeds from the sale of the land. If the sales price for the land use rights is higher than RMB2,700 per sq.m., the independent third party will be entitled to 30% of the proceeds from the sale of the land and we will be entitled to 70% of the proceeds from the sale of the land.

If we fail to make a quarterly payment within three months after the due date, the independent third party has the right to terminate the agreement within 15 working days, in which case we will not be able to recover the quarterly payments already made and we will be liable for liquidated damages of RMB10 million. If due to any material change in government policy or an event of force majeure, the agreement can no longer be performed, the independent third party must return the quarterly payments to us, together with interest on the amount of those quarterly payments calculated at a rate of 6% per annum.

Our PRC legal adviser has confirmed that, because the agreement does not violate PRC laws and regulations, and represents the intent of the parties, the agreement is legal under PRC law. If we acquire the relevant land use rights and obtain the requisite governmental approvals, we intend to develop a residential-commercial integrated property project on the land. There can be no assurance that we will be able to obtain the land use rights, notwithstanding the above-mentioned arrangements and procedures. As a result, it is also difficult to predict the completion date for the project, which depends on, among other things, governmental approval.

(2) *Agreement for the joint development in Guangdong Tangquan Forest*

As described in the "Agreement on the joint development of Guangdong Tangquan Forest" entered into between Tangquan Linchang and us on July 6, 2007, we and Tangquan Linchang own an 80% and a 20% equity interest, respectively, in a project company formed on September 29, 2007. Tangquan Linchang will grant to the project company the rights to develop and manage parcels of state-owned forest land, covering an area of approximately 500,000 sq.m. located in Huizhou, Guangdong province, and the right to use the tourism-related resources for a period of 70 years. Tangquan Linchang is a government-run public entity (政府事業單位).

Our principal purpose for the joint development of Guangdong Tangquan Forest is to develop residential and resort properties. Under the agreement, the project company also plans to develop additional facilities including mountain roads, waterfalls, fruit orchards, mountain trails, an ecological garden and a botanical garden. The reason for developing the additional facilities is to add value to and enhance the attractiveness of the residential and resort properties. The agreement was approved by the Huizhou Forestry Bureau (惠州市林業局) on July 17, 2007. When reviewing the project, the relevant governmental authorities will consider the residential and resort properties and the additional facilities as a whole for purposes of deciding whether to approve the project or issue relevant permits, as these additional facilities will be supplemental to the residential and resort properties. The required procedures, approvals and permits for this project, which are similar to those for our other projects, will include acquisition of the relevant land use rights through the public listing-for-sale process, entry into a land grant contract with the relevant land and resources authorities, approval for project development from the development and reform commission, planning approval from the planning authorities, and a construction works commencement permit from the construction authorities. We will endeavour to procure the project company's ongoing compliance with these requisite procedures, approvals and permits and engage qualified contractors to undertake the construction works. Other than the above approvals and permits, there are no additional approvals that need to be obtained. According to our PRC legal adviser, there is no legal impediment for us to obtain these requisite approvals and permits as long as we satisfy relevant conditions required by PRC laws.

We are responsible for sourcing the development funds required for each phase of the project, primarily including the funding for the preparation, planning and development of the residential and resort properties and the additional facilities, as well as the annual resource utilization fees payable to Tangquan Linchang as stated below. During the nine years subsequent to the establishment of the project company, we will be entitled to all after-tax profits under RMB10 million. If after-tax profits exceed RMB10 million, Tangquan Linchang will be entitled to 20%, and we will be entitled to the remaining 80%. Beginning in the 10th year subsequent to the establishment of the project company, Tangquan Linchang will be entitled to 20% of after-tax profits, and we will be entitled to 80%.

As of September 30, 2009, we had paid approximately RMB12.4 million under the agreement, including (i) RMB5.0 million prepaid by us on behalf of Tangquan Linchang for its preliminary operating expenses, (ii) RMB4.0 million paid to the project company for its payment of the resource utilization fee to Tangquan Linchang, and (iii) RMB3.4 million paid to the project company for its preparatory work, preliminary project planning and the establishment of the project company. With respect to the RMB5.0 million prepaid by us on behalf of Tangquan Linchang, such amount will be repaid to us from the dividends of the project company otherwise payable to Tangquan Linchang. We expect to incur an additional cost of approximately RMB387.6 million. We expect to finance the total cost relating to this contractual arrangement using internal funds. The parties have agreed that the project company shall pay Tangquan Linchang a resource utilization fee of RMB2.0 million annually for nine years beginning in the year of the establishment of the project company. The project company was established in September 2007. The project company engaged a third-party designer in January 2008 to perform the planning and design works and submitted the preliminary planning and design materials to the relevant forestry authority. Pursuant to a request notice issued by the Huizhou Forestry Bureau, Tangquan Linchang submitted additional materials for the relevant construction land planning in September 2008. We expect this project to undergo a comparatively lengthier planning and design process as additional review and approvals from the relevant forestry authorities are required for land situated in state-owned forest. Subject to the approvals by the relevant forestry and land resources authorities, all the planning and design works for this project are expected to be completed in 2012. As of the Latest Practicable Date, the project company had not commenced any construction activities. Given the preliminary nature of the project, we are unable to predict the date of completion.

If the agreement can no longer be performed due to an event of force majeure, we and Tangquan Linchang may mutually agree to terminate the agreement. If the agreement is terminated, we and Tangquan Linchang will separately negotiate the terms for the recovery of amounts we have already paid.

Our PRC legal adviser has confirmed that, because the agreement does not violate PRC laws and regulations, and represents the intent of the parties, the agreement is legal under PRC law. Also see the section entitled "Connected Transactions — Exempt Continuing Connected Transactions — Contractual arrangements relating to cooperative development of Huizhou Kaisa Tangquan" in this document.

Quality control and progress monitoring. With respect to each of these contractual arrangements set out in (1)–(2), we have a dedicated team that is responsible for assessing the quality of the project and monitoring its progress. The team, which comprises designated members from both our risk management division and our land investment and project development division, submits its findings to our investment committee. The investment committee primarily consists of Sun Yuenan, Ye Jiansheng and Chen Gengxian, our executive Directors, and all of our other four vice presidents.

With respect to the contractual arrangement set out in (1), prior to the successful acquisition of land use rights, we intend to provide the funding to our counterparties in order to complete the relevant approval procedures. If we are successful in acquiring the land use rights, we intend to jointly develop the project with the relevant counterparty. With respect to the contractual arrangement set out in (2), one of the shareholders of the project company has experience in the tourism industry and will support the project company's efforts in tourism-related matters, and we will deploy resources to support the related property development. As a property developer, we believe we have the requisite resources and expertise to fulfill our obligations under the contractual arrangements.

With respect to the contractual arrangement set out in (1), if our counterparties fail to complete the land development pursuant to the relevant agreement, or significant impediments emerge in the governmental approval procedures for transfer of land use rights, we will negotiate with our counterparties to terminate the agreement in accordance with PRC laws and under the terms of the agreement. With respect to the contractual arrangement set out in (2), if the residential and resort properties project can no longer be conducted due to a change in government policy, we will negotiate with our counterparties to terminate the agreement in accordance with PRC laws and under the terms of the agreement.

Contractual arrangements relating to redevelopment

(3) *Contract for the redevelopment of an old urban area*

We entered into an agreement with a township government on March 8, 2004 for the development of an old urban area in Shenzhen of approximately 1.0 million sq.m.

We are responsible for the payment of fees and compensation for the demolition and resettlement works. The township government is responsible for the governmental filings and applications for the redevelopment project and for ensuring that the project is approved as an old urban area redevelopment project.

As of September 30, 2009, we had incurred approximately RMB11.3 million in expenses for evaluation and preparatory works in relation to demolition and resettlement. We expect to finance the total cost relating to this contractual arrangement using internal funds. As of the Latest Practicable Date, because we had not completed resettlement compensation negotiations with the existing residents, the demolition and resettlement works had not commenced. Due to the large number of existing residents involved in the resettlement compensation negotiations, we are unable to predict when the land will be acquired. We are in the process of applying to the relevant governmental authorities for approval of the redevelopment project. Due to the high level of uncertainty and the preliminary nature of this contractual arrangement, we cannot reliably ascertain or estimate the additional costs to be incurred.

The agreement does not expressly contain any termination provision. Pursuant to the Contract Law of the PRC (中華人民共和國合同法), if an agreement does not contain termination provisions, the agreement will terminate when it has been fully performed in accordance with its terms or under the following circumstances: (i) all parties agree to terminate the agreement; (ii) the agreement can no longer be performed due to an event of force majeure; (iii) prior to the end of the term of the agreement, if a party clearly indicates (including through its action or inaction) that it will materially breach its obligation under the contract, the other non-breaching party may terminate the agreement; (iv) if a party delays its performance of a material obligation and, upon the other party's objection, fails to take corrective action within a reasonable time, the other party may terminate the agreement; (v) if the agreement can no longer be performed due to a party's delay in performing its obligation or other breaches, the other party may terminate the agreement; or (vi) other circumstances as provided by PRC laws.

Our PRC legal adviser has confirmed that, because the agreement does not violate PRC laws and regulations, and represents the intent of the parties, the agreement is legal under PRC law. If we acquire the relevant land use rights and obtain the requisite governmental approvals, we intend to develop a residential-commercial integrated property project on the land. The township government will not have any other rights or obligations under the agreement after we have acquired the relevant land use rights. There can be no assurance that we will be able to obtain the relevant land use rights, notwithstanding these arrangements and procedures.

(4) *A contract for the redevelopment of an old urban area*

We entered into an agreement with a township government on July 1, 2004 for the redevelopment of an old urban area occupying an area in Shenzhen of approximately 400,000 sq.m.

We are responsible for investing in the redevelopment project and paying demolition, compensation and resettlement fees. The township government is responsible for obtaining approval for the redevelopment project and for ensuring that the project is approved as an old urban area redevelopment project.

As of September 30, 2009, we had not incurred any expenses for this project. As of the Latest Practicable Date, because we had not completed resettlement compensation negotiations with the existing residents, the demolition and resettlement works had not commenced. Due to the large number of existing residents involved in the resettlement compensation negotiations, we are unable to determine when we will be able to acquire the land will be acquired. We are in the process of applying to the relevant governmental authorities for approval of the redevelopment project. Due to the high level of uncertainty and the preliminary nature of this contractual arrangement, we cannot reliably ascertain or estimate the additional costs to be incurred. We expect to finance the total cost relating to this contractual arrangement using internal funds.

The agreement does not expressly contain any termination provision. Pursuant to the Contract Law of the PRC (中華人民共和國合同法), if an agreement does not contain termination provisions, the agreement will terminate when it has been fully performed in accordance with its terms or under the following circumstances: (i) all parties agree to terminate the agreement; (ii) the agreement can no longer be performed due to an event of force majeure; (iii) prior to the end of the term of the agreement, if a party clearly indicates (including through its action or inaction) that it will materially breach its obligation under the contract, the other non-breaching party may terminate the agreement; (iv) if a party delays its performance of a material obligation and, upon the other party's objection, fails to take corrective action within a reasonable time, the other party may terminate the agreement; (v) if the agreement can no longer be performed due to a party's delay in performing its obligation or other breaches, the other party may terminate the agreement; or (vi) other circumstances as provided by PRC laws.

Our PRC legal adviser has confirmed that, because the agreement does not violate PRC laws and regulations, and represents the intent of the parties, the agreement is legal under PRC law. If we acquire the relevant land use rights and obtain the requisite governmental approvals, we intend to develop a residential-commercial integrated property project on the land. The township government will not have any other rights or obligations under the agreement after we have acquired the relevant land use rights. There can be no assurance that we will be able to obtain the land use rights, notwithstanding these arrangements and procedures.

(5) *Contract for the redevelopment of an old village area*

We and a township government entered into a letter of intent on July 26, 2004, an agreement on August 9, 2004 and a supplementary agreement on August 10, 2004, for the relocation, demolition and redevelopment of an old village area in Shenzhen occupying an area of approximately 290,000 sq.m.

We are responsible for project investment and construction, and the payment of demolition, compensation and resettlement fees. The township government is responsible for obtaining approval for the redevelopment project and for ensuring that the project is approved as an old urban area redevelopment project.

As of September 30, 2009, we had not paid any expenses for this project. We expect to finance the total cost relating to this contractual arrangement using internal funds. As of the Latest Practicable Date, because we had not completed resettlement compensation negotiations with the existing residents, the demolition and resettlement works had not commenced. Due to the large number of existing residents involved in the resettlement compensation negotiations, we are unable to predict when the land will be acquired. We are in the process of applying to the relevant governmental authorities for approval of the redevelopment project. Due to the high level of uncertainty and the preliminary nature of this contractual arrangement, we cannot reliably ascertain or estimate the additional costs to be incurred.

The agreement does not expressly contain any termination provision. Pursuant to the Contract Law of the PRC (中華人民共和國合同法), if an agreement does not contain termination provisions, the agreement will terminate when it has been fully performed in accordance with its terms or under the following circumstances: (i) all parties agree to terminate the agreement; (ii) the agreement can no longer be performed due to an event of force majeure; (iii) prior to the end of the term of the agreement, if a party clearly indicates (including through its action or inaction) that it will materially breach its obligation under the contract, the other non-breaching party may terminate the agreement; (iv) if a party delays its performance of a material obligation and, upon the other party's objection, fails to take corrective action within a reasonable time, the other party may terminate the agreement; (v) if the agreement can no longer be performed due to a party's delay in performing its obligation or other breaches, the other party may terminate the agreement; or (vi) other circumstances as provided by PRC laws.

Our PRC legal adviser has confirmed that, because the agreement does not violate PRC laws and regulations, and represents the intent of the parties, the agreement is legal under PRC law. If we acquire the relevant land use rights and obtain the requisite governmental approvals, we intend to develop a residential-commercial integrated property project on the land. The township government will not have any other rights or obligations under the agreement after we have acquired the relevant land use rights. There can be no assurance that we will be able to obtain the relevant land use rights, notwithstanding these arrangements and procedures.

(6) *Contract for the redevelopment of an old urban area*

We entered into an agreement with a township government on August 13, 2004 for the redevelopment of an old urban area in Shenzhen occupying an area of approximately 265,000 sq.m.

We are responsible for project investment and construction, and for the payment of demolition, compensation and resettlement fees. The township government is responsible for obtaining the approvals for the redevelopment project and for ensuring that the project be approved as an old urban area redevelopment project.

As of September 30, 2009, we had not incurred any expenses for this project. We expect to finance the total cost relating to this contractual arrangement using internal funds. As of the Latest Practicable Date, because we had not completed resettlement compensation negotiations with the existing residents, the demolition and resettlement works had not commenced. Due to the large number of existing residents involved in the resettlement compensation negotiations, we are unable to predict when the land will be acquired. We are in the process of applying to the relevant governmental authorities for approval of the redevelopment project. Due to the high level of uncertainty and the preliminary nature of this contractual arrangement, we cannot reliably ascertain or estimate the additional costs to be incurred.

The agreement does not expressly contain any termination provision. Pursuant to the Contract Law of the PRC (中華人民共和國合同法), if an agreement does not contain termination provisions, the agreement will terminate when it has been fully performed in accordance with its terms or under the following circumstances: (i) all parties agree to terminate the agreement; (ii) the agreement can no longer be performed due to an event of force majeure; (iii) prior to the end of the term of the agreement, if a party clearly indicates (including through its action or inaction) that it will materially breach its obligation under the contract, the other non-breaching party may terminate the agreement; (iv) if a party delays its performance of a material obligation and, upon the other party's objection, fails to take corrective action within a reasonable time, the other party may terminate the agreement; (v) if the agreement can no longer be performed due to a party's delay in performing its obligation or other breaches, the other party may terminate the agreement; or (vi) other circumstances as provided by PRC laws.

Our PRC legal adviser has confirmed that, because the agreement does not violate PRC laws and regulations, and represents the intent of the parties, the agreement is legal under PRC law. If we acquire the relevant land use rights and obtain the requisite governmental approvals, we intend to develop a residential-commercial integrated property project on the land. The township government will not have any other rights or obligations under the agreement after we have acquired the relevant land use rights. There can be no assurance that we will be able to obtain the relevant land use rights, notwithstanding these arrangements and procedures.

(7) *Contract for the redevelopment of an old urban area*

We entered into an agreement with the residential committee of a district on September 15, 2004 for the redevelopment of an old urban area in Shenzhen occupying an area of approximately 74,500 sq.m. The redevelopment project was initiated by the relevant local government. The residential committee has an independent legal status and is responsible for managing the public affairs for all the residents in the old urban area.

We are responsible for the investment and the payment of fees and compensation for demolition and resettlement work. The residential committee is responsible for obtaining the approvals for the redevelopment project and ensuring that the project is approved as an old urban area redevelopment project.

As of September 30, 2009, we had not incurred any expenses for this project. We expect to finance the total cost relating to this contractual arrangement using internal funds. As of the Latest Practicable Date, because we had not completed resettlement compensation negotiations with the existing residents, the demolition and resettlement works had not commenced. Due to the large number of existing residents involved in the resettlement compensation negotiations, we are unable to predict when the land will be acquired. We are in the process of applying to relevant governmental authorities for approval of the redevelopment project. Due to the high level of uncertainty and the preliminary nature of this contractual arrangement, we cannot reliably ascertain or estimate the additional costs to be incurred.

The agreement does not expressly contain any termination provision. Pursuant to the Contract Law of the PRC (中華人民共和國合同法), if an agreement does not contain termination provisions, the agreement will terminate when it has been fully performed in accordance with its terms or under the following circumstances: (i) all parties agree to terminate the agreement; (ii) the agreement can no longer be performed due to an event of force majeure; (iii) prior to the end of the term of the agreement, if a party clearly indicates (including through its action or inaction) that it will materially breach its obligation under the contract, the other non-breaching party may terminate the agreement; (iv) if a party delays its performance of a material obligation and, upon the other party's objection, fails to take corrective action within a reasonable time, the other party may terminate the agreement; (v) if the agreement can no longer be performed due to a party's delay in performing its obligation or other breaches, the other party may terminate the agreement; or (vi) other circumstances as provided by PRC laws.

Our PRC legal adviser has confirmed that, because the agreement does not violate PRC laws and regulations, and represents the intent of the parties, the agreement is legal under PRC law. If we acquire the relevant land use rights and obtain the requisite governmental approvals, we intend to develop a residential-commercial integrated property project on the land. The residential committee will not have any other rights or obligations under the agreement after we have acquired the relevant land use rights. There can be no assurance that we will be able to obtain the relevant land use rights, notwithstanding these arrangements and procedures.

(8) *Contract for renovation of an old village area*

We entered into an agreement with the residential committee of a certain district on April 28, 2006 for the redevelopment of an old village area in Shenzhen covering an area of approximately 210,000 sq.m. The redevelopment project was initiated by the relevant local government. The residential committee has an independent legal status and is responsible for managing the public affairs for all the residents in the old village area.

We are responsible for the payment of fees and compensation for the demolition and resettlement works. The residential committee is responsible for the availability of the land for redevelopment and the required approval procedures, including the conversion of the land use rights to state-owned land use rights.

As of September 30, 2009, we had incurred RMB2.2 million in expenses for evaluation and preparatory works in relation to demolition and resettlement. We expect to finance the total cost relating to this contractual arrangement using internal funds. As of the Latest Practicable Date, because we had not completed resettlement compensation negotiations with the existing residents, the demolition and resettlement works had not commenced. Due to the large number of existing residents involved in the resettlement compensation negotiations, we are unable to predict when the land will be acquired. Due to the high level of uncertainty and the preliminary nature of this contractual arrangement, we cannot reliably ascertain or estimate the additional costs to be incurred. We are in the process of applying to relevant governmental authorities for approval of the redevelopment project.

The agreement stipulated that if approval of the redevelopment project had not been obtained from the relevant governmental authorities by April 28, 2008, the agreement may be terminated by either party. Hence, as approval had not been received by such date, either party may terminate the agreement. However, neither we nor, to the best knowledge, information and belief of our Directors, the residential committee, currently intend to exercise this termination right.

The agreement does not expressly provide for the circumstances under which we may terminate the agreement. Pursuant to the Contract Law of the PRC (中華人民共和國合同法), each party to the agreement may terminate it when the agreement has been fully performed in accordance with its terms or under the following circumstances: (i) all parties agree to terminate the agreement; (ii) the agreement can no longer be performed due to an event of force majeure; (iii) prior to the end of the term of the agreement, if a party clearly indicates (including through its action or inaction) that it will materially breach its obligation under the contract, the other non-breaching party may terminate the agreement; (iv) if a party delays its performance of a material obligation and, upon the other party's objection, fails to take corrective action within a reasonable time, the other party may terminate the agreement; (v) if the agreement can no longer be performed due to a party's delay in performing its obligation or other breaches, the other party may terminate the agreement; or (vi) other circumstances as provided by PRC laws.

Our PRC legal adviser has confirmed that, because the agreement does not violate PRC laws and regulations, and represents the intent of the parties, the agreement is legal under PRC law. If we acquire the relevant land use rights and obtain the requisite governmental approvals, we intend to develop a residential-commercial integrated property project on the land. The residential committee will not have any other rights or obligations under the agreement after we have acquired the relevant land use rights. There can be no assurance that we will be able to obtain the relevant land use rights, notwithstanding these arrangements and procedures.

(9) *Contract for a redevelopment project*

We entered into an agreement with a residential committee and two independent third parties on August 6, 2006 for the demolition and resettlement works for a redevelopment project in Shenzhen covering an area of approximately 230,000 sq.m. The redevelopment project was initiated by the relevant local government. The residential committee has an independent legal status and is responsible for managing the public affairs for all the residents in the area. The two independent third parties are companies collectively owned by the residents in this area.

We are responsible for the payment of fees and compensation for the demolition and resettlement works. The residential committee and the two relevant independent third parties are responsible for making the land available for redevelopment and coordinating the resettlement negotiations with the owners and residents. The residential committee and the two independent third parties act for the interest of the residents and play the same role in carrying out the above responsibilities. We have agreed to pay coordination and compensation fees to the residential committee and the two independent third parties. The coordination fees will be paid in installments from the security deposit at the rate of RMB500,000 per 20,000 sq.m. according to demolition and resettlement progress. The remaining balance of the security deposit, if any, will be returned to us after the redevelopment has been completed. Upon completion of the demolition and resettlement works, we will make a one-time payment to the residential committee and the two independent third parties in the aggregate amount of RMB2 million as an additional compensation fee for their works in this redevelopment project. Pursuant to the agreement, we will acquire all the land use rights for the redevelopment project except 35,000 sq.m., which will be used by the residential committee and the two independent third parties for resettlement of affected residents.

As of September 30, 2009, we had paid RMB10.0 million as a security deposit for the project. We expect to finance the total cost relating to this contractual arrangement using internal funds. As of the Latest Practicable Date, because we had not completed resettlement compensation negotiations with the existing residents, the demolition and resettlement works had not commenced. Due to the large number of existing residents involved in the resettlement compensation negotiations, we are unable to predict when the land will be acquired. We are in the process of applying to relevant governmental authorities for approval of the redevelopment project. Due to the high level of uncertainty and the preliminary nature of this contractual arrangement, we cannot reliably ascertain or estimate the additional costs to be incurred.

The independent third parties may terminate the agreement (in which case we would seek to renegotiate with the independent third parties) if we, due to our own fault, fail to reach agreement with all individual property owners of the initial phase of the land with an area of 100,000 sq.m. prior to August 6, 2008, or if we fail to obtain all the approvals from relevant authorities for the initial phase within 24 months thereafter. The independent third parties may terminate the agreement with us and keep the security deposit if we, due to our own fault, fail to commence or to procure the commencement of the construction 18 months after we have obtained the construction works commencement permit. The independent third parties may terminate the agreement and keep the security deposit if we default in payment under the agreement and the default continues for more than two months without justification. The independent third parties may terminate the agreement if, through no fault of the independent third parties, the residents subject to resettlement or the government, we fail to reach agreements with at least 80% of the residents subject to resettlement; provided that the security deposit must be returned to us. As of the Latest Practicable Date, the independent third parties had not terminated the agreement.

The agreement does not expressly provide for the circumstances under which we may terminate the agreement. Pursuant to the Contract Law of the PRC (中華人民共和國合同法), each party to the agreement may terminate the agreement when it has been fully performed in accordance with its terms or under the following circumstances: (i) all parties agree to terminate the agreement; (ii) the agreement can no longer be performed due to an event of force majeure; (iii) prior to the end of the term of the agreement, if a party clearly indicates (including through its action or inaction) that it will materially breach its obligation under the contract, the other non-breaching party may terminate the agreement; (iv) if a party delays its performance of a material obligation and, upon the other party's objection, fails to take corrective action within a reasonable time, the other party may terminate the agreement; (v) if the agreement can no longer be performed due to a party's delay in performing its obligation or other breaches, the other party may terminate the agreement; or (vi) other circumstances as provided by PRC laws.

Our PRC legal adviser has confirmed that, because the agreement does not violate PRC laws and regulations, and represents the intent of the parties, the agreement is legal under PRC law. If we acquire the relevant land use rights and obtain the requisite governmental approvals, we intend to develop a residential-commercial integrated property project on the land. The residential committee will not have any other rights or obligations under the agreement after we have acquired the relevant land use rights. There can be no assurance that we will be able to obtain the relevant land use rights, notwithstanding these arrangements and procedures.

(10) *Contract for the redevelopment and joint development of an old urban area*

We, a residential committee and an independent third party entered into an agreement on September 21, 2006 for redevelopment of an old urban area in Shenzhen occupying a site area of approximately 90,000 sq.m. The redevelopment project was initiated by the relevant local government. The residential committee has an independent legal status and is responsible for managing the public affairs for all the residents in the old urban area. The third independent party is a company collectively owned by the residents in this area.

The residential committee and the independent third party are responsible for providing the land for redevelopment and assisting us in filing the various applications to the relevant government authorities. The residential committee and the independent third party act for the interest of the residents and play the same role in carrying out the above responsibilities. We are responsible for the payment of fees and compensation for the demolition and resettlement works. We are also responsible for the planning, design and construction of the project, as well as the sale and management of the properties to be developed, and we will assume all related cost. Pursuant to the agreement, we will fully own the redevelopment project, and the residential committee, the relevant residents and the independent third party will receive compensation for the demolition and resettlement. The security deposit will be returned to us after the redevelopment is completed or if we are unable to carry out the redevelopment within two years after the execution of the agreement due to governmental policy.

As of September 30, 2009, we had paid approximately RMB5.0 million as a security deposit to the residential committee and the independent third party. We expect to finance the total cost relating to this contractual arrangement using internal funds. As of the Latest Practicable Date, because we had not completed resettlement compensation negotiations with the existing residents, the demolition and resettlement works had not commenced. Due to the large number of existing residents involved in the resettlement compensation negotiations, we are unable to predict when the land will be acquired. We are in the process of applying to relevant governmental authorities for approval of the redevelopment project. Due to the high level of uncertainty and the preliminary nature of this contractual arrangement, we cannot reliably ascertain or estimate the additional costs to be incurred.

The agreement does not expressly contain any termination provision. Pursuant to the Contract Law of the PRC (中華人民共和國合同法), if an agreement does not contain termination provisions, the agreement will terminate when it has been fully performed in accordance with its terms or under the following circumstances: (i) all parties agree to terminate the agreement; (ii) the agreement can no longer be performed due to an event of force majeure; (iii) prior to the end of the term of the agreement, if a party clearly indicates (including through its action or inaction) that it will materially breach its obligation under the contract, the other non-breaching party may terminate the agreement; (iv) if a party delays its performance of a material obligation and, upon the other party's objection, fails to take corrective action within a reasonable time, the other party may terminate the agreement; (v) if the agreement can no longer be performed due to a party's delay in performing its obligation or other breaches, the other party may terminate the agreement; or (vi) other circumstances as provided by PRC laws.

Our PRC legal adviser has confirmed that, because the agreement does not violate PRC laws and regulations, and represents the intent of the parties, the agreement is legal under PRC law. If we acquire the relevant land use rights and obtain the requisite governmental approvals, we intend to develop a residential-commercial integrated property project on the land. The residential committee and the independent third party will not have any other rights or obligations under the agreement after we have acquired the relevant land use rights. There can be no assurance that we will be able to obtain the relevant land use rights, notwithstanding these arrangements and procedures.

(11) *Contract for the redevelopment of an industrial area*

We entered into an agreement with a local government entity on September 10, 2007 for the demolition and resettlement works for the redevelopment of an old urban area in Shenzhen. The redevelopment zone is located in an old industrial area and covers an area of approximately 7.63 hectares.

Under the agreement, the local government entity is responsible for coordinating the demolition, resettlement and compensation negotiations. We are responsible for the substantive negotiations and for the payment of the agreed compensation fees. Within 30 days after this project is ready to apply for a demolition and resettlement permit, we are required to prepare the relevant documentation, apply to the land and resources authorities for the permit, and complete the demolition and resettlement. If we do not comply, the local government entity may terminate the agreement and any loss will be borne by us.

As of September 30, 2009, we had paid approximately RMB2.4 million as a security deposit. We expect to finance the total cost relating to this contractual arrangement using internal funds. As of the Latest Practicable Date, because we had not completed resettlement compensation negotiations with the existing residents, the demolition and resettlement works had not commenced. Due to the large number of existing residents involved in the resettlement compensation negotiations, we are unable to predict when the land will be acquired. We are in the process of applying to relevant governmental authorities for approval of the redevelopment project. Due to the high level of uncertainty and the preliminary nature of this contractual arrangement, we cannot reliably ascertain or estimate the additional costs to be incurred.

Our PRC legal adviser has confirmed that, because the agreement does not violate PRC laws and regulations, and represents the intent of the parties, the agreement is legal under PRC law. If we acquire the relevant land use rights and obtain the requisite governmental approvals, we intend to develop a residential-commercial integrated property project on the land. The local government entity will not have any other rights or obligations under the agreement after we have acquired the relevant land use rights. There can be no assurance that we will be able to obtain the relevant land use rights, notwithstanding these arrangements and procedures.

(12) *Option deed in connection with a redevelopment project*

We entered into an option deed with an independent third party (the "Option Grantor") on April 23, 2008 (as supplemented by a supplemental deed dated January 16, 2009). Pursuant to the deed, we were granted an option to require the Option Grantor to sell to us the issued share capital in a wholly owned subsidiary (the "Subsidiary") held by it.

The Subsidiary, through a wholly owned foreign enterprise ("WFOE") owns the land and building situated in the industrial zone at Shenzhen Longgang District Xuexiang Village with a total area of 321,824 sq.m (collectively referred to as the "Properties"). We engaged external legal advisers to conduct a due diligence review with respect to the Subsidiary and WFOE, as well as the land use rights with respect to the Properties held by WFOE. After the relevant due diligence review, we concluded that each of the Subsidiary and its wholly owned WFOE, as a going concern, had the legal capacity and was in good standing.

We may exercise the option between April 23, 2008 and December 31, 2009 by serving on the Option Grantor a duly completed exercise notice. Upon exercise of the option, we will become the ultimate owner of the Properties. The Option Grantor is in receivership and all its assets including the property in question have been mortgaged and, upon certain termination events, we have the right to require to be transferred to us for no additional consideration the Properties owned by WFOE. Pursuant to a letter of undertaking, the creditors of the Option Grantor will not take action to enforce the security or wind-up of the Option Grantor and its subsidiaries, including WFOE, before expiry of the option period. If we decide to exercise the option, we expect to acquire the Properties prior to April 2010. If we acquire the Properties and obtain the requisite governmental approvals, we intend to develop a residential-commercial integrated property project on the land which forms part of the Properties. The total consideration for the option was approximately HK$504.1 million (or approximately RMB443.6 million), subject to certain adjustment, upon completion.

In January 2006, WFOE and an affiliated company (which jointly held the Properties and subsequently merged into WFOE) entered into a redevelopment and compensation agreement ("Redevelopment Agreement") with a real estate developer in Shenzhen (the "Shenzhen Developer"), pursuant to which WFOE and the affiliated company will transfer the Properties to the Shenzhen Developer, which will in turn be responsible for paying demolition compensation fees. The land which forms part of the Properties is currently intended to be converted into residential commercial use.

As of September 30, 2009, we had paid an aggregate amount of approximately RMB466.2 million, including approximately RMB130.4 million paid to the Option Grantor as a portion of the purchase price of the option, approximately RMB187.0 million as a loan and RMB132.9 million to an independent third party (the "Independent Third Party") in connection with such party's negotiation with the Shenzhen Developer on our behalf, and approximately RMB15.9 million for tax payment, rents and other cost. The amount of RMB187.0 million represents the actual cost incurred by the Independent Third Party for the assignment to it by the Shenzhen Developer of all rights and obligations of the Shenzhen Developer under the Redevelopment Agreement. We expect to incur an additional cost of approximately RMB349.9 million, including the balance of approximately RMB329.5 million payable after our exercise of the option. We engaged the Independent Third Party who participated in the redevelopment works in connection with the Redevelopment Agreement to facilitate negotiation with the Shenzhen Developer and seek better terms for the transaction by taking advantage of the business between the Independent Third Party and the Shenzhen Developer.

Pursuant to the option deed, at our request, the Option Grantor will use its best efforts to procure that WFOE consent to the assignment and transfer of all or part of the rights and obligations of the Shenzhen Developer under the Redevelopment Agreement to us or any third party nominated by us. The deed will cease and terminate if the WFOE is obligated to transfer the Properties to the Shenzhen Developer or its assignee or transferee under the Redevelopment Agreement, and the Option Grantor would then be obligated to return HK$149.7 million (or approximately RMB130.4 million) to us. On March 14, 2008, the rights and obligations of the Redevelopment Agreement were transferred from the Shenzhen Developer to the Independent Third Party. In addition, we have the right to terminate the deed by written notice to the Option Grantor, if, among other things, the Option Grantor does not comply with its material obligations under the option deed or the aggregate liabilities (actual, contingent or otherwise) of WFOE (excluding the existing bank debt and the inter-company payables owed by WFOE) exceed HK$394,458,862.6, which will be the balance of the purchase price payable by us upon exercise of the option. In the event that we do not exercise the option as aforesaid, we are entitled to require the Independent Third Party to procure the transfer of the Properties to us at a cash consideration not exceeding RMB900 million less any unpaid land premium in respect of the Properties and any costs then incurred by us for the acquisition of the Properties. In the event that we do not exercise the option or exercise our rights to acquire the Properties, the Independent Third Party will be required to repay the loan of RMB187 million within three business days after we notify the Independent Third Party of the same.

Quality control and progress monitoring. With respect to each of these contractual arrangements set out in (3)–(12), we have a dedicated team that is responsible for assessing the quality of the project, in particular whether we have met the demands of each redevelopment, and monitoring the progress of each redevelopment. The team, which comprises members from both our risk management division and our land investment and project development division, submits its findings to our investment committee. The investment committee primarily consists of Sun Yuenan, Ye Jiansheng and Chen Gengxian, our executive Directors, and all of our other four vice presidents.

With respect to all of the above contractual arrangements except that set out in (12), we have designated a team of eight members responsible for negotiating resettlement compensation with existing residents. This team is also responsible for coordinating matters relating to the subsequent demolition and resettlement works. If we are successful in resolving these matters and acquire the requisite land use rights for a particular project, we will commence development of the project. With respect to the contractual arrangement set out in (12), we will commence development of the project after we exercise the option, acquire the requisite land use rights complete the required approval procedures. As a property developer, we believe we have the requisite resources and expertise to fulfill our obligations under the contractual arrangements.

With respect to all of the above contractual arrangements except that set out in (12), if significant impediments emerge in the demolition and resettlement process, we will negotiate with our counterparties to terminate the relevant agreement in accordance with PRC laws and under the terms of the agreement. With respect to the contractual arrangement set out in (12), we may terminate the option deed in the circumstances as set out above and will make such decision in light of our business operations.

Contractual arrangements relating to project transfers

(13) *A contract for the transfer of interest in a parcel of land*

We entered into an agreement with an independent third party on July 21, 2004 for the transfer of the entire interest in a parcel of land in Shenzhen occupying an area of approximately 26,667 sq.m.

The independent third party is a state-owned company. We have assessed the interest of the independent party in the parcel of land and have conducted a due diligence review of, among other things, the background, business registration information and shareholders' information with respect to the independent party. After the relevant due diligence review, we concluded that the independent third party had the legal capacity and business credibility to enter into the underlying agreement. We also sought advice from our external legal advisers before we entered into the agreement.

Under the agreement, the independent third party agreed to transfer to us the entire interest in the parcel of land upon completion of the required approval procedures. We agreed to pay the corresponding interest transfer fees of RMB7.3 million.

As of September 30, 2009, we had paid an aggregate amount of RMB8.0 million for the total project transfer fees and the related cost in connection with this contractual arrangement. We financed the total cost using internal funds.

If the agreement cannot be performed within six months after execution through no fault of either party, we may terminate the agreement. Within five days of the termination of the agreement, the independent third party must return to us the transfer fees paid by us. If the agreement can no longer be performed for government policy reasons or due to an event of force majeure, the agreement will terminate with immediate effect and the independent third party must return to us the transfer fees paid by us. As of the Latest Practicable Date, we had not terminated the agreement. Due to a change of government planning, the government now intends to build office buildings on the project land. We have requested that the government either return our payment and make appropriate compensation or replace the project land with another parcel of land of comparable value. As of the Latest Practicable Date, we had not obtained the relevant land use right and the negotiation was ongoing. We are currently negotiating with the government with a view to reaching an agreement on land replacement and we are waiting for the government's proposal on replacement land arrangement. We expect the negotiation with the government to be completed in 2010, and if we and the government reach an agreement on the land replacement arrangement, we expect to obtain the land use rights for the replacement land in the same year.

Our PRC legal adviser has confirmed that, because the agreement does not violate PRC laws and regulations, and represents the intent of the parties, the agreement is legal under PRC laws. If the government provides us with a parcel of land of comparable value and we obtain the requisite governmental approvals, we intend to develop a residential-commercial integrated property project on the land. There can be no assurance that we will be able to obtain the relevant land use rights notwithstanding these arrangements and procedures.

(14) *A land use rights transfer contract*

We and an independent third party, acting on behalf of a township government, entered into a land use rights transfer agreement on August 2, 2005, and we entered into two supplementary agreements with the township government on October 26, 2005 and July 28, 2008, respectively.

Pursuant to the transfer agreement and the supplementary agreements, the township government agreed to transfer to us the land use rights for a parcel of land with an area of approximately 260,000 sq.m. in Dongguan upon completion of the required approval procedures.

As of September 30, 2009, we had paid the total cost of approximately RMB131.3 million in connection with this contractual arrangement. We financed the total cost relating to this contractual arrangement using internal funds. The local governmental authority has issued the approval for land planning. We are in the process of completing the rest of land approval procedures. Subject to the actual progress of the project, we expect the government will hold an auction for the land use rights in 2009. We intend to participate in the auction and hope to acquire the land use rights.

The agreement does not expressly contain any termination provision. Pursuant to the Contract Law of the PRC (中華人民共和國合同法), if an agreement does not contain termination provisions, the agreement will terminate when it has been fully performed in accordance with its terms or under the following circumstances: (i) all parties agree to terminate the agreement; (ii) the agreement can no longer be performed due to an event of force majeure; (iii) prior to the end of the term of the agreement, if a party clearly indicates (including through its action or inaction) that it will materially breach its obligation under the contract, the other non-breaching party may terminate the agreement; (iv) if a party delays its performance of a material obligation and, upon the other party's objection, fails to take corrective action within a reasonable time, the other party may terminate the agreement; (v) if the agreement can no longer be performed due to a party's delay in performing its obligation or other breaches, the other party may terminate the agreement; or (vi) other circumstances as provided by PRC laws.

Our PRC legal adviser has confirmed that, because the agreement is not in violation of PRC laws and regulations, and represents the intent of the parties, the agreement is legal under PRC law. As of the Latest Practicable Date, we had not obtained the relevant land use rights. If we acquire the relevant land use rights and obtain the requisite governmental approvals, we intend to develop a residential-commercial integrated property project on the land. There can be no assurance that we will be able to obtain relevant the land use rights, notwithstanding these arrangements and procedures. As a result, it is also difficult to predict the completion date for the project, which depends on, among other things, governmental approval.

(15) *A contract for the transfer of interest in a parcel of land*

We, a residential committee and an independent third party ("Party A") entered into an agreement on September 21, 2005 and a supplementary agreements for the transfer of the entire interest in a parcel of collectively owned land in Shenzhen held for development on October 23, 2006. We have assessed the interest of the residential committee in the parcel of land and reviewed the relevant government approvals. The residential committee has an independent legal status and represents all the residents in the area for the project. Party A is a company collectively owned by the residents in this area. Under the original agreement, the collectively owned land held for development covers an area of approximately

350,000 sq.m. The residential committee and Party A agreed to transfer the entire interest in the project to us upon completion of the required approval procedures. The residential committee and Party A act for the interest of the residents and play the same role in carrying out the above responsibilities. If we are unable to obtain the land use rights for the project one year after the execution of the agreement, the parties may either renegotiate or terminate the agreement, in which case Party A is obligated to return the project transfer fees to us without interest. On August 10, 2009, we and Party A renegotiated and entered into a supplementary agreement, under which the site area of the collectively owned land was reduced to 300,000 sq.m.

We and another independent third party ("Party B") entered into a cooperation agreement on March 24, 2006, under which Party B is responsible for coordinating with the relevant government authorities to obtain approval for changing the use of the land to commercial and residential construction and we are responsible for the funds needed for the project. Party B is a privately held company. To the best of knowledge, information and belief of our Directors, Party B and the residential committee are independent of each other. We conducted a due diligence review of, among other things, the background, business registration information and shareholders' information with respect to Party B. After the relevant due diligence review, we concluded that Party B had the legal capacity and business credibility to enter into the cooperation agreement. We also sought advice from our external legal advisers before we entered into the agreement. Party B agreed to assist us in filing the application to the relevant government authorities. After Party B has performed its obligations under this agreement, we are to pay to Party B a fixed amount of RMB315.0 million, which is calculated at a rate of RMB900 per sq.m.

We had prepaid, as of September 30, 2009, approximately RMB183.0 million to be charged as a portion of payment for the transfer of the project and we expect to incur an additional cost of approximately RMB417.0 million in connection with these contractual arrangements. We expect to finance the total cost relating to this contractual arrangement using internal funds. The use of the land has been approved as residential and commercial land for urban development, but the ultimate acquisition of the land is subject to final governmental approval. The governmental approval procedure for changing the designated use of land to use for construction has been lengthier than anticipated. This in turn has delayed our original plan to obtain the respective land use rights. We expect to obtain the land use rights for a parcel of land with an area of 70,000 sq.m. in 2010, and the land use rights for the remaining 230,000 sq.m. of land will be subject to further negotiation with the government.

Our PRC legal adviser has confirmed that, because the agreement does not violate PRC laws and regulations, and represents the intent of the parties, the agreement is legal under PRC law. As of the Latest Practicable Date, we had not obtained the relevant land use rights. If we acquire the relevant land use rights and obtain the requisite governmental approvals, we intend to develop a residential-commercial integrated property project on the land. There can be no assurance that we will be able to obtain the relevant land use rights or convert the use of the land, notwithstanding these arrangements and procedures. The completion date for the project depends on, among other things, governmental approval.

(16) *A contract for a development project in a forest area*

We, a village committee and a government-run public entity entered into an agreement on March 31, 2007, pursuant to which the village committee agreed, upon completion of the required approval procedures, to transfer to us the land use rights for a parcel of land in Huizhou with an area of approximately 133,333 sq.m. We have assessed the interest of the village committee in the parcel of land and reviewed the relevant governmental approval.

We agreed to pay the village committee an aggregate compensation fee of RMB14.4 million. The government-run public entity provided a guarantee to us for the performance by the village committee of its obligations under the agreement.

If the agreement can no longer be performed due to an event of force majeure or material governmental policy changes, the agreement will terminate with immediate effect and the government-run public entity will unconditionally return to us the compensation fees, and construction fees incurred, together with the interest on these amounts at the bank loan rate for the relevant period.

We had prepaid, as of September 30, 2009, approximately RMB8.7 million for compensating the government-run public entity for its cost incurred, or to be incurred, in the approval procedures with respect to the land use rights and we expect to incur an additional cost of approximately RMB5.7 million in connection with this contractual arrangement. We expect to finance the total cost relating to this contractual arrangement using internal funds. We are in the process of completing the land approval procedures. The governmental approval procedure for changing the designated use of land to use for construction has been lengthier than anticipated. This in turn has deferred the auction for the respective land use rights. Subject to the actual progress of the project, we expect the government will hold an auction for the land use rights in 2010. We intend to, together with the counterparties, form a project company to participate in the auction and hope to acquire the land use rights.

Our PRC legal adviser has confirmed that, because the agreement does not violate PRC laws and regulations, and represents the intent of the parties, the agreement is legal under PRC law. As of the Latest Practicable Date, we had not obtained the relevant land use rights. If we acquire the relevant land use rights and obtain the requisite governmental approvals, we intend to develop a residential-commercial integrated property project on the land. The village committee and the government-run public entity will not have any other rights or obligations under the agreement after we have acquired the relevant land use rights. There can be no assurance that we will be able to obtain the relevant land use rights, notwithstanding these arrangements and procedures. As a result, it is also difficult to predict the completion date for the project, which depends on, among other things, governmental approval.

(17) *A contract for the transfer of contract rights and interests*

We and two independent third parties ("Party A" and "Party B" respectively) entered into an agreement on the transfer of contract rights on September 30, 2007. Party A and Party B had previously entered into a land use rights transfer contract on September 22, 2006. Party A is a collectively owned company. Party B is a privately held company.

We have assessed the respective interest of Party A and Party B in the relevant land and reviewed the relevant governmental approvals. We have conducted a due diligence review of, among other things, the background, business registration information and shareholders' information with respect to the two independent third parties. After the relevant due diligence review, we concluded that Party A and Party B both had the legal capacities and business credibilities to enter into the agreement.

Under these two agreements, Party A transferred to Party B the land use rights for collectively owned construction land in Dongguan with an area of approximately 7,000 sq.m. and the buildings and structures thereon; Party A and Party B agreed to transfer to us the rights and interests of Party B in the land use rights transfer contract; and Party A agreed to assist us in acquiring the land use rights for this parcel of land through public auction. We agreed to pay transfer fees in the aggregate amount of RMB13,018,824, of which RMB6,500,000 is payable to Party A and RMB6,518,824 to Party B. We also agreed to pay fees related to the conversion of the collectively owned industrial land to state-owned residential land, the application for land use rights and permits, and other governmental approvals.

If we default in the payment of the transfer fees to either Party A or Party B, and the default continues for 30 days, both Party A and Party B may terminate the agreement and require us to pay the terminating party RMB1 million.

As of September 30, 2009, we had paid in full an aggregate amount of RMB13.0 million for our payment obligations in connection with this contractual arrangement. We financed the total cost using internal funds. We are in the process of completing the land approval procedures. Subject to the actual progress of the project, we expect the government will hold an auction for the project in the first half of 2010. We intend to, together with the counterparties, form a project company to participate in the auction and aim to acquire the land use rights. As of the Latest Practicable Date, we have not entered into any arrangement with the counterparties for this intended means of land acquisition.

Our PRC legal adviser has confirmed that, because the agreement does not violate PRC laws and regulations, and represents the intent of the parties, the agreement is legal under PRC law. As of the Latest Practicable Date, we had not obtained the relevant land use rights. If we acquire the relevant land use rights and obtain the requisite governmental approvals, we intend to develop a residential-commercial integrated property project on the land. There can be no assurance that we will be able to obtain the relevant land use rights, notwithstanding these arrangements and procedures. As a result, it is also difficult to predict the completion date for the project, which depends on, among other things, governmental approval.

(18) *A contract for an industrial park project*

We and an independent third party entered into a project transfer contract and a supplementary agreement on November 14, 2007 and November 15, 2007, respectively. The independent third party is a collectively owned company.

We have assessed the interest of the independent third party in the relevant land and reviewed the relevant governmental approval. We have conducted a due diligence review of, among other things, the background, business registration information and shareholders' information with respect to the independent third party. After the relevant due diligence review, we concluded that the independent third party had the legal capacity and business credibility to enter into the agreements.

The independent third party agreed to transfer to us the entire anticipated profits arising from a parcel of land in Huizhou with an area of approximately 2 million sq.m. In addition, the independent third party agreed to transfer to us all of the related land use rights in two parcels comprising (i) a parcel of land with an area of approximately 1,233,334 sq.m., and (ii) upon completion of the required approval procedures, the remaining parcel of land with an area of approximately 766,667 sq.m. We are responsible for governmental approval procedures related to the land use rights for the remaining parcel of land with an area of 766,667 sq.m.

We had prepaid, as of September 30, 2009, approximately RMB65.0 million to be charged as a portion of payment for the transfer of the project and we expect to incur an additional cost of approximately RMB140.0 million in connection with this contractual arrangement. We expect to finance the total cost relating to these contractual arrangements using internal funds. We are in the process of completing the land approval procedures. The governmental approval procedure for changing the designated use of land to use for construction has been lengthier than anticipated. This in turn has deferred the auction for the respective land use rights. Subject to the actual progress of the project, we expect the government will hold an auction for the project in 2010. We intend to, together with the counterparty, form a project company to participate in the auction and hope to acquire the land use rights.

The agreement does not expressly contain any termination provision. Pursuant to the Contract Law of the PRC (中華人民共和國合同法), if an agreement does not contain termination provisions, the agreement will terminate when it has been fully performed in accordance with its terms or under the following circumstances: (i) all parties agree to terminate the agreement; (ii) the agreement can no longer be performed due to an event of force majeure; (iii) prior to the end of the term of the agreement, if a party clearly indicates (including through its action or inaction) that it will materially breach its obligation under the contract, the other non-breaching party may terminate the agreement; (iv) if a party delays its performance of a material obligation and, upon the other party's objection, fails to take corrective action within a reasonable time, the other party may terminate the agreement; (v) if the agreement can no longer be performed due to a party's delay in performing its obligation or other breaches, the other party may terminate the agreement; or (vi) other circumstances as provided by PRC laws.

Our PRC legal adviser has confirmed that, because the agreement does not violate PRC laws and regulations, and represents the intent of the parties, the agreement is legal under PRC law. As of the Latest Practicable Date, we had not obtained the relevant land use rights. If we acquire the relevant land use rights and obtain the requisite governmental approvals, we intend to develop a residential-commercial integrated property project on the land. There can be no assurance that we will be able to obtain the relevant land use rights, notwithstanding these arrangements and procedures. As a result, it is also difficult to predict the completion date for the project, which depends on, among other things, governmental approval.

Quality control and progress monitoring. With respect to each of these contractual arrangements, we have a dedicated team that is responsible for assessing the quality of the project and monitoring its progress. The team, which comprises members from both our risk management division and our land investment and project development division, submits its findings to our investment committee. The investment committee primarily consists of Sun Yuenan, Ye Jiansheng and Chen Gengxian, our executive Directors, and all of our other four vice presidents.

With respect to these contractual arrangements, prior to the successful acquisition of land use rights, we intend to provide the funding to our counterparties in order to complete the relevant approval procedures. If we are successful in acquiring the land use rights, we will jointly develop the project with the relevant counterparty. As a property developer, we believe we have the requisite resources and expertise to fulfill our obligations under the contractual arrangements.

With respect to all of the above contractual arrangements set out in (13)–(18), if significant impediments emerge in the governmental approval procedures for transfer of land use rights, we will negotiate with our counterparties to terminate the relevant agreement in accordance with PRC laws and under the terms of the relevant agreement.

Contractual arrangement relating to infrastructure development

(19) *Contract for the construction of the Huidong section of Fu Kun Route of Highway G324 (Huancheng North Road)*

As set out in the "Agreement on the transfer of investment and construction rights and redemption of the construction project of the Huidong section of Fu Kun Route of Highway G324 (Huancheng North Road)" entered into between the Huidong County Government and us on October 17, 2007, we were selected through public tender as the contractor for the Huidong section of Fu Kun Route of Highway G324 (Huancheng North Road). The total length of the highway to be constructed is approximately 13.11 kilometers.

Under the agreement, we have exclusive rights to invest in and construct the highway, and we hold rights and interests in the project during the construction period. The Huidong County Government is obligated to redeem the rights to the project when audited accounts of the project and settlement verification has been completed and within three months after completion of inspection for construction, and to pay us redemption fees. The redemption fees payable include our total investment in the project and a 10% annual rate of return on our investment for each year during the life of the project.

The Huidong County Government may terminate the agreement upon the occurrence of any of the following and require us to indemnify any economic losses it incurs: (i) the project is deemed to be terminated (including that (1) we notify the Huidong County Government in writing that the project has been terminated, (2) we are unable to commence construction within 30 days after the issuance of construction works commencement permit, (3) we are unable to resume construction 30 days after the an event of force majeure, and (4) we stop construction prior to completion date and are unable to resume construction within 30 days without the fault of the Huidong County Government and not due to an event of force majeure), (ii) we become bankrupt or insolvent, (iii) we substantially breach the agreement and fail to take corrective action within 30 days after the delivery by the Huidong County Government of notice of breach, or (iv) we use the assets of the project as collateral without consent of the Huidong County Government. Upon the occurrence of (i), (ii) or (iii) above, we are required to transfer the entire project to the Huidong County Government. If the Huidong County Government materially breaches the agreement and fails to take corrective action within 30 days after notice from us, we may terminate the agreement and require the Huidong County Government to indemnify the losses we incur. Upon such termination, we are obligated to transfer the project to the entity designated by the Huidong County Government, which is obligated to pay us relevant transfer fees equal to the redemption fees referenced above, which include our total investment in the project and a 10% annual rate of return on our investment for each year during the life of the project.

We intend to finance the project using internal funds as well as a bank loan. Even if we do not secure sufficient bank loans or at all, we believe we will have adequate internal funds to finance this contractual arrangement. The construction work commenced in November 2007.

We had paid, as of September 30, 2009, approximately RMB48.6 million as a portion of investment for construction. In November 2008, the Transportation Bureau of Huidong County Government issued the approval on the project, in which it adjusted the total budget for this project to RMB252.5 million, including RMB65.0 million borne by Huidong County Government and RMB189.5 million to be invested by us. Accordingly, we adjusted our estimated total cost and expect to incur an additional cost of approximately RMB140.9 million in connection with this contractual arrangement. In addition, according to the approval issued be the Transportation Bureau of Huidong County Government, the construction work is expected to be completed by the end of March 2010.

Our PRC legal adviser has confirmed that, because the agreement does not violate PRC laws and regulations, and represents the intent of the parties, the agreement is legal under PRC law.

Quality control and progress monitoring. With respect to the contractual arrangement set out in 19, we have a dedicated team that is responsible for (a) assessing the quality of the project, in particular whether we are meeting the demands of each infrastructure development, and (b) monitoring the progress of each infrastructure development. The team, which comprises members from both our risk management division and our land investment and project development division, submits its findings to our investment committee. The investment committee primarily consists of Sun Yuenan, Ye Jiansheng and Chen Gengxian, our executive Directors, and all of our other four vice presidents.

With respect to this contractual arrangement, we provide the requisite funding and procure qualified contractors to undertake construction work for the relevant project. In addition, third party supervisors will be engaged to monitor the work of the contractors. As a property developer, we recognize the importance of engaging qualified contractors and supervisors in order to successfully complete construction work for infrastructure projects. As we outsource the relevant construction work to third parties, we believe we have the requisite resources and expertise to fulfill our obligations under the contractual arrangements.

With respect to the above contractual arrangement, if our counterparties materially breach the relevant agreement, we will terminate the agreement in accordance with PRC laws and under the terms of the agreement.

Contractual arrangements relating to primary land development

(20) *A primary land development contract*

In September 2006, we entered into a land development and renovation agreement with Pi County Land Resources Center (郫縣土地儲備中心) and Pi County State-owned Property Investment Operation Company (郫縣國有資產投資經營公司), under which the parties agreed to jointly renovate and develop a parcel of land located in Pi County, Sichuan Province (the "Original Agreement"). This parcel of land has an estimated area of approximately 229,460 sq.m. Under the Original Agreement, we agreed to provide RMB96,830,000 for the joint renovation and development works. The Original Agreement provided that (i) we are entitled to 60% of the profit from the sale of the state-owned land use rights for the parcel of land through public auction after the contemplated renovation and development is completed, and Pi County Land Resources Center is entitled to the remaining 40% of the profit, (ii) our minimum return shall not be less than 25% of our total investment, and (iii) our maximum return shall not be more than 50% of our total investment. Our PRC legal adviser is of the view that, since we provide funds and do not bear development risk because of the minimum return of 25% of our total investment as described in item (ii) above, the Original Agreement may be deemed to constitute a loan made by us to a government entity which is not in compliance with the PRC General Principles Regarding Loans (貸款通則).

In order to resolve this potential non-compliance issue, on June 16, 2008, we entered into a new land development and renovation agreement (the "New Agreement") with Pi County Land Resources Center and Pi County State-owned Property Investment Operation Company, which effectively terminated the Original Agreement. We did not incur any financial losses as a result of terminating the Original Agreement. According to our PRC legal adviser, since we did not receive any return on our investment from the effective date to the termination date of the Original Agreement, we did not violate the PRC General Principles Regarding Loans and other relevant PRC laws and regulations. Accordingly, we did not and would not be subject to any penalties or other liabilities for non-compliance with or violations of the PRC General Principles Regarding Loans or other relevant PRC laws and regulations as a result of entering into the Original Agreement. Under the New Agreement, we agreed to provide RMB96,830,000 for the joint renovation and development of the land. We have paid such amount in full. We made the first payment of RMB60,000,000 on October 31, 2006 and the remaining RMB36,830,000 in full on November 30, 2006.

The New Agreement stipulates that (i) we are entitled to 60% of the profit from the sale of the state-owned land use rights for the parcel of land through public auction after the contemplated renovation and development is completed, and Pi County Land Resources Center is entitled to the remaining 40% of the profit, and (ii) our maximum return shall not be more than 50% of our total investment. Unlike the Original Agreement, the New Agreement does not include any provisions for minimum return to us.

We financed our payments for this project using internal funds. The renovation works commenced in December 2006 and were completed in December 2007.

The New Agreement will terminate after the parties have performed their respective obligations. The New Agreement does not specify the time at which the public auction will take place. However, if a successful public auction has not taken place 21 months after our first payment in the amount of RMB60,000,000, we have the right to terminate the New Agreement. Accordingly, we have the right to terminate the New Agreement on and after July 31, 2008 if a successful public auction for the land has not been completed by then, and as required under the New Agreement, Pi County Land Resources Center is obligated to return our investment upon our termination of the New Agreement. Our PRC legal adviser has confirmed that, because the New Agreement does not include any provisions for minimum return (which may be deemed to be not in compliance with the PRC General Principles Regarding Loans), does not violate PRC laws and regulations and represents the intent of the parties, the New Agreement is legal under PRC law.

The public auction for the land use rights has been delayed primarily due to the earthquake occurred in Sichuan Province on May 12, 2008 as well as the decline in local real estate market sentiment in 2008 and the first quarter of 2009 as a result of the recent global economic slowdown.

Given the foregoing circumstances that were beyond the counterparty's and our control, we did not exercise our right to terminate the New Agreement after July 31, 2008. On October 22, 2009, we entered into a supplemental agreement with Pi County Land Resources Center and Pi County State-owned Property Investment Operation Company, under which Pi County Land Resources Center agreed to return to us our total investment of RMB96,830,000 for this project and pay the additional amount of RMB38,730,000, representing the profit of approximately 40% of our total investment, by November 30, 2009. On October 29, 2009, a public auction for the land was held and successfully completed. We expect to receive our total investment and the profit by November 30, 2009 pursuant to the supplemental agreement.

(21) *A primary land development contract*

We entered into a primary land development contract with a district government on October 27, 2007, pursuant to which we agreed to participate in the primary development of a parcel of land in Shenyang, Liaoning province, with an area of approximately 3,873,335 sq.m. The development is divided into four phases.

We are responsible for providing the funds for the demolition and resettlement works. The district government is responsible for completing the development and publicly auctioning the land use rights within an agreed time frame.

After a successful public auction of the land use rights, we and the district government will be entitled to the economic benefits arising from the public auction. In accordance with the project plan, the government will transfer the land in 2008 through 2010 in separate phases, after which we will receive the return on our investment accordingly. With respect to the phase 1 of the project, the government will be entitled to proceeds at a rate of RMB520,000 per acre, or approximately RMB780 per sq.m., (including urban infrastructure fees of RMB120,000 per acre, or approximately RMB180 per sq.m.) and below, while we will be entitled to proceeds at a rate above RMB520,000 per acre, or approximately RMB780 per sq.m. We intend to enter into a supplemental agreement with the district government to determine the benefits sharing arrangement.

The district government may terminate the agreement and require us to indemnify all losses if the development is delayed due to our failure to make timely payment. We may terminate the agreement and require the return of all payments made, together with the interest on such payments at the bank loan rate for the relevant period, if the district government fails to transfer the initial phase of the land through public auction pursuant to the agreement and such failure continues for 30 days. Upon certain changes in land planning stipulated in the agreement, we will be entitled to the return on our investment together with interest, and we may terminate the agreement.

The primary land development work has commenced. In response to the recent global economic slowdown, we reduced the pace of our expansion into Shenyang in 2008. Accordingly, we and the district government adjusted the development schedule for this project. The primary land development work is expected to be completed in 2010.

We had prepaid, as of September 30, 2009, approximately RMB43.0 million in relation to the demolition and resettlement works and we expect to incur an additional cost of approximately RMB420.0 million in connection with this contractual arrangement. We intend to finance the project using internal funds.

Our PRC legal adviser has confirmed that, because the agreement does not violate PRC laws and regulations, and represents the intent of the parties, the agreement is legal under PRC law.

Quality control and progress monitoring. With respect to each of these contractual arrangements set out in (20) and (21), we have a dedicated team that is responsible for (a) assessing the quality of the project, in particular whether we are meeting the demands of each primary land development, and (b) monitoring the progress of each primary land development. The team, which comprises members from both our risk management division and our land investment and project development division, submits its findings to our investment committee. The investment committee primarily consists of Sun Yuenan, Ye Jiansheng and Chen Gengxian, our executive Directors, and all of our other four vice presidents.

With respect to these contractual arrangements, we will provide the requisite funding. As a property developer, we believe we have the requisite resources and expertise to fulfill our obligations under the contractual arrangements.

With respect to all of the above contractual arrangements, if our counterparties fail to complete the land development pursuant to the relevant agreement, we will negotiate with the counterparties to terminate the relevant agreement in accordance with PRC laws and under the terms of the relevant agreement.

A contractual arrangement completed subsequent to September 30, 2009

(22) *Contract relating to a joint development project*

We entered into a cooperation agreement with an independent third party on January 30, 2007, pursuant to which we and the independent third party agreed to establish a project company to jointly develop a parcel of land anticipated to be obtained in the future with an area of approximately 82,933 sq.m. in Dongguan.

The independent third party is a collectively owned company. We assessed the application process for the land use rights and conducted a due diligence review of, among other things, the background, business registration information and shareholders' information with respect to the independent party.

After the relevant due diligence review, we concluded that the independent third party had the legal capacity and business credibility to enter into the cooperation agreement. We also sought advice from our external legal advisers before we entered into the development agreement.

Under the agreement, we own an 80% equity interest in the project company and we are obligated to pay, subject to reimbursement, resettlement compensation fees of RMB25 million on behalf of the independent third party. The independent third party owns a 20% equity interest in the project company and is responsible for completion of the demolition and resettlement works. Once the project company has obtained a land use rights certificate, we are to be reimbursed by the independent third party the resettlement compensation fees of RMB25 million initially paid by us. The independent third party is entitled to 20% of the profits of the project company, and a land utilization fee payable by the project company at a rate of RMB1,400 per sq.m., based on the negotiation between us and the independent third party. We are entitled to 80% of the profits of the project company. If the project company does not obtain the relevant land use rights within five years from the date of the agreement, the agreement will terminate and the independent third party must return to us the resettlement compensation fees we paid on its behalf. Our PRC legal adviser has confirmed that, because the agreement does not violate PRC laws and regulations, and represents the intent of the parties, the agreement is legal under PRC law.

Upon completion of certain demolition and resettlement works, the government held an auction for a portion of the land with a site area of 54,548 sq.m. in September 2008. The project company successfully acquired the land as the winner of the auction and entered into the land grant contract with the local land resources bureau.

As of September 30, 2009, we had incurred approximately RMB21.7 million in connection with this contractual arrangement for the acquisition of the land use rights for the relevant land.

On October 29, 2009, the project company participated in the auction for the remaining land with a site area of 16,186 sq.m. (excluding the site area of roads and other infrastructure facilities). The project company successfully acquired the land as the winner of the auction and entered into the land grant contract with the local land resources bureau. As a result, this contractual arrangement has been completed. The newly acquired parcel of land will be included in our project land for the development of Yantian. For more information, see "— Description of Our Property Development Projects — Projects in the City of Dongguan in the Pearl River Delta region — (18) Yantian."

PROPERTY DEVELOPMENT

We maintain a systematic development approach although each project development is designed to cater to the preferences of the specific target market. The diagram below summarizes the major stages typically involved in our development of a property project:

Land Acquisition	Project Planning and Pre-development Issues	Design	Construction	Pre-sale and Sale*	After Sales Services
• Land identification/ evaluation • Equity target acquisition/due diligence • Market analysis • Feasibility study • Land acquisition	• Market analysis • Product positioning • Development planning and designing/ conceptual design	• Outline design • Structural design • Contruction design • Drawing • Landscape design • Interior design • Property management proposal	• Contractor selection • Supplies procurement • Construction monitoring • Completion check acceptance • Development project ownership	• Promote to potential purchasers • Apply for pre-sale permits • Sale and selling management • Possession • Deliver possession properties • Mortgage and registration support	• Unit property ownership certificates • Property management • Client service • Client activities and survey • Data analysis • Client database

Going forward, we intend to further standardize our scalable property development model and optimize our development process by establishing certain standard criteria and operational guidelines that may be replicated across our property projects.

SITE SELECTION AND MARKET EVALUATION

We believe site selection and market evaluation are major determining factors for the success of our property development business. Prior to acquiring a parcel of land, our management will consider key market factors that influence housing growth in the local area and make an informed decision based on market analyses and site research performed by our land acquisition team as well as the additional market information provided by Centaline and other third-party sources. These pre-acquisition measures help us acquire land prudently and develop our projects with clear market positioning from the outset. The key factors we consider in site selection are the following:

- size and population of the city;
- general economic condition and development prospect in the private business sector;
- infrastructure, urban planning and the development plan of the city by the local government;
- anticipated demand for private residential and commercial properties;
- purchasing power of the residents;
- income levels;
- site area and suitability for a large-scale residential property development or for an integrated commercial property development;
- location within the city, proximity to the city center, access to transport and commercial facilities;
- surrounding environment;
- existing and potential property developments in the area and historical property demand in that area;
- overall competitive landscape; and
- overall cost structure.

We typically select sites for our residential developments in suburban areas with access to public transport and other urban facilities. We typically select sites for our commercial developments in prime locations of CBDs in select cities.

LAND ACQUISITION

Under current PRC laws and regulations, land use rights for the purpose of industrial use, commercial use, tourism, entertainment and commodity housing development must be granted by the government through public tender, auction or listing-for-sale. When deciding to whom to grant the land use rights, the relevant authorities will consider not only the tender price, but also the credit history and qualifications of the tenderer and its development proposal. When land use rights are granted by way of a tender, an evaluation committee consisting of no fewer than five members (including a representative of the grantor and other experts) evaluates and selects the tenders that have been submitted. If land use rights are granted by way of an auction, a public auction is held by the relevant local land bureau and the land use rights are granted to the highest bidder.

Under current PRC laws and regulations, original grantees of land use rights may sell, assign or transfer the land use rights granted to them in the secondary markets. The "primary market" commonly refers to the grant of state-owned land use rights by relevant government authorities, and the "secondary market" commonly refers to the acquisition of land use rights from entities or persons which hold granted land use rights. PRC laws allow grantees of land use rights to dispose of the land use rights granted to them through secondary market sales, subject to the terms and conditions of the land use rights grant contracts and relevant laws and regulations. Unless otherwise required by relevant PRC laws and regulations, land acquisition in the secondary market is not subject to mandatory public tender, auction or listing-for-sale and can be accomplished by agreement among the relevant parties.

During the Track Record Period, we have successfully acquired land through the following means:

- public tender, auction and listing-for-sale organized by the relevant government authorities;
- acquisition of controlling equity interests in companies that possess the land use rights for targeted land;
- cooperative arrangements with third parties that hold the land use rights for targeted land;
- acquiring through public tender distressed and uncompleted properties which we believe have good development potential; and
- purchase of land use rights in the secondary market.

We intend to continue to expand our land reserves for new property developments through the primary market as well as the secondary market.

The following tables set forth certain land acquisition information with respect to our projects for future development:

Land acquisition through public tender, auction and listing-for-sale:

Project name	Date of land grant contract or confirmation as the winner of the public listing-for-sale process
Dongjiang Haomen (東江豪門)	November 2007
Chengdu Shangmao Garden (成都商貿園)	October 2007
Changsha Lake View Place (長沙水岸新都)	November 2007
Boluo (惠州博羅項目)	May 2008
Guangzhou Jiangnan Boulevard (廣洲江南大道)	May 2009
Yantian (雁田)	September 2008
Jiangyin Zongbu Garden (江陰總部經濟園)	September 2009

Land acquisition through equity interest acquisition:

Project name	Date of equity interest acquisition
Li Langlu (李朗路項目)	July 2002
Fenglong Center (豐隆中心)	March 2007
Nan'Ao Kangbao (南澳康保項目)	August 2006
Jincheng Heights (錦城山莊)	June 2007
Huizhou Kaisa Center (惠州佳兆業中心)	December 2007
Shuangliu (華陽項目(雙流))	May 2007
Lijing Harbor (麗晶港)	June 2007 (acquisition of a 40% equity interest); July 2007 (acquisition of the remaining 60% equity interest)
Jiangyin Lake View Place (江陰水岸新都)	February 2008
Shanghai Shanhuwan Garden (上海珊瑚灣雅園)	January 2008
Tonghu (惠州潼湖項目)	May 2008

Land acquisition through cooperative arrangements with third parties:

Project name	Date of governmental approval on the cooperative development
Zhongyang Haomen (中央豪門)	March 2007

Land acquisition through purchase of land use rights in the secondary market:

Project name	Date of title transfer with respect to the relevant land use rights certificates
Mingcui Garden (茗萃園)	February 2007

Project name	Date of purchase in the secondary market
Wanzai (灣仔項目)	January 2007
Yuan Zhou (園洲項目)	March 2008

Our land bank includes completed properties held for sale, properties under development and properties for future development. As of September 30, 2009, we had approximately 1,388,764 sq.m. of GFA under development and approximately 10,840,538 sq.m. of GFA for future development. We expect to maintain sufficient land reserves to support our contemplated development needs and to sustain our business growth for the next five years.

FINANCING OF PROPERTY DEVELOPMENTS

Historically our main sources of funding for our property developments are internal funds, proceeds from pre-sales and sales of properties and borrowings from banks and other financial institutions. During the Track Record period, all of our payments of land premiums have been funded by internal funds and proceeds from the pre-sales of properties and equity financing. We typically use internal funds, proceeds from pre-sales and loans from PRC commercial banks to finance the construction costs for our property developments. We did not experience any early termination of banking facilities or early payment of outstanding loans required by the banks during the Track Record Period. From time to time, we also seek to obtain further funding to finance our project developments by accessing the international capital markets. We plan to use [●], bank borrowings, internal funds, proceeds from the pre-sales and sales of our properties, and other cash generated from our operation to finance our future payments of property developments.

Our financing methods vary from project to project and are subject to limitations imposed by PRC regulations and monetary policies. You should refer to "Summary of Principal Legal and Regulatory Provisions" in Appendix V to this document for more information about relevant PRC laws and regulations.

PROJECT PLANNING AND DESIGN WORK

We have an engineering and procurement division and a design management division which work with our project managers as well as external designers and architects in project planning and design phases. Our senior management is regularly involved in our land acquisition and development process, especially in the master planning and architectural design of our projects. We have established written procedures to manage our planning and design process. By implementing these procedures, we can unify planning and overall coordination. We also implement a series of review and design guidelines for our planned projects.

We engage external design firms to carry out design work for our projects according to our design standards and guidelines. We select the design firm based on an evaluation of the proposed concept designs, technical capacities and track record in developing similar projects. Our design management division coordinates and works with the selected design firms in major aspects of the design process, including product positioning, master planning, concept design, layout and architectural design, landscape design and interior design.

Our design contracts generally include a price list and basis for calculating the design fees such as price per sq.m. of GFA and dispute resolution provisions. We generally make payments in installments according to the progress of a project and settle the balance of the contract amounts after the project has passed the requisite government inspections and acceptances. We adopt procedures for project monitoring and quality control during the construction process to ensure that the project construction complies with design drawings, regulations, technical standards and contract requirements.

PROJECT MANAGEMENT

We maintain a systematic development approach even though each project is specifically designed to cater to the target market. We have established various centralized divisions to oversee and control the major steps of our developments. These centralized divisions include the investment and development division, the engineering and procurement division, the design management division, the cost management division, the finance division and the customer services and sales division. Our land investment and project development division is responsible for performing market and site analysis on the feasibility of potential projects and preparing the preliminary budget for each new project. Our engineering and procurement management division manages our material procurement and project construction. Our design management division is responsible for ensuring that construction is conducted in accordance with our planning, project design and construction drawings. Our cost management division focuses on cost control in our project development process, particularly land acquisition, project planning and design, construction and finance. Our finance division is responsible for providing senior management with the relevant cost and other financial information in relation to our operations. Our customer service and sales division works with our other centralized divisions throughout the development process to ensure that our products meet market trends and regional preferences. The involvement of these centralized divisions in the process of a project development enables us to achieve consistency in project management and synergies across our various projects.

In order to effectively carry out daily development functions in projects in various cities and regions, we have established project companies in the respective cities or regions to implement the significant strategic decisions by our centralized divisions. Our engineering and procurement division is principally responsible for managing these project companies and coordinating among the centralized divisions and regional project companies at each stage of a development project.

PROCUREMENT

We directly purchase certain major building materials and equipment such as aluminum alloys and elevators from suppliers and engage them for the installation of such materials and equipment. The amount paid for materials directly procured by us constitutes only a small portion of our total costs of materials because most construction materials are procured through our construction contractors. We have established a screening and bidding process to select material suppliers. We make decisions in selecting suppliers based on a set of factors including product quality, production capacity, management and implementation capability, track record and after-sales services. Our construction contractors are responsible for procuring most construction materials. For procurement of key construction materials, we typically designate a few brands which the contractors are required to procure.

PROJECT CONSTRUCTION

We have historically contracted out all of our construction work to independent construction companies. These construction companies carry out various work including foundation levelling, civil engineering construction, equipment installation, internal decoration, landscaping and various engineering work. Under relevant PRC laws and regulations, a construction company is required to hold the relevant construction qualification certificate for the type of construction it undertakes. We have guidelines for selecting construction companies and typically invite at least three qualified construction companies to bid through a tender process. We limit our selection of construction contractors to those which have obtained the relevant construction certificates and necessary licenses, including construction enterprise qualification certificates, safety permits and permits for production of industrial products. When selecting construction contractors, we consider various factors including quality and safety, reputation, track record in similar-size projects, technical and construction capabilities and proposed construction schedule and price.

The construction contracts we enter into with construction companies typically provide for the completion date of the construction projects, quality and safety requirements mandated by relevant PRC laws and regulations and our quality standards and other specifications. Our construction contracts generally provide progressive payment arrangements according to construction phases until approximately 95% of the total contract price is paid. We typically withhold 5% of the contract sum for one to two years after the completion of construction as the additional quality warranty retention. During the Track Record Period, we did not experience any material problems with services provided by our third-party construction contractors.

We established Shenzhen Taijian Construction & Engineering Co., Ltd. in July 2007. Shenzhen Taijian is a construction company with a provisional grade 3 qualification. To obtain a grade 3 qualification, an enterprise must meet certain conditions, including: (i) registered capital of no less than RMB6 million; (ii) net assets of no less than RMB7 million, (iii) the general manager must have no less than five years of engineering management experience, (iv) the chief engineer must hold at least a mid-ranking position within the profession and have no less than five years of construction engineering technology management experience; (v) employees must include no fewer than 10 grade 3 project managers, (vi) the financial manager must hold at least an entry-level accountant qualification and (vii) there must be no fewer than 50 professionals with the requisite qualification in engineering technology and the requisite qualification in economic management. A construction company with a provisional grade 3 qualification can only undertake limited construction works, including buildings lower than 14 floors with a span of less than 24 meters, structures lower than 70 meters, and residential complexes with a total GFA of no more than 60,000 sq.m. Shenzhen Taijian currently serves a managing role in our project construction works. We intend to continue to outsource our construction works to third-party construction companies.

During the Track Record Period, our five largest construction contractors were also our five largest suppliers. For the years ended December 31, 2006, 2007 and 2008 and the six months ended June 30, 2009, payments to our single largest construction contractor accounted for approximately 32.7%, 42.1%, 22.7% and 30.8%, respectively, of our total payments under contracts with our suppliers. For the same periods, payments to our five largest construction contractors accounted for approximately 57.6%, 54.1%, 53.0% and 61.4%, respectively, of our total payments under contracts with our suppliers. Of our five largest construction contractors, we have five years of business relationship with one of them, four years with one of them, and two years with three of them. None of our directors, their associates nor our Shareholders holding more than 5% of our issued share capital has any interest in the five largest construction contractors and suppliers.

QUALITY CONTROL AND CONSTRUCTION SUPERVISION

We emphasize quality control and adopt our quality control procedures to ensure that our properties and services comply with relevant rules and regulations relating to quality, safety and total permitted GFA and meet market standards. We adopt written selection and specification requirements for procurement of each type of material and equipment, including brand requirements, quality, technical standards, sample inspection and random quality inspection. We impose ingredient specifications for certain important construction materials such as cement. In addition, construction materials must go through the procedures of submission, sampling and testing before they are used in our projects.

We have adopted a construction plan design manual, which sets out the general classifications and illustrative guidelines for the quality specifications and parameters of our construction projects. It contains various aspects of design requirements, including construction and decoration, structural design, power supply, drainage and air conditioning systems, as well as environmental protection matters. In addition, we have adopted a manual for the general design of residential projects, which sets out the guidelines and requirements for our residential developments by classes and standards in terms of applications, environmental and economic functions, safety, and durability.

We have formulated internal control standards and procedures to regulate all major processes and procedures in our construction works. We require external contractors to adhere to the guidelines in respect of our standards and procedures, comply with relevant PRC laws and regulations in carrying out their work, and report any deviations and instances of non-compliance. Our project engineers perform on-site supervision during our construction process and conduct progressive inspections at each construction phase. We assign evaluation teams to perform on-site evaluation reviews of our existing contractors periodically with respect to construction quality, safety control and their compliance with the relevant PRC regulations and standards relating to building materials and workmanship. We also prepare detailed quality evaluation reports for each unit of our projects after construction completion.

In addition, we engage independent third-party supervisory companies to monitor, control and manage the construction progress of our projects, including quality, cost control, safety, quality control of construction materials and equipment, and to conduct on-site inspection. Our contracts with supervisory companies generally set out payment terms, fee calculation methods and dispute resolution provisions. The supervisory fees are generally determined either at a negotiated percentage of the total construction cost of the construction project, or according to the number of supervisory personnel persons deployed. We generally make progressive payments to our supervisory companies according to construction phases until they complete the relevant services.

We are not responsible for any labor problems in respect of workers employed by our contractors or accidents and injuries that may be incurred by those workers on our construction sites if such accidents or injuries were not caused by us. These risks are borne by our contractors as provided for in our contracts with them. During the Track Record Period, we were not aware of any non-compliance by the construction contractors of the PRC laws and regulations relating to environmental protection, health and safety or labor disputes raised by our contractors or subcontractors.

We provide our customers with a warranty for the quality of the structure of the construction pursuant to the Measures on the Sales of Commodity Housing (商品房銷售管理辦法) and Regulations for the Operations of Urban Property Development (城市房地產開發經營管理條例). In addition, we also provide a quality warranty on certain fittings and fixtures, if applicable, usually for a period of two years according to the published national standards.

PRE-SALE

In line with market practice, we pre-sell properties prior to the completion of their construction. Under applicable PRC laws and regulations, the following conditions must be met prior to commencing any pre-sale of any particular property development:

- the land premium has been fully paid and the relevant land use rights certificate has been duly issued;
- the construction land planning permit, construction works planning permit and the construction works commencement permit have been duly issued;
- the funds contributed to the property development may not be less than 25% of the total amount required to be invested in the project;

- the progress and the expected completion date and delivery date of the construction work have been ascertained; and

- a pre-sale permit has been duly issued by the relevant construction bureau or real estate administration authority.

In addition, our pre-sale activities are subject to the relevant regulations of the cities where our property projects are located. Our Directors confirm that we complied with the relevant regulations in relation to the pre-sale of properties in the cities where we have undertaken pre-sale activities during the Track Record Period. You should refer to "Summary of Principal Legal and Regulatory Provisions" in Appendix V to this document for more information about relevant PRC laws and regulations. For the years ended December 31, 2006, 2007, 2008 and the six months ended June 30, 2009, the aggregate amount incurred as a result of defaults by our customers in pre-sales or sales contracts was approximately RMB1.4 million, RMB6.4 million, RMB4.6 million and RMB5.8 million, respectively, accounting for approximately 0.05%, 0.32%, 0.15% and 0.23% of the revenue derived from the sales of properties, respectively. During the Track Record Period, we did not encounter any defaults committed by our customers in pre-sales or sales contracts that had a material adverse effect on our business operations or financial condition. See the section entitled "Risk Factors — Risks Relating to the Property Development Industry in China — We are exposed to pre-sale related contractual and legal risks" in this document.

SALES AND MARKETING

Our sales team in our sales and customer service division is responsible for executing our overall marketing strategy and sales and product promotion plans. We provide training programs and courses to our sales staff with different levels of experience. Our sales team conducts market analyses, prepares promotional designs and project brochures, organizes on-site promotions, arranges advertising campaigns, recommends pricing, sets sales-related policies and manages our customer relationships.

Our sales and marketing model involves cooperation with Centaline. We cooperate with Centaline to jointly promote our products across different regional markets in China. Through cooperating with Centaline, we believe that we are able to share its national and regional market research and information, sell and pre-sell our properties through its property sales network in China and promote our products with its professional assistance and resources. We generally enter into one-year non-exclusive sales agency agreements for Centaline's sales agency services in mainland China, and one-year exclusive sales agency agreements for Centaline's sales agency services in Hong Kong, both on project-by-project basis. Pursuant to these agreements, Centaline project teams assist with our marketing and sales. In mainland China, both we and Centaline may conduct on-site sales through the respective on-site sales representatives. Project managers from us and Centaline are jointly responsible for monitoring the overall sales and supervising their respective sales personnel, who are subject to the relevant joint sales administration agreements entered into between Centaline and us. In general, the price, discount and all other conditions of sales conducted by Centaline and us for the same project are identical. Centaline has exclusive right to conduct sales in Hong Kong for our projects in China. Under these agreements, Centaline is generally entitled to a sales commission it made upon the execution of the relevant property purchase contract. We believe that the range of the sales commission we pay to Centaline is in line with industry practice. The sales commission is calculated and settled in cash at the end of each calendar month during the term of the sales agency agreement. During the years ended December 31, 2006, 2007 and 2008 and the six months ended June 30, 2009, the percentage of proceeds from property sales through Centaline's agency services in the total property sales proceeds was approximately 68.4%, 48.9%, 74.6% and 71.5%, respectively, and the commission expenses paid to Centaline were approximately RMB12.1 million, RMB5.9 million, RMB8.8 million and RMB10.9 million, respectively. Centaline successfully procured individual purchasers in respect of all nine of our completed projects and most of our projects for which we have commenced pre-sale as of the Latest Practicable Date. Going forward, we will continue to improve the management of our sales through our sales team and intend to engage Centaline and other professional property sales agencies to carry out marketing and sales services for our property projects in China.

We promote our products through various media including newspapers, the Internet, television, radio and outdoor billboards. We also conduct advertising campaigns by means of direct mail, phone text messages, and project promotional materials. As part of our sales strategy, we conduct on-site promotion and display units to potential customers. In addition, we engage a professional company to enhance awareness of our brand.

Our five largest customers accounted for less than 30% of our total revenue for each of the years ended December 31, 2006 and 2007 and the six months ended June 30, 2009. In the year ended December 31, 2008, our five largest customers accounted for approximately 33.8% of our revenue. In the year ended December 31, 2008 and the six months ended June 30, 2009, our single largest customer accounted for approximately 32.0% and 1.5%, respectively, of our revenue. In 2008, the single largest customer, an independent third party, purchased the office space of a total saleable GFA of approximately 79,498 sq.m. in Guangzhou Jinmao, which was completed in May 2008. This independent third party is a state-owned company. In January 2009, this independent third party purchased 100 car parking spaces in the same project. This independent third party was not one of our largest five customers in any of the years ended December 31, 2006 and 2007. Except for Guangzhou Jinmao, we and this independent third party did not enter into property sale transactions with respect to our other property projects. We believe our sales of properties in the future will not be affected by the position of this independent third party as our largest customer in the year ended December 31, 2008 and the six months ended June 30, 2009. As of the Latest Practicable Date, none of our Directors, their associates or any of Shareholders holding more than 5% of our issued share capital had any interest in or was associated with this independent third party. Each of the other four of our five largest customers accounted for less than 5% of our total revenue for the year ended December 31, 2008 and the six months ended June 30, 2009.

DELIVERY AND AFTER-SALES SERVICES

We endeavour to deliver our products to our customers in a timely manner. We closely monitor the progress of construction of our property projects and conduct pre-delivery property inspections to ensure the quality of our properties. The time frame for delivery is set out in the sale and purchase agreements entered into with our customers. Once a property project or project phase has passed the requisite inspections and is ready for delivery, our sales and customer service division will notify our customers, and together with representatives of the construction contractors and third-party supervisory companies, inspect the properties prior to delivery to ensure quality. Furthermore, our customer services and sales division generally assists the purchasers of our properties with mortgage financing applications, title registrations and obtaining their property ownership certificates.

Our after-sales services is customer-oriented. Our objective is to ensure continued customer satisfaction. Our sales and customer service division is responsible for our after-sale services for each of our various projects. We offer multiple communication channels for our customers to provide feedback and complaints about our products or services, including a customer service telephone hotline. We also study customer satisfaction through third-party research. We also cooperate with our property management companies to handle customer complaints. We seek to make timely adjustments to products and services to meet our customers' needs. As part of our after-sales services, we provide our existing customers with "Joy Club" ("佳族會"), our internal bimonthly publication, to introduce our culture, brand, various projects and promotional activities.

PAYMENT ARRANGEMENTS

Purchasers of our residential properties, including those purchasing pre-sale properties, may arrange for mortgage loans with banks. We typically require a purchaser to pay a deposit ranging between RMB20,000 to RMB30,000 upon signing of a preliminary sale and purchase agreement. If the purchaser later decides not to enter into a formal sale and purchase agreement, the purchaser will forfeit the deposit. The purchaser is typically required to pay from 20% to 30% of the total purchase price of the property on the date of execution of the formal sales and purchase agreement and the balance of purchase price is typically required to be paid within seven days thereafter. Mortgage application and approval are the purchaser's own responsibility, but we assist them on an as-needed basis. The payment terms of sales and pre-sales of properties are substantially identical.

In accordance with industry practice, we provide guarantees to banks with respect to the mortgage loans they offer to our purchasers. These guarantees are released upon the earlier of (i) the satisfaction of the mortgage loan by the purchaser of the property and (ii) the issuance of property ownership certificate for the mortgaged property, which is generally available within six months to one year after the purchaser takes possession of the relevant property. In line with industry practice, we do not conduct independent credit checks on our purchasers but rely on the credit checks conducted by the mortgagee banks. As of December 31, 2006, 2007 and 2008 and June 30, 2009, our outstanding guarantees over the mortgage loans of our purchasers amounted to RMB1,267.5 million, RMB873.9 million, RMB1,629.0 million and RMB2,444.1 million, respectively. During the Track Record Period, we have not experienced any instances where we had to honor our guarantee obligations as a result of a failure by our customers to repay their mortgage loans. We believe, in case of default in payments, the net realizable value of the related properties can cover the repayment of the outstanding mortgage principals together with the accrued interest and penalties. See "Risk Factors — Risk Relating to Our Business — We guarantee mortgage loans of our customers and may become liable to mortgagee banks if customers default on their mortgage loans" in this document.

PROPERTY MANAGEMENT

We have four property management companies, Shenzhen Kaisa Property Management, Shenzhen Leisure Land, Guangzhou Jinmao Property Management and Dongguan Kaisa Property Management, which currently manage the properties we developed. We also have Chengdu Kaisa Property Management, which is expected to provide property management services upon completion of certain of our properties under development or for future development in Chengdu. All five of these companies are our indirect wholly-owned subsidiaries. Shenzhen Kaisa Property Management currently provides property management services to most of the properties that we develop. Shenzhen Leisure Land provides property management services for Shenzhen Kaisa Center. Guangzhou Jinmao Property Management provides property management services for our Guangzhou Jinmao. Dongguan Kaisa Property Management provides property management services for Zhongyang Haomen located in Dongguan. We expect Chengdu Kaisa Property Management to provide property management services for our projects in Chengdu, including Lijing Harbor, Shuangliu and Chengdu Shangmao Garden, which are expected to be completed in 2011, 2012 and 2011, respectively. The property management agreements between our property management companies and the property owners set forth the scope and the quality requirements of the services provided by our property management companies. Our property management companies typically provide after-sales services to purchasers of our properties, including maintenance of public areas and facilities, rental of car parking spaces, security, operation of clubhouse, gardening and landscaping and other services. The property management agreements also set forth the payment arrangements of management fees. For the years ended December 31, 2006, 2007 and 2008 and the six months ended June 30, 2009, we derived revenue from our property management services of RMB3.7 million, RMB11.1 million, RMB40.3 million and RMB26.2 million, respectively. Under PRC laws and regulations, the owners' association of a residential community has the right to change property management companies pursuant to certain procedures. As of the Latest Practicable Date, owners of all of our property developments who had become statutorily entitled to elect their property management companies continued to choose our property management companies to manage their properties. See "Risk Factors — Risk Relating to Our Business — Property owners may terminate our engagement as the provider for property management services" in this document.

HOTEL OPERATION, REDEVELOPMENT AND DEVELOPMENT

Hotel operation and redevelopment plan

We, through Leisure Land, operate Keyu Golden Bay Resort, an ocean front hotel located on Jinshawan Beach within a resort area on the outskirts of Shenzhen. We acquired the hotel from the independent third parties through an acquisition of 100% equity interest held by them in the target company that owned the hotel properties and the land use rights for the underlying land in May 2009. We financed the acquisition with our internal funds and have fully settled the total purchase price of RMB260.0 million, which was negotiated and determined on an arm's length basis primarily with reference to the values of hotel properties and the underlying land held by the target company.

Keyu Golden Bay Resort has a site area of 34,728 sq.m. and a total GFA of 17,901 sq.m. This five-storey hotel currently comprises a total of 156 rooms and provides facilities, including conference rooms.

We intend to redevelop Keyu Golden Bay Resort to further enhance its attraction to individual and corporate customers and marketability. We did not retain any member of the former management of this hotel after our acquisition. Our hotel management team in Leisure Land is currently operating the hotel until the redevelopment commences. The hotel management team comprises eight members, all of whom have over five years of experience in hotel operations. All of these eight hotel management members have worked in five-star hotels. We intend to engage an internationally recognized hotel management company to manage and operate the hotel upon the completion of the redevelopment. According to our current preliminary redevelopment plan, the redeveloped complex is expected to consist of a renovated hotel and service apartments. We are currently in the process of preparing the detailed redevelopment plan. As of the Latest Practicable Date, we had not commenced the redevelopment and had not made any capital commitment in connection with redevelopment of this hotel. We intend to commence the redevelopment in 2012. Under the current preliminary redevelopment plan, the redevelopment is expected to be completed in 2014 and the estimated total capital budget for this redevelopment is approximately RMB313.4 million.

Hotel development

We intend to enter into the hotel development business, and to develop one hotel in the city of Chengdu, one hotel in the city of Huizhou and one hotel in the city of Jiangyin. We believe the demand for high-quality hotels in Chengdu, Huizhou and Jiangyin will grow as their economies continue to grow.

We will develop the hotel in Chengdu as a part of our Chengdu Shangmao Garden project, the hotel in Huizhou as a part of our Huizhou Kaisa Center project and the hotel in Jiangyin as a part of Jiangyin Zongbu Garden. As of September 30, 2009, Chengdu Shangmao Garden, Huizhou Kaisa Center and Jiangyin Zongbu Garden were projects for future development. We had obtained the relevant land use rights certificate for Chengdu Shangmao Garden and Huizhou Kaisa Center. We obtained confirmation from the relevant land and resources bureau that we have been selected as the winner of the public listing-for-sale of the land for Jiangyin Zongbu Garden in September 2009 and expect to obtain the relevant land use rights certificate for this project by July 2010. The hotel in Chengdu is expected to be a four-star hotel with a GFA of approximately 19,240 sq.m., and approximately 300 rooms. The hotel in Huizhou is expected to be a five-star hotel with a GFA of approximately 13,000 sq.m., and approximately 300 rooms. The hotel in Jiangyin is expected to be a five-star hotel with a GFA of approximately 35,000 sq.m., and approximately 300 rooms.

We intend to engage internationally recognized hotel management companies to manage and operate the hotels upon the completion of their construction. We believe that by engaging hotel management companies to manage our hotels, we will be able to benefit from their reputation and brand recognition, hotel management and operating experience, an advanced management model as well as global reservation systems and employee training programs.

As of September 30, 2009, we had not commenced construction of these three hotels, and expect to commence construction of these hotels in 2010. All of these three hotels are expected to be completed in 2012.

We expect the revenue contribution from our hotels in the aggregate to be less than 5% of our total revenue for the next three years.

Based on our management records, the total development costs incurred as of September 30, 2009 were approximately RMB4.3 million for the hotel in Chengdu, approximately RMB13.5 million for the hotel in Huizhou and approximately RMB7.0 million for the hotel in Jiangyin. Based on the current development plans, we expect that the additional cost to be incurred for development of the hotel in Chengdu, the hotel in Huizhou and the hotel in Jiangyin is approximately RMB55.3 million, RMB98.1 million and RMB146.7 million, respectively.

INVESTMENT PROPERTIES

We develop commercial properties such as office buildings, retail stores and car parking spaces for leasing purposes. We believe these properties help to maintain our recurring revenue. Our commercial leases are generally for terms of three to four years. If there are anchor tenants renting relatively large areas at our commercial properties, or whose presences are expected to attract other tenants, we may consider offering them leases for terms of between 10 and 20 years, with annual rental reviews with reference to fixed percentage increases. Rents are typically determined based on prevailing market rates and calculated on a per square meter basis. We may choose to sell the commercial properties we have developed when we believe that sales would generate a better return on investment than rental. We intend to retain certain of our commercial properties under development and for future development for long-term investment purposes. In managing our investment property portfolio we will take into account estimated long-term growth potential, overall market conditions and our cash flows and financial condition. The rental income derived from our investment properties represented 0.02%, 0.4%, 1.0% and 1.4%, respectively, of our revenue for the years ended December 31, 2006, 2007, 2008 and the six months ended June 30, 2009.

The table below summarizes certain information with respect to our investment properties as of September 30, 2009.

Investment Properties	Type	Total GFA held for investment	GFA of tenanted portion	Occupancy rate	Total monthly rental as of September 30, 2009	Range of rental period	Reference to Property Valuation Report
		(sq.m.)	(sq.m.)		(RMB)		
Shenzhen Kaisa Center. .	Retail	19,555.7	19,481.1	99.6%	1,612,878	2–12 years	43
Woodland Height (Phase 4)	Retail	4,918.4	4,918.4	100.0%	375,770	1–9 years	44
Woodland Height (Phase 6)	Retail	3,713.4	3,713.4	100.0%	146,501	2–20 years	44
Guangzhou Jinmao	Retail	38,201.6	32,849.7	86.0%	4,377,185	3 months to 15 years	45
Guangzhou Jinmao	Car parking spaces	6,756.4	N/A(1)	N/A(1)	N/A(1)	N/A(1)	45
Total		73,145.4	60,962.6		6,512,334		

Note:

(1) We do not hold these car parking spaces for long-term lease but for hourly parking income.

PROPERTIES USED BY US

Our corporate headquarter is in Shenzhen Kerry Center which is located in Luohu District, Shenzhen, with a GFA of approximately 542 sq.m. As of September 30, 2009, we owned a total GFA of approximately 542 sq.m. which we use primarily as our office premises in Shenzhen. Our office premises in Shenzhen primarily consist of Rooms 3303–04 in the Kerry Center, which was acquired by us in 2006, and most of the office space on the 5th floor of the Shenzhen Kaisa Center, which was retained and owned by us since 2006. In addition, as of September 30, 2009, we rented properties with a total GFA of approximately 7,963 sq.m. in Shenzhen, Guangzhou, Dongguan, Chengdu, Shanghai, Jiangyin, Hong Kong, Huizhou, Changsha and Zhuhai. We use these rented properties are primarily used as office premises. As of the Latest Practicable Date, other than the lease agreements for office space we rent in Fuda Commercial-Residential Building in Zhuhai and for office space we rent in Tower W1, Oriental Plaza in Beijing, all of our other lease agreements have been registered with the relevant authorities. The lease agreement with respect to Fuda Commercial-Residential Building has not been registered because the local government has yet to implement a lease registration system in Zhuhai. As advised by our PRC legal adviser, since the lease registration system is not available in Zhuhai, the fact that the lease agreement with respect to Fuda Commercial-Residential Building has not been registered will not affect the validity of the agreement. We are currently in the process of registration application for the lease agreement with respect to Tower W1, Oriental Plaza.

COMPETITION

We believe that the property markets in the Pearl River Delta region are highly fragmented. We compete with other real estate developers based on a number of factors including product quality, service quality, price, financial resources, brand recognition, ability to acquire proper land reserves and other factors. Our existing and potential competitors include private and public developers in the PRC and Hong Kong. Our competitors may have more experience and resources than we do. We believe we maintain a competitive position with our well-known "Kaisa" brand in the Pearl River Delta region. We have entered the Chengdu-Chongqing region, the Central China region and the Yangtze River Delta region, and we intend to enter other regions in China, including the Pan-Bohai Bay Rim. We believe major barriers to enter into these markets include a potential new entrant's limited knowledge of local property market conditions and limited brand recognition in these markets. For more information on competition, please refer to the section titled "Risk Factors — Risks Relating to the Real Estate Industry in China — Intensified competition may adversely affect our business and our financial position" in this document.

INTELLECTUAL PROPERTY RIGHTS

Currently, we have 90 trademark applications, pending in the PRC Trademark Office, of our brand name "佳兆业" and logo "" under various categories, including property development, construction, property management and real estate agency. We applied for the registration of these 90 trademarks in May 2007. The PRC Trademark Office will determine whether the trademarks are able to be registered, whether our application for trademark registration is in compliance with the relevant laws and regulations in relation to trademarks, and whether the trademark is identical with or similar to other trademarks that have been registered or accepted in respect of identical or similar goods or services. As advised by our PRC legal advisers, the registration process generally takes approximately 12 to 18 months, and a period of 24 months is usually needed before the trademark registration certificate will be issued. In August 2009, six of our trademark applications were registered, and additional eight of our trademark applications received preliminary approvals and were published in the PRC Trademark Gazette. If no opposition against our applied trademarks is filed within three months after publication, the application will be deemed registered. Our other trademark applications were still under the review of the PRC Trademark Office as of the Latest Practicable Date. In addition, we have registered two trademarks covering our logo in Hong Kong. See "Statutory and General Information — Intellectual property rights of the Group" in Appendix VII to this document. According to our PRC legal adviser, while the relevant trademark applications are pending, we may limit unauthorized third-party use of these trademarks under the PRC Anti-Unfair Competition Law (中華人民共和國反不正當競爭法). We did not experience any infringement of our intellectual property rights during the Track Record Period and we are not aware of any material unauthorized use of our brand name or logo or other forms of our brand image as of the Latest Practicable Date. We believe that although the registration of the relevant trademarks is pending, our business operation will not be materially affected. Our Directors confirm that we had not committed any infringement of intellectual property rights as of the Latest Practicable Date.

INSURANCE

We maintain group accident insurance for our employees. The insurance primarily insures our employees for personal injuries in our workplace or on our construction sites. We do not, however, maintain property damage or third-party liability insurance for our workplace, construction sites or property developments. Under PRC law, these types of insurance are not mandatory and may be purchased on a voluntary basis. We and our construction contractors monitor the quality and safety measures adopted at our construction sites to lower the risks of damage to our property and liabilities that may be attributable to us. We re-evaluate the risk profile of the property development business and adjust our insurance practices from time to time. We believe we have sufficient insurance coverage in place and that our insurance practice is in line with the customary practice in the PRC real estate industry.

However, there are risks that are not covered, and we are self-insured for money losses, damages and liabilities that may arise in our business operations. See the section entitled "Risk Factors — Risks Relating to Our Business — We may suffer certain losses not covered by insurance" in this document.

ENVIRONMENTAL AND SAFETY MATTERS

We are subject to PRC environmental laws and regulations as well as environmental regulations promulgated by local governments. We are required to engage qualified agencies to conduct an environmental assessment and submit an environmental impact assessment report to the relevant government authorities for approval before construction begins. Under relevant PRC laws and regulations, when there is a material change in respect of the construction site, or the scale or nature of a project, a property developer must submit a new environmental impact assessment report for approval. During the course of construction, the property developer and the construction companies must take measures to minimize air pollution, noise pollution and water and waste discharge. Upon completion of each property development, the relevant government authorities will inspect the site to ensure that applicable environmental standards have been met. The resulting report is then submitted together with other specified documents to the local construction administration authorities for the record. See the section entitled "Risk Factors — Risks Relating to Our Business — Potential liability for environmental damages could result in substantial cost increases" in this document.

During the course of property development, our construction may result in the creation of dust, noise, waste water and solid construction waste. Our construction contractors, under the construction contracts, are responsible for performing all necessary measures to prevent pollution and enhance environmental control of the construction sites and to comply with relevant laws and regulations. We endeavor to comply with relevant PRC laws and regulations on environmental protection and safety by (i) engaging qualified construction contractors and requiring the construction contractors to take steps to minimize adverse environmental impact during construction and to be responsible for the final clean up of the construction site, (ii) monitoring the project at every stage to ensure the construction process is in compliance with the environmental protection and safety laws and regulations, and (iii) requiring the construction contractors to immediately remedy any default or non-compliance.

Inspections of each of our completed property projects by the relevant PRC government authorities to date have not revealed any environmental liability which we believe would have a material adverse effect on our business operations or financial condition.

During the Track Record Period, we did not experience any material environmental pollution incidents and we incurred insignificant costs in connection with our compliance with environmental and safety laws and regulations. As of the Latest Practicable Date, all of our completed property projects and properties under construction had received the requisite environmental approvals.

We monitor the safety measures adopted by our construction contractors and safety aspects of the construction process through engaging independent third-party supervisory companies to oversee compliance with environmental and health and safety laws and regulations. See "— Quality Control and Construction Supervision" for further details. In relation to workplace safety on our construction sites, our construction contractors are generally responsible for any accidents or injuries not caused by us. We also require our construction contractors to purchase accident insurance to cover their workers and to adopt appropriate safety measures, including providing workers with safety training.

We believe that our operations are in compliance with currently applicable national and local environmental and health and safety laws and regulations in all material respects. We intend to continue to comply with relevant PRC environmental and health and safety laws and regulations, to engage only qualified construction contractors with good environmental protection and safety track records and to require the construction contractors to strictly comply with relevant laws and regulations relating to environment and health and safety and to maintain appropriate insurance. We will also continue to educate our employees in relation to the importance of environmental and safety and health issues and to keep abreast of developments in PRC environmental laws and regulations. For the years ended December 31, 2006, 2007 and 2008 and the six months ended June 30, 2009, we incurred the total costs in connection with environmental and health and safety compliance of approximately RMB4.3 million, RMB7.9 million, RMB11.1 million and RMB4.9 million, respectively, representing approximately 0.24%, 0.63%, 0.49% and 0.26% of our cost of sales in the corresponding periods, respectively. We expect that, for the years ending December 31, 2009 and 2010, our total costs in connection with environmental and health and safety compliance will be no more than 0.6% of the annual cost of sales, subject to the changes to our project development schedules and the relevant environmental and health and safety laws and regulations. We do not expect on-going compliance to affect our business, operations and financial conditions in any material respect.

LEGAL PROCEEDINGS AND MATERIAL CLAIMS

During the Track Record Period, we were involved in legal proceedings or disputes in the ordinary course of business including claims primarily relating to contract disputes with our contractors and our purchasers. As confirmed by our Directors, we were not involved in any outstanding lawsuit which involved claims of over RMB1.0 million as of the Latest Practicable Date. We are not implicated in or aware of any other material legal proceedings or claims currently existing or pending against us. See the section entitled "Risk Factors — Risks Relating to Our Business — We may be involved from time to time in disputes, legal and other proceedings arising out of our operations and may face significant liabilities as a result" in this document.

On September 26, 2003, the Shenzhen Municipal Bureau of Land Resources and Housing Management issued an order seizing a portion of the Fenglong Center with a total GFA of approximately 125,694 sq.m. In 2001, Jinshan Trade Company had applied for a loan in the amount of RMB19.1 million from the Shenzhen Development Bank, with Fenglong Group acting as the guarantor. Jinshan Trade Company is a wholly foreign owned enterprise established by Hong Kong Da Xin Industry (Group) 香港大信實業(集團), and is an independent third party. In September 2003, the Shenzhen Development Bank, in response to a default in payment by Jinshan Trade Company, applied for a seizure order for land lot number B124-27 located at the Fenglong Center. The maximum liability for the seized property was approximately RMB25.3 million. The seizure order was issued prior to our acquisition of Fenglong Group in March 2007. Upon acquiring Fenglong Group, we assumed liabilities in connection with Fenglong Group's obligations as guarantor. Before the acquisition of Fenglong Group, we engaged external advisers to conduct due diligence review with respect to Fenglong Group and the land held by it. Because the guarantee was granted prior to our acquisition, we are unaware of the reason underlying the initial decision to grant the guarantee. However, we had taken into account Fenglong Group's guarantee obligations when determining our acquisition cost. In determining the amount for the acquisition of the Fenglong Group, we primarily took into account the debt profile of Fenglong Group as well as the value of the land it held. We acquired 55% of Fenglong Group for a consideration of RMB10,000. Of the 55% interest we acquired, approximately 6% was purchased from 飛達集團有限公司 (Fitter Holdings Limited) and 49% was purchased from 深圳市寶天投資有限公司 (Baotian Investment Co., Ltd.). The liabilities we assumed included our proportional share (55%) of the following: the repayment of approximately RMB196.9 million of debt owed by Da Xin Group (China) Limited (大信集團(中國)有限公司) (a connected party to the Fenglong Group and Fitter Holdings Limited); a loan of RMB19.1 million from the Shenzhen Development Bank to Jinshan Trade Company; interest on these principal amounts accrued prior to November 15, 2006 in an aggregate amount not to exceed RMB20.0 million; and interest on these principal amounts accrued subsequent to November 15, 2006. Da Xin Group (China) Limited and Fitter Holdings Limited were responsible for the payment of interest on exceeding RMB20.0 million accrued prior to November 15, 2006. As confirmed by our PRC legal adviser, because the relevant land grant contract does not contain an expiry date and there have been no circumstances that may give rise to the termination, rescission or invalidation of the contract, the land grant contract is legal, valid and enforceable. As our current development schedule of Fenglong Center takes into account our plan to pay the portion of the debt and the accrued interest for which we are responsible and the progress of the demolition and resettlement work, we believe the development of Fenglong Center will not be affected by the seizure of the properties. Once the project can be pre-sold (currently expected to be before October 1, 2013), we will pay 55% of the RMB196.9 million debt and the accrued interest of no more than RMB162.7 million as well as the RMB19.1 million loan and the accrued interest of no more than RMB14.2 million for which we are responsible. Our PRC legal adviser has confirmed that upon such payment, the properties seized will be released. Accordingly we believe that the development of the Fenglong Center will not be affected by the seizure of the properties. We have no other project that is subject to any court order or judgment.

During the Track Record Period, we did not encounter any circumstances that led to material construction delays or received any material claims from our customers for our failure to complete any pre-sold project on time or for our delay in the delivery of ownership certificates. See the section entitled "Risk Factors — Risks Relating to Our Business — We may not be able to complete our development projects on time or at all" in this document.

COMPLIANCE WITH RELEVANT PRC LAWS, REGULATIONS AND REQUIREMENTS

During the Track Record Period, we were in compliance with the relevant PRC laws, regulations and requirements that mandate the possession of the relevant real estate developer qualification certificates for all our completed projects and projects under development. Our project companies that are not currently developing any property projects will apply for real estate developer qualification certificates before they undertake any property development. Under the Regulations on Administration of the Development of Urban Real Estate (城市房地產開發經營管理條例) promulgated by the State Council in July 1998, an enterprise which is to engage in development of real estate must satisfy the following requirements: (i) its registered capital must be RMB1 million or more, and (ii) it must have four or more full-time professional real estate/construction technicians and two or more full-time accounting officers, each of whom must hold a relevant qualification certificate. Under the relevant PRC laws and regulations, the real estate development authorities will examine applications for qualification submitted by real estate developers by considering the professional personnel in their employment, their financial condition and their operating results. The renewal of real estate developer certificates is subject to relevant annual renewal procedures established by local authorities. During the Track Record Period, we had not been denied renewal, or experienced any suspension during the renewal, of any of our qualification certificates. We intend to ensure our ongoing compliance with the requirements of the requisite approvals, permits, licenses and certificates by requiring all our operating divisions and project companies to adhere to the relevant conditions imposed by government authorities. We have established committees at our Group and regional levels that are responsible for monitoring the procedures for obtaining and renewing the required certificates, permits and licenses for our property developments. Each committee comprises one or more members of senior management, a manager from the engineering division, a manager from the land investment and project development division and legal personnel.

During the Track Record Period, two of our projects, the Dijingwan project and the Zhongyang Haomen project, were subject to late payments in respect of idle land. The late payments in both cases were due to the failure to commence development by our third-party joint developers, who held the respective land use rights, before we entered into cooperative arrangements with them. We had taken into account the idle land fees when we negotiated the terms of our cooperative arrangements for each of these projects with the respective third-party joint developer. The late payment in respect of idle land for the Dijingwan project in an amount of approximately RMB4.6 million was fully paid on June 19, 2007. The late payment in respect of idle land for Zhongyang Haomen in an amount of approximately RMB5.4 million was fully paid on September 14, 2006. During the Track Record Period and through the Latest Practicable Date, we had not received any other warning regarding idle land or paid any penalties for the late payment of land premium or in respect of idle land, and none of our land had been taken back by the government as a result of being idle for two years. With respect to our properties held for future development, as of the Latest Practicable Date, we had been in compliance in all material respects with the provisions applicable to property development set forth in the Notice on Promoting the Economic Use of Land (關於促進節約集約用地的通知) (the "Notice") issued by the State Council on January 3, 2008, and we did not have any land which was deemed idle land under the Notice or subject to reclamation by the PRC government. See the section entitled "Risk Factors — Risks Relating to Our Business — The PRC Government may impose fines on us or reclaim our land if we fail to comply with the terms of the land grant contracts" in this document.

As of the Latest Practicable Date, the land use rights for all the parcels of land in our land bank were within the relevant land use rights grant periods as set out in the relevant land grant contracts or land use rights certificates and we had not received any notice of land forfeiture due to our failure to commence development and construction. As of the Latest Practicable Date, as advised by our PRC legal adviser, we were not subject to any circumstances that would give rise to any risk of land forfeiture by the relevant PRC authorities.

Our PRC legal adviser has confirmed that as of the Latest Practicable Date we were in compliance in all material aspects with the relevant rules, regulations, registration requirements imposed by the relevant PRC authorities in relation [●], including but not limited to those set out in the SAFE's Notice Regarding Certain Administrative Measures on Financing and Round-trip Investment by PRC Residents through Offshore Special Purpose Vehicles (關於境內居民通過境外特殊目的公司融資及返程投資外滙管理有關問題的通知) issued on October 21, 2005.

During the Track Record Period, as advised by our PRC legal adviser, we were in compliance in all material aspects with the relevant PRC laws, regulations and requirements relating to real estate development and property management, including the regulations that mandate the possession of relevant valid licenses, certificates and permits. We intend to ensure our ongoing compliance with the requirements of the requisite licenses, certificates, and permits by requiring our operating divisions and project companies to strictly adhere to the relevant conditions and renewal requirements imposed by government authorities.

As of the Latest Practicable Date, we were not aware of potential liability as a result of pre-existing non-compliance with applicable laws and regulations or agreements binding on our acquired companies. Our Directors confirm that, during the Track Record Period, the companies acquired by us had been in compliance in all material respects with applicable laws and regulations and agreements binding on the acquired companies. In order to avoid and prevent non-compliance of the applicable laws and regulations, we sought and will continuously seek advice from our legal staff and from our external legal advisers, where necessary. Each of Mr. Kwok Ying Shing, Mr. Kwok Ying Chi and Mr. Kwok Chun Wai has entered into a deed of indemnity in favor of us to provide indemnities against, among other things, any losses, damages, penalties and fines arising from any non-compliance of any applicable laws and regulations.

During the Track Record Period, we paid overdue taxes with an aggregate amount of approximately RMB5.4 million, late payment fees with an aggregate amount of approximately RMB2.0 million and related penalty fines of approximately RMB501,399 for certain instances of noncompliance with the relevant PRC tax laws and regulations. These instances of non-compliance were primarily due to the inaccurate calculation of costs and expenses arising from our property development and inadequate monitoring of tax matters. As of the Latest Practicable Date, we had fully settled these overdue taxes, late payment fees and related penalty fines. To ensure compliance with relevant tax laws and regulations, we have assigned two members of our accounting staff to overall monitor tax matters, and such staff are accountable to our president and vice president of finance. They are responsible for reviewing the tax liabilities calculated by each of our project companies, preparing and filing tax returns, auditing our tax liabilities and recording the tax filings. In addition, our finance division conducts internal training sessions for our accounting staff when there are any changes to accounting policy or tax laws.

Our Company is satisfied that it is capable of carrying on its business independent of its Controlling Shareholders.

IMPACT OF THE RECENT GLOBAL ECONOMIC SLOWDOWN AND FINANCIAL CRISIS

The recent global economic slowdown and turmoil in the global financial markets that started in the second half of 2008 have resulted in an increased level of commercial and consumer delinquencies, lack of consumer confidence, decreased demand for products, and increased market volatility. In particular, the economic slowdown in China caused a decline in real estate market sentiment and a decline in property prices in many areas of the PRC, including the Pearl River Delta region, since 2008. The negative impact of the recent global economic slowdown on our business is manifold and contributed to the deterioration of our results of operations and financial condition in 2008. For example:

- the uncertain economic prospect resulted in lower demand for our properties and a decline in their selling prices, which in turn resulted in a decline in our sales revenue, a decline in our gross profit margin and a write-down of our inventories. In particular, in 2008, we incurred and recognized impairment losses of RMB58.0 million on the land use rights and completed properties held for sale in Mingcui Garden Phase 1 and impairment losses of RMB155.0 million on the land use rights and the properties under development in Lijing Harbor Phase 1, primarily because our pre-sales and sales of properties in these two projects were adversely affected by the recent global economic slowdown. We experienced a loss in the second half of 2008 primarily due to the unfavorable real estate market conditions as a result of the recent global economic slowdown. Our profit for the year ended December 31, 2008 was RMB500.9 million, even though our profit for the six months ended June 30, 2008 was RMB632.5 million;

- there was a significant decline in fair value of our investment properties, in particular, Guangzhou Jinmao, as a result of the downturn in the PRC property market. Fair value of our investment properties decreased in the second half of 2008, as a result of which fair value gains on our investment properties were RMB302.6 million for 2008, even though fair value gains on our investment properties for the first half of 2008 were RMB575.4 million;

- the recent global financial turmoil and the tightening of credit have resulted in a general credit crunch and negatively impacted our liquidity and ability to obtain additional financings for our property development, which in turn adversely affected our business expansion, development schedules and cash flow position in 2008; and

- given the adverse change in the global economy and the real estate market in China, we have scaled back our original business expansion plans, and postponed the completion and development schedules of some of our projects.

  — we postponed completion schedules of our (i) properties under development in 2008, and (ii) properties held for future development that were originally expected to be completed in 2008 as follows:

Project	**Phase**	**Commencement time**	**Completion time estimated prior to June 1, 2008**	**Actual completion time/Estimated completion time as of September 30, 2009**
Xiangrui Garden (香瑞園).	—	November 2007	December 2008	February 2009
Jiangyin Lake View Place (江陰水岸新都).	1	June 2008	December 2008	April 2009
Mingcui Garden (茗萃園).	2	November 2007	July 2009	August 2009
Zhongyang Haomen (中央豪門) .	1	January 2008	May 2009	June 2009
	2	June 2008	June 2009	December 2009
Dijingwan (帝景灣).	—	April 2008	May 2009	March 2010

  We postponed the completion and delivery of these properties to the extent such postponements were allowable under the relevant pre-sales and sale and purchase agreements, and were not subject to any late delivery penalty under the pre-sales or sale and purchase agreements for the year ended December 31, 2008 and through the Latest Practicable Date. However, the delays in our property development schedules have resulted in fewer completed properties being delivered in 2008 than we originally planned and adversely affected our financial positions in 2008; and

  — we also slowed the pace of our development schedules for most projects held for future development. We adjusted our development schedules for the projects held for future development to ensure that we had available resources to finance our projects under development in 2008. We did not suffer any legal consequences of such schedule adjustment which resulted in a material adverse impact on our results of operations or financial position. As of the Latest Practicable Date, we were not aware of any circumstances that may lead to potential liability due to our delay in development schedules for projects under development or held for future development as a result of the recent global economic slowdown and financial crisis.

While the PRC Government and governments around the world have taken remedial actions to address the economic slowdown and financial market crisis, there can be no assurance that these actions will be effective. It is difficult to determine the continued impact of the global economic slowdown and financial crisis on the real estate industry in China due to its unprecedented nature. If the current global economic slowdown and financial market crisis continue or become broader than currently estimated, they could materially and adversely affect our business prospects, revenues, cash flows and financial condition.

BUSINESS INDEPENDENCE OF OUR GROUP

Our Directors consider that we will be able to operate independently from the Controlling Shareholders as evidenced as follows:

(i) Except for Mr. Kwok Ying Shing and Mr. Kwok Ying Chi who are our executive Directors, we have a team of managerial staff independent of our Controlling Shareholders. In addition to the directorship in our Company, Mr. Kwok Ying Shing and Mr. Kwok Ying Chi also hold directorships in other companies which are either investment holding companies or are dormant. As these private companies do not have any business operations, the directorships of Mr. Kwok Ying Shing and Mr. Kwok Ying Chi in these companies will not affect their discharge of director duties as the executive Directors of our Company. Furthermore, Mr. Liu Qiang does not act as a director of any company other than our Company and our subsidiaries. Mr. Liu Qiang is currently a consultant of our Group who is responsible for providing consultancy services to and advising our Group on its investment business.

(ii) All of our existing contractual relationships with third parties operate independently from our Controlling Shareholders and except for the lease arrangement between our Group and our Controlling Shareholders (the "Lease Arrangements"), details of which are set out in the paragraph headed "Exempt Continuing Connected Transactions"of this section, there will be no connected transactions. The Lease Arrangements, which relate to the leasing of office space only, are not material to our operations and do not constitute operational reliance on the Controlling Shareholders.

(iii) Except for the Leasing Arrangements, there has been no arrangement regarding sharing of facilities or resources between the Group and our Controlling Shareholders during the Track Record Period and up to the Latest Practicable Date.

(iv) We are financially independent of our Controlling Shareholders and their associates. The loans and guarantees from and the amounts due from our Controlling Shareholders and their associates (details of which are set out in the section headed "Connected transactions — Related parties transactions" of this document) have been fully settled as at the Latest Practicable Date and there will not be any outstanding balances due to or from the Controlling Shareholders, or any personal guarantee provided by our Controlling Shareholders for the indebtedness of our Group.

(v) The sales and marketing team of our Group operates independently of our Controlling Shareholders and their associates and does not rely on our Controlling Shareholders and their associates to solicit any sales from our customers.

(vi) The procurement team of our Group operates independently of our Controlling Shareholders and their associates and does not rely on our Controlling Shareholders and their associates to purchase materials from our suppliers through our contractors.

(vii) Our Group has established its own internal control and accounting systems, accounting and finance department, independent treasury function for cash receipts and payments, and independent access to third-party financing.

Our Directors are satisfied that we are capable of carrying on our business independently from any of our Controlling Shareholders (including their respective associates) after our Company is listed on the Stock Exchange.

We have implemented the following internal control procedures to facilitate the effective operation of our business:

1. We have a system of delegation of authority, and we have defined an authorization hierarchy by dollar amount and nature of event. The authorization hierarchy is a guideline which sets out the authorities and responsibilities of our management members in respect of our daily operations. The guideline also sets out the mandate and the financial limits to which they are subject to in our daily operation.

2. We have a system of segregation of duties for major operations. Please refer to the section headed "Directors, Senior Management and Employees" of this document for the duties and key responsibilities of our senior management members.

3. We have designed an informatization plan which was implemented in 2008, according to which the EAS accounting system and human resources system was implemented in mid-2008. Relevant manual controls will then be replaced by systematic controls.

NON-COMPETITION UNDERTAKING

Each of our Controlling Shareholders and each of our Directors has no interest in any business which competes or is likely to compete, either directly or indirectly, with our business. Our Controlling Shareholders and our Directors have signed a Non-competition Undertaking with our Company, the material terms of which are summarized as follows:

(a) Each Controlling Shareholder and Director will not directly or indirectly be involved in or undertake any business that directly or indirectly competes with our Group's business or undertaking, or hold shares or interest in any companies or business that compete directly or indirectly with our Group's business.

(b) The independent non-executive Directors would review the compliance with the terms contained in the Non-competition Undertaking on an annual basis.

(c) Each Controlling Shareholder and Director would provide all information necessary for the annual review by the independent non-executive Directors and the enforcement of the Non-competition Undertaking, including but not limited to, confirmations stating their equity interest and directorship in other businesses, copy of audited accounts of companies in which he/she is interested.

(d) Each Controlling Shareholder and Director would make an annual declaration on compliance with the Non-competition Undertaking in the annual report of our Company.

Disclosure on how the Non-competition Undertaking has been complied with and enforced would be consistent with the principles of making voluntary disclosures in the corporate governance report under appendix 23 of the Listing Rules.